

PERU

EXPLORATION & EXPLOITATION

Seferino Yesquén
Chairman of the Board



EL PERÚ PRIMERO

May 2019



AGENDA

- Current Situation in Peru
- Reserves & Resources in Peru
- Peruvian Contracting Framework

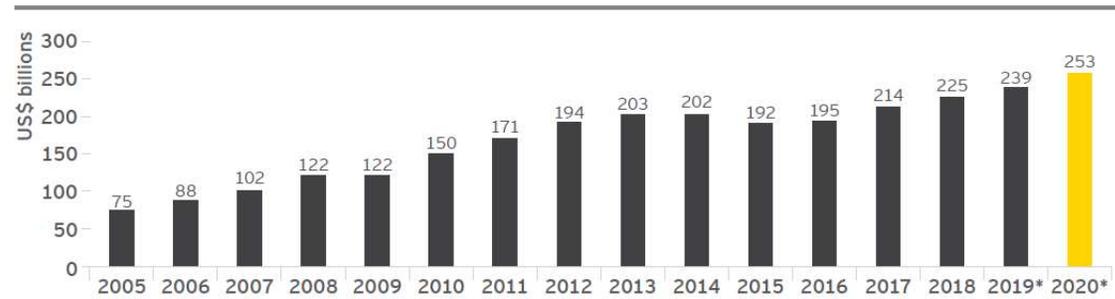


Economic Indicator

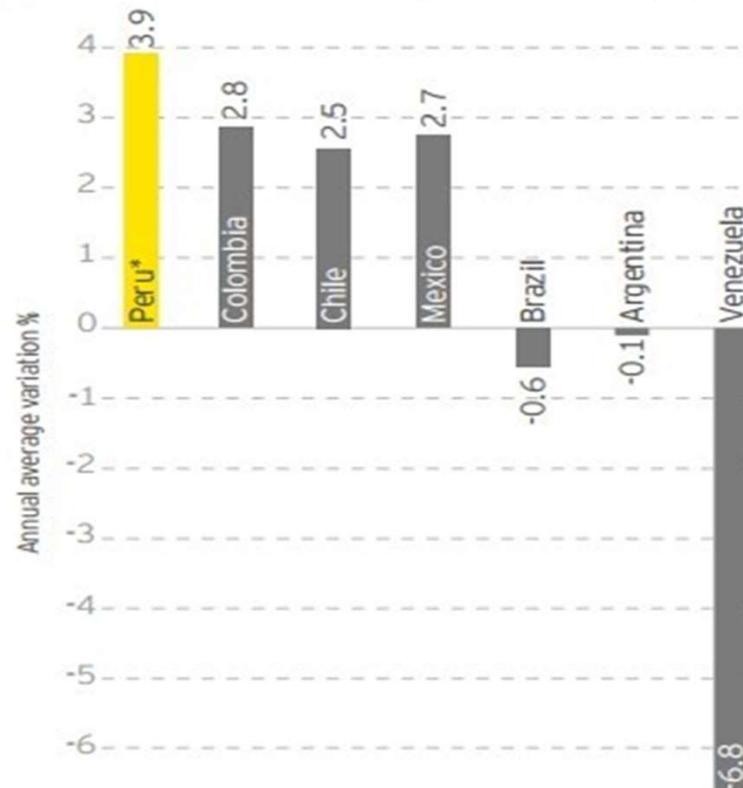
**WHY
PERU?**
WHAT
OIL & GAS
INVESTORS
SHOULD
KNOW

Peru is one of the fastest growing economies of the region. Since 2000, it has achieved an impressive accumulated growth rate of 126% GDP.

