



**REPUBLIC OF ALBANIA
PARLIAMENT ASSEMBLY
LAW
No.10 490, dated 15.12.2011**

**ON
DETERMINE THE FORM AND STRUCTURE OF THE PRIVATIZATION
FORMULA OF THE COMPANY “ALBPETROL” SH.A PATOS**

In conformity of articles 78 and 83 point 1 of the Constitution of the Republic of Albania, under Council of Ministers proposal

**THE PARLIAMENT ASSEMBLY
OF THE REPUBLIC OF ALBANIA**

DECIDED

Article 1

The company “ALBPETROL” sh.a Patos is subject to privatization. The form and structure of the privatization formula of the company “ALBPETROL” sh.a., Patos it is established by this particular law, based on the dispositions of Law. No 8306, dated 14.3.1998 “On the privatization strategy of special importance sectors”, as amended.

Article 2

The privatization form of the company “ALBPETROL” sh.a Patos, is the transfer of the ownership rights of the capital shares of the company to strategic investors, according to the provisions of this law.

Strategic investors will be considered all legal persons who possess the qualities specified in the definition given by Law no. 8306, dated 14.03.1998 “On the privatization strategy of special importance sectors”, as amended.

Article 3

**REPUBLIC OF ALBANIA
COUNCIL OF MINISTERS**

DECISION

No.107, Dated 01/02/2011

**ON
“APPROVING THE INSTRUCTIONS FOR THE PRESENTATION, OPENING
AND EVALUATION OF THE BIDS FOR THE PRIVATIZATION OF
ALBPETROL SH.A PATOS”**

In accordance with article 100 of the Constitution, article 12 of Law No. 8306, dated 14.3.1998 “On the Strategy for the Privatization of Special Significance Sectors” and Articles 6 and 8 of Law No. 10490, dated 15.12.2011 “On the Definition of the Form and Structure of the Privatization Formula of the company Albpetrol Sh.A Patos” Based on the proposal of the Minister of Economy, Trade and Energy, the Council of Ministers

DECIDED

1. The approval of the instruction for the presentation, opening, and evaluation of the bids for the Privatization of Albpetrol sh.a. Patos, according to Appendixes 1, 2, and 3, attached herewith to this decision and that are integral part of it.
2. The Ministry of Economy, Trade and Energy is responsible for implementing this decision.

This Decision enters into force immediately and it is published in the official journal.

**PRIME MINISTER
SALI BERISHA**

APPENDIX 1 INSTRUCTIONS FOR THE PRESENTATION, OPENING AND EVALUATION OF THE BIDS FOR THE PRIVATIZATION OF “ALBPETROL” SH.A PATOS

The Ministry of Economy, Trade and Energy of the Republic of Albania, in accordance with Articles 6 and 8 of Law No. 10490, dated 15.12.2011 “On the Definition of the Form and Structure of the Privatization Formula of the company Albpetrol Sh.A., Patos” and the decisions of the Council of Ministers, No. 329, dated 12.7. 1999 “On the procedures for the tender for selecting the strategic investors and the transfer of state owned shares of the commercial companies operating in strategic sectors”, as amended, has established the instruction for the presentation, opening, and evaluation of the offers for the privatization of Albpetrol sh.a.

I. DEFINITIONS

In these instructions:

“*Contract*” means the contract for the purchase of shares that the Ministry will sign with the investor, who will buy the shares.

“*Albpetrol*”, means the Albanian joint-stock company “Albpetrol” sh.a., which is subject to the privatization, according to Law No. 10490, dated 15.12.2011.

“*Candidate*” means the strategic investor or the Consortium to whom the shares of the company shall be offered.

“*Strategic Investor*” means a company which solely fulfills the criteria set forth in articles 2.1 (a), (b), (c), Chapter II, of this document.

“*Consortium*” is an agreement signed by two or more legal entities, with the object of purchasing Albpetrol sh.a shares, in which the role, the responsibilities and the percentage of the owned shares of each party are defined. In the agreement one of the participating companies shall be selected as the Lead Company, duly authorized to represent the union in signing the contract and in any other undertaking.

“*Commission*” means the offers evaluation commission which is established by Order of the Minister of Economy Trade and Energy.

“*Ministry*” means the Ministry of Economy, Trade and Energy of the Republic of Albania.

