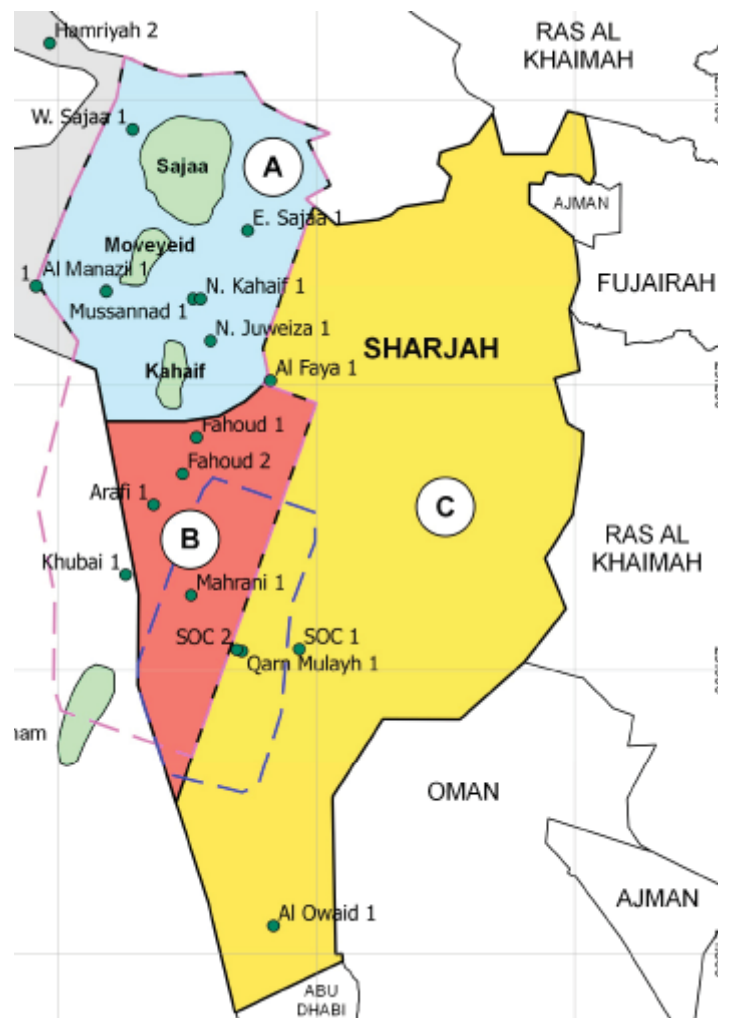




## SHARJAH ONSHORE 2018 LICENCE ROUND

### TENDER PROTOCOL

June 2018



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# SHARJAH ONSHORE 2018 LICENCE ROUND

## TENDER PROTOCOL

June 2018

### 1. DEFINITIONS

The following words and terms used in this Protocol shall unless otherwise expressly specified in the Protocol have the following respective meanings:

“Additional Exploration Commitment” means the Exploration Commitment Wells, offered in addition to the Minimum Exploration Programme.

“Applicable Law” shall be the laws, regulations and decrees of Sharjah and where applicable the United Arab Emirates.

“Bid Administration Fee” is the fee of US \$ 25,000 to be paid by a Qualified Company to SNOC to be permitted to submit bids for one, two or three Contract Areas.

“Bidder” means a Qualified Bidder or a Consortium with at least one member being a Qualified Bidder making a Proposal pursuant to Section 11.

“Bid Round” means the process for submission of Proposals for each Contract Area pursuant to this Protocol.

“Bonus” means a lump sum payment to the Government in US \$ in order to become a winning Bidder.

“Concession Agreement” means the agreement that will be entered into for each Contract Area pursuant to this Protocol.

“Consortium” means a consortium, joint venture or association of individual companies.

“Contract Area” means one of the areas specified in Section 16 hereof.

“Contractor” means the party with which the Government enters into a Concession Agreement consisting of SNOC and a Bidder.

“Data Room” means an online repository containing the relevant data for review, and an online virtual workstation containing the 3D seismic project.

“Dollar” or “\$” or “US \$” means United States Dollar.

“Effective Date” means January 1, 2019.

“Exploration Commitment Well” means an Exploration Well with the attributes as described in in Section 17.1, and can be a Shallow or a Deep Exploration Commitment Well.

“Exploration Phase” means an exploration phase as described in Section 22 of this Protocol.

“Exploration Well” means any Well drilled during any of the Exploration Phases for the purpose of making a discovery of petroleum in a separate structure or feature in which petroleum has not previously been discovered, unless otherwise approved by SNOC.

“Government” means government of Sharjah.

“Interested Party” means a company or other entity which has interest in participating in the Bid Round on the basis of this Protocol.

“Joint Operating Agreement” or “JOA” means an agreement specified in Section 23.

“Minimum Exploration Programme” means the minimum Work Programme specified in Section 17.2.

“Non-Operator” means a member of a JOA who is not the Operator.

