

# LOCAL CONTENT BILL 2021

## FIRST SCHEDULE

### MINIMUM LOCAL CONTENT LEVELS

(Sections 8, 19(1)(b)(iii))

PART 1 – LOCAL CONTENT LEVELS TO BE ATTAINED FROM DATE OF EFFECTIVENESS OF LICENCE OR PETROLEUM AGREEMENT OR, IN THE CASE OF SUB-CONTRACTOR, FROM THE DATE OF EXECUTION OF AN AGREEMENT OR ON THE ENTERING INTO A PARTNERSHIP

To ensure maximum participation of local suppliers in the petroleum sector and development of Guyanese persons, contracting companies shall comply with the below sliding scale targets of the respective sectors.

**Table 1: Local Content levels to be attained from date of effectiveness<sup>1</sup> of Licence or Petroleum Agreement**

<b>Upstream</b>						
<b>No.</b>	<b>Items</b>	<b>Start</b>	<b>3-years</b>	<b>5-years</b>	<b>7-years</b>	<b>10-years</b>
1	Management Staff	10%	20%	25%	35%	45%
2	Supervisory Staff	15%	25%	35%	50%	65%
3	Technical Core Staff	20%	30%	40%	65%	75%
4	Professional Support Staff	30%	40%	55%	75%	80%
5	Semi-skilled	50%	60%	60%	80%	90%
6	Unskilled	100%	100%	100%	100%	100%
<b>Midstream and Downstream</b>						
<b>No.</b>	<b>Items</b>	<b>Start</b>	<b>3-years</b>	<b>5-years</b>	<b>7-years</b>	<b>10-years</b>
1	Management Staff	20%	30%	35%	45%	50%
2	Supervisory Staff	25%	35%	45%	60%	70%
3	Technical Core Staff	30%	40%	50%	75%	80%
4	Professional Support Staff	35%	45%	65%	85%	90%
<b>No.</b>	<b>Items</b>	<b>Start</b>	<b>3-years</b>	<b>5-years</b>	<b>7-years</b>	<b>10-years</b>
5	Semi-skilled	60%	70%	80%	90%	100%
6	Unskilled	100%	100%	100%	100%	100%

<sup>1</sup> Date of effectiveness of licence refers to the date as stipulated in the Petroleum Agreement signed between the Contractor and the Government of Guyana.

**Table 2: FEED<sup>2</sup>, Detailed Engineering and other services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
2.1 FEED and detailed engineering on onshore facilities	20%	40%	55%	75%	90%	Man-Hour
2.2 FEED and detailed engineering on offshore facilities (shallow water)	10%	25%	50%	70%	95%	Man-Hour
2.3 FEED and detailed engineering on LNG facility	10%	25%	50%	65%	90%	Man-Hour
2.4 FEED and detailed engineering on gas gather facilities	20%	45%	65%	75%	90%	Man-Hour
2.5 FEED and detailed engineering on deep offshore facilities—hull and topside modules	10%	30%	50%	75%	95%	Man-Hour
2.6 FEED and detailed engineering on deep offshore concrete structure	10%	25%	50%	70%	90%	Man-Hour

**Table 3: Fabrication, Construction and Storage**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
3.1 Terminal or Oil Movement System	20%	40%	60%	75%	90%	Volume
3.2 Drilling Modules or Packages	20%	35%	50%	70%	95%	Tonnage
3.3 Piles, Anchors, Buoys, Jackets, Bridges, Flare Brooms, Storage Tanks, Pressure Vessels Umbilical	20%	40%	60%	75%	95%	Tonnage
3.4 Topside Module (process modules and storage modules)	10%	30%	50%	75%	90%	Tonnage
3.5 Accommodation Module	10%	30%	50%	70%	90%	Tonnage
3.6 Subsea Systems	10%	30%	50%	70%	90%	Tonnage
3.7 Pipeline Systems	10%	40%	55%	75%	100%	Tonnage
3.8 Risers	10%	40%	55%	75%	100%	Tonnage
3.9 Utilities Module or Packages	10%	30%	50%	65%	80%	Tonnage

