

Offshore Cyprus Hydrocarbons Exploration-Notice for Second Licensing Round

The Republic of Cyprus issued an invitation to all interested persons to apply for hydrocarbon exploration licenses and subsequent hydrocarbon exploitation licenses in respect of certain acreage in the Exclusive Economic Zone of Cyprus. Applications may be submitted **within 90 days of the date of publication of this notice in the Official Journal of the European Union, i.e. until 11.5.2012.** Applications reaching the Ministry of Commerce, Industry and Tourism after the above mentioned period has elapsed will not be taken into consideration.

The second license round, will include all the remaining open exploration blocks covering a huge unexplored area. Petroleum Geo-Services (PGS) has provided the Cyprus Ministry of Commerce, Industry & Tourism with a dense 2D coverage over the exploration blocks, and one 3D survey. The data covers an offshore area of more than 50,000km² and forms the basis for a geological report, with interpretation and assessment of the variety of plays in the Herodotus Basin, the Eratosthenes Continental Block, the Cyprus Arc Basin and the Levantine Basin.

When the Republic of Cyprus arranged its first licensing round in 2007, Noble Energy was awarded block 12. The Cyprus A-1 well encountered about 310 feet of net natural gas pay in multiple high-quality Miocene sand intervals. The discovery well was drilled to a depth of 19,225 feet in water depth of about 5,540 feet. Results from drilling, formation logs and initial evaluation work indicate an estimated gross resource range(1) of 5 to 8 trillion cubic feet (tcf), with a gross mean of 7 tcf.

Cyprus is a promising new area for hydrocarbon exploration proved by recently gas discoveries in the vicinity of Egypt and Israel which testify that petroleum systems were active in the very thick Levantine and Herodotus basins. Especially, the recent huge discoveries offshore Israel (Tamar 8.4 tcf and Leviathan 16 tcf), could turn the whole East Med region to a new energy key-player in the global energy market.

The legal framework in Cyprus that determines the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons is being covered by the Hydrocarbons (Prospection, Exploration and Exploitation) Law and the Hydrocarbons (Prospection, Exploration and Exploitation) Regulations of 2007 and 2009.

Further details of applicable law and regulations may be provided by Mr Stelios Americanos, stelios@americanoslaw.com, Ms Eleni Pophaides eleni.pophaides@americanoslaw.com and Ms Eleni Tzioni eleni.tzioni@americanoslaw.com.