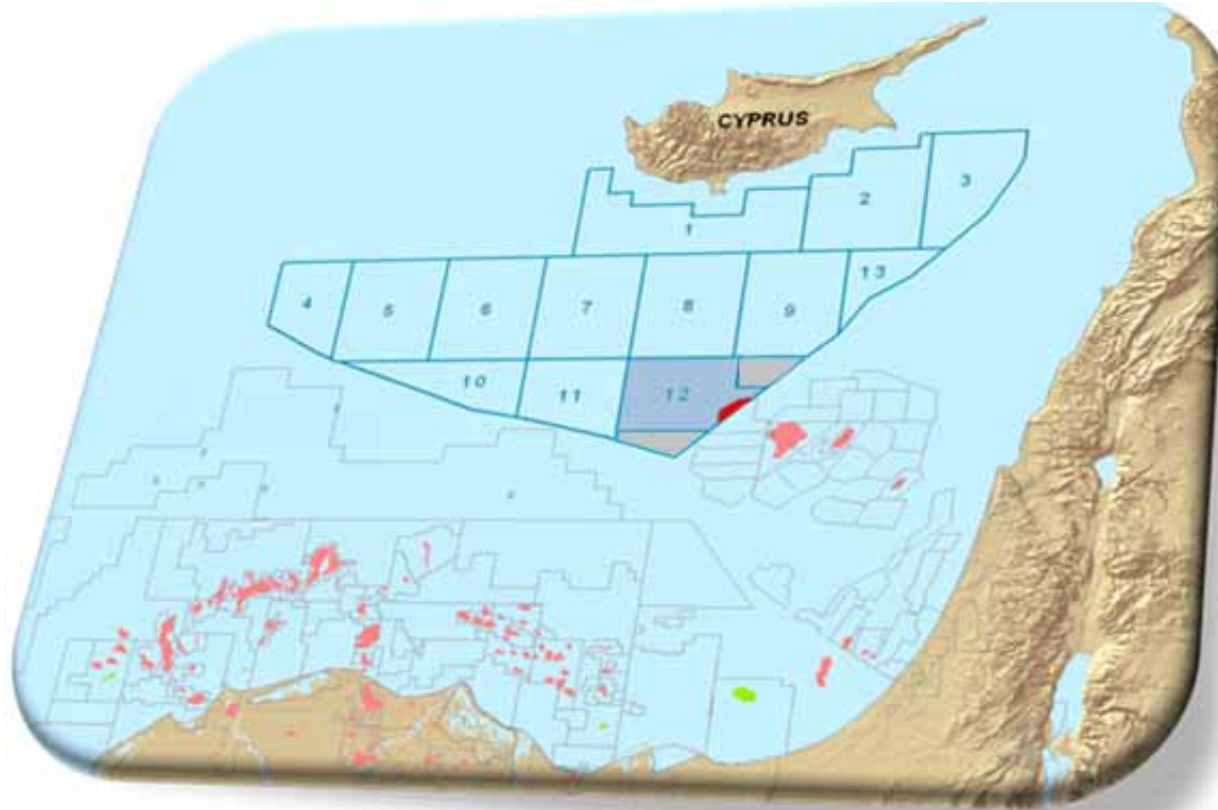


# Exploration Program Offshore Cyprus: Current Situation & Future Developments



Solon Kassinis  
Director - Energy Service

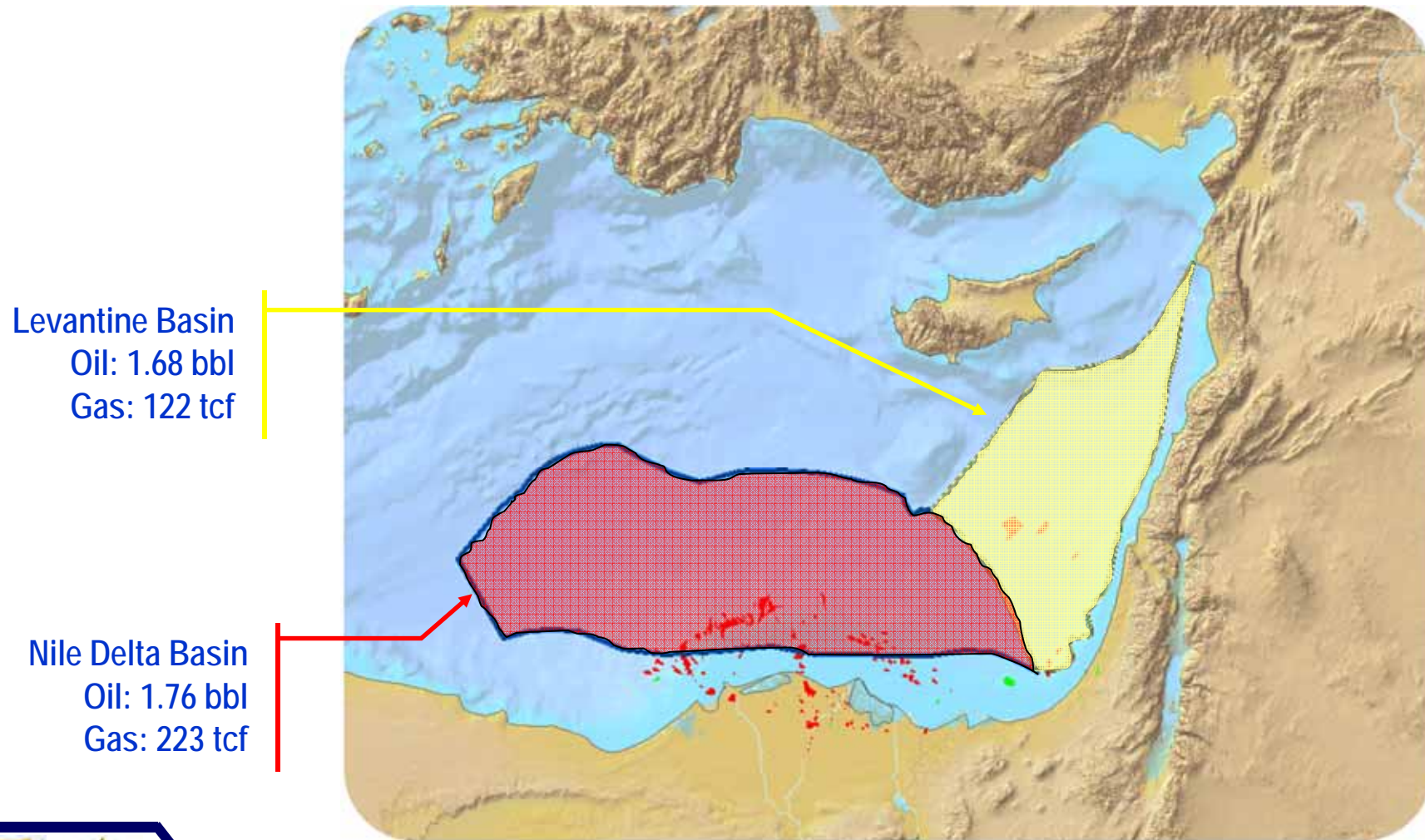
Ministry of Commerce, Industry & Tourism  
Republic of Cyprus

