

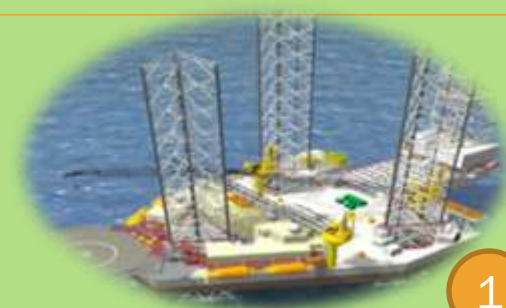


PRODUCTION SHARING CONTRACT (PSC) IN MYANMAR'S UPSTREAM OIL & GAS SECTOR

28th March, 2012



Htin Aung
Director General
Energy Planning Department



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- ❖ **Energy Policy**
- ❖ **Status of Myanmar Upstream Oil & Gas Sector**
- ❖ **Current & On going Projects**
- ❖ **Current Natural Gas Production and Export Status**
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- ❖ **Role of MOGE in PSC**

Energy Policy

- ❖ To maintain the Status of Energy Independence
- ❖ To promote wider use of New and Renewable Sources of Energy
- ❖ To promote Energy Efficiency and Conservation
- ❖ To promote Use of Alternative Fuels in household
- ❖ To Implement Effective Utilization of Discovered Crude Oil and Natural Gas Resources in the Interest of the Entire Nation including the Regions where the discovery was made
- ❖ To Promote more Private Participation

Energy Policy

- ❖ To Utilize Discovered Natural Gas Reserves for Domestic Consumption as Priority and to Produce Value Added Products from Surplus Natural Gas Reserves
- ❖ To Allow Free Distribution and Importation of HSD/MS/RON 92/LPG for Public Sector usage by Local Private Entrepreneurs
- ❖ To sell Petroleum Products with Floating Price in accordance with Existing International Market Price to be in line with Market Oriented Economic System
- ❖ To Utilize Alternative Fuels during the Period the Natural Gas could not be Supplied to Fulfill Domestic Requirement

Energy Policy

- ❖ To Save Energy through Effective Energy Management and to Minimize the Harmful Impact to the Environment
- ❖ To Eliminate the Energy Waste caused by User Carelessness and Inefficient Equipments Usage
- ❖ To Encourage for Energy Efficient Performance by involving of Private Sector

Status of Myanmar's Upstream Oil & Gas Sector

Oil & Gas Bearing Areas of Myanmar

SEDIMENTARY BASINS

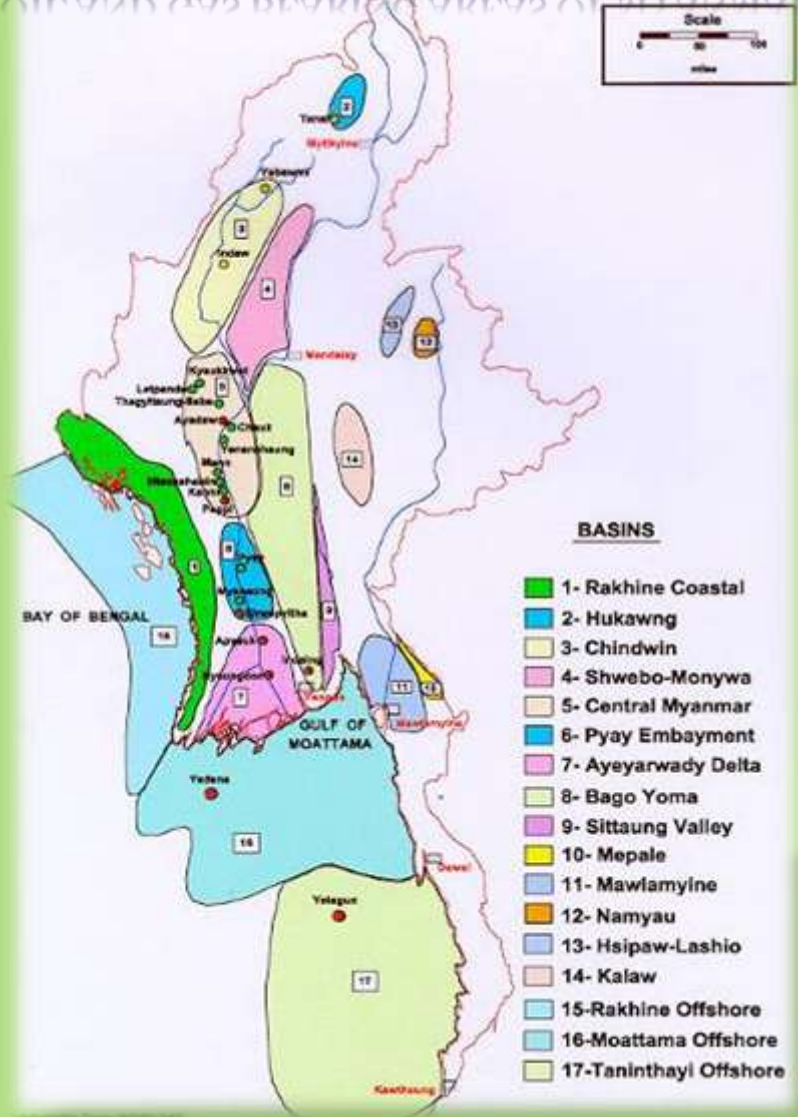
1. Rakhine Coastal
2. Hukaung
3. Chindwin
4. Shwebo-Monywa
5. Central Myanmar
6. Pyay Embayment
7. Ayeyarwady Delta
8. Bago Yoma Basin
9. Sittaung Valley
10. Mepale
11. Mawlamyine
12. Namyau
13. Hsipaw-Lashio
14. Kalaw
15. Rakhine offshore
16. Moattama offshore
17. Tanintharyi offshore

STATUS OF EXPLORATION (Offshore)

Thoroughly Explored Basins

- Rakhine Offshore
- Moattama Offshore
- Tanintharyi Offshore

OIL AND GAS BEARING AREAS OF MYANMAR



STATUS OF EXPLORATION (Onshore)

- A. Thoroughly Explored Basins
 1. Central Myanmar
 2. Pyay Embayment
 3. Ayeyarwady Delta (Only Part of the Basin)
- B. Explored to Some Extent
 1. Chindwin
 2. Rakhine Coastal
- C. Very Little Explored
 1. Hukaung
 2. Shwebo-Monywa
 3. Bago Yoma
- D. Not Explored Yet
 1. Hsipaw-Lashio
 2. Namyau
 3. Kalaw
 4. Sittaung Valley
 5. Mawlamyine
 6. Mepale

Estimated Future Recoverable Reserves of Crude Oil and Natural Gas [as at 1-4-2011]

OIL AND GAS BEARING AREAS OF MYANMAR



ONSHORE CRUDE OIL (MMBBL)

PROVED	PROBABLE
104	355

ONSHORE GAS (TCF)

PROVED	PROBABLE
0.41	0.53

OFFSHORE CRUDE OIL (MMBBL)

PROVED	PROBABLE
35	45

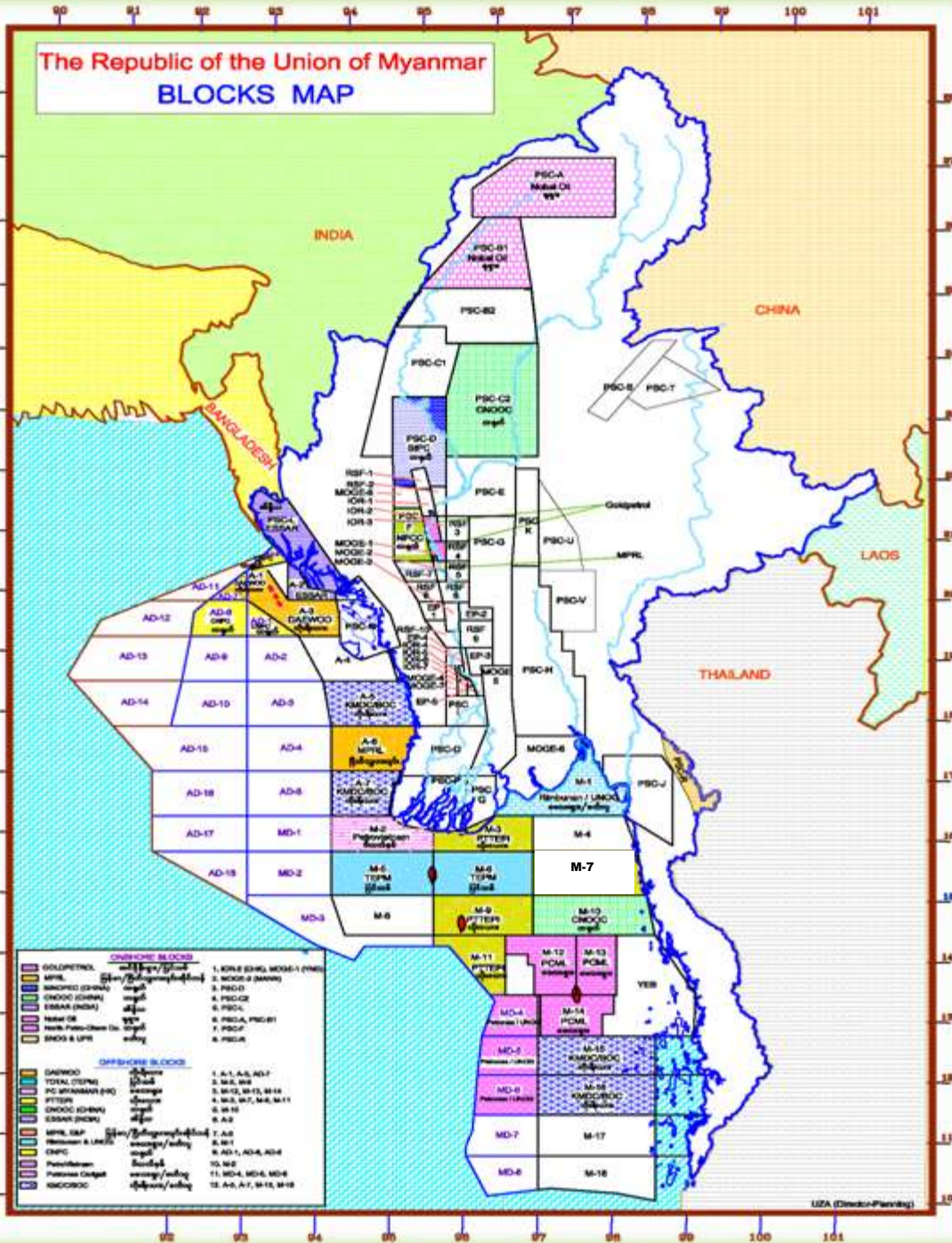
OFFSHORE GAS (TCF)

