

Romania's proven natural gas reserves will be depleted in the next 9 years, while the oil reserves will last for another 12 years, unless investment is made in prospecting for new resources, Chairman of the Romanian Petroleum Exploration and Production Companies Association Artur Stratan said at a news conference on Wednesday.

"Oil reserves are 90 percent depleted. We can still produce hydrocarbons in Romania for a limited time, respectively 12 years of oil and 9 years of natural gas. Without investment, this is how long our onshore reserves will last," Stratan explained.

He also said that over the last two years, low oil prices has put a lot of pressure on oil investment.

"Many investment projects were canceled last year and even this year and this will reflect in a lower level of production. The government has admitted it; while Romania until recently used to be a stable country in terms of energy, it will have to import increasingly more. So, instead of subsidizing the Romanian market, we'll subsidize industries in other countries. Without these incentives, the local industry will shortly be doomed," Stratan insisted.

He added that the energy sector strategy put forth by the Romanian Ministry of Energy finally takes into account the tax framework in the oil sector and is beginning to differentiate between onshore and offshore, shallow and deep-water drilling, which should be included in the fiscal framework.

"If oil prices continues to put pressure on the industry, you'll see many return marginal fields and the Government won't know what to do with them. The key to continue the exploitation of these fields is to change taxation and come up with tax breaks in order to continue drilling in a lucrative manner," he added.

In terms of royalties, the representatives of the oil industry have held several talks with the Ministry of Finance in the past few months, but the process stopped after the state secretary who handled the negotiations left the ministry. The negotiations have to start over with the new government, and the new tax framework will be enforced on January 1 2018.

"The solution is to wait for the election to pass and restart the process at the beginning of 2017 to finalize it mid-year or towards the end of 2017," Stratan pointed out.

He also said that the industry needs a reform of the National Agency for Mineral Resources, to employ more specialists, create a digital data base and declassify the level of Romania's soil resources.

The ROPEPCA official also explained that natural gas imports of late are 400 percent higher than last year, because imported gas is cheaper.

"Production costs in Romania is pretty high, somewhere between 16 and 18 US dollars a barrel, so we cannot lower the final price. At the same time, let's not forget that Gazprom

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produces as much as Romania's entire output in maximum 10 wells in Siberia, so its operation costs can be kept under control," said Stratan.

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