

 DEPARTMENT OF PETROLEUM RESOURCESPetroleum Regulatory Agency Of Nigeria DPR	Applicable to Investors and Operators
EXPLANATORY NOTES TO THE GUIDELINES FOR THE AWARD AND OPERATIONS OF MARGINAL FIELDS IN NIGERIA, 2020	Code: DPR Guide 0041A - 2020 Effective Date: June 2020

EXPLANATORY NOTES TO THE GUIDELINES FOR THE AWARD AND OPERATIONS OF MARGINAL FIELDS IN NIGERIA, 2020

ISSUED BY

DEPARTMENT OF PETROLEUM RESOURCES

2020

These explanatory notes shall be read together with the “Guidelines for the Award and Operations of Marginal Fields in Nigeria, 2020” as they provide clarifications, explanations and directives for the implementation of the Guidelines.

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1. INTRODUCTION AND GENERAL DESCRIPTION

The purpose of this document is to set out the specific procedure for prequalification of applicants and submission of Technical and Commercial bids by prequalified applicants in the 2020 Marginal Field Bid Round. This document also provides clarifications, explanations and directives on the implementation of the Guidelines. The process of registration, application and submission of Technical and Commercial bids is online via the Marginal Field Bid Round Portal – marginal.dpr.gov.ng.

Figure 1 below summarises the steps involved in the Marginal Field Bid Round Process.

