



MINISTRY OF COMMERCE, INDUSTRY AND TOURISM

**1ST LICENSING ROUND
OFFSHORE CYPRUS**

**Submission of Applications
Guidance Note**

(This Guidance Note is provided for assisting the applicants. In case of any discrepancy between this Guidance Note and the notices published in the Official Gazette of the Republic and the Official Journal of the European Union, the provisions of the notices prevail)

February 2007

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1. The Hydrocarbons (Prospecting, Exploration and Exploitation) Law, N°. 4(I) of 2007 (unofficial English translation)
2. The Hydrocarbons (Prospecting, Exploration and Exploitation) Regulations of 2007 (unofficial English translation)
3. Model Production Sharing Contract

1. Introduction and background

The Republic of Cyprus, represented by the Ministry of Commerce, Industry and Tourism, has decided to conduct the 1st Licensing Round Offshore Cyprus.

The objective of this Licensing Round is the award of hydrocarbon exploration licences and subsequent exploitation licences (upon a commercial hydrocarbon discovery), on the basis of competitive applications under the terms and conditions provided herein, to companies or consortia of companies to carry out exploration on Blocks described in Annex 1.

This Licensing Round and the hydrocarbon exploration and exploitation activities in the Republic of Cyprus are governed by the following applicable legislation:

- The Hydrocarbons (Prospecting, Exploration and Exploitation) Law, N°. 4(I) of 2007.
- The Hydrocarbons (Prospecting, Exploration and Exploitation) Regulations of 2007.

An Exploration Licence is granted for an initial period not exceeding three years and may be renewed for up to two terms, each term not exceeding two years, provided that the licensee has fulfilled all his obligations with respect to the current exploration term. Upon each renewal of the term of the exploration period, the licensee relinquishes at least 25% of the initial surface of the licensed area

An Exploitation Licence is granted for a period not exceeding twenty-five years and may be renewed for a maximum of ten years. An Exploitation Licence, with respect to a commercial discovery during exploration, shall be granted after the approval of a Development and Production Plan.

The competent authority for the granting of licences is the Council of Ministers.

An Application shall be specific to a designated Block. Applicants wishing to apply for more than one Block shall submit a separate Application for each Block. In such a case, they may mention the priority order they assign to each Block, if any.

A Selected Applicant for a Block shall enter into a Production Sharing Contract with the Republic of Cyprus pursuant to the Model issued. The Contract addresses the exploration period as well as the exploitation period in the event of a commercial hydrocarbon discovery.

To upgrade the database within the area, the Ministry with the assistance of PGS Geophysical AS, undertook in 2006 a multi-client 2D seismic survey amounting to approximately 6,770 line-km of new data. These data are available commercially and are required to be purchased by the Applicants to assess the petroleum potential of offshore Cyprus.

The Ministry has also decided to conduct an evaluation of the exploration areas with the assistance of Beicip-Franlab, including the integration of the new seismic data. The resulting report is included in the data package to be purchased by the Applicants "New Opportunities for Exploration Offshore Cyprus: Geological Interpretation of a Regional 2D Seismic Survey (PGS, MC2D-CYP2006)".

An outline of the available data package is included in Annex 2.

2. Definitions

2.1. The following terms shall have the meaning assigned to them below:

“Applicant” means a business organization as provided in clause 3.1.1, who submits an Application in accordance with this Submission of Applications Guidance Note.

“Applicant’s Representative” means a person appointed by an Applicant under a power of attorney to act on behalf of the Applicant to carry out some specific activities, as provided by the power of attorney.

“Application” means the set of information and documents submitted by the Applicant to the Minister in the form and manner prescribed by this Submission of Applications Guidance Note and within the Application Deadline.

“Application Deadline” means the 16th of August 2007, between 08:00 and 14:30 local time, the day and time by which Applications must be submitted to the Minister.

“Application Validity Period” means the period during which an Application must remain valid, pursuant to clause 5.3.

“Block” means an area open to exploration and exploitation operations as described in Annex 1.

“Consortium” means an Applicant that is a joint venture among two or more entities, as provided in clause 3.1.

“Consortium Member” means an entity that is a member in a Consortium.

“Consultation Committee” means the Committee established under Article 6 of the Law, involved in the examination and evaluation of Applications.

“Contract” means the Production Sharing Contract to be executed by a Selected Applicant.

“GoC” means the Government of the Republic of Cyprus.

“Law” means the Hydrocarbons (Prospecting, Exploration and Exploitation) Law, N^o. 4(I) of 2007.

“Licensing Round” means the process being undertaken pursuant to this Submission of Applications Guidance Note to select an Applicant for each Block.

“Minister” means the Minister of Commerce, Industry and Tourism.

“Ministry” means the Ministry of Commerce, Industry and Tourism.

“Operator” means a Consortium Member, nominated pursuant to clause 3.1.2, as the leader of the Consortium.

“Performance Guarantee” means the guarantee required to be provided by the Selected Applicant, pursuant to clause 7.5.

“Regulations” means the Hydrocarbons (Prospecting, Exploration and Exploitation) Regulations of 2007.

“Selected Applicant” means an Applicant selected to sign a Contract with respect to a Block.

2.2. Any other term used in this Submission of Applications Guidance Note, which has not been assigned a specific meaning, has the meaning assigned to it by the Law, the Regulations, the Production Sharing Contract or otherwise as the context may require.

