

REPUBLIC



OF CYPRUS

4(I) of 2007
126(I) of 2013
29(I) of 2014
186(I) of 2015.

**THE HYDROCARBONS
(PROSPECTION, EXPLORATION AND EXPLOITATION)
LAW, 2007**

(English translation and consolidation)

**Office of the Law Commissioner
Nicosia,
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NOTE FOR THE READER

This publication of the Office of the Law Commissioner is an English and consolidation of the Hydrocarbons (Prospection, Exploration and Exploitation) Law, 2007, as amended, (i.e., L.4(I)/2007, 126(I)/2013, 29(I)/2014, 185(I)/2015).

However useful the English translation of the consolidated Law is in practice, it does not replace the original text of the Law since only the Greek text of the Law published in the Official Gazette of the Republic of Cyprus is authentic.

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A LAW TO PROVIDE FOR THE PROSPECTION, EXPLORATION AND EXPLOITATION OF HYDROCARBONS

Preamble. For the purpose of harmonization with the European Community Acts with the title-

Official Journal of the E.U.: L164, 30.5.1994, p.3. “Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons”, and

Official Journal of the E.U.: L.178, 28.6.2013, p.66. “Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on Safety of offshore oil and gas operations and amending Directive 2000/35/EC,

The House of Representatives enacts as follows:

Short title. 1. This Law may be cited as the Hydrocarbons (Prospection, Exploration and Exploitation) Law, 2007.

Interpretation. 2. In this Law, unless the context otherwise requires-

“applicant” means any entity that submits an application for the grant of an authorization in accordance with section 5;

“authorization” means the authorization for the prospection and/or exploration and/or exploitation of hydrocarbons in a geographical area;

“authorization for the exploitation of hydrocarbons” means the right to exploit hydrocarbons in a geographical area;

“authorization for the exploration of hydrocarbons” means the right to explore for hydrocarbons in a geographical area;

"authorization for the prospection of hydrocarbons" means the right to prospect for hydrocarbons in a geographical area;

“by-products” means the products derived from the processing of hydrocarbons;

“Chairman” means the Chairman of the Advisory Committee;

“Commission” means the Commission of the European Communities;

2(a)of 186(I) of 2015.
64(I)of2004.
97(I)of2014.

“Continental Shelf” has the meaning assigned to this term by the Exclusive Economic Zone and the Continental Shelf Laws, 2004 and 2014;

2(b)of 186(I) of 2015.

“continental shelf” (deleted);

2(c)of 186(I)of 2015.

“Convention” means the United Nations Convention on the Law of the Sea which was ratified by the United Nations Convention on the Law of the Sea (Ratification) Law,1988;

203 of 1988.

“Council” means the Council of the European Communities;

“Court” means a Court as defined in section 32;

“entity” means any natural or legal person or a group of such persons which applies for or is likely to apply for or holds an authorization;

140(I) of 2005. “environmental authority” has the meaning assigned to it by the Assessment of the Effects of Certain Projects on the Environment, Law;

“exploitation of hydrocarbons” means the development and production of hydrocarbons or any treatment in order to make them marketable and the storage and the transportation of the hydrocarbons and their by-products to the loading installations for further disposal. In the abovementioned treatment, refining is not included;

"exploration of hydrocarbons" means the exploration for the discovery of hydrocarbon deposits by any appropriate method, including drilling;

"holder of an authorization" means any person to whom an authorization has been granted by the Council of Ministers in accordance with the provisions of this Law;

"hydrocarbons" means any kind of petroleum products in solid, liquid or gaseous state, including crude oil or natural gasoline, natural hydrocarbon gases as well as all related minerals or substances of any kind extracted together therewith;

"member state" means a member state of the European Union;

2(d)of 186(I)of 2015.

"Minister" means the Minister of Energy, Commerce, Industry and Tourism*;

2(a)of 186(I)of 2015.
Official Gazette, Suppl.III(I): 11.12.2015.

" offshore oil and gas operations" has the meaning assigned to this term by the Safety and Health at Work (Safety of Offshore oil and Gas Operations) Regulations, 2015, as amended and/or substituted for the time being;

2(a)of 186(I)of 2015.

"operator" has the meaning assigned to this term by the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations, 2015, as amended and/or substituted for the time being;

"prospection of hydrocarbons" means the attempt to locate hydrocarbons by any appropriate method other than drilling;

"third country" means a country that is not a member state;

* In accordance with the Law 151(I) of 2018, the Ministry of Energy, Commerce, Industry and Tourism, was renamed Ministry of Energy, Commerce and Industry. The Law came into force on 2nd January 2019 [Official Gaz. Suppl. I(I), no. 4679, dated 19.12.2018].

“town planning authority” has the meaning assigned to it by the Town and Country Planning Law.

90 of 1972
56 of 1982
7 of 1990
28 of 1991
91(I) of 1992
55(I) of 1993
72(I) of 1998
59(I) of 1999
142(I) of 1999
241(I) of 2002
29(I) of 2005
135(I) of 2006
11(I) of 2007
46(I) of 2007
76(I) of 2011
130(I) of 2011
33(I) of 2012
110(I) of 2012
150(I) of 2012
201(I) of 2013
65(I) of 2013
120(I) of 2014
39(I) of 2015
134(I) of 2015
24(I) of 2016
142(I) of 2018
16(I) of 2019
75(I) of 2021.

Ownership of hydrocarbons.
3(a) of 186(I) of 2015.

3.-(1) The ownership of hydrocarbons wherever they are found in Cyprus, including the Territorial Waters, the Continental Shelf and the Exclusive Economic Zone of the Republic, shall be deemed to be and always to have been vested in the Republic.

3(b) of 186(I) of 2015.

(2) The ownership rights of the hydrocarbons situated in the zone of offshore jurisdiction of the Republic, shall be exercised in conjunction with the rights in the Exclusive Economic Zone and the Continental Shelf as prescribed in the Exclusive Economic Zone and the Continental Shelf Laws, 2004 and 2014.

Determination of the areas for the exercise of the activities and refusal to allow access to the activities on grounds of national security.

