

A vote of confidence in Cyprus' EEZ'



The detection of carbonate layers in the southern part of Cyprus' Exclusive Economic Zone (EEZ), which could hold pockets of natural gas, was a chief reason behind the government's decision to launch a third oil and gas licensing round, Energy Minister Giorgos Lakkotrypis said on Thursday.

According to a notice published on Thursday in the EU's official journal, Cyprus is now inviting bids for exploration of hydrocarbons in offshore blocks 6, 8 and 10.

Applications may be submitted within 120 days of the date of publication of the notice, and the decision on the applications will be made by the cabinet "within six months from the date of submission."

The acreage included in the new licensing round is largely unexplored, Lakkotrypis told reporters at the presidential palace.

The areas are believed to contain carbonate layers in the bedrock, as in the case of Egypt's Zohr discovery.

"The creation and development of these carbonate structures are directly related to the existence of the Eratosthenes seamount within the Cyprus Exclusive Economic Zone," he noted.

And the interest expressed in recent months by energy companies, following the detection of these carbonate layers, was the other reason prompting the government to initiate a new exploration round.

Responding to questions, Lakkotrypīs confirmed that foreign companies had conveyed interest in exploring other blocks beyond the three selected.

But after consideration the government decided to put up for auction only blocks 6, 8 and 10.

Should the licences be granted after negotiations, then Cyprus would have a total of seven offshore blocks under license.

Currently, blocks 2, 3, 9 and 12 are licensed.

Total had held the concession on Block 10, but relinquished it last year after failing to identify targets. The block is located on the southern edge of Cyprus' EEZ and is in close proximity to Egypt's EEZ and the massive Zohr prospect.

Lakkotrypīs noted also that the exploration concession on Block 12, licensed to Texas-based Noble Energy, expires at the end of this May. As such, the license over that acreage – except for the 'Aphrodite' reservoir – will return to the Republic.

The minister confirmed moreover that during his recent visit to Russia, energy companies there expressed an interest in Cyprus' EEZ.

"We have had some contacts in the interim. Of course, whether or not the interest is tangible, this will become apparent once the deadline arrives for the submission of bids."

Asked whether energy companies would definitely be operating their onshore logistics bases from the port of Limassol, Lakkotrypīs demurred on the question, saying only that this is the government's intention.

For his part, government spokesman Nicos Christodoulides called the launch of a new exploration round “a highly important development, a vote of confidence in the EEZ of the Republic.”

Cyprus’ natural wealth belongs to the people of Cyprus, and following a settlement of the island’s political problem, the totality of the population would benefit from this wealth, he added.

Asked whether the government expects Turkey to react to Cyprus’ new exploration round, particularly in light of ongoing reunification talks here, Christodoulides said only that the Republic “shall not suspend exercising its sovereign rights due to the talks.”

“The Republic’s energy plans are proceeding as normal,” he added.