“*Offer*” means the bid presented by the candidates for the purchase of the shares of the company “Albpetrol” sh.a.

“*Compliant Bid*” means a bid that complies with all the terms, conditions, criteria and specifications of the tender documents.

“*Shares*” means 13.360.997 (thirteen millions three hundred sixty thousand nine hundred ninety seven) ordinary shares of Albpetrol sh.a., with a par value of 1.000,00 (one thousand) Albanian Leke each, fully paid, corresponding to 100% percent of the total capital of Albpetrol sh.a., which are offered to the candidates in conformity with Law no. 10490, dated 15/12/2011 “On the Definition of the Form and Structure of the Privatization Formula of the company Albpetrol Sh.A., Patos”.

In these instructions, the terms bid and tender and their derivatives (bidder/tenderer, bidding/tendering, etc) are synonymous, and “day” means a calendar day, with the exception when it is stated differently in this decision. Singular also means plural.

II. GENERAL

1. Tender Organization

1.1. The form for selecting the candidates interested in purchasing the shares of Albpetrol sh.a is through an Open Tender with one phase. The Ministry wishes to organize this tender, to receive bids for the purchase of the shares and to evaluate them.

2. Qualification Criteria

2.1. The candidates must fulfill the following requests:

- a) Should be a legal entity in possession of financial guarantees and well known in its economic activities. The legal entity must fulfill the certification standards of ISO 9000 or other standards equal to it;
- b) Should be a company specialized in the fields of exploration, development, production and marketing of oil/gas, and should have worked in this field, on an international basis, for not less than 5 (five) years.
- c) Should have a fully paid in capital in the amount of 80.000.000 (eighty million) Euro, or the equivalent of this amount in the currency denomination in which the capital is expressed. Net assets, and depending on the case, the consolidated net assets must be at least 100.000.000 (one hundred million) Euro
- d) If the bids are presented by a Consortium of companies they must fulfill the following requirements:
 - (i) the Strategic Investor must own at least 30% of the capital and the voting rights of the Consortium ;
 - (ii) the bid must include all the information listed in the above articles 2.1 and 2.2;
 - (iii) all the members of the Consortium shall be individually and jointly responsible for the implementation of the agreement, of the Consortium, and of the privatization contract;
 - (iv) a copy of the agreement signed by the members of the Consortium must be presented with the bid. Any new modification of such agreement after the presentation of the bid, including the cases of changes of percentage of interests owned by the strategic investor and by each member of the Consortium can be allowed only through prior written approval by the Ministry.

Failure to fulfill these criteria, set forth in sections (a), (b), (c), and (d) and article 2 above will be ground for disqualification of the Candidate.

2.2. The Candidates must, as part of their bid, submit the legal documents stating that the person signing the offer had the right to do so in the name and on behalf of the Candidate. Failure to present these legal documents will lead to a rejection of the bid.

2.3. Each Candidate must submit only one bid. A Candidate who submits or participates in more than one bid shall be disqualified from all bids.

2.4. The Candidate shall bear all the expenses related to the preparation and submission of their bid and the Ministry will in no case be responsible or liable for these expenses, regardless of the process or the outcome of the tender process.

III. TENDER DOCUMENTS

1. The Offer should include the following requirements:

- a) the acceptance from the Candidate of the terms and conditions provided in the tender documents;
- b) the acceptance from the Candidate of the obligations deriving from the tender evaluation.

2 The Tender Documents should include the following documents:

- a) the name of the Candidate/bidder;
- b) a copy of the decision for the registration in the trade register of companies or an equivalent document from the authorities in the respective countries of the Candidate;
- c) a document which proves each of the Qualification Criteria set forth in Section 2.1, above, including audited financial statements for 2009 and 2010, and stating that the Candidate is not under a liquidation process, is solvent, and is not under threat of any material claims by creditors. If the Candidate is a Consortium, such documents must be submitted by each member of the Consortium.
- d) the amount in Euros of the total price, which the Candidate offers for the purchase of the shares;
- e) a declaration, which certifies the financial ability of the Candidate to fulfill in time the obligations deriving under the “Business Plan” (as defined in Subsection 3, below) according to the deadlines foreseen in it. If financing is sought out, for this purpose, the Candidate must submit a bank declaration, which verifies that the financial means of the Candidate are sufficient to fulfill the obligations deriving from the business plan.

