EXPLORATION AND PRODUCTION ACTIVITIES IN ALBANIA
&
THE INVESTMENT OPPORTUNITIES IN PETROLEUM SECTOR

IENE’S INTERNACIONAL CONFERENCE ON
“8th SE Europe Energy Dialogue”
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I. REGIONAL SETTING

Albania is located in the Southeast of Europe.

Albania, by land, is bordered with Monte Negro in the North, Kosovo and “Former Republic of Macedonia” in northeast and east, and by Greece in the Southeast and South, whereas in the West it is bordered by the Adriatic and Ionian Seas.

Capital: TIRANA
Currency: Albanian lek
Official language: Albanian language
Government: Parliamentary Republic, Parliamentary System
It is about 28,000 km²
From the geological point of view, **Albania is part of the Mediterranean Alpine Folded Belt** and fits in the Dinaric-Hellenic range, between the Dinarides in the North and Hellenides in the South.

**The geological structure constituting Albania is called the Albanides**, a term widely used at home and abroad.

The Albanides are divided into
- **INTERNAL ALBANIDES.**
- **EXTERNAL ALBANIDES.**
The Internal Albanides are characterized by developed magmatism and by intensive tectonics which has led to the over thrust and tectonic napes. The Internal Albanides consist of three tectonic zones, which from east to west are:

- the Korabi zone,
- The Mirdita zone (the main ophiolite bearing zone),
- and Gashi zone.

The two post orogenic sedimentary (intermountainous) basins respectively: Burreli Basin in the north and Korca Basin in the southeastern part of Albania, overlie transgressively the Mirdita zone and partially the Krasta-Cukali zone.

II. REGIONAL GEOLOGICAL SETTING

The main structural-tectonic units in Albanides
II. REGIONAL GEOLOGICAL SETTING (3)

The External Albanides on the contrary are characterized by the lack of magmatism and by more regular structural models but which are associated with considerable thrusts.

From east to west, the External Albanides is divided into the following zones:

- The Albanian Alps zone,
- The Krasta-Cukali zone,
- the Kruja platformic zone
- the Ionian trough
and
- the Sazani platformic zone

Northwards the overlying Peri-Adriatic Depression (PAD) masks the Ionian and, partly Kruja tectonic zones.

Westwards offshore, the Peri Adriatic Depression is unified with the South Adriatic Basin, which overlay the Preapulian (Sazani zone) and Apulia Platform.

The main structural-tectonic units in Albanides
The relative movements of the Adriatic sub plate and the Euro Asiatic plate from Mesozoic to Tertiary mainly controlled tectonic evolution of the Albanides where some tectogenic phases have been recorded in the Albanides during the period of time.

Geological – geophysical sections on the northern and central part of Albanides.
III. THE LEGAL AND INSTITUTIONAL FRAMEWORK

The development and regulation of the petroleum sector is based on three main laws:


**Law no.8450, dated 24.02.1999 “On refining, transportation and trading of oil, gas and their by-products”,** as amended. The provision of this law does not refer to a specific directive but is based on the legislation in force in some countries of EU (e.g. Greece) and in some directives as well.


We have planned to amend this law, during this year, in order to be fully in compliance with Directive 2009/73/EC of the European Parliament and of The Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

If you are interesting for more details, please look at these websites address:

III. LEGAL AND INSTITUTIONAL FRAMEWORK.

Concerning the activities in oil and gas sector, there are a number, beside these three main laws, of specific legal acts and secondary legislation that regulate specific aspects of activities related to ensuring:

- international standard on exploration for oil and gas
- more efficient exploitation of the oil and gas fields,
- production and trade of biofuels,
- fiscal policies,
- technical norms and standards for facilities and installations in the petroleum sector,
- regulating the relations for the construction and operation of relevant infrastructure,
- environmental issues
- etc..

If you are interesting for more details look at these web sides address: http://www.ligjet.org , and http://www.qbz.gov.al/
III. LEGAL AND INSTITUTIONAL FRAMEWORK

(Exploration and Production)


The law recognizes that all petroleum reserves in their natural condition in strata lying the jurisdiction of Albania, are the exclusive property of the Albanian State.