**Notes:**

1. 3.2 Drilling Modules or Packages refer to support to drilling services.
2. 3.6 Subsea Systems refers to the assembly of the requisite components.
3. 3.8 Risers includes attributes of Subsea Umbilicals, Risers Flowlines (SURF)

<sup>2</sup> Front End Engineering and Design

**Table 4: Materials and Procurement**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
4.1 Steel Plates, Flat Sheets, Sections	30%	50%	65%	80%	100%	Tonnage
4.2 Steel Pipes	25%	50%	70%	85%	100%	Tonnage
4.3 Low Voltage Cables	40%	60%	70%	85%	100%	Length
4.4 High Voltage Cables	30%	50%	70%	90%	100%	Length
4.5 Valves and Pumps	20%	40%	55%	75%	90%	Number
4.6 Drilling mud-baryte, bentonite	20%	40%	50%	65%	85%	Tonnage
4.7 Cement	30%	50%	70%	80%	90%	Tonnage
4.8 Heat Exchangers and other piping accessories	10%	40%	50%	70%	90%	Number
4.9 Steel Ropes and other mooring accessories	30%	50%	65%	75%	90%	Tonnage
4.10 Protective Paints	30%	50%	60%	80%	95%	Litres
4.11 Glass Reinforced Epoxy (GRE) pipe	20%	40%	60%	70%	85%	Tonnage

**Notes:**

1. Sourcing of the above-listed materials should be done from local suppliers and distributors.
2. 4.2 Steel Pipes refer to services to pipes sourced locally, imported, or added value. These services include treading and repair of pipes.
3. 4.3 Low Voltage Cables and 7.4.4. High Voltage Cables refer to the final stage processing of these cables in-country.
4. 4.5 Valves and pumps refer to the certified maintenance of certified Original Equipment Manufacturer (OEM) parts in-country.
5. 4.6 Drilling mud-baryte, bentonite refer to the movement of prime contractor services in-country.
6. 4.7 Cement refer to the procurement through a third-party.
7. 4.8 Heat Exchangers and other piping accessories refer to the certified maintenance of certified OEM parts in-country.
8. 4.9 Steel ropes and other mooring accessories refer to its installation support and servicing.
9. 4.10 Protective Paints refer to the procurement of these services from suppliers in-country and operations and maintenance support in-country.
10. 4.11 Glass Reinforced Epoxy (GRE) pipes refer to such pipes procured from suppliers in-country.

**Table 5: Research and development relating to in-country services.**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
5.1 Engineering studies-reservoir, facilities, drilling etc.	20%	40%	60%	75%	90%	Spend
5.2 Geological and geophysical services	20%	40%	60%	75%	90%	Spend
5.3 Safety and environmental studies	50%	65%	75%	95%	95%	Spend
5.4 Local materials substitutions studies	20%	40%	60%	70%	90%	Spend

**Notes:**

1. 5.4 Local Materials Substitution Studies refer to the studies aimed at identifying materials both raw and manufactured that can be used in the oil industry as a substitution for other products.

**Table 6: Transportation, supply, and disposal services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
6.1 Tugs, remotely operated vehicles (ROV) support, driving support vessels	30%	40%	60%	70%	90%	Spend
6.2 Barges	30%	50%	60%	75%	95%	Spend
6.3 Accommodation platforms, vessels	30%	50%	60%	75%	95%	Spend
6.4 Disposal, distribution, and waste transport services	40%	50%	65%	85%	100%	Spend
6.5 Rental of cranes and special vehicles	40%	50%	65%	85%	100%	Spend
6.6 Freight forwarding, logistic management services, Customs Clearance	40%	50%	65%	85%	100%	Spend
6.7 Supply base, warehouse, storage services (Integrated Logistics Services)	50%	60%	85%	100%	100%	Spend
6.8 Truck package product, transportation services	40%	50%	65%	85%	100%	Spend
6.9 Marine Gas Oil (MGO) Fuel	50%	60%	75%	90%	100%	Spend
6.10 Helicopter services	60%	70%	80%	100%	100%	Spend

**Notes:**

1. 6.1 Tugs, ROV support, driving support vessels refer to both support services and technical staff (technicians) as well as related equipment.
2. 6.2 Barges refer to the support of other materials and supply vessels.

