



Questions and Answers –Deep Water Bid Round 2013

1. Annex E (procedure for determining work units): (i) please confirm whether the "Drilling Depth" is depth below mud line, or TVDSS; (ii) please confirm whether depths are in feet or metres
 - A. (i)The drilling depth is below the mudline (Please see Article 7.2 of the PSC and the revised Schedule 6 of the CBO).
 - (ii)The drilled depths may be quoted in both metres and feet.

2. According to article 11(4) of the deep water CBO, proposals are to be evaluated on the basis of provisions of the model PSC, as well as the point system for evaluation of bids. Please advise how the provisions of the model PSC will be utilised for evaluation of bids.
 - A. The provisions of the PSC will not be directly utilized for the evaluation of bids, however the bid items, when accepted will be inserted in the PSC and therefore the manner in which the bid is constructed should conform to the PSC e.g. The optional work programme while not attracting points should be expressly stated in the bid as it is required for insertion into the PSC.

3. Please confirm that work units will not be considered in evaluation of bids (for example, in the event of a tied bid, would a bidder with the higher total work units be preferred over the other bidder?
 - A. The work units will be checked for compliance. In the event of a tied bid, a signature bonus will be used as a tie breaker, not the work units.

4. Annex E (procedure for determining work units): how will the cost of acquisition of the geophysical programme be determined? Is this a figure specified by the bidder?
 - A. The bidder will determine cost and translate this cost to work units as specified in the Summary Bid Form.

5. On Schedule 4 reference and Annex E is made to “Work Units” (equivalent to \$US 1 MM). On Schedule 6, reference is made to a “Points System”. Is a “Work Unit” the same as a “Point”? Are these terms synonymous?

A. The terms are not synonymous. The "Work Units" as quoted is equivalent to US\$1 MM and is not similar to a "Points- System". The Work Units are used for the purpose of the PSC, to arrive at a suitable guarantee and to reduce these guarantees on the basis of the work units performed. When a potential bidder is filling out the Summary Bid Form, they must indicate a cost for the exploration efforts (the well cost is provided for in Annex E). The Points are based on the point system provided and are self-assessable.

6. Schedule 4 indicates that work units will be valued by cost of the program, whereas Schedule 6 indicates that the points will be valued according to the extent of the programme (e.g. km² of 3D seismic). Can you clarify how points will be assigned for the geophysical and geological work programs?

A. The geophysical programme is assigned points on a per sqkm or linekm basis and the geological work programme on the basis of the type of work that is necessary to adequately evaluate the area.

7. On Schedule 6, there is a reference to 110 points. Is this the maximum attainable points for a Minimum Exploration Program? Why is there a cap on the number of points a company can receive for the Minimum Work Programme?

A. The work programme carries a maximum number of points which is based on the Ministry's interpretation of the existing data on the block and our view of the value of additional work. We hope that the establishment of a point cap will encourage more realistic bids and avoid “bid padding”. Companies wishing to improve the quality of their bid should do so by enhancing their proposals in the other bid category.

8. Can you clarify how point system for Production Share works?

A. The bid is evaluated against benchmarks set by the evaluation team and points awarded accordingly. Any bid for Government Share below this benchmark is not considered and those above the benchmark are awarded points on the basis of the point system set up by the evaluation team

9. Schedule 4 refers to Phases of the Term of Contract. Can you clarify the relationship between the Phases and the Minimum Exploration Program?

A. The Minimum Exploration Programme is obligatory and is conducted in the First Phase. To go on to the second and third phases is an option which can be exercised by the company if it so desires. However the optional programme must be submitted at the time the bid is submitted.

10. Is the Minimum Exploration Program the same as the Minimum Work Program? Are these terms synonymous?

A. The terms are used synonymously

11. Are any points to be awarded for a bid bonus?

A. There is no requirement for a bid bonus in the deep water round

12. Clause 11.3 of the Order refers to requirement to bid a cash bonus in the event of a tie between bidders. Does a cash bonus receive any bid points?

A. In the event of a tie the respective bidders will be asked to propose a cash bonus. (Please refer to Clause 11(3) of the CBO). The bidder proposing the best bonus will be awarded the block.

