



**Media Announcement
Kabul, 17, March, 2009**

THE ISLAMIC REPUBLIC OF AFGHANISTAN

Ministry of Mines

ANNOUNCEMENT OF THE FIRST AFGHAN HYDROCARBON BIDDING ROUND 2009

The Government of the Islamic Republic of Afghanistan, represented by the Ministry of Mines, is pleased to announce that it has initiated the process that will lead to the Bidding Round for the award of Exploration and Production Sharing Contracts for Hydrocarbon Operations in the following blocks in Northern Afghanistan:

- Jangalikalan (Gas)
- Juma-Bashikurd (Gas)
- Kashkari (Oil)

All three blocks have known hydrocarbon-bearing accumulations; **Jangalikalan Block:** Jangalikalan (gas), **Juma-Bashikurd Block:** Juma (gas), Bashikurd (gas), **Kashkari Block:** Kashkari (oil), Angoat (oil), Aqdarya (oil). Most of the gas and oil fields were discovered in the 1970's during Soviet led exploration campaigns, except the Angoat oil field which was discovered in 1967. Angoat is the only oil field which has been in sustained production in Afghanistan, and this is the field which was in traditional production for heating purposes as well as crude oil. Kashkari field was reported to produce modest amounts of oil for 6 months in the late 1980s. The remaining gas and oil fields in this tender have not been in production. Producing reservoirs are found in Cretaceous and Jurassic. The bulk of the gas reserves are in the Jurassic and contain some H₂S. The size of blocks and remaining recoverable reserves are estimated as follows: Jangalikalan Block (1,999 km²): 19 Bm³, Juma-Bashikurd Block (1,861 km²): 33 Bm³, Kashkari Block (1,723 km²): 64.4 MM Bbl (plus 143.8 MM Bbl of possible reserves), while the Ministry of Mines is quite optimistic that the potential figure will be much bigger.

The award of the Exploration and Production Sharing Contracts will be subject to an open, transparent and competitive Bidding Round. The bids will be assessed on the following criteria:

Parameter	Weighting
Royalties, which shall be minimum 8 % for both Oil and Gas	40 %
Additional Work Commitment	40%
Bonus	10 %
Technical Competence	10 %

The Bidding Round is expected to lead to the award and conclusion of Exploration and Production Sharing Contracts, pursuant to which one or more pre-qualified bidder(s), acting independently, shall acquire the exclusive right to explore for, and in the event of a Commercial Discovery, develop and produce, Hydrocarbons in the blocks.

The Ministry of Mines will arrange a Road Show starting 26 April 2009. The Road Show is scheduled to be launched in Kabul and visit Dubai, London, Calgary, Houston and Singapore. A Bidders' Conference for pre-qualified prospective bidders may be held in Dubai in July 2009. The Bid submission closing date is at present set to Kabul on 15 September 2009 at 1200 hrs.

Calendar

Dubai	26 April 2009
London	28 April 2009
Calgary	5 May 2009
Houston	7 May 2009
Singapore	15 May 2009

The Ministry of Mines has published a Request for Expression of Interest and related information on <http://www.mom.gov.af/>. In order to participate in the pre-qualification process, prospective bidders should indicate their interest by submitting Expressions of Interest to the Ministry of Mines by 15 June 2009 at 1200 hrs.

The requirements relating to qualifications are as follows:

1. All applicants must be qualified and eligible pursuant to the Hydrocarbons Law Articles 30 and 31.
2. Financial Qualification: The capitalisation requirement depends on which block(s) a bidder will apply for, as shown in the following table:

Bidders target	Financial requirement
One oil block	Min. USD 100 million market capitalization
The two gas blocks	Min. USD 150 million market capitalization
All three blocks	Min. USD 200 million market capitalization

3. **Technical Qualification:** For the Juma-Bashikurd and Jangalikalan blocks, applicants must have experience in producing sour gas (gas with a hydrogen sulphide (H₂S) content of 50 or more ppm.). For all blocks, the applicant shall submit evidence of 1,000 boe of operated daily production.

Prospective bidders are advised that a non-refundable Bidding Fee of USD 25, 000 is payable for each bidder no later than 10 days subsequent to announcement of pre-qualification through the Ministry of Mines' sub-account to the Treasury Single Account in accordance with the Public Finance and Expenditure Management Law.

Payment of the Bidding Fee entitles the prospective bidder to receive the geological and technical data package and the pre-qualified prospective bidder to submit bids. The purchase of the geological and technical data package is exclusive, meaning that only the buyer is entitled to the use thereof. Resale of the geological and technical data package, or in any other way making the information given therein available to a third party, is prohibited.

Applicants may, at their own risk, pay the Bidding Fee prior to the Pre-qualification Announcement, and thus obtain the geological and technical data package at an earlier stage. Prior payment of the Bidding Fee is not prejudicial to the Pre-qualification process.

Subsequent to the completion of the pre-qualification process, the pre-qualified applicants will be notified of the Pre-qualification and be invited to bid. Bidders may submit bids in the following three alternatives:

- Kashkari (Oil)
- Jangalikalan (Gas) and Juma-Bashikurd (Gas)
- All three blocks.

The Terms of Reference information package, which will include the relevant legislation and the Draft Model Exploration and Production Sharing Contract, will be available on <http://www.mom.gov.af/>.

Consideration of bids is also subject to a Bid Bond to secure the preferred Bidders' obligation to enter into the Exploration and Production Sharing Contract. The Bid Bond is to be submitted in the form of a Letter of Credit amounting to USD 3 Million, which is, upon a successful Bid, to be replaced by a Financial Guarantee for Exploration Expenditures for 100 *per cent* of the commitment and a general guarantee of performance.

Further information regarding the blocks, the Bidding Round, and the Request for Expression of Interest, the schedule for, and participation in, the Road Show is available on <http://www.mom.gov.af/>. Other particulars can be obtained by contacting:

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