

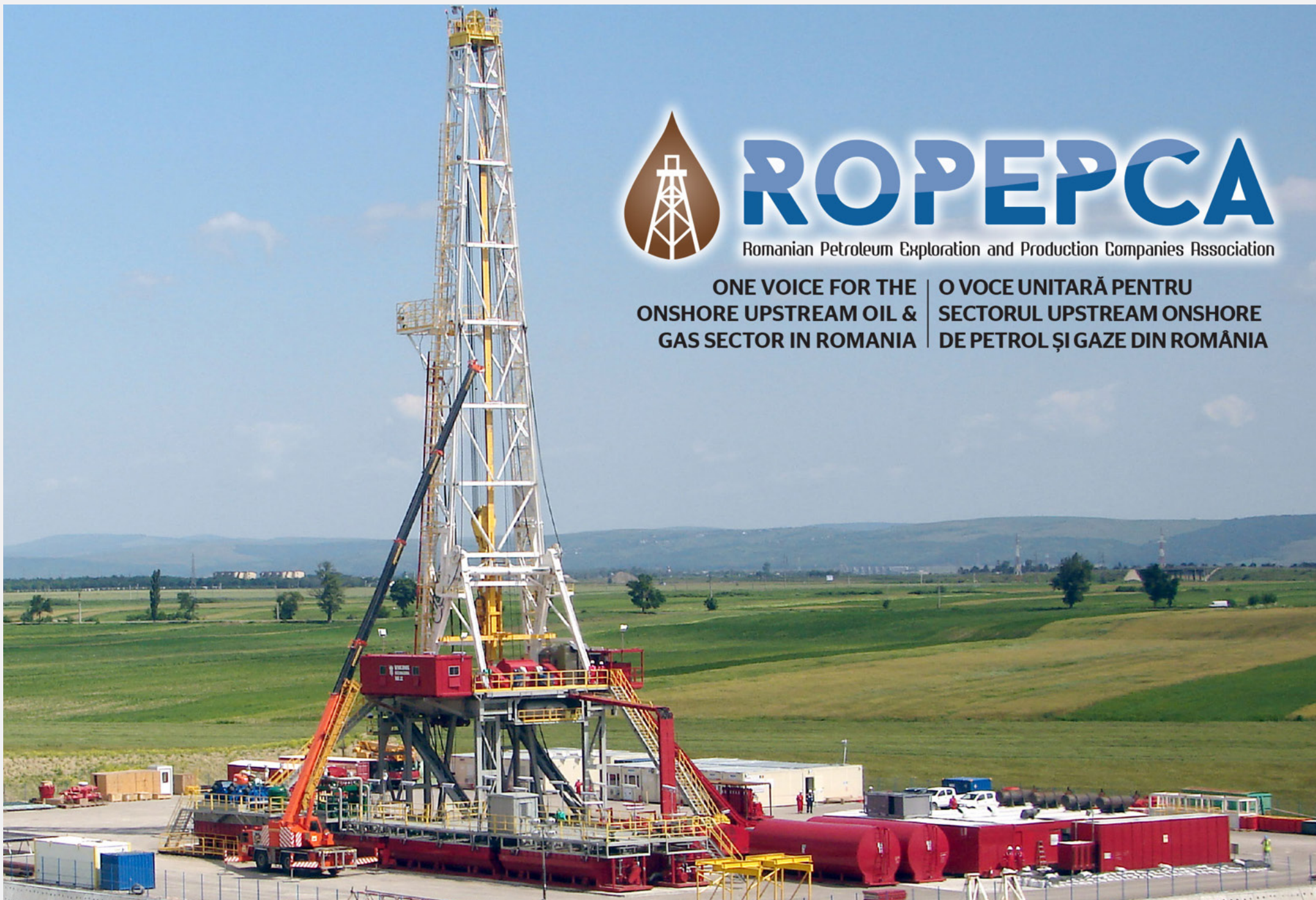


ROPEPCA

Romanian Petroleum Exploration and Production Companies Association

**ONE VOICE FOR THE
ONSHORE UPSTREAM OIL &
GAS SECTOR IN ROMANIA**

**O VOCE UNITARĂ PENTRU
SECTORUL UPSTREAM ONSHORE
DE PETROL ȘI GAZE DIN ROMÂNIA**



ROPEPCA

was founded in 2012, aiming to provide a common voice for the onshore upstream sector in Romania. To achieve this goal, **we try to raise overall awareness** on the industry and its importance for the national economy and employment.

