



ENERGY OPPORTUNITIES OFFSHORE URUGUAY

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Introduction

WHY URUGUAY?

Leader in Latin America

- Ranked #1 in LAC in Political and Social stability (Democracy, Equity, Transparency, Rule of Law, Control of Corruption, etc)
- Sustained growth and stable in the long term
- Sustained improvement of credit rating (Now: Investment Grade BBB / Baa2)
- Reliable country for foreign investment
- Leader in generation of clean energies
- State of the art connectivity
- Strategic location
- Investment promotion regime
- Free zones
- Quality of life and Social Development (Prosperity Index, Quality of Life, etc)

Source Uruguay XXI: <https://www.uruguayxxi.gub.uy/uploads/informacion/988bcd103fde4e6cdcf0ebafa7fc356d9cba216e.pdf>



#1: Montevideo is the city with the best quality of life in Latin America (Mercer, 2020)



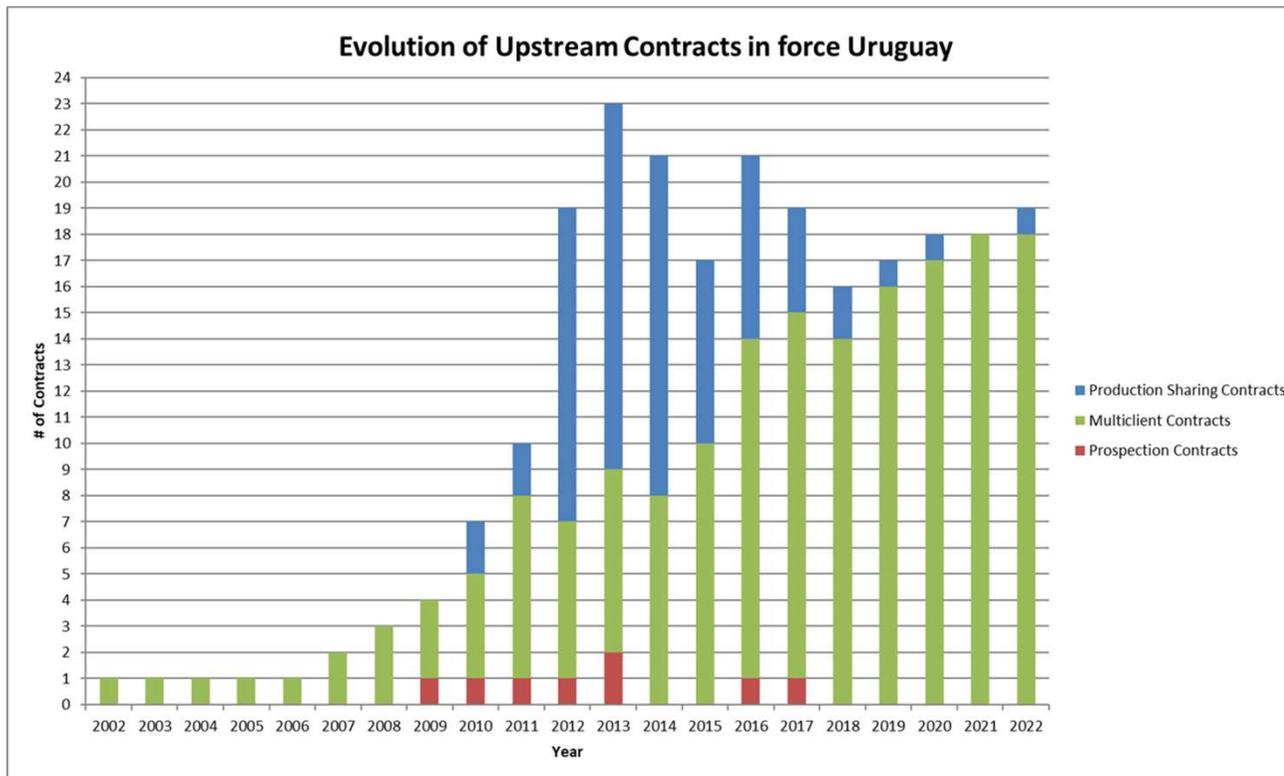
ANCAP

- Vertically integrated Oil Company
- ANCAP acts in coordination with DNE-MIEM as the “hydrocarbon agency” competent to manage the activities, business and operations of hydrocarbons industry, by itself or by third parties
- ANCAP will sign with the IOCs the Exploration-Exploitation Contract after approval and on behalf of the República Oriental del Uruguay Executive Branch
- 5 petroleum contracts approved by ANCAP’s new administration (4 already approved by the Executive Branch and 1 in process of approval)



Activity Update

TENS OF UPSTREAM CONTRACTS SIGNED IN THE LAST 15 YEARS



Over 1.2 Billion USD of investment in HC exploration by Oil & Gas and Service Companies