The Petroleum law expressly permits the Ministry of Energy to enter into Petroleum Agreement with any company which has technical and financial capacity for exploration and production in an area, which has to be approved by the Council of Ministers. This procedures is foreseen to be competitive one according to EU Directive 94/22/EC.

Existing Petroleum Agreement are “Production Sharing Agreement”

Contractors are granted exclusive rights for:
- the exploration period the duration of the exploration period is up to 5 years and can be prolonged up to 7 years.
- The development/production period of twenty-five years, if the Contractor declares a commercial discovery during the exploration period, this period can be prolonged

The Petroleum law contains other important provisions especially as to the protection of the environment and social rights of the communities in the area where an exploration and production activity is authorized.

This law provides also for a stability clause which guarantees the contractors that any new law should not negatively impact the economics terms of the Petroleum Agreement.
Fiscal Terms of Petroleum Agreement

The Contractor is subject to tax on profit, according to the Law No. 7811, date 12.04.1994, “On approval of Decree No. 782, date 22.2.1994 “On the fiscal system in the hydrocarbons sector (Exploration-Production)”. The tax is at the rate of 50% of the realized profit

and

The Royalty according to the Law No. 9975, date 28.07.2008 “On the National Taxes”. The tax is 10% of sales revenues.

The supply of goods and services performed by contractors and subcontractors, certified by the National Agency of Natural Resources, are exempted from all taxes for petroleum operation during explorations period only. We removed on 01 April 2014 the exemptions for the production & development phase.

Albania share production it depends on every Petroleum Agreement.

Signature Bonus depends on every Petroleum Agreement

Training Bonus depends on every Petroleum Agreement
III. LEGAL AND INSTITUTIONAL FRAMEWORK.

If the Petroleum Agreements are for existing oil and gas fields with The Albpetrol, National Oil Company, the contractor, beside the others tax mention in previous slide, must provide to Albpetrol:

- Pre-existing production is calculated upon the average of 6 months of production, before awarding the oilfield, and Albpetrol gets 65 to 75%, depend from the oil fields.

- Albpetrol’ share is calculated upon the current production and it usually is relating to the variation of coefficient R (when R<1 = 1%, when 1<R<1.5 = 2% and max to 4%).

It is important to highlight that pre-existing production + Albpetrol’ share constitute more than 2/3 of the oil quantity available to Albpetrol for trading each year.

The pre-existing production in most of the petroleum agreements is obtained in kind, while the share of Albpetrol is taken either in kind or cash.
IV. Existing Oil and Gas Fields In Albania

Albania was established as a Hydrocarbon bearing province as early as Roman times, when heavy oil and asphalts of Selenica mine were used for lamps.

In 1918 the first oil discovery was made in Oligocene flysch in Drashovica.

In 1927, 1928 respectively Kucova and Patosi oil fields related to Messinian clastic reservoirs were discovered.

Marinza as the biggest oil field in Albania related to Messinian-Tortonian clastics reservoirs was discovered in 1957.
Visoka, as the first oil field related to carbonate reservoirs, discovered in 1963, was followed by other discoveries such as: Gorishti (1965), Ballshi (1966), Finiq-Krane (1974), Cakran-Mollaj (1977), Amonica (1980) and Delvina (1987).

With the first Gas discovery (1963) in the Tortonian sandstone layers of Divjaka, other gas fields respectively: Frakulla (1972), Ballaj 1983, Povelca and Panaja gas fields in 1987 and Durresi (1988) were discovered.
IV. Existing Oil and Gas Fields In Albania

