

**The Hashemite Kingdom of Jordan Ministry of
Energy and Mineral Resources (MEMR)**



**Request for Submission of Expression of Interest
(REOI)**

for

**Oil Marketing Company (OMC) Licenses in
Jordan's Downstream Petroleum Sector**

2018

Disclaimer

The information contained in this Request for Submission of Expression of Interest (REOI) has been compiled by the Ministry of Energy and Mineral Resources (MEMR) in order to carry out an Expression of Interest (EOI) procedure for Oil Marketing Companies (OMCs). This REOI does not constitute and will not form part of any offer or invitation to submit a direct proposal in relation to such OMC License outside of the EOI procedure.

This REOI contains information that interested parties and their advisors may desire or require in reaching a decision as to any potential investment proposal. However, interested parties should form their own views as to what information is relevant to such decisions and make their own independent investigations in relation to any additional information.

MEMR reserves the right, in its absolute discretion, to terminate further participation in the REOI, to change the structure and timing of the qualification process, to refuse entry to a particular party to the OMC licensing process, to amend the information contained in this REOI or to terminate the EOI procedure. MEMR will not have any responsibility or liability for any costs, expenses or other liabilities incurred by any participants in the EOI procedure.

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Table 1: Glossary

Applicant	An individual entity, a joint venture, consortium or other form of partnership, responding to this REOI
CIF	Cost, Insurance, Freight
DOSS	Dealer Owned Service Stations
EOI	Expression of Interest
ESCB	Energy Sector Capacity Building
EMRC	Energy and Minerals Regulatory Commission
GoJ	Government of Jordan
IPP	Import Parity Prices
JEMP	Jordan Energy Master Plan
Jordanian Law	Any and all Jordanian laws and regulations
JOTC	Jordan Oil Terminals Company
JPRC	Jordan Petroleum Refinery Company
LPG	Liquefied Petroleum Gas
MEMR	Ministry of Energy and Mineral Resources
OMC	Oil Marking Company
POC	Point of Contact
PPP	Public Private Partnership
REOI	Request for Submission of Expression of Interest
RFP	Request for Proposal

1. Introduction

1.1. REOI Background and Overview

Following approval of the Jordan Energy Master Plan (JEMP) by the Council of Ministers in December 2004, it is the stated objective of the Government of Jordan (GoJ) to introduce greater competition and levels of service in the downstream petroleum products market. In 2004, the GoJ embarked on a restructuring program through the Jordan Petroleum Refinery Company (JPRC) Restructuring/Commercialization and Downstream Petroleum Sector Reform Program.

The GoJ decided to end portions of JPRC's exclusive operating license, including import, export, storage, loading, transportation, distribution and marketing activities. This restructuring enabled new market entrants to participate in various activities across the downstream value chain. In 2012, the Ministry of Energy and Mineral Resources (MEMR) conducted a Request for Proposal (RFP) and successfully awarded three new oil marketing company (OMC) licenses (Total Jordan, Jordan Petroleum Products Marketing Company Ltd (JoPetrol), Jordan Modern Oil & Fuel Services LLC (Manaseer Oil & Gas).

As part of the restructuring of the oil sector plan, in 2016 the GoJ established Jordan Oil Terminal Company (JOTC) (state own company) and transferred the under construction oil products terminals Projects at Aqaba and Amman to JOTC, JOTC will provide the logistic service at Aqaba and the three airports to the OMCs instead of JPRC which acts temporary on behalf of JOTC until the assets at Aqaba and the three airports be transferred to JOTC in the fair market value expected in mid of 2018. The Council of Ministers has recently taken a decision (Decision No. 662) to expand the number of licensed Oil Marketing Companies in Jordan.

As it remains the GoJ's intention to provide additional opportunities for investors to participate in the downstream petroleum products market in Jordan. Therefore, the GoJ has decided to issue additional OMC Licenses through an expression of interest process.

Now, therefore, the GoJ hereby invites legal entities, who may be interested in participating in the competitive tender process, to submit an Expression of Interest (EOI) in accordance with the terms and conditions set out in this Request for Submission of Expression of Interest (REOI) document.

1.2. EOI Process

This expression of interest is intended to provide a formal process for parties interested in obtaining an OMC license. It is the intention of MEMR to grant a maximum of two new OMCs licenses under this process. MEMR shall permit Applicants deemed to have met first-stage qualification criteria, as set forth in this REOI, to submit a financial offer during the second stage of the OMC solicitation process. MEMR shall provide details of the second stage of the process to successful first stage Applicants.

EOIs must be delivered before 12:00 noon Jordan Time on 10th October 2018, at the address indicated in Section 3.3 of this REOI. An evaluation committee, comprised of MEMR staff and its Advisor, shall evaluate the EOI submissions. The evaluation committee is anticipated to finalize the evaluation by mid November 2018.

After the OMC License has been signed, selected Applicants (i.e. Licensees) will be provided a period of time to meet certain conditions precedent to full effectiveness of the OMC License. Once the conditions precedent in the OMC License have been met, the OMC Commercial Operations

Date commences. Subsequent to the OMC Commercial Operation Date, Licensees will operate as oil marketing companies under an OMC License with an initial term of 10 years. Any extension of the license will be subject to a) agreement by the EMRC and b) according to the Downstream Petroleum Law No. (11) for the year 2018 any relevant by-laws in existence at the relevant future date.

1.3. Inclusion in GoJ Distribution List

Please confirm physical receipt of this REOI immediately by email to the following email address: generals@memr.gov.jo to register and to be included in the distribution list to receive any clarifications or instructions. If, having reviewed this REOI, you do not intend to submit an EOI, we would appreciate being notified by email at your earliest opportunity.

2. Application Requirements

2.1. Participation

2.1.1. Participants

An EOI may be made by single business entities, joint-ventures, consortia, partnerships or other combinations of business entities composed of members of any eligible country of the world.

The Applicant must have experience in management and operations relating to the downstream petroleum products industry.

