

*Unofficial translation to be used for information purpose only*

## **Romanian Government**

### **Methodological Rules**

**for the application of Petroleum Law no. 238 of 2004**

**Approved by Government Decision no. 2075 of 2004**

#### **Chapter I**

##### **General Provisions**

Art. 1. For the purposes of these rules, the following terms and abbreviations are used:

- a) N.A.M.R. – National Agency for Mineral Resources;
- b) data and information – data and information referring to the petroleum resources/reserves;
- c) N.G.F. – National Geological Fund;
- d) N.P.R./R.F. (F.N.R./R.P.) – National Petroleum Resources/Reserves Fund;
- e) classified information – information, data and documents that may be treated as state secret or office secret according to Law no. 182 of 2002 concerning the protection of classified information;
- f) Petroleum Law - Petroleum Law no. 238 of 2004, published in Romania's Official Gazette, Part I, no. 535 dated 15 June 2004;
- g) alternate bid – the case when a bidder submits one or several bids for one and the same block.

#### **Chapter II**

##### **Access to data and information**

Art. 2. N.G.F. consists of all data on mineral resources and reserves obtained from mining and petroleum activities regardless of their storage mode.

Art. 3. N.P.R./R.F. consists of all resources and reserves identified and recorded by N.A.M.R. for each type of the country's petroleum resource, determined according to the specific regulations.

Art. 4. N.A.M.R. organizes, manages and turns to good account the N.G.F. and N.P.R./R.F.

Art. 5. The data and information included in the N.G.F. and N.P.R./R.F. belong to the Romanian State and are treated, as the case may be, as classified information or public interest information, according to the law.

Art. 6. The classification of the data and information included in the N.G.F. and N.P.R./R.F. will be made according to the legal provisions.

Art.7. The protection, keeping, management and circulation of the data and information included in the N.G.F. and N.P.R./R.F. are made with the observance of the related legal provisions.

Art. 8. The protection of classified data and information from the N.G.F. and N.P.R./R.F. is ensured by the security operating within the concerned institutions, business entities or natural persons involved, which are issuing, use or get possession of such data and information, according to the law.

Art. 9. (1) The data and information from the N.G.F. and N.P.R./R.F. are kept, stored and physically protected in N.A.M.R.'s archives or in the archives of the business units or public authorities/institutions which prepared them or in whose custody they are to be found.

(2) The data and information from the N.G.F. and N.P.R./R.F. which have a classified information character are kept and stored in the classified documents departments of the involved institutions, with the observance of the physical protection rules, according to the law.

Art. 10. (1) The access to the data and information is made based on a written application approved by N.A.M.R. with the observance of the legal provisions concerning the classified information, within 10 days from the date of filing the application and signing of the confidentiality agreement, and provided that the applicant paid the charges established by N.A.M.R. for the examination and use of the data and information.

(2) The application for access to the data and information may be made for the purpose of preparing the technical documentation, either prior to the grant of the concession or during validity period of the concession.

(3) For the access to the data and information that make the object of the petroleum agreements in progress, the approval of the title holder of such agreements is also needed.

(4) The title holders of the petroleum agreements have the right to hold and use, free of any charge, the data and information referring to the concessioned blocks, during the validity period of the petroleum agreements, solely for the purpose of conducting the petroleum operations agreed thereunder, with the observance of the conditions imposed by the legislation on classified information and the data and information confidentiality provisions of the said agreements.

(5) The title holders of the petroleum agreements have the obligation to keep both the data and information given to them in custody for the term of the petroleum agreements and those obtained as a result of the conduct of their own activity, with the observance of the conditions set forth by the legislation concerning the classified information, and to remit them to N.A.M.R. on the expiry date of the petroleum agreements. The title holders of the petroleum agreements shall keep, updated inventories of the data and information they hold, for each block, and will remit copies thereof to N.A.M.R. at the end of each calendar year, in order that they are included in the Petroleum Book.

Art. 11. (1) For the keeping, storage and protection of the existing data and information or the data and information which will be subsequently entered into the archives of the title holders of the petroleum agreements, authorities/public institutions or other legal persons, N.A.M.R. will conclude with such entities contracts for the keeping, storage and protection of the relevant data and information. The data and information that are the object of the contract shall be stored separately from the own archives of such entities. In case the data and information have a classified nature, the contracts for keeping, storage and protection shall also observe the provisions of the legislation referring to such type of documents.

(2) If necessary, the legal entities which keep, hold or apply for the access to classified data and information shall also obtain the approval of the competent authorities in charge of the protection of classified information.

Art.12. The holders of the archives have the obligation to return to N.A.M.R. the goods making the object of the contract for the keeping, storage and protection of the classified data and the information, at the place determined by N.A.M.R., without being entitled to claim the right of retention of such goods on the grounds of possible expenses or losses/damages incurred arising out of the performance of the said contract, except for those due to N.A.M.R.'s fault.

Art.13. (1) N.A.M.R. has the right to check the manner in which the classified data and information are kept, stored and protected, and also the manner in which they are used by the holders of such archives.

(2) N.A.M.R. has a free and unconditional right of access to the data and information, regardless of their storage place.

Art. 14. The data and information held in the archives of the legal entities are confidential and will not be disclosed without N.A.M.R.'s previous written consent.

Art. 15. In case that the title holder of the petroleum agreement is a foreign legal entity, it will have the obligation to keep in the archives of its subsidiary or branch in Romania the original copies of the data and information. Upon N.A.M.R. approval the title holder has the right to remit to its headquarters, and to the headquarters of its operator or foreign subcontractor copies of these data and information, for the purpose of fulfilling title holder's contract obligations.

Art. 16 The studies for the appraisal of the geological resources and reserves, including data and information on the petroleum resources/reserves that constitute N.P.R./R.F. are prepared by the title holders of petroleum agreements and are remitted to N.A.M.R. for checking and registration.

Art. 17. (1) The titles holders of the petroleum agreements have the obligation to annually report to N.A.M.R. the record and movement of the petroleum resources/reserves.

