



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Ministério dos Recursos Naturais, Minerais e Política Energética

Final Report of the
Evaluation Commission
to the Minister of
Natural Resources, Minerals and Energy Policy

12 May 2006

Confidential

Introduction

Government Decree 7/2005 set forth the regulations for conducting Bidding Rounds for the Award of Petroleum Contracts. Article 8 of this regulation establishes the authority for the constitution of and sitting of an Evaluation Commission.

Article 8.1 specifies the Evaluation Commission shall be comprised of an odd number of members, being a minimum of five (5) and a maximum of nine (9). Also taking in consideration the requirements of Articles 8.2 and 8.3, the following nine (9) individuals were appointed by the Minister as members:

Manuel de Lemos	Timor Sea Office
Niny Borges	Timor Sea Designated Authority
Cristino Gusmão	Ministry of Planning and Finance
Amandio Gusmão Soares	Oil, Gas and Energy Directorate
Abrão Vasconçelos	Banking and Payment Authority
Carlos Ximenes	Directorate of Environmental Services
Einar Risa	International Advisor
Richard Ruggiero	International Advisor
Geir Ytreland	International Advisor

Rules and Procedures

The first meeting of the Evaluation Commission commenced at 9am on Tuesday May 2nd at the offices of the Oil, Gas and Energy Directorate (OGED).

The members of the Evaluation Commission reviewed suggested Rules of Procedure that had been developed by the OGED. After review of the Rules of Procedure, the members of the Evaluation Commission agreed to be bound by them. As required by Article 8.5 of Government Decree 7/2005 the agreed Rules of Procedure are appended to this report as Attachment 1. As an initial matter of business, Manuel de Lemos was appointed chairman and Rich Ruggiero was appointed Commission secretary.

Section 5 of the Rules and Procedures requires each member of the Evaluation Commission to provide a declaration that he or she does not have any interest or obligations in conflict with the evaluation to be performed. Although such declarations had been provided prior to their appointment to the Evaluation Commission, each member of the Evaluation Commission has reaffirmed that they do not have any conflict of interest. This reaffirmation is included herein as Attachment 2.

Deliberations of the Evaluation Commission

The initial meeting of the Evaluation Commission commenced at 9am on the 2nd of May 2006. The Evaluation Commission met each day thereafter until their final meeting on Thursday the 4th of May. The Evaluation Commission had a quorum present at all meetings and for all decisions. Meetings of the Evaluation Commission were held in a special room at the OGED to ensure the maximum level of confidentiality.

After opening the bids on the 20th of April, the bids were reviewed by the OGED. Bids were received on six (6) Contract Areas, A, B, C, E, H and K (See Attachment 3). Bidding companies were ENI S.p.A. (ENI), Reliance Industries Ltd. (Reliance) and a Consortium comprised of Petronas Carigali (Petronas), GALP Exploração e Produção Petrolifera, Ld. (GALP) and Petróleo Brasileiro S. A. (Petrobras) (collectively the Petronas Consortium). The OGED then provided the Evaluation Commission with three separate reviews of the bids covering technical, legal/commercial and local content details.

These reviews highlighted the Contract Areas for which bids had been received and summary details of the work programs submitted by each bidder. At the end of the OGED's review the Evaluation Commission was presented with a summary of each bid as per the Bid Matrix that formed part of the Final Tender Protocol (FTP) (See Attachment 4). After the review by the OGED, the Evaluation Commission commenced its own review of the bids.

Determination/Confirmation of Bid Validity

Government Decree 7/2005 and the FTP set forth several requirements for submitting a valid bid. Before reviewing the technical details of each bid the Evaluation Commission reviewed each to assure itself that each bid was indeed a valid bid.

Article 8 of the FTP specifies that potential bidders must provide evidence of the specified level of technical, financial and legal competence. All bidders had provided the necessary documentation and had been notified by the OGED that they had been pre-qualified. The Evaluation Commission agreed that all bidders had been properly pre-qualified.