Each Applicant, or if the Applicant consists of more than one business entity, each member of such Applicant, shall be a legal business entity duly organized, existing and registered under the laws of its country of domicile.

Any shareholder of an OMC currently operating in Jordan is not allowed to participate in this EOI process.

2.1.2. Conflict of Interest

An Applicant shall not have a conflict of interest. Any Applicants found to have a conflict of interest shall be disqualified. Applicants may be considered to have a conflict of interest with one or more parties in this EOI, if they have controlling members in common; or participate in more than one EOI.

Participation by an Applicant in more than one EOI will result in the disqualification of all EOIs in which the party is involved.

A conflict of interest shall be considered to occur if any shareholder of an OMC currently operating in the Hashemite Kingdom of Jordan participates in the any entity, joint venture, consortia or partnership or other business combination for purposes of submitting an EOI in response to this REOI.

2.1.3. Reasons for Exclusion from Qualification

An Applicant will be excluded from qualification if:

- The Applicant is bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- The Applicant has been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata (i.e. against which no appeal is possible);
- The Applicant has been guilty of grave professional misconduct proven by any means determined by MEMR;
- The Applicant has been the subject of a judgment, which has the force of res judicata for fraud, corruption, involvement in a criminal organization, or any other illegal activity detrimental to Jordan's financial interests; and,
- An Applicant, or any shareholder in the Applicant, is a shareholder in an OMC currently operating in Jordan.

Applicants shall declare to MEMR within the Letter of Application, Litigation History Form, Declaration of Non-Bankruptcy, and Declaration of Undertaking, that none of the situations detailed in above bullet points apply to their operations.

2.2. Joint Ventures of Consortia

If the Applicant is a consortium or joint venture, the members shall designate one of the member entities as Lead Applicant to represent and bind all members of the Consortium in all matters connected with the tender, including but not limited to the submission of the REOI for and on behalf of the Consortium.

An Applicant wishing to qualify as a Consortium shall submit, as part of the EOI, a written authorization from each Consortium member, in the form of a Power of Attorney duly executed by a legal representative of each Consortium member, which identifies the member that will assume the role of Lead Applicant on behalf of the other members of the Consortium. The Lead Applicant shall have the authority to commit all members. In addition, each member of a Consortium shall provide a letter addressed to MEMR confirming that member's commitment to participate in the EOI as a member of the Consortium.

The Lead Applicant must demonstrate oil marketing company experience in the downstream petroleum products sector; MEMR will view oil marketing company experience of any other member as an advantage during the evaluation process. Any consortium member may demonstrate its technical experience.

The requirements detailed in Section 2.1 also apply to each member in a joint venture or consortium.

No Applicants that are a Consortium may have between them common members, whether directly or indirectly. No member of a Consortium may participate in the tender as an Applicant independent of a Consortium.

No change whatsoever in the identity or composition of the Applicant is permitted throughout the complete EOI procedure unless MEMR has given its prior approval in writing. In such case, the EOI is to be updated in accordance with this REOI and will be evaluated in accordance with the requirements of the REOI subject to MEMR's sole discretion.

3. Preparation and Submission of EOI

3.1. Collection of the REOI and Registration

This REOI is available on the webpage of MEMR: www.memr.gov.jo. It is compulsory to submit the EOI in accordance with the requirements of this REOI.

Potential Applicants are required to register at MEMR, mailing their contact data to:

- generals@memr.gov.jo;

The contact data shall include:

- Applicant Name and Contact Person
- Address
- Telephone number
- E-mail address

MEMR will then send any clarifications and addenda concerning this REOI to this contact. The Applicant is required to confirm receipt of any E-mail from the Contracting Authority (MEMR) as soon as possible.

3.2. Latest Submission Date for EOIs

The EOI shall be submitted in hard copy and electronically to MEMR at the latest by 12:00 Jordan Time on 10th October 2018 (“Latest Submission Date”).

Late EOIs will be rejected and will not be admitted for evaluation.

3.3. Sealing, Marking, and Submission of EOIs

The EOI shall be submitted as:

- One (1) printed original, clearly marked "Original";
- One (1) copy, marked “Copy”; and
- One (1) Electronic copy on CD-ROM, which include exact copies of the written submission. The electronic copy shall be clearly ordered and indexed in the same manner as the written submission.

In case of any discrepancies between the electronic version and the printed original, the latter will prevail.

The EOI shall be packed in an inner and outer envelope or box. In the inner envelope or box the Original, the Copies and the CDs shall be placed, the envelope or box bearing the following information:

EOI – Oil Marketing Company (OMC) License Submission
Applicant Name and Contact Person
Address
Telephone Number
Email Address

The inner envelope shall be placed in an outer envelope, labeled as follows:

EOI – Oil Marketing Company (OMC) License
 Eng. Amani Al-Azzam
 Secretary General
 Ministry of Energy and Mineral Resources
 Zahran Street, P.O. Box 140027
 Amman, Jordan

Do not open before Latest Submission Date

If the envelopes are not sealed and marked as required above, MEMR will assume no responsibility for the misplacement or premature opening of the EOI.

3.4. Clarification before the Last Submission Date for EOIs

Applicants are requested to carefully read and review this entire REOI. Should an Applicant require clarification on any aspect, the Applicant may submit clarification questions in writing to the contact address specified below up to 14 days before the Latest Submission Date for EOIs, specifying the publication reference and the contract title:

EOI – Oil Marketing Company (OMC) License
 Eng. Amani Al-Azzam
 Secretary General
 Ministry of Energy and Mineral Resources
 Zahran Street, P.O. Box (140027)
 Amman, Jordan
 Tel: +962 6 5803060
 Email: generals@memr.gov.jo

MEMR will communicate any clarification simultaneously by E-Mail to all registered Applicants at the latest 7 calendar days before the Latest Submission Date. The Applicant is required to confirm receipt of such clarifications immediately. No further clarifications will be given after the latest clarification date.