3. Proposed business plan for Albpetrol for the years 2012 – 2017

3. 1 The Bidder should present as the main part of the tender documents, a Business Plan for the period 2012-2017. The Business Plan should demonstrate in details the bidder’s plans and their capabilities to:

- a) finance Albpetrol – with the purpose of fulfilling all the current and future operational needs as well as the marketing needs;
- b) modernize and restructure the technological assets of Albpetrol;
- c) expand Albpetrol’s production lines and rationalize the products in circulation;
- d) expand in a substantial manner Albpetrol’s place in the Albanian market, regional and world markets, and to develop a powerful and long-term marketing plan;
- e) increase the economic efficiency of Albpetrol, its profit and the market value of its shares;
- f) rationalize the actual and future needs for the workforce to show maximal care for the Albpetrol workforce;
- g) strengthen the trade marks (Brands) of the Albpetrol products.
- h) implement a long-term oil and gas exploration, development and production plan which is intended to contribute to achieving the above-stated goals.

4. The Bid Guarantee

4.1 The Candidate shall present, as part of its offer, a guarantee equal to 10% of the total price that the bidder has offered for the purchase of the shares.

4.2 The guarantee should be in the form of a Bank Guarantee, issued by a top 50 World Bank chosen by the Candidate. The form of the Bank Guarantee must be in accordance with the Bid guarantee form in appendix 2. The Guarantee should be valid at least until 28 days beyond the original validity period for the bid, and beyond any period of extension subsequently requested required in article 3.2 Chapter IV.

4.3 The Ministry will refuse any offer which is not accompanied by a guarantee in accordance with articles 4.1 and 4.2 above, as invalid. The guarantee of the bid for a Consortium must be in the name of all the members of the Consortium.

4.4 The bid Guarantee of non winning Candidates shall be returned to them no later than 28 working days from the expiration of the validity of this guarantee.

4.5 The Bid guarantee of the winning Candidate shall be returned when the Candidate has submitted the Contract Guarantee, required by the agreement, within the deadline included in it.

4.6 The bid guarantee shall be withdrawn from the Ministry:

- a) If the Candidate refuses to correct the bid price, in accordance with article 5.2, Chapter VI or;
- b) If the Candidate withdraws from the proposed bid, after it is opened;
- c) In the case of the winning Candidate, if within the deadline set forth in the standard tender document, they fail to:
 - Sign the contract or
 - Submit contract guarantee, as required by the contract.
- d) In case the Candidate submits false documentations or information.

IV. PREPARATION OF BIDS

1 Bid Language and all correspondence and documents, related to the bid exchanged between the Candidate and the Ministry shall be in English and in Albanian. Supporting documents and printed literature furnished by the Candidate may be in another language, provided that they are accompanied by an accurate translation in English or in Albanian, in which case, for purposes of interpretation of the bid, the English language shall prevail.

2 Bid Price offered by the Candidate shall be expressed entirely in Euro.

3 Validity of the Bid

3.1. Bids shall remain valid for a period of 120 (one hundred and twenty) days after the date of bid opening.

3.2. In exceptional circumstances, prior to expiry of the original bid validity period, the Ministry may request that the Candidate extend the period of validity for a additional period. The request and the responses thereto shall be made by registered letter or by facsimile. A Candidate may refuse the request without forfeiting its bid Guarantee. A Candidate agreeing to the request will not be required or permitted to modify its bid, but will be required to extend the validity of its bid guarantee for the period of the extension, and in compliance with Article 4, Chapter III.

4 Format and signing of the Bid

4.1 The Candidate/bidder shall prepare one original of the bid documents indicated in Articles 1 and 2, Chapter III, bound with the documents described in clause 2.1 and 2.2, Chapter II, which must be clearly marked "ORIGINAL". In addition, the Candidate shall submit 3 (three) copies of the bid, which must be clearly marked "COPY". In the event of discrepancy between them, the original shall prevail.

4.2 The original and all copies of the bid shall be typed or written in indelible ink (in case of copies, photocopies are also acceptable) and shall be signed by a person or persons duly authorized to sign on behalf of the Candidate. The person or persons signing the bid shall initial all pages of the bid as well as the part of the bid where entries or amendments have been made.

4.3 No parts of the bid, alterations, omissions, or additions shall be taken into consideration during the bid evaluation, unless these parts, alterations, omissions, or additions are initialed by the person or persons signing the initial bid.

