

Open Uruguay Round

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URUGUAY

- 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)



Source Uruguay XXI:

<https://www.uruguayxxi.gub.uy/uploads/informacion/2fe8eb5368b4bdc798e2b6c00b448dd2f262768c.pdf>

ANCAP

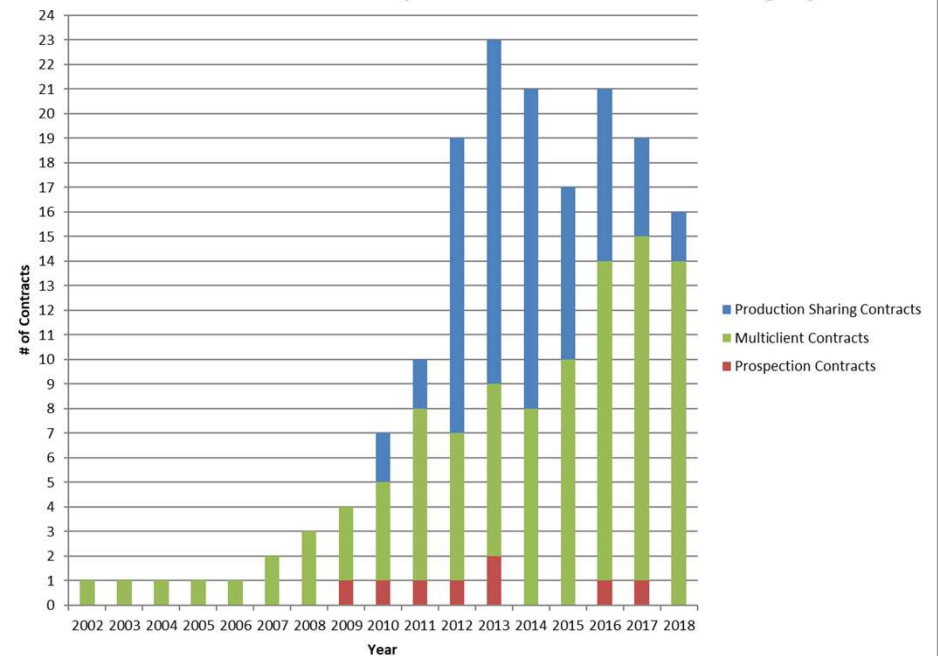
- Vertically integrated Oil Company
- ANCAP acts in coordination with DNE-MIEM as the “*hydrocarbon agency*” competent to manage the activities, business and operations of hydrocarbons industry, by itself or by third parties
- ANCAP will sign with the IOCs the Exploration-Exploitation Contract after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



TENS OF UPSTREAM CONTRACTS SIGNED IN THE LAST 12 YEARS



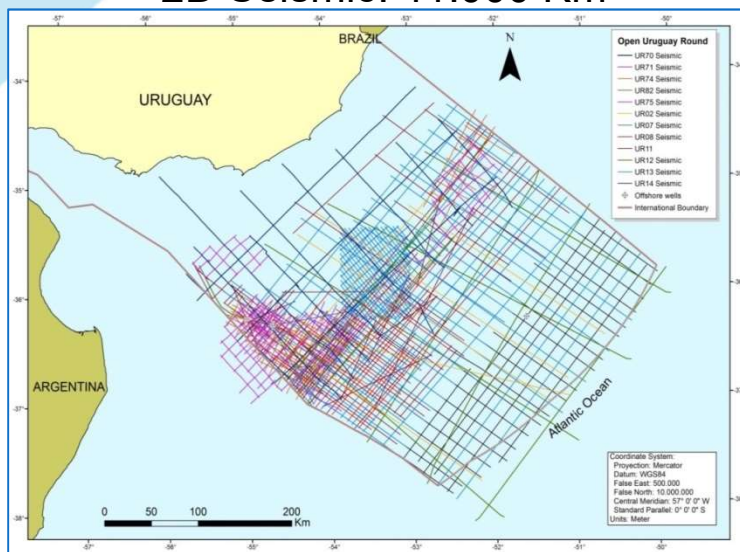
Evolution of Upstream Contracts in force Uruguay