**Table 7: Well Drilling Services**

<b>Description</b>	<b>Start</b>	<b>3-years</b>	<b>5-years</b>	<b>7-years</b>	<b>10-years</b>	<b>Measured Unit</b>
7.1 Reservoir services	10%	30%	50%	70%	90%	Man-Hour
7.2 Well completion services (permanent gauges & intelligent wells)	10%	40%	55%	75%	90%	Man-Hour
7.3 Wire line services (electric open holes, electric cased hole, slickline)	20%	40%	50%	65%	80%	Man-Hour
7.4 Logging while drilling (LWD)	20%	40%	55%	70%	85%	Man-Hour
7.5 Production or drilling service	20%	45%	55%	75%	95%	Man-Hour
7.6 3D Seismic data acquisition services	20%	30%	60%	80%	90%	Man-Hour
7.7 Well overhauling or stimulation services	30%	45%	55%	75%	95%	Man-Hour
7.8 Wellhead services	30%	40%	50%	70%	90%	Man-Hour
7.9 Directional surveying service	20%	40%	60%	75%	90%	Man-Hour
7.10 Cutting injections and cutting disposal services	30%	45%	55%	75%	95%	Man-Hour
7.11 Re-cutting inspection services	35%	45%	55%	70%	90%	Man-Hour
7.12 Cased hole logging services (gyro, perforation, gauges, gyro PLT performance, PLT gauges)	30%	45%	55%	75%	95%	Man-Hour
7.13 Well watch services	20%	30%	50%	65%	85%	Man-Hour
7.14 Cement services	50%	60%	75%	90%	100%	Man-Hour
7.15 Coiled tubing services	25%	40%	50%	65%	80%	Man-Hour
Tubing Conveyed Perforating (TCP)						
7.16 Pumping services	30%	45%	55%	75%	95%	Man-Hour
7.17 Fluid or bottom hole sampling service	30%	40%	50%	65%	85%	Man-Hour
7.18 OCTS services (cleaning, hard banding, re-cutting, rethreading, Storage)	30%	45%	55%	75%	95%	Man-Hour
7.19 Well crisis management services	20%	40%	60%	80%	95%	Man-Hour
7.20 Other drilling services	30%	45%	55%	65%	85%	Man-Hour
7.21 Petrophysical interpretation service	20%	40%	50%	70%	85%	Man-Hour
7.22 Extended well test or early production Services including provision of floating or jack up production unit	10%	30%	50%	60%	70%	Spend
7.23 Rental of drill pipe	25%	45%	55%	70%	80%	Spend
7.24 Filtration Services	30%	45%	60%	80%	95%	

**Notes:**

1. Given that some services such as well cementing services, ROVs, directional drilling services, tools and wireline logging are currently being implemented by International Tier 1 Contractors, Guyana is moving towards an encouragement of more joint ventures and partnerships through technological adaptation and skills transfer. This would allow for our local labour force and business to better participate in the provision of these services.
2. 7.13 Well watch services refer to partnerships (where necessary) between international and local companies to employ and locate Guyanese nationals.
3. 7.17 Fluid or bottom whole sampling service and 7.23 Rental of drill pipe refer to partnerships (where necessary) to provide opportunities for locals to be employed.

