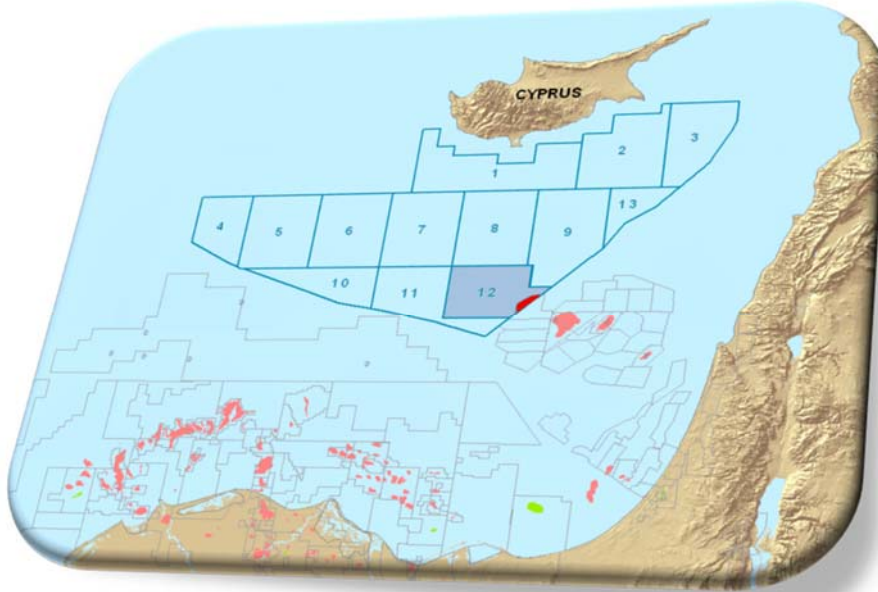


The Status of Hydrocarbon Exploration in Cyprus



Solon Kassinis
Director - Energy Service

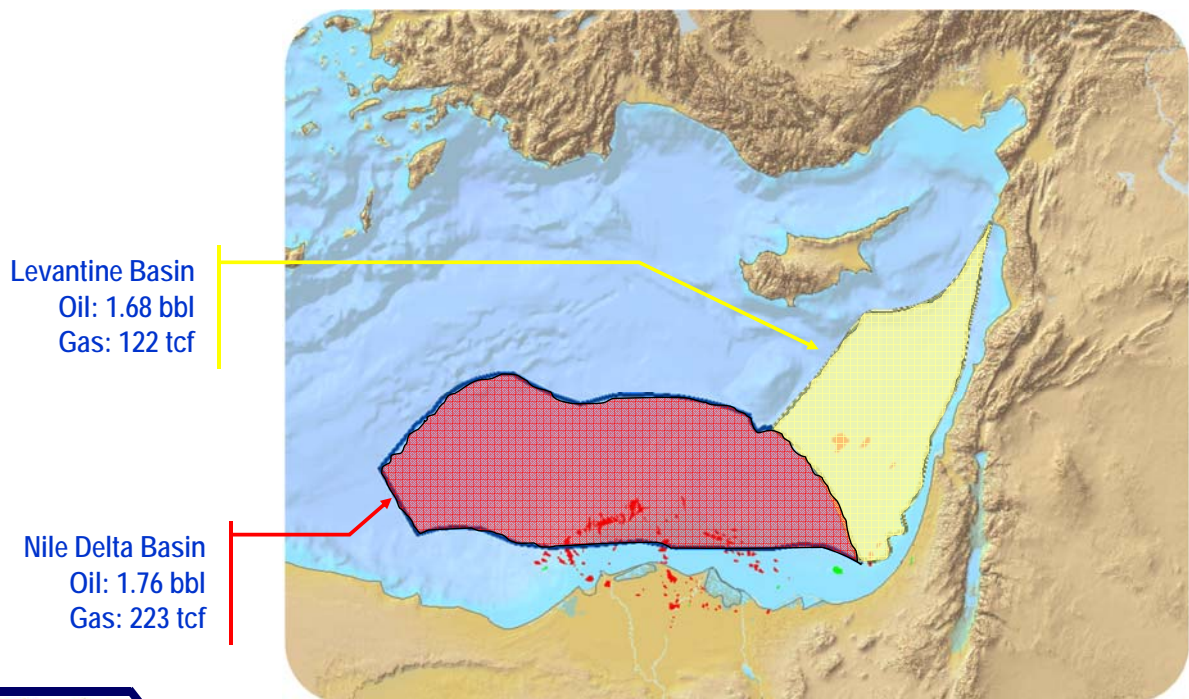
Ministry of Commerce, Industry & Tourism
Republic of Cyprus

