Petrolem Policy and Management Project

Philippine Case Study

Exploration and Investment Strategies
In the Frontier Basins

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Outline

√ Definition of Frontier Basin and Location

√ Petroleum Policy of Frontier Basin and Incentives Offered

√ Licensing Mechanism
Definition of Frontier Basin

The frontier basin is a basin where the exploration activities have not been carried out or a basin with short-term exploration activities and a significant volume categorized as undiscovered resources.

Location of frontier basins

- Tonle Sap Basin
- Kampong Som Basin
- Khmer Basin
- Eastern Basin
Outline

- Definition of frontier basin and location
- Petroleum Policy of Frontier Basin and Incentives offered
- Licensing mechanism

Petroleum Policy

- To provide an adequate supply of energy throughout Cambodia at reasonable and affordable prices.
- To ensure a reliable, secure electricity supply at prices that facilitate investment in Cambodia and development of the national economy.
- To encourage exploration and environmentally and socially acceptable development of energy resources needed for supply to call sectors of the Cambodian economy.
- To promote exploration and development of the Tonle Sap area, onshore Cambodia.
- To continue to seek a mutually beneficial resolution of the overlapping claimed area between Cambodia and Thailand.
Petroleum Policy

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Incentives !!!

Outline

- Definition of frontier basin and location
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- Licensing mechanism
Invitation for Bid

In case where the Cambodian Government desires to conduct
Petroleum Operations by employing a contractor, the Cambodian
National Petroleum Authority will issue an invitation for bid and
publish notice thereof, in national and international newspaper
describing a time limit of at least sixty (60) days for the submission
of bids.

The following details shall be mentioned in invitation for bid:
- The Exploration Blocks open for Petroleum Operations.
- Basic information about the Exploration Blocks.
- Bidding fee
- Other necessary particular

Particulars to be mentioned in Bid

A company desirous of undertaking Petroleum Operations shall submit a
sealed bid to CNPA with the following details:

(a) Evidence showing that the bidder is a company.
(b) Name and address of the authorized to act on behalf of the bidder.
(c) Evidence showing that the bidder commands capital, machinery,
equipment, tools and specialists required for undertaking Petroleum
Operations.
(d) Methods and time schedule of Exploration Operations.
(e) Minimum work program and budget for the exploration Period
   (including two extensions)
(f) In the event that the bidder is to be a joint venture of two or more persons,
   particulars pertaining to their relationship, responsibilities and percentage
   interest.
(g) Annual Work Program and Budget for the first Contract Year.
Evaluation of Bids

- Upon receipt of bids the CNPA shall evaluate them according to the following criteria:
  (a) Financial competence of the bidder.
  (b) Technical competence and professional experience of the bidder.
  (c) Experience of the bidder in Marketing of Petroleum
  (d) Proposed minimum work and expenditure obligations during the exploration period.
  (e) Proposed allocation of Net Petroleum
  (f) Proposed educational and training facilities.
  (g) Other facilities and benefits proposed.
  (h) Any other relevant particulars.
- In the course of evaluation of bids, CNPA may ask for additional details or clarification on any matters from any bidder.

Negotiations and Approval of Bids

- Negotiations
  After evaluation of bid, CNPA may undertaking negotiations with any qualified bidder

- Approval of Bids
  On the basis of its evaluation of bids and negotiations with bidders, CNPA will forward the bids with its recommendations to the Cambodian Government for approval and the Cambodian Government shall decide whether or not to sign any Petroleum Agreement.
CNPA shall inform any bidder approved by the Cambodian Government pursuant to Article 7 (Approval of bids), and notify it of the date, time and place for signing the Petroleum Agreement.

In case a successful bidder without proper reason fails to appear for signing the Petroleum Agreement at the time mentioned in the notice sent above, the Cambodian Government may make alternative arrangements.

Direct Negotiation !!!

Thank you very much For your attention