Note: This translated version of the "Addendum No. 4" that modified the text of the definitive Terms of Reference and annex documents is only informative, you can consult the original version of the Addendum and Annex documents in Spanish in the links:

http://www.rondacolombia2012.com/images/presentaciones/Adenda_4_Terminos.pdf and http://www.rondacolombia2012.com/images/presentaciones/Anexos_Adenda_No_4.zip and http://www.rondacolombia2012.com/images/presentaciones/Anexo_No_15%20Coordenadas_Adenda_No_4_fe_de_erratas.pdf

ADDENDUM No. 4

Bogotá, June 28, 2012

This **Addendum No. 4** amends the **Terms of Reference** of the ***Colombia Round 2012***, as a result of answers to the observations, questions and suggestions made by interested parties, within the established term, to the text published on May 14, 2012, as well as determinations of the **ANH** resulting from subsequent administrative acts or its own analyses.

The attached text incorporates the adjustments made through **Addenda Nos. 1**, **2** and **3**, which modified the **Schedule**. These changes are reflected in this final version, duly marked.

To facilitate their identification, attached is the complete text with the amendments highlighted in yellow.

COLOMBIA ROUND 2012

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NOTICE

This document contains the **Final Terms of Reference** of the ***Colombia Round 2012***, modified from the text published on May 14 of this year, with the adjustments adopted in the **Schedule** through **Addenda Nos. 1, 2** and **3**.

To this end, the **ANH** has taken into consideration the questions, observations and suggestions submitted by interested parties regarding said text and the answers of the ANH, as well as the examinations, deliberations and determinations subsequently adopted, in accordance with the guidelines established by the Directive Council for the hydrocarbon exploration and production projects to be undertaken.

LEGAL NOTICE

This notice must be carefully read by all interested parties, without prejudice to examining the complete text of these **Terms of Reference**.

It establishes essential premises of the ***"Colombia Round 2012"*** **Contractor Selection and Area Allocation Process**, which must be understood, taken into consideration and observed in full to participate therein.

1. These **Terms of Reference**, as well as any possible amendments, adjustments, deletions, clarifications, explanations or additions thereto, which will always be adopted through **Addenda** incorporated into the text in such a way that they can be duly identified, together with the applicable law, constitute the rules that will govern the ***"Colombia Round 2012"*** **Bidding Process**; the **Qualification** of **Bidders**; the submission, examination and validation of **Proposals**; the determination of their **Order of Eligibility** and the award of the proposed **Contracts**, as well as the allocation of the respective **Areas**, or their declaration as unawarded, if appropriate.

2. Due to the nature, purpose and scope of the proposed **Contracts**, which entail the assumption by **Contractors** of the risks inherent to hydrocarbon exploration and production, the **ANH** does not guarantee the scope, accuracy and reliability of the technical and geological information contained in the **Information Package**, or of that provided in the **Data Room** sessions, which corresponds to that held in the Petroleum Information Bank, BIP or EPIS.

   The **ANH** shall not be liable either for the exact delimitation of the **Areas** to be assigned, to the extent that these have been established as a function of coordinates, or for any possible limitations encountered in the course of the activities to be undertaken, as a result of security or public order restrictions, legal or environmental issues, or presence of ethnic communities or groups, the latter being matters as to which the **Contractors** undertake obligations and commitments derived from the licenses and consultations they must obtain and carry out. The information provided in this regard is variable and subject to determinations or measures of the competent authorities.

It is therefore the responsibility of **Participants** and **Contractors** to know and observe the corresponding legal framework and assume the risks inherent to their activity and to the **Contracts** they are interested in executing.

3. The **ANH** reserves the right to introduce amendments, adjustments, deletions, clarifications, explanations or additions to the **Terms of Reference**, including the extension of the partial and total deadlines of the **Bidding Process**, and, in general, to modify the **Schedule**, in keeping with applicable law and at the times stipulated therein.

4. With the submission of the **Qualification** documents and presentation of their **Proposal**, interested parties accept all terms, conditions, requirements, demands, commitments, obligations and deadlines established in the **Documents** of this **Bidding Process**, including without limitation, these **Terms of Reference**, their **Annexes** and **Tables**, among them, the **Drafts** of the **Contracts** to be entered into, as well as their **Addenda**.

   Consequently, any inaccuracy, inconsistency, conflict with actual fact, deviation, omission, proviso, exception or condition included in the **Qualification** documents or in those making up the **Proposal**; any amendment or addition to one or the other, contradicting the **Terms of Reference**, as well as the absence of the minimum requirements established for said documents, **which cannot be remedied** according to the **Terms** themselves, will result in the **Bidder** not being **Qualified** or the **Proposal** not being admissible or eligible, and, therefore, in their rejection, without prejudice to the other effects provided in applicable law or in the **Terms of Reference**.

5. With the submission of the **Qualification** and **Proposal** documents, the respective **Individual Bidder** and all members of **Plural Bidders** expressly accept and declare:

5.1 That their **Proposal(s)** will remain in full force and effect for a minimum term of six (6) months, counted from its(their) submission date, in accordance with the **Schedule**, or any of its extensions, if adopted. Consequently, the **Proposal(s)** shall be binding and irrevocable for such term and, if extended, during the time established in the corresponding **Addendum**.

5.2 That they had access to and read and examined each and every one of the **Process Documents**, including without limitation: (i) the **Terms of Reference** and their **Annexes** ~~and **Tables**~~, among them, the proposed **Draft Contracts**; (ii) the **Addenda** ~~thereto~~; (iii) the clarifications and answers of the **ANH** to the requests, questions and observations made by interested parties regarding the **Terms of Reference** and said **Documents** in general.

5.3 That they consulted and analyzed all information required to prepare and submit the **Qualification** documents and to put together and submit their **Proposals**.

5.4 That the **Bidding Process Documents** are complete and adequate to prepare the **Qualification** documents, to put together a **Proposal** and to accurately identify the object and scope of the **Contracts** to be entered into, as well as the commitments and obligations incumbent upon each party and, in general, the provisions thereof.

5.5 That they know and accept all terms, conditions, requirements, demands, commitments, obligations and deadlines set forth in the **Documents** of this **Bidding Process**, including without limitation, the **Terms of Reference**, their **Annexes** and **Tables**, the **Forms** and **Commitments**, and the **Drafts** of the **Contracts** to be entered into, so that any inaccuracy, inconsistency, conflict with actual fact, deviation, omission, proviso, exception or condition introduced into the **Qualification** documents or into those making up the **Proposal**; the amendment or addition to one and the other, contradicting the **Terms of Reference**, as well as the absence of the minimum requirements established for said documents, **which cannot be remedied** according to the **Terms** themselves, will result in the **Bidder** not being **Qualified** or its **Proposal** not being admissible or eligible, and, therefore, in its rejection, without prejudice to the other effects provided under applicable law or in the **Terms of Reference**.

5.6 That they examined and are aware of the conditions of the **Area** or **Areas** of their interest, in such a way that in preparing their **Proposal** they took into account, among others, geographical, climatic, environmental, social, public order and access road characteristics.

5.7 That all information contained in the **Qualification** documents and in their **Proposal** is accurate, reliable and truthful, a fact which they declare under oath, to the point of expressly accepting the right of the **ANH** to verify and confirm it; to deny the **Qualification** or revoke it; to reject the **Proposal**; to abstain from awarding or to revoke an award already made and even to terminate an eventual contract, in case any information presented is contrary to actual fact.

5.8 That they therefore expressly and irrevocably authorize the **ANH** to verify all information submitted in connection with the **Qualification** and **Proposal**, including each supporting document presented to evidence **Capacity and Capability** and enter into a **Contract**, which authorization shall be retained by the **ANH** at all times, both before and after the **Qualification**, the award of the **Bidding Process** and the execution of the respective **Contract**, by reason of the general interest involved in the process.

5.9 That, considering the fact that, in line with the principles of transparency and public disclosure, the contractual actions of the **ANH** are public and the files containing them are open to the public, each **Participant** knows and expressly accepts that the information contained in the **Qualification** documents and in its **Proposal** is likewise public, except for those aspects or subject matters legally protected by secrecy or confidentiality, which must be expressly and precisely identified in writing by **Participants**, invoking the legal grounds that support said conditions.

5.10 That neither the **Individual Bidder** nor the members of **Plural Bidders**: (i) have incurred grounds for disqualification, incompatibility, prohibition or conflict of interest to contract with the **ANH**, in accordance with the Political Constitution and the law; (ii) are in the process of judicial liquidation or a similar circumstance under the laws of their country of origin, such as bankruptcy, voluntary or forced liquidation and, in general, any process or circumstance that may result in the extinction of the legal entity; (iii) have pending litigations, judicial proceedings or are in any other situation or contingency that may materially compromise the timely, effective and efficient fulfillment of the obligations and commitments derived from an eventual award, or the possible execution, performance or completion of the **Contract** or **Contracts** that may be entered into.

5.11 That neither the **Individual Bidder** nor the members of **Plural Bidders** have allowed or will allow their operations to be used as an instrument to conceal, manage, invest or benefit in any way from money or other assets obtained from criminal activities or intended to finance these, or to give the appearance of legality to criminal activities or to transactions and funds related thereto.

5.12 That neither the **Individual Bidder** nor the members of **Plural Bidders**, ~~their partners or shareholders, except for those of companies listed at a stock exchange~~, or their administrators, are reported in the latest publication of the Bulletin of Fiscally Liable Persons (*Boletín de Responsables Fiscales*) of the Office of the Comptroller-General of the Republic of Colombia (*Contraloría General de la República*), nor do they have a disciplinary record at the Office of the Attorney-General of the Republic of Colombia (*Procuraduría General de la Nación*), which would entail disqualification.

5.13 That the **Individual Bidder** and the members of **Plural Bidders** are in good standing regarding their obligations to the General Social Security System and in the matter of payroll taxes, in the event that they are subject to the respective system in Colombia.

5.14 That if they are awarded one or more **Areas**, they undertake to enter into the respective **Exploration and Production Contract(s) -E&P-** and/or **Technical Evaluation Agreement(s) -TEA-**, as appropriate, in accordance with the terms and conditions of the Drafts published by the **ANH**, before the deadlines established in the **Schedule** for such purpose, as well as to submit the documents required for the execution, legalization and performance thereof.

5.15 That the study and detailed analysis of the documents of this **Bidding Process**, including these **Terms of Reference** and their **Annexes** ~~and Tables~~, among them, the **Draft Contracts**; the **Maps** of the **Areas** subject to the **Process** (General, Location and Classification); their coordinates; the **Forms** and texts of **Statements and Commitments**; the **Addenda** introducing adjustments or amendments to said **Terms** and **Annexes**; the documents containing requests for clarification, questions and observations of the interested parties to the mentioned **Documents**; the answers of the **ANH** thereto; the **Information Package**; the information provided during the **Data Room** sessions, and, in general, all publications of the ANH in relation to the **Bidding Process**, on both physical and digital media, are their exclusive responsibility, in such a way that any interpretations, conclusions and deductions regarding these and any errors or omissions they may incur, are also their exclusive responsibility.

5.16 That they shall bear all costs and expenses incurred by them in preparing and submitting the **Qualification** documents and in formulating and putting together their **Proposal**, including guarantees, so that they will not be entitled to any recognition or reimbursement by the **ANH** in connection therewith, not even if the **Area** or **Areas** of their interest are declared unawarded or if their **Qualification** or **award** are revoked, or even in case of termination of the **Contract(s)** for legal reasons.

5.17 That with the submission of the **Qualification** documents and their **Proposal** they declare to know and to have analyzed and taken into consideration the law applicable to **Bidding Processes** and to hydrocarbon exploration and production contracts, and in particular, the pertinent regulations of the **ANH**, contained in **Agreement 04** of **May 4, 2012**.

5.18 That they agree to inform the competent authorities of any occurrence or behavior that may involve a violation of criminal law or a disciplinary fault, of which they become aware in connection with this **Bidding Process**, and in particular, the following:

- **Programa Presidencial de Modernización**, **Eficiencia, Transparencia y Lucha Contra la Corrupción**
  Unidad de Denuncias
  (Presidential Program for Modernization, Efficiency, Transparency and Fight Against Corruption - Complaints Unit)
  Carrera 8 No. 7-27, Bogotá, D.C.
  Tels: 018000-91-30-40 and (571) 587-05-55
  Fax: (571) 565-86-71
  E-mail: webmaster@anticorrupcion.gov.co
  Web page: http://www.anticorrupcion.gov.co

- **Procuraduría General de la Nación**
  (Office of the Attorney-General of the Nation)
  Carrera 5 No. 15-60, Bogotá, D.C.
  Tels: 018000-910-315 - Speed-dial code: 142 and PBX: (571) 587-87
  E-mail: quejas@procuraduria.gov.co
  Web page: http://www.procuraduria.gov.co

- **Fiscalía General de la Nación**
  (Office of the Prosecutor-General of the Nation)
  Central Level: Diagonal 22B No. 52-01 (Ciudad Salitre)
  Bogotá D.C.
  Tels: (571) 570-20-00 and (571) 414-90-00
  Toll-Free Line for Claims and Complaints Against Public Officials: 018000-91-22-80 or (571) 570-20-72

  Toll-Free Line for Criminal Complaints 018000-91-61-11
  (571) 414-91-37

E-mail:
Web page http://www.fiscalia.gov.co

- **Agencia Nacional de Hidrocarburos**
  (National Hydrocarbons Agency)
  Avenida Calle 26 No. 59 – 65, Piso 2, Bogotá, D.C.
  Tels: (571) 593-17-17
  Fax: (571) 593-17-18
  Claims and Complaints: participacionciudadana@anh.gov.co
  Web page: http://www.anh.gov.co

LIST OF ANNEXES AND FORMS

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CHAPTER ONE

DEFINITIONS

For the purposes of this **Bidding Process** and of the related contractual action, the terms and expressions listed below shall have the following meanings:

1.1 **Inherent or Complementary Activities to Hydrocarbon Exploration and Production**: Those related to the provision of technical services in the fields of geosciences and petroleum engineering, such as geology, geophysics, geochemistry, well drilling, production, deposit engineering, field administration, operation and maintenance, as well as the making of investments, all in this sector of industry.

1.2 **Addenda:** Additions, deletions, amendments, adjustments, clarifications, specifications and/or substitutions introduced and published by the **ANH** in the text of the **Terms of Reference**, their **Annexes** and **Tables**, including **Forms, Instructions** and **Commitments** and the **Drafts** of the **Contracts** to be entered into, after the date of publication of the **Final Terms**, on business days and during working hours.

This power may not be exercised after the end of the fourth (4th) business day prior to the deadline to submit the **Bidder Qualification** documents to the **ANH**, except for extensions of deadlines or terms in the **Schedule** of the **Bidding Process**, which may be made at any time, provided they are published at least two (2) business days in advance.

1.3 **Awardee: Bidder** whose offer has been selected as the most favorable to the interests of the **ANH** and the aims it is seeking, and, consequently, that to which one or more **Areas** are allocated for the execution of one or more **Exploration and Production -E&P- Contracts** and/or **Technical Evaluation Agreements** -**TEA-**, in furtherance of this **Bidding Process**.

1.4 **Annexes:** Set of **Forms**, **Commitments** and, in general, documents that accompany the text of the **Terms of Reference**, including the **Drafts** of the **Contracts** to be entered into, all of which form an integral part of these **Terms**.

1.5 **ANH: Agencia Nacional de Hidrocarburos (National Hydrocarbons Agency)**, a Colombian State agency of the decentralized sector of the Executive Branch, of the national order, with legal capacity, its own capital and administrative, technical and financial autonomy, attached to the Ministry of Mines and Energy and regulated by Decree-Laws 1760 of 1993 and 1437 of 2011.

1.6 **Contributions for Training, Institutional Strengthening and Technology Transfer:** Contribution payable by **Exploration and Production -E&P- Contractors**, consisting of the amounts they must transfer to the **ANH** or invest in the development of the hydrocarbon industry, to defray the cost of professional or specialized training programs; institutional strengthening projects, or programs that result in the transmission of systematic knowledge in aspects inherent to the sector, in accordance with the regulations established for such purpose by the Directive Council of the **ANH** and the respective contractual models approved by it.

1.7 **Area**: **Continental** or **Offshore** surface comprised within one or several polygons delimited whenever possible by lines in a north-south and east-west direction, which determine the subsoil **Block** or **Blocks** in which the rights to explore in search of hydrocarbons are granted, in order to remove them from their natural bed, transport them to a point on the surface and acquire ownership of the portion corresponding to the **Contractor**'s share, in the terms of applicable law and the respective **Technical Evaluation Agreement -TEA-** or **Exploration and Production -E&P- Contract.**

The delimitation of each **Area** is referenced to the Official Colombia *Datum* established by the Instituto Geográfico Agustín Codazzi –IGAC-: MAGNA-SIRGAS, with projection to the central origin.

1.8 **Continental Areas**: Located on the continental surface of the territory of the Republic of Colombia, which extends to the land borders and the coast lines.

1.9 **Offshore Areas:** Situated within a surface area defined with respect to the continental and insular coast lines, which extends to the international maritime boundaries, over which the Nation exercises sovereignty. They include the territorial sea, the adjoining zone, the exclusive economic zone and the continental platform, in accordance with international law or Colombian law, in the absence of international regulations.

1.10 **Notice:** Any communication, warning, indication, message, announcement or information posted by the **ANH** on its web page, related to this **Bidding Process**.

1.11 **Real or Controlling Beneficiary:** Person or group of natural or artificial persons which, either directly or indirectly, by themselves or through a third party, by reason of a contract, agreement or otherwise, have or may come to have, on account of being the holders of bonds mandatorily convertible into shares, decision-making powers with respect to a company; that is, the power or authority to vote in the election of senior officers or representatives; to direct, guide and control said vote, as well as the power or authority to dispose or order the disposition or encumbrance of shares or quotas or ownership interests.

Spouses or domestic partners and relatives within the fourth degree of consanguinity, second of affinity and first civil, make up a single **Real or Controlling Beneficiary**, unless it is proven that they act with independent economic interests, a circumstance that may be declared under oath before the Superintendency of Finance, exclusively for probative purposes.

Parent companies and their subordinates also constitute a single **Real or Controlling Beneficiary**.

A person or group of persons is considered a **Real or Controlling Beneficiary** of a share or ownership interest, if it has the power to acquire it through the exercise of a right derived from a repurchase agreement or from a fiduciary transaction with similar effects.

A person is considered to be a **Real or Controlling Beneficiary** of a share or ownership interest in a company if, notwithstanding the fact that it is not the formal owner, it exercises material control over it and effectively determines the exercise of all or any of the rights inherent to it.

It is understood that there is control in the cases contemplated in articles 260 to 262 of the Colombian Commercial Code.

1.12 **Block:** Volume of the subsoil vertically delimited by the projection of the limits of the **Area** towards the center of the Earth, in which the **Contractor** is authorized to conduct exploration and evaluation as well as hydrocarbon production operations, that is, the right to search for them, remove them from their natural bed, transport them to a specified point on the surface and acquire ownership of the portion that constitutes its share, in the terms of the applicable legislation and the respective **Contract.**

1.13 **Capacity and Capability:** Set of requirements and conditions of various types that must be met and reliably evidenced by an **Individual Bidder**, each member of a **Plural Bidder**, in particular the **Operator**, and even the association as such, in order to obtain **Qualification** to contract with the **ANH** for hydrocarbon exploration and production activities.

1.14 **Financial Standing:** Is the backing or solvency of an economic-financial nature that a legal entity or group of legal entities, as an **Individual** or **Plural Bidder** respectively, seeking the allocation of **Areas** intended for hydrocarbon exploration and production, must have, both to attend to their ordinary operations, the projects under their responsibility, and to undertake the commitments and obligations derived from the Contract or Contracts they may enter into as a result of the award of this **Bidding Process**, in line with the parameters established in these **Terms of Reference.**

1.15 **Legal Capacity:** Legal competence of an **Individual Bidder** or of all members, in the case of **Plural Bidders**, to participate in this **Bidding Process**; enter into the **Contract** or **Contracts** that may result from it; undertake the corresponding hydrocarbon exploration and production activities, and assume and fulfill the pertinent commitments and obligations in a timely, effective and efficient manner, ~~in accordance with Colombian law,~~ including proper evidence of their legal standing to sue and be sued.

1.16 **Technical and Operational Capability:** Verified track record and experience of an **Individual Bidder** or of the **Operator** in the case of **Plural Bidders**, in the performance of hydrocarbon exploration and production activities, in terms of production levels and volumes of reserves, based on which it can be presumed that they are capable of undertaking and performing the commitments and obligations derived from the proposed **Contract** or **Contracts** in a timely, safe, effective and efficient manner, using the best practices and the most recent (state-of-the-art) technologies of the oil industry.

For **Type 1 Areas**, this also includes track record or experience in well drilling.

