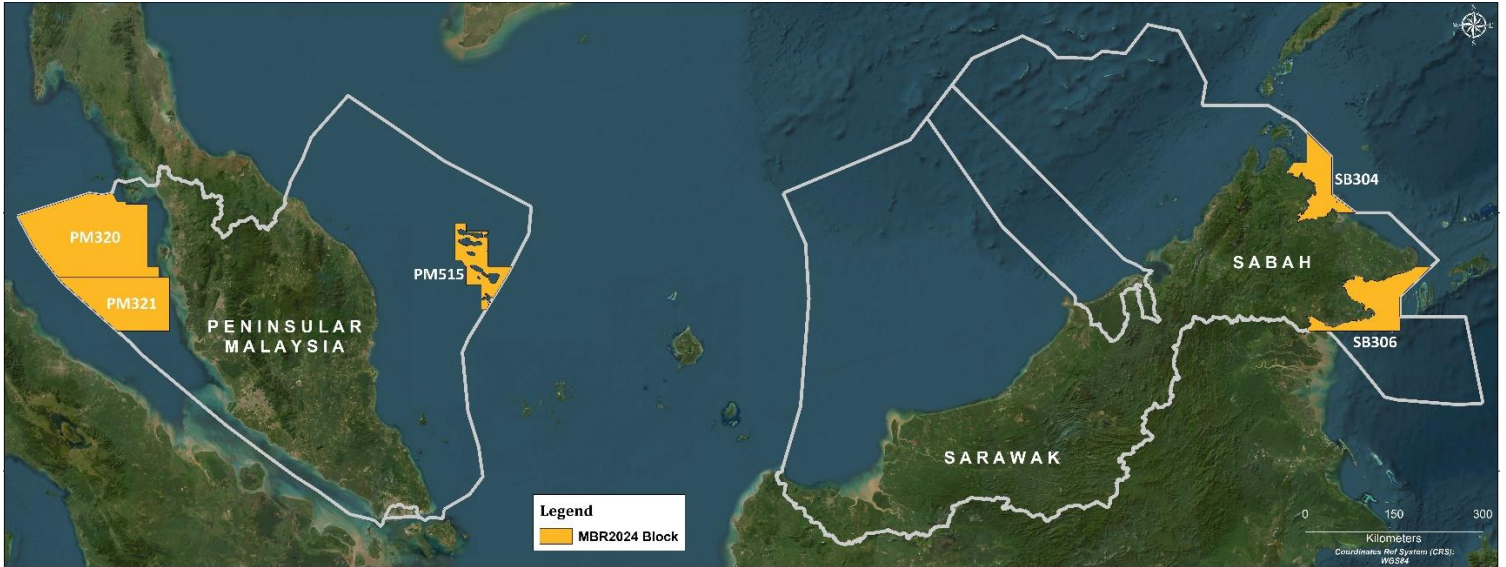


BID GUIDELINE FOR EXPLORATION BLOCKS



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PLEASE REFER TO THE RESPECTIVE LINK LOCATED UNDER "INVITATION TO BID" TAB FOR THE FOLLOWING ATTACHMENTS:

ATTACHMENT A	SHALLOW WATER ENHANCED PROFITABILITY TERMS (EPT) PSC
ATTACHMENT B	STANDARD JOA DRAFT

1. INTRODUCTION

1.1 Disclaimer

No part of this document may be reproduced in any form possible, stored in a retrieval system, transmitted and/or disseminated in any form or by any means (digital, mechanical, hard copy, recording or otherwise) without the permission of PETRONAS.

1.2 Purpose

This Bid Guideline outlines the requirements and information on the bidding procedures, process and timeline for the interested bidders that have registered their interest to participate and to submit bid in the Malaysia Bid Round 2024 ("MBR 2024").

Other relevant information and key documents relating to the MBR 2024 includes the following:

- a. [Company Qualification Process and Criteria](#)
- b. [Exploration Blocks for Bidding](#)
- c. [Bidding Timeline](#)

Additional documents as listed below will be made available upon the signing of End User Agreement ("EUA") in the PETRONAS myPROdata platform:

- a. Draft of Production Sharing Contract ("PSC")
- b. Draft of Joint Operating Agreement ("JOA")

1.3 Bidder Requirements and Compliance Standards

- a. The bidders shall, at all times prior to, during and after the submission of its bid proposal, exercise reasonable care and due diligence to prevent the occurrence of any act or omission which would result in a situation of conflict of interest contrary to the best interest of PETRONAS. The obligations herein contained shall be applicable to the relationship between the employees, agents, sub-contractors and representatives of the bidders with the employees, agents, families and/or representatives of PETRONAS.
- b. The bidders shall neither, at any time prior to, during or after submitting the bid proposal, make or offer any payment, gift, promise, benefit, payment of unlawful gratuities, or other advantage (whether pecuniary or otherwise) of any nature whatsoever, whether directly or through intermediaries, to or for the benefit of any person, including any employee, representative or agent of PETRONAS or any public official (i.e. any individual performing an official function of a department in the Government of Malaysia, public agency, public enterprise, public international organization or political party) where such payment, gift, promise, or advantage will influence or may potentially influence the outcome or any part of the bidding exercise in favor of the bidders thereby violating the laws of Malaysia or the principles described in the United Nations Convention Against Corruption, which entered into force on 5 December 2005.
- c. The bidders shall, with respect to any matter arising out of this bid:
 - (i) maintain adequate internal control;
 - (ii) accurately record all transactions in its books and records; and
 - (iii) comply with all applicable laws in Malaysia.

- d. In the event that any one or all of the bidders are in breach of the terms and conditions of this clause or any part thereof for any reason whatsoever, PETRONAS shall be entitled to terminate the entire bidding exercise in respect of that bidder only or in respect of all the bidders without any compensation.

1.4 PETRONAS' Rights

- a. PETRONAS' decision to award a PSC to the winning bidders shall be final and not subject to further discussion.
- b. PETRONAS reserves the absolute right to reject any bid or abort the bidding exercise without assigning any reason whatsoever.
- c. The terms and conditions of PETRONAS' shallow water Enhanced Profitability Terms ("EPT") PSC is **non-negotiable**.
- d. PETRONAS reserves the right to request for additional information from the bidders for the purpose of evaluating the bid proposals.
- e. PETRONAS reserves the absolute right to construct a joint venture partnership post bid submission.

The broad principles in constructing the joint venture partnership are as follows:

- i. The winning bidder for the offered block shall be appointed as the Operator.
 - ii. Suitable unsuccessful bidders may be offered the opportunity to be the partner in the block based on PETRONAS' right asset right player analysis and this principle is applicable to both single bid or joint bid.
 - iii. For blocks that received sole bid, PETRONAS Carigali Sdn. Bhd. ("PCSB") will be offered the opportunity to become the partner; and
- f. The terms of the PSC will be based on the agreed terms between PETRONAS and the Contractor(s).
 - g. PETRONAS reserves its right to terminate the award at any time upon the occurrence of any of the following event:
 - i. failure by the winning bidder to comply with the conditions stipulated in the Letter of Award including but not limited to failure to submit the Bank Guarantee ("BG") and/or Parental Guarantee ("PG") if required, to PETRONAS, prior to PSC and JOA signing date;
 - ii. upon discovery(ies) of any integrity issues, non-performance and breach of contract by the winning bidder in other contracts or that of its related corporation, shareholders or directors with any entity within PETRONAS Group of Companies.