V. SUBMISSION OF BIDS

1. Sealing and evaluation of bids

1.1 The Candidate shall seal the original and each copy of the bid in separate envelopes, each of which must be duly marked as "ORIGINAL" or "COPY". The envelopes containing the copies shall be sealed in an outer envelope marked "COPIES".

1.2 The envelope marked as "ORIGINAL" shall:

a) be addressed to the Ministry at the following address:

*Republic of Albania
Ministry of Economy, Trade and Energy
General Department of Commercial Services
Bulevardi "Deshmoret e Kombit" Nr. 1001
Tirana, Albania*

b) bear reference to "*Albpetrol privatization - offer for the purchase of Albpetrol's shares*";

c) Provide a warning not to open before the time and date provided in Article 1, Chapter VI.

1.3 The envelopes marked as "COPY" and the outer envelope shall:

a) be addressed to the Ministry at the following address:

*Republic of Albania
Ministry of Economy, Trade and Energy
General Department of Commercial Services
Bulevardi "Deshmoret e Kombit" Nr. 1001
Tirana, Albania*

b) Bear reference to "*Albpetrol privatization - offer for the purchase of Albpetrol's shares*";

c) Provide a warning not to open before the time and date provided in Article 1, Chapter VI.

1.4 In addition to the identification required in Articles 1.2 and 1.3, Chapter V, all the envelopes shall indicate the name and address of the Candidate to enable the bid to be returned unopened in case it is declared “LATE” pursuant to Article 3, Chapter V.

1.5 If the envelopes are not sealed and marked as above, the Ministry will assume no responsibility for the misplacement or premature opening of the bid.

2 Deadlines for the Submission of Bids

2.1 The Ministry must receive the bids marked as “ORIGINAL” and “COPY” at the address specified in Articles 1.2 and 1.3, Chapter V, no later than 4 (four) months after the entering into force of this decision.

2.2 The Ministry may, in exceptional circumstances and at its discretion, extend the deadline for submission of bids. In such a case, all rights and obligations of the Ministry and the Candidates previously subject to the original deadline will thereafter be subject to the deadline as extended, by notifying all the Candidates in advance.

3. Late Bids

Any bid received by the Ministry after the deadline for submission of bids prescribed in Article 2, Chapter V will be returned unopened to the Candidate.

VI. BID OPENING AND EVALUATION

1 Bid opening

1.1 The Commission in the presence of the Candidates/Bidders, will open the envelopes marked as “ORIGINAL” at the Ministry, at the time and due date for the submission of the bids as specified in Article 2.1, Chapter V.

1.2 The Bidders’/ Candidates’ names, the bid price and the presence (or absence) of the bid Guarantee will be announced by the Commission at the opening.

1.3 The Commission shall prepare minutes of the bid opening. A public notary shall be present and confirm the minutes of the bid opening.

2 Confidentiality of the Evaluation Process

Information relating to the evaluation and comparison of bids, and recommendations for the award of the tender shall not be disclosed to Bidders or any other persons not officially concerned with such process until the award to the successful Bidder has been announced. Any effort by a Bidder to influence the Commission’s processing of bids or award decisions may result in the rejection of the Bidder’s bid.

3 Clarifications of Bids and Contacting the Offers Evaluation Commission

3.1 The Commission, if it needs to, is entitled to ask the Bidders for any clarification about the documents already submitted. In such cases, the bidders should be ready to give the needed clarifications within 5 (five) days from the date they receive the Commission request; failure to comply with such request may result in the exclusion from the tender.

3.2 Any communication between the bidders and the Commission should be only in writing and only through registered letter or by facsimile.

4 Examination of bids and Compliance

4.1 Prior to the detailed evaluation of bids, the Commission will determine whether each bid:

- a) Fulfill the qualification criteria set forth in Article 2, Chapter II;

- b) Is accompanied by the Bid Guarantee, requested in accordance with Article 4, Chapter III, and
- c) In content compliant with the requirements of the tender documents.

4.2 A substantially compliant bid is one that conforms to all the terms, conditions, and specifications of the bidding documents without material deviation or reservation. A material deviation or reservation is one:

- a) which limits in any substantial way, inconsistent with the bid documents, the Ministry's rights or the Bidder's obligations under the Agreement; or
- b) whose correction would affect unfairly the competitive position of other Bidders presenting substantially compliant bids.

