

BIDDING

Bidding for the Contract Areas will take place over two days on Monday, June 29, and Tuesday, June 30, 2009 in Baghdad, Republic of Iraq, commencing at 9:00am Baghdad time. The venue will be advised in due course. The bidding process will be presided over by a senior official of the Ministry of Oil ("Chairman of the Bid Committee" or "Chairman").

Bids will be offered by means of a sealed bid, one Contract Area at a time, with bids opened publicly and results announced before the next Contract Area is offered.

The order of the bids and indicative timing (all Baghdad time) will be:

Monday, June 29:

Introduction/Overview of Bidding Process	8:30am
Rumaila	9:00am
Mansuriya	11:00am
Bai Hassan	2:00pm
Zubair	4:00pm

Tuesday, June 30:

Missan	9:00am
Kirkuk	11:00am
Akkas	2:00pm
West Qurna (1st Phase)	4:00pm

Bidding Parameters and Evaluation Criteria

For the Fields offered under a PFTSC, bids will comprise two parameters:

- (a) The Remuneration Fee Bid, expressed in US\$, to the nearest ten (10) cents, per Barrel of Crude Oil of Incremental Production delivered to the Transfer Point, (US\$x.x0/bbl).
- (b) The Plateau Production Target, expressed in Barrel of Crude Oil per day to be delivered, at or to the nearest increment above the minimum, as specified in Section 3.

For the Fields offered under a GSDPC, bids will also comprise two parameters:

- (c) The Remuneration Fee Bid, expressed in US\$, to the nearest ten (10) cents, per Barrel of Crude Oil Equivalent (US\$x.x0/Boe) of Natural Gas delivered to the Transfer Point.
- (d) The Plateau Production Target, at or to the nearest twenty-five (25) million standard cubic feet of Natural Gas per day above the minimum specified in Section 3 to be delivered to the Transfer Point.

For the evaluation of bids, each of the bids will be scored by multiplying the Plateau Production Target ("PPT") bid less the Initial Production Rate ("IPR") by an amount equal to one hundred (100) less the Remuneration Fee Bid ("RFB").

$$\text{Bid Score} = (\text{PPT} - \text{IPR}) * (100 - \text{RFB})$$

Minimum Acceptable Bids

The Ministry of Oil will accept the high scoring bidder for each Contract Area provided that the RFB of the high scorer does not exceed a Maximum Remuneration Fee ("MRF") pre-defined by the Ministry of Oil.

After all bids for a Contract Area have been opened and scored, the Chairman of the Bidding Committee will check that the RFB(s) of the highest-scoring bidder(s) is/are equal to or below the MRF. If:

- (a) there is a single high scorer whose RFB is less than or equal to the MRF, that bidder will be declared the winner.
- (b) there is a single high scorer whose RFB exceeds the MRF, the Chairman will make the MRF public and the high scorer will be invited to accept the MRF within the timeframe set out in the tie-breaker procedure. If accepted, the high scorer will be confirmed as the winner for the Contract Area in question. Where such option is declined, the same option will be afforded to the second place scorer. If accepted, the second place scorer will be confirmed as the winner. If declined, the bidding process for the Contract Area will be terminated.
- (c) there is a tie between two or more bidders, all tied bidders proceed to the tie-breaker.

Tiebreaker

In the event of a tied bid score:

- (a) The tied Bidders will be given additional Bid Forms to submit a revised bid by a deadline to be indicated by the Chairman of the Bidding Committee, as described below.
 - (i) Plateau Production Target bids may not be reduced in the tiebreaker bid; and
 - (ii) Remuneration Fees may not be increased in the tiebreaker bid. If one or more of the tied Bidders has exceeded the MRF, the MRF will be disclosed to all tied Bidders in advance of the tiebreaker. No bid in excess of the MRF will be accepted.
- (b) In the event of a tie in the tiebreaker bid, and the tie is between a consortium and a single company bidder, the consortium bidder will be declared the winner; if the tie is between consortia or between single companies, the award will be settled by random lot.

In the event of either a tiebreaker bid or an option to accept a MRF, as described in 7.3(b), the Chairman of the Bidding Committee will set a deadline no less than sixty (60) minutes after the conclusion of the last bidding process on the day in question. If there are more than one tied bid or options per 7.3(b), the Chairman will indicate the order and subsequent process(es) will follow immediately after the conclusion of the first.

Within two (2) weeks following the bidding, the winning company or consortium must submit an overview of the proposed development/re-development approach supporting the winning bid. This document is expected to outline a description of the main drilling, seismic and facilities engineering activities along with a breakdown of the expected production, operating and capital cost profiles throughout the term of the contract.