PROVED	PROBABLE
11	60

Present Oil & Gas Production

- Crude Oil 19600 bbl/day
(7600 bbl from Onshore & 12000 bbl from Offshore)
- Natural Gas 1475 mmscf/day
(75 mmscfd from Onshore & 200 mmscfd from Offshore for Domestic utilization and 1.2 bscfd for Export)

The Republic of the Union of Myanmar
BLOCKS MAP



ONSHORE & OFFSHORE BLOCKS MAP

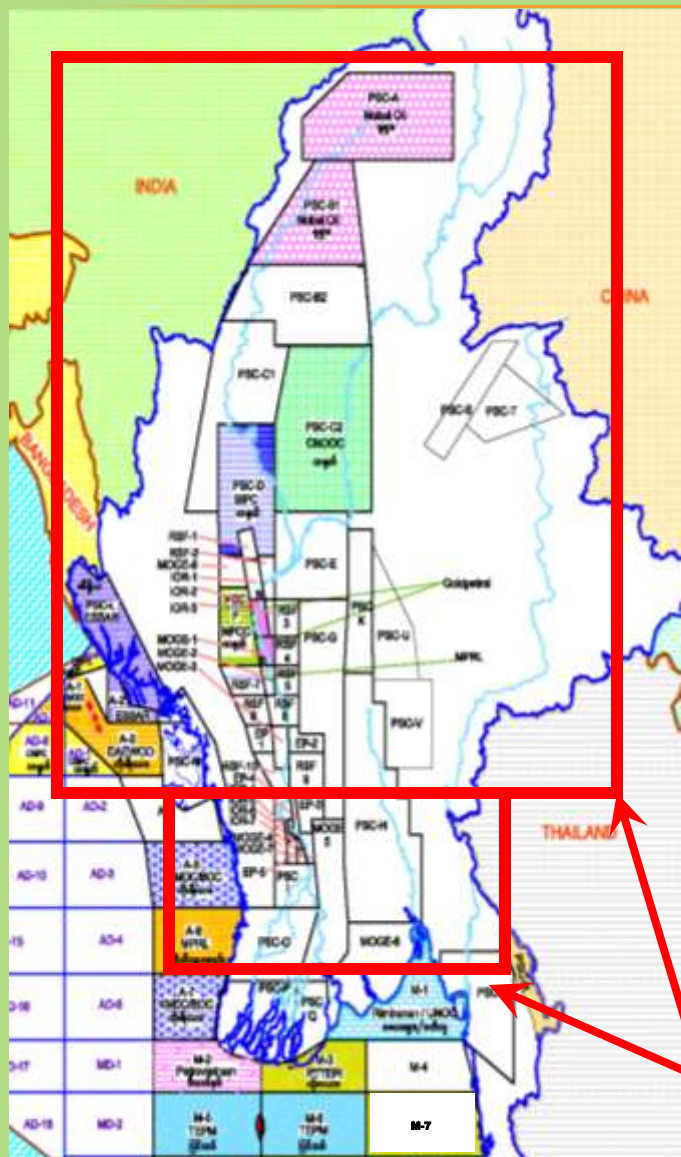
OIL AND GAS FIELDS AND PIPELINE NETWORK IN MYANMAR



OIL & GAS FIELDS OF MYANMAR (ONSHORE)

<u>SR NO.</u>	<u>OIL & GAS FIELDS</u>	<u>YEAR OF DISCOVERY</u>	<u>REMARKS</u>
1	YENANGYAUNG	1887	PRODUCING
2	AYADAW	1893	PRODUCING
3	CHAUk	1902	PRODUCING
4	LANYWA	1902	PRODUCING
5	YENANMA	1914	PRODUCING
6	PYAYE	1924	PRODUCING
7	PAYAGON	1959	SUSPENDED
8	MYANAUNG	1964	PRODUCING
9	PYAY	1965	PRODUCING
10	SHWEPYITHA	1967	PRODUCING
11	PYALO	1969	SUSPENDED
12	MANN	1970	PRODUCING
13	LETPANDO	1974	PRODUCED FOR 2 YEARS & SUSPENDED
14	PEPPI	1976	PRODUCING
15	HTAUKSHABIN	1978	PRODUCING
16	HTANTABIN	1980	SUSPENDED
17	KANNI	1985	PRODUCING
18	TABIN	1986	SUSPENDED
19	APYAUk	1991	PRODUCING
20	KYAUkkWET / LETPANDO	1995	PRODUCING
21	INDAING	1996	SUSPENDED
22	NYAUNGDon	1999	PRODUCING
23	THARGYITAUNG	2001	PRODUCING
24	SABE	2001	PRODUCING
25	INDAW	2002	TESTED
26	DAHATPIN	2005	PRODUCING
27	HTAGAING	2006	PRODUCING
28	MAUBIN	2007	TESTED

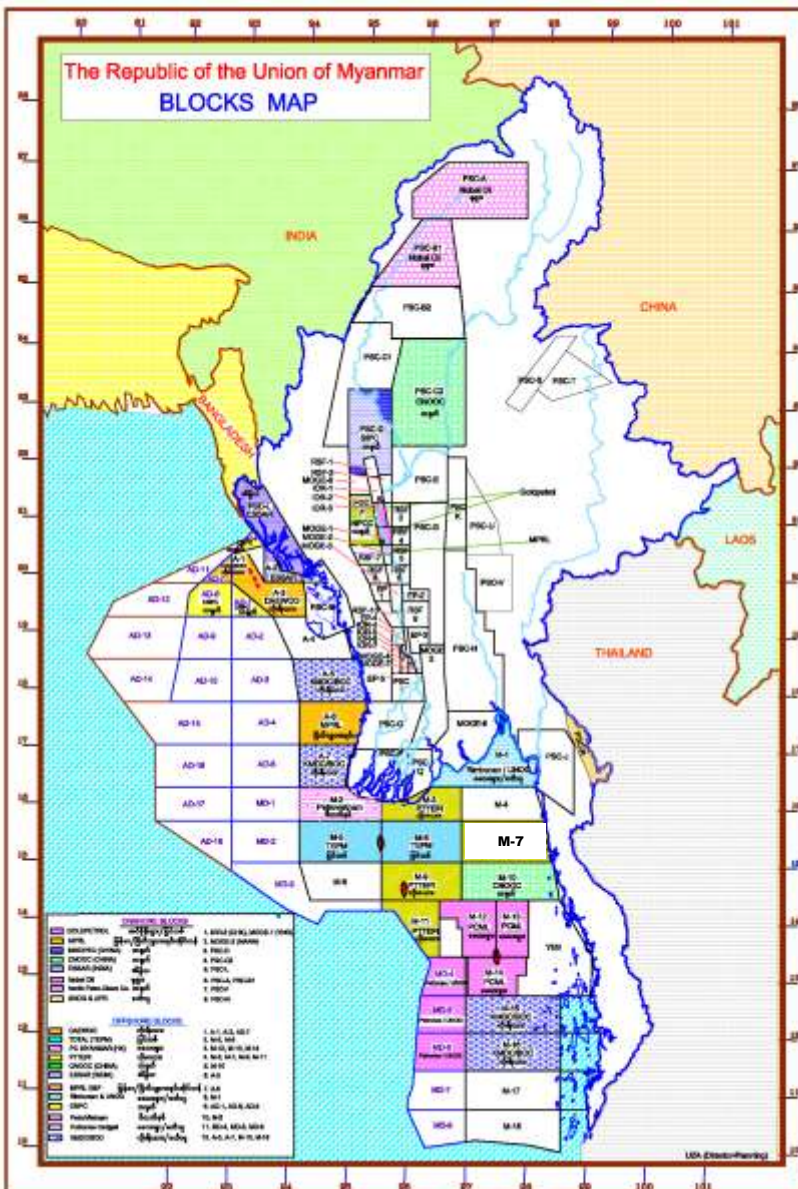
Current Onshore Activities



<u>Company / Operator</u>	<u>Block</u>	<u>Area</u>
Nobel Oil (Russia)	PSC-A	(Hukaung)
	PSC-B 1	(Uyu)
CNOOC (China)	PSC-C2	(Shwebo-Monywa)
SIPC Myanmar (China)	PSC-D	(Mahudaung)
North Petro-Chem (China)	F	(Ngahlaingdwin Field)
GOLDPETROL (Indonesia)	IOR-2	(Chauk Field)
MPRL E&P (British Virgin Island)	MOGE-1	(Yenangyaung Field)
	MOGE-2 (N)	(Mann Field)
ESSAR (India)	PSC-L	(Sittwe)
SNOG, UPR (Singapore)	PSC-R	(Kayin State)

In onshore area, 10 Contracts are active in 10 onshore blocks with 13 foreign companies.

