



REPUBLIC OF MOZAMBIQUE
MINISTRY OF MINERAL RESOURCES AND ENERGY

MOZAMBIQUE FIFTH LICENSING ROUND

APPLICATION GUIDELINES

CONTAINS UPDATED INP BANK DETAILS

Round closes Thursday 30th July 2015



INSTITUTO NACIONAL DE PETRÓLEO
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Maputo – Mozambique

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1 INTRODUCTION

The Government of the Republic of Mozambique, through the Ministry of Mineral Resources and the National Petroleum Institute (INP) invites Oil & Gas Companies for the competitive licensing round to explore for hydrocarbons in Mozambique.

For the 5th Licensing Round, Companies may apply for an Exploration and Production Concession Contract (EPCC) which has a duration of up to 8 years split over 3 periods.

This document is intended as guidance for applicants in the Mozambique 5th Licensing Round on how to complete and support an application. Our website (<http://www.inp-mz.com>) carries pointers to other useful information, including general information about the bidding system and the availability of technical data.

The Licensing Round was launched on the 23rd October 2014 and the closing date for submission of applications is 12:00 noon in Maputo on Thursday 30th July 2015.

The Areas are shown on the map overleaf and have been named as follows;

OFFSHORE

Rovuma Basin (R5-A, R5-B and R5-C)	3 Areas	11,212 Km ²
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Angoche Basin (A5-A, A5-B)	2 Areas	11,368 Km ²
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Zambezi Delta (Z5-A, Z5-B, Z5-C, Z5D, Z5-D, Z5-E and Z5-F)	6 Areas	27,677 Km ²
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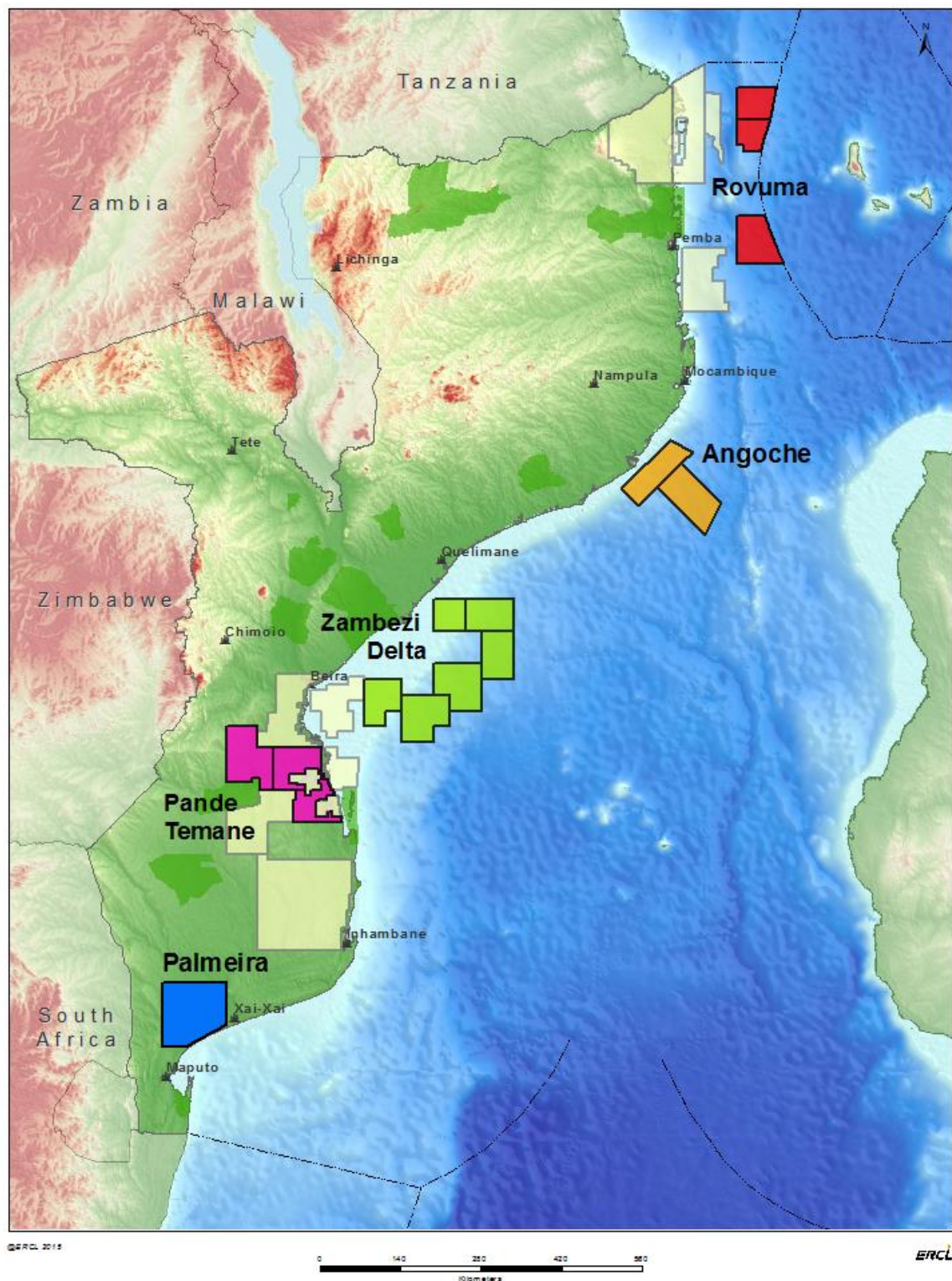
ONSHORE

