

Question report,

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Theme, Identification of web seminar, actual starting time, actual duration (minutes) No. of Question

PPAA underway: Actions and Perspectives, 961 3893 5496, "June 23, 2020 9:39 AM", 83, 25

Question details,

#, Question, Name of party asking the question, email of person asking the question, Answer(s),

Note: The answers below are for questions related to the PPAA

1, "Good morning. Will there be only updating and qualification of companies, or is it possible to carry out the qualification of a company not yet qualified to participate in this process", Adriana Naranjo, anaranjo@colombiamp.com

Pursuant to that set out in numeral 6.9 of the Terms of Reference, the act of submitting the requests for Qualification is not subject to a deadline or term and, therefore, the Agency will receive said request any business day over the year and will proceed to its processing. The cut-off dates set out in the Schedule, such as 31 August 2020 "(...) are intended exclusively to determine the requests on which the ANH will carry out the review, verification and request for clarification or addition of the data and documents filed, in order to identify those meeting the Capacity requirements for contracting with the Agency and (...) submit a Proposal or Counteroffer in the next hearing to be held".

Consequently, if according to the current Schedule, the company submits, by 31 August 2020 at the latest, the documents required for obtaining the Qualification, and the review and verification thereof by the ANH leads to conclude that it meets the Capacities required for contracting with the Agency (as appropriate), it will acquire the Right to Participate in the PPAA as of 28 September 2020 (business day following the fifth updating of the Definitive List of Qualified Parties) and it may deposit a Counteroffer for the Third Cycle Areas of its interest.

2. For the areas defined in the Land Map as "Areas Reserved by the ANH", is it possible to present manifestations of interest? ANDRES MESA, mesa.andres@horizonz.com.co

In the understanding that the question refers to the possibility that the Qualified Proponents have of submitting Requests for Incorporation or Manifestations of Interest, aimed at the eventual incorporation of Areas to the Third Cycle of the PPAA (submitted by 30 June 2020 at the latest), the answer is:

As it is expressly stated, without limitation, numeral 1.26 of the Terms of Reference, the Requests for Incorporation of Areas can only apply to Areas classified as Available in the Land Map.

When dealing with Manifestations of Interest, only the Areas described and delimited in Annex C (Mature and Emergent Areas offered and not allocated in Cycles 1 and 2 of the bid) can be the object of this type of manifestation. The Areas listed in Annex C, with respect to which no Manifestations of Interest are received as at 30 June 2020, will be excluded from the Process and classified as Available in the Land Map.

3. Why are areas other than those of Cycles 1 and 2 for which there were no offers included? ANDRES MESA, mesa.andres@horizonz.com.co

As stated in numeral 3.1 of the Terms of Reference, the Areas to be allocated in furtherance of the PPAA, correspond to those "(...) Available that are determined, delimited and classified by the ANH as of the Request for Incorporation presented by the Qualified Interested Parties (...); to the Areas not allocated in two consecutive Cycles of the Process, which are the object of Manifestations of Interest; and those offered by initiative of the ANH, which will be identified in the Land Map published in the web page of the Agency".

Consequently, in view of the foregoing and of the provisions set out in numeral 1.24 stating that the ANH will not offer Areas in the Third Cycle of the Process by its initiative, exercising its power as head of the Process, during the Third Cycle it will offer only the Areas that were not allocated in Cycle 1 and 2 on which Manifestations of Interest are received, and the Areas that are the subject of Requests for Incorporation submitted in due form by 30 June of this year at the latest.

4, "With respect to areas already offered in previous cycles and, thus, subject to the manifestation of interest procedure, the interested party can change the shape and extension of the proposed area?", Fabio Ortega, fabio.ortega@hocol.com.co

The answer to this question is NO. As clearly expressed in the content of numeral 8.1 of the Terms of Reference, the Manifestations of Interest apply on Areas identified and classified in Annex C, where their extension and location are detailed. It should be recalled that in accordance with that provided for in numeral 8.3 of the aforementioned Terms, the Areas for which Manifestations of Interest are not received validly and on time, will be excluded from the Selection Process and classified as Available in the Land Map, and thereafter the Qualified Interested Parties can submit Requests for Incorporation, which is the mechanism that provides the Proponent with the freedom relative to the shape of the polygon of its interest.