4.-(1) The Council of Ministers shall retain the right to determine within the territory of the Republic as well as in areas where the Republic has sovereign rights and jurisdiction as far as prospection, exploration and exploitation of hydrocarbons is concerned, pursuant to the Convention or other international convention or internal legislation, the areas to be made available

for carrying out the activities of prospecting, exploring for and exploiting hydrocarbons.

(2) Whenever an area is made available for the exercise of the activities set out in subsection (1), the Council of Ministers shall ensure that there is no discrimination between entities as regards access to and exercise of these activities.

(3) The Council of Ministers may, on grounds of national security, refuse to allow access to and exercise of the activities referred to in subsection (1), to any entity which is effectively controlled by a third country or by nationals of a third country.

Grant of authorizations and conditions under which they are granted.

5.-(1) The Council of Ministers may grant an authorization, following submission of applications by the entities to the Minister, for which the procedure shall be initiated in the following manner-

4(a) of 186(l) of 2015.

(a) either at the initiative of the Council of Ministers, through notice by the Minister inviting applications, to be published in the Official Gazette of the Republic and the Official Journal of the European Union at least 90 days before the closing date for applications;

4(b) of 186(l) of 2015.

(b) or through notice inviting applications by the Minister, with the approval of the Council of Ministers, to be published in the Official Gazette of the Republic and the Official Journal of the European Union, following submission of an application by an entity. Any other interested entities shall have a period of at least 90 days after the date of publication in which to submit an application.

(2) In the implementation of subsection (1), the invitation to submit applications shall specify the type of authorization, the geographical area or areas in part or all of which an application

has been or may be made, the proposed date or time-limit for granting authorization, any conditions or requirements which the Council of Ministers deems expedient to be made public during the procedure for submission of the applications, whether preference is given to applications by entities which are autonomous and non-dependent natural or legal persons and anything at all that is deemed expedient to be determined in the invitation.

4(c) of 186(I) of 2015.

4(c) of 186(I) of 2015.

(3) When the geographical areas which are made available for the grant of hydrocarbon exploration or exploitation authorizations are not delimited on the basis of a prior geometric division of the territory and/or jurisdiction over maritime zones, the Council of Ministers shall determine, by a notification published in the Official Gazette of the Republic and the Official Journal of the European Union, the extent of each area in such a way that it does not exceed the area justified by the best possible exercise of the activities from the technical and economic points of view.

(4) The procedure for submitting applications and granting authorizations according to subsection (1) may not be initiated and authorizations may be granted by the Council of Ministers when the area for which authorization is requested:

4(d) of 186(I) of 2015.

- (a) is available on a permanent basis; or
- (b) has been the subject of a previous procedure provided for in subsection (1) which has not resulted in the grant of an authorization; or
- (c) has been relinquished by an entity and does not fall automatically under paragraph (a).

4(e) of 186(I) of 2015.

(5) In applying subsection (4), the Minister shall, by notification published in the Official Gazette of the Republic and a notice in the Official Journal of the European Union, indicate the areas

which are available and where relevant detailed information in this regard can be obtained. Any significant change in this information shall be the subject of an additional notice.

4(f) of 186(I) of 2015.

4(f) of 186(I) of 2015.

(6) The Council of Ministers may decide not to apply the provisions of subsection (1), if and to the extent that geological or production considerations justify the granting of the authorization for an area to an entity being the holder of an authorization for a contiguous zone. The Council of Ministers shall ensure that the holders of authorizations for any other contiguous zones are able to submit relevant applications in such a case, and are given sufficient time to do so.

(7)(a) The following shall not be considered as the grant of an authorization within the meaning of subsection (1):

- (i) the grant of an authorization solely by reason of a change of name or ownership of an entity holding an existing authorization or a change in the composition of the said entity or a transfer of an authorization or assignment of rights arising from an authorization;
- (ii) the grant of an authorization to an entity having another form of authorization where the possession of the latter authorization implies a right to the grant of the former authorization;
- (iii) the decision of the Council of Ministers, taken within the framework of an authorization and relating to the commencement, interruption, prolongation or cessation of the activities of the authorization granted;
- (iv) the decision of the Council of Ministers to proceed through governmental authorities, supported by special consultants or experts, to surveys for the evaluation of the potential hydrocarbon resources of the country.

(b) Where the provisions of subparagraph (i) of paragraph (a) apply, the entity shall inform the Minister whenever a change is made in the name or ownership of the entity holding an existing authorization or the composition of the entity or where there is a transfer of an authorization or assignment of rights arising from an authorization. Where this obligation is not fulfilled, the granted authorization may be cancelled.

(c) No person may hold an authorization when the provisions of subparagraph (i) of paragraph (a) apply, without the prior approval of the Council of Ministers.

(d) Any entity holding an authorization in accordance with the provisions of subparagraph (i), of paragraph (a), without the prior approval of the Council of Ministers, shall be guilty of an offence and shall be liable, on conviction, to imprisonment for a term not exceeding twelve months or to a fine not exceeding eight hundred fifty-five thousand euros or to both such penalties.

4(g)of186(l)
of 2015.

Establishment of
an Advisory
Committee.

6.–(1) For the purposes of this Law, there shall be established an Advisory Committee consisting of the following members:

5(a) of 186(l) of
2015.

- (a) the Director-General of the Ministry of Energy, Commerce, Industry and Tourism*, who shall act as the Chairman of the Committee, or a representative thereof;
- (b) the Attorney-General of the Republic or a representative thereof;
- (c) the Director - General of the Ministry of Foreign Affairs or a representative thereof;
- (d) the Director - General of the Ministry of Finance or a representative thereof;

* In accordance with the Law 151(I) of 2018, the Ministry of Energy, Commerce, Industry and Tourism, was renamed Ministry of Energy, Commerce and Industry. The Law came into force on 2nd January 2019 [Official Gaz. Suppl. I(I), no. 4679, dated 19.12.2018].

5(b) of 186(l) of 2015.

(e) the Director - General of the Ministry of Agriculture, Rural Development and Environment or a representative thereof;

(f) the Director of the Department of the Geological Survey or a representative thereof; and

2 of 29(l) of 2014.

