

LEGAL NOTICE No. 48

REPUBLIC OF TRINIDAD AND TOBAGO

THE PETROLEUM ACT, CHAP. 62:01

ORDER

MADE BY THE MINISTER UNDER REGULATION 4 OF THE PETROLEUM
REGULATIONS

THE PETROLEUM REGULATIONS (DEEP WATER
COMPETITIVE BIDDING) ORDER, 2012

WHEREAS the Minister of Energy and Energy Affairs (“the Minister”) is ^{Preamble} empowered by section 6(3) of the Petroleum Act, Chap. 62:01 of the laws of the Republic of Trinidad and Tobago (“the Act”) *inter alia* to enter into and sign an agreement (“a production sharing contract”) for the purpose of carrying out petroleum operations relating to the exploration, production and disposition of petroleum:

And whereas the Minister has determined to enter into production sharing contracts in respect of the public petroleum rights for deep marine areas off the northeastern and eastern coasts of Trinidad and Tobago, more particularly described in Schedule 1 hereto:

And whereas in accordance with section 10 of the Act, the President may determine that the entry into production sharing contracts within the meaning of section 6 thereof, shall be subject to a procedure of competitive bidding in accordance with the Petroleum Regulations (“the Regulations”):

And whereas the President has determined that the entry into the production sharing contracts in respect of the public petroleum rights in the said deep marine areas off the northeastern and eastern coasts of Trinidad and Tobago shall be subject to a procedure of competitive bidding in accordance with the Regulations:

And whereas regulation 4 of the Regulations provides that where the President has under section 10 of the Act determined that an area shall be subject to competitive bidding, the Minister shall make an Order to that effect, which shall specify in respect of each area, the geographical description, the period during which the bids may be presented and any other conditions and details which the Minister may consider proper for the purpose:

Now, therefore, in exercise of the powers vested in the Minister under regulation 4 of the Regulations, the Minister makes the following Order:

Citation 1. This Order may be cited as the Petroleum Regulations (Deep Water Competitive Bidding) Order, 2012.

Areas subject to competitive bidding process 2. The deep marine areas in respect of which the President has determined that the award of production sharing contracts respecting public petroleum rights shall be subject to a procedure of competitive bidding, comprise six blocks which are more particularly described in Schedule 1 and illustrated on the map attached hereto, as Schedule 2.

Bids invited 3. Bids for production sharing contracts in respect of the blocks described in Schedule 1 are invited for the carrying out of exploration and production operations in the deep marine areas referred to in paragraph 2.

Form of and time for presentation of bids 4. (1) Bids shall be presented in duplicate, under confidential cover, in sealed envelopes marked "Bid for Production Sharing Contract", with the block applied for clearly marked, to the office of the Permanent Secretary, Ministry of Energy and Energy Affairs, Level 26, Tower C, Energy Trinidad and Tobago, International Waterfront Centre, No. 1 Wrightson Road, Port-of-Spain, Republic of Trinidad and Tobago, West Indies from the date of this Order until 12 noon on July 30, 2012.

(2) Bidders shall be at liberty to request, in writing or by telefax, any further information which may be required in order to complete a bid or any interpretation thereof, such request to be made to the—

Permanent Secretary
 Ministry of Energy and Energy Affairs
 Level 26, Tower C
 Energy Trinidad and Tobago
 International Waterfront Centre
 No. 1 Wrightson Road
 Port-of-Spain
 Republic of Trinidad and Tobago
 West Indies.
 Fax No. (868) 625-0306.

(3) Persons interested in conducting exploration and production operations in any of the blocks described in Schedule 1, shall submit a separate bid application in respect of each block.

(4) Notwithstanding anything to the contrary which may be contained or implied in this Order, the Ministry of Energy and Energy Affairs (“the Ministry”) does not bind itself to accept any bid or part thereof submitted pursuant to this Order and the Ministry further reserves the right to reject any and all bids.

(5) The Ministry shall notify unsuccessful bidders in writing as soon as possible after the award of production sharing contracts.

(6) After the public opening of bids, the Ministry may disclose to bidders or persons not officially concerned with the process, information relating to the examination, clarification, evaluation and comparison of bids or recommendations concerning the award of production sharing contracts.

