



Unofficial Translation

Ronda Caribe – Bidding Process Guide

This document is provided by the ANH for the guidance and convenience of participants in the Ronda Caribe bidding. The steps and procedures described herein will also be reviewed with all participants prior to the commencement of the bidding process.

BIDDING SCHEDULE AND LOCATION

The bids for each block will be delivered on forms and within envelopes that are provided by the ANH and specific to each Qualified Operator for the purposes of the Ronda Caribe.

All of the necessary bidding envelopes and forms, accompanied by instructions for their completion, were dispatched by courier on September 4, 2007 to the designated Legal Representative for each Qualified Operator.

Bidding Schedule

The Ronda Caribe will take place on Tuesday September 18, 2007, commencing with registration of bidding participants, companies and other observers at 07:00 hours.

The bidding ceremony will commence with a brief overview of the logistics and procedures that will apply during the bidding process prior to the acceptance of offers for the first block at approximately 0930hrs. For each subsequent block the President of the Bidding Committee will announce a time as the deadline for the reception of bids for that block. Bidders will be able to access the bidding area to present their offers until the deadline at which time access to the bidding area will be closed. While the time required for the bidding of each block will vary as a function of the number of bidders, the ANH expects to complete the bidding for approximately half of the areas in the morning session, and the remainder after a lunch break.

The ANH will advise the sequence of the blocks being offered prior to the bidding event.

Location

The Ronda Caribe bidding ceremony will take place at:

El Club Metropolitan
Calle 76 No. 2 – 68 Este
Telephone: + 5713191160



Bogota, Colombia

Please note the Club Metropolitan requires jackets for gentlemen.

Bid Bond

A bid bond in favor of ANH must be submitted for each block on which a Qualified Company, Consortium or Temporary Union wishes to submit a bid. The bid bond must be in the amount of Five Million United States Dollars (USD 5,000,000), payable in Colombian Pesos (COP) at the TRM of the day before the payment date. The bid bond must be issued by an insurance company or bank legally organized in Colombia.

The bid bonds should be submitted to the independent accounting firm designated by ANH for this purpose:

Ernst & Young, Ltda.
Calle 93B No , 16-47
Teléfono No. 571-6512210
Bogotá, Colombia.]

Also, a copy of the payment receipt for the premium of the respective bond must be attached. If the independent firm designated by the ANH to confirm the acceptability of the Bid Bond, Ernst & Young, has comments, the Qualified Company may make the necessary changes before delivering its bid. Ernst & Young will retain such Bid Bonds in confidential deposit until the bidding process is completed.

The Bid Bond should be valid for forty-five (45) calendar days starting from the date of the bid submission. The bond issuer must state that the bid bond will not expire due to non-payment of the premium or due to unilateral cancellation.

The bid bond may be submitted by any member of the bidding Consortium or Temporary Union provided the Bidding Envelope specifies which member of the Consortium or Temporary Union is providing the bond for the subject bid. No company bidding singly will be permitted to do so unless it has submitted the Bid Bond to the ANH in the conditions here defined. Similarly, no bidding Consortium or Temporary Union will be permitted to bid unless a member of the Consortium or Temporary Union has previously submitted a Bid Bond for the required amount by the date noted above and the bidding envelope designates such Bid Bond as guaranteeing the Consortium or Temporary Union's obligation to sign the Exploration and Production Contract.

Any Bid Bond used to guarantee a successful bid for a Block may no longer be employed in respect of bids on later Blocks. Companies or consortia which intend to bid on more



than one Block must make sure they have available a sufficient number of Bid Bonds, in order to avoid being limited in their capacity to bid. Notwithstanding, in the event a Company (or a bidding Consortium or Temporary Union for which it supplied the Bid Bond) is successful in its bid for a Block, the Company will be permitted to deliver additional Bid Bonds to the ANH in respect of other Blocks for which it intends to place bids at any time until one hour before the bidding on the other Block(s) is to begin.