“Operator” means a company which has the technical, economic and legal qualifications to be appointed as operator by the members of the JOA to manage and conduct the petroleum operations in a safe and efficient manner on behalf of the JOA, and such management may include using suitable sub-contractors including for drilling.

“Parent Company Guarantee” is a bank guarantee approved by SNOC which guarantees the general commitments and liabilities of the Contractor as provided for under the Concession Agreement.

“Participants” means Interested Parties, Qualified Companies and Qualified Bidders participating in the Bid Round.

“Proposal” means a bid proposal pursuant to Section 13 of this Protocol.

“Protocol” means this Tender Protocol.

“Qualification” means the process whereby SNOC evaluates the technical, financial and legal qualifications of an Interested Party in accordance with this Protocol for qualification as Operator or Non-Operator.

“Qualified Bidder” means a Qualified Operator or Qualified Non-Operator who has paid the Bid Administration Fee.

“Qualified Company” means a Qualified Operator or Qualified Non-Operator.

“Qualified Non-Operator” means an Interested Party who has been qualified by SNOC as a Non-Operator.

“Qualified Operator” means an Interested Party who has been qualified by SNOC as Operator.

“Rental” means the yearly rental contained in the Concession Agreement.

“SNOC” means the Sharjah National Oil Corporation

“SNOC Form” means any of the forms contained in Section 24 of this Protocol.

“SPC” means the Petroleum Council of Sharjah.

“Well” means a hole drilled into the earth for the purpose of locating, evaluating, producing or enhancing the production of Petroleum.

“Work Commitment Guarantee” is a bank guarantee or letter of credit approved by SNOC to guarantee the work to be undertaken as provided for under the Concession Agreement.

## **2. INTRODUCTION**

Sharjah is the owner of the petroleum in its subsoil.

The Government of Sharjah has invited interested companies to make Proposals for three onshore Contract Areas with a view of carrying out exploration for petroleum and in case of discoveries the development and production of the respective fields.

The Government has requested the Petroleum Council of Sharjah (“SPC”) to conduct the Bid Round.

The Petroleum Council has in turn requested and authorized the Sharjah National Oil Company (“SNOC”) to manage and carry out this Bid Round.

It is intended that the proposed form of a Concession Agreement and a Joint Operating Agreement will be in the Data Room when it opens the first week of July 2018. The recently acquired high spec 3D seismic survey over two of the Contract Areas will be available for review in the Data Room.

This Tender Protocol is a public document from the date of its publication by SNOC and can be copied and shared and will be available on the website [www.snoc.ae](http://www.snoc.ae).

Documents for Qualification can be sent by email or courier (see Section 24 for list of Forms).

Participants are prohibited from contacting officials of Government, members of the Petroleum Council of Sharjah or professionals from SNOC to obtain information or influence the bid process, except as provided for under Section 3 and 10 of this Protocol.

The Protocol, Concession Agreement, Joint Operating Agreement are not subject to any type of negotiation.

## **3. REGISTRATION**

Companies can register electronically on the SNOC website as Interested Party. As part of the registration process, the Interested Party will receive a reference number to be used in future correspondence.

For any information and for a request for Qualification, the sole contact person for the bid process is Envoi Limited, London, UK, at the following email address: [deliver@envoi.co.uk](mailto:deliver@envoi.co.uk)

## **4. THE BID ROUND**

The purpose of the Bid Round is to award three Concession Agreements for carrying out exploration, development and production in the respective three Contract Areas, being the Contract Area A (Northern), Contract Area B (Central) and Contract Area C (Southern/Eastern) as described in Section 16 of this Protocol.

In Contract Areas A and C, the Proposal shall involve a JOA in which a Qualified Operator, as a single company or member of a Consortium, will operate the petroleum operations. In these Contract Areas, SNOC shall be carried for its initial 25% interest until the approval of the field development plan for each field and has the right to increase this interest to 50% after a specified period pursuant to the provisions of the Concession Agreement and JOA.

With respect to the JOA in Contract Area B, SNOC shall hold a 50% working interest and shall be Operator and shall not be carried.

All conditions, rights and obligations of the Contractor with respect to the petroleum operations will be specified in the Concession Agreements and Joint Operating Agreements.

To have the opportunity to enter in such Concession Agreement, the Bidder must present a separate Proposal for one, two or all Contract Areas in according with this Protocol.

The registration as Interested Party and the process of Qualification is free.

The Bid Round will be conducted in the English language.

Participants can appoint any number of authorized representatives or change such representatives by adding their registration on the SNOC website [www.snoc.ae](http://www.snoc.ae), or by contacting Envoi Ltd at [deliver@envoi.co.uk](mailto:deliver@envoi.co.uk).

The following table provides a general overview of the different provisions for the three Contract Areas, and bidding parameters.