5. "What is the procedure regarding plural manifestation of interest with respect to the same area, to define the Initial Proponent? Fabio Ortega, fabio.ortega@hocol.com.co

As stated in numeral 8.2 of the Terms of Reference, if there are 2 or more Manifestations of Interest on one of the Areas listed in Annex C, that provided for in letter b) of article 7.2.1, according to which the ANH will require the Proponents who formulated Manifestation of Interest for the same Area, to report the exploration activities expressed in points for execution in each of the respective Exploration Program Phases (Minimum and Additional), in order to choose the Request for Incorporation of the Proponent offering more points in Phase 1. It should be kept in mind that, as expressly stated in the aforementioned letter, "Said manifestation will be considered the minimum of the offer submitted by the Requester, under penalty of its rejection".

6, "If an area does not receive a manifestation of interest, isn't it possible to submit an offer in the only hearing?" Adriana Naranjo, anaranjo@colombiamp.com

As stated in numeral 8.3 of the Terms of Reference, *"The Qualified Proponent that stated interest for the Area and presented the respective Letter of Intent is the only one entitled to submit a Proposal thereon at the time set out in the Schedule and to be declared Initial Proponent, should its offer be valid"*. Consequently and, in accordance with the current Schedule, only the Proponent that gave rise to the incorporation of the Area of its interest can submit a Proposal thereon on 30 October 2020.

Furthermore, considering the definition of "Counteroffer" contained in numeral 1.8 of the aforementioned Terms, it is not possible to present a Counteroffer for an Area for which no Proposal was received, or the one received is not a Valid Offer. Hence, the Proponents interested in Areas incorporated to the Process upon request of Third Parties, can submit a Counteroffer in the hearing scheduled for 17 November 2020, if there was a Valid Proposal with respect to the area of its interest.

7, Where can you find the details on the capacities required to be qualified, armando.rafael.acosta.labori, armando.acosta@consultec.com

Chapter six of the Terms of Reference of the PPAA, published in the web page of the Agency, lists the requisites to be fulfilled by the legal person or association interested in obtaining Qualification to participate in the Process and eventually to enter into an agreement with the ANH intended for hydrocarbon exploration and production.

8, "Giancarlo Ariza, Repsol. Are there any facilities for Qualification of Top 100 companies?", Giancarlo Ariza Merello, giancarlo.ariza@repsol.com

In fact, the Terms of Reference of the PPAA set forth some exceptions relative to accreditation of Capacities for the companies whose Parent or Holding company, a subordinate corporation, and even a company in the same business group of the one pretending the Qualification, which are included in the latest publication of "The Energy Intelligence Top 100: Global NOC & IOC Rankings" in the World's Top Oil Companies of the firm "Energy Intelligence", as integrated companies or "Upstream" and/or in the latest publication of "The Platts Top 250 Global Energy Company Ranking" of S & P Global Platts in the categories: "Oil & Gas Exploration and Production" or "Integrated Oil & Gas".

We suggest reviewing that provided for in numerals 6.3.2, 6.4.4.5, 6.5 and 6.6 of the aforementioned Terms.

9, Can a branch of a foreign company be a proponent or is it only possible for its Parent Company? CAROLINA RUBIANO CUENCA, carolina.rubiano@petrosantander.com.co

In conformity with that provided for in Agreement No. 02 of 2017, current Regulation of Allocation of Areas and Selection of contractors, numeral 6.1 of the Terms of Reference of the PPAA expressly states that *"The Capacity requisites cannot be accredited by branches of national or foreign corporations, because they lack the legal capacity to acquire rights and obligations. Exceptionally, the demonstration of Environmental Capacity and Corporate Social Responsibility of the foreign company, can be fulfilled through the certifications referred to in numerals 6.7 and 6.8 of the (...) Terms of Reference, concerning the processes implemented in Colombia."*

Consequently, a branch can not be either Individual nor Plural Proponent as per the current rules of the Permanent Process for Area Allocation - PPAA.