Current Offshore Activities



Operator Company

TOTAL

PETRONAS

DAEWOO INTERNATIONAL

PTTEPI

CNOOC

ESSAR

CNPC INTERNATIONAL LTD

MPRL E&P

RIMBUNAN PETROGAS

PETROVIETNAM

DAEWOO INTERNATIONAL

PETRONAS OVERSEA

KMDC

Block

M-5 , M-6

(Yadana Project)

M-12 , M-13 , M-14

(Yetagun Project)

A-1 , A-3

(Shwe Project)

M-3, M-11

M-9 (Zawtika Project)

M-10

A-2

AD-1, AD-6 , AD-8

A-6

M-1

M-2

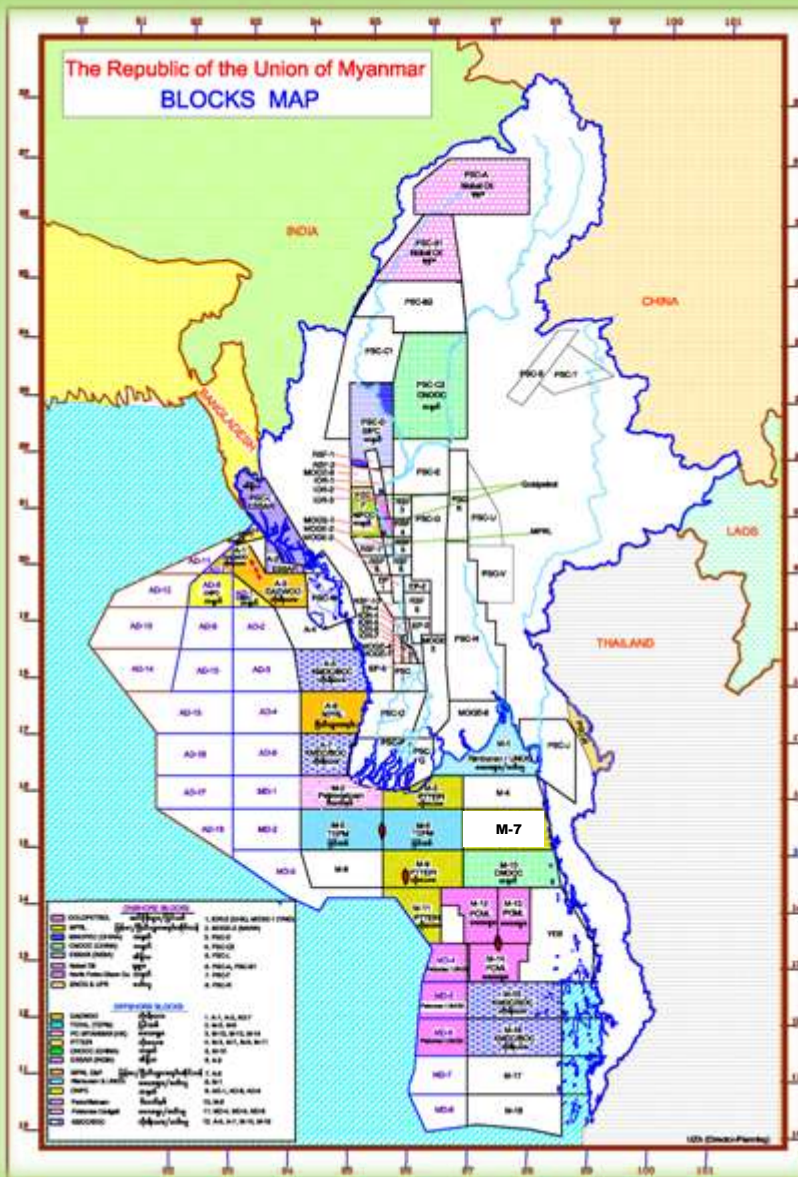
AD-7

MD-4, MD-5, MD-6

A-5, A-7, M-15, M-16

In offshore area, 25 Contracts are active in 26 offshore blocks with 24 foreign companies.

Available Blocks in Offshore Areas



Shallow Water Blocks

- ❖ Rakhine Offshore Blocks = 1
 - A-4
- ❖ Mottama/Taninthayi Blocks = 6
 - M-4, M-7, M-8, M-17, M-18, YEB

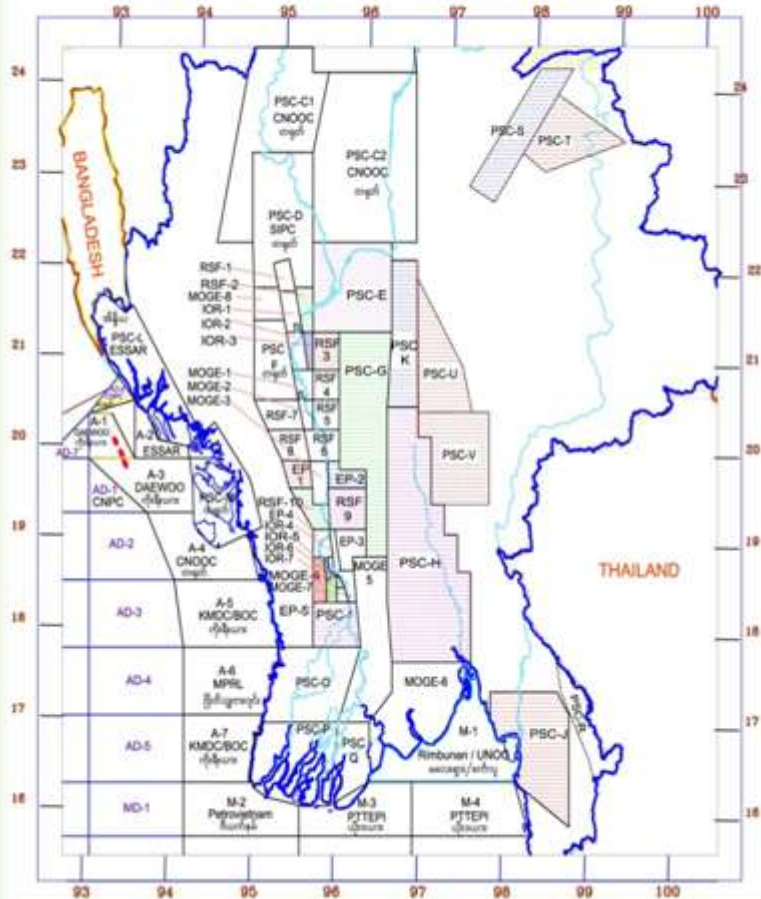
Deep Water Blocks

- ❖ Rakhine Offshore Blocks = 14
 - AD-2 to AD-5
 - AD-9 to AD-18
- ❖ Mottama/Taninthayi Offshore Blocks = 5
 - MD-1 to MD-3
 - MD-7 to MD-8

7 Shallow water blocks and 19 new deep water blocks are open for new investors.

Myanmar Onshore Bidding Round 2011

REPUBLIC OF THE UNION OF MYANMAR OPEN BLOCKS ONSHORE 2011



<u>SR NO.</u>	<u>Onshore Blocks</u>
1	PSC E (Myingyan)
2	PSC G (Taungdwingyi)
3	PSC H (Taungu-Pyinmana)
4	PSC I (Hinthada)
5	PSC J (Mawlamyine)
6	PSC K (Yamethin)
7	EP 2 (Aunglan)
8	EP 2 (Aunglan)
9	EP 5 (Inbin-Tegyigon)
10	RSF 2 (Tuyintaung (Myaing South))
11	RSF 3 (Gwegyo-Ngashadaung)
12	RSF 9 (Pyalo-Paukkaung)
13	RSF 10 (Kamma-Nattaung)
14	MOGE 4 (Myintha)
15	PSC S (Lashio-Hsenwi)
16	PSC T (Lashio East)
17	PSC U (Kalaw)