Pande Temane Area (PT-5A, PT5-B and PT5-C)	3 Areas	14,147 Km ²
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Palmeira (P5-A)	1 Area	9,998 Km ²
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TOTAL	15 Areas	74,402 Km²
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If you have any further queries, clarification or additional information please see contact information (<http://www.inp-mz.com>) or email info@inp-mz.com .



MOZAMBIQUE 5th LICENSING ROUND AREAS

2 KEY DOCUMENTS

These documents can be downloaded from www.inp-mz.com .

GENERAL

- Application Guidelines
- Licensing Round Presentation – London (Hilton Launch 23Oct2014)
- Licensing Round Presentation – Maputo (Launch 23Oct2014)
- Data Package Recommendations
- Minimum Technical Work Program
- Licensing Evaluation Criteria
- Technical Data Summary
- GIS (EPCC/Areas/Blocks) Esri Shapefiles
- GIS Lite Project**

APPLICATION DOCUMENTS

- Appendix A – Applicant Details and Financial Information
- Appendix B – Technical Summary
- Appendix C – Financial Proposal
- Appendix D – HSE Summary

LEGAL AND FISCAL DOCUMENTS

- Schedule 1 – Petroleum Law
- Schedule 2 – Petroleum Operations Regulations*
- Schedule 3 – Model EPCC*
- Schedule 4 – Fiscal Law
- Schedule 5 – Areas in 5th Round

DATA ROOM

- INP – Data License Agreement
- INP – Data Room Rules

* These documents are currently being updated to ensure compliance with the 2014 Petroleum Law and are not yet available.

** This is a GIS project which shows all the locations of the Areas on offer and all locations of the available well and seismic data. It requires a free viewer (Esri ArcReader).

3 LEGAL & FISCAL DOCUMENTS

3.1 Schedule 1 - Petroleum Law

The Mozambique Petroleum sector is currently regulated by the Petroleum Law No 21 of 18th August 2014. The law establishes the regime for the granting of rights for the conduct of Petroleum Operations in the Republic of Mozambique. The scope of the law excludes the refining of Petroleum, its industrial utilization as well as the distribution and sale of Petroleum Products.

Ownership of Petroleum Resources

All petroleum resources in situ as natural resources in the soil and the subsoil onshore, in the interior waters, in the territorial sea and on the continental shelf are the property of the State.

Participation of the State

The State reserves itself the right to participate in Petroleum Operations in which any legal entity is involved. The participation of the State may occur during any phase of Petroleum Operations or during the construction and operation of a Facility, including an Oil Pipeline or Gas Pipeline in accordance with the terms and conditions to be established by a Concession Contract.

