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• Qualification of Oil Companies
• Database
• Offers Comparison
• Final Remarks of the bidding process
• Contract Model
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• General Features
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ANCAP is calling, in the framework of a continuously Open Regime for the presentation of proposals: “Open Uruguay Round”, to Oil Companies interested in carrying out activities of exploration and exploitation of Hydrocarbons in onshore and offshore areas of the República Oriental del Uruguay, under Production Sharing Agreements.
## Schedule

<table>
<thead>
<tr>
<th>Activity</th>
<th>Offers on the 1st Instance</th>
<th>Offers on the 2nd Instance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission of Intention Letter and documents for the Qualification of Oil Operations Companies</td>
<td>Until the last working day of April</td>
<td>Until the last working day of October</td>
</tr>
<tr>
<td>Notification of Qualification of Oil Operations Companies</td>
<td>Until the penultimate working day of May</td>
<td>Until the penultimate working day of November</td>
</tr>
<tr>
<td>Submission of Offers</td>
<td>Until the last working day of May, 14:00 local time.</td>
<td>Until the last working day of November, 14:00 local time.</td>
</tr>
<tr>
<td>Opening of Offers</td>
<td>Until the last working day of May, 14:30 local time.</td>
<td>Until the last working day of November, 14:30 local time.</td>
</tr>
<tr>
<td>Decision of ANCAP on the best proposal for each Area(*)</td>
<td>No later than the last working day of August</td>
<td>No later than the last working day of February</td>
</tr>
</tbody>
</table>

(*) Note: The signature of the Contract is subject to the approval by the Executive Branch
Promotion Activities

• Main Industry Conferences: AAPG ACE, APPEX, AAPG ICE, EAGE, NAPE, SEG, OTC
• Meetings and Data Rooms: Houston and London
• Meetings and Data Rooms in Montevideo to be arranged at any time with ANCAP
• Register at our web page to arrange a Data Room or a meeting
Offered Areas for Nov 2019

These are the areas proposed by ANCAP for the 2nd Instance of 2019. They are subject to the approval of the Executive Branch (Ministry of Energy).
General Conditions

• Only qualified companies may submit offers.
• Qualified companies might submit offers as operators for a maximum of:
  – 4 areas; or
  – 15,000Km² onshore or 30,000Km² offshore
• The proposals are independent for each area
• Offers in Spanish (except for technical documents and/or annual reports that may be submitted in English)
• e-mail: rondauruguay@ancap.com.uy
• ANCAP is the only one to interpret the Bidding Round Terms.
• If a Consortium submit offers, the Operator must qualify on Technical aspects, and participate with a minimum of 35%.
Participation Payment

**ONSHORE: 5000US$**

- It is required for the submission of proposals.
- Enables the presentation of the company in all the Areas for which it submits proposals, for all Instances.
- The Participation Payment by a company of an economic group allows the participation of any company that is part of the same economic group.
- In the event that the proposal is made by a Consortium, each of the members of the same must make the Participation Payment.
- It will grant the company the right to a disk with basic onshore or offshore data as applicable, subject to the subscription of the Confidentiality Agreement

**OFFSHORE: 10.000US$**
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Legal Aspects

• Documents proving the existence and representation of the company.
## Financial Aspects

