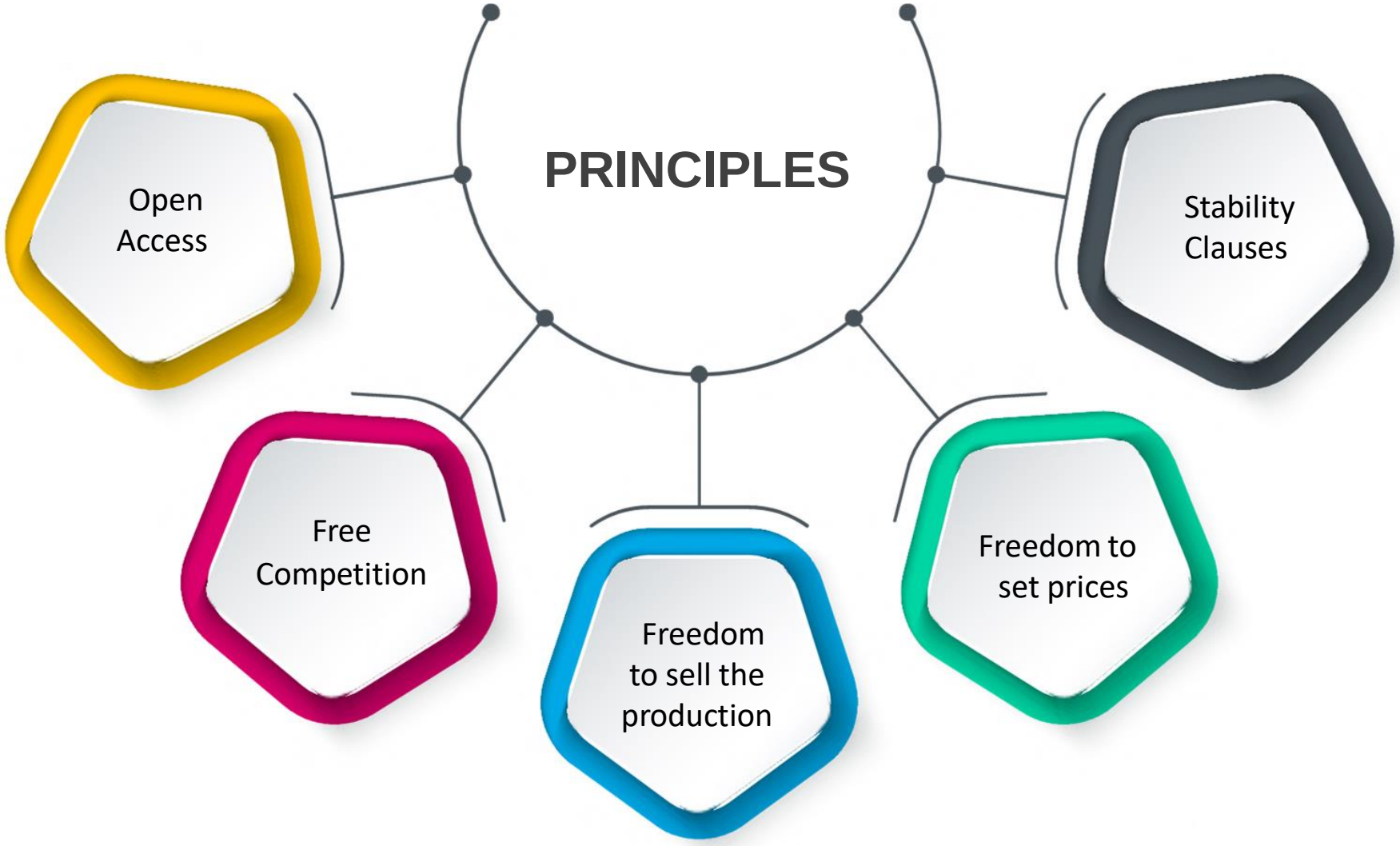
PERUVIAN CONTRACTING FRAMEWORK

Perú petro

Framework


PRINCIPLES
Open Access
Stability Clauses
Free Competition
Freedom to sell the production
Freedom to set prices

How to Step in Peru?

DIRECT NEGOTIATION:

- Prove High Technical Capacity, or
- Listed in the “The Energy Intelligence Top 100: Global NOC & IOC Rankings” or “Top 250 Global Energy Company Rankings”.

SELECTION PROCESS

- New and mature blocks to be offered between 2020-2022.

TECHNICAL EVALUATION AGREEMENTS

- On Frontier and Semi-explored areas.
- First Option Right to Negotiate a License Agreement.