1.17 **Environmental Capability:** Body of verified knowledge, degrees and experience of an **Individual Bidder** or the **Operator** in the case of **Plural Bidders**, to conduct hydrocarbon exploration and production activities duly protecting the environment and natural resources, which indicate that they are capable of undertaking the performance of the proposed **Contract** or **Contracts** in strict compliance with prevailing law on the subject matter; with the environmental licenses obtained or the environmental management plans approved by the competent authority, as the case may be; with the pertinent provisions of said **Contracts**, and, in general, with the parameters established in this regard by the best practices and most recent technologies of the oil industry.

1.18 **Capability in the matter of Corporate Social Responsibility:** Body of open and transparent practices, based on ethical values and respect for the State, their workers and contractors, society, the communities and the environment, that impose the administration of corporate affairs subject to applicable legislation; to said ethical values and to public and commercial expectations; respect for diversity and cultural identity, as well as the establishment of goals to contribute to economic and social progress and attain a sustainable and inclusive development.

1.19 a) **Cover Letter for Qualification Documents:** Communication through which each **Individual or Plural Bidder** formally submits to the **ANH** the set of documents required to evidence **Legal Capacity**, **Financial Standing**, **Technical and Operational** and **Environmental Capability** and **Corporate Social Responsibility**, with the aim of obtaining **Qualification** to submit a **Proposal** in relation to this **Bidding Process**.

The **Cover Letter** must be submitted in the **Form** of **Annex No. 1**, duly filled out and signed by the legal representative of an **Individual Bidder**, the designated representative of a **Plural Bidder**, both duly accredited, or by their respective agent, duly appointed.

Notwithstanding what is provided herein, legal entities applying for **Qualification** to submit a **Proposal** shall be entitled to do so as **Plural Bidders,** in association with other duly **Qualified** legal entities, in which case the provisions of section 6.13, **SUBSEQUENT QUALIFICATION OF PLURAL BIDDERS**, shall be applied.

b) **Cover Letter of the Proposal or Proposals:** Communication under which each **Individual** or **Plural Bidder** formally submits to the **ANH** an **Offer** or **Proposal** for each **Area** of its interest, in furtherance of this **Selection Process**.

The **Cover Letter** must be substantially in the **Form** of **Annex No. 9**, duly filled out and signed by the legal representative of an **Individual Bidder**, the designated representative of a **Plural Bidder**, both duly accredited, or by their respective agent, legally constituted, and be accompanied by **Forms Nos. 10** and **11**, corresponding to the **Additional Investment** and to the **Percentage Share of Production** offered, as well as by the respective **Bid Bond**, all subject to the rules of **Chapter Seven**, entitled **Proposals.**

1.20 **Statement and Commitment**: Set of statements made under oath and obligations and responsibilities enforceable by the **ANH**, which are formally and irrevocably undertaken by an **Individual Bidder** and the members of **Plural Bidders**, in their capacity as such and subsequently as **Contractors**, in case of award, with respect to a specific subject matter, in accordance with the **Cover Letter for Qualification Documents** and the **Forms** established as **Annexes** to these **Terms of Reference.**

1.21 **Consortium**: Form or type of association contemplated in paragraph 1 of article 7 of Law 80 of 1993, under which two (2) or more legal entities submit a joint **Proposal** in furtherance of this **Bidding Process**, in order to enter into, perform, complete and settle, also jointly, the **Contract** or **Contracts** that may be awarded to them**.** The parties making up a **Consortium** undertake joint and several and unlimited liability to the **ANH** for the timely, effective and efficient fulfillment of each and every one of the commitments and obligations derived from the formulation of their **Proposal** and from such award, execution, performance, completion and settlement, including the consequences and effects of actions or omissions of any or all of them, by reason or in furtherance of the **Bidding Process**, **Proposal(s)** and **Contract(s)**.

The parties making up a **Consortium** shall regulate their relations by means of an agreement or contract that incorporates general provisions specifically dealing with the manner of evidencing **Legal Capacity**, and which must be submitted to the **ANH** together with the **Qualification** documents or with the **Proposal**, if the association is between or among previously **Qualified Individual Bidders**.

1.22 **Contractor: Bidder** favored with the award of one or more **Exploration and Production -E&P- Contracts** or **Technical Evaluation Agreements** -**TEA**- and with the allocation of the corresponding **Area** or **Areas**, which enters into the respective legal transaction(s) with the **ANH**. Is also called **Evaluator** in **Technical Evaluation Agreements –TEA-**.

1.23 **Technical Evaluation Agreement (TEA):** The purpose of this agreement is to grant a **Contractor** an exclusive right to carry out technical evaluation studies in a specified **Area**, at its sole cost and risk and in accordance with a specific program, aimed at determining prospectivity, in exchange for the payment of certain fees for use of the subsoil and with the commitment to turn over a **Share of Production** and other applicable financial considerations, in the event that all or part of the **Area** is subject to the execution and subsequent performance of an **Exploration and Production -E&P- Contract**, exercising the conversion right stipulated in the respective **Technical Evaluation Agreement –TEA-.**

~~The exclusive rights granted under these Agreements are circumscribed to the Type of Deposit for the evaluation and exploration of which they have been executed, in such a way that they shall not prevent the ANH from directly conducting tasks intended to obtain additional technical information in the Area, or assigning it to another interested party, when Capability conditions do not allow the Contractor to extend its activities to Deposits of another Type and for this specific purpose.~~

1.24 **Exploration and Production -E&P- Contract:** The purpose of this type of contract is to grant the contractor the exclusive right to undertake and carry out exploration activities in a given **Area** and to produce the hydrocarbons belonging to the Nation that are discovered in it, at its sole cost and risk and in accordance with specific programs, in exchange for considerations consisting of the payment of **Fees** for **Use of the Subsoil**, and/or of "**High Prices**" or otherwise; the delivery of **Shares of Production**; the recognition and transfer of **Royalties** in cash or in kind subject to the Constitution and the law, and contributions for **Training, Institutional Strengthening and Technology Transfer**.

The exclusive rights granted under these **Contracts** are circumscribed to the **Type of Deposit** for the exploration and production of which they have been executed, in such a way that they shall not prevent the **ANH** from directly conducting tasks intended to obtain additional technical information in the **Area**, or assigning it to another interested party, when **Capability** conditions do not allow the **Contractor** to extend its activities to **Deposits** of another **Type,** in accordance with the terms and conditions established in the **Draft** of the **Exploration and Production –E&P- Contract.** ~~and for this specific purpose.~~

In the event of any coexistences, articles 18 and 19 of **Resolution No. 18 0742** dated **May 16, 2012**, issued by the Colombian Ministry of Mines and Energy, "by which the procedures for hydrocarbon exploration and production in **Non-Conventional Deposits** are established", shall be applied.

1.25 **Schedule**: Timeline for the various steps of the **Bidding Process** to take place, during its different **Stages**, with an indication of the corresponding dates and hours, or of the period during which said steps or **Stages** are to occur. The **ANH** may extend the deadlines or terms of the **Schedule** ~~at any time~~, provided the respective adjustment is published at least two (2) business days in advance.

~~1.26 Heavy Liquid Hydrocarbons: Those with API ("American Petroleum Institute") gravity greater than or equal to ten degrees (10º) and less than fifteen degrees (15º).~~

~~1.27 Extra Heavy Liquid Hydrocarbons: Those with API gravity below ten degrees (10º).~~

1.26 **Economic Rights**: Considerations in cash or in kind payable by **Contractors** for the various items established in the law and in the respective **Contracts**.

1.27 **Participation Right**: Option acquired with the purchase of the **Information Package**, through an authorized person or company, by a legal entity or a group of legal entities, to submit to the **ANH** the **Qualification** documents and a **Proposal**, as an **Individual** or a **Plural Bidder**, if **Qualified**, all in connection with this **Bidding Process**. In the case of **Plural Bidders**, only one of their members need acquire said **Package**.

1.28 **Fees for Use of the Subsoil:** Periodic cash payment to be made by **Contractors**, as compensation for the exclusive right to use the subsoil of the allocated **Area** for evaluation, exploration and production of the **Type of Deposit** subject to the corresponding **Contract**, the amounts and timing of which payments are to be stipulated in the respective legal transaction, in accordance with the law**.**

In **Exploration Areas**, this corresponds to a fee per surface unit, denominated in dollars of the United States of America.

In **Evaluation and Production Areas**, to a fee per production unit belonging to the **Contractor**, also denominated in dollars of the United States of America.

1.29 **Fees on account of "High Prices":** Compensation in cash or in kind, in favor of the **ANH**, as a function of the international prices of hydrocarbons, the amounts and timing of which are to be stipulated in the **Exploration and Production –E&P- Contract**, in accordance with the law.

1.30 **Fees based on the Contractor's Production:** Compensation in cash ~~or in kind~~ to be made by contractors and in favor of the **ANH**, calculated on each production unit of their property, payable as stipulated in the respective **Exploration and Production –E&P- Contract**. These are equivalent to the **Fees for Use of the Subsoil**, but in **Evaluation and Production Areas.**

1.31 **Bidding Process Documents**: All those that regulate and make up this **Bidding Process**, including those containing relevant information for the development hereof, as listed below:

- **Notices**

- **Terms of Reference** and **Addenda**, including the **Schedule** and the adjustments thereto, adopted through **Addenda Nos. 1** dated May 24, **2** dated June 13 and **3** dated June 25, all in 2012.

- **Forms and Annexes**

No. 1	**Cover Letter for Qualification Documents**
No. 2	**Statement and Commitment regarding Criminal Activities**
No. 3	**Transparency Statement and Commitment**
No. 4	**Statement and Commitment in the matter of Changes in Control**
No. 5	**Environmental Commitment**
No. 6	**Corporate Social Responsibility Commitment**
No. 7	**Net Worth**
No. 8	**Evidence of Technical and Operational Capability**
No. 9	**Proposal Cover Letter**
No. 10	**Proposed Additional Investment**
No. 11	**Proposed Share of Production**
No. 12	**General Map of the Areas subject to the Bidding Process**
No. 13	**Location Map of each Area**
No. 14	**Area Classification Map**
No. 15	**Coordinates**
No. 16	**Socio-Environmental Data Sheets of the Areas**

- **Draft Contracts**

  - **Technical Evaluation –TEA-**

- Exploration and Production –E&P-

- **Agreement No. 04 of May 4, 2012**, ANH Contracting Regulations, regarding criteria for the management and allocation of areas for exploration and production of hydrocarbons belonging to the Nation~~; applicable~~ ~~**Contracting Regulations**~~ and rules for the management and control of the respective **Contracts**, and **Agreement No. 02 of February 16 2012**, regarding determination of Special Areas, both issued by the Directive Council of the **ANH**.

- **Resolutions 045 of February 1, 2008**, issued by the Director General's Office, regarding the price list of the geological and technical information kept in the Petroleum Information Bank, BIP or EPIS; **054** regarding delimitation of the **Special Areas** for the ***Colombia 2012 Round***; **055**, regarding prices of the **Information Packages**, both dated **February 22,** and **152** of **May 14** ~~of the same year~~, regarding the opening of this **Bidding Process**, and **207 of June 20**, which modified the **Areas** subject to the **Bidding Process**, all dated 2012 and issued by the **Presidency of the ANH.**

- **Resolution No. 18 0742 of May 16, 2012,** issued by the Ministry of Mines and Energy, regarding Procedures for Hydrocarbon Exploration and Production in Unconventional Deposits.

- Observations and suggestions of interested parties with respect to the **Draft Terms of Reference**

- **Answers** by the **ANH**

- ~~**Final**~~ **Terms of Reference**~~, **Tables**~~ and **Annexes**

- **Information Package** and **Instructions** for its acquisition

- List of **Participants**

- Information derived from the **Data Room** sessions and **Guidelines** for holding them

- Requests for Clarification and Observations of **Participants** on the **Final Terms of Reference**

- **Answers** by the **ANH**

- **List of applications for Qualification**, with their corresponding **Annexes**

- **Preliminary List of Qualified Participants**

- Observations of **Participants** to the **Preliminary List**

- **Answers** by the **ANH**

- **Final List of Qualified Participants**

- **Minutes of Public Hearings**

- List of **Bidders** with identification of the **Area** or **Areas** included in their respective proposal and of the **Bid Bonds** thereof

- **List** of new **Plural Bidders**, upon verification of the **Qualification** of the respective association between **Qualified Individual Bidders**

- **Observations** of interested parties with respect to said verification

- **Answers** by the **ANH**

- List of **Endorsed Proposals**, with indication of the **Area** or **Areas** covered by each **Proposal**

- **Preliminary Order of Eligibility**, in accordance with the **Award Factors**

- **Bidder Observations** to said **Preliminary Order** ~~and **List**~~

- **Answers** by the **ANH**

- **Final First Round Eligibility List** and **List of ~~Unawarded~~ Areas** not included in said **List**

- **List** of **Second Round Areas**

- List of **Second Round Endorsed Proposals**, with indication of the **Area** or **Areas** covered by each **Proposal**

- **Preliminary Order of Eligibility** of the **Second Round**, in accordance with the **Award Factors**

- **Bidder Observations** to said **Second Round Preliminary Order** and **List**

- **Answers** by the **ANH**

- **Final Order of Eligibility**, and list of **Unawarded Areas**, if any

- **Contract Award Decision** or **Decisions**, **Allocation** of the respective **Area** or **Areas**, and **Declaration as Unawarded** of those areas not assigned.

- Final texts of the **Contracts**, after duly filling out the **Drafts**

1.32 **Stages:** Specific parts or actions of this **Bidding Process**, without prejudice to those that pertain to **Contracts.**

1.33 **Bid Bond:** Bond guaranteeing the good faith of the **Proposal** or **Proposals** submitted in connection with this **Bidding Process**; observance of its terms and conditions for the required period of time and its extensions, if any, as well as the timely, effective and efficient fulfillment of the commitments and obligations derived from said submission, among them, that of signing the proposed contract or contracts, in case of award, and of meeting the requirements for performance of same, all in accordance with applicable law and these **Terms of Reference**. This bond shall likewise cover the fulfillment of the **Commitment** to submit to the **ANH** accurate, reliable and truthful information for **Qualification** purposes, supported by authentic documents containing it.

1.36 **Joint and Several Debtor Guarantee**: Instrument granted in accordance with the law of the country of principal domicile of the **Parent** or **Controlling Company**, through which it assumes joint and several liability for the commitments and obligations undertaken by an **Individual Bidder**, the **Operator** and/or other members of **Plural Bidders**, which evidence **Financial Standing** and/or **Technical and Operational Capability** using the track record of their **Parent** or **Controlling Company**, derived from the application for **Qualification**; from the submission of the **Proposal** and from the execution, formalization, performance and settlement of the **Contract(s)** that may be awarded to them and they may enter into in furtherance of the ***Colombia Round 2012***.

Said instrument must be accompanied by a legal opinion issued by a law firm or outside counsel, stating that the obligations jointly and severally contracted by the **Parent** or **Controlling Company** are fully valid and enforceable in accordance with the law of its principal domicile.

1.37 **Qualification:** Examination and verification of the information submitted by **Individual Bidders** and by those making up **Plural Bidders**, including that concerning the association itself, for the purpose of establishing that they meet the conditions and requirements as to **Legal Capacity**, **Financial Standing**, **Technical and Operational and Environmental Capability** and **Corporate Social Responsibility**, to undertake the hydrocarbon exploration and production activities subject to the proposed **Contract(s)**; the result of said examination and verification, and determination and publication of the list of those **Bidders** that meet said requirements and conditions, in accordance with the type of **Area** and **Deposit**.

1.38 **Heavy Liquid Hydrocarbons**: Those with API ("American Petroleum Institute") gravity greater than or equal to ten degrees (10º) and less than fifteen degrees (15º).

1.39 **Extra Heavy Liquid Hydrocarbons**: Those with API gravity below ten degrees (10º).

1.40 **Instructions:** Document containing information and illustration regarding the **Information Package** and the **Data Room** sessions*.*

1.41 **Additional Investment**: Amount of money expressed in United States dollars, in multiples of one hundred thousand (USD 100,000), which an **Individual** or **Plural Bidder** offers to invest to cover the costs and expenses of the additional exploration activities proposed, over and above those established in the **Minimum Program** fixed by the **ANH** for each **Area** subject to allocation.

The **Additional Investment** is considered an essential and integral part of the **Exploration Program**. It must be invested in the course of **Phase I** of the **Exploration and Production -E&P- Contracts** or during the term of performance of the **Technical Evaluation Agreements** -**TEA-**~~, under penalty of paying over to the **ANH** the balance not actually invested, referred to as the **Remaining Investment**~~.

The amount of the **Additional Investment** must be indicated in the **Form** included in **Annex 10.**

1.42 **Operator**: Legal entity responsible for directing and conducting the exploration and technical evaluation operations pursuant to a **Technical Evaluation Agreement -TEA-** or the hydrocarbon exploration, evaluation, development and production operations pursuant to an **Exploration and Production Contract –E&P-**, as well as assuming the leadership and representation of a **Consortium**, **Temporary Union** or company organized by reason of the award thereof, and conducting the contractual performance and relations with the **ANH**. Both in the case of an **Individual Bidder** and of a legal entity that is to act as **Operator** in the case of **Plural Bidders**, in addition to **Legal Capacity**, they must evidence the fact that they meet the requirements in terms of **Technical and Operational and Environmental Capability** and **Corporate Social Responsibility** required for **Qualification**. The requirements inherent to **Financial Standing** may be evidenced by a **Bidder** either individually or jointly with one or more other participants, or by one or more of the latter, in the case of **Plural Bidders**. In any event, the **Financial Standing** of **Plural Bidders** is determined taking into account their percentage participation in the relevant association.

1.43 **Information Package**: Body of data, coordinates, figures and, in general, indications and references in the matter of seismic, wells and technical reports pertaining to the **Areas** subject to this **Bidding Process**, which must be acquired, examined and assessed by interested parties in order to participate therein. These **Packages** are different in the case of **Type 1** or **Type 2 and 3 Areas**.

1.44 **Share of Production (X%):** Percentage of the net production, that is, production after deducting **Royalties**, expressed in barrels of oil equivalent (BOE), constituted by a whole number equal to or greater than one (1), offered by **Bidders** to the **ANH** in consideration of the award of the **Contract**, and which, upon its execution, **Contractors** agree to recognize and pay the **ANH**, in cash or in kind, at the option of the **ANH**, fully and promptly, in accordance with the law and with the respective legal transaction.

1.45 **Participant:** Legal entity or group of legal entities that have acquired the **Information Package** and intend to submit to the **ANH** the documents for **Qualification** and to present a **Proposal** in furtherance of this **Bidding Process**. In the case of **Plural Bidders**, only one of their members need acquire said **Package**.

1.46 **Net Worth:** The Net Worth established in the General Purpose Financial Statements, or in the Accounting and Financial Information prepared according to the "*International Financial Reporting Standards – IFRS*" or to the "*Generally Accepted Accounting Principles – US GAAP"*, depending on the country of origin of the legal entity involved, submitted by **Individual Bidders** or by each member of a **Plural Bidder** in order to evidence **Financial Standing**, and to which the following adjustments must be made:

Deduct the following items from **Assets**:

- ✓ Capitalized Exploration Expenses,
- ✓ Goodwill,
- ✓ Intangibles,
- ✓ Commercial Standing, and
- ✓ Appreciations.

The calculation of the **Net Worth** must be certified by the legal representative~~, the accountant~~ and the statutory auditor or external auditor of an **Individual Bidder** or of each member of a **Plural Bidder**.

1.47 **Term:** Period of time established to fulfill an obligation, perform an act or take any step in the course of this **Bidding Process**. For the purpose of counting any term established in these **Terms of Reference**, days shall be understood to mean calendar days, except for an express indication to the contrary. When any given term expires on a non-business day, the expiration date shall be the first business day thereafter.

1.48 **Stratigraphic Well:** Well drilled for the purpose of reconnoitering and sampling a stratigraphic column, with no hydrocarbon-related objective, aimed at determining the lithological makeup and the physical properties of the stratigraphic sequence existing in the subsoil.

The drilling must comprise:

- The percentage of ~~conventional~~ cores extracted from the Stratigraphic Well must be at least ~~cores covering at least five~~ ten percent (10%) ~~of the total thickness of a stratigraphic column~~ of the vertical depth of the well. ~~For the remainder thereof, sidewall cores along the target interval every twenty (20)~~ The remaining stratigraphic information must be completed with drill cuttings taken every fifteen (15) feet, whether in the reservoir or in the source rock.

- The log of fluids and gases contained in the sequence.
- The taking of electrical, sonic, visual, radioactive and thermal well logs, among others.

In accordance with the stratigraphic characteristics of the basin, the depth of the well must reach the basement or a minimum of ten thousand (10,000) feet. In those cases where the drilling does not reach the basement or ten thousand (10,000) feet, the **Contractor** must submit any eventual modifications in the objective of the **Well** to the **ANH** for approval**.**

1.49 **Exploratory Well:** Is a well drilled to look for or verify the existence of Hydrocarbons, in an area not yet proven as Hydrocarbon producing, or to try to find additional not yet known deposits. F.H. Lahee's definition for A3 and A2 wells, accepted by the Colombian Ministry of Mines and Energy, is adopted for **Conventional Deposits**. For **Unconventional Deposits**, the definition and article 11 of **Resolution No. 18 0742** dated **May 16, 2012**, of the Colombian Ministry of Mines and Energy, "by which the procedures for hydrocarbon exploration and production in **Unconventional Deposits** are established" shall be applied.

