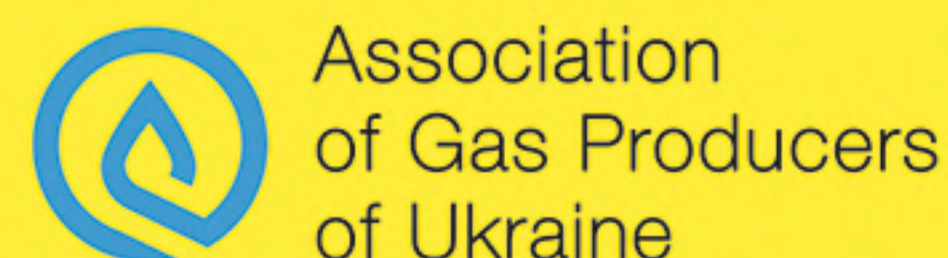


UKRAINE ANNOUNCES MASSIVE LICENSING ROUNDS IN 2019



Ukraine has outlined terms for a series of oil and gas licensing rounds. At this moment, 35 onshore blocks have been officially opened for transparent competitive bidding. Bidding is being done within 90 days using online auctions for concession areas covering more than 4,000 sq km, and production sharing agreement (PSA) tenders covering 11,600 sq km.

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

First licensing round, taken place on Mar. 6, has resulted in the awarding of concession licenses for three blocks. Seven other blocks attracted no bids. The total paid amount was more than \$5.2 million. Three Ukraine's gas producers received the licenses: Burisma Group, DTEK Oil & Gas, and state-owned UGV.

Second round will take place on May 2 for seven blocks in five regions, and a **Third round** is scheduled for Jun. 18, offering nine blocks in three regions. All licenses are for 20-year periods.

In addition, the Ukrainian government has opened a **public tender for nine PSA blocks** with duration of 50 years. Interested parties must submit applications by May 28. Winning bidders will be notified by Jun. 29 and they will have to conclude the PSA deals by Jun. 30, 2020 (this term can be extended by Dec. 30, 2020).

The documents for more PSA blocks, including offshore shallow water area, are expected to be approved shortly.

Terms of the concession auctions

Auctions call for participants to be Ukrainian legal entities although they can be controlled by a nonresident company. 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 USD 10,830.

A minimum financial commitment in the five-year exploration period have been stipulated dependent on each block in the range USD16 million to USD 36 million. During the exploration period, a minimum work program must be completed which is to include seismic acquisition and no less than two exploration wells.

The submitted bids will be 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, - 45 points; and utilization of goods, works, and services of Ukrainian origin - 20 points.