Technical Evaluation Agreements

- Area exclusivity: **maximum 690,000 ha** (with exceptions).
- **Right of First Option for direct negotiation** of a License Contract.
- Possibility to accredit multi-client data.
- OC shall submit progress, evaluation and final reports
- Bond for 10% of the work program total value or US$20,000, whichever is greater.

- Non intrusive geophysical methods
- Geochemical methods
- Modeling of Petroleum Systems
- Cartographic Satellite methods
- Geological-geophysical reevaluation
- Seismic Reprocessing
- Aerogravimetry / Aeromagnetometry
- Other of superficial prospection (sampling and analysis)

License Contracts

EXPLORATION PHASE

7 years + 3 years extension

PRODUCTION PHASE

- Oil and Associated-Gas:
  Up to 30 years
- Non-associated Gas:
  Up to 40 years

01

Ability to keep Non Commercial Discoveries:

- 05 years for Oil to enable transportation.
- 10 years for Non-associated Natural Gas to develop a market.

02

Exploratory Working Units in excess may be carried forward to the following periods.

03

Accreditation of Multi-client Data

Royalties

ROYALTIES ARE LINKED TO SUCCESS

a) from **5% to 20%**, depending on the volume of production

Production (MBPD)	Royalty (%)
< 5	5
5 – 100	5 – 20
> 100	20

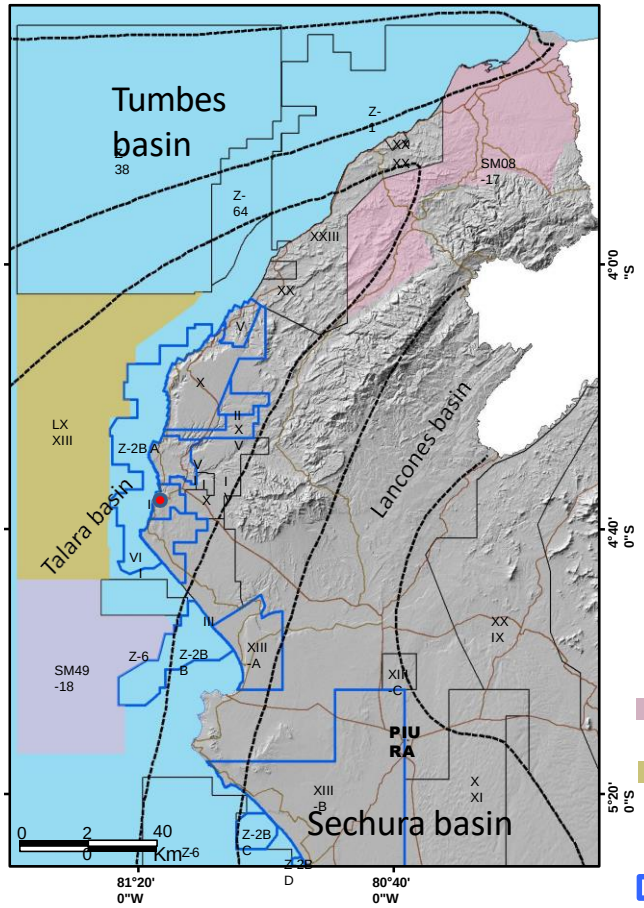
b) from 5% to 25% depending on a “R” Factor.

Income Tax: 29.5 % + 2% Stability Fee

Important Rules

- **Qualification Requirements**: simplified process for Top 100.
- **New Citizenship participation rules**: more and better information.
- **Prior Consultation** to Native Communities.
- Environmental **Certification**.