3. Participation rules

3.1. Applicants - Legal Form

3.1.1. The Applicant, and each Consortium Member where the Applicant is a Consortium, shall be a business organization, duly authorized, existing and registered in good standing under the laws of its country of incorporation or establishment and domicile. Only Applicants with the necessary financial capacity and operating competence can be considered for the granting of a licence.

3.1.2. Where the Applicant is a Consortium the following shall apply:

- (a) each Consortium Member shall accept joint and several liability for the obligations of the Applicant pursuant to this Licensing Round and its Application;
- (b) all Applications shall indicate the registered name, principal address or place of business, place of incorporation and registered number of incorporation of each Consortium Member;
- (c) one Consortium Member must be nominated as the Operator. The remaining Consortium Members shall each appoint the Operator as authorized to be responsible for all dealings with the GoC for the purpose of this Licensing Round and its Application, excluding execution of the Contract for which all Consortium Members shall be involved;
- (d) Applicants shall include in their Applications satisfactory evidence as to the validity and effectiveness of the appointment of the Leader of the Consortium.
- (e) the Consortium shall indicate in its Application the participating interest of each Consortium member. The Operator shall hold a minimum thirty percent (30%) interest in the Consortium. Each Consortium Member shall hold a minimum five percent (5%) interest in the Consortium.

3.2. Exclusion from participation

3.2.1. An Applicant shall be excluded from participation in the Licensing Round if:

- (a) it attempts either personally or by someone else's help to influence in any way the opinion of the Consultation Committee, the Ministry or of any of its members or of any other public person or officer in exercising the duties/powers vested in it/him under the Law and the Regulations.
- (b) it has pursued and has come in possession of classified information or documents regarding the Licensing Round acting against the law.
- (c) it is directly or indirectly involved in any act of corruption, bribing, offering commission or giving gratuity to anyone with the intention of influencing the GoC or its representatives in its/their evaluation of Applications or designation of the Selected Applicant.

3.2.2. A Selected Applicant must provide the Minister, before the signing of the Contract, with original certificates or equivalent documentation issued by the competent authorities of

his country of origin or of establishment, as appropriate, certifying that the Applicant does not fall within the following grounds:

- (a) is bankrupt or is being wound up, whose affairs are being administered by the Court, who has entered into an arrangement with creditors, has suspended business activities;
- (b) is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by the Court or for an arrangement with creditors;
- (c) has been convicted of an offence concerning his professional activity by a judgment which has the force of *res judicata*;
- (d) has committed an act of professional misconduct in the course of his business or profession;
- (e) has made false statements or misrepresentations in providing any information required under the Law, or has failed to provide such information.

Failure to submit such certificates or equivalent documentation shall result in the forfeiture of all of the Applicant's rights regarding this Licensing Round.

3.2.3. Regarding points (a), (b) and (c) above, the Selected Applicant must provide the Minister with an extract from the "judicial record" or, failing this, of an equivalent document issued by a competent judicial or administrative authority in his country of origin or in the country of establishment whence the Selected Applicant comes showing that these requirements have been met. The documentation must be issued within the period of the last three months before the date set for signing the Contract.

3.2.4. If the country concerned does not issue the documents or certificates referred to in paragraph 3 above, a declaration on oath may be made by the Selected Applicant before a judicial or administrative authority, or a notary or a competent professional or trade body, in the country in which he is established.

4. Request for clarifications

4.1. Applicants have the right to submit questions regarding the Submission of Applications Guidance Note, in writing to the Director of Energy Service, Ministry of Commerce, Industry and Tourism, 1421 Nicosia, Cyprus, tel.: +357-22409303, fax: +357-22304964, no later than fifteen (15) days prior to the Application Deadline.

4.2. Clarifications and any other supplementary information relating to the Submission of Applications Guidance Note may be issued by the Minister in writing at any time up to six (6) days before the Application Deadline. Such information shall constitute upon issuance an integral part of the Submission of Applications Guidance Note. The Minister may, at his discretion, extend the Application Deadline so as to afford reasonable time to the Applicants to take into account any such information issued in preparing their Applications.

5. Preparation and submission of applications

5.1. Application Fee

5.1.1 The Applicant shall pay the Ministry an Application Fee of €1,500 (one thousand five hundred Euros) for each Application, which is designed to cover the Ministry's costs.

The payment can be made by any of the following three methods:

- By **bank transfer (preferred method)** to **SOCIETE GENERALE Paris** (Swift code: SOGEFRPP), for the credit of the Account No. IBAN: FR76 30003 06990 00301554039 94 of Central Bank of Cyprus (Swift Code: CBCYCY2N) for further credit to Government General Account, Account No. IBAN: CY16 0010 0001 0000 0000 0600 1010, in favour of the **Ministry of Commerce, Industry and Tourism, Application Fee, 1st Licensing Round**.
- By **cheque**, crossed A/C payee only and made payable to The Permanent Secretary, Ministry of Commerce, Industry and Tourism.
- By **cash** to the Accounts Department, Ministry of Commerce, Industry and Tourism, 6 Andrea Araouzou Street, 1076 Nicosia.

A receipt will be delivered to the Applicant upon receipt of the payment.

An Application will be not accepted without such payment.

5.1.2. The Applicant shall bear all costs and expenses entailed in the preparation and submission of his Application. Regardless of the final outcome of the Licensing Round, the Ministry will in no case be responsible or liable for any such costs and expenses incurred by any Applicant.