*1st Energy Symposium - Cyprus
Nicosia, 26 January 2012*

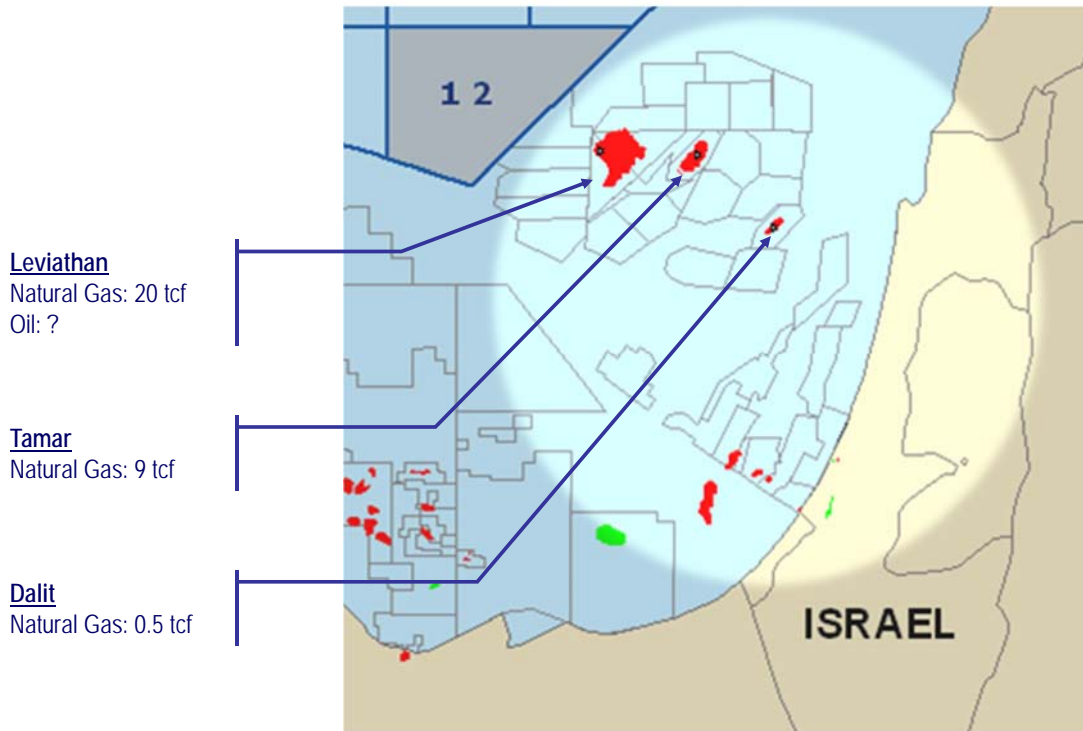


Regional Hydrocarbon System: Potential

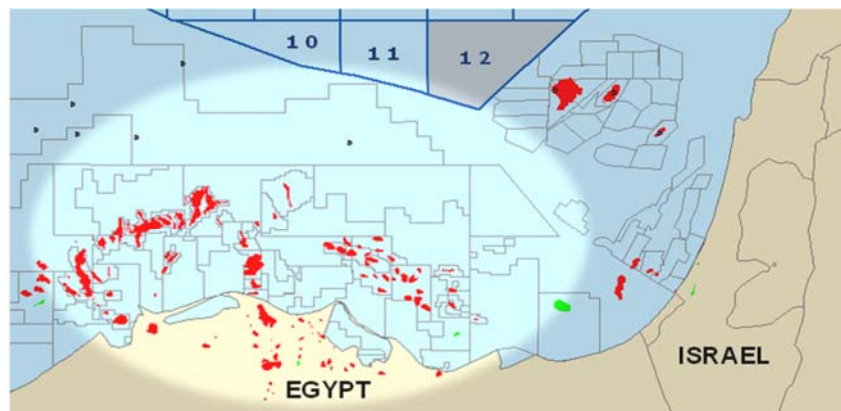
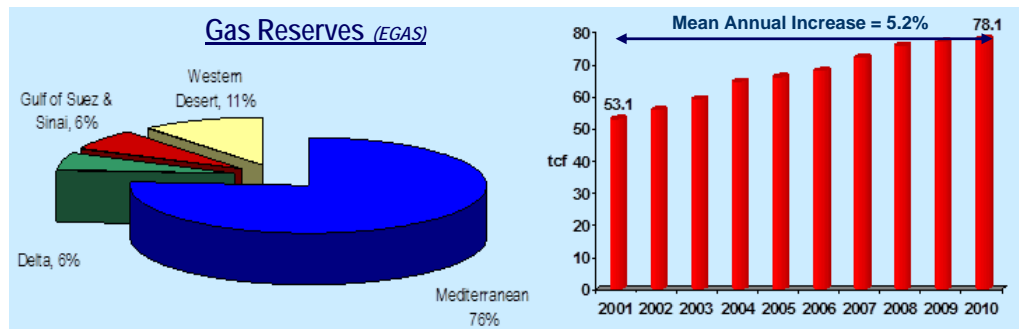
Undiscovered Oil & Gas Resources in the Eastern Mediterranean Assessment by USGS



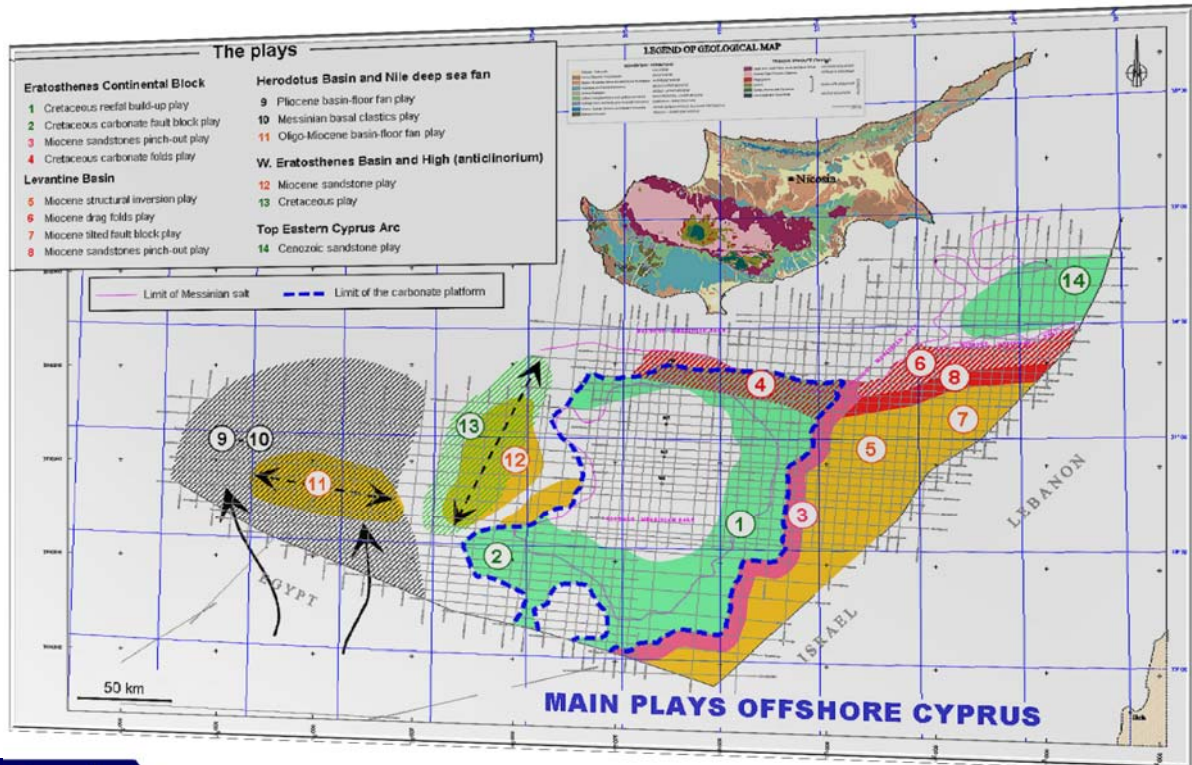
East Med Hydrocarbon System: Israel



East Med Hydrocarbon System: Egypt



Offshore Cyprus: 14 Recognized Hydrocarbon Plays

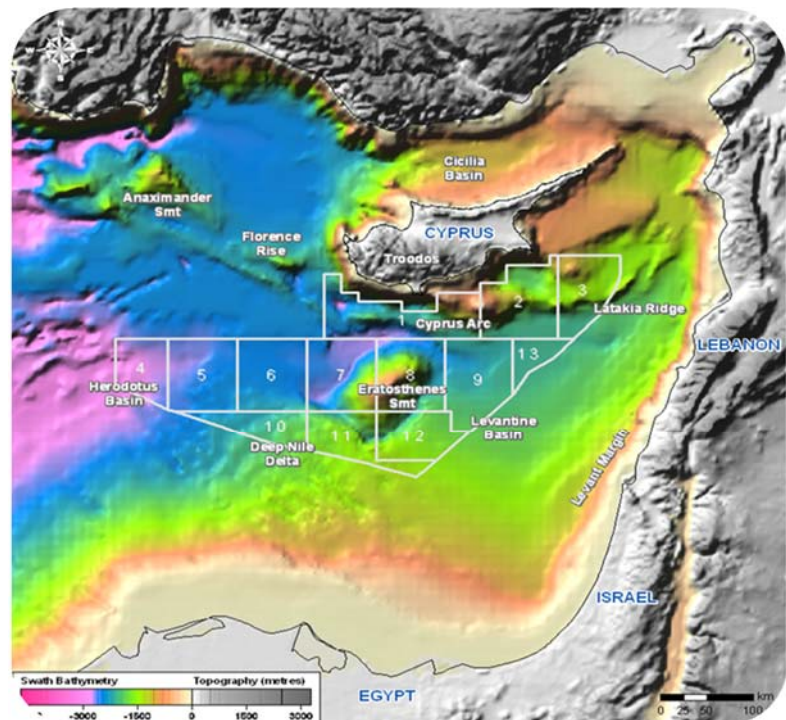


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Offshore Cyprus: A New Frontier & Emerging Area

- ▶ Located at the crossroads of big international energy routes
- ▶ Full member state of the EU with stable business environment
