

# The Narrowing Window of Opportunity

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# Black Sea: Status of blocks and discoveries



**Ukraine**  
Attempting offshore licensing round  
Proactive effort for self sufficiency  
Crimea area under dispute

**Bulgaria**  
Continuing deep water exploration  
Drilling. No new discoveries made

**Turkey**  
Large (11Tcf) Discovery announced

**Romania**  
Over 5Tcf of Discoveries made  
Only 300bcf under development

Region highly active in search for discoveries

- Roughly 5Tcf of undeveloped offshore discoveries
- Transgaz (National Transmission Operator) manages over 13,000kms of transmission lines in country
- Over 20 Bcm pa connecting Romania to Ukraine and Bulgaria through high pressure Transit Lines
- New BRUA line with over 4 Bcm pa potential underway to connect Romania to Austria
- Strong support from EU and US to develop this alternative source to Russian Gas

**Substantial infrastructure already in place to facilitate providing Romanian Black Sea Gas into Europe**

The Covid Pandemic has severely impacted economies and employment in Romania and around the world

All efforts must be made to inject life into getting the economy moving

Black sea gas developments can have a major positive impact as investment is ready

Deloitte study for offshore\* found the following contributions to the Romanian economy to 2040:

	Offshore Industry	New Consumption Industries
GDP Output	\$71.3 Billion	\$98.9 Billion
Jobs	30,605	41,945
State Revenues	\$26 Billion	\$18.3 Billion

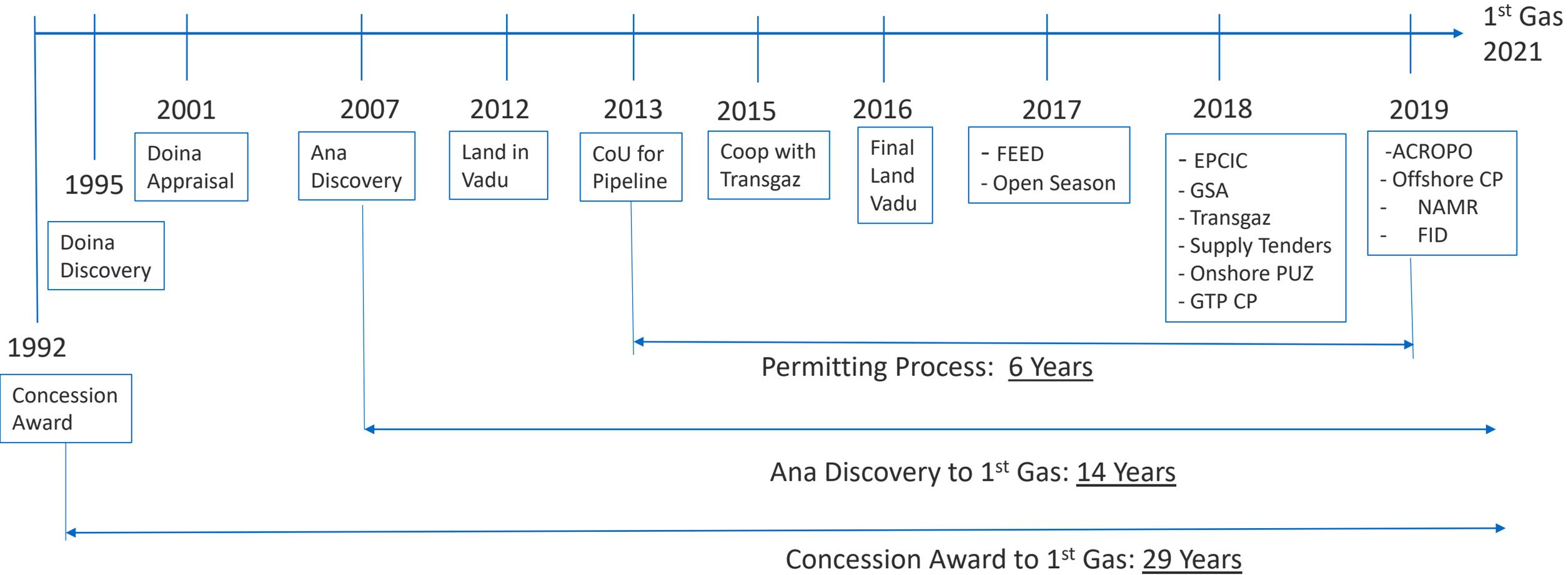
- In addition Romania moves from being dependant on Russian gas to being self sufficient and a net exporter

[\\*Report published in May 2018 by Deloitte Romania](#)

Game changing impact on economy should be highly motivating for supporting developments