<table>
<thead>
<tr>
<th>FIELD</th>
<th>DISCOVER YEAR</th>
<th>RESERVOIR TYPE</th>
<th>RESERVOIR DEPTH (m)</th>
<th>O/G GRAVITY (API)</th>
<th>SULPHUR CONTENT (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drashovica</td>
<td>1918</td>
<td>Oligoc. flysch</td>
<td>100-200</td>
<td>Oil &lt; 10°</td>
<td>?</td>
</tr>
<tr>
<td>Patos</td>
<td>1927</td>
<td>Mess. clastics</td>
<td>Surf. To 1200</td>
<td>Oil (12-24°API)</td>
<td>2.5-6</td>
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<tr>
<td>Kucova</td>
<td>1928</td>
<td>Mess. clastics</td>
<td>Surf. To 1500</td>
<td>Oil (13-16°API)</td>
<td>4</td>
</tr>
<tr>
<td>Marinza</td>
<td>1957</td>
<td>Mess. clastics</td>
<td>1200-1800</td>
<td>Oil (12-35°API)</td>
<td>4-6</td>
</tr>
<tr>
<td>Visoka</td>
<td>1963</td>
<td>Cret./Eoc.Carb</td>
<td>800-1000</td>
<td>Oil (5-16°API)</td>
<td>5-6</td>
</tr>
<tr>
<td>Gorisht–Kocul</td>
<td>1965</td>
<td>Cret./Eoc.Carb</td>
<td>1000-2500</td>
<td>Oil (17°API)</td>
<td>6</td>
</tr>
<tr>
<td>Ballsh–Hekal</td>
<td>1966</td>
<td>Cret./Eoc.Carb</td>
<td>1000-3000</td>
<td>Oil (12-24°API)</td>
<td>5.7-8.4</td>
</tr>
<tr>
<td>Cakrran–Mollaq</td>
<td>1977</td>
<td>Cret./Eoc.Carb</td>
<td>3000-4500</td>
<td>Oil (14-37°API)</td>
<td>0.9</td>
</tr>
<tr>
<td>Finiq-Krane</td>
<td>1973</td>
<td>Cret./Eoc.Carb</td>
<td>800-2000</td>
<td>Oil (&lt; 10°API)</td>
<td>3.7-4.3</td>
</tr>
<tr>
<td>Delvina</td>
<td>1989</td>
<td>Cret./Eoc.Carb</td>
<td>2800-3400</td>
<td>Oil (31°API)</td>
<td>0.7</td>
</tr>
<tr>
<td>Divjaka</td>
<td>1963</td>
<td>Tort/clastics</td>
<td>2400-3000</td>
<td>Gas &amp; Condens</td>
<td>Na</td>
</tr>
<tr>
<td>Ballaj-Kryevidh</td>
<td>1983</td>
<td>Plioc/clastics</td>
<td>300-1700</td>
<td>Gas</td>
<td>Na</td>
</tr>
<tr>
<td>Frakulla</td>
<td>1965</td>
<td>Mess/clastics</td>
<td>300-2500</td>
<td>Gas</td>
<td>Na</td>
</tr>
<tr>
<td>Povelca</td>
<td>1987</td>
<td>Mess/clastics</td>
<td>1800-3500</td>
<td>Gas &amp; Condens</td>
<td>Na</td>
</tr>
<tr>
<td>Panaja</td>
<td>1988</td>
<td>Mess/clastics</td>
<td>2500</td>
<td>Gas</td>
<td>Na</td>
</tr>
<tr>
<td>Ad-4 (offshore)</td>
<td>1994</td>
<td>Mess/clastics</td>
<td>2500-3100</td>
<td>Biogenic Gas &amp; Cond, 54.3°API</td>
<td>Na</td>
</tr>
<tr>
<td>Sqepuri</td>
<td>2001</td>
<td>Cret./Eoc.Carb</td>
<td>47950</td>
<td>Oil (37°API)</td>
<td>2.3</td>
</tr>
</tbody>
</table>

A summary of the Exploration History in Albania
HYDROCARBON OCCURRENCES IN ALBANIA
(OIL & GAS FIELDS)

PATOS-MARINEZ

LOCATION: SW of PAD
SIZE: 300 km²

RESERVOIR:
AGE: Upper Miocene Sandstones
Series: BUBULLIMA, MARINZA-1 (6 layers),
MARINZA-2 (2 layers),
DRIZA (6 layers), GORANI

