



**Lebanon First Offshore Licensing Round
Frequently Asked Questions
Related to the Prequalification Process**

Question	Answer
Scope of the License Round	
1 Whilst your website clearly states that Lebanon Petroleum Administration will be inviting companies to explore offshore; do you have future intentions to include “onshore” exploration blocks in Lebanon? If yes; then, would appreciate providing an indication of timing.	This prequalification process covers offshore only
2 Is it oil or gas that Lebanon anticipate to find?	Oil and gas and other hydrocarbons
3 Will PA consider exploration in the shallow waters/coastal areas too?	The covered areas will be defined in the Block Delineation Decree to be issued soon.
4 Do you plan to conduct additional PQ screening process after May for new company?	There will be no additional PQ screening for the First Licensing Round after 28 March 2013.
Language and Form of the Submitted Documents	
5 We need to translate all documents into Arabic or if it is enough to have them in English?	<p>Regarding the submission of documents, please note the following: The information and documents provided by the Applicant on the date of submission of the application must all be in Arabic or English. Documents that are not in English or Arabic must be accompanied by a translation in English. This applies to all the information and documents referenced in Annexes 1 to 5 of the Decree, without any exception.</p> <p>In addition to the above, and with respect to documents issued outside of Lebanon, the applicant is required to submit a notarized and consularized copy of only a subset of these documents as is further detailed in the Pre-Qualification Decree. In order for the competent authorities to be able to consularize such documents and affix the relevant official seal, the relevant documents must be translated into Arabic.</p> <p>In this respect, Article 5.5 of the Pre-qualification Decree provides that “the Applicant may, prior to the submission of a notarized, consularized and authenticated copy in accordance with the requirements under paragraph 4, produce an original copy of the information and documents required, provided that it shall submit a notarized, consularized and authenticated copy thereof at the latest 7 days prior to the date for the issuance of a decision with respect to the applications by the Petroleum Administration as specified in the pre-qualification announcement”.</p> <p>For further information on the documents requiring notarization and consularization (and therefore translation into Arabic), please refer to the “Formalized” column in the “Checklist of Documents Submitted” contained in the Pre-qualification Decree.</p>
6 On the documents that do not require Formalized, should we get Certified True Copy?	Yes
7 When providing an English translation of an original document, shall we provide you with such original document as well or the original of the translation would be sufficient?	The original document together with its translation into English is to be provided.
8 Article 5, Point 4: Once the Application Documents have been notarized and consularized by the Lebanese authorities with jurisdiction over the place of notarization, is authentication required from the Ministry of Foreign Affairs and Emigrants of the place of notarization, or is authentication required from the Ministry of Foreign Affairs and Emigrants of Lebanon?	The Documents that have been notarized and consularized by the Lebanese authorities with jurisdiction over the place of notarization, need authentication from the Ministry of Foreign Affairs and Emigrants in Beirut, Lebanon.
9 If we submit the notarized and consularized documents only in English for having the Lebanon Embassy's Authentication, it is satisfactory and suitable for meeting the Article 5.4.	<p>Note that there are two ways to get the final documents accepted:</p> <p>1- Have the documents translated into Arabic in the country of origin, get them consularized at the Lebanese Embassy, then have the consularized arabic documents authenticated at the Ministry of Foreign Affairs in Lebanon.</p> <p>2- As advised by the Lebanese Embassy in Korea, you may have the documents in English consularized and sent to Lebanon. However, to get them authenticated by the Ministry of Foreign Affairs in Lebanon, when they reach Lebanon, they need to be translated into Arabic by a certified translator, notarized by a public notary in Lebanon, authenticated by the Ministry of Justice, then they can be authenticated by the Ministry of Foreign Affairs.</p> <p>The documents that need to be translated and authenticated are only those mentioned in the Checklist as "Formalized". You may chose to undertake any of the two ways mentioned above.</p>
10 Petroleum Authority requires one original and one copy of the documents. Do we need to get the approvals (notary, consulate and Foreign Affairs) for both copies or, is it enough to get the approvals for the originals and then copy those approved documents to be submitted.	It is enough to get the original documents consularized and notarized, and submit a copy of these documents.
Information Requested and Documentation	

11	Can you please provide the specific documents as proof for the meeting eligibility of technical criteria in the Annex 4-1.	Provide information related to the petroleum production such as: location, water depth, year of commissioning, decommissioning if any, daily production, and any other relevant technical documentation related to the project.
12	A note "(as operator)" is found for the points (2) – (5) in the 4-2. Is this indicating that there is no need of submitting information to these points for the pre-qualification to a Right Holder - Non-Operator?	This technical information is required for both Right-Holder Operator and Right Holder Non-Operator to gauge previous experience as operators in E&P activities. The "as operator" here refers to the previous experience of the applicant company as operator in previous projects.