3.2 Schedule 2 - Petroleum Operations Regulations

The 2004 Petroleum Operations Regulations are currently being updated to further outline the conditions for the conduct of Petroleum Operations in Mozambique. Petroleum Operations may only be conducted in accordance with:

Reconnaissance Concession Contract

Allows the holder the right to conduct preliminary work and assessment operations in the Area subject to the Concession Contract. Is executed for a maximum two-year period and permits the drilling of wells through non-Petroleum bearing strata to a depth of 100 meters below the surface or the bottom of the sea.

Exploration and Production Concession Contract

An Exploration and Production Concession Contract grants an exclusive right to conduct Petroleum Exploration and Production activities as well as the non-exclusive right to operate an Oil Pipeline or Gas Pipeline.

Facilities Concession Contract

A Facility Concession Contract grants Concessionaires a right to conduct Petroleum Operations related to the construction and operation of Facilities not encompassed by a Development Plan pursuant to an Exploration and Production Concession Contract, such as multi use central processing Facility serving several EPCC Areas or a multi-user LNG plant serving several EPCC Areas.

Petroleum Pipeline Concession Contract

A Petroleum Pipeline Concession Contract grants the right to construct and operate an Oil Pipeline or a Gas Pipeline for the purpose of transporting Crude Oil or Natural Gas in cases that such are not covered by an the Development Plan of an Exploration and Production Concession Contract.

The fifth Mozambique Licensing round is for **Exploration and Production Concession Contract(s)**.

The revised Petroleum Operations Regulations will be available to download from the website (www.inp-mz.com).

3.3 Schedule 3 - Model EPCC

The Model EPCC is currently being revised and will be available to download from the website (www.inp-mz.com) when this has been completed.

The EPCC granted to the successful applicants will be based on this model. The awarded EPCCs will be made public, consistent with 2014 Petroleum Law requirements.

Applicants should take due notice that the EPCC is based on an administrative law based governmental decision in which a specific number of economic elements have been agreed based on negotiation prior to the final award.

It is provided in Microsoft Word format for companies to complete. The EPCC document, including its Annexes are standards that are only subject to negotiation to the extent indicated. Uniform EPCCs will be awarded, save for negotiable items as indicated.

3.4 Schedule 4 –Fiscal Regime

The law relating to petroleum activity is provided by Fiscal Law No 5 of 23rd September 2014 which is provided in this schedule.

3.5 Schedule 5 - Areas Available

This Schedule provides the official coordinates for the Areas on offer in the 5th Licensing Round.

These have been grouped by INP as follows

OFFSHORE

Rovuma Basin	3 Areas	11,212 Km ²
Angoche Basin	2 Areas	11,368 Km ²
Zambezi Delta	6 Areas	27,677 Km ²

ONSHORE

Pande Temane Area	3 Areas	14,147 Km ²
Palmeira	1 Area	9,998 Km ²

TOTAL	15 Areas	74,402 Km²
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Contract areas that adjoin each other may be linked in an application but will be subject to separate EPCC Contracts.

4 APPLICATION DOCUMENTS

Separate Applications must be presented for each Area applied for. If the applicant submits proposals for more than one Area, the applicants' priority given to each Area should be clearly indicated.

Applications must be made on the approved "Application Forms" shown in Appendix A, B, C and follow the "Outline" provided for Appendix D. All applications must complete all sections (Appendix A, B, C, D).

The documents are provided in pdf format on www.inp-mz.com to download, copies in MS Word format can be requested by email from info@inp-mz.com.

Applicants may also provide material that they consider best to support their application, but it is also in their interest to make the material as concise as possible.

INP prefers all material to be at A4 size for ease of handling. Three paper copies of the application must be provided. Applicants should also provide a copy on USB for internal use by INP.

Please review the following "Attachments" which are included with this guide (these documents can also be downloaded from www.inp-mz.com) before completing this section.

- ATTACHMENT I Minimum Technical Work Program
- ATTACHMENT II Bid Evaluation Criteria
- ATTACHMENT III Technical Data Summary
- ATTACHMENT IV Area Data Packages

4.1 Appendix A - Applicant Details and Financial Information (Form)

Appendix A contains financial information about the applicant and information about skills and experience, and is required to support applications for an Exploration and Production Concession Contract. Note every applicant is to complete the appropriate section within Appendix A.