(7) Any effort by a bidder to influence the Ministry in the process of examination, clarification, evaluation and comparison of bids and in decisions concerning the award of production sharing contracts may result in the rejection of the bidder’s bid.

Pre-bid application fee

5. (1) Persons intending to bid either individually or as a member of a consortium shall pay to the Permanent Secretary in the Ministry, prior to the close of bids as referred to in clause 4(1), a pre-bid application fee of fifty thousand dollars in the currency of the United States of America.

(2) The pre-bid application fee entitles the bidder to bid on any block of interest.

Data packages

6. Payment of the pre-bid application fee referred to in clause 5 shall be a prerequisite for the submission of a bid and entitles the prospective applicant to receive from the Ministry a data package which shall include—

(a) the Petroleum Regulations (Deep Water Competitive Bidding) Order, 2012;

(b) a Model Production Sharing Contract, 2012 for Deep Water Areas (“Model PSC”);

- (c) a Model Joint Operating Agreement (“JOA”);
- (d) Trinidad and Tobago Energy Sector Local Content and Local Participation Framework; and
- (e) any relevant information with respect to the area(s) for which bid may be presented.

Bid application fee 7. In addition to the pre-bid application fee, a bid application fee of sixty thousand dollars in the currency of the United States of America, shall be payable to the Permanent Secretary in the Ministry, on submission of the application.

Information in support of bid 8. (1) Every bid shall be accompanied by the following:

- Schedule 3 (a) a signed declaration, indicating that the Model PSC has been examined and the terms agreed, to be presented in the form attached hereto as Schedule 3;
- Schedule 4 (b) a summary of the proposals in respect of items referred to in clause 11(1) presented in the prescribed manner indicated in the Summary Bid Form attached hereto as Schedule 4;
- Schedule 5 (c) cash flows in respect of the commercial evaluation presented in the prescribed manner indicated in “Form A” attached hereto as Schedule 5;
- (d) documents demonstrating the legal identity of the bidder;
- (e) evidence of technical capacity, competence and experience in petroleum operations and related activities of the bidder(s);
- (f) information regarding the corporate and financial structure and backing of the bidder(s); and
- (g) such other details as the bidder may consider relevant.

Separate contract for each block 9. A separate production sharing contract will be issued in respect of each block described in Schedule 1.

Maximum
usage of local
content 10. A bid proposal shall provide for the maximum utilization of services and facilities available in Trinidad and Tobago in both the exploration and production phases of the contract.

Requirement
for bid 11. (1) A bid shall conform to the provisions of the Model PSC referred to in clause 6(b) and shall contain proposals in respect of the following:

(a) a technical and commercial evaluation of the block which represents the bidder's interpretation of the hydrocarbon and commercial potential of the area;

(b) a commitment to a work programme, ("the Minimum Work Programme") which represents the applicant's best efforts to explore the contract area based on his technical evaluation of the block;

(c) a commitment to spend such sum of money ("the Minimum Expenditure Obligation") as shall be necessary to complete the Minimum Work Programme; and

(d) proposals, in the form set out in Schedule 4, for the sharing of petroleum produced from the contract area.

(2) Bidders shall be required to make an oral presentation in support of their technical and commercial evaluations referred to in subclause (1)(a).

(3) Where several bidders for a particular block are awarded the same number of points, each such bidder shall be required to bid a signature cash bonus for the purpose of determining the preferred bidder for that block.

(4) A bid proposal shall be evaluated on the basis of the—

(a) provisions outlined in the Model PSC referred to clause 6(b); and

(b) point system to be used for evaluating bids set out in Schedule 6.

Announcement
of successful
bids

12. Successful bids shall be announced within six months after the date of publication of this Order.

Requirement
of successful
bidders

13. (1) A successful bidder wishing to be granted a production sharing contract shall—

(a) execute the production sharing contract with the State within thirty days of the notification of the successful bid;

(b) before commencing petroleum operations in the contract area, register under the Companies Act or be incorporated thereunder;

(c) deliver to the Minister on the date of the execution of the production sharing contract, guarantees in respect of the—

(i) total amount of the Minimum Expenditure Obligation in the form of a bond or banker's guarantee or other form of guarantee acceptable to the Minister; and

(ii) the sum of four hundred thousand dollars in the currency of the United States of America for the performance of any other obligation under the contract, in cash, securities or other form of guarantee acceptable to the Minister;

(d) maintain such separate books of accounts with respect to petroleum operations in the contract area as may satisfy the Minister to whom responsibility for finance is assigned; and

(e) participate in the "National Oil Spill Contingency Plan".

