

Open Uruguay Round

Offshore and Onshore Frontier Exploration Opportunities

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URUGUAY

Leader in Latin America

- Ranked #1 in LAC in Political and Social stability (Democracy, Equity, Transparency, Rule of Law, Control of Corruption, etc)
- Sustained growth and stable in the long term
- Growth with equity, high distribution of income
- Sustained improvement of credit rating (Investment Grade BBB / Baa2)
- Reliable country for foreign investment
- Leader in generation of clean energies
- State of the art connectivity
- Strategic location
- Investment promotion regime
- Free zones
- Quality of life and Social Development (Prosperity Index, Quality of Life, etc)



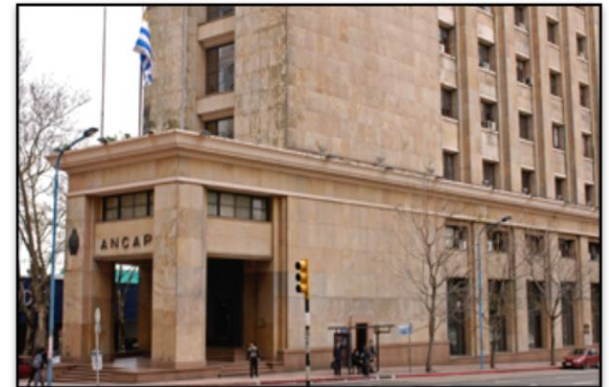
#1: Montevideo is the city with the best quality of life in Latin America (Mercer, 2019)

Source Uruguay XXI:

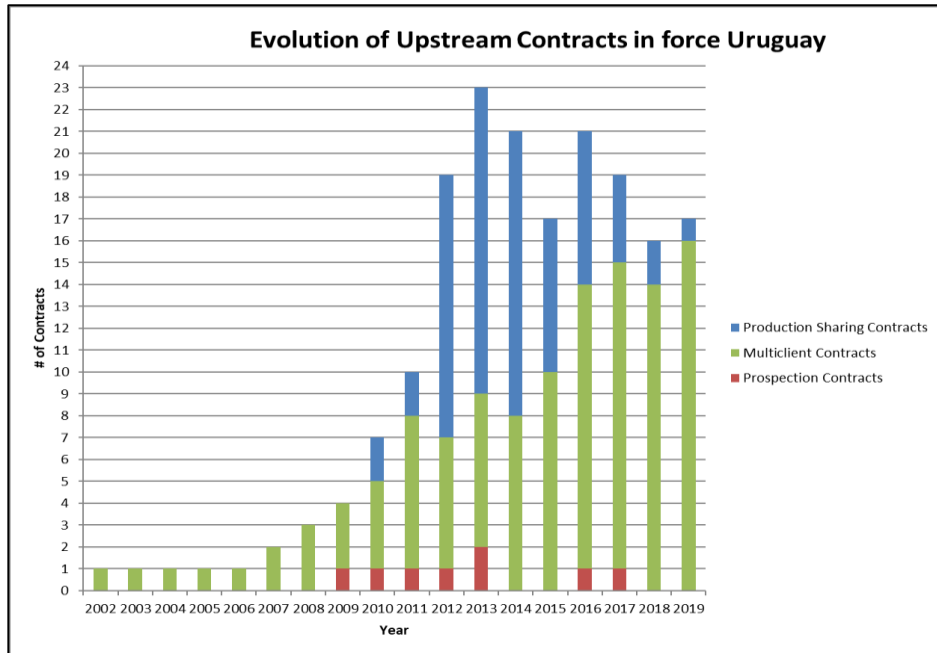
<https://www.uruguayxxi.gub.uy/uploads/informacion/89707c1f641a175b580bebc75cdabfa725409f7d.pdf>

ANCAP

- Vertically integrated Oil Company
- ANCAP acts in coordination with DNE-MIEM as the “*hydrocarbon agency*” competent to manage the activities, business and operations of hydrocarbons industry, by itself or by third parties
- ANCAP will sign with the IOCs the Exploration-Exploitation Contract after approval and on behalf of the *República Oriental del Uruguay* Executive Branch