The FTP also requires that all bids must have at least one company qualified to be an Operator. Again, the Evaluation Commission agreed that each bid was submitted with an appropriately qualified Operator.

Next, the Evaluation Commission reviewed each bid relative to the requirements of Article 9 of the FTP. The Evaluation Commission found that ENI and Reliance had complied with all bidding requirements. In the case of the Petronas Consortium their two bids were conditioned upon receiving clarification of items

related to the Production Sharing Contract (PSC). The FTP requires that bidders provide an 'unconditional' guarantee to sign the PSC provided with the FTP should such bidder be the winning bidder. The Petronas Consortium was contacted on the evening of the 2nd May to enquire as to what clarifications they were seeking and to remind them that in order for their bids to be viewed as valid, they must be unconditional. However, regardless of the nature of the Petronas Consortium's reply, the Evaluation Commission's recommendations are unchanged as their bids are not competitive.

During its deliberations, the Evaluation Commission was notified that all of the requisite Letters of Credit (LOCs) were deficient, and likely of no value, as they failed to prescribe the date by which Timor-Leste could draw on the LOC, should a successful bidder fail to sign the PSC on time. It was noted that this may have been the result of bidders using the LOC template contained within the FTP as this template failed to specify the signing date of the 20th of June 2006. The Evaluation Commission agreed with OGED's recommendation that all bidders should be contacted immediately, notified of the oversight and be given one week to resubmit exercisable LOCs. The recommendations of the Evaluation Commission are based on the assumption that such revised LOCs will be obtained within a week's time.

Other than the issues noted above, the Evaluation Commission found the bids to be in compliance with the terms of the Governmental Decree 7/2005 and the FTP.

Technical Review

As it could be several days before the bidders responded to the items raised above, all bids were considered 'valid' for the purposes of the Evaluation Commission's next phase of work.

Article 9.9 of the FTP gives the Evaluation Commission authority to reject any bid which it considers to be unresponsive to, or inconsistent with, the overall objectives of the given Contract Area. With this in mind, the Evaluation Commission then proceeded to review in detail the technical details of each bid including suggested work programs and commitments to local goods and services.

None of the bids were rejected as it was agreed that all programs met expectations and were sufficient.

Recommendation

Based on the deliberations of the Evaluation Commission as guided by the terms of Governmental Decree 7/2005 and the FTP, the Evaluation Commission hereby recommends that the Minister make the following Contract Area awards:

Contract Area	Number of Bidders	Award to	Value of Work Program US\$MM*	Value of Local Content US\$MM
A	1	ENI	3	1
B	1	ENI	7	1
C	2	ENI	85	4.5
E	3	ENI	15	2
H	1	ENI	7	1
K	1	Reliance	50	2

*Values are estimates based on the Evaluation Commission's calculation of the cost of the various work programs

As noted in the table above, if awards are made as recommended it will result in the commitment in the first three years to exploration work programs totaling well over \$165 million and contribution to Local Content of almost \$12 million. A Contract Area by Contract Area summary is supplied in Attachments 5-10 to this report.

By their signature below each member of the Evaluation Commission attests that they carried out their duties as a member of the Evaluation Commission according the Rules of Procedure and that they are in agreement with the findings and recommendations contained herein.

Respectfully submitted,

The Evaluation Commission

Manuel de Lemos
Chairman

Niny Borges

Cristino Gusmão

Amandio Gusmão Soares

Abrão Vasconcelos

Carlos Ximenes

Einar Risa

Richard Ruggiero

Geir Ytreland

Attachments:

Attachment 1	Evaluation Commission Rules and Procedures
Attachment 2	Reaffirmation of No Conflict of Interest
Attachment 3	Map of Contract Areas
Attachment 4	Bid Evaluation Matrix
Attachment 5	Report on Contract Area A
Attachment 6	Report on Contract Area B
Attachment 7	Report on Contract Area C
Attachment 8	Report on Contract Area E
Attachment 9	Report on Contract Area H
Attachment 10	Report on Contract Area K