*"Hydrocarbon Exploration and Production in the  
East Mediterranean and the Adriatic Sea"*  
Athens, 27 April 2012

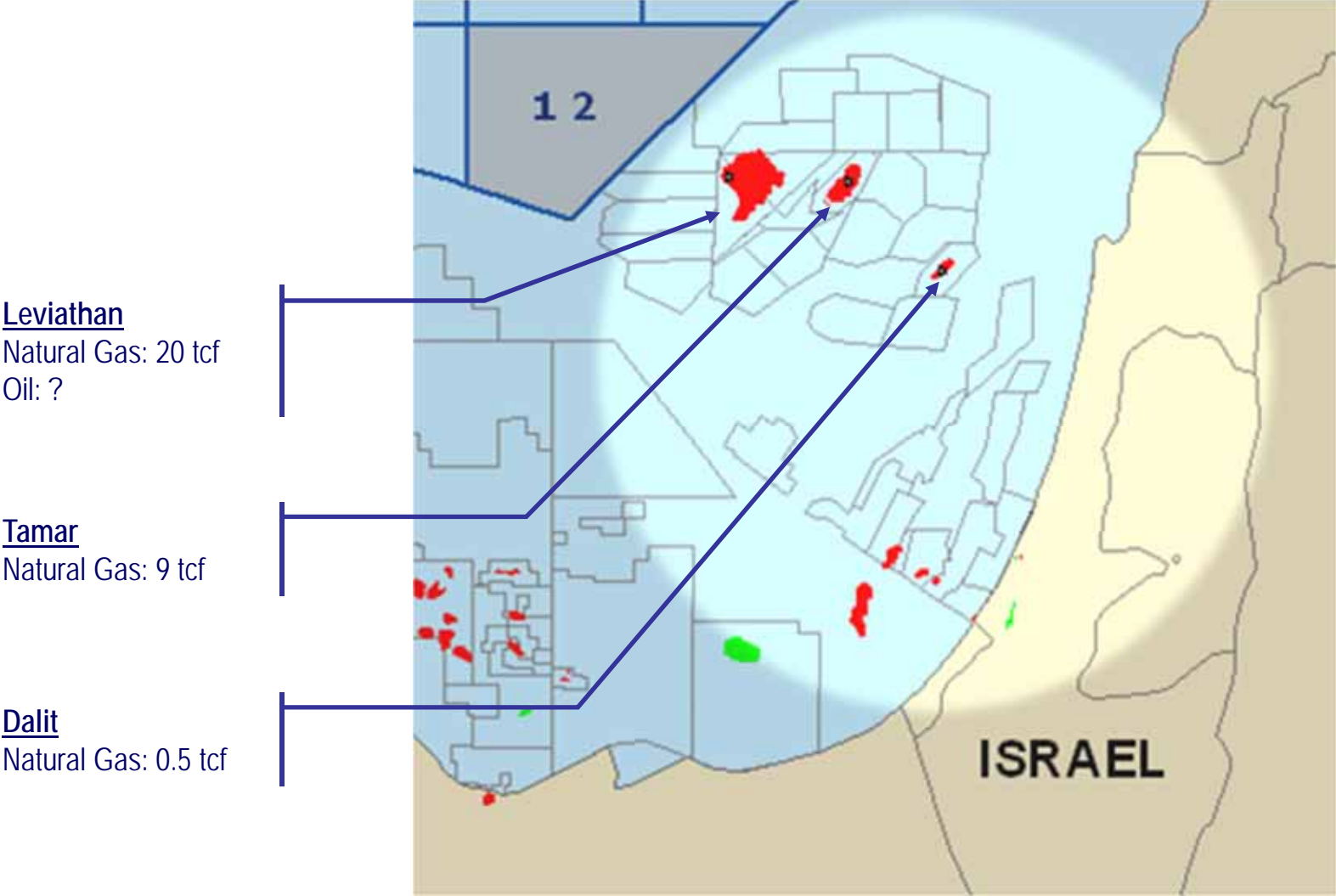