(g) the Director of the Hydrocarbons Service or a representative thereof.

(2) All applications shall be addressed to the Minister, who shall convene a meeting of the Advisory Committee by a notice in writing to the Chairman of the Advisory Committee in order to commence the procedure for the evaluation of the applications, in accordance with the provisions of section 10.

Meetings of the Advisory Committee and procedure.

7.-(1) The Chairman of the Advisory Committee shall supervise its proceedings, prepare the agenda of every meeting and cause the agenda, together with a written invitation, to be communicated to each member at least twenty-four hours prior to the meeting.

(2) The Advisory Committee shall act as a quorum when the Chairman and at least four members are present.

(3) Any matter regarding the internal functioning of the Advisory Committee may be regulated by a relevant decision thereof taken by absolute majority.

Functions of the Advisory Committee.

8.-(1) The Advisory Committee shall have a duty to examine the content of the applications submitted pursuant to this Law, to evaluate the applications for granting authorizations to prospect, explore for and exploit hydrocarbons, as well as to evaluate any matters that arise in relation to the applications or which are laid before it for examination and to advise the Minister on any matter arising in the implementation of the provisions of this Law.

(2) In particular, and without prejudice to the generality of subsection (1), the Advisory Committee may examine and submit its opinion to the Minister in relation to the following matters:

- (a) any matter that may arise prior to the commencement of the procedure for the submission of the applications;
- (b) whether an application submitted pursuant to this Law shall be approved or rejected;
- (c) the transfer of an authorization or the assignment of rights arising from an authorization by the holder of authorization to another entity;
- (d) the imposition of any conditions to the applicant on the approval of his application, as well as any revision of these conditions;
- (e) the degree of threat to the environment that may arise from the grant of an authorization for exploration and an authorization for exploitation to any entity and any protection measures thereof;
- (f) the safety measures to be imposed in every case and the measures to ensure that persons who take part in the said activities have the necessary scientific qualifications;
- (g) measures for the protection of navigation; and
- (h) any other matter that the Advisory Committee deems expedient to examine and which is related to the applications.

Powers and obligations of the Advisory Committee.

9.–(1) The Advisory Committee may, through its Chairman, convene a meeting, and/or be advised by experts on matters relating to the prospection, exploration and exploitation of hydrocarbons, including any officer of a public service or any organisation governed by public or private law, as well as any

person whose opinion or expert knowledge on a particular matter might be considered useful or necessary in carrying out its work.

(2) The Advisory Committee may appoint special technical committees for the study of specified matters raised during the examination of any application or any other matter, set the terms of reference and function thereof and take into account the conclusions of the studies carried out.

Procedure for
examining the
application by the
Advisory
Committee.

10.–(1) Upon receipt of the application, submitted pursuant to section 5 and taking into account the provisions of subsection (2) of section 6, the Chairman shall send, without delay, a copy thereof to the members of the Advisory Committee and shall convene a meeting within 30 days to examine the application in accordance with the provisions of subsections (2), (3) and (4). The Chairman may, whenever he deems necessary, either on his own motion or upon a request in writing of at least one member of the Advisory Committee, summon an extraordinary meeting of the Advisory Committee. In case the holding of the extraordinary meeting is requested by a member of the Advisory Committee, the Chairman must decide whether the reason raised by the member of the Committee justifies such holding.

(2) In the course of the above-mentioned meeting, the Advisory Committee shall examine whether the application has been submitted in accordance with the provisions of this Law and whether the information that it contains is adequate for the evaluation of the application and the grant of an authorization.

(3) If in the course of the above-mentioned meeting, the Advisory Committee deems that the information before it is not sufficient or complete, it may request by the applicant or a third party any additional particulars or information it deems necessary as well as the carrying out of inspections or obtaining the opinion of or reports by consultants or other experts.

(4) If the Advisory Committee considers during the meeting that the information that is before it is sufficient, it shall proceed to the examination of the application and shall submit a reasoned opinion to the Minister as to whether the authorization is to be granted and on which terms or as to whether the application is to be rejected. The opinion shall be contained in a preparatory report, prepared by the Advisory Committee, on the basis of a procedure decided by it. The Minister shall submit his opinion in relation to the applications and the preparatory report of the Advisory Committee to the Council of Ministers for the taking of a final decision.

Environmental impact study.
6(a) of 186(I) of 2015
6(b) of 186(I) of 2015.

11.-(a) Subject to the provisions of paragraph (b), an entity that possess an authorization to explore and/or exploit hydrocarbons is bound to comply with the provisions of the Assessment of the Effects of Certain Projects on the Environment Law.

6(c) of 186(I) of 2015.

(b) Notwithstanding the provisions of the Assessment of the Effects of Certain Projects on the Environment Law, the applications, reports and other documents whose submission is provided in the said Law, shall be submitted to the Minister when they refer to works falling within the provisions of this Law, and the Minister shall forward them in due course to the town planning or environmental authority, as the case may be.

Implementation of the Convention for the Protection of the Mediterranean Sea Against Pollution.
7 of 186(I) of 2015

11A. Before the start of any offshore oil and/or gas operations of hydrocarbons the holder of an authorization must secure the authorization provided for in Article 4 of the Protocol for the Protection of the Mediterranean Sea Against Pollution Resulting from Exploration and Exploitation of the Continental Shelf and the Seabed and its Subsoil, adopted on 14 October 1995 by the Conference of Plenipotentiaries, held in Madrid, and ratified by the Convention for the Protection of the Mediterranean Sea

51 of 1979
35(III) of 2007
2(III) of 2013.

Against Pollution and Protocols Connected Therewith
(Ratification) Laws, 1979 to 2013.

Criteria for the
evaluation of the
applications.

