TIMORGAP	BID DOCUMENT	TIMOR GAP ONSHORE BLOCK

REQUEST FOR PROPOSAL

(RFP/TG/016/001)

“PSC BLOCK A”

Document Title		**Onshore Block Participating Interest**			
RFP No.		**RFP/TG/016/001**			
23 June 2016	**0**		Domingos Freitas	Norberta da Costa	Francisco da Costa Monteiro
Date	**Revision**	**Description**	**Prepared by**	**Reviewed by**	**Approved by**

DOCUMENT HISTORY

Document / Form No.	Document / Form Name	Revision No.	Date

OVERALL CONTENT

PART A GENERAL INFORMATION

1) Proposal shall and to be delivered on or before **"24th August 2016 at 16.00 Timor-Leste time"** at the latest.

2) The proposal can be submitted via email or courier mail to the following address:

   TIMOR GAP, E.P

   Attention: Mr. Domingos Freitas – Procurement Manager

   Level 3, Timor Plaza, Rua Presidente Nicolau Lobato,

   Comoro, Dili, Timor-Leste

   Email: bid.procurement@timorgap.com (Proposal Submission Only)

   Email: procurement.dept@timorgap.com (Queries only – Do not submit your proposal via this email account)

3) Any proposal received after the stipulated date will be rejected and not considered.

4) The submitted proposal to the COMPANY shall be irrevocable for **a period of 6 months** or until the selection process is completed whichever is longer.

5) In case additional and/or revised and/or more detailed information becomes available before the proposal is submitted, such information in kind of numbered addendum will be provided to the RFP. Such additional data, if any, shall be an integral part of the RFP; it shall be taken into consideration and treated as if it were a part of the initially submitted RFP Documents.

6) The currency of the proposed price shall be limited to **U.S Dollar only.**

7) An award criteria to be used in selecting the most responsive Proposal is provided in Part E – Evaluation Criteria.

8) TIMOR GAP, E. P. reserves the right to accept or reject any proposal, and to cancel the bidding process and reject all bids, at any time prior to selecting a joint operating partner, without thereby incurring any liability to the affected Proponent or having any obligation to inform the affected proponent or proponents of the grounds rejection.

9) Information relating to the examination, clarification, evaluation, and comparison of proposal and recommendations for the selection of the joint operating partner shall not be disclosed to proponent or any other persons not officially concerned with such process until the award to the successful proponent has been announced. Any effort by a proponent to influence the Company's processing of bids or selection decisions may result in the rejection of his proposal.

10) Proponent are mandatory required to comply with all applicable laws of the Republic Democratic of Timor-Leste (RDTL) in connection to the onshore block project.

11) Please address all inquiries by email only to procurement.dept@timorgap.com. You are requested not to contact any other person for matters related to this RFP. If you attempt to contact any person other than the nominated contact person for RFP queries, TIMOR GAP may, at its sole discretion, disqualify your company. Manner of disseminating supplemental information to the RFP and responses/clarifications to queries will be direct communication to prospective proponent shall be in writing or by email.

PART B ACKNOWLEGMENT FORM

The proponent agrees and acknowledges that information of whatever nature relating to the COMPANY disclosed or made available to you and the information disclosed and contained in this document or referred to in this document together with all other information relating to the COMPANY and/or the submission details ("Confidential Information") shall be regarded as secret and confidential and shall not be disclosed by the proponent except to the extent that it becomes necessary to furnish information to others solely for the purposes of submitting the proposal under this document. The proponent will also keep confidential all Confidential Information. The proponent shall impose the same obligations of secrecy and confidentiality on those parties to whom the Confidential Information is passed. This obligation of secrecy and confidentiality will continue in full force and effect notwithstanding termination or completion of the proposal submission hereof. The proponent undertakes to indemnify and hold harmless the COMPANY from any damages, loss, cost or liability and the cost of enforcing this indemnity arising out of or resulting from the proponent's breach of these obligations of secrecy and confidentiality or any other unauthorized use or disclosure of the Confidential Information by you.

