

Seven exploration blocks await investors for onshore exploration and production of hydrocarbons

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The second of three planned onshore licencing rounds for the exploration and production of hydrocarbons in Croatia is currently underway. Seven exploration blocks in southwest and central Croatia and central Slavonia have been offered in this bidding round, which is open between 2 November 2018 and 28 June 2019.

Potential investors are bidding for licences for the exploration and exploitation of hydrocarbons in the highly prolific Pannonian Basin. The total acreage available is 14,272 square kilometres (km²), with blocks ranging between 1,361km² and 2,634km². The deadline to submit bids is 28 June 2019. Licences are expected to be granted by the end of October 2019, with contracts concluded by 30 April 2020.

After the tender procedure is completed and the most successful bidder is selected, the Croatian government will issue a decision on awarding an onshore exploration and exploitation licence for each of the seven blocks. The licences are granted for a 30-year period: five years for exploration and 25 years for exploitation in the case of commercial discovery.

Overview

The Pannonian Basin is historically known for producing oil and gas fields. Areas of the basin, including the territory covered by the exploration blocks, remain underexploited in terms of new pools or missed investment opportunities. The Croatian Hydrocarbons Agency (CHA) reported that the preliminary analysis of the seismic and other available data confirms that the available acreage contains significant remaining potential, mentioning 37 unevaluated oil and gas areas in their onshore Croatia presentation.

First bidding round

The first onshore bidding round (18 July 2014 through 18 February 2015) offered six exploration blocks in the same area (for further details please see "[First oil and gas onshore tender](#)"). Five licences for the exploration and production of hydrocarbons were awarded in the first round, resulting in four production sharing agreements signed with Canadian company Vermilion and one production sharing agreement signed with Croatian INA. The Nigerian company Oando Plc was also awarded a licence for one exploration block but, as no contract was signed with the government, this block is now included in the second licencing round (for further details please see "[Croatian strategic energy projects ride out the political storm](#)").

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Optimising production

Following the government's announcement of the second tender procedure, Minister of Environment and Energy Tomislav Ćorić stated as follows:

The onshore bidding round for granting licences for exploration and production of hydrocarbons is a continuation of the activities started in 2016 with the goal of finding new onshore hydrocarbon exploration fields in Croatia.

Croatia's efforts to ensure optimum production of its mineral resources and promote investments in new hydrocarbon exploration and production started to intensify back in the early 2010s. The government's first step was to adopt a new regulatory framework to transpose EU directives and international best practices. The Hydrocarbons Exploration and Exploitation Act became effective in July 2013, completing the required legal framework, together with the Mining Act (passed in April 2013) and the Concession Act (passed in December 2012) (for further details please see "[New hydrocarbon exploration and exploitation regime](#)"). This framework laid the groundwork for the first 2014-15 tender, while the new Hydrocarbon Exploration and Exploitation Act (June 2018) sought to further streamline bureaucracy and remove obstacles to investment.

The five production sharing agreements signed in 2016 marked the beginning of new investments in hydrocarbon exploration and exploitation after many years of continual decreases in production, despite the historical importance of the Pannonian region and its potential. The CHA claims that the second onshore bidding round will draw interest from international companies already familiar with the area's potential.

New tender in preparation

After announcing the bidding round for exploration and production licences in the Pannonian region, the CHA began preparing for a bidding procedure for Croatia's Dinarides thrust belt. The Dinaridi region is divided into four exploration blocks, with a total acreage of 12,134km². The blocks are away from the coastline and do not encompass any nature parks.

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