

REPUBLIKA E SHQIPËRIË
MINISTRIA E ENERGJISË
DHE INDUSTRIË

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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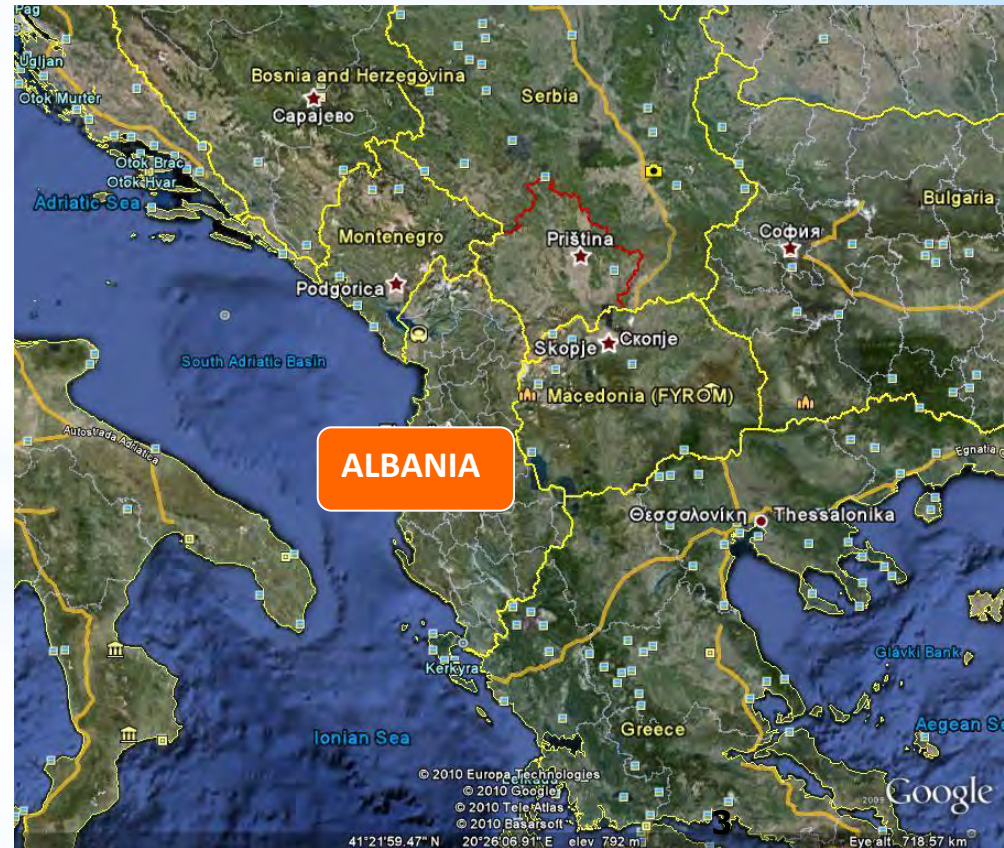
I. REGIONAL SETTING

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**



II. REGIONAL GEOLOGICAL SETTING

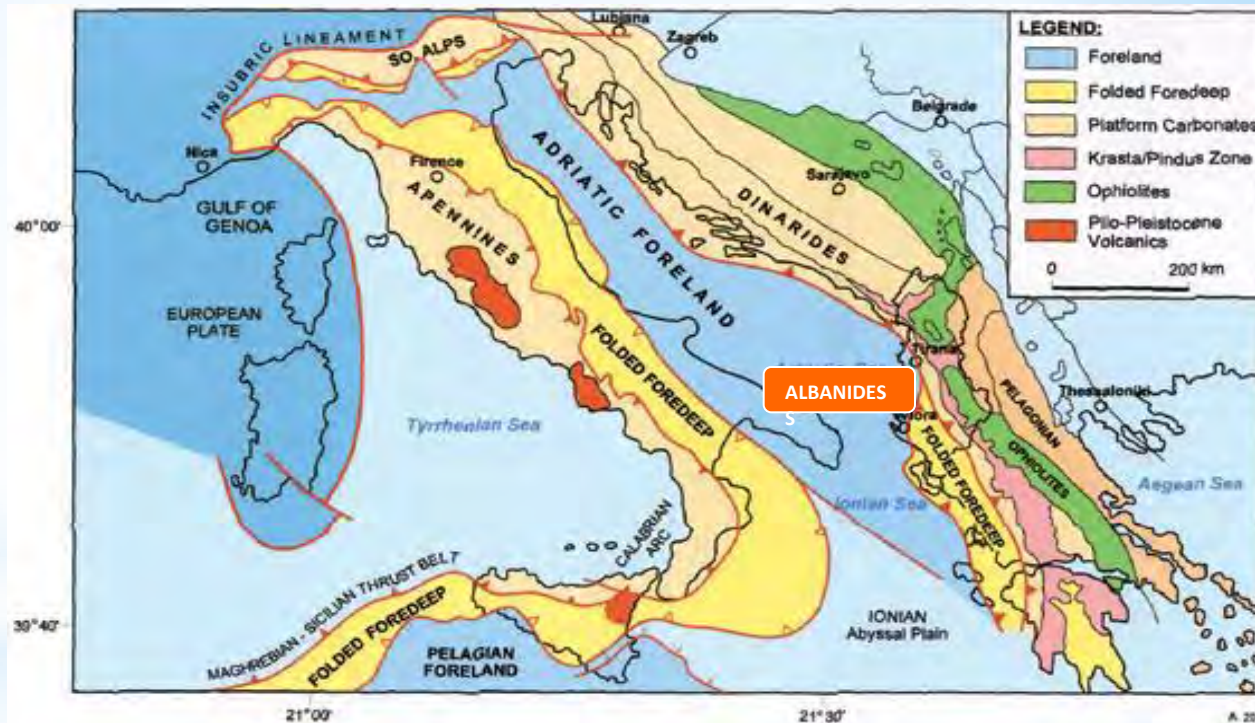
From the geological point of view,

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**,
and
- **EXTERNAL ALBANIDES**.



