

Ease of developing an offshore project in the Romanian Black Sea

18 November 2018, Bucharest

BSOG-MC-PRE1-011-D01



Black Sea Oil & Gas SRL (“BSOG”): Romanian based independent oil & gas company

BSOG head office and all staff
(technical, commercial and financial)
are located in Bucharest, Romania

BSOG’s flagship is the Midia Gas Development Project

BSOG also undertaking offshore exploration campaign

Two shareholders: Carlyle International Energy Partners (“CIEP”)

&

The European Bank for Reconstruction and Development (“EBRD”)

1 fund of 128 funds of Carlyle Group,
a private equity firm with \$158Bn assets
under management

EBRD became minority shareholder in November 2017

2 WELLS

Exploration in 2018

2021

Project on stream

BUCHAREST

Staff located in Romania

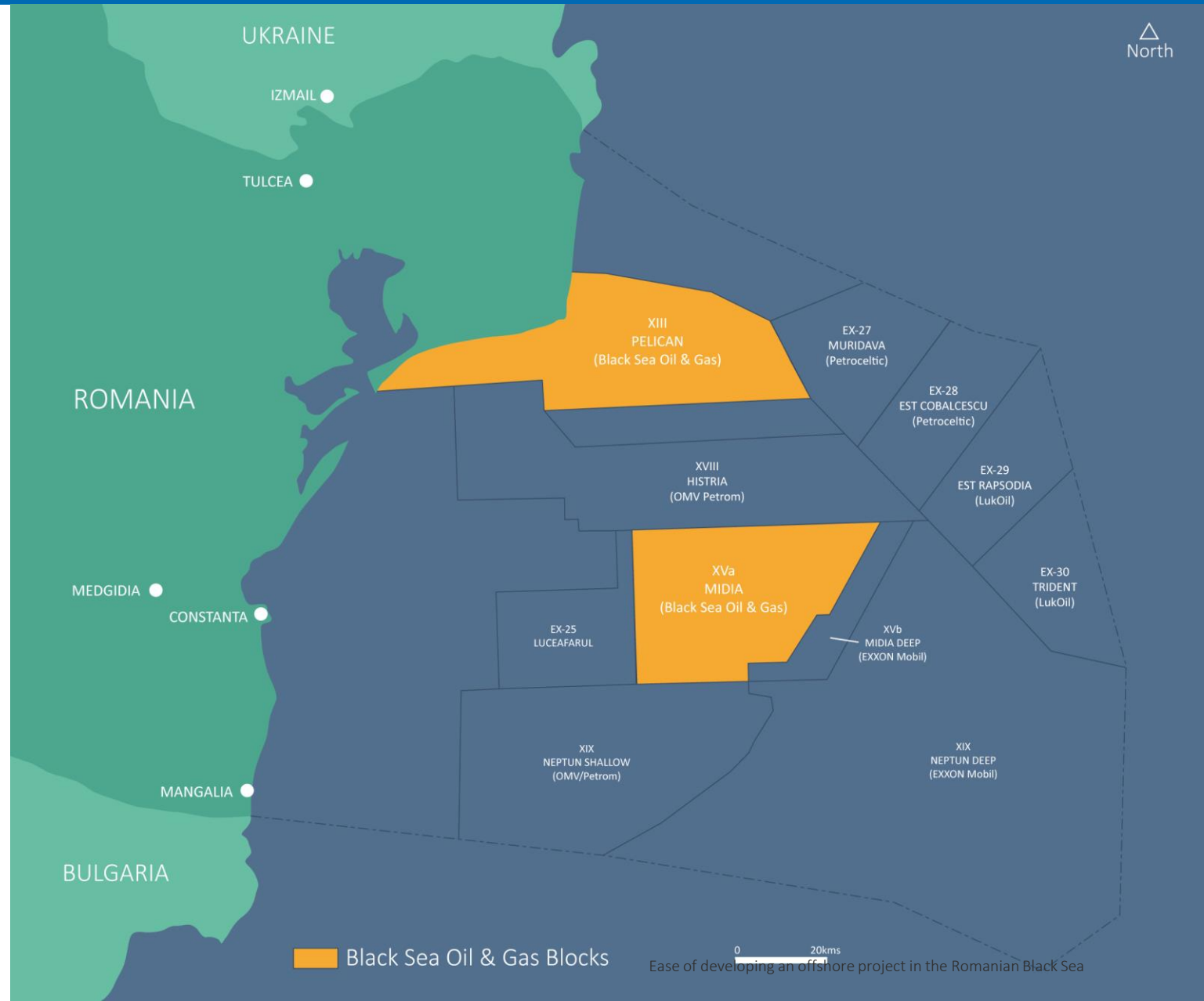