Depth: 100-1850m
Net Pay: 15-28m
Average Porosity: 12-36%
Permeability: 350-800md
Oil Gravity: 9-36°API

Oil RESERVES
Init. Geol. OIP: 195 MMbbls
Init. Recov. Gas: 5.4x10⁹ Nm³
HYDROCARBON OCCURRENCES IN ALBANIA
(OIL & GAS FIELDS)

KUCOVA

LOCATION: East of PAD

ARREZA Oil FIELD

LOCATION: West of Kucova

RESERVOIR:

AGE: Upper Miocene Sandstones

named: DRIZA, GORANI, KUCOVA

POLOVINA Suites in Kucova

and ARREZA-1, ARREZA-2

in Arreza

Depth: 150-1400m

Net Pay: 5-35m

Average Porosity: 23-27%

Permeability: 70-500md

Oil Gravity: 12-22°API

Oil RESERVES

Init. Geol. OIP: 81,2 MMbblo

Init. Recov. Gas: 4,6x10⁹ Nm³
HYDROCARBON OCCURRENCES IN ALBANIA
(OIL & GAS FIELDS)

VISOKA OIL FIELD

LOCATION: 13km SW Fieri
SIZE: 28,3km²

RESERVOIR
AGE: Cr-Pg2 limestones
Depth: 800-1700m
Gross thick: 200-300m
Matx Porosity: 3,5-4,5%
Tot Porosity: 5-6%
Permeability: 200md
Oil Gravity: 5-16°API

Oil RESERVES
Init. Geol. OIP: 198,5 MMbblo
Init. Recov. Oil: 47,6 MMbblo
Oil Produced: 37,8MMbblo
Rem. Geol. OIP: 160,7 mmbblos
Rem Recov Oil: 9,8 mmbblos
Oil Recov. Fact.: 19%

Gas RESERVES
Gas Produced: 203x10⁶Nm³
Rem Recov Gas: 36x10⁶Nm³
HYDROCARBON OCCURRENCES IN ALBANIA

BALLSH-HEKAL

LOCATION: 29km SE Fieri  SIZE: 13km²

RESERVOIR
AGE: Cr-Pg2 limestones
Depth: 450-1700m
Gross thick: 350m
Matx Porosity: 0.62%
Tot Porosity: 2.2%
Permeability: 40-300md
Oil Gravity: 13°API

Oil RESERVES
Init.Geol.OIP: 134.9 MMbbl
Init.Recov.Oil: 44.5 MMbbl
Oil Produced: 33.4MMbbl
Rem.Geol OIP: 101.2 mmbbbl
Rem Recov Oil: 10.8 mmbbbl
Oil Recov.Fact.: 25.8%

Gas RESERVES
Init.Recov.Gas: 239x10⁶Nm³
Gas Produced: 203x10⁶Nm³
Rem Recov Gas: 36x10⁶Nm³
HYDROCARBON OCCURRENCES IN ALBANIA
(OIL & GAS FIELDS)

CAKRAN-MOLLAJ

LOCATION: 6 km West of Ballshi town
SIZE: 10.7 km²
RESERVOIR
AGE: Cr-Pg2 limestones
Depth: 2650-3700 m
Gross thick: 400-800 m
Max Porosity: 1%
Tot Porosity: 2.4%
Permeability: 2-600 md
Oil Gravity: 12-37°API

Oil RESERVES
Init. Geol. OIP: 113 MMbblo
Init. Recov. Oil: 56.9 MMbblo
Oil Produced: 23.3 MMbblo
Rem Geol OIP: 89.6 MMbblo
Rem Recov Oil: 33.6 MMbblo
Oil Recov. Fact.: 20.6%

Gas RESERVES
Init. Recov. Gas: $8 \times 10^9$ Nm³
Gas Produced: $6.3 \times 10^9$ Nm³
Rem Recov Gas: $1.6 \times 10^9$ Nm³
HYDROCARBON OCCURRENCES IN ALBANIA
(OIL & GAS FIELDS)