12.-(1) The criteria, on the basis of which the applications are evaluated, shall be drawn up and published in the Official Gazette of the Republic and the Official Journal of the European Union before the start of the period for submission of applications. If the criteria have already been published in the Official Gazette of the Republic, the publication in the Official Journal of the European Union may be limited to a reference to the publication in the Official Gazette of the Republic. Any change in the criteria shall be published in full in the Official Gazette of the Republic and the Official Journal of the European Union. The criteria may relate to:

- (a) national security or public interest;
- (b) the technical and financial ability of the applicant;
- (c) the ways in which the applicant proposes to carry out the activities specified in the authorization;
- (d) when the authorization is put up for sale, the price which the applicant is prepared to pay in order to obtain the authorization;
- (e) any lack of efficiency and responsibility displayed by the applicant in operations under a previous authorization.

(2) In case where two or more applicants that are evaluated in accordance with the criteria of subsection (1) have equal merit, then the Council of Ministers may adopt additional relevant criteria in order to decide to which entity the authorization shall be granted. These additional criteria shall be published in the Official Gazette of the Republic and the Official Journal of the European Union.

(3) Without prejudice to subsection (3) of section 4, the Council of Ministers shall apply the above-mentioned criteria in a non-discriminatory manner between applicants.

(4) The Council of Ministers may refuse the granting of an authorization provided that this option does not give rise to discrimination between the applicants.

(5) When an application is rejected, then the reason for rejection shall be communicated to the applicant.

Issues relating to safety and environment.
8 of 186(I) of 2015.

12A.-(1) The Council of Ministers when making a decision on granting or transferring licences shall take into account the capability of an applicant to meet the requirements for operations within the framework of the licence as required by the relevant provisions of the Union law in particular Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC, as amended or substituted for the time being.

(2) For purposes of application of subsection (1), when assessing the technical and financial capacity of the applicant, the Council of Ministers shall take due account of the following:

(i) The risk, the hazards and any other relevant information relating to the licensed area concerned including, where appropriate, the cost of degradation of the marine environment in accordance with the provisions of paragraph (c) of subsection (1) of section 9 of the Marine Strategy Laws, 2011 and 2014;

18(I) of 2011
159(I) of 2014.

(ii) the particular stage of offshore oil and gas operations;

(iii) the applicant's financial capabilities, including any financial security to cover liabilities potentially deriving from the offshore oil and gas operations in question including liability for potential economic damages under the national law in force;

(iv) the available information concerning the performance of the applicant, relating to the safety and environment, among others, in relation to major accidents:

Provided that when assessing the technical and financial capabilities of an applicant, special attention shall be paid to any environmental sensitive marine and costal environment, in particular, ecosystems which play an important role in mitigation and adaptation to climate change, such as salt marshes and sea grass beds and marine protected areas of conservation pursuant to the provisions of the Protection and Conservation of Natural Habitats and of Wild Fauna and Flora Laws, 2003 to 2015, special protection areas pursuant to the provisions of the Conservation of Wild Birds Laws, 2003 to 2020 and marine protected areas as agreed by the Union or the Republic within the framework of any international or regional agreements to which the Republic is a party.

153(I) of 2003
131(I) of 2006
113(I) of 2012
67(I) of 2015.
152(I) of 2003
256(I) of 2004
81(I) of 2005
151(I) of 2006
15(I) of 2008
5(I) of 2009
129(I) of 2012
52(I) of 2014
104(I) of 2014
165(I) of 2014
68(I) of 2015
99(I) of 2017
156(I) of 2017
213(I) of 2020.

(3) The Council of Ministers shall not grant a licence unless it is satisfied with evidence from the applicant that the applicant has made or will make adequate provision, on the basis of arrangements to be decided by the Council of Ministers, to cover liabilities potentially deriving from the offshore oil and gas operations. Such provision shall be valid and effective from the start of offshore oil and gas operations:

Provided that the Council of Ministers shall require applicants to provide, in an appropriate manner, evidence of technical and financial capacity and any other relevant information relating to the area covered by the licence and the particular stage of

offshore oil and gas operations, for the purposes of subsection (1):

Provided further that, the Council of Ministers shall assess the adequacy of provisions referred to in subsection (1), in order to establish whether the applicants have sufficient financial resources for the immediate launch and uninterrupted continuation of all measures necessary for effective emergency response and subsequent remediation.

(4) The Council of Ministers shall take measures to facilitate the deployment of sustainable instruments and other arrangements to assist applicants in demonstrating their financial capacity for the purposes of subsection (1).

(5) In applying the provisions of this section, the Council of Ministers may require the opinion of the Director of the Labour Inspection Department of the Ministry of Labour, Welfare and Social Insurance.

Conditions and requirements for granting authorizations.

13.-(1) The authorizations may be granted on such conditions and requirements in order to ensure:

- (a) the proper performance of the activities permitted by the authorization;
- (b) the financial contribution in money or a contribution in hydrocarbons;
- (c) national security;
- (d) public safety;
- (e) public health;
- (f) security of transport;

- (g) protection of the environment pursuant to section 11 and the terms specified in the Regulations made under this Law;
- (h) protection of biological and mineral resources and of national treasures possessing artistic, historic or archaeological value;
- (i) safety of installations and of workers;
- 9(a) of 186(l) of 2015. (j) planned management of hydrocarbon resources, such as particularly the rate at which hydrocarbons are depleted or the optimization of their recovery;
- 9(b) of 186(l) of 2015. (k) the need to secure revenues to the Republic;
- 9(c) of 186(l) of 2015. (l) that the holders of authorization maintain sufficient capacity to meet their financial obligations arising from the hydrocarbon activities.

(2) The conditions and requirements for granting authorizations shall be applied in such a way so that discrimination is not introduced between the applicants.

(3) The conditions and requirements concerning the exercise or termination of the activity, which apply to each type of authorization by virtue of legislative, regulatory or administrative provisions in force at the time of submission of the applications, as well as any changes made to the conditions and requirements in the course of the procedure of examining the applications, shall be notified to all interested entities.

Grant of rights to the holders of authorizations.

14.-(1) The authorization for the prospection of hydrocarbons shall grant to the holder of an authorization the right to prospect for hydrocarbons in the area for which the authorization was granted, under the conditions and requirements of the authorization granted.

