

OPEN TENDER

**The performance of geophysical works and geophysical data interpretation of
Incukalns Underground Gas Storage wells in 2019 and 2020 years**

REGULATIONS

Riga, 2019

I. GENERAL PROVISIONS

1. Objective

The objective of the open tender (hereinafter the Tender) is to select, by ensuring competition, openness, publicity and efficient use of funds of the Joint Stock Company Conexus Baltic Grid (hereinafter the Customer), the candidate who will carry out the economically advantageous **The performance of geophysical works and geophysical data interpretation of Incukalns Underground Gas Storage wells in year 2019 and 2020** in accordance with the Technical Specifications attached in Annex 1 of the Regulations hereafter – Works.

2. Organiser of the Tender, receipt of the Regulations and additional information

- 2.1. The organiser of the Tender is Joint Stock Company Conexus Baltic Grid, unified registration No. 40203041605, 6 Aristida Briana Street, Riga, LV-1001.
- 2.2. The interested supplier (hereinafter the Candidate) may download the Tender Regulations (hereinafter the Regulations) from the Customer's website www.conexus.lv, section Tenders/Procurement.
- 2.3. The Candidates can receive further information on the technical issues of the Tender by contacting Inta Karvonena, Head of the Geological Survey of Incukalns Underground gas storage of Joint Stock Company Conexus Baltic Grid, mobile phone (+ 371) 26950538, e-mail: inta.karvonena@conexus.lv; regarding issues related to the Tender procedure and the requirements included in the Regulations the Candidates may contact Mr Sandris Strazdiņš, Head of the Procurement Division, mobile phone (+ 371) 29511577, e-mail: Sandris.Strazdins@conexus.lv.
- 2.4. The Candidates may ask questions by sending them electronically to the contact persons specified in Paragraph 2.3. The Customer will respond to the submitted requests for clarification electronically within 3 (three) business days, but no later than 2 (two) business days before the deadline for submission of the tenders.

3. Type of Tender

The Tender is organised as an open competition by the Customer publicly inviting the Candidates to submit their tenders (hereinafter the Tender). Participation in the Tender is an expression of free will of the Candidates, with equal terms for all Candidates.

4. Guidelines for Candidates

- 4.1. Participation in the Tender is open for a legal entity that can perform the Works specified in the Regulations in accordance with the subject of procurement, which has experience meeting the requirements of the Regulations and which meets the other requirements set forth in the procurement procedure documentation.
- 4.2. The Candidate shall execute the Tender in accordance with the requirements of the Regulations. The Tender shall be submitted for performing of the Works in accordance with the provisions of the Regulations, including in accordance with the Technical Specifications attached in Annex 1 of the Regulations (hereinafter the Technical Specification). The Candidate is allowed to submit one option of the Tender. The Procurement Commission established by the Customer (hereinafter the Procurement Commission) shall evaluate the received tenders individually.

- 4.3. The Candidate must thoroughly research the Regulations, comply with all the requirements and regulations specified in the Regulations and its Annexes, and assume responsibility for the Tender meeting the requirements of the Regulations.
- 4.4. Submitting the Tender means a clear and final intention of the Candidate to participate in the Tender and acceptance of the terms and conditions contained in the Regulations, certifying its understanding of the requirements included in the Regulations. The Tender is legally binding upon the Candidate that has submitted it. Deficiencies in the Tender or non-compliance with the requirements of the Regulations discovered later shall not provide a reason for the Candidate increasing the Price of the Tender or extending the Works delivery deadline.
- 4.5. The Candidate shall fully cover all costs incurred in relation to preparation and submission of the Tender. The Customer shall not assume any liability for such costs, regardless of the results of the Tender.
- 4.6. The Candidate is entitled to enter into an agreement for the supply of the Works with a subcontractor, provided that full responsibility for the performance of the prospective agreement will be assumed by the Candidate. If the Candidate intends to enter into an agreement with a subcontractor regarding any part of the Tender, it shall be clearly specified in the Tender. In such an event, the Candidate shall submit the documents specified in Paragraph 7 of the Regulations about the subcontractors.
- 4.7. Replacement of the subcontractor specified in the Tender during the period of performance of the prospective agreement shall only be permitted with the prior written consent of the Customer.
- 4.8. The Customer shall exclude the Tenderer from further participation in the Tender if at least one of the following circumstances exists:
 - 4.8.1. The Candidate does not meet any selection requirement specified in Paragraph 6 of the Regulations or the Candidate has not submitted all the documents specified in Paragraph 7 of the Regulations;
 - 4.8.2. The Candidate has failed to attach a completed and signed Tender Letter (hereinafter the Tender Letter) (sample in Annexes 2 of the Regulations) to the Tender;
 - 4.8.3. In its Tender, the Candidate has provided false or misleading information for the assessment of its qualifications, or has not provided the requested information at all;
 - 4.8.4. The Candidate has not provided explanations or has not attended the explanatory meeting in accordance with Paragraphs 18 and 19 of the Regulations, or has not provided other information requested by the Customer.