The proponent acknowledges that, if at any time in the future any term or provision of the Confidential Information thereof shall be related to any third party, TIMOR GAP may request the proponent to enter into a proper confidentiality agreement and the proponent agree to do so upon TIMOR GAP's request.

If the proponent determines that the transaction will not proceed or you are no longer interested in submitting a proposal, proponent will return to the COMPANY, the Confidential Information and copies that are in the proponent's possession or under your control which incorporate, reflect or are derived from any of the Confidential Information and will ensure that proponent's representatives, agents and employees will do the same.

Please confirm your acknowledgement and acceptance of the above obligations of secrecy and confidentiality concerning the information disclosed in this Request for Proposal by signing on the attached ACKNOWLEDGEMENT form and returning to us within 5 (five) working days after receipt of this RFP for our records and reference procurement.dept@timorgap.com

We have received the RFP – Request for Proposal as well as all related documents and we would like to inform you that

- ☐ We will submit the proposal on or before the Proposal submission date.
- ☐ We will not submit the proposal.

Reason:____

____

We further confirm that we comply with the obligations of secrecy and confidentiality concerning the "Confidential Information" as expressed in the RFP.

Name of the Proponent:

Date:____________________ Signature:______________________________

PART C SUBMISSION DETAILS

1. Introduction

TIMOR GAP, E.P. is the Timor-Leste National Oil Company which was established in 2011 under the Decree Law No. 31/2011. Its main activities is to act, on behalf the State, in conducting business within the oil and gas sector. Its activities vary from Onshore and Offshore and national to international level.

TIMOR GAP, E.P. would like to invite a reputable oil and gas company to enter into a partnership to finance the onshore block described below ("Onshore Block").

On December 2015, the Council of Ministers of Timor-Leste issued a Government resolution authorizing TIMOR GAP to hold a participating interest in the Onshore Block and the Minister of Petroleum and Mineral Resources, by way of a Ministerial Order has authorized the direct award to TIMOR GAP of a Production Sharing Contract (PSC) for the Onshore Area as provided in the Map no. 1 and Map no. 2.

TIMOR GAP will be evaluating those proposals received and selecting the company or companies to form an unincorporated joint venture through Joint Operating Agreement for the purposes of entering into a potential PSC with the Government of Timor-Leste (MPRM or ANPM) in the Onshore Block, ***after all required approvals being finalized***.

2. Requirements

The final proposals submitted for the acquisition of the Onshore Block, must meet the following requirements and in the content stated in part D (content of proposal);

a) Proposals may be submitted by a single company or a group of companies.
b) The participating interest to be acquired by the interested partner(s) in a single proposal is 40%.
c) Whenever a group of companies or consortium submits a single proposal, such proposal must indicate the participating interest that each interested partner seeks to obtain in the block, in total making up 40% participating interest.
d) The proponent(s) is required to have or to have access to technical capabilities to perform the PSC.
e) The proponent(s) is required to have or to have access to financial capabilities to perform the PSC.
f) The minimum price of each percentage of participating interest is 50.000 USD, however the proponent may ***offer a higher price, which will be the evaluation criteria***.

g) The selected partner will be required to carry TIMOR GAP's percentage of working interest in the PSC (60%) through Exploration and Development phases.

h) The Work Program for the exploration period is attached herein (please refer to schedule 2) and the interested partner will be required to comply with the minimum Work Program.

i) TIMOR GAP will be the operator during the exploration phase and an interested partner will become the operator during the development phase and in the first five years of production.

j) All proposals shall take into consideration the technical information as attached to these tender documents in schedule 1, ***which will be the only technical information provided for the purposes of this Request for Proposal***.

3. Proponent Resources

The proponent(s) shall provide information regarding:

- Company/consortium's financial capability
- Company/consortium's technical capabilities

4. Working Arrangement

The successful partner will be required to enter into a Commercial Agreement/Joint Operating Agreement with TIMOR GAP and together with TIMOR GAP entering into a Production Sharing Contract with the Government. Drafts Production Sharing Contract, Joint Operating Agreement and Commercial Agreement are attached for reference, respectively in Schedule 3, 4 and 5.

