



EXPLORATION OPPORTUNITIES OFFSHORE URUGUAY

Main Features of Bidding Round Terms and Contract Model

London, 28TH of February 2018

M. Eng Santiago Ferro
Exploration & Production

ANCAP



Uruguay: a reliable country

ANCAP: Uruguayan NOC



Ranking		Uruguay in Latam
Democracy Index	(Economist Intelligence Unit, 2015)	#1
Corruption Perceptions Index	(Transparency International, 2015)	#1
Prosperity Index	(Legatum Institute, 2016)	#1
Rule of Law Index	(World Justice Project, 2016)	#1
Press Freedom Index	(Reporters without borders, 2016)	#2
World Governance Indicators	(World Bank 2015)	#2
Global Peace Index	(Institute for Economics & Peace, 2016)	#3
Index of Economic Freedom	(Heritage Foundation, 2016)	#3

- Vertically integrated NOC
- ANCAP is the agency competent to manage the activities, business and operations of hydrocarbons industry, by itself or by third parties
- ANCAP will sign with the Oil Company the Exploration-Exploitation Contract after approval and on behalf of the Uruguayan Executive Branch

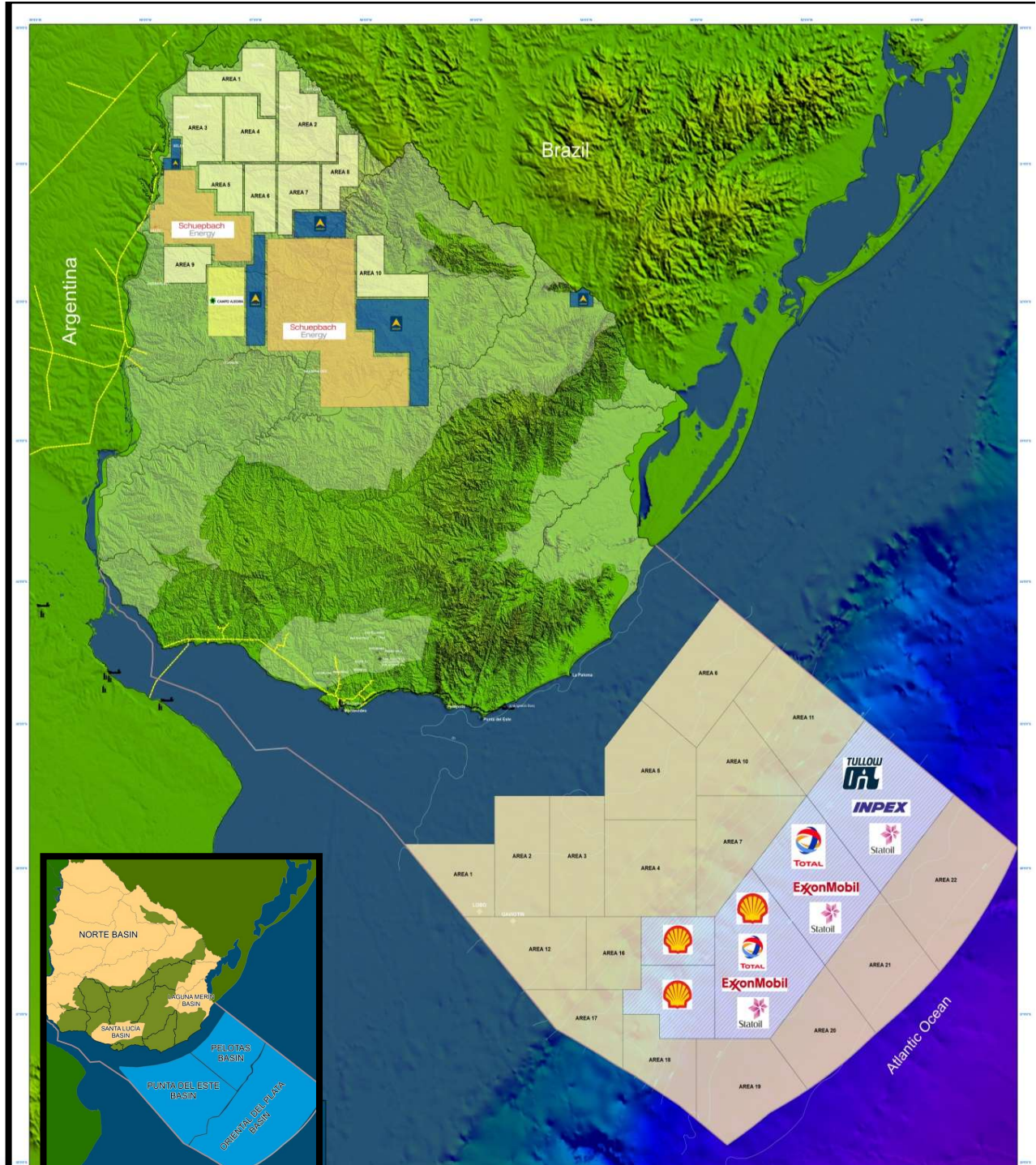
Present Day Oil & Gas Map of Uruguay



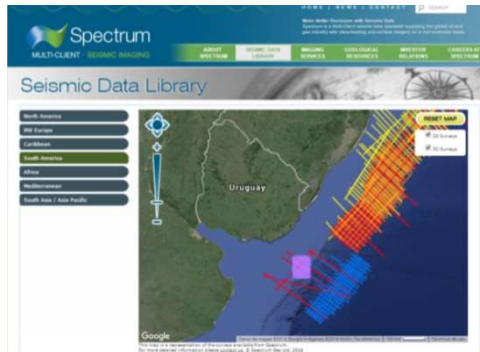
RONDA URUGUAY 2009



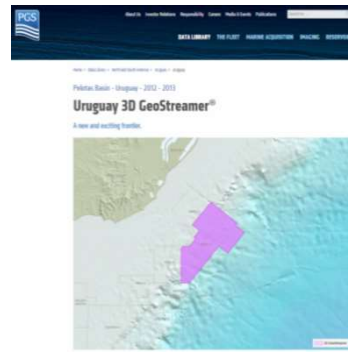
RONDA URUGUAY II



Multiclient Agreements in force



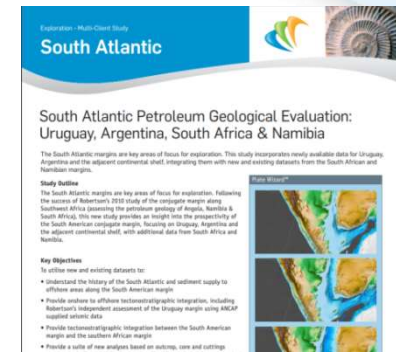
Spectrum: 10400Km of 2D seismic



PGS: 15700Km2 of 3D seismic



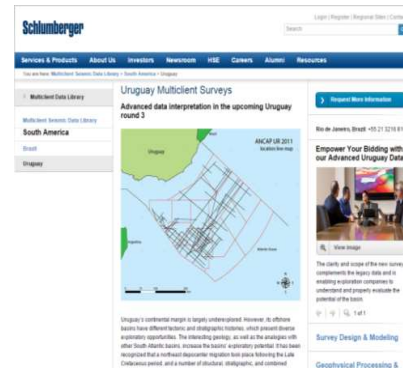
ION: 9800Km of 2D seismic



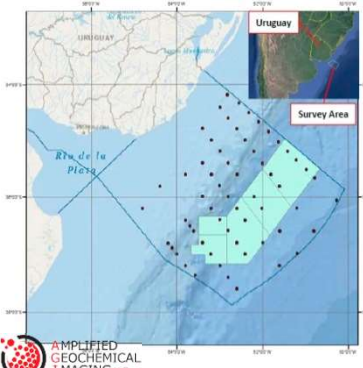
Robertson: 2 geological reports



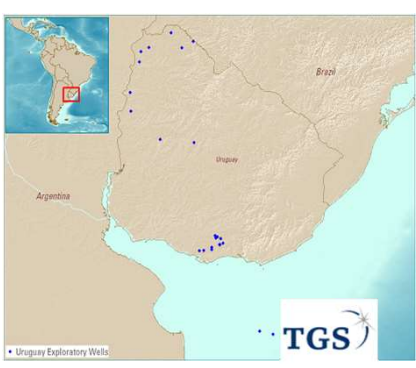
FIT: Fluid Inclusions Study of Lobo and Gaviotin wells