3.5. Contents of EOI

3.5.1. Structure of EOI

Each EOI is required to consist of the following sections:

Table 2: EOI Structure	
Section of the EOI	Source of Requirements
Letter of Application	Section 3.5.2 Appendix A: Form of Letter of Application
Section 1: Executive Summary	Section 3.5.3
Section 2: Applicant and Organizational Information	Section 3.5.4 Appendix B: Applicant Information Appendix C: Litigation History Appendix D: Declaration of Non-Bankruptcy Appendix E: Declaration of Undertaking

Table 2: EOI Structure

Section of the EOI	Source of Requirements
Section 3: Technical Capability	Section 3.5.5 Appendix F: Technical Experience Overview
Section 4: Financial Information	Section 3.5.6 Appendix G: Financial Information
Section 5: Safety Information	Section 3.5.7
Section 6: Other Information	Section 3.5.8

3.5.2. Letter of Application

The Applicant (and in case of a joint venture or consortium the Lead Applicant) shall duly complete and sign the Letter of Application in the form set out as Appendix A (Form of Letter of Application).

The signatory shall be authorized by Power of Attorney (duly legalized) from the Applicant. In the event that the Applicant is a joint venture or consortium, each member of the Applicant shall submit a Power of Attorney (duly legalized) empowering the Lead Applicant to sign the Letter of Application of the Applicant on behalf of and so as to bind all members.

3.5.3. Section 1 of the EOI: Executive Summary

The Executive Summary shall provide a brief description of:

- The Applicant’s qualifications for an OMC License;
- The Applicant’s corporate structure and history;
- Intended activities to be sub-contracted as well as intended activities to be carried out by the Applicant or any of its members (if applicable);
- Technical capabilities and experience in management, operations and financing of oil marketing companies in the downstream petroleum products sector; and
- Other key points, including technical, managerial and financial information, which the Applicant wishes to emphasize with regard to the EOI.

Additionally, if the Applicant is a joint venture or consortium:

- The identification of the Lead Applicant;
- The identification of other members forming part of the consortium;
- Levels of participation of the members (i.e. expected shareholding in the future project company to be established for the execution of the project); and
- Memorandum of Understanding or a draft joint venture or consortium agreement, signed by the representatives of the joint venture or consortium member.

3.5.4. Section 2 of the EOI: Applicant and Organizational Information

This section shall comprise the following:

Applicant Information (Appendix B)

The Applicant (and each of its members if applicable) is required to submit the information as per Appendix B. This includes contact data for the Applicant, as well as copies of the company registration and the articles of association, duly legalized.

Each submission shall include organizational structure, including shareholder and grouping structure and parent/holding company structure if applicable.

Litigation History (Appendix C)

Each Applicant shall detail recent litigation history in Appendix C.

Declaration of Non-Bankruptcy (Appendix D)

Each Applicant shall make a declaration of non-bankruptcy in Appendix D.

Declaration of Undertaking (Appendix E)

Each Applicant shall make a declaration of undertaking in Appendix E.

3.5.5. Section 3 of the EOI: Technical Capability of Applicant

The Applicant shall provide as Section 3 of its EOI for each of its members information with respect to the experience of the Applicant in the ownership, operation and management of oil marketing companies within the last five (5) years including the information as requested in Appendix F.

Minimum standard for qualification: Across the Applicant's operational profile (including members of the border Consortium), the Applicant must demonstrate management of, operations of, or the supply of petroleum products to, a minimum of 30 retail stations globally or at least 10 retail stations in Jordan to be considered for qualification. Operation and/or supply can include direct equity ownership in individual retail stations or a broader, branding and fuel supply relationship.

3.5.6. Section 4 of the EOI: Financial Information

In Section 4 of the EOI, the Applicant shall provide the following:

- A summary table in respect of financial performance data extracted from the financial statements in the format set out in Appendix G;
- If applicable and available, the Applicant may give details in the Applicant's parent company long term unsecured credit rating (provided by Moody's, S&P or any other ratings agency widely used by the Applicant) since January 1st, 2014;
- Audited Financial Statements: The Applicant, or in case of its members, each member, shall submit copies of audited financial statements (consolidated balance sheets, consolidated income statement and where available, consolidated cash flow statement including all related notes, and income statements) for the latest available 3 years. Where an Applicant has less than three years of incorporation, the Applicant must submit the aforementioned for the period of incorporation; and
- The Applicant may also include any other relevant information concerning the Applicant's finances that the Applicant believes will support MEMR in assessing the Applicant's EOI.

Minimum standard for qualification: Each Applicant must demonstrate positive net operating income over the last three-year period for consideration of qualification.

Minimum standard for qualification: Each Applicant must demonstrate total debt as a percent of total capital of 80% or below in its audited financial statement of 2017.

3.5.7. Section 5 of the EOI: Safety Information

In Section 5 of the EOI Applicants shall submit information regarding their firm's safety program. Applicants should detail metrics used to track safety performance, such as injury frequency, lost workdays and worker's compensation costs.

Each firm must detail their process for routine safety audits and recent performance in those audits.

The Applicant may also include any other relevant information concerning the Applicant's safety policies that the Applicant believes will support MEMR in assessing the Applicant's EOI.

3.5.8. Section 6 of the EOI: Other Information

In Section 6 of the EOI Applicants are free to submit any other information they feel would be useful to MEMR in respect of its evaluation of their corporate structure, organizational, technical, human resources or financial capability and experience.

4. General Instructions

4.1. Language of EOI

The language of communication is the English language.

Supporting documents and printed literature furnished by the Applicant may be in a language other than English, provided they are accompanied by an authorized translation into the English language.

For the purposes of interpretation of the EOIs, the English language will prevail.

4.2. Laws and Regulations

The EOI procedure is carried out in accordance with Jordanian laws and regulations.

4.3. Clarifications during Evaluations of EOIs

MEMR may request additional information, clarifications and verifications with respect to any item contained in the EOI documentation of the Applicants. The Applicants shall confirm receipt of such request immediately and respond in writing to any such request within five (5) business days of receipt of any such request.