II. INFORMATION ON THE SUBJECT OF THE TENDER

5. Subject of the Tender, its quantitative and qualitative characteristics

- 5.1. The subject of the Tender performance of geophysical works and geophysical data interpretation of Incukalns Underground Gas Storage wells in year 2019 and 2020 in accordance with the Technical Specifications attached in Annex 1 of the Regulations.
- 5.2. Place of the performing the Works of the Tender: Joint Stock Company Conexus Baltic Grid Incukalns Underground Gas Storage, Ragana, Krimulda paerish, Riga, Latvia, LV-2144.

- 5.3. The deadline for performing of the Works of the Tender according of the Technical Specification. (Annex Nr.1).

III. CANDIDATE SELECTION REGULATIONS

6. The Candidate shall be entitled to participate in Tender if the following circumstances apply to it:
 - 6.1. the Candidate has been registered as a commercial company in the Commercial Register of the Republic of Latvia or in the Register of Enterprises or similar register of its home country;
 - 6.2. the Candidate during the last 3 (three) years (2016, 2017, 2018) has performed at least one Works meeting the requirements of the Regulations and similar in terms of price;
 - 6.3. Tenderer has at least one experienced and qualified personnel in performance of similar Works during the last 3 (three) years (2016, 2017, 2018);
 - 6.4. the Candidate does not have tax debts in the Republic of Latvia or in its home country, including debts for mandatory state social insurance contributions, exceeding 150 euros in aggregate in each country;
 - 6.5. insolvency proceedings of the Candidate have not been declared, economic activity of the Candidate has not been suspended or terminated, the Candidate is not involved in court proceedings that endanger the Candidate's solvency, nor can it be established that the Candidate may be liquidated by the expected deadline for the performance of the agreement;
 - 6.6. the Candidate has submitted all the documents specified in Paragraph 7 of the Regulations and they give the Customer a clear and true idea about the ability of the Candidate to perform the prospective agreement throughout its term.

7. Documents to be submitted

When submitting the Tender, the Candidate shall attach the following documents that certify its right to participate in the Tender and its sufficient qualifications, as well as provide general information about the Candidate (certifications and other documents issued by the competent authorities of Latvia shall be accepted and acknowledged by the Customer if they are issued no earlier than one month before the date of submission, and certifications and other documents issued by foreign competent authorities - if they have been issued no earlier than six months before the date of submission, if the issuer of the certification or the document has not specified a shorter term):

- 7.1. a copy of the registration certificate of the Tenderer or an extract (printout) from the Register of Enterprises or its equivalent of the home country of the Candidate in accordance with the regulations of the country where the Candidate is established, containing information about the representation rights of the executive body of the merchant, the procuration, place of registration, date and registration number. If the Candidate is a commercial company registered in the Republic of Latvia, this extract (printout) may not be submitted;
- 7.2. a printout from the website of the State Revenue Works (if the Candidate is a resident of the Republic of Latvia) or certification (if the Candidate is not a resident of the Republic of Latvia) from the competent tax authority of the home country of the Candidate regarding the fact that the Candidate does not have tax (fee) and mandatory social insurance contribution debts exceeding 150 euros in aggregate in each country (not older than one

month if the Candidate is a resident of the Republic of Latvia or not older than six months, if the Candidate is not a resident of the Republic of Latvia, from the last deadline for submitting the Tenders);