13 members, companies operating in the upstream sector, who, during 2014-2017



have invested over 4 billion €



have contributed with more than 5.5 billion € to the state budget



assure more than 14 000 working places



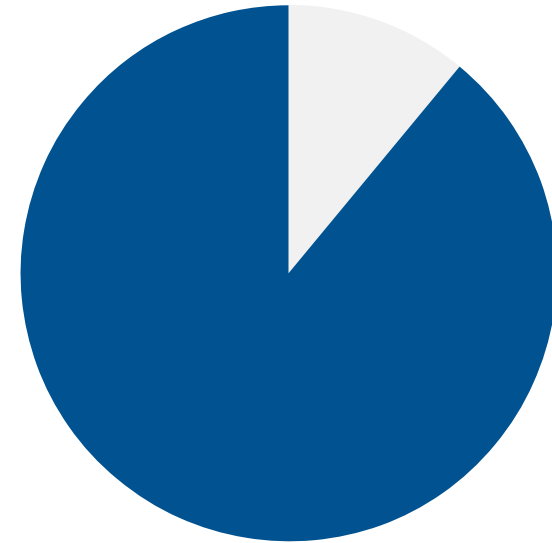
Relevance of the upstream industry in Romania

The oil and gas industry is perceived in a negative way, despite the direct benefits it brings to the national economy and security:

2017 energy independence*



oil independence = almost 31.3%



natural gas independence = 89.9% (gas domestic production increased by 9.5% compared to 2016, while imports decreased by 19%)

* INS data for 2017, released November 1st, 2018

Legislative changes introduced in 2018



Law no. 73/2018

– making permanent the tax on supplementary income from natural gas - April 2018



NAMR Order no. 32/2018

– calculating the gas reference price according to CEGH Baumgarten – February 2018



Law no. 167/2018

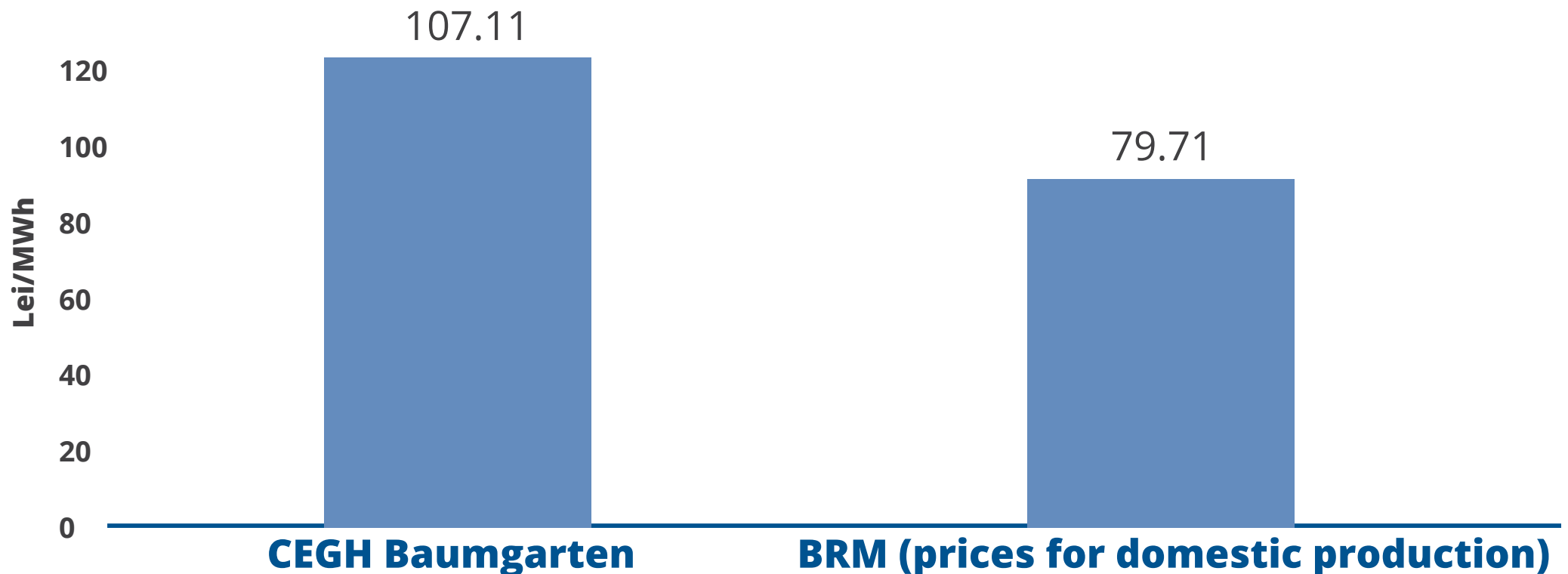
– introducing an obligation for producers to trade 50% of their production on centralized markets – July 2018

Legislative changes introduced in 2018

NAMR Order 32/2018

Natural gas reference price calculate according to CEGH Baumgarten Day-Ahead Price

Average price for 2018



Ongoing challenges for the upstream sector

1

**Government Emergency Ordinance
no. 114/2018 (19/2019)**

2

Modernization of the Petroleum Law no. 238/2004

3

The launch of the 11th bidding round

Ongoing challenges for the upstream sector

Government Emergency Ordinance no. 114/2018 (19/2019)

December 2018 – OUG

114/2018 is issued by the Government → for the period 01.04.2019-28.02.2022, producers are obliged to sell their gas at RON 68/MWh and all companies in the energy sector and to pay a 2% turnover contribution

The 29th of March 2018 –

the Government amended OUG 114/2018 through OUG 19/2019, capping the prices for households and thermal plants, starting May 1st, 2019.

Conclusions resulted from internal ROPEPCA survey and Deloitte impact study:



Household consumers are not protected from the price increase



Losses of over 2.2 bn RON per year for the state budget



Funds available for investments to be considerably reduced



All gas fields to be evaluated and under the new price, some becoming non-economical



Thousands of specialized employees will be affected