



MINISTERIO  
DE ENERGÍA Y MINAS  
REPÚBLICA DOMINICANA

# DOMINICAN REPUBLIC 1st LICENSING ROUND

## Introduction to the Round

Alberto Reyes, Hydrocarbons Vice Minister

July 10th 2019



## AGENDA

**1. INTRO TO DOMINICAN REPUBLIC**

2. WHY DOMINICAN REPUBLIC?

3. LICENSING ROUND OVERVIEW

Over the past few decades, Dominican Republic has and continues to reform its economy and public image by developing key industry sectors



## COUNTRY OVERVIEW

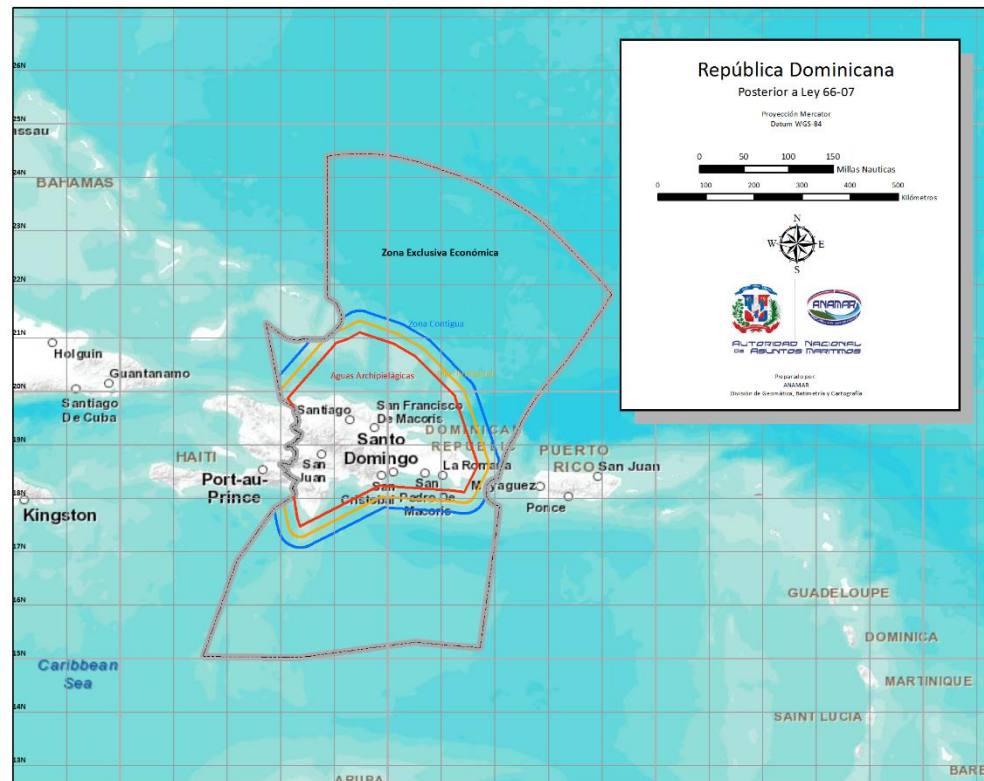
**Geography:** Part of Hispaniola, ~18,792 Sq. miles

**Demographics:** 10M population, 5M economically active

**Economy:** Tourism, finance, trade, manufacturing, agriculture

- **2nd largest** gold operation globally
- ~170,000 miles of maritime exclusive economic zone

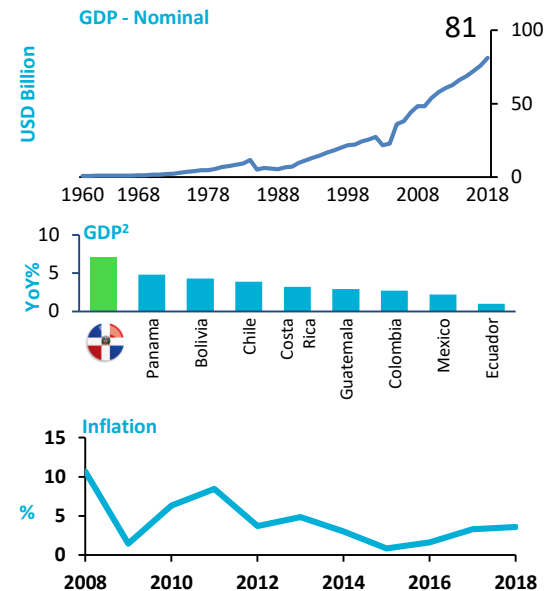
**Government:** Democratic



# Positive macroeconomic indicators position Dominican Republic as a magnet for both domestic and foreign investors

- Growing Economy**
- Regional Leader**
- Controlled Inflation**
- High Commercial Activity**