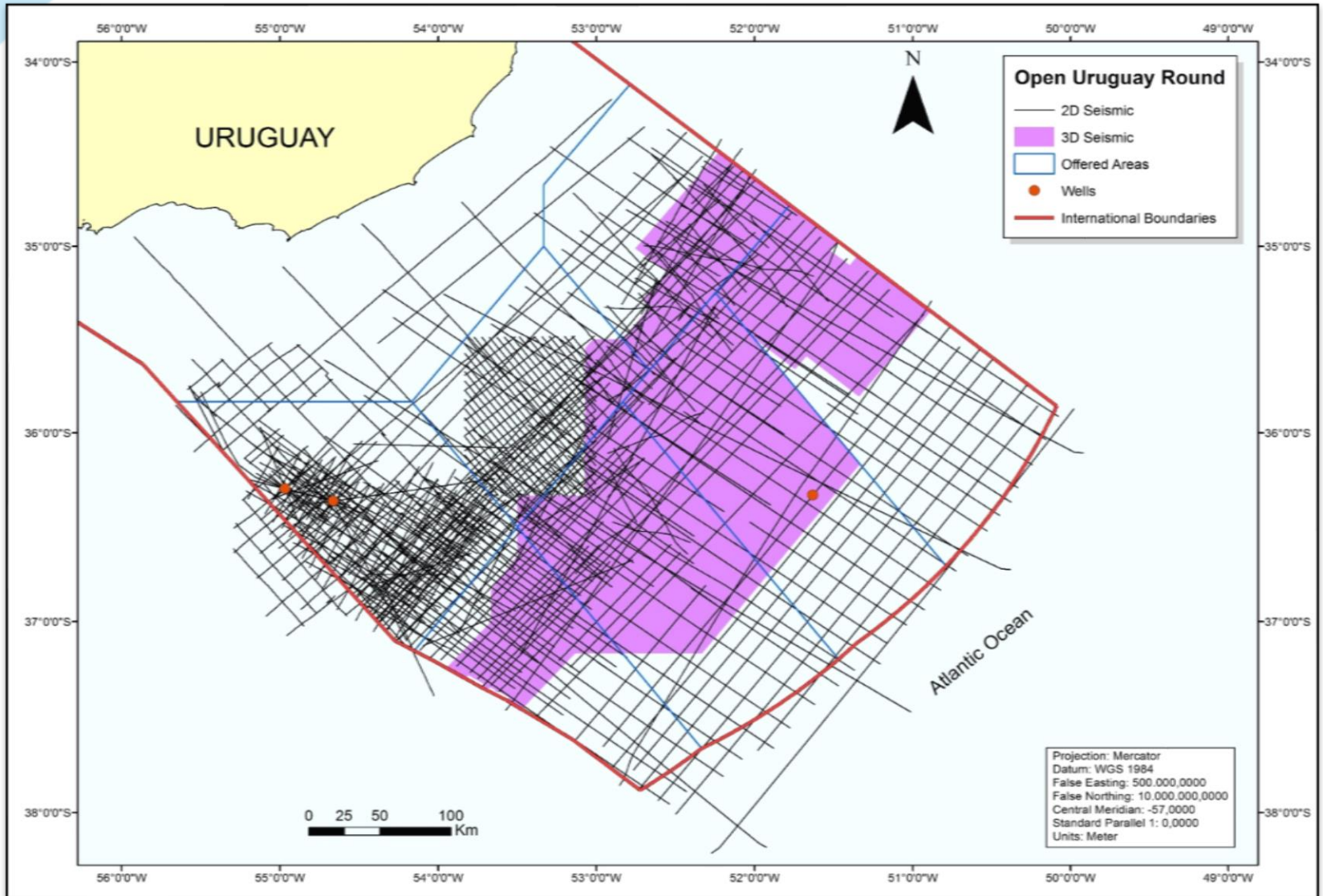


TENS OF UPSTREAM CONTRACTS SIGNED IN THE LAST 12 YEARS



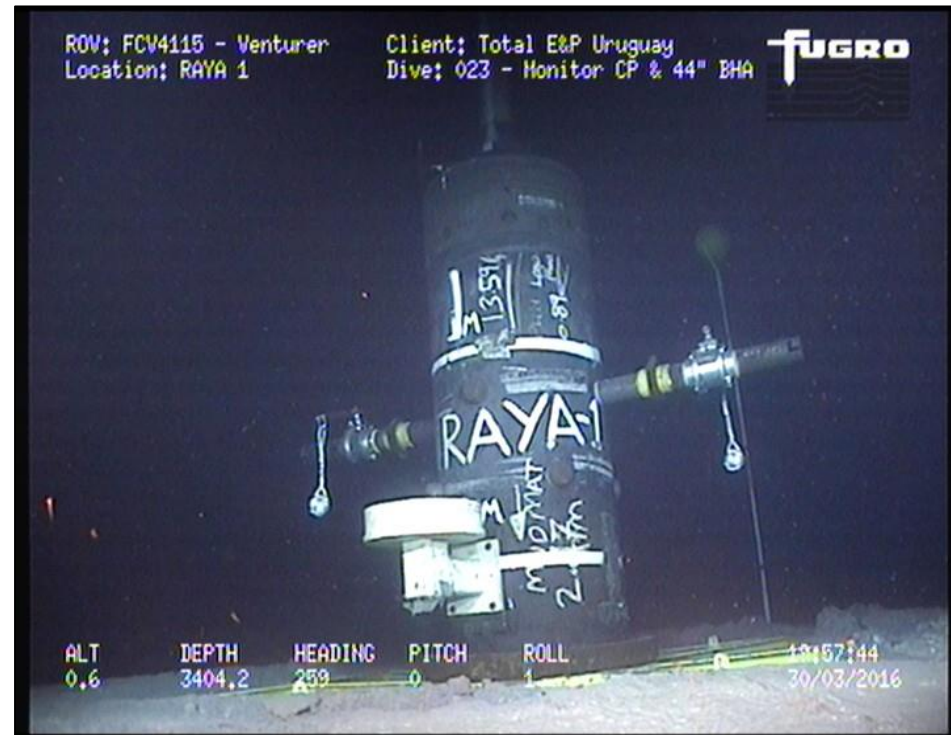
Over 1.2 Billion USD of investment in HC exploration by Oil & Gas and Service Companies

DATA HAS INCREASED TREMENDOUSLY



RAYA WELL

- Drilled after 40 years
- World Record Water depth (3404 m)
- 100 days of operation: on time and budget (March to July 2016)
- 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



EXPLORATORY WELLS ONSHORE CAMPAIGN



Recent Success...Oil Discovery @ Cerro Padilla 1

- ✓ Well successfully drilled to Total Depth (TD) of 845m
- ✓ Logging confirmed 2m of oil saturated sand at 793m with fluorescence (oil shows) across extended interval
- ✓ **Testing confirms first ever discovery with oil to surface in Uruguay**
- ✓ Very encouraging but further work required as appears well missed top of structure