4.4. Disqualification

MEMR may disqualify an Applicant's EOI for reasons listed in the following:

- Receipt of the EOI after Latest Submission Date;
- Failure by the Applicant to submit a complete EOI or failure to submit the EOI in the prescribed format in accordance with the instructions of this REOI; and/or

- Failure upon reasonable request by MEMR to disclose additional information relating to the Applicant's experience, such information being necessary in MEMR's judgment to properly evaluate the Applicant's qualifications.

4.5. Notice of Qualification

Qualified Applicants will be notified with a Notice of Qualification that they have been qualified to receive an OMC License after the qualification period or at 1/1/2019 whichever is late.

4.6. Communications

Any communication concerning this qualification procedure shall be made by E-Mail:

- To address MEMR, Applicants should use the addresses stipulated in Section 3.4;
- To address Applicants, MEMR will use the contacts established in Section 3.1.

No Applicant will have the right to make an oral communication.

In case any Applicant should change its contact, the Applicant is required to immediately notify MEMR about such change. MEMR does not take any responsibility if any communication or clarification does not reach the Applicant due to a change of contact data.

4.7. Costs of Participation in EOI Procedure

The GoJ will not reimburse any costs incurred by the Applicant in preparing and submitting the required EOI and, if qualified, in preparing and submitting the direct proposal for an OMC License. All such costs shall be assumed by the Applicant.

4.8. Confidentiality

Applicants shall treat all details of the issued documents, its own EOI as private and confidential and shall not publish nor disclose the same or any particulars thereof to any other party.

4.9. Release

By submitting its EOI, each Applicant releases MEMR and its advisors (if any), and the EMRC irrevocably, completely and unconditionally, from any and all liability for claims, losses, damages, costs, expenses or any other liabilities in any way related to or arising from the review of, and associated decision-making process regarding, its eligibility and qualifications for the Project.

4.10. Suspension / Cancellation

Applicants are hereby notified that MEMR retains the right to suspend or cancel the EOI procedure at any time at its sole discretion without any liability to Applicants and without any obligation to give reasons therefor.

In the event of suspension or cancellation of the EOI procedure Applicants will be notified by MEMR accordingly.

4.11. Miscellaneous

Neither issuance of this REOI nor issuance of any other document or request by or on behalf of MEMR at any time will obligate MEMR to enter into any agreement or arrangement or impose any liability on any of them other than pursuant to the Project Agreements when executed.

Neither MEMR, nor any of its advisors or consultants will be under any obligation to return any EOI submitted by an Applicant or to reimburse an Applicant for any cost or expense.

By participating in this EOI procedure, Applicants waive any rights or claims they may have against MEMR in connection herewith.

5. OMC Rights and Obligations

5.1.1. Energy Sector

Jordan has limited natural resources and relies heavily on imports to meet its energy needs. Jordan's domestic primary energy production only meets 3%¹ of the Kingdom's demand (mainly from Solar, Natural Gas, and Biomass). Recent projects have sought to further develop Jordan's domestic resources, including oil shale, solar, wind and biomass energy.

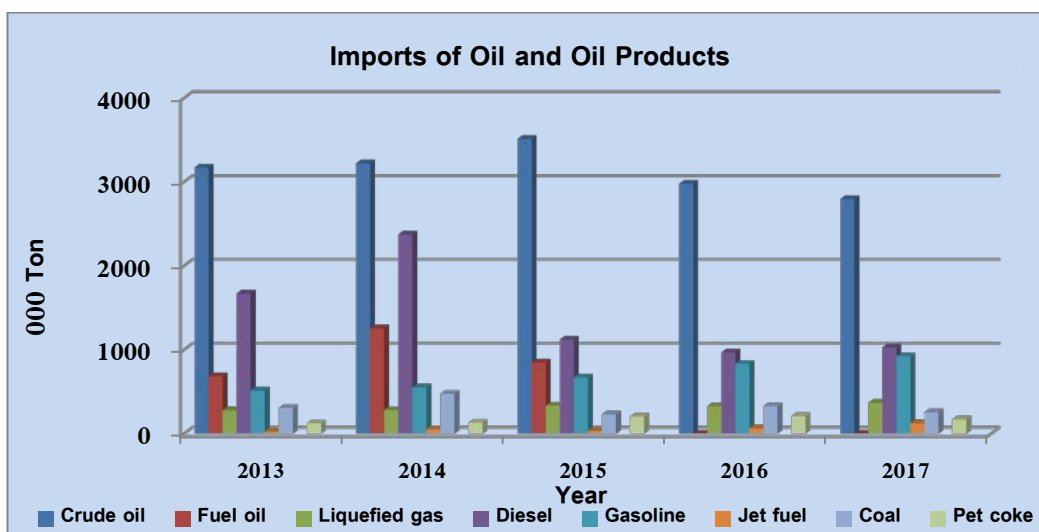
The vast majority of Jordan's electricity production is fueled by imported Natural Gas. Electricity generation capacity is simultaneously growing and technologically evolving across the Kingdom. From 2008 to 2015, generation capacity increased from 2.5 GW to 4.5 GW. The capacity growth leveraged advanced combined cycle and renewables technology, while older and inefficient diesel-powered turbines are shutdown.

Jordan has a single, outdated oil refinery located in Zarqa, which is owned and operated by the Jordan Petroleum Refinery Company. The refinery's production slate does not fully meet the demand of Jordan's growing market and must be supplemented by finished product imports.

The refinery mainly runs Saudi crude; vessels deliver the crude to import facilities in Aqaba and then load the product onto trucks for delivery to Zarqa. Due to operational issues and general underinvestment in maintenance, the refinery continues to show a decrease in throughput

(see Figure 1).