1.50 **Bidding Process**: Orderly and coordinated series of actions and steps aimed at objectively selecting, among **Bidders** previously **qualified** for such purpose in accordance with the **Capacity and Capability** requirements established in these **Terms of Reference** and on strictly equal terms, the most favorable offer for the **ANH** and for the intended purposes, in order to enter into the **Technical Evaluation Agreements -TEA-** and **Exploration and Production -E&P- Contracts** in specified **Areas**, upon a prior public call for bids and subject to applicable law and the mentioned **Terms**.

Whenever the pertinent **Documents** contain a reference to this **Bidding Process**, they must be understood to refer to the **Colombia Round 2012**.

1.49 ~~**Exploratory Confirmation Program**: Comprises all exploratory activities designed to confirm that there is a hydrocarbon discovery in an **Unconventional Deposit**. It includes, among other activities, the~~

~~drilling of at least four (4) **Exploratory Wells** and the design of the **Well** logging, stimulation and completion program.~~

1.50 **Exploration Program**: Set of exploratory activities offered by the **Bidder** and which the **Contractor** agrees to carry out in the course of the respective agreement, indicating the timing and terms to execute them, together with the determination of the necessary investments for such purpose. Includes both the **Minimum Program** required by the **ANH** and the **Additional** or supplementary program offered, and accordingly, also the minimum and additional investments.

1.51 **Pledge of Future Partnership** (*Promesa de Sociedad Futura*)**:** Form or type of association contemplated in the third paragraph of article 7 of Law 80 of 1993, under which two (2) or more legal entities submit a joint **Proposal** in relation to this **Bidding Process**, under a Pledge of Future Partnership, duly executed and formalized, pursuant to article 119 of the Commercial Code, in order to enter into, perform, complete and settle, also jointly, the **Contract** or **Contracts** that may be awarded to them, in which case they must enter into the pledged Partnership Agreement for said execution, performance, completion and settlement.

The Parties to the **Pledge of Future Partnership** and the partners in the Pledged Partnership, as the case may be, undertake joint and several and unlimited liability to the **ANH** for the timely, effective and efficient fulfillment of any and all commitments and obligations derived from the formulation of the **Proposal** and from the award, execution, performance, completion and settlement of the **Contract** or **Contracts**, including the consequences and effects of any actions or omissions of each of them and of the Partnership, if established, by reason or in furtherance of the **Bidding Process**, **Proposal(s)** and **Contract(s)**.

1.52 **Bidder**: Legal entity or group of legal entities, either domestic or foreign, seeking the assignment of **Areas** for the purpose of conducting hydrocarbon exploration and production or technical evaluation activities, and which submit a **Proposal** within this **Bidding Process**, with the aim of entering into an **Exploration and Production -E&P- Contract** or a **Technical Evaluation Agreement -TEA-**. In the case of **Plural Bidders**, the association among their members may take the form of a **Consortium**, a **Temporary Union** or a **Pledge of Future Partnership**.

1.53 **Proposal**: A formal offer by an **Individual** or **Plural Bidder** seeking the assignment of one or several **Areas** to carry on technical evaluation and/or hydrocarbon exploration and production activities in furtherance of this **Bidding Process**, in which they determine the **Exploration Program** they agree to undertake, over and above the **Minimum Program** imposed by the **ANH**, together with the additional funds they offer to invest for such purpose, the **Additional Investment**, without prejudice to eventual balances that must be turned over to the **ANH**, i.e. the **Remaining Investment**; as well as the **Share of Production** they are prepared to turn over to the **ANH**, without prejudice to the **Royalties** and to the other **Economic Rights** in favor of the latter, as the case may be, all this with the purpose of executing and performing one or several **Exploration and Production Contracts -E&P-** and/or one or several **Technical Evaluation Agreements -TEA-**, in accordance with the law, these **Terms of Reference** and the provisions of the respective contract **draft** or model form, together with all their annexes. The **Proposal** may also be referred to as the **Offer**.

In line with this concept, the **Remaining Investment** is the balance of resources of the **Additional Investment** which the **Contractor** must turn over to the **ANH**, because it was not actually invested in the performance of the activities making up the relevant **Exploration Program**.

1.54 **Terms of Reference or TOR**: Is this document, which contains the regulations, requirements and necessary information to participate in the **Bidding Process**.

1.55 **Royalties**: Consideration in cash or in kind in favor of the State, on account of the exploitation of hydrocarbons belonging to the Nation, in accordance with the Political Constitution, the law and the respective **Contracts**.

1.56 **Temporary Union**: Form or type of association contemplated in paragraph 1 of article 7 of Law 80 of 1993, under which two (2) or more legal entities submit a joint **Proposal** in furtherance of this **Bidding Process**, in order to enter into, perform, complete and settle, also jointly, the **Contract** or **Contracts** that may be awarded to them. The parties making up the **Temporary Union** undertake joint and several and unlimited liability to the **ANH** for the timely, effective and efficient fulfillment of each and every one of the commitments and obligations derived from the formulation of their **Proposal** and from such award, execution, performance, completion and settlement, including the consequences and effects of actions or omissions of any or all of them, by reason or in furtherance of the **Bidding Process**, **Proposal** or **Proposals** and **Contract** or **Contracts**. Nevertheless, eventual fines or other penalties for breach of such obligations and commitments shall be imposed and enforced pro rata to the participation of each member in the **Temporary Union**.

1.57 **Conventional Deposit**: Rocky formation in which hydrocarbon accumulations occur in stratigraphic and/or structural traps. Characterized by a single natural pressure system, in such a way that the hydrocarbon production of one portion of the deposit affects the reservoir pressure throughout its entire area. It is limited by geological barriers, such as impermeable strata, structural conditions and water in the formations, and is effectively isolated from any deposit that may be present in the same geological structure or area.

~~1.58~~ **Unconventional Deposit**: Rocky formation with low primary permeability which must be stimulated to improve mobility and hydrocarbon recovery conditions. ~~Typical **Unconventional Deposits** include, among others, tight sands and carbonates, methane gas associated with coal seams, gas and oil from shale and bituminous sands.~~

~~Nevertheless, u~~Under this **Bidding Process**, hydrocarbon exploration and production activities do not include the methane gas associated with coal seams ~~and~~ or to bituminous sands.

Other special terms or concepts relevant to this **Bidding Process**, which require for their interpretation any additional clarification to that derived from the natural and obvious sense of the words, shall have the meaning assigned to them when used in these **Terms of Reference**.

CHAPTER TWO

PURPOSE AND SCOPE OF THE PROCESS

2.1 PURPOSE

The purpose of the ***COLOMBIA ROUND 2012*** **Bidding Process** is to objectively select, from among previously **qualified Bidders**, as a function of the **Capacity and Capability** requirements established in these **Terms of Reference** and on strictly equal terms, the most favorable **Proposals** for the **ANH** and for the purposes it is seeking, in order to assign specified **Areas** for exploration and production of hydrocarbons belonging to the Nation under **Technical Evaluation Agreements -TEA-** and/or **Exploration and Production Contracts, E&P**, upon a prior public call for bids and subject to applicable law and to the mentioned **Terms**.

2.2 SCOPE

Accordingly, the **Bidding Process** includes the following general steps:

2.2.1. Public Call for Bids

2.2.2. **Qualification**

2.2.3. Determination of **Order of Eligibility** of the **Proposals**

2.2.4 **Contract** award and **Assignment of Areas**

2.2.5 **Contract** execution

2.3 LEGAL FRAMEWORK

The following are applicable to the ***"COLOMBIA ROUND 2012"*** **Bidding Process** and to the **Contracts** that may be entered into in furtherance thereof: the special legal regulations concerning hydrocarbon exploration and production and the General Royalty System; the pertinent regulations of the Petroleum Code; Decree-Laws 1760 of 2003 and 4137 of 2011; the Contracting Regulations issued by the Directive Council of the **ANH** for the proposed legal transactions, contained in **Agreement No. 04** of **May 4, 2012**; article 76 of Law 80 of 1993, article 13 of Law 1150 of 2007 and Law 1474 of 2011; ~~Decree-Law 19 of 2012,~~ their developments and regulations, insofar as pertinent, as well as the general rules of private law contained in the Colombian Civil and Commercial Codes.

The actions and steps inherent to said **Bidding Process** are governed by these **Terms of Reference** and their **Addenda**, without prejudice to specific references to regulations listed in the previous paragraph.

The **Areas** subject to **allocation** were defined as special for the contracting of hydrocarbon technical evaluation, exploration and production activities by the Directive Council of the **ANH**, under Agreement 02 of February 16, 2012, which delegated their specific delimitation to the President of the **ANH**.

Said **Areas** are located in the following basins: **Vaupés-Amazonas**; **Caguán-Putumayo**; **Colombia**; **Eastern Cordillera**; **Guajira**; **Guajira Offshore**; **Lower Magdalena Valley**; **Middle Magdalena Valley**; **Upper Magdalena Valley**; **Catatumbo**; **Tumaco Offshore**; **Llanos**; **Sinú San Jacinto**; **Urabá** and **Sinú Offshore**.

Resolution 054 of **February 22, 2012**, issued by the President of the **ANH**, designated and delimited the **Special Areas** to be **allocated** in furtherance of the "***Colombia Round 2012***", amended by **Resolution 207** of **June 20, 2012.**

The proposed **Contracts** are subject to the provisions of the draft **Hydrocarbon Exploration and Production -E&P- Contracts** and **Technical Evaluation Agreements -TEA-** attached hereto, which are an integral part of these **Terms of Reference**.

In addition, the pertinent regulations in the matter of protection of natural resources and the environment, and of ethnic groups or communities, must be applied in the performance of the mentioned **Contracts** and **Agreements**.

In accordance with the law, the contractual activity inherent to the ***"Colombia Round 2012"*** **Bidding Process** and the actions of those taking part in it, must materialize the mandate of objective selection; observe the postulates governing the administrative function and fiscal actions, and be carried out in strict compliance with the principles ~~governing State contracting, in particular those~~ of Equality, Morality, Economy, Celerity, Transparency, Responsibility, Due Process, Objective Selection, Impartiality, Public Disclosure, Contradiction, Legality and Quality, and Planning, in the terms of article 3 of **Agreement 04 of May 4, 2012**, of the Directive Council.

All the mentioned regulations and texts, as well as any others under Colombian law applicable to this contractual action, are presumed to be known by all interested parties, **Participants**, **Bidders**, **Awardees** and **Contractors**.

2.4 CALL FOR BIDS

The **Agencia Nacional de Hidrocarburos (ANH)** is inviting domestic and foreign legal entities of the hydrocarbon sector to participate in the ***"Colombia Round 2012"*** **Bidding Process**; to submit to the **ANH** an application for **Qualification** accompanied by the documents evidencing their respective **Capacity and Capability**, as well as to submit a **Proposal** for the assignment of the **Areas** subject thereto and the execution of the corresponding **Technical Evaluation Agreements -TEA-** and/or **Exploration and Production -E&P- Contracts**, according to the classification set forth in the following **Chapter**, all of this subject to the applicable legal framework and to these **Terms of Reference.**

CHAPTER THREE

AREAS

3.1 UNIVERSE

The total number of **Areas** to be assigned under the ***"Colombia Round 2012"*** is one hundred ~~nine~~ fifteen (115), ~~ninety-eight (98)~~ one hundred two (102) of which are **Continental** and ~~eleven (11)~~ thirteen (13) **Offshore**.

3.2 CLASSIFICATION

The **Areas** to be assigned in furtherance of the "***Colombia Round 2012"*** *are* classified as indicated below:

3.2.1 According to Technical Information

As a function of the technical information available and the geological knowledge of the **Areas**:

3.2.1.1 **Type 1:** Located in "*mature*" basins, for which there is extensive geological knowledge. These shall be assigned under **Exploration and Production -E&P- Contracts**. Of the one hundred fifteen (115) **Areas** to be assigned, thirty-three (33) are of this **Type**.

3.2.1.2 **Type 2:** Located in basins with new prospectivity or "*emergent*", for which there is some geological knowledge. It is anticipated that these will also be assigned under **Exploration and Production -E&P- Contracts**. Thirty-four (34) of the one hundred fifteen (115) ~~nine (109)~~ **Areas** to be assigned are **Type 2**.

3.2.1.3 **Type 3:** Located in "*frontier"* basins, for which there is little or no geological knowledge. They will be assigned under

Technical Evaluation Agreements -TEA-. Of the one hundred fifteen (115) ~~nine (109)~~ **Areas** to be assigned, forty-eight (48) ~~six (46)~~ are **Type 3**.

3.2.2 <u>According to **Type of Deposit**</u>

Of the one hundred fifteen (115) ~~nine (109)~~ **Areas** to be assigned, thirty~~-one (31)~~ (30) have been selected for **Technical Evaluation** or **Exploration and Production** of **Unconventional Deposits**. Of those thirty (30), ~~-one (31), thirteen (13)~~ twelve (12) are **Type 2** and eighteen (18) are **Type 3**.

Only those **Bidders** who evidence the **Capacity and Capability** conditions and requirements established in items 6.5.3 and 6.6.3 of these **Terms of Reference** will be qualified to explore and produce **Hydrocarbons**, in both **Conventional Deposits** and **Unconventional Deposits**.

~~Nevertheless, if in the course of performance of the respective **Technical Evaluation Agreement -TEA-** or **Exploration and Production -E&P- Contract**, the assessment made or the exploratory activities undertaken lead to the conclusion of **Conventional Deposit** prospectivity, the **Contractor** shall be obligated to explore and exploit them, in the terms and conditions stipulated in the respective legal transaction, including those **Exploration and Production -E&P- Contracts** that result from the exercise of the conversion option available to the **Evaluator**.~~

~~On the contrary, if in the course of performance of an **Exploration and Production -E&P- Contract**, the exploratory activities evidence **Unconventional Deposit** prospectivity, the **Contractor** shall **NOT** be authorized to exploit them, unless it has been **Qualified** for such **Type** of **Areas** and **Deposits**, in which case it shall be required to do so, whether the **Areas** are **Type 1 or Type 2**.~~

~~If the **Contractor** has not obtained **Qualification** to enter into a **Contract** for this **Type of Deposits**, the **ANH** retains the power to assign the **Area** to a third party that meets the requirements for this~~

~~purpose, in the terms and conditions established by law and in the contractual provisions.~~

3.3 LOCATION

The **Areas** to be **assigned** in furtherance of the ***"Colombia Round 2012"*** were determined and delimited by the Presidency of the **ANH** through **Resolution 054** of **February 22, 2012,** amended by that identified as **207** of **June 20, 2012,** exercising powers expressly delegated by the Directive Council of the **ANH**, identifying the basins to which they belong.

All **Areas** are shown graphically in the **General Area Map** attached to the **Terms of Reference** as **Annex No. 12**; they are located according to the corresponding drainage basin in the **Location Maps** of **Annex No. 13** and are duly classified in the **Map** of **Annex No. 14.**

Their respective coordinates may be consulted in the digital file identified as **Annex No. 15**, entitled **"Coordinates"**, which will be available to interested parties on the web page of the **ANH** http://www.rondacolombia2012.com.

3.4 SOCIO-ENVIRONMENTAL DATA SHEET

With the purpose of guiding interested parties, **Participants**, **Bidders** and **Contractors** regarding the social and environmental aspects of each of the **Areas** to be assigned, the **ANH** prepared **Socio-Environmental Data Sheets**, of an exclusively informative nature, including general information regarding the name and **Type** of each **Area**; the municipalities in which they are located and the department to which those municipalities belong; the regional autonomous entities with jurisdiction and competence in environmental and natural resource matters in the **Area**; the "*Collective Territories*" legally established in favor of ethnic communities or groups, and the areas defined as "*Protected Areas",* among them, national and regional parks, special management areas and forest reserves, as well as the so-called "*Strategic Ecosystems*", such as wetlands, coral reefs, *páramos* (moors), sea grasses and mangrove swamps. These **Socio-Environmental Data Sheets** may be consulted in **Annex No. ~~15~~16.**

The information contained in the **Socio-Environmental Data Sheets** does not include indigenous and Afro-Colombian communities and ROM peoples, which have had ancestral possession of territories, but have no collective title to them, which will only be confirmed upon issuance of the certification regarding presence of ethnic communities or groups in the respective **Area** by the Ministry of the Interior, at the request of the respective **Contractor**.

Such information is subject to variations as determined by the competent authorities, and it is the responsibility of **Contractors** to update it and comply strictly with the regulations governing all of these matters.

3.5 RETURN OF AREAS

Exploration and Production -E&P- Contracts will contemplate partial returns of an assigned **Area**, according to its **Type**, size and **Type of Deposit**, as follows:

3.5.1 Type 1 Areas

If the surface area exceeds forty-five thousand hectares (45,000 Ha), the **Contractor** must return to the **ANH** the number of hectares in excess of forty-five thousand (45,000) at the end of **Phase I** of the **Exploration Period**.

Otherwise, there will be no partial returns.

3.5.2 Type 2 Areas, prospective for Conventional Deposits:

The **Contractor** must return to the **ANH** fifty percent (50%) of the assigned **Area** ~~or the number of hectares in excess of forty-five thousand (45,000)~~ at the end of **Phase I** of the **Exploration Period**~~, regardless of its size~~. If after applying this percentage, the assigned **Area** is reduced to less than forty-five thousand hectares (45,000 Ha), the **Contractor** will only be required to return the amount exceeding forty-five thousand hectares (45,000 Ha).

3.5.3 **Type 2 and 3 Areas**, prospective for **Unconventional Deposits**

No partial returns of **Areas** are contemplated during the **Exploration Period**.

The return of **Areas** at the end of the exploration period shall be regulated by the provisions of the respective **Contract**.

CHAPTER FOUR

EXPLORATION PROGRAMS TO BE UNDERTAKEN

4.1 GENERAL

In compliance with and performance of the **Technical Evaluation Agreements -TEA-** and **Exploration and Production -E&P- Contracts**, **Contractors** undertake the obligation to conduct specific and precise exploration activities, at the times and within the stipulated time frame, for which purpose they agree to make the investments demanded by their timely performance.

That series of activities is referred to as the **Exploration Program**; it includes both the **Minimum Program** required by the **ANH** and the **Additional** or **Supplementary Program** offered in the **Proposal**, and therefore also involves the making of minimum and additional investments.

4.2 EXPLORATION PROGRAMS

In general, total execution of the **Exploration Programs**, both **Minimum** and **Additional**, is a mandatory requirement under both the **Technical Evaluation Agreements -TEA-** and the **Exploration and Production –E&P- Contracts.**

~~Nevertheless, during~~ During the course of any of the **Phases** of the **Exploration Period** under **Exploration and Production –E&P- Contracts** [two (2) **Phases** of three (3) years each, in the case of **Conventional Deposits** or three (3) **Phases** of three (3) years each for **Unconventional Deposits**], the **Contractor** is entitled to relinquish the ~~legal transaction~~ **Contract**, provided it has satisfactorily fulfilled the commitments and obligations incumbent upon it and made the investments inherent to the execution of the **Exploration Programs**, both **Minimum** and **Additional**, corresponding to the **Phase** then in progress. To this end, it shall give written notice to the **ANH** before the expiration of the term of the respective **Phase**.

~~In addition~~ Nevertheless, after the first eighteen (18) months of execution of **Phase I** of the **Exploration Period** under **Exploration and Production –E&P- Contracts**, in prospective **Areas** for both **Conventional** and **Unconventional Deposits**, as well as of the term of execution of **Technical Evaluation Agreements –TEA-**, the **Contractor** may relinquish the ~~legal transaction~~ **Contract**, provided it pays over to the **ANH** the amount of the investments not yet made ~~on account of activities inherent to~~ in the **Exploration Program**, both **Minimum** and Additional, of **Phase** I in the case of **Exploration and Production E&P Contracts**, or the total term of performance, in the case of **Technical Evaluation Agreements –TEA-**.

4.3 MINIMUM EXPLORATION PROGRAMS BY TYPE OF AREA AND DEPOSIT

The **ANH** has established the following **Minimum Exploration Programs** for the **Areas** subject to evaluation, exploration and production, broken down according to their **Type** and that of the corresponding **Deposits**, as well as the term to carry out the activities and make the pertinent investments:

4.3.1 Type 1 and 2 Areas – Continental – Prospective for Conventional Deposits:

- **Phase I**: Thirty-six (36) months duration
  - 2D Seismic:
    Minimum of one kilometer (1 km) for every five square kilometers (5 km^2) of the **Area**.
  - One (1) Exploratory Well, with geochemical and petrophysical analyses and well logs.
- **Phase II**: Thirty-six (36) months duration
  - 3D Seismic:

Minimum of one square kilometer (1 km^2) for every ten square kilometers (10 km^2) of the **Area**.