4.3 If a bid is not compliant, it will be refused by the commission.

5. Correcting Errors

5.1 The Commission shall check all the bids determined to be substantially compliant for any arithmetic errors. Where there is a discrepancy between the amounts in figures and in words, the amount in words will govern.

5.2 The Amount declared in the offer shall be corrected by the Commission in accordance with Article 5.1 and with the concurrence of the Bidder, shall be considered as binding upon the Bidder. If the Bidder does not accept the corrected amount of the bid, its bid will be rejected, and the bid guarantee will be lost in accordance with Article 4.6, Chapter III. .

6. Evaluation and comparison of Bids

6.1 The Commission will evaluate and compare only the bids determined to be substantially compliant in accordance with Article 4, Chapter VI.

6.2 In accordance with the Decision of the Council of Ministers Nr. 329 dated 12.07.1999, the evaluation of the bid shall be conducted according to Appendix 3, attached to this decision.

7. Failure of the Procedure

7.1 The procedure shall be considered as failed if there is no offer submitted or none of the submitted offers is in conformity with the bidding procedure.

VII. COMPLAINTS

1. The bidders shall submit a complaint to the Minister in charge of Economy, against the decisions of the Commission within 5 (five) days from the notification date. Within 10 working days after receiving the complaint the Minister decides on the complaint.

VIII. APPROVAL OF THE EVALUATION AND SIGNING OF THE CONTRACT

1. The Commission shall submit to the Council of Ministers the final report on the Evaluation of Bids, classified according to the criteria mentioned in Article 6.2, Chapter VI. The Council of Ministers approves the bid evaluation report and announces the winning bidder.

2. The Council of Ministers may at any time before the announcement of the successful bidder, cancel the tender procedure without any explanation to the bidders.

2 Notification of the Evaluation

2.1 Prior to the expiration of the bid validity period, the Ministry will notify the successful bidder and start the negotiation of the Contract with them.

3 Signing of the Contract

3.1 Within 30 (thirty) days after the announcement of the winning bidder, the successful bidder should sign the Contract with the Ministry and submit the Contract Guarantee. Otherwise, the negotiations will commence with the bidder ranked second and then the next ranked Bidders, in accordance with the same procedure.

3.2 The deadline set in Article 3.1, Chapter VII can be extended upon agreement between the parties for a period of 30 (thirty) days, and not more than once.

3.3. The Contract Guarantee shall be in the amount of 20% (twenty percent) of the purchase price and according to the format attached in Appendix 2.

3.4. The Contract Guarantee shall be returned to the buyer after the full payment of the contract price according to the predetermined conditions (set forth in the Contract).

4. Approval of the Contract

After the Contract has been signed by the Ministry in charge of the economy and the buyer, it will be approved by the Council of Ministers.

APPENDIX 2

Bank Head Letter

Date _____

Republic of Albania

Ministry of Economy, Trade and Energy
Bulevardi “Deshmoret e Kombit” No.1001
Tirana
Albania

Letter of Guarantee

We are informed that our client _____ (referred to as the “Candidate/Bidder”) will present its offer for the purchase of shares owned by the State of the Albanian company Albpetrol sh.a., offer already possessed by you and made according to the Council of Ministers Decision “Approving the instructions for the presentation, opening and evaluation of the bids for the privatization of “Albpetrol” sh.a” (referred to as the “Instructions”).

In conformity with point 4.4 of the instructions, the candidate/bidder is required to present a guarantee for the bidding in the amount of _____ Euro.

Being regularly registered with headquarters in _____, after the candidate/bidder request, we undertake to proceed immediately and irrevocably with the payment, at your first request the amount of _____ Euro, without any notice, restriction or condition and regardless any objection raised by the candidate/bidder.

Your obligation according to this letter guarantee will end in the date indicated at point 4.4.2. of the instructions, or in case the candidate has been determined, at the date indicated at point 4.4.5. of the instructions. Your written request shall be sent to us at the determined date, otherwise the deadline of any and all request sent to us in conformity with this guarantee letter shall automatically terminate.

The original of this document must be returned within the deadlines specified in point 4.4.4. or point 4.4.5. of the instructions, or at any case after all your requests have been fulfilled.