Figure 1: Import of Oil and Oil Production (2013: 2017)



JPRC's finished product production slate produces a high quantity of fuel oil (23% of total production) and struggles to reach international product specifications (particularly sulfur). JPRC sells the high sulfur fuel oil to utilities for power generation and heavy industry customers (steel,

¹ Data in the Information Memorandum is based on MEMR's Energy Information System and can be retrieved at <http://eis.memr.gov.jo/>. No guarantees on the accuracy of this information are made or implied through this REOI. Potential investors must conduct due diligence and form their own views on investment opportunities.

cement, potash and phosphate). Diesel produced by JPRC reaches 12,000 ppm of sulfur (compared to the EU's 2009 Euro V standard of 10 ppm).

JPRC is considering undertaking an expansion and upgrade of its refinery, pending the identification of a strategic investor. Proposed changes include a capacity expansion to 120 KBD, upgrades to reduce fuel oil production via hydrocracking and/or coking, and desulphurization to produce products to international standards. The expansion project would possibly be coupled with a pipeline project to eliminate the current inefficient process of trucking crude from Aqaba. Any refinery expansion (or closure) plans would impact the finished product import balance, but is unlikely to substantially alter the overall finished product demand profile.

5.2. Jordan's Downstream Petroleum Sector

5.2.1. Background

In 1956, local Jordanian investors founded JPRC, with approval from the Council of Ministers, to help the Kingdom meet its growing needs for petroleum products. In 1958, the GoJ granted JPRC a 50-year exclusive Petroleum Concession Agreement (PCA) to refine, import, export, store, load, transport, distribute and market petroleum products. Based on this PCA, JPRC constructed and operated the Zarqa refinery, retail gas stations, LPG facilities, and petroleum logistics assets in Jordan. In the downstream market, the GoJ set prices for finished products that were heavily subsidized for end consumers, while providing JPRC a guaranteed rate of return.

The original JPRC refinery design produced a substantial amount of heavy fuel oil for power generation and industry consumption. As oil prices spiked in the late 1970's, most international refineries shifted to more advanced refining technologies as fuel oil customers (utilities) found cheaper source of supply (coal and natural gas). Despite a few upgrade projects over the years, JPRC has not advanced its refining technology to match its international peers. The JPRC production slate remains burdened by an overreliance on uneconomic and environmentally damaging heavy fuel oil.

In 2007 (one year prior to JPRC's PCA expiration), the GoJ developed a strategic and integrated Energy Master Plan. The Energy Master Plan emphasized liberalization of the downstream market, encouraged foreign investment, and advocated for improving safety and environmental practices in the downstream sector.

Based on the Energy Master Plan, the GoJ:

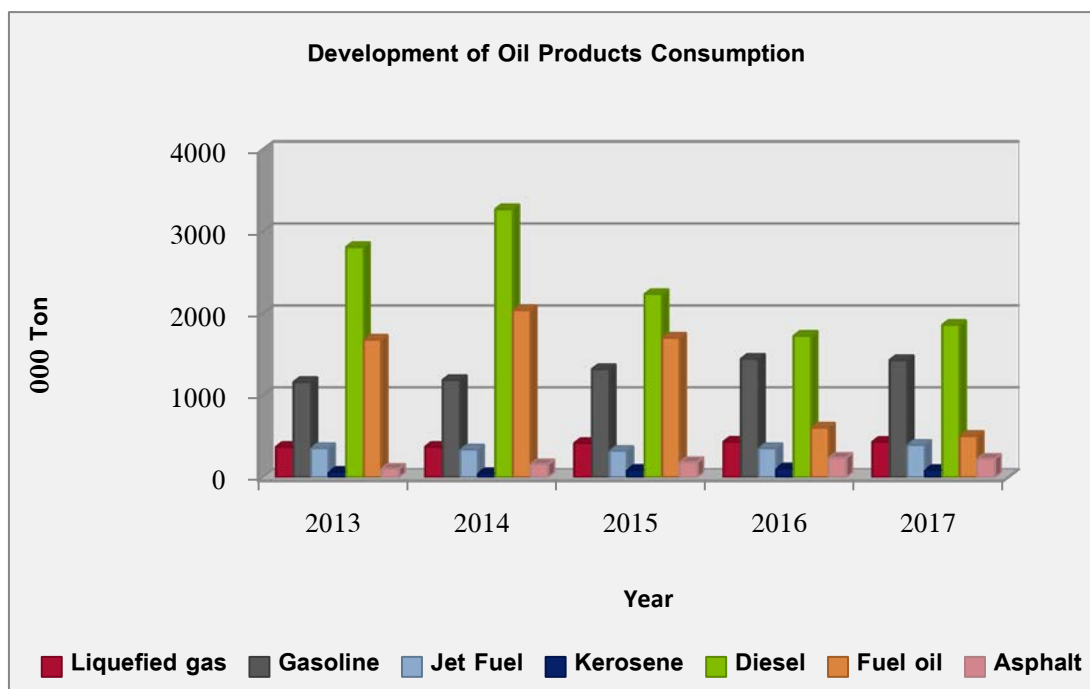
- Created a new pricing regime in 2008 based on import parity prices.
- Expired the JPRC's PCA with a negotiated Settlement Agreement that reduced JPRC's scope and enabled the introduction of private OMCs.
- Established a new, independent midstream company (Jordan Oil Terminals Company) to operate petroleum logistics infrastructure (excluding the refinery) on a non-discriminatory basis.
- Granted licenses to OMCs to operate distribution and retail assets across the Kingdom.

To advance the Kingdom's policy of encouraging foreign investment and continuing to liberalize the downstream petroleum market, the GoJ is seeking new OMC market participants.

5.2.2. Supply Demand Balance for Petroleum Products

JPRC’s domestic production does not fully meet the demand for finished petroleum products across the Kingdom. Current OMCs import finished products through facilities in Aqaba to make up the supply/demand imbalance. As production at JPRC continues to decline and demand continues to increase, imports met a larger portion of Jordan’s overall demand over time (see Figure 2).

Figure 2: Development of Oil Products Consumption (2013-2017)



Diesel: JPRC’s current diesel production does not meet international specifications.

As of 2016, MEMR endorsed the import of diesel fuel for existing OMCs.