After the respective E&P Contract is signed, and upon request, the ANH will return the bid bond to the Qualified Companies that are not awarded the Block corresponding to the bid bond.

The ANH will have the right to draw the entire amount of the Bid Bond if:

- the winning bidder (if bidding singly) or any member of the winning bidding consortium (if bidding jointly) (each one in either case, a "Selected Bidder") or any duly designated Jointly Held Company or Associated Entity of a Selected Bidder does not sign the E&P Contract and related documents by October 31, 2007, in the form distributed along with these Definitive Terms of Reference;
- the Letter of Credit or Guarantee for the Minimum Work Obligation is not delivered to the ANH within 15 days of the execution of the E&P Contract; or
- when the winning bidder company or consortium does not present a Guarantee of Proper Performance for its affiliate company entitled to sign the E&P Contract.

If none of the above events occurs, the ANH will return the Bid Bond to the company that submitted it, along with documentation sufficient to permit its cancellation.

BIDDING PROCESS

General Procedures

Bids for each Block must be delivered and will be opened at the Club Metropolitan in Bogota, Colombia in accordance with the sequence to be announced by the ANH prior to the Bidding event.

All bids will be made public, with the high bidder for each Block announced prior to the deadline for submission of bids on the next Block. A short period of time will be allowed between the bidding processes for each Block so that companies or consortia can optimize their bids based upon the results of earlier bidding.



Bids for a given Block will be accepted only while the doors to the bidding area are open for such Block. The deadline for the bidding for the first Block will be set by the President of the Bidding Committee upon completion of a briefing on the bidding process to all participants and observers. This is expected to be around 0930 hours.

The doors to access the bidding area will open approximately ten minutes prior to the deadline for submission of bids for the first Block and will close for that Block at or about such deadline.

The exact time for bids on subsequent Blocks will be advised by the President of the Bidding Committee after announcement of the prior high bid; thus representatives of bidding consortia for all Blocks being offered should anticipate the possibility of either acceleration or slowing of the bidding process to ensure that they are on hand at all times and able to submit a bid within the window afforded each Block.

Bids

Bids will be submitted separately for each block individually by the Qualified Operator or jointly with the other Qualified Company or Qualified Companies (for a Consortium or Temporary Union). No Qualified Company or Qualified Operator may submit more than one bid per block.

All bids must be submitted inside the bidding envelope provided for the Block in question, must be sealed, and the seal must not have been broken. The envelopes will be sent to the companies qualified as operator. Forms or envelopes completed in pencil will not be accepted.

Each envelope must be clearly labeled as to the identity of each bidding consortium member and its participation in the bidding Consortium or Temporary Union (if bidding jointly), including the identity and participation interest of the designated operator. When the envelope is presented by a sole company, a designated contact of this company must sign the envelope. When the envelope is presented in name of a Consortium or Temporary Union, one representative of each member must sign the envelope.

Each envelope, still sealed, will be analyzed by the Bidding Committee to verify if it fulfills the requisites of the Definitive Terms of Reference. After approval and acceptance by the Bidding Committee, the envelopes will be deposited, by the companies or consortia representatives, into the transparent bid box in the bidding area.



Opening of the Envelopes

The envelopes will be taken from the bid box one at a time and opened in public by the President of the Bidding Committee. The winning bidder will be identified immediately after the opening of all the envelopes.

After the deposit of the envelopes in the bid box, the bids may not be withdrawn and are secured by the relevant Bid Bond.

Every company bidding through a Consortium or Temporary Union will be deemed to have designated the operator in such Consortium or Temporary Union as its representative for all bidding purposes (other than the signature of bid forms), including communications with the ANH. Such operator must physically submit the bid on behalf of a Consortium or Temporary Union consortium, or itself if bidding alone.

Envelopes containing the names of bidders which have not been qualified, or which do not have a designated qualified operator, which do not identify the Company that has submitted the Bid Bond, or which violate any other bidding requirements or restrictions, will not be accepted. In such event, the company or companies submitting the defective envelope will be notified and given an opportunity to correct the defective envelope, if possible, prior to the opening of bids for the relevant Block.