- 7.3. certification of the Register of Enterprises of the Republic of Latvia or the Register of Enterprises or its equivalent of the home country of the Candidate that the Candidate has not been declared insolvent, is not in liquidation, its economic activity is not suspended or terminated. If the Candidate is a commercial company registered in the Republic of Latvia, this certification need not be submitted;
- 7.4. information on the supply of similar Works carried out by the Candidate during the last three years (2016, 2017, 2018) by specifying the year of performance of the order, the products manufactured, sold or supplied by the Candidate and their volumes in euros, as well as the name of the customer (example in Annex 5 of the Regulations);
- 7.5. Tenderer's personnel experience and qualification in performance of Works.
- 7.6. technical description of the Products and specimens or copies of certificates in accordance with the requirements set forth in the Technical Specifications;
- 7.7. The Tender shall have the Tender Letter attached, which shall be completed and executed in accordance with the samples attached in Annexes 3 and 4 of the Regulations;
- 7.8. Confirmation that no international or national sanctions, or substantial sanctions affecting the interests of the financial and capital market imposed by the European Union or the North Atlantic Treaty Organization Member State that affect the performance of this agreement have been imposed with respect to it as a merchant, its Board or Council Members, persons entitled to represent it, or its procurators, or persons entitled to represent it in operations related to the branch office.

IV. PREPARATION AND PRESENTATION OF THE TENDERS, PRICE OF THE TENDER

8. Preparation and presentation of the tender

- 8.1. Documents of the Tender must be drafted in Latvian, Russian or English.
- 8.2. The Tender Letter must be signed by a person holding the right of representation or authorised to do so on behalf of the Candidate. Full name, surname and position of the person that has signed the Tender must be specified below the signature.
- 8.3. If, prior to submitting the Tender, mistakes have been corrected or changes or additions have been made in the Tender documents, such must be indicated at the end of the respective Tender document and certified by the signature of the person signing the Tender and the documents attached thereto.
- 8.4. If the Candidate is a merchant registered abroad then its Tender Letter must specify whether:
 - 8.4.1. it is / is not considered as a company related to the Customer for the purposes of the Law on Corporate Income Tax,
 - 8.4.2. it is / is not registered in the country with which the Republic of Latvia has entered into a Convention for the Prevention of Double Taxation and Tax Evasion (hereinafter the Tax Convention).

- 8.5. The Tender Letter shall specify the position, name, surname, telephone number, e-mail of the contact person of the Candidate authorised by the Candidate to resolve the issues related to the Tender during the Tender.
- 8.6. Pages of the Tender (including all its Annexes) must be numbered, bound together by specifying the number of pages bound together. Uniform numbering must be provided for pages of the Tender and its Annexes.
- 8.7. In order to avoid any doubt and misunderstanding, words and numbers in the Tender must be clearly legible, without insertions and erasures. In the event of contradiction between words and figures, the verbal wording shall prevail.
- 8.8. The Tender must be placed in an envelope, the envelope must be sealed and bear the following inscription:

**Joint Stock Company Conexus Baltic Grid Incukalns Underground Gas storage
Ragana, Krimulda paerish, Riga, Latvia, LV-2144**

Tender letter

**The performance of geophysical works and geophysical data interpretation of Incukalns
Underground Gas Storage wells in year 2019 and 2020**

Do not open before 26 April 2019 at 14.30

To only be opened in the presence of the Procurement Commission!

- 8.9. The name and address of the Candidate must be specified on the envelope. The original and copy of the Tender, marked as "Original" and "Copy" respectively, must be placed in the envelope.
- 8.10. In the event of any inconsistency between the original and the copy of the Tender, the original of the Tender will be considered decisive.
- 8.11. The Customer shall not be liable for the premature opening of the Tender that has not been presented in accordance with the above requirements. The Customer shall have the right, but not an obligation, to reject such Tender.
9. **Price of the Tender**
- 9.1. The price of the subject of the Tender as well as the prices of all units in the Tender must be specified in euros (EUR).
- 9.2. The price of the Tender must include all taxes and fees payable in connection with the delivery of the Products, except for the value added tax (VAT) specified in the laws and regulations of the Republic of Latvia, which must be indicated separately in the Tender.
- 9.3. The price of the Tender must be specified in the Tender Letter, according to the amounts specified in Annexes 1 and 2 of the Regulations, as well as including all the costs necessary for the delivery of the Products.
- 9.4. The Procurement Commission shall evaluate the price of the Tender excluding VAT.

V. SUBMISSION AND OPENING OF THE TENDERS

10. **Place and deadline for submission of the Tenders**
- 10.1. The Candidate shall submit the Tender and the documents attached thereto to the Joint Stock Company Conexus Baltic Grid Incukalns Underground Gas storage, Ragana, Krimulda paerish, Riga, Latvia, LV-2144 (phone +371 67048000) **by 26 April 2019, 14.30 o'clock** (Latvian time).

