

OFFICIAL ANNOUNCEMENT

OPEN LICENSING SYSTEM IN NAMIBIA

INVITATION TO APPLY FOR ONSHORE/OFFSHORE LICENCE AREAS

Introduction

1. The Government of the Republic of Namibia invites international oil companies to apply for petroleum exploration licenses in Namibia, under the Open Licensing System. Companies can now apply at any time for acreage.
2. The areas open for bidding are the unlicensed offshore areas as shown on the attached map. The offshore areas have been divided into licence areas of 1° x 1° (approximately 10,000 km²) and 1° x 30' (approximately 5,000 km²). The offshore is subdivided into licence areas of 1° x 1°, (approximately 10,000 km² in size).
3. Data available are 2,000km of non-exclusive which was acquired in the Lüderitz Basin (1996), as well as 1,200 km in the Namibe Basin (1997) and 1,000 km in the Orange Basin (1997). Recently (1998), approximately 5,500 km seismic was acquired by Western Geophysical in the deep water areas (down to 2,500 m water depth in the Walvis and Lüderitz Basins). This data is now available commercially, as is the non-exclusive seismic acquired by Intera Technologies Ltd in 1989 and 1991, and the offshore seismic, gravity and magnetic surveys amounting to 11,160 km and an onshore aeromagnetic survey of 27,000 km acquired by NAMCOR (with the assistance of Geco-Prakla, PGS Nopec, Geoseis and J. Arthur and Associates) in 1992 and 1993. An offshore aeromagnetic survey of 27,000 km that was acquired in 1998 is available from GEODASS.

Submission of Applications

4. Applications (in duplicate) must be sent by registered mail to: The Permanent Secretary, Ministry of Mines and Energy, Private Bag 13297, Windhoek, Namibia. Alternatively, applications may be delivered by hand in duplicate to the Permanent Secretary, Ministry of Mines and Energy, 7th Floor, Ministry of Mines and Energy Building, 1 Aviation Road, Windhoek.
5. Applications from individual companies or groups of companies (joint applications) may be submitted.
6. Separate applications must be presented for each license area. If the applicant submits proposals for more than one licence area, the priority given by the applicant to each licence area should be clearly indicated. An application fee of N\$ 30,000 payable to the Ministry of Mines and Energy for each licence area must accompany the application.

7. Each application must be consistent with the provision of the Petroleum (Exploration and Production) Act, 1991, the Petrol (Taxation) Act, 1991, the Petroleum Laws Amendment Act, 1998 and the Model Petroleum Agreement.

Bidding Requirements

8. Each application shall contain the following information given in the following order:

- (a) Name, address and country of registration of the applicant;
- (b) Nature of business of the applicant, the company's financial strength and technical competence. The applicant is required to submit audited accounts and annual reports for the last 3 years;
- (c) Documentation regarding relevant operative, research and development expertise and experience, particularly related to technical and geological matters for cost effective operations in Namibia;
- (d) Name of person who will be appointed as the Company's representative, resident in Namibia, if a license is granted;
- (e) Licence area number applied for as per the attached map;
- (f) A full work programme, considered necessary by the applicant to evaluate completely the petroleum potential of the acreage applied for. When drilling is included in the work programme, the total depth of each well should be given either in terms of the true depth in metres or in terms of the deepest geological horizon to be penetrated;
- (g) Definite proposals with respect to the following biddable terms:
 - (i) minimum exploration work programme for each of the exploration periods;
 - (ii) minimum exploration expenditure for each of the exploration periods;
 - (iii) the second and third tier incremental ATP rates; and
 - (iv) minimum annual training sum.

The Government will generally waive the requirement to provide a Bank Guarantee except in specific cases such Guarantee is necessary.

- (h) A geological and geophysical evaluation of the licence area applied for. Documentation of the evaluation interpretation should be attached to the application as separate enclosures according to the following guidelines:
 - (i) a complete reference to the database used (e.g. shot point maps, well locations etc.) for the evaluation and as the basis for the application. It is expected that the applicants will have purchased all relevant data available;

- (ii) regional/semi-regional studies performed as the first step in the geological/geophysical evaluation. Regional maps should be at a suitable scale (typically 1:1, 000,000 or 1:2, 000,000);
 - (iii) 1:100.000 and/or 1:200.000 scale two-way-time contour maps of all prospective levels covering the blocks applied for, together with a description of the methods and data used in the depth conversion; and
 - (iv) where prospects have been mapped, the applicant should give detailed evaluations of such prospects with documentation of reservoir parameters used together with an estimation of the hydrocarbon pore volume and recoverable hydrocarbons in metric units.
9. When an application is presented on behalf of more than one company the following conditions will apply:
- (a) the groups must not consist of more than five companies;
 - (b) the participating interest of each company must be clearly stated;
 - (c) the designated operator must be stated; and
 - (d) each company in the group must submit information as specified in paragraph 9 (b) and (c) of this Announcement.

Evaluation of Applications

10. An Inter-Ministerial Government Negotiating Team (GNT), chaired by the Ministry of Mines and Energy, will evaluate each application, taking mainly into consideration the following aspects:
- (a) the technical and financial capabilities of the applicant for ensuring safe and cost-effective exploration and production of petroleum in Namibia;
 - (b) the applicant's willingness to perform a complete evaluation of the petroleum potential in the licence area within an agreed time frame. This would include the proposed minimum work programme and expenditure; and
 - (c) the economic terms offered in accordance with the bid requirements.
11. After having evaluated the applications received, GNT will invite selected applicants to Windhoek. The invited applicants will then have the opportunity to present their application to the GNT, and negotiation of the terms of the bid will be invited.
12. The Ministry of Mines and Energy reserves the right to accept or reject any application without any obligation to give any reasons or to otherwise justify its decision.

SISEHO C SIMASIKU
PERMANENT SECRETARY

23 August 1999