<table>
<thead>
<tr>
<th>Contract Period for which the Qualification is submitted</th>
<th>Onshore Areas</th>
<th>Shallow Offshore Areas</th>
<th>UltraDeep Offshore Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exploration Subperiod without Exploration Well</strong></td>
<td>• Average Equity 2MMUS$ + 0.5MMUS$ for each additional area; or&lt;br&gt;• Average Asset 6MMUS$ + 1.5MMUS$ for each additional area</td>
<td>• Average Equity 50MMUS$ + 10MMUS$ for each additional area; or&lt;br&gt;• Average Asset 150MMUS$ + 30MMUS$ for each additional area</td>
<td>• Average Patrimony 150MMUS$ + 50MMUS$ for each additional area; or&lt;br&gt;• Average Asset 450MMUS$ + 150MMUS$ for each additional area</td>
</tr>
<tr>
<td><strong>Exploratory Subperiod with Exploration Well</strong></td>
<td>• Average Equity 4MMUS$ + 1MMUS$ for each additional area; or&lt;br&gt;• Average Asset 12MMUS$ + 3MMUS$ for each additional area</td>
<td>• Average Equity 100MMUS$ + 25MMUS$ for each additional area; or&lt;br&gt;• Average Asset 300MMUS$ + 75MMUS$ for each additional area</td>
<td>• Average Equity 300MMUS$ + 100MMUS$ for each additional area; or&lt;br&gt;• Average Asset 900MMUS$ + 300MMUS$ for each additional area</td>
</tr>
<tr>
<td><strong>Exploration and Exploitation Periods</strong></td>
<td>• Top 100: Global NOC &amp; IOC Rankings, or&lt;br&gt;• Average Equity 10MMUS$ + 2MMUS$ for each additional area; or&lt;br&gt;• Average Asset 30MMUS$ + 6MMUS$ for each additional area</td>
<td>• Top 100: Global NOC &amp; IOC Rankings, or&lt;br&gt;• Average Equity 300MMUS$ + 100MMUS$ for each additional area; or&lt;br&gt;• Average Asset 900MMUS$ + 300MMUS$ for each additional area</td>
<td>• Top 100: Global NOC &amp; IOC Rankings, or&lt;br&gt;• Average Equity 500MMUS$ + 200MMUS$ for each additional area; or&lt;br&gt;• Average Asset 1500MMUS$ + 600MMUS$ for each additional area</td>
</tr>
</tbody>
</table>
# Technical Aspects (for Operators only)

<table>
<thead>
<tr>
<th>Contract Period for which the Qualification is submitted</th>
<th>Onshore Areas</th>
<th>Shallow Offshore Areas</th>
<th>Deep Offshore Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exploration Subperiod without Exploration Well</strong></td>
<td>• Experience of the company or its personnel in oil operations (as operator or non-operator)</td>
<td>• Experience of the company or its personnel in offshore oil operations (as operator or non-operator)</td>
<td>• Experience of the company or its personnel in offshore oil operations (as operator or non-operator) with more than 1000m of water surface</td>
</tr>
<tr>
<td><strong>Exploratory Subperiod with Exploration Well</strong></td>
<td>• QHSE Policy • Experience of the company or its personnel in oil operations, including at least one exploratory drilling in the last 10 years (as operator or non-operator)</td>
<td>• QHSE Policy • Experience of the company in offshore oil operations, including at least one offshore exploratory drilling in the last 10 years (as operator or non-operator)</td>
<td>• QHSE Policy • Experience of the company in offshore oil operations, including at least one offshore exploratory drilling in the last 10 years as operator</td>
</tr>
<tr>
<td><strong>Exploration and Exploitation Periods</strong></td>
<td>• QHSE Policy • Top 100: Global NOC &amp; IOC Rankings, or • Experience of the company or its personnel in oil operations, including at least one exploratory drilling in the last 10 years (as operator or non-operator), and • Net production of more than 1000BOE/d, or • Operated production of more than 2000BOE/d</td>
<td>• QHSE Policy • Top 100: Global NOC &amp; IOC Rankings, or • Experience of the company in offshore oil operations, including at least one offshore exploratory drilling in the last 10 years (as operator or non-operator), and • Net production of more than 5000BOE/d, or • Operated production of more than 10,000 BOE/d</td>
<td>• QHSE Policy • Top 100: Global NOC &amp; IOC Rankings, or • Experience of the company in offshore oil operations, including at least one offshore exploratory drilling as operator in the last 10 years, and • Net production of more than 20,000 BOE/d, or • Operated production of more than 40,000 BOE/d</td>
</tr>
</tbody>
</table>
Parent Company Guarantee

• In the case of an affiliate, subsidiary or branch, the requirements established in number 7.2 and / or 7.3 shall be deemed fulfilled, if its parent company or controlling company (a company that has more than fifty percent of the capital stock of the subsidiary) certifies the provisions in the referred numerals 7.2 and 7.3.