Gasoline: Over the past 10 years, gasoline consumption has increased 7% annually across the Kingdom, driven by an increase in population and increased personal car usage. In 2014, 1.285 million personal cars were registered in the Kingdom. This represents approximately one car for every seven Jordanians, compared to an average of one car for every two people in Western Europe and one car for every three people in Central and Eastern Europe.

Jet Fuel: Over the past 10 years, jet fuel consumption has increased by 6% annually, while JPRC production has decline. The supply gap is filled by an increased in imported product.

LPG: Many Jordanians rely on LPG for household heating and cooking. Demand has been relatively flat as more households transition to electricity for their energy needs. Over 80% of Jordan’s LPG demand comes from imports. Per the rights and obligations in Section 5.8, OMCs are not permitted to sell LPG domestically.

Fuel Oil: JPRC’s fuel oil production is partially consumed by electrify sector and other major industrial companies in the kingdom, however JPRC is suffering from low demand for fuel oil. .

5.3. Downstream Stakeholder Overview

This section outlines future relationship between OMCs and current downstream stakeholders.

GoJ: Upon qualification through this EOI procedure, OMCs shall be considered for an OMC License. EMRC serves as the industry regulator and will develop regulations that support the growth and liberalization of the downstream petroleum industry.

JPRC: As the Kingdom's sole refiner, OMCs may purchase finished product through a Refined Product Purchase Agreement. There is no obligation to purchase from JPRC in lieu of import alternatives.

JOTC: The newly created Jordan Oil Terminals Company (JOTC) provides storage and import handling services on a non-discriminatory basis. JOTC is the sole provider of import handling and airport petroleum logistics services in the Kingdom. JOTC operates both the New Aqaba Oil Terminal and the Aqaba South Terminal, both facilities manage imports and maintain storage capacity. Additionally, JOTC operates the Amman Strategic Storage Terminal. OMCs must enter into a Storage and Services Agreement with JOTC.

Aqaba Company for Ports Management and Operation : This firm operates the Kingdom's petroleum import Jetty. There is a single berth for LNG and another berth for liquid petroleum products (including crude). OMCs will not have any direct relationship with the Aqaba Company for Ports Management and Operation as they will primarily deal with the ship charter company managing of their imports.

Airport Operations: OMC will need to sign an Airport Operating Agreement with the Airport International Group (AIG), Civil Aviation Authority (CAA), and the Aqaba Development Corporation (ADC) to enable the sale of aviation fuel to end customers.

DOSS: The majority of retail station in Jordan have independent owners. Dealer Owned Service Stations (DOSS) purchase product through Retail Fuel Supply Agreements. Existing OMCs also directly own a few stations.

5.4. Industry Asset Overview.

Zarqa Refinery: Jordan's only refinery is operated by JPRC. JPRC has storage capacity for its own operations and for third party customers. Historically, JPRC provide storage services for each OMC's strategic stock. With the startup of JOTC, strategic storage will transition to the new Amman Strategic Storage Terminal. OMCs can (but are not obligated to) use the Zarqa refinery as a sourcing point.

Aqaba Jetty: –owned by the ADC. The Jetty offloads into both Aqaba South and the New Aqaba Oil Terminal. The jetty has a maximum draft of 25 meters and is suitable for vessels up to 370 meters in length. The Jetty has two marine arms for offloading (one for crude/fuel oil and another for white product). Crude can also be direct loaded from the Jetty to a truck rack (bypassing the storage facilities). All OMC imports will pass through the Aqaba Jetty.

Amman Strategic Storage Terminal: JOTC owns and will operate the Amman Strategic Storage Terminal. The terminal is finished construction and it is in commissioning stage now. This facility has a capacity of 439k m³ for liquids storage (376k m³ for transportation fuel, 44k m³ for jet fuel,

and 19k m³ for LPG storage) and 18 total handling bays. OMCs may use this asset to help meet their strategic storage obligations according to the OMC license. JOTC is currently evaluating a possible expansion to increase storage across Jordan's downstream petroleum sector.

New Aqaba Oil Terminal: JOTC owns and will operate the New Aqaba Oil Terminal. The terminal is finished construction and it is in commissioning stage now. The facility increases Aqaba's import capacity for liquid petroleum products (currently Aqaba South is the only import handling facility). This facility has a capacity of 131k m³ for liquids storage (100k m³ for transportation fuel, and 11k m³ for LPG storage) and 15 total handling bays. OMCs will use both the New Aqaba Oil Terminal and the Aqaba South Terminal to support their product imports.

Aqaba South Terminal: This terminal was commissioned in 1999 to support finished product imports. Ownership and operations of this facility is likely to be transferred from JPRC to JOTC. This facility has a capacity of 226k m³ for liquids storage (100k m³ for crude oil, 120k m³ for transportation fuel, and 6k m³ for LPG storage) and 14 total handling bays.

Airports: Jordan has three airports: Queen Alia International Airport (AMM), Amman Civil Airport (ADJ), and the King Hussein Airport (AQJ). AMM is Jordan's largest airport, located outside of Amman. AMM has a capacity of 25.6k m³ for liquids storage (primarily for use in jet fuel storage) and annual loading capacity of 378k m³. ADJ has a capacity of 2.1k m³ for liquids storage and annual loading capacity of 34k m³. AQJ has a capacity of 195 m³ for liquids storage and annual loading capacity of 11k m³. JOTC will operate petroleum logistics services and Jordan's airports.

LPG: Jordan has a single LPG cylinder manufacturing plant, three LPG bottling plants (Zarqa, Irbid, Amman), and over 1,000 LPG distribution centers.

5.5. Transportation Market

Jordan lacks pipelines to transport petroleum products (crude and white products). Therefore, all petroleum products are transported via truck. Approximately 70 certified petroleum transportation companies operate over 2,000 tanker trucks across the Kingdom.

JPRC currently leverages a third party logistic provider (Nafith Logistics) to manage transportation of crude oil. Over 250 trucks transport crude from Aqaba to Zarqa daily.

