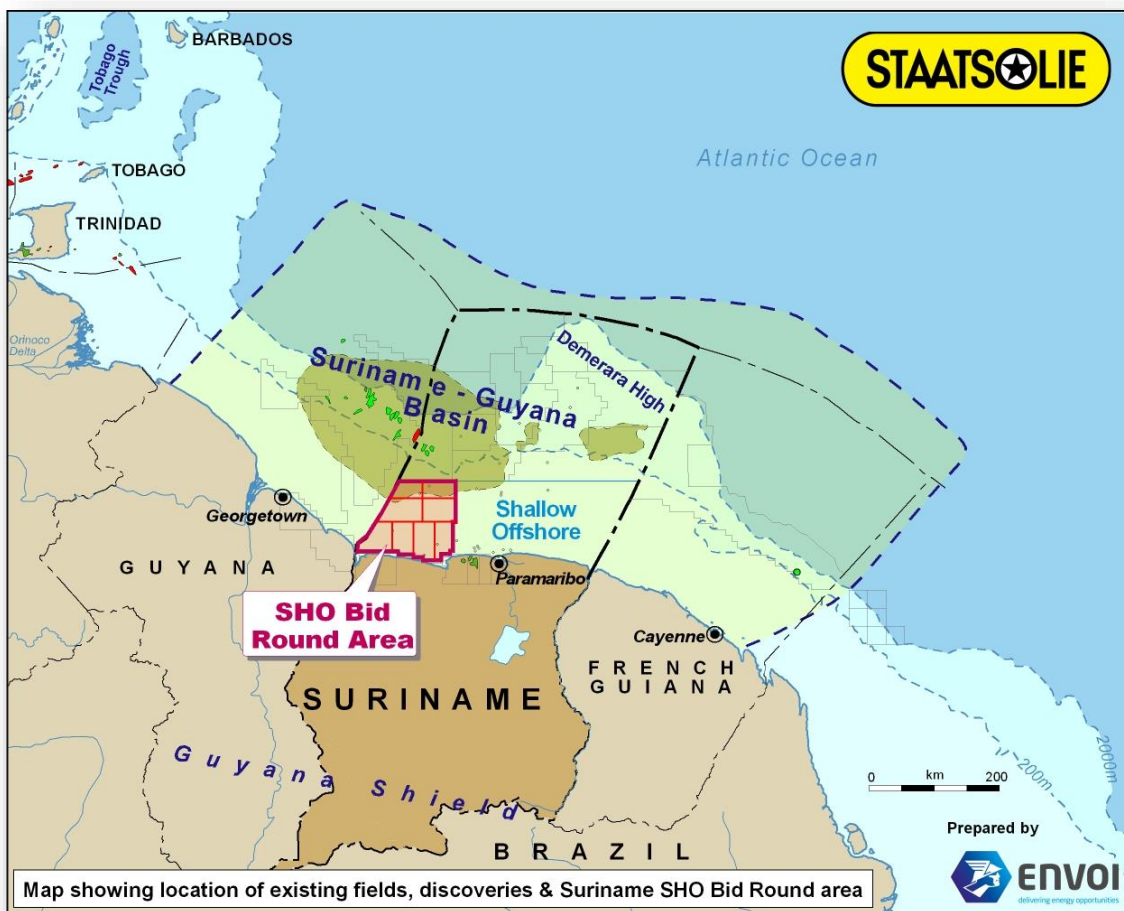


**Instruction to Bidders  
for  
Suriname Shallow Offshore (SHO)  
Bid Round  
2020/2021**



Paramaribo, 16<sup>th</sup> November 2020

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## 1. Executive Summary

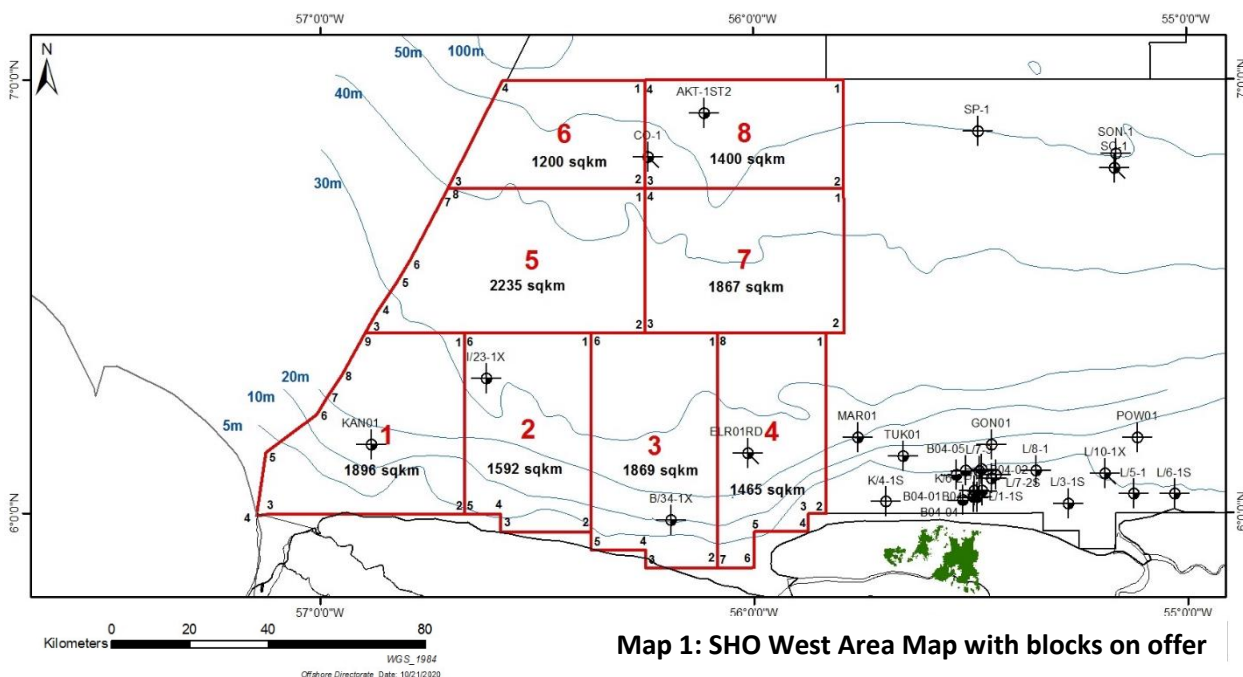
Staatsolie Hydrocarbon Institute N.V. (“SHI”), a wholly owned subsidiary of Staatsolie Maatschappij Suriname N.V. (“Staatsolie”), is pleased to announce Staatsolie’s intention to offer international and national oil companies involved in exploration and production (“E&P”), eight new blocks in the currently underexplored Shallow water acreage offshore (see Map 1: SHO West Area Map with blocks on offer). The blocks are located in the west of the Shallow Offshore (SHO) area, south of the recent deep-water discoveries made in Block 58 and north of the onshore producing fields.

This Bid Round is being launched on 16<sup>th</sup> November 2020, with the Virtual Data Rooms (VDR’s) opening on 30<sup>th</sup> November ahead of offers and award of Production Sharing Contracts to successful bidders anticipated in Q2/Q3 2021. All the necessary information related to the “Suriname Shallow Offshore Bid Round 2020/2021” will be accessible via the dedicated web page on the Staatsolie website from 16<sup>th</sup> November 2020.

The new blocks will be awarded under the terms of the petroleum legislation which governs the exploration, appraisal, development and production of hydrocarbons within Suriname (reference documents for the legislation can be accessed via <https://www.staatsolie.com/en/petroleum-regulator/#LegislationandGuidelines>). Each successful bidder or consortium will be granted 60% equity and operatorship in each block awarded, with Staatsolie retaining a 40% interest (held in its wholly-owned subsidiary, Paradise Oil Company N.V.) that will be carried through the Exploration Period.