GORISHT-KOCUL

LOCATION:
20 km East of VLORA town
SIZE: 8.6 km²

RESERVOIR
AGE: Cr²-Pg² limestones
Depth: 400-1250 m
Gross thick: 350-400m
Matx Porosity: 1.08 %
Tot Porosity: 2-2.98 %
Permeability: 300 md
Oil Gravity: 13-16 °API

RESERVES
Init.Geol.OIP: 213.5 MMbblo
Init.Recov.Oil: 102.7 MMbblo
Oil Produced: 79.9 MMbblo
Rem.Geol OIP: 89.6 MMbblo
Rem Recov Oil: 22.7 MMbblo
Oil Recov.Fact.: 37.3 %

Gas RESERVES
Init.Recov.Gas: 594x10⁶ Nm³
Gas Produced: 501x10⁶ Nm³
Rem Recov Gas: 92.7x10⁶ Nm³
DELVINA OIL FIELD

LOCATION:
RESERVOIR:
Cr$_2$-Pg$_2$ limestones
Depth:
2800-3500 m
Matx Porosity:
1-6 %
Frac Porosity:
0.1 %
Permeability:
0.2 md
Oil Gravity:
26-62.5°API
IV. Existing Oil and Gas Fields In Albania

The location of main oil and gas field in Albania
Oil and gas development and production from the existing oilfields are in operation through the Petroleum Agreement, with Albpetrol (actually state company), the following companies for the respectively field:

- **Bankers-Petroleum ALBANIA.** On the Patos- Marinza oilfield.

- **Stream Oil & Gas” Ltd.** On limestone oilfields Ballsh-Hekal, Cakran-Mollaj, Gorisht-Kocul and gas field Delvinë.

- **Sherwood International Petroleum Inc.** On the oilfield of Kucove.

- **TRANSOIL Group.** On the oilfield of Visoke.

- **Phoenix Petroleum.** On the oilfields Amonice, Drashovice, Finiq-Krane, Pekisht-Murris and gasfields Divjake, Ballaj, Pocelçe, Panaja and Frakull.
The situation of reserves (original oil in place and cumulative oil) produced by oilfields up to 01 January 2013 (in ton)

<table>
<thead>
<tr>
<th>No</th>
<th>Oil Fields</th>
<th>Object (formation)</th>
<th>Original oil in place (ton)</th>
<th>Cumulative oil produced up to 01.01.2013</th>
<th>Oil Production</th>
<th>Remained recovered reserves up to 01.01.2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Geological</td>
<td>Recovered</td>
<td>By geological reserves, %</td>
<td>By recovered reserves, %</td>
</tr>
<tr>
<td>1</td>
<td>Cakran - Mollaj</td>
<td>LIMESTONE</td>
<td>16127983</td>
<td>8144469</td>
<td>26.07</td>
<td>51.62</td>
</tr>
<tr>
<td>2</td>
<td>Ballsh - Hekal</td>
<td></td>
<td>19269224</td>
<td>6359844</td>
<td>26.02</td>
<td>78.82</td>
</tr>
<tr>
<td>3</td>
<td>Gorisht - Kocul</td>
<td></td>
<td>30500000</td>
<td>14674087</td>
<td>39.01</td>
<td>81.07</td>
</tr>
<tr>
<td>4</td>
<td>Karbunare</td>
<td></td>
<td>411212</td>
<td>135700</td>
<td>22.62</td>
<td>68.55</td>
</tr>
<tr>
<td>5</td>
<td>Amonine</td>
<td></td>
<td>2835849</td>
<td>1503000</td>
<td>24.46</td>
<td>46.15</td>
</tr>
<tr>
<td>6</td>
<td>Visoke - Kolonje</td>
<td></td>
<td>28362316</td>
<td>6806956</td>
<td>21.76</td>
<td>90.66</td>
</tr>
<tr>
<td>7</td>
<td>Delvine</td>
<td></td>
<td>335000</td>
<td>134000</td>
<td>5.73</td>
<td>14.32</td>
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<td>8</td>
<td>Finiq - Krane</td>
<td></td>
<td>1027450</td>
<td>154117</td>
<td>0.95</td>
<td>6.31</td>
</tr>
<tr>
<td>9</td>
<td>Drashevica</td>
<td></td>
<td>80000</td>
<td>24000</td>
<td>10.12</td>
<td>33.72</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total Limestone</strong></td>
<td></td>
<td><strong>28.41</strong></td>
<td><strong>74.09</strong></td>
</tr>
<tr>
<td>1</td>
<td>S. Bubullima</td>
<td>SANDSTONE</td>
<td>1497393</td>
<td>494140</td>
<td>28.42</td>
<td>86.12</td>
</tr>
<tr>
<td>2</td>
<td>S. Marineza</td>
<td></td>
<td>42900000</td>
<td>8481394</td>
<td>19.22</td>
<td>97.24</td>
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<tr>
<td>3</td>
<td>S. Driza</td>
<td></td>
<td>193134000</td>
<td>20058400</td>
<td>7.19</td>
<td>69.23</td>
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<td>4</td>
<td>S. Gorani</td>
<td></td>
<td>20862520</td>
<td>2086252</td>
<td>2.83</td>
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<td>5</td>
<td>Kucove</td>
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<td>78331796</td>
<td>11772485.69</td>
<td>5.39</td>
<td>35.87</td>
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<td>6</td>
<td>Rase-Pekisht</td>
<td></td>
<td>1970400</td>
<td>197040</td>
<td>0.85</td>
<td>8.52</td>
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<td></td>
<td></td>
<td></td>
<td><strong>Total Sandstone</strong></td>
<td></td>
<td><strong>8.09</strong></td>
<td><strong>63.56</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>12.68</strong></td>
<td><strong>68.49</strong></td>
</tr>
</tbody>
</table>

