

Discussion with:

Mr Saliya Wickramasuriya

Director General

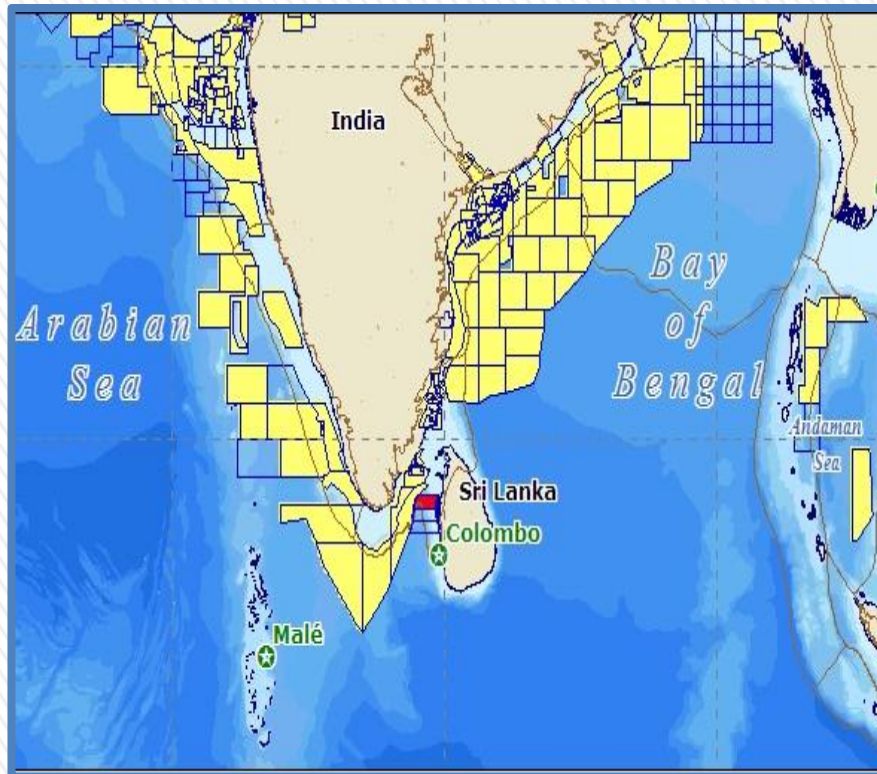
Petroleum Resources Development Secretariat

Structure of Discussion

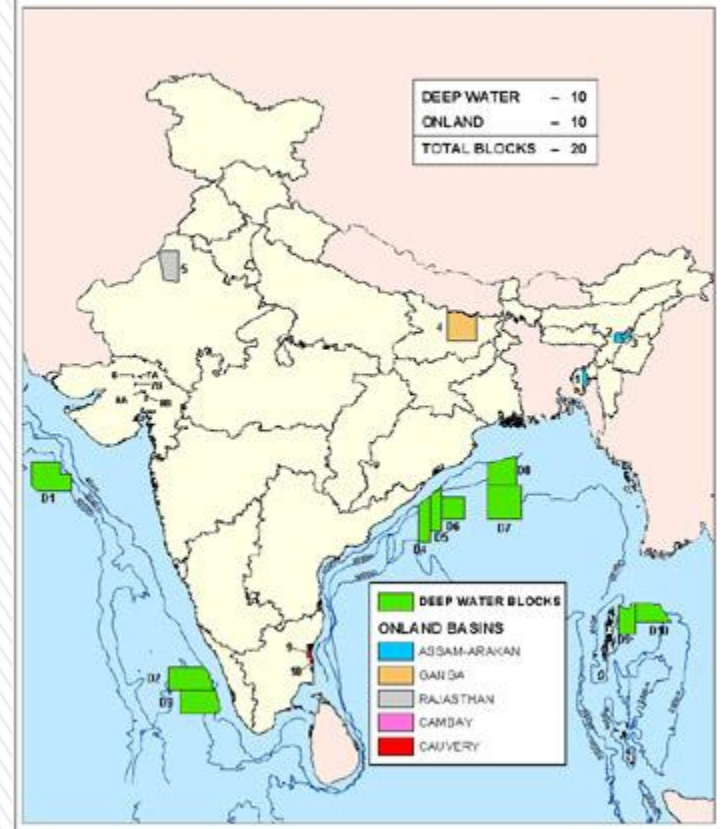
- History of exploration and seismic studies
- Underlying geological formations and demarcation of boundaries
- How the exploration / extraction blocks have been demarcated
- Process flow chart, current status & timelines
- Structure of bids and contracts
- Regulatory and legal environment
- Macro impacts and Business Opportunities