(2) The authorization for the exploration of hydrocarbons shall grant to the holder of an authorization exclusive rights to explore for hydrocarbons in the area for which the authorization was granted, under the conditions and requirements of the authorization granted, and in the case of a commercial discovery of hydrocarbons, the right to be granted an exploitation authorization related to such a discovery, in accordance with the provisions of this Law and the Regulations.

(3) The authorization for the exploitation of hydrocarbons shall grant to the holder of an authorization exclusive rights to exploit hydrocarbons in the area for which the authorization was granted, under the conditions and requirements of the authorization granted.

Duration of validity of an authorization.

15. The duration of validity of an authorization shall not exceed the period necessary to complete the activities specified in the authorization. The Council of Ministers shall renew or extend the authorization for such a time period as provided in the Contract between the Government of the Republic and the holder of an authorization and in accordance with the conditions of the authorization.

Appointment of operator.
10 of 186(I) of 2015.

15A.-(1) The Council of Ministers or the holder of an authorization shall appoint the operator.

(2) Where the operator is to be appointed by the holder of an authorization, the Council of Ministers shall be notified of the appointment in advance, and, if, necessary in consultation with the Director of the Labour Inspection Department of the Ministry of Labour, Welfare and Social Insurance and where issues arise falling within the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations, 2015, may object to the appointment of the operator.

(3) Where such an objection is raised, the Council of Ministers shall require the holder of an authorization to appoint a suitable alternative operator or assume the responsibilities of the operator imposed by the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations,2015.

(4) On the appointment of the operator the holder of an authorisation shall ensure that:

(a) the operator has the capacity to meet the requirements for specific operations within the framework of the authorization; and

(b) meets the requirements, carries out its functions and discharges its duties under the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations,2015.

(5) Where the Director of the Labour Inspection Department of the Ministry of Labour, Welfare and Social Insurance deems that on the basis of the provisions of the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations, 2015, the operator no longer has the capacity to meet the relevant requirements of the said Regulations shall inform the Minister accordingly.

(6) The Minister shall notify in writing the holders of authorization for the decision of the Director of the Labour Inspection Department of the Ministry of Labour, Welfare and Social Insurance referred to in subsection (5) and shall give instructions to the holder of an authorization to take the necessary measures for compliance with the provisions of the Safety and Health at Work (Safety of Offshore Oil and Gas Operations) Regulations,2015.

(7) The holder of an authorization shall assume responsibility for the discharge of the duties concerned, and shall, without delay,

propose an alternative operator, who is appointed with the prior approval of the Council of Ministers.

State's participation in the activities of prospecting, exploring for and exploiting hydrocarbons. 2(a) of 126(I) of 2013. 3 of 29(I) of 2014.

16.-(1) The management of the Republic's participation in the activities of prospecting, exploring for and exploiting hydrocarbons may be assumed by the Republic itself or by a legal person that the Council of Ministers may prescribe.

(1A) In case where the management of the Republic's participation in the activities of prospecting, exploring for or/and exploiting hydrocarbons is assumed by a legal person, in accordance with the provisions of subsection (1), the said legal person is administered by a seven member administrative board consisting of seven(7) non-executive directors, one (1) of whom is the chairman and six(6) other members who are persons of recognised prestige and morals, have the capacity to contribute to the realisation of its objectives and the following qualifications:

- (a) the Chairman of the Board has specialized knowledge and experience related to the management of complex and large organisations and experience in hydrocarbons matters;
- (b) one (1) member of the Board is a lawyer with experience in concluding contracts and, if possible, with experience in hydrocarbons matters;
- (c) one (1) member of the Board is an economist or qualified accountant with knowledge and experience in project financing issues,
- (d) four members of the Board are persons with specialised knowledge and experience in hydrocarbons matters.

3 of 29(I) of 2014.

(1B) The position of general manager is filled by a person with at least ten years of managerial experience in research companies or/and exploitation or/and processing or/and trade in hydrocarbons while the positions of directors are filled by persons holding at least seven years of managerial experience in research companies or/and exploitation or/and processing or/and trade in hydrocarbons.

(1C) The names of the selected members of the administrative board and the general manager of the legal person as well as the respective qualifications and any justification as to whether they comply with the provisions of section (1A) shall be communicated to the Parliamentary Committee of Trade and Industry by the President -in-Office of the general meeting of the legal person before the disclosure of their appointment.

(2) The rules for payment of contributions referred to in section 13(1)(b), as well as any requirement for Republic's participation, shall be fixed by the Council of Ministers in such a way as to ensure that the independence of management of entities is maintained.

(3) Where the grant of authorizations is subject to the Republic's participation in the activities and where a legal person has been entrusted solely with the management of this participation, or where the Republic itself manages the participation, neither the legal person nor the Republic shall be prevented from assuming the rights and obligations associated with such participation, provided that:

- (a) the legal person or the Republic shall not provide any information nor exercise any voting rights on decisions regarding sources of procurement for the entity;
- (b) the legal person or the Republic in combination with any public entities shall not exercise a majority voting right; and
- (c) any vote by the Republic or the legal person, shall be based exclusively on transparent, objective and non-discriminatory principles and shall not prevent the relevant management decisions of the entity from being based on normal commercial principles.

(4) Notwithstanding the provisions of subsection (3), the legal person or the Republic may oppose any decision of the entity,

which does not conform to the conditions and requirements for granting an authorization, regarding depletion policy and protection of the financial interests of the Republic:

Provided that, the option to oppose a decision must be exercised in a non-discriminatory manner, particularly regarding investment decisions and sources of supply of the holders of authorizations, unless they breach the national legislation or the international law.

(5) Where the Republic's participation in the activities is managed by a legal person, which also holds the authorizations, then:

(a) the legal person shall keep separate accounts for its commercial role and its role as manager of the Republic's participation:

2(b) of 126(I) of 2013.
3(b) of 29(I) of 2014.
113(I) of 2002
32(I) of 2007
137(I) of 2013.

Provided that the audit of the accounts and the management control of a legal person shall be made annually by the Auditor-General of the Republic in accordance with the provisions of the Submission of Data and Information to the Auditor-General of the Republic and the House of Representatives Law, as amended or substituted for the time being:

2(b) of 126(I) of 2013.