# Regional Hydrocarbon System: Potential

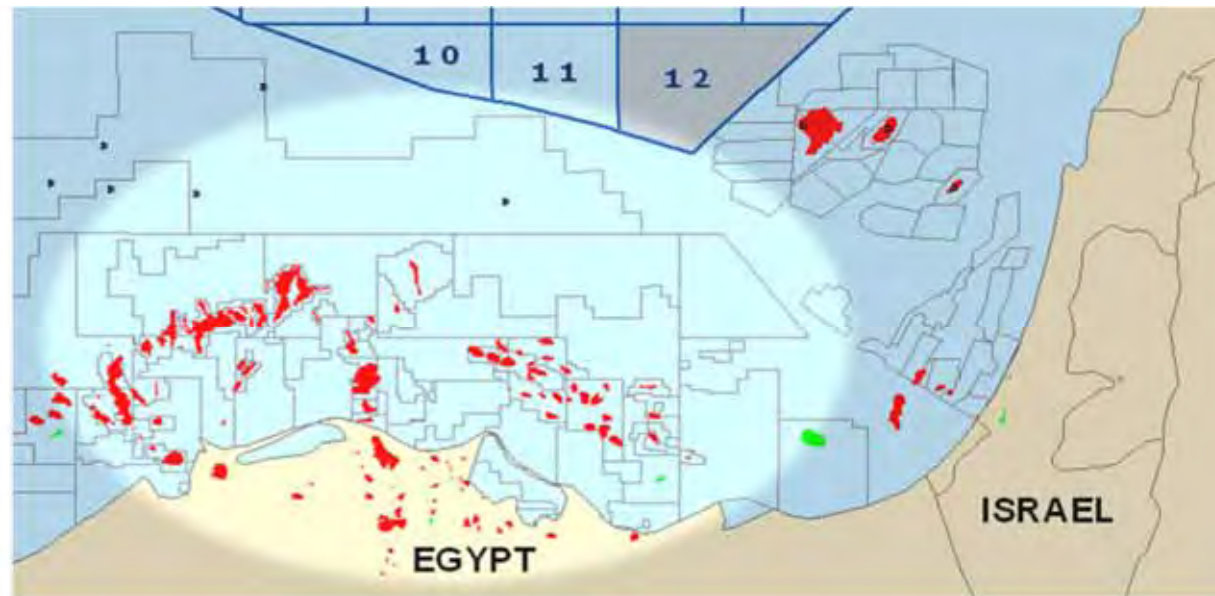
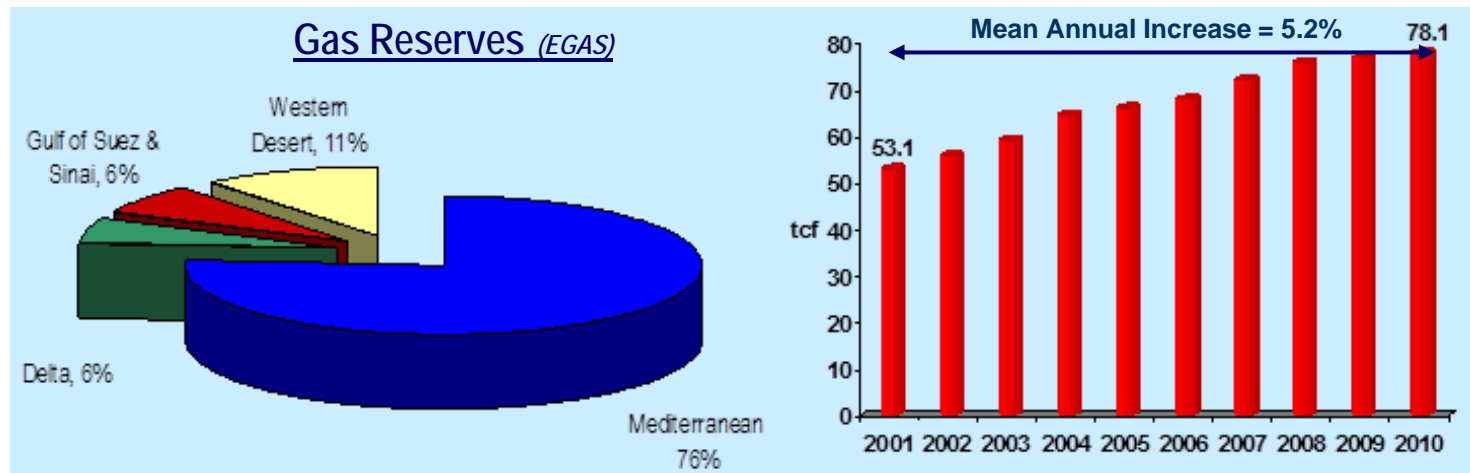
Undiscovered Oil & Gas Resources in the Eastern Mediterranean Assessment by USGS