The signature of the above mentioned agreements will be subject to further Government and regulatory approvals and final decisions.

Any committed payment shall be made upon signing the PSC.

PART D CONTENT OF PROPOSAL

1. Cover page
2. Company Overview
3. Proponents shall provide the following information on their Capabilities or Technical Proposal
   a) Signed Acknowledgment Form: Proponent shall attach the signed Acknowledgment Form as per PART B.
   b) A statement confirming the capacity and commitment to acquire the participating interest in the Onshore Block and ***statement of commitment to fulfil the requirements as stated in part C no. 2.***
   c) Description of the Work Program.
   d) All other relevant information regarding the interested partner(s) financial and technical capabilities.

PART E EVALUATION CRITERIA

Whenever TIMOR GAP is satisfied with the technical and financial capabilities of the proponent(s), ***the proposal will be evaluated based on the best commercial offer.***

SCHEDULE 1 – TECHNICAL INFORMATION

PSC Location and Area

Overall three exploration block is shown in figure 1. The proposed PSC area under discussion is shown in **Figure 2 PSC Block A** the elevation of the area varies from 100m to 2400m. Much of the flat area lies towards the coast and the coastal town of Suai. TIMOR GAP will also be building the Supply Base in Suai. This will provide infrastructure support to hydrocarbon exploration and there will be mutual benefits, along with socio economic development.

The entire area that has been assigned to TIMOR GAP by the Ministry of Petroleum and Mineral Resources, with the approval of the Council of Ministers. TIMOR GAP has divided the acreage divided into three separate blocks, namely PSC A, PSC B and PSC C. Each PSC area is approximately 1000 sq km. The PSC names will be finalized by the ANPM prior to award.

