

WEC's Iancu: Romgaz can support Black Sea offshore drilling investment, should be operator

Romanian gas producer Romgaz has the capacity to support investment in the Neptun Deep deep-water offshore gas field development project in the Black Sea and should be the operator of this project, Chairman of the Romanian National Committee of the World Energy Council Iulian Iancu told a news briefing on Tuesday.

"I think so, I think it can support the investment [under the Neptun Deep deep-water offshore gas field development project] if it takes over Exxon's shares, but it is very important under what conditions it buys and what role it will play. Romgaz's experience should determine it to play the role of operator. The conditions should be mutually beneficial, allowing Romgaz that funding margin to take out loans and carry on the operation. But I do think Romgaz has such potential," Iancu said.

According to him, the gas prices are currently high enough to allow the company to invest in the project.

"For gas, the production price is 21 lei per MWh, and the commercial price is 150 lei, so five times higher. It is a big enough space for Romgaz to allow large investment projects, megaprojects, such as this one," added Iancu.

Romgaz has concluded an exclusive agreement with ExxonMobil, valid between June 17 and October 15, 2021, for the takeover of the subsidiary of the American giant that holds a 50% stake in the Neptun Deep Black Sea gas exploitation project.

Currently, ExxonMobil and OMV Petrom are equal Neptun Deep project partners for a block which exploration has revealed deposits estimated at 42-84 billion cubic meters. In comparison, Romania produced last year 9.2 billion cubic meters.

ExxonMobil announced its decision to exit the project, and OMV Petrom said that it could make the decision to invest in the Neptun Deep project next year, depending on the legislative changes in Romania and the market situation.

Under an agreement between OMV Petrom and Romgaz, OMV Petrom will be the operator of the block if Romgaz takes over Exxon's stake.