- 10.2. The Tender may be delivered by courier or in person, or sent by mail, provided that the Tender is received at the place and time for submission of the Tenders specified in Subparagraph 10.1 of the Regulations.
- 10.3. The risk of delivery of the Tender shall be assumed by the Candidate.
- 10.4. Any Tender received after the deadline specified in Subparagraph 10.1 of the Regulations shall be returned unopened, regardless of the reason for the delay.
11. **Modification and withdrawal of the Tenders**
 - 11.1. The Candidate shall be entitled to make changes to the Tender or to withdraw the Tender before the deadline for submission of the Tenders, by notifying the Customer thereof in writing.
 - 11.2. Modifications of the Tender and withdrawal notice must be drafted, executed and submitted in the same manner as the Tender by additionally marking with the inscription "Modifications of the Tender" or "Withdrawal of the Tender" respectively.
 - 11.3. The Withdrawal shall be unconditional and it shall exclude any further participation of the Candidate in the Tender.
12. **Opening the Tenders**
 - 12.1. Tender documents, including modifications and/or withdrawals of the Tender, shall be opened by the Procurement Commission **on 26 April 2019, at 14.30** (Latvian time), at the Joint Stock Company Conexus Baltic Grid Incukalna Underground Gas storage, Ragana, Krimulda parish, Riga, Latvia, LV-2144.
 - 12.2. The Procurement Commission shall only open those Tenders which the Customer will have received by the deadline specified in the Regulations. A delayed Tender and the Tender, the withdrawal of which has been accepted, will be sent back, unopened, by mail to the address indicated on the envelope.
 - 12.3. Envelopes with the inscription "Withdrawal of the Tender" shall be opened first, but envelopes with the Tenders that such withdrawals pertain to will not be opened.
 - 12.4. Envelopes with the inscription "Modifications of the Tender" shall be opened successively with the opening of the Tender document envelope of the Candidate concerned.
 - 12.5. Candidate's name, withdrawal of the Tender (if received), modifications of the Tender (if received), the price of the Tender and other information at the discretion of the Procurement Commission shall be specified during the opening procedure in the minutes of the Tender opening meeting of the Procurement Commission.
 - 12.6. Representatives of the Candidate may participate in the opening of the Tender. When attending the opening of the Tenders, representatives of the Candidates shall present an identification document, a document regarding the right to represent the Candidate, a procurator or appropriate authorisation, shall notify the name, address of the Candidate represented and his/her position and contact phone number.
 - 12.7. Upon opening the Tenders, the Chairman of the Procurement Commission or another member of the Procurement Commission shall read the price and terms of payment of each Tender, which shall be recorded in the minutes of the Tender opening meeting executed by the Procurement Commission.
 - 12.8. Representatives of the Candidates shall not participate in the evaluation of the Tenders.

VI. CRITERIA FOR SELECTION OF THE TENDERS, ASSESSMENT OF THE TENDERS AND DETERMINATION OF A WINNER

13. The Candidate who has submitted the most economically advantageous Tender with the lowest price fully meeting the requirements of the Regulations in accordance with the evaluation procedure specified in the Regulations shall be recognised as the winner of the Tender.
14. The Procurement Commission shall verify that the Tender is free from arithmetic errors and shall correct such, if any. The Customer shall notify the Candidate of the correction of the error and the corrected amount of the Tender. A reasonably corrected Price of the Tender is considered binding upon the Candidate. If the Candidate does not agree with the correction of the error reasonably made by the Procurement Commission, its Tender shall be rejected.
15. The price of the Tender shall be adjusted by adding or subtracting amounts due to corrections of arithmetic errors in a way that prices of the Tenders that include the entire scope of the Products are compared in the evaluation of the Tenders.
16. The Procurement Commission will recognise the winner of the Tenderer as the Candidate, whose Tender will be the most economically advantageous, i.e. Tender with the lowest price.
17. The Procurement Commission shall not be obliged to recognise the Tender with the lowest price of the Tender as the winner of the Tender.
18. The Procurement Commission is entitled to request a written explanation from the Candidate about the tender submitted by it. The Candidate shall send the answers to the questions to the Customer by e-mail by the deadline specified in the request.
19. The Procurement Commission is entitled to invite the Candidate to an explanatory meeting to clarify details of the Tender.
20. The Procurement Commission shall reject the Tender, which envisages the supply of Products not meeting the requirements specified in the Technical Specifications (Annex 1 of the Regulations) or not meeting the requirements of the Regulations, or the submitter of which is recognised by the Procurement Commission as inappropriate or insufficiently qualified for the supply of the Products.
21. With respect to the Candidate to whom the right to enter into the agreement should be granted, the Customer will verify whether, in respect of this Candidate, its Board or Council Member, a person entitled to represent it or its procurator, or a person entitled to represent the Candidate in operations related to the branch office, or a partner in the partnership, if the Candidate is a partnership, there are any international or national sanctions, or substantial sanctions affecting the interests of the financial and capital market imposed by the European Union or the North Atlantic Treaty Organization Member State that affect the performance of the agreement. If international or national sanctions, or substantial sanctions affecting the interests of the financial and capital market imposed by the European Union or the North Atlantic Treaty Organization Member State that impede the performance of the agreement have been imposed on the above Candidate, it will be excluded from being granted the right to enter into the agreement.
22. The Procurement Commission may recognise one or more Candidates as the winner of the Tender.
23. The Customer is entitled to terminate the Tender at any time before the agreement with the winner of the Tender is entered into without assuming any liability towards the Candidates.