MULTICLIENT CONTRACTS

 <p>2002 2D Seismic</p>	 <p>2007 2D Seismic</p>	 <p>2008 2D Seismic</p>	 <p>2010 2D Seismic</p>	 <p>2011 Aeromagnetism</p>	 <p>2011 Fluid Inclusions</p>	 <p>2011 Report 1</p>	 <p>2013 3D Seismic</p>
 <p>2013 3D Seismic</p>	 <p>2014 3D EM</p>	 <p>2014 2D Seismic</p>	 <p>2015 2D Seismic</p>	 <p>2015 Report 2</p>	 <p>2015 Special Process on 2D Seismic</p>	 <p>2016 Repro 2D 0708</p>	 <p>2016 Well Logs</p>
 <p>2016 Onshore 2D Seismic</p>	 <p>2016 micro-sepes detection</p>	 <p>2016 3D Seismic</p>	 <p>2018 Rockscan</p>	 <p>2019 Grav & Grad & Mag onshore</p>	 <p>2019 Repro 3D EM</p>	 <p>2019 Post Mortem Report Raya X-1</p>	 <p>2019 Tannat Repro 3D Seismic</p>
 <p>2020 Repro 2D Seismic</p>	 <p>2021 EM 2D / 3D</p>	 <p>2021 SFD</p>	 <p>Special Process on 3D Seismic</p>				

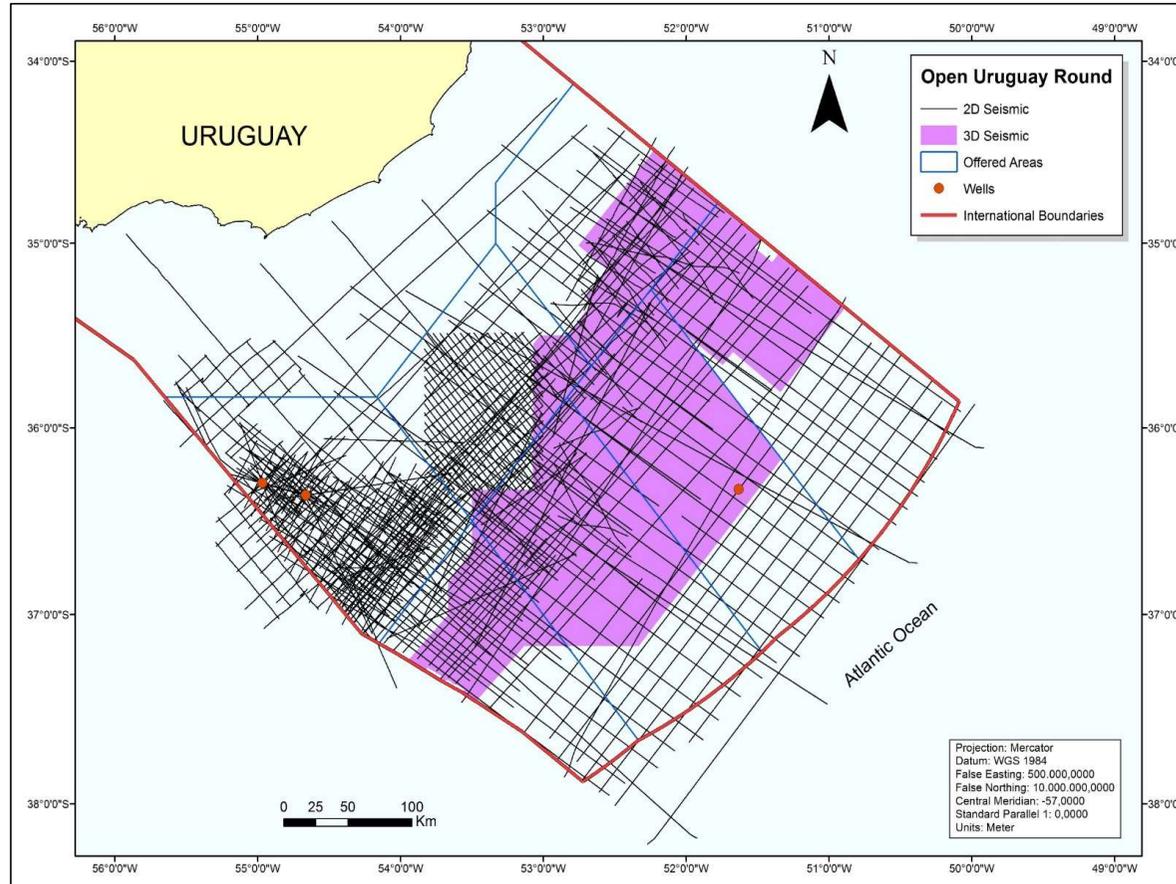
DATA HAS INCREASED TREMENDOUSLY

DATA BEFORE 2007

- 2 wells
- 13.000Km of 2D seismic

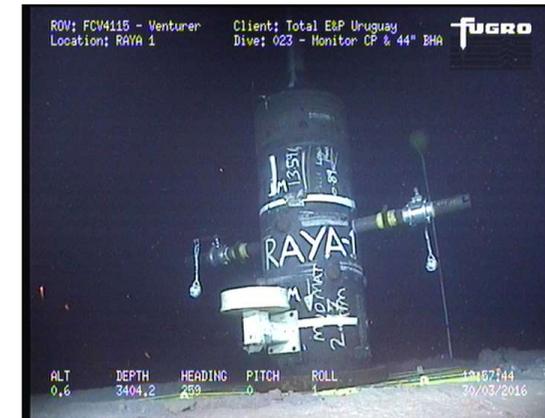
NEW DATA SINCE 2007

- 1 well
- 28.000Km of 2D seismic
- 41.000Km² of 3D seismic
- 13.500Km² of 3D CSEM
- >200 Heat flow measurements and core samples