APPENDIX 3

Category	Description			
1.	Technical	25		
1.1	The technical credentials of the potential buyer		30	
1.1.1	Buyers strategic intent for Albpetrol			50
1.1.2	Buyer's experience in the activities of exploration, development, production and trading of oil and gas			25
1.1.3	Buyer Technical capabilities to support Albpetrol			25
2	Business Plan 2012 to 2017		70	
2.1	Capacity			
2.1.1	Plan for the Re-activation of existing Albpetrol wells with technologies which result in the increasing of production, reserves and overall value creation.			10
2.1.2	Plan for the rehabilitation of the production facilities in order to increase the production capacity consistent with increase of the availability of feedstocks and market demands			5
2.1.3	Rehabilitation and expansion Plan of oil and gas transportation pipelines increasing the efficiency of this additional service of Albpetrol and in general rehabilitation and expansion plan for any other service facility.			10
2.1.4	Drilling and development plan containing the number of wells, time table for drilling, methodology, and the expected drilling costs conducted with the aim of identifying the potential unexplored and underexploited areas			5
2.1.5.	Plan for the Recovery of Reserves			10
2.2	Environment			
2.2.1	Plans to improve Environmental Performance (Air, Water, Solids) consistent with Albania (or more stringent) legal requirements at all sites			20
2.3	Efficiency			
2.3.1	Plans for process unit automation to increase production efficiency and product quality			5
2.4	Health and Safety			
2.4.1	Health and Safety Improvements to be implemented			10
2.4.2	Housekeeping Improvements to be implemented			5
2.5	Capital			

2.5.1	Overall Capital Investment Program over next 5 years based on the above			10
2.6	Human Resources			
2.6.1	Plans to reduce the social impact as result of workforce rationalization			5
2.6.2	Training Plans to improve the skills and competencies of work force			5
3	Financial	75		
3.1	The Offer		100	

The structure of the privatization formula of the capital shares of the company “ALBPETROL” sh.a Patos, for transferring the ownership rights will be the following:

100 percent of the capital shares are offered to the strategic investors, which are specialized companies in the oil and gas fields, by selling shares through an opened procedure, according to Law No. 9643, dated 20.11.2006 “On the public procurement” as amended. The payment of this share package shall be in money.

Article 4

The treatment of workers who become unemployed by the restructuring process, within the privatization framework of the company “ALBPETROL” sh.a., Patos, will be determined by Council of Ministers Decision.

Article 5

1. Incomes from the privatization of “ALBPETROL” sh.a. Patos, will be used :
 - a) For covering the tender expenses and other activities needed in the privatization process;
 - b) For covering funds on workers treatment;
 - c) The remaining part will be assigned to the State Budget.
2. The payment for the succes fee for the foreign Consultant company will be made by the winning bidder.
3. The measure of using revenues from the privatization of “ALBPETROL” sh.a. Patos, will be determined by Council of Ministers Decision.

Article 6

Criteria for the selection of strategic investors and bids evaluation criteria for the privatization of the joint stock company “ALBPETROL” sh.a. Patos, will be determined by Council of Ministers Decision.

Article 7

The Ministry of Economy, Trade and Energy is charged to follow and organize the implementation of the privatization procedures of the company “ALBPETROL” sh.a Patos, with the assistance of the Consulting company and according to the dispositions of this law.

Article 8

Council of Ministers is charged to issue the necessary sub-legal acts for the implementation of articles 4, 5 point 3 and 6 of this law.

Article 9

This law enters into force 15 days after its publication in the Official Journal.

Promulgated by Decree No.7211, dated 23.12.2011 of the President of the Republic of Albania, Bamir Topi.

PRESIDENT OF ASSEMBLY

JOZEFINA TOPALLI (ÇOBA)

SUMMARY OF INFORMATION ABOUT ALBPETROL SH.A.

DISCLAIMER: This document is provided as a courtesy to parties interested in the proposed privatisation of Albpetrol SH. A. Although it fairly represents readily available information as of the date it was finalised, it does not represent the final contents of the offer to privatise Albpetrol and should not be construed as the basis of an offer of sale.

I. Company Background

Albpetrol SH.A. (“Albpetrol”), the Albanian state-owned oil company, is engaged in the development, production and trade of crude oil and gas. Established in 1992 and reorganised in 1998, Albpetrol is currently structured as a joint-stock company, with the Albanian Ministry of Economy, Trade and Energy (“METE”) as the sole shareholder. Albpetrol is headquartered in Patos, a city located in the District of Fier in the southwestern part of the country – a premier location for oil processing and trading.