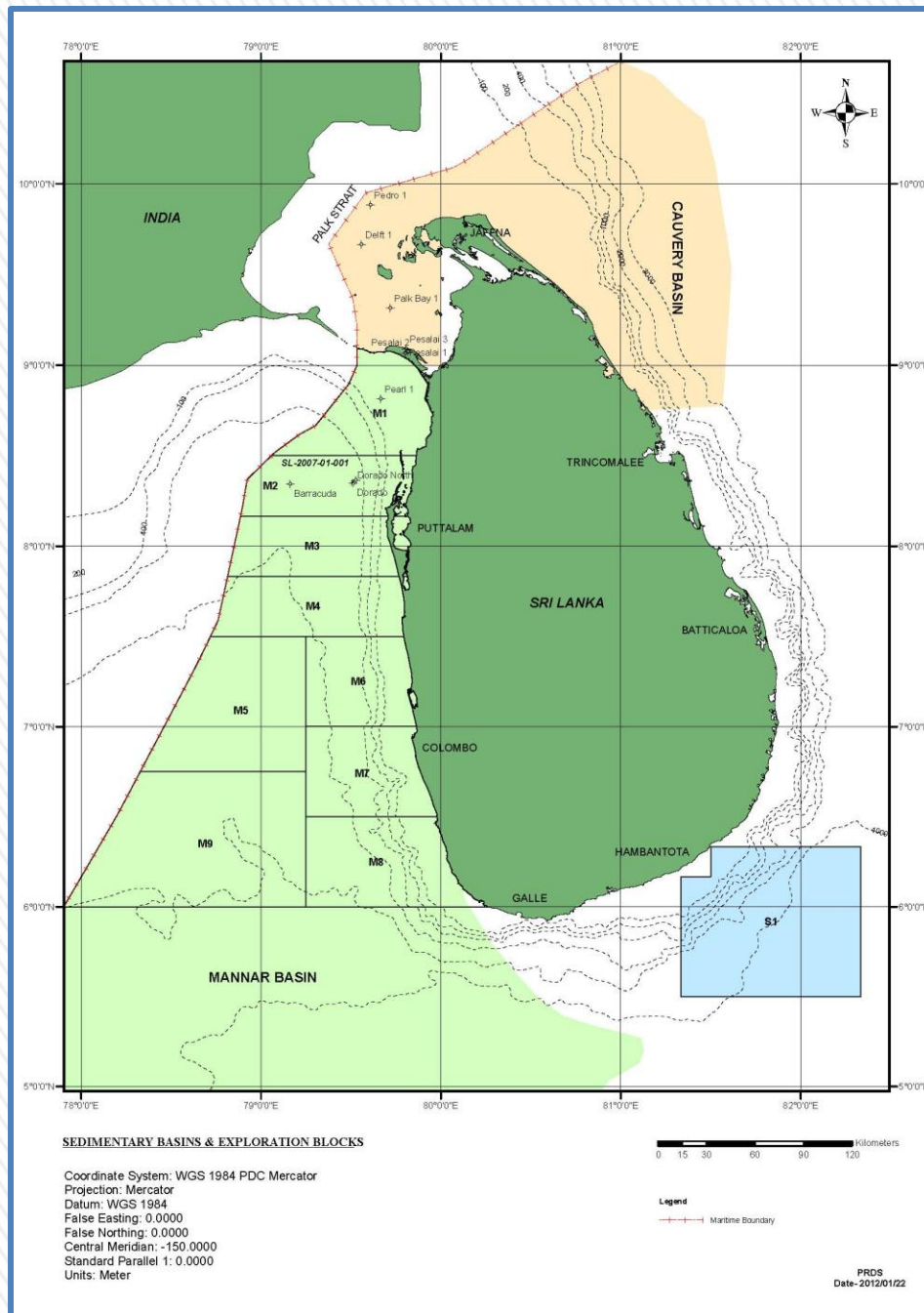
History of exploration and seismic studies