24. If only one Tender is submitted for the Tender, the Procurement Commission shall decide whether it is appropriate and economically advantageous, and whether it is possible to enter into the agreement with the only Candidate.
25. If none of the Tenders submitted comply with the provisions of the Regulations, the Customer shall take a decision to terminate the Tender.
26. The Procurement Commission shall inform all Candidates of the results of the Tender.
27. The content of the Tenders and information on the progress of evaluation is protected information and the confidentiality principle shall be respected in the course of evaluation. Only the Procurement Commission and professionals and experts invited by it may participate in the evaluation of the Tenders.

VII. NEGOTIATION OF AND ENTERING INTO THE AGREEMENT

28. The Customer will invite the Candidate that is recognised as the winner of the Tender to negotiate the agreement. In the event of unsuccessful negotiations of the agreement, the Customer shall be entitled to invite the Candidate with the next lowest price evaluation to negotiate the agreement.
29. The Tender submitted by the winner of the Tender is the basis for entering into the Product Supply Agreement (hereinafter the Agreement).
30. If only one Candidate has submitted the Tender and, moreover, it has been recognised as the winner of the Tender, but is a merchant registered in tax haven countries or territories, or a merchant registered abroad, which is considered to be a company related to the Customer for purposes of the Law on Corporate Income Tax, before entering into the Agreement the winner of the Tender shall be obliged to submit information on the justification of the transfer price and the justification of the transaction (price) corresponding to the arm's length price (value).
31. If a Candidate is registered abroad is recognised as the winner of the Tender, which is forming a permanent representation office [for purposes of] the Tax Convention or the Tender procedure, the winner shall be obliged to submit all the necessary certifications required by the Customer in relation to the permanent representation office.
32. If a Tenderer registered abroad is recognised as the winner of the Tender, which is not a resident of the European Union Member State, and it is envisaged in the Tender to involve a resident of the European Union Member State as a subcontractor, the Agreement will include a provision that the subcontractor shall issue the invoice for the Works provided or products delivered to the Customer.
33. Upon entering into the Agreement with the winner of the Tender (hereinafter in this Paragraph referred to as the Contractor), inclusion of the following provisions into it will be mandatory:
 - 33.1. The Contractor shall be obliged to deliver the Products in accordance with the laws and regulations of the Republic of Latvia;
 - 33.2. The Contractor shall be obliged to pay a penalty of 0.5% of the total amount of the Agreement for each business day the delivery of the Products is delayed, but not exceeding 10% of the total amount of the Agreement. Payment of the penalty shall not exempt the Contractor from the duty to perform the Agreement. The Customer shall be entitled to withhold the penalty calculated for the Contractor from the amount of the Agreement payable to it for the delivery of the Products;

- 33.3. The Customer can increase or decrease the amount of work by 20% without changing the unit price;
- 33.4. The Customer shall make the remaining payment for the delivery of the Products no later than within 30 (thirty) days after the signing of delivery waybill regarding all Products;
34. The Agreement shall be entered into within 30 (thirty) days from the date the Customer has informed the Candidate of the results of the Tender.
35. If the Customer and the winner of the Tender fail to enter into the Agreement within 30 (thirty) days from the date the Customer has given notification of the results of the Tender, the Customer shall be entitled to refuse to enter into the Agreement with the winner of the Tender. In such an event the Customer shall be entitled to invite the Candidate that had submitted the next cheapest Tender to negotiate the Agreement or to terminate the Tender without selecting any Tender.

