

# Licences for hydrocarbon exploration in Dinarides region available in third bidding round

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## Introduction

Four new exploration blocks in the Dinarides have been offered in the third licencing round for the exploration and production of hydrocarbons in Croatia. This recent licensing round of the Croatian Hydrocarbon Agency focuses on the central and southern regions. The deadline to submit bids is 10 September 2019 and the licences are tentatively scheduled to be announced in December 2019.

Successful bidders for these four blocks, which cover a total area of 12,134km<sup>2</sup>, will be granted licences for the exploration and production of hydrocarbons for up to 30 years. This period will commence on the day that a production sharing agreement between an investor and the government enters into force and consists of an exploration phase and a production phase. Licences for the production of hydrocarbons are granted automatically when a commercial discovery is made, provided that all contractual obligations have been duly met.

## Dinarides region

The Dinarides are a mountain range which is a part of the Alpine orogenic zone stretching northwest-southeast from the Southern Alps to the Hellenides. They are bordered by the productive Pannonian Basin to the north and the Adriatic Basins to the south. The area is considered to be underexplored and the government expects that the Dinarides' exploration will help reverse the declining trend in domestic gas and oil production.

Exploration of the area commenced in the 1950s, encouraged by the appearance of petroleum outcrops and bituminous rocks. Nine wells were set up between 1959 and 1989 at final depths ranging from 250m to 5,600m. The area shows potential, as there have been gas and oil appearances (gas was discovered on the island of Brac in the Brac-1 well in 1979 and oil was recorded in 1966 in the Ravni kotari-2 well). There is approximately 545.98km of 2D seismic data recorded; however, the data is sparse, old and of poor quality, so new exploration activities are expected to generate some progress. To date, all exploration has been performed by the national oil and gas company INA.

## New exploration blocks

The four explorations blocks offered in this bidding round are:

- Dinarides-13 (DI-13), which has an area of 3,556km<sup>2</sup> and is located on the territory of the Karlovac, Lika-Senj and Primorje-Gorski Kotar counties;
- Dinarides-14 (DI-14), which has an area of 2,698km<sup>2</sup> and is located on the territory of the Karlovac, Lika-Senj and Zadar counties;
- Dinarides-15 (DI-15), which has an area of 2,864km<sup>2</sup> and is located on the territory of the Lika-Senj, Sibenik-Knin and Zadar counties; and
- Dinarides-16 (DI-16), with an area of 3,016km<sup>2</sup>, located on the territory of the Split-Dalmatia and Sibenik-Knin counties.

The exploration blocks are removed from the coastline as well as the border with Bosnia and Herzegovina. National and nature parks are also excluded from the blocks.

Environment and Energy Minister Tomislav Čorić has stated that the new tenders are part of the government's strategy to strengthen Croatia's energy independency. According to Čorić, the latest

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bidding rounds are a continuation of activities started in 2016 which aimed to find new exploration areas that could provide knowledge about new hydrocarbon reserves. He pointed out that exploration activities are to be carried out in accordance with the highest ecological standards and in cooperation with the local communities.

### **Pannonian Basin**

The second bidding round for exploration blocks in the Pannonian Basin, which started in November 2018 remains ongoing. The deadline is 28 June 2019 and the licences are expected to be awarded in October 2019 (for further details please see "[Seven exploration blocks await investors for onshore exploration and production of hydrocarbons](#)").

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