

Romania: Time for investments for Black Sea gas exploration project

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Urgent legislative changes, a more competitive tax regime, a free market and stability are needed to attract investments in the sector and project for the exploitation of Black Sea gas, said CFO of the largest Romanian oil and gas company OMV Petrom Alina Popa. This project represents a huge opportunity for Romania.

Popa said that now is the best time to invest and start extracting Black Sea gas from an economic perspective, because there is only one way out of this crisis - investment. And this is a huge investment, probably the largest private investment since the fall of communist regime. It is also a huge opportunity from the perspective of the Green Deal and the context of the transition to clean energy. Natural gas is seen as a transitional fuel, a fuel that brings value both in the short and medium term, and the benefits of investments in natural gas for the Romanian economy are huge, in terms of GDP, taxes and jobs creation.

She stressed that all countries are changing the legislation during this period and gave the example of Norway, which is considering legislative changes that require the immediate deduction of investments.

According to her, from the OMV Petrom's perspective as an investor, three things are needed to decide to invest in Romania: a more competitive fiscal framework, an amendment of the offshore hydrocarbon law, free market and stability, because when you have an investment of billions of euros it is essential to have stability.

In early 2019, OMV Petrom and ExxonMobil have temporarily disbanded teams working on Black Sea hydrocarbon exploration and exploitation projects as a result of legislative uncertainty in Romania. The two companies are currently reevaluating their presence in the Black Sea and attempting to negotiate with Romanian authorities. In February, OMV announced that it will postpone its decision to invest in the project, while ExxonMobil has not yet made any official statements. However, in the second half of the year, media reported that ExxonMobil is looking to withdraw from the Black Sea gas project.

In the meantime, ExxonMobil confirmed that it is considering selling its 50 % stake in the Black Sea's Neptun perimeter. According to unofficial information, the 50 % stake is valued at some 250 million euros. Romanian state-owned gas producer Romgaz expressed interest in acquiring 15-20 % stake in the operation.