VIII. CONFIDENTIALITY

36. The number and names of the Candidates shall be the undisclosed information until the moment of opening of the Tenders, unless set forth otherwise in laws and regulations, the content of the Tenders and the materials of the Procurement Commission meetings shall form a business secret and protected information, and shall not be disclosed to other Candidates or any third parties.

IX. APPENDICES

37. There are 3 (three) Annexes attached to the Regulations:
 - Annex 1 Technical Specification of the Tender on 4 page;
 - Annex 2 Tender Letter on 2 pages;
 - Annex 3 Information on similar supplies of products over the last 3 (three) years on 1 page;

Chairman of the Procurement Commission,
Head of the Procurement Division
of the Legal department

S.Strazdiņš

Riga, 9 April 2019

Technical requirements

The performance of geophysical works and geophysical data interpretation of Incukalns Underground Gas Storage wells in 2019 and 2020 years.

1. Purpose of Works:

- control of gas saturation of gas-saturated thicknesses of Incukalns UGS reservoir and gas-water contact, after each gas withdrawal/gas injection mode (twice a year), based on the interpretation of neutron gamma logging diagrams (hereinafter referred as NGL);
- determination of the tightness and degree of wear rate in Incukalns UGS well tubing, tubing couplings and well casing with a set of magnetic pulse defectoscopy (crack detection) (hereinafter referred as MPD) methods. As well as foreseeing the use of these methods for wells to be repaired;
- to evaluate the well injectivity and the working thickness of perforation in Incukalns UGS wells after a major overhaul during the gas injection period;
- determination of reasons of casing annulus gas leakages, in tubing couplings, intervals of behind-the-casing flow gas accumulations and cross gas flow intervals in Incukalns UGS wells using a set of highly sensitive thermometry, neutron gamma logging methods.

2. Content and scope of works:

2.1. Interpretation of gas dynamic and NGL measurement results (gas saturation control) in 55 wells of Incukalns UGS in 2019 year and in 55 wells, as well, in 2020 year.

2.1.1. To perform NGL measurements in 25 (twenty five) wells of Incukalns UGS after gas withdrawal. To perform NGL measurements record with a logging at 200 m interval, including the reservoir after gas withdrawal. (April - May) in 2019 and 2020 calendar years.

2.1.2. To make the interpretation of geophysical information (25 wells) obtained in accordance with point 2.1.1.

2.1.3. Submission of an **Informative report** of reservoir gas saturation intervals, its value and thickness, water - gas contact, based on interpretation of neutron gamma logging (NGL) diagrams. (April - May) in 2019 and 2020 calendar years

2.1.4. To perform NGL measurements in 30 (thirty) wells after gas injection into Incukalns UGS (October - November). Measurement records with a logging to be performed at an interval of 200 m, including reservoir. The records on two wells with annulus pressure to be performed an interval of 800 m i.e. across the borehole in each 2019 and 2020 year.

2.1.5. Interpretation of obtained geophysical information (30 wells) according to point 2.1.4.

2.1.6. Information on reservoir gas saturation intervals, its value and thickness, gas – water contact, based on interpretation of neutron gamma logging (NGL) diagrams, is provided in the **Final report** for each of the above mentioned calendar years.

2.2. Determination of the tightness and degree of wear rate in Incukalns UGS well tubing, tubing couplings and well casing with a set of magnetic pulse defectoscopy (crack detection) (hereinafter referred as MPD) methods:

2.2.1. The CONTRACTOR performs geophysical research in 20 (twenty) wells starting from May to July in 2019 and 2 (two) wells starting from May to July in 2020 calendar years. Measurements are made through the well tubings across the well (800m) with the MPD method complex, gas dynamic (magnetic location, barometry and thermometry) and NGL.

2.2.3. Interpretation of the results of geophysical measurements (Item 2.2.1) in 22 (twenty-two) wells;

2.2.4. Preparation and submission of conclusions of determination of the tightness and degree of wear rate in Incukalns UGS well tubing, tubing couplings, and well casing on each of the aforementioned calendar years. As well as submit an annual report for each year separately – first 2019 .y. then 2020 .y.

2.3. To select operating intervals in the productive perforation reservoir and to determine their productivity, to determine the flow rates of the working intervals, to determine the initial and current reservoir pressures of the working intervals, to determine the productive characteristics (filtration resistance coefficients) and actual permeability of the operating intervals. Works are carried out during 2019 - 2020 years, as far as wells are taken out of major overhaul (In 10 wells after major overhaul, in the period of gas injection).

