

2007 LICENSING ROUND – PORCUPINE BASIN

1. The Minister for Communications, Energy and Natural Resources (“the Minister”) invites applications for Frontier Exploration Licences, to be granted under the Petroleum and Other Minerals Development Act, 1960, covering the blocks listed in the schedule to this Notice and shown on the attached map (Attachments I and II).
2. Applications for Licences must be received not later than 12 noon on 18 December, 2007.

Any Licence granted on the basis of an application pursuant to this Notice will be subject to the revised fiscal and non fiscal terms governing offshore exploration for oil and gas as announced by the Minister on 1 August 2007 (<http://www.dcmnr.gov.ie/Natural/Petroleum+Affairs+Division/Porcupine+2007+Frontier+Licensing+Round.htm>) and in the 2007 Licensing Terms for Offshore Oil and Gas Exploration, Development and Production issued by the Minister (<http://www.dcmnr.gov.ie/NR/rdonlyres/9DA12EC6-C3E5-4DC3-AA45-7CCB3620364A/0/LicensingTerms2007.pdf>) together with the provisions detailed in this Notice.

4. Specific Terms for Frontier Exploration Licence Applications

4.1 Area of Licence Application

The blocks available are specified in the attached schedule (**Attachment I**). The area in the Round and the sub-areas are shown on the attached map (**Attachment II**).

Applications for Licences should be principally for regular-shaped, continuous areas in the acreage covered by the Round. Licence applications should comprise areas that are equivalent to:

- (a) Not less than one and not more than three complete blocks within the northern sub-area; or
- (b) Not less than one and not more than six complete blocks within the southern sub-area.

Where a single application involves an area that includes acreage in both sub areas, the conditions above will apply on a pro rata basis.

4.2 Duration of Licence

Licences in the northern sub-area will be valid for a period of twelve years divided into four phases as follows:-

- | | | |
|--------------|---|--------------|
| First phase | - | Years 1 to 3 |
| Second phase | - | Years 4 to 6 |

Third phase	-	Years 7 to 9
Fourth phase	-	Years 10 to 12

Licences in the southern sub-area will be valid for a period of thirteen years divided into four phases as follows:-

First phase	-	Years 1 to 4
Second phase	-	Years 5 to 7
Third phase	-	Years 8 to 10
Fourth phase	-	Years 11 to 13

4.3 **Exploration Obligations**

Each Licence shall be subject to the following exploration obligations:-

- (a) During the first phase of the Licence, the licensee must undertake in respect of the whole licensed area, a work programme which shall be agreed with the Minister before the issue of the Licence. The work programme to be undertaken shall generally include 3D seismic data acquisition to cover an area equivalent to at least 50% of the licensed area (unless 3D already exists). In areas where existing seismic data coverage is very sparse, additional 2D seismic acquisition may be required prior to deciding on the detail of 3D programmes. Where exploration drilling is not included in the work programme for this phase, Licensees will be required to commence logistical planning for drilling, as soon as practicable.
- (b) At least three months before the end of the first, second and the third phases of the Licence, if the licensee wishes the Licence to continue in force, a work programme, for the succeeding phase of the Licence, shall be proposed by the licensee for the approval of the Minister. The work programme proposed for the second phase of the Licence must include the drilling of one exploration well if a well was not drilled in the first phase.
- (c) Licensees will be required to undertake reasonable site-specific environmental studies as may be appropriate to their work programmes.
- (d) In all phases, the licensee will incur an obligation to rapidly and prudently appraise any potentially commercial discovery.

4.4 **Surrender of Acreage**

- (a) At the end of the first phase, the licensee will be required to surrender 25% of the licensed acreage.
- (b) At the end of the second phase, the licensee will be required to surrender 50% of the then licensed acreage.

- (c) If a second exploration well has not been commenced by the end of the third phase of the licence, the Licence must be surrendered on that date.
- (d) Provided that the licensee has observed all obligations and discharged all liabilities imposed by or incurred under the terms and conditions of the Licence, the licensee has the right at any time to surrender interest in any specified part of the licensed area or to surrender the Licence, by giving the Minister at least three months prior written notice.

5. **Work Programme**

5.1 Licences will be awarded on the relative strength of the work programmes offered, with particular emphasis on a programme's appropriateness for evaluating hydrocarbon prospectivity and preparing the acreage for exploration drilling. Applicants are required to demonstrate that, if granted a licence, they will have the technical competence to undertake the work programme associated with that licence along with the financial capacity to fund the work programme.