- ▶ Open services-oriented market economy
- ▶ A strategic hub for business activities in the region
- ▶ Big hydrocarbon discoveries in the region
- ▶ A promising regional geological background
- ▶ Many leads of considerable size
- ▶ Access to the EU market and the Greater Mediterranean Region (large potential for oil and gas trading)



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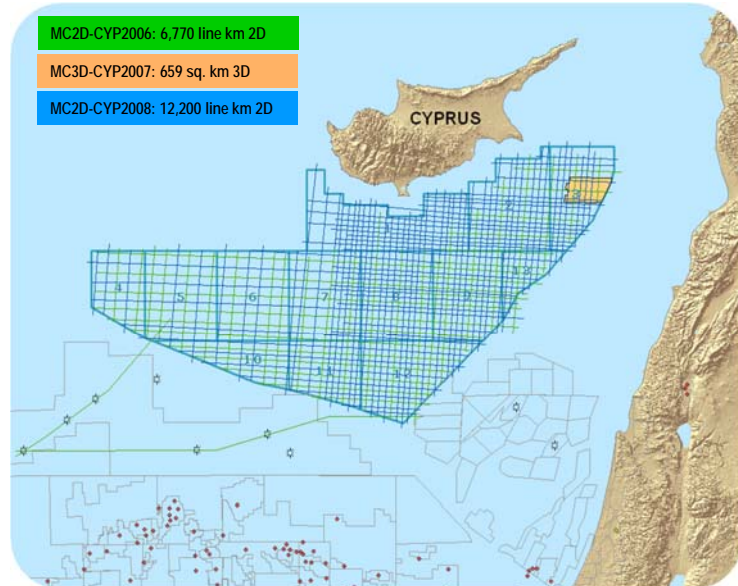
Energy Service – MCIT

