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Slow progress: Black Sea operator in Romania awaiting new elections Photo: REUTERS/SCANPIX

Romania risks losing out on Black Sea 'opportunity' as Turkey speeds ahead

Operators call for 'stable and predictable fiscal conditions' as only one project is moving ahead offshore

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By [Anamaria Deduleasa](#) in [London](#)

Romania is at risk of losing out on oil and gas development opportunities in the Black Sea as the government has so far failed to address regulations that have deterred investments, with only one operator in the region progressing offshore development plans.

Laws governing oil and gas activities in the country have been in the spotlight in recent years, with local operators — including Petrom, Black Sea Oil& Gas (BSOG) and US supermajor ExxonMobil — arguing current regulations are “hostile”.



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“Significant exploration expenditures have been incurred by Romanian Black Sea Titleholders Association (RBSTA) members in the Romanian offshore under the expectation that stable and predictable fiscal conditions could be relied upon throughout their project lifetimes,” the association told Upstream.

“Legislation addressing the fiscal regime continues to be critical for investors and to restore investors' confidence.

“However, investments in the Romania Black Sea may be delayed and may fail to materialise as long as the industry is waiting for confidence to be restored while other countries move forward,” RBSTA said.

Turkey has recently shone a light on the resource potential of the Black Sea with the discovery of the Sakarya gas field, where President Recep Tayyip Erdogan has announced estimated reserves are now more than 14 trillion cubic feet.

Erdogan, who is [seeking a fast-track development](#) with first gas expected in 2023, is keen to reduce dependence on foreign imports that act as a drag on the economy.

It is unclear if the Turkish find will enhance the value of the Neptun Deep discovery in the Romanian sector, which is shared with OMV, or if the neighbouring fields can be jointly developed.

ExxonMobil has put up for sale its 50% stake in Neptun, which holds estimated reserves of between 1.48 Tcf and 3 Tcf of gas.

“Romania already has significant discoveries that have been confirmed and are fully appraised and so are investment ready,” Beacom said, adding the government “should not allow the country to lose out on this tremendous opportunity”.

RBSTA members include Petrom, BSOG, ExxonMobil, Lukoil, Romgaz, Gas Plus and Petro Ventures.

So far, BSOG is the only company progressing a project, with development of its domestic flagship Midia gas project.

“We still insist that the revocation of these investor hostile measures such as the supplemental tax and central market obligation that were imposed in the offshore law passed in November 2018 are essential in order to try and regain investor confidence in developing the Black Sea,” chief executive of BSOG, Mark Beacom told Upstream.

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“We are seeing some efforts by the government to address these issues, but without the full co-operation of all political parties, Romania will lose out on this tremendous, time-limited opportunity for the country.

“Our project is moving forward on the basis that these measures were to be resolved,” Beacom added.

Midia forging ahead

Beacom said the company’s Midia project — consisting of the Ana and Doina natural gas fields — is halfway to completion and [on track for first gas in 2021](#), despite Covid-19 measures taken this year.

“We are over 60% complete for fabrication of the Ana wellhead platform at the shipyard in Agigea while at the gas treatment plant in Vadu we are now working at the foundations and have steady progress,” Beacom said.

“Another successfully completed milestone is the under-shore crossing with our gas pipeline that finished last week,” he said.

The company has re-activated the pipelay vessel, which is now running the offshore pipeline from the shore to Ana platform, some 120 kilometres offshore.

The fields hold estimated reserves of 320 billion cubic feet of gas.



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[Despite making gas the bedrock of its strategy moving forward](#), Petrom’s focus is on the Han Asparuh exploration licence off Bulgaria and on expanding exploration efforts with a new block off Georgia.

ExxonMobil has already signalled its desire to exit the project amid a lack of a stable and competitive regulatory and fiscal framework in the country.

Romanian government officials have promised investors involved in offshore gas projects in the Black Sea that the [offshore legislation will improve](#) after parliamentary elections, set for early December.

The Romanian Senate also proposed for debate a draft law regarding the necessary measures for performing operations for offshore wind exploitation in the Black Sea. [\(Copyright\)](#)

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