RAYA WELL

- Drilled after 40 years
- World Record Water depth (3404 m)
- 100 days of operation: on time and budget
- Complex Logistics on Port
- Construction of Mud and Cement plants
- Imports and Exports authorized by ANCAP and DNA in coordination
- Success from operational, HSE, drilling engineering, etc. point of views



STRONG EMPHASIS ON THE CARE OF THE ENVIRONMENT



HSE management plan required by ANCAP and DINAMA to the oil companies requires the use of the industry's best practices and technologies for each exploration operation. IE: MMO and PAM for offshore seismic



2012-13: Environmental Base Line on the EEZ, bibliographic review.

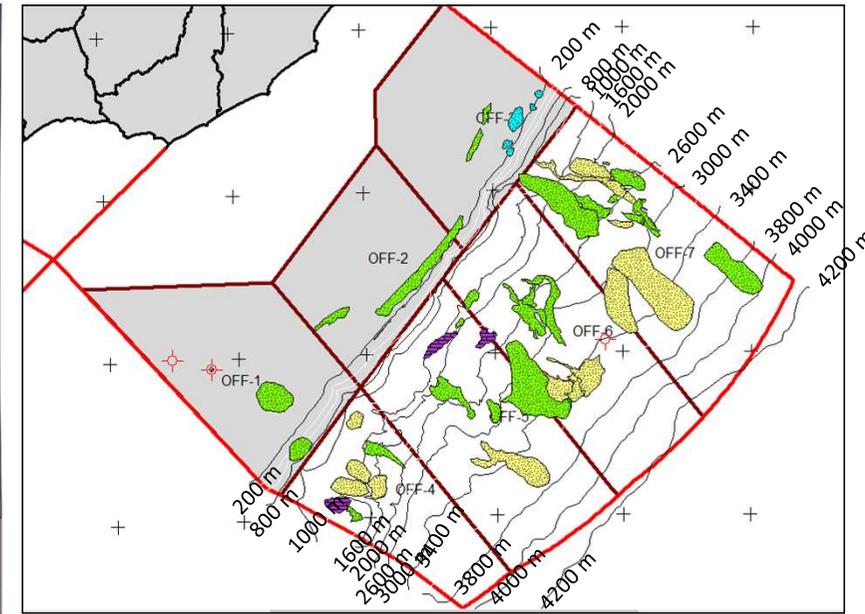
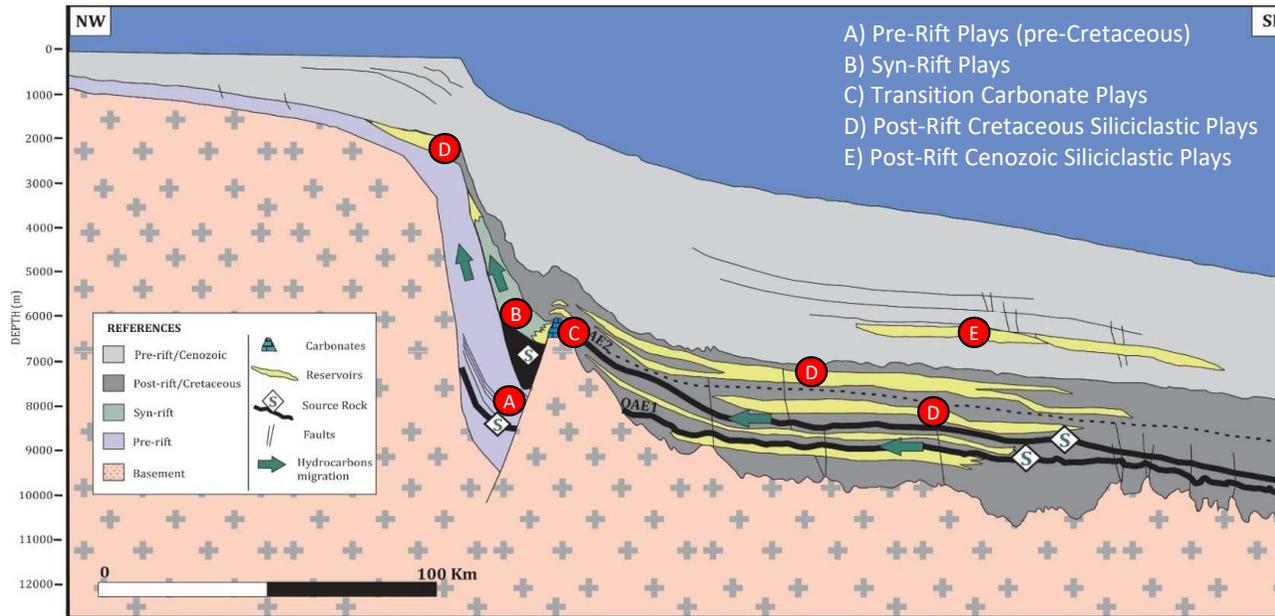


2015-16: Environmental Base Line on the EEZ, regional oceanographic campaign for the acquisition, processing and interpretation of data

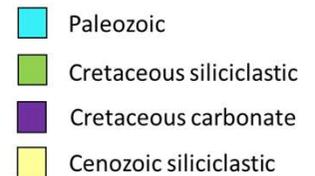


Offshore Operations Manual: ANCAP's guidelines, recommendations, requirements to design and execute the offshore exploration operations to assure their safety and environmental sustainability, in line with the international standards.