- Two (2) Exploratory Wells, with geochemical and petrophysical analyses and well logs.

4.3.2 **Type 2 Areas – Continental** - Prospective for **Unconventional Deposits**

- **Phase I**: Thirty-six (36) months duration

  - Surface Geological Cartography with a scale of 1:25,000 or greater
    Minimum of fifty percent (50%) of the **Area**.

  - 2D Seismic:
    Minimum of one kilometer (1 km) for every five square kilometers (5 km^2) of the Area.

  - Two (2) Stratigraphic Wells, with geochemical and petrophysical analyses and well logs including magnetic resonance.

- **Phase II**: Thirty-six (36) months duration

  - ~~One (1) Stratigraphic Well with geochemical and petrophysical analyses and well logs~~
  - 3D Seismic:
    Minimum of one square kilometer (1 km^2) for every ten square kilometers (10 km^2) of the **Area**.

  - Two (2) Exploratory Wells, with geochemical and petrophysical analyses and well logs.

- **Phase III**: Thirty-six (36) months duration

  - Four (4) Exploratory Wells, geochemical and petrophysical analyses and well logs.

4.3.3 **Type 2 Areas - Offshore -** Prospective for **Conventional Deposits**

- **Phase I**: Thirty-six (36) months duration

  - 3D Seismic:
    Minimum of fifteen square kilometers (15 km^2) for every two hundred square kilometers (200 km^2) of the **Area**

  - Piston Core Surveys
    One (1) for every two hundred square kilometers (200 km^2) of the **Area**.

- **Phase II**: Thirty-six (36) months duration

  - One (1) Exploratory Well, geochemical and petrophysical analyses and well logs

4.3.4 **Type 3 Areas: Continental -** Prospective for **Conventional Deposits**

- **Single Phase**: Thirty-six (36) months duration

  - 2D Seismic:
    Minimum of one kilometer (1 km) for every ten square kilometers (10 km^2) of the **Area**.

  - Regional surveys such as *"mapping"* with remote *"sensing"* and applying airborne geophysical methods.

  - One (1) Stratigraphic Well, with geochemical and petrophysical analyses and well logs.

4.3.5 **Type 3 Areas: Offshore** – Propective for **Conventional Deposits**

- **Single Phase**: Thirty-six (36) months duration

- ~~One (1)~~ Piston Core Surveys:
  One (1) for every two hundred square kilometers (200 km^2) of the **Area**.

  - 2D Seismic:
    Minimum of one kilometer (1 km) for every ten square kilometers (10 km^2) of the **Area**.

- Regional surveys such as *"mapping"* with remote "*sensing"* and applying airborne geophysical methods.

  - ~~Twenty~~ Five kilometers (~~20~~ 5 km) of bathymetry for every ten square kilometers (10 km^2) of the **Area**.

4.3.6 **Type 3 Areas: Continental** - Prospective for **Unconventional Deposits:**

- **Single Phase**: Thirty-six (36) months duration

  - Surface Geological Cartography with a scale of 1:25,000 or greater, with minimum coverage of fifty percent (50%) of the **Area**.

  - 2D Seismic:
    Minimum of one kilometer (1 km) for every ten square kilometers (10 km^2) of the **Area**.

  - Regional surveys such as *"mapping"* with remote "*sensing"* and applying airborne geophysical methods.

  - Two (2) Stratigraphic Wells, with geochemical and petrophysical analyses and well logs including magnetic resonance.

Nevertheless, with the prior express written approval of the **ANH**, equivalences may be made between 2D and 3D in the execution of seismic programs, through the application of the one point six (1.6) conversion factor, ~~i.e., on the basis of multiplying the number of 2D~~

~~seismic kilometers required by one point six (1.6)~~ i.e., 1 km^2 of 3D seismic is equivalent to 1.6 km of 2D seismic.

All **Exploratory Wells** of **Exploration Programs** in prospective **Areas** for **Conventional Deposits** must be of the **A3 type**.

For **Unconventional Deposits**, **Exploratory Wells** must comply with the provisions of article 11 of **Resolution No. 18 0742** of **May 16, 2012**, issued by the Colombian Ministry of Mines, "by which procedures are established for hydrocarbon exploration and production in **Unconventional Deposits**."

Stratigraphic Wells may be substituted by **Exploratory Wells**, upon prior analysis and approval by the **ANH** in the course of performance of the respective **Contract**.

4.4 ADDITIONAL EXPLORATION PROGRAM AND INVESTMENT

In addition to the development and performance of the technical activities making up the **Minimum Exploration Program** required by the **ANH** for each **Area**, with its corresponding investment of funds, **Bidders** must offer and **Contractors** assume the obligation to undertake and carry out the ~~complementary~~ activities ~~listed in~~ of the **Additional Exploration Program**, which together with the indication of the **additional** investments required for such purpose, they also agree to carry out, if awarded the proposed **Contract** or **Contracts**.

Therefore, according to the concept set forth in **Chapter One** - **Definitions**, an **Additional Investment** is understood to mean the ~~partial and total~~ sums of money, expressed in United States dollars, in multiples of one hundred thousand (USD 100,000), which an **Individual** or **Plural Bidder** offers to invest to cover the costs and expenses of the **additional** exploration activities proposed, in excess of those determined in the **Minimum Program** established by the **ANH** for each **Area** subject to assignment.

The **Additional Investment** is considered an essential and integral part of the **Exploration Program**. It must be invested in the course of **Phase I** of **Exploration and Production -E&P- Contracts** or during the term of performance of **Technical Evaluation Agreements -TEA-**, under penalty of paying over to the **ANH** the balance not actually invested, after carrying out the activities of the corresponding **Additional Exploration Program**, called the **Remaining Investment**.

The **additional** technical activities offered, the amount of the investment proposed for each and the total amount of the **Additional Investment** must be indicated in the **Form** attached to the **Terms of Reference** as **Annex No. 10.**

In order to determine the amount corresponding to the technical activities of the **Additional Exploration Program** and establish the partial and total investments required and offered for their timely, complete, effective and efficient performance, below is a **Unit Price Table** which must necessarily be observed by **Bidders** when formulating the respective **Program** and correctly filling out the respective **Form**.

For eventual exploratory activities other than those listed in the **Unit Price Table**, **Bidders** must establish the amount of the corresponding investment, duly supported.

The valuation of technical activities and investments other than those listed in said **Table** must be based on studies, analyses, quotations and supporting documents that will enable the **ANH** to establish their reasonableness.

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Unit Price Table

Basin	Aero-geophysics US$/km	High-Resolution Bathymetry US$/km	Piston Core US$/point	Exploratory Well C. / Unc. MMUS$	Stratigraphic Well MMUS$	Seísmic Reprocessing & Interpretation US$/km	Remote Sensors US$/km	2D Seísmic US$/km	3D Seísmic US$/km²
CAG PUT	185	-	-	16 / -	17	109	1.195	54.319	86.911
VAU AMA	185	-	-	16 / -	17	109	1.195	54.319	86.911
CAT	185	-	-	13 / 16	14	109	1.195	54.319	86.911
COR	185	-	-	11 / 14	12	109	1.195	43.456	69.529
GUA	185	-	-	13 / -	14	109	1.195	32.592	52.147
GUA OFF	185	272	16.296	35 / -	-	109	1.195	4.346	6.953
LLA	185	-	-	11 / -	12	109	1.195	27.160	43.456
COL	185	272	16.296	35 / -	-	109	1.195	4.346	6.953
SIN OFF	185	272	16.296	35 / -	-	109	1.195	4.346	6.953
SSJ	185	-	-	13 / -	14	109	1.195	38.024	60.838
TUM OFF	185	272	16.296	35 / -	-	109	1.195	4.346	6.953
URA	185	-	-	16 / -	17	109	1.195	38.024	60.838
URA OFF	185	272	16.296	35 / -	-	109	1.195	4.346	6.953
VIM	185	-	-	13 / -	14	109	1.195	38.024	60.838
VMM	185	-	-	13 / 16	14	109	1.195	43.456	69.529
VSM	185	-	-	13 / 16	14	109	1.195	43.456	69.529

Note: The values correspond to activities listed in the **Minimum Exploration Program**, for both **Conventional** and **Unconventional Deposits**, except for **Exploratory Wells**, whose unit prices are shown duly broken down. They therefore apply to the so-called **Minimum Exploration Program** and to the **Additional Exploration Program.**

C.: **Conventional Deposits**

Unc.: **Unconventional Deposits**.

CHAPTER FIVE

DEVELOPMENT OF THE BIDDING PROCESS

5.1 STAGES, ACTIONS AND SCHEDULE

The ***"Colombia Round 2012"*** **Bidding Process** will consist of four (4) **Stages**, as follows: (i) Dissemination and Information; (ii) **Bidder Qualification**; (iii) submission, validation and award of **Proposals** and consequent **assignment** or declaration as unawarded of the **Areas** subject thereto, and (iv) execution of the corresponding **Contracts** and fulfillment of the requirements to commence their performance.

The **Process** includes the steps set forth in the following **Schedule**, with an indication of the dates on which they are to take place or the time frame within which they must be carried out.

As established in relation to the **Addenda** to the **Terms of Reference**, in section 1.2 of **Chapter One - Definitions**, the **ANH** may make adjustments in the **Schedule** of the **Bidding Process**, at any time, provided these are published at least two (2) business days before the respective milestone or action.

SCHEDULE

Action	Date or Term
Dissemination and Information Stage	
Launch of ***"Colombia Round 2012"*** in Bogotá, D.C.	21-02-12
Starting date of sale of **Information Packages**	22-02-12
Publication of **Draft Terms of Reference**	01-03-12

Action		Date or Term
"Road Shows"	Toronto	29-02-12
	Calgary*	01/02-03-12
	Houston*	08-03-12
	London	22/23-03-12
	Beijing*	26/27-03-12
	Seoul	29/30-03-12
	Tokyo	03/04-04-12
	Rio de Janeiro	17-04-12
	Mumbai	09-05-12
* Include Data Room		
Data Room in Bogotá D.C.		20-03 to 16-07-12
Observations to **Draft Terms of Reference**		01 to 30-03-12
Answers by **ANH**		23-04-12
Formal opening of **Bidding Process** and publication of **Final Terms of Reference**		14-05-12
Bidder Qualification Stage		
Observations to **Final Terms of Reference**		15-05 to 01-06-12
Answers by **ANH**		04-06 to 28-06-12
Deadline for publication of **Addenda**, except **Schedule**		28-06-12
Submission of **Qualification** Documents		05-07 to 03-08-12
Study of Documents and publication of **Preliminary List of Qualified Participants**		03-08 to 24-08-12
Observations to the **Preliminary List**		27 to 31-08-12
Publication of **Final List of Qualified Participants**		17-09-12
Proposal Submission, Validation and Award Stage		
Submission of **Proposals**, Bid Bonds and Public Hearing for **Opening of Bids**		17-10-12
Validation of Proposals and publication of **Preliminary Eligibility List**		01-11-12

Action	Date or Term
Observations to **Preliminary Eligibility List**	02-11 to 13-11-12
Publication of **Final List** and Award or Declaration as Unawarded of the **Areas**	26-11-12
Second Round	28-11-12
Contract Execution Stage	
Signing of **Contracts** and fulfillment of requirements for performance	27-11 to 21-12-12

5.2 DISSEMINATION AND INFORMATION STAGE

5.2.1 Launch

The ***"Colombia Round 2012"*** **Bidding Process** was officially launched in Bogotá on February 21, 2012, in a public act at which indicators and targets of the Colombian Hydrocarbon Sector related to oil and gas production, technical information acquired since the year 2005, the direct foreign investment registered in the sector, and data regarding reserves and new discoveries were presented, as well as comparative information among the Latin American countries about perception within the industry of the attractiveness of investing in this Sector and the reasons that make Colombia a country with very good business opportunities. The **Areas** to be assigned, the basins to which they belong and their general location were identified and the manner in which they were classified was explained, together with an estimate of the exploration activities to be undertaken, their socio-environmental characteristics, and a general outline of the **Project**, of the **Bidding Process** and of the **Contracts** to be entered into as a result of the award of the **Proposals** and the assignment of the corresponding **Areas.**

5.2.2 Information Packages

As indicated in section 1.41 of **Chapter One - Definitions**, the **ANH** has prepared and has available for sale to companies interested in participating in the **Bidding Process** a collection of data, coordinates, figures and, in general, indications and references in the matter of seismic and wells, together with technical reports on the **Areas** subject thereto, which must be mandatorily purchased, examined and assessed by **Participants**, under the title **Information Package**.

These **Packages** are different for **Type 1** or **Type 2** and **3 Areas**.

Their purchase is an essential requirement to apply for **Qualification** and to submit a **Proposal**, according to the type of **Area** or **Areas** in which the **Bidder** is interested. Nevertheless, in the case of **Plural Bidders**, only one of their members needs to have acquired the **Information Package or Packages** corresponding to the **Area** or **Areas** of their interest.

The price of the **Information Package** will be Twenty thousand or One hundred thousand United States Dollars (USD 20,000) or (USD 100,000), including the applicable sales tax, VAT, equivalent to sixteen percent (16%), respectively, for **Type 1** or **Type 2 and 3 Areas**. These amounts will **NOT** be reimbursable for any reason. Therefore, in the event that the buyer does not submit an application for **Qualification** or a **Proposal**, it will not be entitled to a refund of the amount paid on account of the **Package** or **Packages** bought.

The prices thus fixed may be paid in Colombian Pesos, in which case they will be converted at the Market Reference Rate of Exchange (TRM) for US Dollars published by the Colombian Central Bank (*Banco de la República*) and in force on the date of the respective payment. Said Rate may be consulted on the web page of the Central Bank, http://www.banrep.gov.co.

The amounts may also be paid from abroad, in United States Dollars or their equivalent in Euros or Pounds Sterling on the date on which the respective payment is made.

The **Information Packages** will be delivered to interested parties at the offices of the **ANH**, within two (2) business days following confirmation of the respective payment of the price of those that are to be acquired.

In order to purchase **Information Packages** in the country or from abroad, interested parties must observe the following procedure:

- Send an e-mail message to the address paquetedeinformacion@anh.gov.co, with a copy to rondacolombia2012@anh.gov.co, indicating their interest in acquiring the **Information Package** corresponding to the **Type 1 Areas**, for Twenty thousand United States Dollars (USD 20,000) and/or that of **Type 2** and **3 Areas**, for One hundred thousand United States Dollars (USD 100,000).

  In order for the **ANH** to generate the corresponding sales invoice, the e-mail message must include the following information:

  - Full name of the requesting legal entity.
  - Name of the Legal Representative or Agent authorized for such purpose.
  - Tax Identification Number, NIT, if the applicant is a taxpayer in Colombia.
  - Country and city of the principal domicile of the applicant
  - Address
  - Phone
  - E-mail
  - **Information Package** desired, either for **Type 1 Areas** and/or for **Type 2** and **3 Areas**.

- As of the second (2nd) business day following remittance of the e-mail message, the interested party must claim the corresponding sales invoice from PriceWaterhouseCoopers A.G. Ltda., at Centro Empresarial Dorado Plaza, Avenida Calle 26 No. 85D-55, Green Module, 3rd Floor, Offices 248 – 249 – 250, Bogotá D.C., through the Representative, Agent or person duly authorized for such purpose.

- Payments must be made as follows:

  In Colombia - Collection in Colombian Pesos (COP)

  - Electronic Transfer via ACH through the electronic banking systems available for such purpose to:

Financial Institution:	Helm Bank
Account Number:	005-55884-1
Account Type:	Savings
Account Holder:	Agencia Nacional de Hidrocarburos
NIT:	830.127.607-8

- Deposit at the bank – National Deposit Form (*Formato de Recaudo Nacional*):

At the offices of Helm Bank in Colombia, into the account of Agencia Nacional de Hidrocarburos, using the "Online Collection Form" (*Formato de Recaudo en Línea*), available at any bank branch office, using Agreement Code 9185 and with the indication of being a client of **ANH**.

From abroad:

- In United States Dollars (USD)

Intermediary Bank:	Citibank, New York
Swift Code:	CITIUS33
ABA:	021000089

Bank of Beneficiary:	Helm Bank
Swift Code:	BCTOCOBB
Account No.:	10953817
Name of Beneficiary:	Agencia Nacional de Hidrocarburos
Account No.:	005-55884-1
Description of Payment:	Include description

- In Euros (EUR)

Intermediary Bank:	Deutsche Bank – Frankfurt
Swift Code:	DEUTDEFF
IBAN Code:	DE35500700100951306000

Bank of Beneficiary:	Helm Bank
Swift Code:	BCTOCOBB
Account No.:	100951306000

Name of Beneficiary: Agencia Nacional de Hidrocarburos
Account No.: 005-55884-1
Description of Payment: Include description

- In Pounds Sterling (GBP)

Intermediary Bank: Barclays Bank PLC – London
Swift Code: BARCGB22

Bank of Beneficiary: Helm Bank
Swift Code: BCTOCOBB
Account No.: 20325370259241
Name of Beneficiary: Agencia Nacional de Hidrocarburos
Account No.: 005-55884-1
Description of Payment: Include description

▪ Interested parties must bear in mind the following:

- Payments deposited into accounts other than those indicated will be deemed not made.

- The **ANH** will verify that the funds have been credited into the Savings Account identified above, in its name, and that the amount calculated in a currency other than US Dollars is equivalent or actually corresponds to the price indicated in these **Terms of Reference** for the **Information Package(s)** requested.

- Any cost or expense incurred by interested parties to pay for the **Information Packages** shall be for their exclusive account.

- In order for the **ANH** to hand over the **Information Package(s)**, interested parties must forward to the Entity the deposit receipt or evidence of the electronic transfer, scanned and attached to an e-mail message addressed to holman.bustos@anh.gov.co with a copy to sergio.lopez@anh.gov.co.

- The **Information Packages** will be handed over to the interested parties that have acquired them and sent the corresponding evidence of payment, at the offices of **Agencia Nacional de Hidrocarburos**, Avenida Calle 26 No. 59-65, Cámara Colombiana de la Infraestructura Building, 2nd floor, in Bogotá, D.C., Monday to Friday, from 8:00 a.m. to 12:00 noon and from 1:00 p.m. to 5:45 p.m.

- **Packages** will be handed over to the legal representative or agent of the **Participant**, or to a person expressly empowered for such purpose, duly accredited, designated or authorized, who must present a Certificate of Existence and Legal Representation of the Participant, issued by the Chamber of Commerce of the principal domicile of the legal entity, or a similar document issued by a competent authority of the country of origin, in the case of foreign legal entities without a domicile in Colombia, no more than thirty (30) days before, and a power-of-attorney with the legal requirements or an express written authorization for such purpose, as appropriate.

5.2.3 "**Road Shows"**

In order to promote the ***"Colombia Round 2012"*** **Bidding Process** and the hydrocarbon exploration and production projects to be undertaken within the framework of the industry and among investors and companies of the sector, at both the domestic and international levels, the **ANH** has scheduled a number of tours and presentations in various cities in several continents, as established in the **Schedule**.

5.2.4 **Data Room**

The data and, in general, the **Information** contained in the **Packages** will be exhibited to all parties interested in seeing and examining them, with the assistance and technical support of specialized personnel, who will answer any questions and concerns that may arise in the respective sessions, in the so-called **Data Room**. To such end, **Data Room** sessions will be held abroad, in the cities shown in the **Schedule** for this purpose and on the dates indicated therein, as well as in Bogotá, during the period of time established in the same **Schedule**.

Interested parties will be entitled to participate in one **Data Room** session.

The **ANH** has scheduled permanent **Data Room** service activities in Bogotá, from March 20 to July 16, 2012, at the offices of the **Agencia Nacional de Hidrocarburos -ANH-**, Avenida Calle 26 No. 59-65, Cámara Colombiana de la Infraestructura Building, 2nd floor.

To access a **Data Room** session, interested parties must:

- Submit a request through an e-mail message sent to the address sesionesdedata@anh.gov.co, with a copy to rondacolombia2012@anh.gov.co, indicating the date and city of their interest, in accordance with the **Schedule**, including the following information:

    - Full name of the requesting legal entity.
    - Name of the Legal Representative or Agent authorized for such purpose.
    - Tax Identification Number, NIT, if the applicant is a taxpayer in Colombia.
    - Country and city of the principal domicile of the applicant
    - Address
    - Phone
    - E-mail
    - Basins and **Type of Areas** of their interest
    - City in which they wish to hold the **Data Room** session

- The **ANH** has a term of three (3) business days, after receiving the pertinent request, to inform the interested party, via e-mail, of the date and time assigned for the corresponding session.