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Ministério dos Recursos Naturais, Minerais e Política Energética

Attachment 1

Rules of Procedure

for

the Evaluation Commission

for

**The 2005-2006 Inaugural Offshore Acreage Release
for Timor-Leste**

1. Framework

The Evaluation Commission ("Commission") shall comply with the provisions of Government Decree 7/2005 of 19 October on "Bidding Rounds for the award of Petroleum Contracts" including the provisions of Chapter IV, the relevant provisions of the Final Tender Protocol and the rules of procedure contained herein. Where any inconsistencies exist, the provisions of the Government Decree 7/2005 shall prevail, and the Final Tender Protocol together with the rules of procedure shall, to the extent of the inconsistency be invalid.

2. Mandate

The Commission shall evaluate the Bids put forward in the bidding round with an objective to identify, for each contract area, the Bid that offers the best conditions and advantages for the State.

2.1 Chairman

The meetings of the Commission shall be chaired by the Director of the Timor Sea Office in the office of the Prime Minister and in his absence, such person as nominated by the Vice Minister. The Chairman shall be responsible for organising a place of venue for the meetings of the Commission.

2.2 Secretary

The Commission may nominate a Secretary to assist the Commission and take minutes from Commission meetings.

3. Procedure for work

The Commission shall start by reviewing technical evaluation of the Bids performed by the Ministry of Natural Resources, Minerals and Energy Policy (Oil, Gas and Energy Directorate)

3.1 Further analysis

Based on the review of the technical evaluation the Commission shall as soon as possible decide if further detailed analysis of the Bids is required.

If the Commission decides that further detailed analysis is required it shall allow sufficient time for such analysis, taking into consideration that the Commission shall also have sufficient time to finalise its evaluation and report.

3.2 Clarification of Bids

The Commission may decide to contact bidders for the sole purpose of clarification of bids. All communication shall be in writing and filed by the Commission. The information to be published in *Jornal da República* pursuant to

Section 12.2 of the Government Decree 7/2005 shall contain a summary of clarification communication between the Commission and bidders.

3.3 Work Groups

The Commission may establish Work Groups to carry out analysis pursuant to the previous Section and shall in such case decide on the scope, timeframe and the participants of the Work Groups.

3.4 Evaluation Matrix

In order to provide an objective evaluation of the Bids, the Commission shall utilise the evaluation matrix attached as Annex V to the Final Tender Protocol and award points to each type of activity in order to rank the bids.

3.5 Rejection of bids

The Commission may reject Bids which it considers to be unresponsive to, or inconsistent with the overall objective of the offering which is the rational and cost-effective exploration of the relevant Contract Area.

If the Commission decides to reject a Bid it shall detail its reasoning and the technical basis for doing so.

3.6 Conclusion of work/Evaluation Report

Following the Commission's and/or Work Groups' further analysis, the Commission shall meet and decide for each contract area applied for, the Bid that offers the best conditions and advantages for the State. Where two (2) or more bidding companies have applied for the same contract area, the list of Bids shall include all Bids in order of preference, starting with the Bid that offers the best conditions and advantages for the State.

The list shall be compiled in the Commissions Evaluation Report ("Report") in accordance with Article 10 of the Final Tender Protocol.

The Commission shall arrange meetings as considered necessary to complete the evaluation process.

Following completion of a draft Report the Commission shall hold a final meeting to approve and sign the Report. The approved and signed Report ("Final Report") shall be presented to the Minister for Natural Resources, Minerals and Energy Policy in accordance with the Final Tender Protocol.

At the same time the Commission provides the Final Report to the Minister, the Commission shall also present a summary of the Final Report to the Minister.

4. Confidentiality

Prior to the homologation of the Final Report, the members of the Commission shall keep all data and information relating to the Bids and the Commission's deliberations confidential.

