

Timor-Leste's Exploration Director shares updates on the Second Licensing Round

In this interview, Mateus da Costa, Director for Exploration and Promotion at [ANPM](#), Timor-Leste's National Hydrocarbons Authority, discusses the country's exploration activities, state-of-the-art promotion, the Second Licensing Round, and the scope of opportunities available for IOCs, investors and service providers in Timor-Leste.

You have worked at ANPM for over 10 years now, in the licensing round department, in upstream and in partnerships. You must have experienced quite a lot of change and growth in the company. How has your experience been in the past 10 years?

Well, as an Explorationist, witnessing how the institution grows is a highlight for me. Back when I joined the staff was only about 50 people, but since then we have been growing constantly and we are about 100 people now. Even in my department, when I joined it was only myself. Since then we started recruiting

some of the best people in the field, and now we have 10 of the most capable oil & gas professionals in my department, looking into various exploration activities, projects, and exploration blocks, in addition to running the official [Second Timor-Leste Licensing Round](#).

In the last 10 years, in addition to looking after exploration activities, my role has been to be an ambassador of Timor-Leste's assets and ANPM in international institutions in the oil and gas sector.

I have been participating in various [international conferences](#) as a keynote speaker on behalf of ANPM in various countries throughout Europe, Asia, Australasia, as well as, America and Africa.



Mr. Mateus Da Costa, has been leading ANPM's exploration department for over 10 years.

I've had the luck to meet you in many of them, with your opening speech during the Global Exploration & Production Summit in front of more than 1,500 EPs being one of the highlights for me. Everyone there was very interested in Timor-Leste's Second Licensing Round. Would you like to tell us more about the Licensing Round and what it entails?

As we have a small area with a lot of exploration potential and existing discoveries, we decided to wait for the right time to make new acreage available.

We announced the licensing round last year, making 18 blocks available for IOCs and new investors, seven onshore and eleven offshore. We have a lot of data directly available for the industry to evaluate onshore and offshore, in addition to approximately 16,000 square kilometers of offshore 3D seismic data.

Furthermore, we have approximately about 1 million line kilometers of 2D seismic data for offshore, and we have as well, a graded airborne survey ranging to 15,000 square kilometers for onshore acreage. In addition to that, we have 82 wells specifically available for evaluation and technical studies by IOCs interested in applying for the Licensing Round.

So Timor-Leste is fully prepared to give investors a complete image of the potential acreage. How did you manage to accumulate this level of coverage of 2D & 3D seismic data and surveys?

For us data is very important. We want all interested companies to be able to evaluate the geological potential of the area. So, one of our missions is putting everything together, all the available information. We have been acquiring data for over 30 years, with the most recent surveys taking place in 2018-2019, as the airborne survey concluding last year.

That's very good. How can a company access that data now?

At the moment, we are actually working with a third-party company called Zebra Data Sciences, a UK based company, to host all the data that I mentioned in their system, which can be accessed online. In order to access the data, a company simply needs to reach out to us and inform us of their interest.

We have all the links at our website, for the company to access and for the contact person as well.

Access to data is subject to a confidentiality agreement with Zebra Data Sciences, who is acting on our behalf. If, after accessing the data, a potential investor wants to do further assessments, they may have the ability to download the data, after reaching the "pre-qualification status".

In order to become pre-qualified, a company needs to look at our pre-qualification guidelines, and fulfill specific technical, financial, legal and administrative requirements

After the potential investor achieves the pre-qualified status, we will be notifying Zebra Data Sciences to provide them with access to download the data.

Fantastic. After receiving the pre-qualified status and access to the data, how can a company apply for the available acreage in the Licensing Round?

In order for a company to apply, first they must reach pre-qualification status, by meeting specific technical, financial, legal and administrative requirements.

After the pre-qualification process, a company can directly bid in the Licensing Round. Currently, we are at the step of the licensing round where IOCs can actually submit their pre-qualification document at any time until 15th of August 2021.

After they pre-qualify, they can submit their bidding application on the 1st of September 2021. The opening of the bidding process begins on the 1st of September 2021 and ends on the 1st of October, for a total of a 30-days bidding period.

Was this timeline adjusted to account for the current Coronavirus situation? I believe you were one of the first national hydrocarbon authorities to issue a response in April, to account for the drastic changes the industry was facing.