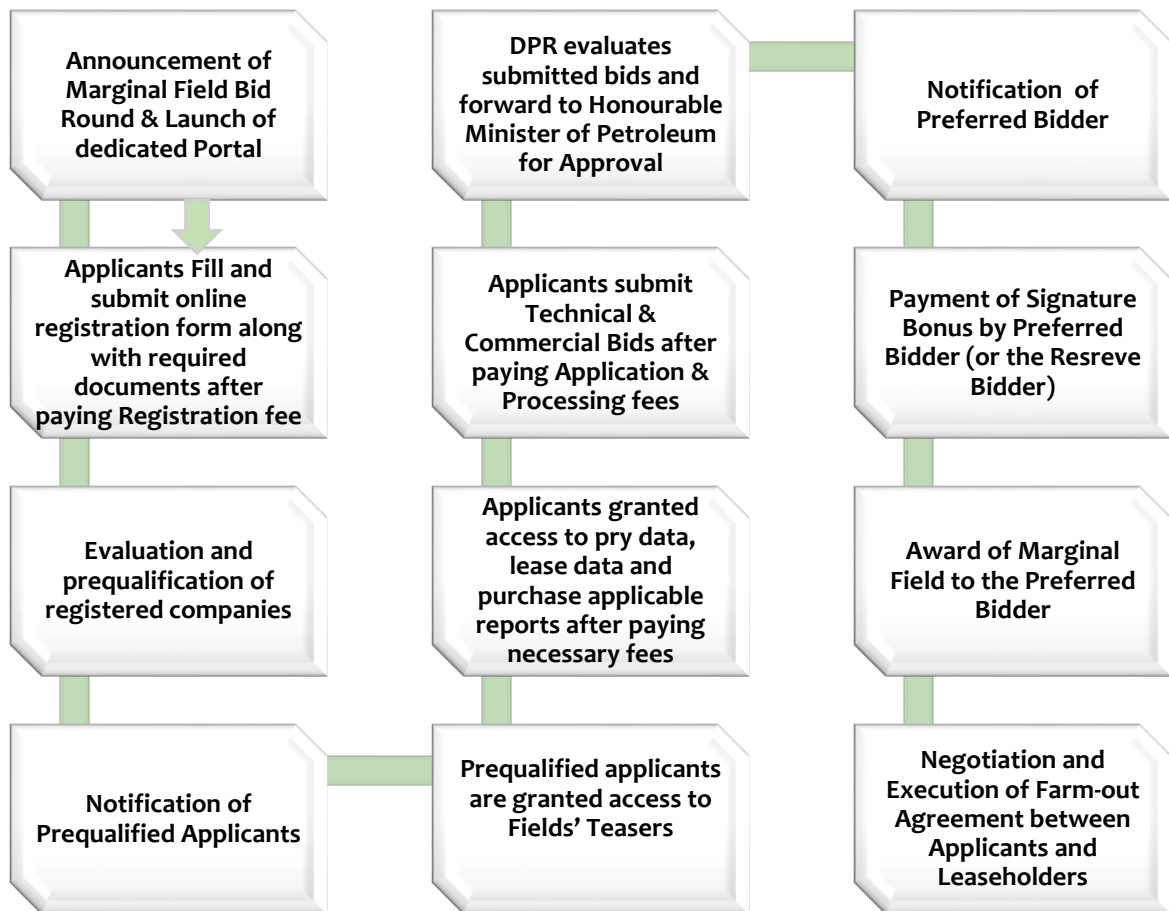


Figure 1: Marginal Field Bid Round Process

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2. PREQUALIFICATION

The consideration for prequalification will be based on the following:

- i. Company incorporation status
- ii. Technical competence
- iii. Financial capability

2.1. Company Incorporation Status

The documents required include but not limited to the following:

- i. Certificate of Incorporation.
- ii. Form CAC 2.
- iii. Valid Tax Clearance Certificate for the past three years, where applicable.
- iv. Memorandum and Article of Association must have exploration and production of oil and gas as one of the areas of operation for individual applicant. In the case of Consortium, at least one member of the Consortium must meet this requirement.
- v. Organizational Chart.
- vi. Partnership Agreement in case of two (2) companies applying jointly.
- vii. Consortium Agreement in case of companies applying as a consortium.
- viii. Profiles of the Company's Promoters/Management Team.

The participating companies shall comply with the following conditions:

- i. All participating entities shall be companies registered in Nigeria with hundred percent indigenous shareholding.
- ii. In a joint bid by two or more companies, each joint bidder shall satisfy the requirement of hundred percent indigenous shareholding and the application must be supported by a partnership agreement.
- iii. For a consortium, each member of the consortium must satisfy the requirement of hundred percent indigenous shareholding and in addition, the consortium application shall specify the lead company and the distribution of interest amongst the members of the consortium.

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2.2. Evidence of Technical Competence

Applicants must meet at least one of the following conditions:

- i. The participating company should be active in E&P operations at the time of application.
- ii. In the case of a new company, the Promoters (Shareholders) and/or Management Team should have experience in the Upstream Oil and Gas Industry.
- iii. The company should provide evidence of relationship with a competent technical partner with experience in E&P operations. DPR reserves the right to carry out due diligence on the technical partner.

2.3. Evidence of Financial Capability

- i. The applicant must provide verifiable source(s) of funding the petroleum operations (MoU of Financial Support from a reputable Financier, Parent Company Guarantee, Company Balance Sheet, Bank Guarantees).
- ii. Capital structure document to be submitted.

2.4. Application Procedure

All applications and submissions are to be made on line at marginal.dpr.gov.ng. ***“The Guidelines for the Award and Operation of Marginal Fields in Nigeria”*** can also be downloaded from the submission portal. Both the guidelines and this document contain important information on the minimum requirements for applicants participating in the 2020 Marginal Field Bid Round exercise.

The registration period for this exercise will last for two (2) weeks after the commencement date. After this period, the registration portal will be closed, and no company will be able to register once the portal is closed. Where two (2) or more companies are in a consortium or jointly applying for the award of Marginal Field, only a single registration will be required. It should be noted that Government will be favourably disposed to joint applications to leverage the strength of the companies.

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2.5. Applicable Fees

Fees payable by the applicants are as follows:

S/N.	Description	Fee
1	Registration Fee (Per Applicant)	₦ 500,000.00
2	Application Fee	₦ 2,000,000.00
3	Processing Fee	₦ 3,000,000.00
4	Data Prying Fee	US\$ 15,000.00
5	Data Leasing Fee	US\$ 25,000.00
6	Specific field Report:	US\$ 25,000.00
7	Competent Person's Report (where applicable)	US\$ 50,000.00

*Each applicant or group of Applicants shall pay a single registration fee. All other fees are per field (where applicable) and are mandatory.

