

**People's Democratic Republic of Algeria**  
**National Agency for the Valorization of Hydrocarbon Resources**  
**« ALNAFT »**



# **Criteria and rules of prequalification**

**ALNAFT-PVDMH**

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## Procedure history

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## Reference

- Law 19-13 of December 11<sup>th</sup>, 2019, governing hydrocarbon activities in particular articles 7 and 42 thereof.

## Preamble

The provisions of Law 19-13 of December 11, 2019 governing hydrocarbon activities, state that no one may undertake upstream activities if they do not have the technical and/or financial capacities necessary to carry them out, and if it has not been previously authorized.

In this respect, the legislator entrusts ALNAFT with the task of developing the criteria and rules for the pre-qualification of persons and upstream operators.

Thus, any person wishing to have a pre-qualification certificate is required to submit a prequalification request to ALNAFT, prior to:

1. Submitting an offer following a bidding round to conclude a hydrocarbon contract;
2. Prospecting activities within the framework of a prospecting authorization;
3. Participating in a hydrocarbon contract as co-contractor;
4. Conducting operations, as an upstream operator, within the framework of a designation of a third party under an upstream concession or a hydrocarbon contract.

The pre-qualification certificates to persons and upstream operators are issued by ALNAFT.

## 1- Purpose

The purpose of this procedure is to define the criteria and rules for pre-qualification relating to any:

- Pre-qualification application;
- Pre-qualification renewal;
- Pre-qualification file updating ;
- Additional pre-qualification application.

## 2- Definition of terms

For the purposes of this procedure, the following definitions apply:

- **Person:** Any legal person governed by Algerian law or legal person governed by foreign law.
- **Candidate:** Any person who has submitted a pre-qualification application to ALNAFT.
- **Operator- Investor:** A person with the necessary technical qualifications and experience as well as the financial capacity required to conduct upstream operations.
- **Investor- Non Operator:** A person with the required financial capabilities, but not necessarily the technical qualifications or experience required to carry out the upstream activities.
- **Upstream Operator:** A person with technical capability who is responsible for the conduct and execution of upstream operations in the name of, on behalf of and under the responsibility of the party which has appointed him under an upstream contract or concession.

Upstream Operator also means any joint venture or consortium responsible for the conduct of upstream operations. However, the joint venture may have the status of upstream operator but is not pre-qualifiable.

The other terms defined in the above-mentioned Law governing hydrocarbon activities apply to this procedure.

### **3-Pre-qualification types**

The candidate, in his pre-qualification application, may request one of the following pre-qualification types:

- Operator- Investor;
- Investor- Non Operator;
- Upstream Operator.

Depending on his experience, the candidate can apply to be an Onshore and Offshore Operator or Onshore only.

The candidate may apply to be pre-qualified based on his own experience and background or based on the experience and background of the entity that controls him or the entity to which he is affiliated.

#### **3.1 In case of a hydrocarbon contract or an upstream concession**

The person pre-qualified as: Operator-Investor or Investor-Non-Operator, may be a party to a hydrocarbon contract. However, the Investor- Non Operator cannot claim to be the sole party to a hydrocarbon contract.

The national company, holder of an upstream concession, may delegate the conduct of upstream operations to a third party, having a pre-qualification certificate issued by ALNAFT to act in its name, on its behalf and under its responsibility.

A person pre-qualified as an Operator- Investor is systematically pre-qualified as an Upstream Operator.

#### **3.2 In framework of prospecting authorization**

Any person wishing to carry out prospecting activities, within the framework of a prospecting license, must be pre-qualified by ALNAFT as: Operator- Investor, Investor-Non Operator. However, the person pre-qualified as an Investor- Non Operator may not apply for a prospecting authorization alone and must be accompanied by an Operator- Investor pre-qualified by ALNAFT.

### **4-Application process**

When preparing the pre-qualification application file, it is the responsibility of the candidate to ensure that the documents and information provided by him/her are consistent with those requested by ALNAFT in this procedure.

The letter of application for pre-qualification should be sent by post to the attention of the Chairman of ALNAFT's Management Committee or delivered by hand, against receipt, to ALNAFT's registry office, located at the following address:

**Lot N°G8, Chemin Kaddous,  
Haut site Hydra, Alger**

The pre-qualification file, in digital format, can be sent by e-mail to the following address:

**Contact-PVDMH@alnaft.dz**

#### **4.1 Pre-qualification request**

Any person wishing to be pre-qualified with ALNAFT must submit a pre-qualification request to ALNAFT, signed by a duly authorized representative (model letter of request attached), accompanied by:

Any person wishing to be pre-qualified must submit an application for pre-qualification to ALNAFT, signed by a duly authorized representative (see application letter sample in Appendix D), accompanied by:

- For the **Operator- Investor**: documents and information relating to legal (Annex A), technical (Annex B) and financial (Annex C) aspects.
- For the **Investor- Non Operator**: documents and information relating to legal (Annex A) and financial (Annex C) aspects.
- For the **Upstream Operator**: documents and information relating to legal (Annex A) and technical (Annex B) aspects.