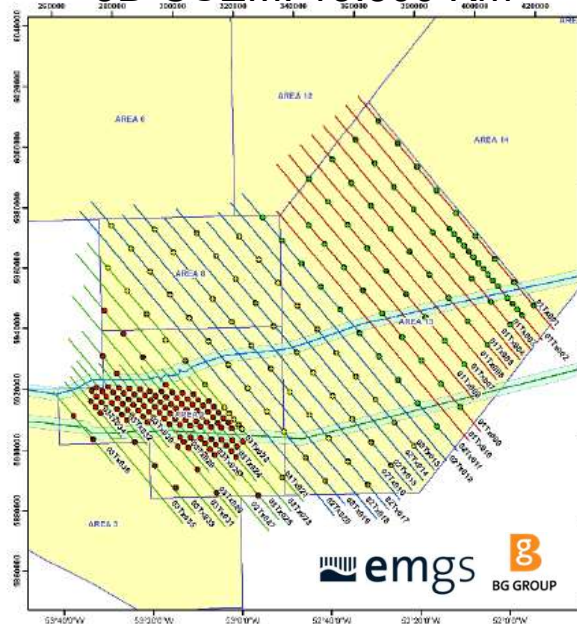
Over 1 Billion USD of investment in HC exploration by Oil & Gas and Service Companies

