



**EQUATORIAL GUINEA 2014 LICENSING ROUND**

**APPLICATION PROCEDURES**



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## **APPLICATION PROCEDURES**

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## 1 INTRODUCTION

The Government of the Republic of Equatorial Guinea, represented by the Ministry of Mines, Industry and Energy (MMIE), and GEPetrol, the National Oil Company, has launched an international competitive bidding round for open acreage in Equatorial Guinea.

The bidding round is termed the **Equatorial Guinea 2014 Licensing Round**.

Acreage in the round includes:

- Relinquished areas in the Niger Delta (Offshore)
- Relinquished areas in the Douala Basin (Offshore)
- Relinquished areas in the Rio Muni Basin (Offshore)
- Frontier acreage south of Bioko Island
- Frontier acreage surrounding Annobon

The Equatorial Guinea 2014 Licensing Round was officially opened on the 16<sup>th</sup> June 2014. The closing date for submission of applications in Malabo, Republic of Equatorial Guinea, is 18:00 hrs local time on **30 November 2014**.

For companies wishing to participate in the Licensing Round this document provides an overview of the Application Procedures. These procedures may be updated from time to time as the round proceeds. All updates will be published on the website.

If you have any further queries, requests for clarification or additional information please refer to the website of the round [www.equatorialoil.com/2014-round](http://www.equatorialoil.com/2014-round) and the contact details provided therein.



## 2 LEGAL & FISCAL DOCUMENTS

### 2.1 Hydrocarbons Law

The 2006 Hydrocarbon Law (Law 8/2006) was ratified by the Government of Equatorial Guinea on November 3<sup>rd</sup>, 2006. Copies of Law 8/2006 are available for download on the Ministry of Mines, Industry and Energy website [www.equatorialoil.com](http://www.equatorialoil.com)

### 2.2 Model Petroleum Sharing Contract

The Model Petroleum Sharing Contract is an integral part of the 2006 Hydrocarbon Law. The Model PSC has also been revised to incorporate modern Petroleum Industry practices and is also available on the Ministry of Mines, Industry and Energy website.

The key biddable items within the Model Petroleum Sharing Contract are:

1. Work Programme during Exploration Period
2. Royalties to be paid to the State
3. Percentage of Cost Recovery Oil
4. Production Share of Net Crude Oil between State and Contractor
5. Signature Bonus
6. Production Bonuses
7. GEPetrol Participation

### 2.3 Petroleum Regulations

The Petroleum Regulations define and establish the procedures to be observed in carrying out Petroleum Operations in the Republic of Equatorial Guinea under the Hydrocarbons Law 8/2006, dated November 3<sup>rd</sup>, 2006

Ministerial Order 4/ 2103, dated 20<sup>th</sup> June 2013 came into effect when it was published in the *Boletín Oficial del Estado* on September 23<sup>rd</sup>, 2013.

### 2.4 Areas in Licensing Round and Block Designation

A series of Designated Blocks has been defined, as shown in **Table 1**.

A map showing the Designated Blocks is included in **Appendix 1**.

Interested companies are encouraged to regularly monitor the official Ministry website ([www.equatorialoil.com](http://www.equatorialoil.com)) for the latest information regarding open areas.



With the exception of Annobon, Applications may only be submitted for a single Designated Block. A company may submit more than one Application.

**Table 1 Designated Blocks**

<b>Designated Block Name for 2006 Round</b>	<b>Incorporates (parts / all of) the following areas:</b>	<b>Area (sq kms)</b>
EG-07:	C12, C13, D12	1107
EG-08:	C14, C15	731
EG-09:	E15, F15, G15,G16	2189
EG-10:	I15, I16	1536
EG-11:	B11, C10, C11, D10, D11	1390
EG-12:	A13, A14, B14, B15	766
EG-13:	E9, E10, E11	1532
EG-14:	E12, E13	1510
EG-15:	F8, F9, F10, F11	2553
EG-16:	F12, G12, H12	2289
EG-17:	F13, G13	1536
EG-18:	I12, I13, I14	1649
EG-19:	H17, H18, I17, I18	738
EG-20:	K14, L14	835
<b>Annobon Offshore</b>		
A1:	ANNOBON NW	78,486
A2:	ANNOBON NE	35,332
A3:	ANNOBON SW	63,383
A4:	ANNOBON SE	74,097

Given the frontier nature of Annobon, four subdivisions of the area around Annobon have been defined (each comprising a large number of Designated Blocks). In this case only, companies may apply for more than one Designated Block in a single Application.



### **3 PRE-QUALIFICATION**

All petroleum companies, national and international, interested in being pre-qualified for this bidding round, are invited to submit the information detailed below by **15 September 2014**.

All companies wishing to bid in association/partnership with qualified Operators, must proceed through this pre-qualification process.