(2) The reporting shall be made by filling in standard reporting forms, accompanied by an explanatory note, whose models and way of filling in are determined by N.A.M.R. through the issuance of technical instructions. The explanatory note shall comprise the elements required for the substantiation of the petroleum resources and reserves written down in the reporting form, at the end of the reference time period of time and their movement during the year for which the reporting is made.

(3) Reporting is made separately for each of the concessioned blocks.

(4) The reporting for the current year will be submitted at the latest until March 15th of the ensuing year.

Art. 18. N.A.M.R. draws up annually summing up statements at the national level with regard to the petroleum resources and reserves.

Art. 19. (1) The title holders have the responsibility to submit to N.A.M.R. quarterly, annual and final reports concerning the activity conducted by and the expenses incurred in relation thereto, within 30 days from the expiry of the period for which the reporting is made.

(2) The quarterly, annual and final reports, including the reports related to the surveying activities, together with the data referring to the petroleum resources/reserves acquired prior to the coming into force of these rules as a result of conduct of the petroleum operations, are part of the N.G.F.

Art. 20. The final report will be submitted within 60 days from the date on which the title holder or N.A.M.R. gives notice of the termination of the concession.

### **Chapter III Rules applicable to petroleum concessions**

Art.21. (1) The petroleum surveying, exploration, development-production or production blocks are defined by STEREO '70 topographic-geodetic coordinates and they are described in prospecting permit and in the petroleum agreement, respectively.

(2) The delineation and substantiation of the surveying, exploration or production blocks are carried out by means of documentation whose content will be established via technical instructions issued by N.A.M.R.

Art. 22. (1) The documents issued by N.A.M.R. for accomplishing its prerogatives under the Petroleum Law, are mainly the following:

- a) petroleum agreements, approved by a Governments Decision;
- b) documents approved by the Head of N.A.M.R.

(2) The petroleum agreements approved by Government Decision are:

- a) concession agreement for exploration-development-production;
- b) concession agreement for development-production;
- c) concession agreement for production;
- d) concession agreement for the facilities for underground storage of natural gas;
- e) concession agreement for the national pipeline system;
- f) concession agreement for petroleum terminals;
- g) amendments to petroleum agreements.

(3) The documents approved by the Head of N.A.M.R. are:

- a) prospecting permit;
- b) association agreement of the title holder with other legal entities for the purpose of conducting petroleum operations;
- c) partial or total assignment of a petroleum agreement to another legal person;
- d) decision on the termination of the concession;
- e) approval of the amendment of the technical provisions included in the petroleum agreements, which are exclusively the N.A.M.R.'s prerogative.
- f) consents for the performance of certain exploration works;
- g) annual production programs;
- h) confirmation of the petroleum geological resources and reserves;
- i) other documents, except for those provided under par. (2) above, in respect of which N.A.M.R. is legally competent.

**(4) the approvals for the amendment of the technical provisions of the petroleum agreements, which are exclusively N.A.M.R.'s prerogative, are mainly the following:**

- a) work programs;
- b) **extension of the exploration, development or production phases, however, without exceeding the legal term of the petroleum agreement concerned.**
- c) extension of the block to adjacent areas, having a free area status, in case that it was identified that the geological structure extends beyond the block's initial limits;
- d) modification of the volume of the petroleum geological resources and reserves.

Art.23. N.A.M.R drafts the clauses and conditions needed for the preparation of the petroleum agreements which will be negotiated.

## **Chapter IV**

### **Organization and development of the public call for bids for the concession of petroleum operations**

#### **Section 1**

##### **Principles of public call for bids and its phases**

Art. 24. The principles that lie at the basis of the organization and conduct of the public call for bids for the concession of petroleum operations are:

- a) efficient turning to account of the petroleum resources, which are the public ownership of the State;
- b) transparency of the organization and conduct of the public call for bids for the concession of petroleum operations;
- c) equality of the bidders, regardless of their country of origin or the nature of their share capital;
- d) competition in obtaining the concession of the petroleum operations;
- e) confidentiality of the data and information known or made available on the occasion of the conduct of the public call for bids.

Art. 25. In order to keep record of the documents and information relating to the organization and conduct of the public call for bids for the concession of the petroleum operations, N.A.M.R. organizes, fills in and keeps the following documents of record:

- a) the ledger of the applications for the concession of the petroleum operations;
- b) the ledger of the bids submitted for the concession of the petroleum operations;
- c) the ledger for the record of the documents referring to the opening and evaluation of the bids and the negotiation of the concession agreements for the conduct of petroleum operations.
- d) the file of the concession, in which all the documents referring to or in connection with the public call for bids will be kept.

Art. 26. (1) The phases of the public call for bids are the following:

- a) initiation of the concession of petroleum operations;
- b) preparation of the bid;
- c) submitting the bids and designation of the successful bidder.

(2) The initiation phase of the concession of petroleum operations includes:

- a) the registration of the applications made by the Romanian and foreign legal entities, accompanied by the block's data sheet or, as the case may be, the approval by N.A.M.R. 's President of the report concerning the usefulness of the initiation of a public call for bids;
- b) the checking of the existing documentation from N.G.F. referring to the block applied for, within 45 days from the registration of the application and the completion of the list of the offered blocks.
- c) the issuance of N.A.M.R. President's order referring to the approval of the list of the blocks offered in the respective public call for bids, within 15 days from the completion of such list;

d) the publication of the order issued by N.A.M.R.'s President in the Official Gazette of Romania, Part I.

(3) The bid preparation phase includes:

a) the preparation of the procedure to be followed in the conduct of the public call for bids, which will be prepared for each bidding round, based on these rules;

b) the approval of the procedure for organizing the public call for bids by an Order issued by N.A.M.R.'s President;

c) the preparation of the list of the data and information on the offered blocks, which are put at the disposal of the concerned legal entities and/or, as the case may be, the data package related to the offered block, within 30 -90 days from the date of the initiation of the concession, by publishing the Order of N.A.M.R.'s President in the Official Gazette of Romania, Part I.;

d) the registration of the applications for participating in the public call for bids, and for the purchase of the data or data packages;

e) the signing of the confidentiality agreement, whose model is provided in the annex to the procedure for organizing the public call for bids;

f) the remittance of the data/data packages to the applicants, after the payment of the tariff provided in the annex to the procedure for organizing the public call for bids;

g) the access to additional data, based on the tariffs approved by the Order of N.A.M.R.'s President;

h) the remittance, upon bidder's request, of the frame-model of the petroleum agreement.