• In this case, the parent or controlling company of the company that intends to qualify, must sign the Letter of Guarantee that is added as Annex F.
If a company that qualified for exploration without Exploration well decides to move to an Exploration Subperiod with Exploratory well

- Prove that fulfills by itself at the moment of the decision the requirements set today in the bidding round terms for qualification for Exploratory Subperiod with Exploration Well
- Farm out at least 35% to a company that fulfills such requirements
If a company that qualified for exploration only makes a commercial discovery

- A discovery is made
- Submit appraisal program for approval
- Execute appraisal program
- Contractor decides to declare commerciality of the discovery (or not)
- To be able to do the declaration of commerciality and delimit the Exploitation Lot, the company needs to:
  - Prove that fulfills by itself at the moment of declaration of commerciality the requirements set today in the bidding round terms for qualification for E&P contracts as operator
  - Farm out at least 35% to a company that fulfills such requirements
Validity of the Qualification

• Companies qualified according to what is established in this numeral, will be able to present proposals in 10 consecutive Instances counted from the date of notification by ANCAP that has been qualified.

• Companies that have the status of operator of current contracts granted in the Open Uruguay Round Regime may submit proposals while they are of such quality, beyond the term established in the previous paragraph, for the same type of areas and stage of the Contract in execution.
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Datapackages
(Disk with basic data included with Participation Payment)

Onshore

- **WELL INFORMATION** (Records in LAS format)
  - NO_01_G_X1 – GASPAR (TD = 2247 m)
  - NO_02_A_X2 – ARTIGAS (TD = 1850 m)
  - NO_03_S_X1 – SALTO (TD = 2178 m)
  - NO_04_Q_X1 – QUEBRACHO (TD = 1103 m)
  - NO_05_Gu_X1 – GUICHÓN (TD = 924 m)
  - NO_06_Sp_X1 – SALSIPUEDES (TD = 540 m)
  - NO_07_P_X1 – PELADO (TD = 1996 m)
  - NO_08_Y_X1 – YACARÉ (TD = 2387 m)
  - NO_09_B_X1 – BELÉN (TD = 2366 m)
  - NO_10_I_X1 – ITACUMBÚ (TD = 2099 m)

- **GEOPHYSICS INFORMATION**: 1650Km of 2D seismic field data of 1984 and re-processing of such data

- **GEOCHEMICAL INFORMATION**

Offshore

- **2D SEISMIC DATA (CAMPAIGNS 1970 - 82, 2007 AND 2011)**
  - ANCAP/ CGG 1970/71; 44 lines; 5267 Km
  - ESSO/ GSI 1974; 35 lines; 2578 Km
  - CHEVRON/ GSI 1975; 28 lines; 1897 Km
  - ANCAP/ WESTERN 1982; 23 lines; 1402 Km
  - ANCAP UR07; Acquired by Wavefield Inseis; Processed by Geotrace; 7 lines-1837 Km
  - ANCAP UR2011; Acquired by Reflect Geophysical; Processed by Western Geco; 5 lines - 1324 Km

- **Wells (Records (LAS) and Reports)**
  - Lobo
  - Gaviotin
Available database

Data that can be licensed directly from ANCAP

- UR07, UR08 and UR11 2D Seismic + Grav&Mag at 80US$/Km
- UR3D Seismic at 350US$/Km²

Data that can be licensed from Service Companies (Already available)

- AGI
  - Micro seeps detection program
- CGG / ROBERTSON
  - 2 Geological Reports
- ION
  - Uruguay SPAN 2D Seismic
  - Uruguay Repro 2D Seismic
- PGS
  - UR12 3D seismic
- Schlumberger
  - Advanced processing of UR2011 2D Seismic
- Spectrum
  - UR02 2D Seismic
  - UR13 2D Seismic
  - UR14 2D Seismic
- TGS
  - Well logs
2D seismic from ANCAP

UR07 and UR08

- Acquired by Wavefield Inseis in 2007 and 2008
- ANCAP Operator
- Processed by Geotrace, PSDM only
- Includes Gravimetry and Magnetometry
- 80 US$/Km
2D seismic from ANCAP

UR 2011

• 6293,6 Km
• Operator ANCAP
• Acquired by Reflect Geophysical in 2011
• PSTM and PSDM
• Gravimetry and Magnetometry
• 80 US$/Km
3D seismic from ANCAP

Acquired in 2013
2074 Km² FF
Operator YPF
Acquired and Processed by Western Geco

Acquired in 2012 to 2014 (2 phases)
13,545 Km² FF
Operator BG
Acquired by Polarcus and Processed by PGS