**Table 8: Health, Safety, and Environmental Services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
8.1 Oil Spill Response	100%	100%	100%	100%	100%	Spend
8.2 Site clean-up services	30%	45%	55%	75%	95%	Spend
8.3 Pollution control	10%	20%	30%	50%	60%	Spend
8.4 Environmental Testing and Monitoring	25%	40%	55%	80%	95%	Spend
8.5 Industrial Radiography	30%	50%	75%	85%	95%	Spend
8.6 Metrology services	30%	45%	55%	75%	90%	Spend
8.7 Wastewater treatment and disposal services	30%	40%	55%	75%	90%	Spend
8.8 Hazardous waste treatment	50%	75%	100%	100%	100%	Spend
Production Treating Chemicals						
8.9 Fire and gas protection system services	30%	40%	55%	75%	90%	Man-hour
8.10 Ventilation, heating, sanitary services	40%	50%	60%	80%	95%	Spend
8.11 Waste disposal, drainage services	40%	50%	60%	80%	95%	Spend
8.12 Industrial cleaning services	40%	50%	60%	80%	95%	Spend
8.13 Vessel Tank Cleaning	60%	70%	90%	95%	100%	Spend
8.14 Safety, protection, security, firefighting system services	30%	45%	55%	75%	95%	Spend
8.15 Preservation of mechanical and electrical components services	30%	45%	55%	75%	95%	Man-hour
8.16 Equipment brokerage services	30%	45%	55%	75%	95%	Spend
8.17 Temporary accommodation, camp services	40%	50%	60%	75%	95%	Spend
8.18 Catering service	50%	75%	100%	100%	100%	Spend
8.19 Cleaning and laundry services	50%	75%	100%	100%	100%	Spend
8.20 Security services	50%	75%	100%	100%	100%	Spend
8.21 Offshore Medical and Support Services	30%	45%	55%	75%	95%	Spend
8.22 Other supporting services	40%	50%	75%	85%	95%	Spend

**Notes:**

1. 8.2 Pollution control is applicable to both onshore and offshore activities.
2. 8.10 Equipment brokerage services refer to suppliers of Original Equipment Manufacturer (OEM\_ parts and Authorized dealers.
3. 8.11 Temporary Accommodation, camp services refer to such services related to onshore activities.
4. 8.16 Other supporting services refer to related support services for upstream and midstream activities for the development of the oilfields.

**Table 9: Information systems, information technology and communication services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
9.1 Network installation, support services	50%	60%	70%	90%	100%	Spend
9.2 Software development	30%	40%	50%	75%	85%	Spend
9.3 Software support services	40%	50%	60%	80%	95%	Spend
9.4 Computer based modelling services	20%	40%	60%	80%	90%	Spend
9.5 Computer based simulations and training programme services	20%	40%	60%	80%	90%	Spend
9.6 Hardware installation support services	60%	75%	100%	100%	100%	Spend
9.7 Operating system installation and support services	50%	65%	85%	100%	100%	Spend
9.8 User support-and help desk services	75%	100%	100%	100%	100%	Spend
9.9 Information Technology Management consultancy services	50%	65%	85%	100%	100%	Spend
9.10 Data Management services	50%	60%	75%	95%	95%	Spend
9.11 Telecommunication installation and support services	60%	75%	95%	100%	100%	Spend
9.12 Other Information Technology services	50%	75%	95%	95%	95%	Spend

**Notes:**

1. 9.12 Other Information Technology Services refers to other ITC services that are needed for the enhancement of the development of the oilfields.

**Table 10: Marine operations and logistics services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
10.1 Telecommunications services	40%	50%	60%	75%	95%	Man-hour

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
10.2 Supply of crewmen for domestic coastal services	40%	60%	75%	85%	95%	Number
10.3 Driving of ROV or submersible operations	20%	30%	50%	65%	80%	Man-hour
10.4 Hook-up and commissioning including marine installation services	20%	30%	50%	65%	75%	Man-hour
10.5 Dredging services	40%	50%	60%	80%	95%	Man-hour
10.6 Gravel and rock dumping service	50%	60%	70%	80%	95%	Man-hour
10.7 Floating storage units (FSU)	20%	30%	40%	50%	60%	Man-hour
10.8 Subsea pipeline protection services	10%	30%	50%	60%	80%	Man-hour
10.9 Installation of subsea packages	10%	25%	40%	60%	75%	Man-hour
10.10 Mooring system services	40%	50%	60%	75%	95%	Man-hour
10.11 Platform Supply Vessels	60%	70%	95%	95%	95%	Man-hour

**Notes:**

1. 10.7 Floating Storage Units (FSU) can also include nearshore services as well as downstream services.
2. 10.7 Mooring system services refer to both international and local employment from the national labour force.