(4) The phase of the bids submitting and designation of the successful bidder includes:

(a) bids submitting within the timeframe provided in the procedure for the conduct of the public call for bids;

(b) approval, by the Order of N.A.M.R.'s President, of the committees appointed for the opening of the bids, their evaluation and settlement of possible complaints;

(c) opening of the bids and the record in the minutes signed by the members of the committee appointed for the bid opening and the authorized representatives of the bidding companies of the manner of fulfillment of the requirements of the present methodological rules and of the procedure for organizing the public call for bids; a copy of the minutes will be put at the bidder's disposal, upon request;

d) remittance of the qualified bid/bids to the evaluation committee;

e) evaluation of the bids within 15 – 30 days, depending on the evaluation complexity and number of the bids evaluated;

f) designation of the successful bidder and the record of the result of the public call for bids in the minutes of the committee appointed for bid evaluation and negotiation of the petroleum agreements;

g) notification of the bidders with regard to the winner of the public call for bids and remittance, upon request, of a copy of the minutes;

h) commencement of negotiations for the petroleum agreement for each block with the winning company, except for the blocks for which complaints have been submitted.

(5) The period of time to submit the bids is 3-6 months, and will be specified in the procedure for organizing the public call for bids.

(6) The bid content is that set forth by the present methodological rules, and, as the case may be, by the procedure for organizing the public call for bids.

## **Section II**

### **Initiation of the concession of petroleum operations**

Art.27. The licensing of the petroleum operations may be initiated either by interested Romanian or foreign legal entities or by N.A.M.R.

Art. 28. (1) The interested Romanian or foreign legal entities may initiate the concession by submitting an application to N.A.M.R., which will be accompanied by the block's sheet, drawn up in accordance with the technical instructions.

(2) The applications for concession will be registered in the sequence of their receipt in the ledger described in art. 25, letter a).

Art. 29. (1) N.A.M.R. will check and determine the block's area, its topogeodetical coordinates and decide on the opportunity of the concession within 45 days from the date of registering the application for concession.

(2) The N.A.M.R.'s decision will be notified to the applicant within 5 days from the date on which it was made.

Art. 30. (1) The list of the blocks offered for concession by way of public call for bids will be approved by an order issued by the Head of N.A.M.R. and will be published in the Official Gazette of Romania, Part I.

(2) Upon accession of Romania to the European Union, the list of the blocks offered for concession will also be published in the Official Journal of the European Union.

Art.31. The Order of the President of N.A.M.R., regarding the approval of the list containing the blocks offered for concession by way of public call for bids includes the following:

- a) name and headquarters of N.A.M.R.;
- b) category of the petroleum operations which make the object of the concession;
- c) blocks within which the petroleum operations are to be concessioned, with the mentioning of the topo - geodesical coordinates;
- d) date up to which the interested legal entities may obtain the procedure of the public call for bids;
- e) other data and information deemed necessary.

## **Section 3**

### **Bid content**

Art. 32 (1) The bids will be prepared in Romanian and will be submitted in two copies, respectively in original and duplicate.

(2) The copies of the bids will not be returned to the bidders but kept by N.A.M.R.

Art. 33. (1) For each block included in the list approved according to art. 30, a bidder may submit one bid only.

(2) Alternate bids will not be accepted.

Art. 34. (1) The bid includes an outer envelope and an inner envelope, containing the mentions and documents provided for in these methodological rules, and in the procedure of public call for bids.

(2) On the outer envelope mention shall be made of the block from the published list which the bid refers to, as well as the date fixed for holding the bids opening meeting. The envelope will include the following:

- a) a statement of participation, signed and stamped by the bidder, with no erasures or additions, which will include the commitment to maintain the bid validity, description of the block in question, i.e. its name, position in the list published In the Official Gazette of

Romania, Part I, and the topo-geodesical coordinates, as such were published, as well as the bidder's assumption of responsibility in connection with the data and statements comprised in the bid.

b) data and information on the bidder, such as: its name, headquarters, sole registration code or fiscal code, if such codes are applicable to the bidder, its registered share capital, shareholders, as well as the name, position, phone/fax nos. of the person empowered by the bidder, to whom the notifications will be made;

c) certified copies of the bidder's constitutive documents and certificate of incorporation, or equivalent documents, in case of the foreign legal entities;

d) valid attesting certificate issued by the Trade Registry Office or an equivalent document in case of foreign legal entities;

e) list comprising the data and information which are part of N.G.F. and/or N.P.R./R.F. and were used for the preparation of the bid. In case of using public data and information referring to the petroleum resources, mention will be made of the source from where they were obtained;

f) the proof that the data and information included in N.G.F. and N.P.R./R.F. and used to prepare the bid are legally held, respectively the invoice issued by N.A.M.R. and the relevant payment order or receipt;

g) letter of good standing issued by the bidder's bank or other institutions or organizations which the bidder is registered or is working with, including its auditors or chartered independent accountants, comprising the description of the global liquidity, asset solvency, gross profit rate and rate of return; in case the bidder is a newly established legal entity, the same data shall be provided in respect of the bidder's shareholder or main shareholders;

h) attesting certificates issued by the public authorities/institutions which manage the State's Budget, the budget of the State's Social Security, the budget of the Sole National Fund of Public Health Insurance, the budget of Unemployment Insurance, the budget of Work Accidents and Professional Disease Insurance and the local budgets, which should reflect the bidder's financial and fiscal discipline in respect of the fulfillment by the bidder of its obligations towards such budgets. In case of the foreign companies with no previous activity in Romania, the last annual audited report of the bidder or, as the case may be, of its shareholder/main shareholders will be submitted.

