

THE ISLAMIC REPUBLIC OF AFGHANISTAN

Ministry of Mines



REQUEST FOR EXPRESSION OF INTEREST

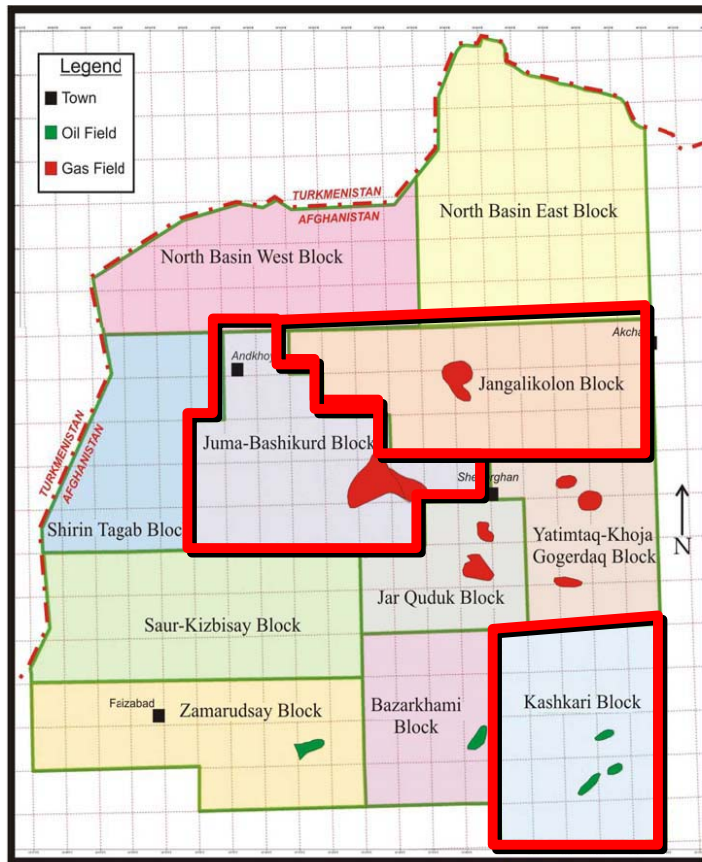
FOR PRE-QUALIFICATION FOR PARTICIPATION IN THE FIRST AFGHAN HYDROCARBON BIDDING ROUND 2009

The Islamic Republic of Afghanistan, represented by the Ministry of Mines (MoM), has launched a Bidding Round in connection with the planned award of Exploration and Production Sharing Contracts for the exploration, development and production of hydrocarbons in selected blocks in Northern Afghanistan. The Bidding Round is expected to result in the award of Exploration and Production Sharing Contracts to be signed by 5th December 2009 at the latest.

The Bidding Round comprises the following blocks that, subject to Exploration and Production Sharing Contracts, shall constitute the respective Contract Areas:

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

All three blocks have known hydrocarbon-bearing accumulations; **Jangalikalán Block:** Jangalikalán (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 1970s 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: Jangalikalán 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.



Source: Gustavson Associates and MoM

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.

Further data relating to the blocks, as well as copies of the legislation referred to in this pre-qualification document, are available for downloading at <http://www.mom.gov.af/> or www.afghanistanpetroleum.com.

In order to be considered for pre-qualification for participation in the Bidding Round, prospective bidders should submit an Expression of Interest to Pre-qualify in accordance with the method of application as outlined below **no later than 15 June 2009 at 1200 hrs local time Kabul.**

OBJECTIVES

One of the primary objectives in this tender round is to initiate production and processing of the known gas reserves to meet current and future demands for energy and related products and activities. Early production of oil is also a priority. It is intended that the oil companies in parallel with the production activities assign sufficient resources to also thoroughly assess the hydrocarbon potential both inside and outside of the known hydrocarbon accumulations on each block on offer.

The exploration for, development and production of Afghanistan's hydrocarbon resources are of great importance for the sustainable economic development of the Afghan State and the welfare of the Afghan people.

The Ministry of Mines has the following goals for the Bidding Round;

- to award the Exploration and Production Sharing Contracts for the Jangalikalán, Juma-Bashikurd and Kashkari Blocks to preferred eligible and qualified bidder(s) based on the royalties, work obligations, technical competence and bonus offers in order to initiate effective exploration for, and if applicable, development and production of, hydrocarbons; and
- early commencement of production of known resources.

FEES AND SECURITIES

Prospective bidders are advised that in order to be entitled to submit bids and to receive the geological and technical data package a non-refundable Bidding Fee of USD 25, 000 is payable for each bidder. The Bidding Fee is payable 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:

Beneficiary Bank (Da Afghanistan Bank), Correspondent Bank: Citibank New York
399 Park Avenue, New York N.Y. 10043 USA
SWIFT Code: CITIUS33
DAB A/C 10920169

For further Credit to MOM's A/C in the following details:

Beneficiary Name: Ministry of Mines
Beneficiary A/C#: 3000209027275
Beneficiary Bank Da Afghanistan Bank

SWIFT Code: AFGBAFKA

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.