5.1.3. The Ministry will not be responsible for, or liable to pay, any expense or loss which may be incurred by any Applicant resulting from his visit to Cyprus or from any other cause related to the Licensing Round or the preparation of its Application.

5.1.4. There shall be no reimbursement by the Ministry of any costs incurred or losses suffered by any Applicant, including loss of profit, as a result of cancellation of this Licensing Round for any reason, including the case where the Applicant has informed the Ministry of the damages he will suffer or has suffered as a result of such cancellation.

5.2. Language of Applications

Applications and all accompanying documentation must be prepared and submitted in the English language. In the event that the originals of certain documents or certificates are not in the English language, the Applicants must submit these documents or certificates in their original language along with notarized translations in the English language, in which case, for interpretation purposes, the English translation shall prevail.

5.3. Validity of Applications

5.3.1. Applications must remain valid for a period of one hundred and ninety (190) days starting from the day following the Application Deadline binding the Applicants to accept the Contract at any time during that period. In the event that this date is extended under the

provisions of clause 4, Applications shall be valid for one hundred and ninety (190) days beginning with the day after the new Application Deadline ("Application Validity Period").

5.3.2. The Ministry may request, by written notice, the Applicants to extend the validity of their Applications for a specified period of time, at least ten (10) days prior to the expiry of the Application Validity Period.

5.4. Submission of applications

5.4.1. Applications must be delivered in a sealed envelope marked:

- (a) With the name and the address of the Applicant or, where the Applicant is a Consortium, of the Operator and each Consortium Member.
- (b) With the phrase:
**"Application for the 1st Licensing Round Offshore Cyprus
Block N° ____"**

to the following address:

The Hon. Minister
Ministry of Commerce, Industry and Tourism
1421 Nicosia,
Cyprus

(Tel.: +357-22409303)

on 16th August 2007 between 08:00 and 14:30 (or at the new date if an extension of the Application deadline is granted by the Minister).

5.4.2. Delivery may be either by hand or by courier. A notification of submission will be given to the Applicant upon receipt of the Application.

5.4.3. Applications shall be submitted, typed or written in indelible ink and shall contain no interlineations, erasures or overwriting except as necessary to correct errors made by the Applicant, in which case such corrections shall be initialled by the Applicant's Representative. All material contained in the Application should be preferably at A4 size paper for ease of handling, although A3 size paper may be accepted, folded in A4 size, if necessary.

5.4.4. Applications shall include one (1) original (hard copy) marked as ORIGINAL and seven (7) copies (true colour photocopies of the original hard copy) marked as COPY for each of the Member of the Consultation Committee. In addition, one (1) electronic copy (on CD-ROM) of the Technical and Financial Proposal shall be included, provided that it comes in a format compatible with the Ministry's own systems, which include Microsoft Office 2003, Microsoft Internet Explorer 6 and Adobe Reader 7. Please do not have password-protection or encryption.

5.4.5. Each page of the ORIGINAL must be initialled by the Applicant's Representative unless it is a bound book in which case only the first and the last page need to be initialled.

5.5. Content of applications

5.5.1. The Application shall contain the following items:

(1) The Application Letter (in the form provided in Annex 3) completed and signed by the Applicant's Representative, along with:

- (A) Official documentation proving that the person signing the Application is the Applicant's Representative and is able to bind the Applicant; or
- (B) A decision of the board of directors or the administrative body of the Applicant (where the Applicant is a Consortium, of each Consortium Member) which shows that the participation of the Applicant in the Licensing Round is approved, together with a power of attorney signed by the Applicant (where the Applicant is a Consortium, by each Consortium Member) authorizing the Applicant's Representative to sign and submit the Application.

(2) Part A: Technical, Financial and Legal Capacity documentation

(A1) Technical capacity documentation

The technical capacity documentation shall demonstrate the Applicant's experience in oil and gas exploration and exploitation activities. Having regard to the areas subject to Applications, specific attention will be paid to relevant experience of the Applicant with respect to offshore areas, deep offshore areas, environmentally sensitive areas, gas development and exploitation, conduct of operations as an Operator where applicable for the Operator.

The Applicant shall provide detailed information on current world E&P operations, including annual reports, and levels of production and E&P investments for the last 3 years.

(A2) Financial capacity documentation

The financial capacity documentation shall demonstrate the Applicant's financial ability to finance oil and gas exploration and exploitation activities.

It shall include the financial structure of the applicant and its parent company, if any, including annual reports, audited balance sheets and profit and loss statements for the past three years, and any reports which the applicant or its parent company may have filled to competent authorities responsible for securities regulation during that period.

(A3) Legal capacity documentation

The legal capacity documentation shall provide information on the Applicant's legal structure.

It shall include the Applicant's place of registration or incorporation, its principal place of business, its Board of Directors and senior management, the domicile and nationality of the members of the Board of Directors, its capital structure and the factors constituting control of the applicant by any natural or legal person, the form of organisation of the Applicant, including information concerning the relationship of the applicant with its ultimate parent company, if any, and other affiliated persons.

(3) Part B: Technical and Financial Proposal for the Block

The Technical and Financial Proposal for the Block shall include (in the form provided in Annex 4):

- A description of the concept and approach for the execution of the exploration work.
- The minimum exploration work for each exploration sub-period.
- The minimum annual training budget during exploration and during exploitation.

- The economic terms with respect to the cost oil/gas recovery and to the profit oil/gas sharing.
- The signature bonus.
- The production bonus.
- A short environmental notice stating the possible impact that the exploration activities will have on the environment and ways of its effective handling.

