



MICHAEL DAMIANOS & CO LLC
ADVOCATES & LEGAL CONSULTANTS

Cyprus Oil & Gas Update 3

This is our firm's third 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 previous Cyprus Oil & Gas Updates, 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

- The government has on the 24th of January 2013 announced that three production sharing contracts (the Cypriot model of which has been published in February 2012 and is available on request) have been signed with a consortium consisting of Italy's ENI and South Korea's KOGAS in relation to Blocks 2, 3 and 9. These three blocks are lying north and north-east of Block 12 which is estimated to hold five to eight trillion cubic feet of natural gas. The signature bonus in relation to Block 9 was announced to be euro 90 million and the signature bonuses for Blocks 2 and 3 totaled euro 60 million (all of which are to be paid by the 22nd of February 2013). News in relation to any specifics of the abovementioned production sharing contracts will follow in a further update, once further announcements are made by the government.
- A senior government official has further commented that negotiations with Total in relation to Blocks 10 and 11 (both lying west of Block 12) are progressing well and that a deal could be agreed within the next ten days. The same government official has further commented that Total is proposing to drill directly for oil. News in relation to any updates on these negotiations will be circulated in due course.
- Noble Energy has recently announced that they are pushing back from appraisal drilling in Block 12 as their rig is currently tied up in an Israeli field close to Block 12.

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.