Schlumberger: Advanced Interpretation Data Package



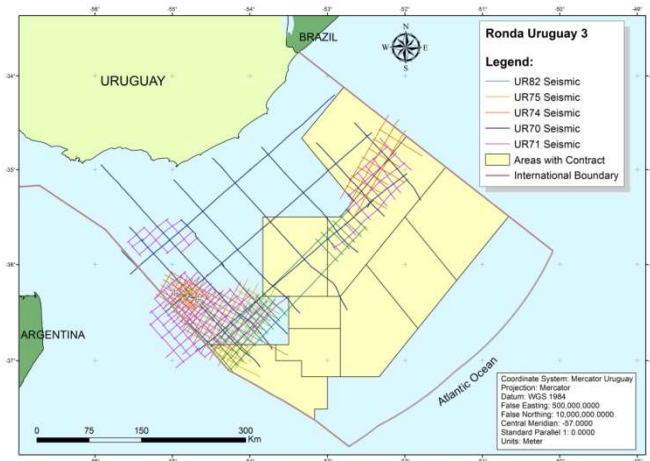
AGI: micro-seeps detection of hydrocarbons into sediment samples



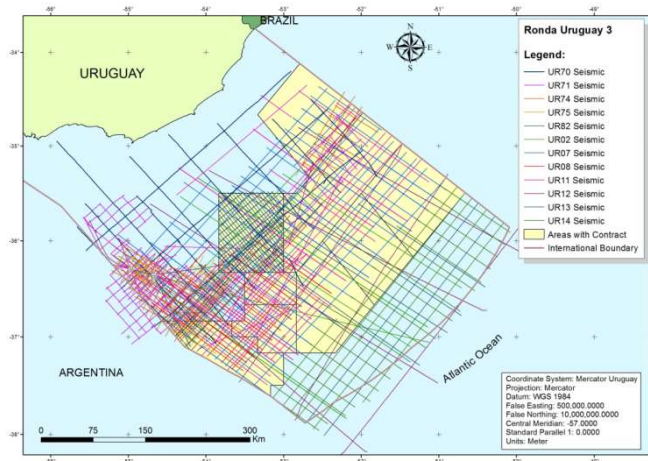
TGS: Well Logs

Several MC agreements under discussion or process of approval

