

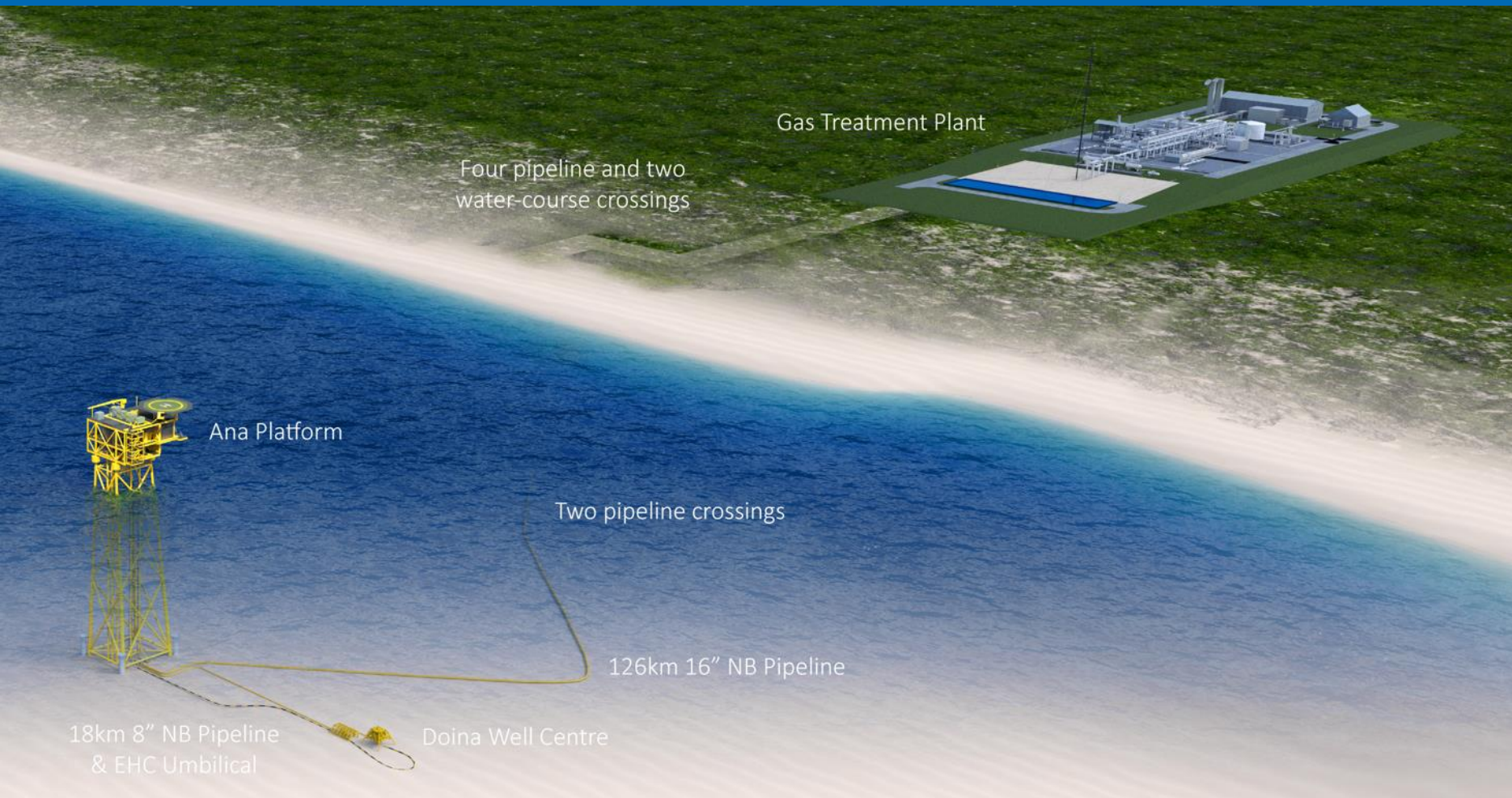
The Journey for enacting an Offshore Law - Did it deliver?

