

LEGAL NOTICE NO. 95

REPUBLIC OF TRINIDAD AND TOBAGO

THE PETROLEUM REGULATIONS, CHAP. 62:01

ORDER

MADE BY THE MINISTER UNDER REGULATION 4 OF
THE PETROLEUM REGULATIONS

THE PETROLEUM REGULATIONS (COMPETITIVE
BIDDING) ORDER, 2006

WHEREAS the Minister of Energy and Energy Industries (“the Minister”) ^{Preamble} is 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 east coast, Trinidad and Tobago, more particularly described in the First Schedule 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 east coast 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 him under regulation 4 of the Regulations, the Minister makes the following Order:

Citation 1. This Order may be cited as the Petroleum Regulations (Competitive Bidding) Order, 2006.

Areas subject to competitive bidding process 2. The Trinidad deep Atlantic 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 are divided into eight blocks and are more particularly described in the First Schedule and illustrated on the map attached hereto, as the Second Schedule.

First Schedule
Second Schedule
Bids invited 3. Bids for production sharing contracts in respect of the blocks described in the First Schedule are invited for the carrying out of exploration and production operations in the Trinidad Deep Atlantic 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 Industries, Level 9, Riverside Plaza, Besson Street, Port-of-Spain, Republic of Trinidad and Tobago, West Indies from the date of this Order until 4.00 p.m. on August 24, 2006.

(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 Industries
Level 9, Riverside Plaza
Besson Street
Port-of-Spain
Republic of Trinidad and Tobago
West Indies
Attention: Director, Resource Management
Fax No. 1(868) 625-0306.

(3) Persons interested in conducting exploration and production operations in any of the blocks described in the First Schedule 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 Industries (“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) Unsuccessful bidders shall be notified by the Ministry in writing as soon as possible after the award of contracts.

(6) After the public opening of bids, the Ministry shall not be obliged to disclose to bidders or other persons not officially concerned with the process, information relating to the examination, clarification, evaluation and comparison of bids or recommendations concerning the award of 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 contracts may result in the rejection of the bidder’s bid.

Pre-bid application fee

5. 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 eight hundred thousand dollars in the currency of the United States of America which shall entitle the bidder to bid on any or all of these blocks. Except that companies signatory to the Memorandum of Understanding dated May 28th, 2002 regarding the acquisition of the Trinidad Deep Atlantic Survey shall be exempt from payment of the pre-bid application fee.

Data packages

6. Payment of the pre-bid application fee shall be a prerequisite for the submission of a bid and entitles the prospective applicant to a data package for the relevant block from the Ministry, which package shall include—

- (a) a Model Production Sharing Contract 2006 for Deep Water Areas;

- (b) a Model Joint Operating Agreement (JOA);
- (c) Relative Weightings for use in the Evaluation of Bids received;
- (d) Trinidad and Tobago Energy Sector Local Content and Local Participation Framework; and
- (e) relevant information with respect to the area(s) for which bid(s) may be presented.

Bid application fee

7. In addition to the pre-bid application fee, a bid application fee of fifty 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. Every bid shall be accompanied by the following information:

- (a) the legal identity of the bidder;
- (b) the technical capacity, competence and experience in petroleum operations and related activities of the bidder;
- (c) the economic and financial structure and backing of the bidder;
- (d) available markets for the disposal of petroleum;
- (e) 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 the Third Schedule;
- (f) cash flows in respect of the commercial evaluation presented in the prescribed manner indicated in the Form attached hereto as the Fourth Schedule; and
- (g) such other details as the bidder may consider relevant.

Third Schedule

Fourth Schedule

Separate contract for each block

9. A separate contract will be issued in respect of each block described in the First Schedule.

Requirements for bid proposals

10. Bid proposals 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 bids

11. (1) Bids shall conform to the provisions of the Model Production Sharing Contract referred to in clause 6(a) and shall contain, but may not necessarily be limited to proposals in respect of the following:

- (a) a technical and commercial evaluation of the block which represents the applicant's interpretation of the hydrocarbon and economic potential of the area and demonstrates the technical competence of the bidder;
- (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, and which shall include—
 - (i) a commitment for the drilling of exploratory wells; and
 - (ii) a geophysical work programme for each of the blocks named and described in the First Schedule, which shall include but may not necessarily be limited to the acquisition of full fold 3D seismic over the entire block;
- (c) a commitment to spend such sum of money ("the Minimum Expenditure Obligation") as shall be necessary to complete the Minimum Work Programme;
- (d) proposals for the sharing of petroleum produced from the contract area;
- (e) twenty per cent carried participation in the obligatory exploration phase for the State;
- (f) a signature cash bonus which shall be payable within ten days of the issue of the Contract;
- (g) an annual contribution for the financing of training in appropriate fields of study associated with the energy sector;
- (h) an annual contribution for the financing of petroleum related research and development activity;

- (i) annual scholarships for the training of nationals in appropriate fields of study associated with the petroleum industry;
- (j) technical assistance and or equipment bonuses;
- (k) production cash bonuses; and
- (l) any other contributions.