5.2.5 Draft Terms of Reference

The **ANH** conducted preliminary studies to establish the hydrocarbon exploration and production projects to be undertaken through the ***"Colombia Round 2012"* Bidding Process***,* in accordance with the action programs of the Entity and the goals of the National Development Plan; it determined and delimited the **Areas** to be assigned; it defined the minimum exploration programs to be developed by contractors and the investments required for such purpose; it determined the types of contracts to be entered into, carried out a general verification in the matter of environmental restrictions and presence of ethnic communities or groups in the selected **Areas**, and prepared **Draft Terms of Reference** in order to establish the rules applicable to the **Bidding Process**; the stages, time frame, hearings and proceedings inherent to said Process; requirements to participate; requirements for **Qualification** and manner and timing in which it is to take place, including information requested and documents required in order to establish the **Capacity and Capability** of the interested parties; grounds for denying such **Qualification**; form, content and timing for submission of **Proposals**; requirements thereof that can and cannot be corrected; grounds for rejection; terms and conditions of the guarantees required; evaluation, rating and award factors; grounds to declare the process totally or partially void, and draft of the contracts to be entered into.

This **Draft** has been posted both on the web page of the **ANH**, www.anh.gov.co and on that of the **Bidding Process**, www.rondacolombia2012.com, in order to provide interested parties with its details and to receive their observations and suggestions regarding its content.

For this latter purpose and in accordance with the **Schedule**, the **ANH** established a peremptory term.

Observations and suggestions must be submitted to the Entity within the term indicated in the **Schedule**, through e-mail messages sent to the address rondacolombia2012@anh.gov.co or through written text referencing ***"Colombia Round 2012",*** personally delivered or sent to its offices, at Avenida Calle 26 No. 59-65, Cámara Colombiana de la Infraestructura Building, 2nd floor, to the attention of Dr. Javier Betancourt Valle, Head of the Office of Legal Counsel.

The **ANH** will analyze the content of the messages received, replying within the term provided in the **Schedule** and through general postings on its web page and on that of the **Bidding Process** to any questions or concerns that are submitted to it, and at the same time will evaluate the observations or suggestions it considers well-founded and according to law, in order to make the pertinent adjustments in the final text of the **Terms of Reference.**

5.2.6 Formal Opening of the Bidding Process

Through an administrative act stating the pertinent reasons that will be likewise posted on the date indicated in the **Schedule**, both on the web page of the **ANH** and on that of the process, the **ANH** will formally open the ***"Colombia Round 2012"*** **Bidding Process**.

5.2.7 Final Terms of Reference

Concurrently with the opening of the **Bidding Process**, the **ANH** will post the final text of the **Terms of Reference** on the web page of the process www.rondacolombia2012.com, and on the general web page of the **ANH** www.anh.gov.co.

The **Final Terms of Reference** will likewise be subject to observations and suggestions, as well as to requests for clarification or explanation, during the period of time determined in the **Schedule**, and subject to amendment or **Addenda** within the time frame and with the limits that ensure compliance with the guiding principles of contractual action.

The **ANH** will analyze the content of the messages received, replying, within the term provided in the **Schedule** and through general postings on its web page and on that of the **Bidding Process**, to the questions or concerns that are formulated, and at the same time will evaluate the observations or suggestions it considers well-founded and according to law, in order to make the pertinent adjustments through **Addenda**.

The answers of the **ANH** to the questions, suggestions, observations or requests for clarification formulated by the **Participants** are simply explanatory, and in no way modify the **Terms of Reference, Annexes and Draft Contracts.**

5.2.8 Addenda

The **ANH** may make additions, deletions, amendments, adjustments, clarifications, explanations and/or substitutions to the text of the **Terms of Reference**, its **Annexes** and **Tables**, including **Forms, Instructions** and **Commitments** and the **Drafts** of the **Contracts** to be entered into, after the date of publication of the **Final Terms** and before the end of the fourth (4th) business day prior to the deadline for submission to the **ANH** of the **Bidder Qualification** documents, except for postponements or extensions in the **Schedule** of the **Bidding Process**, which may be made at any time, provided they are published at least two (2) business days in advance.

5.2.9 Interpretation of the Terms of Reference

The **Terms of Reference** must be interpreted in the light of applicable law, in conformity with **Chapter One - Definitions** hereof and according to the natural meaning of the words, except for technical expressions which must be understood in relation to the respective science or subject matter.

It is the exclusive responsibility of **Participants** to examine, study and interpret the **Terms of Reference**, as well make inquiries to the **ANH** or to third parties regarding their content and scope, so that any deductions, errors and omissions adopted based on their own analyses, interpretations or conclusions shall be for their sole account and risk.

As previously noted, the answers of the **ANH** to the questions, suggestions, observations or requests for clarification submitted by **Participants** are simply explanatory, and in no way modify the **Terms of Reference.**

5.2.10 Actions, Publications, Determinations and Correspondence

Unless these **Terms of Reference** expressly state otherwise and without prejudice to any notices required by law, any actions, publications, announcements, queries, observations and suggestions; answers; **Addenda**; determinations of the **ANH**; communications, and, in general, any correspondence and documentation related to the ***"Colombia Round 2012"*** shall be made or given through electronic means and shall be posted on the web page of the process www.rondacolombia2012.com, and on the general web page of the **ANH** www.anh.gov.co, without prejudice to interested parties, **Participants**, **Bidders** and **Awardees** submitting on physical media requests, communications, observations and correspondence, the text of which will be posted on the mentioned web pages.

The addresses for such purpose are the following:

AGENCIA NACIONAL DE HIDROCARBUROS
Oficina Asesora Jurídica
Ref. **Procedimiento de Selección *"Ronda Colombia 2012"***
Avenida Calle 26 No. 59 – 65, Piso 2
Bogotá, Colombia
Tel: (571) 593-17-17
Fax: (571) 593-17-18
E-mail address: rondacolombia2012@anh.gov.co

Both letters and e-mails sent by the **ANH** during the **Bidding Process**, and those sent to it, are subject to the binding force, legal effect and other provisions of Law 527 of 1999 on Electronic Commerce.

5.2.11 Costs and Expenses

Costs and expenses incurred by interested parties, **Participants** and **Bidders** during the **Bidding Process** and throughout all **Stages** thereof, in particular those required to prepare and submit to the **ANH** the documents for **Qualification**, as well as to put together and present a Proposal, will be for their exclusive account and cost, and therefore the **ANH** will not recognize or reimburse any amount for the mentioned items.

5.3 QUALIFICATION STAGE

Will take place in accordance with the procedure, will consist of the actions, and is subject to the rules determined in **Chapter Six** hereof.

5.4 PROPOSAL SUBMISSION, VALIDATION AND AWARD STAGE

Will take place in accordance with the procedure, will consist of the actions, and is subject to the rules determined in **Chapter Seven** hereof.

5.5 CONTRACT EXECUTION STAGE

Will take place in accordance with the procedure, will consist of the actions, and is subject to the rules determined in **Chapter Eight** hereof.

CHAPTER SIX

BIDDER QUALIFICATION

6.1 BIDDERS:

Domestic and foreign, public, private or mixed-capital legal entities that evidence compliance with the **Capacity and Capability** requirements established in this **Chapter**, may submit an individual or joint **Proposal** in the ***"Colombia Round 2012"*** for which they must obtain **Qualification** from the **ANH**.

Thus, no **Proposals** from branches or evidence of compliance with requirements by legal entities other than an **Individual Bidder** or those making up a **Plural Bidder** will be accepted, unless the parent or **Controlling** company of the legal entity evidencing such requirements assumes joint and several liability for the timely, effective and efficient fulfillment of the obligations and commitments incumbent upon the **Bidder** and eventual **Contractor**.

The joint and several liability referred to in the previous paragraph must be backed by a guarantee or endorsement from the parent or **Controlling** company, issued according to the legislation of the country of its principal domicile, and its general content must substantially follow the guidelines established below.

The endorsement or guarantee must be accompanied by the legal opinion of an outside counsel or independent law firm, stating that: (i) the grantor company was organized, exists and validly pursues its corporate purpose in the respective country. (ii) In conformity with its purpose and activities and under its corporate by-laws it may validly grant the joint and several guarantee attached to the legal opinion. (iii) The person(s) executing said guarantee in its name and on its behalf has(have) broad and sufficient powers to do so, indicating where said powers are set out (by-laws, minutes of a competent corporate body, power-of-attorney or express authorization), (iv) The furnishing of the guarantee does not contravene any legal provision of the respective country, or any provision of the by-laws of the grantor company, and (v) The guarantee furnished is fully valid and enforceable under said legislation and cannot be revoked or amended without the consent of the **ANH**.

The guarantee must state the full name, nationality, identification, domicile and title or position of the person or persons signing it in the name and on behalf of the grantor parent or **Controlling** company, as well as an express and precise indication of their authority and powers for such purpose.

It must also contain an express, formal and irrevocable statement to the effect that the parent or **Controlling** company furnishing the guarantee or endorsement assumes **joint and several liability** (i) for the timely, effective and efficient fulfillment of each and every one of the commitments and obligations contracted by the affiliate or subsidiary company (name) in connection with the application for **Qualification** to participate in the **Bidding Process** entitled ***"Colombia Round 2012",*** opened by the **Agencia Nacional de Hidrocarburos** of the **Republic of Colombia** with the purpose of awarding the execution of hydrocarbon exploration and production **Contracts**; (ii) for the truth and accuracy of the information and supporting documentation submitted to evidence **Legal and Financial Capacity, Technical and Operational and Environmental Capability** and **Corporate Social Responsibility**, in order to obtain said **Qualification**; (iii) for the good faith of the **Proposal** or **Proposals** submitted by said Affiliate or Subsidiary in connection with the mentioned **Process** for the **Area** or **Areas** subject to said **Proposals**; (iv) for the fulfillment by the affiliate or subsidiary of the commitments derived from said submission, in particular those of maintaining said **Proposal** or **Proposals** firm, not amending or withdrawing them during the term of validity thereof and signing the relevant **Contracts** before the deadline established by the **ANH** for such purpose, in the event of an award; (v) the affiliate or subsidiary must fulfill in a timely manner the requirements for execution and performance of any **Contract(s)**, and obtain and submit the contractual guarantees, also in a timely manner, to the **ANH**; (vi) for the timely, effective and efficient fulfillment of each and every one of the commitments and obligations acquired by the affiliate or subsidiary company under said **Contract(s)**, until the final settlement thereof, including the payment of any eventual fines and other monetary penalties, in addition to those which by their nature must extend beyond said act(s), and (vii) for damages originating in the breach of any of the foregoing obligations and commitments.

Control situations may be evidenced through a certificate of existence and legal representation issued by the Chamber of Commerce of the principal domicile of the legal entity, or by the competent authority of the respective country, or finally, through a certification issued by the Legal Representative and the statutory auditor or the person or firm in charge of the external audit, if the respective legal entity is required to have one, or otherwise, by the internal auditor (Controller).

6.2 QUALIFICATION:

The **ANH** will examine and verify the information submitted with the application for **Qualification** by an **Individual Bidder** or by the parties making up a **Plural Bidder** in order to confirm that they meet the conditions and requirements regarding **Legal** and **Financial Capacity**, **Technical and Operational** and **Environmental Capability** and **Corporate Social Responsibility** to undertake the hydrocarbon technical evaluation, exploration and production activities that are the subject matter of the proposed **Contracts**, in the terms set forth in **Chapter One - Definitions**, and will make the pertinent determination.

6.3 LEGAL CAPACITY

Domestic and foreign, public, private or mixed-capital **legal entities** with legal capacity according to law, whose capital is represented in registered shares or quotas or ownership interests, and which meet and evidence the following requirements, are competent to enter into the proposed contracts, either individually or jointly, under the mode of **Consortiums**, **Temporary Unions** or **Pledges of Future Partnership**.

6.3.1 Their corporate purpose must include conducting hydrocarbon exploration and production activities, in the case of **Individual Bidders** or of the **Operator**. For all other members of a **Plural Bidder**, their corporate purpose must include the performance of **Supplementary Activities** to the foregoing.

If in keeping with the legislation of their country of origin, the corporate purpose does not list or include the corresponding sectors of activity, or refers to industrial, commercial or service activities or business in general, the requirement referred to in this paragraph may be evidenced with the items submitted to prove **Technical and Operational Capability**, as appropriate, or through contracts or certifications that enable establishing their engagement in **Supplementary Activities** to hydrocarbon exploration and production, including a declaration ~~under oath~~ by the Legal Representative and the Statutory Auditor, external auditor or whoever may act as such, if the legal entity is required to have one, or otherwise, by the internal auditor (Controller), describing in detail the framework of activity of the legal entity.

6.3.2 They must have been organized with such corporate purpose or have incorporated it at least five (5) years before the date of submission of the application for **Qualification**. In the case of **Plural Bidders**, this requirement refers to the **Operator**. For all other members, the time required to include the mentioned corporate purpose will be a minimum of one (1) year. (This requirement may be evidenced by the parent or **Controlling** company.)

6.3.3 The term of duration of an **Individual Bidder** and of the members of **Plural Bidders**, as well as the term of the respective association, **Consortium, Temporary Union** or pledged company, may not be less than that of performance of the proposed contract plus three (3) years.

6.3.4 Neither an **Individual Bidder** nor the members of a **Plural Bidder** may have incurred grounds for disqualification, incompatibility or prohibition in accordance with the Colombian Political Constitution and law, and they must irrevocably agree to withdraw their **Proposal** or to assign the legal transaction entered into as a result of the award, or their participation therein, with the prior written authorization of the **ANH**, or to terminate it by reciprocal agreement, in the event of the supervening occurrence of any of such grounds. (**Cover Letter for Qualification Documents, Form No. 1**)

Conflicts of interest shall be handled in accordance with the law~~, in particular, article 40 of Law 734 of 2002 and the Mission-related Contracting Manual of the **ANH**~~ and with **Agreement 04 of 2012**.

The purpose of disqualifications, incompatibilities, prohibitions and conflicts of interest is an objective and impartial contract management. Therefore, when the existence of one of such circumstances, prior or supervening, is identified or reported, the **ANH** shall verify the factual assumptions supporting it for the purposes imposed by law.

The regulations regarding incompatibilities, disqualifications, prohibitions and conflicts of interest are those contemplated in the Political Constitution, in Laws 80 of 1993, 734 of 2002, 1474 of 2011 and other rules of the same nature on the subject, as well as in those that amend, add to, substitute or supplement them.

Without prejudice to the responsibilities that pertain to the **ANH**, **Bidders** and **Contractors** shall be responsible for verifying that they have not incurred grounds for incompatibility, disqualification, prohibition or conflict of interest, and immediately inform the Entity of any that may supervene in the course of the various stages of the contract, in order to proceed according to law.

6.3.5 Neither an **Individual Bidder** nor the members of **Plural Bidders** may be in the process of judicial liquidation or a similar circumstance in accordance with the law of their country of origin, such as bankruptcy, voluntary or forced liquidation and, in general, any process or circumstance that may result in the extinction of the legal entity, nor may they have pending litigations, judicial proceedings, or be in any other situation or contingency that could materially compromise the timely, effective and efficient fulfillment of the obligations and commitments derived from the submission of the **Proposal** or the award of the proposed **Contract** or **Contracts**, and from their execution, performance or termination. (**Cover Letter for Qualification Documents, Form No. 1** and Certification of the statutory auditor, external auditor or internal auditor (Controller), as appropriate.)

6.3.6 Neither an **Individual Bidder** nor the members of a **Plural Bidder** may have permitted or may permit their operations to be used as an instrument to conceal, manage, invest or benefit in any way from money or other assets obtained from criminal activities or intended for their financing, or to give the appearance of legality to criminal activities or to transactions and funds related thereto, without prejudice to the functions which in the matter of prevention and control of asset laundering and financing of terrorism are assigned by the legal regulations to the **ANH**, and they must formally and irrevocably agree not to permit the foregoing in furtherance of their activities and in the performance of the proposed **Contract** or **Contracts**. (**Statement and Commitment regarding Criminal Activities, Form No. 2**)

In any event, based on article 27 of Law 1121 of 2006, which demands full identification of legal entities entering into contracts with the Colombian Government, as well as of the origin of their funds, in order to prevent criminal activities, the **ANH** reserves the right to carry out analyses, inquiries and verifications to establish the origin of the funds of **Bidders** and **Contractors**, before or after the application for **Qualification**, the submission of the **Proposal**, the assignment of **Areas**, and even the award and execution of the respective **Contracts**.

6.3.7 No contract between an **Individual Bidder** or any member of a **Plural Bidder** and the Colombian Government may have been subject to a declaration of lapsing, or unilateral termination, in the latter case for reasons attributable to the responsibility of the contractor; the termination of any contract, also for reasons attributable to the responsibility and diligence of the contractor, may not have been ordered in any case through a final decision, nor may the award of the bidding process have been revoked through a final and binding administrative act, as a result of having verified that the respective contract was obtained by unlawful means, all this during the five (5) years preceding the opening date of the ***"Colombia 2012 Round"***, without prejudice to the grounds for disqualification.

6.3.8 In the case of **Individual Bidders** or members of **Plural Bidders** that are foreign legal entities without a domicile in the country, they must agree to establish a branch in Colombia or to extend the purpose and term of the existing one, as appropriate, as well as to promptly fulfill all obligations incumbent upon said branches, in the event of an award of the proposed **Contract** or **Contracts**. (**Cover Letter for Qualification Documents, Form No. 1**)

6.3.9 The legal representative of an **Individual Bidder** or the designated representative of a **Plural Bidder**, or their special agents, duly appointed and accredited, as appropriate, must have specific and sufficient authority and powers to submit a **Proposal** in relation to the ***"Colombia Round 2012"***, including the submission of documents for their **Qualification**; promptly, effective and efficiently fulfill the commitments derived from said submission; enter into the proposed **Contract** or **Contracts**; meet the requirements for performance; furnish the required guarantees, and, in general, bind the legal entity or the association for all of the foregoing purposes, represent its interests and act in its name in all acts, steps and procedures inherent to the contract. (Attachment to the **Cover Letter**).

6.3.10 Foreign companies not domiciled in the country must appoint an agent domiciled in Colombia, if they do not already have one, with the capacity to represent them in and out of court, in addition to being invested with the powers established in the previous paragraph, in compliance with the legal requirements and until the establishment of a branch, in case of award. (Attachment to the **Cover Letter**).

6.3.11 Neither an **Individual Bidder** nor the members of **Plural Bidders**, ~~their partners or shareholders, except in the case of companies listed at a stock exchange,~~ or their administrators, may be reported in the latest publication of the Bulletin of Fiscally Liable Persons (*Boletín de Responsables Fiscales*) of the Office of the Comptroller-General of the Republic of Colombia, nor may they have a disciplinary record at the Office of the Attorney-General of the Nation, which entails disqualification. (Attachment to the **Cover Letter**).

6.3.12 An **Individual Bidder** and the members of **Plural Bidders** must be in good standing with respect to their obligations to the General Social Security System and in the matter of payroll taxes, in the event that they are subject to the respective system in Colombia. Foreign companies with a branch in Colombia must submit this certification regarding all personnel in their service. (Attachment to the **Cover Letter**).

6.3.13 The **Operator** must have and maintain a minimum participation of thirty percent (30%) in the respective association and assume the leadership and representation of the association and the direction of the contractual performance and of relations with the **ANH**, in the case of **Plural Bidders**. (**Cover Letter, Form No. 1**).

6.3.14 An **Individual Bidder**, the **Operator** and all members of **Plural Bidders** must formally and irrevocably agree not to assign or transfer the proposed **Contract**, or their respective participation and interest therein, in whole or in part, without the prior express written authorization of the **ANH**. In any event, the assignee must meet, at least, the same **Capacity and Capability** requirements as the assignor. (**Cover Letter, Form No. 1**).

In addition, eventual assignments by the **Operator** to another member of a **Plural Bidder** will be subject to the limitation that the former retain at least a thirty percent (30%) participation and interest in the **Contract**.

Any change in the **Real** or **Controlling Beneficiary** of an **Individual Bidder**, of the **Operator** and of the company or companies that have evidenced the **Financial Standing**, in cases of **Plural Bidders**, shall also require the prior express written authorization of the **ANH**.

Mergers or spin-offs of a legal entity acting as **Individual Bidder**, **Operator** or any other member of a **Plural Bidder** which has evidenced the **Financial Standing** requirements, shall be subject to the same condition, in order to establish that the essential grounds that led to the **Qualification** are maintained.

~~Excepted from the provisions of the previous two (2) paragraphs, that is, from obtaining the prior express written authorization of the **ANH**, but not from informing the Entity, are transactions in which the total amount of the investment in exploration corresponding to the **Contract**~~

~~or **Contracts** entered into with the **ANH**, including both the mandatory **Minimum** and the **Additional** investment offered, and/or the assets derived from the Production Stage of such **Contracts**, respectively, do not exceed twenty percent (20%) of the total assets of the **Individual Contractor**, the **Operator** and the parties that evidenced the **Financial Standing** in cases of **Plural Contractors.**~~

The obligation to inform the **ANH** of any change in the **Real** or **Controlling Beneficiary**, as well as of mergers or spin-offs, and that of obtaining the prior express written authorization of the **ANH**, if necessary, must likewise constitute a formal and irrevocable commitment.