Concession Area	SNOC %	Farmee %	Operator	SNOC Carry / Bonus
Concession A	25%	75%	Farmee	<ul style="list-style-type: none"> <li>• Carry on exploration and appraisal costs (recovered during development phase)</li> <li>• No Bonus</li> </ul>
Concession B	50%	50%	SNOC	<ul style="list-style-type: none"> <li>• No carry</li> <li>• Bonus to be bid</li> </ul>
Concession C	25%	75%	Farmee	<ul style="list-style-type: none"> <li>• Carry on exploration and appraisal costs (recovered during development phase)</li> <li>• No Bonus</li> </ul>

## 5. MODIFICATIONS TO THE BID PROCESS

SNOC can modify this Protocol at any time prior to the date of the final Protocol. Any such modification will result in a replacement of the Protocol on the website [www.snoc.ae](http://www.snoc.ae).

Participants shall adhere to such modifications in the Protocol.

Nevertheless, where companies have become Qualified Companies or Qualified Bidders, such qualification shall not be changed, and if the qualification criteria change, such companies do not have to re-qualify.

Any clarification provided with respect to the Protocol during the clarification periods and published on the website shall be considered an integral part of the Protocol and must be considered as such by the Participants.

SNOC shall publish on the website all versions of the Tender Protocol, including the final version.

## **6. CALENDAR**

The time table is as follows:

June 25 2018	Publication of the Tender Protocol.
July 4, 2018	Opening of the Data Room which will include the Concession Agreement and Joint Operating Agreement.
September 6, 2018	Final date for questions and comments regarding the Protocol (including the procedures for Qualification and Data Room access), Concession Agreement and Joint Operating Agreement.
September 13, 2018	Publication of final version of Protocol, Concession Agreement and Joint Operating Agreement, in case SNOC decides to make changes because of clarifications and comments of the Participants.
October 25, 2018	Final date for questions regarding the details of the procedure of making Proposals and for requesting Qualification as Operator, registering a Consortium and a possible field visit.
October 30, 2018	Final date for SNOC to answer questions regarding the procedure of making Proposals.
November 1, 2018	Final date for SNOC to qualify Operators, approval of a Consortium by SNOC, paying the Bid Administration Fee and making appointments for access to the Data Room.
November 15, 2018	Close of Data Room access.
November 18, 2018	Bid date. Successful Bidder(s) will be notified shortly afterwards.
December 16, 2018	Signing of the Concession Agreement and Joint Operating Agreement.
January 1, 2019	Effective Date of the Concession Agreement and Joint Operating Agreement.



## 7. QUALIFICATION

### 7.1 Qualification Process

Only registered Interested Parties can request Qualification as Operator or Non-Operator. Registered Interested Parties should complete SNOC Form 3.

Attached to SNOC Form 3 the Interested Party through its authorized representative shall by email or by courier provide:

- (a) evidence that the company is legally registered and that the authorized representative has the power to bind the company,
- (b) audited financial statements of the last two years, and
- (c) for Interested Parties wishing to qualify as Operator:
  - (i) Indicate one or more projects on which the Interested Party has been Operator,
  - (ii) Provide information on one or more exploration wells drilled by the Interested Party as Operator, and
  - (iii) Provide such other information as the Interested Party believes proves its capability as Operator, provided such information shall not be confidential information.

To Qualify, in addition to Form 3 the Interested Party shall submit the following forms by email to: [deliver@envoi.co.uk](mailto:deliver@envoi.co.uk) and [farmout@snoc.ae](mailto:farmout@snoc.ae) .

- SNOC Form 1 – two copies of the Confidentiality Agreement signed by the authorized representative in the name of the Interested Party.
- SNOC Form 4 - the Compliance Declaration, confirming that the Interested Party is not a company listed under Section 12
- SNOC Form 5 - Acceptance declaration of being familiar with and willing to abide by the provisions of the Tender Protocol and Applicable Law.
- Where the Interested Party is a member of a Consortium which already has been registered pursuant to SNOC Form 2, and the terms have been agreed among members, the Interested Party shall submit by email SNOC Form 7 - the Joint Venture Statement of the Consortium, in order to inform SNOC about the working interest share of the Interested Party in the Consortium.

SNOC reserves the right to request further or more detailed information in order to qualify an Interested Party.

SNOC reserves the right to request a meeting in Sharjah with the Interested Party in order to clarify matters related to the documentation submitted at such time as mutually agreed.

SNOC shall reject a Qualification, where:

- (a) The Interested Party does not comply with one or more of the criteria established in Section 7.2 hereof,
- (b) SNOC cannot verify any or all information provided,
- (c) The Interested Party creates obstacles to or tries to influence the Qualification process directly or through third parties, or
- (d) The Interested Party presents false or incomplete information

Once an Interested Party has become a Qualified Company, the sole requirement for becoming a Qualified Bidder is to pay the Bid Administration Fee pursuant to SNOC Form-6.

## **7.2 Qualification Criteria**

To qualify as Operator, a registered Interested Party must have drilled exploration wells as Operator, must be or must have been Operator of petroleum production and must have the financial resources to conduct the type of operations anticipated in the Contract Areas.

To qualify as Non-Operator, a registered Interested Party must have the financial resources to conduct the type of operations anticipated in the Contract Areas.

A company seeking qualification by SNOC is invited to provide the relevant information prior to November 1, 2018, pursuant to Section 7.1.