5.2 **Information on work programme to accompany applications**

Each application should include:

- (a) A statement describing the area(s) to which the application applies;
- (b) Information as to the geological, geophysical and other data upon which the application is based, accompanied by a comprehensive technical assessment of this data;
- (c) A detailed description of the work programme which the applicant proposes to carry out for the first phase of the Licence including timelines and a budget
- (d) An outline plan for the second phase of the licence including details of how this plan would be financed, along with an outline description of evaluation programmes that would be conducted in an exploration well/wells;
- (e) A summary environmental assessment which shows that the applicant is aware of any issues of sensitivity relevant to the area for which the licence is being sought and has taken account of the Strategic Environmental Assessment undertaken on behalf of the Department (IOSEA2);
- (f) A statement as to the applicant's organisational and operational structures for effecting the proposed work programme; and

- (g) The order of preference of each block sought.

6. Award Criteria

6.1 In considering an application the Minister will take the following into account:

- (a) The overall approach to the proposal to undertake an offshore exploration programme – 15 Marks
- (b) The quality of the work programme proposed by the applicant (marks will only be awarded for firm commitments made) – 40 Marks
- (c) The level of technical competence and offshore experience of the team that will manage and conduct the exploration programme – 30 Marks
- (d) Evidence of the financial capacity to fund the work programme proposed – 15 Marks

Where relevant, previous performance by the applicant under any authorisations to which the applicant has been a party may be taken into account.

Applicants must achieve a pass mark of 50% in the case of a, b and c above and must also demonstrate that, at a minimum, they have the financial capacity to fund the work programme for Phase 1 of any licence offered.

6.2 Competing Applications

Where competing applications of an acceptable quality are received for the same area, the Minister reserves the right to suggest moving forward on the basis of the two applicants coming together to perform a single work programme to be agreed with the Minister, or to offering both applicants a licence over a revised area.

6.3 Timelines

Applicants may be called for interview by the Department to clarify their proposals, prior to any decision to award Licences. Interviews will commence on the week beginning 14 January 2008. The aim is to make decisions on applications by 18 February 2008.

7. **Applications**

- (a) Applications should be marked '2007 Licensing Round – Porcupine Basin' and should be addressed to, "The Secretary General, Department of Communications, Energy and Natural Resources, Petroleum Affairs Division, Leeson Lane, Dublin 2, Ireland".
- (b) Each application should be submitted in two parts, corresponding to the information to be provided under Section 7.1 (two copies required) and Section 5.2 (three copies required) respectively of this notice. (A total of two copies of material under Section 7.1 will suffice where more than one application is being made by the same participant).
- (c) The receipt of an application will not create an obligation on the part of the Minister to grant a Licence in respect of part or all of the area that is the subject of the application.

7.1 **Information on applicants to be supplied with application**

An application shall provide (in the case of an application made by a group of companies, in respect of each participant):

- (a) The name, address and contact details of the applicant including details of the person who will serve as liaison with the Irish authorities;
- (b) A copy of the charter or constitution of the applicant;
- (c) Information concerning the applicant's place of registration, its principal place of business, its board of directors, its share capital and shareholdings;
- (d) Information as to the form of the organisation, including, details of parent, subsidiary and group companies
- (e) Annual reports for the past two years together with copies of annual accounts including balance sheets and the profit and loss accounts for the same period,
- (f) Information as to the manner in which exploration and development activities are to be financed and performance guaranteed;
- (g) Confirmation that the applicant is chargeable, in accordance with the laws of Ireland, to tax in respect of profits and gains arising from, or connected with, exploration or exploitation activities carried out in a designated area or from exploration or exploitation rights;

- (h) Information concerning the applicant's previous experience in exploration for and exploitation of petroleum;
- (i) Information concerning any authorisation previously issued by the Minister to the applicant or to which the applicant was a party;
- (j) A statement detailing the applicant's policy towards health and safety; and
- (k) A statement detailing the applicant's policy towards the environment.

For applications with more than one participant, the percentage interests must be clearly outlined.