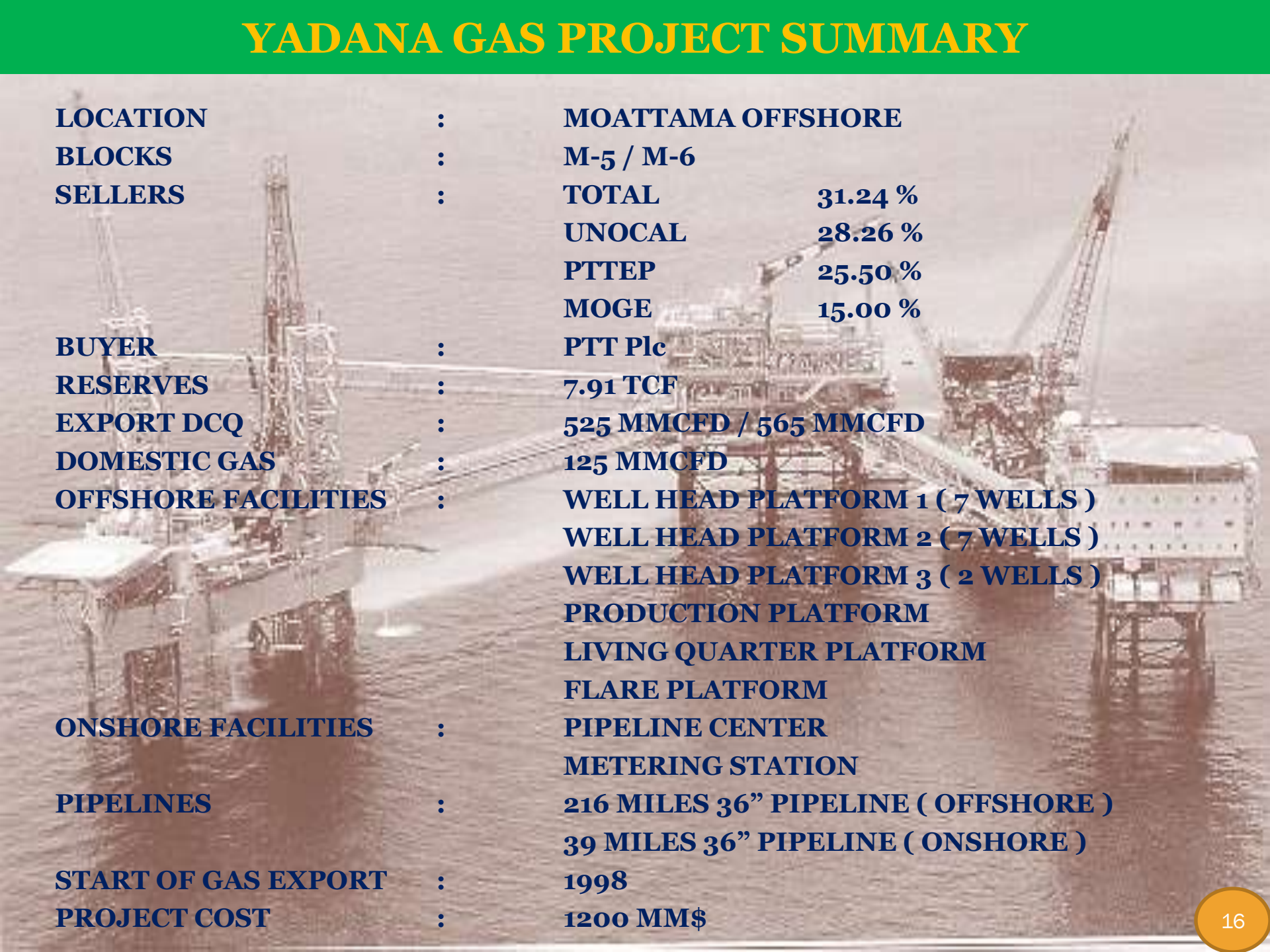
9 blocks will be awarded to 7 international companies together with local partners.



CURRENT & ON GOING PROJECTS



YADANA GAS PROJECT SUMMARY

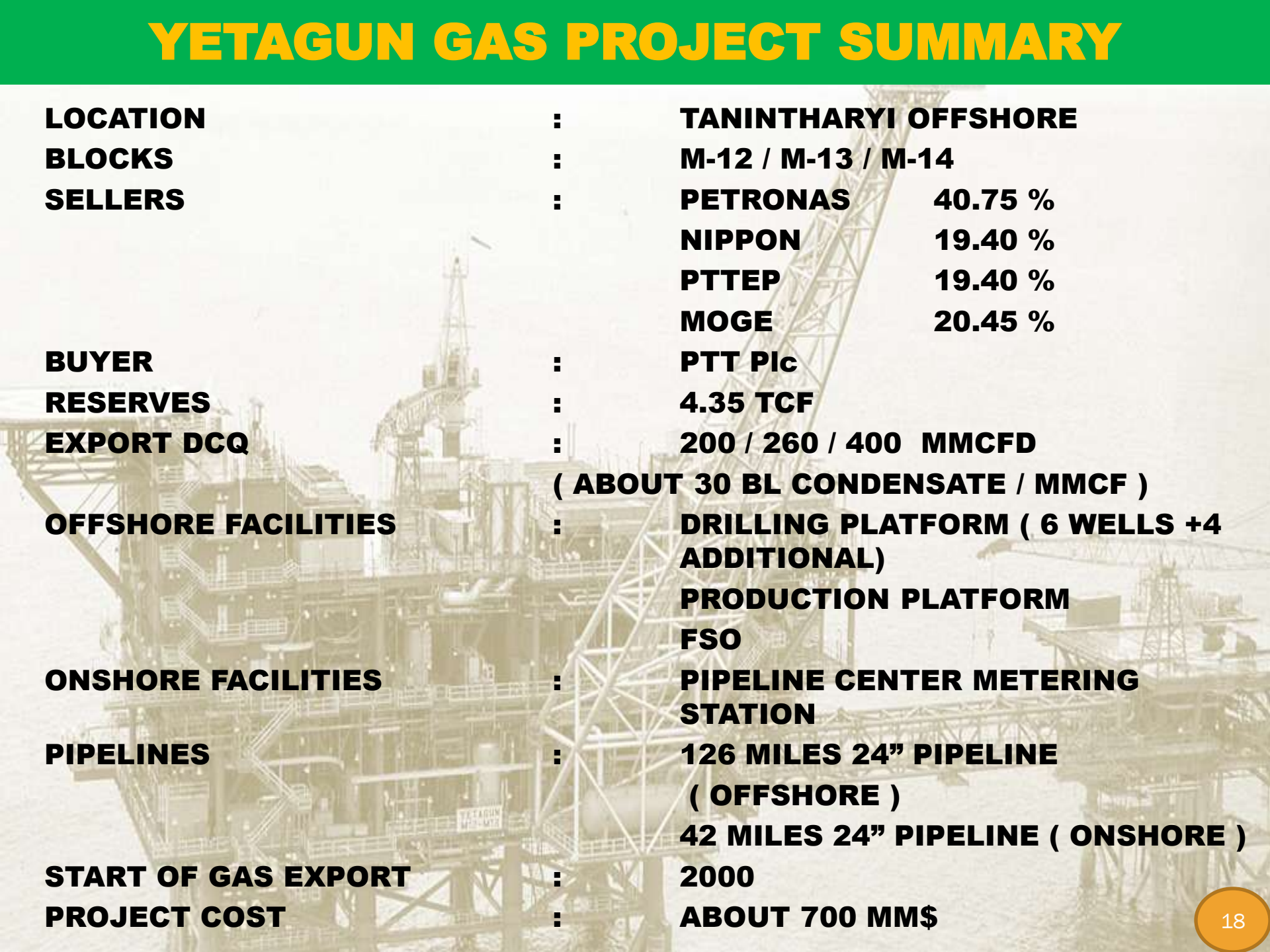


LOCATION	:	MOATTAMA OFFSHORE
BLOCKS	:	M-5 / M-6
SELLERS	:	TOTAL 31.24 %
		UNOCAL 28.26 %
		PTTEP 25.50 %
		MOGE 15.00 %
BUYER	:	PTT Plc
RESERVES	:	7.91 TCF
EXPORT DCQ	:	525 MMCFD / 565 MMCFD
DOMESTIC GAS	:	125 MMCFD
OFFSHORE FACILITIES	:	WELL HEAD PLATFORM 1 (7 WELLS)
		WELL HEAD PLATFORM 2 (7 WELLS)
		WELL HEAD PLATFORM 3 (2 WELLS)
		PRODUCTION PLATFORM
		LIVING QUARTER PLATFORM
		FLARE PLATFORM
ONSHORE FACILITIES	:	PIPELINE CENTER
		METERING STATION
PIPELINES	:	216 MILES 36" PIPELINE (OFFSHORE)
		39 MILES 36" PIPELINE (ONSHORE)
START OF GAS EXPORT	:	1998
PROJECT COST	:	1200 MM\$

YADANA GAS PROJECT SUMMARY (contd;)