Provided further that the annual budget of the legal person in relation to any financial year as well as any supplementary budget thereof shall be laid before the House of Representatives for information purposes.

(b) it shall ensure that there is no flow of information from the part of the legal person responsible for the management of the Republic's participation to the part of the legal person which holds an authorization.

(6) Where the part of the legal person responsible for the management of the Republic's participation engages the part of the legal person which holds authorization as a consultant, the former may provide the latter with the necessary information for the consultancy work to be carried out. The holders of authorizations, to which the said information relates, shall be informed in advance of what information will be given in this way, so that they have sufficient time to raise objections, which shall be submitted to the Minister and the Minister shall decide on the matter after having heard the views from the two parties.

Contravention of the provisions of subsection (1A) and paragraph (a) of section 16 by a legal person.
3 of 126(I) of 2013.
4 of 29(I) of 2014.

16A. (Deleted).

Information that has to be provided by the holders of an authorization.

17. The Minister may require the holders of an authorization to provide information on actual or intended sources of procurement in relation to their obligations under their authorizations, or for any other matter that is deemed necessary by the Minister, either at regular intervals or when he deems it necessary. The Minister may request the said information to the extent justified on the following grounds:

- (a) public morals;
- (b) public order;
- (c) public security;
- (d) protection of health and life of humans, animals or plants;
- (e) protection of national treasures possessing artistic, historic or archaeological value;
- (f) protection of industrial and commercial property;
- (g) compliance with the national and international law.

Report to the Commission.

18. The Minister shall publish in the Official Gazette of the Republic and communicate to the Commission, an annual report which shall include information on the geographical areas for which authorizations have been granted, the estimated reserves contained in these areas, the type of the authorizations granted, the entities holding authorizations and the composition thereof, as well as the estimated reserves in the Republic.

Authorized officers.

19.-(1) The Minister may, by notification published in the Official Gazette of the Republic, authorize an appropriate person or persons to act as authorized officers in the application of this Law and the Regulations made thereunder and the conditions of the authorization.

(2) An authorized officer may carry out any or all of the following acts:

- (a) enter at all reasonable times, showing his credentials, if so requested, and without prior notice, any building or premises or any other place, in which he has reasonable cause to believe that there is a contravention of the conditions of the holder's authorization or any other contravention of this Law and the Regulations:

Provided that, an authorized officer may not enter any residence without the prior securing of a judicial warrant;

- (b) carry out such searches, examinations, tests, inspections, reviews and investigations that may be necessary for the purpose of ascertaining whether there is a contravention of the conditions of the holder's authorization or any other contravention of this Law and to inspect, take extracts or copies of documents related to the hydrocarbons operations;

138 (I) of 2001*
37(I) of 2003.

- (c) keep copies of any evidence or records which he has reasonable cause to believe that may be required for the purpose of proof in criminal or civil proceedings in respect of any offence pursuant to this Law and copies of any information required to be given to the Minister under section 17, on condition that the provisions of the Processing of Personal Data (Protection of Individuals) Laws are being complied with;
- (d) carry out anything that he may deem necessary and reasonable with a view to securing compliance with the provisions of this Law and the Regulations made thereunder;
- (e) enter at all reasonable times, showing his credentials, if so requested and without any prior notice, any building, premises, area, vehicle, vessel or aircraft, and examine any machinery or equipment, which has been, is being or is to be used in connection with the hydrocarbons operations;
- (f) take samples of hydrocarbons, water or other liquid, gaseous or solid substances and conduct such searches, analyses, tests, checks, inspections and investigations as may be necessary for the purpose of ascertaining whether there is a contravention of the conditions of the holder's authorization or any contravention of this Law and the Regulations.

(3) Any holder of an authorization and any person who is the owner, occupier or in charge of any building, premises, area, vehicle, vessel or aircraft, machinery or equipment referred to in subsection (2), is bound to provide the Minister with all

* The Processing of Personal Data (Protection of Individuals) Law, 2001, [L.138(I) of 2001, as amended] was repealed and replaced by the Protection of Individuals with Regard to the Processing of Personal Data and on the Free Movement of Such Data Law [L.125(I)/2018].

reasonable assistance, including the provision of necessary means of transport, for the effective exercise of his powers.

Confidential information and confidentiality of the received information.

15(I) of 2000.

20.-(1) Any evidence and information collected and used by an authorized officer pursuant to the provisions of this Law, shall be deemed to be confidential within the meaning of section 13 of the Statistics Law.

(2) An authorized officer who takes part in the carrying out of searches or inspections, as provided for in subsection (2) of section 19 and without a lawful authorization by the Minister publishes or communicates to an unauthorized person any information that he has been given or received during the exercise of his duties, shall commit an offence, and shall be liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding thirty four thousand two hundred euros or to both such penalties:

11 of 186(I) of 2015.

Provided that, the obligation for confidentiality shall not apply–

- (a) when the written consent of the person who is responsible for the management, functioning, maintenance or keeping of the building or the premises wherein the searches, examinations, tests, inspections, reviews and investigations are conducted in accordance with subsection (2) of section 19, has been given;
- (b) before a Court;
- (c) before a Commission of Inquiry appointed and acting pursuant to the Commissions of Inquiry Law;
- (d) before an investigating officer conducting an investigation under section 4 of the Criminal Procedure Law;

Cap. 44.

36 of 1982

84 of 1983

119(I) of 2011

147(I) of 2012

22(I) of 2013

150(I) of 2018.

Cap. 155.

92 of 1972

2 of 1975
12 of 1975
41 of 1978
162 of 1989
142 of 1991
9 of 1992
10(I) of 1996
89(I) of 1997
54(I) of 1998
96(I) of 1998
14(I) of 2001
185(I) of 2003
219(I) of 2004
57(I) of 2017
9(I) of 2009
111(I) of 2011
165(I) of 2011
7(I) of 2012
21(I) of 2012
160(I) of 2012
23(I) of 2013
16(I) of 2014
42(I) of 2014
186(I) of 2014
110(I) of 2018
129(I) of 2018
68(I) of 2021.

