

Briefing

Tanzania's 4th offshore licensing round: guidance for participants

As private talks continue between IOCs already operating in Tanzania and the government surrounding the development of recent major gas finds, public attention remains focused on potential new entrants to the market and the additional blocks being auctioned via the 4th Tanzania Deep Offshore and North Lake Tanganyika Licensing Round scheduled to be launched in Dar es Salaam on 25 October. Having previously recapped Tanzania's existing legal and regulatory framework, in this briefing we provide some more detail on the licensing round itself and preparations undertaken by TPDC ahead of the launch.

Background

- Round to be launched on 25 October 2013 at the Julius Nyerere International Conference Centre with bids to be opened in Dar es Salaam on 15 May 2014.
- Covers seven deep offshore blocks in water depths of 2000 to 3000m and a block located in the North of Lake Tanganyika.
- Legacy 2D Seismic data available in respect of the deep offshore blocks and can be viewed in Dar es Salaam (via TPDC), Houston (via ION-GXT) and London (via WesternGeco). Additional ION GeoVentures and WesternGeco data is also available for purchase.
- TPDC and ION GeoVentures will both have booths where data can be viewed at the 10th Biennial International Conference

and Exposition on Petroleum Geophysics in Kochi, India on 23 to 25 November 2013 and the Africa Upstream conference in Cape Town from 27 to 29 November 2013.

Process

- The Bid Round Data Package (**BRDP**) will be made available for purchase in London and Houston immediately following the launch on 25 October.
- The BRDP will contain bidding instructions, evaluation criteria, indicative fiscal terms, the Model Production Sharing Agreement 2013, the Draft Natural Gas Policy and copies of legislation affecting the sector.
- An evaluation of the bids will take place after 15 May 2014 once they have been opened.

- Bids will be assessed on financial and technical capability.
- The Government of Tanzania (through the Ministry of Energy and Minerals and TPDC) will enter into Production Sharing Agreement negotiations with successful bidders.

Local content requirements

Local content continues to be a major talking point in Tanzania and the Tanzanian Private Sector Foundation (TPSF) has recently advocated for Tanzanian businesses and individuals to be prioritised when exploration blocks are allocated. TPSF argued that the forthcoming licensing round in particular should be postponed until a clearer framework protecting the rights of Tanzanians in the licensing process had been put in place.

TPSF subsequently issued a press release following a meeting with the government stating that they had been assured that Tanzanian businesses would be given the opportunity to participate in offshore exploration and that the Natural Gas Policy and other legislation providing for Tanzanian participation in the sector would be published before the conclusion of the licensing round.

It is anticipated that this “*Tanzanian participation*” will be achieved by way of a requirement for bidders to undertake to list on the Dar es Salaam Stock Exchange (DSE) should they be awarded blocks. This is supported by a statement in the most recent draft of the Natural Gas Policy that companies involved in the natural gas value chain would be required to list on the DSE. Few companies are currently listed on the DSE and the mandatory listing of both mining and oil and gas companies would be transformative for the exchange.

October events

Clyde & Co and Deloitte will be co-hosting a series of briefings during October on the oil and gas market in Tanzania ahead of the forthcoming 4th Licensing Round. The first briefing will take place at our offices in London on 4 October 2013 with a further briefing in Dar es Salaam on 22 October 2013. These briefings will cover legal, financial, tax, and geological issues. Please contact us should you wish to receive an invitation.

Further information

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