The approval of any Qualification of an Interested Party will be at the sole discretion of SNOC.

As previously indicated, SNOC reserves the right to publish more detailed or different information on qualification criteria in the revisions of the Protocol, however, companies that have been qualified will remain qualified and do not need to requalify.

## **8. ACCESS TO DATA ROOM AND INFORMATION**

All Qualified Companies will receive the counter-signed submitted confidentiality agreement from SNOC and the authorized representatives will be provided electronically with a password for access to the Data Room by Zebra Data Sciences Ltd, Kent, UK, which is the company who manages the Data Room and Data Room access.

Data access to all static technical and commercial data shall be free until closure of the Data Room on November 15, 2018. Such access shall not require appointments.

The seismic data will be available for review via a virtual and separate workstation using Kingdom software. All Qualified Companies which have received their password will be subsequently contacted by Zebra Data Sciences Ltd, in order to make an appointment for up to 72 hours access to the virtual workstation. Such access shall also be free.

A Qualified Company who intends to be a Bidder must pay a Bid Administration Fee of \$ 25,000 prior to November 1, 2018 based on SNOC Form 6.

This fee will include a temporary Licence for the use of the 3D geophysical data of Contract Areas A and B and part of C on a hard disk for the purpose of preparing a bid. Such Licence will terminate on January 1, 2019 and all information provided to the Licencee must be returned to the SPC, prior to this date. Upon the receipt of the signed Licence agreements by SNOC, the Qualified Bidder will receive the Licenced copy of the seismic data.

A Qualified Bidder may share information with Qualified Companies which are members of a Consortium approved by SNOC, which comprises the Qualified Bidder. Such sharing of information shall be at no additional cost, provided such members are Qualified Companies, having signed the confidentiality agreements pursuant to SNOC Form 1. Such sharing shall not require a further Bid Administration Fee.

The registration of a Consortium shall be based on SNOC Form 2 and SNOC Form 7. SNOC shall approve or disapprove of a Consortium within 5 working days from the submission of SNOC Form 7.

Other than assistance in set-up in the Data Room, SNOC, Envoi Limited or Zebra Data Sciences Ltd shall not assist the Qualified Bidder in finding or delineating prospects or leads and assumes no responsibility for the quality or correctness of the data. SNOC does not provide any guarantee with respect to the information and data.

It is the sole responsibility of the Qualified Bidder and the related Consortium, where applicable, to prepare the Proposal and to determine the nature of such Proposal based on the analysis of the data as carried out by the Qualified Bidder.

## **9. FIELD VISITS**

SNOC may upon such times as notified on the website organize visits to view the existing gas field infrastructure and in general the terrain of the Contract Areas. Representatives of Qualified Companies and Qualified Bidders may participate in such visits.

The participation in such visits is optional. All Participants shall register with SNOC at least five days in advance of the visit.

## **10. COMMENTS AND CLARIFICATIONS**

### **10.1 Comments**

Participants may at any time until September 6, 2018 make comments on or ask questions related to the Protocol. It is at SNOC's discretion to respond on the website to such comments and questions.

Qualified Companies and Qualified Bidders may at any time until September 6, 2018 make comments on or ask questions related to the Concession Agreement and JOA. It is at SNOC's

discretion to respond to all Qualified Companies and Qualified Bidders to such comments and questions.

## 10.2 **Clarifications**

With respect to three specific areas SNOC commits to respond on the website for requests for clarifications:

- (a) Data Room Access, prior to September 13, 2018
- (b) Qualification, prior to September 13, 2018
- (c) Making Proposals, prior to October 30, 2018.

With respect to such clarifications to following shall apply:

- (a) Answers to clarifications submitted to [deliver@snvoi.co.uk](mailto:deliver@snvoi.co.uk) shall be posted on the SNOC website where applicable.
- (b) Subject to paragraph (e) hereof, clarifications can only be requested by Participants.
- (c) SNOC may ask to clarify requests for clarification.
- (d) Requests for clarification can only relate to Data Room access, Qualification and Proposals
- (e) Requests for clarification related to Proposals can only be made by Qualified Bidders.
- (f) In case there is contradiction among responses, the wording of the final version of the Tender Protocol, Concession Agreement and Joint Operating Agreement shall prevail.
- (g) SNOC will not provide further clarifications after the final date for such clarifications and SNOC shall not have further responsibilities in this respect.

With respect to clarifications SNOC shall publish these on the website where applicable, without mention of the name of the Participant fielding the request for clarification. Where similar questions have been asked, SNOC may draft a single representative question.

All clarifications provided by SNOC shall constitute and integral part of the Protocol.