All deliberations shall take place in the scheduled meetings of the Commission.

5. Conflict of interests

All members of the Commission shall be requested to give a declaration that she/he does not have any interest or obligations in conflict with the evaluation to be performed as member of an independent Commission.

For the purpose of the evaluation to be performed by the Commission such conflict will always be deemed to occur if a member of the Commission or any such person as comprised by the Petroleum Act Paragraph 3 of Article 7, has direct equity interest in a bidding company or if a member of the Commission during the five (5) years immediately prior to the year the Commission shall perform its evaluation has performed any work for any of the bidding companies.

The declarations made pursuant to this Article shall be recorded in the Minutes of Meeting and published in *Jornal da República* in accordance with Section 12.2 of the Government Decree 7/2005.



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
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Attachment 2

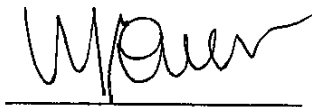
Re-affirmation of
No Conflict of Interest
By Members of the
Evaluation Commission

RE-AFFIRMATION OF NO CONFLICT OF INTEREST

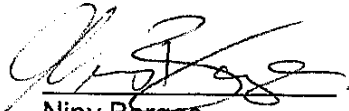
As required in Section 5 of the Rules and Procedures, each of the members of the Evaluation Commission hereby states that he or she does not have any interests or obligations in conflict with the evaluation(s) that have been performed, and/or as a member of the Evaluation Commission.

Dili,

The Evaluation Commission



Manuel de Lemos
Chairman



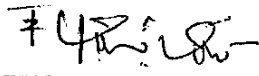
Niny Borges



Cristino Gusmão



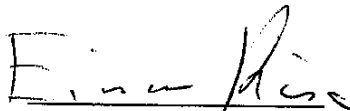
Amandio Gusmão Soares



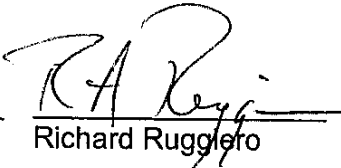
Abrão Vasconcelos



Carlos Ximenes



Einar Risa



Richard Ruggiero



Geir Ytreland



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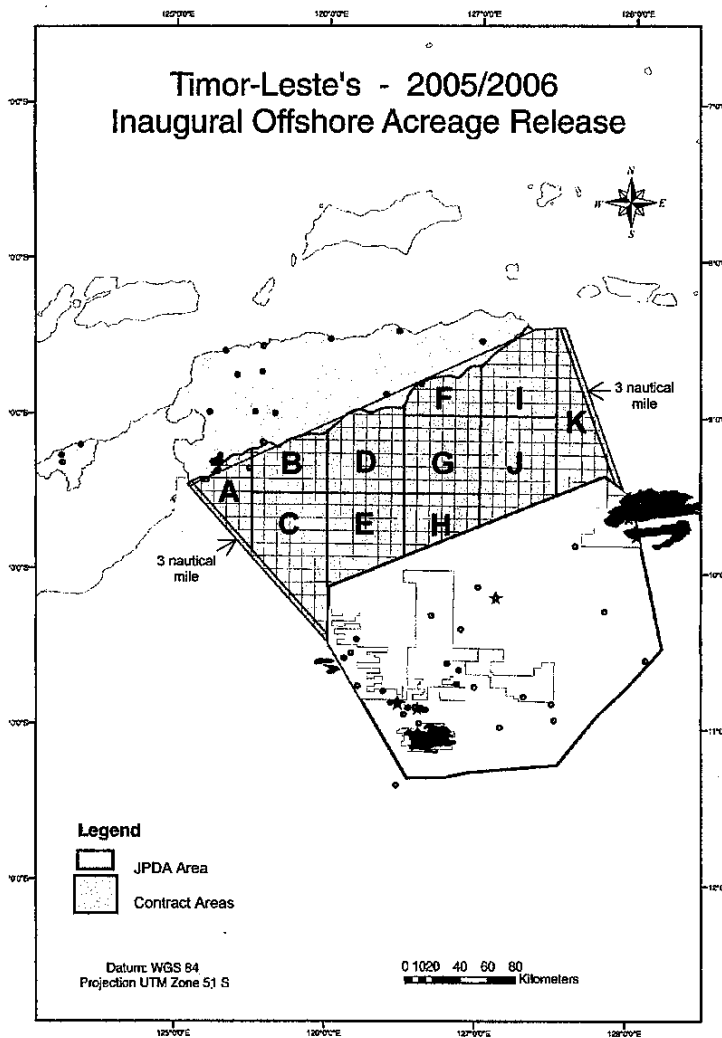
Attachment 3