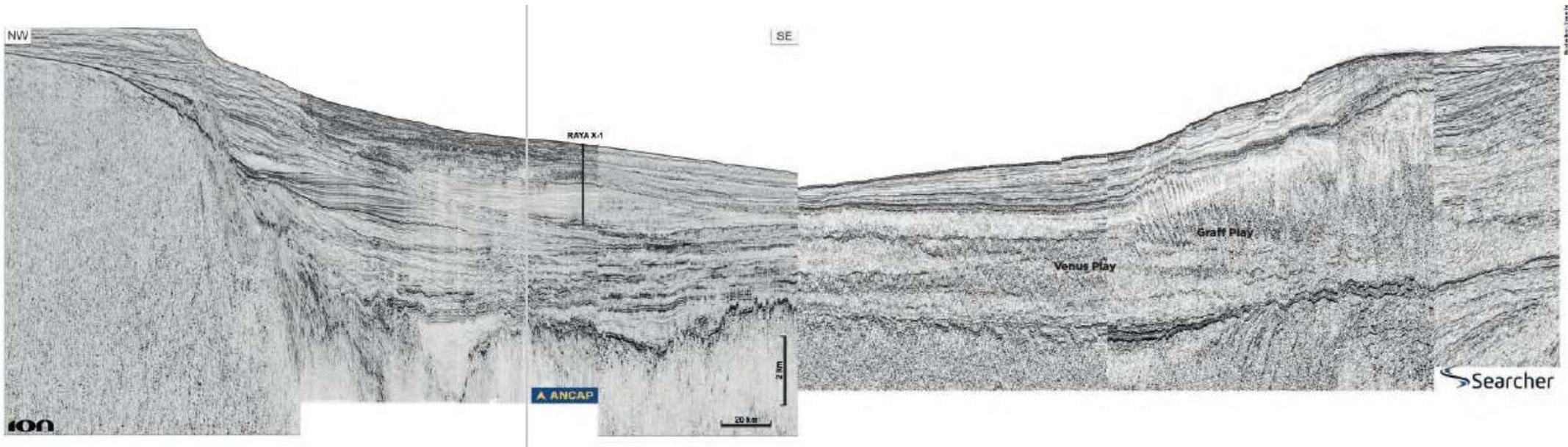
PLAY TYPES OFFSHORE



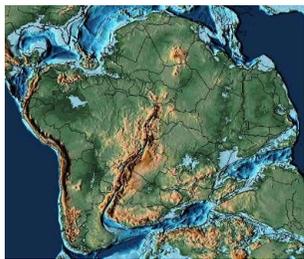
- >60 offshore prospects and leads
- From shallow to ultra-deep water depths
- different play types on all offshore basins
- Prospective resources >20,000 MMBOEs (already assessed in just 13 prospects)



REMARKABLE ANALOGIES WITH DISCOVERIES IN NAMIBIA



https://assets.geoexpro.com/uploads/bb70b3ea-2e18-4a36-8064-8bdf41ded86/GeoExPro_04-2022_FINAL_4web.pdf