1.5 State-Owned Entity ("SOE") Participation

SOE constitutes Sarawak state-owned entity **Petroleum Sarawak Exploration & Production Sdn. Bhd. ("PSEP")** and Sabah state-owned entity **SMJ Energy Sdn. Bhd. ("SMJ")**.

SOE aspires to be carried up to 15 per cent (15%) Participating Interest ("PI") for the exploration Minimum Work Commitment ("MWC") in any new PSC.

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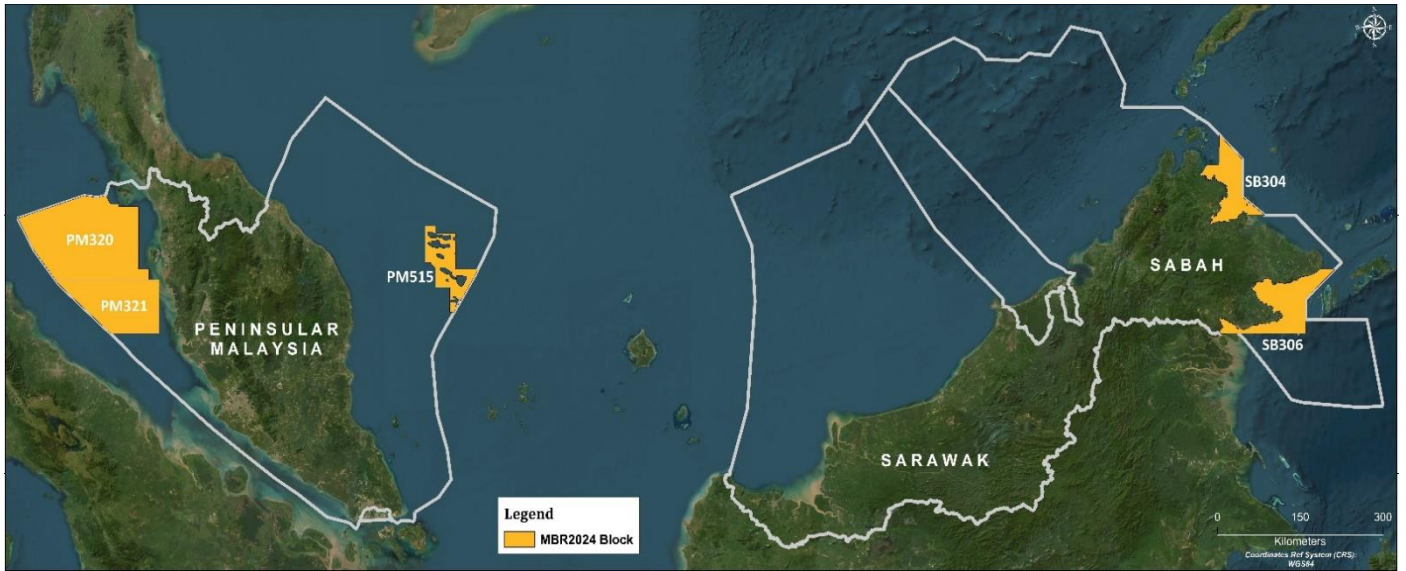
Bidders to liaise with SOE focal person on the partnership opportunity and such arrangement shall be finalised **prior to bid submission**.

The SOE focal persons are:

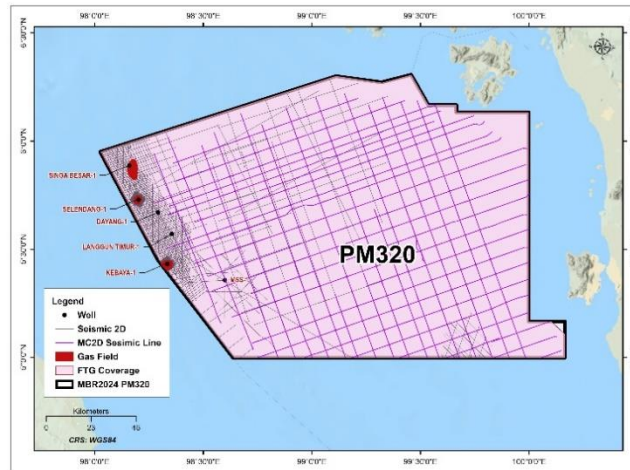
- i) PSEP: jeremy.wong@petroleumsarawak.com; and/or
- ii) SMJ: Dionysia@smjenergy.com

2. Exploration Blocks for Bidding

For MBR 2024, PETRONAS is offering five (5) exploration blocks as depicted below.



2.1 Blocks Details



- 2.1.1 Block Name : PM320
 Water Depth (m) : 30 - 120
 Block Size (sqkm) : 25,200
 Field(s) included : Kebaya, Selendang, Singa Besar
 Nearby facility : Nil
 Exploration Period : Two-Phase Exploration
 Phase 1: 3 Years
 Phase 2: 2 Years
 Expected MWC : Phase 1: To license Multi-Client 2D (MC2D) seismic
 Phase 2: To drill a minimum of one (1) well
 Signature Bonus : Nil
 PSC Term : Shallow water Enhanced Profitability PSC Terms

(Appendix 1)

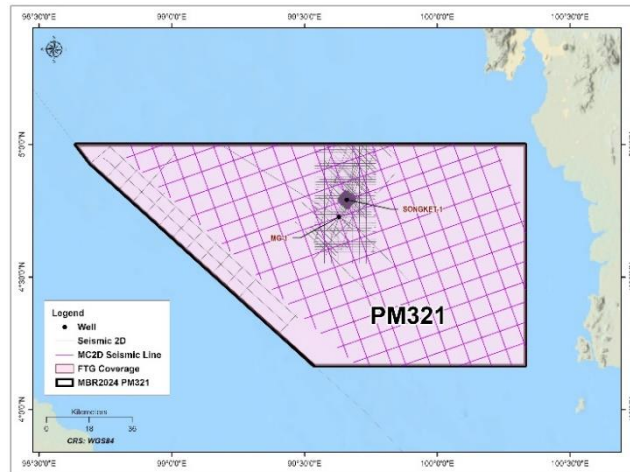
Block PM320 is the largest acreage offered in MBR 2024 with area size over 25,000 sqkm. The block is located in the Langkasuka Basin where two (2) discoveries, Kebaya and Selendang were made in the Tertiary section within and adjacent to the block.

Apart from the legacy 2D seismic, the block has extensive coverage of the latest MC2D seismic data leveraging on low-frequency source technology and Full Tensor Gradiometry (FTG) data, enabling better prospect identification and maturation effort in the largely untested Pre-Tertiary play.