7.2 **General Provisions**

All applicants are required to:

- (a) Purchase a copy of the Department's 2006 Special Publication 3/06 entitled "Petroleum Systems Analysis of the Rockall and Porcupine Basins Offshore Ireland" (unless the participants are already funding this study as subscribing members of the Petroleum Infrastructure Programme or have already purchased a copy of this report):
http://www.dcmnr.gov.ie/NR/rdonlyres/BABC6ED0-4CD5-4FB4-952C-519346994421/0/INFORMATION_SHEET_3_06.PDF
- (b) Include a non-refundable fee of €8,354 with each application for a Licence.

7.3 **Request for clarification**

Prospective applicants may request clarification on aspects of this invitation by email to Des.Byrne@dcmnr.gov.ie. A copy of all questions asked and the Department's responses will be posted on the Department's website on a weekly basis commencing on 8 October and concluding on 30 November. Details of the party seeking the clarification will not be posted on the website.

8. **Petroleum Research Fund**

The holders of Frontier Exploration Licences shall pay annual contributions to petroleum research programmes as directed by the Minister to support the funding of research and applied research projects that have the aim of developing knowledge of the Irish offshore with a view to assisting in promoting exploration and development activity. These contributions shall include an annual contribution of €80,000 per licence along with a single annual contribution of €16,000

per company. Contributions will be subject to annual increase in line with CPI.

9. **Rental Fees**

Annual rental fees are payable on issue of the Licence and thereafter on the anniversary date of the issue of the Licence.

10. **Freedom of Information**

Applicants are advised that commercially sensitive information included with applications such as financial forecasts and proprietary data, will be dealt with by the Department in accordance with the Freedom of Information Acts 1997 – 2003.

Attachment I:

Block Listing for 2007 Licensing Round

Full area: 246 Full Blocks, area approx. 63,510 square kilometres.

Available for licensing: 229 Full Blocks, 3 Part Blocks

North Porcupine (84 full blocks, 3 part blocks)

25/25, 25/30

26/16, 26/17, 26/18, 26/19, 26/20, 26/21, 26/22, 26/23, 26/24, 26/25, 26/26,
26/27(p), 26/29, 26/30

34/4, 34/5, 34/9, 34/10, 34/14, 34/15, 34/18, 34/19, 34/20, 34/23, 34/24,
34/25, 34/28, 34/29, 34/30

35/1, 35/2(p), 35/3(p), 35/4, 35/5, 35/6, 35/7, 35/10, 35/11, 35/12, 35/13,
35/14, 35/15, 35/16, 35/17, 35/18, 35/19, 35/20, 35/21, 35/22, 35/23, 35/24,
35/25, 35/26, 35/27, 35/28, 35/29, 35/30

36/1, 36/6, 36/11, 36/16, 36/21, 36/22, 36/26, 36/27

43/3, 43/4, 43/5, 43/8, 43/9, 43/10

44/1, 44/2, 44/3, 44/4, 44/5, 44/6, 44/7, 44/8, 44/9, 44/10

45/1, 45/2, 45/6, 45/7

South Porcupine (145 full blocks)

43/12, 43/13, 43/14, 43/15, 43/17, 43/18, 43/22, 43/23, 43/27, 43/30

44/11, 44/12, 44/13, 44/14, 44/15, 44/16, 44/17, 44/19, 44/20, 44/21, 44/22,
44/25, 44/26, 44/27, 44/28

45/11, 45/12, 45/16, 45/17, 45/21, 45/22, 45/23, 45/24, 45/26, 45/27, 45/28,
45/29, 45/30

52/1, 52/2, 52/3, 52/4, 52/5, 52/6, 52/7, 52/8, 52/9, 52/10, 52/11, 52/12, 52/13,
52/14, 52/15, 52/16, 52/17, 52/18, 52/19, 52/20, 52/21, 52/22, 52/23, 52/24,
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53/25, 53/26, 53/27, 53/28, 53/29, 53/30

54/1, 54/2, 54/3, 54/4, 54/5, 54/6, 54/7, 54/8, 54/9, 54/10, 54/11, 54/12, 54/13,
54/14, 54/15, 54/16, 54/17, 54/18, 54/19, 54/20, 54/21, 54/22, 54/23, 54/24,
54/26, 54/27, 54/28, 54/29

60/2, 60/3, 60/4, 60/5, 60/8, 60/9, 60/10

61/1, 61/2, 61/3, 61/4, 61/5, 61/6, 61/7, 61/8, 61/9, 61/10

62/1, 62/2

PORCUPINE 2007 FRONTIER LICENSING ROUND