# East Med Hydrocarbon System: Israel

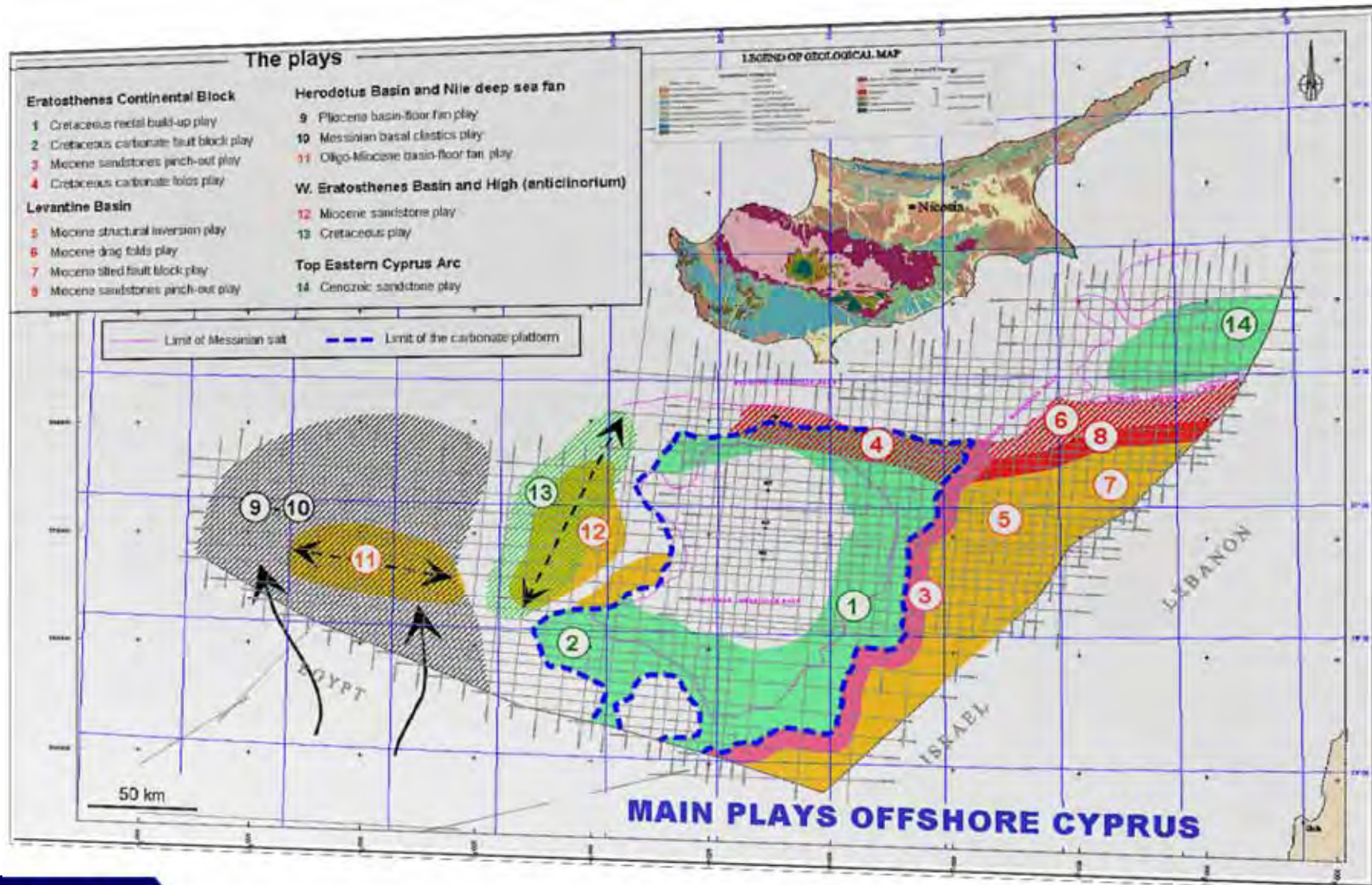


# East Med Hydrocarbon System: Egypt



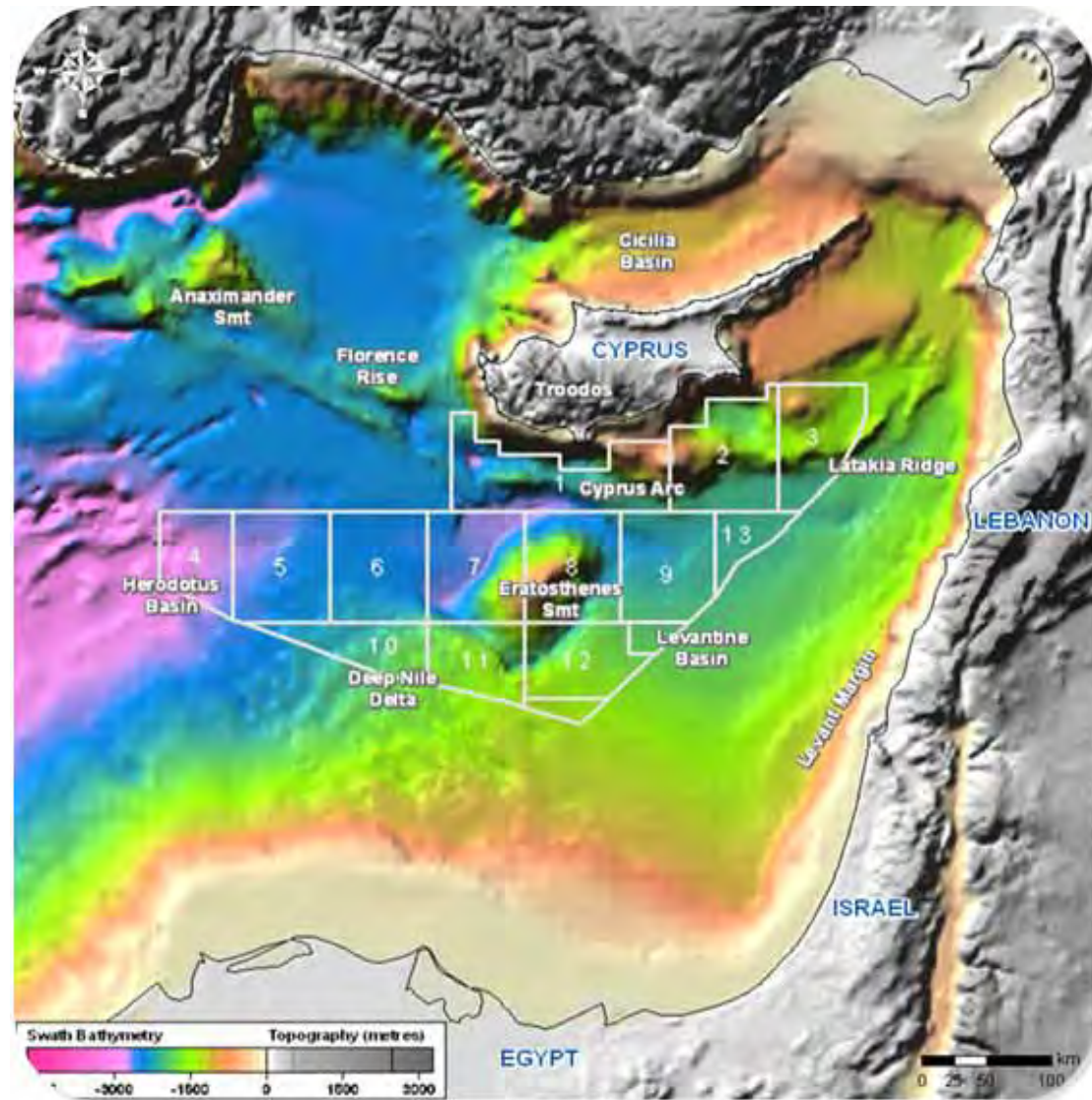


# Offshore Cyprus: 14 Recognized Hydrocarbon Plays



# 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)



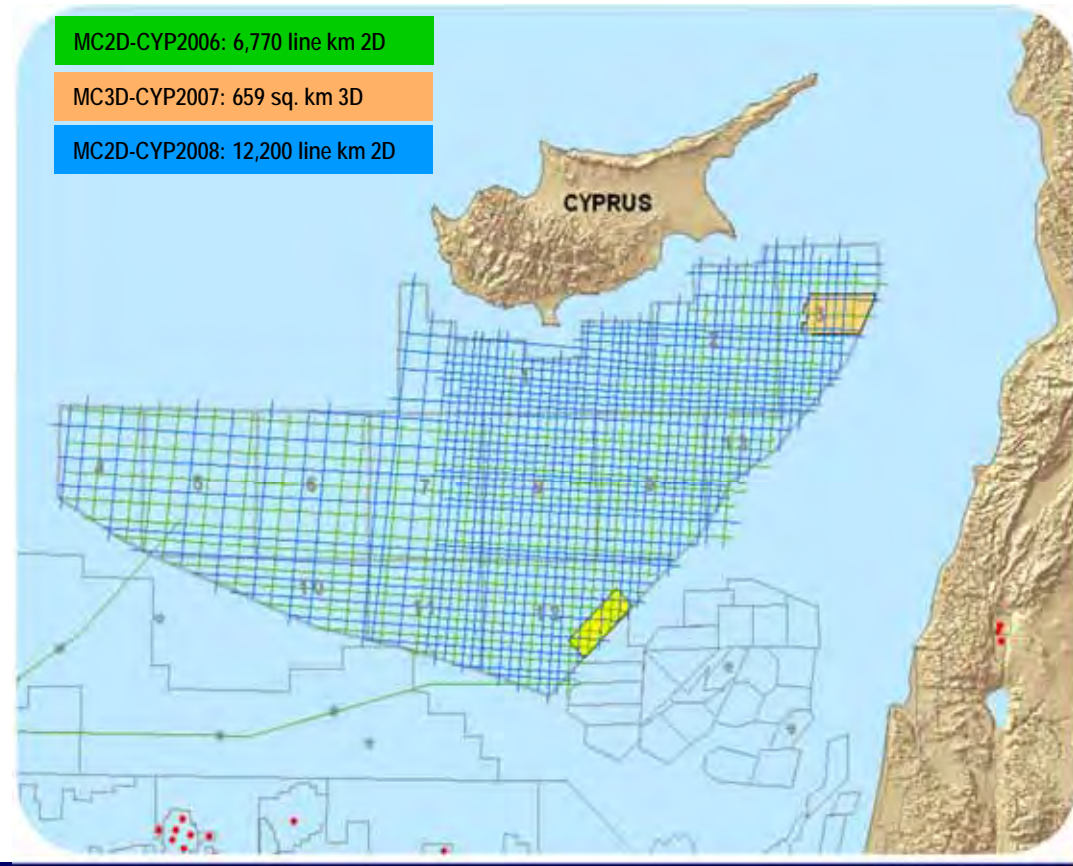


