

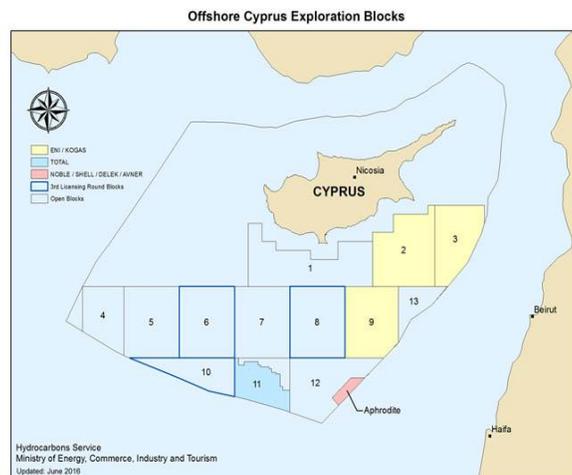
## **The Cyprus EEZ and the global hydrocarbons market**

The recent (5/4) signing of the Exploration and Production Sharing Contract between the Republic of Cyprus and the joint venture of ExxonMobil/ Qatar Petroleum for the rights over Block 10 of the Cyprus Exclusive Economic Zone (EEZ), signalled the entry of another two “major players” of the global hydrocarbons market in the Cyprus EEZ.

The US company, which belongs in the league of the supermajor oil companies, and Qatar’s State company, were added to the list of companies which have exploration rights in the CyprusEEZ, together with the French Total, the Italian ENI, the Korean KoGas, the American Noble Energy, the Israeli Delek and the Dutch Shell (which acquired its share following the acquisition of BG Gas).

The Republic of Cyprus has managed with remarkable success to attract the interest of important companies, overcoming two core problems: the given difficulty which States with unexplored offshore frontier areas face to attract investors who will be willing to risk millions of dollars with limited chances of success to carry out cost-intensive searches to locate hydrocarbons, and the existence of the Cyprus Problem.

Further, the deep recession which the global oil market has been experiencing for the past almost two years, has inevitably led to significant cuts in the budgets of the companies of the industry, adding another factor in the equation of challenges which the Republic of Cyprus and the competent Ministry of Energy had to face.





Nevertheless, despite the abovementioned challenges, the Republic of Cyprus by showing quick reflexes as soon as the giant Zhor field was discovered by ENI just 6 km south of the borderline of the Cyprus EEZ, declared in February 2016 its Third Licensing Round in relation to exploration rights in Blocks 6, 8 and 10.

The competent authorities have marketed the data which demonstrate the geological similarities in the structure of Blocks 8 and 10 with the block where the Zhor field was discovered within the Egyptian EEZ, as well as the similarities between Block 6 and Block 12, where the only Cyprus commercial field to date, Aphroditi, has been discovered.

The interest which was shown during the Third Licensing Round confirmed the success of the Republic of Cyprus in marketing the above data, and the validity of the expectations for the discovery of new commercial fields.

The hopes for the discovery of a “new Zhor” field were confirmed a few days ago (14/3): ENI’s Chief of Exploration, Mr. Luca Bertelli, addressing a conference in Nicosia, confirmed that the Italian Company, which on 6/4 signed a PSC for Block 6 (as part of a joint venture with Total) and for Block 8 (where it has exclusive rights), believes that a “Zhor-like” discovery is possible within the Cyprus EEZ.

At this stage, no one can predict whether the said expectations will materialise or will remain mere wishful thinking. What can be said with certainty is that the Cyprus EEZ, as a result of the consistency shown by three consecutive governments, has earned its spot and has been established on the map of the global hydrocarbons market.