DATA HAS INCREASED TREMENDOUSLY

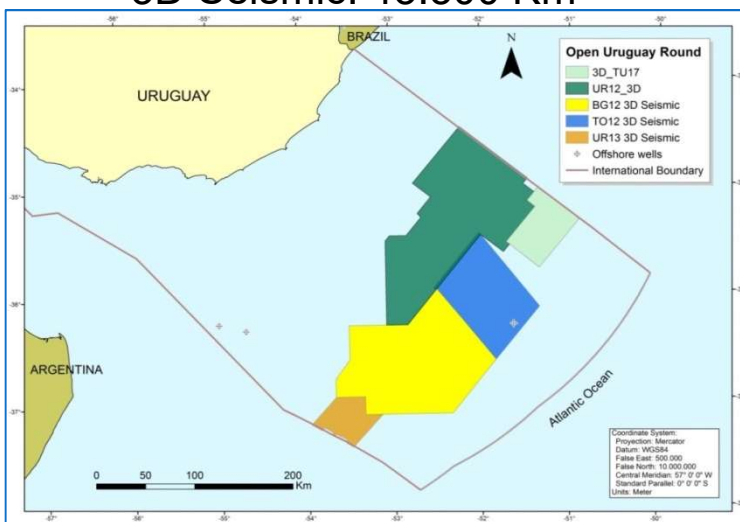
2D Seismic: 41.000 Km



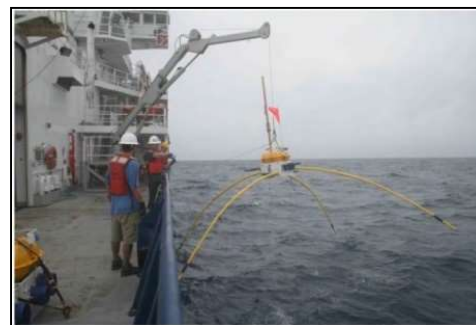
3D CSEM: 13.500 Km²



3D Seismic: 43.500 Km²



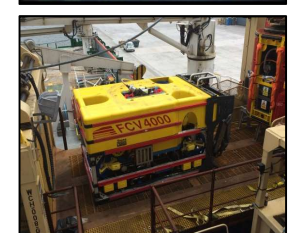
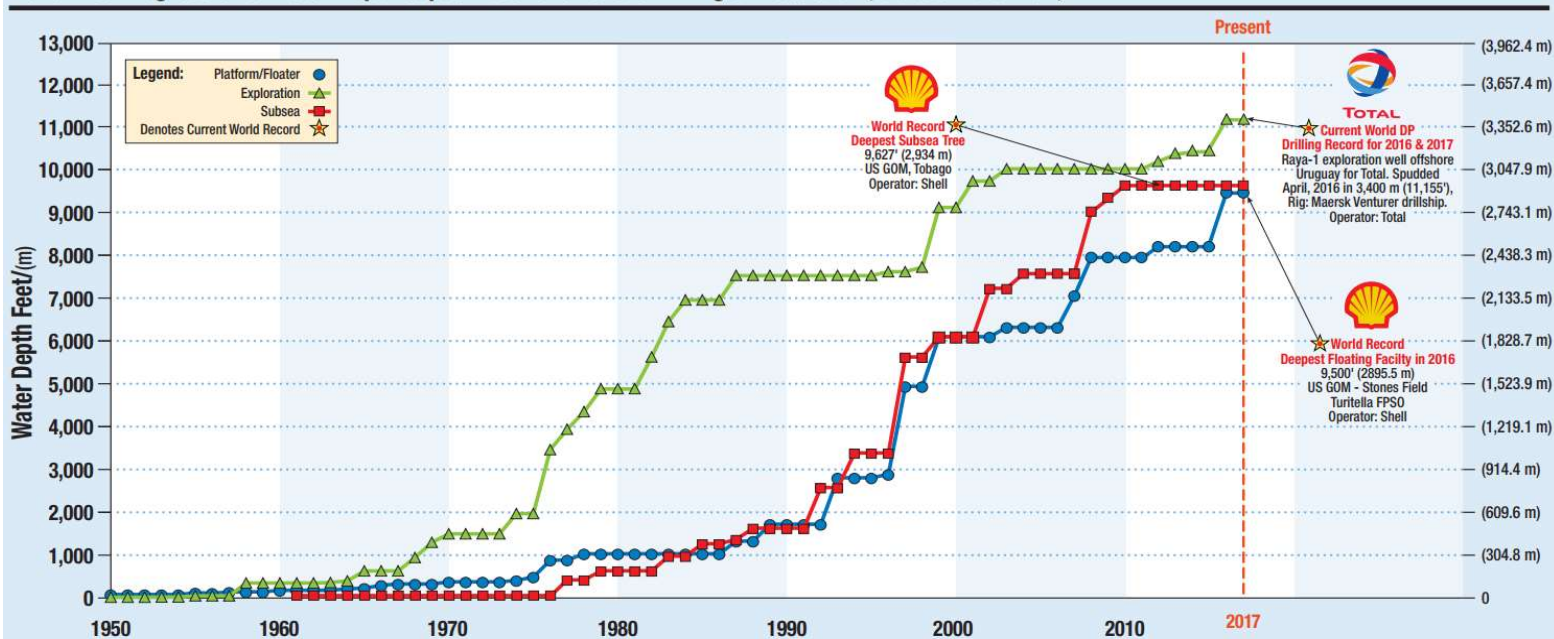
Subsea sampling / MMT / HF Measurements



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

Worldwide Progression of Water Depth Capabilities for Offshore Drilling & Production (Data as of March 2017)



EXPLORATORY WELLS ONSHORE CAMPAIGN

4 wells conventional program



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



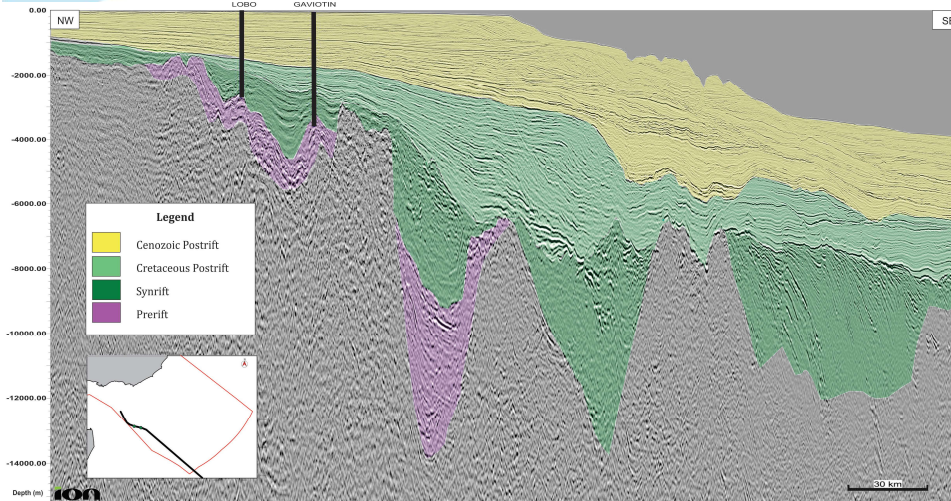
Modest initial discovery but **quantum leap in hydrocarbon prospectivity** of Uruguay