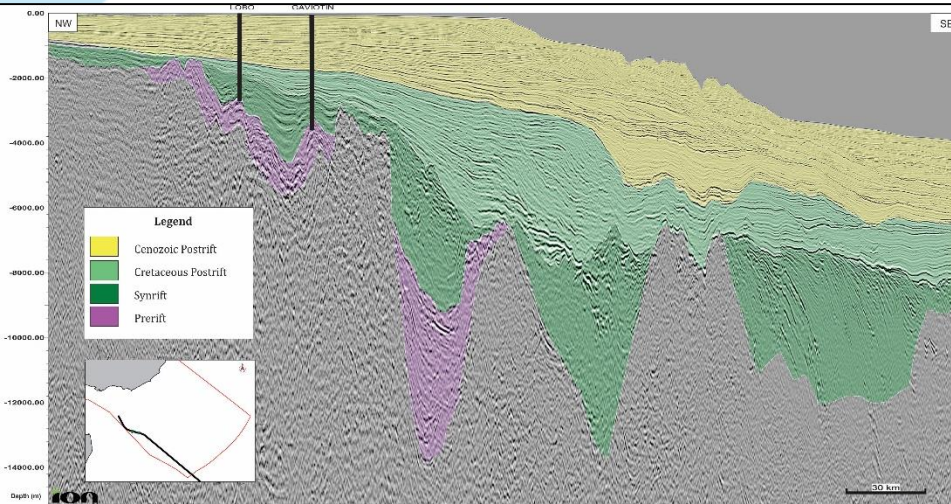
Modest initial discovery but **quantum leap in hydrocarbon prospectivity** of Uruguay

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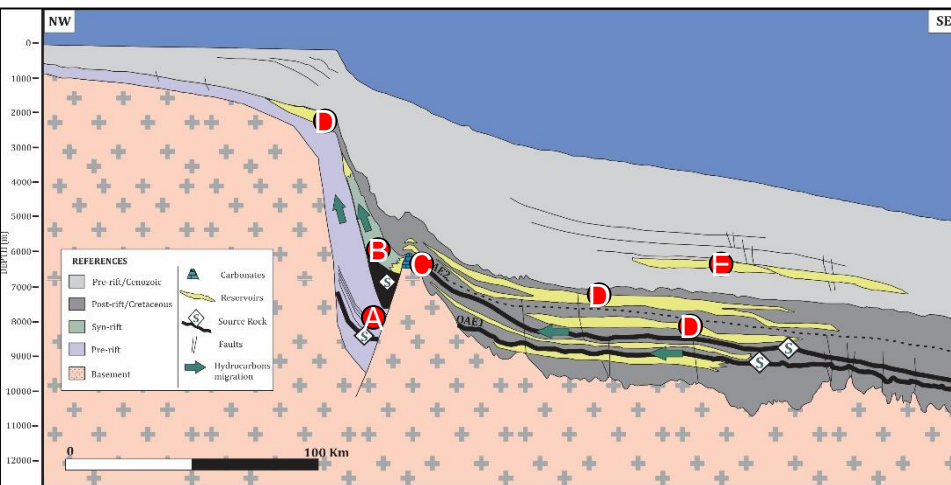
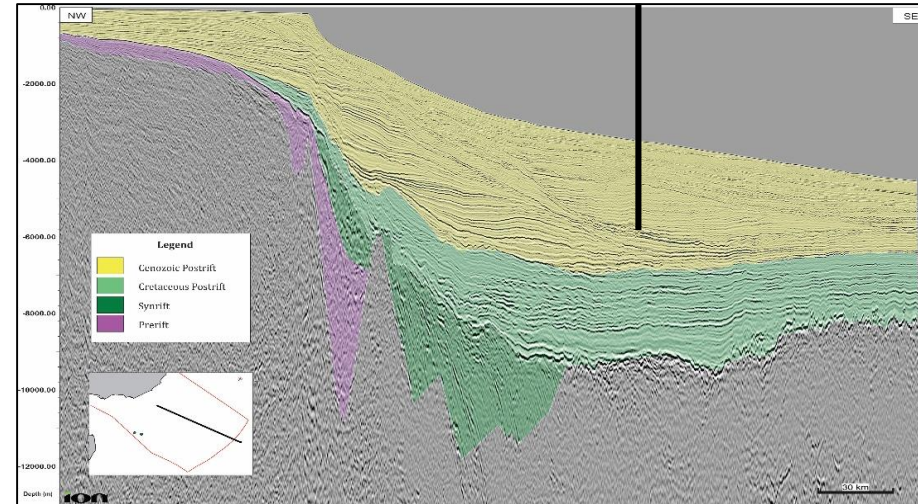
http://www.petrenergy.com/irm/PDF/2043_0/UruguayPresentation

