



## RESULTS OF OIL&GAS LICENSING ROUNDS 2019 IN UKRAINE

**Ukraine has outlined a series of oil and gas licensing rounds with acreage covering more than 29,000 sq. km. 41 onshore and 1 offshore blocks have been officially opened for competitive bidding in 2019.**

**Concession** areas to be sold through online auctions cover nearly 4,500 sq. km, and **production sharing agreement (PSA)** blocks up for the tenders cover 24,745 sq. km.

All onshore blocks are located in proven petroleum provinces with well-developed midstream infrastructure and widely covered by geophysical surveys. Predominantly, the blocks have undiscovered hydrocarbons resources estimated as inferred (yet-to-find).

**Five concession rounds**, taken place in 2019 have resulted in the awarding E&P licenses for 20-year period for 19 blocks from 29 proposed. The total paid amount was more than \$14 million. Six companies obtained almost 3,000 sq. km of new acreages.

**Winners of 9 PSA tenders were approved** in June. These are seven domestic and international companies, including Canadian Vermilion Energy and US Aspect Energy. The winners took 5 years commitments to invest not less than \$430 million up to \$1,5 billion in the processing of modern seismic, drilling of new exploration wells and recovering the idle wells. The final PSAs with duration 50 years have to be concluded during one year after winners approval with the option to extend the negotiation by six months more.

Offshore PSA tender was canceled in October, its relaunch is expected in the nearest future with 6 month period for bids preparation.

Another PSA tenders for 3 blocks covering 3, 840 sq.km are scheduled for February 2020.

### Terms of the concession auctions

Beginning from November 2019 nonresident legal entities are allowed directly participate in the online auctions. The bidder is mandated to pay the refundable guarantee fee at 20% of the initial price of the bid.

During the four-year exploration period, a minimum work program must be completed which is to include seismic acquisition on 1/4 of the acreage and no less than one commercial well drilling.

The participant with the highest cash bid wins the auction.

### Terms of the PSA tenders

Ukrainian and nonresident legal entities are allowed to participate in the tenders. A non-refundable bid submission fee accounts for \$12,000.

A minimum financial commitment in the five-year exploration period have been stipulated dependent on each block in the range \$18 million to \$60 million. During the exploration period, a minimum work program must be completed which is to include seismic acquisition and drilling of new exploration wells.

The submitted bids have been assessed according to the following criteria: the best work program - 80 points; efficient use of natural resources - 15 points; attractiveness of bids as regards production sharing in favor of the state - 30 points; the largest volume of investments - 35 points; efficient environmental protection measures - 15 points; level of financial security of the proposed work program - 30 points; previous experience in E&P, in particular from unconventional formations - 45 points; and utilization of goods, works, and services of Ukrainian origin - 20 points.












Full details at [www.GOukraineNOW.com](http://www.GOukraineNOW.com), released by the Association of Gas Producers of Ukraine.

## CONCESSION LICENSING ROUNDS

Name of the block	Region	Acreage, sq km	Type of license	Duration, years	Initial price, UAH mln. (USD/UAH ~ 25)	Bid, UAH mln.	Winner
<b>First (March 6)/Fifth (October 30) Rounds</b>							
1. Vatazhkivska	Poltava	181,8	E&P	20	18,1 / 6,8	No bid / 6,8	Nafta a.s.
2. Dubrivsko-Radchenkivska	Poltava	65,35	E&P	20	17,5	25,1	Burisma Group
3. Svitankovo-Lohivska	Kharkiv	197,49	E&P	20	17,7	85,0	DTEK
4. Pechenizko-Kochetkivska	Kharkiv	262,73	E&P	20	11,7 / 4,7	No bid / No bid	No bid
5. Saltivska	Kharkiv	26,12	E&P	20	18,3 / 7,0	No bid / No bid	No bid
6. Kniazhyńska	Kharkiv	75,32	E&P	20	498,4 / 254,6	No bid / No bid	No bid
7. Pivdenno-Kobzivska	Kharkiv	368,08	E&P	20	9,6	30,9	UGV
8. Dykhtynetska	Chernivtsi/ Ivano-Frankivsk	74,06	E&P	20	10,1	No bid	No bid
9. Zakhidnotokarsko-Krasnianska	Luhansk	91,06	E&P	20	4,6 / 1,5	No bid / 1,7	Nadra Carbon
10. Suvorivska	Odesa	462,95	E&P	20	9,2	No bid	No bid
<b>Second Round (May 2)</b>							
11. North-Efremivska	Kharkiv	99,50	E&P	20	11,7	50	UGV
12. Dobrenska	Kharkiv	122,23	E&P	20	6,3	6,4	UGV
13. Opolonivska-1	Chernihiv	247,87	E&P	20	6,4	6,5	UGV
14. Opolonivska-2	Chernihiv	230,51	E&P	20	0,231	No bid	No bid
15. Kaliuzhna-1	Sumy	162,36	E&P	20	7,7	7,7	UGV
16. Drohobytska	Lviv	140,90	E&P	20	15,5	15,7	Yedyna O&G Company
17. Kadobnianska	Ivano-Frankivsk	21,17	E&P	20	1,5	6	UGV
<b>Third Round (June 18)</b>							
18. Kokhivska	Dnipropetrovsk/ Kharkiv	346,17	E&P	20	2,7	2,7	UGV
19. Rozdolivsko-Uspenivska 1	Dnipropetrovsk/ Kharkiv	271,14	E&P	20	6,8	6,9	UGV
20. Rozdolivsko-Uspenivska 2	Dnipropetrovsk/ Kharkiv	296,40	E&P	20	3	3	UGV
21. Orilsko-Brusivska	Dnipropetrovsk/ Kharkiv	234,60	E&P	20	23	23,5	UGV
22. Hoshivska	Ivano-Frankivsk	49,00	E&P	20	19	29	UGV
23. Yasenska	Ivano-Frankivsk	35,35	E&P	20	19	19	UGV
24. Bolekhivsko-Smolianska	Ivano-Frankivsk	10,39	E&P	20	2,5	5	UGV
25. South Slyvkynska	Ivano-Frankivsk	11,69	E&P	20	8,8	No bid	No bid
26. East Kosmatska	Ivano-Frankivsk	6,91	E&P	20	9	No bid	No bid
<b>Fourth Round (September 16)</b>							
27. Pryazovska	Zaporizhzhya	348,0	E&P	20	22,7	No bid	No bid
28. Tatalivska	Chernivtsi	24,10	E&P	20	26,2	27,5	UGV
29. Yavorivska	Lviv	43,95	E&P	20	6,5	No bid	No bid

\*In addition, the winner is obliged to purchase the respective geological data and pay for auction documents.