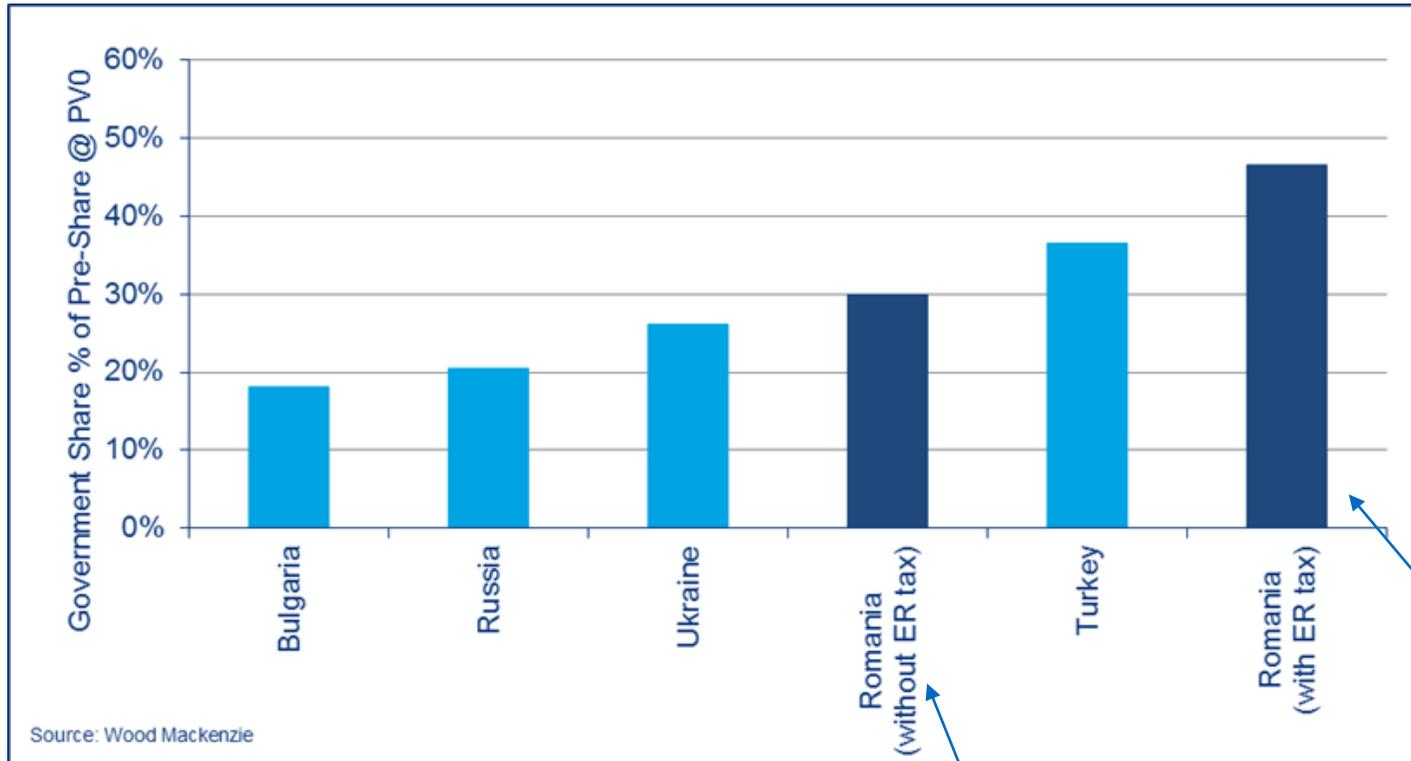
- No developments offshore in over 30 years
- Only BSOG's 300Bcf Midia Gas Development (MGD) underway
- Xom/Petrom Neptun Deep Block on hold
- Lukoil's Trident Block still under exploration and appraisal review
- New 11<sup>th</sup> licensing round still pending (since 2013)
- E&A enthusiasm has shifted to other Black Sea countries

# The Reality: Midia Gas Development Project extended timeline



Efforts urgently needed to find ways to shorten time line to first gas

# The Reality: Black Sea fiscal benchmarking for MGD Project



Romania including Offshore law  
(passed Nov 2018)

Does not include burden of EGO114 provisions  
(passed Dec 2018)

Romania before Offshore law

Revocation of 2018 measures plus assurances of fiscal stability required to ensure viability of developments

## Assuming a decarbonised world for 2050

- Gas has a limited time line but essential role to play to reach that goal
- Romania could provide an important bridge as a transition fuel supplier
- Other Countries in Black Sea better aligned to meet goals and realise all the benefits

## In order to get the optimum benefit of these Romanian offshore resources in the limited time frame:

- **Need proactive Romanian political support for the development of the Black Sea**
  - Removal of hostile legislation passed in 2018
  - Change the gas marketing rules that favour importers of gas from foreign countries over domestic producers
- **New discoveries should fully utilise existing infrastructure thereby avoiding**
  - Long lead regulatory processes
  - Costly and time consuming single purpose construction activities
  - Community resistance and delays to new infrastructure development



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