## 11. **INDIVIDUAL PARTICIPATION AND CONSORTIA**

Interested Parties can participate in the bid process in two ways as:

- (a) A single Qualified Bidder. With respect to the Contract Areas A and C, such Bidder must be a Qualified Operator; with respect to Contract Area B, such Bidder may be a Qualified Non-Operator or Qualified Operator.
- (b) A Consortium. For Contract Areas A and C, a bid by a Consortium must designate one member as Operator. The designated Operator must be a Qualified Operator and have a participating interest of at least 40% in the Consortium. Other members

of the Consortium can be Qualified Non-Operators. Each member of the Consortium must have a participating interest of at least 10% in the Consortium. For Contract Area B, the Consortium can consist entirely of Qualified Non-Operators, but may have one or more Qualified Operators, which shall nevertheless, not act as Operator, since SNOC will be the Operator.

A company who initially registered as a single Qualified Bidder, may subsequently register as member of a Consortium providing the information under SNOC Form 2 and SNOC Form 7.

Where a Qualified Bidder becomes shareholder of a new company, such new company shall re-qualify and shall pay the corresponding Bid Administration Fee, in order to be a Qualified Bidder.

A company cannot be party to more than one Consortium for the purposes of bidding for a particular Contract Area. A company cannot bid for a particular Contract Area as both a single Qualified Bidder and in a Consortium.

SNOC shall be informed by email ([farmout@snoc.ae](mailto:farmout@snoc.ae)) of any change in working interest or participatory interest in a Consortium.

For Contract Areas A and C, if the Operator leaves a Consortium prior to the Bid, the remaining members may appoint from among them another Operator if such company has qualified as Qualified Operator and has 40% of the interest in the Consortium. If such Qualified Bidder does not exist among the remaining members, they can associate with a new Qualified Bidder and provide the information through SNOC Form 2 and SNOC Form 7.

## **12. COMPANIES WHO CANNOT PARTICIPATE**

SNOC shall not allow participation of any company which:

- (a) is not authorized to operate in the UAE;
- (b) has presented false information;
- (c) present more than one Proposal for the same Contract Area, either as individual Qualified Bidder, as member of more than one Consortium, or through a third party company over which the Qualified Bidder has control or belong in whatever way in a group which presents a separate Proposal;
- (d) have the same shareholders or are formed by the same persons or parties;
- (e) have obtained information through illegal means related to the bid process;
- (f) have not complied with the provisions of the confidentiality agreement relating to access to the Data Room or the temporary Licence to the 3D information;
- (g) use third parties to evade the matters under this Section;
- (h) are not in compliance with any existing agreements with SNOC or the Government in relation to petroleum operations in Sharjah; or
- (i) do not comply with Applicable Law.

### **13. CONTENT OF PROPOSAL**

The Proposal for a Contract Area shall be presented in two A4 envelopes with a white label. The label shall contain the Contract Area for which the Proposal is made and whether it is Envelope 1 or 2, as well as such other details as may be published on the SNOC website [www.snoc.ae](http://www.snoc.ae).

#### *Envelope 1:*

The first envelope shall contain the Proposal based on SNOC Form 8. SNOC Form 8A shall be filled out for a bid on Concession Area A. SNOC Form 8B shall be filled out for a bid on Concession Area B. SNOC Form 8C shall be filled out for a bid on Concession Area C.

These forms must be signed by the authorized representative of a single Qualified Bidder or the authorized representative of the Consortium. In case a Qualified Bidder wishes to make a Proposal for more than one Contract Area each Proposal must be submitted in a separate envelope.

#### *Envelope 2:*

The second envelope shall contain the bid guarantee (“Bid Guarantee”), in order to guarantee the seriousness of the bid and for maintaining the bid until the winning bidder is decided, and in case of being the winning Bidder or the second highest Bidder until the Concession Agreement has been signed.

The Bid Guarantee for an amount of US \$ 50,000 shall be as SNOC Form 9, in the form of a stand-by letter of credit from a recognized financial institution in the UAE and shall be a valid term of 150 days following the bid date. In case a Qualified Bidder wishes to make a Proposal for more than one Concession Area a separate Bid Guarantee is required for each Proposal (to be submitted in separate envelopes).

### **14. PERIOD TO MAINTAIN PROPOSAL**

The winning Bidder and the second highest Bidder shall maintain their Proposal and their Bid Guarantee for 150 days from the bid date. Under exceptional cases SNOC may request an extension of this period.

The Bid Guarantee shall be returned by SNOC to Companies who are not a winning Bidder or are not a second highest Bidder. The Bid Guarantee of the winning bidder and second highest Bidder shall be returned upon the signing of the Concession Agreement.

The Bid Guarantee shall become effective for SNOC from the respective Bidder, where:

- (a) Either the winning Bidder or the second highest Bidder, or both withdraw the Proposal,
- (b) The winning Bidder or any of the members of the Consortium of the winning Bidder does not sign the Concession Agreement or does not provide the related Work Commitment Guarantee or the Parent Company Guarantee or required payments,

- (c) In case so requested by SNOC, the second highest Bidder or any of the members of the Consortium of the second highest Bidder does not sign the Concession Agreement or does not provide the related Work Commitment Guarantee or the Parent Company Guarantee or required payments, or
- (d) The Bidder has provided false information during any time during the Bid Process.