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.

In addition, consideration of bids is subject to a Bid Bond submitted to secure the preferred bidders' obligation to sign 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 at signature of Exploration and Production Sharing Contract by a Financial Guarantee for Exploration Expenditures and a general guarantee of performance.

PRE-QUALIFICATION REQUIREMENTS

Prospective bidders must have a good reputation, be in good legal and financial standing, and demonstrate a proven ability to contribute the necessary capital, machinery, equipment, tools and technical expertise for the better performance of the terms and conditions of the Exploration and Production Sharing Contract.

The qualifications of prospective bidders will be assessed on the basis of the applicant's demonstration and documentation of possessing the necessary professional and technical qualifications and competence, financial resources, equipment and other physical facilities, managerial capability, experience, business reputation and the personnel necessary to perform the obligations to be undertaken under an Exploration and Production Sharing Contract.

In addition to the above, in order to pre-qualify applicants must demonstrate and submit verifiable evidence for the following:

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 |

Non-publically traded companies (NOCs and/or privately held companies) must demonstrate a minimum of USD 100 million in Shareholder Equity. MoM, at its sole discretion, will determine how Shareholder Equity is defined if contested.

3. Technical Qualification: For the Juma-Bashikurd and Jangalikal 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.

METHOD OF APPLICATION

Applicants should submit the following information and documents to the Ministry of Mines;

- (1) the name, address and nationality of the prospective bidder;
- (2) in the case of a prospective bidder organized as a corporation;
 - (i) its place of registration or incorporation, its principal place of business, the names, addresses and nationality of the directors, principal officers and authorized signatories of the company and its capital structure;
 - (ii) the corporate structure of the company, its parent company, if any, and other affiliated companies;
 - (iii) financial information on the prospective bidder and its parent company, if any, including annual reports, audited balance sheets and profit and loss statements for the past three years, and any reports of relevance for the Hydrocarbon Operations which the bidder or its parent company may have filed with government agencies responsible for securities regulation during that period;
- (3) all such other information and documents as mentioned above as requirements for eligibility, qualification and to pre-qualify.

All documents may be submitted in English, but must be accompanied by an Executive Summary of maximum five pages in one of the official languages of Afghanistan

The original and 5 copies of the Expression of Interest shall be delivered to the address below **not later than 15 June 2009 at 1200 hrs local Kabul time** in a sealed envelope clearly marked **“Pre-qualification for First Afghan Hydrocarbons Tender 2009”** at the top right hand corner.

Ministry of Mines
by Mr. Hafizullah Afzaly, Executive Officer of Project Management Unit
Pashtonistan Watt
Kabul, Afghanistan
Telephone: +93 (0) 202100309

Regular office hours are between 0800 hrs and 1430 hrs Kabul time.

The Afghan working week is Saturday through to noon Thursday. Bidders intending to send the application by way of courier service are advised to, as soon as possible, enquire with their local courier services in order to determine the delivering time for courier services to Kabul, Afghanistan as it may require at least one calendar week.

All applicants are requested to send an e-mail confirmation of submittal of the Expression of Interest stating the date of submission and as far as applicable the courier tracking number to the Ministry of Mines by e-mailing mmiafg@gmail.com or info@mom.gov.af.

Any requests for clarification of this Request of Expression of Interest shall be submitted to the Ministry of Mines in writing by e-mailing mmiafg@gmail.com or info@mom.gov.af no less than two weeks before deadline to submit the Expression of Interest.

Responses to requests for clarification will be communicated in writing to all prospective bidders on <http://www.mom.gov.af/> and directly to their given e-mail addresses. Applicants are advised to regularly check this website for any updates. The Ministry of Mines may extend the deadline for submissions of Expressions of Interest if necessary in order to allow all prospective bidders to consider any responses to queries of clarification. In such case, the extension will be published on <http://www.mom.gov.af/>.

Upon receipt of Expressions of Interest within the fixed deadline for submission, the Ministry of Mines will assess and pre-qualify prospective bidders for the present Bidding Round for the Exploration and Production Sharing Contracts.

It is foreseen that successful and unsuccessful applicants alike will be notified in writing of the decisions made of the Ministry of Mines on or before 1 July 2009 directly to their given e-mail addresses. A list of successful pre-qualified bidders will be published on <http://www.mom.gov.af/>.

The pre-qualified bidders that have been pre-qualified who continue to satisfy the pre-qualification criteria will be invited to submit bids. 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/>.