20 November 2018, Bucharest

BSOG-MC-PRE1-012-D01

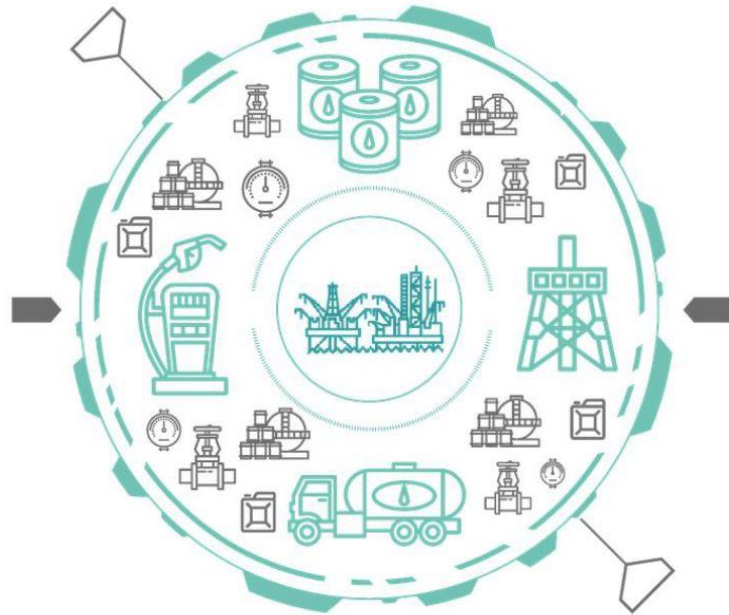
BlackSea
oil & gas

Midia Gas Development Project



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

Deloitte.



The contribution of Black Sea oil & gas projects to the development of the Romanian economy

May 2018

Deloitte study for offshore* found the following contributions to the Romanian economy:

	Offshore Industry	New Consumption Industries
GDP Output	\$71.3 Billion	\$98.9 Billion
Jobs	30,605	41,945
State Revenues	\$26 Billion	\$18.3 Billion

- In addition Romania moves from being dependant on Russian gas to being self sufficient and a net exporter

*[Report published in May 2018 by Deloitte Romania](#)

- Clear Regulatory process
 - No overlap or gap of responsibilities amongst agencies and ministries
 - Clear path to follow for obtaining all required permits
- Transparent and Liberalized gas market
 - Independent from political influence
 - Gas price pegged to international index recognised by Banking community
 - Free flow of gas
- Fiscal Stability
 - Royalties and taxes fixed for duration of concession on basis of what was agreed at Contract signature

- 2011 Amendment of the Construction Law to clarify NAMR's ability to issue well drilling permits
- 2012 Amendment of the Gas Law setting the process for the liberalization of the gas market
- 2013 Passage of GO 6 and GO 7 setting a 1 year temporary windfall taxation for existing producers
- 2013 Amendment of the Construction Law introducing the requirement for offshore construction permits
- 2015-2016 Unsuccessful attempt to amend the Petroleum Law
- 2017 Passage of BRUA Law allowing construction of gas pipeline across the Beach
- 2018 Windfall profit tax made permanent and applicable for all gas producers
- 2018 Amendment of the Gas Law obligating gas trading on a centralised platform
- November 17, 2018 enactment of the Offshore Law (256/2018)
 - Commenced in April 2017
 - Over 10 Ministries and their Ministers plus ANRM, ANRE, ACROPO
 - 2 Prime Ministers and their cabinets
 - 6 Committees in the Senate
 - 8 Committees in the House of Deputies
 - Repeated process through Senate and House of Deputies after rejection by President

Clear Regulatory process

Achieved

Transparent and Liberalized gas market

Not Fully Achieved

Fiscal Stability

Not Achieved



Black Sea Oil & Gas SRL

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

www.blackseaog.com