Contract Area Map

Timor-Leste 2005/2006

Petroleum License Bid Round

Contract Area Map





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Attachment 4

FTP Evaluation Matrix



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Ministério dos Recursos Naturais, Minerais e Política Energética

Attachment 5

Summary Report of the
Evaluation Commission

Contract Area: A

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area A. See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area A is a near shore area north of the Timor Trough. Contract Area A attracted one bid from ENI.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for ENI's bid. ENI's bid is comprised of the acquisition and evaluation of 1000 km of 2D seismic.

Rank	Company	Technical Score	Local Content Score	Total Score
1	ENI	1,900	1,000	1,991

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As the only bidder ENI is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work program bid by ENI was reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content and Training sections of each bid. Accordingly, the Local Content portion of ENI's bid for Contract Area A was reviewed and the Evaluation Commission concluded that the bid offering was in line with the intentions and expectations of the bid round.

Having found that ENI's bid met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that ENI be awarded Contract Area A and that the Government of Timor-Leste enter into a Production Sharing Contract with ENI containing the guaranteed work program as bid by ENI for Contract Area A.

Additional Comments:

ENI has bid a geological study work program including obtaining and processing 2D seismic covering a large portion of the contract area. Evaluation of the geology of this Contract Area will prove valuable for learning more about the area north of the Timor Trough as well as providing some insight into future onshore licensing rounds.



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Attachment 6

Summary Report of the
Evaluation Commission

Contract Area: B

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area B. See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area B is a near shore area north of the Timor Trough. Contract Area B attracted one bid from ENI.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for ENI's bid. ENI's bid is comprised of the acquisition and evaluation of 1000 km of 2D seismic and 760 square km of 3D seismic.

Rank	Company	Technical Score	Local Content Score	Total Score
1	ENI	11,120	1,000	10,108

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As the only bidder, ENI is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work program bid by ENI was reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content and Training sections of each bid. Accordingly, the Local Content portion of ENI's bid for Contract Area B was reviewed and the Evaluation Commission concluded that the bid offering was in line with the intentions and expectations of the bid round.

Having found that ENI's bid met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that ENI be awarded Contract Area B and that the Government of Timor-Leste enter into a Production Sharing Contract with ENI containing the guaranteed work program as bid by ENI for Contract Area B.

Additional Comments:

ENI has bid a geological study work program including obtaining and processing 2D seismic covering a large portion of the contract area as well as obtaining and evaluating 3D seismic over a portion of the Contract Area. Evaluation of the geology of this Contract Area will prove valuable for learning more about the area north of the Timor Trough as well as providing some insight into future onshore licensing rounds.



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Attachment 7

Summary Report of the
Evaluation Commission

Contract Area: C

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area C. See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area C attracted a total of two bids, one from ENI and another from the Petronas Consortium. A higher level of interest was expected given the proximity of Contract Area C to known production in the Joint Petroleum Development Area (JPDA) and areas just west of the JPDA.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for each of the bids received. As per the FTP, the first three year guaranteed work program was given a weighting of 90% and the components of Local Content were given a weighting of 10%.