The current reserves can significantly increase by the use of modern recovery technology.
DOMESTIC CRUDE OIL PRODUCTION

for 2014 the production is forseen to be
1.5 Million Tons
HISTORICAL DOMESTIC CRUDE OIL PRODUCTION
1965-2013

Max prod. is got during 1974
2,248,227 Ton
CURRENT SITUATION OF ALBPETROL SH.A.  
(ALBANIAN STATE OWNED COMPANY)

Annual production of crude oil (2013): **1,205,538 tons** (foreseen for 2014 1,500,000 tons)

Albpetrol Production (2013): 37,325 tons crude oil (foreseen for 2014, 40,000 tons)

(Preexisting Production) Albpetrol share (2013): 104,732 tons

Employment: from 2,920 employees in 01 Jan. 2013 to 1,868 employees in March 2014

Total Revenue (2013): 43 Million Euro

Total Expenses (OPEX+CAPX) (2013): 30.4 Million Euro

Profit (2013): 12.6 Million Euro
Applying the principle of PPP (Public Private Partnership), where Albpetrol can cooperate with foreign companies, which have the needed financial & technical capabilities.

**Advantages**

- Maximizing the public interest from the use of natural resources
- Realization of exploitation of existing oil & gas fields by Albpetrol
- Participation in the tender for the free exploration blocks
- Efficient Monitoring of the existing Petroleum Agreements
- Investments for modernization of the company according to international standards
- Taking the oil or gas fields in its administration in cases of revoking the Petroleum Agreements of the foreign companies (e.g. the Fontane Oil company left in 1998 the Cakran oilfield and was substituted by Albpetrol)
First Offshore Bidding Round

In the offshore bidding round, the Albanian offshore was divided in 5 blocks with a total surface area of 11763 km$^2$ which were offered to the international oil companies. At the end of the round, 5 Petroleum Sharing Agreements were signed for 5 blocks offered, respectively.