Interested parties with appropriate E&P capability and investment resources will first register as a bidder and sign a Confidentiality Agreement. Once credentials have been verified and authorized, they will be given an initial SHO Bid Round presentation and granted access to the data via a remote Geotechnical Virtual Data Room (G-VDR) which contains appropriate technical and commercial documentation on the eight blocks on offer. An opportunity for a review of the Petrel workstation project via remote access to the Seismic Workstation Virtual Data (SW-VDR) Room will also be made available. Attendance at the initial SHO Bid Round presentation and access to the initial G-VDR is mandatory.

Access to the SW-VDR will be made available at a daily cost of US\$ 5,000. A bespoke data package is also available to lease, and will include all the data available in the data rooms, including the complete Petrel project, to enable companies to conduct their own evaluation of the SHO West Area acreage in their own offices for the full duration of the offer period at a cost of US\$ 30,000.



## 2. Introduction

Staatsolie has by law the institutional task to manage and sustain Suriname's petroleum resources. Staatsolie performs this institutional task through SHI, who executes Staatsolie's powers to invite international and national oil companies that are ready and willing to commit capital, expertise and other appropriate resources to participate in the exploration and development of the underexplored plays in the western area of Suriname's Shallow Offshore Acreage (SHO Area).

## 3. Data Access & Acreage Review Process

Interested companies can access all the information to register their interest, apply for authority to bid in the SHO Bid Round and access a pre-signed copy of the Confidentiality Agreement via the forms on a dedicated web page on the Staatsolie website ([www.staatsolie.com](http://www.staatsolie.com)).

Once companies have registered, signed the Confidentiality Agreement and been authorised as a bidder, the SHO Bid Round presentation will be arranged prior to access to the SHO Bid Round Data being made available.

This is being provided on the following three levels:

### 3.1 Level 1: GeoTechnical Virtual Data Room (G-VDR)

G-VDR contains the technical and commercial documentation required for an initial assessment of the SHO Area on offer. In addition to making all the usual documents and presentations available, the G-VDR platform will also offer a unique new 3D subsurface interaction with the available seismic and well ties via the VDR's web-based specialist third party GeoReality® interface. This facilitates the ability of views to effectively 'fly through' the key seismic lines and associated well ties, selectively choosing the data to display, including interpretations, mapped horizons, time slices and also make annotations of key features as part of a 'show-and-tell' for later use, including management presentations.

This will enable a much more targeted evaluation of the seismic data in the Seismic-Workstation available in Level 2 and optional Level 3 defined below.

### 3.2 Level 2: Seismic Workstation Virtual Data Room (SW-VDR)

#### *Initial 'One Day' Access:*

This access will be provided automatically for remote access to the Petrel seismic project for the whole SHO Area via the SW-VDR, which will enable companies to review the Staatsolie interpretation and create its own initial workstation evaluation. Initial Sessions can be booked on a 'first come – first served basis'.

#### *Extended Access:*

Interested parties may request more time in the SW-VDR at a cost of US\$ 5,000 per day, if they wish to carry out their own more detailed remote Petrel evaluations.

Detail on how to lease the Data Package are defined under Level 3 below.

### 3.3 Level 3: Leased Data Package

Staatsolie offers a single data package containing all the data available in the G-VDR and SW-VDR's, including the Petrel workstation project for a one-off leased cost of US\$ 30,000.

Details on how to access and pay for the Data Package are contained on the webpage.

There is no obligation to lease the data package, as the G-VDR and SW-VDR will remain open until 12<sup>th</sup> March 2021, but it is being made available for interested parties to have extended access to the SHO Bid Round data to enable evaluation of the data in their own offices.

