



Government of the Republic of Trinidad and Tobago
Ministry of Energy and Energy Industries

Frequently Asked Questions Trinidad and Tobago Shallow Water Bid Round 2018.

The following is a compilation of the queries and the corresponding answers that arose out of the Trinidad and Tobago Shallow Water Bid Round 2018.

- I. Could you help me clarify a couple of things about the Trinidad and Tobago Shallow Water Competitive Bid Round 2018?

The Petroleum Regulation (Shallow Water Competitive Bidding) Order, 2018 mentions state participation in point 11 (1d):

"for all Blocks, fifteen percent carried participation for the State in the first four years of the exploration period for all exploration operations, inclusive of appraisal operations."

Does this mean that there will be a 15% mandatory state equity participation in each block? And the state will be carried for the first four years of exploration?

At the end of 2017, a 12.5% royalty was introduced to the Petroleum Act (<https://www.finance.gov.tt/wp-content/uploads/2018/01/Legal-Notice-No.-163-of-2017.pdf>). However, I could not find the reference in the document on your portal (<http://www.energy.gov.tt/for-investors/legislation-and-tax-laws/>). Do I understand correctly that the 12.5% royalty will apply in shallow water PSCs as well?

Otherwise, I understand the following main fiscal terms apply:

- 50% cost recovery ceiling
- Biddable profit oil and gas (price and production linked)
- 50% petroleum profits tax

Firstly, with respect to the question on Carried Participation- Yes the 15% state equity participation is mandatory for all blocks offered under the Shallow Water Competitive Bid Round 2018/2019.

Secondly, yes the 12.5% royalty is now applicable to all PSCs including any new shallow water PSCs. The legislation will be uploaded to the website shortly.



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- II. “Two originals of the Confidentiality Agreement must be returned to the Ministry. This agreement may be downloaded from the Ministry’s website. To begin processing the package, we will accept a scanned copy of the signed original.”

This is to confirm that the confidentiality agreement referred to in this point is in fact the “Data Use Agreement” available for download online and not the “Confidentiality Agreement” which was executed to gain access to the VDR.

Yes, the Data Use Agreement is a separate document which is required to obtain a Data Package. There is a Confidentiality Agreement but this is associated with the viewing of data on the Virtual Data Room hosted by Zebra Data Sciences.

Please see below for a link to download the Data Use Agreement.

<http://www.energy.gov.tt/wp-content/uploads/2013/12/Data-Use-Agreement.pdf>

- III. I am following up to verify the coordinates of the excised area in the boundary area between blocks U (a) and U(c). Can you confirm the area was excised?

Please see attached map and coordinate sheets extracted from the CBO, I hope this is helpful.

- IV. Can you please confirm whether or not the data package (wells, 2D seismic and 3D seismic, etc.) that will be disbursed to the interested parties after paying the \$40,000 USD pre-bid fee must be returned to the Ministry at any point?

The data package does not need to be returned to the Ministry at any point. However, it should be noted that it is provided to interested stakeholders upon the payment of the Pre-Bid fee, to aid in your assessment of the areas in preparation for bidding, and its use should be restricted to this purpose only.

- V. We are looking for the following files in GIS shapefile format for the upcoming bid round.

- Well locations
- 2D seismic lines
- 3D Seismic Polygons
- Pipelines
- Field Polygons

Is this GIS data available?

Thank you for your interest in our Shallow Water Bid Round 2018. Unfortunately, we do not provide companies with GIS shapefile data.



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The Bid Round is currently open, if you are interested in our data, we welcome you to pay the pre-bid fee and you will receive a data package which will include information on the blocks (instruction as follows: www.energy.gov.tt/wp-content/uploads/2013/12/Procedure-for-Obtaining-a-Data-Package.pdf).

You can also access our Virtual Data Room for a preview of the data available at no cost (www.energy.gov.tt/wp-content/uploads/2013/12/online-Virtual-Data-Room-VDR-or-EZ-Data-Room.pdf).

In addition to this, we would be pleased to facilitate a Data Room Visits at our office in Port-of-Spain, Trinidad, where you will be able to browse the data, also at no cost.

Once again, thank you for your interest and feel free to contact us if you require any further clarification

- VI. Can you please confirm the following: 3D seismic for the west coast blocks lists some surveys and then specifies the acquisition and processing reports? Does this mean that for this dataset only the reports will be included in the data package and not the surveys themselves? We understand that this is unlikely however we are required to be thorough.

This is to confirm that the surveys will be included, as well as the reports where specified.

- VII. We would like to request a clarification on the bid submission fee of USD50K. It is not entirely explicit in the bid order – hence the below. Is this per block in the bid submission (i.e. XX blocks multiplied by USD50K) or a total of USD50K per submission irrespective of the number of blocks being bid for?

The bid application fee of US\$50K as stated in Articles 7 and 8 of Legal Notice No. 150, is to be paid per bid which is per block.