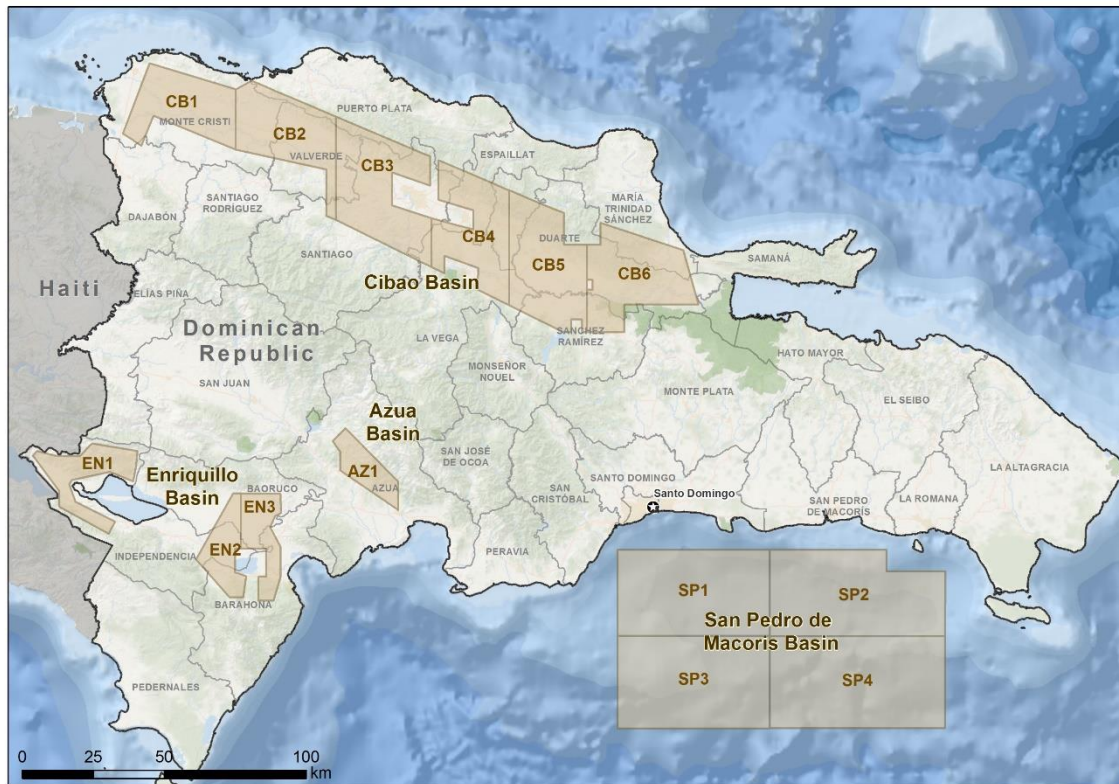
- **Solid growth trend** (with growing middle class) over last decade due to its diversified economy
- Sustained GDP ~5-7% in past three decades
- DR is the **fastest growing** economy in Latin America & the Caribbean over the last 5 years
- MPR<sup>1</sup> maintained at 5%; **ensures stability** and reduces currency volatility; rates expected to stay unchanged in the short and medium term
- ~\$27B in commercial transactions, ~\$3.5B in foreign direct investments in '18
- Free trade agreements with US, Central America and Europe



Notes: 1 - Monetary Policy Rate, 2 – Average of the last 5 years

Source: Wood Mackenzie IMF, MEM

Ongoing development of the oil & gas sector is marked by the 2019 licensing round offering an attractive portfolio of investment projects



### 1<sup>st</sup> Licensing Round

- **14 blocks total** – Maximum size per block of **500 km<sup>2</sup> onshore** and **2,500 km<sup>2</sup> offshore**
- Technical information publicly available
- Concludes in December, 2019