2.4. Identification of the causes of annular pressure and annular gas showings (October-November) in tubing, intervals of annular gas accumulation and flow intervals in the wells of the Incukalns UGS using highly sensitive thermometry, gamma and neutron gamma logging in 2 wells.

3. Conditions of Works performance

3.1. Works, mentioned in Item 2.2.1 of the Technical Requirements have to be fully performed in the territory of the Republic of Latvia.

3.2. The necessary equipment and hardware from the home country to the place of Work and back to the CONTRACTOR has to be delivered by the Contractor itself.

Equipment and hardware of the CONTRACTOR temporarily imported to the Republic of Latvia is the property of the CONTRACTOR and, upon fulfillment of all obligations of the Contract, shall be returned to the Contractor's country of residence.

3.3. The CONTRACTOR independently uses and is responsible for the equipment to be used, temporarily imported and prepared in accordance with the maintenance and technical instructions for the performance of Works at Incukalns UGS.

3.4. The CONTRACTOR prepares the necessary digging, fire and gas dangerous works permits and prepares the well for geophysical works.

3.5. When performing the Works, the CONTRACTOR observes the order defined in the legal and regulatory documents of the Republic of Latvia, LVS 364: 2011 “Natural gas storage facilities in aquifers and transmission system operation, maintenance and repair”, as well as in the following documents or their analogues:

- «Правила геофизических исследований и работ в нефтяных и газовых скважинах», утв. совместным приказом Минтопэнерго России и Минприроды РФ от 28.12.1999 г. № 445 \ 323;

(“Rules of geophysical research and work in oil and gas wells”, approved. by a joint order of the Ministry of Fuel and Energy of Russia and the Ministry of Natural Resources of the Russian Federation of December 28, 1999 No. 445 \ 323);

- РД-153-39.0-072-01 «Техническая инструкция по проведению геофизических исследований и работ приборами на кабеле в нефтяных и газовых скважинах», введ. в действие приказом Минэнерго РФ от 07.05.2001 г. № 134;

(RD-153-39.0-072-01 "Technical instructions for performing the geophysical surveys and work with instruments on the cable in oil and gas wells", introduced by the order of the Ministry of Energy of the Russian Federation No. 134 of 07.05.2001);

- «Правила безопасности в нефтяной и газовой промышленности», утв. Приказом Ростехнадзора от 12.03.2013 № 101;

("Safety rules in the oil and gas industry", approved by Order of Rostekhnadzor of 12.03.2013 No. 101);

- «Основные условия производства промыслово-геофизических и прострелочно-взрывных работ на предприятиях ГК «Газпром», Москва, 1989 г.

(“The main conditions for the production of geophysical and perforating operations at the enterprises of GTK Gazprom, Moscow, 1989).

3.6. The OWNER hands over the following equipment to the CONTRACTOR for usage:

No	Name of equipment	quantity
1.	Neutron gamma loggings laboratory on MAN chassis, combined with the winch equipped with a 3000m single-wired armed logging cable.	1
2.	Gas dynamic test apparatus (probe) СКАТ-К8	2
3.	Radioactive logging equipment (probe) "СКАТ-ПК"	2
4.	Lubricator "УЛГ - 65 × 14" - 14 МПа (set)	1
5.	Recording Digital System "ГеоМАК"	1
6.	Geophysical tower ВГ-2 on MAN chassis	1
7	Radioactive source with radioactive nuclide americium-241 Type ИБН-241-6-1 with fast neutron flow 5.82×10^6 neutron /sec	1

Equipment for the performance of Works in accordance with the Technical Requirements shall be handed over after the Parties have agreed upon the acceptance report.

4. Results and a form of Report:

The Work will result in information on the existing gas saturation of the reservoir, the well casings and well tubing degree of wear rate, as well as the performance data of the repaired wells.

During the performance of the Works, the CONTRACTOR shall hand over to the CUSTOMER the operational information of the existing gas saturation of the reservoir and the technical condition of the wells in accordance with point 5.1.

At the end of the year (but not later than December 13, 2019 and December 11, 2020), the CONTRACTOR shall submit a **Final report** on geophysical works in the wells of Incukalns UGS, a hard copy with colored graphic materials in one copy and digitally on the CD - in two

copies. The report should include a CD (in two copies) with output geophysical information in LAS format.