Acquired in 2012 to 2014 (2 phases)
7,435 Km² FF
Operator Total
Acquired and Processed by Western Geco

Marketed by ANCAP at 350 US$/Km²
From Amplified Geochemical Imaging

Contact Details
- Amelia de Coster
  - decoster@agisurveys.net
- Mark Arnold
  - arnold@agisurveys.net
From CGG

Geological Reports


• Petroleum Geology in Uruguay: Complementary Study of Pelotas, Laguna Merín and Punta del Este Basins (2014)

Contact Details

• Thomas Graf

• thomas.graf@cgg.com

CGG
Passion for Geoscience
From EMGS

Reprocessing of EM
• 13,500Km² Acquired by EMGS for BG in 2013

Contact Details
• Lars Petter Solevåg
• lpsolevag@emgs.com
From ION

UruguaySPAN, 2800Km
Uruguay Reprocessing, 10000Km

Contact Details

- basinspan@iongeo.com
- https://www.iongeo.com/Data_Library/South_America/Uruguay/
From PGS

Pelotas Basin - Uruguay - 2012 - 2013
Uruguay 3D GeoStreamer

15,611Km²

Contact Details

• Gregg Parker
• Gregg.parker@pgs.com
From Schlumberger

Advanced data interpretation

- Angle stacks
- Seismic AVO attributes: gradient (G), intercept (P), product (P×G)
- ISIS suite of reservoir characterization technology full-stack relative inversion: acoustic impedance (AI)
- Horizons interpretation
- ISIS simultaneous AVO inversion: AI, Vp/Vs, density (RHO)

Contact Details

- Fernando Álvarez
- falvarez9@slb.com
From Spectrum

UR2002, 1840Km 2D seismic
UR13, 3200Km 2D seismic
UR14, 3740Km 2D seismic

Contact Details

- Gladys Reyes
- gladys.reyes@spectrumgeo.com
From TGS

Uruguay Well Log and LAS Plus Data

Contact Details

• TGSSales@tgs.com
Licensing data

• Licensing any data (directly from ANCAP or from these Service Companies) is counted as Working Units for the Committed Exploratory Program

• 1 WU for each 5000US$ spent on data
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Offers Comparison

**TotalScore = Score_1 + Score_2 + Score_3**

\[
Score_1 = 20 \times \left( \frac{A}{A_{\text{max}}} \right) + 40 \times \left( \frac{UT}{UT_{\text{max}}} \right) + 40 \times \left( \frac{X}{X_{\text{max}}} \right) \quad \text{For Oil } ^{\circ}\text{API >25}
\]

\[
Score_2 = 20 \times \left( \frac{A}{A_{\text{max}}} \right) + 40 \times \left( \frac{UT}{UT_{\text{max}}} \right) + 40 \times \left( \frac{X}{X_{\text{max}}} \right) \quad \text{For Oil } ^{\circ}\text{API < 25}
\]

\[
Score_3 = 20 \times \left( \frac{A}{A_{\text{max}}} \right) + 40 \times \left( \frac{UT}{UT_{\text{max}}} \right) + 40 \times \left( \frac{X}{X_{\text{max}}} \right) \quad \text{For Natural Gas}
\]

<table>
<thead>
<tr>
<th>WEIGHTING FACTOR OF OFFERS TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TERM</strong></td>
</tr>
<tr>
<td>Maximum Percentage of Association</td>
</tr>
<tr>
<td>Committed Exploratory Program</td>
</tr>
<tr>
<td>Increase of Profit Oil for the Uruguayan State</td>
</tr>
</tbody>
</table>
% ANCAP’s Association

• The bidding company must propose the maximum ANCAP’s association percentage, in the range between 20% and 40%.
UT: Unidades de Trabajo (WU: Working Units)  
Committed Exploratory Program (PEC)