It is expected that the minimum exploration work shall include at least one (1) exploration well in each exploration sub-period.

5.5.2. The Consultation Committee may, at its discretion, request from the Applicant a clarification of its Application. The request for clarification and the response of the Applicant must be in writing.

5.5.3. An Applicant may include in his Application such additional information that is not required by the Guidance Note at his discretion.

5.6. Laws and regulations

Applicants, with the submission of their Applications, shall be considered to be aware of all relative Laws and Regulations of the GoC that could in any manner influence or designate the activities resulting from the Guidance Note and the Contract.

6. Evaluation of Applications

6.1. Evaluation criteria

Without prejudice to the application of the provisions regarding national security of Article 2(2) of Directive 94/22/EC, the Republic of Cyprus hereby notifies all interested persons that the criteria, which shall be used when granting licences for the prospecting, exploration and exploitation of hydrocarbons, are:

- (a) the technical and financial ability of the applicants;
- (b) the ways in which the applicant intends to carry out the activities that are specified in the licence;
- (c) the financial consideration that the applicant is offering in order to obtain the licence;
- (d) any lack of efficiency and responsibility that the applicant has shown under any previous licence or authorisation of any form in any country of the world.

6.2. Evaluation process

After the Application Deadline, the Chairman of the Consultation Committee shall send, without delay, a copy of the Applications for each Block to the members of the Consultation Committee and convene a meeting within 30 days, for the Committee to examine the Applications. The Chairman may convene an exceptional meeting if he deems it necessary for various reasons, either on his own initiative or on the request in writing from at least one member of the Consultation Committee. In case that an exceptional meeting is requested by a member of the Consultation Committee, then the Chairman must decide whether the reason raised by the member of the Committee justifies such a meeting.

During the above-mentioned meeting, the Consultation Committee shall consider whether an Application is submitted in accordance with the provisions of the Law and Regulations and whether the information that it contains complies with the requirements of this Guidance Note and is adequate for the evaluation of the Application and the grant of a Licence.

If during the meeting, the Consultation Committee considers that the information before it is inadequate or incomplete, it may request from the Applicant or a third person any additional information it deems necessary, or it may request the carrying out of inspections or obtaining the opinion of or reports by consultants or other experts on the matter.

If the Consultation Committee considers during the meeting that the information that is before it is sufficient, it examines the Application and submits a reasoned opinion to the Minister as to whether the Licence is to be granted and on which terms or as to whether the Application is to be rejected. The opinion shall be contained in an advisory report, prepared by the Consultation Committee, with a procedure decided by it. The report will include proposed marks based on the assessment of the technical, financial and legal capacity of the Applicant and on the mark scheme provided in Clause 6.3. The Minister negotiates the terms and conditions of the Contract with the selected applicant and submits his opinion in relation to the Applications and the advisory report of the Consultation Committee to the Council of Ministers for final decision.

The Council of Ministers has discretion in deciding whether or not to issue a Licence, and if so to whom and on what conditions. Usually awards will be made to the applicant with the

highest mark. However, the Council of Ministers reserves the right to take all pertinent factors into account, which will exceptionally supplement the mark scheme.

Such factors may include the case where there is only one Application for a Block, or where an Applicant has applied for several Blocks.

The guideline principle in reaching a decision will be the policy of maximising successful and expeditious exploration and exploitation of Cyprus' oil and gas resources.

6.3. Evaluation mark scheme

The basis of the mark scheme for each item of the Technical and Financial Proposal will be the following:

Criteria	Items for evaluation		Mark (up to)	Weight (%)
Technical	Initial exploration period (maximum of three years)	2D seismic survey	25	30
		3D seismic survey	10	
		exploration well	100	
		other	5	
	First renewal of exploration period (maximum of two years)	2D seismic survey	25	
		3D seismic survey	10	
		exploration well	80	
		other	5	
	Second renewal of exploration period (maximum of two years)	2D seismic survey	25	
		3D seismic survey	10	
		exploration well	60	
		other	5	
Financial	Production Sharing Contract economic terms	Cost Oil / Gas Recovery	300	70
		Profit Oil / Gas Sharing		
	Bonuses	Signature Bonus	10	
		Production Bonus	5	
	Training budget	During exploration	10	
		During exploitation	5	

7. Notification of selection of an Applicant for a Block and finalization of the Contract

- 7.1.** The Minister shall invite the Selected Applicant for a Block to visit the Ministry of Commerce, Industry and Tourism in Nicosia to finalize and sign the Contract at a fixed date and time.
- 7.2.** The Selected Applicant for a Block must present himself within the time limit set in the invitation under clause 7.1 to finalize and sign the Contract. If the Selected Applicant fails to sign the Contract within the above time limit, the Minister may declare that it is deemed to have forfeited all rights regarding its Application and may revoke its decision to award it the Contract.
- 7.3.** The Selected Applicant must submit the following documentation for the signing of the Contract to take place:
- (a) The certificates/equivalent documentation specified in clause 3.2.; and
 - (b) The Performance Guarantee according to clause 7.5.
- 7.4.** The cost of any stamps (or stamp duties) to be affixed on the Contract shall be borne by the Selected Applicant.

7.5. Performance guarantee

Upon signing of the Contract, the Selected Applicant is obliged to furnish the Minister with a Performance Guarantee or other security acceptable to the Minister for the faithful observance, compliance and performance of the minimum exploration work programme subscribed in the Contract.