- Firstly discovered by MOGE in 1982
- In 1992, MOGE and Total Myanmar Exploration and Production signed the Contract for M-5, M-6 Yadana Field Development
- 14 Production wells, three Wellhead Platforms, one Processing Platform, one Quarters Platform, one Medium Compression Platform & one Flare Platform
- Current Production is around 900 mmscfd, Export around 700 mmscfd to Thailand and around 200 mmscfd to Domestic market

YETAGUN GAS PROJECT SUMMARY



LOCATION	:	TANINTHARYI OFFSHORE
BLOCKS	:	M-12 / M-13 / M-14
SELLERS	:	PETRONAS 40.75 %
		NIPPON 19.40 %
		PTTEP 19.40 %
		MOGE 20.45 %
BUYER	:	PTT Plc
RESERVES	:	4.35 TCF
EXPORT DCQ	:	200 / 260 / 400 MMCFD (ABOUT 30 BL CONDENSATE / MMCF)
OFFSHORE FACILITIES	:	DRILLING PLATFORM (6 WELLS +4 ADDITIONAL) PRODUCTION PLATFORM FSO
ONSHORE FACILITIES	:	PIPELINE CENTER METERING STATION
PIPELINES	:	126 MILES 24" PIPELINE (OFFSHORE) 42 MILES 24" PIPELINE (ONSHORE)
START OF GAS EXPORT	:	2000
PROJECT COST	:	ABOUT 700 MM\$

YETAGUN GAS PROJECT SUMMARY (contd;)

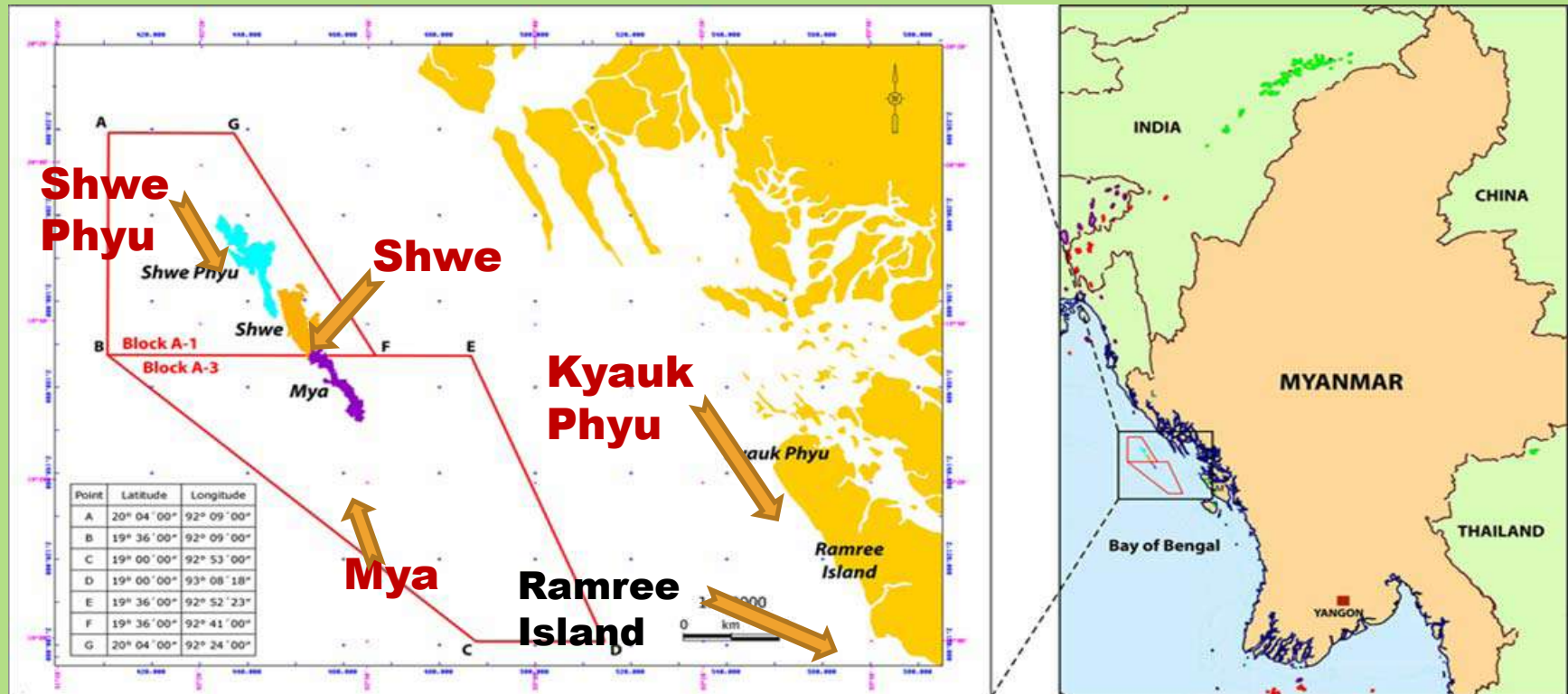
- ❑ First well Yetagun-1 discovered gas in 1993.
- ❑ Yetagun Gas Reserves is (4.16) TCF.
- ❑ 14 production wells were drilled.
- ❑ Current Gas Production is 460 mmscfd and Condensate is 12000 bpd
- ❑ Export sales gas to Thailand and Condensate sales to Domestic
- ❑ Yetagun Booster Compression Platform is being installed at Yetagun Field and commence operation in April 2012
- ❑ First Gas from Yetagun North is on May, 2015
- ❑ 2 Infill wells will be drilled in Yetagun North area in 2015 February

SHWE GAS PROJECT SUMMARY

LOCATION	:	RAKHINE OFFSHORE
BLOCKS	:	A-1/A-3
SELLERS	:	DAEWOO 51.00 % OVL 17.00 % MOGE 15.00 % GAIL 8.50 % KOGAS 8.50 %
BUYER	:	China Oil + MOGE
RESERVES	:	4.532 TCF (Best Estimate)
EXPORT DCQ	:	400 MMCFD (80% of Production)
DOMESTIC DCQ	:	100 MMCFD (20% of Production)
ONSHORE FACILITIES	:	Onshore Gas Terminal Supply Base And Jetty
OFFSHORE FACILITIES	:	SHWE Central Processing Platform MYA- North Subsea manifold 14” Multi Phase Flow Line 12.5 km 32” Export Pipeline 110 km
PIPELINES (estimated)	:	105 km 32” PIPELINE (OFFSHORE) 6 km 32” PIPELINE (ONSHORE)
FIRST GAS EXPORT	:	May, 2013

SHWE GAS PROJECT SUMMARY (contd;)

DEVELOPMENT AREA



- ❖ Blocks A-1 and A-3 are situated offshore of Myanmar in the Bay of Bengal approximately 110 km from Kyauk Phyu at Ramree Island within Rakhine State

ZAWTIKA GAS PROJECT SUMMARY

LOCATION	:	MOATTAMA OFFSHORE
BLOCKS	:	M-9 / M-11 (small part in the northeastern area)
SELLERS	:	PTTEPI 85.00 % MOGE 15.00 %
BUYER	:	PTT
RESERVES	:	3.07 TCF
EXPORT DCQ	:	240 MMCFD (80% of Production)
DOMESTIC DCQ	:	60 MMCFD (20% of Production)
ONSHORE FACILITIES	:	Pipeline Center (ZOC) ZAWTIKA Gas Metering Station (ZMS)
OFFSHORE FACILITIES	:	ZAWTIKA Processing & Living Quarter Platform Wellhead Platform
PIPELINES (estimated)	:	230 km 28" PIPELINE (OFFSHORE) 70 km 28" PIPELINE (ONSHORE)
FIRST GAS EXPORT	:	June, 2013

ZAWTIKA GAS PROJECT SUMMARY (contd;)

- Located in Block M-9 and part of Block M-11
- 220 km Offshore Pipeline & 70 Km Onshore Pipeline
- 240 mmscfd of Zawtika Gas to be sold to PTT Plc., Thailand and 60 mmscfd to Domestic
- Date of Commencement of Delivery is June 2013

