

After the signing of onshore concession contracts for exploration and exploitation of hydrocarbons for six exploration areas between the Croatian Government and the selected companies, Director of Croatian Agency for Hydrocarbons (HAZU) Barbara Doric said that exploration works will be carried out in the next three to five years, while commercial production on these fields is expected in five years.

The tender was published in July 2014, and the deadline for bids submission passed on 18 February 2015. It includes six exploration areas or blocks spanning in size from 2,100 to 2,600 square kilometers in the Drava and Sava valleys and Eastern Slavonia. The exploration and exploitation licenses will be awarded for a maximum of 30 years, with the total exploration period of five years. In late March 2015, the Government adopted a decision according to which Croatian oil company INA was awarded a license for one exploration area (Drava 2), Nigerian company Oando PLC also got license for one area (Drava 3), while Vermillion Zagreb Exploration, a daughter company of Canadian Vermillion Energy, received licenses for four exploration areas (Drava 4 and Sava 8, 9 and 10). Doric explained that in the exploration phase, which should last five years, it is expected that over 66 million euros will be paid to the state budget. In case of commercial production, the benefits for the state should amount between 450 and 900 million euros per year. Currently, the fees from oil and gas concessions amount to about 80 million euros per year. Regarding the business relations between the state and the investors in hydrocarbons exploration and exploitation, previous royalty model is replaced by a model which envisages that the state enters into a joint venture with the investor, where the investor bears all the risks in the exploration phase. In case of commercial production the investor pays tax on total quantity produced, while production is shared between the investor and the state. For the whole exploration period, the state's share in project's profits is 60 %, while in the royalty model the share was 6 %, transmits [Serbia-energy.eu](http://Serbia-energy.eu)