What is provided in this paragraph is based on the fact that State contracts are *intuitu personae*.

6.3.15 **Bidders** must provide accurate, reliable and truthful information, a circumstance that must be declared under oath, as well as expressly and irrevocably authorize the **ANH** to verify all information submitted in relation to their **Qualification** and **Proposal**, including any supporting and other documents presented to evidence **Capacity and Capability** and obtain a **Contract**, which authority is reserved by the **ANH** at all times, both before or after the **Qualification**, the assignment of one or several **Areas**, the award of the proposed ~~legal transaction or transactions~~ **Contracts**, and the execution thereof, by reason of the general interest involved in the contractual action. The mentioned declaration and authorization shall be set forth in the documents of the ***"Colombia Round 2012",*** and specifically, in the **Cover Letter** and in the **Proposal**. (**Cover Letter, Form No. 1**).

6.3.16 **Bidders** shall sign a ~~an anticorruption~~ **Transparency Statement and Commitment, Form No. 3**, regarding **Criminal Activities, Form No. 3**; in the matter of **Changes in Control, Form No. 4**; **Environmental Management**, **Form No. 5** and **Corporate Social Responsibility**, **Form No. 6**, in the terms of the **Forms** established by the **ANH**.

6.4 EVIDENCE OF LEGAL CAPACITY

In order to prove that they meet the established conditions as well as the **Legal Capacity** requirements, each **Individual Bidder** or member of a **Plural Bidder** must present the following documents:

6.4.1 **Colombian Legal Entities**: In addition to the common ones listed below:

- Certificate of existence and legal representation or Single Business and Corporate Registration, once the company is in operation, issued by the Chamber of Commerce of its principal domicile, no more than thirty (30) calendar days prior to the date of submission of the respective application for **Qualification. (Attachment to Cover Letter)**.

- Copy of the current corporate by-laws, as well as of the amendment or amendments evidencing the pertinent modifications in the corporate purpose, in the terms of section 6.3.1 above, if necessary. **(Attachment to Cover Letter)**.

- Copy of the minutes of the competent corporate body stating the powers and authority granted to the legal representative, in accordance with section 6.3.9 above, in case he or she has limitations for any of the purposes established therein. **(Attachment to Cover Letter)**.

- Evidence of the powers of the agent, if such were the case, through a mandate granted in compliance with the legal formalities. **(Attachment to Cover Letter)**.

6.4.2 **Foreign Legal Entities**:

- Certificate of existence and legal representation or equivalent document pursuant to the applicable legislation, issued by the competent authority of their country of origin and by that of their principal domicile, if different from that of establishment or incorporation, no more than sixty (60) calendar days prior to the date of submission of the application for **Qualification**.

When the respective document does not contain complete information regarding the corporate purpose, term of existence, date of incorporation of hydrocarbon exploration and production and **Complementary** activities into the corporate purpose, legal representation and/or powers or authority of the various directive and administrative bodies, it will be necessary to submit, in addition, a certificate issued by the legal representative and by the statutory auditor or individual or legal entity responsible for the external audit of their operations, if required by the legal entity, or otherwise, by the internal auditor (Controller), certifying the foregoing circumstances. **(Attachment to Cover Letter)**.

- Copy of the current corporate by-laws, as well as of the amendment or amendments evidencing the pertinent modifications in the corporate purpose, in the terms of section 6.3.2 above, if applicable. **(Attachment to Cover Letter)**.

- Copy of the pertinent minutes, resolution, agreement or determination of the competent corporate body evidencing the powers and authority granted to the legal representative, in accordance with section 6.3.9 above, in case he or she has limitations for any of the purposes established therein. **(Attachment to Cover Letter)**.

- Mandate setting forth the powers and authority of the agent in Colombia, as indicated in section 6.3.10. **(Attachment to Cover Letter)**.

6.4.3 **Consortiums**, **Temporary Unions and Pledges of Future Partnership**

In addition to the documents evidencing the **Legal Capacity** of each of the parties making up the respective association, in line with sections 6.4.1 and 6.4.2 above, they must present the documents listed below, depending on whether they belong to the first two or the third category:

- **Consortiums and Temporary Unions**

Agreement setting forth the respective association, including the following: **(Attachment to Cover Letter)**.

- Parties, representatives or agents; powers to execute the agreement and to undertake all activities and actions subject thereto, as listed in the following paragraph, as well as to bind the legal entity in question, represent its interests and act in its name in the acts, steps and procedures inherent to the contractual action.

- Description of the purpose, including submission of a **Proposal** in furtherance of the ***"Colombia Round 2012"***, under that form of association, as well as of the documents required for **Qualification** of a **Plural Bidder**; the timely, effective and efficient fulfillment of the commitments derived from such submission; the execution of the proposed **Contract** or **Contracts**, in case of award; the consequent fulfillment of the requirements preceding and following such award, and the performance of the former or the latter, which must include commitments and obligations, as well as the furnishing of the required guarantees.

- The term of duration of the contract or agreement, in line with section 6.3.3 above.

- The percentage participation of each member of the association and the distribution of activities, if such were the case.

- The legal entity that is to act as **Operator**, which shall be responsible for the exploration, evaluation and production activities, in keeping with the proposed type of **Contract**, and for the direction of the contractual performance and of relations with the **ANH**.

- The appointment of the designated representative and of two (2) alternates to replace him/her during his/her temporary or accidental absences.

- The precise determination of his/her powers and limitations.

- The directive, coordinating or administrative bodies, if they are established, and their corresponding responsibilities or functions.

- The fact that the parties are jointly and severally liable for the fulfillment of each and every one of the obligations and commitments derived from the application for **Qualification**; from the submission of the **Proposal** and from the execution, performance and termination of the proposed **Contract** or **Contracts**, as the case may be, and until the final settlement thereof, in addition to undertaking the commitments that survive this act.

  If the association is in the form of a **Temporary Union**, without prejudice to the joint and several liability imposed by law, the liability for the payment of fines and other monetary penalties shall be distributed among the entities making up the respective association, in proportion to their percentage participation therein.

- **Pledge of Future Partnership**

Pledge of Future Partnership Agreement, duly executed and formalized, strictly subject to article 119 of the Commercial Code, in which all members of a **Plural Bidder** agree on the following: **(Attachment to Cover Letter)**

- **Parties**

Name, legal nature, nationality, domicile and purpose.

Representation and powers.

Each legal entity must act through a duly authorized representative or legally appointed agent for such purpose, whose names, identification document, nationality, domicile, status and powers are specifically detailed for the corresponding party.

- **Purpose**

The irrevocable and reciprocal **pledge** by all parties to establish a commercial company in the Republic of Colombia and under its legislation, with the exclusive purpose of entering into, formalizing, performing, carrying out, terminating and settling the proposed **Contract** or **Contracts**, in the event that the group made up by them, in the form of a **Pledge of Future Partnership**, is awarded one or several **Areas** in the **Bidding Process**. Said partnership shall have the characteristics and shall be governed by the by-laws established in that same document, all in accordance with the pertinent legal system and the rules and documents of the **Bidding Process**.

- **Operator**

Express indication of the name of the legal entity that will act as **Operator** in the event of an award and execution of the respective **Contract(s)**, which legal entity must be the same one that evidenced the **Technical and Operating Capability.**

- **Condition Precedent**

The execution and formalization of the Pledge of Future Partnership shall be exclusively subject to the condition that the **Bidding Process** is awarded to the **Parties** associated under the mentioned **Pledge of Future Partnership**, in such a way that the proposed **Contract** or **Contracts** are entered into with the Pledged Partnership.

- **Timing of Incorporation**

Should the condition precedent occur, that is, if the parties to the **Pledge of Future Partnership** are successful in the **Bidding Process**, the **Partnership Agreement** shall be entered into and formalized and the corresponding public or private instrument shall be recorded in the Public Register of the Chamber of Commerce of the principal domicile, within fifteen (15) calendar days following the notice of the respective decision, and, in any event, before the day on which the respective **Contract** or **Contracts** are to be signed with the **ANH**.

- **Obligations of the Parties**

In furtherance of the **Pledge of Future Partnership**, each **Party** must contract the following obligations, in addition to those stipulated by law and to the rules and documents of the **Bidding Process**:

- ✓ Promptly attend the execution and formalization of the Agreement through which the **Pledged Partnership** is legally organized, in the event that the condition precedent is fulfilled, as well as undertake any other action aimed at perfecting and recording it, all in accordance with the law and the rules and documents of the **Bidding Process**.

- ✓ Remain as a partner or shareholder in the new company throughout the term of performance of the proposed **Contract** or **Contracts** and until their final settlement, or until their early termination, and also after they are settled, in the case of the **Operator**, and of the other partner or partners that have evidenced the **Financial Standing** of the **Bidder**, except with the express prior authorization of the **ANH** and provided the assignee meets at least the same requirements as the assignor.

- **Joint and Several Liability**

  In conformity with article 119 of the Commercial Code, the future partners answer jointly and severally and without limitation for the acts and transactions they enter into or perform in furtherance of the business of the **Pledged Partnership**, before its incorporation.

  In addition, pursuant to paragraph 3 of article 7 of Law 80 of 1993, the partners in the **Pledged Partnership** shall answer jointly and severally to the **ANH** for the fulfillment of each and every one of the obligations derived from the ***"Colombia Round 2012"***; for the submission of the **Qualification** documents; for the formulation of the **Proposal**, and for the proposed **Contract** or **Contracts**, as the case may be.

- **Appointment of Sole Representative**

The pledging **Legal Entities** must appoint an individual as sole representative of all of them, with two (2) alternates to replace him/her during his/her temporary, accidental or absolute absences, until a new principal is appointed. Such representatives must be given ample powers to act in the name of all partners, as well as in representation of the group, without limitation, in all aspects related to the **Bidding Process** and to the proposed **Contract** or **Contracts**, from the submission of the **Qualification** documents, to the formulation of the **Proposal** and the establishment of the **Pledged Partnership**, in particular, to submit the former and formulate the latter; execute any document related to the **Partnership**; answer eventual requisitions or requests for clarification; receive notices, including that of award; attend hearings and act as spokesperson in them, as well as bind and make all co-participants in the process responsible for all steps of the **Bidding Process** and for the performance of the **Pledge Agreement**.

- **By-laws of the Pledged Company**

  In accordance with Colombian law, in keeping with its legal nature and type, and in particular, article 110 of the Commercial Code.

6.4.4 **Common Accreditation Requirements**

- Declaration signed under oath by an **Individual Bidder** or by all members of a **Plural Bidder**, stating the following:

  - That they have not incurred grounds for disqualification, incompatibility or prohibition under the Colombian Political Constitution and the law, and irrevocable commitment to withdraw their **Proposal,** assign the legal transaction or their participation in it, with the prior express written authorization of the **ANH**, or to terminate it by reciprocal agreement, in case of occurrence of any of such grounds, a circumstance which shall also be set forth in the respective **Contract** or **Contracts**. **(Cover Letter for Qualification Documents, Annex No. 1)**.

- That they are not involved in a judicial liquidation process or similar circumstance under the law of their country of origin, such as bankruptcy, voluntary or forced liquidation and, in general, any process that may result in the extinction of the legal entity, or have pending litigations, judicial proceedings in progress or find themselves in any other situation or contingency that may materially compromise the timely, effective and efficient fulfillment of the obligations and commitments derived from the application for **Qualification**; the submission of the **Proposal**, the award of a **Contract**, and its execution, performance or termination. (**Cover Letter** and attached Certification, as appropriate).

  Otherwise, the declaration must specify such litigations, proceedings, circumstances and situations, with an indication of their nature, description, amount, current status, risks and provisions, and be signed by the Statutory Auditor, the person or firm in charge of external audit, if the legal entity is required to have one, or otherwise by the internal auditor (Controller). In these cases, the **ANH** may request a bank guarantee securing the payment of eventual sentences or contingencies.

- That the funds and resources allocated to the performance of the proposed **Contract** or **Contracts**, and in particular to the investments required, have been obtained from lawful activities. (**Statement and Commitment regarding Criminal Activities, Form No. 2**)

- Commitment by the **Operator** to have and retain at least a thirty percent (30%) participation in the association in question, and to undertake the exploration, evaluation and production activities, the leadership of the association and the direction of the contractual performance and of relations with the **ANH**, in the case of **Plural Bidders**. (**Cover Letter** and Consortium, Temporary Union or Pledge of Future Partnership Agreement).

- Formal and irrevocable commitment by an **Individual Bidder**, the **Operator** and the parties that evidenced the **Financial Standing**, in the case of **Plural Bidders**, not to assign or transfer the proposed **Contract** or **Contracts** or their participation and interest in it or in them, in whole or in part, without the prior express written authorization of the **ANH.** (**Cover Letter** and Consortium, Temporary Union or Pledge of Future Partnership Agreement).

- Formal and irrevocable commitment by the **Operator** to maintain at least a thirty percent (30%) participation and interest in the respective **Contract**, in cases of assignment to another member of a **Plural Bidder**. (**Cover Letter** and Consortium, Temporary Union or Pledge of Future Partnership Agreement).

- Formal and irrevocable commitment to obtain the prior express written authorization of the **ANH** to carry out any transaction involving a change in the **Real** or **Controlling Beneficiary**, as well as events of merger or spin-off, of an **Individual Bidder**, the **Operator** and the party or parties that have evidenced the **Financial Standing** requirements, in cases of **Plural Bidders**. (**Form No. 4, Statement and Commitment in the matter of Changes in Control.**)

- Formal and irrevocable commitment to obtain the prior express written authorization of the **ANH** in the event of a total or partial assignment or transfer of the ownership interests in an **Individual Bidder** legal entity, the **Operator** or any other member of a **Plural Bidder** which may have evidenced the **Financial Standing** requirements, including merger or spin-off transactions, as required. (**Cover Letter, Form No. 1**).

- Formal and irrevocable commitment to provide accurate, reliable and truthful information, as well as authorization to the **ANH** to verify the information submitted for purposes of **Qualification** and **Proposal**, a right that is reserved by the **ANH** at any time, both before or after said **Qualification**, the assignment or award of the proposed legal transactions, and the execution thereof. (**Cover Letter, Form No. 1**).

- Power-of-attorney duly granted to the respective agent in accordance with the law, in the event that an **Individual Bidder** or any member of a **Plural Bidder** makes use of this instrument of representation to act in their name, with express indication of their powers and those of the grantor, as set forth in sections 6.3.9 and 6.3.10. (Attachment to **Cover Letter**).

- Printed copy of the latest publication of the Bulletin of Fiscally Liable Persons (*Boletín de Responsables Fiscales*) of the Office of the Comptroller-General of the Republic, as well as of the Certification of the Office of the Attorney-General of the Nation stating that neither the **Individual Bidder** nor the members of a **Plural Bidder**, or their ~~partners and~~ administrators, have a disciplinary record. (Attachment to **Cover Letter**).

- Certification issued by the legal representative ~~and~~ or the statutory auditor, if the legal entity involved is required to have one, stating that an **Individual Bidder** and the members of a **Plural Bidder** are in good standing with respect to their obligations to the General Social Security System and payroll taxes, in case they are subject to the respective system in Colombia, in accordance with articles 50 of Law 789 of 2002 and 23 of Law 1150 of 2007, or any rules that develop, amend, supplement or substitute them. Foreign companies with a branch in Colombia must submit this certification for all personnel in their service.) (Attachment to **Cover Letter**).

- Certification issued by the legal representative ~~the accountant~~ and the statutory auditor or external auditor, if the legal entity involved is required to have one, or otherwise by the internal auditor (Controller) clearly and precisely identifying the **Real** or **Controlling Beneficiaries** of the **Bidder** or of the members of **Plural Bidders**, as well as the stock or quota or ownership interest composition, except when the capital stock is listed at a stock exchange. (Attachment to **Cover Letter**)

6.5 EVIDENCE OF FINANCIAL STANDING

An **Individual Bidder** and each member of a **Plural Bidder** must prove that they have sufficient financial resources to attend in a timely, effective and efficient manner to the projects and commitments under their responsibility and to assume the obligations and commitments derived from the **Contract** or **Contracts** that may be entered into as a result of the ***"Ronda Colombia 2012"*** **Bidding Process.**

To such end, domestic legal entities must present general-purpose financial statements, in the terms of articles 36, 37 and 38 of Law 222 of 1995 and 21 et seq. of Regulatory Decree 2649 of 1993 or regulations amending, substituting or supplementing them, duly certified and audited, together with their notes, for the last three (3) fiscal periods.

In the case of foreign legal entities, this accounting and financial information must have been prepared in accordance with the "*International Financial Reporting Standards* – IFRS", ~~or~~ the "*Generally Accepted Accounting Principles – US GAAP"*, the general standards and principles in force in the respective country or general international standards and principles, and must be presented duly audited.

~~If the company had not been incorporated three (3) years before, the accounting and financial documentation requested must correspond to the period of existence and operation of the respective legal entity.~~

~~In order to determine the **Net Worth** in the case of **Plural Bidders**, that of each of their members, in proportion to their respective participation in the association, will be added together.~~

Without prejudice to the obligation to submit **Form No. 7, Net Worth**, duly completed and signed exclusively by the Legal Representative, ~~the accounting and financial information~~, **Individual Bidders**, **Operators** and members of **Plural Bidders** that are listed in the latest publication of **"***The Energy Intelligence Top 100: ~~Ranking the World's Top Oil Companies~~ Corporate Comparison Analytics*" of ~~"*Petroleum*~~ the firm "*Energy Intelligence*", as companies of the integrated or "Upstream" type, shall be exempted from submitting the financial and accounting and evaluation information to establish their **Financial Standing**.

Those companies which prove to the **ANH** that during the past year they obtained a risk rating, on the international scale, equal to or greater than those established in the following table, ~~are exempted from evaluation to determine their~~ shall also be exempted from evaluation in the matter of **Financial Standing**, but these legal entities **WILL** need to submit the relevant financial and accounting information as well as **Form No. 7**, duly completed and signed, in addition to evidencing said classification with the certificate of the respective agency:

Risk Rating Agency	**Rating**
Standard & Poor's	BBB
Moody's	Baa
Fitch Ratings (1)	BBB

(1) Rating equivalent to **AAA** in the case of the Colombian scale

The **Net Worth** required from the **Individual** or **Plural Bidder** to determine the **Financial Standing** required for **Qualification** varies as a function of the **Type** of **Area** and **Deposit**, as follows:

6.5.1 **Type 1 Areas**

The average **Net Worth** of the past three (3) years must be equal to or greater than **Six million dollars of the United States of America** (**USD 6,000,000**), for each **Area** proposed.

If the legal entity had not been established three (3) years before, the average will correspond to the last two (2) years. If it has only been in operation one (1) year, the **Net Worth** will be that of the last fiscal period.

6.5.2 **Type 2 Areas – Continental** with prospectivity for **Conventional Deposits**

The average **Net Worth** of the past three (3) years must be equal to or greater than **Twenty million dollars of the United States of America** (**USD 20,000,000**), for each **Area** proposed.

If the legal entity had not been established three (3) years before, the average will correspond to the last two (2) years. If it has only been in operation one (1) year, the **Net Worth** will be that of the last fiscal period.

6.5.2 **Type 2 Areas – Continental** and **Offshore** with prospectivity for **Unconventional Deposits** and **Type 3 Areas** with prospectivity for **Conventional and Unconventional Deposits**, both **Continental** and **Offshore**.

The average **Net Worth** of the past three (3) years must be equal to or greater than **Two hundred million dollars of the United States of America** (**USD 200,000,000**), for each **Area** proposed.

If the legal entity had not been established three (3) years before, the average will correspond to the last two (2) years. If it has only been in operation one (1) year, the **Net Worth** will be that of the last fiscal period.

6.6 EVIDENCE OF TECHNICAL AND OPERATIONAL CAPABILITY

An **Individual Bidder** or the **Operator** in the case of **Plural Bidders**, intending to submit a **Proposal** in furtherance of the ***"Colombia Round 2012"***, must evidence that they have the **Technical and Operational Capability** required, in terms of production levels, volumes of reserves and wells drilled, from which it is possible to assume that they have the experience to conduct the operations of the proposed **Contract** or **Contracts**, in accordance with the best practices and most recent (state-of-the-art) technologies of the ~~oil~~ hydrocarbon industry.

To such end, they must complete **Form No. 8** and submit it, signed by the legal representative ~~the accountant~~ and the statutory auditor or external auditor, if the respective legal entity is required to have one, or otherwise, by the internal auditor (Controller).

In the case of operations in Colombia, the information will be confirmed with the Ministry of Mines and Energy and/or with the **ANH** records.

If the wells drilled and/or the production correspond to operations carried out abroad, the data must be presented together with a certification issued by the competent authority of the respective country, which in doing so must indicate its powers and authority. (Attachment to **Form No. 8**)

The information regarding reserves must be presented audited by an independent third party, in accordance with the guidelines of the Petroleum Resources Management System (SPE-PRMS) and the reserve auditing standards, or by a competent authority of the respective country. (Cfr. Agreement 11 of September 16, 2008, of the Directive Council of the **ANH**, by which the methodology for the appraisal of hydrocarbon reserves and resources in the country is adopted.)