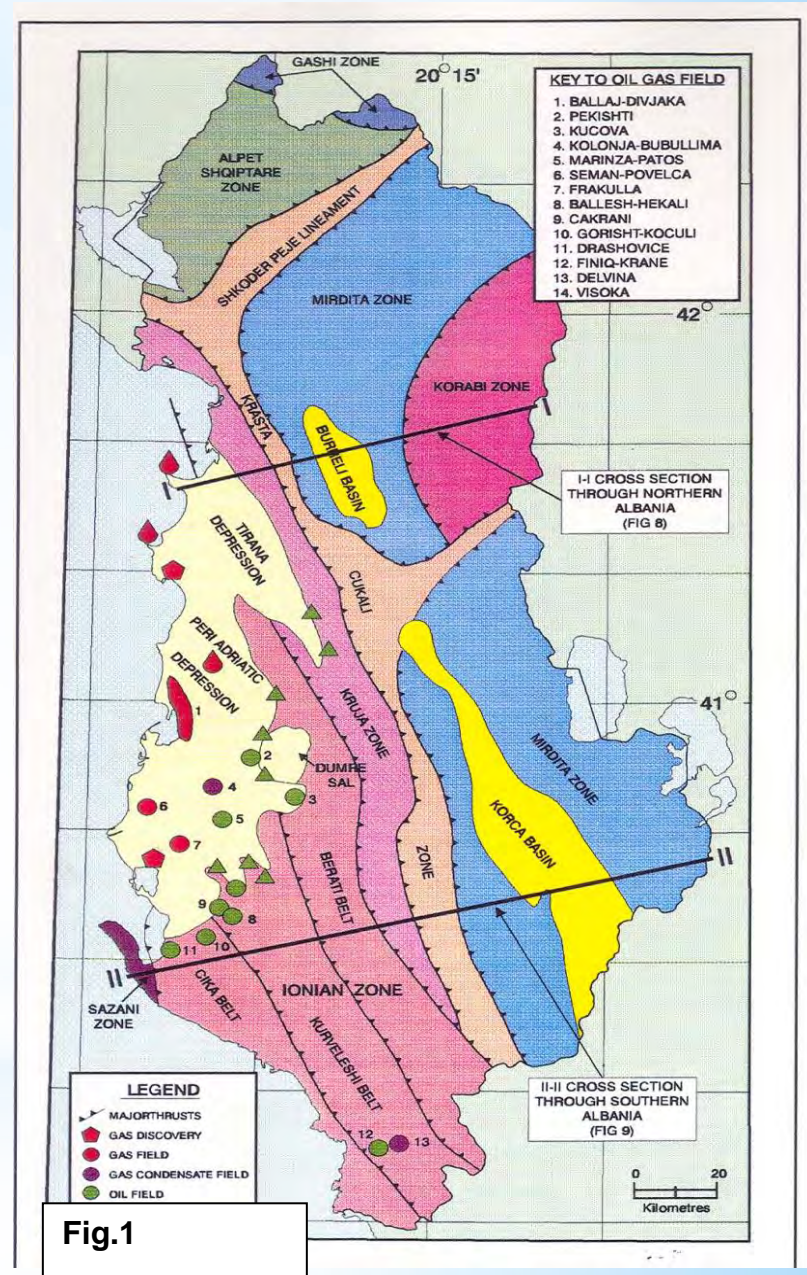
II. REGIONAL GEOLOGICAL SETTING (2)

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 (inter-mountainous) 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.



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.