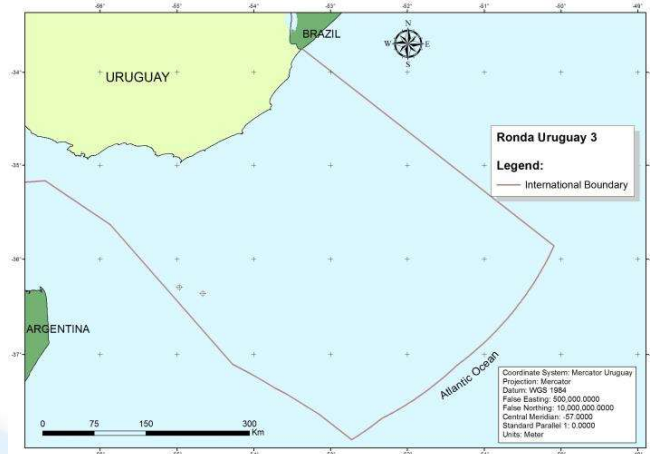
2D and 3D Seismic offshore



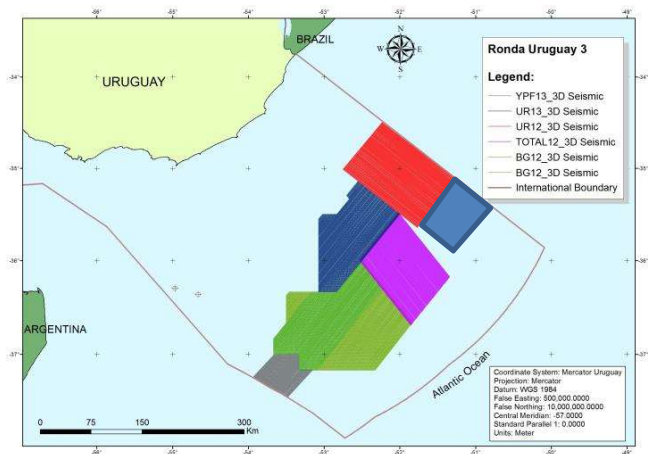
2D Seismic before 2007: 13.000Km



Present 2D Seismic: 41.000Km



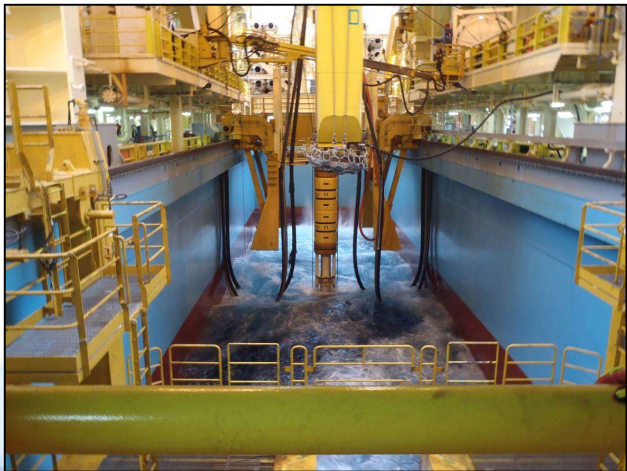
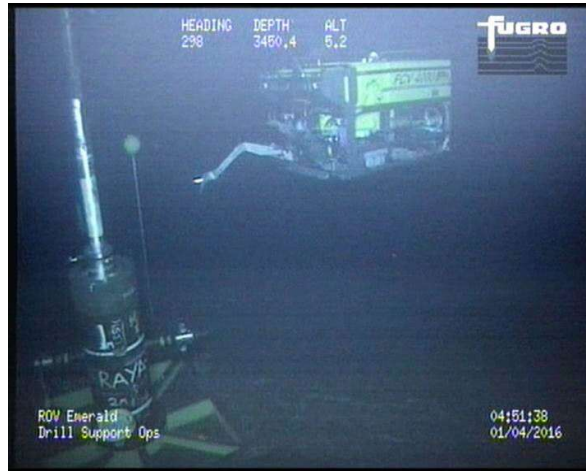
3D Seismic before 2012: 0Km²