GDP

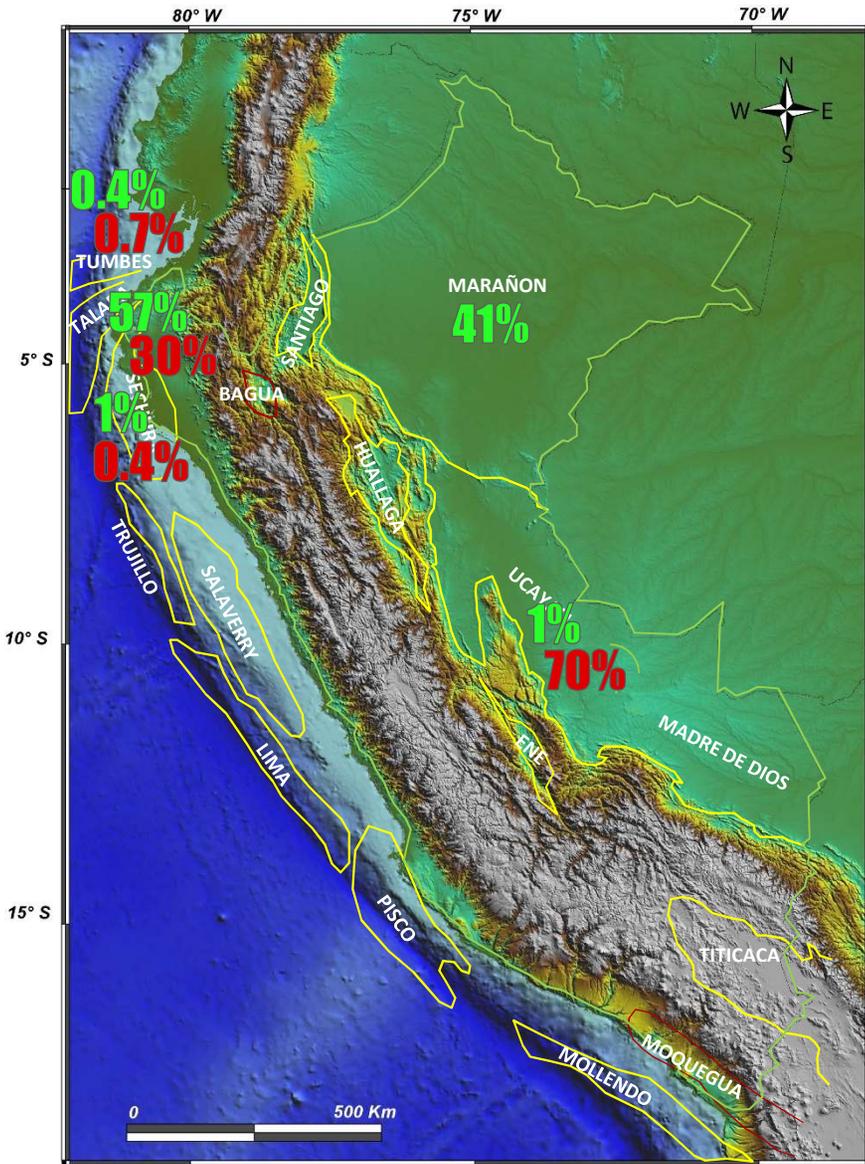


Annual average variation (%)

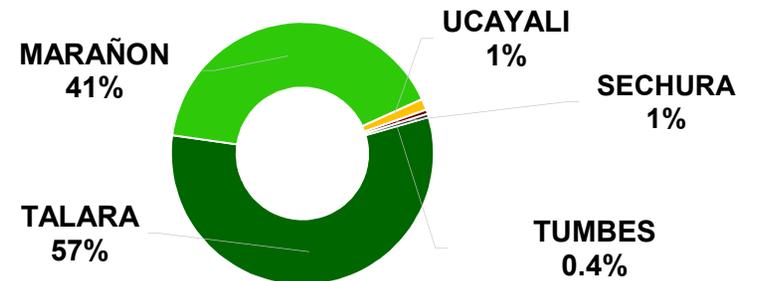




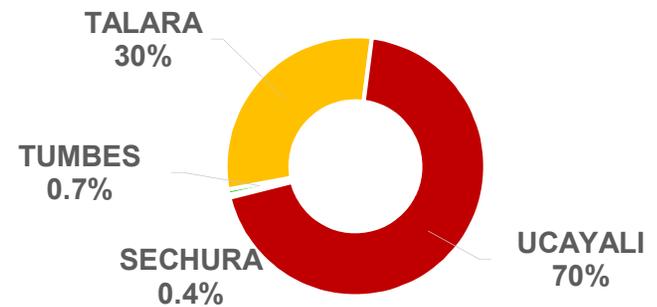
OIL & GAS in PERU



OIL (2,577 MMBIs)