Singa Besar-1 successfully encountered gas in the Pre-Tertiary reservoir with average porosity of 16% and Drill Stem Test (DST) flowed at 3.7 MMscf/day. PETRONAS has also embarked on the Onshore NW Peninsular study to further understand the extension of Pre-Tertiary in the offshore area. The outcrop observation and lab analysis indicated that:

- a. Excellent source rock potential within the Timah Tasoh Formation and Kubang Pasu Group (>5% TOC).
- b. Potential carbonate reservoir presences in Setul Group, Chuping Formation and the clastic reservoirs of the Kubang Pasu Group (porosity up to 20%)

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- 2.1.2 Block Name : PM321
Water Depth (m) : 10 - 100
Block Size (sqkm) : 12,854
Field(s) included : Nil
Nearby facility : Nil
Exploration Period : Two-Phase Exploration
Phase 1: 3 Years
Phase 2: 2 Years
Expected MWC : Phase 1: To license MC2D seismic
Phase 2: To drill a minimum of one (1) well
Signature Bonus : Nil
PSC Term : Shallow water Enhanced Profitability PSC Terms

(Appendix 1)

Block PM321 is a shallow water block located to the south of Block PM320 where both are part of the Langkasuka Basin. This block has extensive coverage of the latest MC2D seismic data leveraging on low-frequency source technology and FTG data, enabling better prospect identification and maturation effort in the largely untested Pre-Tertiary play.

Two wells, Songket-1 and MG-1 were drilled based on sparse 2D seismic targeting Tertiary synrift plays within the graben onlap structures. Although the results were not encouraging, both wells successfully penetrated good reservoir with about 60 meter thickness.

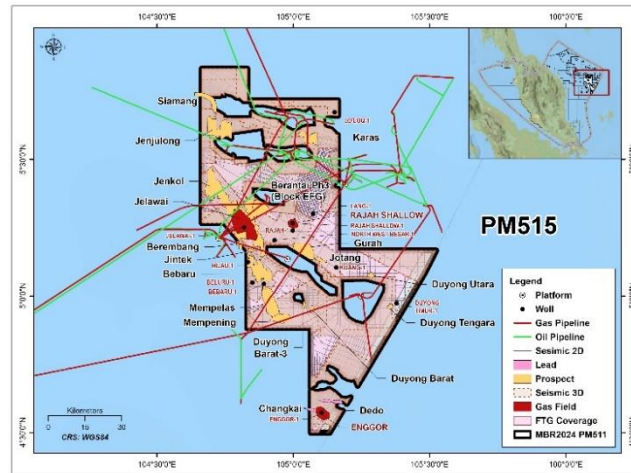
Similar to Block PM320, PETRONAS has embarked Onshore Northwest Peninsular study to understand the extension of Pre-Tertiary in the offshore area.

Working petroleum system is expected to be present based on the outcrop observation and lab analysis:

- a. Excellent source rock richness within Timah Tasoh Formation and Kubang Pasu Group (>5% TOC).
- b. Potential carbonate reservoir presence in Setul Group and Chuping Formation and clastic reservoirs in Kubang Pasu Group (porosity up to 20%).

The new evaluation and latest multiclient data provide better geological understanding and hydrocarbon potential for future exploration in Blocks PM320 and PM321.

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- 2.1.3 Block Name : PM515
Water Depth (m) : 60 - 80
Block Size (sqkm) : 5,119
Field(s) included : Enggor, Rajah Shallow, Jelawai
Nearby facility : Angsi, Besar, Duyong, Bekok
Exploration Period : Single Phase (4 Years)
Expected MWC : To license Multi-Client 3D (MC3D) seismic reprocessing and to drill a minimum of one (1) well
Signature Bonus : Nil
PSC Term : Shallow water Enhanced Profitability PSC Terms

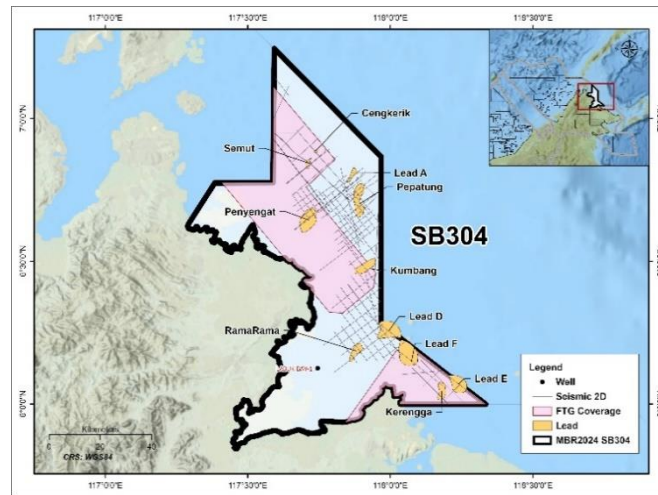
(Appendix 1)

Block PM515 is located within Malay Basin, 150 km off the east coast of Peninsular Malaysia. The block is extensively covered with various legacy 2D and 3D seismic data. Furthermore, a newly reprocessed MC3D mega-merged regional seismic data provides enhanced subsurface images which critical in the evaluation of block prospectivity. In addition, the block is also complimented with full coverage of FTG data.

The new data is expected to reveal various exploration potentials in the block. The exploration key highlight would be focusing on pursuing the extension of Angsi's Group I producing reservoirs. Other channel features are also prominent and clearly defined in the shallow Group E to the deeper Group H. Upside potentials lie in the synrift play of Group M and the basement play analogous to Gansar and Anding fields respectively. Pre-Tertiary carbonate is another interesting target to be pursued proven by Sotong-1, which penetrated approximately 300m reservoir with oil show.

The block is surrounded by a well-connected infrastructure providing opportunities for cluster development and tie-in to the nearest hubs.

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- 2.1.4 Block Name : SB304
Water Depth (m) : 0 - 20
Block Size (sqkm) : 6,167
Field(s) included : Nil
Nearby facility : Nil
Exploration Period : Two-Phase Exploration
Phase 1: 3 Years
Phase 2: 2 Years
Expected MWC : Phase 1: To acquire new seismic
Phase 2: To drill a minimum of one (1) well
Signature Bonus : Nil
PSC Term : Shallow water Enhanced Profitability PSC Terms

(Appendix 1)

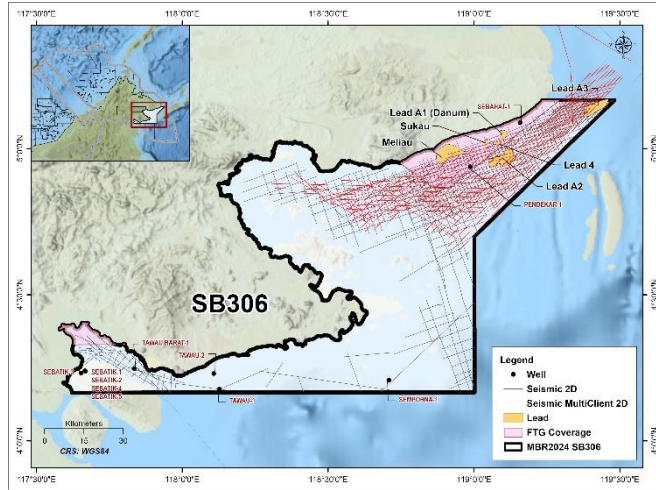
Block SB304 is located northeast off the coast of Sabah and covers an area of over 6,000 sqkm. It is surrounded by proven petroleum system in the Sandakan Basin. Numerous structural high in the Tertiary section have been the main exploration focus where several interesting geological features associated with structural traps.