Present 3D Seismic: 42.000Km²

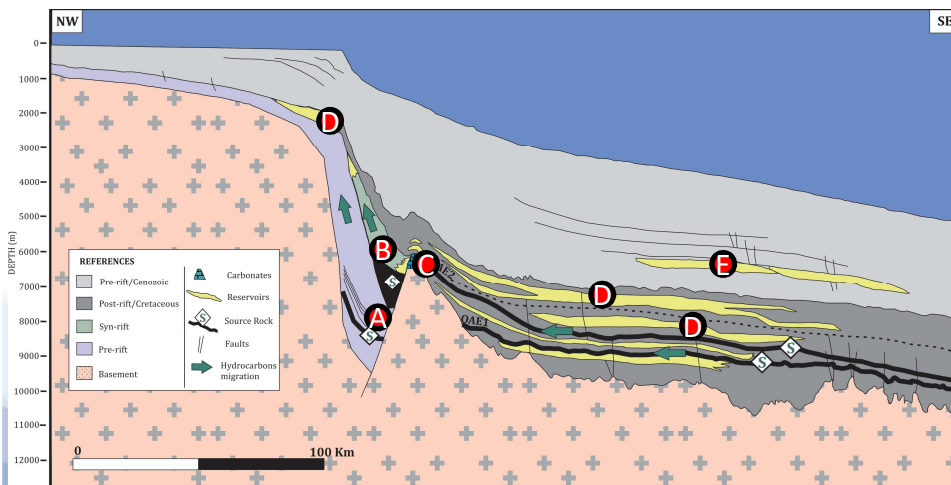
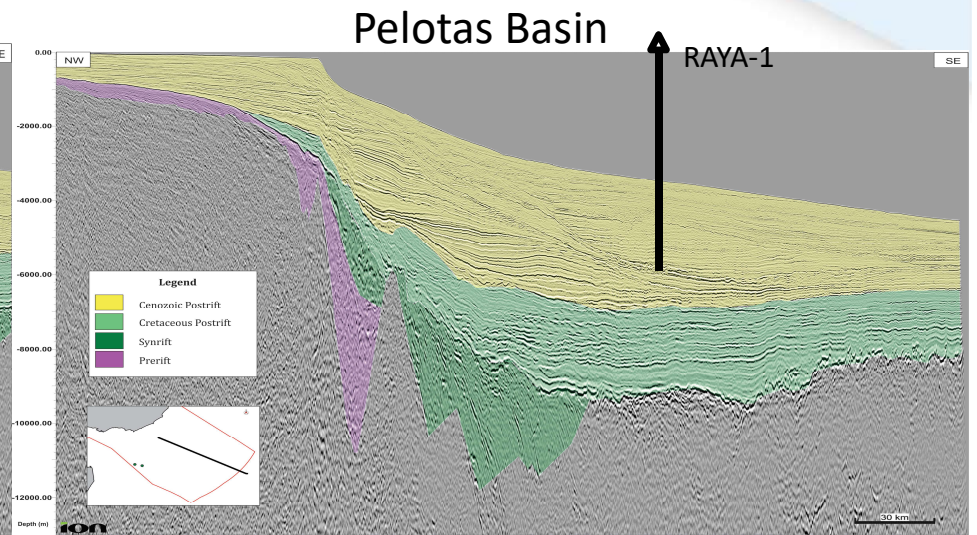
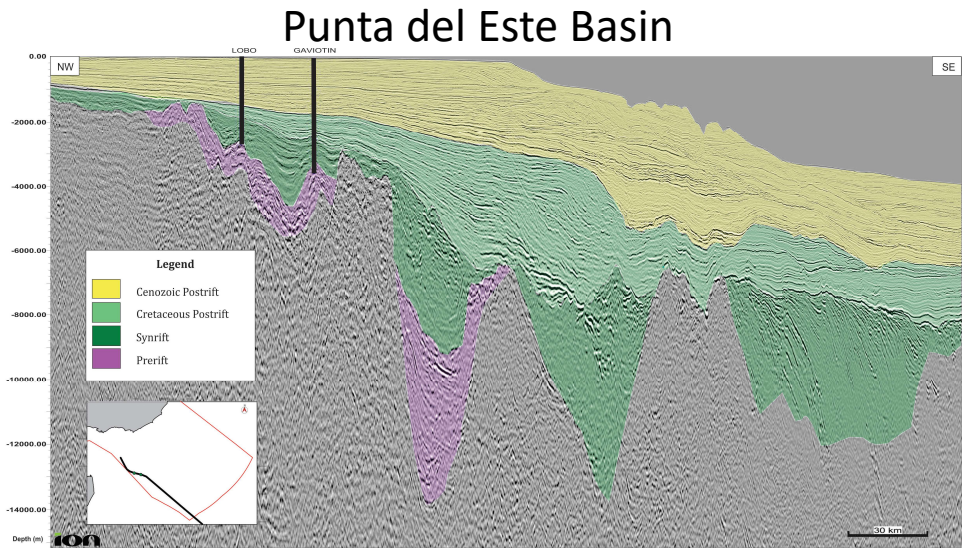
17.000Km of 2D seismic and 23.000Km² of 3D seismic marketed directly by ANCAP at very good prices