#### **3.1 Companies applying for non-Operator status:**

- a) Their firm or business name;
- b) Place of formation, registration, and address of the main office;
- c) The most important activities carried out;
- d) Details of their assets structure, namely the value of equity capital, current assets and investment in current assets, as well as the value of current liabilities;
- e) References of reputed banking institutions endorsing their financial capacity;
- f) Annual activity reports, including balance sheets and accounts of the last three years or since inception if the investing company had been set up less than three years ago. Such accounts must be audited by a proven experienced independent auditing firm;
- g) Details of their experience in the field of oil exploration and production, including details of reserves and production;
- h) Number of workers employed and professional experience of management staff in the field of oil exploration and production;
- i) Details of court cases and arbitrations against over the last five years;
- j) Details of existing plans, future commitments, including work programs or risks that might impact their ability to implement any future work programs relating to the Equatorial Guinean concessions of which they might become parties to;
- k) Details of any previous and current business activities carried out in Republic of Equatorial Guinea.

#### **3.2 Companies applying for Operator status:**

All companies that wish to be an Operator must provide the above information and must also be able to demonstrate:

- a) To have competence and experience in the management and performance of petroleum operations;



- b) To have technical and operational competence;
- c) The Operator may also submit other elements relating to its experience in the performance of petroleum operations deemed relevant to support its application, namely in the areas of safety, environmental protection and employment, integration and training of national staff.

### **3.3 Timetable for Pre-Qualification**

This Pre-Qualification process is open to **15 September 2014** (the closing date for pre-qualification). All submissions will be evaluated by a Technical Steering Committee.

All submissions (in duplicate) should be submitted to the following address:

Ministerio de Minas, Industria y Energia  
Autovia Malabo II  
Malabo  
Republic of Equatorial Guinea

and marked for the attention of:

Equatorial Guinea 2014 Licensing Round  
Technical Steering Committee (Attn: Minister of Mines, Industry and Energy)  
(cc: Mr. David Shaw)  
Pre-Qualification Submission of *Company Name*

A fee of **\$10,000** is applicable to all Pre-Qualification Submissions submitted. This fee shall be payable by US\$ cheque or bank draft made payable to '*Treasury of the Republic of Equatorial Guinea*'. Pre-Qualification Submissions will not be evaluated until this fee has been paid.

Pre-Qualification Submissions will be evaluated in the order in which they are received. Companies will be advised on the result of the evaluation, and advised directly.

On completion of the pre-qualification process, notice of ALL companies qualified to bid in the licensing round will be posted onto the website.



## 4 SUBMITTING AN APPLICATION

### 4.1 Data Room Attendance

A Data Room will be established in the RPS offices at Henley-on-Thames, UK during the Licensing Round. The data room will be available until **November 30<sup>th</sup>, 2014**. This Data Room will be staffed by MMIE staff, supported by RPS, and will allow access to the MMIE and Geox digital datasets. WesternGeco will also be asked provide representative hardcopy display sections of their data.

Attendance at the Data Room is obligatory for all Oil Companies wishing to participate in the Licensing Round. The Data Room may be attended by up to 3 personnel for a maximum of 2 days. A fee of **\$10,000 per day** will be payable for Data Room attendance.

Bona fide bidding group partners will be treated as a single company for the purpose of the Data Room fee.

Companies wishing to visit the data room need to apply in writing to the Minister at the address below, specifying the blocks over which they wish to view data. Once the Minister has granted permission, the companies should liaise with RPS to arrange a mutually convenient date to attend the data room.

### 4.2 Minimum Signature Bonus

The Ministry of Mines, Industry and Energy has set Minimum Signature Bonus levels for each Designated Block. These are defined in **Table 2**.

It is noted that, for bid evaluation purposes, the Government places a higher emphasis on committed work programme than the signature bonus.

### 4.3 Minimum Work Programme Obligations

The Ministry of Mines, Industry and Energy has set Minimum Work Programme Obligation for each Designated Block. These are defined in **Table 3**.





**Table 2 Minimum Signature Bonus**

<b>Designated Block Name for 20014 Round</b>	<b>Minimum Signature Bonus US Dollars</b>
EG-07	2 million
EG-08	5 million
EG-09	10 million
EG-10	5 million
EG-11	2 million
EG-12	No minimum
EG-13	No minimum
EG-14	No minimum
EG-15	No minimum
EG-16	No minimum
EG-17	No minimum
EG-18	No minimum
EG-19	No minimum
EG-20	No minimum
A1:	No minimum
A2:	No minimum
A3:	No minimum
A4:	No minimum



