



EGRONDA

2016

EQUATORIAL GUINEA

OIL & GAS

L I C E N S I N G R O U N D



Age Of Exploration

Equatorial Guinea's ascent to becoming a major African producer was rapid. The Alba field came online in 1991, followed by the game-changing Zafiro field in 1995. The oil boom was well and truly underway, with production rising to a peak of 358,000 barrels daily in 2005.

Six fields and complexes spread across our offshore area produce oil and gas. The most recent to enter production are the Aseng and Alen gas and condensate fields, brought online in 2011 and 2013, respectively. To bolster the upstream industry and to contribute to the growing industrial base in the country, Equatorial Guinea has implemented gas utilization projects that include LNG, methanol and CNG. In order to utilize discovered gas reserves east of Bioko Island, a petrochemicals hub called REPEGE is being developed.

Sustained exploration success has been a hallmark of Equatorial Guinea's upstream oil and gas business, with 51 total discoveries and a drilling success rate of 38 percent. That's almost double the global average.

Production and processing facilities are well established in many parts of the country and seismic data covers large offshore areas. All data will be made available in our data room to interested bidders. The Ministry of Mines and Hydrocarbons now invites oil and gas explorers to bid on a range of prospective acreages, including some unexplored blocks.

Thank you for your interest in the Equatorial Guinea Oil & Gas Licensing Round, Ronda 2016. Learn more at www.egronda2016.com and write to us at bid@egronda2016.com.

42%
Drilling Success Rate



EQUATORIAL GUINEA

Legal Framework

Provided by
 **CENTURION**
Lawyers and Business Advisors

Equatorial Guinea enacted its first Hydrocarbons Law in 1981 (Act No. 7/1981). The Constitution of 1995 (Act No. 1/1995) applied to this earlier law. **Petroleum legislation was updated in 2006 with the introduction of the New Hydrocarbons Law (act no. 8/2006), which governs the sector today.**

In addition to the New Hydrocarbons Law of 2006, companies are subject to the Petroleum Operations Regulation of 2013 and the New Local Content Regulation of 2014, among other directives.

The 2006 Hydrocarbons Law states in Article 1 that all hydrocarbon reservoirs that exist in the surface and subsoil areas of Equatorial Guinea, including its inland waters, territorial waters, exclusive economic zone and continental shelf, are the exclusive property of the state and therefore public domain goods. It also establishes a model production sharing contract.

Directly applicable to companies operating in the petroleum sector are the following laws and regulations:

Tax Law (Act no. 4/2004, of Oct. 28, 2004)

Petroleum Operations Regulation
(Ministerial Order no. 4/2013)

New Local Content Regulation
(Ministerial Order no. 1/2014)

Equatorial Guinea's hydrocarbons legislation states that contracts may be awarded by means of competitive international public tender or direct negotiation.

Exploration periods are set at two initial sub-periods of four or five years, plus a maximum of two one-year extensions. The state is entitled to a carried interest participation of not less than 20 percent. Production sharing contracts are the standard petroleum agreement in place.

Contractors are obliged to proportionately supply the domestic market and to fully indemnify the state.

The Petroleum Operations Regulation of 2013 allows for other types of agreements, including risk services.

It provides for the following:

- Free hydrocarbons disposal by contractor
- Detailed metering and records provisions
- Materiality standard for award to subcontractors

- Details on joint development and unitization
- Details on licensing provisions for downstream activities
- Specifications for refined product sales
- Natural gas provisions

Contractors and operators should be aware of the following laws and regulations which are applicable to all entities working in Equatorial Guinea:

- Environmental Law (Act no. 7/2003)
- Employment Law (Act no. 10/2012)
- Temporary Agencies Law (Act no. 5/1999)
- National Employment Policy Law (Act no. 6/1992)
- Investment Act (Act no. 7/1992)
- Land Property Regime (Act no. 4/2009)
- Decree 127/2004 (Local shareholding requirements)
- Decree 56/2007 (Exclusivity of GEPetrol for the insurance industry)
- OHADA Companies Uniform Act
- OHADA Accounting Uniform Act
- CEMAC Customs and FX regulations
- Decree 72/2014 (Financial and economic measures for sustainability of public finances)

Centurion Law Group

Centurion Law Group is a pan-African corporate law conglomerate. Operating at the cutting edge of business practices today, Centurion stands ready to provide outsourced legal representation and a full suite of legal services to new, expanding and established corporations.

From our main offices in Malabo, Equatorial Guinea; Douala, Cameroon; Accra, Ghana; and Johannesburg, South Africa, we specialise in assisting clients that are starting or growing a business in Africa.

We navigate the regulatory environments of the region's different legal jurisdictions to make sure that you can do business efficiently and successfully.

