

Hungary, Serbia: GazpromNeft NIS failed to complete drilling and testing programme at Falcon Oil & Gas license

Ireland based exploration company Falcon Oil & Gas will receive 3.49MEUR cash settlement from GazpromNeft NIS after it failed to complete a drilling and testing programme at a licence in Hungary. Drilling of Kutvolgy-1 well at Algyo gas field in South-East Hungary started in June 2013.

GazpromNeft NIS has agreed to pay the settlement in fulfillment of its contractual obligations.

The two parties signed an oilfield services contract in early 2013 for NIS to complete a three-well drilling programme targeting the Algyo Play, which is part of the Mako Trough licence, by July 2014. The deadline was subsequently extended to December 2014 but by that time, NIS had still only managed to drill and test two wells. The explorer began operations in Hungary in 2005 and the 35-year production licence is the most developed asset in its portfolio.

NIS is one of the largest vertically integrated energy companies in South East Europe. NIS performs oil and gas exploration, production, and refining, as well as sales and distribution of a wide range of petroleum products. Gazprom Neft owns 56.15% of NIS' share capital, with 29.88% of shares owned by the Republic of Serbia. In Serbia NIS owns a refining complex with two units, one in Pancevo and the other in Novi Sad and an LPG production unit in Elemir. NIS produces 1.7 million tons of crude oil annually. Its regional retail network includes 500 filling stations, terminals, and storage facilities. Besides Serbia, NIS operates in Bosnia and Herzegovina, Hungary, Bulgaria, Romania, Turkmenistan, Angola, Belgium and the Russian Federation.

Falcon is an international oil & gas company engaged in the acquisition, exploration and development of conventional and unconventional oil and gas assets, with the current portfolio spread between Australia, South Africa and Hungary. Falcon is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland.