



MICHAEL DAMIANOS & CO LLC
ADVOCATES & LEGAL CONSULTANTS

Cyprus Oil & Gas Update 2

This is our firm's second Cyprus Oil & Gas Update. We are looking to keep practitioners specializing, or working from time to time, in oil & gas matters informed as to developments in the Cyprus oil and gas sector.

The First and Second Licensing Rounds

As provided for in our Cyprus Oil & Gas Update 1, the Cyprus first licensing round related to only one block, i.e. Block 12, when Houston-based Noble Energy was awarded a three year exploration license, and a production sharing contract was signed in October 2008. The Cyprus government approved the launch of a second licensing round (in February 2012) for the remaining twelve offshore blocks and fifteen bids were submitted from five companies and ten consortia, for nine of the twelve remaining blocks.

News

In accordance with the relevant legislation, the bids were evaluated by an advisory committee comprising of the General Secretaries of the Ministries of Commerce, Foreign Affairs, Finance, and Agriculture, the Attorney General, the Head of the Geological Survey Department and the Head of the Department of Energy. This advisory committee submitted its recommendations to the Minister of Commerce who then sought approval from the Council of Ministers in relation to the relevant recommendations.

The government has on the 30th of October 2012 announced that four licenses have been awarded as part of the second licensing round in relation to Blocks 2, 3, 9 and 11, which are contiguous blocks (lying north and north-east) to Block 12. Blocks 2 and 3 have been awarded to a consortium consisting of Italy's ENI and South Korea's KOGAS. Block 9 has been awarded to a consortium consisting of France's Total (operator), NOVATEC Overseas Exploration & Production (of Russia) and GPB Global Resources (again of Russia). Block 11 was awarded to Total.

Negotiations will soon commence with the abovementioned bidders in order to sign production sharing contracts in 2013, the model of which has been published in February (and which we can provide on request).

Meanwhile the evaluation of the bids for the remaining blocks, which have not been awarded, will continue.

We will revert with any further updates in due course. In the meantime, if you have any related questions/queries please do not hesitate to contact us.