13. According to the Petroleum Regulations (Competitive Bidding) No.2 Order, 2010 there is a possibility to bid either individually or as a member of a consortium. Furthermore, as we understand from the Order, the same bidding procedure is applied for bidding individually or as a member of a consortium. Is our understanding correct or is there a special procedure or any further document(s) need to submit if a consortium wants to submit a bid?

A.: The procedure is the same whether bidding singly or as a consortium; each bidder must pay the pre-bid fee for each block in which the bidder is desirous of placing a bid.

PREQUALIFICATION FOR OPERATORSHIP

Question 1

Can you please provide clarification of level of pre-qualification detail required for non-operators as part of the bid package.

We expect that the Operator will submit all detailed information for pre-qualification as requested by the Ministry, but were curious as to whether or not the non-operators in a consortium are required to submit the same level of detail.

Also if the Operator submitted pre-qualification documents in a recent (2010) round would they be required to re-submit.

Answer

The non-operators do not have to submit pre-qualification for operatorship information if there is no intention to operate in the deepwater. Therefore the non-operators in the consortium are not required to do so.

Prequalification is valid for three years from the date approved. The company should have written notification of this from the MEEA. Resubmission of documents are only necessary if there is some material adverse condition subsequent to the prequalification.

Question 2

I read the recent announcement by the Government of the Republic of Trinidad and Tobago regarding the extension of the bid deadline from 30 July 2012 to 4 September. Can you please confirm whether this extension also applies to the deadline for applications for pre-qualification for operatorship (i.e. the deadline for the purposes of section 15 of the Petroleum Regulations (Deep Water Competitive Bidding Order 2012)?

Answer

Yes, the extension of the deadline also applies to the pre-qualification.

Question 3

What is the difference between the pre-bid fee and the prequalification process

Answer

In order to bid, a company must pay the pre-bid fee of \$50,000 US - which entitles them to the data package. The company can then place a bid either separately or in a consortium. The bid fee for each block is \$60,000 US. The only prerequisite to place a bid is the payment of the pre-bid fee.

The prequalification for operatorship is a separate process. This process is to ensure that a company has the technical expertise and resources to operate. Therefore if a company is bidding as part of a consortium and will not be the operator- there is no need for that company to submit an application for prequalification for operatorship. However, if a company needs to be prequalified for

operatorship the deadline is also the same date as the closing of the 2012 Deepwater Competitive Bid Round.

COMPETITIVE BIDDING ORDER

Schedule 6 in the 2012 Deep water COB is a bit ambiguous in allocating the points for seismic acquisition, seismic processing and other related geophysical evaluation. Can you clarify the following:

1. In the Seismic section in schedule 6 a maximum of 20 points are available for award depending on the work programme submitted. Can you clarify whether the points are based on:
 - a. Seismic surface coverage, full fold coverage or is the points limited to the size of each block.
 - b. Seismic acquisition only.
2. In the Other Geophysical section in schedule 6, does seismic processing fall under this category? Can you also specify as to what is considered processing, (example PSTM, PSDM, Offset volumes and inversion)? Can you clarify whether each output will be considered as a separate geophysical evaluation?

Answer

Regarding point 1)

The Geophysical work is to a maximum of 20 points, these points are 0.020 points per sq. km for 3D seismic so the maximum of 20 points will be awarded for 1000 sq. km. If there is additional 3D seismic then this falls under other Geophysical and this is calculated based on 0.010 points per sq. km above 1000 sq. km. The maximum allocation is 10 points as per Schedule 6.

Regarding point 2)

The matter of seismic processing does fall under the category of other geophysical studies only if we are referring to reprocessing of existing seismic data, the processing of the data acquired under "Seismic" does not apply irrespective of the stage to which this processing is taken. Each output is not regarded as a separate geophysical evaluation for the purposes of this point calculation.

Question 2

Can you clarify whether the processing of the new seismic data only includes PSTM and AVO outputs as other products are optional, (PSDM) as they require additional processing steps which are more likely to be done after the PSTM has been interpreted to define velocity boundaries. How would you categorize a PSDM volume?

Answer

If the additional processing steps deal with the same newly acquired data then it is all incorporated in the 0.020 points per sq. km, so if the PSDM volume is of this newly acquired data it is not regarded as "Other Geophysical" work.