

Romania: Consensus for amending offshore hydrocarbon law still not reached

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Parliamentary political parties haven't so far been able to reach a consensus to amend the offshore hydrocarbon law, which is needed in order to attract investor to the Black Sea gas projects, said Romanian Minister of Economy and Energy Virgil Popescu.

He reiterated that amending the law in line with the investors' expectations requires a political consensus, more than just a majority coalition, which is why the Government cannot amend the law and it could only be done in the Parliament. This would unblock gas-related investments in the Black Sea, which are more than necessary for Romania, not only to reduce country's dependence on energy imports, but also to further develop the petrochemical industry.

In early 2020, CEO of Austrian OMV Group Rainer Seele said that the final investment decision in the Neptun Deep gas project in the Black Sea will be delayed once again, this time due to ExxonMobil's intention to sell its 50 % stake in the project. This is the latest of a series of delays caused by changes in the regulatory framework, namely tax hikes under emergency ordinance 114/2018, which have been annulled in the meantime, and the new offshore hydrocarbon law, also adopted in late 2018, which is expected to be amended soon. Speaking of the concerns regarding the existing legal framework in Romania and its impact on the Neptun Deep project, Seele said that they are currently somewhat increased and that the final investment decision might be taken within a year after the Offshore Law is amended. At the same time CEO of Romanian subsidiary - OMV Petrom Christina Verchere said that the company could even abandon the project if the law is not amended soon. ExxonMobil announced in November last year its intention to sell its stake in the Neptun Deep project, which holds the largest offshore gas reserves found in Romania's Black Sea section (40 to 80 billion cubic meters). Romanian OMV Petrom, a part of Austrian OMV Group, holds the remaining 50 % in the project. The two operators have invested close to 1.5 billion dollars in exploring the perimeter but have postponed a decision on its commercial exploitation due to the new offshore law adopted in late 2018.