

# MGD project in the Romanian Black Sea

20 February 2019, Bucharest

BSOG-MC-PRE1-014-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

FID for MGD Project taken in February 2019

**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**

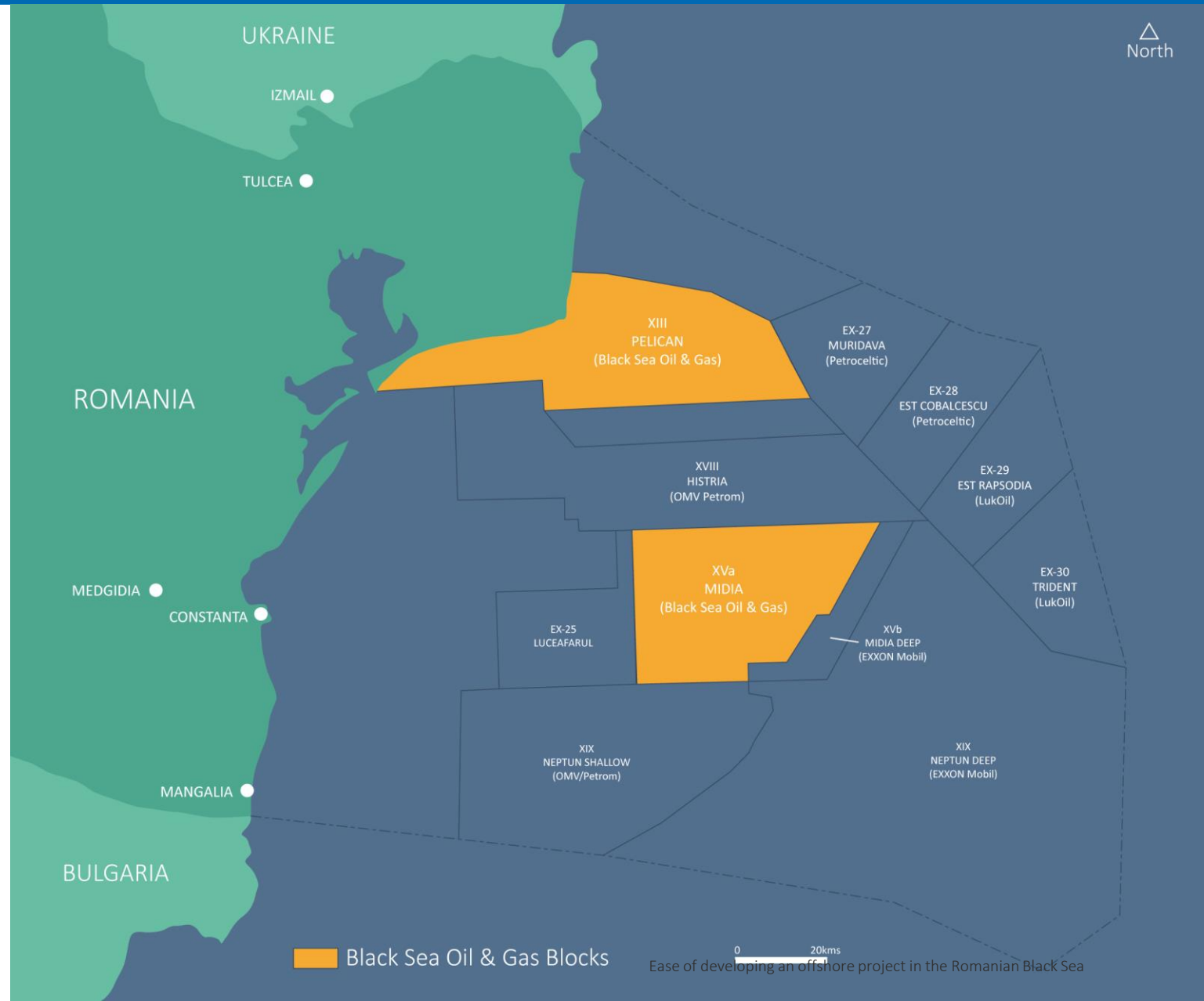
Main shareholder assets under  
management