13	Annex. 5: 5-1 It would be highly appreciated elaborations on requirements in both the points (1) and (2) for a Right Holder - Non-Operator.	Points 1 & 2 under 5-1 apply for both types of right holders (Operator and Non-Operator). Copies of QHSE policy and management system are required to be submitted with proof of implementation (annual reports, internal audits, etc.).
14	If a credit rating has not been issued, what documents to show good credit will suffice?	If credit rating is not available, please provide the financial reports or statements for the last 3 years.
15	Please indicate if there is a minimum amount of oil production required?	There is no specified minimum amount of oil or natural gas production to be able to prequalify.
16	Please describe what shareholders are required to provide	You need to provide: Shareholder names; percentage and number of shares held by each shareholder; voting rights for each shareholder.
Regulatory Framework		
17	Who is the regulator (government department) offering the leases?	The Petroleum License and the Exploration and Production Agreement are issued by the Lebanese Government. The Petroleum Administration is the Regulator.
18	Are there regulations in place with respect to oil spill plans?	The Petroleum Law stipulates that oil spills plans should be put in place (law available on website). The related regulations are under preparation.
19	If a company fails to qualify, or fails to qualify as an operator, is there any way that a company can appeal against such a decision? How will the results of the pre-qualification process be announced; will there be a public announcement or are you targeting a direct approach towards the company applying for pre-qualification?	Companies cannot appeal the decision of the prequalification results. The results of the prequalification will be issued through a public announcement.
Formation of Consortia		
20	In forming a 3-company consortia, do companies Contact one-another to form teams or does the government put Pre-qualified companies together? And also, in this fiscal regime, resources found can be booked as reserves for operating companies?	Companies are free to choose their partners to form an un-incorporated joint venture to apply for an exploration and production agreement. The Ministry will issue the list of prequalified companies by 18 April 2013. Companies may also choose from that list if they like to. The Government will not intervene in this process. The fiscal terms are under preparation and will be issued prior to the opening of the bid round on 2 May 2012.
21	The company needs to get a local partner only after pre-qualification and for consortium formation for bidding. For Pre-qualification, the Company need not have a Local content partner or a local company as partner. Is this the correct view?	Having a local company is not a requirement neither at the prequalification phase nor at the bidding phase. The local content requirements will be specified in the Exploration and Production Agreement.
22	Through the conference, I heard what Hor. Minister mentioned like that "There is no requirement that a local lebanese company should be included in the Consortium. However, if the consortium is made with including a local lebanese company, such consortium need to explain the role of this local company during the whole project"	The prequalification applies for each individual company to be approved as a prequalified Right Holder (operator or non-operator) and not the Consortium. Each Right Holder's role will be explained in the Consortium during the bidding stage.
23	Before constituting the Corsortium, every company who wishes to participate in the bidding round, shall be pre-qualified at first. Is there any exception that some company do not need to apply PQ process because of so small oil company or financial investment company in size?	All companies need to be prequalified individually with no exceptions.
24	Regarding a future Farm-in of a Corsortium, I would like to ask one question again. As you instructed, " Any company that will join the Consortium (Farm In) need to be prequalified. " Does it mean that PA will repeatedly have PQ evaluation in future whenever such a new non-qualified company want to join the Consortium(Farm In)?	The company applying to Farm-In need to undergo a prequalifictaion process at the time of application to farm-in.
25	After a Consortium is awarded a block by Lebanon Government, is it possible to farm-out that block so that "Non pre-qualified company" can join the Consortium and take small participating interest in the future?	Farming out is allowed. Any company that will join the Consortium (Farm In) need to be prequalified.
Corporate Nature of the Applicant		
26	Do an applicant have to establish a legal presence in Lebanon (Joint stock company) in order to participate in the pre-qualification license round.	The Applicant is not required to have a legal presence in Lebanon to be able to prequalify. The applicant needs to be a Joint Stock Company incorporated, registered and headquartered in a jurisdiction fully transparent to Lebanese authorities.
27	What are the factors to be used to evaluate whether a foreign company is eligible to meet the criteria of a 'Joint Stock company'?	If incorporated in Lebanon, the company must be a joint stock company (i.e. SARL companies may not apply for pre-qualification). In the case of a foreign company, the entity must be an equivalent of the joint stock form in the relevant jurisdiction.

