



Exploration and Exploitation of Hydrocarbons

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Board of Directors – Cyprus Hydrocarbons Company

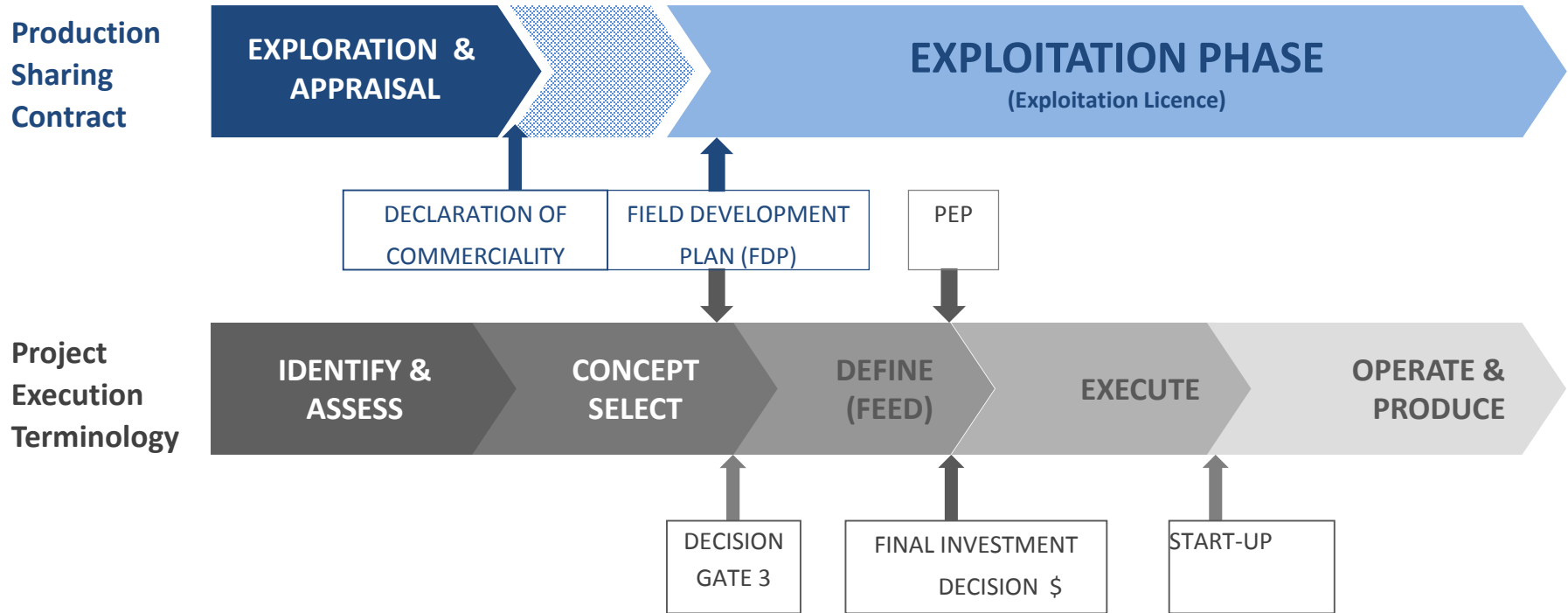


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Ξενοδοχείο Hilton Park,
Λευκωσία

Exploration and Exploitation Phases



- Above Decision Gates are very important in aligning partners, releasing funds for next phase and managing risks
- For gas fields it is good practice to have:
 - Signed Letter of Intent (LoI) for Gas Sales before FDP approval (before start of FEED)
 - Signed Gas Sales Agreement before Final Investment Decision (FID)

Exploration Phase

Production
Sharing
Contract

EXPLORATION &
APPRAISAL

EXPLOITATION PHASE
(Exploitation Licence)

DECLARATION OF
COMMERCIALITY



11/12/2018

- The Zohr discovery has turned East Med into a major new gas province
- Discovery of Calypso in Block 6 (Feb 2018) confirms Carbonate play in Cyprus EEZ
- Ongoing exploration in Block 10 by Exxonmobil

