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Energy & Natural Resources - Croatia



Licences granted for first Adriatic offshore exploration and exploitation tender

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Introduction

The government has granted 10 licences for the exploitation and exploration of hydrocarbons in the Adriatic Sea.

The first offshore licencing round for the exploration and production of hydrocarbons in the Adriatic Sea, which covered 29 blocks, took place from April to November 2014 (for further details please see "First offshore licencing round for Adriatic exploration and production opens"). During the tender six international oil and gas companies submitted bids for 15 blocks.

The licences were awarded to Marathon Oil, OMV, ENI, Medoiligas and INA. A consortium of Marathon Oil and OMV was granted licences for seven blocks, while a consortium of ENI and MEDOILGAS was granted a licence for one block and INA was granted a licence for two blocks.

The government and licensees are now negotiating production sharing agreements, which are due to be signed by April 2015.

Strategic environmental impact study

Meanwhile, the Ministry of Economy has opened a public debate on the strategic environmental impact of the exploration and production of hydrocarbons in the Adriatic. The study analyses the impact of oil and gas exploration and production on Croatia's key economic sectors: tourism and fisheries. Tourism is one of Croatia's leading economic sectors, providing approximately 20% of the country's gross domestic product.

The study has generated great interest among both environmentalists and the public in general. There are many concerns about the possible negative impact of exploration and exploitation on tourism (eg, the visibility of oil platforms from shore), as well as other risks such as oil spills. As a result, more than 2,600 objections and suggestions have been submitted during the public debate. The Hydrocarbons Agency must review and reply to all objections and the study should be completed before the production sharing agreements are signed – a challenging task, considering the short timeframe.

First onshore tender for exploration and exploitation closed

Shortly after the offshore tender, the government announced an onshore licencing round for six blocks for the exploration and exploitation of hydrocarbons in continental regions of Podravina and Slavonija (for further details please see "First oil and gas onshore tender"). The tenders represent major energy projects which contribute to the government's aim of developing Croatia as regional energy hub.

The onshore bidding round closed on February 18 2015. The Ministry of the Economy reported that seven bidders submitted 19 different work programmes. The bidders were not named, but the minister of the economy confirmed that bids came from major international companies.

The bidders should be selected and licences awarded by April 18 2015, and the production sharing agreements should be signed by July 18 2015.

It remains to see which oil and gas companies are interested in exploiting Croatia's hydrocarbon onshore potential and whether these energy projects will promote economic growth.

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