Art. 35. The inner envelope, whereon the bidder's name and headquarters will be mentioned, shall include the bid itself, i.e. the proposed petroleum operations program and, as the case may be, an estimate of the reserves which are to be discovered or promoted, an evaluation of the cost of such petroleum operations, the scheduling of the work phases, the appraisal of the impact on the environment and the program for environmental rehabilitation, the professional training and technology transfer program.

#### **Section 4**

##### **Submitting the bids**

Art. 36. (1) The bids shall be submitted/remitted to N.A.M.R. headquarters in a sealed envelope and they will be registered as they are received.

(2) The bidders are responsible for the integrity of the bids and their timely filing.

Art. 37. Until the public meeting for bids opening is held, the bids will be kept sealed by N.A.M.R. which will ensure their confidentiality.

Art. 38. The bids submitted after the deadline specified by N.A.M.R. in the procedure for the conduct of the public call for bids will not be registered and will be returned to the bidders without being opened.

## **Section 5**

### **Bids' opening, evaluation and negotiation commissions**

Art. 39. The bids' opening, their evaluation and the negotiations of the conditions and clauses of the petroleum agreements will be done by commissions appointed by an order of the Head of N.A.M.R., for each public call for bids.

Art. 40. (1) The bids opening commission consists of 5 members and 2 substitute members, representatives of N.A.M.R.

(2) The management of the bids opening commission is provided by a chairman appointed by the Head of N.A.M.R.

Art. 41.(1) The commission for bids evaluation and petroleum agreements negotiations consists of 5 members and 2 substitute members, representatives of N.A.M.R.

(2) The management of the commission is provided by a chairman appointed by the Head of N.A.M.R.

(3) The members of the bids opening commission may also be members of the bids evaluation and petroleum agreements negotiation commission.

Art. 42. The record of the commission's activity is provided by a secretary, who shall not be a member of such commission.

Art. 43 (1) The persons who are husband/wife, relative or in-laws, up to the 4<sup>th</sup> degree inclusively, with the shareholders or managers or auditors of the bidder cannot be members of the bids opening commission and evaluation and negotiation commission.

(2) After the expiry of the deadline for submitting the bids, but not later than the public meeting for the bids opening, the members of the commissions shall sign a self-assumed statement as to their compatibility.

(3) If the state of incompatibility occurs after the date of holding the bids opening meeting, the persons in question shall immediately advise the chairman of the bids opening commission, who will take the steps required for their replacement.

(4) The cases of incompatibility may also be notified to the chairman of the bids opening committee by any interested person, and the provisions of art. (3) shall apply accordingly.

Art. 44. The bids opening commission has the following main tasks:

a) validation of submitting conditions of the bids, i.e. time, number of copies, integrity of the bids;

b) opening and designation of the bids accepted for evaluation;

c) drafting of the minutes of the opening meeting;

d) submitting the minutes to validation by the President of N.A.M.R.;

e) remittance to the bidder of a copy of the minutes;

f) remittance of the accepted bids to the evaluation and petroleum agreements negotiation commission;

Art.45. The bid evaluation and petroleum agreements negotiation commission has the following main tasks:

a) evaluation of the bid, with the observance of the criteria set under these methodological rules and in the procedure for conducting the public call for bids;

b) designation of the successful bid;

- c) drafting the minutes regarding the decision taken by the commission;
- d) submitting the minutes to validation by the President of N.A.M.R.
- e) notification of the bidders with regard to the evaluation result;
- f) remittance to the bidder of a copy of the minutes;
- g) negotiation of the clauses and conditions of the concession;
- h) preparation of the petroleum agreement, its initialing and presentation in order to be executed by the President of N.A.M.R. and the authorized representative of the concessionaire.
- i) other tasks set forth by the Head of N.A.M.R.

Art. 46. (1) The bids opening commission and, respectively, bids evaluation and petroleum agreements negotiation commission shall convene legally solely if all members are present.

(2) In case a member of the bids opening/evaluation and petroleum agreements negotiation commission is not able to attend, such member will be replaced with one of the substitute members appointed under art. 40. par. (1).

(3) The decisions of the bid opening/evaluation and petroleum agreements negotiation commission are adopted autonomously, by the vote of the majority of its members; the separate opinions shall be written down in the minutes.

Art. 47. The members of the bids opening/evaluation and petroleum agreements negotiation commissions and their secretaries have the obligation to keep the confidentiality of the data and information included in the bids.

## **Section 6**

### **Selection criteria and the corresponding scoring**

Art.48. The evaluation and petroleum agreements negotiation committee makes the evaluation based on the criteria set forth by the present methodological rules and the specifications from the procedure for the conduct of each public call for bids.

Art. 49. (1) With a view to evaluate the bids submitted for the concession of the petroleum exploration, development and production blocks, the evaluation criteria are the following:

A. The proposed minimum exploration program: between 40 and 60 points, of which:

- a) program of the first, mandatory, phase: between 25 and 35 points;
- b) program of the optional phases: between 15 and 25 points;

B. The bidder's technical and financial capabilities: between 20 and 30 points, of which:

- a) financial capability: between 10 and 15 points;
- b) technical capability: between 10 and 15 points.

C. Impact on the environment and the program for its restoration and rehabilitation: between 10 and 20 points.

D. Programs on technology transfer and professional personnel training: 10 points.

(2) With a view to evaluate the bids submitted for the concession of the petroleum development-production or production blocks, the evaluation criteria are the following:

A. Pre-feasibility study: between 10 and 25 points.

B. Proposed minimum work program: between 30 and 50 points, of which:

- a) program of the first, mandatory, phase: between 20 and 40 points;
- b) program of the optional phases: between 10 and 15 points.

C. The bidder's technical and financial capabilities: between 15 and 25 points, of which:

- a) financial capacity: between 10 and 20 points;
- b) technical capacity: between 5 and 15 points.