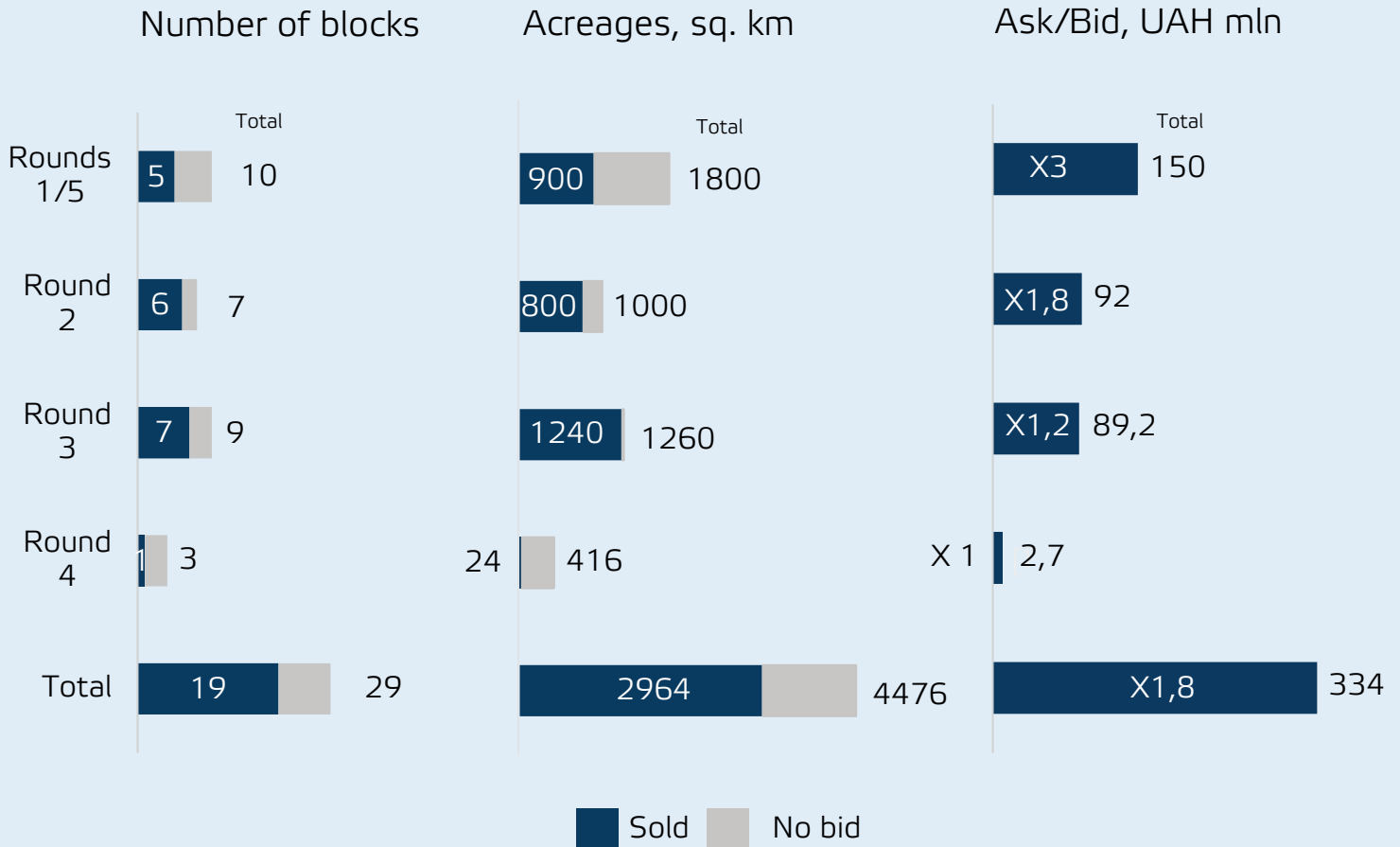
## PSA TENDER ROUNDS

Name of the block	Acreage, sq km	Min. work program commitments, 5 years		Min. financial commitments, 5 years		Best Bids
		3D seismic sq. km	Exploration wells	Investment million USD	Government take cost/profit production*	
<b>Onshore Round (May 28)</b>						
1. Buzivska	669,65	100	2	24	68/12% R-factor	Ukrasvydobuvannya (UGV) 
2. Berestyanska	286,38	100	2	20,4	65/15% R-factor	UGV 
3. Balakliyska	1 119,25	750	4	44,5	65/15% R-factor	UGV/Vermilion Energy  
4. Ivanivska	841,61	600	4	44,5	65/15% R-factor	UGV/Vermilion Energy  
5. Varvynska	3 471,26	700	3	41	60/15% -	Aspect Energy 
6. Rusanivska	766,56	650	2	34,5	65/31% R-factor	Ukrnaftoburynnya (UNB) 
7. Sofiyivska	2 715,95	750	5	112	64/35% R-factor	Geo Alliance Group 
8. Zinkivska	571,4	100	3	44	65/31% R-factor	DTEK Oil and Gas 
9. Uhnivska	967,44	45	14	65,7	70/12% R-factor	Zakhidnadraservice (ZNS) 

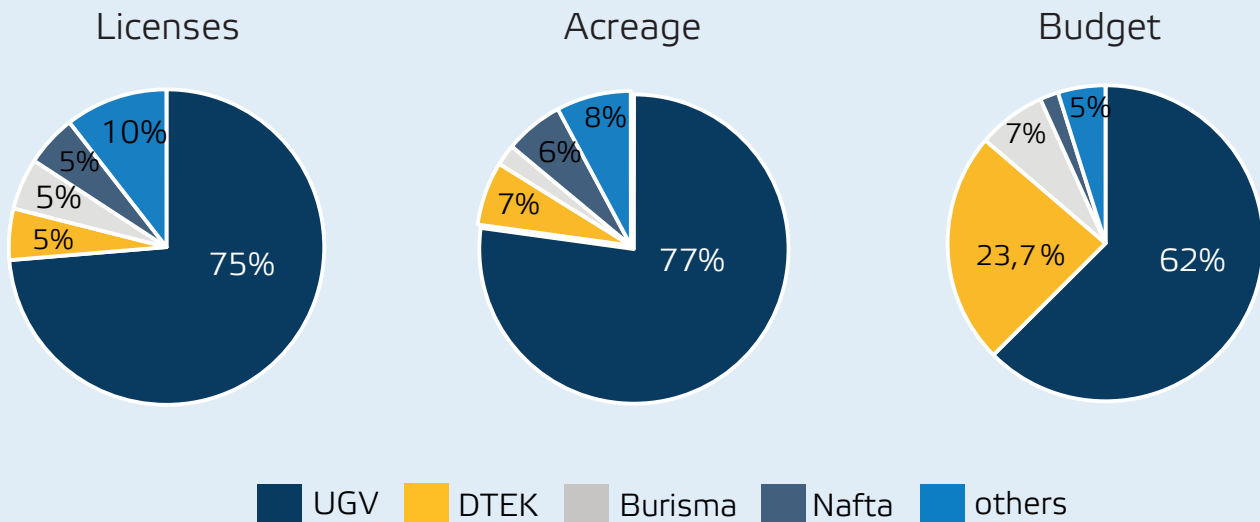
\*In addition, royalty rates to natural gas and liquids account for 1,25% and 2%, respectively.