28	What are the factors to be used to evaluate whether a foreign company is eligible to meet the criteria of a 'Musahima' company?	<p>A joint stock company is a company that presents the following characteristics: a) The capital of the company is represented by shares;</p> <p>b) The shareholders of the company have limited liability;</p> <p>c) The company is of a form whose shares can in principle be transferred without any preemptive rights granted to the existing shareholders; and</p> <p>d) The company is managed by a board of directors or an equivalent body.</p> <p>If these criteria are met by your company, then it is eligible for pre-qualification (assuming all other criteria are met). We note the fact that a company is wholly owned or is not listed on a stock exchange does not prevent it from being a joint stock company.</p>
29	By way of example, would any of the following structures be prohibited: the "B.V." company (Private Limited Company) under the Dutch Law; the "Exempted Company" under the Cayman Islands Law; or a International Business Company (offshore) under jurisdictions such as the Seychelles?	To better assist the Petroleum Administration with the determination of whether an applicant is a joint stock company in accordance with the criteria set forth above, Applicants are encouraged to submit a legal opinion from a reputable legal counsel qualified to practice in the Applicant's jurisdiction of incorporation attesting that the Applicant meets such criteria. In accordance with the provisions of the Offshore Petroleum Resources Law and the Pre-qualification Decree, the company must be in full compliance with all the Lebanese laws and regulations.
30	Are there any restricted incorporation jurisdictions?	In accordance with the provisions of the Offshore Petroleum Resources Law and the Pre-qualification Decree, the company must be in full compliance with all the Lebanese laws and regulations.
31	Does a minimum paid up share capital apply to the applicants?	The minimum paid up capital requirement is determined by the laws of the jurisdiction of incorporation. However, Applicants must satisfy the financial criteria set forth in the Pre-qualification Decree.
32	Is it possible to pre-qualify with Company X main holding company, as a Right Holder Operator, and in the case of a successful bid, have the Exploration and Production Agreement signed by a newly incorporated special purpose company wholly-owned by Company x?	A wholly owned subsidiary (joint stock company) of a pre-qualified applicant with a full guarantee from the pre-qualified company would be eligible to enter into an Exploration and Production Agreement.
33	Is an IOC required to establish a Lebanese Branch of a Foreign Company, if it wins the bid?	The IOC needs to establish a branch in Lebanon after signing an Exploration and Production Agreement.
34	Is there any requirement that a company applying to be a Right-Holder Non-Operator should have a 'local presence' in Lebanon, e.g. a Lebanese branch, a Lebanese subsidiary, a specific amount of profit originating in Lebanon etc? Or can a company pre-qualify without any previous experience or presence in Lebanon?	It is not required for a company to have a presence or previous experience in Lebanon to pre-qualify. At a later stage, if the company is awarded an Exploration and Production Agreement, it will be required to open a branch in Lebanon.
35	Can a newly incorporated joint stock company (in Lebanon or abroad) submit for pre-qualification on the following basis: a. it is owned between a Lebanese joint stock company and a foreign Affiliated Company that meets the qualification requirements set for a Right Holder – Non Operating Company. b. The majority of its voting capital is owned by the Affiliated Company who will also have control over its board and the power to appoint the majority of its board.	<p>A. Yes it can.</p> <p>B. Given that Petroleum Activities in Lebanon is considered as an activity of general welfare, you should take into consideration the provisions of Article 78 of the "Code of Commerce".</p>
Group of Companies applying for Prequalification		
36	Article 3.3 of the PQ Decree states that "(...) <i>The Right Holder may be either one company or a group of companies at least one of which must prove that it is able to meet the pre-qualification eligibility criteria set forth in the present Decree</i> ". Can you please clarify this provision?	<p>A Right Holder, who wishes to submit as a "group of companies" as per Article 3.3 of the Prequalification Decree, could be:</p> <ul style="list-style-type: none"> - A newly incorporated joint stock company; or, - An unincorporated joint venture based on an agreement to be submitted along with the prequalification documents. In order to comply with the PQ Decree, any such group must apply for pre-qualification on the basis of the ability of one of its members (the "Reference Member") to meet the pre-qualification criteria in full. In this case, the disclosures and information set forth in Annex 2 of the Pre-qualification Decree must be submitted in respect of each company within such group (including, for the avoidance of doubt, the Reference Member, which must satisfy all the pre-qualification criteria) prior to the deadline for submitting pre-qualification applications in addition the agreement between the group of companies. The group of companies must appoint an Authorized Representative by presenting a Power of Attorney in the form set forth in Schedule A of Annex 1 to the PQ Decree signed by all companies, who shall be deemed authorized to act on behalf of the group. <p>The newly formed joint stock company must present, with respect to itself, all of the disclosures and information set forth in Annex 2 of the PQ decree and must appoint an Authorized Representative by presenting a Power of Attorney in the form set forth in Schedule A of Annex 1 to the PQ Decree.</p>
37	Could a company that has not taken part in the pre-qualification phase be eligible to be considered as a Right Holder (or form part thereof) as per this provision?	The group of companies that got prequalified are the only ones who can form a Joint Stock Company to participate in the bid round.
38	Please clarify whether Article 3.3 allows individuals, together with companies, to be shareholders in the joint stock company constituting the Right Holder?	In reference to Article 3.3, only companies can participate and not individuals.