D. Impact on the environment and the program for its restoration and rehabilitation: between 10 and 20 points.

E. Programs on the technology transfer and personnel training: between 5 and 10 points.

Art. 50. (1) Depending on the specific features of the blocks offered under each public call for bids, the scoring is fixed within the limits mentioned under art. 49, so that the total of the points assigned should be 100.

(2) The evaluation of the bids, based on the evaluation criteria and the scoring provided by the procedure, shall be made by attaching a score to each evaluation criterion. The evaluation will be made by the members of the committee for the bids evaluation and petroleum agreements negotiation.

(3) If the bid evaluation and its scoring is less than half of the maximum total points, or if the scoring obtained for a certain criterion is less than 50% of the maximum points allocated to such criterion, then the respective bid will be disqualified.

(4) For equal total scoring, the bid which obtained more points for the criterion f "Proposed Minimum Program for the first, mandatory, phase" will be declared to be the winner.

## **Section 7**

### **Opening of the bids**

Art. 51 (1) The bid opening meeting is public.

(2) The bids, closed and sealed, will be delivered to the bid opening commission on the date, hour and place indicated in the procedure of each public call for bids.

(3) Upon the opening of the outer envelope, the bid opening commission will check the existence of the requested documents and note its findings in the minutes signed by the commission's members and by the secretary, as well as by the bidder's representatives.

(4) The lack of any document in the outer envelope will cause the disqualification of the respective bid, without proceeding to the opening of the inner envelope.

(5) The opening of the inner envelope and checking of the existence of the required documents will be noted by the bid opening commission in the minutes signed in compliance with paragraph (3).

(6) The lack of any document in the inner envelope will cause the disqualification of the respective bid.

(7) The original copy of the disqualified bid shall be returned to the bidder.

(8) In case the bidder's representatives are missing or if they refuse to sign the minutes, then such minutes will be signed by the commission's members and 2 witnesses chosen from the persons, other than N.A.M.R. representatives, attending the public opening meeting.

(9) The lack of the witnesses or their refusal to sign the minutes will be mentioned in the minutes, following that such circumstances be certified, through their signature, by the members of the bid opening commission and its secretary.

(10) A copy of the minutes approved by the Head of N.A.M.R. will be handed over, against signature for receipt, to the bidders' representatives or, in case they are missing, such copy will be communicated within 2 business days from the date of holding the public opening meeting.

(11) The bids accepted for evaluation will be forthwith remitted to the commission for the bids evaluation and negotiation of the petroleum agreements.

(12) The result of the bid evaluation will be written down by the commission in the minutes, a copy of which will be sent to the bidder.

## **Section 8**

### **Complaints lodged against the public call for bids**

Art. 52. The bidders may lodge separate complaints against the manner of compliance with the legal provisions regarding the organization and conduct of the public call for bids, both in respect of the opening phase and the bid evaluation phase, within 5 business days from the receipt of the minutes validating the decision of the bid opening commission or of the commission for the bid evaluation and petroleum agreement negotiation.

Art. 53. N.A.M.R. has the obligation to settle the complaint and notify the complaining bidder of its reply within 10 business days from the receipt of the complaint.

Art. 54. (1) The complaints are settled by a complaint committee, consisting of three representative members of N.A.M.R., who were not members of the opening or evaluation commissions.

(2) The members of the complaint committee are appointed by an order issued by the Head of N.A.M.R.

(3) The provisions of art.43 shall be applied accordingly.

Art. 55. The complaint committee reviews all the documents issued by the bid opening commission or, as the case may be, the commission for the bids evaluation and petroleum agreements negotiation, and will check the observance of the procedure for the organization and conduct of the public call for bids for the concession of petroleum operations.

(2) In case the committee assesses that the complaint is justified, it will suggest to the Head of N.A.M.R. the following:

a) revocation of the disqualification decision, in the case of complaints made in the opening phase, and the remittance of the bid to the bid evaluation and petroleum agreement negotiation commission;

b) revocation of the decision concerning the designation of the winner, and organization of a new public call for bids for the concession of petroleum operations corresponding to the block concerned, in case of the complaints made in the evaluation phase.

(3) The complaint committee does not re-evaluate the bids.

(4) The decision to accept the complaint shall be notified to all the bidders which have submitted bids for the block in question.

(5) In case the complaint is rejected, the bidder may appeal to the competent court of law, according to the applicable legal provisions.

(6) The lodging of a complaint, including such lodging with the court, shall stay the procedure for the concession of petroleum operations, until the complaint is finally and irrevocably settled.

(7) The stay will be granted solely upon provision of bail, whose size shall be determined by the court.

Art. 56. (1) Based on the review of the challenged issues, in light of the rules for the organization and conduct of the public call for bids for the concession of petroleum operations, the complaint committee will draw up a report whereby it will suggest the way to solve the complaint.

(2) The complaint committee's report is submitted to the Head of N.A.M.R., in order to be approved within the period of time stipulated under art. 53.

## **Chapter V**

### **Classification of petroleum operations, resources and reserves**

#### **Section 1**

##### **Prospecting activities**

Art. 57. The prospecting activities are carried out in an outlined block, based on a non-exclusive prospecting permit issued by N.A.M.R. upon the request of the interested Romanian or foreign legal entities, within maximum 30 days from the date when it was ascertained that the following conditions for granting this right were fulfilled:

- a) presentation of the data sheet of the block applied for and its outlining in STEREO '70 coordinates;
- b) the block applied for does not overlap a petroleum block which is already the object of a concession or of a public call for bids now in progress;
- c) presentation of the proposed work program and the time period for which the prospecting permit is requested;
- d) presentation of the documents showing that the applicant has the technical and financial capabilities to carry out the proposed petroleum operations.

Art. 58. Based on the prospecting permit, studies may be carried out on the evaluation and interpretation of the pre-existing information, and geological mapping, geochemistry, magneto metric, radiometric, electrometric, gravimetric, seism metric, teledetection, drilling, laboratory determinations works and other works for the determination of the hydrocarbon potential of the exploration block may also be conducted.