\$158Bn

Main shareholder assets under
management

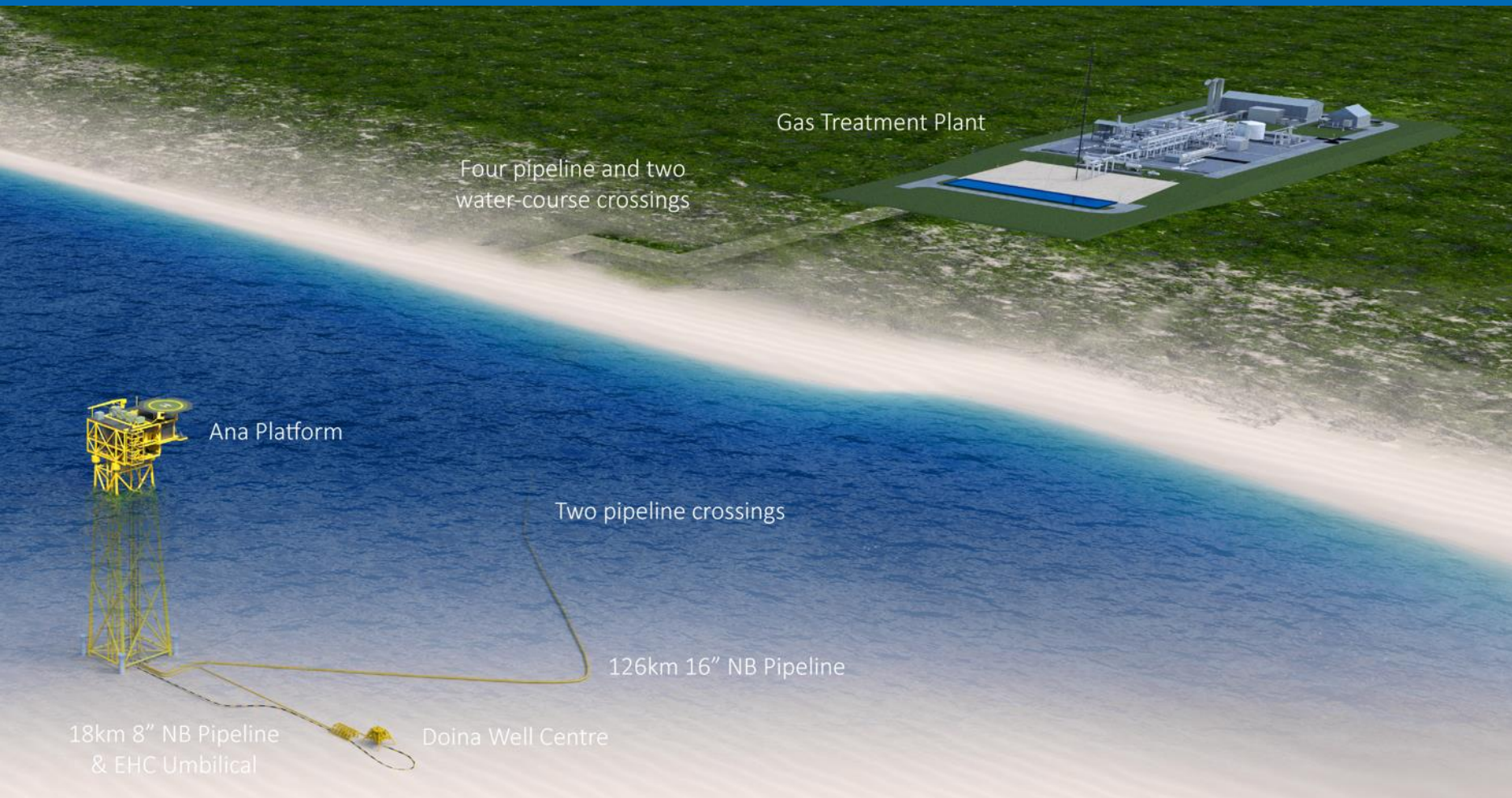


Midia and Pelican Blocks

Black Sea Oil & Gas SRL	65%
Petro Ventures Resources SRL	20%
Gas Plus International BV	15%

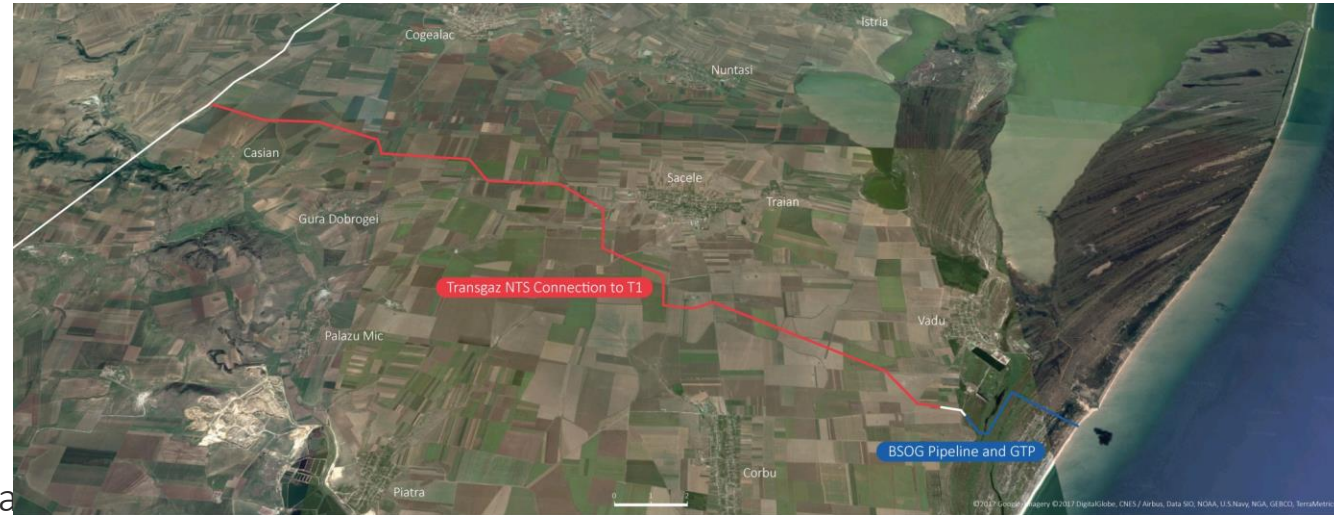


Midia Gas Development Project



- 10 Bcm Resources
- 1 Platform with 4 wells
- 1 Subsea well
- 126km transport pipeline
- Onshore gas plant