<table>
<thead>
<tr>
<th>Exploratory Works in Onshore Areas</th>
<th>UT (WU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drilling an Exploratory Well (WU/well)</td>
<td>1,000</td>
</tr>
<tr>
<td>Evaluation of Petroleum Geology (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Evaluation of Prospective Resources (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Gravimetric and Magnetometric 3D Inversion and Modelling (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Drilling of Stratigraphic wells (WU/well)</td>
<td>50</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 3D Seismic (WU/km2)</td>
<td>6</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 2D Seismic (WU/km)</td>
<td>2</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of MT/AMT (WU/station)</td>
<td>0,5</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of airborne Gradiometric Gravimetry (WU/Km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of airborne Magnetometry (WU/Km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 3D Seismic (WU/km2)</td>
<td>0,1</td>
</tr>
<tr>
<td>Surface Geochemistry (WU/sample)</td>
<td>0,1</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 2D Seismic (WU/km)</td>
<td>0,05</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of MT/AMT (WU/station)</td>
<td>0,05</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of Gravimetry (WU/station)</td>
<td>0,03</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of Magnetometry (WU/station)</td>
<td>0,01</td>
</tr>
<tr>
<td>Licensing data (5000US$)</td>
<td>1</td>
</tr>
</tbody>
</table>
UT: Unidades de Trabajo (WU: Working Units)  
Committed Exploratory Program (PEC)

<table>
<thead>
<tr>
<th>Exploratory Works in Shallow Offshore Areas</th>
<th>UT (WU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drilling of an exploratory well at &gt; 100 m WD (WU/well)</td>
<td>5.000</td>
</tr>
<tr>
<td>Drilling of an exploratory well at &lt; 100 m WD (WU/well)</td>
<td>3.000</td>
</tr>
<tr>
<td>Evaluation of Petroleum Geology (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Evaluation of Prospective Resources (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Gravimetric and Magnetometric 3D Inversion and Modelling (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Geochemistry of seabed samples (WU/sample)</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 3D Seismic (WU/km2)</td>
<td>2</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 2D Seismic (WU/km)</td>
<td>0,2</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 3D Seismic (WU/km2)</td>
<td>0,04</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 2D Seismic (WU/km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of airborne Gradiometric Gravimetry (WU/Km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of airborne Magnetometry (WU/Km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of multibeam Bathimetry (WU/Km)</td>
<td>0,01</td>
</tr>
<tr>
<td>Licensing data (5000US$)</td>
<td>1</td>
</tr>
</tbody>
</table>
UT: Unidades de Trabajo (WU: Working Units) Committed Exploratory Program (PEC)

<table>
<thead>
<tr>
<th>Exploratory Works in Deep Offshore Areas</th>
<th>UT (WU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drilling of an exploratory well at &gt; 2500 m WD (WU/well)</td>
<td>15.000</td>
</tr>
<tr>
<td>Drilling of an exploratory well at &lt; 2500 m WD (WU/well)</td>
<td>7.500</td>
</tr>
<tr>
<td>Evaluation of Petroleum Geology (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Evaluation of Prospective Resources (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Gravimetric and Magnetometric 3D Inversion and Modelling (WU/area)</td>
<td>100</td>
</tr>
<tr>
<td>Geochemistry of seabed samples (WU/sample)</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 3D Seismic (WU/km2)</td>
<td>2</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of Electromagnetism (WU/receptor)</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of 2D Seismic (WU/km)</td>
<td>0,2</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 3D Seismic (WU/km2)</td>
<td>0,04</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of 2D Seismic (WU/km)</td>
<td>0,02</td>
</tr>
<tr>
<td>Reprocessing and Interpretation of Electromagnetism (WU/receptor)</td>
<td>0,3</td>
</tr>
<tr>
<td>Acquisition, Processing and Interpretation of multibeam Bathimetry (WU/Km)</td>
<td>0,01</td>
</tr>
<tr>
<td>Licensing data (5000US$)</td>
<td>1</td>
</tr>
</tbody>
</table>
Committed Exploratory Program (PEC)

Some comments (1/2)

1. The licensing of any data is not mandatory, except when it offered and included as part of a PEC. The data can be licensed before or after the signature of the Contract.

2. It will only be counted as WU the licensing (or the commitment to license) 3D data (Seismic, EM, etc.) inside the area for which the offer is being submitted.

3. It won’t be accounted as Working Units, the licensing of data that had already been used to complete a PEC under previous contracts.

4. For any of the items referred to as licensing of information, the corresponding payment receipt along with Annex G shall be submitted as evidence of said licensing.

