

Bid Round Four – The Process

Bidding

Each entity that has paid a Participation Fee on a Contract Area will be provided with a unique official Bid Envelope and Bid Form for that Contract Area. Bids will only be accepted in the official Bid Envelope and on the official Bid Form.

Contract Areas will be offered in the sequence indicated above. Entities/consortia have until the deadline to be announced by the Chairman to submit a bid, in a sealed Bid Envelope, for the relevant Contract Area. Consortia do not need to disclose the composition of their consortium for a bid in advance of submitting the Bid Envelope.

The front of the Bid Envelope will contain details of the entities (including the Operator) making the bid, the percentage interests of each, information concerning the Bid Bond, the authority of a duly Authorized Representative of each entity (alone or in a consortium) presenting the bid, and acceptance of all bidding conditions.

Upon receipt, the Bid Envelope will be examined to confirm that all entities identified on the front are eligible to bid and that it has been completed in conformance with requirements. The PCLD may ask, at its sole discretion, for any required corrections.

At this point the Chairman will instruct that a sealed envelope containing the Ministry's maximum acceptable Remuneration Fee be placed in the bid box. The names of the bidding entity or entities will then be announced, and the representative of each invited to place its sealed Bid Envelope in the bid box.

Any Operator who accidentally spoils a Bid Form or Bid Envelope may request a replacement from the PCLD. Replacement Bid Forms or Bid Envelopes will be issued only in exchange for the spoiled Bid Form or Bid Envelope. Spoiled Bid Forms or Bid Envelopes should not be disposed of by the Operator, as an exchange will otherwise not be possible.

When all bids have been accepted and placed in the bid box, the envelopes will be removed from the bid box, one at a time. After each is removed, it will be opened by the Chairman of the Bid Committee and the bid examined. Subject to the bid conforming with instructions on the Bid Form, the bidding consortium and content of the bid will be announced.

This process will be repeated until all Bid Envelopes have been opened.

Once the last bid has been announced, the lowest bidder will be indicated and, subject to the Remuneration Fee per barrel of oil equivalent in the lowest bid being equal to or below the pre-defined maximum, the winner will be announced.

The Chairman of the Bid Committee will then announce the timing of bids for the next Contract Area to be offered.

After the bidding process for the last Contract Area has been completed, the Chairman may in his discretion offer any unawarded Blocks for re-bidding.

Bidding Parameters and Evaluation Criteria

The sole bidding parameter will be the Remuneration Fee. The Remuneration Fee Bid (RFB), expressed in US\$ per barrel of oil equivalent (as defined in the Contract) delivered to the designated Transfer Point(s). Bids may be placed in one cent (US\$0.01) increments.

Minimum Acceptable Bids

The Ministry of Oil will accept the bid with the lowest Remuneration Fee Bid for each Contract Area provided that its RFB 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 lowest bidder(s) is/are equal to or below the MRF. If there is:

- (a) a single lowest bidder whose RFB is less than or equal to the MRF, that bidder will be declared the winner.
- (b) a single lowest bidder whose RFB exceeds the MRF, the Chairman will make the MRF public and the lowest bidder will be invited to accept the MRF, with a decision required by a deadline specified by the Chairman (expected to be about 30 minutes later). If accepted, the lowest bidder will be confirmed as the winner for the Contract Area in question.

Where such option is declined, the second-lowest bidder will be offered the option to match the MRF. If offered, it must be accepted or declined immediately. If accepted, the second-lowest bidder will be confirmed as the winner.

If declined, the option to match will move immediately to the third-lowest bidder and the process repeated.

No further offers to match beyond the third-lowest bidder will be made. If the third-lowest bidder declines, no award will be made.

- (c) a tie between two or more bidders, all tied bidders proceed to the tie-breaker.

Tiebreaker

In the event of a tied bid, 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. In preparing revised bids the RFB may not be increased. If the tied Bidders have exceeded the MRF, the MRF will be disclosed to all tied Bidders in advance of the tiebreaker.

In the event of a tie in the tiebreaker bid, and the tie is between a consortium and a single entity bidder, the consortium bidder will be declared the winner; if the tie is between consortia or between single entities, the award will be settled by a second tie-breaker bid. If the tie remains after the tie-breaker, this procedure will be repeated until a single lowest bidder emerges, or in the discretion of the Chairman of the Bid Committee, settled by random lot.