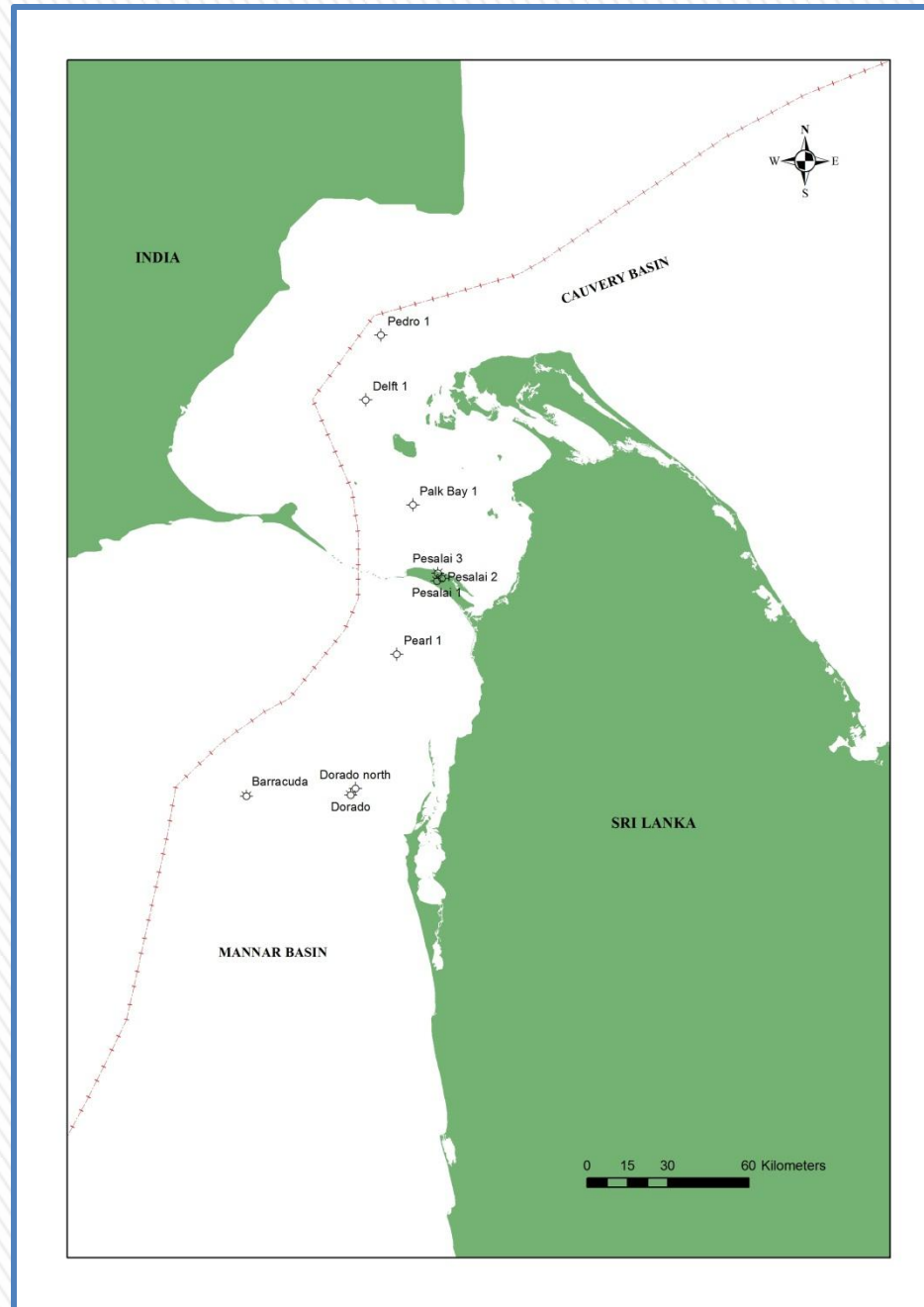
1957-1958	Aeromagnetic survey by Hunting Survey Co Canada
1967-1968	1 st Seismic Survey CGG France, 500km Seismic
1972-1975	Soviet Union 4780km Seismic, 3 wells - Pesalai 1,2 & 3
1976	Western Geophysical, USA 3800km Seismic
1976	Marathon Petroleum, USA 2 Wells – Palk Bay 1, Delft 1
1981	Cities Service Group USA 3050km Seismic
1981	Cities Service Group USA 2 wells – Pearl 1, Pedro 1
1982	Cities Service Group USA 208km Seismic
1984	Petro Canada – Canada 980km Seismic
2001	TGS-NOPEC, Norway, 1050km 2D Seismic
2005	TGS-NOPEC, Norway, 4500km 2D Seismic
2010	Cairn, India, (CGG Veritas) 1750km 3D Seismic
2011	Cairn, India, 3 Wells – Dorado, Dorado north, Barracuda



