

## **Award of Licences**

14. The process for awarding an Exploration and Production (Public Petroleum Rights) Licence is based on the Onshore Bid Round that took place in 2013.

### **Step 1: Technical Review of Open Acreage**

There is a nomination process whereby the companies are given the opportunity to identify which blocks they may be interested in. This would be for a period of three months. Following this procedure, a geological report is published by the Ministry justifying/highlighting the hydrocarbon prospects in the given blocks. The Ministry then determines which blocks are put out for bid and prepares the bid package.

### **Step 2: Preparation and Publication of Competitive Bidding Order**

A Competitive Bidding Order is then prepared and is published as a Legal Notice in the Gazette. The Bid Round is considered open when the Competitive Bidding Order is published in the Gazette.

### Step 3: The bidding process

- a) Bidders are required to present bids in duplicate and under confidential cover in sealed envelopes marked "Bid for Exploration and Production (Public Petroleum Rights) Licence" with the block applied for clearly marked.
- b) Bids must be submitted to the Office of the Permanent Secretary at the Ministry of Energy and Energy Affairs.
- c) Bidders are at liberty to request in writing or by telefax, any further information which may be required in order to complete a bid or any interpretation thereof.
- d) Where persons are interested in conducting exploration and production operations or forming a consortium to conduct exploration and production operations in any of the blocks described in the Schedule of the Competitive Bidding Order, such persons are required to submit a separate bid application in respect of each block.
- e) Persons intending to bid either individually or as a member of a consortium is required to pay a bid fee to the Permanent Secretary for a specified sum in the currency of United States of America.
- f) Where a prospective bidder pays the bid fee he is entitled to receive the data package which includes data for all the blocks and to bid on any or all of the blocks. A bid will only be accepted where the bidder first pays the bid fee.
- g) A data package includes the Competitive Bidding Order; the Model Licence; the Model Joint Operating Agreement; the Local Content and Local Participation Framework for the Republic of Trinidad and Tobago and relevant information with respect to the blocks for which the bid may be presented.
- h) A bidder in submitting a bid is required to submit a signed declaration indicating that the Model Licence has been examined; a summary of proposals in respect of (a technical and commercial evaluation of the block which represents the interpretation of the bidder of the hydrocarbon and commercial potential of the area; a commitment to a Minimum Work Programme; and a commitment to the Minimum Expenditure Obligation); documents showing cash flow in respect of the commercial evaluation; documents demonstrating the legal identity of the bidder; evidence of technical capacity, competence and experience in petroleum operations; documents showing the corporate and financial structure and backing of the bidder; a declaration of and the details of any conflict of interest that a bidder may have; where the bid is being considered by a consortium, the role that each member of the consortium shall play; and such other details as the bidder may consider relevant.

- i) Bidders are required to make an oral presentation in support of their technical and commercial evaluations.

#### **Step 4: Evaluation of Bids**

Bid proposals are evaluated by Cabinet appointed Committees. These Committees are the Technical Evaluation Committee ('TEC') and the Overview Committee ('OC').

- (i) Technical Evaluation Committee

The TEC evaluates the technical, financial and economic aspects of the bids submitted, awards the points and recommends a preferred bidder.

- (ii) The Overview Committee

The OC reviews the recommendations of the TEC, before final recommendations are submitted to the Minister of Energy and Energy Affairs for consideration.

Both Committees comprise personnel from the Ministry of Energy and Energy Affairs, the Ministry of Finance and the Economy and the Ministry of the Attorney General.

Notably, where more than one bidder for a particular block is awarded the same number of points, each bidder is required to bid a signature bonus for the purpose of determining the preferred bidder for that block.

#### **Step 5: Announcement of Successful and Notification of Unsuccessful Bids**

Successful bids are announced within six months of the date of the publication of the Competitive Bidding Order whereas unsuccessful bidders are notified in writing as soon as possible.

#### **Step 6: Requirement of Successful Bidders**

A successful bidder for a Exploration and Production (Public Petroleum Rights) Licence is required to do the following -

- a) execute such Licence with the State within thirty days of the notification of the successful bid;

- b) before commencing petroleum operations in the licenced area, register under the Companies Act or be incorporated thereunder;
- c) deliver to the Minister on the effective date of the Licence, guarantees for -
  - i) the total amount of the Minimum Work Obligation in the form of a bond, banker's guarantee or other form of guarantee acceptable to the Minister on the effective date of the Licence; and
  - ii) a specified sum of money in the currency of the United States of America for the performance of any other obligation under the Licence, in cash, securities or other form of guarantee acceptable to the Minister.
- d) maintain such separate books of accounts with respect to petroleum operations in the licenced area as may satisfy the Minister to whom responsibility for finance is assigned; and
- e) participate in the "National Oil Spill Contingency Plan" of the Government of the Republic of Trinidad and Tobago.

#### **Step 7: Period of Licence, renewal and termination**

An Exploration and Production (Public Petroleum Rights) Licence is issued for a period of six years but upon the achievement of a commercial discovery it may be renewed as to such part of the licensed area on which the commercial discovery has been made for a term of twenty-five years from the effective date. Where a commercial discovery is not achieved within six years, the Licence would normally terminate unless extended by the Minister.

#### **Transfer of Licences**

15. The transfer of licences is governed by Regulation 28 of the Petroleum Regulations. Regulation 28 states:

- (1) *Unless the licence otherwise provides, an assignment or transfer to another person of the rights acquired and the obligations undertaken shall not be valid without the previous consent in writing of the Minister, and any assignment or transfer made without such previous consent shall be null and void and may result in forfeiture of the licence.*

- (2) *An application by a licensee for consent to assign or transfer shall be made in writing to the Minister and shall be accompanied by a fee of one hundred dollars. The applicant shall furnish together with the application the same information in respect of the proposed assignee as is required to be furnished in the case of applications for a licence.*

16. In the model Exploration and Production (Public Petroleum Rights) Licence this clause is couched in the following terms:

*"The Licensee shall not sub-licence, assign or transfer in whole or in part any of the rights acquired or obligations undertaken herein, without the previous consent in writing of the Minister and any sub-licensing, assignment or transfer made without such previous consent shall be null and void and may result in a forfeiture of this Licence".*

17. Requirement 3.10 (a) also requires Trinidad and Tobago to disclose information on the Technical and Financial Criteria used in the award or transfer of licences. The following therefore provides a brief explanation of these criteria.

#### **Technical and Financial Criteria Used in Awarding Licences**

##### **(i) Technical Criteria**

In order to meet the Technical Criteria a person must show evidence of technical capacity, competence and experience in Petroleum Operations.

##### **(ii) Financial Criteria**

In order to meet the financial criteria a person must show financial competence to finance on-going and prospective oil and gas projects. Thus to ensure that the financial evaluation process is transparent and impartial, the Commercial Evaluation Division at the Ministry developed a point system based on profitability, liquidity and long term solvency.

18. Under Requirement 3.10 (b) the government is required to disclose the list of applicants and the bid criteria where licences are awarded through a bidding process during the accounting period covered by the EITI Report. In Trinidad and Tobago, the only bidding process for Exploration and Production (Public Petroleum Rights) Licences that has ever taken place pertains to the 2013 Onshore Bid Round. A list of the seventeen (17) companies that were eligible to bid, in accordance with the provisions of the Competitive Bidding Order, on any or all of the blocks by virtue of having paid the bid fee for the On-shore Bid Round 2013 is provided in the table on the next page.