(2) The Model PSC and the bidder's bid proposal pursuant to this Order shall be the basis for the issue of the production sharing contract to be entered into between the President, the Minister and successful bidder.

(3) Failure to execute the contract referred to in subclause (1)(a) within thirty days of receipt of notification of the success of the bid may result in the non-issue of the contract.

Issue,
renewal and
termination
of production
sharing
contracts

14. (1) A production sharing contract shall be issued initially for a period of nine years, in respect of each block listed in Schedule 1, but upon the achievement of a commercial discovery, it may be renewed as to a part only of the contract area for a term of thirty years from the effective date of the contract.

(2) Where a commercial discovery is not achieved within nine years, the contract referred to in subclause (1) shall terminate automatically.

Application
for prequali-
fication for
operatorship

15. A bidder wishing to be considered for operatorship shall apply for prequalification on or before the date specified in clause 4(1).

SCHEDULE 1

(Clause 2)

THE AREAS SUBJECT TO COMPETITIVE BIDDING

The areas subject to Competitive Bidding comprises the six blocks of various shapes and sizes located, designated and described as specified hereunder and illustrated on the map in the Second Schedule:

WGS 1984 UTM Zone 20N

Projection: Transverse Mercator

False Easting: 500000.000000

False Northing: 0.000000

Central Meridian: -63.000000

Scale Factor: 0.999600

Latitude of Origin: 0.000000

Linear Unit: Metre

Block TTDAA 1

Block TTDAA 1 comprising approximately 118861 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
10-aq	10° 04' 07.54" N. Lat.	-59° 21' 16.05" W. Long.
10-ag	10° 18' 00.03" N. Lat.	-59° 21' 16.06" W. Long.
10-ah	10° 18' 00.03" N. Lat.	-59° 17' 29.65" W. Long.
10-aj	10° 18' 00.03" N. Lat.	-58° 55' 51.70" W. Long.
10-ak	10° 18' 00.03" N. Lat.	-58° 49' 17.84" W. Long.
10-am	10° 15' 49.84" N. Lat.	-58° 49' 17.86" W. Long.
10-ar	10° 09' 47.83" N. Lat.	-58° 49' 17.86" W. Long.

Block TTDAA 5

Block TTDAA 5 comprising approximately 109236 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
10-y	10° 33' 00.03" N. Lat.	-59° 17' 29.65" W. Long.
10-z	10° 33' 00.03" N. Lat.	-59° 10' 39.64" W. Long.
10-aa	10° 33' 00.03" N. Lat.	-58° 55' 51.70" W. Long.
10-aj	10° 18' 00.03" N. Lat.	-58° 55' 51.70" W. Long.
10-ah	10° 18' 00.03" N. Lat.	-59° 17' 29.65" W. Long.

Block TTDA 6

Block TTDA 6 comprising approximately 99438 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
10-u	10° 48' 36.03" N. Lat.	-59° 10' 39.64" W. Long.
10-v	10° 48' 36.03" N. Lat.	-58° 51' 42.86" W. Long.
10-ab	10° 33' 00.03" N. Lat.	-58° 51' 42.86" W. Long.
10-aa	10° 33' 00.03" N. Lat.	-58° 55' 51.70" W. Long.
10-z	10° 33' 00.03" N. Lat.	-59° 10' 39.64" W. Long.

Block TTDA 28

Block TTDA 28 comprising approximately 101418 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
12-a	11° 58' 00.00" N. Lat.	-59° 55' 55.31" W. Long.
12-b	11° 58' 00.00" N. Lat.	-59° 38' 20.00" W. Long.
12-c	11° 40' 44.33" N. Lat.	-59° 38' 20.00" W. Long.
12-d	11° 40' 50.02" N. Lat.	-59° 55' 55.31" W. Long.

