



Long road: Black Sea Oil & Gas (BSOG) chief executive Mark Beacom
Photo: CRISTI HANCU/BSOG

Beacom in the right place to reap the rewards in Romania

Chief executive of Black Sea Oil & Gas aiming to unlock Midia block in under-exploited offshore sector

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Black Sea Oil & Gas (BSOG) — a company established in Romania on the back of a border dispute with Ukraine — and its chief executive, Mark Beacom, have for years been seeking to develop two of the country's largest ever offshore discoveries.

If successful, BSOG's Midia block, home to the Ana and Doina gas discoveries and believed to hold 10 billion cubic metres of gas, could end up meeting at least 10% of Romania's energy needs.

It has been a long road from Canada to Romania for Beacom.

The youngest of three children, he was born in Calgary, Alberta. The family travelled a lot, moving back and forth between North America and Europe, as his father worked for ExxonMobil.

The plan was never really to follow, but when he graduated from Queen's University in Ontario in the 1980s, Canada was in the middle of a fairly severe recession. So Beacom moved back to Alberta, where the oil business was booming.

“I knew nothing about the oil business, but headed out west. First job was as a heavy oil engineer — we did all the fun things,” Beacom says.

After six years in Alberta, Beacom moved to London to get an MBA, which helped him land a role with US-based Atlantic Richfield Company in the UK.

Four years later, he started his own company, Croft Offshore, which was sold off to Canadian owners by the late 1990s.

Beacom went back to work in Calgary in the midstream business before moving his family to oil-rich Kazakhstan in the early 2000s, where he worked for PetroKazakhstan. Working there proved difficult on occasions amid the lingering Soviet-era bureaucratic practices.

“And then we moved to Romania at the end of 2010,” Beacom says, where he landed a job heading what would become BSOG. “I was contacted by the chief executive of Sterling Resources at the time, who said, ‘If you liked Kazakhstan, you will love Romania.’”

Romania had been a peaks-and-valleys place for Sterling up to that point. A new European Union member, the country held a lot of promise. But it was also saddled with political and financial scandals.

Discoveries

Sterling, via its Romanian subsidiary Midia Resources, had made a couple of discoveries in the Black Sea in the mid-1990s and early 2000s. But Romania was at the time embroiled in a border dispute with Ukraine over parts of the Black Sea.

The Romanian government awarded a concession that included part of the disputed area to Sterling, which found itself sitting on two discoveries it could not develop.

The border dispute was eventually resolved in favour of Romania, and Sterling set to work on getting a final investment decision in place.

But just as one hurdle was resolved, changes were proposed by the government to policies and regulations covering standard types of concession agreements, which is what Sterling had in place.

“Sterling had its concession converted, but it also found itself somewhere between the border dispute, the changes to the concessions and some financial problems, running out of money. So in 2015, the company was acquired by the Carlyle Group and re-named Black Sea Oil & Gas. And then we started our work again,” Beacom says.

Two wells drilled this year on the Midia block failed to deliver gas discoveries. BSOG also holds rights to the nearby Pelican block, but no discoveries have been made there yet.

Beacom says the plan is to continue exploration drilling on Midia and to run additional 3D seismic with an eye towards development and production. However, while onshore Romania has a long history of successful oilfield development with a clear regulatory and fiscal regime, offshore is another story.

“We want to put a platform 120 kilometres offshore over Ana, then tie back Doina to it. Then we plan to run a pipeline from the Ana platform all the way to the coast, where we acquired land in northern Constanta so we can build a gas treatment plant. From there, we would tie back to Transgaz, the national gas transmission system,” Beacom says.

Components

“But to get to FID, we need to have all the components in place before we start spending money. This is roughly about a \$400 million project.”

The company’s contracts for front-end engineering, conceptual engineering and suppliers are all in place. Beacom says the company is currently working on an agreement with Transgaz and looking for a gas buyer.

The final element will be the conclusion of the highly anticipated "offshore law" that will set regulatory and tax terms for the offshore industry.

“We need to make sure that we have a full legal path to develop the projects. Then we can finally announce FID. It would then take two years to get started producing,” he says.

Assuming the regulatory and fiscal hurdles are clarified, which is expected to happen this year, the FID for the Midia block will be announced in the fourth quarter.

“We need regulatory clarity, fiscal clarity and stability, and free movement of gas on a liberalised market,” Beacom says.