## 15. PRESENTATION AND OPENING OF PROPOSALS

The Proposals shall be presented in person or by courier by the authorized representative of the Bidder, prior to the bid date and on the bid date prior to the hour and at the location indicated on the website of SNOC. Each Bidder shall be responsible for any costs related to the presentation of the Proposals.

Where a Bidder wishes to make bids for more than one Contract Area, a separate Proposal shall be presented for each Contract Area.

The details regarding the process of submission of the Proposals, the opening of the Proposals and declaration of the winning and second highest Bidder shall be provided on the SNOC website on or prior to October 30, 2018.

## 16. CONTRACT AREAS

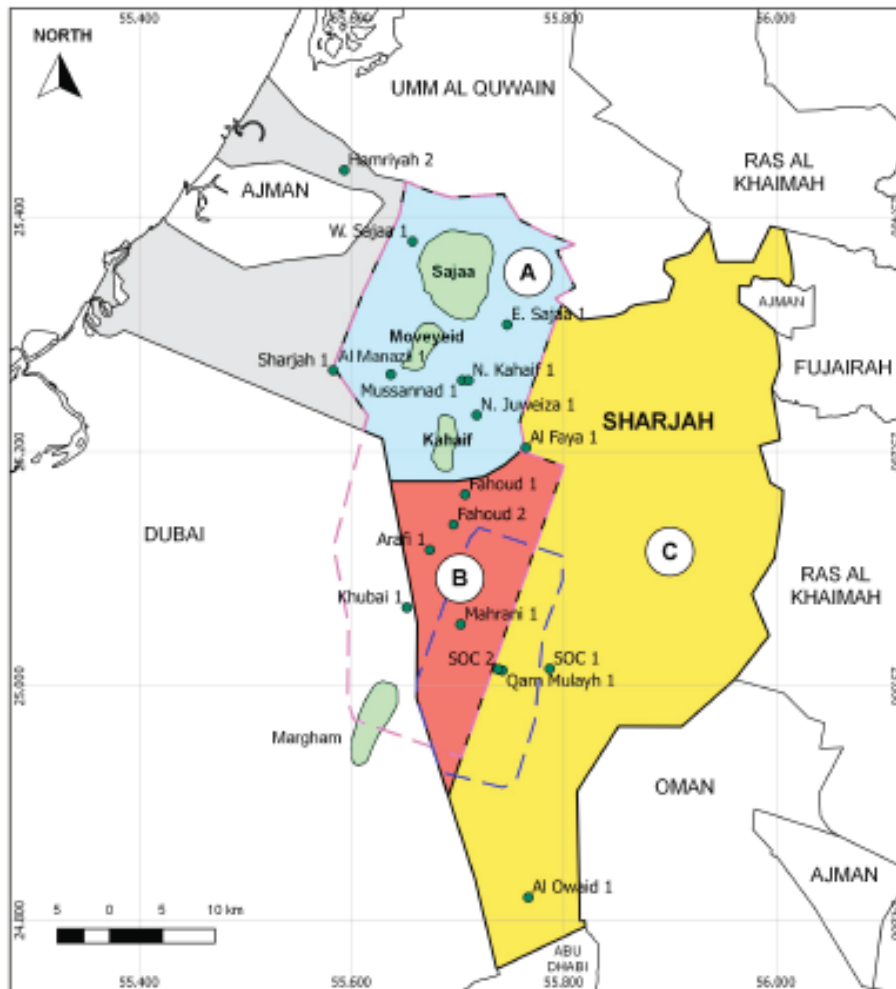
Following is a description of Concession Areas A, B and C and a map.

**Concession Area A** - An area of 437 km<sup>2</sup>, covered by 3D seismic and containing 3 existing discovered and developed gas condensate fields, Sajaa, Moveyeid and Kahaif, owned and operated by SNOC. The fields and wells within the area are excluded from the concession, however there was one deeper gas discovery made below the Sajaa field which is included and further exploration of this discovery is encouraged. There is also significant near field exploration potential in a number of existing and new play types, based on the 3D seismic. Operatorship of the block is offered, with the successful bidder(s) holding an initial 75% equity, and carrying SNOC (25%) through the exploration and appraisal phases, (with the carry to be recovered during the development phase). Bids will be evaluated based on the work programme proposed (number of wells, min – 1 firm well).

**Concession Area B** - An area of 264 km<sup>2</sup>, which as per Concession Area A, is also covered completely by a new high spec 3D seismic survey (2017) providing a much improved image with opportunities becoming evident from the new data. SNOC is the Operator of Area B with a 50% equity, and the successful Bidder will hold a 50% non-operated position. There will be no carry required for SNOC and all partners will pay their own way through the exploration, appraisal and development phases. Bids will be evaluated based on a Bonus and agreement to fund a 50% share of the first well to be drilled, which is currently in the planning phase and would be completed in year 1 of the first exploration period.