(2) The contribution for each proposal referred to in subclause (1)(g), (h) and (i) shall—

- (a) conform to the relevant provisions of the Model Production Sharing Contract 2006 for Deep Water Areas;
- (b) be for the entire term of the contract and be a minimum of one hundred thousand dollars in the currency of the United States of America for the first year of the contract; and
- (c) increase annually at the rate of six per cent for the unexpired term of the contract.

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

(4) Bid proposals shall be evaluated on the basis of the provisions outlined in the Model Production Sharing Contract 2006 for Deep Water Areas referred to in clause 6 and the relative weighting scale described in the Fifth Schedule.

Fifth
Schedule

Announce-
ment of
successful
bids

12. Successful bids shall be announced on or before 1st October, 2006.

Requirements
of successful
bidders

13. (1) Successful bidders wishing to be granted production sharing contracts shall—

- (a) complete negotiations with the State for a production sharing contract within one hundred and eighty days of the date 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;

Act No. 35 of
1995

- (c) deliver to the Minister guarantees for—
 - (i) the 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 five hundred thousand dollars in the currency of the United States of America for the performance of any 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 Production Sharing Contract 2006 for Deep Water Areas referred to in clause 6 and the bidder's bid proposal pursuant to this Order shall be the basis for negotiation of the production sharing contract to be entered into between the President, the Minister and successful bidders.

(3) Failure to finalize the negotiations referred to in subclause (1)(a) within one hundred and eighty days of the commencement of the negotiations 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 the First Schedule 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.

Additional
charges

15. In addition to the payments arising out of the proposals under clause (11)(g), (h), (i), (j) and (k), the following charges shall be payable in accordance with the relevant provisions prescribed in the Model Production Sharing Contract 2006 for Deep Water Areas:

- (a) rental payments in respect of each hectare of state lands retained for the conduct of petroleum operations from time to time throughout the period of the contract;
- (b) an administrative charge of three hundred thousand dollars in the currency of the United States of America, payable by the contractor during the first year of the contract and increasing annually at a rate of six per cent for the duration of the contract; and
- (c) payments in respect of each barrel of oil equivalent (boe) produced to an escrow account for the purpose of discharging environmental and decommissioning obligations.

FIRST SCHEDULE

(Clause 2)

THE AREAS SUBJECT TO COMPETITIVE BIDDING

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

Geographical co-ordinates of origin:

Latitude 10° 26' 30" N

Longitude 61° 20' 00" W

Rectangular co-ordinates of origin:

Easting 430,000 links

Northing 325,000 links

Geographical positions are based on the Clarke 1858 Spheroid.

Cassini grid co-ordinates are in links/geographical.

GEOGRAPHICAL DESCRIPTION OF AREAS

Block TDAA 1 comprising approximately 80,483 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
A	1428726.0091 LKS. E	524523.3603 LKS. N
B	1568968.2804 LKS. E	524523.3603 LKS. N
F	1568968.2804 LKS. E	385327.7603 LKS. N
E	1429083.6747 LKS. E	385327.7603 LKS. N

Block TDAA 2 comprising approximately 80,000 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
B	1568968.2804 LKS. E	524523.3603 LKS. N
C	1708163.8804 LKS. E	524523.3603 LKS. N
G	1708163.8804 LKS. E	385327.7603 LKS. N
F	1568968.2804 LKS. E	385327.7603 LKS. N

Block TDAA 3 comprising approximately 80,000 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
C	1708163.8804 LKS. E	524523.3603 LKS. N
D	1847359.4804 LKS. E	524523.3603 LKS. N
H	1847359.4804 LKS. E	385327.7603 LKS. N
G	1708163.8804 LKS. E	385327.7603 LKS. N