The legacy 2D seismic data imaging within the block is generally of fair quality. Previously, the section below 2 seconds was interpreted as basement. However, a recent East Sabah Regional Prospectivity study undertaken by PETRONAS indicated that the "basement" section of Oligocene age is believed to be thick clastic sediment, where the upper part is exposed in the Kudat area. The extensive shallow marine sediment is interpreted to be contiguous from onshore outcrops to the offshore area. Huge potential remains to be unlocked in the Oligocene shallow marine clastic play which consists of Kudat and Labang Formation.

As part of the data enrichment initiatives, a seismic reprocessing on legacy 2D data is ongoing to provide better imaging which critical to unlock the Miocene-Oligocene clastic potential. The new FTG data is also available in the data room to provide overview of the sub-basin's structural lineament and basement configuration.

Block SB304 is open for flexible two-phase exploration with first phase to acquire new seismic with detailed G&G studies, followed by second phase on option to drill or drop one well.

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- 2.1.5 Block Name : SB306
- Water Depth (m) : 0 – 200 m
- Block Size (sqkm) : 8,720
- Field(s) included : Nil
- Nearby facility : Nil
- Exploration Period : Two-Phase Exploration
 - Phase 1: 2 Years
 - Phase 2: 2 Years
- Expected MWC : Phase 1: To license MC2D seismic
Phase 2: To drill a minimum of one (1) well
- Signature Bonus : Nil
- PSC Term : Shallow water Enhanced Profitability PSC Terms

(Appendix 1)

Block SB306 is a large block located off the coast of Lahad Datu, with 60% of the area situated within the Sandakan basin and separated from the Semporna basin in the south by the Sulu ridge. The block has been covered by numerous 2D seismic vintages and FTG. To date, six wells have been drilled where three wells encountered gas shows within the Pliocene and Late Miocene targets.

An MC2D seismic data has just been acquired in 2023, covering the most prospective corner of the block. The new data provides denser 2D seismic line spacing for better prospectivity mapping and enhanced deep imaging. In the shallowest water transition zone where seismic operation is challenging, a newly completed FTG data will complement the geological evaluation.

The latest regional prospectivity study on East Sabah undertaken by PETRONAS has identified multi-TCF Middle Miocene carbonate potential to be explored. A further detailed multiclient prospect evaluation study namely the East Sabah Multiclient Study is also available through our service provider to expedite the prospect generation and maturation efforts. Bidders are expected to license MC2D seismic in the first phase and followed by option to drill or drop one well in the second phase.

3. Bidding Process

3.1 Bidding Timeline

Please refer to **Appendix 3** for the overall MBR 2024 process timeline. The key dates for the MBR 2024 are as per Table 1 below:

Table 1 Key Dates for MBR 2024

DATE	DETAIL ACTIVITY
23 January 2024 (Tuesday)	<p>Data Room Access</p> <ul style="list-style-type: none"> Technical Subscription to PETRONAS myPROdata is a prerequisite for MBR 2024 participation as the information relating to MBR 2024 is available in the platform. All bidder(s) to ensure that respective subscriptions are active/valid for the entire data room period, otherwise, to renew for access to the bid round dataset.
31 May 2024 (Friday)	<p>Company Qualification Deadline</p> <ul style="list-style-type: none"> All required information and related documents with regards to the Company Qualification process must be submitted by bidders.
1 July 2024 (Monday)	<p>Company Qualification Result</p> <ul style="list-style-type: none"> PETRONAS will notify bidders on Company Qualification result.
15 July 2024 (Monday)	<p>Deadline for Clarification</p> <ul style="list-style-type: none"> Deadline for bidders to submit clarification question(s) on blocks on offer, the PSC draft and the bidding process. PETRONAS will provide the fair copy of the PSC to the bidders.
1 August 2024 (Thursday)	<p>Bid Submission Deadline</p> <ul style="list-style-type: none"> Data room is officially closed and bidders shall no longer have access to the data room. Bidders to submit bid by 5:00 pm (Malaysia time), 1 August 2024. Data room participants are required to submit the technical evaluation reports by 5:00 pm (Malaysia time), 1 August 2024
2 August 2024 (Friday) – 20 September 2024 (Friday)	<p>Bid Evaluation, Clarification and Selection</p> <ul style="list-style-type: none"> Bid evaluation process being conducted. During the bid evaluation period, clarification sessions will be held with the respective bidders (if required).
October 2024	<p>PSC Award</p> <ul style="list-style-type: none"> Letter of Award will be issued to the winning bidders together with the final copy of the PSC. The winning bidder must respond on the acceptance of the award within 10 working days from the date of Letter of Award. In the event of late or no acceptance, PETRONAS reserves the right to award the PSC to another bidder. As a condition to the award, the JOA should be approved by PETRONAS and the winning bidder should submit the Bank Guarantee ("BG") and/or Parental Guarantee ("PG") to PETRONAS (if required) prior to PSC and JOA signing.
1st week of December 2024	<p>PSC and JOA Signing</p> <ul style="list-style-type: none"> Signing of the PSC and the respective JOA.

PETRONAS reserves the right to change the dates if deemed necessary and shall disclose the new date(s) to bidders accordingly.

3.2 Data Review Instructions

The data review will be conducted online via the PETRONAS myPROdata platform. The online data room will contain both technical and bidding information pertaining to all exploration blocks listed for bidding in the MBR 2024, which will be loaded accordingly in its respective folders.

3.2.1 PETRONAS myPROdata Platform

PETRONAS myPROdata is a web-based platform that provides greater access and transparency to Malaysia's Exploration & Production ("E&P") data. Interested bidders are required to enter into EUA prior to accessing PETRONAS myPROdata platform for the data review.

Invitation To Bid (ITB) documents including PSC and JOA drafts as well as other supporting documents related to the bidding process will also be made available in the platform.

Access to PETRONAS myPROdata platform is available through subscription via <https://www.petronas.com/myprodata/>. This platform comes with different data entitlements and subscription fees as follows:

1. **Premium (RM89,000*)**
User has full access to the entitled data (view and download). Data entitlement includes the Standard access/subscription level data and data from **active** PSC blocks or fields.
2. **Standard (RM68,000*)**
User has full access to the entitled data (view and download). Data entitlement includes the general information and data related to the Malaysia Open blocks, Discovered Resource Opportunity (DRO), regional geology and cultural data, and field, well, or block metadata.
3. **Bid Round (RM42,000*)**
User has full access to the entitled data (view and download). Data entitlement includes all technical data related to the exploration block and DRO cluster offered in the MBR 2024. Existing Standard and Premium subscribers are entitled to a free access to the bid round datasets. Please ensure that your subscriptions are active/valid for the entire data room period, otherwise a renewal is required to get access to the bid round dataset.
4. **Virtual Data Room (VDR) (RM30,000*)**
The VDR is newly introduced platform that comes with interpretation tools function to directly visualise and analyse the Exploration technical data without the need to download the data. This VDR is accessible starting from **26 February 2024 (Monday)**. The above subscription fee allows access for a period of two weeks. Additional fee will be imposed for longer access period. User may contact MBR Admin at vdr.admin@petronas.com for the subscription, scheduling, and payment processes.