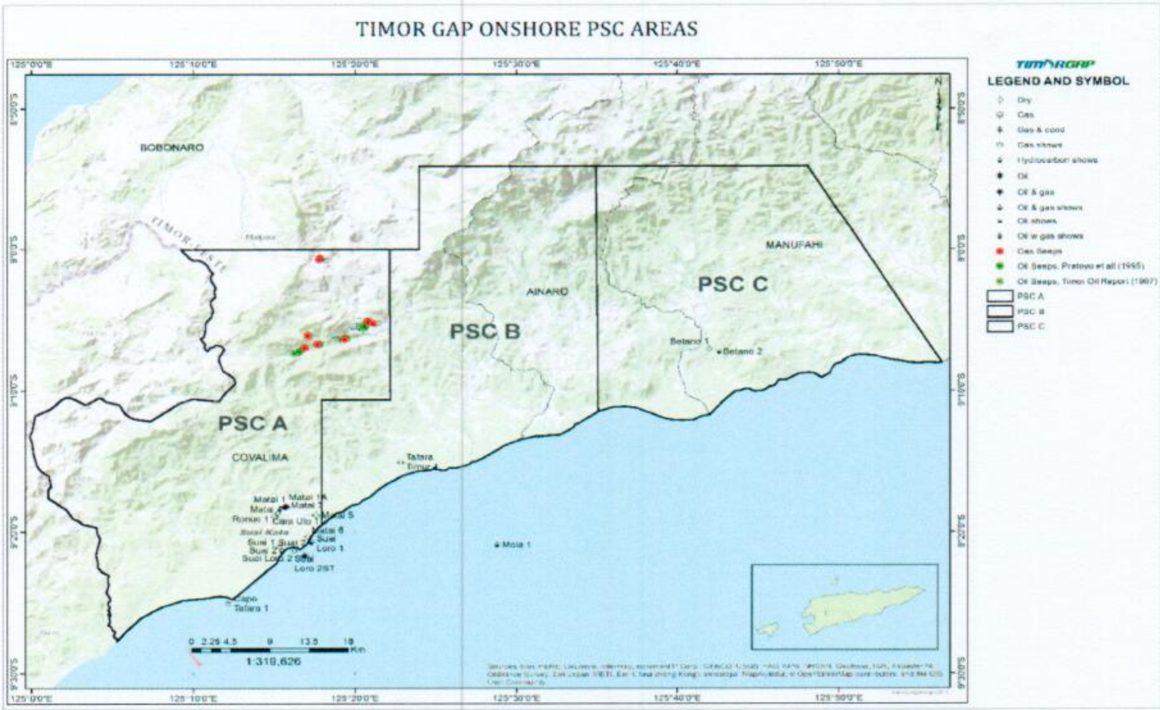

Figure 1 Map Showing PSC Areas

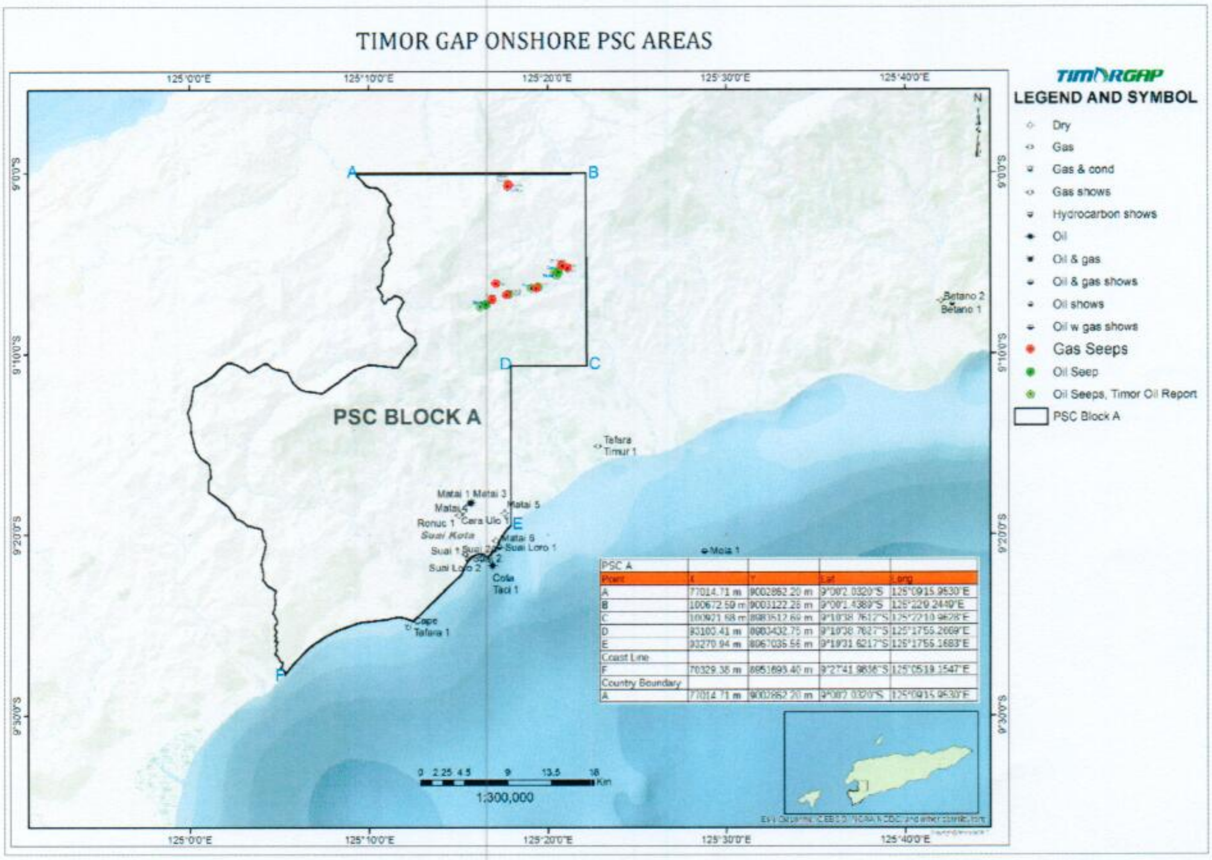

Figure 2 PSC Block A

Data and Technical Reports

TIMOR GAP has compiled all the available data. It is important to note that these are legacy data and TIMOR GAP has not acquired any data except for field studies and mapping.