By virtue of a 1993 contract between Albpetrol and the Republic of Albania, Albpetrol administers, either exclusively or jointly, the following fields: Patos-Marinza, Ballsh Hekal, Cakran Mollaj, Gorisht Kocul, Delvina Block, Visoka, Kucova, Amonica, Divjaka, Ballaj-Kryevidh, Frakull, Povlec, and Panaja. Albpetrol’s exclusively operated fields include: the oil field of Amonica and the gas fields of Divjaka, Ballaj-Kryevidh, Frakull, Povlec, and Panaja.

Besides the petroleum rights described generally above, Albpetrol’s assets include its buildings, vehicles, above and below ground infrastructure, the crude transport system (including a sole national right to provide petroleum transport services), and wells. The company also possesses the maps and reports of multiple geological studies of the entire Albanian territory, extending back to the 1950s. Importantly, the crude transport system – the National Oil and Gas Pipeline – connects all Albanian oil fields to the processing plants and two main oil ports in Vlora and Durres. Due to the closure of certain segments, the pipeline is not currently at full operating capacity, but the entire structure remains intact and modernisation is readily achievable.

The proposed privatisation of Albpetrol is a top priority for the Albanian government, and it represents a significant step in Albania’s overall privatisation program, which began in 1991. Privatisation of this strategic sector will promote economic development and enhance the oil and gas industry in Albania, as well as in the entire Balkan region.

II. Total Production

As a matter of preliminary data: Albpetrol’s oil production – from the company’s own wells as well as its production shares – totaled 223,107 tons in 2010, while gas production totaled 2,468,129 m³ in 2010.

III. Annual Revenue

Also as a matter of preliminary data, according to audited financial statements, Albpetrol's revenues for 2009 and 2010 were 7,166,511,975 ALL (approx. \$71,665,119.75 USD) and 7,218,528,763 ALL (approx. \$72,185,287.63 USD), respectively.

IV. Oil & Gas Industry in Albania

Albpetrol has signed seven Petroleum Agreements with outside contractors, who include: Bankers Petroleum, Stream Oil & Gas, and IEC Visoka. Specifically, Albpetrol has signed agreements with the current private sector producers for the following fields: Patos-Marinza, Ballsh Hekal, Cakran Mollaj, Gorisht Kocul, Delvina Block, Visoka, and Kucova. Albpetrol retains production shares and certain contractual rights under each of its Petroleum Agreements.

V. Domestic & Regional Market

Albania is situated in the western part of the Balkan Peninsula in southeastern Europe (the "Balkan region"). According to the U.S. Energy Information Administration, the Balkan region has total proven oil reserves of approximately 345 million barrels, with 198 million barrels of that located in Albania. Croatia has proven reserves of 73 million barrels and Serbia holds the remaining 78 million barrels. Although a number of companies are active in the region and exploration is increasing – especially in Albania and offshore areas in the Adriatic Sea – oil production in the Balkans remains low. In contrast, demand for oil and gas in Albania has increased approximately 11 percent per annum since 2000. Similarly, demand in the Balkan countries of Bulgaria, Serbia and Montenegro has increased by 10 to 12 percent over the last two years. As Albania and other Balkan countries continue to expand and modernize their economies, demand for oil and gas is expected to continue to grow. It is natural to assume that both production and exploration devoted to updating proven reserves will increase over time as well.

VI. Goals of Privatization

Over the past decade, Albania has maintained an ambitious program of economic, legal and institutional reform. In so doing, it has continued to engage in a remarkable process of transformation from a closed, centrally-planned economy to one that is liberal, market-oriented and private-sector driven. In furtherance of that process, the Albanian government has committed to privatise the oil and gas industry, among others. Specifically, the Government of Albania believes that the privatization of Albpetrol will support significant improvement in the output, profitability and efficiency of the company and Albania's oil and gas industry.

THE PROCEDURE FOR ACQUIRING THE TENDER DOCUMENTS SET

The procedure to be followed by the bidders interested in acquiring the tender documents:

- The Finance Department issues the invoice which will be signed by METE representative and the Subject;
- With the above mentioned document the Subject will make the payment in the Bank;
- The Subject delivers to METE the copy of the payment of the bank invoice and obtains the username and password in order to have access in the tender documents, Information Memorandum and Data Room.