Under the terms of the Data Package Lease, the data included in the package can be reviewed by such parties which purchase a lease until the SHO blocks are awarded. If and when such awards are announced and parties that have not bid or have been unsuccessful in the awards, said parties will delete all copies downloaded and duplicated and will confirm that they have done so in writing.

During the term of the lease, all data remains the property of Staatsolie. The resale of the package to third parties or their publication without the written permission of Staatsolie is strictly forbidden. Payment will not be reimbursed under any circumstances.

## **4. Formal Bid Submission Process**

### **4.1 Bid Terms**

The following terms will be required to form the basis of Bids.

Minimum Work programmes to include for:

- Phase 1: Minimum Work programmes
  - Blocks 1 to 4: 3D seismic acquisition to cover at least 50% of the block area
  - Blocks 5 to 8: 3D seismic acquisition to cover the entire block area
  
- Phase 2 and 3: Minimum Work programmes
  - Minimum of one Exploration well per phase.

### **4.2 Minimum Bids**

All bids must at least fulfil the Minimum Work Programme of Phase 1 of the Exploration Period defined for each Block above.

### **4.3 Biddable Elements**

Interested parties may offer a Signature Bonus and additional work programme elements to enhance and support their Bid submission. This may include additional seismic within or outside of the Blocks on offer if this is proposed to achieve full fold coverage, and/or exploration well commitments. All additional elements that are bid, will add points to the evaluation weighting as defined in Paragraph 5.7 and Schedule 2.

### **4.4 Consortia**

A Company may bid on its own or as part of a Consortium, and in either case may bid for as many Blocks as they wish, so long as a Company only participates in one bid for each Block on offer.

#### 4.5 Exploration Period

The Exploration Period comprises three phases of two years each. The first phase ends with a drill or drop decision requiring a commitment to drill an Exploration well prior to entering the second phase. The same commitment is required prior to entering the third phase.

Relinquishment obligations apply but may be waived as defined in Paragraph 4.6. below.

#### 4.6 Relinquishments

25% relinquishment of each Block is required at the end of each phase of the Exploration Period, although this requirement can be waived by committing to an additional exploration well.

#### 4.7 Bid Documentation

Companies may bid for one or more of the blocks on offer either individually or as part of a consortium. Each Bid Application, whether for single or multiple blocks will comprise the following Content Schedules in the following order:

##### **Bid application Contents Schedules:**

- I. A cover letter identifying the name of the sender, the company that he/she represents and notification of the block(s) for which the bid is intended
- II. Comprehensive Technical evaluation of the block(s) that are being bid for.
- III. A schedule of corresponding indicative budgets for the minimum and biddable work programmes of phase 1 of the Exploration Period (it being understood that the work obligations take precedence over expenditure of the estimated amounts)
- IV. Statement of bidders Technical and Operational capability including technical qualifications and industrial and operational experience
- V. Statement of bidders Financial Capability including
  - Audited consolidated financial statements with notes of the last three (3) years, including:
    - Balance Sheet
    - Income Statement
    - Cash Flow Statement
    - Nature of capitalization
    - Details of the financial resources available to the bidder including capital credit facilities and guarantees as evidence of the bidder's ability to finance the proposed minimum and biddable work programme
    - Any additional information supporting the financial capacity that the bidder wishes Staatsolie to take into account
- VI. HSE Requirements:
  - Health Safety and Environment (HSE) policy statements
  - Evidence of established and implemented HSE Management system(s)
  - HSE certificates according to good industry practice e.g. ISO certification
  - HSE records over the last three (3) years, including spills, site fatalities and injuries, major fires and explosions, emission, waste and main remedial efforts

For clarification, a single Bid Application can be made by an individual company or consortium for multiple blocks. In case of a single bid application for multiple blocks by a consortium, the same consortium is required for the multiple blocks, else separate bid applications are required.



#### **4.8 Language**

The bid should be submitted in the English language.