# Offshore Cyprus: A New Frontier & Emerging Area

## Regulatory Framework

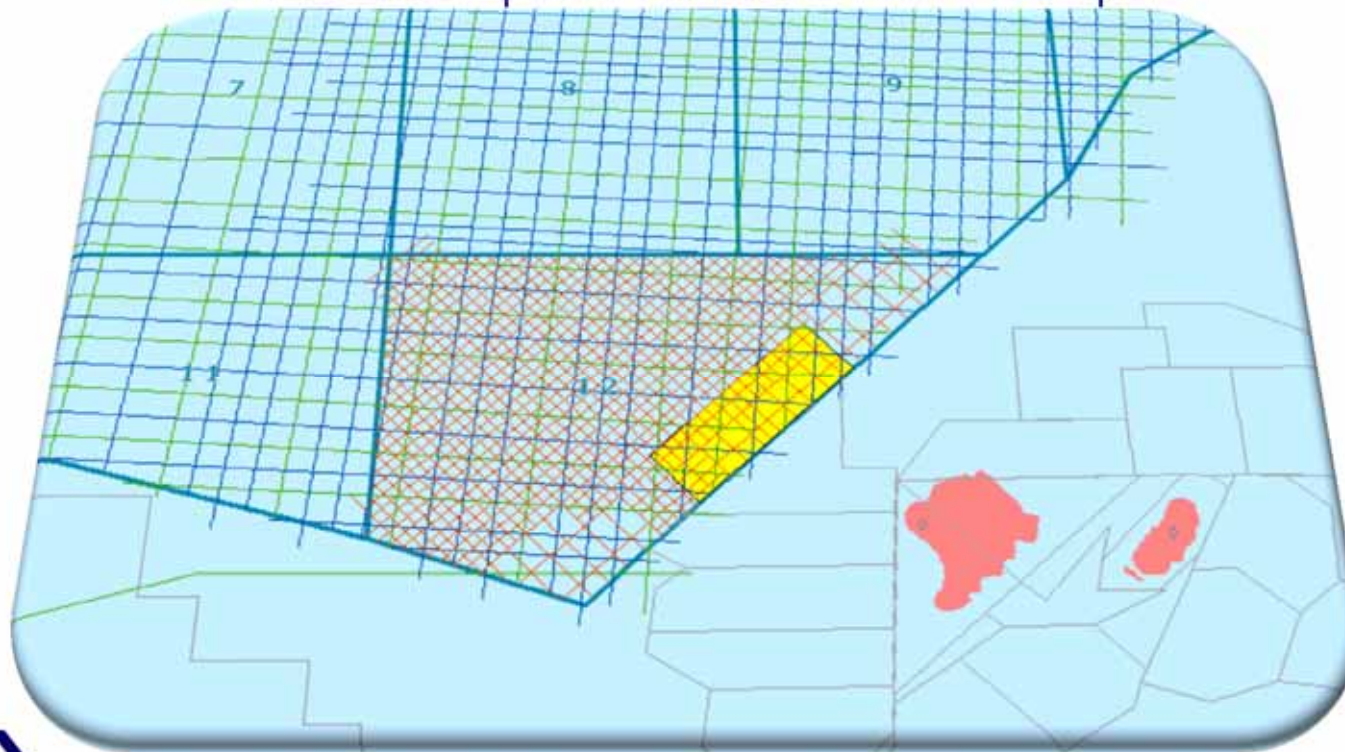
- ▶ Hydrocarbon Exploration License: Granted for 3 yrs; ability for two renewals of 2 yrs each
- ▶ Hydrocarbon Exploitation License: Granted for 25 yrs; ability for one renewal of up to 10 yrs
- ▶ Production Sharing Contract
- ▶ Zero Taxation