### Blocks on Offer

Onshore	Offshore
<ul style="list-style-type: none"> <li>• Cibao basin - 6 blocks</li> <li>• Enriquillo Basin – 3 blocks</li> <li>• Azua Basin – 1 block</li> </ul>	<ul style="list-style-type: none"> <li>• San Pedro de Macoris basin – 4 blocks</li> </ul>

Source: Wood Mackenzie, MEM



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# A strong economy and low risk investment conditions make a strong case for investing in DR's oil and gas sector



**Positive and sustained macroeconomic indicators**



**Frontier exploration with available and accessible information**



**Top quartile, progressive and simple fiscal terms**



**Low risk investment conditions**



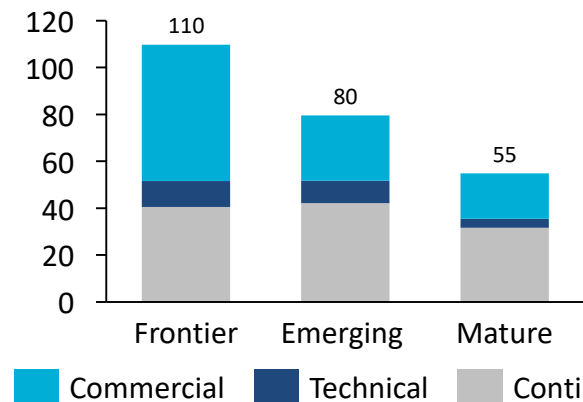
**Country is open for the industry beyond the current round, companies can nominate blocks**

# Frontier basins have been proven to deliver stronger results than emerging and mature basins

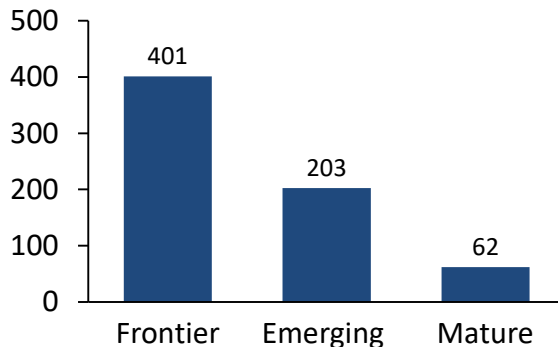
## Frontier exploration at a low cost allows:

- ✓ Potential **value creation** for early entrants
- ✓ Higher potential for **multiple prospects**
- ✓ **Larger block sizes** than emerging / mature fields
- ✓ **Fit with E&P** company portfolio mix

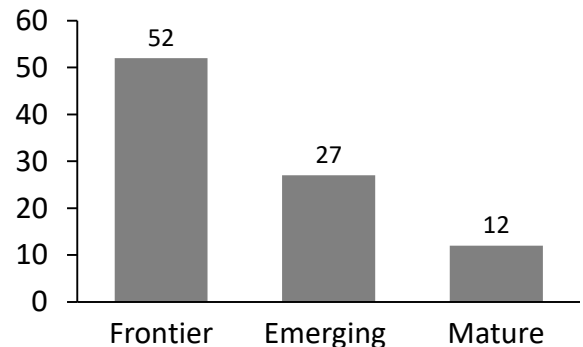
**Volumes Discovered (2008-2017)**  
Billion boe



**Avg Discovery Size(2008-2017)**  
mmboe



**Number of Giant Discoveries(2008-2017)**  
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Notes: Giant fields > 500 mmboe  
Source: Wood Mackenzie



