



# Acquiring Offshore Blocks through Direct Negotiations Investment Information Package

## INTRODUCTION

The Government of Liberia, through the Liberia Petroleum Regulatory Authority (LPRA, the Authority), working in collaboration with the National Oil Company of Liberia (NOCAL), announces its intention to open up 33 blocks within the offshore Liberia acreage, including the Harper and Liberia Offshore Basins, for Direct Negotiations. Expressions are now solicited from reputable international oil and gas companies to be evaluated through standard criteria designed by the Authority as indicated in this Investment Information Package.

## Exploration History

Liberia's exploration history dates back to the early 1960s with intermittent continuation of drilling campaigns up to 2016. Renewed industry interest in the past decade (2007-2017) led to increased exploration activity within the Liberia Basin involving major international oil companies (IOCs) such as ExxonMobil, Chevron, Anadarko, to name a few. This exploration phase generated extensive 2D and 3D seismic data (by TGS, a geophysical data company based in London and Houston), in addition to a diverse suite of geological data from exploration wells drilled during this period. The availability of the 2D and 3D seismic data, combined with the well datasets, underpins the quality of future exploration programs and promotes the current Direct Negotiation for 33 offshore blocks.

## Geological Prospectivity

The Direct Negotiation offers a new investment opportunity for IOCs for a myriad of reasons. Firstly, Late Cretaceous deepwater sandstones, which form world-class hydrocarbon reservoirs in other parts of the Equatorial Atlantic Transform Margin, have been identified across the Liberian Margin using a range of multi-client data including 24,773 kilometers 2D seismic, gravity and magnetic data, and 26,911 square kilometers of 3D seismic, together with gravity and magnetic data and the well data. Secondly, additional exploration targets have been identified within syn-rift structural traps over much of the area, which offer multi-level prospectivity, with direct analogues to producing fields in neighboring basins. Furthermore, modelling predicts that the source rock maturity and expulsion post-dates the main tectonism in the basin, while rock data supports presence of effective seal horizons, comparable with West African Transform Margin analogues in adjacent sedimentary basins. Lastly, volumetric assessment of geological features suggests that field sizes with over a billion barrels of oil in place could be present.

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## Direct Negotiation Procedures

Interested investors are requested to follow the processes outlined in this document to demonstrate their technical, financial and professional qualifications and subsequently to submit their best offers to undertake exploration on the desired blocks.

This investment information package contains information pertinent to following matters:

- Available Acreage information
- Stages of Direct Negotiations
- Pre-qualification guidelines/requirements/Forms
- Fees (prequalification)
- Fiscal and legal terms
- Information on available geological and geophysical (G&G) data

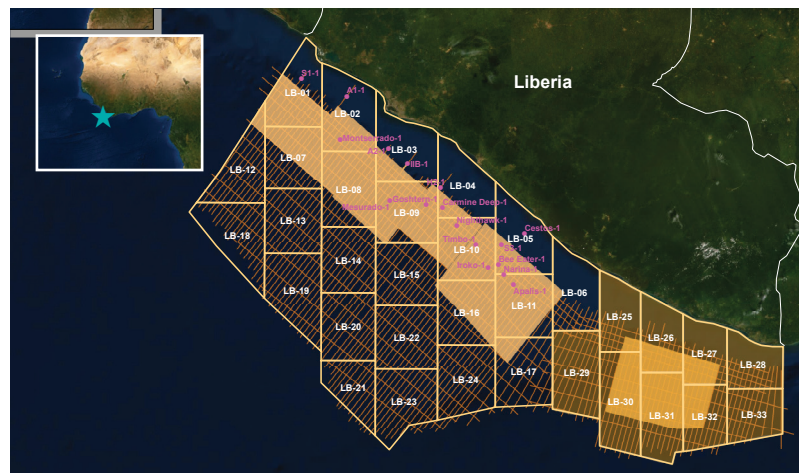
The government welcomes the opportunity to introduce additional capable investors to these geologically prospective basins and is pleased to present this guidance document outlining relevant information for interested investors wishing to express interest in Direct Negotiations.

## Acreage available

The Direct Negotiation process covers 33 offshore blocks within the Liberia and Harper Basins. Interested Company which expresses interest in the Direct Negotiation process and is successfully pre-qualified will be invited to negotiate a Production Sharing Contract with the Government of Liberia for the block (s) of interest. The blocks offered are LB-1 through LB-33, as shown on the map below.

## DIRECT NEGOTIATIONS

The Government of Liberia announces the offering of 33 offshore blocks within the Liberia and Harper Basins through Direct Negotiations. The Covid-19 virus has severely impacted the current investment climate and, while companies are struggling to cope with the devastating economic effect, competing in frontier regions seems less attractive. The President of Liberia, Dr. George M. Weah, has overly indicated his intention to spur economic development by creating an enabling environment and conducive investment climate in all sectors. This mandate is ubiquitous across the entire government and particularly noticed through the flexible, predictable and transparent nature of the decisions making process in the petroleum sector over the last 3 years.



Map depicting the Liberia and Harper Basins

## Stages of Direct Negotiation

Direct Negotiation is framed through a 5-phase process. Interested investors are required to satisfactorily complete each phase before transitioning to the next phase. Essentially, LPRA will notify the applicants about the successful completion of each phase in order to progress. All approvals and requests to move to the next phase will be expressly communicated to the applicants.