The **Final report** has to include the conclusions about all the wells, in which the research was carried out. The conclusions should contain detailed information on the measurements and conclusions made.

5. Deadlines for Works completion:

5.1. The CONTRACTOR shall deliver to the CUSTOMER the results of the interpretation of geophysical works within 5 (five) working days after receipt of the working technical data.

5.2. The date of performance Contract obligations is the date of CUSTOMER signed acceptance certificate provided, that all the obligations stipulated in the Contract have been fulfilled.

Deputy Head of Geological Survey of
Incukalns Underground Gas Storage

Edgars Birgers

Tender Letter

_____ 2019 No. _____

/Place of drafting/

To: Joint Stock Company Conexus Baltic Grid

Project: Performance of geophysical works and interpretation of Geophysical Data of Incukalns Underground Gas Storage wells in 2019/2020 years

Having researched the Regulations of the Tender, we confirm that, if our tender is recognised as the most economically advantageous and we are contracted, we undertake to sell and deliver the Products in accordance with the Regulations of the Open Tender and the Technical Specifications attached thereto in Annex 1, for the following price:

No p.k.	Work title	Quantity	Unit price, EUR	Sum EUR
1	Equipment mobilization / demobilized			
2	The control of gas reservoir gas saturation interval, its value and thickness, water - gas contact, based on interpretation of neutron gamma logging (NGL) diagrams	110 wells		
3	Determination of the tightness and wear rate of Incukalns UGS well tubing, tubing couplings and well casing with a set of magnetic pulse defectoscopy (crack detection) (hereinafter referred as MPD) methods	22 wells		
4	Wells debit metering	10 wells		
5	Highly sensitive thermometry	2 wells		
6	Final reports			
TOTALLY:				
VAT 21%:				
ALL IN TOTAL:				

We hereby certify that the tendered price includes all costs related to the Works: JSC Conexus Baltic Grid Incukalns Underground Gas Storage, Ragana, Krimulda paerish, Riga, Latvia, LV-2144.

Information about subcontractors, if any will be involved

Information on whether the Candidate is / is not to be considered as a company related to the joint stock company Conexus Baltic Grid for the purposes of the Law on Corporate Income Tax (if applicable)

Information on whether the Candidate is / is not registered in the country with which the Republic of Latvia has entered into a Convention for the Prevention of Double Taxation and Tax Evasion (if applicable) _____

We certify that no international or national sanctions, or substantial sanctions affecting the interests of the financial and capital market imposed by the European Union or the North Atlantic Treaty Organization Member State that affect the performance of the negotiated agreement have been imposed with respect to us, as a Candidate, our Board or Council Members, persons entitled to represent us, or our procurators, or persons entitled to represent us in operations related to the branch office.

Candidate's name and unified registration number of the Tenderer:

Registered address: _____

Position, name, surname, telephone and e-mail of the contact person of the Candidate authorised to resolve the issues related to the Tender during the Tender:

Appendices:

1. Documents shall be attached in accordance with Paragraph 7 of the Tender Regulations.

- 1.1. _____ on ___ pages;
- 1.2. _____ on ___ pages;
- 1.3. _____ on ___ pages;
- 1.4. _____ on ___ pages;
- 1.5. _____ on ___ pages;
- 1.6. _____ on ___ pages;
- 1.7. _____ on ___ pages;
- 1.8. _____ on ___ pages;
- 1.9. _____ on ___ pages;
- 1.10. _____ on ___ pages;
- 1.11. _____ on ___ pages;
- 1.12. _____ on ___ pages;
- 1.13. _____ on ___ pages.

(Name, surname, position, signature of the executive body with representation rights or procurator, proxy of the Candidate)

Annex 3

To the Tender Documents of Open Tender
“The performance of Geophysical Works and Geophysical Data Interpretation of Incukalns Underground Gas Storage
Wells in 2019 and 2020 years”
JSC „Conexus Baltic Grid”
Incukalns Underground Gas Storage

**Information on similar Works performed by the Candidate over the last 3 (three) years
(2016, 2017, 2018),
which certifies compliance of the Candidate with the requirements of Paragraph 7.4 of the
Regulations**

The performance of Geophysical Works and Geophysical Data Interpretation of Incukalns
Underground Gas Storage Wells in 2019 and 2020 years”

Customer (name, address, contact person, phone number)	Works performed	Value of the performed Works, euros	Year of performance

_____ 2019

(signature, printed name of company manager or its authorised person)