10, Should the documents to update the qualification be apostilled and translated? Felipe Garcia, fgarcia@canacolenergy.com

The documents that are handed over to the Agency for obtaining or updating Qualification to participate in the PPAA must meet the requirements set out in the Terms of Reference of the Process (concretely in chapter six titled "Qualification" and in the pertinent Formats). Consequently, according to the bid rules, the documents must be submitted in Spanish or accompanied with an official translation and those *" (...) issued abroad must be subject to the requirements set forth in Article 480 of the Commercial Code, except for parties that come from countries that are signatories to the Hague Convention of October 5, 1961, approved by Law 455 of 1998, which require apostille, as per its terms"*.

11, "Good morning. For a proponent that is the first proponent, must the offer for improving the counteroffer outweigh the counteroffer to the initial offer? or is it sufficient to equal the counteroffer?" Elsa Jaimes, elsa.jaimes@hocol.com.co

It is clearly stated in the definition of the Initial Proposal contained in numeral 1.24 of the Terms of Reference, in accordance with that provided for in numeral 38.1 of Agreement 02 of 2017, *"The Proponent that submitted the Initial Proposal acquired the right to **outweigh the Most Favorable Counteroffer** submitted for the same Area, **presenting an offer that exceeds at least the number of points established for this purpose in Annex B - Exploration Programs and Evaluation Criteria**, and **equals or exceeds the Percentage of Shared Production (X%) of the Most Favorable Counteroffer**".* (Underlining and bold not in the text).

15, "We would appreciate your confirming if the transfer of investment/activity also applies for areas on which a Manifestation of Interest is submitted? If the answer is no, we request reconsideration to enable this alternative", Mauricio G Calderon, Mcalderon@grantierra.com

The Areas that are the subject of Manifestation of Interest are, by definition, *" (...) Process Areas not allocated in two (2) consecutive cycles (...)*, therefore, not being Available Areas, they are not susceptible of Request for Incorporation.

The mechanism of Manifestation of Interest was incorporated into the Process, considering the provisions of article 38.1 of Agreement 02 of 2017, which states that the Permanent Competitive Procedure *" (...) will continue with the Areas not allocated and with*

those that the ANH incorporates during their execution, subject to the same Terms of Reference". In furtherance of this provision, the Agency implemented in the Terms of Reference of the PPAA the Manifestations of Interest with respect to Mature or Emerging Areas susceptible of award through an Exploration and Production Agreement, in order to exclude from the bid those areas remaining from Cycles 1 and 2 that do not receive any Manifestation of Interest by 30 June 2020 at the latest.

In sum, as stated in numeral 8.3 of the Terms of Reference, "the Areas identified in Annex C that do not receive any Manifestation of Interest (...) will be excluded from the Selection Process and classified as Available in the Land Map", and from thereon the Qualified Proponents interested in requesting transfer of exploration investment to the latter can do so.

16, Will it be possible to submit manifestations of interest after 30-6? Will there be an Extension? armando rafael acosta labori, armando.acosta@consultec.co

As stated in numeral 5.1 of the Terms of Reference, the presentation of the Requests for Incorporation of Areas is permanent; the Qualified Proponents may submit this type of requests on any business day over the year. The cut-off dates established in the Schedule, such as that of 30 June 2020, are exclusively intended to determine on which requests the ANH will carry out the evaluation and applicable definition in order to identify which of these meet the requirements set out and will, therefore, be incorporated into the Areas to be offered in the nearest Cycle.

