

## **Prequalification Criteria for Participation in the Competitive Bid Rounds in Trinidad and Tobago**

The prequalification for participation in Competitive Bid Rounds in Trinidad and Tobago (T&T) is divided into five categories:

1. Legal
2. Financial
3. Technical
4. Health, Safety and the Environment
5. Local Content

Application for prequalification must be submitted by any company wishing to participate in the bid round process despite any previous submissions.

### **1. LEGAL:**

The purpose is to define the company as a legal entity.

- a. Evidence of the company's or firm's incorporation, and/or countries of registration, address of the head office; details of ownership and mergers in the past five years;
- b. The company's primary business activity;
- c. The organizational chart and number of persons employed by country and/or region;
- d. The professional experience of the key management staff (Board of Directors, CEO and Divisional Managers);
- e. Names and qualification of members of the Board of Directors and other directorships held;
- f. Details regarding court cases and arbitrations in which the bidder has been involved during the last five years. This should cover whether the company had failed to fulfil contracts;
- g. Details of existing projects and ventures, future commitments, including work programs or risks, inclusive of those that might impact the company's ability to

implement any future work programs relating to the T&T concessions in which they may become parties;

- h. Details of business activity conducted in T&T to date;
- i. If the company or firm is subject to USA SEC rules, latest evidence that the entity is SOX (Sarbanes Oxley Act) compliant.

## **2. FINANCIAL:**

The purpose is to establish the company's financial strength on an ongoing basis and its capacity to finance ongoing and prospective oil and gas activities.

Financial documents required:

- a. Latest audited financial statements for the applicant company for the last three years to include the balance sheet, income statement, statement of retained earnings, cash flow statement, notes to the accounts and the Directors' report;
- b. Two Bank references ;
- c. The auditor's opinion letter referencing the financial statements of the company, signed by an independent public accountant, certifying that the documents reflect the real condition of the company and have been prepared in accordance with the relevant accounting and reporting standards;
- d. The applicant company's present and historical credit rating from Standard & Poor's Rating Services and/or Moody's Investor Services Inc. ratings, if available, or lines of credit, credit agreements, and any other bank reference;
- e. Details of medium-term plans, if these are expected to materially alter the financial status of the company;
- f. Any additional information supporting the financial capacity of the applicant;
- g. A minimum net worth needs to be established for each operating area, e.g. onshore and offshore (shallow and deep).

*After submission of these documents, MEEI will then employ detailed criteria for qualification - a liquidity ratio of 1:1, a return on capital employed of at least 10%, financial gearing less than or equal to 50% and positive cash flows.*

### **3. TECHNICAL:**

The purpose is to demonstrate the company's operational competence in oil and gas exploration and production activities.

- i. Non-Operator: This should generally include submission of an overview of each company's primary activities and its relationship with the parent company, if applicable. This would only allow this company to participate as part of a Consortium with a qualified "Operator" Company or Companies.
- ii. Operator: The Operator category shall be subdivided to allow a company to operate in either onshore, shallow, average and deep water or all water depths. Shallow water is defined as water depths less than 400 metres, average as greater than 400 metres but less than 1000 metres and deep as greater than 1,000 metres.
  - "A" Operator: can operate in any block
  - "B" Operator: can operate in onshore or shallow and average water areas
  - "C" Operator: can operate in onshore areas only

Operators are required to submit:

- a. Details of technical competencies of staff in the field of oil and gas exploration and production;
- b. Reserves, production type (oil/gas) and volumes for the past five years;
- c. A summary of technical capability and information on current exploration and production activities. This may include for example: high pressure, high temperature, production of heavy oils, exploration and production in environmentally sensitive areas, production in complex geological regions;

#### **4. HEALTH, SAFETY AND ENVIRONMENT (HSE):**

For qualification, a company must provide evidence of proper operational procedures and sensitivity related to issues surrounding health, safety and the environment. The purpose is for the company to demonstrate its ability to observe international standards. Companies are required to submit:

- a. HSE policy statement
- b. ISO Certification
- c. HSE record for previous five years e.g.: oil spills, site injuries, mechanical/structural failures, environmental impact and remediation efforts
- d. Future plans regarding HSE certification and practices.

#### **5. LOCAL CONTENT:**

The purpose is to maximise the level of usage of local goods and services, people, businesses and financing. For qualification, companies must demonstrate:

- a. Past performance in sourcing of local goods and services used in operations
- b. Employment and the transfer of technology and skills to local persons.

*See Appendix 1 for Point System*

## **APPENDIX 1**

### **Point system**

#### **Onshore E&P Operations:**

10 points- Companies that are Operators in onshore exploration,

10 points- Companies that are Operators in onshore production

5 points- Companies that are Non-operators in onshore exploration

5 points- Companies that are Non-operators in onshore production

#### **Offshore shallow water E&P Operations:**

10 points- Companies that are Operators in offshore exploration,

10 points- Companies that are Operators in offshore production

5 points- Companies that are Non-operators in offshore exploration

5 points- Companies that are Non-operators in offshore production

#### **Offshore deep/ultra-deep water E&P Operations:**

10 points- companies that are Operators in deepwater exploration,

10 points- Companies that are Operators in deepwater production

5 points- Companies that are Non-operators in deepwater exploration

5 points- Companies that are Non-operators in deepwater production

**Point Table: Experience vis-a vis Place of Operation**

Operational Environment	Experience Y(years)		
	$2 \leq T < 5$	$5 \leq T < 10$	$T \geq 10$
Onshore	5	10	15
Shallow waters	10	15	20
Deep waters	15	20	25

**Point Table: Experience vis-a vis Area of Activity**

Area of Activity	Time of experience Y(years)		
	$2 \leq T < 5$	$5 \leq T < 10$	$T \geq 10$
Exploration	3	6	9
Drilling	3	6	9
Reservoirs Evaluation	3	6	9
Production	3	6	9

Points for:

- a. Level of oil production: One (1) point for each thousand barrels per day of oil equivalent. This would only apply to operated production. This should be only up to a maximum of ten (10) points.
- b. E & P in adverse conditions: ten (10) points or more for companies that provide evidence of experience in operating in adverse environments such as high pressure, high temperature, production of heavy oils, production in environmentally sensitive areas, production in very remote areas
- c. Environmental: (thirty (30)points)Statement of environmental policy, HSE policy statement, safety record for previous five years

- d. Local Content: (thirty (30) points) Experience in past performance in sourcing of local goods and services used in operations, evidence of past performance in employment of local persons and evidence of past performance in transfer of technology and skills to local persons.

Operators will be qualified in their particular category utilising the following point scheme:

<40% of the points: will not qualify

40-50% of the points: "C Operator",

50-75% of the points: "B Operator".

>75% of the points: "A" Operator".

**Only those Operators qualified as "A" and "B" will be chosen to operate in the deep water and environmentally sensitive areas**

***Once prequalification status has been granted, it shall remain valid for a period of three years from the approval. All prequalified companies are required to notify the MEEI whenever there is an adverse material change in their status following prequalification.***