The Performance Guarantee shall be in the amount equal to an agreed percentage of the estimated value of the minimum exploration work programme, payable to The Permanent Secretary, Ministry of Commerce, Industry and Tourism, 1421 Nicosia, Cyprus, tel.: +357-22867100, fax: +357-22375120.

The Performance Guarantee shall be in the form provided in Annex 5 and shall be issued by a bank licensed to operate in any of the following countries: the Republic of Cyprus, any member state of the European Union, any country of the European Economic Area, any country that had signed the Government Procurement Agreement (GPA) and any other country that had signed and ratified Association Agreements or Bilateral Agreements with the European Union or the Republic of Cyprus and has the right to do so, according to the legislation of those countries.

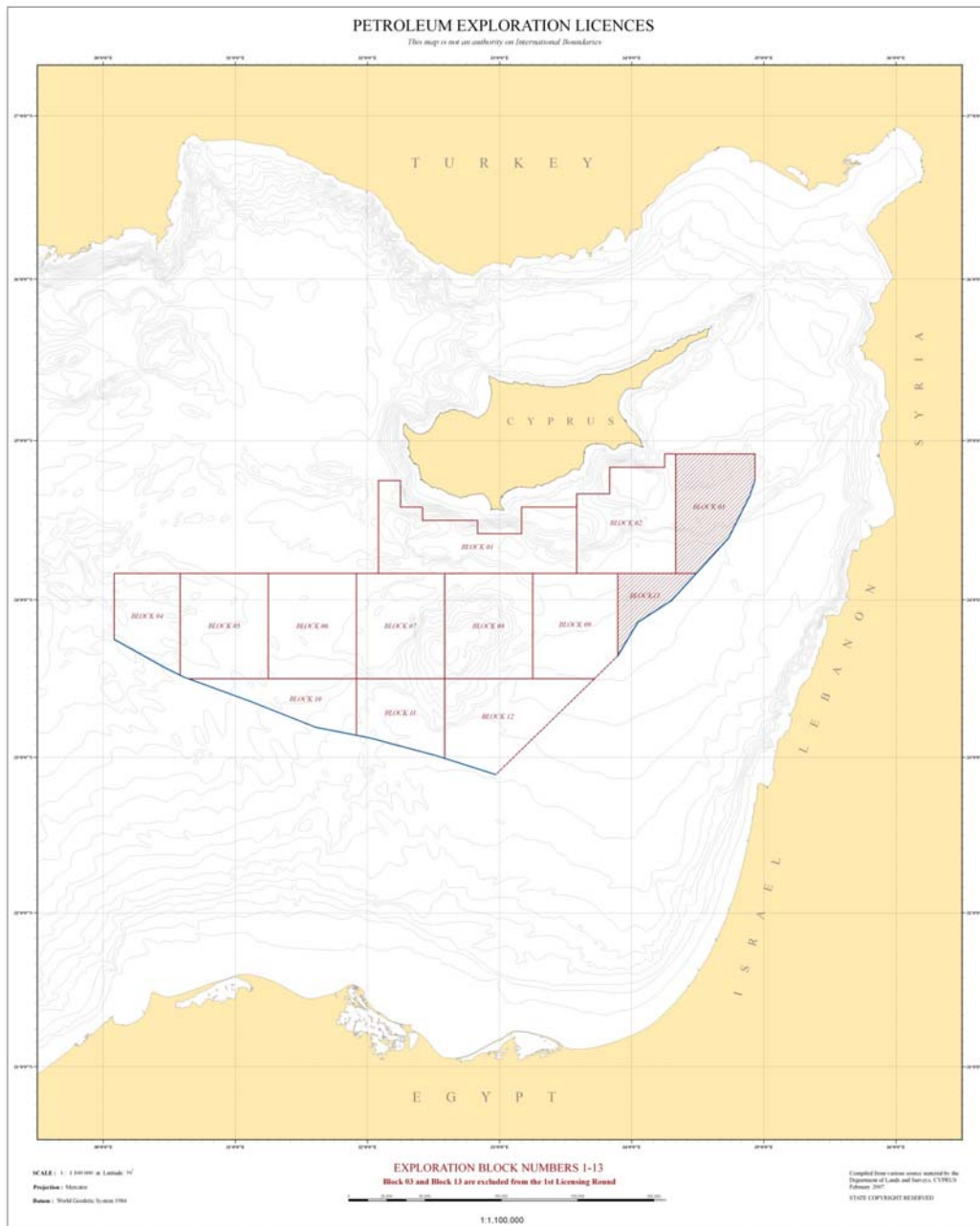
8. Conclusion of the Licensing Round

The invitation to Application does not bind the Council of Ministers to proceed with the object of the Licensing Round on each Block. The Council of Ministers may decide not to select an Applicant for a Block for any of the following reasons:

- (a) if no Application has been submitted before the Application Deadline;
- (b) if the Guidance Note contains terms or technical specifications which it is eventually ascertained that none of the Applicants is able to meet, or that only one Applicant can meet to the exclusion of all others;
- (c) if an Application does not comply with the terms and conditions of the Guidelines;
- (d) if an Application does not include all the information required by the Guidelines;
- (e) if a Technical and Financial Proposal is unrealistic or appears to be the result of a prior cooperation/collusion between Applicants, resulting in a violation of fair competition;
- (f) if the circumstances under which the Licensing Round was called have changed to such a degree that carrying out the Licensing Round is no longer necessary; or
- (g) if there is any other unforeseen reason which the Council of Ministers deems to be justified.

