

GUIDELINES FOR OIL COMPANIES QUALIFICATION

According to what is set for in Article 11 of Law N° 26221, Hydrocarbons Organic Law, whose Unique Ordered Text was approved by Supreme Decree N° 0402-2005-EM (hereinafter referred to as “Law”); License Contracts, Services Contracts and other contracting procedures authorized by the Ministry of Energy and Mines, to perform hydrocarbon exploration and exploitation activities, referred to in Article 10 of the Law (hereinafter referred to as “Contracts”) may be concluded by direct negotiation or by competitive bidding, at criterion of the Contracting Party, PERUPETRO S.A.

At the same time, according to what is established for in Article 2 of the Bylaws of Oil Companies Qualification, approved by Supreme Decree N° 030-2004-EM and amended by Supreme Decree N° 001-2012-EM (hereinafter referred to as “Bylaws”), any Oil Company (hereinafter “OC”) shall be duly qualified by PERUPETRO S.A. to start a Contract negotiation or to sign Technical Evaluation Agreements (hereinafter “Agreements”).

In this respect, according to the Bylaws, this document establishes the guidelines to be applied by PERUPETRO S.A. in the qualification process of Oil Companies and Oil Companies Consortiums to participate as Contracting Party in Contracts and Agreements.

1. GENERAL PRINCIPLES

- 1.1 By means of the Qualification Process PERUPETRO S.A. determines, previous evaluation, the legal, technical, economic and financial capacity of an OC to fulfill with all the contracting obligations, according to the area characteristics, the expected investment required and the fulfillment of the corresponding legal standards.
- 1.2 As per it is established in the Bylaws, PERUPETRO S.A. will perform the Qualification Process in the following situations: i) entering into Contracts by direct negotiation or competitive bidding ii) assignment of contract position or association with third parties; and iii) entering into Agreements.

In the event that any of the OC capacities, for which the Qualification has been granted varies according to article 3° of the Bylaws, PERUPETRO S.A. will perform an evaluation according to the Bylaws and Guidelines.

2. QUALIFICATION PROCESS

- 2.1 The Qualification Process includes PERUPETRO’s evaluation of the legal, technical, economic and financial capacity of an OC with experience or without experience, as per it is established in 11° and 12° Articles of the Bylaws, respectively.

The evaluation of the OC technical capacity and the economic and financial capacity will be performed according to what is mentioned in section 3 and 4 of these Guidelines, respectively.

2.2 The Qualification process starts when the OC submits a request to PERUPETRO S.A., signed by a duly accredited representative, indicating, for Qualification purposes: i) identification of the representatives before PERUPETRO S.A. and, ii) Contact information, including an address in Peru or, in the absence of it, an email address with acknowledgement of receipt, to receive communications.

The request shall be accompanied by the documents mentioned in Articles 5 and 6 of the Bylaws. For presentation purposes, the OC shall comply with what is mentioned in section 2.4 of these Guidelines.

2.3 The evaluation of the OC shall be made with regard to the company, its head office or corporation as it may correspond, according to Article 3 of the Bylaws.

2.4 The submission of documents by the OC will be subject to Articles 5, 6 y 7 of the Bylaws, considering the following:

- Documentation shall be submitted to PERUPETRO S.A. duly numbered and including an index. It could be delivered in digital, in PDF format (in color with minimum resolution of 300 dpi, with a quality assuring correct display and printing and without restrictions for editing or printing); in this case physical version of the sworn declarations specified in Articles 5 and 6 of Bylaws shall be enclosed.
- Excepting the sworn declarations requested by Articles 5 and 6 of the Bylaws, in the event the documentation or information requested is in possession of PERUPETRO S.A., the OC representative shall mention it in the Qualification Request, indicating, if it corresponds, the date of submission of said documentation or information to PERUPETRO and if such documents and/or information have not varied.
- In relation to the documentation referred to in section d) of Article 5 of the Bylaws, Financial Statements to be submitted by the OC shall correspond to the fiscal years ended according the respective jurisdiction, audited by an auditing firm and shall be submitted completely, including notes.
- The Financial Statements shall be accompanied by a sworn declaration signed by the OC representative, indicating its residual equity, corresponding to the last three (03) years (or two (02) last years, in case of having less than three (03) years of operation) discounting transactions not implying cash flow, such as valuations, goodwill, mercantile credits, intangibles, restricted cash and investment committed in other blocks.
- If the OC submits its Qualification request within the three (03) months following to the end of the most recent fiscal year and does not have yet the Audit report of the financial statements corresponding to that period, only in relation to that fiscal year, the OC shall submit the non-audited Financial Statements, projected at the end of the year, signed by its representative or accountant. Provided that the OC mentions that there would not be any substantial variation in relation to the values that will be audited at the end of said fiscal year.