Existing OMCs rely on a combination of owned and leased tanker truckers to meet their transportation needs.

JOTC (in accordance with its license) might provide transportation services to downstream petroleum market participants.

5.6. Retail Fuel Station Network

Jordan has approximately 500 retail service stations. The vast majority of stations are independently owned, but aligned a specific branded. The three existing OMC have an approximately equal market share of Retail Fuel Supply Agreements for the independently owned stations. Each OMC competes for DOSS business on the basis of financing assistance, additive package technology, branding, and other factors.

Retail fuel stations in Jordan have sizeable (although underutilized) storage capacity. JPRC provides daily supply service to most retail stations, allowing retail stations to minimize inventory levels.

One third of retail stations are located in the Amman governorate. The next largest market by number of retail stations in the Irbid governorate (16% of the retail stations in Jordan).

5.7. Legal Structure and Regulations

The GoJ recently established EMRC as the central regulatory body for all energy sectors in Jordan to balance the interests of end consumers, OMCs, investors, and other industry stakeholders. EMRC will be responsible for ensuring all industry stakeholder meet their licensing commitments and authorize new licenses for upcoming downstream infrastructure projects (e.g. refinery expansion). As Jordan continues to push towards free markets, EMRC will guard against anti-competitive practices. The long term of the GoJ is to enable a fully functioning, efficient, safe, environmentally responsible downstream petroleum market.

MEMR will continue to provide policy-making decision regarding the energy sector. However, these policy decisions will remain independent from regulatory oversight offered by EMRC according the Downstream Petroleum Law no. 11 for the year 2018

5.7.1. Open Access Principles

As part of the restructuring of the oil sector plan, and to apply the “Open Access regime”. as we mentioned before, in 2016 the GoJ established Jordan Oil Terminal Company (JOTC) (state own company) and transferred the under construction oil products terminals Projects at Aqaba and Amman to JOTC, JOTC will provide the logistic service at Aqaba and the three airports to the OMCs instead of JPRC which acts temporary on behalf of JOTC until the assets at Aqaba and the three airports be transferred to JOTC in the fair market value expected in end of 2018. EMRC will strive to ensure all logistics assets maintain “Open Access” policies for all industry stakeholders and reduce the risks of anti-competitive practices.

5.7.2. Regulated Pricing

As an interim steps to a free downstream petroleum market, the GoJ regulates petroleum product pricing to ensure an adequate balance between industry stakeholders. End consumer prices are based on Import Parity Prices (IPP) and allow adequate margins for operators to achieve appropriate returns on investments..

5.8. OMC Rights and Obligations

5.8.1. OMC Rights Granted by OMC License

After an Applicant successfully completes the qualification process outlined in this REOI, Applicants have the ability to sign an OMC License with the EMRC. After signing the OMC Licenses, Successful Applicants shall be referred to the EMRC to obtain a license. Under the terms of a license to be agreed with the EMRC, it is intended that Applicants may import, export, trade, market, distribute and retail petroleum products:

- (A) Gasoline;
- (b) Kerosene;
- (c) Jet Fuel;
- (d) Diesel;
- (e) Fuel Oil;

(f) Any other derivatives or secondary products whose flash point is less than 120 (one hundred and twenty) degrees centigrade; and

(g) Any petroleum derivatives containing various percentages of biological fuel or containing any other substances added thereto;).

OMCs will not be permitted to import, export, trade, market, distribute and retail LPG and Asphalt within the Kingdom.

MEMR shall determine all petroleum product prices in accordance with the IPP formula.

Terms and conditions within the OMC License supersede all information contained in this REOI.

OMCs must meet certain obligations as detailed in the OMC License.

License Fee: A successful Applicant shall pay a License Fee to EMRC according to the value determined by EMRC to whom have successfully met the qualification criteria set forth in this REOI..

Minimum Capital Investment: During the second stage of the OMC solicitation process, each OMC must clearly identify its market expansion and investment plan.

Minimum Strategic Storage Inventory Level: To enhance energy security for the Kingdom, each OMC must maintain a strategic storage of four petroleum products (gasoline, diesel, jet fuel, kerosene, fuel oil). For gasoline and jet fuel, OMCs must maintain a minimum inventory of 15 days of sales based on average demand over the previous calendar year. For diesel, fuel oil and kerosene, OMCs must maintain a minimum inventory of 15 days of sales based on average demand over the previous winter period (December through February). While the stock may be periodically rotated, OMCs are not permitted to drop below the minimum inventory requirements. EMRC will determine and communicate the process for certifying inventory levels. During the second stage of the OMC solicitation process, each Applicant must clearly identify its plan for maintaining the minimum strategic storage inventory level.,

6. Appendix

6.1. Appendix A: Form of Letter of Application

[Letterhead of the Applicant, or managing member of a joint venture or consortium, including full postal address, telephone no., telex no., and cable address]

Date: _____

To: Eng. Amani AL-Azzam Secretary General
Ministry of Energy and Mineral Resources PO Box 140027
Zahran Street, Sweifiah 11814 Amman
The Hashemite Kingdom of Jordan

Dear Sirs

Being duly authorized to represent and act on behalf of _____ (hereinafter “the Applicant”), and having reviewed and fully understood all the information provided in the REOI, the undersigned hereby apply to be qualified by yourselves as a participant for the Oil Marketing Company EOI process.

Attached to this letter are copies of original documents defining:

- The Applicant’s legal status;
- The Applicant’s principal place of business;
- The Applicant’s place of incorporation (for Applicants which are corporations); or its place of registration (for Applicants which are partnerships or individually owned firms)
- Documentation requested in accordance with the REOI.

You and your authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents and information submitted in connection with the enclosed REOI, and to seek clarification from our bankers and clients regarding any financial and technical aspects. This Letter of Application will also serve as authorization for any individual or authorized representative of any institution referred to in the supporting information, to provide such information deemed necessary and as requested by yourselves to verify statements and information provided in the enclosed REOI, such as the resources, experience, and competence of the Applicant.