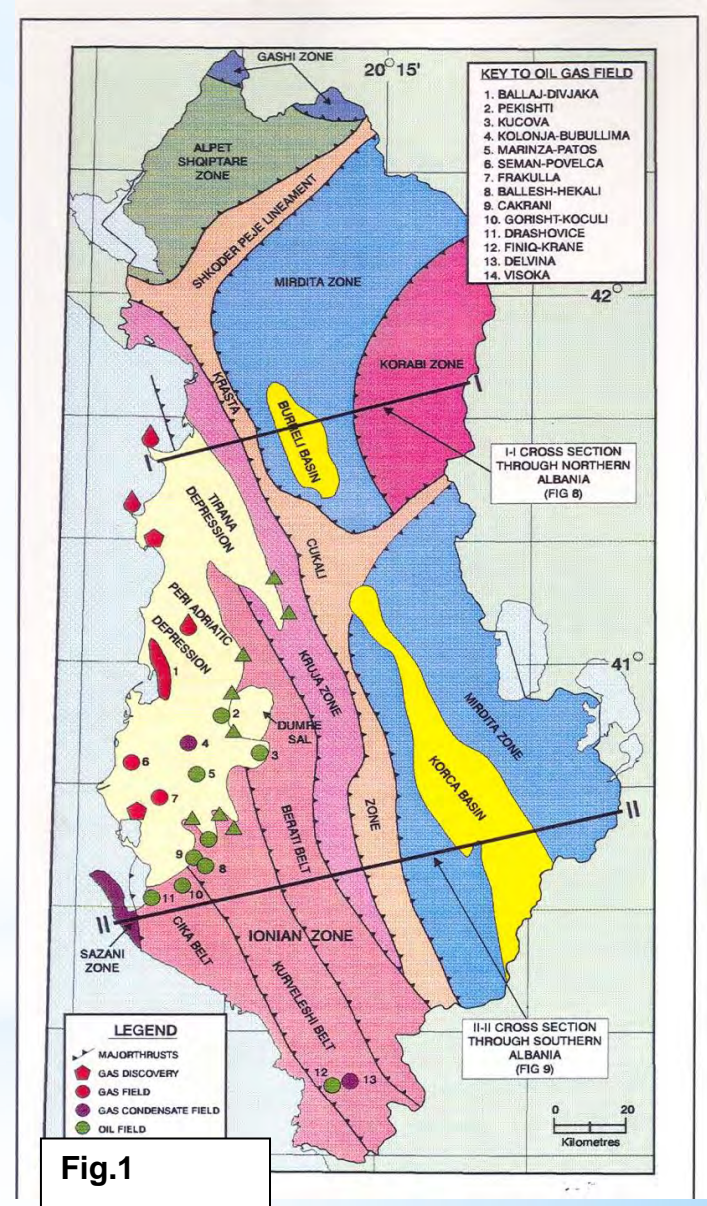
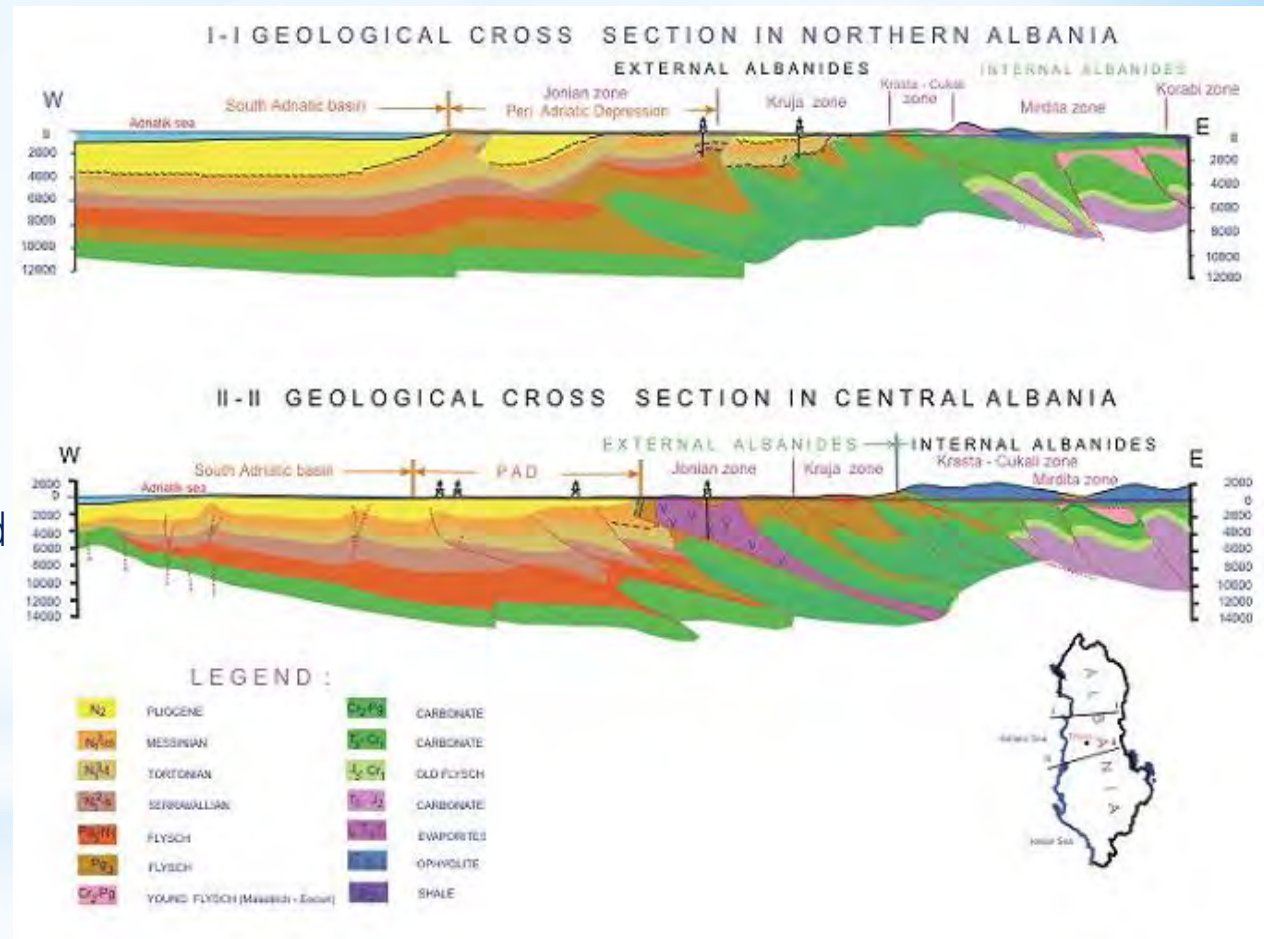


Fig.1

The ⁶main structural-tectonic units in Albanides

II. REGIONAL GEOLOGICAL SETTING (4)

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.