The conversion factor to be used in converting gas production into equivalent oil is: 1 BPE is equivalent to 5700 PCG.

Without prejudice to the obligation to submit ~~the respective information,~~ **Form No. 8** duly completed and signed exclusively by the Legal Representative, **Individual Bidders** and the **Operator** in the case of **Plural Bidders** appearing in the latest publication of "*The Energy Intelligence Top 100: ~~Ranking the World's Top Oil Companies~~ Corporate Comparison Analytics*" of ~~"*Petroleum*~~ the firm "*Energy Intelligence ~~Weekly~~*" as companies of the integrated or "Upstream" type are exempted from evaluation to establish their **Technical and Operational Capability**.

Also exempted from the obligation to evidence the **Technical and Operational Capability** requirements established in this paragraph, without prejudice to the obligation to submit **Form No. 8** and the information in the following paragraph, are **Individual Bidders** or the **Operator** in cases of **Plural Bidders** which evidence fulfillment of one of the following conditions: i) Having operated ~~**Exploration and Production -E&P- Contracts**~~ contracts whose purpose comprises hydrocarbon exploration and production during the past ten (10) years, with effective investments in excess of five hundred million United States Dollars (USD 500,000,000) or their equivalent, **or** ii) Having assets in excess of one billion United States Dollars (USD

1,000,000,000) or their equivalent and which at the date of the application for **Qualification** are operators of at least five (5) **Exploration and Production -E&P- Contracts**.

To this end, they must submit the following: (i) list of the relevant contracts, in which the company seeking to invoke the exception has acted as **Operator**, including details of the contractee, date of execution, purpose, **Operator**, term of performance, general fulfillment of obligations, and investments effectively made, indicating the date or period during which they took place, accompanied by the respective certifications of the contractee, unless this is the **ANH**. To convert values in U.S. dollars into other currencies, the rate used must be the annual average of the corresponding official exchange rate and said averages, as well as their source, must be indicated in the respective form, **or** (ii) the assets must correspond to the Financial Statements of the latest period and be presented with their notes and duly audited, signed by the Legal Representative and by the Statutory Auditor or External Auditor, if the legal entity is required to have one, or otherwise, by the Internal Auditor (Controller), as well as the list of the five (5) **Exploration and Production – E&P- Contracts** or those whose purpose consists of hydrocarbon exploration and production activities, with details regarding the contractee, date of execution, purpose, term of performance and general fulfillment of obligations, also accompanied by the respective certifications.

An **Individual Bidder** or the **Operator** in cases of **Plural Bidders**, which has not been incorporated or has not included within its corporate purpose the performance of hydrocarbon exploration and production activities, at least five (5) years before the date of submission of the request for **Qualification**, may substitute this requirement by evidencing compliance with the condition established in subsection ii) above. (*Having assets in excess of one billion United States Dollars (USD 1,000,000,000) or their equivalent and which at the date of the application for **Qualification** are operators of at least five (5) **Exploration and Production -E&P- Contracts**.*)

The execution and performance of ~~**Exploration and Production -E&P- Contracts**~~ contracts must ~~be certified by~~ also be listed and accompanied by a certification from the respective contractee, indicating the date, object, **Operator**, term of execution, ~~investments made~~ wells drilled and general performance of the respective legal transaction.

The requirements to evidence **Technical and Operational Capability** vary according to the **Type** of **Area** and **Deposit**, as follows:

6.6.1 **Type 1 Areas**

- Minimum of two (2) wells drilled during the past three (3) years.

- Own Proven Reserves, for the latest fiscal period, reported in the Financial Statements, if applicable, of no less than two million barrels of oil equivalent (2 MMBOE).

- Minimum Production Operated of one thousand barrels of oil equivalent per day (1,000 BOE/D). (Must have been attained at any time during the three (3) years immediately preceding the date of submission of the **Qualification** documents, at which time the **Individual Bidder** or **Operator**, in the case of **Plural Bidders**, must have some production in operation, even if below that required.)

6.6.2 **Type 2 Areas – Continental** with prospectivity for **Conventional Deposits**

- Own Proven Reserves, for the latest fiscal period, reported in the Financial Statements, if applicable, of no less than five million barrels of oil equivalent (5 MMBOE).

- Minimum Production Operated of five thousand barrels of oil equivalent per day (5,000 BOE/D). Must have been attained at any time during the three (3) years immediately preceding the date of submission of the **Qualification** documents, at which time the **Individual Bidder** or **Operator**, in the case of **Plural Bidders**, must have some production in operation, even if below that required.)

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6.6.3 **Type 2 Areas – Continental** and **Offshore** with prospectivity for **Unconventional Deposits** and **Type 3 Areas** with prospectivity for

Conventional and Unconventional Deposits, both **Continental** and **Offshore**.

- Own Proven Reserves, for the latest fiscal period, reported in the Financial Statements, if applicable, of no less than fifty million barrels of oil equivalent (50 MMBOE).

- Minimum Production Operated of twenty thousand barrels of oil equivalent per day (20,000 BOE/D). Must have been attained at any time during the three (3) years immediately preceding the date of submission of the **Qualification** documents, at which time the **Individual Bidder** or **Operator**, in the case of **Plural Bidders**, must have some production in operation, even if below that required.)

Experience in the matter of **Wells Drilled** and **Production**, under joint or shared contracts, may only be evidenced by the legal entity which has acted as **Operator** thereof.

6.7 EVIDENCE OF ENVIRONMENTAL CAPABILITY

An **Individual Bidder** or the **Operator** in cases of **Plural Bidders**, seeking the award of an **Area** or **Areas** for hydrocarbon exploration and production, must provide evidence of having implemented and put into effect environmental management systems for the follow-up and metering of operations, and for the performance of activities that may have an impact on natural resources and the environment.

Said demonstration may be made through an ISO 14001 or other equivalent certification.

If the entity has no certifications in the mentioned subject matter, it must present a document containing the corporate environmental policy and management system established and being implemented, signed by the legal representative, ~~and the statutory auditor, the external auditor or whoever may act in their stead,~~ without prejudice to assuming the obligation to obtain a certification in environmental matters within the first three (3) years of contractual performance, if favored with the award.

6.8 EVIDENCE IN THE MATTER OF CORPORATE SOCIAL RESPONSIBILITY

An **Individual Bidder** or the **Operator** in the case of **Plural Bidders**, seeking the assignment of one or several **Areas** for hydrocarbon exploration and production, must provide evidence of having implemented and put into effect corporate regulations, practices and goals in the matter of **Corporate Social Responsibility**.

Said demonstration may be made through a certificate evidencing the adoption and implementation of national or international parameters or standards such as ISO 26000 or similar.

If a party does not have such evidence, it must submit a document containing the **Corporate Social Responsibility** regulations, practices and goals adopted and in practice by the entity, signed by the legal. ~~representative and the statutory auditor, external auditor or whoever may act in their stead~~.

In addition, it must present a document containing the regulations, practices and standards of responsibility with respect to ethnically diverse groups or communities, stating its commitment to their fulfillment.

6.9 APPLICATION FOR QUALIFICATION

Within the term indicated in the **Schedule** for this purpose, an **Individual Bidder**, each member of a **Plural Bidder** and the respective association as such, must submit an application for **Qualification** by filling out communication **Form No. 1**, entitled **Cover Letter for Qualification Documents,** signed by the legal representative or agent and by the designated representative, duly empowered for such purpose, accompanied by a photocopy of the Single Tax Registration, RUT, for those who are taxpayers in Colombia; photocopy of the identity document of the legal representative or agent, and of all documents indicated in this **Chapter** to evidence **Legal Capacity, Financial Standing**, as well as **Technical and Operational** and **Environmental Capability** and **Corporate Social Responsibility**, subject to the law and to these **Terms of Reference**.

Said documents must be presented in the Spanish language or accompanied by an official translation.

Documents issued abroad must observe the requirements established in article 480 of the Commercial Code, except for public documents originating in signatory countries of The Hague Convention of October 5, 1961, adopted in Colombia through Law 455 of 1998, in which case they require an apostille, in the terms of said Convention.

These may be submitted via certified mail and filed with the **ANH** before the expiration of the term indicated in the **Schedule** for such purpose. No applications or documents sent by fax or e-mail will be accepted.

Those sent or filed after the deadline will not be considered and will be returned to the sender without being opened.

Applications, **Forms** and documents must be submitted in original and one (1) identical copy, with no amendments or erasures, duly numbered with an indication that the page is "x" of "y", with an accurate, clear and complete statement of all information requested, preceded by an index and deposited in separate closed envelopes.

Both envelopes must contain the same information. In case of discrepancy the original will prevail.

The reference shown must be ***"Ronda Colombia 2012" (Colombia Round 2012)****;* the envelopes must indicate that they contain the documents for **Qualification**; be marked with the name of the **Individual Bidder** or **Plural Bidder**, their domicile, address, phone numbers, fax and e-mail, a contact name, and the indication of whether what is contained is the original or a copy.

The address, telephones, fax and e-mail shown in the request for **Qualification** will be used by the **ANH** for all purposes related to the communications and notices referred to in these **Terms of Reference**. Therefore, each **Bidder** is exclusively responsible for informing the **ANH** sufficiently in advance and in writing of any change in such information.

The **Forms** must be filled out in accordance with the instructions included in their text or in the **Terms of Reference**, without introducing changes or adjustments in them or altering the order of the information requested.

6.10 CLARIFICATIONS AND SUBMISSION OF DOCUMENTS SUBJECT TO CORRECTION

The **ANH** may request clarifications regarding the documentation submitted for **Qualification** purposes, request supplementary data and even request the submission or replacement of those that do not meet the requirements established by law or by these **Terms of Reference**.

Said requests must be responded to, the additional information provided and the new or replaced documents delivered within the peremptory term established by the **ANH** in the respective official communication, under penalty of denial of the application for **Qualification.**

In any event, the **ANH** reserves the right to verify the information provided and check the documents submitted, either before or after the **Qualification**, the **Award** and even the execution of the respective **Contract**. This circumstance shall be expressly accepted by **Bidders** in the application **Form** and in that corresponding to the **Cover Letter** of the **Proposal**. With their signing of the documents, **Bidders** declare under oath that the information set forth and the documents submitted are accurate, true, reliable and may be verified at any time.

Said verification may be carried out through phone inquiry or by written physical or magnetic medium, a request for conformity and in general in any way that permits the establishment of its veracity and accuracy, not requiring special steps or formalities related to judicial proceedings, without prejudice to making the pertinent reports.

If as a result of said verification, the **ANH** determines that the **Bidder** provided false or inaccurate information, it shall abstain from granting the requested **Qualification**.

6.11 PRELIMINARY LIST OF QUALIFIED BIDDERS

Upon completion of the examination and verification of applications, documents and information submitted for **Qualification** purposes, the **ANH** will post the results of same, with the **Preliminary List** of **Qualified Bidders,** on the web page of the **ANH** and of the ***"Colombia Round 2012"***.

The **List** shall establish for each **Qualified Bidder** both the number and **Type** of **Areas** for which it may submit a **Proposal**, depending on whether such **Areas** are **Type 1**, **2** or **3**, **Continental** or **Offshore**, and their prospectivity for **Conventional** or **Unconventional Deposits**, without prejudice to the right established in section 6.13 below.

Participants may formulate only once duly supported observations and objections to the **List**, within the term established in the **Schedule** for this purpose.

The **ANH** shall respond to said observations or objections in writing, stating the pertinent reasons, which shall be likewise posted at the time indicated in the **Schedule**.

6.12 FINAL LIST OF QUALIFIED BIDDERS

Once the observations or objections of **Participants** have been resolved, the **Final List of Qualified Bidders** will be published on the date indicated in the **Schedule**.

In this case too, the **List** shall establish for each both the number and **Type** of **Areas** for which each **Qualified Bidder** may submit a **Proposal**, depending on whether such **Areas** are **Type 1, 2** and **3**, **Continental** or **Offshore**, and their prospectivity for **Conventional** or **Unconventional Deposits**, without prejudice to the right established in section 6.13 below.

6.13 SUBSEQUENT QUALIFICATION OF PLURAL BIDDERS

Qualified Individual Bidders may form any one of the associations contemplated in these **Terms of Reference** in order to submit a **Proposal** as

Plural Bidders, in which case they must submit with it the pertinent association agreement, in the terms of section 6.4.3, the designation of the legal entity selected as **Operator**, the Statement established in section 6.4.4, regarding the circumstances indicated in the fourth, fifth, sixth, seventh and eighth bullets (-), as well as **Form No. 7, Net Worth**, filled in with the information corresponding to the association, in order to demonstrate that the **Plural Bidder** thus formed is duly **Qualified**, as well as its **Financial Standing.**

CHAPTER SEVEN

PROPOSALS

7.1 PRESENTATION AND CONTENT

On the date and at the time fixed in the **Schedule** for such purpose**, Qualified Bidders** may make their **Proposal** or **Proposals** for the **Area** or **Areas** of their interest, provided they meet the **Financial Standing** requirements established as a function of their **Net Worth** for each **Type of Area** and **Deposit**, and the **Technical and Operational Capability** requirements determined according to the **Type** of **Area** and of the **Deposits** for which they are prospective.

The **ANH** will only analyze the offers of those **Bidders** that have been **Qualified** to participate, and will return all others.

A separate **Proposal** must be submitted for each **Area** and no **Bidder** may submit more than one **Proposal** for the same **Area**, either individually or as a member of a Plural Bidder.

Proposals must be submitted in original, in the Spanish language and in the envelopes provided by the **ANH** to **Qualified Bidders** and must contain:

7.1.1 Cover Letter prepared on **Form No. 9**.

7.1.2 **Additional Investment** offered by filling out **Form** No. 10, prepared for this purpose.

7.1.3 **Percentage Share of Production** (**X%**) offered, which must be equal to or greater than one (1), calculated on net production, that is, total production after deducting **Royalties**, also indicated in **Form** No. 11, prepared for this purpose. This must be a whole number greater than or equal to one (1).

7.1.4 Bid Bond for each **Proposal**, in accordance with section 7.2 of this **Chapter**.

7.1.5 Pertinent documents for **Plural Bidders** formed by previously **Qualified Individual Bidders** in order to be duly **Qualified** as such to submit a Proposal for the pertinent **Area**.

Said documents are:

- **Consortium**, **Temporary Union** or **Pledge of Future Partnership** Agreement, in the terms of section 6.4.3.

- Statement contemplated in section 6.4.4, regarding the circumstances set forth in the fourth, fifth, sixth, seventh and eighth bullets (-).

- Identification of the **Operator**.

- **Form No. 7**, **Net Worth**, filled out with the information corresponding to the association.

The omission of any one of the previous documents is considered **NOT** subject to correction and will result in the rejection of the **Proposal**.

All documents of the **Proposal** must be presented in the Spanish language or accompanied by an official translation.

Documents issued abroad must observe the requirements established in article 480 of the Commercial Code, except for public documents originating in signatory countries of The Hague Convention of October 5, 1961, adopted in Colombia under Law 455 of 1998, in which case they require an apostille, in the terms of said Convention.

Except in the case of requirements whose noncompliance will result in the rejection of the **Proposal**, the **ANH** is authorized to request clarifications or explanations regarding the content of the **Proposals** by means of a writing submitted physically, via fax or e-mail, a copy of which will be posted on the web page of the Entity and of the ***"Colombia Round 2012"***.

In responding to these requests, **Bidders** may not complete, supplement, amend or improve their **Proposals** in any way.

The requests must be answered within the peremptory term established by the **ANH** in the respective official communication, under penalty of the **Proposal** being likewise rejected.

The **Cover Letter** of the **Proposal** and the other **Forms** included in it must be presented duly signed by the legal representative or the agent of an **Individual Bidder** or by the designated representative or agent of a **Plural Bidder**, duly accredited or appointed in connection with the **Qualification**.

If such representatives or agents were not the same ones accredited during the **Qualification** process or were designated or appointed afterwards to form **Plural Bidders** among **Qualified Individual Bidders**, the **Proposal** must be accompanied by the pertinent documents established in sections 6.4.1 and 6.4.2 in order to evidence the legal capacity of the **Bidder**.

The **Forms** must be filled out in accordance with the instructions included in their text or in these **Terms of Reference**, without amendments or erasures, duly numbered, indicating that the page is "x" of "y", with a precise, clear and complete statement of all information requested, without introducing changes or adjustments or altering the order of said information, preceded by an index and deposited in closed envelopes.

Any additional explanation or clarification must be made in a separate numbered annex.

Any corrections must be clarified and validated in the document itself, with the signature of the legal representative or agent who signs the **Cover Letter**.

Envelopes must be addressed to **Agencia Nacional de Hidrocarburos,** with the reference ***"Ronda Colombia 2012"***, indicating that they contain a **Proposal** for **Area ___ ,** specifying it according to its name and **Type**, **1**, **2**, or **3,** and marked with the name of the **Individual Bidder** or **Plural Bidder**, its domicile, address, telephone numbers, fax and e-mail.

They must be personally delivered by the person who signs the **Cover Letter,** and therefore no **Proposals** sent by mail, courier, facsimile or e-mail will be accepted.

Alternative or supplementary **Proposals**, amendments to those already submitted, partial **Proposals** or those containing any type of conditions will not be accepted.

Proposals and, in general, any document delivered after the date and time set for holding the respective hearing, shall be deemed not presented and shall be returned without opening.

The submission of a **Proposal** implies an obligation for the **Bidder** to keep it in force for its validation and eventual award, as well as for the execution of the respective **Contract**, if such were the case, in such a way that it must be understood as valid during the time that elapses from the delivery date to the date of execution of the respective **Contract**, ~~allocation of the respective **Area** to another **Bidder**, or until the approval of the contractual guarantees if the **Bidder** is successful~~, during which period the **Bid Bond** must also remain in force, and will be collected if the **Bidder** withdraws its Proposal or fails to fulfill any of the commitments arising from said submission, unless there are supervening grounds for disqualification or incompatibility for reasons beyond the responsibility and diligence of the **Bidder**.

Therefore, no **Proposal** may be withdrawn or amended after its deposit in the corresponding box.

7.2 BID BOND

In order to guarantee the good faith of each **Proposal**, the respective **Bidder** shall obtain and submit a bond in favor of the **ANH**, effective from the date of submission of the Proposal to the date on which the **Contract** is to be signed, plus three (3) months. ~~of approval of the contractual guarantees which must be furnished within five (5) business days following the signing of the respective **Contract**, in the event of an award, and initially for three (3) months, counted as of the first of the mentioned dates, extendable as a function of the foregoing, in such a way that the guarantor acquires the commitment to extend it, if necessary, until the time of said approval.~~

This **Bond** must back the good faith and firmness of each **Proposal** submitted in connection with the ***"Colombia Round 2012"*** for the allocation of each **Area**; the truth and accuracy of the information presented to the **ANH** for **Qualification**, **Proposal** and **Contract** purposes; the timely, effective and efficient fulfillment of the commitments and obligations derived from said submission, and in particular those of keeping the **Proposal** firm, not amending or withdrawing it during its term; extending said term and that of the **Bond**, if the terms for awarding the **Areas** or executing the respective **Contract** are extended; signing the latter within the time limits established by the **ANH** for such purpose, in the event of an award, in accordance with the **Proposal**, these **Terms of Reference** and the Draft approved by the Directive Council of the **ANH**; meeting the requirements for perfecting, legalizing and performing the **Contract** in a timely manner; ~~obtaining and submitting, also in a timely manner, to the **ANH**, the contractual guarantees that must be furnished within five (5) business days following execution of the respective **Contract**~~ and, in general, the compensation of any damages caused to the **ANH** due to the breach of any of the obligations covered by the **Guarantee**.

Failure to submit the **Bid Bond** simultaneously with the **Proposal** constitutes grounds for rejection of the latter.

This **Guarantee** may consist of a performance insurance policy for State entities or a first demand bank guarantee, issued to the satisfaction of the **ANH**, in accordance with articles 5.2.1.1 to 5.1.2.1.2.4 and 5.2.3.1 to 5.2.3.3.2 of Regulatory Decree 734 of April 13, 2012, with the characteristics indicated in this section.

When the **Proposal** is submitted by a **Plural Bidder**, **Consortium**, **Temporary Union** or **Pledge of Future Partnership**, the **Bid Bond** must be taken or ordered by all persons making up the respective **Bidder**.

The insured amount varies as a function of the **Area** subject to the **Proposal**, as follows:

7.2.1 **Type 1, Continental**, prospective for **Conventional Deposits**;

One hundred fifty thousand United States dollars (USD 150,000), for each **Area**.

7.2.2 **Type 2, Continental**, prospective for **Conventional Deposits**;

Three hundred thousand United States dollars (USD 300,000), for each **Area**.

7.2.3 **Type 3, Offshore**, prospective for **Conventional Deposits**, as well as **Type 3,** both **Continental** and **Offshore**, and prospective for **Conventional** and **Unconventional Deposits**:

Two million United States dollars (USD 2,000,000), for each **Area**.