Block TDAA 4 comprising approximately 80,328 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
E	1429083.6747 LKS. E	385327.7603 LKS. N
F	1568968.2804 LKS. E	385327.7603 LKS. N
K	1568968.2804 LKS. E	246132.1603 LKS. N
J	1429441.3405 LKS. E	246132.1603 LKS. N
X	1429179.1146 LKS. E	337738.6571 LKS. N

Block TDAA 5 comprising approximately 80,000 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
F	1568968.2804 LKS. E	385327.7603 LKS. N
G	1708163.8804 LKS. E	385327.7603 LKS. N
M	1708163.8804 LKS. E	246132.1603 LKS. N
L	1589218.0000 LKS. E	246132.1603 LKS. N
M	1568968.2804 LKS. E	246132.1603 LKS. N

Block TDAA 6 comprising approximately 79,947 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
G	1708163.8804 LKS. E	385327.7603 LKS. N
H	1847359.4804 LKS. E	385327.7603 LKS. N
P	1847359.4804 LKS. E	249453.2030 LKS. N
H	1839565.6886 LKS. E	246132.1603 LKS. N
M	1708163.8804 LKS. E	246132.1603 LKS. N

Block TDAA 7 comprising approximately 83,691 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
R	1429773.5300 LKS. E	106931.6354 LKS. N
Y	1429532.3558 LKS. E	210711.0763 LKS. N
J	1429441.3405 LKS. E	246132.1603 LKS. N
L	1589218.0000 LKS. E	246132.1603 LKS. N
S	1589218.0000 LKS. E	131906.7283 LKS. N

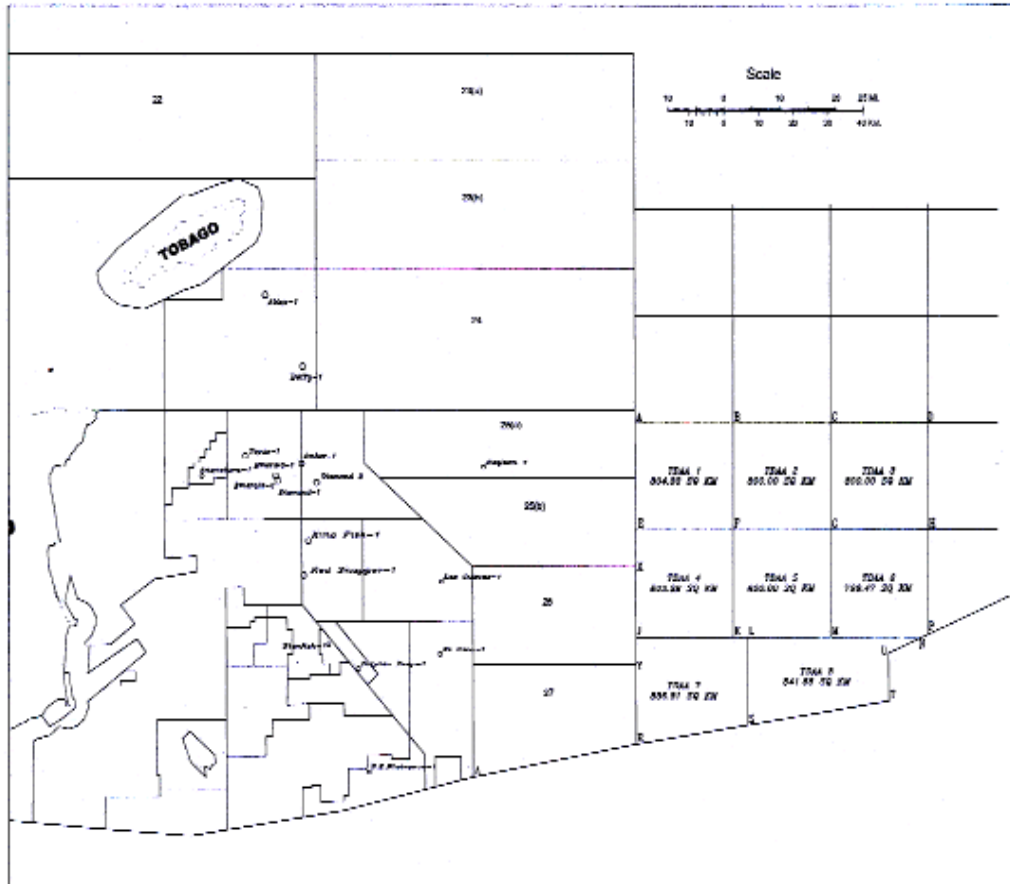
Block TDAA 8 comprising approximately 84,155 hectares situate off the east coast of Trinidad and Tobago is bounded by the lines joining the points listed hereunder—