# Fiscal terms for the PSC are based on industry best practices

## Key guidelines



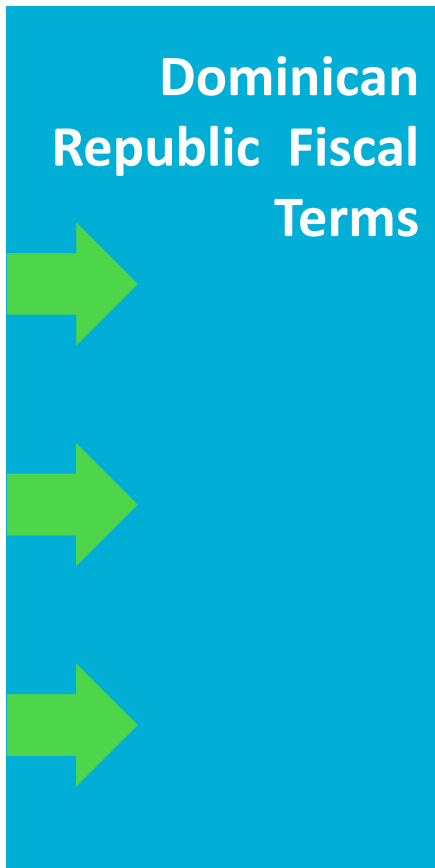
Encourage development of marginal projects



Capture greater "State Share" in projects of greater profitability



Competitive terms applicable for oil and gas developments



## Outcome

1<sup>st</sup> quartile competitiveness globally

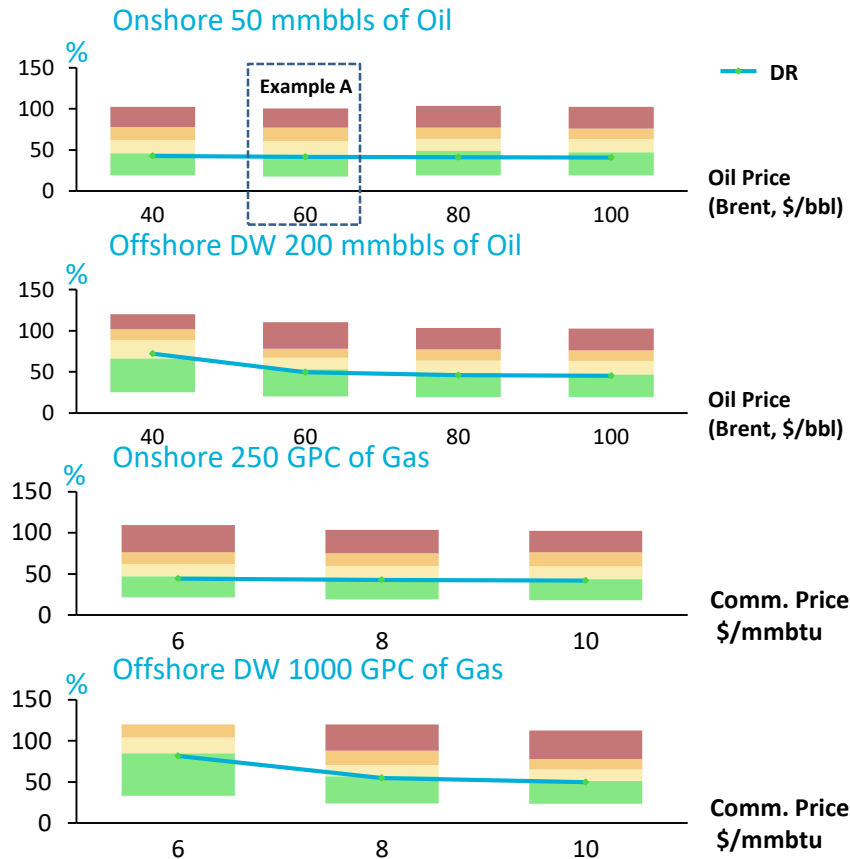
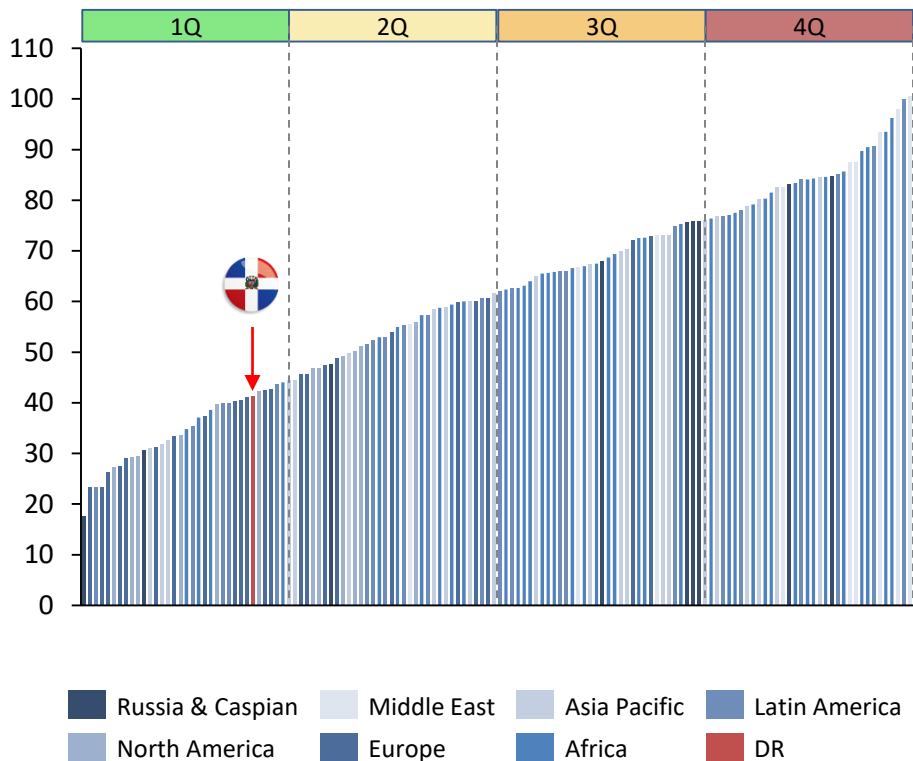
Measured across all basins, sizes of discoveries and at different prices