150 MM años



120 MM años



Present Day

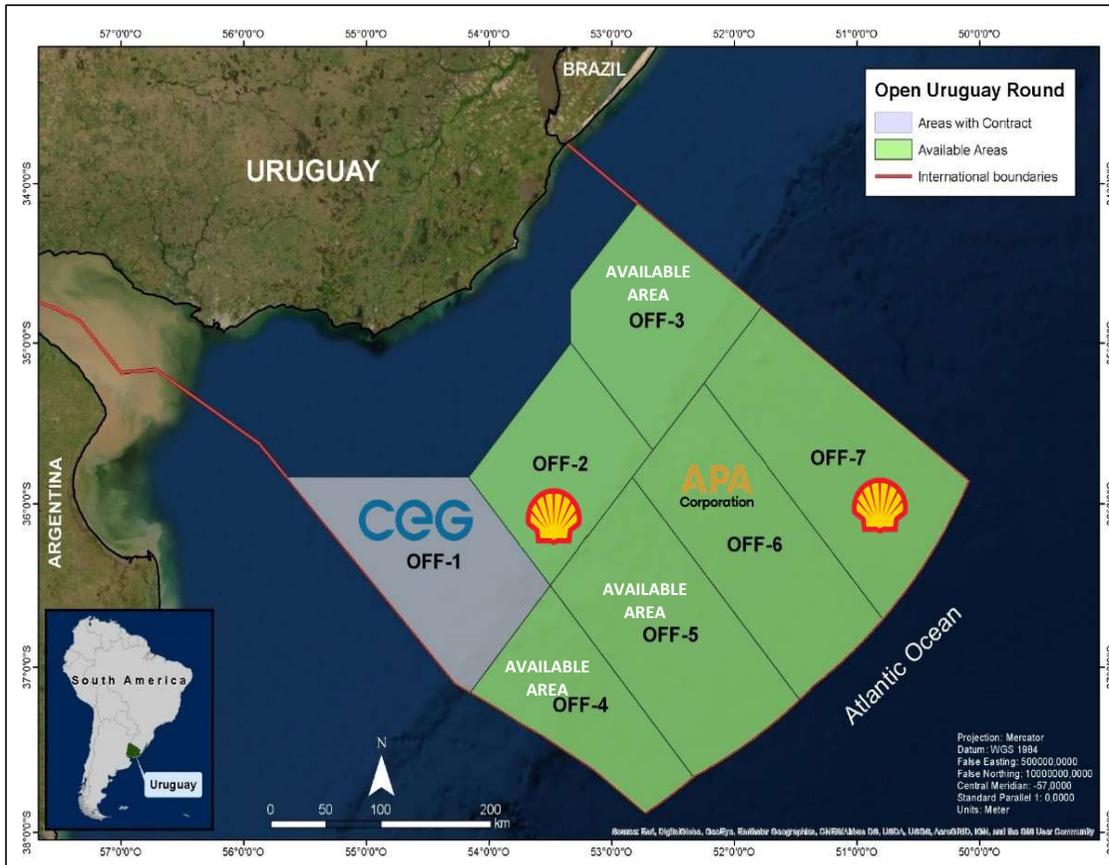
- Dip seismic lines of Uruguay and Namibia combined at same scale.
- Thick Aptian sequence (source rock of Venus and Graff discoveries), related to 2 depocenters
- In Uruguay there is a higher sedimentary thickness in Punta del Este Basin. Higher overburden of Aptian source rock, higher GOR and gas prone prospects expected in this offshore zone.

OPEN URUGUAY ROUND



Since RUA is in force 7 offers have been received:

- May 2019
 - Kosmos Energy for Areas OFF-2 and OFF-3
 - Due to financial difficulties, Kosmos Energy sold its frontier exploration assets and withdraw its offers in Uruguay
- May 2020
 - Challenger Energy (CEG) for Area OFF-1; 272 UT <> 1,36 MMUSD of investment committed
- May 2022
 - APA Corporation for Areas OFF-2 and OFF-6
 - Shell for Areas OFF-2 and OFF-7
 - APA was awarded Area OFF-6 and Shell Areas OFF-2 and OFF-7,
 - Investment committed is 81,765 MMUSD (16.353 UT), 4,5 MMUSD (900 UT) and 7,55 MMUSD (1510 UT) respectively
- November 2022: there is interest from many energy companies for the 3 available blocks: OFF-3, OFF-4 y OFF-5.



Average Blocks size $\approx 15.000\text{Km}^2$

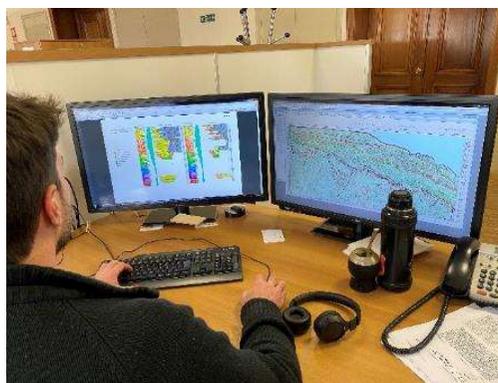
Future Exploratory Work

Workstation

- Area OFF-1: Challenger Energy
 - Evaluation of Petroleum geology
 - Evaluation of Prospective Resources
 - Reprocessing and interpretation of 2D Seismic
 - Licensing data
- Area OFF-2: Shell
 - Evaluation of Petroleum geology
 - Evaluation of Prospective Resources
 - Gravimetric and magnetometric 3D model inversion
 - Licensing data
- Area OFF-6: APA Corporation
 - Evaluation of Petroleum geology
 - Evaluation of Prospective Resources
 - Licensing data
- Area OFF-7: Shell
 - Evaluation of Petroleum geology
 - Evaluation of Prospective Resources
 - Gravimetric and magnetometric 3D model inversion
 - Licensing data

New field data (Offshore)

- Area OFF-6: APA Corporation
 - Drilling a deep waters exploratory well



Open Uruguay Round

OPEN URUGUAY ROUND



Main Features

- Open door: qualification and submission of offers at any time
- Not Direct Negotiation, bidding round every semester (May and November of each year)
- Only qualified companies can offer
- Qualification and submission of offers by email and courier due to pandemic
- Companies bid: Work Program for the 1st Exploration Period, Profit Oil Split and ANCAP's Association %
- Very moderate work commitments required (G&G studies over existing data)
- In case of competition for the same area on the same semester, offers are compared with an equation and the area awarded to the highest score offer

SCHEDULE

Activity	Offers on the 1 st Instance	Offers on the 2 nd Instance
Submission of Intention Letter and documents for the Qualification of Oil Operations Companies	Until the last working day of April	Until the last working day of October
Notification of Qualification of Oil Operations Companies	Until the penultimate working day of May	Until the penultimate working day of November
Submission of Offers	Until the last working day of May, 14:00 local time.	Until the last working day of November, 14:00 local time.
Opening of Offers	Last working day of May, 14:30 local time.	Last working day of November, 14:30 local time.
Decision of ANCAP on the best proposal for each Area(*)	No later than the last working day of August	No later than the last working day of February

