

Montenegrin Government approved the extension of the first exploration period of the concession agreement for the exploitation of hydrocarbons for blocks 4118-4, 4118-5, 4118-9 and 4118-10, at the request of the concessionaires Eni and Novatek. The deadline is extended for a period of six months.

The statement from the Government said that, considering the explanations of the concessionaire for the extension of the exploration deadline, it is concluded that the consequences of the coronavirus pandemic and the measures adopted to protect health and safety greatly affected the preparation of drilling operations. Thus, the concessionaire's requests to extend the first period of the exploration phase are justified and can be accepted as problems that arose during the research phase, which could not be foreseen, avoided or eliminated, or which were beyond reasonable and predictable controls of the concessionaire, in terms of managing the time frame for the implementation of the mandatory work program of the first research period.

In mid-May 2014, three consortia submitted bids in the tender for awarding the hydrocarbon exploration and production concessions in the Adriatic Sea. Tender referred to 13 concession blocks with overall area of 3,000 km<sup>2</sup>. The bids were submitted by the consortium of Marathon Oil Corporation (USA) and OMV (Austria), consortium of Eni (Italy) and Novatek (Russia) and consortium of Energean Oil & Gas (Greece) and Mediterranean Oil and Gas (England). In early February 2016, the concession contract for oil and gas exploration in the Adriatic Sea has been signed with Italian-Russian consortium consisting of companies Eni and Novatek, which includes two exploration periods that last four plus three years, while the contract with Energean for two offshore blocks, 4219-26 and 4218-30, was signed in March 2017. In accordance with the obligations of the work program of the concession agreement for the exploration and production of hydrocarbons, the concessionaires - Italian Eni and Russian Novatek, performed 3D geophysical research at the end of 2018. The collected data were processed during 2019 and on the basis of them the locations at which the first exploratory drilling will be carried out were defined. Geomechanical testing of the soil at these micro-localities was completed earlier this year in order to determine the geomechanical properties of the seabed on which the drilling plant will be installed. According to approved timetable, first exploratory drillings should start in the summer of 2020.