5. Work done under previous contracts which exceeded the previous PEC inside the Area for which the offer is being submitted, will be accounted for as part of an offer, prorated according to each company’s working interest, should the company submit a proposal and offer such exploratory work.
6. Bidder must specify the type of well offered only within the options established. The total depth of each well (including water column) should be in accordance with the geological objective to be evaluated.

7. Stratigraphic study wells should recover cores continuously and perform adequate organic geochemistry and reservoir petrophysics analysis to define the petroleum system.

8. Processing of 2D and 3D seismic data must be in time (PSTM) and depth (PSDM), and only Km or Km² with full fold coverage will be computed.

9. Electromagnetism refers to CSEM, with a maximum spacing between receptors of 2.5 km.

10. Bidder may include in the offer other exploratory Works not listed in Tables corresponding to each type of area, including the technical justification of such proposal and the estimated budget or estimated cost of such exploratory works. ANCAP, at its own judgement, may decide to take into consideration or not such exploratory work and will define its value in Working Units.
New Field Activities

- The exploratory Works that are considered as New Field Activities to the effect of the constitution of the Guarantee for the Exploration Period are the following:
  - Drilling of onshore exploratory wells (WU/well)
  - Drilling of Stratigraphic wells (WU/well)
  - Acquisition, Processing and Interpretation of 3D Seismic (WU/km2)
  - Acquisition, Processing and Interpretation of 2D Seismic (WU/km)
  - Acquisition, Processing and Interpretation of MT/AMT (WU/station)
  - Acquisition, Processing and Interpretation of airborne Gradiometric Gravimetry (WU/Km)
  - Acquisition, Processing and Interpretation of airborne Magnetometry (WU/Km)
  - Surface Geochemistry (WU/sample)
  - Acquisition, Processing and Interpretation of Gravimetry (WU/station)
  - Drilling of an exploratory well at > 100 m WD (WU/well)
  - Drilling of an exploratory well at < 100 m WD (WU/well)
  - Geochemistry of seabed samples (WU/sample)
  - Acquisition, Processing and Interpretation of multibeam Bathimetry (WU/Km)
  - Acquisition, Processing and Interpretation of Electromagnetism (WU/receptor)
  - Drilling of an exploratory well at > 2,500 m WD (WU/well)
  - Drilling of an exploratory well at < 2,500 m WD (WU/well)
## Minimum Committed Exploratory Program

<table>
<thead>
<tr>
<th>Area</th>
<th>Exploratory Subperiod</th>
<th>Onshore</th>
<th>Shallow Offshore</th>
<th>Deep Offshore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Units required in the Minimum Exploratory Program</td>
<td>Basic Subperiod</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Subperiod Term</td>
<td></td>
<td>4 years</td>
<td>4 years</td>
<td>4 years</td>
</tr>
<tr>
<td>Working Units required in the Exploratory Program of the Supplementary A Subperiod</td>
<td>Supplementary A Subperiod</td>
<td>2 Exploratory Wells</td>
<td>1 Exploratory Well</td>
<td>1 Exploratory Well</td>
</tr>
<tr>
<td>Subperiod Term</td>
<td></td>
<td>3 years</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Area Relinquishment</td>
<td></td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Working Units required in the Exploratory Program of the Supplementary B Subperiod</td>
<td>Supplementary B Subperiod</td>
<td>1000</td>
<td>1000</td>
<td>2000</td>
</tr>
<tr>
<td>Subperiod Term</td>
<td></td>
<td>2 years</td>
<td>2 years</td>
<td>2 years</td>
</tr>
<tr>
<td>Area Relinquishment</td>
<td></td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Working Units required in the Exploratory Program of the Extension Subperiod</td>
<td>Extension Subperiod</td>
<td>2 Exploratory Wells</td>
<td>1 Exploratory Well</td>
<td>1 Exploratory Well</td>
</tr>
<tr>
<td>Subperiod Term</td>
<td></td>
<td>3 years</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Area Relinquishment</td>
<td></td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Economic Proposal

• The bidding company must propose the value of the increase of the Uruguayan State’s Profit Oil (X) for each range of R Factor, according to the following Table.

• The R Factor is the relationship between cumulated Gross Income and cumulated Cost Oil.