On the contrary, the Manifestations of Interest related to the Areas identified in Annex C must be submitted as stated in the aforementioned Schedule by 30 June 2020 at the latest. After this date, those Areas not receiving on time or in due form Manifestations of Interest, will be excluded from the Process and classified as Available in the Land Map, pursuant to that set out in numeral 8.3 of the Terms.

18, "if there is no manifestation of interest, is it possible to apply the counteroffer?"

As stated in numeral 8.3 of the Terms of Reference, "The Qualified Proponent that stated interest for the Area and submitted the respective Letter of Intent, is the only one entitled to submit a Proposal thereon at the time stated in the Schedule and to be declared Initial Proponent, should its offer be valid". Consequently and, in accordance with the current Schedule, only the Proponent that gave rise to the incorporation of the Area of its interest can submit a Proposal thereon on 30 October 2020.

Furthermore, considering the definition of "Counteroffer" contained in numeral 1.8 of the aforementioned Terms, it is not possible to present a Counteroffer for an Area for which no Proposal was received, or the one received is not a Valid Offer. Hence, the Proponents interested in Areas incorporated to the Process upon request of Third Parties, can submit a Counteroffer in the hearing scheduled for 17 November 2020, if there was a Valid Proposal with respect to the area of its interest.

19, Would the ANH be authorized to demand payment of US\$100K in the event that a proponent submits a request for incorporation of areas or a manifestation of interest and then it cannot submit a proposal for not been qualified (document updating?)  
Mauricio G Calderon, Mcalderon@grantierra.com

Through Addenda 14 of 25 June 2020, the ANH complemented the Terms of Reference of the Process, stating that in cases when, as a result of the review and verification of the information supplied by the Proponent, the Agency concludes that it does not meet the conditions that gave rise to its Qualification or that its Economic Financial Capacity has reduced and is insufficient for submitting an offer for the Area that is the object of the Request for Incorporation or Manifestation of Interest, the obligation of submitting a Proposal, which is acquired with the Letter of Intent extinguishes due to its execution impossibility.

20, "The ANH may require the presentation of the exploration activities expressed in points for the Area. Said manifestation will be considered the minimum of the offer submitted by the Requester, under penalty of its rejection. As per the established terms, an anticipated "auction" would be taking place and it would be advisable to hold a public hearing for such purposes", Mauricio G Calderon, Mcalderon@grantierra.com

In the understanding that the consultation refers to that provided for in letter b) of numeral 7.2.1 of the Terms of Reference, the answer is:

By means of Annex B to the Terms of Reference of the Process, the Agency informed the Participants about the Minimum Exploration Program and the Percentage of Shared Production (X%) required for each Area, depending on its classification as Mature or Emerging. Based on such information, the Proponents interested in submitting Requests for Incorporation of Areas or Manifestation of Interest for those described in Annex C, must carry out the reviews and analyses deemed pertinent, taking into account that with the signing of the Letter of Intent (to be delivered at the same time with the request), they acquire the obligation of submitting a Proposal for the Area, if the conditions established for its incorporation to the Process exist.

Consequently, prior to the presentation of the Request for Incorporation or Manifestation of Interest, the Proponent that formulates it has the essential items to define its offer, circumstance that underpins the selection mechanism referred to in the observation, which purpose is to choose the Request or Manifestation that would be more beneficial to the interests of the Nation, considering the prerogative it means to be the only one empowered to submit a Proposal for the Area. Hence, the recommendation is not accepted.

22, "Given that no packages will be purchased, how can the base information of the areas be accessed in order to manifest interest or request incorporation of a given area? It will be supplied by the ANH or is public information used", armando rafael acosta labori, armando.acosta@consultec.co

As stated in numeral 1.24 of the Terms of Reference "(...= the Participants that wish to consult the geological and technical information of the Areas of their interest that is kept in the Petroleum Information Bank - BIP or EPIS, can obtain it directly from the Colombian Geological Service, or purchase the Data Packages offered in the First and Second Cycle of the bid, which contain information of their Areas of interest, according to the Protocol established to such end".