



## Area Allocation Permanent Process

### Instructions or the process of presenting Proposals and Counterproposals.

This document is intended to establish the steps to be followed for filing Proposals and Counterproposals in furtherance of the Area Allocation Permanent Process, in accordance with the provisions contained in Chapter Eight of the Terms of Reference for the process.

#### A. GENERAL ASPECTS

The Agencia Nacional de Hidrocarburos - ANH - will analyze only the offers filed by Qualified Participants, so it will reject the offers from Individual or Plural Participants that have not complied with the Qualification procedure pursuant to the Area Allocation Permanent Process.

The Proposals and Counterproposals must be filed separately, one per Area. No Proponent can submit more than one Proposal or Counterproposal for the same Area. Similarly, neither the legal Parent or Holding companies, nor their affiliates or subsidiaries and, in general, companies of the same business or corporate group directly or indirectly controlled by the former, can submit more than one Proposal or Counterproposal for the same Area. Failure to comply with the provisions of this subsection entails the rejection of all the Proposals and Counterproposals.

The Proposals and Counterproposals must be filed in original, both in physical and magnetic media, in Spanish, in envelopes marked by the Qualified Participants as indicated herein below.

The failure to deliver any of the documents listed in numerals 8.1.1 to 8.1.5 of Chapter Eight - Filing and Validation of Proposals and Counterproposals, of the Terms of Reference of the bid, is considered non rectifiable and leads to the rejection of the Proposal or Counterproposal.

#### B. ENVELOPES AND FORMAT FOR PROPOSAL AND COUNTERPROPOSAL

The Qualified Participants must submit three (3) types of envelopes, letter size, properly sealed and labeled in the upper right corner, as follows:

**Envelope 1. Proposal or Counterproposal:** It must be used to file Proposals or Counterproposals, with one offer for each Area in separate envelope. Said Proposals or Counterproposals must be filed in the formats listed in numerals 8.1.1 - Presentation Letter, 8.1.2 - Minimum and Additional Exploration Activities, and 8.1.3 Percentage of Shared Production (X%) of the Terms of Reference of the Area Allocation Permanent Process.

Envelope 1 must be labeled as follows (depending of its being a Proposal or Counterproposal, the respective expressions must be used):

Envelope 1 Proposal/Counterproposal	
Proponent/Counterproponent	(Insert corporate name of Individual Proponent or name of Plural Proponent)
Area	XXXXXX



**Envelope 2. Proposal or Counterproposal Bid Bond:** It must be used to submit the bid bond for each of the Areas for which the Qualified Participant is interested in submitting a Proposal or Counterproposal.

A bond is to be submitted for each Area to which the Qualified Participant aspires. Said bonds must be deposited in the Envelope named Bid Bonds of the Proposal or Counterproposal.

Envelope 2 must be labeled as follows (depending of its being a Proposal or Counterproposal, the respective expressions must be used):

Envelope 2 Bid Bond of the Proposal/Counterproposal	
Proponent/Counterproponent	(Insert corporate name of Individual Proponent or name of Plural Proponent)
Total Bonds Delivered	(Insert the number of bonds delivered, without specifying the Area or Areas to which the respective offers correspond).

**Envelope 3. Plural Participants Additional Documents:** These must be used by companies that were previously qualified and have the intention of establishing Plural Participants and filing a Proposal or Counterproposal. This calls for inclusion of all additional documents set forth in numeral 8.1.5 and the statement stipulated in number 6.4.4.1 of the Terms of Reference, referring to the circumstances described in letters e, f, g, h, i, and j thereof, through the completion of Format No. 8 "Letter of Presentation for Qualification".

Envelope 3 must be labeled as follows:

Envelope 3 Plural Participants Additional Documents	
Type of Association	Consortium / Temporary Union / Future Partnership Promise (as the case may be)
Name of the Association	XXXXXXXXXXXXXXXXXX.
Members of the Association	State the corporate name of all members of the Association, which must be previously Qualified.

### C. PLACE, DATE AND TIME

The Hearing for Filing and Public Opening of Proposals or Counterproposals of the Area Allocation Permanent Process will take place on the dates established for such purpose in the process, in Bogota D.C, at the place and time indicated in the Notice published in the Agency's web page.

### D. DELIVERY OF PROPOSALS OR COUNTERPROPOSALS

1. Pre-registration: the representatives of the participant qualified companies must register previously in the email [ppaa@anh.gov.co](mailto:ppaa@anh.gov.co), at least three (3) days in advance.
2. Registration: The representatives of the participant qualified companies can be present as of the time set out in the Notice mentioned in above letter C of these Instructions, in order to receive their ID and access badge for the event.



3. Reception of envelopes with additional documents (Envelope 3): The conventional representative of the Plural Participant must deliver Envelope 3, which contains the pertinent additional documents for the Plural Participant made up of previously qualified companies.

Considering that each Plural Proponent must present a single envelope with the support documents of all its Proposals or Counterproposals, the Participants are required to identify and separate in the envelope the information pertaining to each of them.

Upon delivery of the additional documents, these envelopes must be deposited in the urn that will be kept sealed and in full view. The urn will be put under the custody of the evaluating firm hired by the ANH for such purpose, which, within the term established to this end in the Schedule, will open them and will verify the fulfillment of all the requisites set forth in the Terms of Reference.

The ANH will issue a document to evidence receipt of this information.

4. Reception of envelopes with the performance bonds of the Proposals or Counterproposals (Envelope 2): The representative of each Qualified Participant or the conventional representative of each Plural Participant, made up of Qualified Participants, must deliver the envelope with the performance bonds of the Proposals or Counterproposals that are to be filed.