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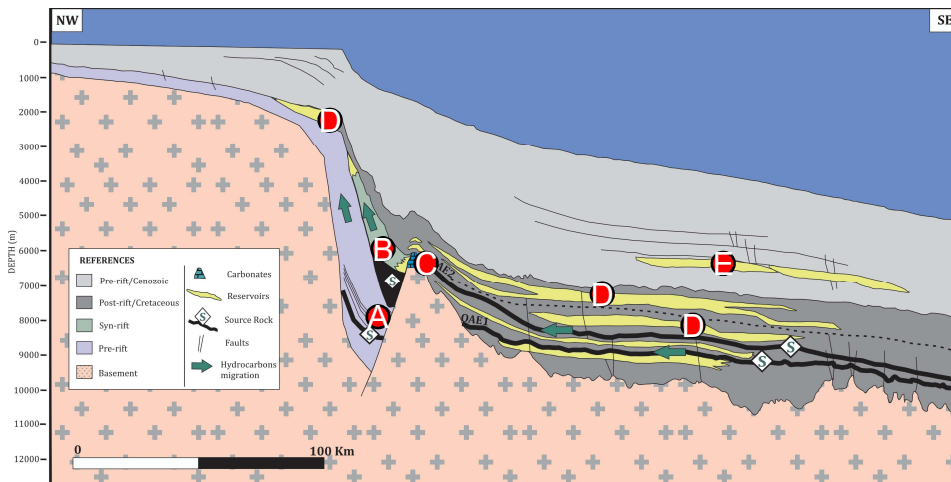
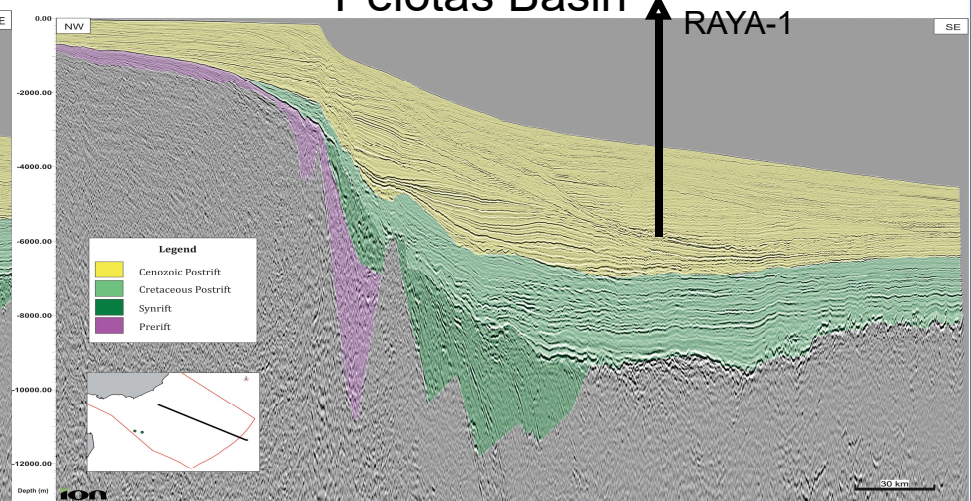
http://www.petrenergy.com/irm/PDF/2043_0/UruguayPresentation