All bids must contain the following elements:

- Bid cover letter;
- Production Participation Bid ("X"%) for gas and liquid hydrocarbon offered to ANH; and
- Additional Exploration Program Expenditure Commitment for Phase One (US\$)

Each of these elements is provided on the official bidding forms (an operator-specific bidding envelope with a matching bidding form) that have been issued in advance by ANH to each qualified operator. No additional forms, documents, addenda or inserts are required beyond the full completion of the official bidding forms.

Production Participation for ANH (X%)

Each Qualified Operator or Consortium or Temporary Union must propose a value "X" of participation in the production, after royalties, to ANH. The value "X" must be a whole number greater than one (1) expressed as a percentage (%) and corresponds to barrels oil equivalent (BOE). Any bids that are not whole numbers will be rounded up to the nearest whole number.

Additional Exploration Program for Phase One



Offering an Additional Exploration Program Expenditure Commitment for Phase One is optional. If the space on the bidding form is left blank, the proponents will be deemed to have proposed no Additional Exploration Program. The Additional Exploration Program becomes the Tie-breaker after the Bidders have tied twice on the primary award criterion of Production Participation for ANH. The Additional Exploration Program Expenditure Commitments must be expressed in units of One hundred thousand US Dollars (US\$100,000). Any bids that are not in such whole units will be rounded up to the nearest one US\$ 100,000. i.e., a bid of US\$ 101,000 and a bid of \$199,000 will each be considered bids of US\$ 200,000. It is expected that the specific additional exploration activities will be agreed between the winning bidder and ANH but these will include 3rd party expenditures on items such as seismic acquisition, specialized reprocessing, well drilling, re-entry of existing wells, geochemical, magnetometric, and gravimetric work, cartography, stratigraphy, reservoir modeling, remote sensing or other related activities. Execution of any Additional Exploration Program offered, if any, is mandatory and becomes part of the Minimum Exploration Program for Phase One upon award of the E&P Contract.

In addition to these bid components, completion of the bidding forms also comprise an undertaking, if successful in the bidding to:

- Comply with the conditions set out in these Definitive Terms of Reference;
- Accept the Minimum Work Program and provide the related requisite guarantees;
- Form a Consortium or Temporary Union, if applicable, prior to the deadline to execute the E&P Contract;
- Execute the E&P Contract by the deadline; and
- Comply with the commitment to transparency

Any corrections, erasures or amendments on the bidding forms must be counter-signed by the representative delivering the envelope.

Awards

The award will be defined based on the highest percentage of Production Participation Bid (X%).

Ties

In the event more than one bidder offers the same high Production Participation Bid (X%), a tie will be declared and the tied bidders or bidding consortia will be given extra time to submit sealed re-bids. These must be submitted on the forms and within the envelopes that the ANH supplied for tiebreakers. (These are the envelopes and forms that are titled "Sobre/[forma] oficial para la presentación de ofertas para desempate en el Bloque RC-___ " and which are Operator-specific but not Block-specific). These re-bids



in any event may not be lower than the previously submitted bid. The time for submission of the re-bids will be defined by the President of the Bidding Committee. In the case the bidders or bidding consortia do not submit re-bids, or the re-bid results in another tie, the winner will be the bidder that offered the highest "Additional Work Commitment" in its initial bid submission. In the event of a third tie, the winner will be chosen by random lot, publicly executed at a place and time defined by the Bidding Committee.

No Bids

A Declaration of "No Bids" will be issued in the following cases:

1. When none of the Qualified Companies submits a bid
2. When none of the submitted bids conforms to the Definitive TOR
3. When there are grounds or reasons that preclude an objective selection.

The Declaration of "No Bids" will expressly indicate and detail the reasons that led to such a determination. In case there are no bids for any given block, this block may be opened to bids again, at the discretion of the Bidding Committee, in a time and place to be defined by the Bidding Committee.