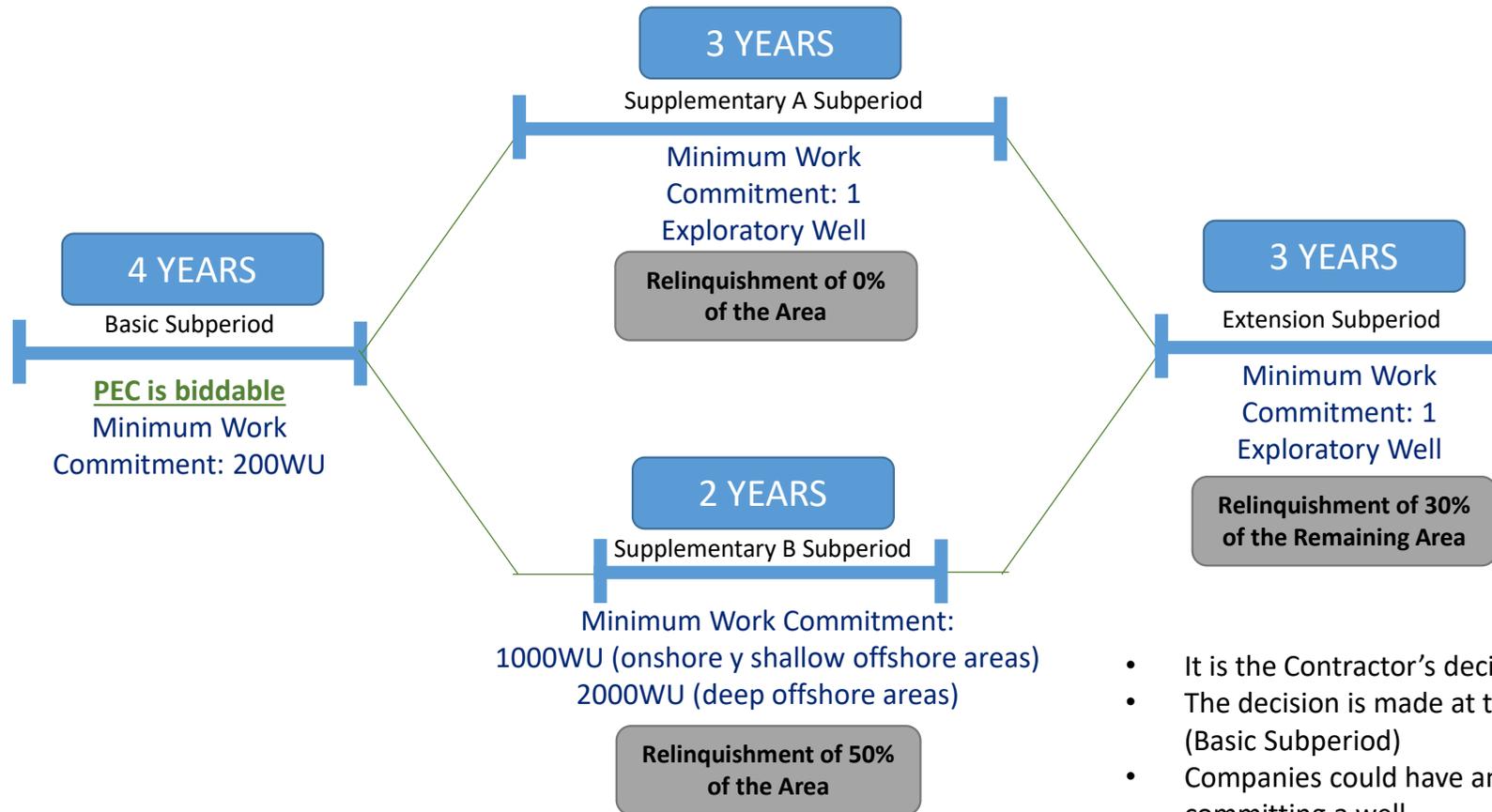
(*) Note: The signature of the Contract is subject to the approval by the Executive Branch

MAIN FEATURES OF CONTRACT MODEL

- Typical Production Sharing Agreements for which Contractor assumes all risks, costs and responsibilities of the activity.
- Term: 30 years; Exploration: 10 or 9 years; Exploitation: 25 years
 - First Exploration Period: **Committed Exploratory Program**
 - Companies could have an area for 6 years without committing a well
- Contractor's Economy
 - Cost Oil Contractor (CAPEX and OPEX)
 - **Profit Oil Contractor**
 - **Profit Oil Uruguayan State**
 - Profit Oil subject to Income Tax 25%
- ANCAP's Association Option
 - ANCAP's right
 - **Limit of ANCAP's association is biddable**
 - Exercised after there is a commercial discovery
 - ANCAP is only carried through exploration

Items in **bold** are biddable, so IOCs control the Risk and Reward values of the equation

EXPLORATORY COMMITMENTS



- It is the Contractor's decision to follow one path or the other
- The decision is made at the end of the 1st Exploration Period (Basic Subperiod)
- Companies could have an area for 6 years without committing a well