PLAY TYPES OFFSHORE

Punta del Este Basin

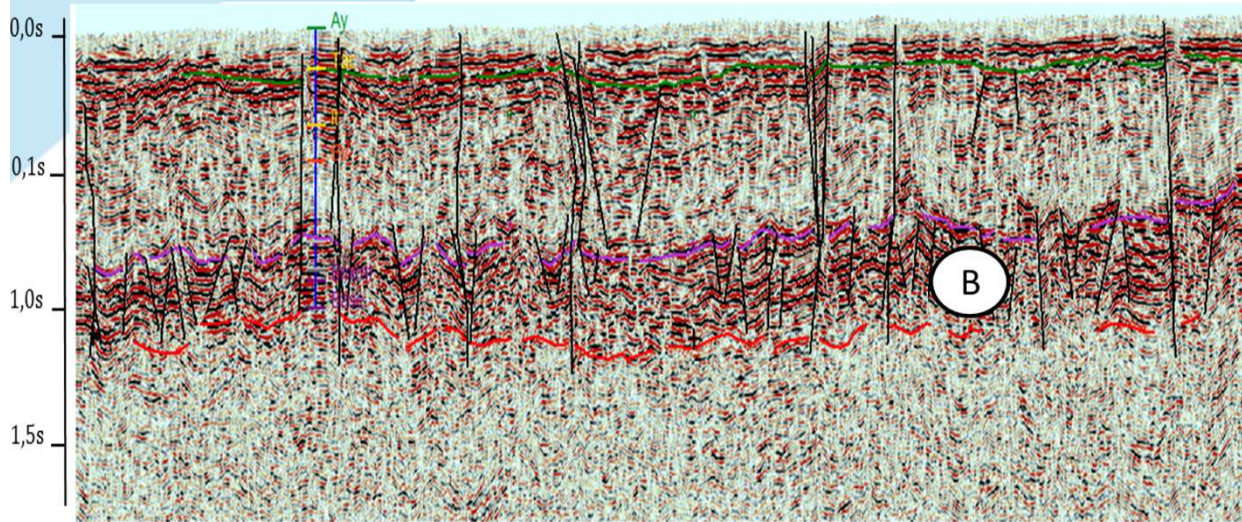


Pelotas Basin



- 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

PLAY TYPES ONSHORE

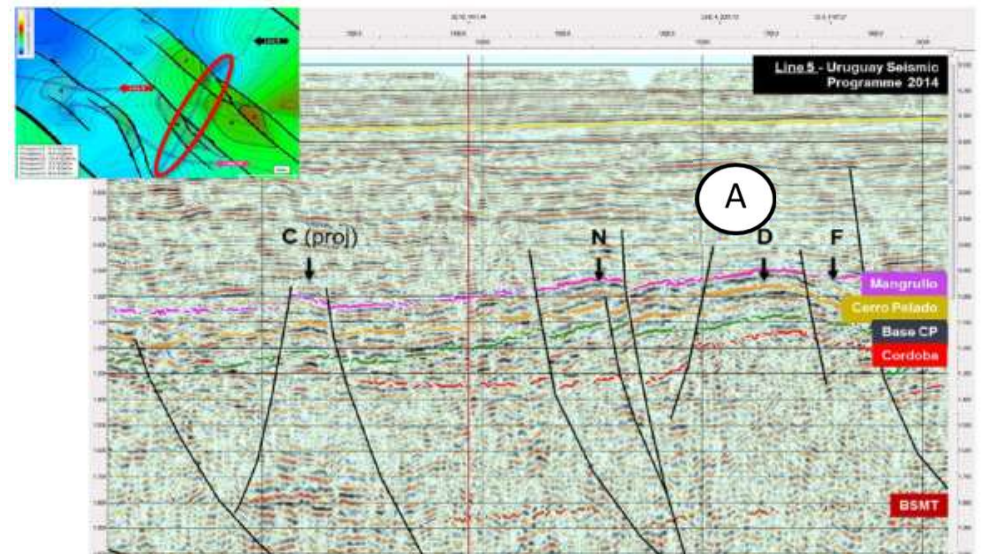
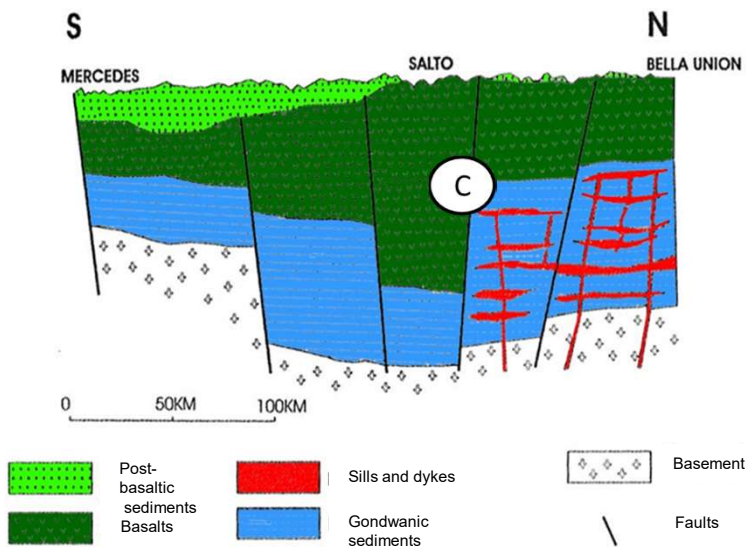


Structural:

- A) 4-way closure anticlines
- B) Faulted blocks
- C) Sills related traps

Stratigraphic:

