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The structural changes in E&P legal regime in Greece

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The Exploration and Production (E&P) Regime

- The quest for a modern regime:
 - International trends to be adopted
 - Legal certainty to be ensured



The milestones of the legal regime (1/3)

- **1960s – 1970s The Early Years**

Production Sharing Agreements ratified by Law

Law 98/1975, in force for the Exploration Area of the Sea of Thrace
(Calfrac 75%, Hellenic Petroleum 25%)

- **1976 The State Owned Company Era**

Law 468/1976 for the exploration and exploitation of hydrocarbons

State Company

Public Petroleum Corporation – Exploration and Exploitation of
Hydrocarbons SA

The milestones of the legal regime (2/3)

- **1995 – The EC harmonized Law 2289**
 - **Directive 1994/22 EC** on the conditions for granting and using authorizations for the prospecting, exploration and production of hydrocarbons.
 - **Law 2289/1995** for the prospecting exploration and exploitation of hydrocarbons (**the Hydrocarbons Law**)
 - **Lease Agreements entered between State Owned Company (DEP-EKY) and**
 - i) Triton for the onshore area of NW Peloponese,
 - ii) Triton for the onshore area of Aitolokarnania,
 - iii) Enterprise Oil for the onshore area of Ioannina and
 - iv) Enterprise Oil for the offshore area of West Patraikos Gulf

The milestones of the legal regime (3/3)

- **The New Era**
 - **Law 4001/2011** revising the Hydrocarbons Law
 - Submarine areas definition
 - Open Door licensing
 - Hellenic Hydrocarbons Resources Management SA
 - **2016 The Offshore Directive**

Types of the Agreement

- Hydrocarbons Law provides for two types of the agreement for granting exploration and exploitation rights:
 - Royalty/Tax (Lease Agreement)
 - Production Sharing Agreement
- Since 1996 Lease Agreements are offered



The New Era Contracts

Laws granting exploration and production rights :

- Law 4298/2014 ratifying Katacolo offshore area Lease Agreement,
Energean Oil and Gas
- Law 4300/2014 ratifying Ioannina onshore area Lease Agreement,
Repsol (Operator) & Energean Oil and Gas
- Law 4524/2018 ratifying Aitoloakarnania onshore area,
Repsol (Operator) & Energean Oil and Gas
- Law 4525/2018 ratifying Block 2 of the Ionian Sea offshore area Lease Agreement
Total (Operator), Edison and Hellenic Petroleum
- Law 4526/2018 ratifying Arta-Preveza onshore area Lease Agreement,
Hellenic Petroleum
- Law 4527/2018 ratifying NW Peloponese onshore area Lease Agreement,
Hellenic Petroleum
- Law 4299/2014 ratifying West Patraikos Gulf offshore area Lease Agreement,
Hellenic Petroleum (Operator) & Edison

Initialed Lease Agreements pending for ratification:

- Offshore Block 10 of the Ionian Sea
Hellenic Petroleum
- Offshore North West Crete
Total (Operator), ExxonMobil & Hellenic Petroleum
- Offshore West of Crete
Total (Operator), ExxonMobil & Hellenic Petroleum
- Offshore Ionian Sea Block
Repsol (Operator) & Hellenic Petroleum



Form and content of the Lease Agreement

- Presidential Decree no 127/1996 regulates:
 - Annual Work Program and Budget
 - Development and Production Program
 - Royalties
 - Foreign currency – Exchange
 - Surrender – Relinquishment
 - Income and Expense Allocation
 - Valuation of Hydrocarbons
 - Extension of Time Limits
 - Settlement of Disputes



Contractor's Legal Form

- Hydrocarbons Law provides for formation of a Joint Venture
- Law 4072/2012 provides that a Joint Venture is an incorporated entity
- International practice favors unincorporated Joint Ventures



Tax Regime

- No provisions in the Hydrocarbons Law for imposing tax obligations separately to each of the petroleum companies forming the Contractor
- No regulation in associated tax matters



Conclusion

- Hydrocarbons Law to be updated as per the Lease Agreements in place to ensure:
 - Modern regime
 - Competitive advantage against other countries
 - Legal safety

Thank you for your attention!