**Table 3 Minimum Work Programme Commitment**

<b>Designated Block Name for 2006 Round</b>	<b>First Period</b>		<b>Second Period</b>	
	<b>Minimum Work Commitment</b>	<b>Duration (Years)</b>	<b>Minimum Work Commitment</b>	<b>Duration (Years)</b>
EG-07	Buy + Acquire 3D, 1 well	3	1 well	2
EG-08	Buy + Acquire 3D, 1 well	3	1 well	2
EG-09	Buy 3D, 1 well	2	1 well	2
EG-10	Buy 3D, 1 well	2	1 well	2
EG-11	Buy + Acquire 3D, 1 well	3	1 well	2
EG-12	Buy + Acquire 3D, 1 well	3	1 well	2
EG-13	Acquire 3D, 1 well (D/D)	3	1 well	2
EG-14	Acquire 3D, 1 well (D/D)	3	1 well	2
EG-15	Acquire 3D, 1 well (D/D)	3	1 well	2
EG-16	Buy 3D 1 well (D/D)	2	1 well	2
EG-17	Buy 3D, 1 well (D/D)	2	1 well	2
EG-18	Buy 3D, 1 well (D/D)	2	1 well	2
EG-19	Acquire 3D, 1 well (D/D)	2	1 well	2
EG-20	Acquire 3D, 1 well	3	1 well	2
A1:	Acquire 2D / 3D	3	1 well (D/D)	2
A2:	Acquire 2D / 3D	3	1 well (D/D)	2
A3:	Acquire 2D / 3D	3	1 well (D/D)	2
A4:	Acquire 2D / 3D	3	1 well (D/D)	2

D/D = Drill or Drop



#### 4.4 Direct Negotiation Blocks

Blocks EG-07, EG-08, EG-09 and EG-10 have been designated 'Direct Negotiation' blocks. Companies interested in applying for these blocks need to submit indicative offers to the Ministry by 1800 hours local time on Tuesday 30th September, 2014.

A fee of **US\$ 10,000** is applicable to all applications submitted. This fee shall be payable by US\$ cheque or bank draft made payable to '*Treasury of the Republic of Equatorial Guinea*' and must accompany the application or the applications will be rejected as non-compliant.

The application should include as a minimum indicative offers of the following:

1. Work Programme during Exploration Period
2. Royalties to be paid to the State
3. Percentage of Cost Recovery Oil
4. Production Share of Net Crude Oil between State and Contractor
5. Signature Bonus
6. Production Bonuses
7. GEPetrol Participation

All submissions (in duplicate, with an electronic version on memory stick) should be submitted to the following address:

Ministerio de Minas, Industria y Energia  
Autovia Malabo II  
Malabo  
Republic of Equatorial Guinea

and marked for the attention of:

Equatorial Guinea 2014 Licensing Round – Direct Negotiation Blocks  
Technical Steering Committee (Attn: Minister of Mines, Industry and Energy)  
(cc: Mrs Mercedes Eworo Milam / Mr. David Shaw)

Application for Block \*\*\*\*\*  
Submitted by *Company Name*



#### 4.5 Application Deadline

The Equatorial Guinea 2014 Licensing Round for blocks other than then 'Direct Negotiation' blocks, closes on **30 November 2014** and all applications must be submitted by 18.00 hours local time on this date. All submissions will be evaluated by a Technical Steering Committee.

The application should include as a minimum indicative offers of the following:

1. Work Programme during Exploration Period
2. Royalties to be paid to the State
3. Percentage of Cost Recovery Oil
4. Production Share of Net Crude Oil between State and Contractor
5. Signature Bonus
6. Production Bonuses
7. GEPetrol Participation

All submissions (in duplicate, with an electronic version on memory stick) should be submitted to the following address:

Ministerio de Minas, Industria y Energia  
Autovia Malabo II  
Malabo  
Republic of Equatorial Guinea

and marked for the attention of:

Equatorial Guinea 2014 Licensing Round  
Technical Steering Committee (Attn: Minister of Mines, Industry and Energy)  
(cc: Mrs Mercedes Eworo Milam / David Shaw)

