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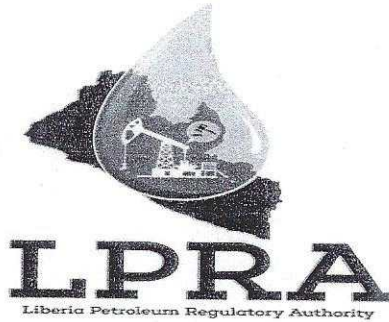
The Government of the Republic of Liberia announces that the Liberia Petroleum Regulatory Authority (LPRA), pursuant to its mandate under the New Petroleum Exploration and Production Reform Law of 2014 and specifically consistent with part XIX Section 75.1, has issued its Regulation N0. LPRA/0002/20 herein under:

**REGULATION      CONCERNING      PRE-QUALIFICATION  
RQUIREMENTS FOR GRANTING OF PETROLEUM RIGHTS  
OFFSHORE LIBERIA**

**BY ORDER OF THE PRESIDENT**

**GBEZONGAR M. FINDLEY  
MINISTER OF FOREIGN AFFAIRS**

**MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA**



**REPUBLIC OF LIBERIA**  
**Liberia Petroleum Regulatory Authority**  
**(LPRA)**

SINKOR 18<sup>TH</sup> STREET, MONROVIA LIBERIA

**REGULATORY INSTRUMENT:**  
**Pre-qualification requirements for Granting of Petroleum**  
**Rights Offshore Liberia**

REGULATORY INSTRUMENT No. 0002/LPRA/20

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## II. OBJECTIVES

This regulation is promulgated in compliance with the New Petroleum Law, 2014 with the overall objective to:

- Set the guidelines and requirements for evaluating companies that express interest in acquiring offshore Liberian petroleum rights particularly petroleum agreement either through a licensing round, direct negotiation, or entry into an existing petroleum sharing agreement held by NOCAL or another operator.
- Ensure that companies entering Liberia offshore acreage possess the technical and financial capacity necessary to perform their obligations under the petroleum agreement or agreements to which they are a party and comply with applicable laws in executing the obligations of the petroleum agreement.

## III. SCOPE

These regulations cover all operators, participants and persons interested in the acquisition and granting of petroleum rights under the ambit of the New Petroleum (Exploration & Production) Reform Law, 2014 including requirements for technical competence, financial capability, and legal capacity to operate in Liberia. While addressing the capacity and competence of the interested operator or participants, the regulation sets a minimum fee for both "Liberian Companies" and Non-Liberian Companies (international oil companies).

## IV. SHORT TITLE

This regulation shall be cited as **the PRE-QUALIFICATION REQUIREMENTS REGULATION.**

## V. PREAMBLE

**WHEREAS**, section 14.1 of the New Petroleum Law provides for the issuance of petroleum rights through 1) Competitive Bidding, 2) Direct Negotiation, and 3) Executive Allocation to NOCAL, all of which must be preceded by a formalized prequalification process;

**WHEREAS**, section 7.14 of the New Petroleum Law empowers the Authority to authorize by regulation and assess processing fees for the pre-qualification of bidders in connection with bid rounds;

**WHEREAS**, section 8.1 (b) of the New Petroleum Law empowers the Authority to manage the pre-qualification and bidding round-processes for the tendering and granting of petroleum agreements;

**WHEREAS**, section 15 of the New Petroleum Law gives the general requirements to be described in the regulation for prequalification;

**WHEREAS**, section 15.1 of the New Petroleum Law provides that a company wishing to apply for a petroleum agreement in a bidding round shall apply for pre-qualification in accordance with the pre-qualification guidelines prepared by the Authority and approved by the Board;

**WHEREAS**, section 75 of the New Petroleum Law authorizes the Board of the Liberia Petroleum Regulatory Authority established pursuant to Section 7 of the New Petroleum Law (the "Board") to issue regulations relating to the conduct of petroleum activities;

**NOW THEREFORE**, in exercise of the powers and authorities conferred upon the Board by the New Petroleum Law, the Board hereby approves the following Regulations:

#### **VI. Application for Pre-qualification**

- 1) Companies interested in acquiring offshore petroleum rights within the ambit of the New Petroleum Law, shall apply to the Authority for prequalification. Only companies which acquire or expect to acquire at least **10%** equity interest in the petroleum agreement awarded for a block are required to be pre-qualified.
- 2) The application shall include all information and requirements set out in **Schedule I**, relating to the requirements for legal document, **Schedule II**, demonstrating financial capacity, and **Schedule III** demonstrating technical capability. The Director General may at any time request additional information from an applicant as to its organization, financial capacity or technical capability.
- 3) A company which applies to be an Operator shall pay a non-refundable fee of **US\$50,000.00 (Fifty Thousand United States Dollars)** in case of direct negotiations and **US\$20,000.00 (Twenty Thousand United States Dollars)** in case of a bid round to the Authority in a bank account designated by the Authority. A company which applies to be a Participant shall pay a non-refundable fee of **US\$30,000.00 (Thirty Thousand United States Dollars)** in case of direct negotiations and **US\$15,000.00 (Fifteen Thousand United States Dollars)** in case of a bid round to the Authority in a bank account designated by the Authority. Without prejudice to the foregoing, Liberia owned companies or companies where majority of the voting interest and equity interest are held by natural persons of Liberian Citizenship shall pay a fee of **US\$25,000.00 (Twenty-Five Thousand United States Dollars)** in case of direct negotiations and **US\$5,000.00 (Five Thousand United States Dollars)** in case of a bid round to the LPRA.