Name of the block	Region	Acreage, sq km	Type of license	Duration, years	Minimum investment	Work program minimum requirement
<b>Onshore Round (February 2020)</b>						
10. Grunivska	Sumy/Poltava	1 082	E&P	50	UAH 500 000 000 (~USD 20 000 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
11. Ichnyanska	Chernihivska	2 086	E&P	50	UAH 900 000 000 (~USD 36 000 000)	drilling of no less than three exploration wells, performance of 3D seismic survey works no less than 500 sq. km
12. Ohtyrska	Sumy/Poltava/ Kharkiv	672	E&P	50	UAH 500 000 000 (~USD 20 000 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
<b>Offshore Round (July 12 - canceled)</b>						
13. Dolphin	Northwestern part of continental shelf of the Black Sea	9 496	E&P	50	UAH 1 500 000 000 (~USD 60 000 000)	drilling of no less than five exploration wells

## SUM UP CONCESSION AUCTIONS

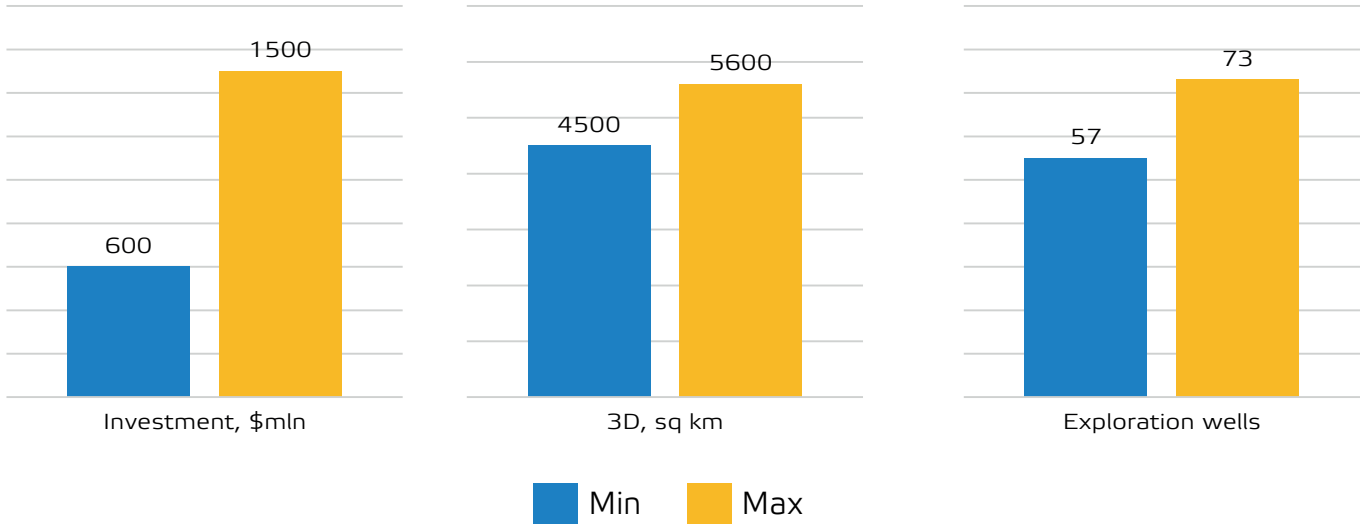


## DISTRIBUTION BY BIDDERS



## SUM UP ONSHORE LICENSING ROUNDS

Commitments for a 5-years period\*



\*including 25 concession auctions and PSA tenders

## MAP OF PSA AREAS