INP would prefer 2 to 4 companies per application Group. In addition the State will have a carried interest through ENH (Ref; Attachment II-Bid Evaluation Criteria), however single company applications are also valid.

INP has put forward differing financial criteria for participation in the Onshore, <500m offshore and >500m offshore. Companies who are on the thresholds of these criteria, or can demonstrate they have sufficient assets to support the proposed work program may seek further clarification from INP that their bid would be valid.

ENH should not be a joint applicant in the application.

4.2 Appendix B - Technical Application Summary (Form)

Appendix B demonstrates the applicant's current assessment of the resource potential and future plans to undertake exploration work programmes and evaluate the acreage.

INP will use GIS (Geographical Information System – ESRI) to consolidate and help evaluate the bids. To ease this process it is requested that key technical information is also provided in digital format.

- | | |
|-------------------------------|-----------|
| • Report / Maps / Displays | pdf |
| • Outline of Area Applied for | shapefile |
| • Leads / Prospects / Areas | shapefile |

The files should contain the following meta-data

- Company Name
- Date
- Area Name
- Prospect or Lead (prospect/lead name as in the application).

Companies may present this within a GIS project or separate shapefiles.

Data (See Section 8)

The Operator for the application should have license to all the data used in the application. Partners within the application (bidding group) must demonstrate they have adequate license to relevant data.

Companies who have an AMI (Area of Mutual Interest) with ENH must demonstrate they have adequate license to relevant data.

4.3 Appendix C - Financial Proposal (Form)

The proposal of the applicant for work and minimum expenditure in respect of the area (s) must be for specified in the application. Guidance for this is provided in “Attachment II – Bid Evaluation Criteria”.

Definite proposal with respect to all negotiable items as contained in the Model Exploration and Production Concession Contract must be stated, including, training, institutional support and social support that may be applicable.

4.4 Appendix D - Health Safety Environment

INP objectives are to ensure the success of the systematic effort needed to prevent incidents or accidents and representing dangerous situations or undesired conditions, arising or developing, and to prevent, limit pollution and mitigate injury to persons and damage to Facilities and associated equipment, a favourable health, environment and safety culture must pervade all levels of the individual activity, establishment or organisation involved.

The focus of the evaluation will be on the Operators HSE capability and requirements, however the Partners (non-Operators) must also provide details of their own capability and requirements.

INP also recognizes that a favourable health, environment and safety culture is also needed to ensure continual development and improvement of health, safety and the environment.

HSE is a “PASS” or “FAIL” criteria.

5 SUBMITTING AN APPLICATION

- Applications must be consistent with the provisions of Law No. 21/2014, of 18th August (Petroleum Law) and Decree No. 24/2004, of 20th August (Petroleum Operations Regulations to be updated).
- Applications on behalf of more than one company are to be accompanied by a fully executed agreement between those companies. Such cooperation – or license agreement shall be submitted no later than at the time of application and its terms may not deviate from the requirements stipulated by Mozambican Law or the EPCC model documents.
- A non-refundable fee of 500,000 MT must accompany the application for each Area. Notwithstanding, the non-refundable application fee may be paid in an equivalent United States Dollars amount calculated according to the official exchange rate of the day according to Bank of Mozambique (www.bancomoc.mz).

UPDATED BANK DETAILS

Bank account Name: INP – Instituto Nacional de Petróleo
Bank: Standard Bank
Account Number: 108.181978.101.3
NIB: 000301080181978101313
IBAN: MZ59000301080181978101313
SWIFT CODE: SBICMZMX

Alternative Bank account below:
Bank account Name: INP – Instituto Nacional de Petróleo
Bank: Banco Internacional de Moçambique
Account Number: 109882474
NIB: 000301080181978101313
IBAN: 590001000000109882474567
SWIFT CODE: BIMMZMXXXX

Applications shall be made in triplicate, in sealed envelopes, clearly marked on the top “APPLICATION FOR PETROLEUM EXPLORATION OF THE MOZAMBIQUE’S FIFTH LICENSING ROUND” and must be received by 12:00 hrs local time by Thursday 30th July 2015 at;

NATIONAL PETROLEUM INSTITUTE
34 FERNÃO DE MAGALHÃES
P.O. BOX 4724
MAPUTO - MOZAMBIQUE

Applications submitted by e-mail or telefax will not be accepted.