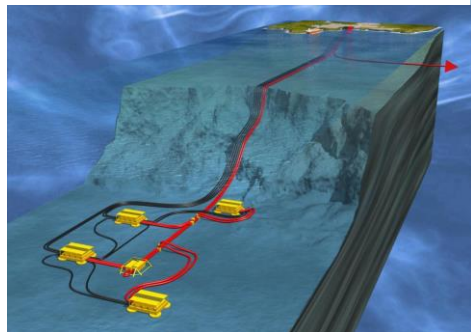
Concept Select Phase



Project Execution



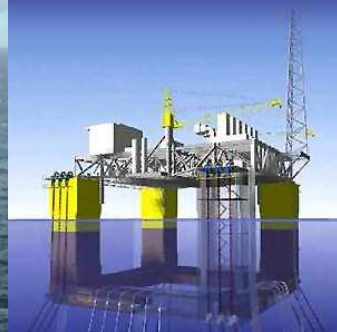
Key Selections/decisions: [for deepwater gas fields]



Subsea to beach



FPSO for condensate storage , pipeline export for gas



Semisub for processing & pipeline export



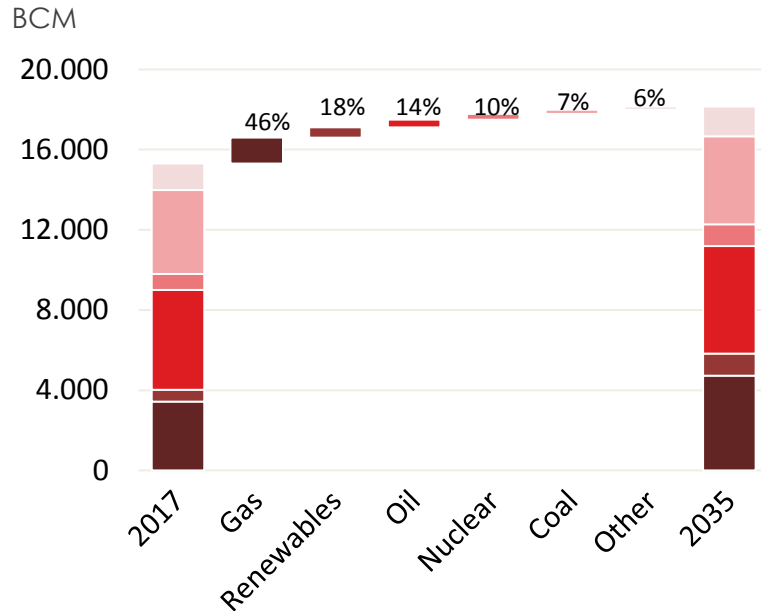
Floating LNG

➤ Which gas market ? How do we get gas to market ? Pipeline or LNG

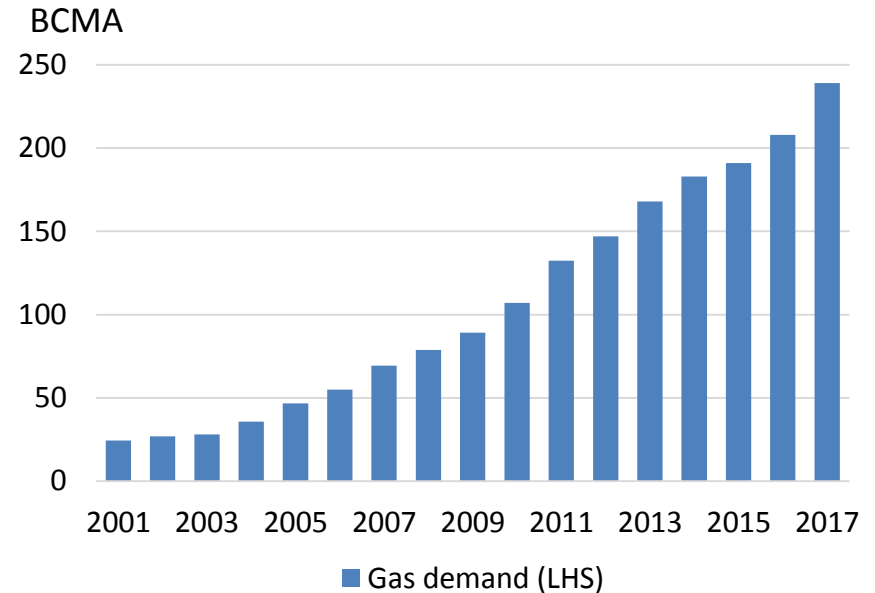
- Address above questions with T E C O P lenses
 - T= Technical, E= Economic, C= Commercial, O= Operational
 - P= Political
- Select best option for DEFINE Phase