All the required documents and information must be transmitted in a usable format.

Additional information and/or documents required for the conclusion of a hydrocarbon contract may be requested from pre-qualified persons.

#### **4.2 The application for renewal of pre-qualification**

A pre-qualified person wishing to renew its valid pre-qualification may submit an application for renewal, in paper format, to ALNAFT, in accordance with the sample in Annex E of this procedure, within six (6) months before the expiry of the pre-qualification certificate. The application must be accompanied by the following elements, in digital format:

- For the **Operator- Investor**: documents and information relating to legal (Annex A), technical (Annex B) and financial (Annex C) aspects.
- For the **Investor- Non Operator**: documents and information relating to legal (Annex A) and financial (Annex C) aspects.
- For the **Upstream Operator**: documents and information relating to legal (Annex A) and technical (Annex B) aspects.

All required documents and information must be submitted in a usable format.

The pre-qualified person is required to submit, where applicable, any documents relating to any changes of any kind in its control, management or the characteristics used for its pre-qualification, as the case may be.

If the application for renewal is submitted after the expiry date of the pre-qualification certificate, it will not be renewed. However, the person may submit a new pre-qualification application.

### **4.3 Update of the pre-qualification file**

Any change of any kind that may affect, in particular, the control and/or management of the pre-qualified person or its financial capacity must be immediately notified to ALNAFT.

If, during the validity of a pre-qualification certificate, the person changes its name, the latter must notify ALNAFT and send a copy of the relevant statutory amendment. ALNAFT will issue a new certificate, valid for the remaining duration of the current pre-qualification.

It is understood that ALNAFT reserves the right to request, at any time, any information or document that it deems necessary.

### **4.4 The application for additional pre-qualification**

As part of the upstream activities, requiring specific technical expertise, any pre-qualified person may be called upon for additional pre-qualification.

## **5- Clarification requests**

Persons wishing to submit questions or obtain further information are invited to contact ALNAFT via:

[Contact-PVDMH@alnaft.dz](mailto:Contact-PVDMH@alnaft.dz)

Or by mail to:

Directeur de la Division Promotion et Valorisation du Domaine Minier des Hydrocarbures  
ALNAFT  
Lot N°G8, Chemin Kaddous,  
Haut site Hydra, Alger.

## **6- Validity of the pre-qualification certificate**

The pre-qualification certificate is valid for five (5) years from the date of signature.

The pre-qualification is renewable upon request, and it is subject to fulfilling all the required conditions, for subsequent periods of five (5) years each.

In the event of a change in circumstances of any kind that unfavorably affects the ability of any pre-qualified person to perform technically or financially in the future, or if it is found that a pre-qualification has been obtained on the basis of false information and/or declarations, ALNAFT may withdraw the pre-qualification certificate.

## **7- List of pre-qualified persons**

Any person wishing to consult the list of persons pre-qualified by ALNAFT is required to submit a request to the Director of the Promotion and Development of the Hydrocarbon Mining Sector Division, stating the reasons for his request.

## **8- Date of entry into force**

This procedure will enter into force once approved by the President of the Steering Committee and from the date of its signature by the Chairman of the Management Committee of ALNAFT.

## Annex A : Information on legal aspects

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I- Form to be filled in by the candidate:

1) Company name: .....

2) Type of pre-qualification requested (tick as appropriate)

A) Operator -Investor

A1) - onshore

A2) - onshore-offshore

B) Investor-non-operator

C) Upstream operator

3) Form of company: .....

4) Nationality of the company: .....

5) List of the candidate's main shareholders, their nationalities, their respective shareholdings and the name of the controlling company:

.....

6) Brief history of the legal development of the company since its creation

.....

7) Is the candidate present in Algeria?

yes.....  .....no .....  .....

If yes, specify the legal form: .....

8) Contact details of the person to be contacted for the purposes of prequalification:

(Name, e-mail address, telephone number)

.....