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48

Total Oil & Gas Discoveries

EQUATORIAL GUINEA

A History of Exploration Success

Equatorial Guinea's Energy Profile

Proved Oil Reserves
1.1 billion barrels

Proved Gas Reserves
1.34 trillion cubic feet

Liquids production by field

- Alba
- Zafiro
- Ceiba
- Okume
- Aseng
- Alen



Dry Gas 1.3 BCF/D

LNG 3.5 MTPA

Methanol 3,133 MTD

42 Equatorial Guinea Drilling Success Rate %

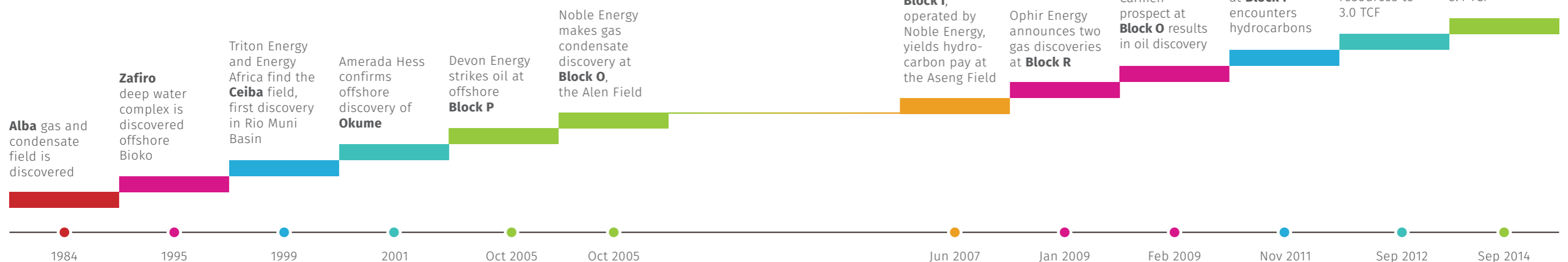
20 Global Drilling Success Rate %

48 Total Oil & Gas Discoveries

114 Exploration Wells Drilled

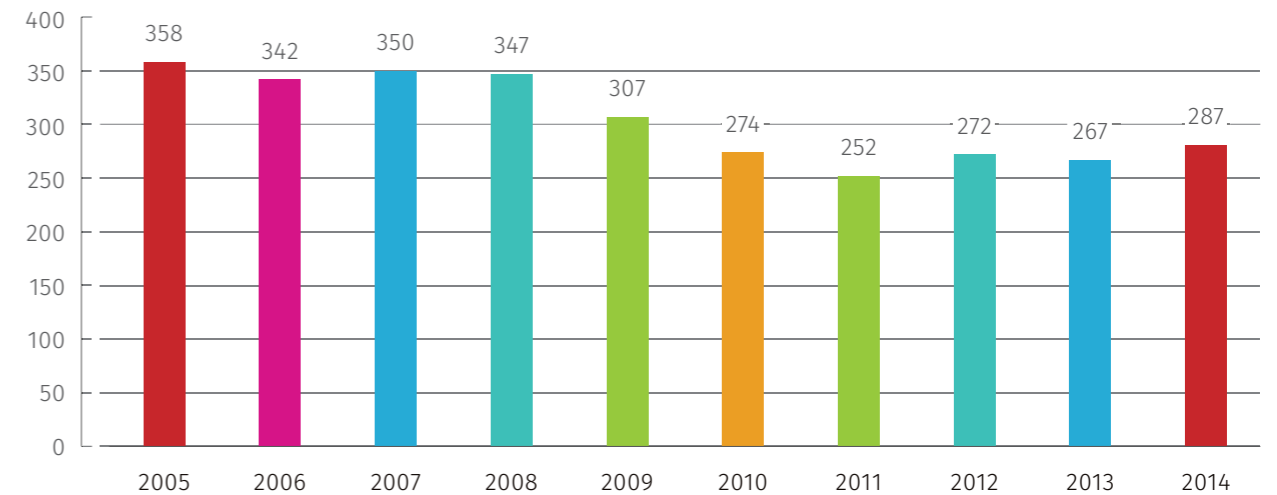


The Oil & Gas Discovery Timeline



10 Year Production Timeline

In thousands of barrels of oil per day



Competitive Advantages

- 1** Exploration Success
- 2** Infrastructure
- 3** Investor friendly climate
- 4** Competitive regime
- 5** National vision

Bidding Schedule

JUNE 6, 2016

Official Opening: The Ministry of Mines and Hydrocarbons officially starts accepting bids.

NOVEMBER 30, 2016

Conclusion of Round: Last day for interested parties to submit proposals.

JANUARY 13, 2017

Evaluation of bids: MMH completes evaluation of open tender bids.

JANUARY 16, 2017

Announcement of winners: MMH's selections for competitive bidding are announced.

JANUARY 23, 2017

Start of negotiations: Negotiations between Government of Equatorial Guinea and license winners begin.

JUNE 2017

Close of negotiations: Government of Equatorial-Guinea and companies conclude license negotiations, sign PSC agreements and move for ratification.



Event Schedule

June 6-7, 2016
Cape Town, South Africa

Official Opening: His Excellency the Minister announces at the Africa Oil & Power conference that the Ministry of Mines and Hydrocarbons is officially accepting bids.

June 20-21, 2016
London, UK

Africa Assembly: The Minister discusses FLNG at the Oil & Gas Council Africa Assembly, requests submissions of interest in bidding round.

September 20-23, 2016
Singapore

World LNG & Gas Series: The MMH lands in Singapore alongside the world's gas leaders and invites companies to submit interest in bidding round. A dedicated data room will be made available.

November 7-10, 2016
Abu Dhabi

ADIPEC: The Ronda roadshow moves through the Abu Dhabi International Petroleum Exhibition, the unrivalled platform in the Middle East for bringing together oil and gas professionals.

November
Houston, USA

America Gathering: The licensing round promotional tour makes its last stop in Houston to invite companies to submit interest in the bidding round. A dedicated data room will be made available.





The Government of the Republic of Equatorial Guinea, represented by the Ministry of Mines and Hydrocarbons, invites petroleum companies to participate in the EG Ronda 2016 licensing round.

Companies interested in participating in this 2016 oil and gas blocks licensing round, as an operator or non-operating license holder, will need to provide information on the following: main activities, management experience, assets structure and liabilities, existing work plans and financial position, as part of a pre-qualification process.

Ministry Contacts

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Contact us at
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Exploration Wells Drilled



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