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



# 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

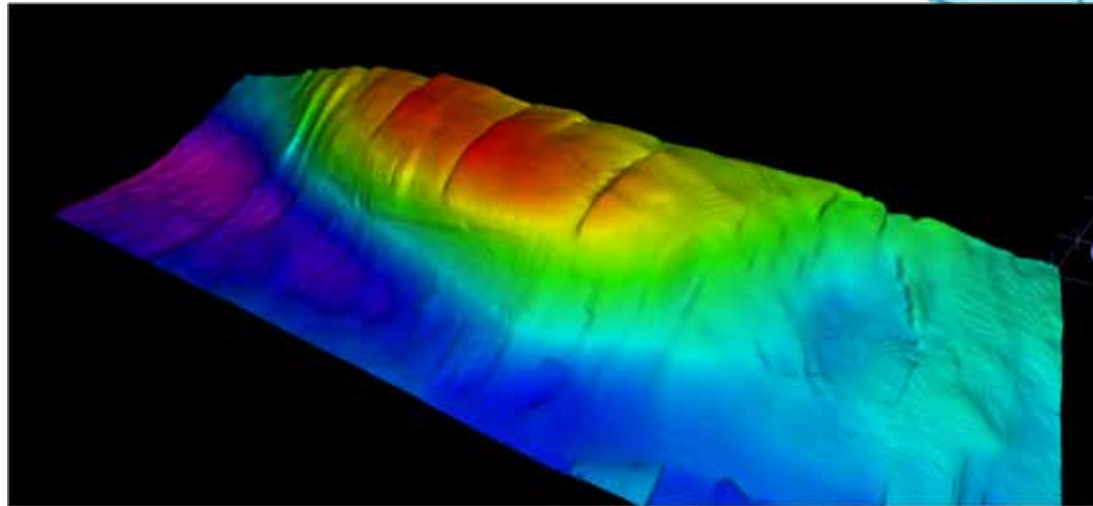
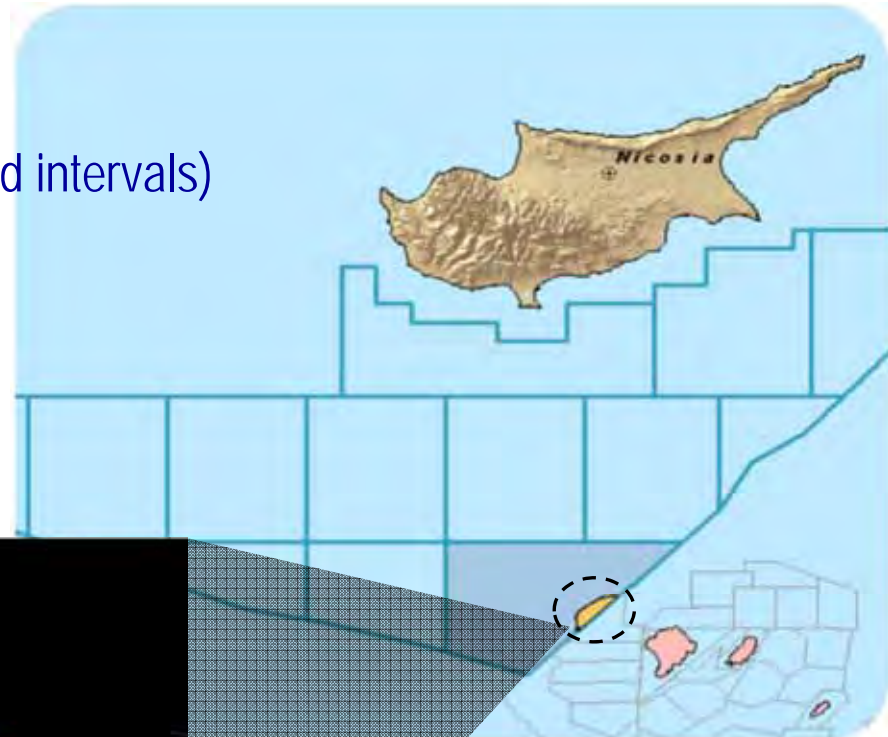




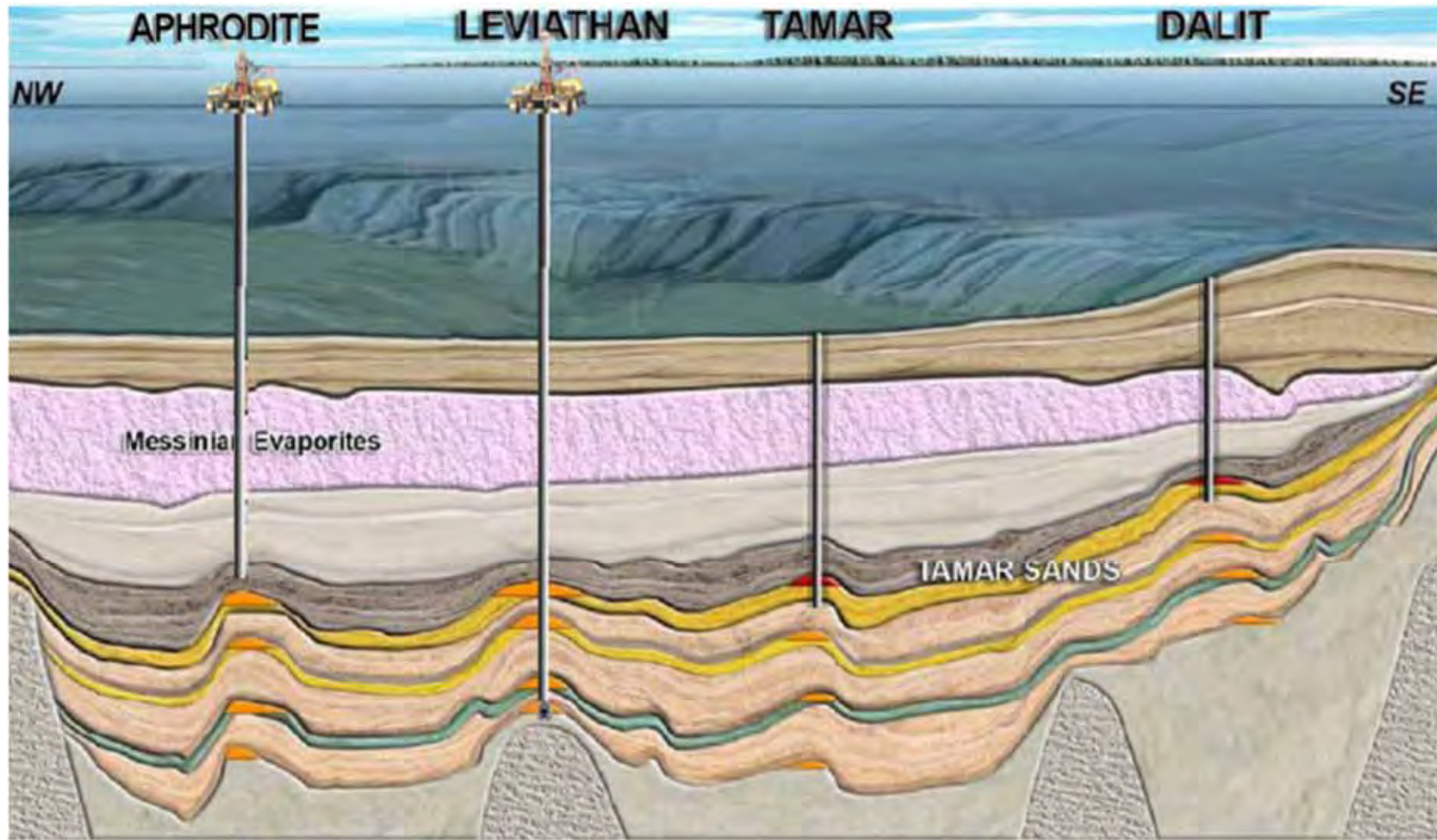
# Exploratory Well in Block 12

## Natural Gas Discovery 28 Dec. 2011

- ▶ 7tcf gross mean estimated resources
- ▶ 310 feet net natural gas pay (Miocene sand intervals)
- ▶ 40 sq. miles are covered by the field
- ▶ 5,860m total depth
- ▶ 1,688m water depth

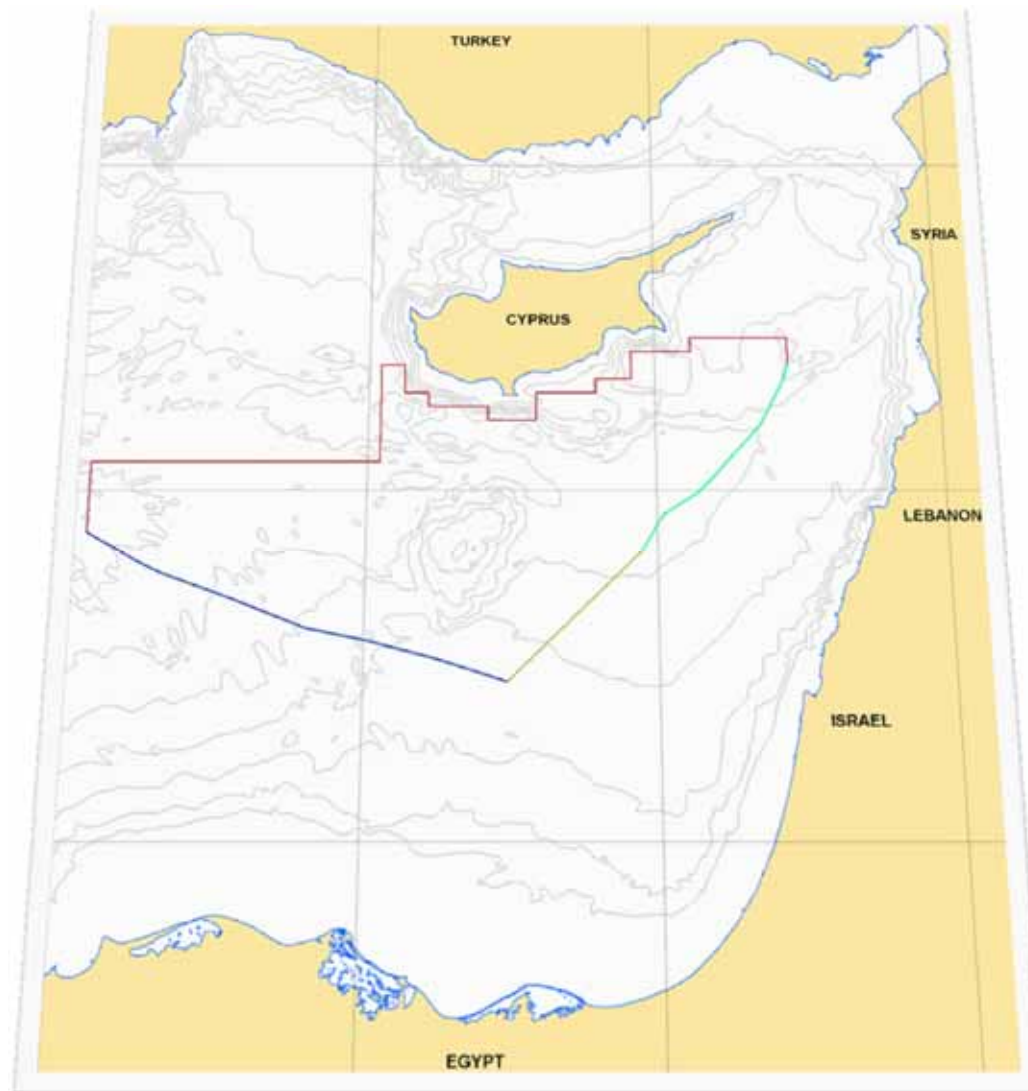


# Exploratory Well in Block 12



# 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)

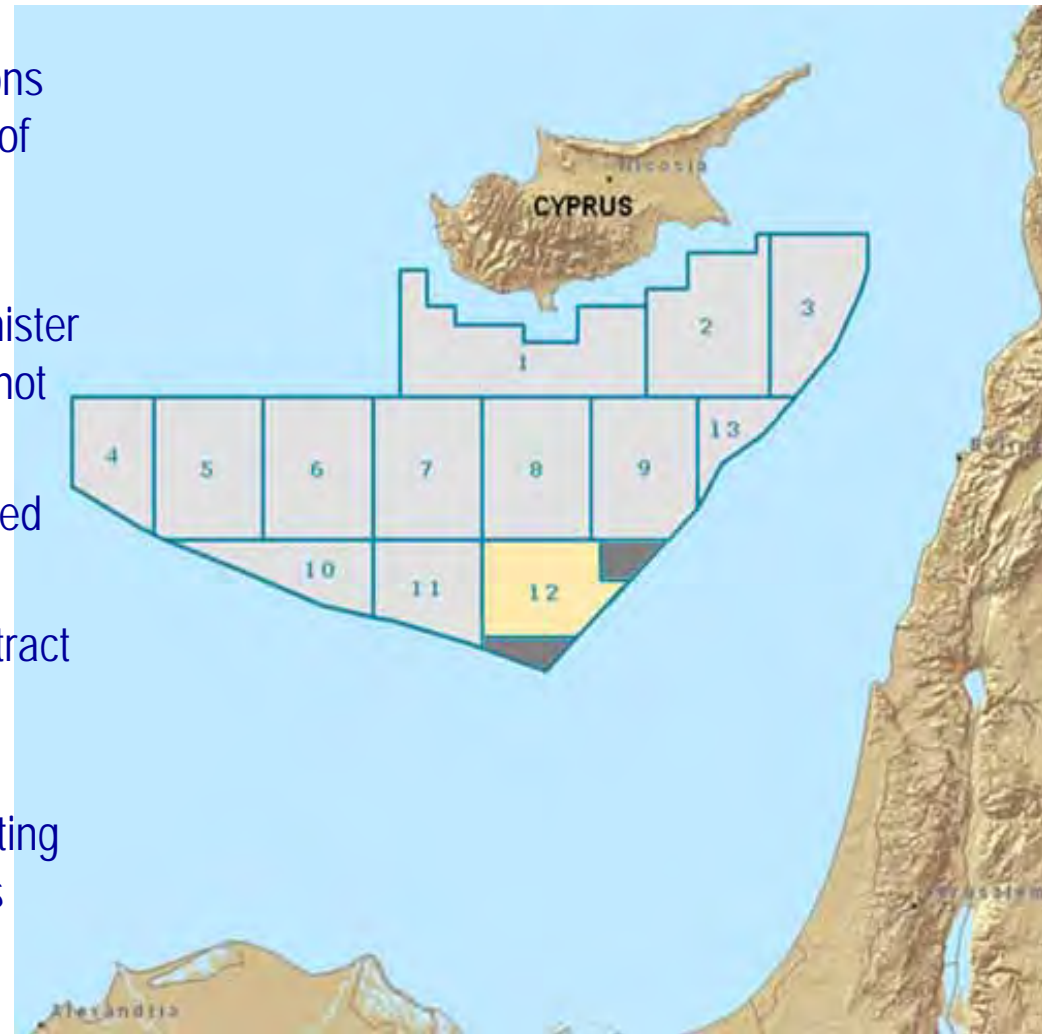




# 2<sup>nd</sup> Licensing Round

## General Procedure & Guidelines

- ▶ Invitation for submission of applications was published in the Official Journal of the European Union on the 11th of February 2012
- ▶ Applications are submitted to the Minister of Commerce, Industry and Tourism not later than the 11th of May 2012
- ▶ Evaluation of the applications is carried out by a Committee
- ▶ The terms and conditions of the Contract shall be negotiated with the selected applicant
- ▶ The competent authority for the granting of licences is the Council of Ministers
- ▶ One application per Block



# Submission of Applications

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## Criteria for Evaluation

- ▶ The Technical and Financial ability of the applicant
- ▶ The ways in which the applicant intends to carry out the activities that are specified in the licence
- ▶ The financial consideration that the applicant is offering in order to obtain the licence
- ▶ Any lack of efficiency and responsibility that the applicant has shown under any previous licence or authorisation of any form in any country of the world
- ▶ National security and public interest will also be taken into consideration



# Turkey's Claims

- ▶ Announcement of the Republic of Cyprus ("Upstream" Oil & Gas Newspaper)  