In such cases, the OC shall submit the audited Financial Statements of the last fiscal year during the next four (04) months after the end of such year. If the OC does not comply in submitting the audited Financial Statement during the term established or if

the information contained in these differs substantially from the one submitted originally, to such a degree that PERUPETRO S.A. concludes that the OC does not comply with the economic-financial qualification criteria mentioned in numeral 4 of these Guidelines, the General Manager of PERUPETRO S.A. reserves the right to revoke the Qualification Attestation previously granted.

The alternative described in the third and fourth paragraphs will not apply to those Qualifications granted during a bidding process unless otherwise is established in the bidding conditions.

- Related to documents translation mentioned in Article 8 of Bylaws, the OC could submit a simple translation including the name and signature of the translator, duly identified.
- Concerning the documents mentioned in Article 5 of Bylaws, these shall be submitted by the OC organized in tables, including, if it is the case, the corresponding references to the support documents.

At the same time, the OC shall submit an international certification or an internal documentation of the OC supporting the implementation of an environmental management system for its hydrocarbon exploration and exploitation activities during the last three (03) years.

- 2.5 As per it is established in Articles 13 and 14 of the Bylaws, once the OC evaluation process has finished, the General Management of PERUPETRO S.A. shall issue the Qualification Certificate as per Appendixes N° 1 or N° 2, or if it is the case, shall inform about the denial of it.

In case of bidding processes, PERUPETRO S.A. shall issue the Qualification Certificate according to what is set for in the respective Bidding Conditions.

3. EXPERTISE EVALUATION

To the effects of the OC expertise evaluation, in accordance with what is established in Articles 11 y 12 of the Bylaws, it is considered the following:

3.1 OC WITH EXPERIENCE

- 3.1.1 To accredit expertise of an OC, according to in Articles 11 y 12 of Bylaws, it is considered the following:

a. General minimum experience in operations

Having acted as operator during two (02) years in one (01) Contract ¹, during the last three (03) years, or having acted as non-operator partner during two (02) years in three (03) Contracts, during the last three (03) years.

b. Specific experience in operations

¹ To the effects of section 3.1, only in relation to the acquired experience, Contract will be understood as any contracting modality, included in Article 10 of the Peruvian Law, as well as any contract or right authorizing the holder to perform hydrocarbon exploration and exploitation activities in other country.

- Having drilled one (01) Exploratory or Development Well in one (01) contract during the last three (03) years, with an equal or greater minimum depth in which the reservoirs identified in the contracting Area are located, or, if it is not possible, at the minimum depth it shall be located according to PERUPETRO's estimates, or
- Having maintained, during two (02) of the three (03) above mentioned years, in one or more Contracts, the average production of the Block to be contracted, corresponding to the last two (02) years, in barrels of oil equivalent ²per day; or, if it is not possible, an average production of one thousand (1,000).

c. Expertise in environmental management

The OC shall prove having implemented and/or applied an environmental management system for its hydrocarbon exploration and exploitation activities during the last three (03) years.

In case of offshore blocks, the fulfillment of the conditions mentioned in the preceding sections a, b and c, shall be accredited in projects with similar characteristics.

The specific expertise acquired by the OC as Operator in a Contract will be 100 per cent considered (100%) independently from its percentage participation in the same; the expertise acquired by the OC as non-operator partner will be weighted according to its respective participation percentage.

3.1.2 In cases duly justified by the characteristics of the Area to be contracted, PERUPETRO S.A. could establish, for new Contracts, within the framework of the Bylaws, higher or additional conditions to those mentioned in the preceding section 3.1.1. At the same time, for duly supported cases, exceptional conditions to those mentioned in numeral 3.1.1 may be established, as well as these have been previously approved by the Board of Directors of PERUPETRO S.A., according to Bylaws.

3.1.3 In order to accredit technical capacity to be holder of a Technical Evaluation Agreement the OC shall have at least sharing, in one (01) Contract during the last three (03) years; or if it is not possible, shall prove, at PERUPETRO's satisfaction, that the OC managerial and technical staff has equivalent experience.