Application for Block \*\*\*\*\*  
Submitted by *Company Name*

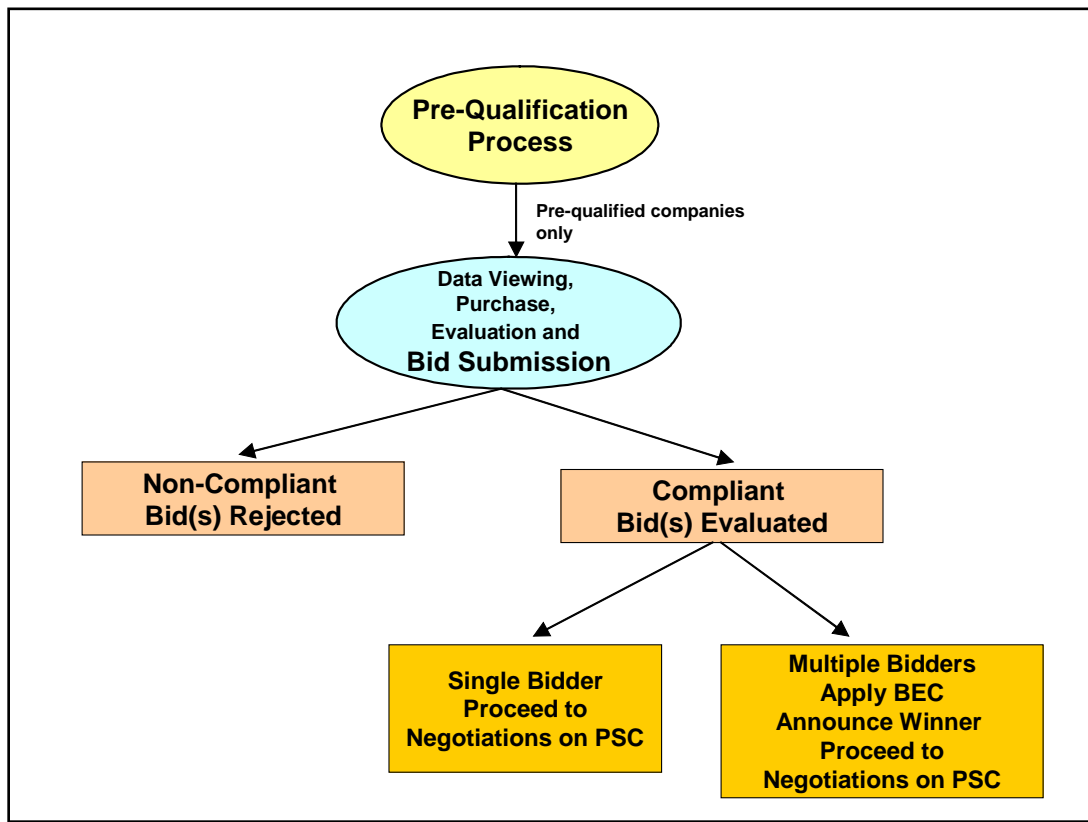
A fee of **\$10,000** is applicable to all Submissions submitted. This fee shall be payable by US\$ cheque or bank draft made payable to 'Treasury of the Republic of Equatorial Guinea' and must be paid in full before **30 November 2014** or the applications will be rejected as non-compliant.



## 5 BID EVALUATION CRITERIA

The Government of Equatorial Guinea intends that a transparent process is used to evaluate bids submitted in the round, and to ensure a rapid identification of the winning bids that will lead to discussions and finalization of PSCs with companies in an efficient manner.

The procedure for bid evaluation is illustrated below:



In essence the bid evaluation procedure shall be as follows:

### **Pre-qualification**

Only companies that have pre-qualified will be eligible to submit a bid(s).



## **Compliance**

Does the bid (application) meet the defined minimum requirements (signature bonus, local content provisions, minimum work programme, and so forth)?

Only bids that meet these minimum requirements will be considered.

## **Single Bidder?**

In the case where a compliant bid is submitted, and is the only bid for a designated block, then the Government will proceed on PSC discussions with the applicant.

## **Competitive Bids**

Where more than one compliant bid is submitted for a designated block, then the winning bid decided on the basis of the proposed and firm Work Programme for the First Exploration Period as follows:

1. Highest number of firm wells, if equal the
2. Largest volume of firm 3D, if equal then
3. Largest volume of firm 2D, if equal then
4. Proposals for Local Content (GEPetrol) Participation, if equal then
5. Highest signature bonus



## 6. CONTACT DETAILS

For any queries regarding the Equatorial Guinea 2014 Licensing Round, please contact:

### **Ministerio de Minas, Industria y Energia**

#### **Mercedes Eworo Milam, Director General of Hydrocarbons**

Ministerio de Minas, Industria y Energia  
Autovia Malabo II  
Malabo, Republic of Equatorial Guinea  
Tel 00240 222 241068 / 0044 7768 603216  
Email [merworo@hotmail.com](mailto:merworo@hotmail.com)

David Shaw – Advisor, Ministry of Mines, Industry and Energy

Tel: 00240 222 277502 – 0044 777 599 6895  
Email: [shawd@rpsgroup.com](mailto:shawd@rpsgroup.com)

### **RPS Energy**

#### **Andy Matthews**

RPS Energy  
309 Reading Road  
Henley-on-Thames  
Oxon, RG9 1EL  
Tel 0044 1491 415400  
Fax 0044 1491 415415  
Email [matthewsa@rpsgroup.com](mailto:matthewsa@rpsgroup.com)

Or refer to the official website:

[www.equatorialoil.com/2014-round](http://www.equatorialoil.com/2014-round)