Rank	Company	Technical Score	Local Content Score	Total Score
1	ENI	63,068	4500	57,211
2	Petronas Consortium	24,150	1000	21,835

As can be seen in the above table, ENI provided a far superior bid to the Petronas Consortium.

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As noted in the table above, and in compliance with the FTP evaluation matrix, ENI is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work programs bid by ENI and the Petronas Consortium were reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content sections of each bid. Accordingly, the Local Content part of each bid for Contract Area C was reviewed and the Evaluation Commission concluded that the bid offerings were in line with the intentions and expectations of the bid round.

Having found that ENI's and the Petronas Consortium's bids met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that ENI be awarded Contract Area C and that the Government of Timor-Leste enter into a Production Sharing Contract with ENI containing the guaranteed work program as bid by ENI for Contract Area C.

Additional Comments:

ENI has bid a comprehensive exploration work program including obtaining and processing 3D seismic covering almost the entire contract area. In addition, ENI has bid the drilling of two wells within the first three years. The bid of two wells is indicative of attractive prospects in the Contract Area.



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Ministério dos Recursos Naturais, Minerais e Política Energética

Attachment 8

Summary Report of the
Evaluation Commission

Contract Area: E

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area E. See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area E attracted the most interest with a total of three bids being received from ENI, Reliance and the Petronas Consortium. The level of interest was expected given the proximity of Contract Area E to known production in the JPDA, and indications of prospects seen on the current 2D seismic.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for each of the bids received. As per the FTP, the first three year guaranteed work program was given a weighting of 90% and the components of Local Content were given a weighting of 10%.

Rank	Company	Technical Score	Local Content Score	Total Score
1	ENI	40,960	2000	37,064
2	Reliance	20,300	2000	18,470
3	Petronas Consortium	12,150	1000	11,035

As can be seen in the above table, ENI provided a far superior bid to those from Reliance and the Petronas Consortium.

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As noted in the table above, and in compliance with the FTP evaluation matrix, ENI is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work programs bid by ENI, Reliance and the Petronas Consortium were reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content and Training sections of each bid. Accordingly, the Local Content portion of each bid for Contract Area E was reviewed and the Evaluation Commission concluded that

the bid offerings were in line with the intentions and expectations of the bid round.

Having found that ENI's, Reliance's and the Petronas Consortium's bids met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that ENI be awarded Contract Area E and that the Government of Timor-Leste enter into a Production Sharing Contract with ENI containing the guaranteed work program as bid by ENI for Contract Area E.

Additional Comments:

ENI has bid a satisfactory exploration work program including obtaining and processing 3D seismic covering almost the entire contract area. Reliance bid a smaller amount of 3D seismic and one well, and the Petronas Consortium bid a modest amount of seismic only. Due to the weight of the various work program items, ENI's bid was superior to the two other bids.



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Ministério dos Recursos Naturais, Minerais e Política Energética

Attachment 9

Summary Report of the
Evaluation Commission

Contract Area: H

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area H. Figure See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area H is one of the smaller Contract Areas located just north of the JPDA. Contract Area H attracted one bid from ENI.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for ENI's bid. ENI's bid is comprised of the acquisition and evaluation of 2D and 3D seismic.

Rank	Company	Technical Score	Local Content Score	Total Score
1	ENI	11,600	1,000	10,540

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As the only bidder, ENI is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work program bid by ENI was reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content sections of each bid. Accordingly, the Local Content part of ENI's bid for Contract Area H was reviewed and the Evaluation Commission concluded that the bid offering was in line with the intentions and expectations of the bid round.

Having found that ENI's bid met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that ENI be awarded Contract Area H and that the Government of Timor-Leste enter into a Production Sharing Contract with ENI containing the guaranteed work program as bid by ENI for Contract Area H.

Additional Comments:

ENI has bid a geological study work program including obtaining and processing 2D and 3D seismic covering a large portion of the contract area. ENI is looking at Permian age carbonate reservoirs targeting a fairly deep gas play.