9) The Candidate is applying for Prequalification based on : (tick as appropriate)

- Its own experience and track record

- The experience and track record of its controlling entity



10) If the Candidate is a subsidiary and wishes to be pre-qualified on the basis of the background of the controlling entity.

a) Name of the entity whose background is desired for pre-qualification:

.....

b) Legal relationship between the Candidate and this company:

.....

c) Contact details of the parent company. Address: Name and title of contact person(s) (including e-mail and telephone numbers): .....

d) The Candidate..... declares that it is authorized by the parent company ..... which controls it to apply for pre-qualification on the basis of the parent company's experience and track record.

e) The Candidate..... declares that it has the necessary agreements from its parent company ..... which controls it, to provide it with all the technical, human, financial and other resources to fulfil all its obligations at the appropriate time, in relation to the performance of the upstream activities.

f) List of shareholders of the candidate's parent company, their respective nationalities and shareholdings: .....

**NB:** This form is declarative; the candidate is required to (i) tick the boxes corresponding to its choice and (ii) also fill in the gaps reserved for this purpose.

## **II- Documents to be provided:**

1. This completed form.
2. A copy of the signing authority of the person who signed the application for pre-qualification or any other document authorizing the signatory.
3. A copy of the Candidate's Articles of Association in the original language. In the event that the Articles of Association in the original language are in a language other than English, French or Arabic, they must be accompanied by a translation into Arabic, French or English.

In case the upstream Operator is a grouping, the latter must present a copy of the grouping's constitutive pact as well as a copy of its trade register.

In the perspective of the conclusion of a hydrocarbon contract, any person pre-qualified by ALNAFT must provide:

- (i) Articles of association certified as true originals by the Algerian consular services, accompanied by a translation into Arabic, French or English, in the event that the original language of the said articles of association is other than English, French or Arabic.
- (ii) Any other document requested by ALNAFT.

## Annex B : Information on technical aspects

In order to be technically pre-qualified as an Operator-Investor and Upstream Operator, the candidate is requested to provide a detailed description of its capabilities and experience as an operator, which should include

### A- For the Operator-Investor:

A presentation of the company (fields of activity, history, website...)

### I- Aspects related to hydrocarbon exploration:

A list, in decreasing order of importance, of the exploration projects in which the candidate has been active as Operator or Investor, during the last seven (7) years, for a new application and five (5) years, in case of renewal, indicating for each one:

- The country,
- The name of the project and block;
- The type (onshore and/or offshore);
- The status of the candidate (Operator or Investor) in the project;
- The full name of the operator;
- Partners and percentage of participation;
- The period when the candidate has been operator (dates).
- Main achievements (2D/3D seismic acquisitions, exploration drilling, discoveries...)

Country	Project name (Blocks...)	Onshore or offshore	Status (Operator or Investor)	Operator's full name	Partners & % participation	Period of operatorship (dates)	Main achievements (2D/3D seismic acquisitions, Wildcat drilling, discoveries...)

### II- Aspects related to the development and exploitation of hydrocarbons:

i. A list, in descending order of importance, of the development and exploitation projects in which it has been active as Operator and Investor-Non-Operator for at least the last five (5) years, indicating for each:

- Country, project name and block;
- Type (onshore and/or offshore);
- Type of effluent;
- The names of the partners and the percentage of interest of each, if any;
- The full name of the operator;
- Specific technology developed/used, if any.

	Country/ Project name (blocks...)	Type (onshore/ offshore)	Effluent type	Partners & % of participation	Operator's full name	Special technology developed / used
Projects in which the candidate has participated as an Operator						
Projects in which the candidate participated as an Investor-Non-Operator						

ii. Information on the candidate's annual production over the last three (3) years:

**1- Annual production:**

	Year 1	Year 2	Year 3
Liquid annual production (oil & gas)			
Annual production of gas			

iii. A description of the candidate's capacity and expertise in the field of health, safety and environmental (HSE) management, including

- 1- The company's HSE policy;
- 2- Valid certifications, according to the best practices and international standards accepted in the oil industry, if any.

In case of lack of experience in the management of hydrocarbon exploration and exploitation projects, the candidate asking for the Operator- Investor status may provide (i) its vision and plan for the management of upstream activities; (ii) the list of supervisory personnel who will be responsible for the management of operations for its activities, as well as their experience; and (iii) information on the manner in which he intends to manage its future projects in Algeria, as well as its potential partners.

**B- For the Upstream Operator:**

The candidate applying for the Upstream Operator status must justify a capacity to manage integrated projects in the upstream of hydrocarbons and provide information relating to :

- its organization,
- the qualifications of its technical management staff, likely to be assigned to its projects in Algeria,
- certifications held (ISO, etc.),
- The candidate's HSE policy,
- the candidate's strategy for promoting local content,
- information relating to the way in which it plans to manage its future projects in Algeria as well as its potential partners.