PLAY TYPES OFFSHORE

Punta del Este Basin



Pelotas Basin



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

OPEN URUGUAY ROUND



OPEN URUGUAY ROUND

- ANCAP and MIEM reviewed the system to award E&P areas, to make it more competitive with other frontier destinations
- The Executive Branch approved by Decree 111/019 the Regime for the Selection of Oil Operating Companies for the Exploration and Exploitation of Hydrocarbons in onshore and offshore areas of República Oriental del Uruguay
- This new system offers a clear and predictable schedule

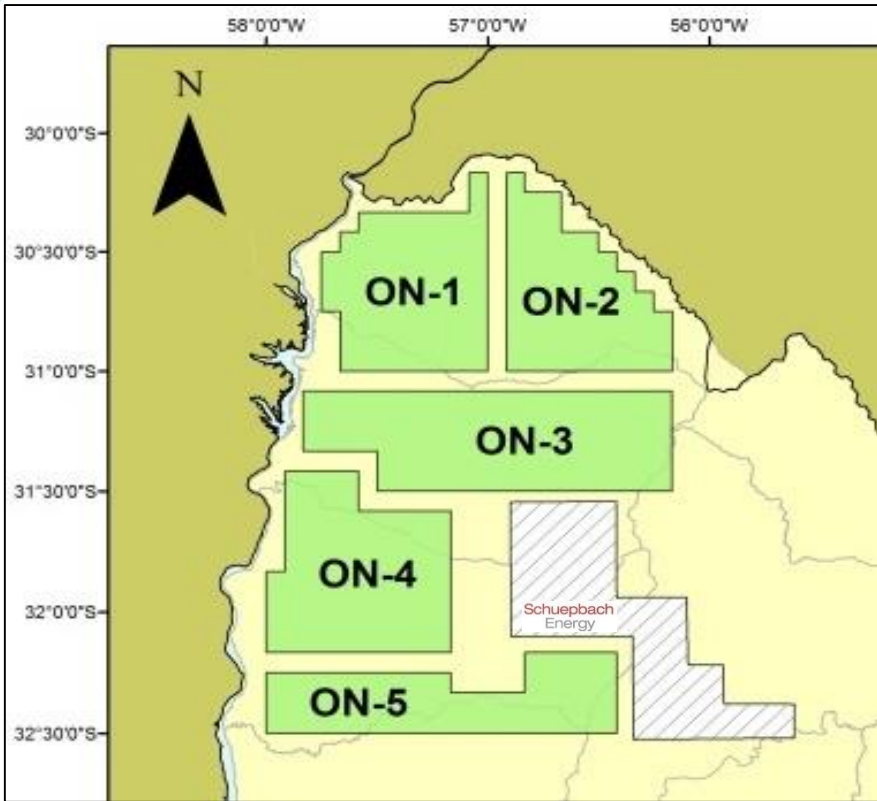
OPEN URUGUAY ROUND

Main Features

- Open door: qualification and submission of offers at any time
- Not Direct Negotiation, bidding round every semester
- 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 (G&G studies over existing data)

