

## Romania: Gov plans new tax for oil-gas exploitation companies?

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The necessary investments for the redevelopment of mature fields of oil and gas could stop the natural production decline of hydrocarbons in Romania are huge, which is why the Romanian Association of Companies Exploration and Production Oil (ROPEPCA) recommended that the Government reduce royalties for production taken from these ancient deposits, said Association president, Artur Stratan.

"Huge sums are needed for redevelopment of mature fields. We have recommended lowering fees for old deposits, exploiting them is not economical," said Stratan.

Royalties represent actual percentage of share of gross production value extracted, which were established in 2004 by the Petroleum Law. In the oil business, these fees are 3.5% for production less than 10,000 tons / quarter, 5% for deposits that occur between 10,000 and 20,000 tons / quarter, 7% for deposits that occur between 20,000 and 100,000 tons / quarter and 13.5% for fields producing more than 100,000 tonnes / quarter.

Natural gas, royalties are 3.5% for deposits that produce less than 1 million cubic meters / quarter, 7.5% for fields producing between 1 and 5 million cubic meters / quarter, 9% for deposits that occur between 5 to 20 million cubic meters / quarter and 13% for fields that produce more than 20 million cubic meters / quarter.

"If they increase the recovery factor of deposits, marginal 1% additional production would be 27 million tons per year, which is the current production over 7 years. But for this, it requires investment of tens of billion. Oil business have improved the fiscal regime and investment framework in Romania but oil production is in steady decline for several years. We have mono-industrial areas such as Moinești, Suplacu, Ticleni and if the oil industry dies, these local communities have no alternative survival," said President ROPEPCA, who added that the minimum annual investment to halt the decline in oil production is 1 billion euros.

Stratan said also that if oil companies are charged additional fee petroleum it should only be applied to petroleum agreements signed after the entry into force of the new Law on oil, because oil agreements in force contain a stability clause, which provides basis for maintaining fiscal regime applicable at the date of signing the concession agreement.

Local medias earlier reported the Government wants to implement to oil and gas producers an additional tax, which will be called "oil tax" of 35% on profits from upstream, an additional deduction of 15% for new investments and cancel their facilities granted in 1999 that now allow them not to pay tax on crude oil and natural gas and no customs fees on exports.

Decreasing oil prices last year fell by almost 12% Romanian government revenues from oil

royalties in the first nine months of 2015 to 896.6 million lei, according to the National Agency for Mineral Resources (NAMR).

"Compared to the first 9 months of 2014, a decrease of approximately 11.72% oil royalties, the effect of lowering the reference price for oil extracted in Romania," reads a document of the institution, transmits [Serbia-energy.eu](http://Serbia-energy.eu)