

Black Sea Oil & Gas to start extraction of offshore gas in Romania in November

Romania-based Black Sea Oil & Gas (BSOG) will begin extracting offshore natural gas in Romania in November, its chief executive said on Tuesday, but added further progress hinged on scrapping a disputed tax, according to Reuters.

The additional tax on offshore projects is the last remnant of a series of price caps, taxes and export restrictions introduced two years ago by a previous centre-left government. The changes, most of which have since been reversed, blindsided gas producers, which have spend over a decade and billions of dollars preparing to tap Romania's Black Sea gas, says Reuters.

Critics warn Romania's window to tap its offshore reserves - which could diversify gas supplies in the region and help Romania phase out coal in line with EU targets - is narrowing.

BSOG, controlled by private equity firm Carlyle Group LP, has pressed ahead with its project to extract an estimated 10 billion cubic metres of gas, believing the new centre-right government will scrap the tax before November.

'We've got this perfect project, very well behaved as far as the EU is concerned,' CEO Mark Beacom said.