Annex 1 Description of Blocks

The Exclusive Economic Zone of Cyprus, covering approximately 51,000 km², has been divided into 13 exploration Blocks. Blocks 1-2 and 4-12 (see map and table below) are included in this 1st Licensing Round and applications should be submitted for these Blocks only. Blocks 3 and 13 are excluded from this 1st Licensing Round and will be available in a subsequent Licensing Round, envisaged to be held in 2008.



Map showing the exploration Blocks on offer in the 1st Licensing Round Offshore Cyprus (excluding Block 3 and Block 13). Solid line indicated concluded median line boundaries and dashed line indicates that negotiations are under way.

Table showing the geographical coordinates (WGS84, Zone 36) and the surface of the Blocks offered in the 1st Licensing Round Offshore Cyprus.

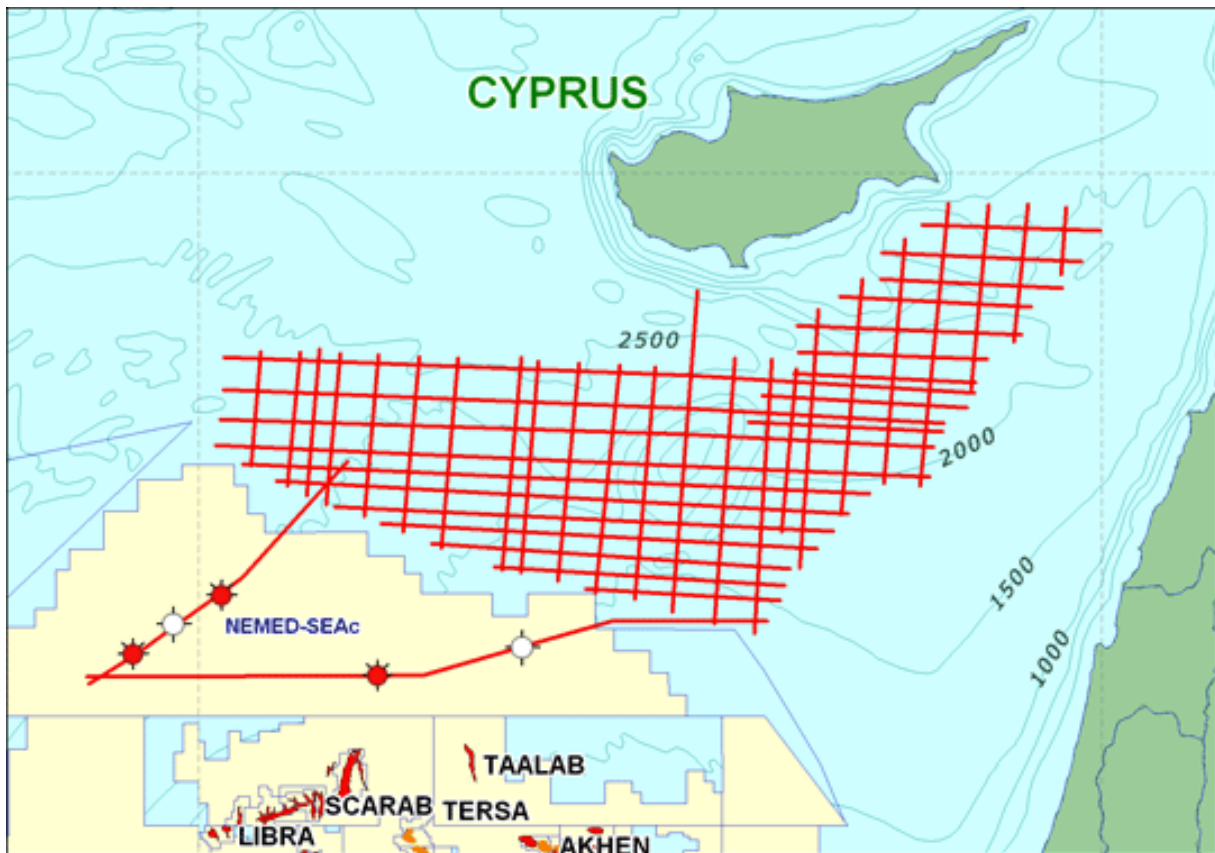
Block No.	Longitude	Latitude	Surface (km ²)
BLOCK 1	32:05:00	34:10:00	5,741
	32:05:00	34:45:00	
	32:15:00	34:45:00	
	32:15:00	34:35:00	
	32:25:00	34:35:00	
	32:25:00	34:30:00	
	32:50:00	34:30:00	
	32:50:00	34:25:00	
	33:10:00	34:25:00	
	33:10:00	34:35:00	
	33:35:00	34:35:00	
	33:35:00	34:10:00	
BLOCK 2	33:35:00	34:10:00	4,746
	33:35:00	34:40:00	
	33:50:00	34:40:00	
	33:50:00	34:50:00	
	34:15:00	34:50:00	
	34:15:00	34:55:00	
	34:20:00	34:55:00	
	34:20:00	34:10:00	
BLOCK 4	30:05:00	33:45:00	2,736
	30:05:00	34:10:00	
	30:35:00	34:10:00	
	30:35:00	33:31:20	
	30:28:30	33:34:00	
BLOCK 5	30:35:00	33:31:20	4,564
	30:35:00	34:10:00	
	31:15:00	34:10:00	
	31:15:00	33:30:00	
	30:39:02	33:30:00	
	30:36:40	33:30:40	
BLOCK 6	31:15:00	33:30:00	4,562
	31:15:00	34:10:00	
	31:55:00	34:10:00	
	31:55:00	33:30:00	