Progressive and equitable

# Resulting in Dominican Republic having fiscal terms among top quartile globally in multiple scenarios for oil and gas

## Onshore 50 mmbbls of Oil – Brent price \$60/bbl (Example A)

% - State Share % Pre-share NPV10



Notes: For clarity, State Share was limited to 120% on the graphs  
 Source: Wood Mackenzie Consulting and Wood Mackenzie Fiscal Service

# Doing business in DR poses low risk to investors, further enhancing its competitive fiscal policies

## Low risk of doing business

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- ✓ **No signing bonus** required
- ✓ **Flexible contract terms**
- ✓ **Free technical data** – available online
- ✓ **Free trade agreements provide legal security** on investments and international trade
- ✓ **Contract law** – O&G contracts sanctioned by Congress, thus considered law
- ✓ **Arbitration** – Provision to settle disputes with int'l investors within 2 months
- ✓ **Investors can nominate or make suggestions to blocks**

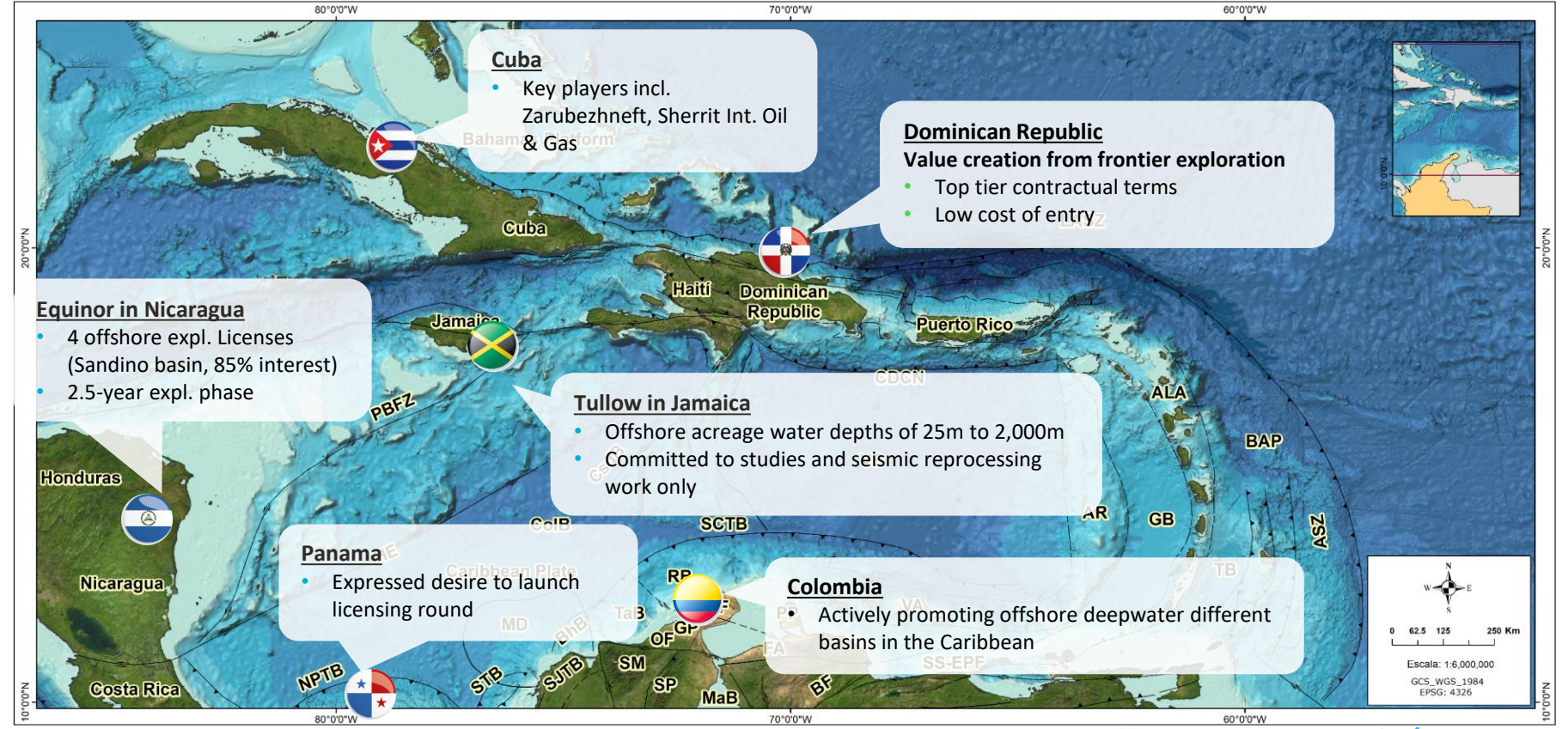
## Ease of doing business

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- ✓ **Equal treatment** of both domestic and foreign investors
- ✓ **Strategic location** in the Caribbean makes DR an **important commercial link** between Europe & Americas
- ✓ **Important logistics hub** with 8 int'l airports, 12 maritime ports, 3 cruise ports
- ✓ **World-class road circuit** connects all regions of the country and boosts economic activity