- D) Channels, pinchouts, etc





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



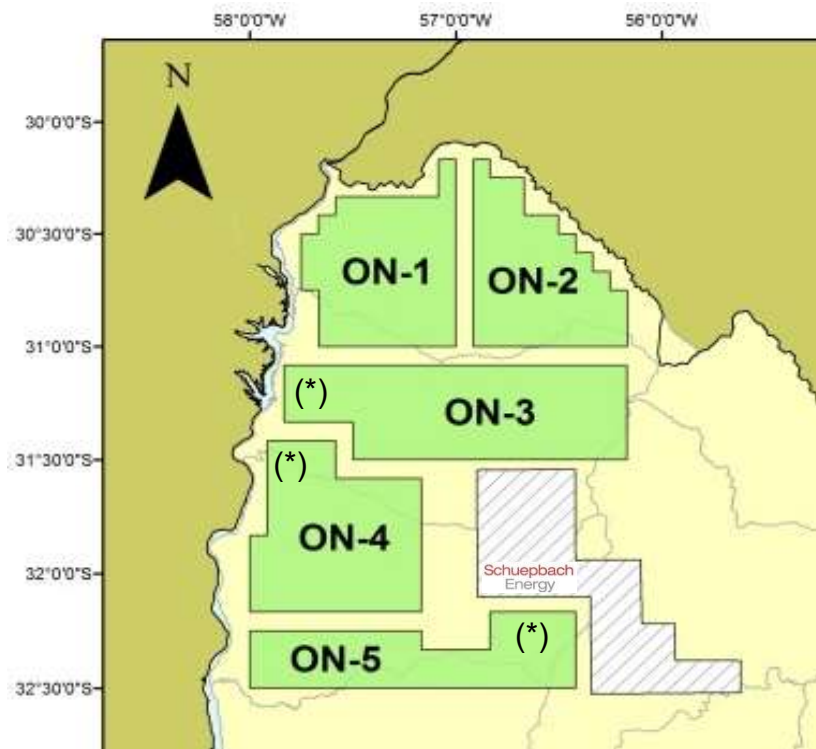
OPEN URUGUAY ROUND

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)
- Companies could have an offshore Area for 6 years before committing a well

OPEN URUGUAY ROUND OFFERED AREAS

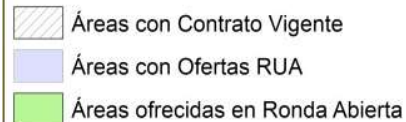
• ONSHORE



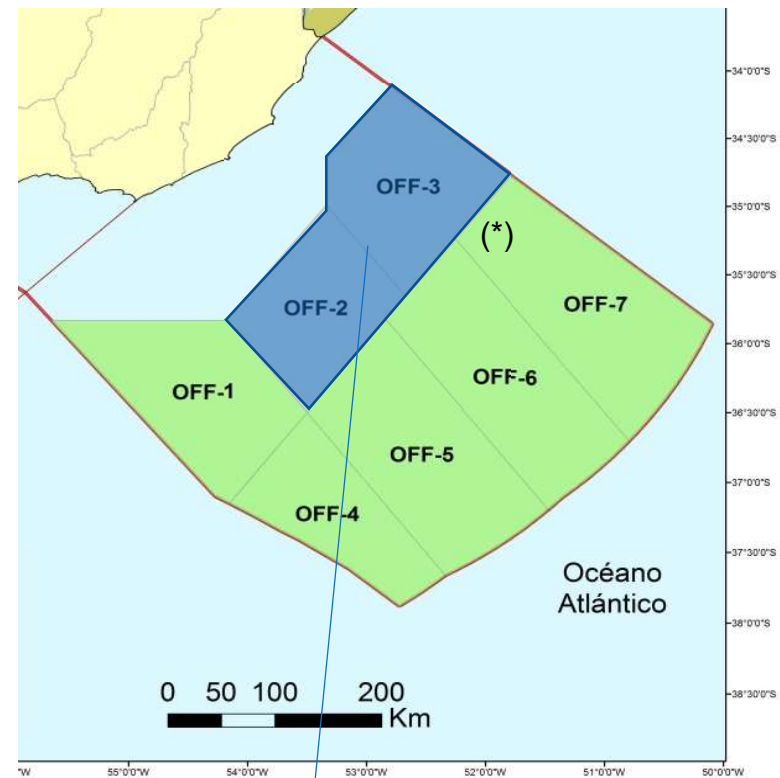
(*) Areas proposed by ANCAP for the 2nd Instance of 2019 (November). Subject to the approval by the Executive Branch (MIEM)