Raya Well: Exploratory well in ultra-deep waters



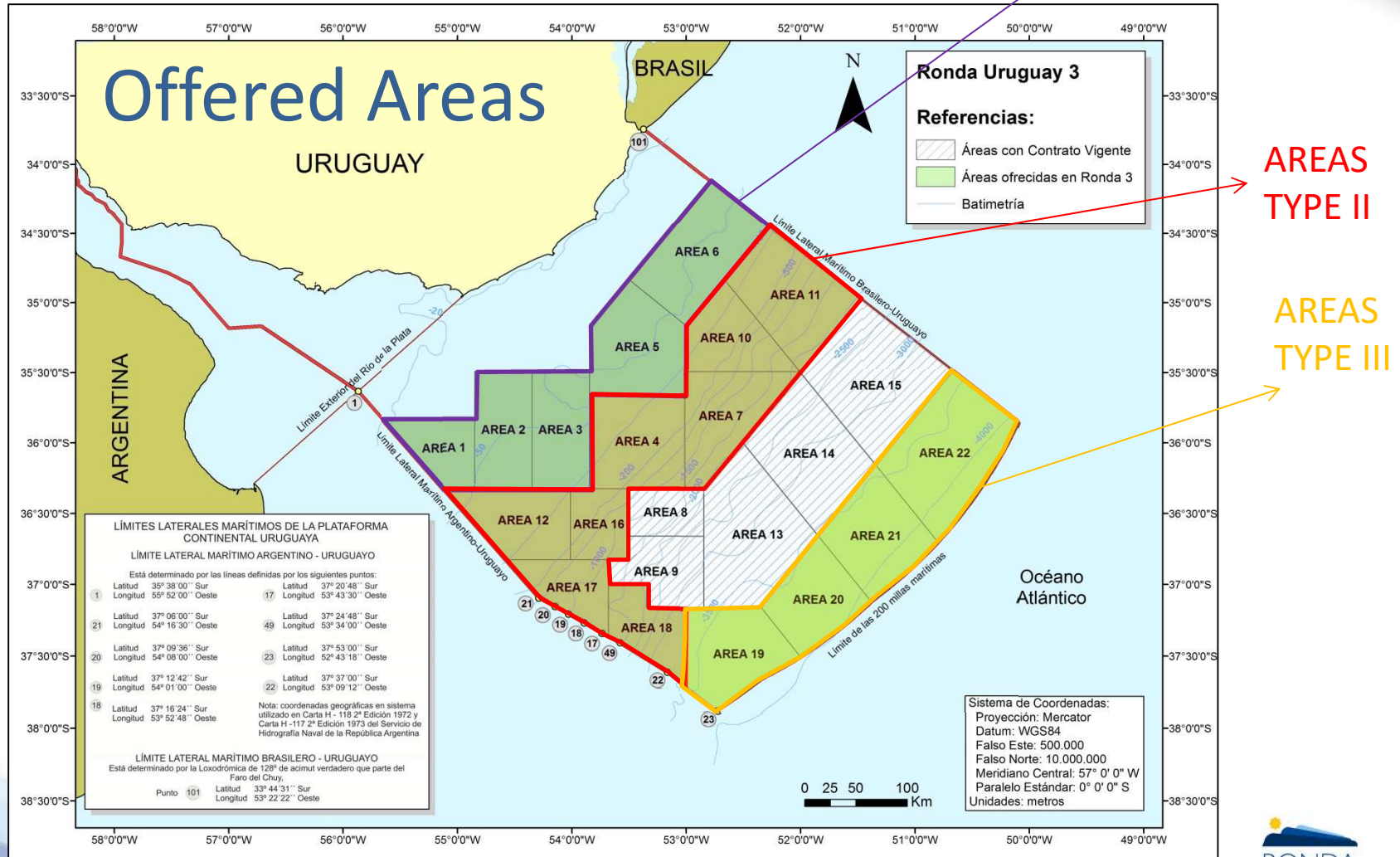
- Drilled after 40 years
- World Record Water depth (3404 m)
- 100 days of operation: on time and budget
- Complex Logistics on Port
- Construction of Mud and Cement plants
- Imports and Exports authorized by ANCAP and DNA in coordination
- Success from operational, HSE, drilling engineering, etc point of views
- 2 people from ANCAP – E&P on board during whole operation

Play Types



- A) pre-Rift Plays (pre-Cretaceous)
- B) Synrift Plays
- C) Transition Carbonate Plays
- D) Post-Rift Cretaceous Siliciclastic Plays
- E) Post-Rift Cenozoic Siliciclastic Plays

URUGUAY ROUND 3: ANCAP is calling Oil Companies interested in carrying out exploration and exploitation of Hydrocarbon activities in the *República Oriental del Uruguay* Economic Exclusive Zone, under Production Sharing Agreements



Schedule

ACTIVITY	DATE
Official Announcement	18 September 2017
Submission of Intention Letter and documents for the Qualification of Oil Companies.	From 18 September 2017 to 6 April 2018
Notification of Qualification of Oil Companies	Until 13 April 2018
Inquiries and clarifications	Until 13 April 2018
Answers to Inquiries and clarifications.	Until 20 April 2018
Submission of proposals.	From 24 April 2018 to 26 April 2018 at 14:00, Local time.
Opening of proposals.	26 April 2018 at 15:00, Local time.