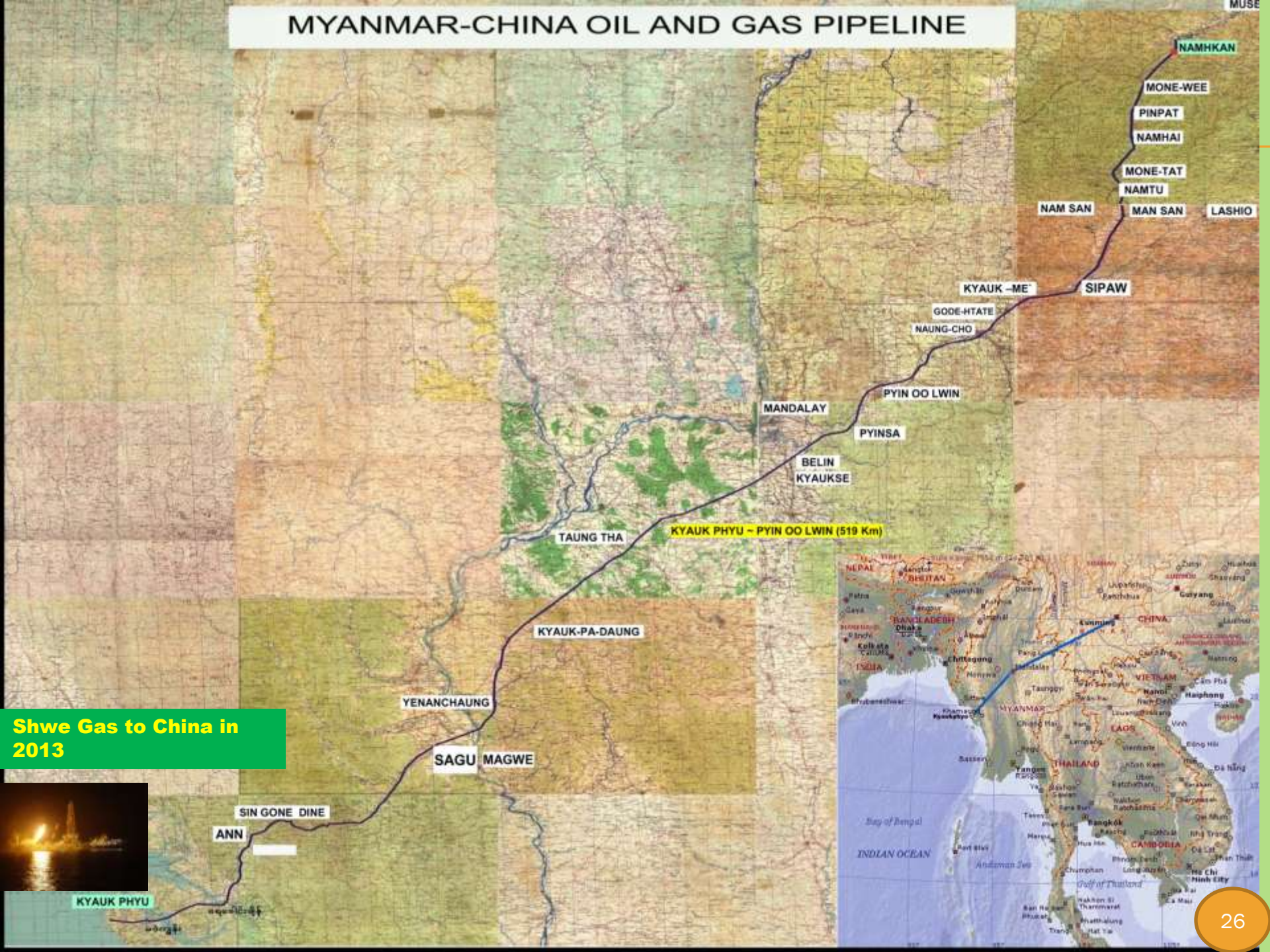
MYANMAR-CHINA GAS PIPELINE PROJECT SUMMARY

DISTANCE	:	793 km
PIPE DIAMETER	:	40"
SHAREHOLDERS	:	SEAP 50.9000 %
		MOGE 7.365 0%
		DAEWOO 25.0410 %
		OVL 8.3470 %
		GAIL 4.1735 %
		KOGAS 4.1735 %
DESIGN CAPACITY	:	Phase I : 500 MMCFD
		Phase II : 1200 MMCFD
DOMESTIC OFFLOADING POINTS	:	(i) YENANCHAUNG
		(ii) TAUNG-THA
		(iii) BELIN
INITIAL STATION	:	Onshore Gas Terminal (OGT)
METERING STATION	:	MYANMAR-CHINA BORDER
		(near NAM-HKAM)
TARGET DATE	:	MAY 2013

MYANMAR-CHINA CRUDE OIL PIPELINE PROJECT SUMMARY

DISTANCE	:	771 km
PIPE DIAMETER	:	32"
SHAREHOLDERS	:	CNPC 50.9 % MOGE 49.1 %
DESIGN CAPACITY	:	Phase I : 12 Million Ton per year Phase II : 22 Million Ton per year
DOMESTIC OFFLOADING POINTS	:	(i) SAGU (ii) NWA-HTO-GYI
INITIAL STATION	:	Oil Jetty / Terminal
METERING STATION	:	MYANMAR-CHINA BORDER (near NAM-HKAM)
TARGET DATE	:	JUNE 2013

MYANMAR-CHINA OIL AND GAS PIPELINE

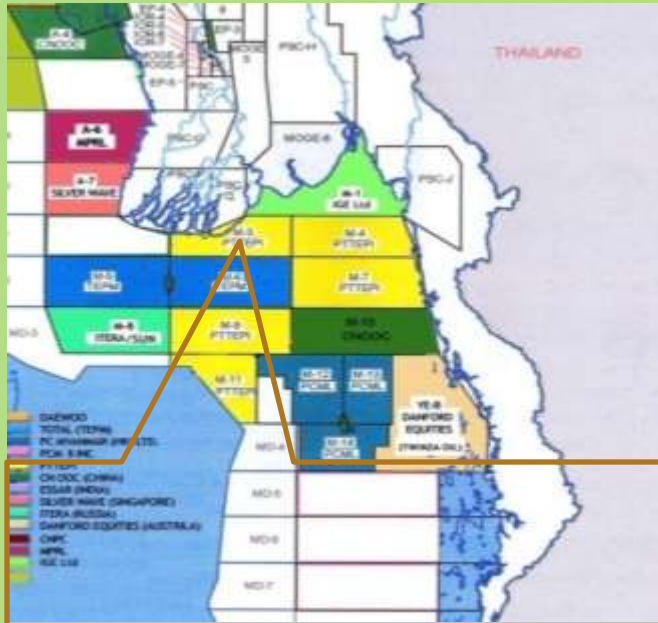


Shwe Gas to China in 2013



KYAUK PHYU

BLOCK M-3 NEW DISCOVERY



BLOCK M-3

Block M-3 Gas Discovery was made in May 2011 by PTTEP. 3D seismic is being planned prior to appraisal drilling. The gas is ear-marked for domestic.

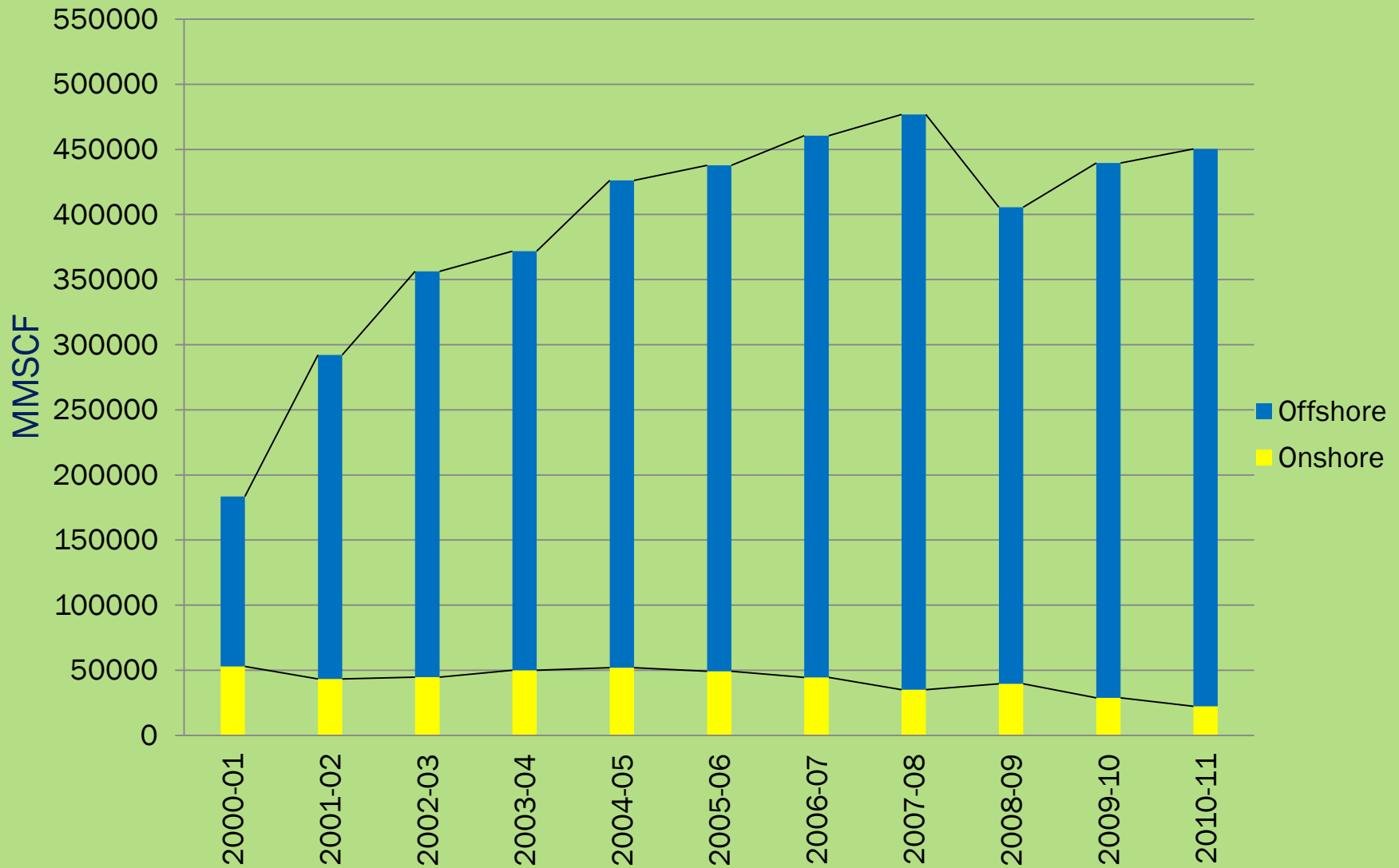
CNG / NGV PROGRAMME OF CLEANER FOSSIL ENERGY IN MYANMAR



- ❖ Initiated in Myanmar since 1986.
- ❖ 1986 – August 2004 :
 - 5 CNG Refueling Stations -
 - 2 in Yangon City
 - 2 in Yenangaung Field
 - 1 in Chaulk Field
 - 587 NGVs (Converted from petrol buses)
- ❖ CNG / NGV Programme was reactivated in August 2004.
- ❖ 45 CNG Refueling Stations in Myanmar-
 - 40 in Yangon City
 - 2 in Mandalay City
 - 2 in Yenangaung Field
 - 1 in Chaulk Field
 - about 27,000 NGVs (Converted from both petrol / diesel cars)
- ❖ Future : CNG Refueling Stations will be installed along the existing domestic pipeline corridor.