## *Annex C : Information on financial aspects*

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Each Candidate, whether as Operator- Investor or Investor- Non Operator, must provide the following documentation, attesting to its financial position and capacity or, if applicable, the financial position and capacity of the entity on whose behalf it wishes to be pre-qualified:

- The financial information template below, duly completed, for the last three (03) fiscal years.
- Copies of financial statements and annual reports for the three (3) fiscal years preceding the date of the application for pre-qualification;
  - Such financial statements must be certified by an independent auditor and submitted together with the auditor's report.
  - Annual reports and audited financial statements must be submitted in their original language with French translations, unless the originals are in French or English.
- The Candidate's current rating from Standard & Poor's Financial Services, Moody's Investor Services, Fitch Ratings or other financial rating services;

The applicant may also support its application by presenting a commitment to finance its future projects in Algeria by a third party (bank, investment fund, other company). In this case, the applicant must provide with this commitment the documentation listed above, relating to the entity issuing the commitment.

- Any additional information required and deemed necessary by ALNAFT relating, in particular, and without limitation, to the debts, guaranteed assets and possible liabilities of the applicant.
- The applicant for pre-qualification as an Investor-Non-Operator is required to submit with its application a presentation of the company: fields of activity, organisation, etc.

The applicant for pre-qualification may provide ALNAFT with an official internet link in order to allow ALNAFT to take cognizance of any useful information, in the framework of the examination of its application for pre-qualification.

## Annex C : The financial information template

Facts and figures				
	20..	20..	20..	
<b>Bilan</b>				
Assets				
shareholders' equity				
<b>Income statement</b>				
Turnover				
Net income				
<b>Cashflow</b>				
Cash flows from operating activities				
Net cashflow at fiscal year end				
<b>Ratios</b>				
	20..	20..	20..	
<b>Liquidity ratio</b>				
Current assets				
Current liabilities				
<b>Current assets / Current liabilities</b>				
<b>Ratio of Solvency</b>				
Shareholders equity				
liabilities and equity				
<b>shareholders equity / liabilities and equity</b>				
<b>Profitability ratio</b>				
Net income				
Turnover				
Net income / Turnover				
<b>Notations financières</b>				
	<b>Moody's</b>	<b>Fitch Ratings</b>	<b>Standard &amp; Poor's</b>	<b>Other *</b>
Notation				
Perspective				

N.B. The financial information to be filled in is that of the entity on whose behalf the Applicant wishes to be prequalified.

## Annex D : Sample of the letter of pre-qualification application

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(Company letterhead)

Date .../.../....

To the President of the Steering Committee of ALNAFT

**Subject:** Application for pre-qualification of... (Company Name) ...

Mr. President,

We wish to be pre-qualified by ALNAFT, in order to carry out upstream activities in the Algerian hydrocarbon mining sector.

For this purpose, we request a pre-qualification in the capacity of : (*specify one of the qualities listed below*)

1. Operator-Investor (onshore...offshore)
2. Investor- Non Operator
3. Upstream Operator

On the basis of : (*choose one of the bases below*)

- Our own experience and track record.....
- Our parent company's experience and track record..... (*Quote its exact name*).

To this end, we are sending you the documentation in paper and digital format as required in the procedure laying down the criteria and rules for the pre-qualification of persons to carry out upstream activities and upstream operators.

*(Name, First Name of the person duly authorised to sign this letter)*  
*Wet stamp of the company*

**NB:** A copy of the signatory's authority must accompany this letter.

## *Annex E : Sample of the letter of pre-qualification renewal*

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(Company header)

Date .../.../....

To the President of the Steering Committee of ALNAFT

**Subject:** Application for renewal of the pre-qualification certificate of... (*company name*)...

Mr. President,

In anticipation of the expiry of the pre-qualification certificate issued by ALNAFT to .....(*company name*)..... on .....(*date*)....., we hereby request ALNAFT to renew the pre-qualification certificate for an additional period of five (5) years.

The company hereby certifies that no change of any kind has occurred in its control, management or the characteristics that were used to pre-qualify the company since its first pre-qualification or renewal, (as the case may be).

To this end, we are sending you the documentation in paper and digital format as required in the procedure laying down the criteria and rules for the pre-qualification of persons for the exercise of upstream activities and upstream operators.

(Name, First Name of the person duly authorized to sign this letter)

*Wet stamp of the company*

**NB:** *A copy of the signatory's authority must accompany this letter.*