**Concession Area C** - An area of 1184 km<sup>2</sup>, with a small amount of 3D and some 2D seismic coverage. This concession is less well explored, although there is a tested oil well in the south of the block. Some interesting leads are evident on the available seismic however additional 3D seismic is required before drilling is recommended. The successful Bidder will be required to acquire 3D seismic as a minimum. Operatorship of the block is offered, with the successful bidder(s) holding an initial 75% equity, and carrying SNOC (25%) through the exploration and appraisal phases (with the carry to be recovered during the development phase). Bids will be evaluated based on the work programme proposed (seismic (min 600 km<sup>2</sup>) and number of wells).

## 2018 SNOC CONCESSIONS MAP



**Legend**

- 2016-2017 3D Seismic Survey
- 2013 3D Seismic Survey
- Concession Area A (437 km<sup>2</sup>)
- Concession Area B (264 km<sup>2</sup>)
- Concession Area C (1,184 km<sup>2</sup>)
- Fields
- Drilled Wells

 **Sharjah National Oil Corporation**  
SNOC

**SHARJAH NATIONAL OIL CORPORATION**  
Exploration & Production

CRS: WGS 84  
EPSG: 4326

AUTHOR: M. Robert  
DATE: 07/06/2018  
VERSION: 3.5



## 17. MINIMUM WORK OBLIGATION AND BID PARAMETERS

### 17.1 Description of Exploration Commitment Wells

A Shallow Exploration Commitment Well shall be a well to the lesser depth of the base of the Thamama formations or 5000 meters vertical depth, provided, however, that the Contractor is entitled to drill a deeper Well.

The drilling of the Shallow Exploration Commitment Well shall be deemed to have a cost \$ 15 million.

Where the base of the Thamana formations is encountered in the well at less than a vertical depth of 5000 meters, the commitment for a Shallow Exploration Commitment Well shall be deemed fulfilled regardless of the actual cost and depth of the well.

Where the Well does not reach the base of the Thamana formations or does not reach the vertical 5000 meters well depth, the contractor shall pay \$ 10,000 for every vertical depth meter not drilled relative to 5000 meters vertical Well depth, up to the maximum of \$ 15 million and upon the receipt of such payment by the SPC, the work commitment shall be deemed fulfilled for such Well.

A Deep Exploration Commitment Well shall be an Exploration Commitment Well to a vertical depth of at least 6000 meters and shall be deemed to cost \$ 30 million. Where the Well does not reach the vertical 6000 meters well depth, the contractor shall pay \$ 10,000 for every vertical depth meter not drilled relative to 6000 meters vertical Well depth, up to the maximum of \$ 30 million and upon the receipt of such payment by the SPC, the work commitment shall be deemed fulfilled for such Well.

### 17.2 Minimum Work Commitments for the three Contract Areas

#### Contract Area A:

For Contract Area A, the Minimum Work Obligation shall be one Shallow Exploration Commitment Well, to be drilled during the first Exploration Phase of 2 years.

The Work Commitment Guarantee for the Minimum Work Commitment for the Contract Area A shall be \$ 15 million.

#### Contract Area B:

For Contract Area B, the Minimum Work Obligation shall be a 50% working interest participation in one Exploration Well to be operated by SNOC, of which the drilling is currently in the planning phase.

The Work Commitment Guarantee for the Minimum Work Commitment for the Contract Area B shall be \$ 7.5 million.

**Contract Area C:**

For Contract Area C, the Minimum Work Obligation shall be a 3D geophysical survey of a minimum of 600 km<sup>2</sup>, which shall be deemed to cost \$ 15 million to be carried out during the first Exploration Phase of 2 years.

The Work Commitment Guarantee for the Minimum Work Commitment for Contract Area C shall be \$ 15 million.

**17.3 Bid Parameters for the Contract Areas A and C.**

The bid parameter for both Contract Areas A and C shall be the Additional Exploration Commitment, which is the number of Exploration Commitment Wells in addition to the Minimum Exploration Commitment. Each Shallow Exploration Commitment Well shall be deemed to cost \$ 15 million and each Deep Exploration Commitment Well shall be deemed to cost \$ 30 million.

The maximum number of Exploration Commitment Wells that can be offered is six (6).

The Bidder has the option to offer both Shallow and Deep Exploration Commitment Wells.

**Examples:**

**If for Contract Area A the Bidder wants to offer 2 Shallow and 3 Deep Exploration Commitment Wells (in addition to the 1 well minimum commitment), the table in SNOC Form 8A needs to be filled out as follows:**

**In addition, our Proposal is to commit to the drilling of:**

**Shallow Exploration Commitment Wells:        2**

**Deep Exploration Commitment Wells:        3**

**Total Exploration Commitment Wells:        5**

**If one Bidder offers 4 Shallow Exploration Commitment Wells and another Bidder offers 2 Shallow Exploration Commitment Wells and one Deep Exploration Commitment Well, the winner is the Bidder who offers 4 Shallow Exploration Commitment Wells.**

**If one Bidder offers 4 Shallow Exploration Commitment Wells and another Bidder offers 3 Shallow Exploration Wells and one Deep Exploration Well, the winner is the Bidder who offers 3 Shallow Exploration Commitment Wells and one Deep Exploration Commitment Well.**

**The lowest possible bid is zero Shallow Exploration Commitment Wells and zero Deep Exploration Commitment Wells. The highest possible bid is zero Shallow Exploration Commitment Wells and 6 Deep Exploration Commitment Wells.**

The winning Bidder is the one who offers the highest number of Exploration Commitment Wells.