Current Natural Gas Production & Export Status

CURRENT NATURAL GAS PRODUCTION STATUS



NATURAL GAS EXPORT (MYANMAR) (BSCF)

Sr. No.	YEAR	YADANA	YETAGUN	TOTAL
1.	1998-99	30.000	-	30.000
2.	1999 -00	148.455	-	148.455
3.	2000-01	233.252	47.920	281.172
4.	2001-02	192.158	75.830	267.988
5.	2002-03	191.625	91.930	283.555
6.	2003-04	190.392	92.339	282.731
7.	2004-05	193.383	108.650	302.033
8.	2005-06	191.120	142.165	333.285
9.	2006-07	236.550	153.277	389.727
10	2007-08	241.732	157.793	399.525
11.	2008-09	198.006	130.167	328.173
12.	2009-10	223.291	150.581	373.872
13.	2010-11	215.192	150.516	365.708

NATURAL GAS TRADE MOVEMENT BY PIPELINE (BP STATISTICAL REVIEW OF WORLD ENERGY 2011)

Sr. No.	Country	Export Volume (BCM)
1.	Russian Federation	186.45
2.	Norway	95.88
3.	Canada	92.40
4.	Netherland	53.33
5.	Algeria	36.48
6.	USA	30.34
7.	Turkmenistan	19.73
8.	Qatar	19.15
9.	United Kingdom	15.65
10.	Germany	14.76
11.	Uzbekistan	13.56
12.	Kazakhstan	11.95
13.	Bolivia	11.65
14.	Indonesia	9.89
15.	Libya	9.41

NATURAL GAS TRADE MOVEMENT BY PIPELINE (CONT.) (BP STATISTICAL REVIEW OF WORLD ENERGY 2011)

Sr. No.	Country	Export Volume (BCM)
16.	Myanmar	8.81
17.	Iran	8.42
18.	Azerbaijan	6.45
19.	East Timor	5.82
20.	Egypt	5.46
21.	China	3.83
22.	Denmark	3.54
23.	Belgium	3.08
24.	Mozambique	3.04
25.	Columbia	2.18
26.	France	1.53
27.	Malaysia	1.45
28.	Spain	1.15
29.	Mexico	0.85
30.	Turkey	0.66
31.	Argentina	0.42
32.	Italy	0.14
33.	Nigeria	0.12
	Total Export(by Pipeline)	677.58

ASIA PACIFIC REGION NATRUAL GAS TRADE MOVEMENT BY PIPELINE

(BILLION CUBIC METERS –BCM)
(BP STATISTICAL REVIEW OF WORLD ENERGY 2011)

Sr. No.	Country	Export Volume (BCM)
1	Indonesia	9.89
2	Myanmar	8.81
3	East Timor	5.82
4	China	3.83
5	Malaysia	1.45

Current PSC Standard Terms & Conditions

PSC Standard Terms & Conditions (Onshore Blocks)

Sr. No.	Particulars	Standard Terms and Conditions of Production Sharing Contracts for Onshore Blocks
1.	Type of Contract	Production Sharing Contract (PSC)
2.	Exploration Period Work Commitment and Expenditure	<p><u>Initial term of the Exploration Period (3 years)</u></p> <p>Year 1 -G&G study and Seismic Acquisition, Processing and Interpretation Year 2 –to drill minimum one (1) well Year 3 –Post- well evaluation & to drill one (1) well (Or) to drill two (2) wells during Year 2 & 3</p> <p><i>Contractor will have the option to back-off</i></p> <p><u>1st Extension (2 years)</u></p> <p>Year 4 – prospect evaluation Year 5 – to drill one (1) well</p> <p><i>Contractor will have the option to back –off</i></p> <p><u>2nd Extension (1 year)</u></p> <p>Year 6 – to drill one (1) well</p> <p><i>Contractor will have the option to back –off</i></p>
3.	Production Period	20 years from the date of completion of development in accordance with Development Plan (or) according to Petroleum Sales Agreement, whichever is longer
4.	Signature Bonus	Payment within 30 days after signing of the Contract.
5.	Royalty	12.5% of all Available Petroleum.

PSC Standard Terms & Conditions (Contd;) (Onshore Blocks)

7.

Production Split

(Profit Petroleum Allocation)

Crude Oil

BOPD

MOGE(%)

CONT(%)

0 - 10,000

60

40

10,001 - 20,000

65

35

20,001 - 50,000

70

30

50,001 - 100,000

80

20

100,001 - 150,000

85

15

> 150,000

90

10

Natural Gas

MMCFD

MOGE(%)

CONT(%)

up to 60

60

40

61 - 120

65

35

121 - 300

70

30

301 - 600

80

20

601 - 900

85

15

above 900

90

10

PSC Standard Terms & Conditions (Contd;) (Onshore Blocks)

8.	Production Bonus	<u>Crude Oil</u>		
		Upon approval of Development Plan		= 0.50 MMUS\$
		10,000 BOPD	(for 90 consecutive days production)	= 1.50 MMUS\$
		30,000 BOPD	(for 90 consecutive days production)	= 2.00 MMUS\$
		50,000 BOPD	(for 90 consecutive days production)	= 3.00 MMUS\$
		100,000 BOPD	(for 90 consecutive days production)	= 4.00 MMUS\$
		200,000 BOPD	(for 90 consecutive days production)	= 6.00 MMUS\$
		<u>Natural Gas</u>		
		Upon approval of Development Plan		= 0.50 MMUS\$
		60 MMCFD	(for 90 consecutive days production)	= 1.50 MMUS\$
		180 MMCFD	(for 90 consecutive days production)	= 2.00 MMUS\$
		300 MMCFD	(for 90 consecutive days production)	= 3.00 MMUS\$
		600 MMCFD	(for 90 consecutive days production)	= 4.00 MMUS\$
900 MMCFD	(for 90 consecutive days production)	= 6.00 MMUS\$		

PSC Standard Terms & Conditions (Contd;) (Onshore Blocks)

9.	Domestic Requirement	20% of Crude Oil and 25% of Natural Gas of CONTRACTOR's share of profit petroleum at 90% of Fair Market Prices.
10.	Training Fund	Exploration Period = 25,000 US\$ per Year. Production Period = 50,000 US\$ per Year.
11.	Research and Development Fund	0.5% of CONTRACTOR's share of Profit Petroleum.
12.	State Participation.	15 % undivided interest and MOGE has the option to extend up to 25% at its own discretion.
13.	Income Tax	30% on CONTRACTOR's Net Profit. (3 years Tax Holiday starting from the Production.)
14.	Governing Law	Laws of the Union of Myanmar.
15.	Arbitration	Myanmar Arbitration Act, 1944.
16.	Sharing of Profits made from the sale or transfer of the shares in the Company formed under the contract	<p>If the Company formed under the provisions of the Contract sell or transfer its Shares of the Company and if a Profit is being made, CONTRACTOR is liable to pay to the Government of the Union of Myanmar the following tranches out of the Net Profit made on the sale or transfer of the shares of the Company, registered under the Contract:-</p> <ul style="list-style-type: none"> - If the amount of Net Profit is up to 100 MMUS\$ 40% - If the amount of Net Profit is between 100 MMUS\$ and 150 MMUS\$ 45% - If the amount of Net Profit is over 150 MMUS\$ 50%

PSC Standard Terms & Conditions (Shallow Water Offshore Blocks)

Sr. No.	Particulars	Standard Terms and Conditions of Production Sharing Contracts for shallow water Offshore Blocks
1.	Type of Contract	Production Sharing Contract (PSC)
2.	Study Period	
3.	Exploration Period Work Commitment and Expenditure	- 3 years with Seismic and Drilling program. <u>Extension</u> (1 year x 2 times)
4.	Production Period	20 years for each Commercial Discovery (or) according to the Petroleum Sales Agreement, whichever is longer.
5.	Data Fee	Payment within 30 days after Signing of the Contract.
6.	Signature Bonus	Payment within 30 days after entering into the Exploration Period.
7.	Royalty	12.5% of all Available Petroleum.
8.	Cost Recovery	Maximum 50% of all Available Petroleum for water depth 600 feet or less Maximum 60% of all Available Petroleum for water depth more than 600 feet