#### **4.9 Legal & Administrative Requirements**

Confirmation and suitable documentation showing the legal identity of the bidder(s).

Confirmation of the Bidder's or Consortium's 'Primary Contact' who shall be the single point of contact in the applicant company to whom all correspondence should be sent, including their name, title, address, telephone, email and any fax numbers.

A copy of the Articles of Incorporation and By-Laws of the applicant company.

#### **4.10 Timing & Deadlines Bid submission**

The Bid Round will open on 16th November 2020 and the VDR will remain open until bids are due, but only for those bidders already in the VDR by the close of play on 12th March 2021.

For clarification, no new entrants will be allowed access to the VDRs after 12th March 2021.

Bids should be submitted electronically by 12:00 Suriname Time, 30th April 2021.



## 5. Bid-Qualification and Evaluation Process

### 5.1 Process

SHI will evaluate the bids received and notify the successful bidders within 30 calendar days after the bid submission closing date.

Blocks will be awarded by entering into a Production Sharing Contract (PSC) which will be provided as part of the VDR documents.

Each proposal must be submitted electronically as an encrypted/password protected PDF document. Specific details will be provided to authorised bidders once the Confidentiality Agreement is signed.

Acknowledgement of each bid, indicating time and date of receipt, will be made by SHI by return email.

### 5.2 Confidentiality

All interested companies must follow the procedures established in this document. Any representations made to employees or officers of SHI or Staatsolie or any of its affiliates regarding the terms of the Bid Document will not be binding on Staatsolie. This document is issued solely for the assistance and guidance of potential bidders.

### 5.3 Qualification & Evaluation Criteria

The bid qualification process is the evaluation of the technical, financial and management capabilities of each company or group of companies based on the information provided as part of their bid submission for the block(s) on offer. As a minimum, the bid qualification information must comply with the requirements defined below in 5.3.1 and 5.3.2.

#### 5.3.1 Technical and Financial Capacity

This information includes amongst other the following:

- Areas in the world where current exploration and production activities are conducted, including current production and investment (exploration and production) levels.
- Pertinent documentation on the company and/or Operator's organisation and technical and financial capabilities including, but not limited to:
  - Certified balance sheets for the last three years, including income statement, cash flow statement and nature of capitalisation.
  - Names and experience of their exploration and production staff, as well as their geoscience capabilities
  - Company portfolio relating to the oil industry, specifically in exploration and production
  - Company capabilities in environmental protection and HSE compliance and statistics

#### 5.3.2 Additional Supporting Information

Any additional information supporting the financial capacity of the applicant that the bidder wishes to be considered.

#### **5.4 Consortium Split**

Qualified companies will be free to form consortia. The only restrictions that will apply are:

- Each consortium must name the Operator that has an interest of at least 40% and
- The minimum interest that may be held by any individual company in a consortium is 10%

#### **5.5 Bid Weighting**

All bids shall be evaluated on the basis of the Point System to be used for Evaluating Bids set out in Schedule 2. Where several bidders for a particular block are awarded the same number of points, each such bidder shall be required to bid a signature cash bonus for the purpose of determining the preferred bidder for that block.

#### **5.6 Final Qualification**

The decision whether to qualify each individual bidder will be made based on above listed requirements.

### **6. Specific Commercial Terms**

The PSC commercial terms have been set to ensure commerciality of even modestly sized fields whilst maintaining a suitable government share of revenues in bigger discoveries. The key terms for the SHO Bid Round are described below.

#### **6.1 Royalty Rate**

A Royalty Rate of 6.25% of gross production is applicable offshore.

#### **6.2 Income Tax Rate**

The rate of Income Tax is 36% and will be applicable for the duration of the PSC.

#### **6.3 Cost Oil Ceiling**

Per calendar year a maximum of 80% of the gross production, minus royalty, shall be used for recovery of exploration, development and production costs.