Block TTDA 29

Block TTDA 29 comprising approximately 99963 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
12-c	11° 40' 44.33" N. Lat.	-59° 38' 20.00" W. Long.
12-b	11° 58' 00.00" N. Lat.	-59° 38' 20.00" W. Long.
12-e	11° 58' 00.00" N. Lat.	-59° 36' 21.13" W. Long.
12-f	11° 45' 48.00" N. Lat.	-59° 14' 56.40" W. Long.
12-g	11° 43' 39.05" N. Lat.	-59° 11' 11.41" W. Long.
12-h	11° 40' 30.79" N. Lat.	-59° 05' 25.33" W. Long.
10-c	11° 40' 41.03" N. Lat.	-59° 15' 07.42" W. Long.
10-b	11° 40' 41.03" N. Lat.	-59° 29' 23.93" W. Long.

Block TTDA 25(a)

Block 25(a) comprising approximately 138860 hectares situated off the Eastern Coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder and shown on the attached map.

<i>Name</i>	<i>Co-ordinates</i>	
12-j	10° 50' 13.34" N. Lat.	-60° 12' 29.09" W. Long.
12-k	10° 50' 01.02" N. Lat.	-59° 29' 43.24" W. Long.
12-l	10° 48' 36.04" N. Lat.	-59° 29' 43.54" W. Long.
12-m	10° 40' 17.86" N. Lat.	-59° 29' 45.26" W. Long.
12-n	10° 40' 29.46" N. Lat.	-60° 10' 04.08" W. Long.
12-p	10° 42' 34.36" N. Lat.	-60° 12' 29.12" W. Long.

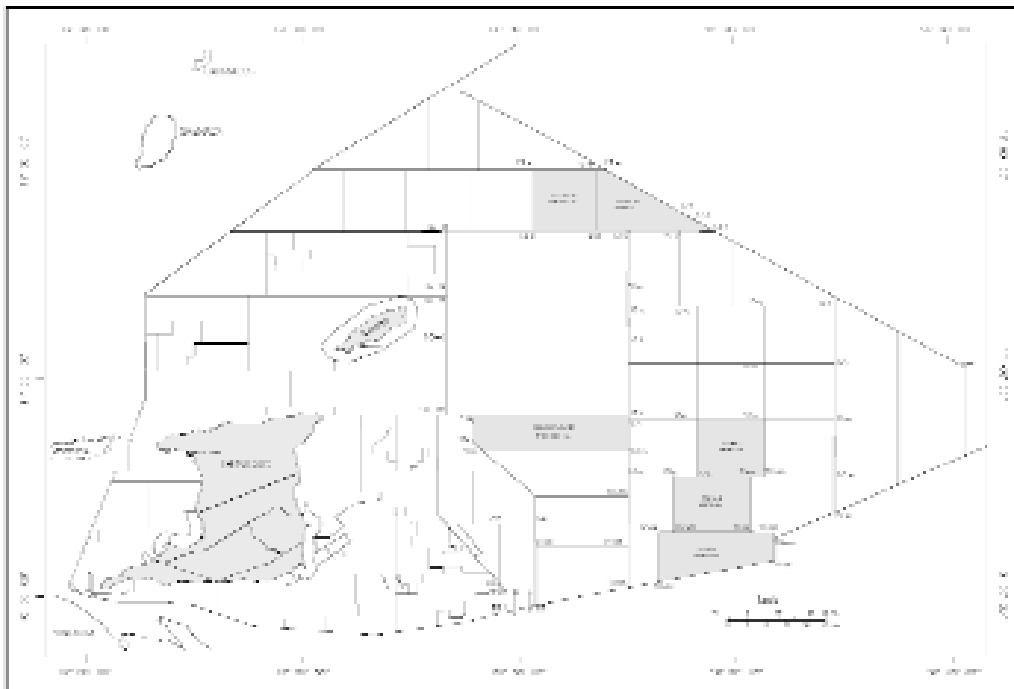
SCHEDULE 2

(Clause 2)

MAP SHOWING AREAS OFFERED UNDER
DEEP WATER COMPETITIVE BID ROUND 2012

GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF ENERGY AND ENERGY AFFAIRS

COMPETITIVE BID BLOCKS 2012



SCHEDULE 3

[Clause 8(1)(a)]