In all cases, the insured amounts will be payable in Colombian Pesos at the Market Reference Rate of Exchange (TRM) in force on the date of the respective payment in favor of the **ANH**.

The **Bid Bond** for each **Proposal** must meet the following requirements:

Taker or Ordering Party, as appropriate:	Name of the **Individual Bidder** or of all members of a **Plural Biddder**, tax identification number, NIT, if applicable, address, phone and e-mail.
Insured and Beneficiary	**Agencia Nacional de Hidrocarburos**, **ANH**
Object:	To guarantee the good faith and firmness of the **Proposal** submitted in connection with the "***Colombia Round 2012***" for the assignment of **Area XX**_; the truth and accuracy of the information presented for **Qualification**, **Proposal** and **Contract** purposes; the timely, effective and efficient fulfillment of the commitments and obligations derived from said submission, and in particular those of keeping the **Proposal** firm, not amending or withdrawing it during its term; extending said term and that of this **Guarantee**, if the terms for awarding the **Areas** or executing the respective **Contract** are extended; signing the latter within the time limit

	established by the **ANH** for such purpose, in accordance with the **Proposal**, these **Terms of Reference** and the Draft approved by the Directive Council, in the event of an award; meeting the requirements for perfecting, legalizing and performing the **Contract** in a timely manner; ~~obtaining and submitting, also in a timely manner, to the **ANH**, the contractual guarantees that must be furnished within five (5) business days following execution of the respective **Contract**~~ and, in general, the compensation of any damages caused to the **ANH** due to the breach of any of the obligations covered by the **Guarantee.**
Valid Term:	Three (3) months, counted from the date of submission of the **Proposal** for **Area XX** until the date on which the Contract is to be signed, plus three (3) months. ~~and, in any event, until the date of approval of the contractual guarantees that must be furnished within five (5) business days following the execution of the respective **Contract**, in the event of an award.~~

Should there be any observations to the **Bid Bond**, **Bidders** must remedy them within the term established by the **ANH** for such purpose, under penalty of rejection of the **Proposal**.

All aspects not expressly contemplated in this section will be governed by the provisions of section **8.3** of these **Terms**, entitled **GUARANTEES.**

The **ANH** will hold the guarantees in custody and return those furnished by **Bidders** to which the respective **Area** or **Areas** are not awarded, or otherwise, after signing the respective **Exploration and Production -E&P- Contracts** or **Technical Evaluation Agreements –TEA-** and once the contractual guarantees that must be furnished within five (5) business days following the execution of the respective legal transaction have been approved.

7.3 DELIVERY AND PUBLIC OPENING OF PROPOSALS

At the place and on the date indicated in the **Schedule** for holding the hearing for delivery and opening of **Proposals**, those delivered in time will be deposited in a closed box.

At the time designated to commence the hearing, the **Proposals** deposited in the box will be opened and all those received in time will be listed, indicating the respective **Bidder**; the **Area** for which it is making its bid; the list of documents included in it; the Percentage Share of Production (X%) offered and the amount of the Additional Investment proposed.

A record of this hearing will be drawn up and posted on the web page of the **ANH** and of the **Bidding Process**.

7.4 EXAMINATION, VERIFICATION AND VALIDATION

In the first place and in accordance with the law and the **Terms of Reference**, there will be a formal verification that each **Proposal** is complete, i.e., that it includes all documents required and the duly filled out **Forms**.

Once the formal verification has been completed, a determination will be made as to which **Proposals** meet the requirements and which do not.

Defects, deficiencies or omissions which according to the **Terms** may be corrected, will be made known to the respective **Bidders** through a posting on the web page of the **ANH**, indicating the peremptory term to make the appropriate corrections and/or submit the missing information.

Defects or deficiencies which **CANNOT BE** or **ARE NOT CORRECTED** or remedied in the manner and within the time limits established by the **ANH** will result in the rejection of the respective **Proposals**.

The **ANH** reserves the right to request clarifications to the **Proposals**, provided their content is not altered or their scope modified, and subject to the guiding principles of equality, transparency, objective selection, impartiality, public disclosure and contradiction.

The absence of certain requirements or documents regarding the future contracting or the **Bidder** which are not necessary for a comparison of **Proposals** will not justify the rejection of an offer. Therefore, all requirements that do not affect the **Order of Eligibility** may be clarified or supplemented in the manner and within the term indicated in the respective request.

In any event, the **ANH** reserves the right to verify the information provided and check the documents submitted throughout the contractual process, either before or after the **Qualification**, the **Award** and even the execution of the respective **Contract**. This circumstance will be expressly accepted by Bidders in the **Cover Letter** of the **Proposal**, where the representatives or agents will declare under oath, which shall be understood as made with their mere signature, that all information and documents submitted are accurate, truthful, reliable and may be verified at any time.

Complete **Proposals** that meet all requirements are considered validated and will be subject to evaluation and rating to establish the **Preliminary Order of Eligibility** for award of the respective **Area**, as a function of the criteria or weighting factors applicable thereto.

7.5 EVALUATION AND RATING

The purpose of the rating of validated **Proposals** is to establish the **Preliminary** and **Final Order of Eligibility** for purposes of the award of the proposed **Contract** or **Contracts** and the assignment of the corresponding **Area** or **Areas**.

It will be made as a result of the evaluation of the following factors:

7.5.1 **Type 1** and **2 Continental** and **Offshore**, prospective for **Conventional Deposits**:

Primary Factor:	Higher **Percentage Participation in Production** (**X%**) offered. This must be a whole number greater than or equal to one (1) and up to one hundred (100).
Secondary Factor: (Tiebreaker Criterion)	Higher **Additional Investment in Exploration** over and above the **Minimum Exploration Program**

established by the **ANH**, expressed in United States dollars (USD).

7.5.2 All **Type 3, Continental** and **Offshore**, prospective for **Conventional and Unconventional deposits**, and **Type 2, Continental**, with prospectivity for **Unconventional Deposits**

Primary Factor:	Higher **Additional Investment in Exploration** over and above the Minimum Exploration Program established by the **ANH**, expressed in United States dollars (USD).
Secondary Factor: (Tiebreaker Criterion)	Higher **Percentage Participation in Production** (**X%**) offered. This must be a whole number greater than or equal to one (1).

7.5.3 **Ties**

If after completing the procedure established in the previous section, the tie between **Bidders** for the same **Area** persists, the **ANH** will offer the tied **Bidders** the possibility of entering into the proposed **Contract** jointly, on the basis of doing so in equal shares, provided they unanimously agree to this. Otherwise, it will assign the **Area** by drawing lots and the **Bidder** drawing the higher number will be awarded the respective **Area**.

7.5.4 Determination of **Areas** as a function of the **Financial Standing** of **Bidders** classified in **First** place in terms of **Eligibility**

After applying the factors indicated in sections 7.5.1 and 7.5.2 above, the **ANH** will verify the **Financial Standing** of those **Bidders** whose **Proposals** have been classified in first place, in order to determine the number of **Areas** that may be awarded to them, in accordance with their **Type** and that of the **Deposit** for which they are prospective.

In the event that **Individual** or **Plural Bidders** whose **Proposals** have been classified in first place cannot be the awardees of all **Areas** applied for, the procedure established below will be followed. If there are several **Proposals** in first place, the procedure will begin with the **Bidder** who has submitted the largest number of offers, both **Individually** and as a member of a **Plural Bidder**, and in the same manner in descending order.

(i) First priority will be given to any **Area** or **Areas** for which it is the sole **Bidder**.

(ii) Second, to the **Area** ~~or **Areas** for which the **Individual Bidder** has also submitted a joint **Bid**, as member of a **Plural Bidder**.~~for which it has offered the highest **Additional Investment in Exploration.**

(iii) Third, to the **Area** for which it has offered the highest **Percentage Share of Production (x%)**.

(iv) In fourth place, to the **Area** or **Areas** for which the **Individual Bidder** has also submitted a joint **Bid**, as member of a **Plural Bidder**.~~the **Area** for which it has offered the highest **Additional Investment in Exploration**.~~

(v) Should there still be any **Areas** to be assigned to that same **Bidder**, after applying the previous criteria or because equal participations and investments have been offered for all, the **ANH** will select the remaining **Area** or **Areas** at its discretion, seeking to award the highest number of **Areas** as a result of the "***Colombia 2012 Round***".

The foregoing procedure will be repeated for those **Areas** that have not been selected, considering **Proposals** classified in the second order of eligibility in accordance with sections 7.6.1 and 7.6.2, and so forth.

7.6 PRELIMINARY ORDER OF ELIGIBILITY

After applying the award criteria or factors and preparing the **Preliminary Order of Eligibility**, the **ANH** will post it on its web page and on that of the ***"Colombia Round 2012",*** together with the record of the evaluation and rating. Said **Order** will contain the list of **Bidders** who submitted a **Proposal** for each **Area**, in descending order from highest to lowest according to their respective offers.

Participants may formulate duly supported observations and objections thereto only once, within the term established in the **Schedule** for this purpose.

The **ANH** will resolve said observations or objections in writing, stating the pertinent reasons, which will be likewise posted, also at the time indicated in the **Schedule**.

7.7 FINAL ORDER OF ELIGIBILITY

Once the observations or objections of **Participants** have been resolved, the **Final Order of Eligibility** will be published, on the date indicated for such purpose in the **Schedule**. If there are any changes with respect to the **Preliminary Order**, the reasons that led thereto will be set out, duly supported.

In this case too the **Order** will contain the list of **Bidders** who submitted a **Proposal** for each **Area**, in descending order from highest to lowest according to their respective offers.

7.8 AWARD OR ALLOCATION OF AREAS

Once the procedure of analysis, validation, evaluation and rating of the **Proposals** has been completed and the **Final Order of Eligibility** has been published, after receiving and resolving eventual observations to the **Preliminary Order**, at a public hearing held at the place, date and time indicated in the Schedule, the **ANH** will proceed to award the **Contracts** and **Areas** subject to the **Bidding Process**, in whole or in part, and to declare unawarded those determined as such, should one or several of the grounds established for such purpose occur, all this through a well-supported administrative act, against which there will be no appeal.

During the hearing and prior to the adoption of the final decision of award, interested parties may submit comments regarding the answers of the **ANH** to the observations or objections made to the **Final Order of Eligibility.**

The act of award is irrevocable and binds the **ANH** and the awardee. Nevertheless, if within the term that elapses between the award of the

Contract and the signing thereof there are any supervening grounds for disqualification or incompatibility or it is verified that the act was obtained by unlawful means, it may be revoked. In the latter case, the amount of the Bid Bond for the **Proposal** shall pass to the **ANH**, by way of a penalty, without prejudice to any legal actions conducive to compensation for any damages caused and not covered by the amount of the bond.

7.9 GROUNDS FOR DECLARING UNAWARDED AREAS

- When there are no **Proposals** for them.

- When none of the **Proposals** submitted complies with the **Terms of Reference**.

- When there are justified reasons or grounds that prevent an objective selection.

7.10 CORRECTION OF ARITHMETICAL ERRORS

The **ANH** will determine whether there are any errors in the results of the arithmetical operations related to the quantities and the unit and total amounts of the **Exploration Programs** and will proceed to correct them. If the Awardee refuses to accept such corrections, the Bid Bond for the **Proposal** will be collected and the proposed **Contract** will be signed with the **Bidder** qualified in the second place of eligibility, provided its **Proposal** is favorable to the **ANH**.

7.11 GROUNDS FOR REJECTION

The **ANH** will reject **Proposals** in the events or circumstances indicated below:

- Submission of more than one **Proposal** for the same **Area** by the same **Individual Bidder**; by legal entities making up more than one **Plural Bidder**, or by **Plural Bidders** made up by a legal entity which has submitted a **Proposal** for the **Area**, either directly or indirectly, by itself or through a third party.

- If a **Proposal** does not include the **Cover Letter** or is submitted without the signature of the legal representative or agent, or if these are not duly designated or accredited.

- If a **Proposal** does not contain the essential **Forms** established in sections 7.1.2 and 7.1.3 or these are submitted not filled out, with amendments or erasures.

- If a **Proposal** does not include the Bid Bond.

- If a requisition or request for clarification from the **ANH** has not been promptly or completely and satisfactorily answered, or if a document or requirement that can be corrected has not been submitted in time and in legal form.

- If the **ANH** has determined that all or part of the information and documents submitted are inaccurate or contrary to actual fact.

- Any other circumstance established in these **Terms of Reference** as grounds for rejection.

7.12 SECOND ROUND

On November ~~30~~28, 2012, the **ANH** may hold a second **Request for Proposals Round** in order to assign the **Areas** declared unawarded because there were no **Proposals** for them; because those submitted were rejected, or because they cannot be assigned due to limitations in the **Financial Standing** of the **Bidders**, and award the respective **Contracts**, for which purpose the same rules established in these **Terms of Reference** shall apply.

CHAPTER EIGHT

CONTRACTS

8.1 TIMING OF EXECUTION

Any **Contract** or **Contracts** will be executed with the **Awardee** and with its joint and several obligor, in the case provided in section 6.1, on the date and at the time indicated in the **Schedule** or established by the **ANH** in the respective order or summons.

To such end, these must submit the following documents to the **ANH**:

- Update of the documents evidencing legal standing to sue and be sued in the name of the **Awardee**.

- Certification regarding the fact that they have fulfilled in a timely, effective and efficient manner the obligations inherent to the General Social Security System and to payroll taxes, in accordance with section 6.4.4, or evidence of not being subject thereto, issued no more than ten (10) calendar days before.

8.2 CONTENT

The terms, conditions and, in general, the provisions of the **Contracts** will correspond to those established in the drafts approved by the Directive Council of the **ANH** and published as an **Annex** to these **Terms of Reference** for the type of legal transaction involved and which are in force at the time, in accordance with their essence and purpose, and in line with common, civil and commercial law, the general **Regulations** governing them and the best practices of the hydrocarbon industry, without prejudice to the specifics derived from the legal nature and representation of the Contractor, the designated **Operator**, the winning **Proposal** and the negotiations carried out in aspects permitting them.

They may include modes, conditions and, in general, provisions which the Directive Council of the **ANH** deems necessary and appropriate, provided they are not contrary to the Constitution, the law, public order, the principles and aims of **ANH** contracting and those of good administration.

8.3 GUARANTEES.

Once the legal transaction has been signed, the **Contractor** must obtain and submit for approval by the **ANH** the required guarantees and insurance, in line with the pertinent provisions of the **Contract**, at the times and with the characteristics indicated below.

The guarantees will consist of first demand bank guarantees or irrevocable standby letters of credit, confirmed and payable on demand, in the terms of article 5.2.3.1 of Regulatory Decree 734 of 2012~~or paragraph 23.2 of Decree 4828 of 2008~~, or the regulations amending, substituting or supplementing them, as the case may be, opened by a banking institution established in Colombia or by a foreign credit institution, provided the negotiable instrument is accepted by a domestic credit institution, in the case of performance bonds; of performance insurance policies in favor of State entities, for labor-related guarantees, and of third-party liability insurance, to cover risks of this nature, issued by insurance companies legally established to operate in the country.

When the **Contract** is entered into by a **Plural Contractor**, **Consortium**, **Temporary Union** or **Pledged Partnership**, the contractual guarantees shall be taken or ordered by all legal entities making them up.

Guarantees and insurance policies must be submitted for approval by the **ANH**, which shall grant it provided they meet the legal and regulatory conditions pertaining to each instrument and cover the risks established in each case.

The **Contractor** must restore the amount of the guarantees and insurance when it has been reduced by reason of claims by the **ANH**.

Likewise, in the event of any extension or deferment of the term of performance of any of the **Phases** or **Stages** or **Periods** of contractual development, the **Contractor** shall accordingly extend the effective term of the guarantees and insurance.

The **Contractor** agrees to pay, for its own account, the full amount of the fees for establishing or issuing bank guarantees and the premiums corresponding to insurance policies, as well as those that may subsequently accrue by reason of amendments, renewals and extensions of guarantees and insurance, and to deliver to the **ANH** a copy of the official payment receipts.

The contracting of guarantees and insurance does not exempt the **Contractor** from its obligation to indemnify the **ANH** for any damages derived from the breach of a **Contract**, not covered by the former or exceeding them.

All coverage instruments must contain an express provision stating that any request for cancellation, amendment or renewal of their terms, submitted by the **Contractor** to the grantor, must have the written approval of the **ANH** before it can be processed.

The cover pages of insurance policies must clearly and expressly show the scope and amount of the risk covered.

In case of non-performance of the obligation to obtain, extend, renew or restore the guarantees and insurance established in this paragraph and in the **Exploration and Production –E&P- Contracts** and **Technical Evaluation Agreements –TEA-**, the **ANH** will be entitled to unilaterally terminate the respective **Contract**.

Each and every deductible stipulated must be assumed by and under the exclusive responsibility of the **Contractor**. Therefore, any compensation in favor of the **ANH** shall be paid by the insurance company without deductions, and any agreed deductibles must be covered by the former in the name of the latter.

Guarantees shall not expire for lack of payment nor may they be unilaterally revoked or cancelled.

The grantor may not argue before the **ANH** any exceptions or defenses derived from the conduct of the taker, in particular those derived from inaccuracies or withholdings of information incurred by the latter when obtaining the guarantee, or, in general, any other defenses against the **Contractor**.

The guarantees to be obtained and submitted for approval by the **ANH** are those contemplated in the respective **Contracts**.

8.4 COLLECTION OF GUARANTEES

Upon the occurrence of any of the events of default or any of the risks covered or secured by the guarantees or insurance, they shall be collected in accordance with the following rules:

- In cases of lapsing, unilateral termination, declaration of default or imposition of fines, after exhausting due process and guaranteeing the rights of defense and opposition of the **Contractor** and the guarantor or issuer, in accordance with article 86 of Law 1474 of 2011, the corresponding administrative act shall be issued, with the final determination and the quantification of damages, if possible and appropriate, and both the **Contractor** and the guarantor or issuer shall be simultaneously ordered to pay the applicable monetary penalties.

- The determination of lapsing, unilateral termination, imposition of fines or default implies the occurrence of the loss covered by the respective guarantee.

8.5 SUBCONTRACTS

Contractors under **Technical Evaluation Agreements –TEA-** and/or **Exploration and Production -E&P- Contracts** are fully and exclusively responsible for the execution, performance, completion and settlement of all legal transactions they enter into in order to obtain or dispose of the goods and services required for the performance thereof, which activities they must carry out for their sole account and risk, without the **ANH** undertaking any commitment or liability for any of the foregoing items.

8.6 PUBLICATION

Once the **Exploration and Production -E&P- Contracts** and/or the **Technical Evaluation Agreements**, **TEA**, have been signed, their text must be posted on the web page of the **ANH** and in the Electronic System for Public Contracting, SECOP, if it is in operation for this type of legal transactions, in accordance with article 223 of Decree-Law 19 of 2012.

8.7 EXCEPTIONAL CLAUSES

The contracts shall contain exceptional stipulations regarding lapsing; unilateral termination; fines; monetary penalty; indemnity, and reversion, in the event of occurrence of any of the specific grounds agreed upon pursuant to law, in terms that satisfy the general interest and protect the resources belonging to the Nation, and ensure the exercise of the rights of defense, opposition and, in general, due process.

In any event, **Contractors** assume the obligation to hold harmless the **ANH** from any damage originating in third-party claims and deriving from their own actions and omissions, those of personnel in their service, their subcontractors or dependents, and of persons in the service of the latter.

8.8 PHASE 0

In those **Areas** where there is information regarding the presence of ethnic communities or groups or where they may occur, the **Contracts** resulting from the ***"Colombia Round 2012"*** shall include a **Phase 0**, during which the **Contractor** agrees to take steps to obtain verification and certification of such presence in the area of interest ~~influence~~ of the exploration activities of **Phase I** of the **Exploration and Production -E&P- Contracts** or the term of execution of the **Technical Evaluation Agreements –TEA-** and to carry out the respective Prior Consultations. In these cases, the fulfillment of the contractual obligations and commitments, subject to or dependent on the completion of said steps, shall be suspended and subjected to the effective verification, certification and consultation.

Within the first ~~sixty (60)~~ ninety (90) calendar days counted from the signing of the respective **Contract**, the **Contractor** must commence the ~~Prior Consultation~~ procedures for verification and certification of the presence of ethnic groups or communities before the Colombian Ministry of the Interior.

Otherwise, or if the Contractor does not act diligently, the **ANH** shall proceed to unilaterally terminate the **Contract**.

~~**Phase 0** shall have a maximum duration of one (1) year, extendable for three (3) additional months, with the prior express written authorization of the **ANH** and shall end once the Prior Consultation procedure has been completed or at the expiration of the original term or its extension.~~

During this **Phase 0** no pecuniary rights shall accrue in favor of the **ANH**.

~~If there are no communities or ethnic groups in the **Area** subject to the **Contract**, its performance shall commence with **Phase I**, and the calendar day immediately following that of its execution shall be deemed the **Effective Date**.~~