Qualification of Oil Companies

Documentation to be submitted

- Legal aspects
- Financial aspects
 - Equity
- Technical aspects
 - Offshore operations
 - Production
 - International Experience
- Top 100: Ranking The World's Oil Companies only legal documentation

Result

- Operator / Non Operator
- Areas Type I / Type I and II / Type I, II and III
- For the Exploration Period / Exploration and Exploitation Periods
- Number of areas for which company can submit offers related to the equity.

Only qualified companies can submit offers and can do it only under the conditions they have been qualified.

Comparison of offers

Exploratory Program (40%)

- Wells, 2D and 3D seismic, EM, geochemistry over seabed samples, re-processing of ANCAP's seismic
- Licensing existing data
- Minimum exploratory program tailored for each block (very low).
- No mandatory drilling in the first exploration period
- Offering to license 3D data is enough to fulfill the min requirements of every block

Economic Terms

- % of profit oil split (40%)
 - Ranges based on an R factor
 - $R = \text{total income} / \text{total expenditures}$
- ANCAP's Association (20%)
 - Maximum ANCAP's association will be biddable, offered by the Oil Company (20% - 40%)

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

Exploration: 9 years for Areas Type I and II and 11 years for Areas Type III

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

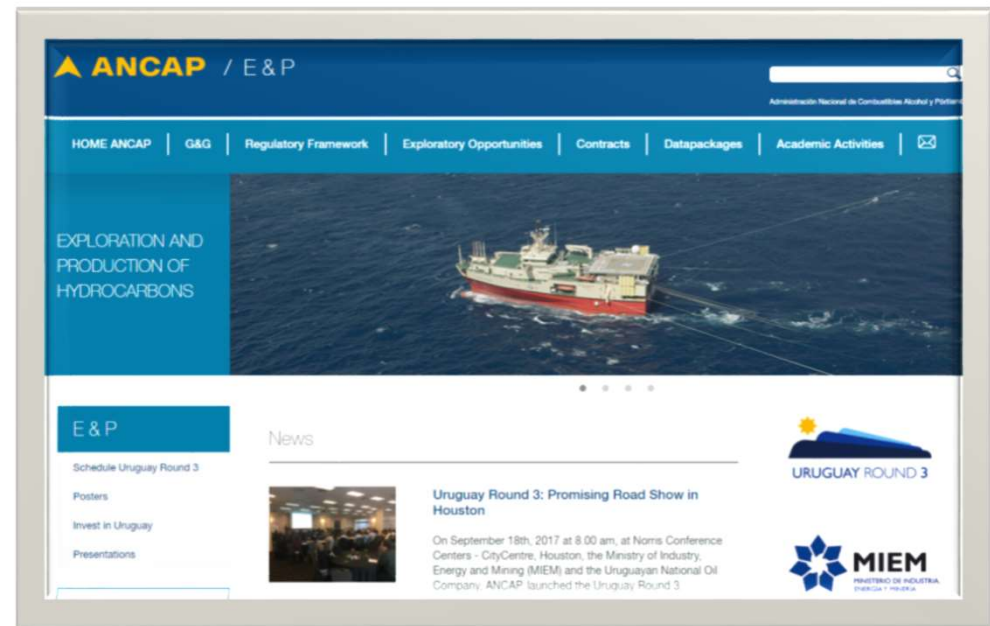
Exercised after there is a commercial discovery

ANCAP is only carried through exploration

Items in orange are biddable

WEB PAGE: exploracionyproduccion.ancap.com.uy
www.rondauruguay.gub.uy

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



All relevant information regarding Uruguay Round 3 is being uploaded and posted at this web page

Final Remarks

- 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 3D seismic or Raya well
- Many play types yet to be tested
- 17 Areas offered in Uruguay Round 3 (up to 7.600Km²)
- Deadlines:
 - Qualification of oil companies: 6th of April 2018
 - Submission of proposals: 26th of April 2018
- Book Data Rooms or Meetings
- Excellent opportunity to acquire an asset with:
 - Low exploratory program requirements (i.e. 2,6MM\$ to acquire a P₅₀ = 700MMBbls prospect)
 - Very good bidding round and contract terms



Thank you for your attention
Visit us at booth #19

Contact Info: sferro@ancap.com.uy