Art. 59. The title holder of the prospecting permit which, during the application of such permit or after submitting the final report, within 60 days, requests the initiation of the concession process for obtaining a petroleum exploration agreement, has the obligation to also submit, together with the application for the initiation of the concession process, a report comprising the investigation methods applied, the works performed, the justification of the amounts spent and the results obtained, solely for the block in respect of which the initiation of the concession process is requested.

#### **Section 2**

##### **Exploration**

Art. 60. (1) The exploration works mean all studies and operations which are carried out in order to know the geological petroleum accumulation conditions, and comprise the identification of the reservoirs, their quantitative and qualitative appraisal, and the determination of the technical and economic conditions for their use.

(2) The purpose of the exploration works is to substantiate the decision on the opportunity of using the reservoir, provide the data required for the design and performance of the opening, preparation and production works, with the maintenance of a certain level of petroleum resources/reserves appropriate to the production process.

(3) The exploration activities include the geochemical, geophysical, geological mapping, exploration-opening and exploration-appraisal drilling works, their related documentation, experimental production and scientific research works.

Art. 61. The scientific research consists of the systematization, analysis and interpretation of all geological, geophysical, biostratigraphical, sediment logical, geochemical data and other similar data, derived from the previous exploration works, for the purpose of the geological substantiation and efficient design of new exploration works.

Art. 62. In the phase of reservoir identification, geological, geophysical and geochemical petroleum exploration operations are conducted and opening drilling works are performed, whose purpose is to identify new petroleum accumulations.

Art.63. (1) In case of the discovery of petroleum accumulations based on the data resulted from the opening drilling and, as the case may be, from the geological, geophysical and geochemical works, a discovery of a commercial field can be declared.

(2) After the first successful well the title holder of the petroleum agreement shall prepare the appraisal plan of the petroleum accumulation through the conduct of detail geophysical works and/or, as the case may be, drilling of wells. The plan comprising the petroleum operations for the appraisal of the discovered accumulation shall be approved by N.A.M.R.

Art. 64 (1) During the phase of the quantitative and qualitative reservoir appraisal the drilling of exploration-appraisal and experimental production wells is performed, whereby the extension of producing areas, the geological-physical parameters, the potential of the discovered reservoir, and the technical-economic production conditions are established.

(2) The data obtained during this phase must ensure the preparation of the reservoir studies with the reserve calculation and the technical-economic feasibility studies, with a view to substantiate the decision on proceeding to the development phase.

Art. 65. The petroleum agreements shall provide for the volume and value of the minimum work program required to establish the petroleum prospects of the block, and the time table for the performance of such program.

Art. 66. The volume and the periods of time for the performance of the exploration works which are not included in the minimum work program will be established following the negotiation held with N.A.M.R. and will be approved by a petroleum agreement.

Art. 67. The exploration works under the minimum work program and the works outside such program shall be carried out based on plans prepared by the title holder and approved by N.A.M.R.

Art. 68. (1) The experimental production will be carried out based on a plan drawn up by the title holder, and the conditions for its performance will be specified in the agreement.

(2) In the case that the experimental production reveals that the identified accumulation does not constitute a commercial field which can be further developed, the title holder may request an approval to produce through the exploration well, for a period of time during which the title holder believes this process is technically and/or economically feasible.

Art. 69. The status of the exploration wells will be established by technical instructions issued by N.A.M.R.

Art. 70. (1) The part of the exploration block which makes the object of the concession wherein, following the works performed, no commercial fields have been identified according to the provisions of the petroleum agreement, shall be put at N.A.M.R.'s disposal, free of any obligations.

(2) The deadline for relinquishment and putting the block at N.A.M.R.'s disposal is the date on which the exploration period provided in the agreement expires, unless the agreement provides for intermediary dates.

### **Section 3**

#### **Development and production**

Art. 71 (1) The petroleum fields development and production works may be carried out solely for reserves confirmed by N.A.M.R.

(2) The confirmation of the petroleum geological resources and reserves will be made based on the technical instructions issued by N.A.M.R.

Art. 72. The development phase starts from the date of approval of the production plan, on the basis of the confirmed reserves and the declaration of the commercial nature of the field.

Art. 73 (1) The production plan which lies at the basis of the conduct of the development and production works must include all the data which are necessary for the evaluation of the petroleum resources and reserves, taking in consideration the applicable production technologies, costs and prices existing on the evaluation date and their future trend, and shall be implemented with the approval of N.A.M.R.

(2) The plan shall also include the delineation of the production block.

Art. 74. The commencement of production may be made only after obtaining the environmental permit and providing the conditions for the caption of petroleum, disposal of waste water and, if necessary, flaring of the associated gas which are not used.

Art. 75. The commencement of the production operations shall be authorized by N.A.M.R.

### **Section 4**

#### **Classification of the petroleum reserves**

Art.76. The field represents a natural petroleum accumulation, generally characterized by an unitary hydrodynamic system, located within the boundaries of a structure.

Art. 77. The commercial field represents a natural petroleum accumulation or all natural petroleum accumulations whose unitary use is justified technically and economically.

Art. 78. The geological petroleum resource represents the total of the petroleum quantities or volumes from the natural accumulations which were discovered and those which are expected to be discovered following the conduct of future petroleum operations.

Art. 79. The petroleum reserve represents that part of the geological resource estimated to be produced under the technical and economic conditions existing on the date when it was calculated.

Art. 80. The evaluation of the geological resources and reserves will be made by studies drawn up for reference data.

Art. 81. According to the degree of certainty which can be attributed to them the reserves can be classified according to the following categories: proven, probable and possible.

Art. 82. The classification of the reserves into categories, according to their degree of certainty, and into groups, subject to the mechanism and the energy source of petroleum displacement, the sub-classifications according to other criteria, as well as the technical conditions of classification into categories and groups, respectively the general framework content of the studies for the evaluation of the geological resources and reserves, shall be made in accordance with the technical instructions issued by N.A.M.R.