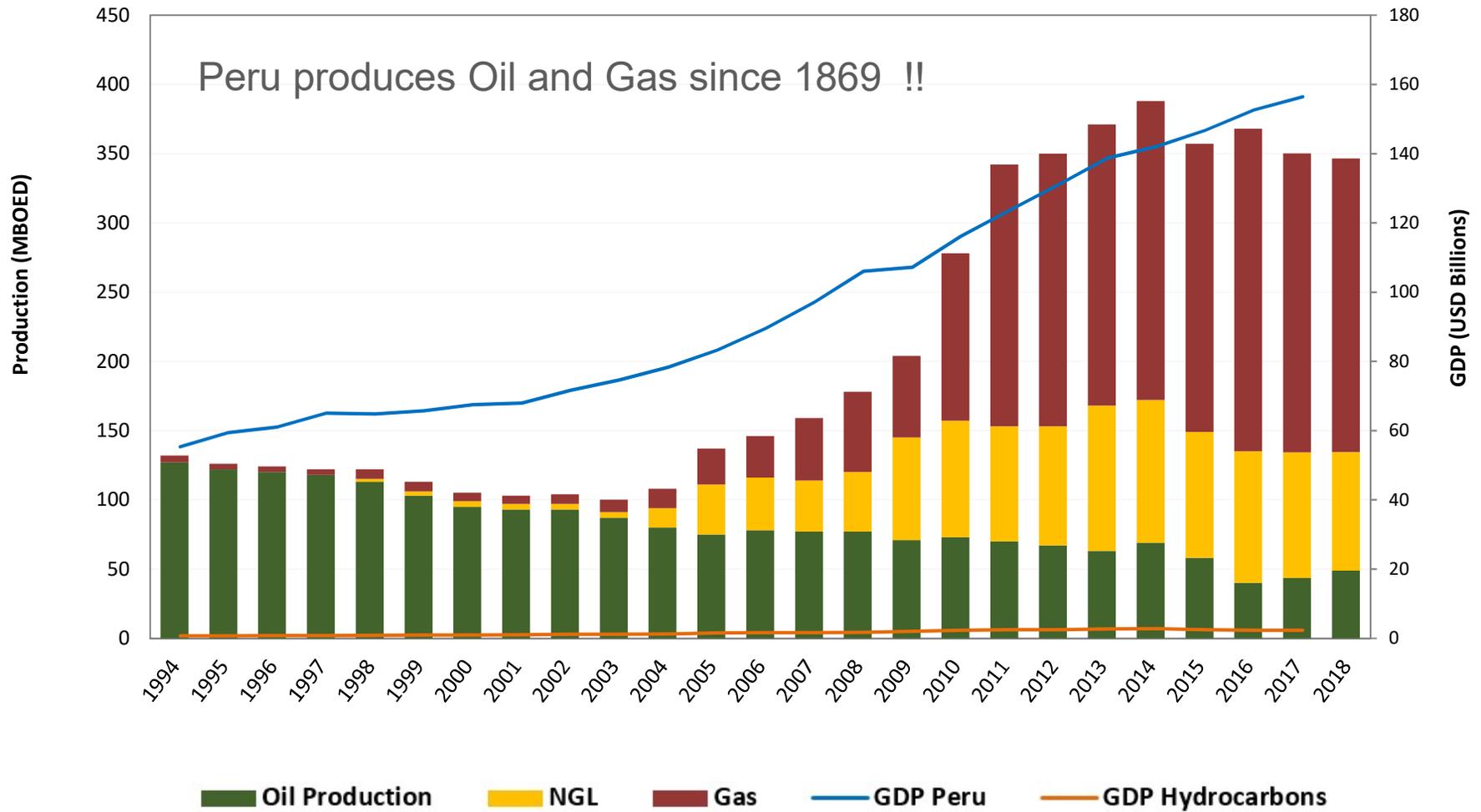


Gas (7,374 BCF)