Exactly, this timeline was adjusted to account for the challenges IOCs and energy companies are facing due to Coronavirus. Normally the entire licensing procedure would have ended on the 31st of October 2020, but we decided to extend the period by 12 months in order to assist IOCs in dealing with the global pandemic.

In addition to that, we took the decision to reduce the bidding bond from \$500,000 to \$150,000 to make it easier for IOCs to budget for the next year.

What really stands out to me was how quick you were to announce these new measures and communicate them through an online summit and announcements. The most impressive part about this was how quick you were to announce this. What type of contract have you chosen for the Second Licensing Round?

In Timor-Leste we are actually using Production Sharing Contracts. We have a non-cost recovery limit, and no signature bonus, meaning any budget a company is planning to spend exploring Timor-Leste goes directly to conducting exploration activities. Our royalty for both oil and gas is fixed at 5%, backed by a complete 100% cost-recovery policy. This cost recovery policy covers the exploration cost, the capital cost, the operating cost, as well as the de-commissioning reserve.

We also provide an uplift of 11% plus a US long-term bond rate for offshore. For our onshore PSC model we have an uplift of 9% plus US long-term bond rate. Regarding the profit sharing, roughly 40% goes to the state, with the contractor keeping 60%, with an agreed domestic market obligation at market price.

There's also a requirement for the state participation, up to 20%.

Regarding our tax regime, we have a 30% income tax, with an SPT (Supplemental Petroleum Tax) at roughly 22.5%, in the event that a company's interest rate of returns exceeds 16.5%.

That's quite a lot of incentives there as well, with some of the lowest rates in the region. In addition to your modern contracts, ANPM is one of the first countries to adopt online licensing roadshows, and in general, begin meeting companies online.

Yes, indeed. The online licensing roadshow is a great way to acclimate during and after this global pandemic of COVID-19. The last time we did a physical roadshow was in Perth, Australia in March. Since then everything slowed down in the industry so we decided to find a new alternative, virtual roadshows. Our virtual events have become very popular since then.

Exactly. Most IOCs and investors are now looking online for the next opportunity and to get access to data as well. In addition to virtual events and roadshows you are using virtual data rooms. Would you like to tell us more about it?

We are working with Zebra Data Sciences for our virtual data room, where a company simply needs to use their username and password to view their data online, from their own browser, with no additional software required. You can find more information here: <http://www.anpm.tl/>

From virtual events, to roadshows and data-rooms, ANPM is truly making use of everything available in 2020, even before the pandemic started. What prompted you to take such precautions and try new ways of doing things, well before the global pandemic?

Our priority has always been to make access to information easier, because data is very important to our industry, and potential investors must be able to access it without travelling. We don't want a company to just travel all the way from different parts of the globe to Timor-Leste, just to review the data for a couple of hours.

So in order to make this easier, and facilitate everyone globally, we moved to the aforementioned steps.

I think we covered international oil and gas companies quite extensively. I have one final question, regarding service providers, naval and drilling companies: What are the opportunities available for them to invest in Timor-Leste right now?

Specifically for the licensing round, we are currently working with six service companies already for the technical side of things, to present the best multi-client data to potential investors, and perform technical studies on offshore and onshore, including Discover Geoscience, CGG, TGS, ION, Zebra Data Sciences and Cambridge Geoconsultants.

Regarding new opportunities for the licensing round, we are always open for conversation with more companies that are looking to help in data processing, and technical studies on onshore and offshore.

I would highly recommend companies to pay close attention, as more opportunities will appear, when exploration starts in the new fields, including goods and services, drilling activities, as well as technical and geophysical services.

In addition to that, as existing exploration is ramping up in onshore and offshore, our existing operators including Sundagas, Santos, Carnarvon Petroleum, Timor Resources, and ENI will need additional services. Companies will have the ability to bid for new contracts in competitions run under Timor-Leste's regulations.

Interested companies can find out more on our operators websites, or directly from our website as we keep a complete updated list of available contracts and opportunities.

From my understanding, you are using ANPM's site as an investor encyclopedia of everything they might need to learn and stay updated on. Regarding investors, what are you looking for from an investor? What is your ideal profile of one?

Opportunities have opened up for major, medium and smaller-sized players alike. For example, during our roadshows he has received a lot of interest for our offshore acreage from major IOCs, and from medium and small-sized IOCs on onshore.

In Timor-Leste we are open for everyone if they prequalify.