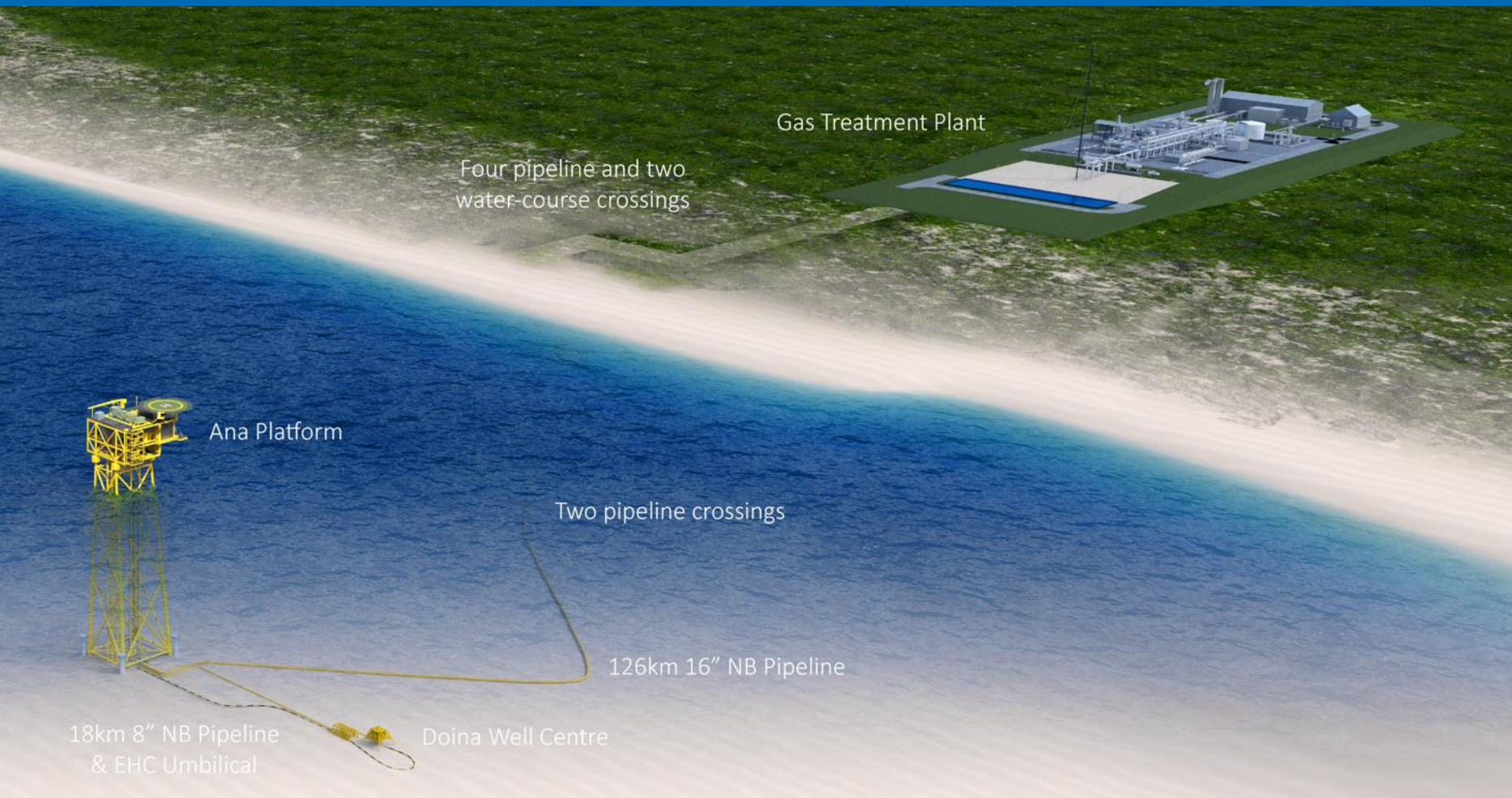


## Midia and Pelican Blocks

Black Sea Oil & Gas SRL	70%
Petro Ventures Resources SRL	20%
Gas Plus International BV	10%