Notwithstanding the above, for specific Areas, PERUPETRO S.A. may request that the OC proves, under numeral 3.1.1., technical capacity to be Contractor.

² To the effects of the Qualification process, a conversion ratio of six thousand (6,000) cubic feet of natural gas will be considered.

- 3.1.4 Alternatively, to what is established in numeral 3.1.1 of these Guidelines, if the OC appears as oil and gas exploration and production company, or as integrated oil and gas company, in the last publication of “The Energy Intelligence Top 100: Global NOC & OIC Rankings”, the Platt’s Top 250 Global Energy Company Rankings” or any publication replacing these, the technical capacity as Contractor will be accredited.
- 3.1.5 In case of an OC that has not performed Hydrocarbon exploration and exploitation activities during the last three (03) years, mentioned in paragraph e, Article 5 of Bylaws, numeral 3.1.1 shall not apply.

3.2 OC WITHOUT EXPERIENCE

In case of an OC without experience, the following will be considered, in relation to technical capacity:

a. Commitment of Partnership with an Operator

In case the OC opts to sign a Commitment Partnership with an operator with technical capacity to perform hydrocarbon exploration and exploitation activities, as per paragraph b, Article 6 of Bylaws, this shall assume the position of Operator in the Consortium and shall comply with what is established in paragraph 3.1 of these Guidelines.

b. Contract signed with an Oil Company with experience

In case the OC opts to sign a contract with an Oil Company with experience, to perform oil services, as per literal b) of Article 6 of Bylaws, this latter shall comply with what is mentioned in paragraph 3.1 of these Guidelines. In this case, the experience mentioned in literals a) and b) of numeral 3.1.1 could be accredited by its participation as Contractor in Contracts or by services rendered to Contractors in Contracts, if applicable.

4. EVALUATION OF ECONOMIC AND FINANCIAL CAPACITY

To the effects of evaluating the economic and financial capacity, according to what is established in Articles 11 and 12 of the Bylaws, it is considered the following:

- 4.1.1 In order to accredit the economic and financial capacity of the Contractor, in a Contract, the fifty percent (50%) of the OC residual net worth average corresponding to the last three (03) years (or two (02) last years, for an OC with less than three (03) years of existence), shall be, as minimum, equivalent to the value of the required investment amount for the Block to be contracted, according to PERUPETRO estimations.

It shall be understood as OC residual net worth, the net worth discounted from transactions not involving cash flow, such as: valuations, goodwill, commercial credits, intangibles, restricted cash and committed investment in other Blocks³.

³ Concepts defined in Appendix No. 3 - Glossary

4.1.2 To apply what is mentioned in numeral 4.1.1, required investment for the Block to be contracted shall be estimated by PERUPETRO S.A., according to the following:

- For Hydrocarbons Exploration and Exploitation Contracts, the investment amount to execute until the drilling of the first exploratory well shall be considered.
- For Hydrocarbons Exploitation Contracts, the total investment amount to execute in the compulsory work program shall be considered.
- In case of assignment of contractual status or partnership with third parties, corporate reorganization or replacement of corporate guarantor, the amount of pending investments in execution, corresponding to the following period of the exploration phase, shall be considered. In the exploitation phase, the amount of investments to execute, according the last five years work program submitted by the Contractor, or, in the absence, the amount of investment to be executed according the Development Plan, shall be considered.
- For Agreements: the total investment amount to be executed in the Agreement work program shall be considered. In case of the scenario mentioned in the second paragraph of numeral 3.1.3 the investment amount predictably required for a Hydrocarbons Exploration and Exploitation Contract in the Agreement Area shall be considered.

4.1.3 Alternatively, to what is established in numeral 4.1.1 of these Guidelines, the economic and financial capacity to act as Contractor in a Contract will be considered as proved in the following cases:

- If the OC appears as oil and gas exploration and production company, or oil and gas integrated company in the last publication of “The Energy Intelligence Top 100: Global NOC & IOC Rankings” or in “The Platt’s Top 250 Global Energy Company Rankings”, or the publications replacing these.
- If the OC submits PERUPETRO S.A. a favorable report regarding its financial solvency, issued by a rating agency authorized by the Stock Market Superintendence – SMV.
- If the OC submits PERUPETRO S.A. a sworn declaration committing to open an escrow account or a bank trust with specific purposes for the execution of the obligations to be undertake in the Contract or Agreement through an entity of the Financial System, for an initial amount equivalent to the investment required as per is established in the numeral 4.1.2; which will be verified on the signing date of the Contract, the Contract amendment or the Agreement.