# There is a renewed interest in the Caribbean and the DR controls a significant portion of the Caribbean sea

**E&Ps are adding the Caribbean to their portfolio and strengthening position in the region**



ALA: Arch of the Leeward Antilles, BbB: Bahía Basin, ColB: Colombia Basin, CF: Cuiza Fault, SCTB: Southern Caribbean Thrust Belt, NPTB: Northern Panama Thrust Belt,, RB: Ranchería Basin, MaB: Maracaibo Basin, TaB: Tairona Basin, SJTB: San Jacinto Thrust Belt, AR: Aves Ridge, BR: Beata Ridge, TB: Tobago Basin, VB: Venezuela Basin, DM: Magdalena Delta, HE: Hess Escarpment, AF: Ancón Fault, BF: Boconó Fault, OF: Oca Fault, SS-EPF: San Sebastián – El Pilar Fault, GB: Grenad Basin, SM: Santa Marta Massif, BAP: Barbados Accretionary Prism, GP: Guajira Peninsula, PP: Paraguaná Peninsula, SP: Serranía del Perijá, PBFZ: Pedro Baal Fault Zone, ASZ: Antilles Subduction Zone, VA: Venezuela Antiles, LASZ: Lesser Antilles Subduction Zone. STB: Sinú Thrust Belt.





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With an awarding process based on a clear and transparent set of rules, now is the time to invest in the DR oil & gas sector



### Pre-qualification criteria

- Legal Capacity
- Financial Capacity
- Operational Capacity
- HSE Capacity



### Transparent Award Process

- Equal opportunities for all participants
- All bids will be open publicly
- Simple and concise winning bid criteria based on work units

# The contracts have built-in provisions that enhance DR's competitive fiscal policies



**Low cost of entry proposition**



**Opportunity to explore a frontier basin**



**Competitive and simple fiscal terms**



**Clear and transparent set of rules**

**And....**



**Great golf courses**

# Thank you!



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