- VIII. Article 18.7 (a) of the Model PSC stipulates that “the royalty payable shall be the rate stipulated in Regulation 61 of the Petroleum Regulation” however we are not able to locate a copy of this Petroleum Regulation of the Government of the Republic of Trinidad and Tobago’s website. We do note that on this website under Tax Laws a summary of the Petroleum Act and Regulations, Chap 62:01 has been provided and that the second paragraph of this summary indicates that royalty rates vary from company to company and range from 10% to 12.5% for crude oil and 0% to 15% for natural gas. Please clarify how royalty rates are determined for each company.



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Royalty payments and rates as outlined under Article 18.7 (a) of the Model PSC are stipulated by Regulation 61 of the Petroleum Regulations. These Regulations were amended in January 2018 and now stipulate that the rates and payment of Royalty is 12.5 %. This figure is at a fixed rate for all companies to the contract and applies to both natural gas and crude oil.

- IX. Article 21.1 (d) of the Model PSC makes reference to a technical assistance/equipment bonus but not monetary amount has been provided. Please clarify.

The Model Shallow Water Production Sharing Contract will be updated shortly to include amounts payable in respect of the technical assistance/equipment bonus and scholarships.

- X. Article 3.2 (A) of the Model JOA references a State Entity but does not reference the 15% carried interest as set out in Article 11.(1) (d) of Legal Notice No. 150. What company will be the State Entity?

Currently, the energy sector in Trinidad and Tobago is undergoing various changes to its operations, company and organizational structures. In light of the foregoing we are unable to provide you with information regarding a named state entity at this time.

- XI. Is the intention for the State Entity to hold only a 15% participating interest, to be consistent with the carried interest, in the awarded blocks or is this something yet to be determined?

It is intended that the State Entity hold only a 15% participating interest consistent with the carried interest, in the awarded blocks.

- XII. Article 11 (1) (d) of Legal Notice No. 150 states that there will be a fifteen percent (15%) carried participation for the State in the first four years of the exploration period for all exploration operations, inclusive of appraisal operations while Article 3.3 of the Model JOA states that the parties carry the State for 100% of all Minimum Work Obligations under the License during the Exploration Period which initially is for a period of six years. Please confirm that the Model JOA will be amended to reflect the terms set out in Legal Notice No. 150.

Competitive Bidding Order was amended to be consistent with the JOA.



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- XIII. Article 4.1: Clause 15.1 of the Petroleum Regulation (Shallow Water Competitive Bidding) Order 2018 (“Bid Order 2018”) states that the Exploration Period shall be six (6) years, whilst Article 4.1 of the Model PSC states that the Exploration Period shall be nine (9) years.

This was an error. As at January 2019, Article 4.1 was updated and the exploration period is six (6) years.

- XIV. Article 4.5: Clause 15.1 of the Bid Order 2018 states that upon achievement of a commercial discovery, the contract term shall be twenty-five (25) years from the effective date of the PSC, whilst the model PSC states that the contract term shall be thirty (30) years from the effective date of the PSC.

The reference to thirty (30) years in the model PSC is a typographical error. The contract term is for twenty-five (25) years.

- XV. Article 6.2: what further extensions in the REA will be considered based on the Exploration Work Programme and Budget submitted by the Contractor, and how could this be reflected in the PSC?

Article 6.2 does not provide for further extensions. However, in the event of a commercial discovery, Article 6.1 shall apply.

- XVI. Article 13.3 (h) MEEI to please provide a list of Pre-Existing Fields and the associated coordinates per block

The MEEI has not generated a list of pre-existing fields and associated coordinates per block. The MEEI would evaluate pre-existing fields in respect of each block upon submission of the appraisal programme or work programme submitted in accordance with Article 13.3 (h).

- XVII. Article 13.3 (h) MEEI to confirm that the Contractor would be indemnified against any liabilities associated with any pre-existing wells or other infrastructure within each block, and how this will be documented.

Contractor will not be indemnified by the MEEI against any pre-existing wells or other infrastructure within each block.



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- XVIII. Article 16.5 (a) MEEI to confirm that Minister will undertake his financial obligations and liabilities as a party to a gas sales agreement. How could this be reflected in the PSC?

The Minister is not in control of production, shipping, marketing or regasification of LNG and therefore is not in a position to assume these risks. Note also that the Contractor shall not be reimbursed for any expenditure under the Contract in accordance with Article 2.6 of the PSC. Under Article 10.12 contractor shall bear responsibility for any loss or damage to third parties and indemnify the Minister and the Government against all claims and liabilities. Should Contractor be willing to offer the Government a share along the gas value chain, the Minister would be prepared to consider undertaking these risks.

- XIX. Article 17.8 (a) Since the introduction of a seventy-two (72) month period imposes a long-term burden and uncertainty on the Contractor, would MEEI consider an alternative period of thirty-six (36) months, as per current precedent, after the termination of the Contract Year within which its audits shall be conducted?

Under Article 17.8 (f) Contractors are required to keep books for six (6) years therefore the audit period should also be for six (6) years. Further, under Income Tax Act companies are required to keep its books for six (6) years because the BIR has a six (6) year period within which to audit the company.

