

No. 363

26 April 2007

**SOUTH AFRICAN AGENCY FOR THE PROMOTION OF PETROLEUM  
EXPLORATION AND EXPLOITATION  
(Petroleum Agency)**

**MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002  
(ACT NO. 23 OF 2002)**

**PETROLEUM LICENCE ROUND 2007.**

- I. I, Mthozami Xiphu, the Chief Executive of the Petroleum Agency for the Promotion of Petroleum Exploration and Exploitation, acting in terms of section 73 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 (the Act) and the delegation of powers granted by the Minister of Minerals and Energy, do hereby announce a licence round for selected offshore petroleum blocks.
- II. ~~Competitive~~ bids for rights to ~~explore the blocks~~ are hereby invited for the period 15<sup>th</sup> March 2007 to 30 September 2007.
- III. The terms and conditions subject to which the right will ~~be~~ granted are attached hereto as Annexure 1.

The designated areas for licensing are listed below and also shown in the map attached hereto as Annexure 2:

**Area A: Northern Orange Basin**

The area is limited by the boundaries between *the* following sets of co-ordinates:

INTERSECTION OF LAT 28:51:00S WITH LONG 16:16:12E

INTERSECTION OF LAT 28:37:48S WITH THE LOW-WATER MARK

INTERSECTION OF LAT 30:00:00S WITH THE LOW-WATER MARK

INTERSECTION OF LAT 30:00:00S WITH LONG 14:25:48E

**Area B: Southern Orange basin**

The area is limited by the boundaries between the following sets of co-ordinates:

INTERSECTION OF LAT 33:00:01.02S WITH LONG 15:59:57.08E

INTERSECTION OF LAT 33:00:01.02S WITH THE LOW-WATER MARK

INTERSECTION OF THE LOW-WATER MARK WITH LONG 18:00:00:00E

INTERSECTION OF LAT 35:00:00.00S WITH LONG 18:00:00:00E

INTERSECTION OF LAT 35:00:00.00S WITH LONG 16:00:00:00E

**Area C: Proximal Bredasdorp Basin**

The area is limited by the boundaries between the following sets of co-ordinates:

INTERSECTION OF LOW-WATER MARK WITH LONG 20:00:00E

INTERSECTION OF LOW-WATER MARK WITH LONG 20:59:57.83E

INTERSECTION OF LAT 36:00:00.31S WITH LONG 20:59:57.87E

INTERSECTION OF LAT 36:00:00S WITH LONG 20:00:00E

**Area D: Offshore Algoa Basin:**

The area is limited by the boundaries between the following sets of co-ordinates:

INTERSECTION OF LOW-WATER MARK WITH LONG 25:30:00E

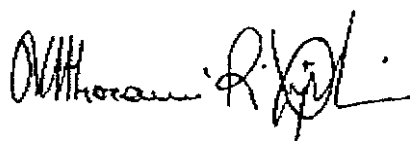
INTERSECTION OF LOW-WATER MARK WITH LONG 26:30:00E

INTERSECTION OF LAT 35:00:00S WITH LONG 26:30:00E

INTERSECTION OF LAT 35:00:00S WITH LONG 25:30:00E

All co-ordinates are referenced to the **WGS84** spheroid.

A map showing the reserved areas is attached.



**M.R. Xiphu**

**CEO PETROLEUM AGENCY**

## Annexure 1

### LEGAL FRAMEWORK FOR EXPLORATION AND PRODUCTION

#### Role of Petroleum Agency SA

Under section 71 of the Mineral and Petroleum Resources Development Act, 2002 (AdNo. 28 of 2002) (MPFDA), Petroleum Agency SA has been appointed the designated Agency, with the following responsibilities

- ! Promotion and regulation of exploration and production on and offshore
- ! Receive applications, evaluate and recommend the award of permits and rights
- ! Review, evaluate and recommend approval of EMFs
- ! Monitor compliance of licence conditions
- ! Maintain and add value to the national petroleum exploration and production database
- ! Acquire reconnaissance data
- ! Collect all prescribed fees

#### Permits and rights available for reconnaissance, exploration and production

The MPFDA defines the following permits and rights

- ! **Reconnaissance Permit** 12 months, non-exclusive
- ! **Technical Co-operation Permit** 12 month?, exclusive desk-top study, exclusive right to apply for Exploration Right
- ! **Exploration Right** exclusive, transferable, Initial Period up to 3 years with 3 renewal periods of 2 years each
- ! **Production Right** exclusive, transferable, 30 years, renewable

#### Key components of an Exploration Right

**Work program:** applicant to submit a detailed work programme with costs.

**Relinquishment:** approximately 20% (negotiable) to be relinquished at the end of each exploration period.

**Training:** a contribution to the training of South Africans in the upstream petroleum industry is required.

**Exploration fee:** R200 000 per degree square (pro rata) with a minimum of R50 000 for offshore areas and at R1 per hectare with a minimum R1 000 for onshore areas), escalating annually.

**State participation:** the State will be carried through the exploration phase whereafter it would pay its share of development costs if it elects to exercise its option to take up a 10% interest in any production rights.

**BEE requirements** provision for an equity stake by a Black Economic Empowerment company is required for a Production Right but is not essential for an Exploration Right

**Bonus:** no signature, production or any other bonuses are payable.