**Subscription fee is subject to Service Tax regulated by Malaysian Customs.*

Any queries and support services related to PETRONAS myPROdata shall be sent via email to PETRONAS myPROdata support at support.myprodata@petronas.com

Access to the data room for all Exploration blocks listed for bidding will be available **from 23 January 2024 to 1 August 2024 at 5:00 pm Malaysia time.**

3.3 Company Qualification Process and Criteria

The Company Qualification Process (formerly known as Pre-Qualification Process) which was introduced in MBR 2023, is to assess company's capabilities to be pre-qualified either as the Operator or Non-Operator for the block. There are two requirements to be fulfilled namely:

- (i) Completion of the Know Your Counterparty (KYC) Self-Declaration Questionnaire; and
- (ii) Completion of Company Qualification Questionnaire.

Bidders are required to register a focal person as company's sole representative on matters related to Company Qualification Process at [MBR Online Portal](#) starting **1st March 2024**.

Details of the Company Qualification process are explained below:

- 3.3.1 Bidders are required to fill up the KYC Self-Declaration Questionnaire which covers 6 sections:

- Section A: Company Information
- Section B: Ethics & Integrity
- Section C: Sanctions
- Section D: Export Control
- Section E: Data Privacy/Personal Data Protection
- Section F: Competition

- 3.3.2 PETRONAS are obligated to conduct appropriate third-party due diligence to understand the business and background of the prospective business counterparties to ensure that the parties are subscribe to the same values and ethical standards of integrity as PETRONAS in the conduct of their business. Submission of KYC questionnaire shall be conducted digitally via the PETRONAS myCompliance website. Access will be provided to company focal based on MBR Online Portal registration.

- 3.3.3 In addition to the item 3.3.1, bidders are also required to complete a set of Company Qualification Questionnaire together with the relevant supporting documents via [MBR Online Portal](#). Bidders will be evaluated based on Health, Safety, Security and Environment (HSSE), organisational capability, track records, financial capability and leadership assessment. The details of Company Qualification Criteria are shown in **Appendix 4** and details of the Company Competency Evaluation Scoring & Weightage are explained in **Appendix 5**.

- 3.3.4 Bidders shall be pre-qualified based on two categories:

- (i) qualified to submit bid; OR
- (ii) conditionally qualified to submit bid.

- 3.3.5 Any clarifications with regards to the Company Qualification process must be submitted by bidders no later than **31 May 2024 (Friday)**.

- 3.3.6 PETRONAS will notify the successful qualified and the conditionally qualified bidders via official letter by **1 July 2024 (Monday)**. The conditionally qualified bidders may require to submit proof of company's additional funding or form a partnership/consortium in order to be qualified to submit bid.

- 3.3.7 In relation to Article 3.3.6, the conditionally qualified bidders are required to inform PETRONAS on any partnership/consortium arrangement via official letter and submit proof of company's additional funding as well as relevant documentation for the newly formed partnership/consortium latest by **15 July 2024 (Monday)**.

3.3.8 PETRONAS will notify the successful qualified partnership via issuance of the official letter no later than **22 July 2024 (Monday)**.

3.4 Bidding Clarification

Any questions and/or requests for clarification related to MBR 2024 must be submitted via email to mbr-query@petronas.com.my by **15 July 2024 (Monday)**.

Bidders' questions and/or clarification requests will not be viewed by other bidders. PETRONAS reserves the right not to respond to questions and/or requests for clarification on topics which are deemed to be unrelated to the MBR 2024.

3.5 Online Bid Submission and Deadline

Bid Form is to be filled up online and bidders are required to complete every section in the Bid Form via [MBR Online Portal](#).

In addition, the following bid documentations are required to be submitted in the portal:

- a. Cover Letter for the bid submission with company letterhead
- b. Bid Form (please complete every section in the Bid Form)
- c. Exploration Strategy
- d. Work Plan and Schedule
- e. Technical Evaluation of the block that includes at least:
 - i. Geological Setting and Petroleum System
 - ii. Prospectivity and Exploration Potential
 - iii. Geological Risk Assessment

The contents of the Technical Evaluation Report shall adhere to the format as shown in **Appendix 6**. All data room participants are required to submit online the Technical Evaluation Report for the block(s) that was evaluated via [MBR Online Portal](#)

The deadline for bid submission is no later than **1 August 2024 (Thursday) at 5:00 pm Malaysia time**.

4. Bid Evaluation Scoring

4.1 Bid Evaluation Methodology

Only the pre-qualified bidders are eligible to submit bid where bidders will be assessed based on the proposed exploration MWC. The winning bidders will be selected by the bidders that proposed highest MWC.

Exploration MWC Scoring

- a. Bidders are required to submit a MWC proposal that outlines seismic acquisitions and/or reprocessing, as well as the drilling of well(s), for each biddable exploration block.
- b. The scoring system is based on total points calculated from the proposed MWC, training and education commitments and later will be multiplied with weightage of each activity and type of Exploration Period (Single or Two-Phase).

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- i) Well commitments carry the most weightage of 50%: A wildcat well (sub-weightage 60%) is accorded higher points than an exploration/appraisal well (sub-weightage 40%). The total well score is determined by the number of wells and the total aggregate well depth (meters).

Total Well(s) Score = [(a x b) + (c x d)] x e

Where,

- a = No. of wells*
- b = PETRONAS wells standard cost**
- c = Aggregate well depth*
- d = PETRONAS well depth standard cost (to convert the unit from foot to meter)**
- e = Weightage***

* biddable items

** constant multiplier based on PETRONAS standard cost estimate as per

Appendix 7.

*** Wildcat/Appraisal well

Calculation example (for illustration purposes only):

A bid proposal of 2 wildcat wells with a total of 6,000 meters aggregated depth.

Total Well(s) Score: $[(2 \times 2.5) + (6,000 \times 0.0005)] \times 60\% = 21$ points.

- ii) Seismic and non-seismic commitments carry the second highest weightage of 35%. The breakdown of score by activity are as follows:

Activity	Formula scoring	Calculation example (for illustration purposes only)
a) seismic acquisition (45%)	i. 3D = a x b ii. 2D = c x d	A bid proposal of 1,000 sqkm of 3D seismic acquisition. Total Seismic Score: 1,000 sqkm x 0.004 = 4 points
b) seismic reprocessing (30%)		
c) non-seismic activity (25%)	i. CSEM = c x d ii. Seabed Geochem = e x f iii. Gravity & Magnetic = a x b iv. FTG = c x d	

Where,

- a = square kilometers (sqkm)
- b = unit rate per sqkm
- c = line km
- d = unit rate per line km
- e = core
- f = unit rate per core

- iii) G&G studies carry 5% weightage. The score is determined by the proposed expenditure of the studies (1 point for each USD1 million)

Calculation example (for illustration purposes only):

A bid proposal to conduct G&G studies worth USD3 million.