- **Block Rodoni-1** to DEMINEX Co. (German) and OMW Co. (Austrian)
- **Block Adriatiku-2** to AGIP Co. (Italian)
- **Block Adriatiku-3** to Occidental Co. (American)
- **Block Adrialtiku-4** to CHEVRON Co. (American)
- **Block Joni-5** to HAMILTON OIL Co. (Australian)

The Albanian offshore was completely unexplored with a total absence of data. Total investment 147 Milion USD

The A4-1x well drilled (1993 by AGIP and Chevron in offshore Albania (Adriatiku-4) proved to be as a light oil (condensate) and gas bearing in Messinian clastic reservoir.
First round onshore (1992)

In 1992, the First Exploration Round for oil and gas onshore was opened for blocks A,B,C,D,E, and F, of a total surface area of 4200 km$^2$. This round was declared closed in 1994 with the signing of three exploration contracts with production sharing for four blocks as follow:

- **Blocks B and F** to SHELL (Dutch)
- **Block C** to Ina - Naftaplin (Croatian)
- **Block E** to COPAREX International (French)

The studies made in these blocks have identified a series of formations of interest for oil and gas exploration, of which only one well has been drilled by Ina-Naftaplin without the target being reached.

Total investment 45 million USD
V. EVALUATION OF EXPLORATION OPPORTUNITIES IN ALBANIA

Second licensed round in Albania (onshore blocks, November 1995)

In following up the policy for the attraction of foreign investments in gas and oil exploration sector in Albania, in 1995, the Government of the Republic of Albania, through the National Petroleum Agency opened the Second Licensing Round for gas and oil exploration and production onshore, for a surface area of 22,400 km².

In conclusion, six agreements were signed in 1998, four of which are from the Second Round blocks and two blocks, A and D, from the First Round.

- **Blocks A and 2, 3** to OXY (USA)
- **Blocks D** to Coparex (France)
- **Blocks 5 and 4** to OMW and Hellenic Petroleum
- **Block 1** to Hellenic Petroleum

The first oil discovery onshore Albania was made by CCCIDENTAL of Albania in the year 2001, after the first drilling (Shpiragu-1well) into the Sqepuri structure situated in Block 2 Area.

Total investment during this round were about 70 Million USD
Under operation for the exploration of oil and gas are the following Petroleum Agreements:

- **Durresi block** offshore, with the company San Leon Energy.
- **Joni 5 block** offshore, with the company Capricorn Albania Ltd company.
- **D-E blocks onshore**, with the company Petromanas Albania.
- **Blocks 2-3 onshore**, with the companies SHELL and Petromanas Albania.
- **Block F** with the company Bankers-Petroleum.
- **Blocks Adriatic 2-3-4 offshore**, with the company Emanuel Adriatic Energy.

Currently are **13 free exploration Blocks (12 onshore + 1 offshore)**, which will be awarded soon through competitive procedures.

Based on the geological studies, old seismic lines performed by Albpetrol and these performed in the recent years by the foreign companies it appears that, Albania, in spite of the existing oil and gas fields, still has a very good potential and is very promising area for further exploration in both onshore and offshore.
Currently in Albania operate two refineries in Ballsh and Fier respectively, which were privatized on 2008. **Ballsh refinery** is a deep conversion refinery built in 1978, with an annual capacity of 1 million ton. **Fieri refinery** is a simple topping refinery built in 1968, with an annual capacity of 500,000 ton.

Both refineries need huge investments to strictly follow the European standards.

**Advantages of a new refinery**

- Existing refineries have poor technology,
- Over 90% of the domestic crude oil is exported,
- Fuel demand will constantly increase the next years,
- Albania is a energy hub, due to proximity with Kosovo, Macedonia and Montenegro,
- The only modern refinery in the region with access to port facilities,
- Potential new oil discovery by **SHELL** will provide light crude oil to the market,
- Constant crude oil reserves in the country,
VI. OTHERS POSSIBILITY TO INVEST IN PETROLEUM SECTOR IN ALBANIA

- Public - Private Partnership (PPP) model for the country gasification
- Feasibility Study of the Albania – Kosovo Gas Pipeline
- Connection of TPP Vlora with gas pipeline (TAP)
- Re-establishment of Oil & Gas Institute
- Possibility for building the LNG plant by the seaside of Albania
THANK YOU
FOR YOUR ATTENTION

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