OIL & GAS PRODUCTION HISTORY





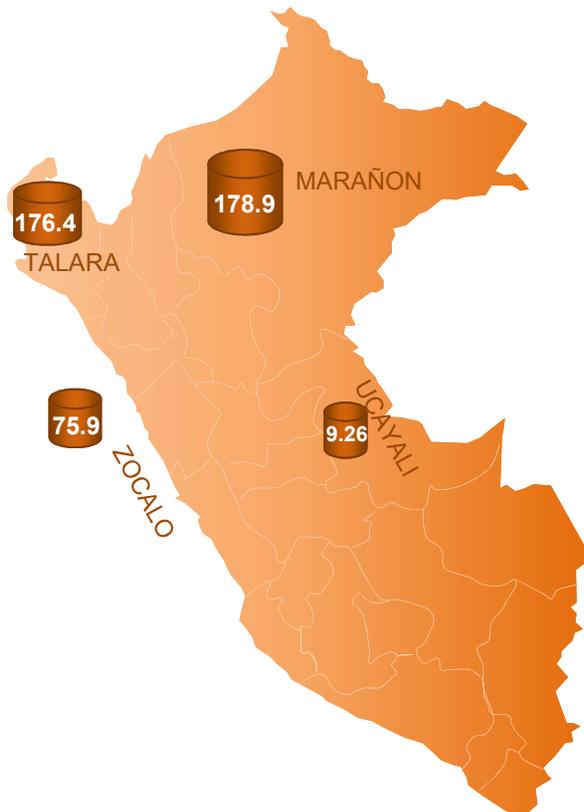
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OIL RESERVES AND RESOURCES