Ronda Uruguay Abierta

Referencias:



• OFFSHORE



Areas OFF-2 and OFF-3 received offers in the 1st Instance of 2019 (May) from a very important E&P company with focus on the Atlantic Margins





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

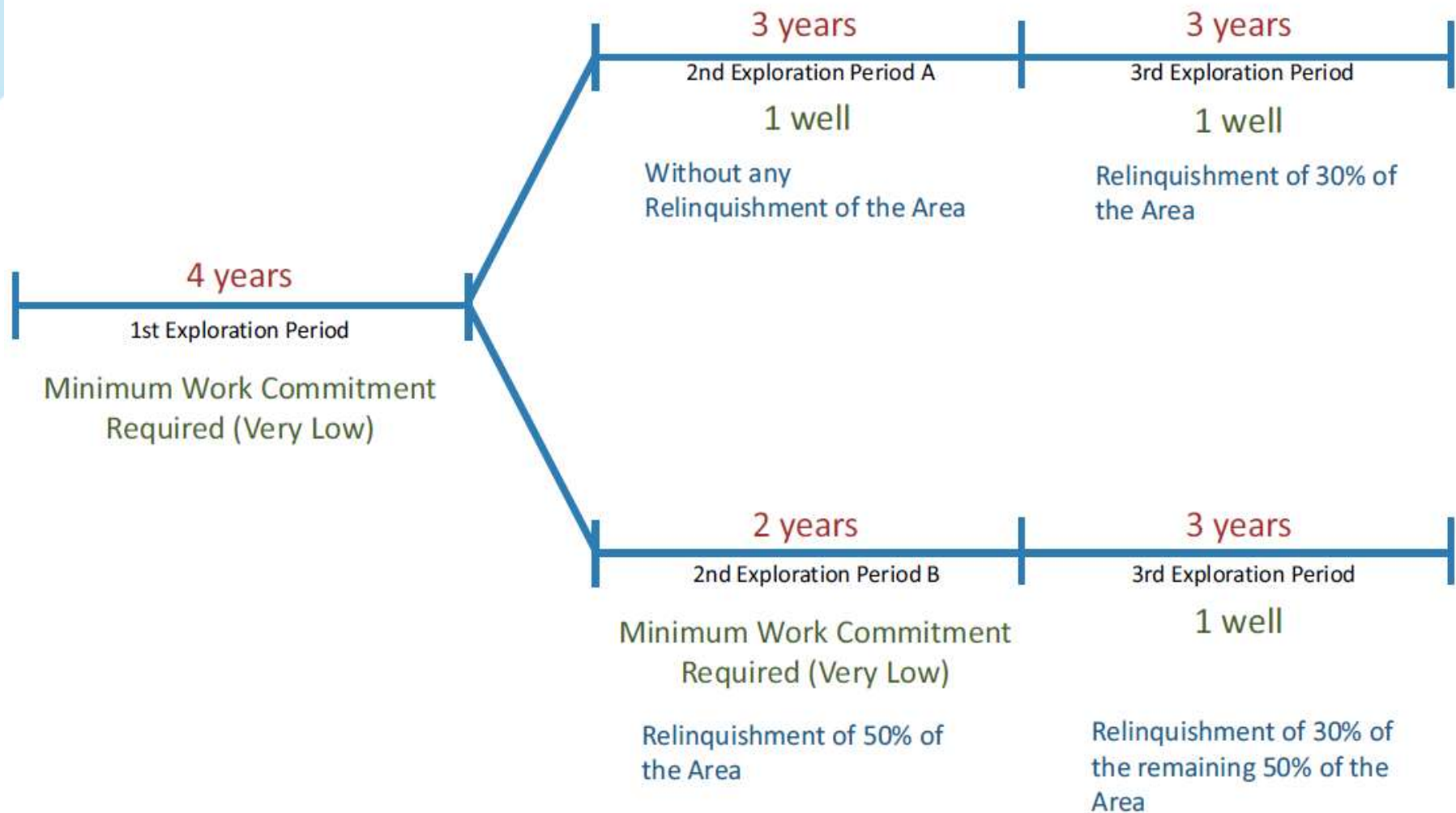
**Limit of ANCAP's association is
biddable**

