

ARGENTINA ENERGY INVESTMENT OPPORTUNITY

Offshore Round 1

November, 2018

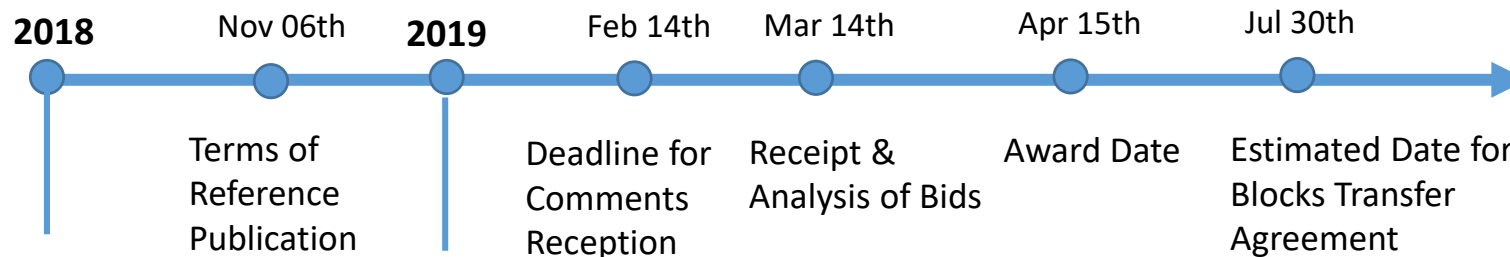
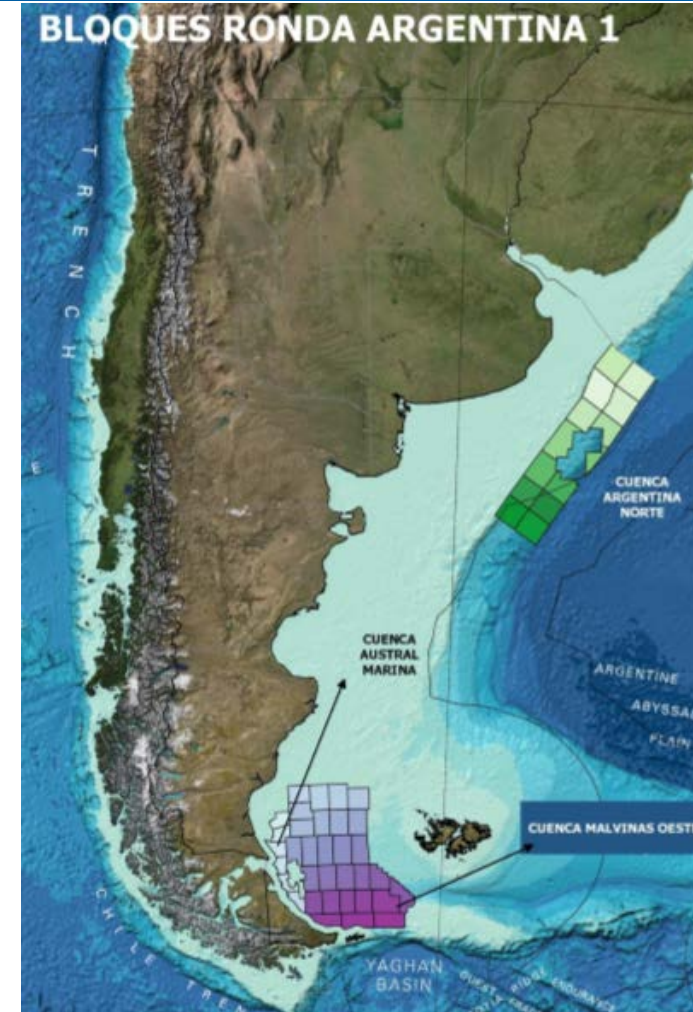
Site of the Round: Click [Here](#)



Agencia Argentina
de Inversiones
y Comercio Internacional

Opportunity Description

- Through an International Public Bid (Resolution 65/2018), the Energy Secretariat invites interested companies to award exploration permits in order to search hydrocarbons in offshore areas (located after 12 nautical miles).
- The general goal of this Round is to increase awareness of Argentine Offshore opportunities through real investments in Exploration, carried out by companies with the technical and financial capacity to fulfill the objectives of the Round.
- 38 blocks included in Round 1 (225.000 km²):
 - West Malvinas Basin: 18 Deepwater blocks (90.000 km²)
 - North Argentina Basin: 14 Deepwater blocks (130.000 km²)
 - Austral Basin: 6 Shallow water blocks (5.000 km²)
- Royalties linked to success: Starting at 5% to 12% based on:
 - $R \text{ factor} = (\sum \text{Sales} - \sum \text{Royalties}) / (\sum \text{E\&A} + \sum \text{Investments} + \sum \text{OPEX})$



Bidding Timeline

Technical & Economic Requirements

		Operator A	Operator B	Operator C	Other Operator	
Requirements	Qualification Type	All areas operation	Deepwater & shallow areas operation	Shallow areas operation	Participation as an investor partner in the corresponding operation type	
	Production (in the last 3 years OR 3 offshore exploratory wells in the last 15 years)	Either	Either	Either	-	-
		20.000 Boe/d or WD > 500 mts	10.000 Boe/d or WD > 100 mts	5.000 Boe/d or WD < 100 mts	-	-
	Operation (experience operating at least once in offshore areas in the last 15 years)	WD > 500 mts	WD > 100 mts	-	-	-
	Equity - Last fiscal year (MM USD)	> 250	> 100	> 30	> 50% of the amount required of the operator (depending on the permission)	
	Avg Capital Investment - last 3 fiscal years (MM USD)	> 700	> 300	> 100	> 50% of the amount required of the operator (depending on the permission)	

- Companies that do not meet the established requirements must present a technical and / or economic guarantee of their controlling companies that meet the stated qualification requirements (depending on the case).
- Long Duration Exploration Permit: Three periods (4+4+5 years) for all blocks (except shallow waters: 4+3+4). Obligation to drill one well in 2nd Period and on Extension Period.
- The bidder must present a bid maintenance guarantee of 100.000 USD for each of the areas offered.
- The sealed envelope must contain the corresponding offer submission form, where the following information will be consigned: A) The working units that the bidder undertakes to carry out during the first exploration period. B) If applicable, the entry bonus.

$$\text{Bid (usd)} = \text{WU} \times 5000 \text{ (usd/WU)} + \text{Bonus}^* \text{ (usd)}$$

WU : Working Units offered for 1st Exploration Period. Must be higher than or equal to Minimum Working Units

*Bonus is accepted only if WU > Basic WU; to be paid 50% upfront + 50% end of 3rd year exchangeable for WU done in the first 3 years in addition to Offered WUs