

EGYPT
Ministry of Petroleum
Ganoub El Wadi Petroleum Holding Company
(Ganope)
ANNOUNCEMENT
FOR
THE INTERNATIONAL 2009 BID ROUND 1

Ganoub El Wadi Petroleum Holding Company (Ganope) invites the qualified Petroleum Exploration Companies to participate in the **INTERNATIONAL BID ROUND 2009** to explore/exploit for Gas and Crude Oil under the Production Sharing Agreement (PSA) Egypt model 2009.

The international 2009 Bid Round 1 includes (3) Exploration Blocks in South Gulf of Suez And South Eastern Desert as shown in the attached map.

Interested companies can purchase Data Package and/or review the hydrocarbon potential of 2009 Bid Round 1 blocks upon prior request and according to the determined fees.

Data available, coordinates of the blocks, Procedures, Main Contract Terms and Conditions and the **Egyptian Model Agreement could be obtained through GANOPE website, (www.ganope.com).**

The (PSA) Hard copy can be obtained from GANOPE premises:

GANOPE: 19 Mostafa Refaat St., Sheraton Heliopolis Cairo - Egypt

The Payment for such data shall be either by a payable cheque to the order of **Ganope** or a wire transfer to:

National Bank of Egypt

Main branch, Cairo-Egypt

Address: 24, SHERIF ST . CAIRO. EGYPT

Account no.: 11005545085

Swift code: NBEGEGCX001

Ganoub El Wadi Petroleum Holding Company (GANOPE)

Bid Round Closing Date will be: 1st December, 2009 before 12 :00 clock noon

(Cairo Local Time).

For more information, please contact:

MR.: Hany Nassar

Vice Chairman for Agreements & Exploration

Telephone: +202 26961030

Fax: +202 2686658

Ganoub El Wadi Petroleum Holding Company
(Ganope)

1- Procedures

Bidders shall submit their offers by the closing date in **two sealed envelopes** as follows:

ENVELOPE (1) entitled "Qualifications" and should contain:

1. A preliminary bond in amount of US\$ 50,000 to be submitted to **Ganope** by irrevocable bank letter of Guarantee or cheque confirmed by First class Egyptian bank and valid for at least Six months from the bid round closing date. Such bond should be returned by **Ganope** to the unsuccessful bidders upon **Ganope** notification.

within fifteen (15) days from sending **Ganope** awarding notification to the successful bidder , the above mentioned us\$ 50.000 guarantee shall be increased up to an amount equal to 10% of the financial obligation of the initial exploration phase as specified in the offer.

2. Previous experience in petroleum exploration and production and activities of the company all over the world including development projects, reserves and latest used technology supplemented by the company's annual report.
3. Article of Incorporation of the company with all supported document that proves its legal existence, registration, as well as its shareholders, partners and their nationalities.

All mentioned above documents should be notarized, authenticated and legalized by the competent authorities and the Egyptian embassy or the consulate general of the A.R.E .in the contractor's country (ies) of origin and the ministry of foreign affairs in Egypt.

4. Recent annual report and / or official financial reports proving the financial strength of the bidder's company (ies).

ENVELOPE (2) entitled "Commercials" and shall contain:

Commercial Parameters.

Envelope (2) "**Commercials**" will not be opened unless envelope (1) "**Qualifications**" was found fulfilling all required documents and the bidder is technically accepted.

Those two sealed envelopes shall be submitted and hand delivered separately at the same time, and the first envelope shall be marked by qualifications, the second shall be marked commercial.

The two envelopes should be Titled (**Confidential**) and addressed to:
Ganope El Wadi Holding Petroleum Company.
Chairman of the Board.
2009 Bid Round-1.
Address: 19 Mostafa Refaat St., Sheraton Heliopolis Cairo – Egypt.

NOTES:

- Each envelope (**Qualification or Commercial**) should contain one original and two copies from the bidder's offer, taking into consideration that each envelopes shall contains only one block.
- For more information or inquiries about the PSA general terms and conditions, or from the main Contract terms & commercial parameters stipulated herein below, Ganope will be able to explain such information or inquiries before opening the offers.

2-THE EGYPTIAN PRODUCTION SHARING MODEL TERMS

1- TYPE OF CONTRACT "PSA":

The contract shall be a Production Sharing Agreement model .contractor undertakes all the risks to explore and develop both oil and gas.

2- ASSIGNMENTS

CONTRACTOR may assign to a qualified contractor, in whole or in part, any of its rights, privileges, duties or obligations under this Agreement either directly or indirectly with the prior written consent of the GOVERNMENT, and in all cases priority shall be given to GANOPE if it so desired to obtain the interest intended to be assigned (assignment to affiliated companies is excluded).

3- VALUATION OF GAS

The cost recovery and production and profit gas price will be agreed upon between Contractor and Ganope after the Commercial Discovery and before converting an area to a development lease(s).

4- DISPOSITION OF CRUDE OIL AND GAS :

Priority shall be given to satisfy the A.R.E. local market needs for both crude oil and gas, Ganope shall have the right to buy contractor's share of both crude oil and gas.

In case quantity of crude oil / gas isn't required for the local market, the contractor may have the right to dispose its remaining production share the way it prefers after having the A.R.E. competent authorities approval.

5- Royalty & INCOME TAXES:

Ganope shall bear and pay out of its share, on behalf of the contractor:

- a- royalty
- b- The applicable Egyptian income tax.

6- CONTRACT PERIOD : (COMPETITIVE).

