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Energy & Natural Resources - Croatia



Authors

First oil and gas onshore tender

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Application procedure and timeframe

On July 18 2014 the government launched the first onshore licensing round for exploration and hydrocarbon production licences. The bid round closing date is February 18 2015. The offshore licence round comprises approximately 15,000 square kilometres divided into six blocks located in the continental regions of Podravina and Slavonija.

First offshore tender in Adriatic Sea

Energy projects are one of the government's key measures for revitalising the economy and combating recession. After over a year of preparations, involving the passage of relevant legislation and the implementation of enacted measures, the first offshore and onshore licensing round for exploration and hydrocarbon production licences in the Adriatic Sea was announced on April 2 2014 (for further details please see "First offshore licensing round for Adriatic exploration and production opens").

The closing date for the offshore tender is November 3 2014.

Data room

Meanwhile, the government has simultaneously prepared tender documentation for the first onshore licencing round for northeastern Croatia. The data room was officially opened on June 2 2014 with the Croatian Hydrocarbon Agency. The data room entrance fee is €5,000. Seismic data (two-dimensional (2D) and three-dimensional (3D)) was acquired by INA dd (the former national oil and gas company, now only partly state owned) during the 1980s, 1990s and up to 2006. Approximately 7,400 kilometres of 2D legacy seismic data, 1,000 square kilometres of 3D legacy seismic data and 229 wells located mainly in Drava and East Slavonia are available in the data room.

Licences and agreements

Exploration and exploitation of petroleum in Croatia require licences and agreements. As in the offshore tender, the government will grant a licence to selected applicants for a period of up to 30 years, comprising both the exploration period (five years, extendable twice for six months) and the exploitation period. The licensee will have the right to direct grant of concession in case of commercial discovery, provided that all contractual commitments have been met. A draft of the production sharing agreement forms part of the tender documents.

Application procedure and timeframe

Tenderers must prove their financial and technical capacity and operating experience in particular. A minimum work programme, likely monetary spend and health and safety framework should also be submitted. A bid guarantee in the form of a first-class bank guarantee of €500,000 must be submitted in the tender.

All tender conditions are the same or very similar to those established for the first offshore licensing round.

A decision on the grant of licences is expected by March 18 2015. Between March 2015 and June 2015, the government and licensees should negotiate the draft production sharing agreement. The agreement is expected to be concluded by June 18 2015.

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