Total G&G Study Score: USD3 million x 1 = 3 points

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- iv) Training Commitment carries 5% weightage. The score is determined by the proposed expenditure for the Training Commitment (1 point for each USD1 million)

Calculation example (for illustration purposes only):

A bid proposal to allocate USD300,000 for training commitment during exploration period.

Total Training Commitment Score: 0.3 point

- v) Education Commitment carry 5% weightage. The score is determined by the proposed expenditure for the Education Commitment (1 point for each USD1 million)

Calculation example (for illustration purposes only):

A bid proposal to allocate USD300,000 for education commitment during exploration period.

Total Education Commitment Score: 0.3 point

Details of the Exploration MWC Scoring Criteria & Weightage is as per **Appendix 8**.

- c. Contingent or conditional minimum work commitments will not score any points.
- d. The final score will be determined by multiplying weighted MWC total score with the Exploration Period type as follows:
 - i) 1.0: Single Phase Exploration Period
 - ii) 0.5: Two-Phase Exploration Period
- e. The proposed Minimum Financial Commitment ("MFC") is a non-biddable item and denotes the minimum amount of expenditure to be expended for the MWC and subsequently for penalty calculation for the non-fulfillment of the MWC. Hence, bidder shall propose a reasonable MFC corresponds to the current market cost (please refer to **Appendix 7** - the Cost Calculation Guide).

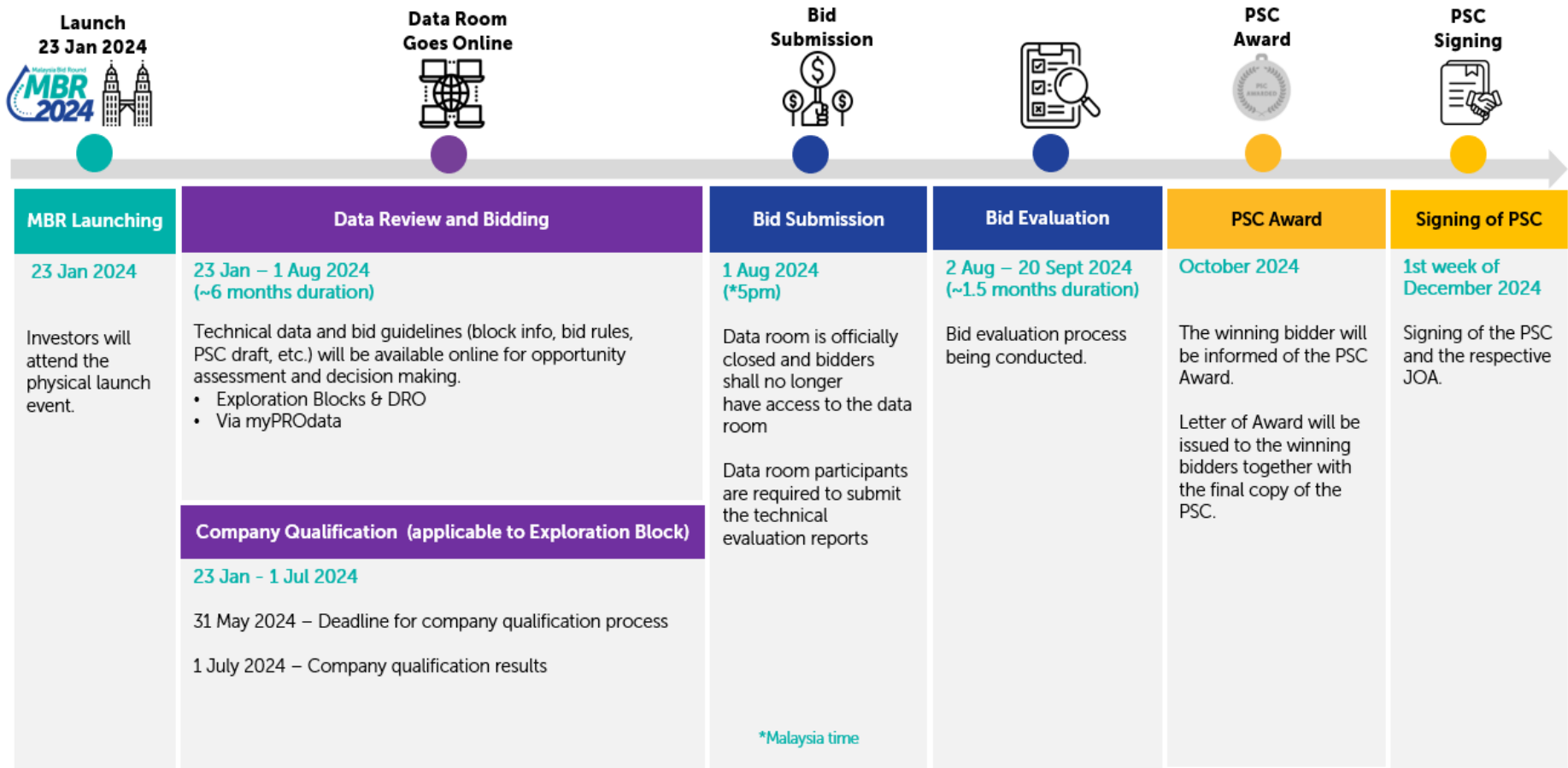
4.2 Notification to Winners

PETRONAS will notify the successful bidders on the award of the PSC in **October 2024**. If the entity of the winning bidder(s) is a foreign company, the winning bidder(s) or in the case of a consortium, all consortium parties are required to incorporate a local subsidiary company or register the foreign company as a branch under the Companies Act, 2016.

Appendix 1 Key Fiscal Terms of Shallow Water Enhanced Profitability Terms (EPT) PSC

<p>Key elements of the Enhanced Profitability Terms (EPT) PSC ("PSC Document") as summarised below. In the event of any conflict or inconsistency between the PSC Document (refer to Attachment A) and the summary below, the PSC Document shall prevail.</p>											
MAIN FEATURES	TERMS		PSC REFERENCE								
CASH PAYMENT	10%		Article 5 & Article 8								
CONTRACT PERIOD (YEARS)	Exploration Block	Phased Exploration									
<ul style="list-style-type: none"> ▪ Exploration ▪ Development ▪ Production 	<p>4/5</p> <p>4</p> <p>20</p>	<p>First Exploration Period: 3</p> <p>Second Exploration Period: 2</p> <p>4</p> <p>20</p>	Article 2, Article 8								
COST RECOVERY CEILING	70%		Article 5 & 8								
CONTRACTOR'S REVENUE OVER COST INDEX TABLE (OIL and GAS as single Cost Bank)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Profitability Index (PI)</th> <th style="width: 50%;">Contractor Profit Share</th> </tr> </thead> <tbody> <tr> <td>$0.00 \leq PI \leq 1.50$</td> <td>90%</td> </tr> <tr> <td>$1.50 < PI \leq 2.50$</td> <td>Linear sharing between 90% and 30%</td> </tr> <tr> <td>$PI > 2.50$</td> <td>30%</td> </tr> </tbody> </table>		Profitability Index (PI)	Contractor Profit Share	$0.00 \leq PI \leq 1.50$	90%	$1.50 < PI \leq 2.50$	Linear sharing between 90% and 30%	$PI > 2.50$	30%	Article 5 & 8
	Profitability Index (PI)	Contractor Profit Share									
$0.00 \leq PI \leq 1.50$	90%										
$1.50 < PI \leq 2.50$	Linear sharing between 90% and 30%										
$PI > 2.50$	30%										
Profitability Index (PI) equals to Cumulative Contractor Entitlement divided by Cumulative Recoverable Costs											
ABANDONMENT OBLIGATION AND CESS PAYMENT	<p><u>Abandonment Obligation:</u> Contractors shall be responsible for the Abandonment of all Petroleum Facilities (including existing Petroleum Facilities, if any).</p> <p><u>Abandonment Cess Payment:</u> Contractors shall start paying the abandonment cost ("Abandonment Cess Payment") for the future abandonment of the Petroleum Facilities on 1st March of the following year after the First Commercial Production.</p> <p>The Abandonment Cess Payment shall be made annually based on the formula which is linked to the Annual Production and as stated in the PSC.</p>		Article 30								
BANK GUARANTEE	A bank guarantee equivalent to the Minimum Financial Commitment is required to be submitted to PETRONAS as at the PSC Effective Date.		Article 10 & Appendix D								
PARENTAL GUARANTEE	If required by PETRONAS, Contractors to submit an irrevocable and unconditional Parental Guarantee from its ultimate parent company to PETRONAS as at the PSC Effective Date.		Article 10 & Appendix D								
INDEMNITY	Where there are more than one (1) Contractor under this Contract, the obligations and responsibilities of the Contractors under this Contract shall be joint and several.		Article 23								