<table>
<thead>
<tr>
<th>R Factor</th>
<th>% Profit Oil State</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;1</td>
<td>8 + X</td>
</tr>
<tr>
<td>1-1.5</td>
<td>15 + X</td>
</tr>
<tr>
<td>1.5-2</td>
<td>20 + X</td>
</tr>
<tr>
<td>&gt;2</td>
<td>30 + X</td>
</tr>
</tbody>
</table>

• X between 0 and 70.
• X has to be offered for light oil, heavy oil and natural gas.
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• General Features
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• Final Remarks
Final remarks about the Open Uruguay Round Regime

• The Area will be awarded to the highest score offer.
• If Qualification of the awardee company is more than 6 Instances older, the awarding is subject to the certification by the company that still fulfills the qualification requirements.
• In case there are similar offers (less than 5% in Total Score), ANCAP will invite the companies to improve their offers, in a term of 5 days.
• Offer guarantee is 30.000US$
• The Executive Branch has to authorize by Decree the signature of the Contract.
• The awardee company has to register an Uruguayan company. If the Area is awarded to a Consortium, it has to be formed by Uruguayan companies.
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Legal Framework

• Specific applicable laws
  – Decree Law Nº14.181 Hydrocarbons Law
  – Mining Code Law Nº15.242
  – Law 18.083 Tax System

• Fields are State property (original domain).
• Extracted substances are State property (common domain).
  – One portion for ANCAP to cover production costs (Cost Oil) and contractor’s compensation (Contractor’s Profit Oil)
  – One portion for the State (Uruguayan State’s Profit Oil)
Contract

• **PSA: Production Sharing Agreements** for which Contractor assumes all risks, costs and responsibilities of the activity.
  – **No** royalties are applied
  – **No** signature or production bonuses.
  – **No** surface rentals
  – **No** taxes paid to provinces or municipalities
  – **No** Ring fencing inside the contract area

• **PARTIES’ OBLIGATIONS**
  – Contractor: Perform on behalf of ANCAP all operations (exploration, development, exploitation, supplementary and ancillary operations) in the area allocated.
  – ANCAP: Pay Contractor its compensation and assist it in the fulfillment of its obligations.
Contract Term

• 30 years which can be extended to 40 years

• EXPLORATION:
  – Pathway A: 11 years (4 + 3 + 3 + 1*)
  – Pathway B: 10 years (4 + 2 + 3 + 1*)
  – *In case there is a discovery in the last year of the Extension Period, the Contractor can have the option to an extra year for the appraisal

• EXPLOITATION: 25 years subject to maximum contract term.
Exploration Term - ONSHORE

- It is the Contractor’s decision to follow one path or the other.
- The decision is made at the end of the Basic Subperiod.

**Basic Subperiod**
- 4 YEARS
  - PEC is biddable
  - Minimum Work Commitment: 200WU

**Supplementary A Subperiod**
- 3 YEARS
  - Minimum Work Commitment: 2 Exploratory Wells
  - Relinquishment of 0% of the Area

**Supplementary B Subperiod**
- 2 YEARS
  - Minimum Work Commitment: 1000WU
  - Relinquishment of 50% of the Area

**Extension Subperiod**
- 3 YEARS
  - Minimum Work Commitment: 2 Exploratory Wells
  - Relinquishment of 30% of the Remaining Area
Exploration Term – Shallow OFFSHORE

- It is the Contractor’s decision to follow one path or the other.
- The decision is made at the end of the Basic Subperiod
**Exploration Term – Deep OFFSHORE**

- **Basic Subperiod**
  - **4 YEARS**
    - PEC is biddable
    - Minimum Work Commitment: 200WU

- **Supplementary A Subperiod**
  - **3 YEARS**
    - Minimum Work Commitment: 1 Exploratory Well
    - Relinquishment of 0% of the Area

- **Supplementary B Subperiod**
  - **2 YEARS**
    - Minimum Work Commitment: 2000WU
    - Relinquishment of 50% of the Area

- **Extension Subperiod**
  - **3 YEARS**
    - Minimum Work Commitment: 1 Exploratory Well
    - Relinquishment of 30% of the Remaining Area

- It is the Contractor’s decision to follow one path or the other.
- The decision is made at the end of the Basic Subperiod.
Guarantees

