

Addendum No. 19 – 4 November 2020

CONTINUOUS AREA NOMINATION PROCESS

Instructions for the process of submitting Proposals and Counteroffers

These instructions are intended to establish the steps to be followed for the process of submitting Proposals and Counteroffers in performance of the Continuous Area Nomination Process, in accordance with the provisions contained in Chapter Nine of the process Terms of Reference.

A. GENERAL ASPECTS

The Agencia Nacional de Hidrocarburos - ANH - will analyze only the offers of Qualified Proponents, so that it will return without opening the physical envelopes with offers from Individual or Plural Proponents that have not participated in the Qualification procedure, without opening such offers. The foregoing without prejudice of other digital reception mechanisms enabling the improvement of processes. The devolution of physical envelopes will take place upon closing of the hearing or whenever it is set forth by the ANH, recording evidence thereof.

The Proposals and Counteroffers must be filed separately, one for each Area. No Proponent can submit more than one Proposal and Counteroffer for the same Area. Similarly, Parent or Holding companies, their affiliates or subsidiaries and, in general, companies of the same business or corporate group that are directly or indirectly controlled by the former, cannot submit more than one Proposal and Counteroffer for the same Area. Failure to observe the provisions of this section leads to the rejection of all the Proposals.

The Proposals and Counteroffers must be filed in original, in physical media, in Spanish and in envelopes labeled by the Qualified Proponents as indicated hereinbelow. Similarly, the Proposals and Counteroffers must be submitted virtually in accordance with the Protocol established for such purpose, **as well as the Counteroffers, except that the Proponent expressly states its intention of submitting the Counteroffer only in physical form at least three (3) days in advance of the hearing for depositing and opening the Counteroffers by means of email ppaa@anh.gov.co. In the event of a contradiction or difference between the documents delivered in electronic means and those submitted in physical form, the ones prevailing and being subjected to review and evaluation are those presented through Blockchain.**

The omission in submitting any of the documents mentioned in numerals 9.1.1 to 9.1.5 of Chapter Nine - Filing and Validation of Proposals and Counteroffers, of the process

Terms of Reference, is considered not repairable and leads to the rejection of the Proposal.

B. ENVELOPES AND FORMAT OF THE PROPOSAL AND COUNTEROFFER

The Qualified Proponents must deliver three (3) letter size envelopes, properly sealed and labeled on the upper right side, as follows:

Envelope 1. Plural Proponents Additional Documents. It must be used by companies that were qualified before and intend to confirm Plural Participants and submit Proposal and Counteroffer. All the additional documents set out in numeral 9.1.5 and the declaration provided for in numeral 6.4.4 of the Terms of Reference must be deposited therein, referring to the circumstances set forth in literals e, f, g, h, and i herein, by completing Form No. 8 "Letter of Presentation of Plural Qualification"

Envelope 1 must be labeled as follows:

Envelope 1 Additional Documents		Plural Proponents
Type of Association	Consortium / Temporary Union / Future Corporation Promise (as applicable)	
Denomination of the Association	XXXXXXXXXXXXX	
Members of the Association	Enter the corporate name of all members of the Association, which must have been previously Qualified.	

Envelope 2. Bid Bond of the Proposal or Counteroffer: It must be used to submit the bid bonds for each of the Areas in which the Qualified Proponent is interested in filing a Proposal and Counteroffer.

A bid bond must be presented for each Area on which the Qualified Proponent expects its allocation. Said bid bonds must be deposited in the Envelope called Proposal Bid Bonds.

Envelope 2 must be labeled as follows:

Envelope 2 Bid Bond of the Proposal	
Proponent	(Enter the Corporate Name of the Individual Proponent or the name of the Plural Proponent)
Total Bonds Filed	(State the number of bonds delivered, without specifying the corresponding Area or Areas of the offers).

Envelope 3. Proposal and Counteroffer: It must be used to file Proposals and Counteroffers, with one offer for each Area in a separate envelope. Said Proposals and Counteroffers must be submitted in the forms listed in numerals 9.1.1. - Presentation Letter, 9.1.2 - Minimum and Additional Exploration Activities, and 9.1.3 Percentage of Shared Production (X%) of the Terms of Reference of the Continuous Area Nomination Process.

Envelope 3 must be labeled as follows:

Envelope 3 Proposal / Counteroffer	
Proponent	(Enter the Corporate Name of the Individual Proponent or the name of the Plural Proponent)
Area	XXXXXX

C. DELIVERY OF PROPOSALS AND COUNTEROFFERS

The hearings for filing and public opening of Proposals or Counteroffer of the Continuous Area Nomination Process will take place on the dates set out for such purpose in the Schedule, in the city of Bogota D.C, at the place and time that will be published in Announcement on the Agency's web page.

1. Registration: The representatives of the participating qualified companies must have registered for this event, at the table thus arranged at the entrance of the place chosen to hold the hearings, with prior observance of the biosafety protocols established for this event.
2. Reception of envelopes with additional documents (Envelope 1): The conventional representative of the Plural Participant must deliver Envelope 1, which contains the pertinent additional documents for the Plural Proponent made up of previously qualified companies.

Considering that each Plural Proponent must present a single envelope with the supporting documents for all its Proposals, the Proponents are requested to identify and separate inside the envelope the information related to each of them.

Once the additional documents have been delivered, these envelopes must be deposited in the urn that will be kept visible and sealed. The urn will be kept under custody of the ANH, which, within the term set out for such purpose in the Schedule, will open them and verify fulfillment of the requisites set out in the Terms of Reference.