(e) before the Unit for Combating Money Laundering Offences pursuant to the Prevention and Suppression of Money Laundering Activities Law;

61(I) of 1996
25(I) of 1997
41(I) of 1998
120(I) of 1999
152(I) of 2000
118(I) of 2003
185(I) of 2004
188(I) of 2007.

(f) before the Commission for the Protection of Competition in the exercise of its powers, pursuant to the Protection of Competition Law.

207(I) of 1989*
87(I) of 2000
155(I) of 2000.

Criminal offences
In contravention of
the provisions of
section 19.

21.-(1) A person shall commit an offence if he-

(a) obstructs the entry into any premises of an authorized officer under section 19(2)(a);

* The Protection of Competition Law, 1989 [L.207(I) of 1989, as amended] was repealed and replaced by the Protection of Competition Law, 2008 [L.13(I) of 2008 as amended by Law 41(I) of 2014].

- (b) prevents an authorized officer from conducting searches, examinations, tests, inspections, reviews and investigations under section 19(2)(b);
- (c) prevents an authorized officer from keeping copies of any evidence under section 19(2)(c);
- (d) prevents an authorized officer from doing anything he may deem necessary for the implementation of the provisions of this Law under section 19(2)(d);
- (e) obstructs the powers of entry and inspection of an authorized officer acting pursuant to Regulations made under this Law.

(2) Any person who is guilty of an offence pursuant to subsection (1), shall be liable on conviction-

- 12(a) of 185(l) of 2015. (a) to imprisonment for a term not exceeding six months or to a fine not exceeding seventeen thousand and one hundred euros or to both such penalties; and
- 12(b) of 185(l) of 2015. (b) in case of a second or subsequent conviction, to imprisonment for a term not exceeding twelve months or to a fine not exceeding thirty four thousand, two hundred euros or to both such penalties.

Prospection, exploration or exploitation of hydrocarbons without an authorization or in contravention of the terms of an authorization.
13 of 186 (l) of 2015.

22. Any person conducting prospection, exploration or exploitation of hydrocarbons without holding the relevant authorization or in contravention of the conditions of the authorization in his possession, shall commit an offence and shall be liable on conviction to imprisonment for a term not exceeding two years or to a fine not exceeding one million, seven hundred and ten thousand euros or to both such penalties. In case of a second or subsequent conviction, this person shall be liable to imprisonment for a term not exceeding four years or to a fine not exceeding eight million, five hundred and fifty thousand euros or to both such penalties.

Revocation, suspension and cancellation of authorization.

23.-(1) The Council of Ministers may, where the holder of an authorization commits the offence provided for in section 21, revoke, suspend or cancel the authorization granted, without prejudice to any claim made against the holder of the authorization.

(2) The Council of Ministers may, where the holder of an authorization does not request the previous consent of the Council of Ministers as required by the provisions of section 5(7)(b) and (c) and of section 28(1), revoke, suspend or cancel the authorization without prejudice to any claim made against the holder of the authorization.

Exemption from the provisions of section 22.

24. The provisions of section 22 shall not apply to any person that during lawful drilling for finding water or other lawful functions, releases hydrocarbons.

Criminal liability of officials of legal persons.

25. When an offence under the provisions of this Law by a legal person and it is proved that this offence has been committed with the consent or tolerance or due to negligence of a managing director, director, secretary or any other person acting in such capacity, this person and the legal person shall also be guilty of such an offence.

Powers of the Court for seizure and confiscation.

26. The Court may order that any quantity of hydrocarbons that has been obtained as a result of the commission of an offence, as well as any machine, equipment, vehicle, ship or aircraft and also any construction that has been used during the commission thereof shall be confiscated and/or seized. Where the confiscation of hydrocarbons is not possible, the Court may order that the person committing the offence shall pay a fine to at least the value of the quantity of the hydrocarbons that have been unlawfully obtained.

Transfer of an authorization or assignment of rights arising from an authorization.

27.-(1) No holder of an authorization may transfer an authorization or assign the rights arising from an authorization to

another entity, except upon the consent of the Council of Ministers, which may be granted if-

- (a) it does not endanger national security;
- (b) the Council of Ministers is satisfied that an entity to whom the authorization would be transferred or the rights arising from an authorization would be assigned has sufficient technical knowledge, experience and financial resources to secure the proper exercise of the activities of prospecting, exploring for and exploiting hydrocarbons;
- (c) the entity to which the authorization would be transferred or the rights arising from an authorization would be assigned undertakes to comply with such other conditions and requirements as the Council of Ministers may deem proper to impose.

(2) Any holder of an authorization who transfers an authorization or assigns the rights arising from an authorization without the approval of the Council of Ministers shall commit an offence and shall be liable on conviction to imprisonment for a term not exceeding twelve months or to a fine not exceeding eight hundred fifty five thousand euros or to both such penalties.

14 of 186(l) of 2015.

Control of a holder of authorization by a third country or a national of a third country.

28.-(1) No entity may, after the grant of an authorization thereto, come under the direct or indirect control of a third country, or a national of a third country, without the prior approval of the Council of Ministers.

(2) Any holder of an authorization that comes under the direct or indirect control of a third country or a national of a third country without the prior approval of the Council of Ministers, shall commit an offence and shall be liable on conviction to imprisonment for

15 of 186(l) of 2015.

a term not exceeding twelve months or to a fine not exceeding eight hundred fifty five thousand euros or to both such penalties.

Refusal for granting an authorization to an entity controlled by a third country or a national of a third country.

29.-(1) The entities may inform the Minister or any authorized by him officer who is responsible for the collection of such information, of any general difficulty encountered, either in law or in practice, by the entities as regards access to or exercise of the activities of prospecting, exploring for and exploiting hydrocarbons in third countries.

(2) The Minister shall inform the Commission of any general difficulty, encountered, either in law or in practice, by the entities as regards access to and exercise of the activities referred to in subsection (1).