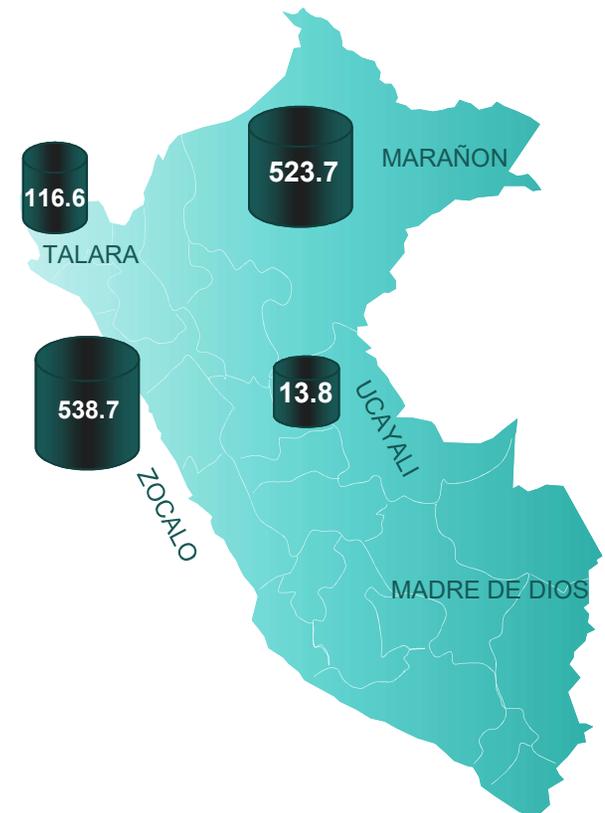
Reserves Proved + Probable
440 MMbbl



Contingent Resources
722 MMbbl



Prospective Resources
23,734 MMbbl



13,599 MMSTB in exploration blocks
8,943 MMSTB in available areas

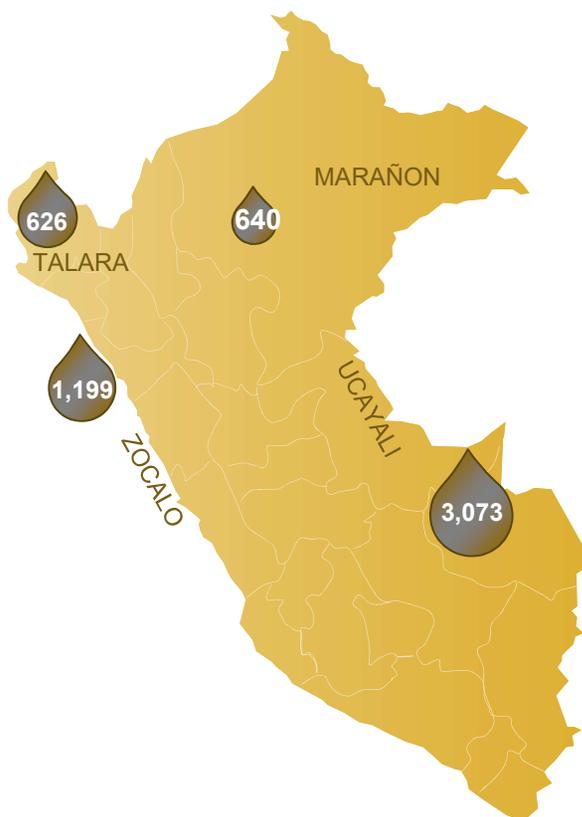


GAS RESERVES AND RESOURCES

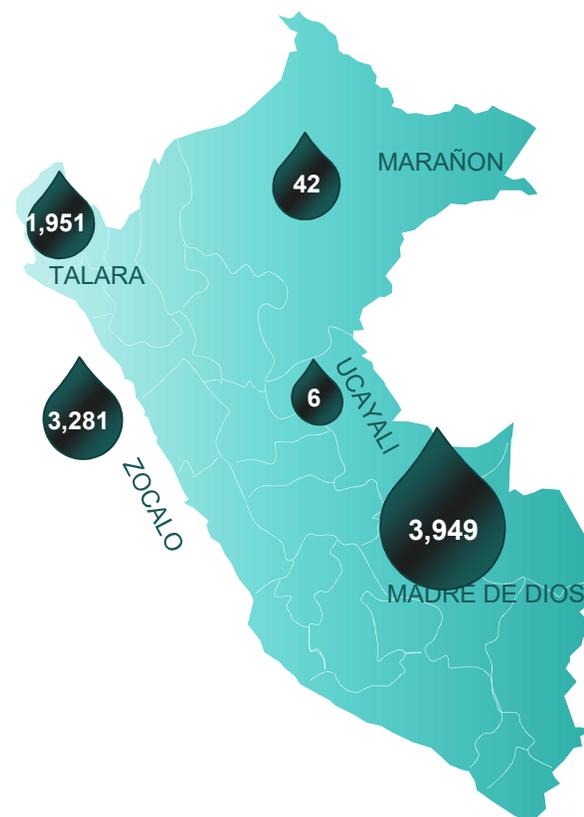
Reserves Proved + Probable
14,210 BCF



Contingent Resources
5,538 BCF



Prospective Resources
35,157 BCF

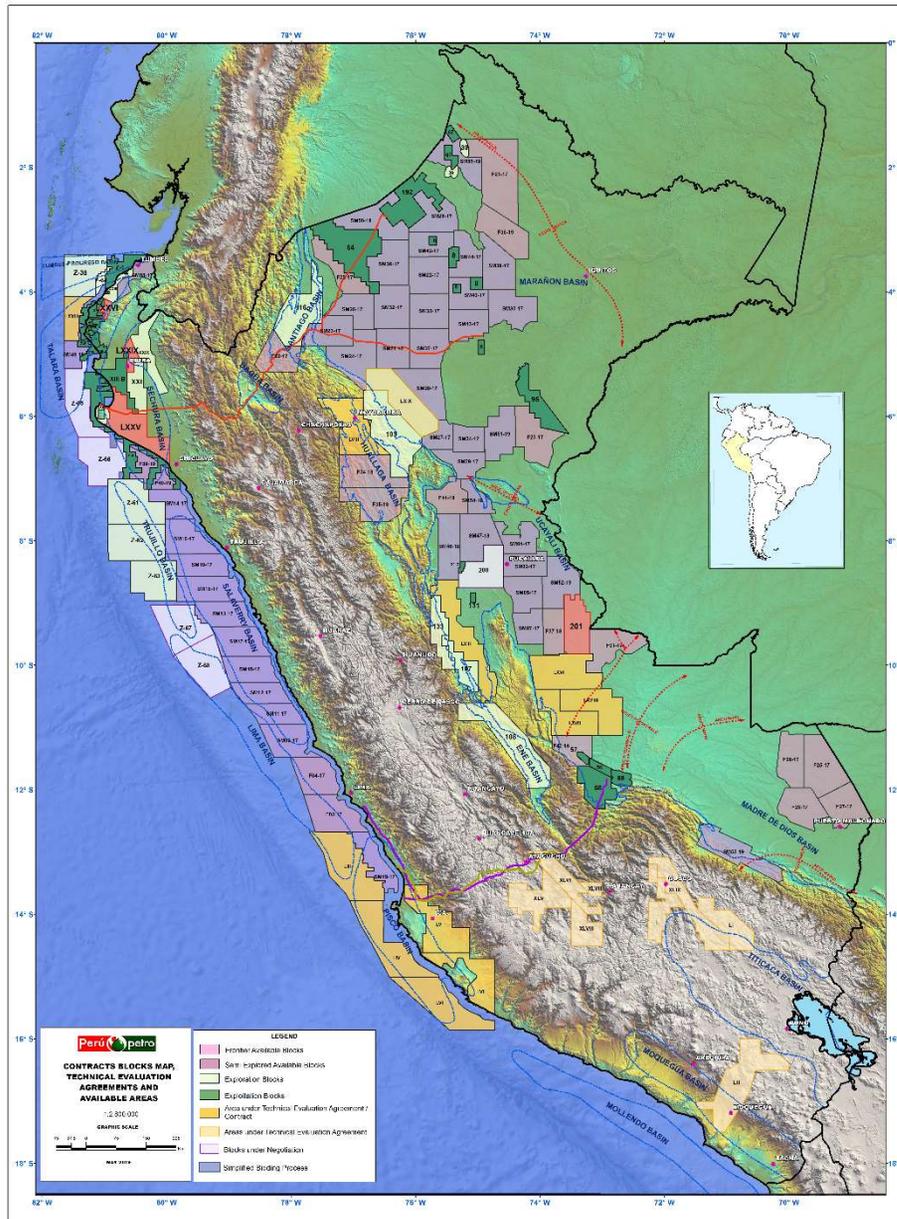


+ Non Operated Area 25,933

Source: Minem, 2017



AVAILABLE AREAS



68 AREAS Proposed for
CONTRACT or **TEA**.

- ✓ 49 **SEMI EXPLORATED** areas,
Avg area: 382,000 ha.
- ✓ 19 **FRONTIER** areas
Avg area: 447,000 ha.

AREAS could be
redefined





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LEGAL FRAMEWORK

- ❑ PERUVIAN CONSTITUTION: Promote sustainable use of natural resources
- ❑ HYDROCARBON ORGANIC LAW



Open Access for foreign investment

Property rights for oil & gas produced

Tax incentives for exploration

“Contract-Law”



REGULATIONS FOR THE ENVIRONMENTAL PROTECTION



ROYALTIES & RETRIBUTIONS REGULATIONS



REGULATIONS FOR CITIZENSHIP PARTICIPATION





LICENSE CONTRACTS

CONTRACT PERIOD

Exploration Phase:
7 years + 3 years extension

Exploitation Phase:
Oil 30 years & Gas 40 years

Retention Period for Non Commercial Discoveries:

5 years to build oil transport facilities and
10 years in case of Non-associated Gas to develop market

Exploratory Working Units in excess in one period may
be carried forward to the following period

Royalties linked to success:

5% to 20%, depending on production rate
5% to 25%, depending on a "R" Factor.



HOW TO STEP IN PERU?

DIRECT NEGOTIATION:

- Previous Qualification Process: Technical, Economic and Financial capacity

01

BIDDING PROCESS

- New onshore blocks to be individually offered in 2019.

02

TECHNICAL EVALUATION AGREEMENTS

- On Frontier and Semi-explored areas.
- First Option Right to Negotiate a License Agreement.

03



Latest News

- ❑ **Royalty reduction for incremental production : Block X**
- ❑ **Hydrocarbon Organic Law modification in process**
- ❑ **1 new License Contract signed: Block Z-64 with Tullow Oil**
- ❑ **2 new TEAs with YPF - Argentina**
- ❑ **Declaration of Commerciality : Blocks 39 and 95**
- ❑ **6 Contracts in Process to be signed this year:**
 - Block 200**
 - Block 192**
 - 4 Offshore Blocks with Tullow**
- ❑ **2 New Bidding Processes:**
 - Ucayali Basin (2019)**
 - Offshore Blocks (2020)**



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