Art. 83. (1) N.A.M.R. constitutes the N.P.R/R.F. on the basis of confirmed reserves, of the annual movement of the geological resources and reserves generated by the works performed, as such were reported by the title holders of the petroleum agreements.

(2) The constitution and follow up of the development of the N.P.R./R.F., and the reporting of the data related to the development of the National Petroleum Geological Resources and Reserve Fund shall be made in compliance with the technical instructions issued by N.A.M.R.

(3) The official data concerning N.P.R./R.F. shall be those recorded in the books kept by N.A.M.R.

## **Chapter VI The Petroleum Book**

Art. 84. The Petroleum Book is the instrument of record which comprises all the data referring to the legal status of the areas belonging to development and production block, the ownership right, topographical status of the works related to the petroleum operations, the petroleum and production resources/reserves, as well as the data referring to the delineation of the blocks and the petroleum operations carried out in the prospecting and exploration phases.

Art. 85. The Petroleum Book includes:

a) the ledger of all data referring to the legal status of the areas belonging to the development and production block and the ownership of these areas, as well as the data regarding the petroleum agreement and the approvals/permits issued for carrying out the petroleum operations;

b) the ledger of the technical and economic data related to the block, comprising the topo-geodetical status of the works related to the petroleum operations, the status of the petroleum resources/ reserves and production pertaining to the development and production blocks, as well as the data referring to the delineation of the blocks and the petroleum operations carried out during the prospecting and exploration phases;

c) maps and lay-out plans required to support the records made in the ledgers.

Art. 86. The detailed content of the Petroleum Book, as well as the way of its preparation will be established by technical instructions issued by N.A.M.R.

## **Chapter VII The obligations of the title holders of petroleum agreements which conduct petroleum operations**

Art. 87. The title holders of the petroleum agreements which conduct exploration works have the following obligations:

a) to commence the exploration works only on the basis of geological performance plans, prepared in accordance with the provisions of the petroleum agreement and approved by N.A.M.R.;

b) to observe the provisions of the geological plans, to carry out fully the required geological and geophysical investigation operations in the wells and to adjust the search to the encountered geological conditions, with a previous notification of N.A.M.R.;

c) to test the exploration wells solely upon the prior approval of N.A.M.R.;

d) not to start test production prior to providing the caption of the liquids produced by the wells;

e) to ensure the preservation of the core samples collected from the exploration wells, according to the provisions of the agreements;

- f) to make the topographic measurements and to locate on the drawings the exploration wells carried out and to send annually to N.A.M.R. the updated topographical drawing of the block which makes the object of the petroleum agreement;
- g) to take all necessary steps in order to prevent the degradation of the reservoirs and losses of reserves as a result of blow-outs at the wells and gas emissions behind the casing;
- h) to abandon the exploration wells only with N.A.M.R.'s approval and by taking the required measures for protection of the reservoirs and surface;
- i) to inform N.A.M.R. of the well blow-outs within 24 hours;
- j) to notify N.A.M.R. of the commencement of the exploration activity in a block at least 15 days in advance, and the cessation of the exploration activity maximum 60 days in advance.

Art. 88. The title holders of the petroleum agreements which conduct development-production works have the following obligations:

- a) to commence the development and production works solely based on confirmed reserves and technical-economic production studies drawn up in accordance with the provisions of the petroleum agreement and approved by N.A.M.R.;
- b) to comply with the technical-economic production studies and prepare annual production programs which shall be submitted to N.A.M.R. for approval until the 31st of December of the year preceding the year to which such programs refer;
- c) to keep the daily records of the produced quantities of crude oil, condensate and gas for each well, field and production block, in compliance with the technical instructions issued by N.A.M.R.;
- d) to use only the production technologies approved by N.A.M.R.;
- e) to report to N.A.M.R. the significant modifications of the fields' behavior during the production process, as compared to the provisions of production studies or technical production plans;
- f) to inform N.A.M.R. of the blow-outs occurring at the wells within 24 hours;
- g) to request the N.A.M.R.'s approval for the injection of the waste water into the underground, in the event this is carried out through other wells than those provided in the technical-economic study approved by N.A.M.R.;
- h) to abandon the production wells only with N.A.M.R.'s approval and by taking the required measures for the safety of the reservoirs and surface.

Art. 89. The title holders are obliged to start the petroleum operations on the dates specified in the concession agreement.

Art. 90. (1) In the cases when, following the works carried out, it has been found out that the block extends into one or several adjacent blocks operated by different title holders, upon N.A.M.R.'s request such title holders are obliged to ensure the preparation of unitary reserves evaluation studies and technical-economic production studies which should refer to the whole field.

(2) The petroleum operations shall be carried out by each title holder, according to the modus operandi specified by the study provided at paragraph (1).

**Chapter VIII**  
**Rules applicable to petroleum royalties, tariffs and sums**  
**owed to the State budget for the non-accomplished work**  
**programs due to title holder's fault**

Art. 91 The title holders of the petroleum agreements which were granted the right to conduct petroleum production operations, including experimental production, or to operate the pipelines that constitute the National Petroleum Transportation System or to operate the petroleum terminals, held in the public property of the State, are payers of petroleum royalties.

Art. 92. (1) The commencement of the petroleum operations, representing the date since the petroleum royalty is owed, means:

a) in the case of production, the moment when production is achieved, including the experimental production phase;

b) in the case of the trunk pipelines which constitute the National Petroleum Transportation system, as well as in case of the oil terminals, the moment of operation.

(2) The reference price for the calculation of the equivalent value of the petroleum royalty owed to the State budget is set by N.A.M.R. through technical instructions.

(3) The petroleum royalty is payable on a quarterly basis falling due on the date of the 25th of the first month of the ensuing quarter.

(4) In the case of petroleum production operations of the production fields, the petroleum royalty shall be calculated as follows:

Royalty = the value of the gross production obtained x the percentage quota set by the Petroleum Law no 238/2004, where the value of the gross production obtained = gross production x reference price.