**Table 11: Financial and Insurance Activities**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
11.1 Local deposits	30%	50%	65%	80%	95%	Value
11.2 Credit advance (loans)	20%	40%	50%	65%	80%	Value
11.3 Insurance	40%	50%	65%	80%	95%	Value

**Notes:**

1. Local insurance companies to be utilised for the respective targets of risks along with international assurance/insurance companies.
2. International insurance requirements – the choice of insurer is reserved for certain policies such as hull and machinery. This is to ensure that drilling contractors meet any vessel mortgage covenants and access economies of scale across the global fleet.
3. Over time, it is expected that local insurers would build more net capacity to insure larger industry risks. In so doing, local insurers would be able to use reinsurance to guarantee itself 100% capacity for massive O&G risks from day one (in gross terms) and thereby be able to grow at a much faster rate to secure the industry. Local companies will grow because the reinsurers will pay commissions to the insurers who in turn will apply these



commissions to build capital reserves and hence, capacity for taking on more risk themselves.

**Table 12: Legal Services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
12.1 Legislative Drafting	100%	100%	100%	100%	100%	Spend
12.2 Compliance with Guyana Laws work	100%	100%	100%	100%	100%	Spend
12.3 In-house legal work	50%	75%	95%	95%	95%	Spend
12.4 Legal Advisory/Independent external Counsel	60%	75%	95%	95%	95%	Spend
12.5 Legal Consultancies	100%	100%	100%	100%	100%	Spend

**Notes:**

1. 12.5 Legal consultancies are defined to be those needed for local undertakings.

**Table 13: Accounting Services**

Description	Start	3-years	5-years	7-years	10-years	Measured Unit
13.1 Tax Return Preparation	75%	100%	100%	100%	100%	Spend
13.2 Payroll Support	100%	100%	100%	100%	100%	Spend
13.3 Accounting Support	100%	100%	100%	100%	100%	Spend
13.4 Tax Advisory	60%	75%	100%	100%	100%	Spend
13.5 Financial Advisory	50%	75%	85%	95%	95%	Spend
13.6 Accounting and Finance Employment	50%	65%	85%	95%	100%	% of persons

***PART 2 – SPECIFIC SECTOR FOR GUYANESE BUSINESS AND LABOUR FORCE***

Local content must be a means to promote economic development by creating opportunities for the Guyanese labour force and business sector in defined area of work where the skills are available. Local content is an important strategic issue in the oil and gas industry. The government and other stakeholders are seeking to secure greater local benefits from oil and gas production. These expectations are important factors in the way the government is determining which companies gain access to hydrocarbon business opportunities. Thus, the GoG will work with local companies to realise a range of additional business benefits in terms of:

- Building sound relationships with project-affected communities and establishing and maintaining a social licence to operate.
- Capturing the performance and efficiency benefits of a qualified local workforce
- Developing cost-effective, efficient, and responsive supply chains

- Contributing to the development of stable and prosperous host societies that are better places to do business.

“Guyanese Company” means any company incorporated under the Companies Act with at least fifty – one per cent (51%) of its equity shares issued to Guyanese Nationals or Guyanese companies.

<b>Sectors and Sub-sector for Guyanese Businesses</b>	<b>Start</b>	<b>6 – Months</b>
1. Transportation good and services	50%	100%
2. Shipping and logistics services	50%	100%
3. Accommodation services	75%	100%
4. Conferencing facilities	100%	100%
5. Rental of buildings and equipment	80%	100%
6. Surveyors (GIS)	75%	100%
7. Environmental studies for development projects of each field such as FPSOs, Gas to Energy Project, etc.	70%	100%
8. Environmental Services	50%	100%
9. Pipe weight coating	50%	100%
10. Pipeline installation, excluding welding and Non-Destructive Testing (NDT) services.	60%	100%
11. Civil works	100%	100%
12. Structural fabrication	75%	100%
13. Waste management	75%	100%
14. Warehousing facilities	80%	100%
15. Construction services	90%	100%
16. Cleaning services	100%	100%
17. Catering services	100%	100%