Green H2 Offshore Uruguay (H2U)

ANCAP'S VISION FOR A SUSTAINABLE FUTURE

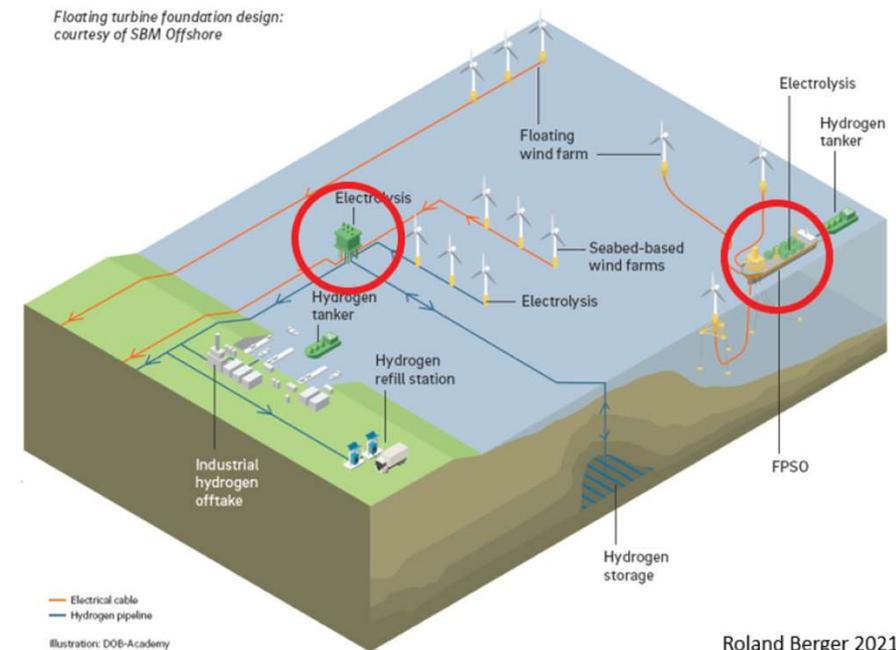
GREEN H2

H2U OFFSHORE

- ANCAP invites energy companies interested in carrying out feasibility studies and potential installation of infrastructure for the production of green hydrogen from offshore renewable energy, at their own cost and risk entirely.



<https://www.offshore-energy.biz/tractebel-developing-wind-to-hydrogen-offshore-platform>

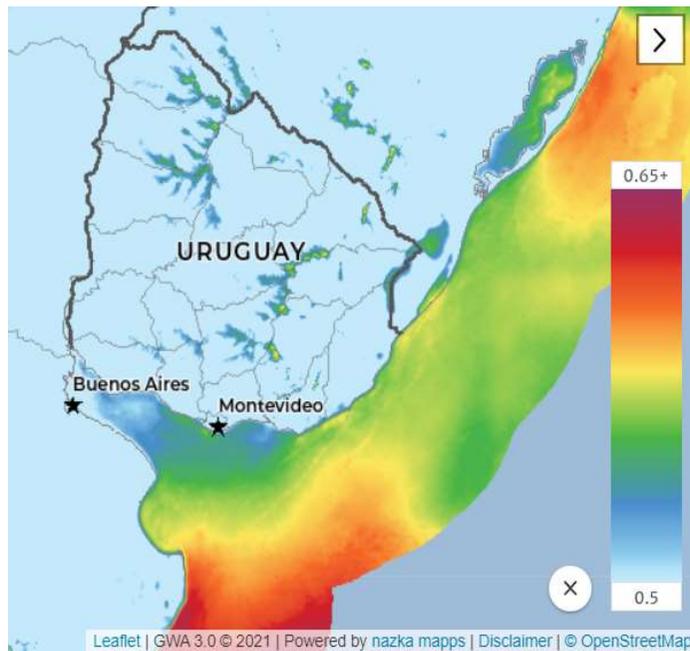


Roland Berger 2021

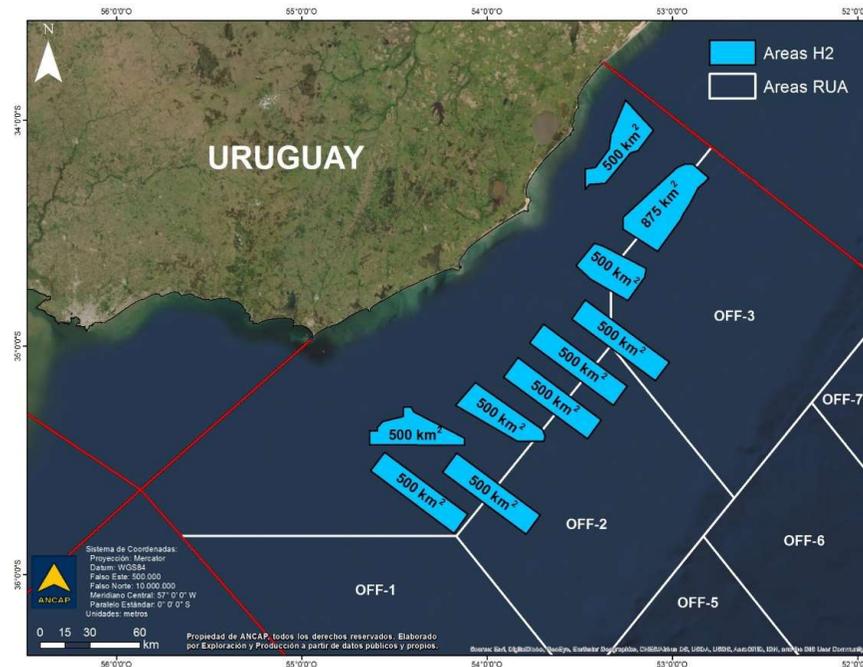
FLEXIBILITY for the contractor to propose development concept including:

- Offshore/Onshore Electrolysis
- Project scale (phases)
- Type or H₂ Carrier (NH₃, LH₂, etc)
- Market/Off-taker

H2U OFFSHORE



[Data/information/map obtained from the] "Global Wind Atlas 3.0, a free, web-based application developed, owned and operated by the Technical University of Denmark (DTU). The Global Wind Atlas 3.0 is released in partnership with the World Bank Group, utilizing data provided by Vortex, using funding provided by the Energy Sector Management Assistance Program (ESMAP). For additional information: <https://globalwindatlas.info/>"



Several Analogies with E&P Contracts:

- 2 bidding rounds per year
- Evaluation Subperiods
- Relinquishment of Areas
- Commit development after 10 years of Evaluation only if feasible
- 60 years of production

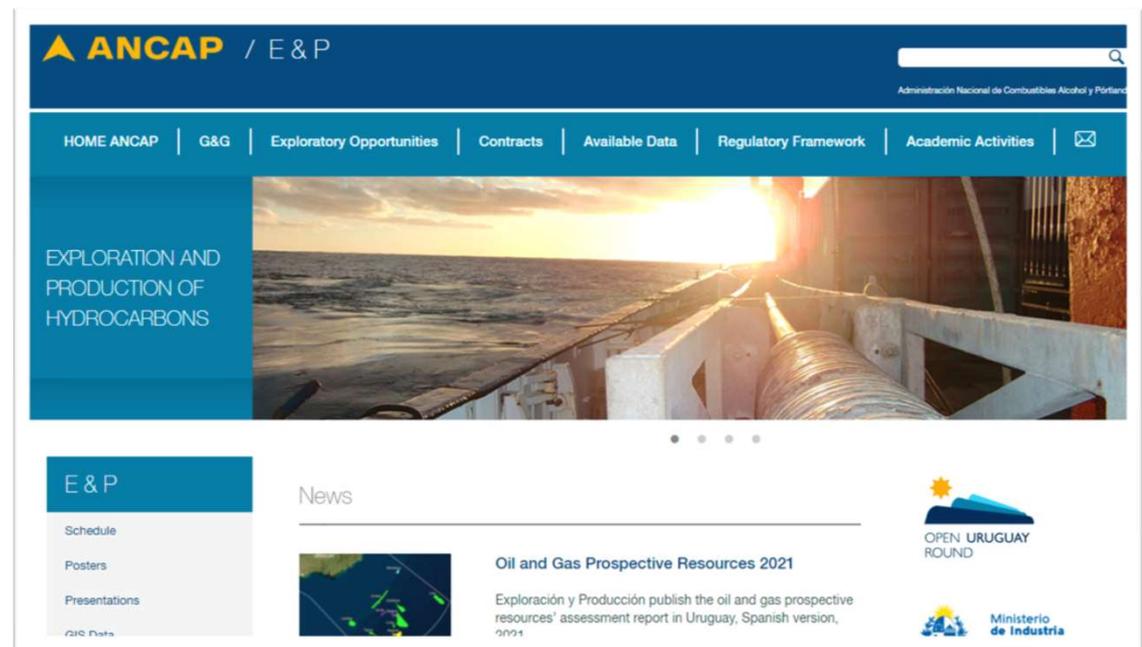
- No interference between H2U and Open Uruguay Round
- Synergy in administrative procedures for companies interested in both projects

Conclusions

WEB PAGE:

<https://exploracionyproduccion.ancap.com.uy/>

- Geological information about Uruguayan offshore and onshore basins
- Available E&P database
- Bidding Round terms
- Map of offered areas
- Posters
- Contract Models
- Contact information
- Presentations
- Spreadsheet for comparison of offers
- VIRTUAL DATA ROOMS
- H₂U Project web page will be available soon



CONCLUSIONS

- Uruguay is a reliable and stable country, leader in generation of clean energies; above ground risks minimized
- 28 Multiclient contracts and developing several more
- Open Uruguay Round already in place and starting to show results
 - Huge available database, reducing exploratory risks
 - Important analogies with huge discoveries offshore Namibia
 - 3 offshore areas offered in Open Uruguay Round for the 2nd Instance of 2022
 - Very large areas with several leads and prospects each
 - Excellent opportunity to acquire an asset with extremely low exploratory program requirements, good bidding round and contract terms
- ANCAP is also promoting green H₂ offshore production
 - Official bidding round terms and contract model by the end of 2022
- Synergies between the two projects for energy companies



THANK YOU FOR YOUR
ATTENTION!

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