Offshore Cyprus: A New Frontier & Emerging Area

Regulatory Framework

- ▶ Hydrocarbon Exploration License: Granted for 3 yrs; ability for two renewals of 2 yrs each
- ▶ Hydrocarbon Exploitation License: Granted for 25 yrs; ability for one renewal of up to 10 yrs
- ▶ Production Sharing Contract
- ▶ Zero Taxation

- ▶ 13 Exploration Blocks
- ▶ Extensive 2D Seismic Grid
- ▶ 3D Seismic Surveys
- ▶ 1st Licensing Round: 2007
- ▶ One Exploration Licence (Block 12)



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Exploration Licence - Block 12

- ▶ Oct. 2008: Exploration Licence and PSC with Noble Energy International Ltd
- ▶ Sept. 2009: 469 sq km 3D seismic survey (Prospect: **Aphrodite**)
- ▶ Jun. 2011: 4,000 km 2D seismic survey
- ▶ Sept. 2011: First Exploratory Well
- ▶ Oct. 2011: First Renewal of the Exploration Licence – 25% Relinquishment



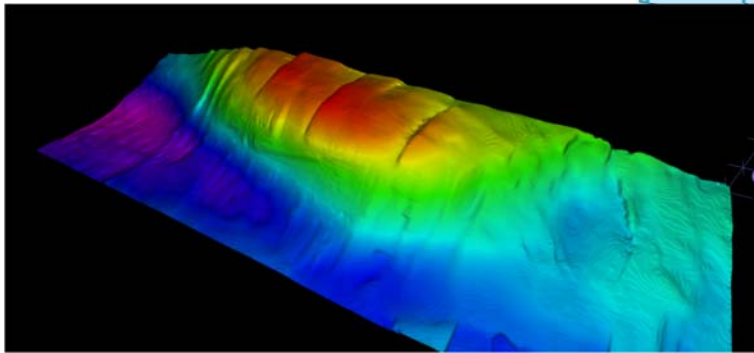
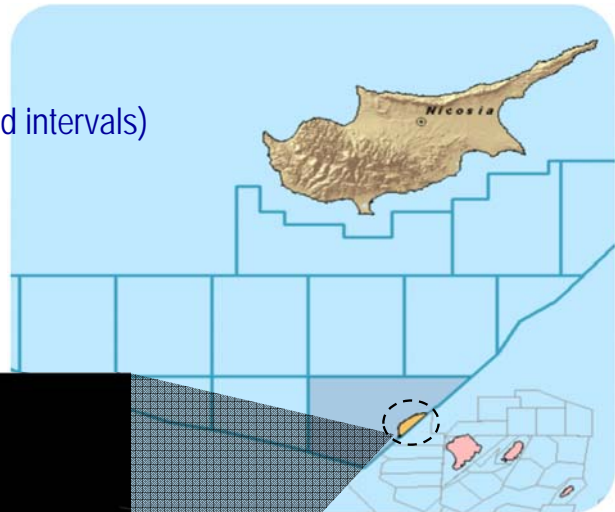
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Exploratory Well in Block 12

