



# **Bidding Process Letter**

## **ADCH 01/2019**

**For the sale of Aguada del Chañar area**

Province of Neuquén, Argentina.

Buenos Aires, February 2019

This Bidding Process Letter has been drafted only to assist all interested parties in the National and International Public Bidding Process for the sale of Aguada del Chañar area (the “Bidding”), concerning the steps to be followed by IEASA and by the offerors who wish to participate in such process. This document has no legal or contractual value and does not replace, supplement or amend the Tender Specifications, which is the only document ruling such Bidding. Assertions or representations contained in this document shall not give raise to obligations or liabilities for IEASA.

## 1. Introduction

- 1.1. Integración Energética Argentina S.A. (IEASA) was incorporated in 2004 by national law No. 25.943. On April 22, 2010, IEASA and Gas y Petróleo del Neuquén S.A. (GyP) entered into a temporary joint venture contract in order to explore, develop and exploit the hydrocarbon area Aguada del Chañar in equal parts. IEASA has fully undertaken the exploratory risk. The Executive Branch of the Province of Neuquén approved such contract through Executive Order 1138/10.
- 1.2. The Executive Branch of the Province of Neuquén granted to GyP, through Executive Order 1417/2012, the concession for conventional exploitation of hydrocarbons throughout the area. On March 8, 2013, GyP and IEASA entered into a Joint Operating Contract to run the area, the former being the operator and the latter being the contracts and accounting operator.
- 1.3. The Executive Branch of the Province of Neuquén granted to GyP, through Executive Order 1905/2013, the concession to transport hydrocarbons throughout the area.
- 1.4. On May 11, 2017, GyP and IEASA signed a memorandum of understanding through which they agreed to transfer and assign from GyP to IEASA all rights and obligations of the concession for conventional exploitation of hydrocarbons, of the concession to transport hydrocarbons as well as the ownership interest in the “UTE” Contract and the Joint Operating Contract.
- 1.5. The Executive Branch of the Province of Neuquén authorized, through Executive Order 1605/18, the Contract to assign concessions entered into between GyP and IEASA, and also granted the concession for unconventional exploitation of hydrocarbons to IEASA on the Lot for a period of 35 years, together with the concession to transport hydrocarbons during such period.
- 1.6. Within this framework, IEASA calls for Tenders to assign the concessions for conventional exploitation, for unconventional exploitation, and for the transportation of hydrocarbons in Aguada del Chañar.

## 2. Description of the transaction

- 2.1. IEASA holds 100% of the concessions for conventional exploitation, for unconventional exploitation and for the transportation of hydrocarbons in Aguada del Chañar, located in the central-east area of the Neuquén Basin.
- 2.2. The area has two fields: Loma Colorada (Gas) and Bosque Chañar (Crude Oil) located in the south and northern area, respectively. As of the date, it has two exploratory wells already drilled by “UTE” which were productive, 3 outpost wells and 4 development wells already drilled pursuant to studies carried out.
- 2.3. Existing surface facilities in the area include one gas treatment plant, one gas pipeline of 12 inches and a trace of 42 km connecting such plant with YPF S.A. facilities in Loma Campana and 3 crude oil storage tanks of 160 m3 each.
- 2.4. The Concession has an investment commitment supported by a Pilot Plan to explore unconventional hydrocarbons submitted by IEASA for an amount of 10 MMUSD, with an execution term expiring on October 2020.
- 2.5. IEASA calls for tenders to assign the concessions it holds in Aguada del Chañar lot, which include:
  - a) The concessions for conventional exploitation, for unconventional exploitation and for the transportation of hydrocarbons, including real property, plant, facilities, equipment, tools, spare parts and other assets related to the operation and exploitation of the concessions.
  - b) IEASA’s contractual position regarding all contracts to be assigned.
  - c) Current authorizations and permits related to the operation and exploitation of the concessions.
  - d) IEASA’s ownership rights concerning the assets to be transferred.
- 2.6. The Awardee shall perform all the activities and investments included in the Pilot Plan.