DECLARATION to be made by a duly authorized representative of the company

Company Name

Address

I, _____, of _____ in the
(city/town)

do solemnly declare that (X company) has accepted the provisions of the Production Sharing Contract, 2012 for Deep Water Areas and all its Annexes having analysed all its terms and condition for submission of a bid in response to the call for tender contained in the Petroleum Regulations (Deep Water Competitive Bidding) Order, 2012. (X company) is therefore prepared to execute said contract without additions or erasures, exceptions being the bidded items submitted and accepted in response to the tender.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

Commissioner for Oaths/Notary Public

Declared before me at the _____
of _____
in the _____, this _____
day of _____ A.D., 2_____

A Commissioner for Oaths/Notary Public
for the
(print or stamp name here)

MY APPOINTMENT EXPIRES: _____

(must be legibly printed or stamped _____)

SCHEDULE 4

[Clause 8(1)(b)]

SUMMARY BID FORM

Term of Contract

- 1st Phase ... seismic option—3 years
- 1st Phase ... seismic and exploration drilling
seismic and 1 well—5 years
seismic and 2 wells—6 years
- 2nd Phase ... exploration drilling
- 3rd Phase ... exploration drilling

Drilling of exploration wells is a requirement in the second and third phases of the exploration period.

The Term of the 1st phase of the contract may be varied if a company wants to undertake in excess of the seismic and two wells in the obligatory phase.

Minimum Work Programme

Obligatory First Phase

Work Units
(US\$1MN equivalent to one work unit)

Geophysical

Seismic

3D Seismic (sq km) _____

Other Geophysical (line km/sq km) _____

Geological

Named Studies _____

Drilling:

Well 1 Depth below mud line(m) _____

Well 2 Depth _____

Well 3 Depth _____

Optional Phases

Work Units
 (US\$1MN equivalent to one work unit)

Geophysical

Seismic

3D Seismic (sq km) _____

Other Geophysical (line km/sq km) _____

Geological

Named Studies _____

Drilling:

Well 1 Depth below mud line(m) _____

Well 2 Depth _____

Well 3 Depth _____

GOVERNMENT'S SHARE OF PROFIT CRUDE OIL (PER CENT %)

<i>Production Tier</i>	<i>Crude Oil Price Class</i>			
	A	B	C	D
Production up to 75,000 B/D	x	x	x	x
Production in excess of 75,000 B/D and up to 100,000 B/D	x	x	x	x
Production in excess of 100,000 B/D and up to 150,000 B/D	x	x	x	x
Production in excess of 150,000 B/D and up to 200,000 B/D	x	x	x	x
Production greater than 200,000 B/D	x	x	x	x

Where:

Price Class A refers to Government's share for a Crude Oil price less than or equal to US\$50.00 per barrel.

Price Class B refers to Government's share for a Crude Oil price greater than US\$50.00 per barrel but less than or equal to US\$75.00 per barrel.

Price Class C refers to Government's share for a Crude Oil price greater than US\$75.00 per barrel but less than or equal to US\$100.00 per barrel.

Price Class D, Crude Oil price greater than US\$100.00 per barrel, the Government's share of Profit Crude Oil is equal to—

$$BR + 70\% [(P - US\$100)/P] (1 - BR)$$

Where:

BR refers to the Base Rates set out in Price Class D, and P is the Crude Oil price.

GOVERNMENT'S SHARE OF PROFIT NATURAL GAS (PER CENT %)

<i>Production Tier</i>	<i>Natural Gas Price Class</i>			
	A	B	C	D
Production up to 200 MMcfd	x	x	x	x
Production in excess of 200 MMcfd and up to 350 MMcfd	x	x	x	x
Production in excess of 350 MMcfd and up to 500 MMcfd	x	x	x	x
Production in excess of 500 MMcfd and up to 750 MMcfd	x	x	x	x
Production in excess of 750 MMcfd and up to 1,000 MMcfd	x	x	x	x
Production in excess of 1,000 MMcfd	x	x	x	x

Where:

Price Class A refers to Government's share for a Natural Gas price less than or equal to US\$4.00 per Mcf.

Price Class B refers to Government's share for a Natural Gas price greater than US\$4.00 per Mcf but less than or equal to US\$6.50 per Mcf.