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Ministério dos Recursos Naturais, Minerais e Política Energética

Attachment 10

Summary Report of the
Evaluation Commission
Contract Area: K

Confidential

The following paragraphs summarize the Evaluation Commission's findings and recommendations for Contract Area K. See Attachment 3 for a map of the Contract Areas.

Bids received:

Contract Area K is one of the larger Contract Areas located just north of the JPDA and just north of the Greater Sunrise fields. Contract Area K attracted one bid from Reliance.

Summary of FTP Bid Matrix score:

The table below summarizes the Bid Matrix score for Reliance's bid. Reliance's bid is comprised of the acquisition and evaluation of 3D seismic and the drilling of one well.

Rank	Company	Technical Score	Local Content Score	Total Score
1	Reliance	23,600	2,000	21,440

Confirmations:

As per Article 9.7 of the FTP all bids received were evaluated as per the requirements of Government Decree 7/2005 and the FTP. As the only bidder, Reliance is the indicative winner.

As per Article 9.9 of the FTP the Evaluation Commission had authority to disregard any bid which it found to be insufficient or inappropriate. The work program bid by Reliance was reviewed by the Evaluation Commission and found to be acceptable.

As per Article 9.5 of the FTP the Evaluation Commission had authority to review and comment upon the appropriateness of the Local Content sections of each bid. Accordingly, the Local Content part of Reliance's bid for Contract Area K was reviewed and the Evaluation Commission concluded that the bid offering was in line with the intentions and expectations of the bid round.

Having found that Reliance's bid met all the requisite criteria, and having scored the work programs according to the Bid Matrix, the Evaluation Commission recommends that Reliance be awarded Contract Area K and that the Government of Timor-Leste enter into a Production Sharing Contract with Reliance containing the guaranteed work program as bid by Reliance for Contract Area K.

Additional Comments:

Reliance provided the only bid for Contract Area K. This area is offset to the north of the Greater Sunrise fields and covers about 2400 km². Reliance has offered to shoot 3D seismic over half the block and to drill a well. The largest potential structure was identified in this Contract Area and the 3D seismic will be used to choose the best possible location for the exploration well.

Bid Evaluation Matrix

Bidder Area	ENI A	B	C	E	H	Reliance E	K	Petronas Consortium C	E
Undertaking 2D seismic Kms Pts/km 1k	1150 1150 k	1000 1000 k	0 0	0 0	1000 1000 k	0 0	0 0	0 0	0 0
3D seismic km2 Pts/km 2 12k	0 0	760 9120 k	3764 45168 k	3080 39960 k	800 9600 k	900 10800 k	1200 14400 k	2000 24000 k	1000 12000 k
Expl. Wells 1st 2000m Pts 5000k	0 0	0 0	2 10000 k	0 0	0 0	1 5000 k	1 5000 k	0 0	0 0
Addn. metres Pts/m 1.5k	0 0	0 0	2050+1550 5400 k	0 0	0 0	2000 3000 k	1800 2700 k	0 0	0 0
Studies \$1000 Pts/\$1k 0.5k	1500 750 k	2000 1000 k	5000 2500 k	2000 1000 k	2000 1000 k	3000 1500 k	3000 1500 k	300 150 k	300 150 k
Total pts A	1900 k	11120 k	63068 k	40960 k	11500 k	20300 k	23600 k	24150 k	12150 k
T-L Content \$1000 Pts/\$1k 1k	1000 1000 k	1000 1000 k	4500 4500 k	2000 2000 k	1000 1000 k	2000 2000 k	2000 2000 k	1000 1000 k	1000 1000 k
Total pts B	1000 k	1000 k	4500 k	2000 k	1000 k	2000 k	2000 k	1000 k	1000 k
0.9 x A + 0.1 x B =	1991	10108	57211.2	37064	10540	18470	21440	21635	11035