## 6.4 Profit Oil split

In accordance with model PSC article 14.7, the Profit Oil split will be:

R- Factor Slices	Contractor Share (%)	Staatsolie Share (%)
0 - < 1.00	85%	15%
1.00 - < 1.25	80%	20%
1.25 - < 1.50	75%	25%
1.50 - < 1.75	75%	25%
1.75 - < 2.00	70%	30%
2.00 - < 2.25	70%	30%
2.25 - < 3.00	60%	40%
>= 3.00	30%	70%

## 6.5 Carried interest

Paradise Oil Company N.V. ('POC', a wholly owned subsidiary of Staatsolie) will be carried through the Exploration Period for a 40% working interest. POC will thereafter participate as a paying partner in all Development and Production Periods as defined in the PSC.

## 7. Promotional Events

SHI is planning to conduct at least one virtual SHO Bid Round Seminar in January 2021 with provisional dates to follow.

The event is likely to use one of the virtual conference platforms allowing introduction and presentation of the technical and commercial potential, as well as the legal and bid round mechanics, with online Q&A and time to meet and discuss the opportunity with Staatsolie and its agents online in the social breaks.

## 8. Calendar of Key SHO Bid Round Events

Instruction to Bidders issued to industry	16 <sup>th</sup> November 2020
Bidder Authorisation & Confidentiality Process opens	16 <sup>th</sup> November 2020
VDR Data Room opens	30 <sup>th</sup> November 2020
Close registration & access to VDR for new bidders	12 <sup>th</sup> March 2021
Closing Bid submission process	30 <sup>th</sup> April 2021 at 12:00 Suriname time
Notification to winners	31 <sup>st</sup> May 2021
PSC signing	Q2/Q3 2021

## 9. Representations, Warranties & Reserved Rights

While the information made available in this document and the information which may subsequently be made available, whether as a supplement to this Bid Document, in answers to questions from prospective bidders, or in the data packages, is believed to be fairly presented, neither Staatsolie nor any of its affiliates, their employees or agents makes any representation or warranty, either express or implied, as to the correctness of such information nor will they accept any claim for damages if such information proves to be incorrect.

Staatsolie reserves the right, at its sole discretion, prior to the submission of bids, to:

- Withdraw all or any of the blocks offered
- Waive any condition to the bid qualification of any company
- Revise the schedules, procedures and conditions pertaining to the “Suriname Shallow Offshore Bid Round 2020/2021”

Staatsolie also reserves the right, at any time, in its sole discretion, to declare any bid or the entire “Suriname Shallow Offshore Bid Round 2020/2021” void.

International and national oil companies submitting bids shall accept that in no event a claim may be filed against the Government of the Republic of Suriname, Staatsolie or any of its affiliates or any of their agents or employees as a result of any such decision.

## 10. Communications

All communications regarding “Suriname Shallow Offshore Bid Round 2020/2021” must be sent digitally by email to both contacts below.

**Contacts :**

<p>Mr Mike Lakin (MD) Envoi Limited Old Stables House, 1d Manor Road, London, W13 0LH United Kingdom</p> <p>Phone: +44 (0)8566 1310 Email: <a href="mailto:deliver@envoi.co.uk">deliver@envoi.co.uk</a></p>	<p>Ms Angèle Ramsaransing-Karg (Director) Staatsolie Hydrocarbon Institute N.V. (SHI) Dr. Ir. H.S. Adhinstraat # 21 Paramaribo Suriname</p> <p>Email: <a href="mailto:BidRound@staatsolie.com">BidRound@staatsolie.com</a></p>
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## 11. Waiver

In submitting a bid under the terms and conditions given in this official bid document any oil company or member of a consortium submitting a bid, accepts the said terms and conditions and waives any recourse to appeal or litigation in any jurisdiction except as provided herein.

This document replaces all previous communications from Staatsolie or any of its affiliates on the “Suriname Shallow Offshore Bid Round 2020/2021”.