A receipt will be issued upon receipt of each application.

- All bids submitted shall remain valid for at least 6 months from the date of closure of the licensing round.
- The Government reserves the right to exercise its discretionary power and full flexibility when determining the outline and size of the areas to be awarded if for instance;
 - If the proposed work programme is considered to be sufficient only in parts of an Area applied for.
 - Reserves the right to any combination of companies applying, independent on any group applications.
 - Reserves the right not to award the Area.

6 MINIMUM WORK PROGRAMS (See Attachment I)

The minimum work program required to be offered in each Area has been defined by INP. For a bid to be valid in the technical section the work program offered must meet or exceed this INP minimum work program.

The minimum work programs are defined in separate presentations that may be downloaded from www.inp-mz.com.

- Hilton launch presentation of 23rd October
- Minimum Technical EPCC Work Programs

Work Program by Category

The work programs are described as follow:

- | | |
|---------------------------------|--|
| • 2D Seismic xx km | New 2D seismic data (not existing) |
| • 3D Seismic xx km ² | New 3D seismic data (not existing) |
| • Well(s) x | Number of Wells to be drilled |
| • Other Studies | Grav/Mag/Reprocessing /Geology/Geophysics Interpretation, Well Planning etc.
(amount/extent specified, when relevant) |

INP has allocated 50% of the evaluation marks to be based on applicant's technical evaluation of the Areas on offer and their proposed work program.

Typical technical work program for EPCC includes:

- Environmental Baseline Assessment
- Digital Database
- GIS Project & geo-reference of historical data (well & seismic)
- Potential Field Data including FTG
- New 2D Seismic Data
- New 3D Seismic Data
- Field studies (geo-chemical), sampling, thin sections, palynology
- Well data analysis
- Seismic Interpretation / Technical Studies
- Reprocessing of existing seismic data (where available)
- Rock Physics
- Shallow coring / sampling (up to 100m)
- Basin Modelling
- Geological Studies
- Drilling

7 BID EVALUATION CRITERIA (See Attachment II)

The Ministry of Mineral Resources and the National Petroleum Institute will take the following aspects into consideration when assessing bids:

- Proven expertise: the technical competence, capacity and financial strength of the applicant to be able to carry out Exploration and Production of Petroleum in accordance with legal requirements and best industry standards.
- The technical database used for and in making the application.
- The technical evaluation and offered obligatory work program must meet the minimum work program as specified by INP. Preference will be given to bids which demonstrate an active and cost-effective Exploration approach, with satisfying progress.
- Economic terms offered by the applicant
- Level of institutional support and training
- Strength of the proposed safety, health and environmental protection.

Each of the abovementioned aspects must be at an acceptable level.

Appendix A	Company Expertise	13 Marks
Appendix B	Technical Work Program	50 Marks
Appendix C	Financial Proposal	37Marks
Appendix D	HSE	Pass / Fail
TOTAL		100 Marks

The Bid Evaluation Criteria are further explained in the document titled “Bid Evaluation Criteria” which can be downloaded from www.inp-mz.com.

BID EVALUATION SCORE CARD		
EPCC 5th License Round		
Appendix A	Applicant Details and Financial Information	5
	Total Investment in E&P Exploration	1.0
	Value (Market Cap) - Small to Large	2.0
	Production of Oil and Gas	1.0
	Affordability of work Program Bid	1.0
	Applicant Technical Expertise	8
	Number of E&P wells drilled	2.0
	Technology - relevant to Area	4.0
	Number of discoveries	2.0
Appendix B	TECHNICAL WORK PROGRAM	50
	Technical Database	8.0
	G&G evaluation already completed	10.0
	License Prospectivity	4.0
	First Exploration Period	22.0
	Second Exploration Period	5.5
	Third exploration Period	0.5
Appendix C	FINANCIAL PROPOSAL	37
	Training	2.0
	Institutional Support	5.0
	Social Support	2.0
	State Participation (ENH)	5.0
	Production Bonus	4.0
	Other Terms	19.0
App D	APPENDIX D - HSE	
	Pass or Fail	
	Health Safety Environment	
TOTAL		100