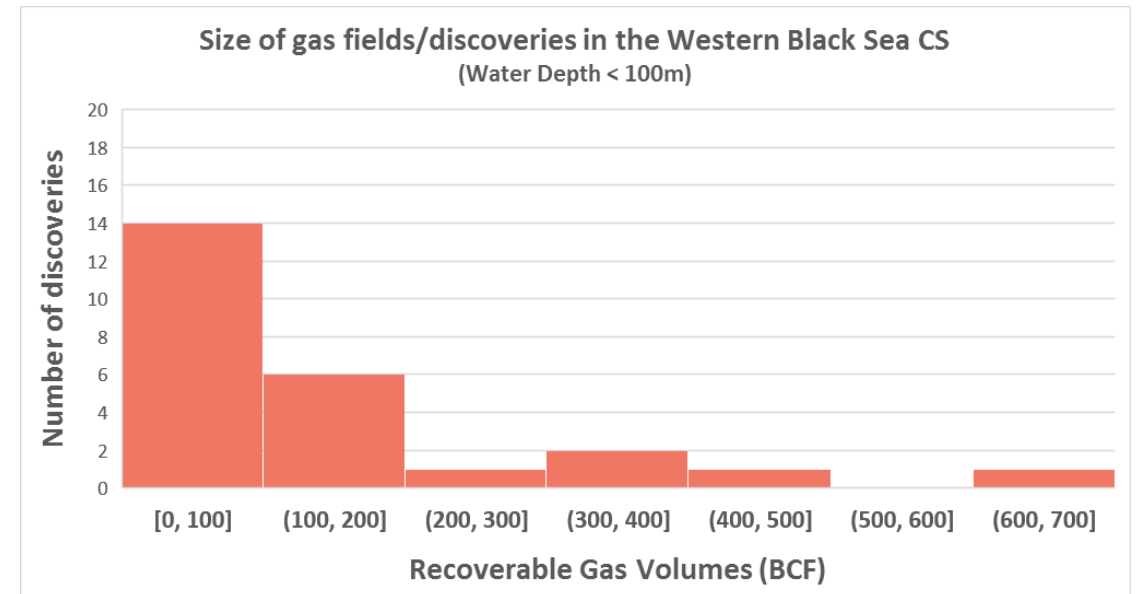
- Land access
 - Route selection criteria
 - Ability to acquire land
 - Local buy in
- Export Route and Tie-in agreement
 - TSO's ability to provide tie into NTS
 - Clear and effective process to reach offtake agreement
- Transparent and Liberalized gas market
 - Independent from political influence
 - Gas price pegged to international index recognised by B...
- Clear Regulatory process
 - No overlap or gap of responsibilities amongst agencies and ministries
 - Reduced number of authorities involved
- Fiscal Stability
 - Royalties and taxes fixed for duration of concession on basis of what was agreed at Contract signature



- Continental shelf discoveries in Black Sea tend to be modest in size
 - Requires low capex, fit for purpose developments
 - Requires companies with marginal field development culture

- Geology tends to be complex
 - Requires best analytical technologies
 - Cannot afford to be wrong

- Local sourcing has limitations
 - Offshore seismic vessels and drilling rigs must be sourced from outside
 - Local manpower may be strong for onshore E&P but for offshore specific issues outsourcing required



Clear objectives with respect to Foreign Investment are a must:

- Determine upfront if foreign investment is wanted
- Requires cross political support due to long term nature of investment
- Need strong alignment between political and administrative bodies
- Need strong political champion to ensure investment blockages are resolved
- Good political governance and a corruption free environment will attract higher quality investors
- “Good Investors” versus “Bad Investors” is the right criteria rather than whether they are Foreign Investors

- **Engineering Completed**
 - Conceptual
 - FEED
 - FEED Endorsement and Verification

- **All Major Contracts in Place**
 - EPCIC and Drilling Contracts
 - Long Lead Procurement Items
 - Bilateral Gas Sales Agreement
 - Offtake Agreement with Transgaz

- **Financing completed**

- **Regulatory Closure**

- 1st Unsuccessful Attempt – 2012
 - Required before making 2nd Attempt
 - Land acquisition
 - Liberalized Market
 - Access to T1
- 2nd Attempt – 2015 to Present
 - Required
 - Regulatory Clarity
 - Fiscal Stability
 - Confirmation of stabilised tax regime
 - Open and transparent gas sales market
 - FID Projection
 - Will be able to present entire project in 2019
 - Decision whether to accept and move forward with FID will be made by decision of Shareholders and Partners



Black Sea Oil & Gas SRL

175 Calea Floreasca, 10th floor, Sector 1, 014459, Bucharest, Romania

www.blackseaog.com