The duration of the exploration period shall be specified in the offer and subdivided into two phases. Total exploration period should not exceed (6) years .the duration of any development lease shall be twenty (20) years from the date of the commercial oil discovery (in case of oil development lease) or from first delivery of gas (in case of gas development lease).

This period may be extended up to 5 years "five years extension" upon contractor's request and his submission of a complementary development or production plan to Ganope and subject to The Government's approval.

7- RELINQUISHMENT : (COMPETITIVE).

At the end of the first exploration phase , the contractor shall relinquish a minimum of 25% of the original exploration area , at the end of the second phase , the contractor shall relinquish the remaining area except that have been converted into development leases.

8- MINIMUM WORK AND FINANCIAL OBLIGATIONS (COMPETITIVE).

The phase, companies shall bid the minimum exploration program (seismic and exploratory wells) and its expected relevant financial commitments.

Any technical obligation and financial expenditure in excess of the minimum obligations during the first exploration phase shall be subtracted to the second exploration phase and offset against the minimum technical and financial commitment for the second phase.

A letter of guarantee for the minimum financial commitment of the first exploration phase should be submitted to Ganope by the contractor within certain period before final signature date of the contract and upon Ganope notification.

A similar letter of guarantee is required if the Contractor is elected to enter the subsequent phase.

9- COST RECOVERY.

- Contractor recovers its cost out of thirty five Percent (35 %) of the total production.
- Amortization of each exploration and development expenditures shall be recovered within a minimum of (5) years (competitive, not less than five (5) years).

10- Excess COST RECOVERY (COMPETITIVE).

Excess cost recovery (if any) belongs to Ganope.

11- PRODUCTION SHARING : (COMPETITIVE).

The remaining percentage of petroleum after deducting cost recovery percentage shall be divided between Ganope and contractor based on barrel's price as follows:

D) Crude Oil and / or condensate (Quarterly Average):

Ganoupe Share (%) After Deducting Cost Recovery

Production B.O.PD Brent Blend price US \$	Up To 3000	3001 To 7000	7001 To 13000	13001 To 20000	More than 20000
< 60					
60 - < 80					
80 - < 100					
100 - < 120					
120 - < 140					
>140					

II) GAS & LPG (Quarterly Average):

	GAHOPE	CONTRACTOR
UP TO 100 MMSCF/DAY	%	%
>100 <200 MMSCF/DAY	%	%
>200 <300 MMSCF/DAY	%	%
>300 MMSCF/DAY	%	%

12- BONUSES : (NON RECOVERABLE)

A- SIGNATURE BONUS :

Shall be competitive, and transferred to Ganope account before the final signature date of the concession agreement.

B- PRODUCTION BONUS :

Shall be competitive and due to the following production rates:

Start production	US\$-----
Cumulative production 2 million barrel (or equivalent)	US\$-----
Cumulative production 4 million barrel (or equivalent)	US\$-----
Cumulative production 8 million barrel (or equivalent)	US\$-----

C- FIVE YEAR EXTENSION BONUS of development lease :

Shall be competitive and due upon the approval of Ganope and The Government on contractor's request .

D- TRAINING BONUS :

Minimum training bonus shall be US\$ 100.000 at the beginning of any financial year to cover the training of Ganope employees.

E- ASSIGNMENT BONUS :

Contractor shall pay to Ganope ,one day prior the government approval (10%) from the total assignment deal value, This assignment bonus should not be less than ten percent (10%) of the total financial obligation of the CONTRACTOR during the exploration phase in which assignment request was accepted by Ganope. (except assignment to an affiliated company).

F- DEVELOPMENT LEASE BONUS :

First development lease. US\$-----
Every development lease after the first . US\$-----

13- DISPOSITION OF CRUDE OIL AND GAS :

Priority shall be given to satisfy the A.R.E. local market needs for both crude oil and gas, Ganope shall have the right to buy contractor's share of both crude oil and gas.

In case quantity of crude oil / gas isn't required for the local market, the contractor may have the right to dispose its remaining production share the way it prefers after having the A.R.E. competent authorities approval.

14- MANAGEMENT OF OPERATIONS :

During the exploration period an exploration advisory committee consisting of an equal number of representatives from contractor and Ganope, shall discuss and approve the contractor proposed annual work program and budget for each budget year .

During the development of any discovery, Ganope and contractor shall meet and agree on the joint venture company that will take place to conduct the operations. Such joint venture company will be approved by the minister of petroleum.

15- General Conditions:

- 1- Once the bidders submit their offers, it means that they abide by the terms and conditions of this bid round these submitted offers should be in formatted according to the relevant Egyptian model agreement.
- 2- Ganope shall have the right to reject any offer without giving reasons.
- 3- Bidders should review and purchase the data for the block(s) they would like to apply for.

Offer (s) shall be disregarded if:

- It includes any area(s) out of Ganope international bid round 2009 blocks.
- The bidders haven't reviewed or purchased the data relevant to the block(s) they applied for.
- It relates to any other concession agreement in Egypt that were granted to the bidders.

Ganope shall liquidate without any legal procedure the guarantee amount, in the following cases :

- a) The bidder withdrew before the announcement of the bid results.
- b) The successful bidder failed to increase the guarantee amount of US\$ 50.000 up to the amount of 10% of the financial obligation of the initial exploration phase as specified in the offer.

Ganope shall liquidate the 10% bond, if the successful bidder withdrew or failed to deliver Ganope the necessary documents required before the final signature date which will be determined by Ganope.