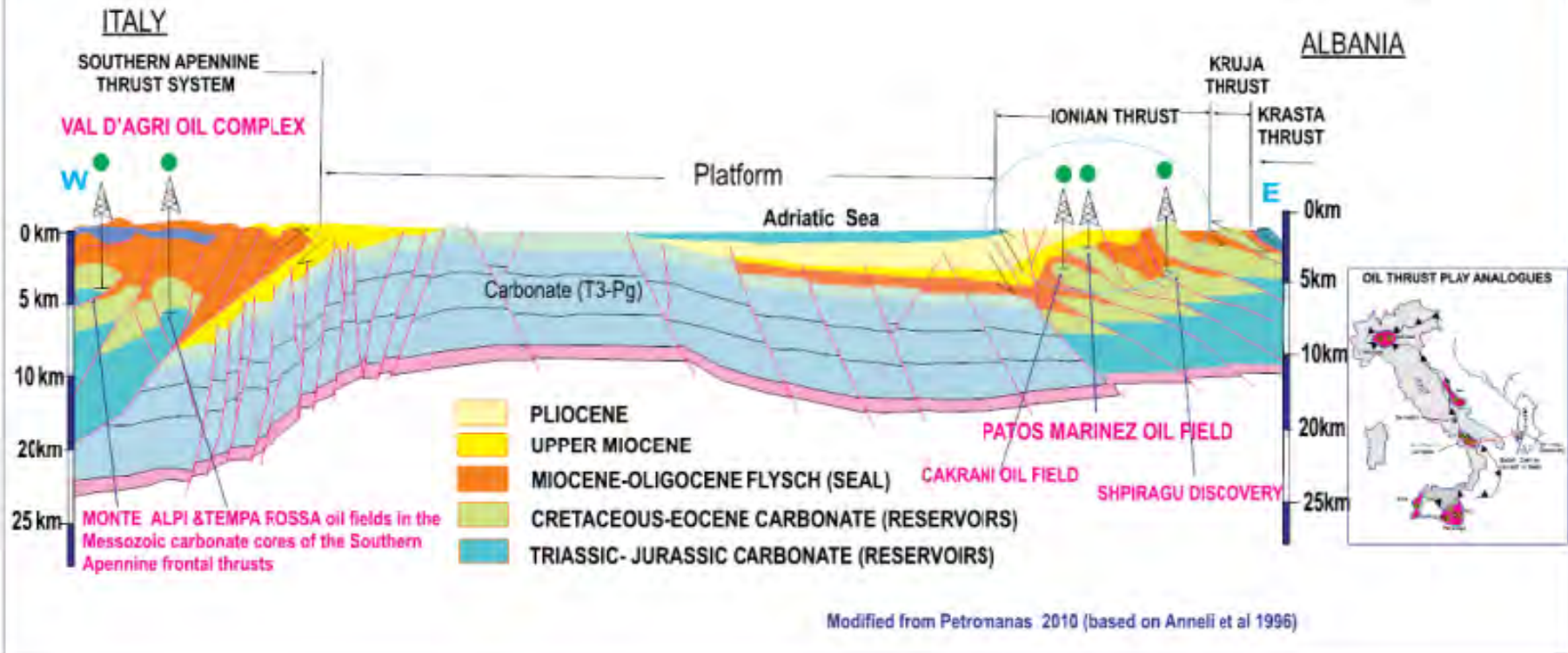


Geological – geophysical sections on the northern and central part of Albanides.

Geological Cross Section Italy-Albania



ANALOGUES OIL DISCOVERIES RELATED TO THRUST SYSTEMS (Albania and Southern Italy)



III. THE LEGAL AND INSTITUTIONAL FRAMEWORK

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

Law no.7746, dated 28.07.1993 “The Petroleum Law (Exploration and Production)”, as amended, which is harmonized with the **Directive 94/22/EC** of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the exploration and production of hydrocarbons.

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.

Law No. 9946, dated 30.06.2008 “On the natural gas sector”, as amended which is fully in compliance with: **Directive 2003/55/EC** of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas.

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:

<http://www.qbz.gov.al/> and <http://www.ligjet.org>

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)

- **Law no.7746, dated 28.07.1993 "On Petroleum (Exploration and Production)", as amended, created space and a bigger security for foreign investors in the exploration and production activities of hydrocarbons.**

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 a 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%).

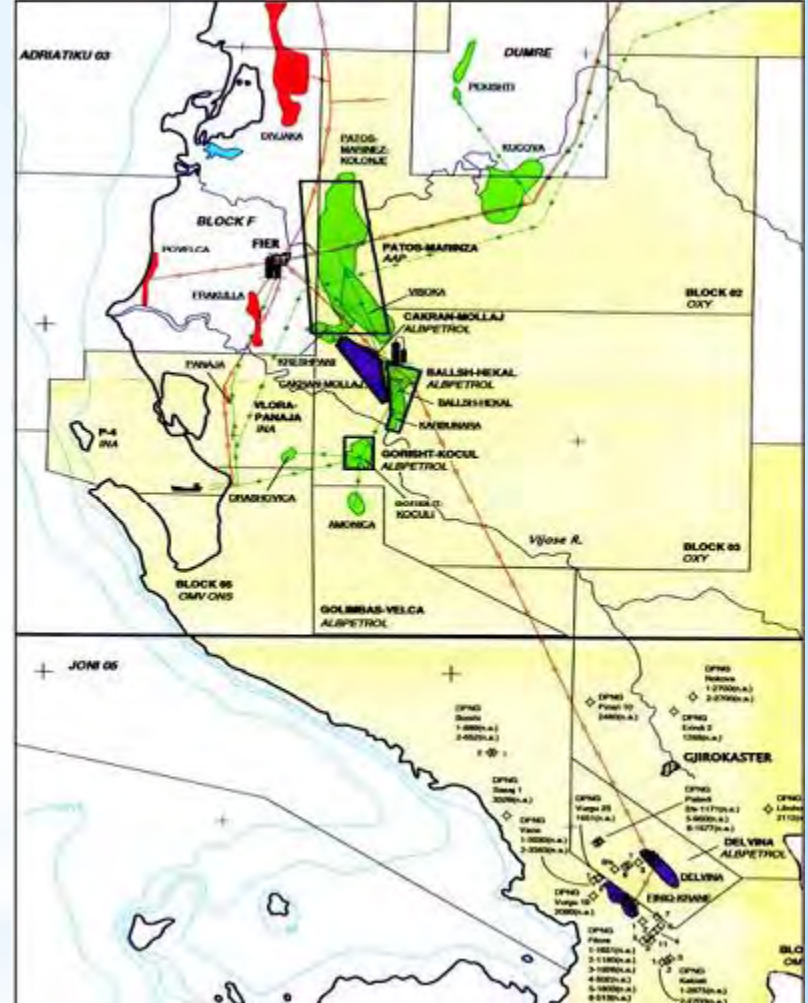
It is important to highlight that pre-existing production + Albpetrol' share constitute more than 2/3 of the oil quantity available to Albpetrol for trading each year.

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

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.