<i>Point</i>	<i>Co-ordinates</i>	
S	1589218.0000 LKS. E	131906.7283 LKS. N
L	1589218.0000 LKS. E	246132.1603 LKS. N
M	1708163.8804 LKS. E	246132.1603 LKS. N
N	1839565.6886 LKS. E	246132.1603 LKS. N
U	1791010.4779 LKS. E	225442.1119 LKS. N
T	1791780.9373 LKS. E	163635.8197 LKS. N

SECOND SCHEDULE

(Clause 2)

MAP SHOWING AREAS UNDER COMPETITIVE BIDDING ORDER, 2006



THIRD SCHEDULE

[Clause 8(e)]

SUMMARY BID FORM

Trinidad Deep Atlantic Area Blocks**TERM OF CONTRACT**

1st PHASE _____ years
 2nd PHASE (Optional) _____ years
 3rd PHASE (Optional) _____ years

MINIMUM WORK PROGRAMME

1st PHASE

<i>Geological:</i>		<i>Cost</i>
(a)	_____	US\$ _____
(b)	_____	US\$ _____
 <i>Geophysical:</i>		
3D Seismic	_____ sq. km (full fold)	US\$ _____
2D Seismic	_____ line km	US\$ _____
OTHER	_____	US\$ _____
 <i>Drilling:</i>		
Exploratory Wells	Depth (metres) True Vertical Depth below mudline	
(a) _____	_____	US\$ _____
(b) _____	_____	US\$ _____
(c) _____	_____	US\$ _____
(d) _____	_____	US\$ _____
	1st Phase Total	US\$ _____

2nd PHASE

<i>Geological:</i>		<i>Cost</i>
(a)	_____	US\$ _____
(b)	_____	US\$ _____
<i>Geophysical:</i>		
3D Seismic	_____ sq. km (full fold)	US\$ _____
2D Seismic	_____ line km	US\$ _____
OTHER	_____	US\$ _____

Drilling:

Exploratory Wells	Depth (metres) True Vertical Depth below mudline	
(a) _____	_____	US\$ _____
(b) _____	_____	US\$ _____
(c) _____	_____	US\$ _____
(d) _____	_____	US\$ _____
2nd Phase Total		US\$ _____

3rd PHASE

<i>Geological:</i>		<i>Cost</i>
(a)	_____	US\$ _____
(b)	_____	US\$ _____
<i>Geophysical:</i>		
3D Seismic	_____ sq km (full fold)	US\$ _____
2D Seismic	_____ line km	US\$ _____
OTHER	_____	US\$ _____

Drilling:

Exploratory Wells	Depth (metres) True Vertical Depth below mudline	Cost
(a) _____	_____	US\$ _____
(b) _____	_____	US\$ _____
(c) _____	_____	US\$ _____
(d) _____	_____	US\$ _____
		3rd Phase Total US\$ _____

Guarantees:

	Value (in US\$)
1st PHASE	_____
2nd PHASE	_____
3rd PHASE	_____

COST RECOVERY LIMIT

Crude Oil

Cumulative Petroleum Production < 75 MBOE _____ %

Cumulative Petroleum Production >75 and <150 MBOE _____ %

Cumulative Petroleum Production > 150 MBOE _____ %

Natural Gas

Cumulative Petroleum Production < 75 MBOE _____ %

Cumulative Petroleum Production > 75 and < 150 MBOE _____ %

Cumulative Petroleum Production > 150 MBOE _____ %

GOVERNMENT'S SHARE OF PROFIT—CRUDE OIL (in percentages %)

<i>Available Crude Oil Production Rate Tier</i>	Crude Oil Price Class					
	A	B	C	D	E	F
Production up to 75,000 BOPD						
Production in excess of 75,000 BOPD and up to 100,000 BOPD						
Production in excess of 100,000 BOPD and up to 150,000 BOPD						
Production in excess of 150,000 BOPD and up to 200,000 BOPD						
Production in excess of 200,000 BOPD						

Where: Price Class A refers to the Government's share for a Crude Oil price less than or equal to US \$30 per Barrel.

Price Class B refers to the Government's share for a Crude Oil price greater than US \$30 per Barrel but less than or equal to US \$40 per Barrel.

Price Class C refers to the Government's share for a Crude Oil price greater than US \$40 per Barrel but less than or equal to US \$50 per Barrel.

Price Class D refers to the Government's share for a Crude Oil price greater than US \$50 per Barrel but less than or equal to US \$60 per Barrel.