Block No.	Longitude	Latitude	Surface (km ²)
BLOCK 7	31:55:00	33:30:00	4,559
	31:55:00	34:10:00	
	32:35:00	34:10:00	
	32:35:00	33:30:00	
BLOCK 8	32:35:00	33:30:00	4,560
	32:35:00	34:10:00	
	33:15:00	34:10:00	
	33:15:00	33:30:00	
BLOCK 9	33:15:00	33:30:00	4,276
	33:15:00	34:10:00	
	33:53:40	34:10:00	
	33:53:40	33:38:40	
BLOCK 10	30:39:02	33:30:00	2,557
	31:55:00	33:30:00	
	31:55:00	33:08:24	
	31:36:30	33:11:30	
	31:15:00	33:18:40	
	31:07:00	33:21:20	
BLOCK 11	31:55:00	33:08:24	2,958
	31:55:00	33:30:00	
	32:35:00	33:30:00	
	32:35:00	32:59:35	
	32:31:00	33:00:40	
	32:01:20	33:07:20	
BLOCK 12	32:35:00	32:59:35	4,591
	32:35:00	33:30:00	
	33:43:05	33:30:00	
	32:58:20	32:53:20	

Annex 2 Outline of the available Data package

1. PGS MC2D seismic survey

As part of the initial review of the Exclusive Economic Zone of The Republic of Cyprus, Petroleum Geo-Services Geophysical A.S. (PGS) acquired 6,770 line-km of MC2D data in an area totalling approximately 51,000 km² during the months of March-May 2006. These data are available commercially and are required to be purchased as part of the applications for the 1st Licensing Round by the prospective licence applicants to assess the petroleum potential of offshore Cyprus. The data are available from PGS.



Map showing the MC2D seismic lines, acquired by PGS in 2006.

The minimum amount of data that has to be purchased from PGS is 2,000 line-km. The cost for acquiring the data is as follows:

- From 2,000 – 4,000 line-km US\$300 per line-km
- From 4,000 – 6,000 line-km US\$260 per line-km
- The whole survey US\$230 per line km
- With an uplift of US\$450 per line-km on any data in a licensed Block taken

The seismic data are available for review in a data room at the Ministry of Commerce, Industry and Tourism (please contact Mr Solon Kassinis, Director of Energy Service, Ministry of Commerce, Industry and Tourism; telephone: +357-22409303, fax: +357-22304964, email: pkoulermou@mcit.gov.cy), as well as in data rooms at PGS offices worldwide (please contact Mr Mark Spencer Jones, Vice President, Middle East & CIS, PGS; telephone: +47-67514483, fax: +47-67526464, email: mark.spencer.jones@pgs.com).

2. Beicip-Franlab interpretation report

The Report entitled “New Opportunities for Exploration Offshore Cyprus: Geological Interpretation of a Regional 2D seismic survey (PGS, MC2D-CYP2006)” has been prepared by Beicip-Franlab in collaboration with the Energy Service of the Ministry and presents a geological interpretation of the above PGS 2D regional survey covering the future licensed area.

The geodynamic framework is reviewed based on geophysical data and reconstructions available. The interpretation of the seismic lines allow to present a series of time structure and time interval maps for the different horizons and the different geological areas and a general synthetic structural map.

Detailed interpretations and play concepts are proposed for the following areas:

- The East Cyprus Arc and its front of deformation;
- The Eastern Eratosthenes Margin and the Levantine Basin;
- The Eratosthenes Carbonate Bank;
- The SW Eratosthenes Horsts;
- The Western Eratosthenes late Miocene Basin and High; and
- The Herodotus Basin and the Nile Deep Sea Fan.

Finally the Hydrocarbons System is discussed and evaluated.

This report is included in the data package to be purchased as part of the applications for the 1st Licensing Round by prospective licence applicants. The report is available from the Ministry of Commerce, Industry and Tourism at the price of thirty-five thousand (35,000) Euros. A Sale Agreement should be signed prior to the purchase of the report. The Sale Agreement is available from the Energy Service, Ministry of Commerce, Industry and Tourism, 13-15 Andrea Araouzou Street, 1421 Nicosia, Cyprus, tel.: +357-22409303, fax: +357-22304964, Email: pkoulermou@mcit.gov.cy .

The payment can be made by any of the following three methods:

- By **bank transfer (preferred method)** to **SOCIETE GENERALE Paris** (Swift code: SOGEFRPP), for the credit of the Account No. IBAN: FR76 30003 06990 00301554039 94 of Central Bank of Cyprus (Swift Code: CBCYCY2N) for further credit to Government General Account, Account No. IBAN: CY16 0010 0001 0000 0000 0600 1010, in favour of the **Ministry of Commerce, Industry and Tourism, Interpretation Report.**
- By **cheque**, crossed A/C payee only and made payable to The Permanent Secretary, Ministry of Commerce, Industry and Tourism.
- By **cash** to the Accounts Department, Ministry of Commerce, Industry and Tourism, 6 Andrea Araouzou Street, 1421 Nicosia, Cyprus

Annex 3
Application letter form

The Hon. Minister
Ministry of Commerce, Industry and Tourism
1421 Nicosia
CYPRUS

1st Licensing Round Offshore Cyprus
Application for Block ____

Having examined the Submission of Applications Guidance Note with due care, and having obtained full knowledge of the scope of the Licensing Round, I/we, the undersigned, apply for an exploration licence for the Block referred to above, in accordance with the terms of the Submission of Applications Guidance Note, and my/our application is herewith attached.