Appendix 2 Malaysia Bid Round 2024 Timeline



Appendix 3 Details of Company Qualification Criteria

Potential bidders are expected to be able to carry out the scopes of the PSC with due consideration of the specific nature and challenges of the assets which may require tailored solutions and advanced technologies. Such bidders are expected to have the requisite upstream operating experience, technical capabilities including niche strengths, and financial strength to be considered for opportunities by PETRONAS.

The qualifications required are summarized as follows:

- a. **Technical Capability** – companies must demonstrate technical capability in the Exploration & Production (E&P) sector, specifically for the assets they wish to participate in. Hence, interested companies must submit:
 - i. **Company Profile** – organizational and shareholders structures of the bidder including its group and its subsidiary in Malaysia (if any), technical capability across E&P life of field (i.e. exploration, development, production and abandonment) including operating philosophy, track record, cost reduction efforts, technology applied and global portfolio of E&P assets; and
 - ii. **Management Profiles** – CEO, Leadership Team, HSE Leads & Technical Leads including detailed experiences in E&P sector (eg. position title, year in position, brief position description, etc) that will be operating/overseeing Malaysia operation (sample as per **Appendix 9**)
- b. **HSSE** – bidders must demonstrate a systematic approach in managing HSSE risks and ensuring compliance through:
 - i. **HSSE Management System** – a comprehensive HSSE Management System with relevant procedures to support implementation of the HSSE MS; and
 - ii. **HSSE Capability** – HSSE Lead has experience in leading HSSE within the oil & gas industry.

Bidders are required to submit the following information:

- Company HSSE policy
 - HSSE management system manual and list of procedures supporting the HSSE MS
 - CV of HSSE Lead
 - HSSE performance track record for the past 3 years, including but not limited to:
 - No. of manhours
 - No. of fatality
 - No. of LTI
 - No. of recordable case
 - No. of Major Loss of Primary Containment (LOPC)
 - No. of Major Fire
 - No. of Minor LOPC
 - No. of Minor Fire
- c. **Financial Capability** – bidders are expected to demonstrate financial capabilities to meet all the commitments related to the asset and will be assessed by:
 - i. **Capital Availability** – bidders have necessary financial resources to meet asset commitments. Bidders to demonstrate and provide related evidences/supporting documents to evident the committed sources of funding or affordability to raise sufficient funding to meet asset commitments.
 - ii. **Financial performance** via liquidity, leverage, profitability and efficiency ratio based on the recent 3-year audited financial statements which indicate whether the company could

MALAYSIA BID ROUND 2024 GUIDELINE

remain solvent for the foreseeable future; Altman Z-score; Net Tangible Assets (NTA) more than asset commitments.

For the purpose of the abovementioned assessment, bidders are required to submit the documents as listed in Appendix 4: Bid Deliverable Forms, Item 9 (c).

PETRONAS reserves the right to request for additional information for the purpose of evaluating the bidders' proposals and qualification.

Appendix 4 Company Competency Evaluation Scoring Criteria & Weightage

Area	Weightage	Criteria	Weightage	Category	Weightage	
Company Competency	100%	HSSE	10%	HSSE MS	10%	
				HSSE Leadership		
				HSSE Questionnaire		
				HSSE Performance		
		Organizational Capabilities	30%		Operatorship	10%
					In-house Expertise	10%
					Experience	5%
					Specific criteria	5%
		Track Record	10%		Exploration performance track record	10%
		Financial Capability	30%		Quantitative: Capital Availability	30%
					Quantitative: Altman Z-scores	
					Quantitative: NTA	
					Quantitative: Profitability	
Leadership Assessment	20%		CEO/Senior Leadership	10%		
			Technical Lead	10%		

Appendix 5 Content of Technical Evaluation Report

Opportunity	Content of Technical Evaluation Report
<p><u>Exploration blocks:</u></p> <ol style="list-style-type: none"> 1. PM320 2. PM321 3. PM515 4. SB304 5. SB306 	<ol style="list-style-type: none"> 1. Introduction 2. Overview 3. Geological Setting <ol style="list-style-type: none"> a. Petroleum System Evaluation b. HC Generation, Reservoirs 4. Exploration History (Post Mortem of Wells Drilled in the block) <ol style="list-style-type: none"> a. Field History b. Well Analysis 5. Block Prospectivity 6. New play identified / Geological concepts 7. Conclusion and Recommendation

Appendix 6 Cost Calculation Guide

Drilling Minimum Standard Version 7.0 (DMS 7.0)

DMS 6.0 – Exploration Wells			
	DDPTF	DCPF	WCPF
Shallow Water (SW)			
SW EXP C1 – Wells with 3 or less hole sections, no carbonate			
PM	1.9	720	1370
SB	2.6	1010	2090
SK	2.4	1375	3025
SW EXP C2 – Wells with 4 hole sections, no carbonate			
ALL REGIONS	2.7	1490	2760
SW EXP C3 – Wells with more than 4 hole sections, no carbonate			
ALL REGIONS	3.8	2125	3315
SW EXP C4 – CARBONATE			
ALL REGIONS	4.4	1980	2760
SW HT & HPHT Wells			
HIT	3.5	2280	3980
HP/HPHT	5.0	2360	4280
SW EXP SLIMHOLE			
ALL REGIONS	1.2	385	930
Deep Water (DW)			
DW EXP C1 – Wells with 2-3 hole sections, no carbonate	2.3	3280	5760
DW EXP C2 – Wells with 4-5 hole sections, no carbonate	4.4	4200	6400
DW EXP C3 – Wells with more than 6 hole sections or Carbonate Wells	5.4	5090	7920

Note:

1. Please refer to Appendix 3 for the definitions and formula to calculate DDPTF, DCPF and WCPF.
2. PM, SB & SK refer to three regions Peninsular Malaysia, Sabah and Sarawak respectively.
3. SW EXP SLIMHOLE category is defined for the wells with $\leq 13 \frac{3}{8}$ " conductor and ≤ 3 hole sections.