OPEN URUGUAY ROUND OFFERED AREAS

• ONSHORE

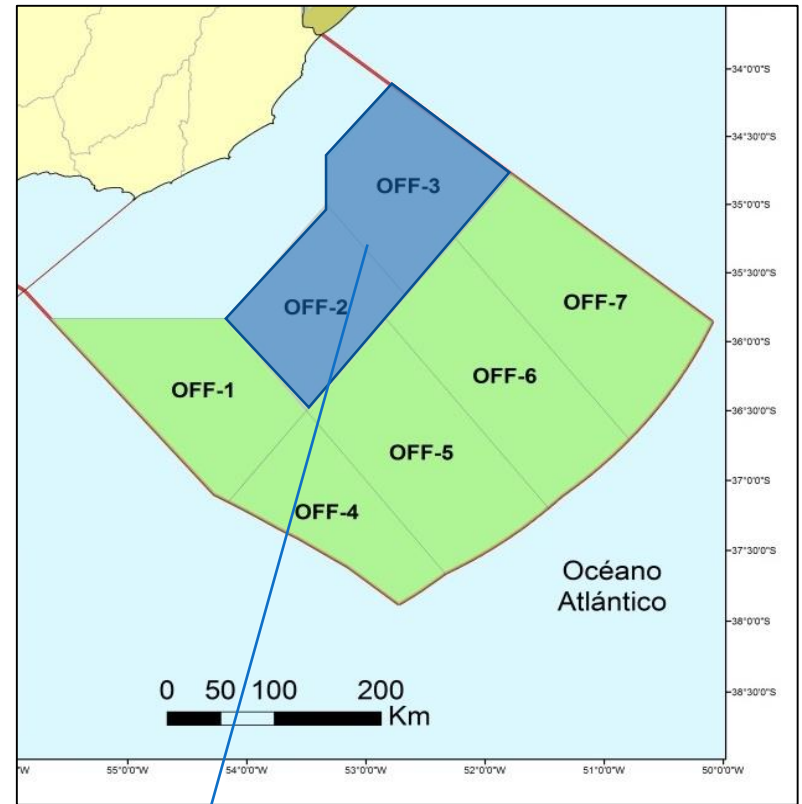


Ronda Uruguay Abierta

Referencias:

- Áreas con Contrato Vigente
- Áreas con Ofertas RUA
- Áreas ofrecidas en Ronda Abierta

• OFFSHORE



Areas OFF-2 and OFF-3 received offers in the 1st Instance of 2019 (May) from Kosmos Energy

SCHEDULE

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

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

MAIN FEATURES OF THE 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: 10 or 9 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