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## Schedule 1. Geographical Description of Blocks

The boundary of blocks on offer is defined by the geographical co-ordinates in terms of the WGS 84 geodetic datum, WGS 84 spheroid.

### Geographic Coordinate System of the coordinates

Region	South America, Suriname
Datum	World Geodetic System 1984 (WGS 84)
Spheroid	World Geodetic System 1984
Semi-Major Axis	a=6378137.000 m
Semi Minor Axis	b=6356752.314 m
First Eccentricity Squared	e <sup>2</sup> =0.006694379
Inverse Flattening	1/f=298.2572236

The boundary follows lines of equal latitude or longitude.

Block	Area Km <sup>2</sup>	Point	Latitude	Longitude
1	1896.55	1	6°25'0" N	56°40'0" W
		2	6°0'0" N	56°40'0" W
		3	6°0'0" N	57°7'30" W
		4	5°59'46.21" N	57°8'50.48" W
		5	6°8'33" N	57°7'33" W
		6	6°13'47" N	57°0'27" W
		7	6°16'19" N	56°59'3" W
		8	6°19'17" N	56°57'1" W
		9	6°25'0" N	56°53'48.525" W
2	1592.5	1	6°25'0" N	56°22'30" W
		2	5°57'30" N	56°22'30" W
		3	5°57'30" N	56°35'0" W
		4	6°0'0" N	56°35'0" W
		5	6°0'0" N	56°40'0" W
		6	6°25'0" N	56°40'0" W
3	1868.86	1	6°25'0" N	56°5'0" W
		2	5°52'30" N	56°5'0" W
		3	5°52'30" N	56°15'0" W
		4	5°55'0" N	56°15'0" W
		5	5°55'0" N	56°22'30" W
		6	6°25'0" N	56°22'30" W
4	1465.54	1	6°25'0" N	55°50'0" W
		2	6°0'0" N	55°50'0" W
		3	6°0'0" N	55°52'30" W
		4	5°57'30" N	55°52'30" W
		5	5°57'30" N	56°0'0" W
		6	5°52'30" N	56°0'0" W
		7	5°52'30" N	56°5'0" W
		8	6°25'0" N	56°5'0" W

Block	Area Km <sup>2</sup>	Point	Latitude	Longitude
5	2234.83	1	6°45'0" N	56°15'0" W
		2	6°25'0" N	56°15'0" W
		3	6°25'0" N	56°53'48.525" W
		4	6°28'1" N	56°51'70" W
		5	6°32'12" N	56°49'22" W
		6	6°35'13" N	56°46'92" W
		7	6°44'39" N	56°42'34" W
		8	6°45'0.812" N	56°42'22.958" W
6	1199.88	1	7°0'0" N	56°15'0" W
		2	6°45'0" N	56°15'0" W
		3	6°45'0.812" N	56°42'22.958" W
		4	7°0'0" N	56°34'47.465" W
7	1867.54	1	6°45'0" N	55°47'30" W
		2	6°25'0" N	55°47'30" W
		3	6°25'0" N	56°15'0" W
		4	6°45'0" N	56°15'0" W
8	1399.84	1	7°0'0" N	55°47'30" W
		2	6°45'0" N	55°47'30" W
		3	6°45'0" N	56°15'0" W
		4	7°0'0" N	56°15'0" W

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## Schedule 2. Summary of Bid Weighting

In addition to the 'Minimum Work Programme' obligations set out in Section 4.1 above, the following points will be awarded to the bid evaluation weighting based on the Biddable Items each bid includes as follows:

<b>Biddable Item</b>	<b>Quantity bid</b>	<b>Points*</b>
Signing Bonus	US\$ (USD)	3 pts per 500,000 USD
Additional 3D seismic	Km <sup>2</sup>	10 pts per 1,000 km <sup>2</sup>
Exploration Well	#	30 pts per well

\*Point will be awarded proportionately to quantities bid.

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