

467 DAYS

without oil and gas
licensing round

€ **450** M

paid to local communities in
1st Quarter 2018



«The come of spring has been marked with highly important for the industry deregulation decisions made by the government. However, oil and gas licensing rounds still remain an exception rather than a rule.

The foreign investor, who is invited in Ukraine, does not understand this situation.

Meanwhile the national budget also loses benefits.

We have compared the starting price of the blocks to the price that they were sold at during the auctions two years ago. During the bidding the bonus for E&P licenses has grown six times on average, while the blocks are sold at the starting price if obtained without the auction».

Roman Opimakh
executive director
of the Association of Gas Producers of Ukraine

REASSESSMENT OF THE RESERVES HAS BEEN CANCELED

The Government's decision from December 18, 2017 on cancelation of the requirement of repeated state expertise and assessment of the reserves of the fields every 5 years has entered into force. Elimination of this provision is the advanced decision in line with the international practice.

The funds and the efforts, which were previously used by the companies to reassess the reserves, will now be directed to modernize the rigs, drill new wells, and increase gas production.

INCREASING GAS PRODUCTION TOGETHER

Ukrasvydobuvannya (UGV) has started the project of attracting partners to re-launch 268 idle wells and 38 shut-in wells, which are located on the blocks, for which the licenses are owned by other companies.

The company proposes the cooperation mechanism, under which the owner of the license with his own capital rehabilitates the abandoned wells on his block. In case of success, UGV receives part of the profit as a payment for services, provided to the partner.

The first companies to accept the offer were the Poltava Petroleum Company and the Smart Energy group of companies.

GAS PRODUCTION DEREGULATION IN ACTION

On March 1, the Parliament has approved the bill №3096-d, which cut red tape and advanced E&P regulation. The document cancels the permitting rudiments of the soviet era and the duplicating norms, which were artificially holding back the industry development for years.

Now obtaining the permitting documents will be sped up by at least 18 months, simplifying the land allotment procedure. In March, the President of Ukraine has signed this important law. Deregulation of the industry will facilitate the development of the economy and establishment of the country as an energy self-sufficient state.



3096-d PASSED!
Advancing energy independence!

The Government has approved the **volume of the natural gas security stock** for 2018, at a level of 10% for the crisis situations. Its forming is outlined in the Natural gas market Law.

The Ministry of Energy and Coal Industry has informed that it will not nominally approve the **normative losses and production expenditures** of oil, gas and condensate during production, preparation for transportation and transportation.

The Government has returned for further development the **amendments to the Decree №615** On Approval of the order of issue of the special permits for subsoil use from 30.05.2011.