Bid Evaluation Score Card

8 TECHNICAL DATA

(See Attachment III, IV)

INP has prepared a comprehensive technical database, using all the available data, these data are recommended for licensing by companies applying in the Mozambique Licensing Round. The available data is further described in detail in a document titled “INP Technical Data” which can be downloaded from www.inp-mz.com.

The data compiled by INP demonstrate the Exploration History, Petroleum Potential and Prospectivity of the Mozambique Basin both onshore & offshore.

The technical database provided by INP for the Fifth Licensing Round has been consolidated in World Geodetic System of 1984 (WGS84), UTM Zone 36 to Mozambique South (Zambezi Delta, Pande Temane and Palmeira areas) and UTM Zone 37 to Mozambique North (Angoche and Rovuma areas).

Applicants are requested to use these same geodetic parameters.

8.1 Data License Agreement

All INP data is licensed subject to an INP data license agreement. The standard agreement may be downloaded from www.inp-mz.com. The technical database (an applicant company has) forms a key part of the bid evaluation criteria.

Companies must be able to demonstrate that they have entitlement through a current data license to all INP released data and Multi Client data used in the bid.

Companies who have an AMI (Area of Mutual Interest) with ENH must demonstrate they have adequate license to relevant data.

The Operator for the application should have license to all the data used in the application. Partners within the application (bidding group) must demonstrate they have adequate license to relevant data.

8.2 INP TECHNICAL DATA

The INP technical database which is available for companies to license includes:

- Technical Reports - Digital pdf
- Well Data - Digital Well Folders
- Seismic Data - Digital SEG Y, Scan pdf
- Gravity & Magnetic - Digital
- GIS & Satellite Data - Digital ArcView project

These data are further described in the “Mozambique Fifth Round Technical Data” report. INP has also provide recommendations on the minimum data requirements for each area.

Workstation Projects

Once the data has been licensed by INP, ERCL can provide a Kingdom or Petrel Workstation project can be provided preloaded with a client's individual data entitlement (at additional cost).

8.3 DATA ROOMS – INP RELEASED DATA

Data Rooms are available both in Mozambique (INP) office Maputo and in the UK INP Office (within ERCL office in Henley-on-Thames). The data available in each location are identical and contain:

- Kingdom Project
 - Released seismic data
 - Released well data
- INP Digital Library
 - Scanned Technical Reports
 - Scanned Well Folders
- Hardcopy of Key Technical Reports (supplied as pdf in data packages)
- Hardcopy of Key Well Composites

Entry to the data room will require signature of the “data room rules” (available on www.inp-mz.com). This requires that the name, title and company identification of each visitor viewing any Information contained in or accessed through grated entry to the Data Room is required to be disclosed in writing at the time the appointments are made and any changes thereto should be notified in writing before entry to the respective Data Room.

There is a daily charge for companies to be granted entrance to the Data Room. No Information may be taken out of the Data Room, but is rather made available in the Data Room to give companies the opportunity to review the Information before committing to purchase of the data packages.

Companies granted access may take away only limited information (usually within a pdf Presentation), restricted to internal use within their company, to enable companies' representatives to review the opportunity at their own offices. Once the data package has been licensed the data license agreement governs the use and copying of the data.

INP DATA ROOM MAPUTO

INP Maputo Mozambique (8.30 a.m. and 4.30 p.m.) Monday to Friday.

Coordinator – Jose Branquinho jose.branquinho@inp.gov.mz

INP DATA ROOM UK

ERCL, UK (9.00 a.m. and 5.00 p.m.) Monday to Friday.

Coordinator – Richard Heath richard.heath@ercl.com

Appointments must be made via email to info@inp-mz.com

9 FURTHER INFORMATION

For further information about the Mozambique 5th Licensing Round please email info@inp-mz.com or visit www.inp-mz.com



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