- XX. Article 18.7 (a) With the exclusion of the royalty from the costs for which the Minister will be liable under Article 21.5 of the model PSC and the inclusion of a reference to the Petroleum Regulation rather than a specific royalty number identified in the model PSC, the Contractor is left vulnerable to an increase in the Royalty by a change in legislation. In order to provide the fiscal certainty necessary to underpin bids for other biddable fiscal parameters and subsequent investment, would the MEEI share their views on mitigation of this risk through either the inclusion of a stability clause in the model PSC or inclusion of a specific royalty number in the Model PSC?

The Government of the Republic of Trinidad and Tobago has to extract value from the sale of its natural resources. However, the GORTT has suffered immense leakage of revenue in the past and therefore the MEEI's view is that it has shared significant risk and as a consequence is unable to consider including a stability clause or a specific royalty number in the model PSC.



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XXI. When compared to previously executed PSCs, Annex “C” of the Model PSC does not include the sections for Value of Material and Inventories and Inventories Statement although Annex “C” does retain references to these provisions throughout (Article 1.3; Article 2.1 (d) (ii); Article 5 (e)). MEEI to reconsider reinsertion of the Value for Materials and Inventories and Inventories Statement sections of Annex “C”.

MEEI accepts this comment and will reinsert Value for Materials and Inventories and Inventories Statement under Annex C.

XXII. Article 11 (b) (i) of Annex D: MEEI to confirm whether the requested information stated under Article 11 (b) (i) of Annex “D” would be required if the LNG Sales Price is a market-based price assumption.

Yes, the Minister would require the requested information if the LNG Sales Price is a market-based price assumption.

- Additionally actual prices are to be reported.
- Clarification required with respect to market-based price assumption.

XXIII. The guidelines under Regulation 4 of the Petroleum Act states as follows:

4. (1) 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 and such Order shall be published in the Gazette and in at least one daily newspaper circulating in Trinidad and Tobago.

In keeping with the above, the date of publication in the daily newspaper was November 20th, 2018, with the six (6) months being May 20th, 2019. This serves to confirm that the submission deadline is indeed May 20th, 2019 and at present, no extension is planned.

In accordance with the regulation above, whilst the date of publication in the gazette was November 7th the notice was published in the daily newspaper on November 20th, 2018 on which date the requirements of Regulation 4 were satisfied. In light of the foregoing the six (6) months period for the submission of applications ends on May 20th, 2019. This serves to confirm that the submission deadline is indeed May 20th, 2019. Currently, there are no plans to extend the deadline. Where there are numerous requests for an extension, the Ministry would be willing to consider extending the deadline for submission of bids.



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XXIV. We request further clarification on the minimum payment of the Contract Area as per Article 21.1 (a) of the Model PSC. For the quarterly payments of this financial obligation, should the rate quoted be per quarter or per annum? For previous PSCs, the rates are on an annual basis and paid on a quarterly basis.

As stipulated by Article 21.1 (a) of the Model PSC, the Minimum payment is now calculated using the rate per hectare per quarter. This has been revised from past PSCs where the rate was calculated on an annual basis.

XXV. For well commitments, the depth is TVD BML. How do we cater for a 2 borehole scenario where the intent is to drill an exploration well to its planned TD, evaluate and then plug back and sidetrack as an exploration X well to another block? Is only the new TVD footage of the X well considered as the portion above the KOP is already assigned to the first borehole?

Bid submissions and their associated work program/obligations are made per block. As such, only the TVD footage drilled into a particular block counts as the commitment footage for that block. I hope this provides some clarification and please do not hesitate to contact us if you have any additional queries.

XXVI. I meant wells in the same Block but different fault blocks (a sidetrack to another fault block in the same Block). Also, if a prospect goes over into adjacent Licenses and 3D is designed to cover the prospect so that 3D also extends outside the Block into other licensed acreage how is that handled? Is the full seismic volume inside and outside of the block eligible for points? I assume only the seismic in the Block is cost recoverable?

With respect to the seismic aspect of your question, the portion in the adjacent block will not be considered for points and cost recovery. As it relates to the question regarding the exploration well, True Vertical Depth Below Mudline (TVD BML) is used for points allocation. As, such, the TVD BML of the original exploration well will count as the footage of that well. Similarly, once the sidetrack is indeed an exploration well, then the TVD BML of the sidetrack well will count as the footage of the second well.

XXVII. We would like to ascertain whether there are any seismic tapes available for the 3D seismic data in respect of any of the blocks described in Schedule 1 of the Order namely Blocks 4(c),



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U(c), Lower Reverse L, NCMA 2 and NCMA 3. Please confirm if such tapes would be available for reprocessing purposes. Ideally the data that will be required includes:

- Raw SEG-D Data
- P190 Navigation Data

Further to your request, the Ministry of Energy and Energy Industries (MEEI) can confirm the availability of the tapes containing the Raw SEG-D Data and P190 Navigation Data for the following Blocks:

Block	Survey	Year	Raw SEG-D Data	P-190 Nav Data	Comments
NCMA 2/ NCMA 3	Niko 3D	2012	Yes	Yes	P294 Navigational Data also available