Upon delivery of the performance bond of the Proposals or Counterproposals, these envelopes will be deposited in the urn that will be sealed and in full view. The urn will be put under the custody of the evaluating firm which, within the term established to this end in the Schedule, will open them and will verify the fulfillment of all the requisites set forth in the Terms of Reference.

The ANH will issue a document to evidence receipt of this information.

5. Introduction and presentation of the process: Upon delivery of the envelopes with the additional information and the performance bonds of the Proposals or Counterproposals, the representatives of the participant qualified companies must go to the auditorium, for the introduction and presentation of the process.
6. Deposit of Proposals or Counterproposals in the urns (Envelope 1): The envelope containing the Proposal or Counterproposal must be delivered by the representative of each of the participant qualified companies.

In front of the station table, one (1) urn will be placed for depositing the envelopes that contain the Proposals or Counterproposals.

Envelope 1 marked Proposal or Counterproposal must contain:

a) Presentation letter of the Proposals or Counterproposals according to Format No. 23 or 24, depending of its being an Individual or Plural Proponent, for each of the Areas of Interest (both the Bid Bond of the Proposal or Counterproposal and the additional documents for



Plural Proponents, must be delivered previously in Envelopes 2 and 3, in accordance with the procedures set out in numerals 3 and 4 hereunder).

b) Format No. 25 or 25.1 called Continental or Offshore E&P Exploration Programs, as the case may be.

The Proponent or Counterproponent must fill in the exploration activities and the equivalent items it proposes for development in each one of the phases that make up the Exploration Period, which must correspond at least to that established by the ANH for each Area in Annex B - Exploration Programs and Evaluation Criteria.

Consequently, each Proponent must submit an Additional Exploration Program specifying the technical Additional activities that it plans to carry out in each of the Phases that comprise the Exploration Period, with a detail of the amount corresponding to each one and the respective equivalent value in Points, pursuant to the fifth sub-paragraph of Article 33 of Agreement 2 of 2017.

Except for the Stratigraphic and Exploratory Wells, which must be completed entirely once each one is started, at least fifty percent (50%) of the activities corresponding to the Additional Exploration Program must be carried out necessarily during the First Phase (Phase I) of said Exploration Period. The remaining fifty per cent (50%) in the Second Phase (Phase 2). In those Contracts whose Exploration Period has 3 Phases, the execution of the Additional Exploration Program must be performed in accordance with the provisions in this paragraph, as otherwise the offer will be rejected.

When completing the E&P Exploration Programs Format (Continental or Offshore), it must be kept in mind that the Minimum Exploration Program must correspond to the technical activities equivalent to at least the number of points established by the ANH for each Area and Phase of the Exploration Period. The same provision is to be considered for purposes of Exploration Additional Activities offered in the Counteroffer or in exercising the option to improve the most Favorable Counterproposal, which must exceed at least the number of points set out for that purpose in Annex B - Exploration Programs and Evaluation Criteria.

c) Format for Percentage of Shared Production (X%) - (numeral 8.1.4 and Form No. 26 of the Terms of Reference)

For purposes of the percentage of Shared Production (X%), it must be a whole number equal to or greater than the minimum established by the ANH for each Area, expressed as percentage (%). When referring to a Counterproposal, the Percentage of Shared Production (X%) proposed must correspond to a whole number equal to or greater than that offered in the respective Initial Proposal.

The exercise to improve the most Favorable Counterproposal demands the offering of a Percentage of Shared Production (X%) equal to or greater than that offered in the most Favorable Counterproposal.

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



It should be noted that, if failing to present any of the aforementioned documents with all data required, the Proposal or Counterproposal will be rejected pursuant to that provided for in numeral 8.10.9 of the Terms of Reference of the Area Allocation Permanent Process.

7. Organization of Envelopes by Areas, opening and reading of Proposals or Counterproposals presented:

In the area provided for deposit and opening of the envelopes containing the Proposals or Counterproposals, called STATION, there will be the table in front of which the respective urn will be placed, for depositing those presented by all the Areas that are the object of this Selection Procedure.

First, the qualified companies will be requested to deposit their respective Proposals or Counterproposals in the urn, for which a total of two (2) calls will be made to the interested parties, with an interval of twenty (20) minutes at the most.

Once the urn has been closed, no more envelopes will be received.

Subsequently, the envelopes will be organized at the STATION in the mail boxes by Areas. Once the foregoing is concluded, the envelope opening act will start. For this purpose, the spokesperson will follow this procedure:

- a) He will announce the commencement of the envelope opening, starting with each Area as per the order established by the ANH.
- b) He will pick up the envelopes from the respective mailbox for each of the Areas.
- c) He will open the envelope and display the Proposal or Counterproposal in the document's camera. The E&P Program Formats (Continental-25 or Offshore 25.1) and the Percentage of Shared Production (Form 26) will be displayed.
- d) He will read the corporate name or the name of the Individual or Plural Proponent submitting the Individual or Plural Proposal, as well as the number of points equivalent to the Additional Exploration Activities offered, breaking down each of the Exploration Period Phases and the Percentage of Shared Production (X%) offered.
- e) The information read will be typed and displayed on the STATION screens, without implying the establishment of the selection or eligibility order.
- f) Passing to the next area will be announced, after the reading of all the Proposals or Counterproposals.
- g) After completing the steps in all Areas, the close of the Hearing will be announced.