(3) The Council of Ministers may, following an approval of the Council, refuse the grant of an authorization to an entity which is effectively controlled by a third country or by a national of the said third country when the third country is not granting entities of the Republic or entities of the member states, as regards access to and exercise of the activities of prospecting, exploring for and exploiting hydrocarbons, treatment comparable to that which the Republic or the member state grants entities from that third country.

Power to issue Regulations and Orders.

30.-(1) The Council of Ministers may issue Regulations and the Minister may issue Orders for the better carrying into effect of the provisions of this Law.

(2) Without prejudice to the generality of subsection (1), the said Regulations may relate to the following purposes or any of them, that is to say-

(a) prescribing the forms to be used for the carrying into effect of the provisions of this Law;

- (b) prescribing the manner in which applications may be submitted for the grant, renewal or transfer of an authorization or the assignment of rights arising from an authorization pursuant to this Law, as well as the persons by whom applications may be submitted;
- (c) regulating the authorizations for the exploration and exploitation of hydrocarbons, as well as the protection of resources of hydrocarbons;
- (d) the manner in which the holders of authorizations shall provide information or keep the Minister informed;
- (e) regulating–
 - (i) the avoidance of interference with other activities in or near the area included in an authorization;
 - (ii) any matters relating to the functions and duties of the authorized officers in accordance with section 19;
- (f) regulating matters dealing with the conclusion of Contracts between the Government of the Republic of Cyprus and the holders of an authorization;
- 4 of 126(I) of 2013. (g) the renewal and/or extension of an authorization;
- 5 of 29(I) of 2014. (h) (Deleted).

16 of 186(I) of 2015.

(3) Regulations issued in accordance with subsection (1), may create offences punishable with penalties provided for in the said Regulations. These penalties may not exceed imprisonment for a term up to four years and a fine up to eight million, five hundred and fifty thousand euros.

(4) Without prejudice to the generality of subsection (1), the said Orders may provide for:

- (a) the keeping of a hydrocarbons register by the Minister;

- (b) the construction of common installations;
- (c) the determination of the fees payable in relation to any application.

Administrative fine.

17 of 186(l) of 2015.

17 of 186(l) of 2015.

31.-(1) The Minister may impose an administrative fine for any contravention of this Law or the Regulations made thereunder according to the nature, the severity and the duration of the contravention, up to four hundred twenty seven thousand and five hundred euros. In case of a second or subsequent contravention, the Minister may impose an administrative fine of up to one million seven hundred and ten thousand euros.

(2) The administrative fine shall be imposed on the holder of an authorization following a reasoned written decision of the Minister, confirming the contravention, after the Minister has heard the interested parties or has given them the opportunity to express their views.

(3) The decision for the imposition of an administrative fine may be appealed by recourse before the Council of Ministers. The recourse shall be made in writing within a strict time-limit of thirty days from the date of service of the notice for the imposition of the administrative fine.

(4) The Council of Ministers shall examine a recourse and, after having heard the interested parties or having given them the opportunity to express their views, shall issue a decision in accordance with subsection (5).

(5) The Council of Ministers may issue one of the following decisions:

- (a) confirm the challenged decision;
- (b) declare the challenged decision null and void;
- (c) amend the challenged decision; or

(d) issue a new decision in substitution for the challenged decision.

(6) In case of default of the payment of the fine imposed by the Minister pursuant to the provisions of this Law the Minister shall take court measures and shall collect the amount due as a civil debt due to the Republic.

Jurisdiction of the President of the District Court.

14 of 1960
50 of 1962
14 of 1963
8 of 1969
40 of 1970
58 of 1972
1 of 1980
35 of 1982
29 of 1983
91 of 1983
16 of 1984
51 of 1984
83 of 1984
93 of 1984
18 of 1985
71 of 1985
89 of 1985
96 of 1986
317 of 1987
49 of 1988
64 of 1990
136 of 1991
149 of 1991
237 of 1991
42(I) of 1992
43(I) of 1992
102(I) of 1992
26(I) of 1993
82(I) of 1995
102(I) of 1996
4(I) of 1997
53(I) of 1997
90(I) of 1997
27(I) of 1998
53(I) of 1998
110(I) of 1998
34(I) of 1999
146(I) of 1999
41(I) of 2000
82(I) of 2001
40(I) of 2002
80(I) of 2002
140(I) of 2002
17(I) of 2004
165(I) of 2004
268(I) of 2004

32. Notwithstanding the provisions of section 23 of the Courts of Justice Laws, the President of the District Court of Nicosia shall have exclusive jurisdiction to try all offences under this Law and impose any penalty provided by this Law or any Regulations made thereunder.

21(I) of 2006
99(I) of 2007
170(I) of 2007
76(I) of 2008
8(I) of 2008
118(I) of 2008
119(I) of 2008
36(I) of 2009
129(I) of 2009
138(I) of 2009
19(I) of 2010
166(I) of 2011
30(I) of 2013
46(I) of 2014
191(I) of 2014
29(I) of 2017
109(I) of 2017
5(I) of 2020
102(I) of 2020
199(I) of 2020.

Transfer of powers
and/or duty of the
Minister to an
authorized person.

33.-(1) The Minister may transfer in writing to an officer authorized by him, the exercise of any power and/or the performance of any duty granted to or vested in the Minister, respectively, by this Law or the Regulations. In the event of such transfer, the Minister shall retain the power to exercise the power and to perform the duty so transferred, from and during the said transfer.

(2) An officer, to whom the exercise of a power or the performance of a duty is granted, pursuant to subsection (1), is bound to exercise the power and perform the duty in accordance with any written directions given to him by the Minister.

(3) The Minister may amend and withdraw a transfer made pursuant to subsection (1), by a notice in writing to the officer to whom the transfer was made.

Repeal.
99(I) of 2004.

34. The Hydrocarbons (Prospection, Exploration and Exploitation) Law, 2004 is hereby repealed.

Transitional
provision.

35. Without prejudice to the validity of any acts or procedures done or followed on the basis of the regime in force prior to the coming into force of this Law, pending matters or procedures

which commenced but were not concluded on the coming into force of this Law, shall be carried out as far as possible, in accordance with the provisions of this Law and the Regulations, Orders or notifications made thereunder.