

Slovenia sued over Petisovci gas project by Ascent resources

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In July, Slovenia was served with a Notice of Dispute from UK-based Ascent Resources setting out its position on its unfair treatment in Slovenia and how its investment in the Petisovci gas field, which exceeds 50 million euros to date, has been damaged, said Ascent Resources.

This letter initiated a three-month cooling off period, beyond which the company will be able to initiate International Arbitration proceedings pursuant to the Slovenian breaches of the UK Slovenia Bilateral Investment Treaty and the Energy Charter Treaty. Ascent said that it has appointed an independent quantum expert who is finalizing their independent estimate of the total damages which is expected imminently. Following receipt of which, the company is now initiating detailed discussions with specialist litigation financiers, some of whom have already proactively approached the company following the serving of the Notice of Dispute.

Ascent also noted the significant improvement in the Central European Gas Hub Index (CEGH) which has rallied over the summer months to 11.6 euros/MWh in September. The CEGH futures out to the end of this year are currently trading higher than 13 euros/MWh. At these levels the Petisovci project has the potential to be significantly cash generative.

As previously announced, the company appointed an expert technical team to design the re-stimulation plans for the PG10 and PG11A wells and draft a revised Field Development Plan. The outcome of this work is expected to be delivered by the end of September and will likely form the basis of an environmental impact assessment submission.

Last June, Ascent said that it plans to take legal action against Slovenia after it was ordered to get a separate permit for hydraulic fracturing. This statement comes after the Environment Ministry upheld a decision of the Environment Agency (ARSO) on the controversial gas extraction project in Petisovci. The Ministry agreed that an environmental impact assessment and a separate environmental permit were necessary because the location of the gas wells was close to water sources and because underground waters and agricultural land in the area do not have very good ability to regenerate. According to the company, the decision mistakenly concluded that the project fell within a conservation area and misapplied EU case law in relation to mitigation measures. The company planned to seek damages for loss of future income from the project which would have been expected to have been a multiple of the historic investment of some 50 million euros. Ascent Resources has entered into a Joint Operating Agreement (JOA) with the Slovenian company Geoenergo under which it manages operations in the Petisovci oil and gas field. In August 2016, Geoenergo announced that Croatian oil company INA will purchase natural gas from two wells in northeastern Slovenia and transport it to its central gas station in Molve for further processing and cleaning.

