

UNECE – Working Party on Gas (25-26 January 2006)

Romania Review

Romania is and will continue to be one of the European countries with significant natural gas resources and a long tradition in this activity sector which started in 1913 (first natural gas production, aggregate supply of 113.000 cm/year).

Important steps were achieved in order to bring the primary and secondary national legislation in line with the provisions and recommendation of the European institutions.

Romgaz S.A., the Romanian national gas company, remains an important gas producer and has been constantly preoccupied in obtaining the best results in the context of dynamic development of the natural gas market.

In order to consolidate its leading position on the domestic natural gas market (as producer and main UGS operator), it undertook in 2005 the best efforts to offer its customers high quality products and services.

There was a strategic approach regarding the allocation of important financial resources to increase the volume of new resources, the pace of seismic survey works and the volumes and quality of exploration and development drilling.

Seismic acquisition

Seismic surveys	2002	2003	2004	2005
2D km	660	700	1400	800
3D km ²	-	-	-	60

Accomplishment of geological drilling (m)

Period	2002	2003	2004	2005
Meters drilled	28,307	40,303	44,572	36,190

Work results

Company	Volumes of resources (mMcm)			
	2004 total	2004 proven	2004 probable	2004 possible
Romgaz	2370	514	555	190
Romgaz joint venture exploration	175	-	141	-
Romgaz joint venture rehabilitation	185	114	-	-
Total	2730	628	696	190

In exploitation, the efforts were focused to diminish the natural and technical production decline, maintaining the ratio at 5% as compared to the previous two years when it exceeded 5%.

Evolution of production (million cm)

	Period			
	2002	2003	2004	2005
Production	7300	7000	6600	6300

Another field of activity of great importance to Romgaz is the gas underground storage activity. For providing an increased security and continuity in the supply process to all final consumers, Romgaz developed the total UGS capacity to 3300 million cm/cycle and the flexibility of withdrawal cycle through different cushion gas volumes in each storage (total volume 1075 million mc out of which 300 million cm in 2004 and 775 million cm in 2005).

The withdrawal capacity increased from 16.5 million cm/day to 22 million cm/day at the beginning of the cycle.

Evolution of UGS capacities (mMcm/cycle)

Capacities	Period			
	2002	2003	2004	2005
Total operated by Romgaz	1800	2400	2850	3250
Working	1800	2200	2550	2175
Cushion	-	200	300	1075
No. of UGS	6	6	6	6

The total capacity of the UGSs is 3650 million cm/cycle, taking in consideration the capacity operated by other companies since 2004 (350 million out of total capacity).

The competition on the market, especially on the open segment (50% opening degree) influenced the commercial policy of the company's management. Thus, by applying the development and diversification marketing approach for offering best quality, quantity and conditions, an increased volume was stored in the 6 UGSs operated by Romgaz, namely 2550 million cm, as compared to the previous two years (1800 million cm respectively 220 million cm). The total volumes supplied on the market represent 48 % of the total demand (18 BCM).

In 2005 Romgaz continued its collaborations with foreign companies in exploitation and production:

- Block Transylvania South, in cooperation with Wintershall AG Kassel;
- Brodina and Cujeiu Block, Moldavia North Block, in cooperation with Falcon, Europa and Millenium;
- Laslau Mare field, in cooperation with Schlumberger – rehabilitation of production;
- 11 production fields located in Muntenia and Oltenia, rehabilitation works in cooperation with Amromco.

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