Oil and Gas Fields in Albania

IV. Existing Oil and Gas Fields In Albania

FIELD	DISCOVER Y YEAR	RESERVOIR TYPE	RESERVOIR DEPTH (m)	O/G GRAVITY (API)	SULPHUR CONTENT (%)
Drashovica	1918	Oligoc.flysch	100-200	Oil <10°	?
Patos	1927	Mess-clastics	Surf. To 1200	Oil (12-24°API)	2.5-6
Kucova	1928	Mess-clastics	Surf. To 1500	Oil (13-16°API)	4
Marinza	1957	Mess-clastics	1200-1800	Oil (12-35°API)	4-6
Visoka	1963	Cret/Eoc.Carb	800-1000	Oil (5-16°API)	5-6
Gorisht-Kocul	1965	Cret/Eoc.Carb	1000-2500	Oil (17°API)	6
Ballsh-Hekal	1966	Cret/Eoc.Carb	1000-3000	Oil (12-24°API)	5.7-8.4
Cakrran-Mollaj	1977	Cret/Eoc.Carb	3000-4500	Oil (14-37°API) Cond, 52°API	0.9
Finiq-Krane	1973	Cret/Eoc.Carb	800-2000	Oil (<10°API)	3.7-4.3
Delvina	1989	Cret/Eoc.Carb	2800-3400	Oil (31°API) Cond, 53°API	0.7
Divjaka	1963	Tort/clastics	2400-3000	Gas & Condens	Na
Ballaj-Kryevidh	1983	Plioc/clastics	300-1700	Gas	Na
Frakulla	1965	Mess/clastics	300-2500	Gas	Na
Povelca	1987	Mess/clastics	1800-3500	Gas & condens	Na
Panaja	1988	Mess/clastics	2500	Gas	Na
Ad-4 (offshore)	1994	Mess/clastics	2500-3100	Biogenic Gas & Cond, 54.3°API	Na
Sqepuri	2001	Cret/Eoc.Carb	4950	Oil (37°API)	2,3

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 (6layers),
MARINZA-2 (2layers),
DRIZA (6layers), GORANI

Depth: 100-1850m

Net Pay: 15-28m

Average Porosity: 12-36%

Permeability: 350-800md

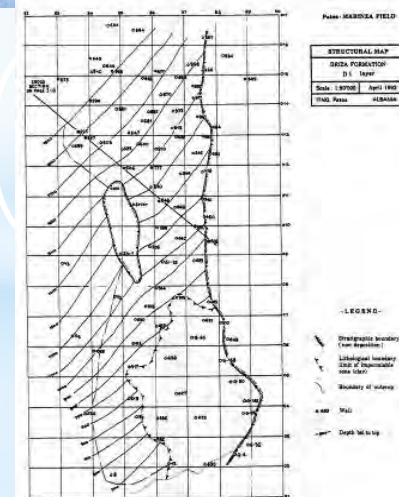
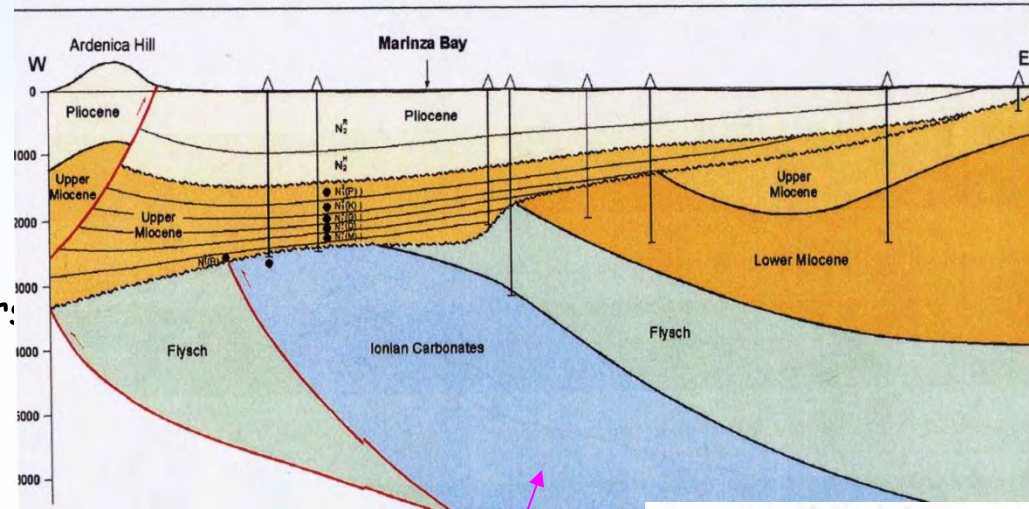
Oil Gravity: 9-36°API

Oil RESERVES

Init.Geol.OIP: 195 MMbblo

Init.Recov.Gas: 5,4x10⁹ Nm³

W-E Geological Cross Section – Marinza Field, Onshore Albania



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%

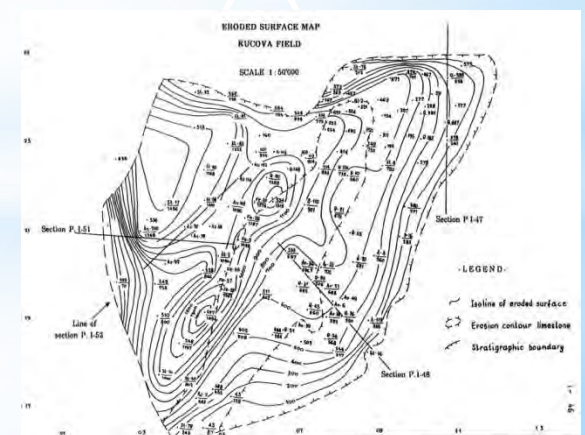
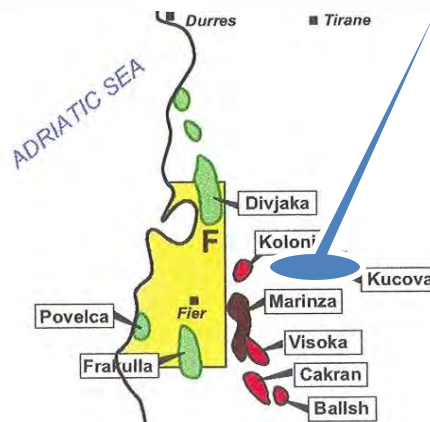
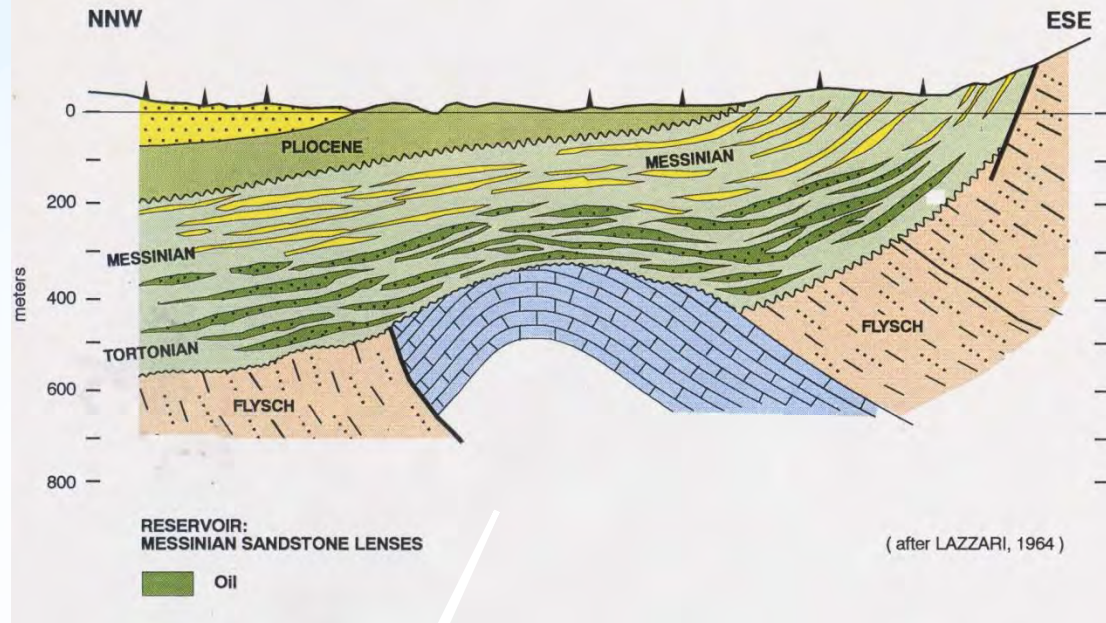
Permeability: 70-500md