Natural Gas Discovery 28 Dec. 2011

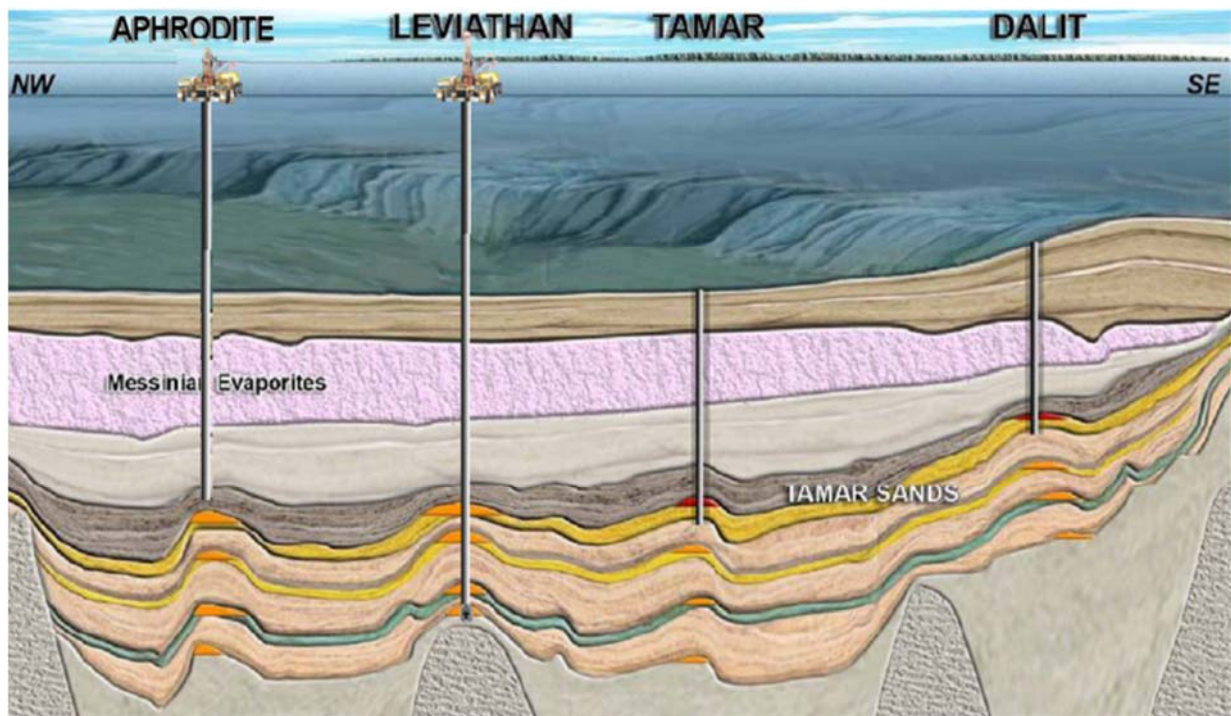
- ▶ 7tcf gross mean estimated resources
- ▶ 310 feet net natural gas pay (Miocene sand intervals)
- ▶ 5,860m total depth
- ▶ 1,688m water depth



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Exploratory Well in Block 12

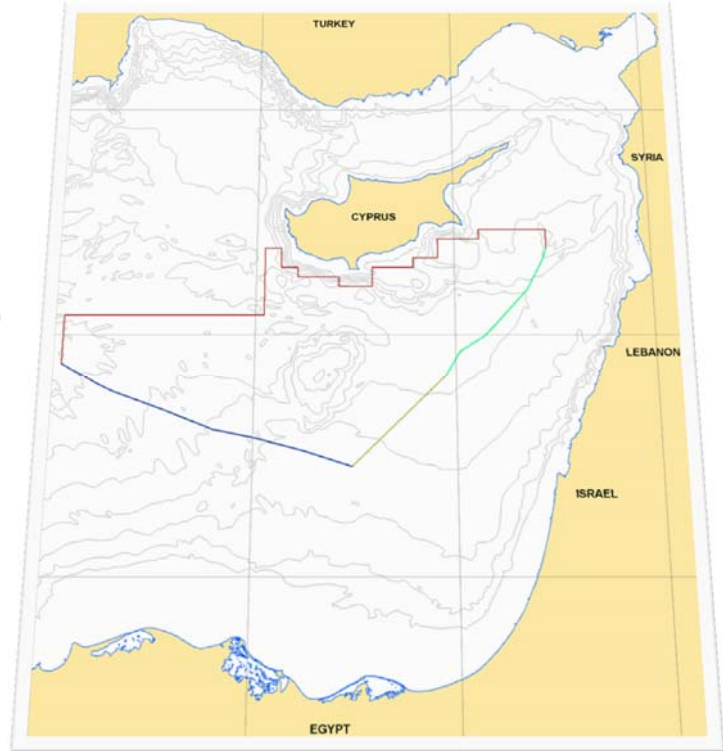


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Maritime Boundaries

- ▶ Arab Republic of Egypt
 - ◇ Delimitation of the EEZ (2003)
 - ◇ Framework Agreement concerning the development of cross-median line hydrocarbon resources (2006)
 - ◇ Confidentiality Agreement (2006)
- ▶ Lebanon
 - ◇ Delimitation of the EEZ (2007)
- ▶ Israel
 - ◇ Delimitation of the EEZ (2010)