TIMOR GAP will share data and technical reports on the prospectively of the area. Interested parties can schedule a data-room session at the TIMOR GAP office in Dili, Timor-Leste and/or download the data online at TIMOR GAP's website https://dili.timorgap.com/databases/files.nsf. The password for the address above will be given only for the interested partners upon submission of the acknowledgement form (PART B).

The data package includes:

1. Geological and Geophysical Maps
2. Details of Oil and Gas seeps
3. Digital Elevation of PSC Area
4. Scientific and academic papers

Attached to this RFP there is a presentation about the geology and prospectively of the onshore Timor-Leste, for proponents' information.

PSC Operations

TIMOR GAP or its wholly owned subsidiary will be the Operator of the PSC during the entire exploration period. The interested partner can choose to be the operator during the development period and the first 5 years of the production period. TIMOR GAP will take over operations after the first five years of Production.

Period	Operator
Exploration	TIMOR GAP
Development	NTBA
Production (first 5 years)	NTBA
Production (beyond 5 years)	TIMOR GAP

Table 1 PSC Periods and Operatorship

Exploration and Development Costs

The interested partner will bear all costs related to Exploration and Development, including that of TIMOR GAP by way of free-carry. These costs are recoverable in accordance with the PSC and JOA terms and conditions on recoverable costs, in case of commercial discovery and development.

SCHEDULE 2 – WORK PROGRAM

Work Program

The PSC period is divided into three periods as follows:

1. Initial Period – Four (4) years
2. Second Period – Three (3) years
3. Third Period – Two (2) years

Detailed information on PSC periods and relinquishment requirements can be found in the attached PSC draft as provided in the schedule 3.

All the three PSCs will have a similar minimum work program, comprising of technical studies, data acquisition and drilling of exploration Well (s).

<table>
<tr><th>Period</th><th>Year</th><th>Technical Studies</th><th>Geophysical Surveys</th><th>Wells</th></tr>
<tr><td rowspan="4">1</td><td>1</td><td>Data Compilation, G & G studies and Geochemical sampling for seepage</td><td></td><td></td></tr>
<tr><td>2</td><td></td><td>Aero Magnetic and Gravity survey 1000 sq km</td><td></td></tr>
<tr><td>3</td><td rowspan="2">Prospect Evaluation</td><td rowspan="2">2D/3D Seismic Acquisition over Prospect Area</td><td rowspan="2">1 Exploration Well</td></tr>
<tr><td>4</td></tr>
<tr><td colspan="5">Relinquishment</td></tr>
<tr><td rowspan="3">2</td><td>5</td><td>Post Well Evaluation</td><td></td><td></td></tr>
<tr><td>6</td><td>Prospect Evaluation</td><td>2D/3D Seismic Acquisition over Prospect Area</td><td>1 Exploration / Appraisal Well</td></tr>
<tr><td>7</td><td>Post Well Evaluation</td><td></td><td></td></tr>
<tr><td colspan="5">Relinquishment</td></tr>
<tr><td rowspan="2">3</td><td>8</td><td>Prospect Evaluation</td><td></td><td>1 Exploration /Appraisal Well</td></tr>
<tr><td>9</td><td></td><td></td><td></td></tr>
</table>

Table 2 PSC PERIODS AND WORK PROGRAM

SCHEDULE 3 – PRINCIPAL TERMS AND CONDITIONS OF PRODUCTION SHARING CONTRACT

(Subject to the Final PSC to be approved)

SCHEDULE 4 – DRAFT JOINT OPERATING AGREEMENT

SCHEDULE 5 – DRAFT COMMERCIAL AGREEMENT