PSC Standard Terms & Conditions (Contd;) (Shallow Water Offshore Blocks)

9. Production Split <i>(Profit Petroleum Allocation)</i>	<u>Crude Oil</u>				
	<i>Water Depth</i>	<u>600 feet or less</u>		<u>more than 600 feet</u>	
	BOPD	<u>MOGE(%)</u>	<u>CONT(%)</u>	<u>MOGE(%)</u>	<u>CONT(%)</u>
	0 - 25,000	60	40	60	40
	25,001 - 50,000	65	35	65	35
	50,001 - 100,000	80	20	75	25
	100,001 - 150,000	85	15	80	20
	> 150,000	90	10	85	15
	<u>Natural Gas</u>				
	<i>Water Depth</i>	<u>600 feet or less</u>		<u>more than 600 feet</u>	
	MMCFD	<u>MOGE(%)</u>	<u>CONT(%)</u>	<u>MOGE(%)</u>	<u>CONT(%)</u>
	0 - 300	65	35	60	40
301 - 600	75	25	70	30	
601 - 900	85	15	80	20	
above 900	90	10	90	10	

PSC Standard Terms & Conditions (Contd;) (Shallow Water Offshore Blocks)

10.	Production Bonus	<u>Crude Oil</u>	
		Upon approval of Development Plan	= 1.00 MMUS\$
		25,000 BOPD (for 90 consecutive days production)	= 2.00 MMUS\$
		50,000 BOPD (for 90 consecutive days production)	= 3.00 MMUS\$
		100,000 BOPD (for 90 consecutive days production)	= 4.00 MMUS\$
		150,000 BOPD (for 90 consecutive days production)	= 5.00 MMUS\$
		200,000 BOPD (for 90 consecutive days production)	= 10.00 MMUS\$
		<u>Natural Gas</u>	
		Upon approval of Development Plan	= 1.00 MMUS\$
		150 MMCFD (for 90 consecutive days production)	= 2.00 MMUS\$
		300 MMCFD (for 90 consecutive days production)	= 3.00 MMUS\$
		600 MMCFD (for 90 consecutive days production)	= 4.00 MMUS\$
		750 MMCFD (for 90 consecutive days production)	= 5.00 MMUS\$
900 MMCFD (for 90 consecutive days production)	= 10.00 MMUS\$		

PSC Standard Terms & Conditions (Contd;) (Shallow Water Offshore Blocks)

11.	Domestic Requirement	20% of Crude Oil and 25% of Natural Gas of CONTRACTOR's share at 90% of Fair Market Values.						
12.	Training Fund	Exploration Period = 50,000 US\$ per Year. Production Period = 100,000 US\$ per Year.						
13.	Research and Development Fund	0.5% of CONTRACTOR's share of Profit Petroleum.						
14.	State Participation	Undivided up to 20% after Commercial Discovery and up to 25% if the reserves is greater than 5 TCF.						
15.	Income Tax	30% on CONTRACTOR's Net Profit. (3 years Tax Holiday starting from the Production.)						
16.	Governing Law	Laws of the Republic of the Union of Myanmar.						
17.	Arbitration	UNCITRAL Arbitration Rules.						
18.	Sharing of Profits made from the sale or transfer of the shares in the Company formed under the contract	If the Company formed under the provisions of the Contract sell or transfer its Shares of the Company and if a Profit is being made, CONTRACTOR is liable to pay to the Government of the Union of Myanmar the following tranches out of the Net Profit made on the sale or transfer of the shares of the Company, registered under the Contract:- <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">- If the amount of Net Profit is up to 100 MMUS\$</td> <td style="text-align: right;">40%</td> </tr> <tr> <td style="padding-left: 20px;">- If the amount of Net Profit is between 100 MMUS\$ and 150 MMUS\$</td> <td style="text-align: right;">45%</td> </tr> <tr> <td style="padding-left: 20px;">- If the amount of Net Profit is over 150 MMUS\$</td> <td style="text-align: right;">50%</td> </tr> </table>	- If the amount of Net Profit is up to 100 MMUS\$	40%	- If the amount of Net Profit is between 100 MMUS\$ and 150 MMUS\$	45%	- If the amount of Net Profit is over 150 MMUS\$	50%
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PSC Standard Terms & Conditions (Deep Water Offshore Blocks)

Sr. No.	Particulars	Standard Terms and Conditions of Production Sharing Contracts for Deep Water offshore Blocks									
1.	Type of Contract	Production Sharing Contract (PSC)									
2.	Study Period	<u>TEA Period -2 Years</u> - Seismic Acquisition , Processing and Interpretation / Geological Studies									
3.	Exploration Period	<u>Exploration Period (3 Years)</u>									
	Work Commitment and Expenditure	- Seismic and Drilling <u>Extension</u> (1 year x 2 times)									
4.	Production Period	20 years for each Commercial Discovery (or) according to the Petroleum Sales Agreement, whichever is longer.									
5.	Data Fee	Payment within 30 days after signing of TEA and PSC Contracts.									
6.	Signature Bonus	Payment within 30 days after entering into the Exploration Period.									
7.	Royalty	12.5% of all Available Petroleum.									
8.	Cost Recovery	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;">Water Depth,</td> <td style="text-align: center;">Less than or equal to 600 feet</td> <td style="text-align: center;">50% of all available petroleum</td> </tr> <tr> <td></td> <td style="text-align: center;">Between 600 and 2,000 feet</td> <td style="text-align: center;">60% of all available petroleum</td> </tr> <tr> <td></td> <td style="text-align: center;">Over 2,000 feet</td> <td style="text-align: center;">70% of all available petroleum</td> </tr> </table>	Water Depth,	Less than or equal to 600 feet	50% of all available petroleum		Between 600 and 2,000 feet	60% of all available petroleum		Over 2,000 feet	70% of all available petroleum
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PSC Standard Terms & Conditions (Contd;) (Deep Water Offshore Blocks)

		<u>Crude Oil</u>				
		<u>Water Depth</u>	<u>Less than 2000 feet</u>		<u>Over 2,000 feet</u>	
		<u>BOPD</u>	<u>MOGE(%)</u>	<u>CONT. (%)</u>	<u>MOGE(%)</u>	<u>CONT. (%)</u>
9. (Profit Petroleum Allocation)	Production Split	0 - 25,000	60	40	60	40
		25,001 - 50,000	65	35	65	35
		50,001 - 100,000	80	20	75	25
		100,001 - 150,000	85	15	80	20
		> 150,000	90	10	85	15
		<u>Natural Gas</u>				
		<u>Water Depth</u>	<u>Less than 2000 feet</u>		<u>Over 2,000 feet</u>	
		<u>MMCFD</u>	<u>MOGE(%)</u>	<u>CONT. (%)</u>	<u>MOGE(%)</u>	<u>CONT. (%)</u>
		0 - 300	65	35	55	45
		301 - 600	75	25	65	35
601 - 900		85	15	75	25	
	> 900	90	10	80	20	

PSC Standard Terms & Conditions (Contd;) (Deep Water Offshore Blocks)

10.	Production Bonus	<u>Crude Oil</u>	
		Upon approval of Development Plan	= 1.00 MMUS\$
		25,000 BOPD (for 90 consecutive days production)	= 2.00 MMUS\$
		50,000 BOPD (for 90 consecutive days production)	= 3.00 MMUS\$
		100,000 BOPD (for 90 consecutive days production)	= 4.00 MMUS\$
		150,000 BOPD (for 90 consecutive days production)	= 5.00 MMUS\$
		200,000 BOPD (for 90 consecutive days production)	= 10.00 MMUS\$
		<u>Natural Gas</u>	
		Upon approval of Development Plan	= 1.00 MMUS\$
		150 MMCFD (for 90 consecutive days production)	= 2.00 MMUS\$
		300 MMCFD (for 90 consecutive days production)	= 3.00 MMUS\$
		600 MMCFD (for 90 consecutive days production)	= 4.00 MMUS\$
		750 MMCFD (for 90 consecutive days production)	= 5.00 MMUS\$
900 MMCFD (for 90 consecutive days production)	= 10.00 MMUS\$		

PSC Standard Terms & Conditions (Contd;) (Deep Water Offshore Blocks)

11.	Domestic Requirement	20% of Crude Oil and 25% of Natural Gas of CONTRACTOR's share at 90% of Fair Market Values.						
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Role of MOGE in PSC

- ❖ **Project owner**
- ❖ **host country**
- ❖ **partner in the Project**
- ❖ **retains all right of management of PSC**
- ❖ **Chairman of Management Committee**

Role of MOGE in PSC

❖ **Management Committee consists of sub-committees;**

❖ *Technical Sub-committee*

❖ *Procurement Sub-committee*

❖ *Accounting Sub-committee*

❖ *Petroleum Valuation Sub-committee*



THANK YOU !