## 3. Access to Tender Specifications

- 3.1. The Bidding Process shall be governed by the terms established in the Tender Specifications. The Tender Specifications will be published on IEASA website and may be downloaded by all interested parties.
- 3.2. IEASA will keep an “Interested party record”; those interested in taking part of this Bidding Process must send a mail to [consultasADCH@ieasa.com.ar](mailto:consultasADCH@ieasa.com.ar), indicating name of company, contact person, telephone number and email address.

## 4. Access to the Data Room

- 4.1. In order to obtain further information concerning this investment opportunity and in order to submit a bid, interested parties must obtain the right to access the Data Room before May 24, 2019 by means of a wire transfer to the following IEASA account:

BANCO ITAU

CUIT: 30-70909972-4

Account number: united states dollars savings account: 33345706016

CBU: 2590050911333457060164

The acquisition price to obtain the right to access the Data Room will be USD 1,000 plus VAT.

The interested party must submit a copy of the transfer receipt to the following emails [ctasacobrar@ieasa.com.ar](mailto:ctasacobrar@ieasa.com.ar) and [consultasADCH@ieasa.com.ar](mailto:consultasADCH@ieasa.com.ar), stating the company name. Upon verification that the proceeds of the transfer have been credited, IEASA will send an email to the address detailed in the interested party record attaching proof of the right to access and detailing the documentation the interested party shall submit to allow IEASA issue the receipt and invoice for the purchase of the right to access.

- 4.2. Upon acquisition of the right to access, the offeror will be allowed to access a virtual Data Room displaying geological, operational, financial, legal and contractual information, through a digital platform. Certain geological, production and reservoir documentation will be made available in IEASA's facilities in digital format.
- 4.3. In order to have access to this information, each offeror will receive a form which must be completed and sent to [consultasADCH@ieasa.com.ar](mailto:consultasADCH@ieasa.com.ar), detailing the data of people requiring access. The offeror will receive an email with a link to the virtual Data Room and with the access passwords for those people requiring access.
- 4.4. Interested parties shall keep strict confidentiality regarding the documentation and information included in the Data Room and shall not disclose it or reveal it to third parties without the prior written consent of IEASA, pursuant to Tender Specifications. The obligation of confidentiality applies to any person requiring access to the Data Room, either employees of the interested party or advisors of any kind. To that effect, interested parties shall sign the confidentiality agreement which will be submitted by email.

## 5. Visit to Aguada del Chañar area

- 5.1. Interested parties may perform a maximum of two visits to Aguada del Chañar area, requesting a date to the following email [consultasADCH@ieasa.com.ar](mailto:consultasADCH@ieasa.com.ar).

The information of such people wishing to attend must be detailed. A maximum of 4 people will be allowed to attend and they must have the basic elements for personal safety (helmet, safety boots, and glasses). People must have their own transport units to perform the circuit.

- 5.2. Questions that may arise during the visit must be submitted in writing according to the procedure detailed in the following section. Only the written replies submitted by IEASA shall be considered valid, according to the following section.

## 6. Queries

- 6.1. Offerors may submit queries through the functionality on the virtual Data Room platform (Q&A option). Such queries will be replied in an informative way to all interested parties only when necessary for a proper understanding of the information contained in the Data Room, in Tender Specifications or when terms are modified.
- 6.2. At any time or stage of the Bidding Process, IEASA shall be entitled to issue Notices including clarifications, modifications and/or additions to the Tender Specifications.
- 6.3. Notices will be published on IEASA website ([www.ieasa.com.ar](http://www.ieasa.com.ar)) and on the virtual Data Room and will be submitted to the offerors to the contact emails informed when acquiring the right to access the Data Room.

## 7. Preliminary dates of the Bidding Process

○ Publication of Teaser, Process Letter and Tender Specifications	February 28-2019
○ Data Room Opening	March 15-2019
○ Deadline to acquire the right to access the Data Room and queries receipt	May 24-2019
○ Reception of tenders	May 31-2019
○ Estimated date of award	June 14-2019
○ Estimated date of execution of the Transfer Contract and payment of the price	June 28-2019