## Step-wise Direct Negotiation Process

### OFFSHORE BLOCKS OVERVIEW

#### Blocks on offer, block map and description

Offshore blocks in the Liberia and Harper Basins offer significant potential for commercial oil discoveries. There are available significant amounts of valuable high quality 2D and 3D seismic data together with well data, including well logs, cuttings and sidewall core data, from both source rocks and reservoirs. The Liberia offshore acreage is demarcated into thirty-three (33) offshore blocks with sizes ranging from over 2999 square kilometers to 3400 square kilometer area. Seventeen wildcat exploratory wells have been drilled in the area, along the shelf and deepwater domains. Some of the wildcat wells drilled had oil shows in shelfal reservoirs and some proved non-commercial oil discoveries in deepwater. Post well analysis has proven the existence of a working petroleum system for the Cretaceous plays.

There are 33 blocks on offer for direct negotiation.

Block	Block Area (km <sup>2</sup> )	Total 3D in block (km <sup>2</sup> )	Total 2D in Block (km)	Block	Block Area (km <sup>2</sup> )	Total 3D in block (km <sup>2</sup> )	Total 2D in Block (km)
LB-01	2997	1760	677	LB-18	3368	9	633
LB-02	3432	1491	499	LB-19	3405	0	949
LB-03	3274	651	253	LB-20	3072	0	851
LB-04	2987	425	170	LB-21	2205	0	534
LB-05	3187	844	235	LB-22	3301	0	969
LB-06	3002	128	409	LB-23	3294	0	892
LB-07	2935	1612	971	LB-24	3314	0	913
LB-08	3419	2711	1113	LB-25	2445	201	2445
LB-09	3177	2930	1056	LB-26	2482	910	2494
LB-10	3025	2802	990	LB-27	2300	746	2314
LB-11	3023	2687	861	LB-28	2256	0	2314
LB-12	2811	214	817	LB-29	3272	0	3717
LB-13	3088	0	888	LB-30	3391	1500	4056
LB-14	2981	31	859	LB-31	3051	1880	3683
LB-15	3247	166	975	LB-32	2322	930	2849
LB-16	3135	1865	1006	LB-33	2332	0	2776
LB-17	3276	418	821				

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## CONTRACTUAL AND FISCAL TERMS

Exploration and production operations will be principally governed by the Petroleum (Exploration and Production) Act, 2014, the Amended Petroleum Law, 2019 and the attending regulations promulgated by the LPRA as well as the Production Sharing Contract executed by successful bidders. Other applicable national laws may govern certain provisions and aspects of the petroleum agreement even where such is not expressly provided in the agreement.

The fiscal mechanisms that apply to exploration and production activities under contracts awarded are:

- State and Citizen Participation
- Signature bonus
- Exploration and production surface rentals
- Royalty rate
- Production cost recoverable
- Corporate Income Tax
- Other Taxes (with any applicable exemptions)
- Production bonuses
- Profit sharing ratio
- Fees: training fees, hydrocarbon development fund, rural renewable energy fund, contribution to public universities, social and welfare contribution
- Any other payments negotiated in the Production Sharing Contract.

The fiscal terms are further outlined for reference in Annex 2.

An overview of key terms and a summary of fiscal arrangements are provided in this information package. All activities will be subject to the provisions of the Production Sharing Contract, the Petroleum (Exploration and Production) Act, 2014, its amendment, 2019 and other laws of Liberia, a non-exhaustive selection of which are provided in section Annex 1.

## LEGAL FRAMEWORK

The Petroleum (Exploration and Production) Act, 2014 of Liberia and its 2019 Amendment, petroleum regulations and other applicable laws provide the legal framework for oil and gas exploration and production. In accordance with the law, Liberia will allocate petroleum rights through Production Sharing Contracts which will incorporate the obligations committed to by the applicants.

### Key regulatory bodies and legal aspects

The Liberia Petroleum Regulatory Authority (LPRA), created by the petroleum law, is responsible for granting petroleum rights and negotiating petroleum agreements. The National Oil Company of Liberia (NOCAL) manages and markets petroleum data and backstops the LPRA in directly negotiating a petroleum sharing agreement. NOCAL also represents the Government of Liberia in all PSC either through carried equity interest, working interest or by operating an entire block.

## Table I: Key Regulatory Aspects

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Key Law Governing	New Petroleum (Exploration & Production) Reform Law, 2014, as amended to 2019 with its attending petroleum regulations
Key Institutions	Liberia Petroleum Regulatory Authority National Oil Company of Liberia The Ministry of Finance and development Planning Liberia Revenue Authority
Agreement Type	Production Sharing Contract (Agreement)
Activities	Exploration and production of hydrocarbons – as committed in the agreed work programme
Duration	<b>Exploration period:</b> 9 years <ul style="list-style-type: none"><li>• Divisible into phases with firm work commitments and subject to relinquishment at each progression:<ul style="list-style-type: none"><li>» Phase 1: 3 years (extendable by 1 year), 25% relinquishment</li><li>» Phase 2: 2 years (extendable by 1 year), 25% relinquishment</li><li>» Phase 3: 2 years, 25% relinquishment</li></ul></li></ul> Appraisal: 2 years maximum Production period: 25 years maximum (extendable by up to 10 years with approval)

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