I/We hereby confirm that I/we do not fall into any of the categories listed in clause 3.2.2. of the Guidance Note.

If my/our Application succeeds, I/we undertake to execute the Contract.

I/We agree that I/we am/are bound by my/our present Application for a period of 190 days as from the Application Deadline as provided in the Guidance Note (or for any period for which my/our Application Validity Period has been extended, pursuant to clause 4.2 of the Guidance Note).

Signature of Applicant's Representative:

Name and Title of Signatory:

.....

Applicant's /Consortium Members' Information

Name(s) of the Applicant / Consortium Members:

.....
.....
.....
.....
.....
.....
.....

Country of establishment:

Address:

.....

.....

.....

Contact Address (if different from the above):

.....

.....

.....

.....

Telephone No.:

Fax No.:

Company Registration Number:

Country of Registration:

Date:

Witness (Signature, name, title and address):

.....

.....

.....

.....

.....

Note:

- Applicant's Representative must present a power of attorney.
- Where the Applicant is a Consortium, information shall be provided for each Consortium Member.
- All blanks must be completed by the Applicant's Representative.

Annex 4
Application summary form

Block No.:

Applicant:
.....

1. Minimum exploration work programme

Exploration period (maximum of 3 years)

	Unit	Quantity (in number)	Quantity (in words)
2D seismic	Kilometres		
3D seismic	Square kilometres		
Exploration well	Number, TVD in metres		
Other activities			

First Renewal period (maximum of 2 years; 25% relinquishment of initial area)

	Unit	Quantity (in number)	Quantity (in words)
2D seismic	Kilometres		
3D seismic	Square kilometres		
Exploration well	Number, TVD in metres		
Other activities			

Second Renewal period (maximum of 2 years, 25% relinquishment of initial area)

	Unit	Quantity (in number)	Quantity (in words)
2D seismic	Kilometres		
3D seismic	Square kilometres		
Exploration well	Number, TVD in metres		
Other activities			

2. PSC economic terms

- Cost oil recovery (maximum %): ____
- Cost gas recovery (maximum %): ____
- Profit oil sharing (%):

Crude Oil production tier (in Barrels per day)	Crude Oil price (in Dollars per Barrel)		
	Range 1	Range 2	Range 3
	Republic's Share in Profit Oil (%)	Republic's Share in Profit Oil (%)	Republic's Share in Profit Oil (%)
less than			
from to less than			
from to less than			
from to less than			
greater than			

Where:

- Range 1 refers to Crude Oil price less than ____ Dollars per Barrel;
- Range 2 refers to Crude Oil price equal to or greater than ____ Dollars per Barrel, but less than ____ Dollars per Barrel;
- Range 3 refers to Crude Oil price equal to or greater than ____ Dollars per Barrel.

The Contractor's share in Profit Oil shall be 100% minus the Republic's share in Profit Oil specified in the above table.

- Profit gas sharing (%):

Natural Gas production tier (in thousand cubic feet per day)	Republic's Share in Profit Gas (%)
less than	
from to less than	
from to less than	
from to less than	
greater than	

The Contractor's share in Profit Gas shall be 100% minus the Republic's share in Profit Gas specified in the above table.

3. Bonuses

- Signature Bonus (amount)
- Production Bonus (amounts)

4. Minimum annual training budget

- During the exploration period (amount)
- During the exploitation period
 - (first threshold, amount)
 - (second threshold, amount)

Annex 5
Model Form of Performance Guarantee

The Hon. Minister
Ministry of Commerce, Industry and Tourism
1421 Nicosia
CYPRUS

Our Letter of Guarantee No.

In consideration of your having contracted with
.....

(hereinafter called the Contractor) for the execution of the minimum exploration work obligations for the initial term of the exploration period as declared in the Production Sharing Contract, estimated at

€.....
(in words: Euros)

and since it being a condition of the Contract that a Performance Guarantee of% of the total amount envisaged to be spent be established, we, the undersigned Bank, waiving all objections and defences under the aforesaid Contract, hereby irrevocably and independently guarantee to pay to you without delay on first written demand any amount claimed by you up to the extent of

€.....
(in words: Euros)

against your written declaration that the Contractor has refused or failed to perform the aforementioned Contract, in accordance with its provisions.

It is understood that any change, modification, addition or amendment, which may be made to the Terms and Conditions of the Contract or to the payment to be made on account thereof or any extension of the time of performance of the works or any composition or settlement shall not in any way release us from our continuing liability hereunder and we hereby expressly waive our right to consent to our to receive notice or any such change, modification, addition, composition, settlement or forbearance.

This Performance Guarantee is irrevocable and will be discharged not later than 30 days following the date of completion of scope of the Contract, as specified in the Exploration Programme of the Contract, by which date we must have received any claim by registered mail or by cable.

It is understood that you will return this guarantee to us on expiry or settlement of the total amount to be claimed hereunder.

.....
(Date)

.....
(Signature)