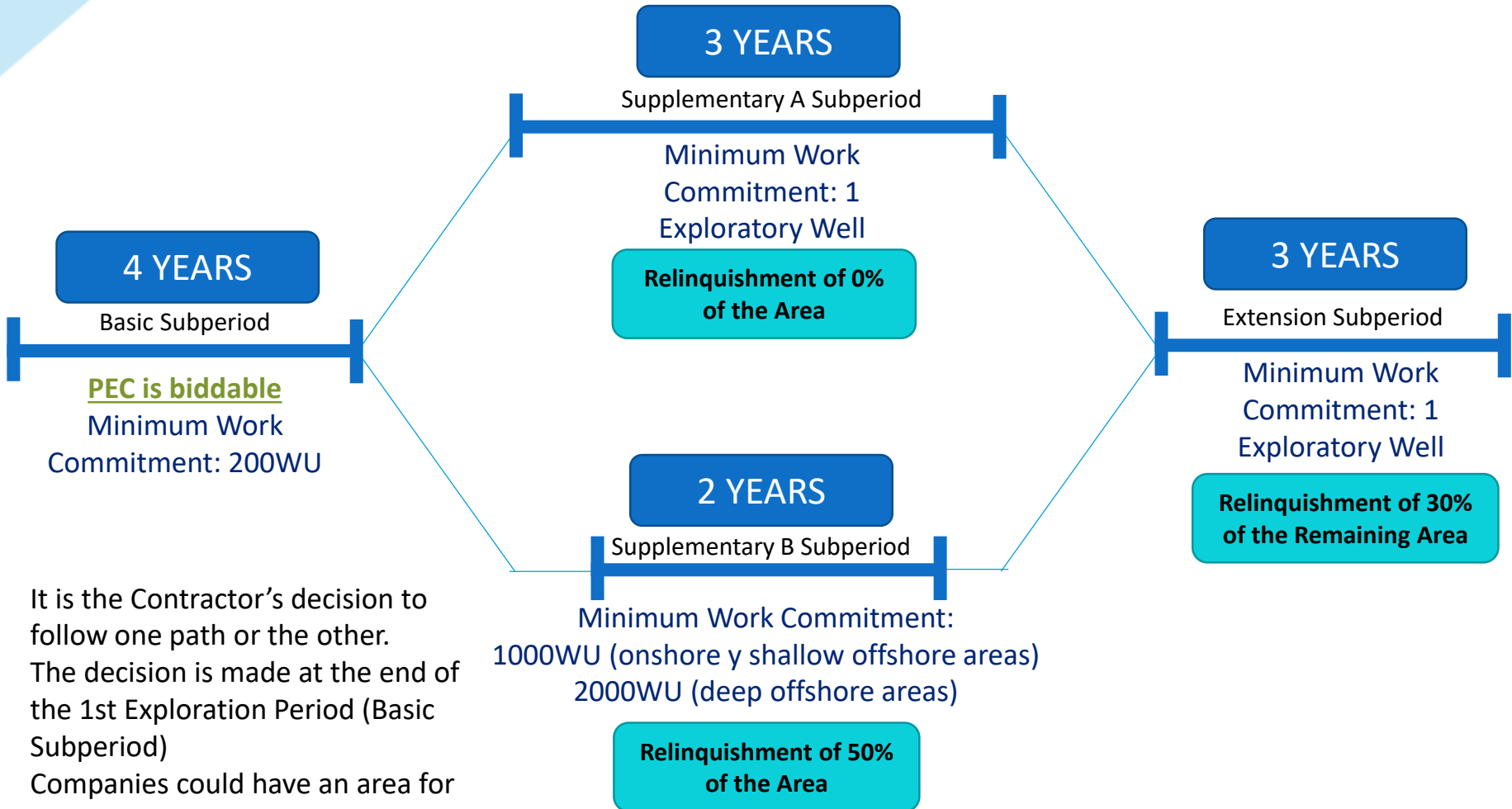
Profit Oil Uruguayan State

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, so IOCs control the Risk and Reward values of the equation

EXPLORATORY COMMITMENTS



- It is the Contractor's decision to follow one path or the other.
- The decision is made at the end of the 1st Exploration Period (Basic Subperiod)
- Companies could have an area for 6 years without committing a well