Oil Gravity: 12-22°API

Oil RESERVES

Init.Geol.OIP: 81,2 MMbblo

Init.Recov.Gas : $4,6 \times 10^9$ 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 mmbblo

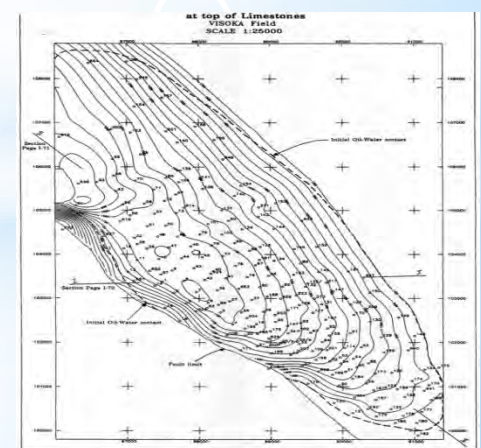
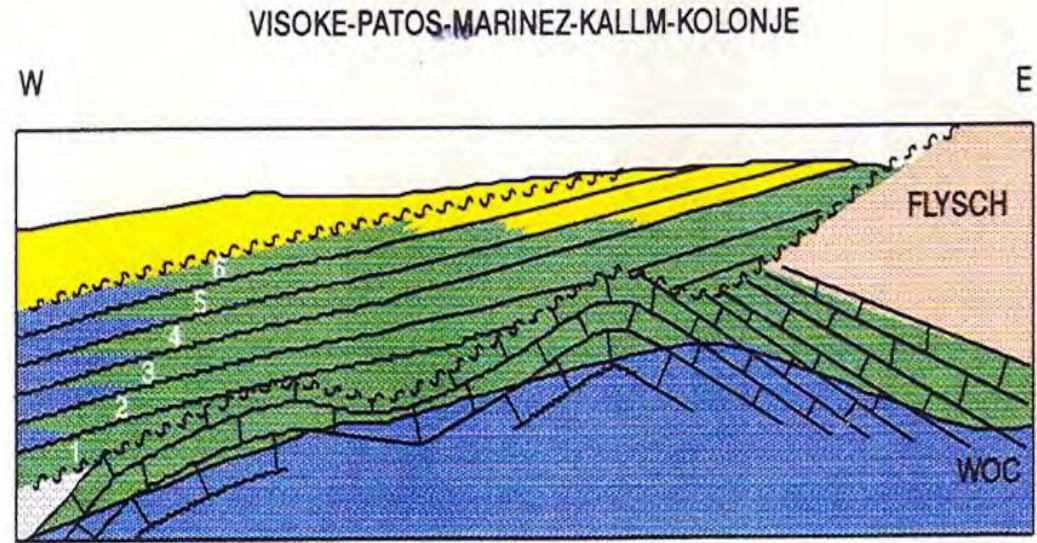
Rem Recov Oil: 9,8 mmbblo

Oil Recov.Fact.: 19%

Gas RESERVES

Gas Produced : 203x10⁶Nm³

Rem Recov Gas: 36x10⁶Nm³



HYDROCARBON OCCURRENCES IN ALBANIA

(OIL & GAS FIELDS)