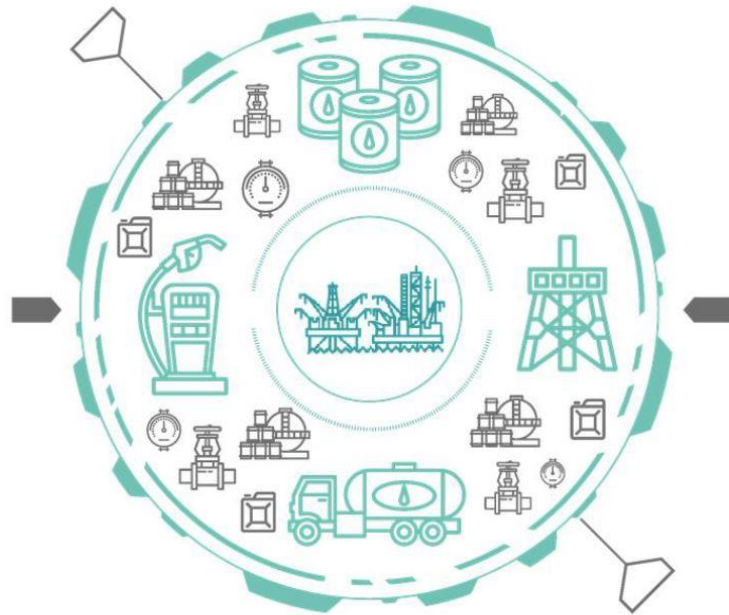


# Midia Gas Development Project



- FID February 2019
- 10 Bcm Resources
- 1 Platform with 4 wells
- 1 Subsea well
- 126km transport 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](#)

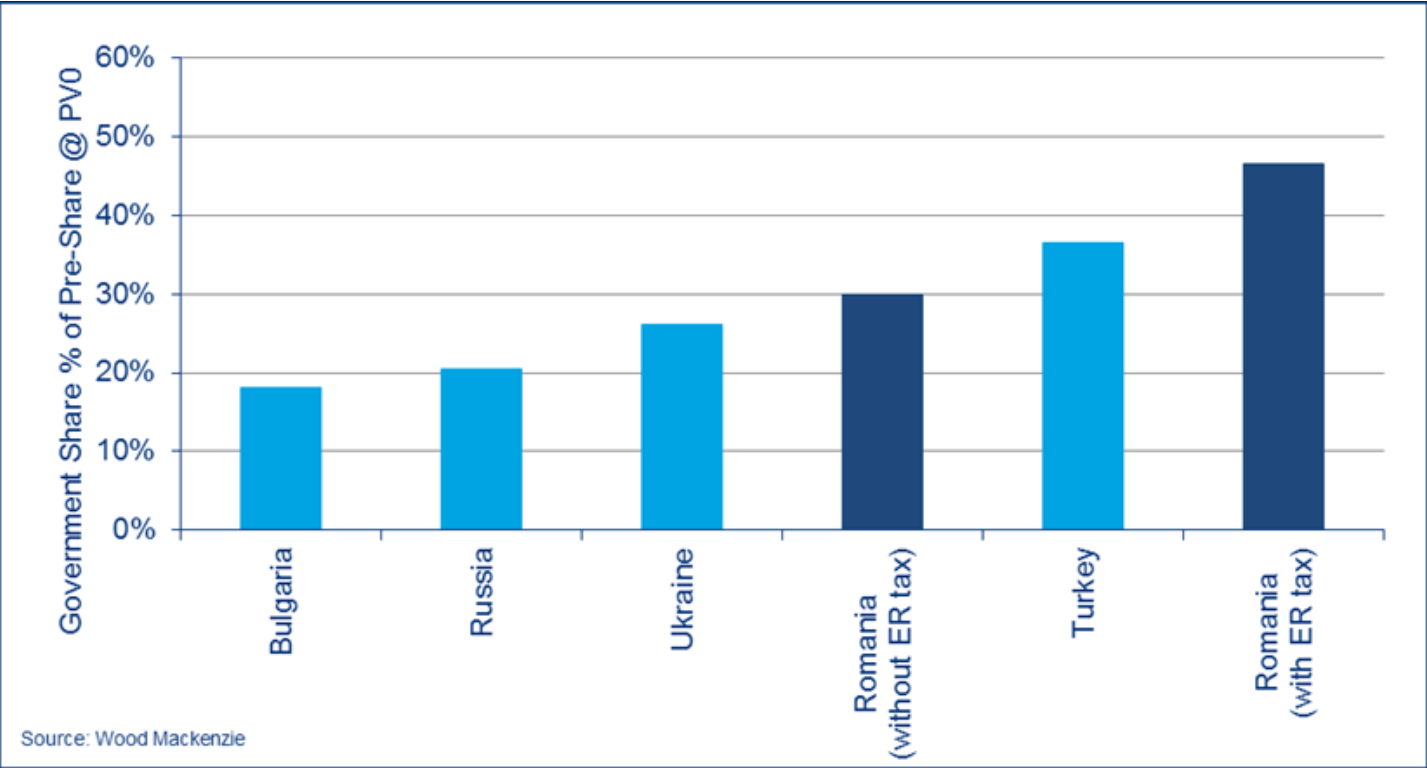
Transparent and Liberalized gas market – not achieved by the Offshore Law and GEO 114