*«...any company which would attempt to engage in the aforementioned area, which is regarded by the Republic of Cyprus as being within its exclusive economic zone, would infringe sovereign rights of the Republic of Cyprus guaranteed by international law. The Republic of Cyprus reserves all its rights and will take any necessary action to protect its interests against any trespassers.»*

**TPAO**  
Türkiye Petrolleri A.O.

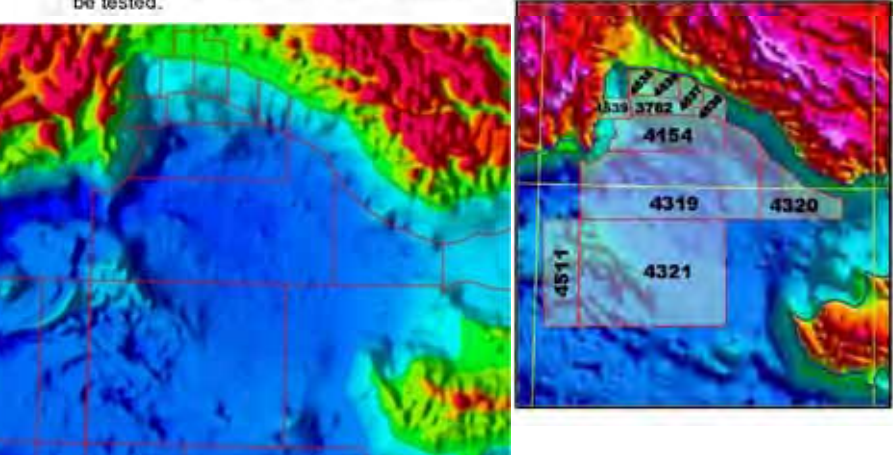
Eastern Mediterranean Opportunity

### Exploration Asset Summary

#### Antalya Basın

**Overview:**

TPAO is offering an opportunity to earn 50% interest on its eastern Mediterranean blocks, located within the gulf of Antalya and deep offshore. The area is unexplored with many indications of an active hydrocarbon system and presence of gas. Five large structural traps with an area, varying in the range of 20-100 km<sup>2</sup> may have up to 15 tcf recoverable reserves. Potential is not limited with these structures and more structural and stratigraphic traps can be tested.





# Cyprus: Energy Perspective

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## 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

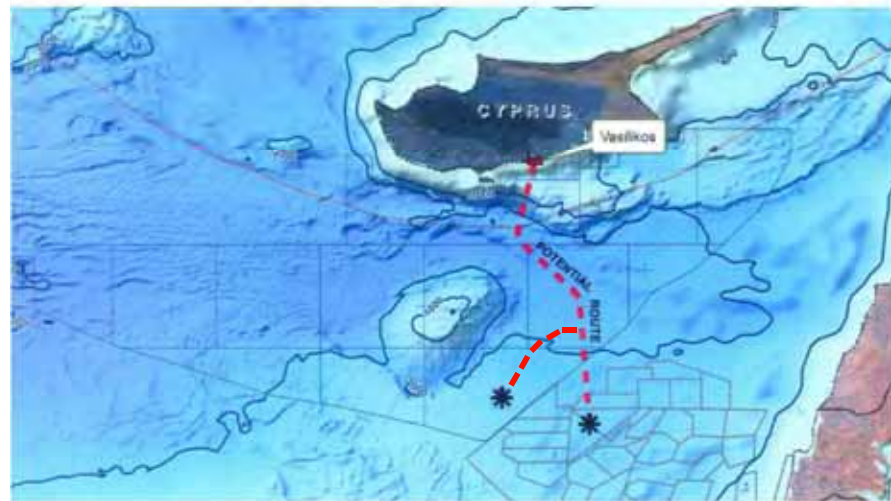
## The natural gas resources in the region could:

- ▶ 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



# 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!*