BALLSH-HEKAL

LOCATION : 29km SE Fieri SIZE
: 13km²

RESERVOIR

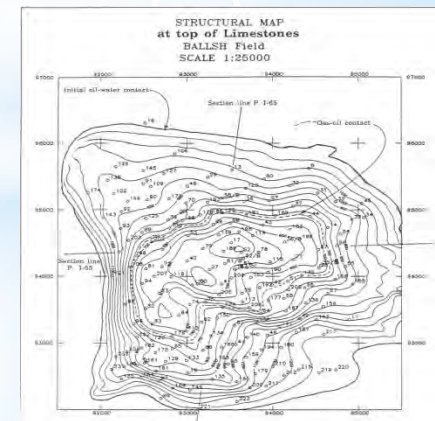
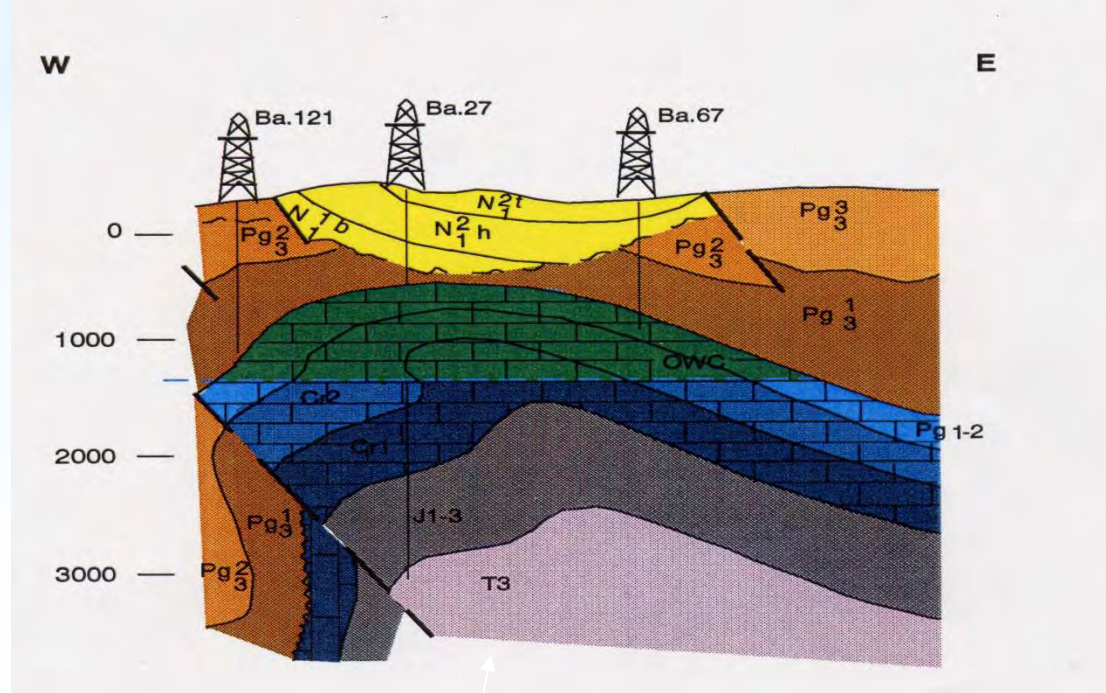
AGE : Cr-Pg2 limestones
Depth: 450-1700m
Gross thick: 350m
Matx Porosity: 0,62%
Tot Porosity: 2,2%
Permeability: 40-300md
Oil Gravity: 13^oAPI

Oil RESERVES

Init.Geol.OIP: 134,9 MMbblo
Init.Recov.Oil : 44,5 MMbblo
Oil Produced : 33,4MMbblo
Rem.Geol OIP: 101,2 mmbblo
Rem Recov Oil: 10,8 mmbblo
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)

CAKRRAN-MOLLAJ

LOCATION : 6 km West of Ballshi town

SIZE : 10,7 km²

RESERVOIR

AGE : Cr-Pg₂ limestones

Depth: 2650-3700 m

Gross thick: 400-800m

Matx 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

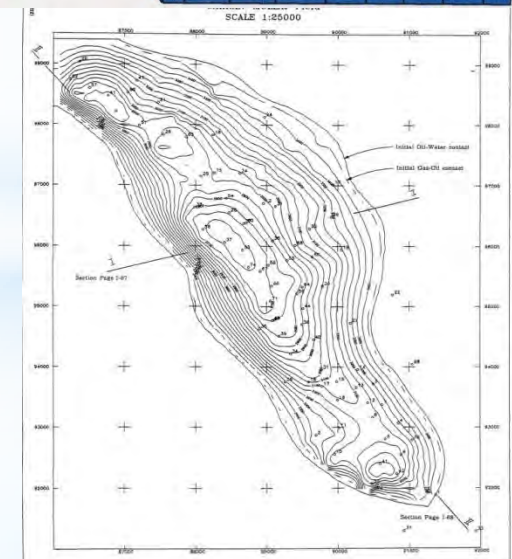
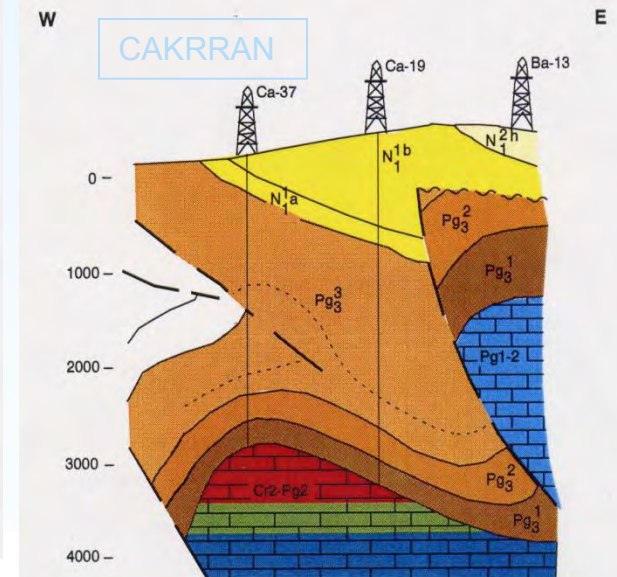
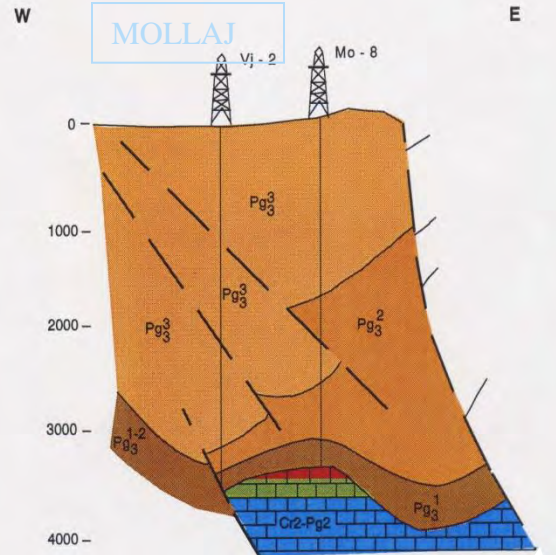
Oil Recov.Fact.: 20,6 %