Global Energy Demand 2017-2035

Global energy demand growth by fuel



China gas demand

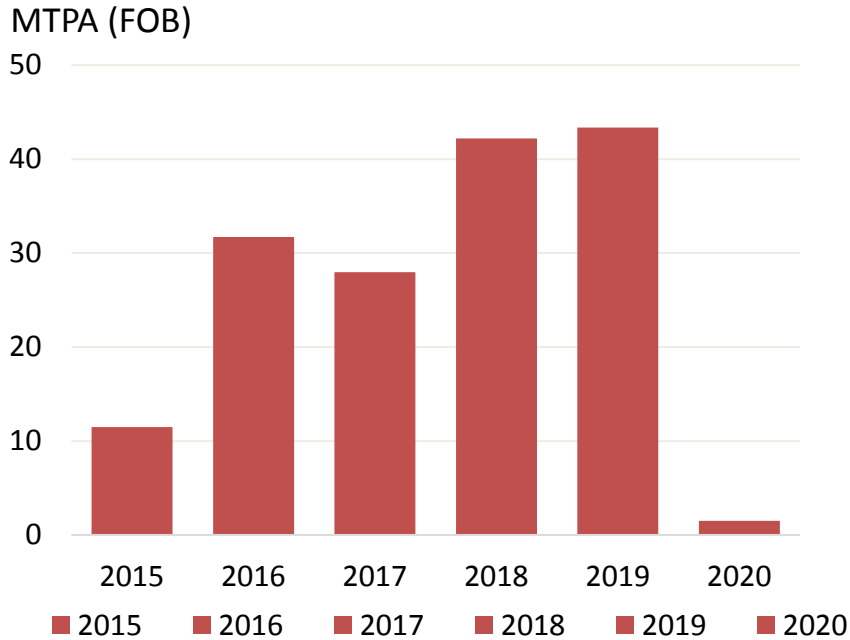


Source: Wood Mackenzie Q4 2017 data

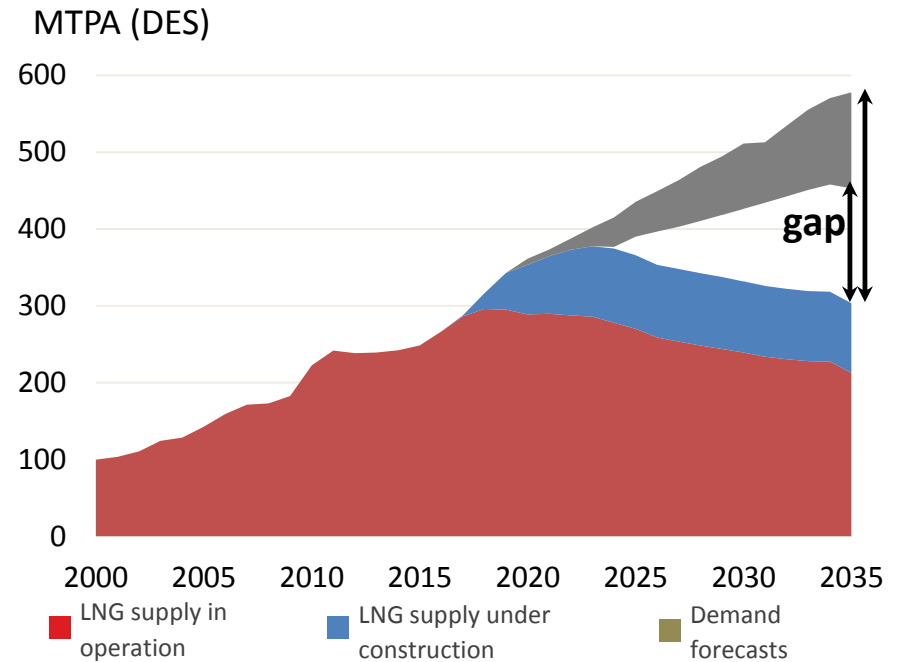
- Growing importance of gas in meeting global energy demand [clean & abundant]
- Switch from coal to gas in power generation reduces CO₂ emissions by 40%
- IEA recognizes that replacement of coal by gas playing a major role in reducing CO₂ emissions [especially US and Europe]

Unprecedented LNG Capacity expansion

LNG liquefaction capacity additions



Emerging LNG supply-demand gap



Source: Shell interpretation of IHS Markit Q4 2017 data

- Growth in LNG demand continues to exceed expectations - Flexibility
- Transition to clean energy supports gas and LNG



Thank you

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