

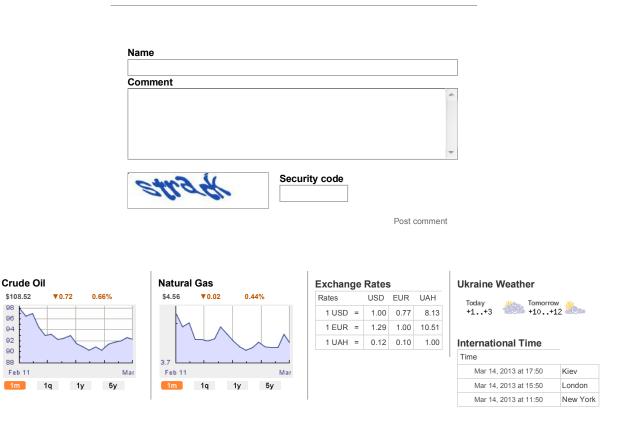
the Government of Ukraine ("GOU") without holding a PSA Tender, provided that an agreement is reached with the local License Holder on jointly <u>applying</u> for the PSA Conversion.

No amount of legislative improvements, however, will make the real projects happen. Ukrainian legislation provides for various internationally-recognized investment <u>vehicles</u>, such as PPPs, JAAs, concessions, and indeed PSAs, but these vehicles are not always available or successful in practice. The key ingredient is the political will of GOU, and this will has been clearly demonstrated with regards to the PSAs within past two years.

The advantages provided by PSA come with the price. Clear tendencies emerged from several PSA Tenders carried out in 2012 by the GOU, focusing on Unconventionals and on the Black Sea Shelf: GOU established a practice of (i) imposing a "Local Partner", which needs to be carried in 50-50 proportion by the investor-winner of the PSA Tender for onshore projects; and (ii) no "Local Partner" with a smaller interest than 50%, but a large signing bonus for offshore projects.

RULG-Ukrainian Legal Group is a full-service law firm based in Kiev and Washington, D.C. that provides comprehensive legal support to international corporate clients doing business in Ukraine and other CIS countries. One of the RULG's key practice areas is upstream oil & gas, under both the Licensing Regime and the PSA Regime. RULG co-authored the production sharing legislation (two laws and a number of regulations) for Ukraine, which provided the legislative basis for the first ever Ukrainian PSA signed in October 2007 and for subsequent PSA Tenders. Detailed information about RULG practice is available at www.rulg.com. Dr. Paliashvili can be contacted at irinap@rulg.com

Rate this article



All about Ukrainian-Energy.com | Cooperation | Website Privacy Policy | Terms of Use | Contacts | Develop by alpha vision