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

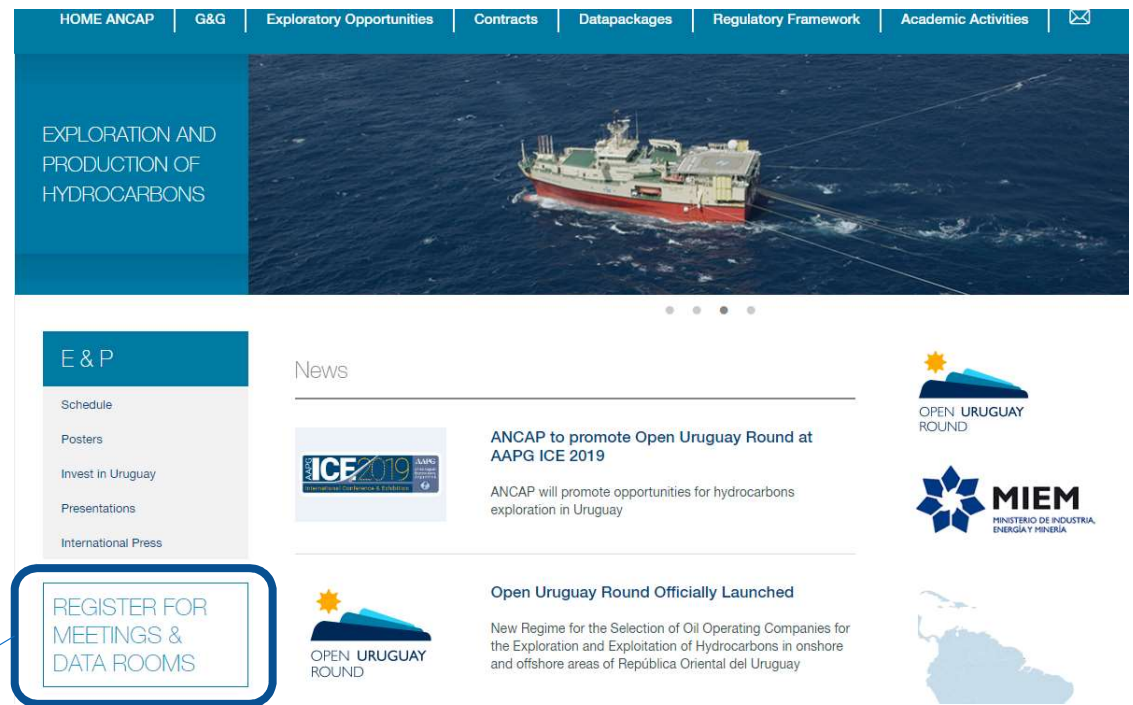
EXPLORATORY COMMITMENTS



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

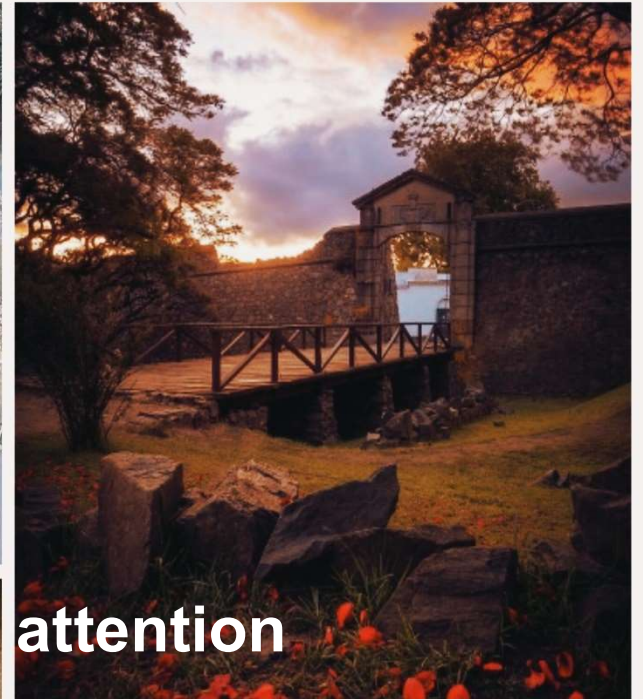


Register here for Meetings and /
or Data Rooms in Montevideo,
Houston or London



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 2nd Instance of 2019
- Very large areas (up to 16,500 km²)
- Book Data Rooms or Meetings
- 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 very much for your attention
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