WEB PAGE

<https://exploracionyproduccion.ancap.com.uy/>

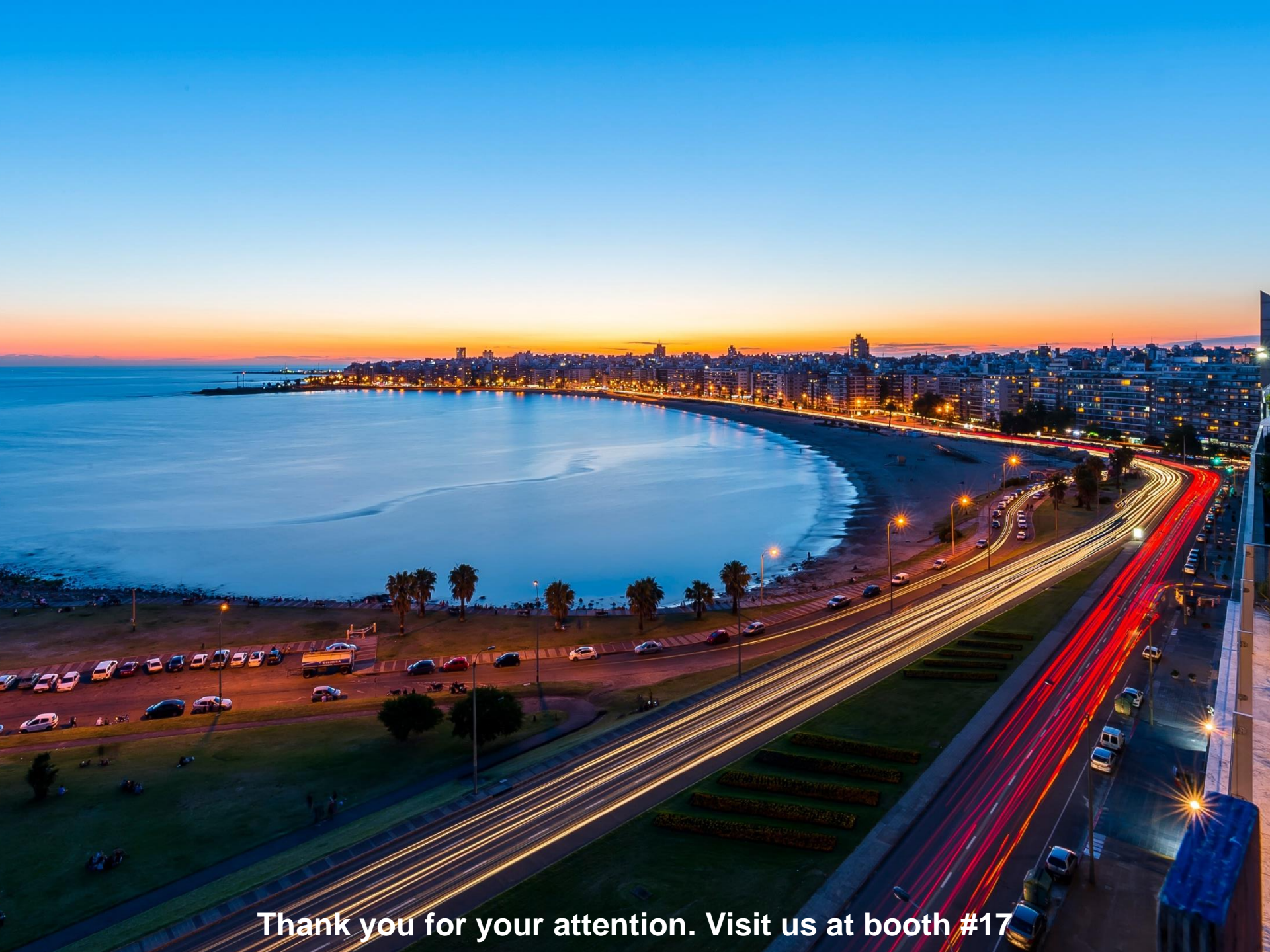
- Geological information about Uruguayan offshore and onshore basins
- Available E&P database
- Bidding Round terms
- Map of offered areas
- Posters
- Contract Models
- Contact information
- Presentations
- Spreadsheet for comparison of offers

The screenshot shows the ANCAP E&P website interface. At the top, there is a dark blue header with the ANCAP logo and 'E & P' text. Below the header is a navigation menu with links for HOME ANCAP, G&G, Exploratory Opportunities, Contracts, Datapackages, Regulatory Framework, Academic Activities, and a mail icon. A search bar is located in the top right corner. The main content area features a large image of an offshore vessel at sea. Below this, there is a sidebar menu for 'E & P' with options like Schedule, Posters, Presentations, GIS Data, Invest in Uruguay, and International Press. The main content area includes a 'News' section with two articles: 'New Multiclient Contract: "Tannat Project"' and 'Promising results of the Uruguay Round Open'. On the right side, there are logos for 'OPEN URUGUAY ROUND' and 'MIEM MINISTERIO DE INDUSTRIA, ENERGIA Y MINERIA'. A blue box with a white border and a blue arrow points to a button that says 'REGISTER FOR MEETINGS & DATA ROOMS'.

Register here for Meetings and / or
Data Rooms in Montevideo,
Houston or London

CONCLUSIONS

- Uruguay is a reliable and stable 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 43.000Km² of 3D seismic or world record Raya well
- Many play types yet to be tested, both offshore and onshore
- Open Uruguay Round already in place and starting to show results
- 5 Areas offshore and 5 Areas onshore are offered in Open Uruguay Round for the 1st Instance of 2020
- Very large areas (up to 16,500 km²)
- Book Meetings or Data Rooms to have access to our huge database
- Excellent opportunity to acquire an asset with extremely low exploratory program requirements (up to 6 years without well commitment)
- Very good bidding round and contract terms



Thank you for your attention. Visit us at booth #17