



# Cyprus mechanisms and institutions for hydrocarbon management compatible to EU countries

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# Good management mechanisms

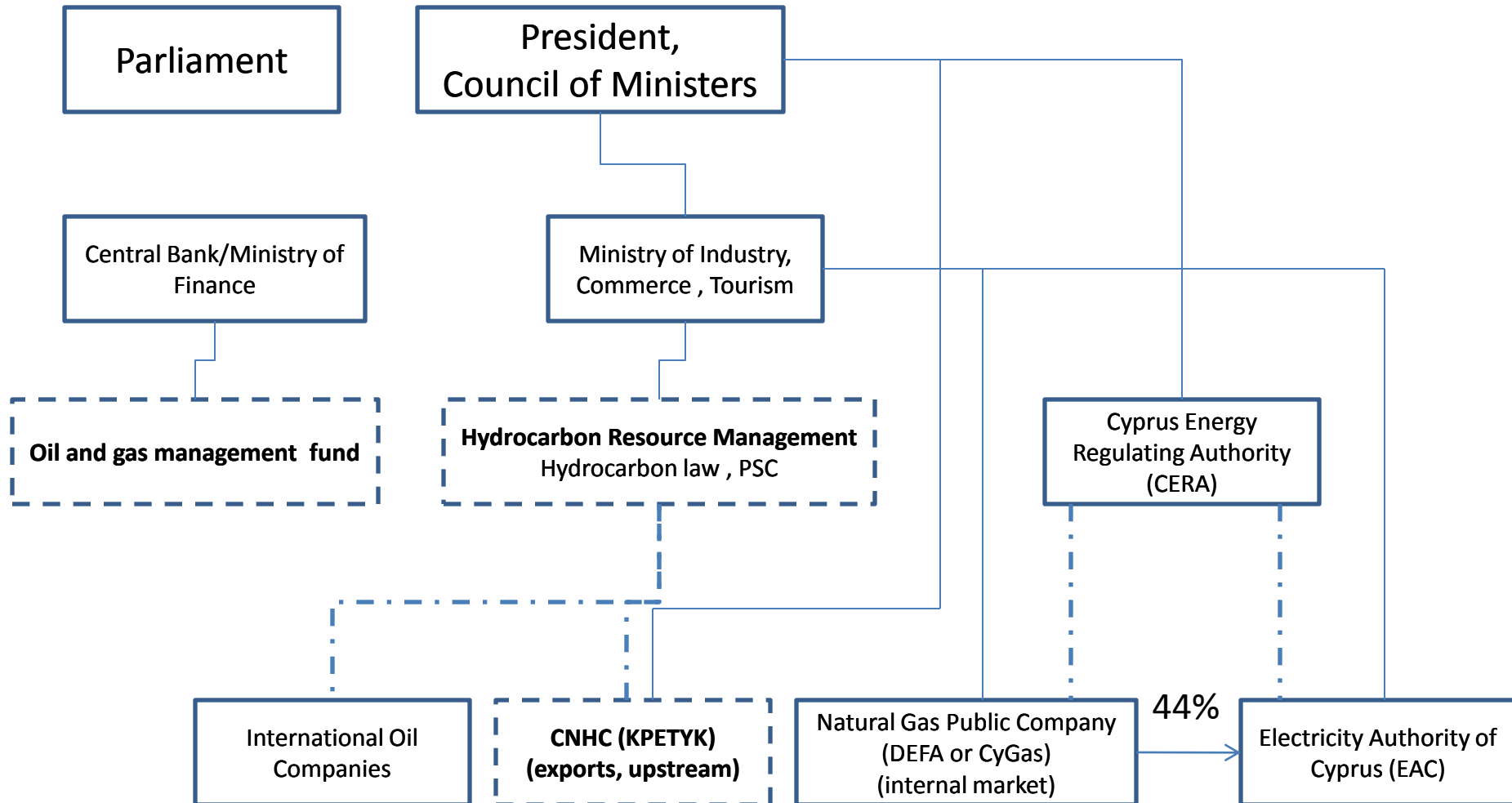
## CYPRUS

- Hydrocarbon Resource Management
  - Governmental, specialist, advisory, administrative, management body
- Cyprus National Hydrocarbon Company (CNHC)
  - joint ventures with Oil Companies for developing the resources of the country
- Hydrocarbon Management Fund
  - to facilitate the long-term management of the government's petroleum revenues

## NORWAY

- Norwegian Petroleum Directorate
- STATOIL (1972), State's Direct Financial Interest (SDFI, 1985), Petoro (2001)
- The Government Pension Fund of Norway

# Proposed Structure



- Reporting
- - - Coordinating
- . . . Regulating

# Cyprus National Hydrocarbon Company (CNHC)

- The CNHC will have 2 roles:
  - The CNHC will take a key position in the development and operation and management of any export infrastructure and related activity as a significant equity holder (the CNHC will enter into partnership with other IOCs who have commercial gas discoveries and other stakeholders as necessary, such as an LNG operator, for securing the investment and developing and managing the export value chain)
  - It will act as the government representative in the Management Committee for each PSC. This role is to protect the State's interests during the PSC execution  
(the CNHC will not hold equity participation in the 2<sup>nd</sup> round of licensing but equity participation can be reconsidered in subsequent licensing rounds)
- Structure
  - The CNHC will be a public company with the State as the only equity holder. It will be managed by a board of directors recognized for their professional and technical capacity

# Hydrocarbon Resource Management (HRM)

The HRM will be a technical directorate, part of the Ministry of Commerce, Industry and Tourism, with the following roles:

- To ensure compliance (HSE, Technical Integrity) with laws and regulations of the offshore oil/gas sector. All Oil and Gas companies active in the Exclusive Economic Zone (EEZ) of Cyprus must follow specific reporting procedures to the HRM.
- To provide technical and commercial advice for approval of plans (drilling, seismic, development plans etc) proposed by the offshore operators, evaluation of tenders and contract negotiations
- To coordinate the State's obligations of the PSCs including, license renewals, relinquishments etc. The HRS will have the authority to monitor and audit all aspects of PSC performance.

- To provide strategic planning for the development of the upstream sector e.g. depletion policy, timing and scope of new licensing rounds etc
- To maintain records of reserves and to archive all relevant subsurface data.
- To act as Coordinator for the development and implementation of the national Emergency Response Plan
- To recommend proposals for new legislation or amendments to existing legislation related to the offshore oil/gas sector (including changes to tax/royalty, pipeline legislation etc).

# Hydrocarbon Management Fund

- to facilitate the long-term management of the government's petroleum revenues
- It is not a simple exercise to divide the revenues in percentages for the annual budget, infrastructure and future generations
  - Simply the economy will experience the up side down of the revenue percentages from oil/gas price fluctuations
- the Government Pension Fund of Norway is a good practice to follow
  - The amount of revenue needed to make a balanced annual budget but
  - for a certain period of years the total amount spent on the budget must not exceed the return on investment (estimated near 4% annually).
  - In that way the capital in the fund is saved for the benefit of future generations.
- the Ministry of Finance must commit a thorough study which will be made available for public hearing before it turns into a law

# Master in Petroleum Engineering (Sept. 2013)

## University of Cyprus

- Petroleum Geology and Applied Geophysics
- Drilling and Completion Engineering
- Reservoir Characterization, Management and Production
- Production, transportation and storage facilities

Term	Period		Course	ECTS
Prep. Period	August		Prerequisite Subjects	
1	Sep-Oct	PET 501	Introduction to Petroleum Engineering	8
		PET 511	Petroleum Geology	8
2	Nov-Dec	PET 521	Drilling Operations	8
		Elective	PET 512    Applied geophysics: seismic interpretation	8
			PET 502    Hydrocarbon law & economics	
		PET 561	Fall Semester Seminars in Petroleum Engineering	1
3	Jan-Feb	PET 513	Formation Evaluation	8
		PET 522	Well and subsea completions and production facilities	8
4	Mar-Apr	PET 531	Reservoir Engineering	8
		Elective	PET 541    Petroleum Geomechanics	8
			PET 503    Health, Safety, Environmental assessment and control in petroleum operations	
		PET 562	Spring Semester Seminars in Petroleum Engineering	1
5-6	May-Aug	PET 532	Natural Gas Production Engineering	8
		PET 551	Project in hydrocarbon exploration and production	16