Full details at 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*	Bid, UAH
First Round (Mar. 6)						
Vatazhkivska	Poltava	181,8	E&P	20	UAH 18 100 000 (~USD 670 000)	No bid
Dubrivsko-Radchenkivska	Poltava	65,35	E&P	20	UAH 17 500 000 (~USD 648 000)	25 100 000
Svitankovo-Lohivska	Kharkiv	197,49	E&P	20	UAH 17 730 000 (~USD 657 000)	85 000 010
Pechenizko-Kochetkivska	Kharkiv	262,73	E&P	20	UAH 11 700 000 (~USD 433 000)	No bid
Saltivska	Kharkiv	26,12	E&P	20	UAH 18 310 000 (~USD 678 000)	No bid
Kniazhynska	Kharkiv	75,32	E&P	20	UAH 498 420 000 (~USD 18 460 000)	No bid
Pivdenno-Kobzivska	Kharkiv	368,08	E&P	20	UAH 9 620 000 (~USD 356 000)	30 949 060
Dykhtynetska	Chernivtsi/ Ivano-Frankivsk	74,06	E&P	20	UAH 10 090 000 (~USD 374 000)	No bid
Zakhidnotokarsko-Krasnianska	Luhansk	91,06	E&P	20	UAH 4 590 000 (~USD 170 000)	No bid
Suvorivska	Odesa	462,95	E&P	20	UAH 9 210 000 (~USD 341 000)	No bid
Second Round (May 2)						
North-Efremivska	Kharkiv	99,50	E&P	20	UAH 11 656 000 (~USD 432 000)	
Dobrenska	Kharkiv	122,23	E&P	20	UAH 6 300 100 (~USD 233 000)	
Opolonivska-1	Chernihiv	247,87	E&P	20	UAH 6 406 600 (~USD 237 000)	
Opolonivska-2	Chernihiv	230,51	E&P	20	UAH 231 800 (~USD 9 000)	
Kaliuzhna-1	Sumy	162,36	E&P	20	UAH 7 654 700 (~USD 283 000)	
Drohobytska	Lviv	140,90	E&P	20	UAH 15 528 650 (~USD 575 000)	
Kadobnianska	Ivano-Frankivsk	21,17	E&P	20	UAH 1 542 050 (~USD 57 000)	
Third Round (Jun. 18)						
Kokhivska	Dnipropetrovsk/ Kharkiv	346,17	E&P	20	UAH 2 660 000 (~USD 98 000)	
Rozdolivsko-Uspenivska 1	Dnipropetrovsk/ Kharkiv	271,14	E&P	20	UAH 6 810 000 (~USD 250 000)	
Rozdolivsko-Uspenivska 2	Dnipropetrovsk/ Kharkiv	296,40	E&P	20	UAH 3 100 000 (~USD 114 000)	
Orilsko-Brusivska	Dnipropetrovsk/ Kharkiv	234,60	E&P	20	UAH 23 110 000 (~USD 845 000)	
Hoshivska	Ivano-Frankivsk	49	E&P	20	UAH 19 250 000 (~USD 705 000)	
Yasenska	Ivano-Frankivsk	35,35	E&P	20	UAH 18 830 000 (~USD 690 000)	
Bolekhivsko-Smolianska	Ivano-Frankivsk	10,39	E&P	20	UAH 2 450 000 (~USD 90 000)	
South Slyvkynska	Ivano-Frankivsk	11,69	E&P	20	UAH 8 790 000 (~USD 320 000)	
East Kosmatska	Ivano-Frankivsk	6,91	E&P	20	UAH 8 980 000 (~USD 330 000)	

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

PSA Tenders

Name of the block	Region	Acreage, sq km	Type of license	Duration, years	Minimum investment*	Work program minimum requirement
Onshore Round (May 28)						
Varvinska	Poltava/Chernihiv	3 471,26	E&P	50	UAH 1 000 000 000 (~USD 35 690 000)	drilling of no less than three exploration wells, performance of 3D seismic survey works no less than 500 sq. km
Rusanivska	Sumy/Poltava	766,56	E&P	50	UAH 800 000 000 (~USD 28 550 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Buzivska	Kharkiv/Dnipro	669,65	E&P	50	UAH 600 000 000 (~USD 21 412 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Zinkivska	Sumy/Poltava	571,4	E&P	50	UAH 500 000 000 (~USD 17 845 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Ivanivska	Kharkiv	841,61	E&P	50	UAH 800 000 000 (~USD 28 550 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Balaklijska	Kharkiv	1 119,25	E&P	50	UAH 800 000 000 (~USD 28 550 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Sofiyivska	Chernihiv/Sumy/Poltava	2 715,95	E&P	50	UAH 1 000 000 000 (~USD 35 690 000)	drilling of no less than three exploration wells, performance of 3D seismic survey works no less than 500 sq. km
Berestyanska	Lviv/Kharkiv	286,38	E&P	50	UAH 450 000 000 (~USD 16 060 000)	drilling of no less than two exploration wells, performance of 3D seismic survey works
Ugnivska	Lviv/Ivano-Frankivsk	967,44	E&P	50	UAH 600 000 000 (~USD 21 412 000)	drilling of no less than three exploration wells, performance of 3D seismic survey works

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