The Registration, Application and Processing fees are to be paid into the **DPR Treasury Single Account – (TSA) through Remita (Payment Link is provided on the portal).**

The Data Prying and Leasing fees, Specific Field Report and Competent Persons Reports (CPR) fees are to be paid into the following account:

- **Account Name:** CBN MIN PETRO RES NAT DATA REPOSITORY USD AC
- Account Number:** 01270348350
- Bank:** Standard Chartered Bank, UK, Limited
- IBAN No:** GB85 SCBL 6091 0412 7034 83
- Currency:** United States Dollar (US\$)

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3. TECHNICAL AND COMMERCIAL BID SUBMISSION

This section of these notes shall apply to companies that have been pre-qualified and notified by the DPR to that effect.

The pre-qualified companies, upon payment of the prescribed fees for Data Prying, shall have access to the Data Rooms to pry data on the field(s) of interest. Thereafter, the company may select the field(s) to make payments for leasing of data and purchase of available reports.

Companies may thereafter pay the Application and Processing fees to submit a Technical and Commercial Bid in the form provided on the portal. In addition, candidates may be required to make presentation on all or part of the submissions or provide clarification and/or information as necessary.

Notes:

- i. Applicants will be required to execute Confidentiality Agreement before the leased data is released.
- ii. No additional information or document or attachments shall be accepted after the portal is closed.
- iii. Neither Government nor a leaseholder(s) shall be responsible for any costs or expenses incurred in connection with the preparation or delivery of submission or costs and expenses for any subsequent negotiations.
- iv. Field Development Economics for this Marginal Field Bid Round is based on the Marginal Field Operations (Fiscal Regime) Regulations, 2005 and the Petroleum Profits Tax Act (PPTA), 1958, as amended.

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4. GENERAL POST-AWARD CONDITIONS

4.1. Transfer of Interest Post Award

Upon the award of Marginal Field(s) to a successful bidder, the awardee shall not assign more than 49% interest of the award to another party. Assignments and transfer of interest shall be subject to the approval of the Honourable Minister of Petroleum Resources (HMPR).

4.2. Termination of Rights of Interest Holder

Where more than one (1) interest holder (in case of Joint Venture or Consortium) is awarded a marginal field, the HMPR reserves the right to cancel/withdraw the interest of a party or parties whose failure in meeting their obligations result in the Awardee(s) being unable to progress work on the field. The HMPR may reassign the interest to the remaining awardee(s) or to a fresh party.

4.3. Protection of Partnerships

Where the main basis for an award of Marginal Field(s) is on the strength of a technical/commercial agreement between the awardee(s) and competent technical/financial partner(s) (foreign or local), the parties shall ensure commitment and reasonable compliance with the agreement. The HMPR reserves the right to void the award if he is satisfied at any time that the activities of the parties post-award are aimed at frustrating the basis of the award as evidenced in the technical /commercial services agreement submitted in support of the bid.

4.4. Dispute Resolution

All operational and commercial disagreements arising among Awardees or between Awardees and their partner(s) post-award, shall first be referred to the Nigerian Oil and Gas Alternative Dispute Resolution (ADR) Center in DPR for mediation and resolution.

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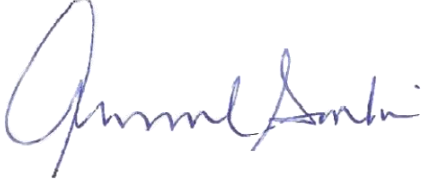
5. DEFINITION OF TERMS

5.1. Preferred Bidder

A preferred bidder is the company with the winning bid on a field in accordance with the bidding criteria set out in the Guideline and Explanatory Note.

5.2. Reserve Bidder

A reserve bidder is the company with the next winning bid on a field following the preferred bidder.

Approved by		
<p>Engr. Sarki Auwalu <i>MNSE</i> (Director/CEO, Department of Petroleum Resources)</p>		
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