Where two or more Bidders offer the same number of Exploration Commitment Wells, the winning Bidder shall be the Bidder with the highest number of Deep Exploration Commitment Wells.

Where two or more Bidders offer the same number of Exploration Commitment Wells and the same number of Deep Exploration Commitment Wells, these Bidders will be invited to return the following day to make a Bonus bid for the Contract Area. The bidder with the highest Bonus bid wins.

The Exploration Commitment Wells shall be drilled during the Exploration Phases as established in the Concession Agreement.

#### **17.4 Bid Parameter for the Contract Area B.**

The bid parameter for the Contract Area B shall be a Bonus in Dollars. The Bidder with the highest Bonus bid wins.

### **18. REASONS FOR REJECTION OF BIDS**

SNOC can reject a Proposal or Proposals, where:

- (a) The Bidder does not commit to the Minimum Work Program,
- (b) The Bidder presents incomplete or illegible information,
- (c) The Proposal is conditional on being granted, or not being granted, another Contract Area or any other condition,
- (d) The Proposal is referential related to other Proposals that may be presented,
- (e) The Proposal includes corrections or changes,
- (f) The Bidder presents more than one Proposal for the same Contract Area,
- (g) The Bidder is a company or members of the Consortium are companies who cannot participate pursuant to Section 12 hereof,
- (h) The Bidder has presented false information during the Bid Round,
- (i) The Bidder has not complied with the confidentiality agreement for access to the Data Room or the temporary Licence agreement,
- (j) The Bidder has not provided the Bid Guarantee,
- (k) The Bidder is or has been involved in any actions to influence the winning bid or bid process, and
- (l) Such other provisions as may be published by SNOC on the website or before October 30, 2018.

### **19. AWARD**

With the approval of the Sharjah Petroleum Council, SNOC shall publish the winning Bidder and second highest bidder on the website of SNOC, within the time frame established on the website.

## **20. NO AWARD AND CANCELLATION OF BID ROUND**

SNOC can declare that there is no winning Bidder, when:

- (a) No Proposals have been presented,
- (b) None of the Interested Parties qualifies, or
- (c) All Proposals have been rejected.

SNOC can cancel the Bid Round for one, two or all Contract Areas.

In such cases, SNOC shall not be responsible for any costs incurred by Bidders or Interested Parties and shall return any Bid Guarantees.

## **21. SIGNING OF CONTRACT**

If SNOC is unable to sign the Concession Agreement with the winning Bidder for whatever reason, SNOC may sign the Concession Agreement with the second highest Bidder.

The detailed procedure for signing the Concession Agreement shall be provided on the SNOC website.

As a minimum, the Contractor shall provide the Work Commitment Guarantee, the Parent Company Guarantee, the payment of the first Rental and where a Bonus was offered the payment of the Bonus prior to or upon signing the Concession Agreement on the signing date of December 16, 2018.

## **22. CONCESSION AGREEMENT**

The Concession Agreement shall be between the His Highness the Ruler of Sharjah and the contracting parties, which shall be SNOC and winning Bidder or second highest Bidder, as decided by SNOC pursuant to this Protocol.

The initial term of the Concession Agreement shall be 30 years and the agreement shall be renewable for a 10-year period and may be renewed further upon such terms as may be negotiated.

The initial term will include an initial Exploration Phase of 2 years, renewable two times for 2 years upon further or established work commitments for a total exploration period of 6 years. Where pursuant to the Concession Agreement any Exploration Commitment Wells are allocated to the second and third Exploration Phase, entering such phase shall be automatic.

Where a gas-condensate field is discovered, SNOC commits to purchase the wet gas and condensates at the measurement point in the field area up to the available capacity of the SNOC gas processing plant and provided the gas meets certain specifications.

The fiscal terms have been designed to be competitive and attractive throughout the spectrum of exploration and production opportunities; for small exploration targets as well as possible expensive large deep possibilities, even under high geological risk conditions.

The Concession Agreement shall be in the Data Room.

### **23. SNOC PARTICIPATION**

SNOC will participate in the petroleum operations as contracting party based on a Joint Operating Agreement. A copy of the Joint Operating Agreement shall be in the Data Room and shall be attached to the Concession Agreement.

SNOC shall initially hold a 25% interest in Contract Areas A and C, adjusted upward to 50% as per the Concession Agreement and the JOA, and shall be carried for exploration and appraisal expenses until the approval of the field development plan for each discovered field.

For Contract Area B SNOC shall hold a working interest of 50% and shall pay its share of 50% from the Effective Date.

### **24. FORMS**

All SNOC Forms will be in PDF format and are contained within this Bidding Protocol document which is available from the website [www.snoc.ae](http://www.snoc.ae).

The Forms are contained in the following pages. In case of any issues with the Forms please contact Envoi and a Word version can be provided.