- Independent from political influence
- Gas price pegged to international index recognised by Banking community
- Free movement of gas

Fiscal Stability - not achieved by the Offshore Law and GEO 114

- Royalties and taxes fixed for duration of concession on basis of what was agreed at Contract signature





Summary of Modelled Fiscal Terms: Romania excluding Offshore law  
Summary of Modelled Fiscal Terms: Romania including Offshore law (Nov 18)

## 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
- 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

## List of countries receiving foreign direct investment (FDI)\*

Rank ↕	Country ↕	Stock of FDI at home (millions of USD) ↕	Date of information ↕
1	Netherlands	4,888,000	31 December 2017 est.
2	United States	4,084,000	31 December 2017 est.
3	United Kingdom	2,027,000	31 December 2017 est.
—	Hong Kong	1,901,000	31 December 2017 est.
4	China	1,514,000	31 December 2017 est.
5	Ireland	1,477,000	31 December 2017 est.
6	Germany	1,455,000	31 December 2017 est.
7	Singapore	1,285,000	31 December 2017 est.
8	Switzerland	1,230,000	31 December 2017 est.
9	Belgium	1,093,000	31 December 2017 est.
10	Canada	1,045,000	31 December 2017 est.



45	Peru	97,290	31 December 2017 est.
46	Taiwan	85,580	31 December 2017 est.
47	Argentina	84,140	31 December 2017 est.
48	Romania	81,530	31 December 2017 est.
49	Azerbaijan	80,630	31 December 2017 est.
50	Philippines	78,790	30 September 2017 est.
51	New Zealand	78,250	31 December 2017 est.
52	Ukraine	71,150	31 December 2017 est.
53	Lebanon	61,020	2016 est.
54	Morocco	57,810	31 December 2017 est.
55	Slovakia	57,230	31 December 2017 est.

Conclusion: The richest countries in the world are the biggest beneficiaries of FDI

\*Source: CIA World Factbook



Taken under assumption that BSOG will successfully be able to restore all of their rights with respect to the removal of the recent legislative changes:

- Supplemental tax
- Gas marketing restrictions
- Gas price cap
- 2% ANRE contribution



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