39	If an Applicant pre-qualifies as a “Right Holder—Operator,” can that same Applicant participate as a “Right Holder—Non-Operator” in a consortium participating in the bidding round without having to again pre-qualify and without having to submit any documentation to the Petroleum Administration or seeking any prior consent or approval from the Petroleum Administration?	To be able to prequalify as Right Holder Operator and/or Right Holder Non-Operator, on the prequalification application form (Annex 1), please click both categories. The same application will be then assessed for both categories.
Using Credentials of Affiliates		
40	If the Ultimate Parent Company is pre-qualified can an affiliated company participate in the Licensing Round under a Parent Company Guarantee.	A wholly owned subsidiary (joint stock company) of a pre-qualified applicant with a full guarantee from the pre-qualified company would be eligible to enter into an Exploration and Production Agreement.
41	If an Affiliate Company, whose credentials are being used, Controls the applicant, would such Affiliate need to be (i.e. as a must) the ultimate parent company?	We assume that, in this case, the Affiliate Company will pre-qualify, and it will have its Controlled subsidiary apply to become a Right Holder. This is permissible so long as the Affiliate Company provides a guarantee of the obligations of the Controlled subsidiary. In this case, the Affiliate Company need not be the Ultimate Parent company. In such case, the qualifications of the Affiliate Company will be taken into account, along with all companies Controlled by it. However, the Ultimate Parent Company's qualifications, and those of sister companies to the Affiliate Company, will not be taken into account. To take an example, assume that BIG Corp. is the ultimate parent of a group. BIG owns 51% of MID Corp's common stock and 75% of TINY Corp. MID Corp in turn owns 66% of SMALL Corp. Suppose that MID Corp wishes to pre-qualify, and to designate MID N.V. (a newly organized subsidiary) as the applicant. In this case, (i) MID Corp's qualifications and those of SMALL Corp will be taken into account for pre-qualification purposes, (ii) the qualifications of BIG Corp and TINY Corp. will not be taken into account, and (iii) if MID N.V.'s application is successful, its obligations must be guaranteed by MID Corp.
42	Article 3, Point 3: Would an application made by a Subsidiary Company, exclusively owned and controlled 100% by its Parent Company, be considered to meet the criteria for an Applicant for Right-Holder, Non-Operator, provided the Parent Company of this Subsidiary Company meets the necessary eligibility criteria?	If a company wishes to pre-qualify a subsidiary, then the Petroleum Administration could consider that an Applicant is deemed to have the financial, technical and/or QHSE qualities of a parent company that Controls the Applicant, provided that, on or before the entry into any Exploration and Production Agreement, the parent company provides a full guarantee of the obligations of the Applicant. In such a case, in order to be pre-qualified the Applicant should present, with respect to such parent, the documents and disclosures set forth in (i) Annex 2 and (ii) Annexes 3, 4 and/or 5 (depending on whether the Applicant wishes to rely on the parent's financial, technical and/or QHSE qualities), together with the other documents and disclosures described in the pre-qualification decree. Annex 2 information should be provided with respect to all shareholders of the Applicant.
Power of Attorney (POA)		
43	Is it a must to appoint a legal representative regardless of how the application documents will be submitted (even if by mail?),	Yes
44	The legal representative can be one of the applicant's employees or a third party (Lebanese or non-Lebanese),	Yes. To be defined in the POA
45	Can the POA appointing the legal representative be submitted by 28 March 2013 without relevant notarisation and legalisation (provided that a fully legalised copy would be submitted no less than seven days before 18 April 2013)?	Yes. Note that the POA need to be signed and sealed by the company when submitted first. Then the complete formalized document to be submitted 7 days prior to 18 April 2013.
46	Can we change the wording of the POA or it is strict?	You may not change the wording of the POA, however you may add a paragraph reflecting the additions you need to include in the POA.
47	Is it acceptable for this POA to have a defined expiration date?	It is acceptable to have an expiration date on the POA
48	Can we change certain content of the POA provided by the Ministry to have it (a) for a limited period of time and (b) grants limited powers specifically for submitting the documents required for the PQ process (but does not include general powers to sign all contracts)	You may use the model POA for general powers and issue another POA with limited powers to the other person. Both POA's need to be formalized.
49	Is it possible to have the PoA provided amended in order to mention the right of subdelegation?	You may add a paragraph to the PoA mentioning clearly the subdelegation. The second PoA issued should be formalized.
Delivering the Prequalification Application		
50	For purposes of delivering documents to the Petroleum Administration, please define what constitutes a “certified courier” that can deliver documents to the Petroleum Administration on behalf of an applicant	A certified courier is any courier company which can deliver the package to the defined recipient only, and able to obtain a confirmation of receipt.