(5) The petroleum royalty, in the case of the petroleum operations conducted for the transport and transit of the petroleum through the National Petroleum Transport System, as well as the petroleum operations conducted through petroleum terminals which are in the public property of the State, shall be calculated by applying the quota provided by the Petroleum Law no. 238/2004 to the value of the gross income obtained, during a quarter, from the mentioned petroleum operations.

Art. 93 (1) In case of failure to timely pay the petroleum royalty, interest and penalties for delays are owed, in accordance with the fiscal legislation in force. (2) In the event delays of more than 6 months are found in paying the petroleum royalty, N.A.M.R. may terminate the petroleum concession.

Art. 94. (1) The taxes and tariffs calculated and levied by N.A.M.R. constitute revenues to the State's budget, except for a quota of 20 % meant for granting incentives to N.A.M.R. 's personnel.

(2) The taxes and tariffs provided at art. 52 paragraphs (1) and (2) of the Petroleum Law no. 238/2004 will be substantiated, approved and collected according to the instructions issued by N.A.M.R.

(3) The quota up to 20 % provided under art. 52 para. (4) of the Petroleum Law no. 238/2004 constitutes the Fund meant to grant incentives to N.A.M.R. 's personnel and it will be split as follows:

a) 20 % in case of the taxes and tariffs up to ROL 10 million;

b) 18 % in case of the taxes and tariffs between ROL 10 and 50 million:

c) 15 % in case of the taxes and tariffs over ROL 50 million.

(4) The taxes and tariffs unduly collected by N.A.M.R. shall be returned from the fund stipulated under paragraph (3).

(5) The fund meant to stimulate the N.A.M.R.'s personnel is formed monthly by applying the percentage quota provided at par. (3).

(6) The unused amounts of money available at the end of the year in the balance of the account "Available amounts of money from the specially intended funds belonging to the ministries and subordinated institutions" will be carried forward to the next year with the same destination.

(7) The ways and criteria of distributing the amounts of money belonging to the Fund meant to stimulate the N.A.M.R 's personnel, the quantum of the individual incentives as well as the way of approval and use will be determined by the Head of N.A.M.R. through instructions.

Art. 95. The activities related to the technology transfer and the professional training provided under art. 48, par. (1), letter k) of the Petroleum Law no.238/ 2004, will be agreed upon by N.A.M.R. and the title holder, in compliance with the petroleum agreement, and their purpose is to accomplish the following actions:

a) the purchase of equipment and services necessary to the development of their activity;  
b) participation of their personnel in the programs on professional training in the specialized fields of activity (geology, geophysics, petroleum), environment, legislation, negotiations, etc.

c) exchange of work experience and participation of their personnel in the events organized by the specialized companies, international bodies and organizations aiming to promote the Romania's image in the petroleum field abroad.

d) transfer of know-how.

Art. 96. The amounts of money representing the equivalent value of the works provided in the work program agreed under the petroleum agreement, due on the date of relinquishment of the concession and which were not carried out due to title holder's fault shall, be remitted to the State's budget within 90 days from the date of the cessation of the concession.

### **Chapter IX** **Transfer of the rights obtained and obligations assumed** **under the petroleum agreements**

Art. 97. (1) The tile holder of the petroleum agreement may transfer, partially or totally, to another legal entity the rights obtained and obligations assumed, only subject to the prior written approval of N.A.M.R.

(2) The transfer made without N.A.M.R's approval is null and void.

Art. 98. In order to obtain the approval for the transfer of the rights obtained and obligations assumed the following criteria must be cumulatively met:

a) the petroleum agreement should be in force;

b) the Romanian legal entity to which the rights obtained and obligations assumed are to be transferred should not have outstanding debts to the State Budget, the Budget of the State Social Security, the Budget of the Sole National Fund of Public Health Insurance, the Budget

of Unemployment Insurance, the Budget of Work Accidents and Professional Disease Insurance and the local budgets;

c) the title holder's obligations under the petroleum agreement should have been fulfilled for the period of the time lapsed thereunder, or the legal entity to which the transfer is made undertakes to also take over the unfulfilled obligations;

d) the legal entity to which the transfer is made should have the technical and financial capabilities necessary to take over the obligations set forth in the petroleum agreements;

e) under the transfer, the existing conditions of the concession, as such were established under the petroleum agreement, should be maintained;

f) the legal entity to which the rights obtained and obligations assumed under the petroleum agreement are to be transferred should specialize in the conduct of petroleum operations or should appoint as operator an authorized company which has the technical capability which is suitable to the petroleum operations specified in the transferred agreement.

Art. 99. (1) The transfer is requested in writing by the title holder together with the legal entity to which the obtained rights and the assumed obligations are to be transferred.

(2) The application, signed and stamped by the lawful representatives of the two legal entities, should be accompanied by the following documents:

a) the attesting certificate issued by the Trade Register Office referring to the legal entity to which the agreement is to be transferred, or, in case of foreign companies, another equivalent document;

b) the decisions of the management bodies of the two legal entities, whereby the transfer of the obtained rights and assumed obligations is approved;

c) the certified copy of the constitutive document and certificate of incorporation of the legal entity to which the obtained rights and the assumed obligations are to be transferred;

d) the documents referring to the technical and financial capabilities of the legal entity to which the obtained rights and assumed obligations are to be transferred;

e) the report on the petroleum operations conducted by the title holder until the moment when the approval for the transfer of the rights obtained and obligations assumed is requested, with the express mentioning of the stage of accomplishing the commitments set under the concession agreement and the results obtained.

Art. 100. (1) N.A.M.R. will review the request on the approval of the transfer of the obtained rights and assumed obligations and decide on the way of solving it, within 30 days.

(2) Upon the transfer, subject to parties' agreement, some of the conditions provided under the petroleum agreement may be changed by concluding an amendment between the new title holder and N.A.M.R.

Art. 101. The transfer of the rights obtained and the obligations assumed under the petroleum agreement shall be approved by the Head of N.A.M.R. by an issued Order, and the documentation on whose basis the transfer was approved will be kept in N.A.M.R.'s archives.