The ANH will issue documented evidence of having received this information.

3. Receipt of envelopes with the bid bonds of the Proposals and Counteroffers (Envelope 2): The representative of each Qualified Proponent or the conventional representative of each Plural Proponent, made up of Qualified Proponents, must deliver the envelope with the guarantees of the seriousness of the Proposals and Counteroffers to be presented.

Once the bid bonds of the Proposals have been delivered, these envelopes will be deposited in the urn that will be kept visible and sealed. The urn will be kept under custody of the ANH, which, within the Term set out for such purpose in the Schedule, will open them and verify fulfillment of the requisites set out in the Terms of Reference.

The ANH will issue documented evidence of having received this information during the respective hearings.

4. Deposit of Proposals and Counteroffers in the urn (Envelope 3): The envelope containing the Proposal and Counteroffer must be delivered by the representative of each of the participating qualified companies.

One (1) urn will be located in front of the document projection table, for depositing therein the envelopes containing the Proposals and Counteroffers.

Envelope 3, marked Proposal, must contain:

- a) Letter of presentation of the Proposals in accordance with Format No. 23 or 24, depending on its being an Individual or Plural Proponent, for each of the Areas of interest.
- b) Format No. 25 or 25.1, marked Exploration Programs E&P Continental or Offshore, as applicable.

The Proponent and the Counteroffer or must complete the exploratory activities and the equivalent points that they propose to develop in each of the phases that make up the Exploration Period, which must correspond at least to the one established for each Area by the ANH, in Annex B - Exploration Programs and Evaluation Criteria.

Consequently, each Proponent or Counteroffer or must submit an Additional Exploration Program specifying the minimum technical Additional activities that they plans to carry out in each of the Phases of the Exploration Period, including the breakdown of the amounts corresponding to each of them and their respective

equivalent value in Points, pursuant to subsection five of Article 33 of Agreement 2 of 2017.

Except for Stratigraphic and Exploratory Wells, which must be completed entirely once each one has started, at least fifty percent (50%) of the activities corresponding to the Additional Exploration Program must be necessarily carried out during the First Phase (Phase I) of said Exploration Period. The remaining percentage during the Second Phase (Phase 2). In those Contracts which Exploration Period includes 3 Phases, the Additional Exploration Program must be carried out in accordance with the provisions set forth in this subsection, under penalty of rejection of the offer.

When filling out the E&P Exploratory Programs Format (Continental or Offshore), it must be taken into account that the Minimum Exploration Program must correspond to activities equivalent to at least the number of points established by the ANH for each Area and Phase of the Exploration Period.

c) Percentage of Production Share (X%) Format - (numeral 9.1.3 and Form No. 26 of the Terms of Reference)

For purposes of the Proposal, the Production Share Percentage (X%), must be a whole number equal to or greater than the minimum established by the ANH for each area, expressed as percentage (%).

Should there be any fractions, the ANH will round up the amount offered to the immediately higher whole number.

It should be noted that, if any of the aforementioned documents is submitted without the complete information required, the Proposal or Counteroffer will be rejected in accordance with the provisions of numeral 9.10.9 of the Terms of Reference of the Continuous Area Nomination Process.

5. Organization of Envelopes by Areas, opening and reading of the Proposals and Counteroffers:

In the area provided for opening of the envelopes that contain the Proposals, called PROJECTION STATION, there will be a table in front of which the corresponding urn will be placed for depositing the proposals submitted for all the Areas subject to the Selection Procedure.

First, the qualified companies will be asked to deposit the respective Proposals or Counteroffers in the urn, for which a total of two (2) calls will be made to the

interested parties. The interval between the first call and the second will be approximately 2 minutes.

Once the urn is closed, after finalizing the deposit of proposals for the second call, no more envelopes will be received.

Subsequently, in the PROJECTION STATION, the act of opening the envelopes will start. For this purpose, the speaker will follow this procedure:

- a) Announce that the opening of the envelopes will commence now, starting with each Area as per the order established by the ANH.
- b) Remove the envelopes from the urn where the Proposals and Counteroffers were deposited for each of the Areas.
- c) Open the envelope and project the Proposal or Counteroffer with the document camera. The projected images will include the E&P Exploration Program Formats (Continental - 25 or Offshore - 25.1) and the Production Share Percentage (Format 26).
- d) Read the corporate name or name of the Individual or Plural Proponent submitting the Proposal or Counteroffer, as well as the number of points equivalent to the Additional Exploration Activities offered, breaking down that of each Phase of the Exploration Period, and the Shared Production Percentage offered (X%).
- e) The information read will be typed and projected on the STATION screens, without this implying the establishment of the order of selection or eligibility, or the validity of the offer.
- f) The next step for opening of the Proposal and Counteroffer envelope for the next Area will be announced.
- g) Once the steps have been exhausted for all the Areas, the closing of the hearing will be announced.

In accordance with the provisions of the Protocol set out for this purpose, the Proposal and Counteroffer filed through the Blockchain will be opened. Should there be any type of contradiction between the information contained in the physical envelopes and that submitted through the Blockchain, the one submitted physically shall prevail **for the proponents that have used this presentation mechanism: for the proponents that expressly state their intention of filing the Counteroffer exclusively in physical form, at least three (3) days before the hearing for depositing and opening the Counteroffers, the one presented in physical means shall prevail.**

The information and documentation to be projected on the screen during the hearing will also be projected online via streaming through the official channels adopted by the Agency.