4.1.4 In duly justified cases, due to the characteristics of the Area to be contracted, PERUPETRO S.A. could establish, for new Contracts, within the framework of what is established in the Bylaws, additional or higher conditions to prove financial and economic capacity. At the same time, for properly supported cases, exemptions could be established, different to the conditions established in the preceding numerals, as well as these has been previously approved by the Board of Directors of PERUPETRO S.A., within the framework of the Bylaws.

5. CONSORTIUMS

In case of Consortiums, requirements requested to the OC shall be applied and specifically the following:

- 5.1 For the Qualification Process, the qualification request and the above-mentioned documents shall be submitted by each OC participating in the Consortium. In this case, the request of the OC shall indicate the Consortium structure, with the respective sharing percentages and the Operator, and if the requesting OC needs to be Qualified as Operator.
- 5.2 In case of Consortium, the technical capacity evaluation, as per preceding numeral 3.1.1, it shall be optional for the OC with experience participating as non-Operator partner, as long as it maintains that capacity.
- 5.3 The evaluation of the financial economic situation in case of Consortiums will be individually evaluated, weighing the value of the required investment for the Block by the sharing percentage of the OC in the Consortium.
Alternatively, the economic and financial capacity of the Consortium as Contractor will be considered as accredited when at least one of the participating OC complies individually with what is established in numeral 4 of these Guidelines without exempting the other participating OC of the responsibilities before PERUPETRO S.A. for the obligations established and derived from the Contract.

Appendix N° 1
Contract Qualification Attestation Model

ATTESTATION OF QUALIFICATION

Upon request of, introduced according to Oil Companies Qualification Bylaws approved by Supreme Decree N° 030-2004-EM and amended by Supreme Decree N° 001-2012-EM, regarding its legal, technical, economic and financial capacity to assume the per cent (%) of sharing in the (License/Services/...) Contract for the Hydrocarbons (exploration and exploitation/ exploitation) in Block , after reviewing the submitted documentation:

PERUPETRO S.A. has determined that the company has the necessary legal, technical, economic and financial capacity to assume (directly / through its subsidiary ... / through a branch office ...) the per cent (...%) of sharing in the (License/Services/...) Contract for the Hydrocarbons (exploration and exploitation/ exploitation) in Block , as (Operator / Non Operator) and perform hydrocarbon exploration and exploitation activities in the mentioned Block.

The granting of this attestation does not give rise to any right over the Contract Area.

San Borja,

General Manager
PERUPETRO S.A.

Appendix N° 2
Agreement Qualification Attestation Model

ATTESTATION OF QUALIFICATION

Upon request of, introduced according to Oil Companies Qualification Bylaws approved by Supreme Decree N° 030-2004-EM and amended by Supreme Decree N° 001-2012-EM, regarding its legal, technical, economic and financial capacity to assume as holder of the Technical Evaluation Agreement in Area , after reviewing the submitted documentation:

PERUPETRO S.A. has determined that the company has the necessary legal, technical, economic and financial capacity to assume (directly / through its subsidiary ... / through a branch office ...) as holder of the Technical Evaluation Agreement in Area

The granting of this attestation does not give rise to any right over the above-mentioned Area.

San Borja,

General Manager
PERUPETRO S.A.

Appendix N° 3
Glossary

Residual net worth: All own resources of an entity, which consists of the difference between its assets and liabilities based on the applicable financial and accounting standards, discounting transactions not involving cash flow, such as: valuations, goodwill, commercial credits, intangibles, restricted cash and committed investment in other Blocks.

Good will: Difference between the value in books and the market value of an entity in relation to the acknowledgement of special attributes which imply the generation of future economic benefits and which are characterized as not being able to be identified individually or recognized separately (brand reputation, workforce, credit reputation, products and services prestige, client portfolio, within others).

Valuations: To be understood as those revaluations of the assets of an entity through which the value in books of these goods has increased.

Restricted cash: Cash in hand and banks in relation to which an entity only could make it available totally or partially in special conditions or for specific purposes. Such restrictions may derive from legal, statutory or other dispositions.

Investment committed in other oil blocks: Own or product of financing resources of an entity, allocated for the fulfillment of the obligations in oil blocks different to the one for which is being requested the financial capacity evaluation.