Price Class E refers to the Government's share for a Crude Oil price greater than US \$60 per Barrel but less than or equal to US \$80 per Barrel.

Price Class F refers to the Government's share for a Crude Oil price greater than US \$80 per Barrel.

GOVERNMENT'S SHARE OF PROFIT—NATURAL GAS (in percentages %)

	Natural Gas Price Class					
	A	B	C	D	E	F
<i>Available Natural Gas Production Rate Tier</i>						
Production up to 200 MMcfd						
Production in excess of 200 MMcfd and up to 350 MMcfd						
Production in excess of 350 MMcfd and up to 500 MMcfd						
Production in excess of 500 MMcfd and up to 750 MMcfd						
Production in excess of 750 MMcfd						

Where: Price Class A refers to the Government's share for a Natural Gas price less than or equal to US \$1.50 per Mcf.

Price Class B refers to the Government's share for a Natural Gas price greater than US \$1.50 per Mcf but less than or equal to US\$2.50 per Mcf.

Price Class C refers to the Government's share for a Natural Gas price greater than US \$2.50 per Mcf but less than or equal to US \$3.50 per Mcf.

Price Class D refers to the Government's share for a Natural Gas price greater than US \$3.50 per Mcf but less than or equal to US \$4.50 per Mcf.

Price Class E refers to the Government's share for a Natural Gas price greater than US \$4.50 per Mcf but less than US \$6.50 per Mcf.

Price Class F refers to the Government's share for a Natural Gas price greater than US \$6.50 per Mcf.

TRAINING CONTRIBUTIONS

FIRST CONTRACT YEAR (to increase annually by 6% thereafter) US\$ _____

YEAR AFTER COMMERCIAL DISCOVERY (to increase annually by 6% thereafter) US\$ _____

RESEARCH AND DEVELOPMENT

FIRST CONTRACT YEAR (to increase annually by 6% thereafter) US\$ _____

YEAR AFTER COMMERCIAL DISCOVERY (to increase annually by 6% thereafter) US\$ _____

TECHNICAL EQUIPMENT BONUS

SIGNATURE BONUS US\$ _____

PRODUCTION BONUS

Petroleum Production Rate

75,000 BOE/D US\$ _____

100,000 BOE/D US\$ _____

150,000 BOE/D US\$ _____

200,000 BOE/D US\$ _____

For every 50,000 BOE/D above 200,000 BOE/D US\$ _____

SCHOLARSHIPS VALUE	NUMBER PER ANNUM	MINIMUM VALUE (US\$ per annum)
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PRE-COMMERCIALITY _____

POST COMMERCIALITY _____

OTHER BONUSES/CONTRIBUTIONS (in US\$)

Please list here any additional bonuses and/or contributions to specific energy related programmes and special projects which may not have been covered under the above headings. Please indicate monetary value and timing of disbursement(s) e.g: contribution to hands-on training for tertiary level students.

<i>Item</i>	<i>Value</i>
(a) _____	US\$ _____
(b) _____	US\$ _____

FOURTH SCHEDULE

[Clause 8(f)]

REVENUE/COST DATA USED IN COMMERCIAL EVALUATION

* All amounts should be in constant 2006 US\$

Year	Assuming Discovery				Assuming Development				
	Exploration Costs (\$M)	Evaluation Costs	Development Costs	Problem Costs	(a)	(b)	(a)	(b)	Gross Income (\$M)
					Crude Oil Production mmbbls	Crude Oil Price: (t/bbl)	Natural Gas Production BCF	Natural Gas Price	
2006									
2007									
2008									
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									
2017									
2018									
2019									
2020									
2021									
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				

FIFTH SCHEDULE

[Clause 11(4)]

Relative Weightings for use in the Evaluation of Bids received

Competitive Bidding Order 2006

(1) EXPLORATION PROGRAMME	28
<i>Obligatory Programme</i>	
Work Programme	20
Expenditure Commitment	5
<i>Optional Programme</i>	
Work Programme	2
Expenditure Commitment	1
(2) SHARING OF PRODUCTION	47
To be analysed on the basis of Expected Monetary Value of Net Government Take (exclusive of bonuses and other contributions)	
(3) BONUSES/CONTRIBUTIONS	25
Production Independent Bonuses/Contributions	20
Production Related Bonuses/Contributions	5
TOTAL	100

Dated this 3rd day of May, 2006.

L. SAITH
*Minister of Energy and
 Energy Industries*