AREAS



Available Areas

Areas under Technical Evaluation Agreement

Blocks close to expire

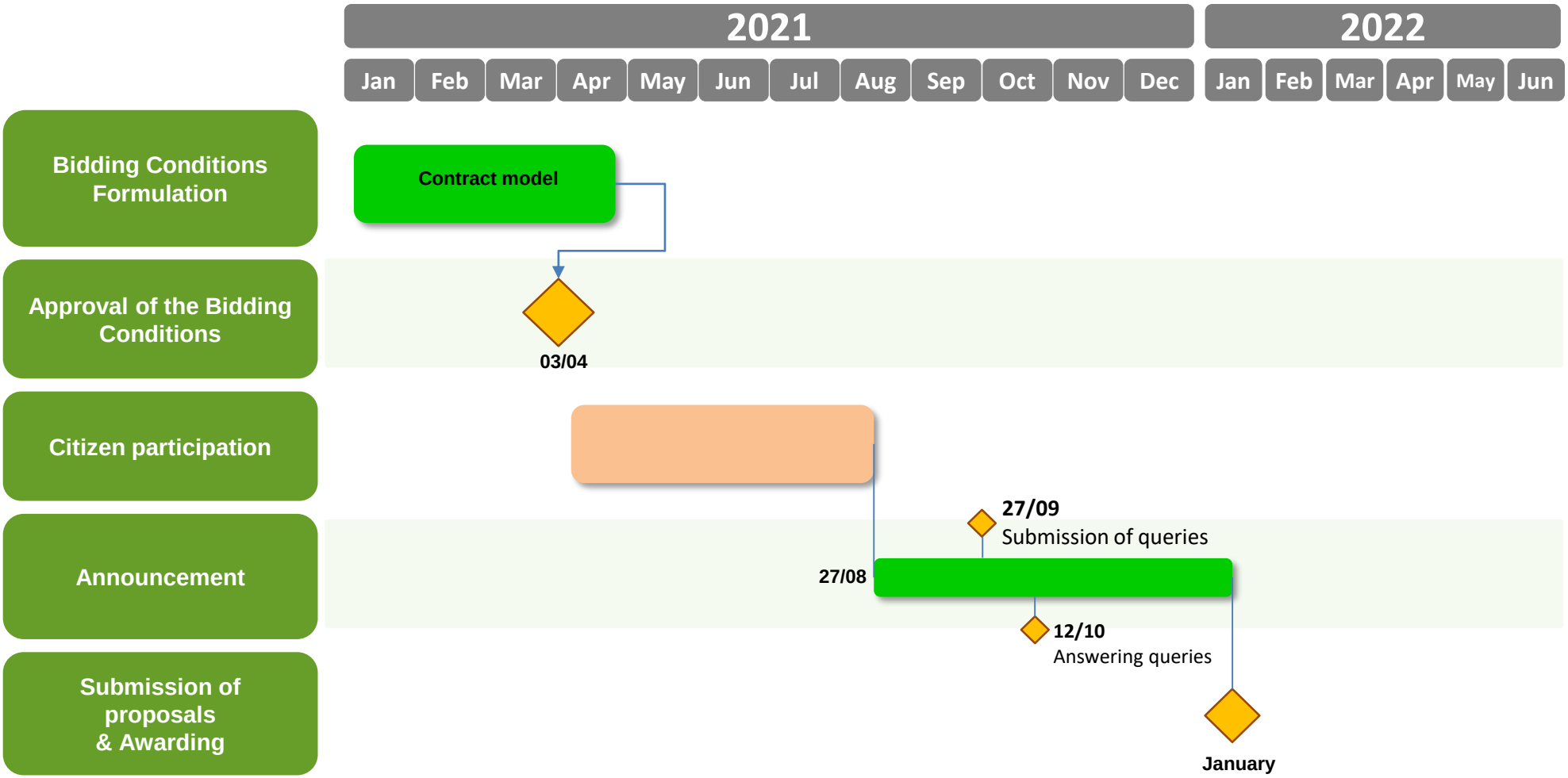
PACKAGES	N°	COMPANY	BLOCK	START DATE	TERMINATION DATE	Time remaining (years)
N°1	1	GMP	I	27.12.91	24.12.2021*	1.6
	2	PETROMONT	II	05.01.96	04.01.2026	5.69
	3	GMP	V	08.10.93	05.10.2023	3.41
	4	SAPET	VI_VII	22.10.93	21.10.2023	3.45
	5	CNPC	X	20.5.94	19.05.2024	4.04
	6	PETROMONT	XV	28.05.98	25.05.2028	8.03
N°2	7	SAVIA	Z-2B	16.11.93	15.11.23	3.52
	8	PLUSPETROL	8	20.05.94	19.05.24	3.7
	9		201			

*New service contract for 22 months

SCHEDULE: CONTRACTING ACTION PLAN

(Blocks close to expire)

PACKAGE N° 1



Estimated dates

BIDDING PROCESS – KEY FACTS

- **Demand for natural gas**, lack of infrastructure to reach the market.
- **Potential for energy renewable projects** (Energy companies)
- **No signing bonuses**.
- All our **information** is totally **free**.
- Reinforcement of **Social Engagement Strategy.**
- After the consequences of COVID the country needs to move the **economy – investments – labor – commerce**.
- We are open to apply **suggestions** to make a process more attractive.

BIDDING PROCESS – KEY FACTS

- Areas already producing oil and some of them associated gas. **Cashflow from day 1**.
- **Possible resize of areas** to create more value.
- Current operators are small or medium size companies. **Potential partnerships** with current operators.
- **Secondary Recovery**, **EOR** and **Deepwater** Exploration opportunities.
- **Unconventional** to be unlocked.
- Petroperu the NOC is completing a **new refinery** in the same city of the production areas with a demand of 95 000 mbd. Market close by.
- Existing **infrastructure** for oil.