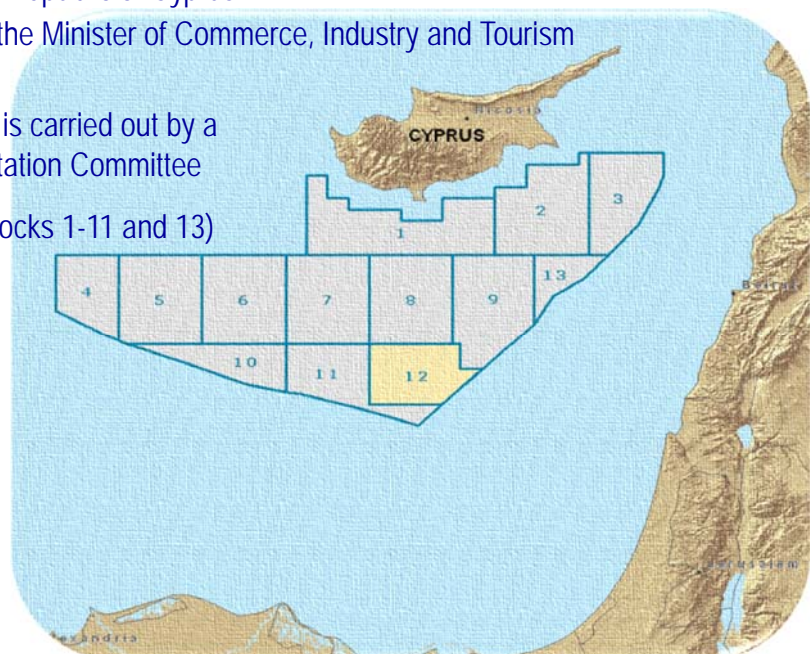
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Prospected 2nd Licensing Round

General Procedure & Guidelines

- ▶ Invitation for submission of applications published in the Official Journal of the European Union and the Official Gazette of the Republic of Cyprus
- ▶ Applications are submitted to the Minister of Commerce, Industry and Tourism (One application per Block)
- ▶ Evaluation of the applications is carried out by a special Governmental Consultation Committee
- ▶ Available Area (Exploration Blocks 1-11 and 13)



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Cyprus: Energy Perspective

Potential offshore natural gas discoveries:

- ▶ Make Cyprus an exporter of natural gas
- ▶ Modernize Cyprus economy and enhance energy outlook
- ▶ Improve country's trade balance and lessen carbon dioxide emissions
- ▶ Establish an industry related to natural gas technology/services
- ▶ Provide the revenues to invest in renewable energy sources & energy saving
- ▶ Create employment prospects
- ▶ Develop alliances increasing the national security

The natural gas resources in the region could:

- ▶ Make a substantial contribution to Europe's energy security
- ▶ Radically contribute to the development of the region and to the increase of the geopolitical stability
- ▶ Turn the region into an area of sustainable and balanced economic development, enhance political stability and improve bilateral relationships developing synergies

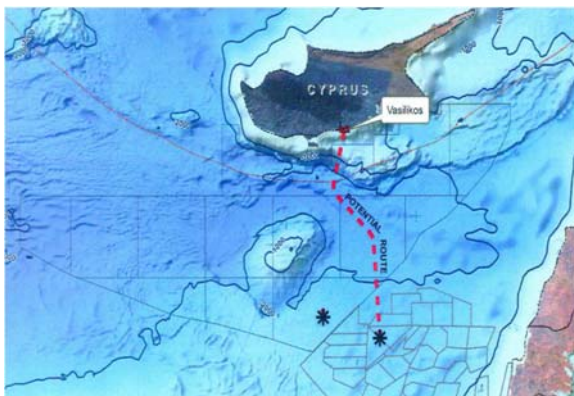


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Natural Gas Projects (*Subject to Political Decisions*)

- ▶ Liquefaction Plant
- ▶ Gas Supply via Pipeline
- ▶ Methanol Plant
- ▶ Power Generation Station



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Thank you for your attention!



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