• Parent Company Guarantee

• Financial Guarantee
  – Exploration:
    • The higher value between these 2:
      – 10% of the value of the New Field Activities of the Exploratory Program
      – 100,000US$ (for onshore areas); 500,000 (for shallow offshore areas); 1,000,000US$ (for deep offshore areas)
    • Guarantees can be reduced after exploratory works are finished (with the minimums of bullet above)
  – Exploitation:
    • 5% of Investments on Development. Reduced up to a 50%.
Contractor’s Economy

• Contractor’s compensation
  – Cost oil
    • Recovery limit 60% in case of oil production and 80% in case of natural gas production
    • Costs recovered quarterly and investments recovered in 20 quarterly installments.
  – Profit oil
    • Variable according R factor. Profit oil split is biddable.
• Contractor has the right to freely dispose hydrocarbons warranted from its compensations.
• ANCAP has the preferential right to purchase such hydrocarbons for domestic demand only.
• Hydrocarbons valued at international market prices.
ANCAP’s Association Option

• ANCAP’s right

• **Limit of ANCAP’s association is biddable**

• Exercised within 120 days as from the demarcation of the Exploitation Lot

• Payment within 180 days as of the execution agreement, % of:
  
  – Productive exploratory wells, plus
  
  – Evaluation wells (up to 25% non productive wells), plus
  
  – 15% of the above for indirect costs
Main features of contract model

Typical Production Sharing Agreements for which Contractor assumes all risks, costs and responsibilities of the activity.

No Bonus
No Royalties

Term: 30 years (40)
Exploration: 10 (or 11) years
First Exploration Period: Committed Exploratory Program
Exploitation: 25 years

Contractor’s Economy
Production split in 3 portions:
Cost Oil Contractor (CAPEX and OPEX)
Profit Oil Contractor
Profit Oil Uruguayan State
Profit Oil subject to Income Tax 25%

ANCAP’s Association Option
ANCAP’s right
Limit of ANCAP’s association is biddable
Exercised after there is a commercial discovery
ANCAP is only carried through exploration

Items in orange are biddable
Taxation

- Income Tax
  - Corporate Income Tax (IRAE)
  - Income Tax on Non Residents (IRNR)
- Tax on Net Worth (IPAT)
  - Consumption Taxes
  - Value Added Tax (IVA)
- Specific Consumption Tax (IMESI)
- Custom Taxes
- Social Security Contributions (CESS)

IRNR in Exploration phase was exempted for subcontractors by a special Decree.
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WEB PAGE: exploracionyproduccion.ancap.com.uy
www.rondauruguay.gub.uy

- Geological information about Uruguayan offshore and onshore basins
- Available E&P database and prices
- Posters
- Bidding round terms
- Contract Model
- Map of offered areas
- Presentations
- Spreadsheet for comparison of offers
- Q&A

All relevant information regarding Open Uruguay Round is being uploaded and posted at this web page
Uruguay Open Round
Summary of Main Feature

• Open door: qualification and submission of offers at any time
• Not Direct Negotiation, system works like a bidding round every semester, open continuously
• For offshore and onshore areas; very large blocks
• Low qualification criteria and reduced guarantees
• Companies can qualify at any time (term ending 1 month before offers submission deadline). Only qualified companies can offer
• Offers opened at the end of May and at the end of November
• In case of competition for the same area on the same semester, offers are compared with an equation and the area awarded to the highest score offer
• Companies bid: work program for the 1st exploration period, profit oil split and ANCAP’s association %
• Very moderate work commitments required
• Companies could have an Area for 6 years before committing a well
Conclusions

• Uruguay is a reliable country; above ground risks minimized
• Success in previous bidding rounds and MC agreements allowed a huge increase in the available database, reducing exploratory risks. ANCAP markets a lot of such data.
• ANCAP and Uruguay were able to deliver in complex projects such as >40,000Km² of 3D seismic or Raya well
• Many play types yet to be tested both onshore and offshore
• 6 Areas offshore and 5 Areas onshore will be offered in Open Uruguay Round
• Very large Areas
• Book Data Rooms or Meetings with ANCAP anywhere at any time
• Excellent opportunity to acquire an asset with extremely low exploratory program requirements
• Very good bidding round and contract terms
THANK YOU VERY MUCH FOR YOUR ATTENTION