Price Class C refers to Government's share for a Natural Gas price greater than US\$6.50 per Mcf but less than or equal to US\$9.00 per Mcf.

Price Class D, Natural Gas price greater than US\$9.00 per Mcf, the Government's share of Profit Natural Gas is equal to—

$$BR + 70\% [(P - US\$9.00)/P] (1 - BR)$$

Where:

BR refers to the Base Rates set out in Price Class D, and P is the Natural Gas price.

SCHEDULE 5

[Clause 8(1)(c)]

Form "A"

REVENUE/COST DATA USED IN COMMERCIAL EVALUATION

All amounts should be in constant 2012 US\$

		Assuming Discovery			Assuming Development				
					(a)	(b)	(a)	(b)	Gross Income (\$M)
		Year	Exploration Cost (\$M)	Evaluation Costs	Development Costs	Production Costs	Crude Oil Production mmbbls	Crude Oil Price (\$/bbl)	
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
2021									
2022									
2023									
2024									
2025									
2026									
2027									
Please insert rows and further sheets if required									
TOTAL									

(a) Estimated value of development costs, production costs and production assuming development.

(b) Estimated value for evaluation purposes.

SCHEDULE 6

[Clause 11(4)(b)]

POINT SYSTEM FOR USE IN THE EVALUATION OF BIDS RECEIVED
Deep Water Competitive Bidding Order, 2012

MINIMUM EXPLORATION PROGRAMME *110 Points*

<i>Geophysical</i>	30 points
Seismic	20 points
1 sq. km of 3D seismic	0.020 points
Other Geophysical <i>(including 3D seismic above 1,000 sq km)</i>	10 points
1 line km or sq. km of data	0.010 points
<i>Geological Studies</i>	10 points

Bidders should provide details of studies proposed and illustrate their value in contributing to improving the understanding of the petroleum system. These studies may include but not necessarily be limited to—

1.1 Sedimentology	1.00
1.2 Sequence Stratigraphy	2.00
1.3 Geochemistry (including Fluid Analysis)	1.00
1.4 Maturation/Migration studies	2.00
1.5 Biostratigraphy	1.00
1.6 Structural	1.00
1.7 Other Studies	2.00

Drilling

Wells	70 points
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The point allocation for wells will be based on cumulative footage as per the following table.

Points per metre below mud line(m), Cumulative points for wells –70

	Cumulative well depth	Incremental Points	Cumulative Points
First 1000m	1000	1.0	1.0
Next 250m	1250	1.5	2.5
Next 250m	1500	1.5	4.0
Next 250m	1750	1.5	5.5
Next 250m	2000	2.0	7.5
Next 250m	2250	2.0	9.5
Next 250m	2500	2.0	11.5
Next 250m	2750	2.1	13.6
Next 250m	3000	2.2	15.8
Next 250m	3250	2.5	18.3
Next 250m	3500	2.5	20.8
Next 250m	3750	2.6	23.4
Next 250m	4000	2.8	26.2
Next 250m	4250	2.8	29.0
Next 250m	4500	3.5	32.5
Next 250m	4750	3.5	36.0
Next 250m	5000	4.0	40.0
Next 250m	5250	1.2	41.2
Next 250m	5500	1.2	42.4
Next 250m	5750	1.3	43.7
Next 250m	6000	1.3	45.0
Next 250m	6250	1.3	46.3
Next 250m	6500	1.4	47.7
Next 250m	6750	1.4	49.1
Next 250m	7000	1.4	50.5
Next 250m	7250	1.5	52.0
Next 250m	7500	1.5	53.5
Next 250m	7750	1.6	55.1
Next 250m	8000	1.6	56.7
Next 250m	8250	1.6	58.3
Next 250m	8500	1.7	60.0
Next 250m	8750	1.8	61.8
Next 250m	9000	1.8	63.6
Next 250m	9250	1.9	65.5
Next 250m	9500	2.0	67.5
Next 250m	9750	2.5	70.0

There will be no points awarded for the programmes in the optional phases.

SHARING OF PRODUCTION	100 points
Profit Crude Oil	50 points
Profit Natural Gas	50 points

Dated this 5th day of April, 2012.

K. C. RAMNARINE
*Minister of Energy and
Energy Affairs*