

EconMin Popescu: Romania, important step to ensure it is first country to extract gas from Black Sea

By starting the works on the sub-marine pipeline within the Midia - MGD natural gas development project, Romania has taken an important step and makes sure that it will probably be the first country to extract natural gas from the Black Sea, the Minister of Economy, Energy and Business Environment, Virgil Popescu declared on Thursday.

"Today is a big day for Romania, for the strategic partnership between Romania and the United States of America, especially for its economic side. For us, for the Romanian Government, the exploitation of natural gas in the Black Sea has been, is and will be a priority. Today, here, we are witnessing an important step in this project, an American investment of over 500 million euros, through which the Romanian gas from the Black Sea will finally reach the homes of Romanians. Today, by starting the works for installing the sub-marine pipeline we will have the certainty that next year the first gas molecule will flow through these pipelines. I would like for this strategic partnership with the United States, this economic side to continue. (...) I wish Black Sea Oil & Gas and Petroleum Services Group every success, so that next year we are here and see how the first gas from the Black Sea comes out and enter the national transmission system. Behold, now, here, while we are talking, more gas fields are being discovered in the countries bordering the Black Sea, Romania is taking a very important step and is making sure that it will probably be the first country to extract gas from the Black Sea," said Popescu, at the official event on the start of the pipeline installation works.

The Economy minister emphasized that, two years ago, in the Committee for Industries and Services, during the discussions on the offshore law, there was a "very big" debate about what will happen to the beaches when the pipes are installed and it was then decided that all the under-crossing works in these wilderness areas would be "environmentally friendly".

"And that is why, by law, it was established that all the under-crossings be made in depth, not by digging and today, here, you will see that this is the way things will be done and these wonderful beaches will remain available to the people," Popescu pointed out.

The Midia Natural Gas Development Project (MGD project), the first natural gas development project in the Romanian Black Sea continental shelf to be built after 1989, has the capacity to cover 10 pct of Romania's natural gas demand in the first phase. There are currently about 10 billion cubic meters of resources that are expected to enter production at a volume of about 1 billion cubic meters per year. The project comprises the Ana and Doina gas deposits (320 Bcf P50 probable resources) discovered in 2007 and 1995 respectively.

The construction, installation and commissioning of the entire marine and land infrastructure of the MGD Project (construction of the offshore production platform, digging of the development wells, installation of offshore and land pipelines and construction of the gas processing terminal) will be carried out in about two years, based on a general contract with GSP Offshore. The GSP's Uranus drilling rig will provide drilling for the five production wells.

In February 2019, BSOG partners and shareholders made the decision to invest in the MGD Project. It will generate an investment of 400 million US dollars and about 70 pct of the total contracted activities will come from Romania. In total, from day one, the cost of the project reaches 600 million US dollars, according to Mark Beacom, CEO of Black Sea Oil& Gas.

BSOG concluded a gas sale agreement with a Romanian subsidiary of ENGIE for the entire natural gas

production, less the share that producers are obliged to sell on the centralized market, and a natural gas transmission contract with Transgaz for a period of 15 years.