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- 4) If the Director General considers that an applicant has satisfied the applicable prequalification requirements, the Director General may issue a Notice of Qualification to the applicant as participant or operator, as the case may be. If the Director General declines to issue a Notice of Qualification to an applicant, the applicant will have 20 days from the day it receives such notice to present to the Director General additional information in support of its application, and the Director General will in good faith consider such additional information.
- 5) A company which holds a pre-qualification notice shall give written notice to the Director General within forty-five days of any material change, including changes in beneficial ownership from that originally reported, with respect to its technical, financial or other information submitted in connection with the pre-qualification application.
- 6) The Authority reserves the right to cancel the Notice of Qualification issued to a company where:
  - (a) there is an adverse material change in the status of the company;
  - (b) the company supplies false or misleading information; or
  - (c) the company fails to report, as and when required by section 15.7 of the New Petroleum Law, material changes in information previously supplied.

### VII. Effective Date

**THESE REGULATIONS SUPERSEDE ALL OTHER REGULATIONS REGARDING PREQUALIFICATION APPLICATION AND FEES REQUIREMENTS FOR OFFSHORE AREAS AND SHALL TAKE EFFECT AFTER FIVE (5) DAYS UPON APPROVAL BY THE BOARD OF DIRECTORS, APPROVAL BY THE PRESIDENT OF LIBERIA AND PUBLICATION ON THE WEBSITE THE AUTHORITY.**

### **Schedule I: Legal Documentation Requirements**

All participants or operators seeking interest to acquire offshore petroleum rights shall submit the following documents:

- 1) Name of Applicant (as set forth in its formal organizational documents)
- 2) Date and Place of Incorporation or organization
- 3) Address of applicant's Registered Office and of applicant's principal place of business (including website address)
- 4) Registration number and country of residence, where applicable

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- 5) An outline of the corporate structure, including an explanatory diagram, if appropriate, showing parent, subsidiary and affiliate companies.
- 6) If the applicant is not the ultimate parent entity, list any ultimate parent entity of the entity, the location of its principal office, and the jurisdiction under the laws of which it is organized. For the purposes of this regulation, the ultimate parent entity is any legal entity (including a government, trust, partnership or other non-corporate entity) that ultimately controls the applicant.
- 7) List of all companies or individuals known to the applicant or the ultimate parent entity (with detailed addresses attached) which directly or indirectly own or have beneficial interest in have voting or equity interest of more than 5% in the applicant.
- 8) Any civil or criminal penalties sought from or assessed against the ultimate parent company or any entity controlled by it in the petroleum exploration and development business during the previous five years for (a) environmental or safety requirement violations, or (b) violations of laws, rules or regulations relating to bribery or other corrupt practices, in each case stating the nature of the alleged violation;
- 9) Description of any circumstances in which the ultimate parent company or any entity controlled by it has been party to a petroleum exploration or development contract with a governmental unit (a) which contract the governmental unit has sought to terminate the contract based on the contractor's default or failure to perform, or (b) pursuant to which contract the contractor has commenced an arbitration against the governmental unit.

### Schedule II: Financial Capability Requirements

All participants or operators seeking interest to acquire offshore petroleum rights shall demonstrate financial capability for conducting petroleum operations: The following shall be provided:

- 1) Details of financial status for three successive years preceding the application (audited financial statements of applicant-) and of the ultimate parent company if the applicant is not the ultimate parent company).
- 2) For Operators, evidence of total minimum Equity of **two hundred (200) million US dollars** or total asset value of at least **five hundred (500) million US dollars**. For Participants, proof of minimum equity of at least **fifty (50) million US dollar**, together with a summary of major existing financial commitments over the next three years.

3) **Documents Required**

- CVs of technical and managerial team
- Document/evidence of deep-water petroleum exploration programs carried out by the applicant, its ultimate parent company or other wholly-owned subsidiaries of the ultimate parent company acting as operator with the responsibility for selecting well locations. For this purpose, a “deep water exploration program” is one carried out with respect to a block having an average depth of at least 1000 meters.
- Demonstrate by submitting document/evidence of experience in working in a given geological environment (i.e. experience in the West Africa Transform Margin (WATM), stratigraphy/structural play).