This REOI is made in the full understanding that:

- Proposals by qualified Applicants will be subject to verification of all information submitted for application at the time of tendering
- You reserve the right to reject or accept any REOI, cancel the qualification process, and reject all REOIs; and
- You shall not be liable for any such actions and shall be under no obligation to inform the Applicant of the grounds for such actions.

All correspondence in relation to this REOI is to be addressed to:

Name:

Address:

Phone Number:

E-mail address:

We hereby declare that we as an Applicant are in no situation of conflict of interest in accordance with Section 2.2.2 of the REOI.

We hereby confirm that none of the situations detailed in Section 2.2.3 apply to us, inclusive our joint venture or consortium members.

[Applicants who are not joint ventures or consortiums should delete the following paragraph]

Appended to this Form of Application, we give details of the participation of each member, including capital contribution and profit/loss agreements, in the joint venture or consortium. We confirm that in the event that we will be qualified, the proposal as well as any resulting contract, will be:

- Signed so as to legally bind all members, jointly and severally; and
- Submitted with a conformed joint venture or consortium agreement substantially in accordance with the joint venture details outlined in the submission under paragraph 9 above and providing joint and several liability of all members in the event the contract is awarded to us.

We declare that by signing this Form of Application form any information submitted in application are complete, true and correct.

The undersigned declare that the statements made and the information provided in the duly completed REOI are complete, true, and correct in every detail.

Signed Name

For and on behalf of (name of Applicant or Lead Applicant of a joint venture or consortium)

Attachment: Power of Attorney.

6.2. Appendix B: Applicant Information

This form requires basic background information on each Applicant's firm. Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations. The form shall be accompanied by copies of the deed of incorporation and the articles of association, duly legalized, of each joint venture or consortium member.

Firm _____ Name:

Lead Applicant of the Consortium (if applicable): -

Head office address: _____

Place of Incorporation: _____

Firm's Point of Contact (POC):

POC's Telephone: _____

POC's Email address:

6.3. Appendix C: Litigation History

This form requires information on each Applicant’s history of litigation or arbitration resulting from contracts executed in the last five years or currently under execution. Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations. Firms may use additional pages to describe their operations as required.

Firm _____

Name: _____

Table 3: Litigation History			
Year	Award FOR or AGAINST Applicant	Name of client, cause of litigation, and matter in dispute	Disputed amount (current value, USD equivalent)

Table 3: Litigation History

Year	Award FOR or AGAINST Applicant	Name of client, cause of litigation, and matter in dispute	Disputed amount (current value, USD equivalent)

6.4. Appendix D: Declaration of Non-Bankruptcy

Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations.

The Applicant or in case of a consortium each consortium member declares that:

- a) It is not bankrupt or wound up or has entered into an arrangement with creditors or has suspended or limited business activities or is in any analogous situation arising from a similar procedure under the relevant laws and regulations of its country of establishment
- b) It is not subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or for an arrangement with creditors or of any other similar proceedings under the relevant laws and regulations of its country of establishment

Name of Applicant Firm: _____

Name of Firm's Legal Representative:

Signature of Firm's Legal Representative:

Date of Signed Declaration: _____

6.5. Appendix E: Declaration of Undertaking

Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations.

We underscore the importance of a free, fair and competitive procurement process that precludes fraudulent use. In this respect we have neither offered nor granted, directly or indirectly, any inadmissible advantages to any public servants or other persons in connection with our bid, nor will we offer or grant any such incentives or conditions in the present procurement process or, in the event that we are awarded the contract, in the subsequent execution of the contract.

We also underscore the importance of adhering to minimum social standards ("Core Labour Standards") in the implementation of the project. We undertake to comply with the Core Labour Standards ratified by the country of Jordan.

We will inform our staff about their respective obligations and about their obligation to fulfill this declaration of undertaking and to obey the laws of the Kingdom of Jordan.

Name of Applicant Firm: _____

Name of Firm's Legal Representative:

Signature of Firm's Legal Representative:

Date of Signed Declaration: _____

6.6. Appendix F: Technical Experience Overview

This form focuses on the Applicant’s experience across the downstream petroleum sector. Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations. In the case of joint-ventures or similar operations, the Applicant should state their equity share of revenues and volumes. Firms may use additional pages to describe their operations as required. Firm Name:

Table 4: Retail Service Station Profile					
Location	Ownership Structure (Owned, Rent, etc.)	Number of Stations	Number of Staff	2017 Throughput (M³)	2017 Revenue (\$USD MM)
Total					

Table 5: Industrial Customer Profile				
Location of their large customers	Products	2017 Throughput (M³)	2017 Revenue (\$USD MM)	Number of Customers
Total				

Table 6: Transportation Management Profile			
Method of Transportation	Size of Fleet	2017 Throughput (M³)	Ownership Structure (Owned, Rent, etc.)

6.7. Appendix G: Financial Situation

This form focuses on the Applicant’s recent financial profile. Please note that each Applicant within a Consortium must submit a separate form detailing their individual operations. Firms may use additional pages to describe their operations as required.

Firm _____

Name: _____

Table 7: Recent Financial Profile (Local Currency)				
#	Item	2015	2016	2017
1	Operating Profit			
2	Net Interest Expense			
3	Net Income			
4	Profit after tax			
5	Total Assets			
6	Cash and Short Term Investments			
7	Short Term Debt (< 1 Year Maturity)			
8	Long Term Debt (> 1 Year Maturity)			
9	Minority Interests			
10	Shareholders’ equity			
11	Current Market Capitalization			

Table 8: Recent Financial Profile (USD equivalent)				
#	Item	2015	2016	2017
1	Operating Profit			
2	Net Interest Expense			
3	Net Income			
4	Profit after tax			
5	Total Assets			
6	Cash and Short Term Investments			
7	Short Term Debt (< 1 Year Maturity)			
8	Long Term Debt (> 1 Year Maturity)			
9	Minority Interests			
10	Shareholders’ equity			
11	Current Market Capitalization			