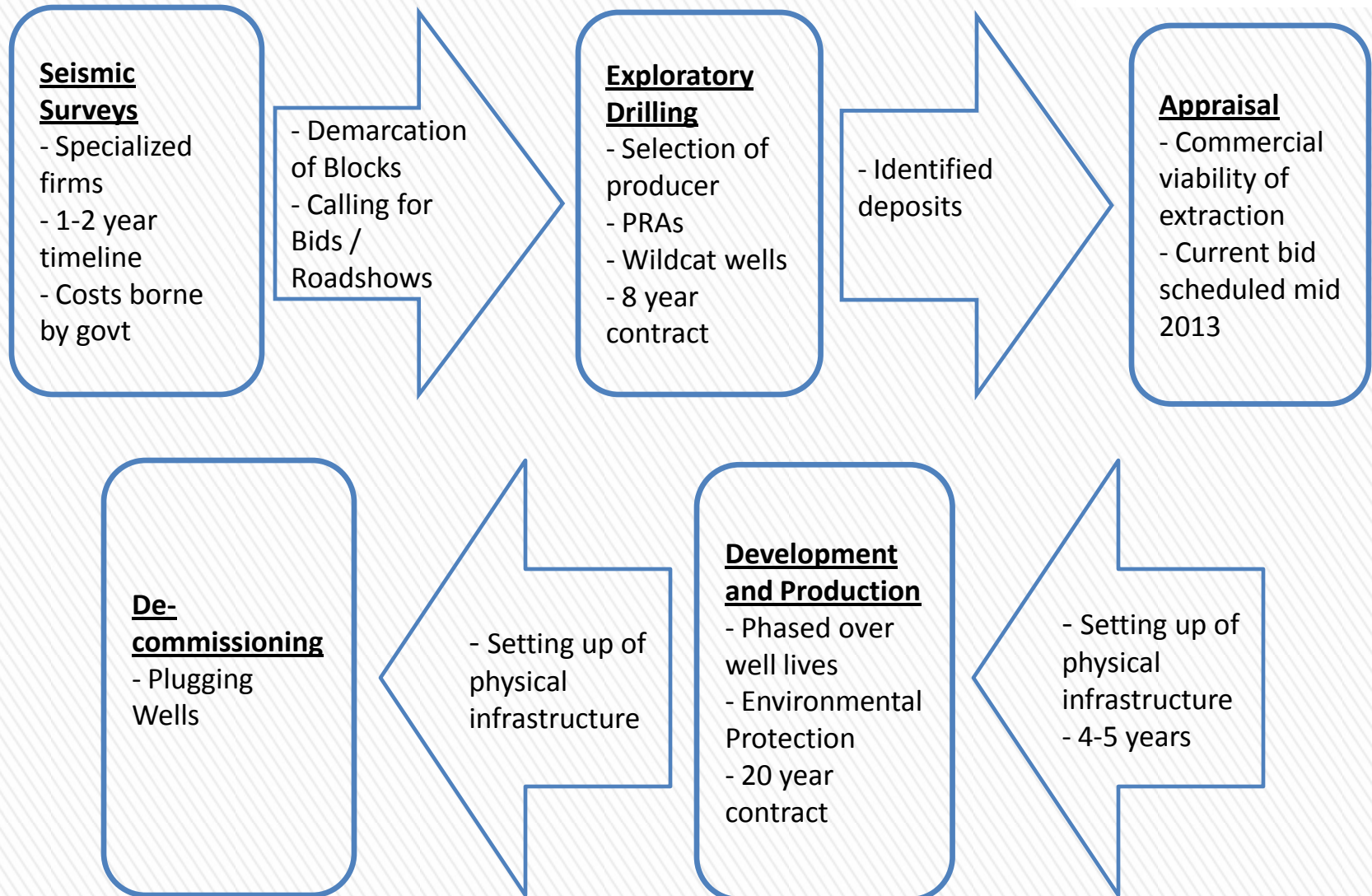
EXPLORATION BLOCKS AWARDED UNDER NELP-IV







Process Flow Chart, Current Status & Timelines



Structure of PRAs (Cairn)

- Three exploration phases – 3, 2, and 3 years – over a 8 year contract period
- Licenses extendable subject to “Commercial Discovery”
- “Development Licenses” for 20 years
- Share of “Profit Petroleum” :

Investment Multiple	<1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-3.5	>3.5
SL : Cairn	15:85	17.5:82.5	20:80	40:60	60:40	85:15

- “Cost Petroleum” restricted to 70% of value of production
- 10% Royalty in cash or kind
- USD 50m “production bonus”
- Taxation as per Corporate Tax laws
- Required to sell domestically until self sufficiency is achieved
- Comprehensive insurance including environmental

The Regulatory and Legal Environment

- Petroleum Resources Act 2003
- Petroleum Resources Development Committee (PRDC) –
comprising of Secretaries of relevant ministries
 - Granting of licenses
 - Approval of development plans
- Petroleum Resources Development Secretariat (PRDS) – Director
General + capacity from other govt. institutions.
 - Implementing activities for the PRDC
- Approval by Cabinet of Ministers – Supported by Cabinet
Appointed Negotiating Committee (CANC) and PRDC

Macro Impacts and Business Opportunities

- Are the high level revenue figures for the nation quantifiable at this stage?
- How volatile could these revenue stream be based on oil prices and even variability of extraction costs
- What longevity would the reserves support based on expected extraction rates?
- What are the feeder, supporting, and peripheral business surrounding petroleum extraction?
- What are the resource / capacity gaps we currently carry?

Thank You