Drilling and Completion Performance Indicators Definition

Item	Indicators	Exploration (Applies to Exploration and Exploration DW well)
1	DDPTF	<p>Formula: Drilling days – Formula Evaluation – WOW (Total Effective Footage Drilled)/1000</p> <p>Definition: <u>Drilling days</u> starts when:</p> <ul style="list-style-type: none"> (i) For Exploration or Exploration DW wells, <u>Drilling days</u> = From making up (M/U) of the first BHA (inclusive of pilot hole) <u>or</u> from M/U of conductor for the jetting/driving to the laying down (L/D) of the BHA for final hole section. NPT is inclusive in the calculation. (ii) For Exploration with Geological Sidetrack wells, <u>Drilling days</u> = From M/U of the first BHA to L/D of the BHA for the final section of the mainbore plus from M/U of the whipstock equipment or M/U stinger for setting kick-off cement plug until L/D of the BHA for the final section of the side-tracked hole. NPT is inclusive in the calculation. (i) For Exploration with Mechanical Sidetrack wells, <u>Drilling days</u> = same definition as in (ii). <p><u>Formation evaluation</u> starts when:</p> <ul style="list-style-type: none"> (i) Rig up wireline tool or when M/U BHA (for PCL) with logging tool with no plan to drill for this run, only for formation evaluation purposes. (i) Evaluation done during POOH BHA after finish drilling to section TD. (i) Coring. It begins when mud is circulated prior to POOH for coring activity at coring depth and ends after drilling out the core rat hole. <p><u>WOW</u> = Wait on weather</p> <p><u>Total Effective Footage Drilled</u> = Length of the wellbore drilled.</p> <ul style="list-style-type: none"> (i) For Exploration or Exploration DW wells – From seabed to Total Depth (TD) (ii) For Exploration with Geological Sidetrack wells = From seabed to TD of mainbore plus from new hole drilled after milling window/ kick-off cement plug to TD of sidetrack hole. (i) For Exploration with Mechanical Sidetrack wells = From seabed to TD of sidetrack bore only.
2	WCPF	<p>Formula: Total Well Cost Total Effective Footage Drilled</p> <p>The time frame for total well cost is called the <u>Total Operating Days</u>. Hence the cost will be calculated based on the time frame.</p> <p><u>Total Operating Days</u> starts when the rig arrives on location and ends when the rig moves off location excluding well testing days.</p> <p><u>Total Effective Footage Drilled</u> as per definition in 1.</p>

Item	Indicators	Exploration (Applies to Exploration and Exploration DW well)
3	DCPF	<p>Formula: $\frac{\text{Total Drilling Cost}}{\text{Total Effective Footage Drilled}}$</p> <p>The time frame for total drilling cost is <u>Drilling Days</u> as per definition in 1. Hence the cost will be calculated based on the time frame.</p> <p>Total Effective Footage Drilled as per definition in 1.</p>
Item	Indicators	Completion Minimum Standard (CMS) Description
4	CCPF CDPTF	<p>CCPF Formula:</p> $\text{Completion Cost per Foot, CCPF} = \frac{\text{Completion Cost}}{\text{Well footage}}$ <p>CDPTF Formula:</p> $\text{Completion Days per Thousand Feet, CDPTF} = \frac{\text{Completion Days}}{\text{Well footage}/1000}$ <p>Well footage in both formulas starts from rig floor to well TD, for all completion categories including subsea completion.</p> <p>Completion Cost Definition Total Completion Cost Elements (CCE) inclusive of Operating Costs (OPC) in executing the Completion activities.</p> $\text{Completion Cost} = \sum \text{CCE} + \left\{ \frac{\text{Completion Days} - \text{WOW}}{\text{Total Well Days}} \times \sum \text{OPC} \right\}$ <p>Completion Cost shall exclude Well Unloading/Cleanup and Formation Evaluation (example, CBL VDL) costs.</p> <p>Completion Days Definition Completion days on rig time definition starts from: (i) Making up and running the well bore clean out BHA, or (ii) Making up and running perforated liner, SAS, OHGP or lower completion assembly, or (iii) Retrieving wear brushing for monobore completion, or (iv) Circulating completion brine (inside casing for open hole completion), Whichever comes first Completion Days shall include NPT(s).</p> <p>Completion days ends with completed: (i) Nipple up Xmas tree and test online, or (ii) Hand over well to production. (iii) For Subsea well, completion days ends once tubing hanger running tool is laid down.</p> <p>Completion days shall include online slickline, E-line or Ct works on well EXCEPT for Formation Evaluation purposes. Completion Days shall exclude Well Unloading/Cleanup activities.</p>

Appendix 7 Exploration MWC Scoring Criteria & Weightage

Area	Weightage	Criteria	Weightage	Category	Weightage
Exploration Work Commitment	100%	Wells	50%	Wildcat	60%
				Exploration/ Appraisal	40%
		Seismic & Non- Seismic	35%		
		G&G Studies	5%		
		Training Commitment Fund	5%		
		Education Commitment Fund	5%		
Others (bonus)		New technology			
		Area for Training Commitment			
		Other Commitments/Offer			

Appendix 8 Bid Form

Please refer to [MBR Online Portal](#).

Appendix 9 Summary of Tax Incentive

Tax incentives are available for oil and gas producers in Malaysia subject to the approval of the Minister of Finance. Please refer to the Gazette order and legislation listed below on the tax incentives in Malaysia. The list does not represent PETRONAS' undertaking of its applicability or accuracy. The bidders are advised to consult their tax agents on the detailed description and the applicability of such incentives.

1. Investment Allowance

- i. Petroleum (Income Tax) (Investment Allowance) Regulations 2013 – P.U.(A)120
- ii. Petroleum (Income Tax) (Investment Allowance) (Amendment) Regulations 2014 – P.U.(A)69

Subject to the approval of the Minister of Finance, investment allowance are applicable to qualifying projects (i.e. Enhanced Oil Recovery (EOR), High CO₂, High Pressure-High Temperature (HPHT) fields or deepwater area) or infrastructure asset.

2. Marginal Fields

- i. Petroleum (Income Tax) (Accelerated Capital Allowance) (Marginal Field) (Amendment) Rules 2014 – P.U. (A) 58
- ii. Petroleum (Income Tax) (Accelerated Capital Allowance) (Marginal Field) Rules 2013 – P.U. (A) 119
- iii. Petroleum (Income Tax) (Marginal Field) Regulations 2013 – P.U.(A)121
- iv. Petroleum (Income Tax) (Exemption) Order 2013 – P.U.(A)122
- v. Petroleum (Income Tax) (Exemption)(Amendment) Order 2014 – P.U.(A)57

3. Transfer of Qualifying Exploration Expenditure (QEE)

- i. Paragraph 3A of the First Schedule of the Petroleum (Income Tax) Act 1967