Gas RESERVES

Init.Recov.Gas : $8 \times 10^9 \text{Nm}^3$

Gas Produced : $6,3 \times 10^9 \text{Nm}^3$

Rem Recov Gas: $1,6 \times 10^9 \text{Nm}^3$



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^oAPI

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

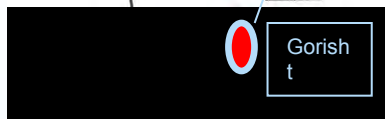
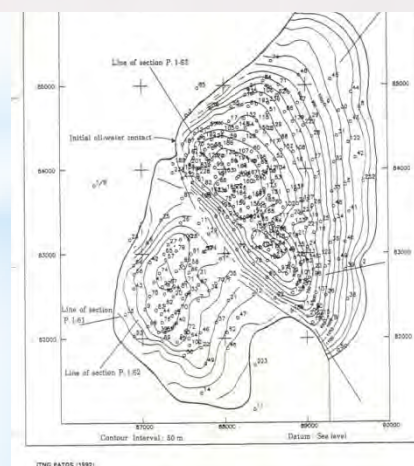
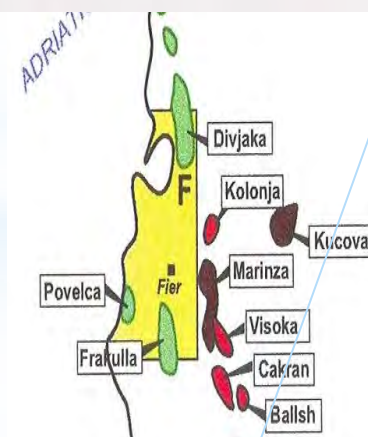
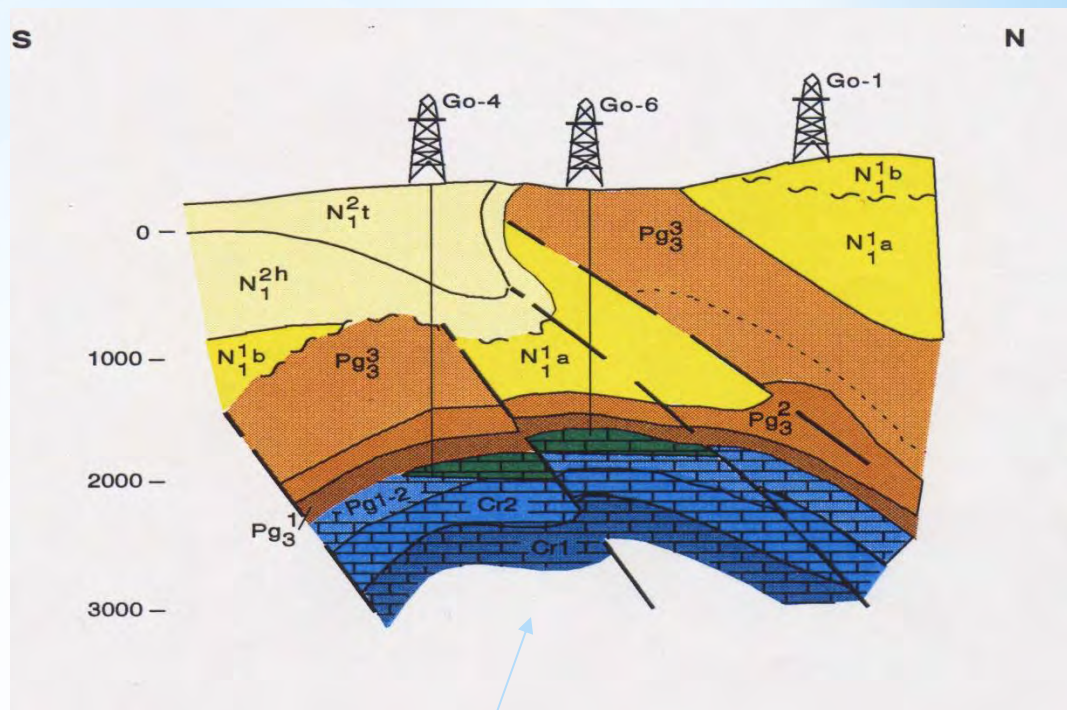
Oil Recov.Fact.: 37,3 %

Gas RESERVES

Init.Recov.Gas : 594x10⁶Nm³

Gas Produced : 501x10⁶Nm³

Rem Recov Gas: 92,7x10⁶Nm³



HYDROCARBON OCCURRENCES IN ALBANIA (OIL & GAS FIELDS)

DELVINA OIL FIELD

LOCATION :

RESERVOIR:

Cr₂-Pg₂ limestones

Depth:

2800-3500 m

Matx Porosity:

1-6 %

Frac Porosity:

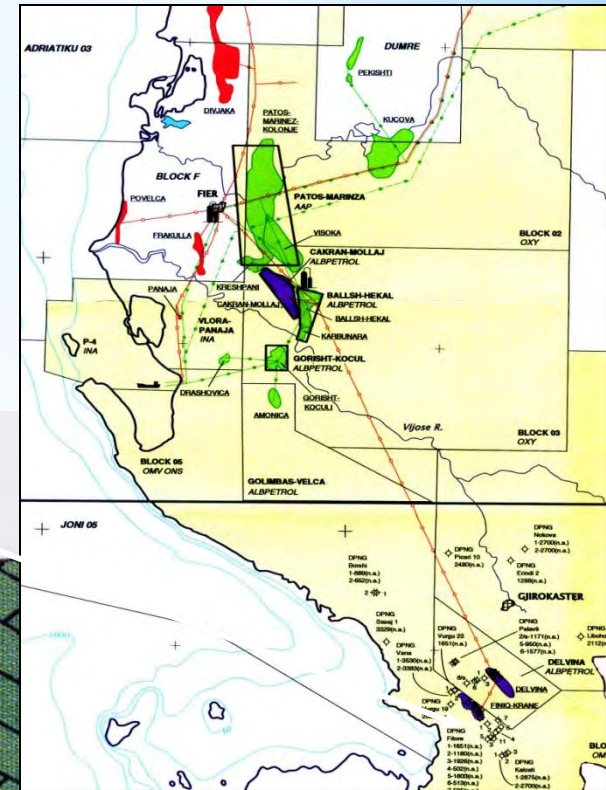
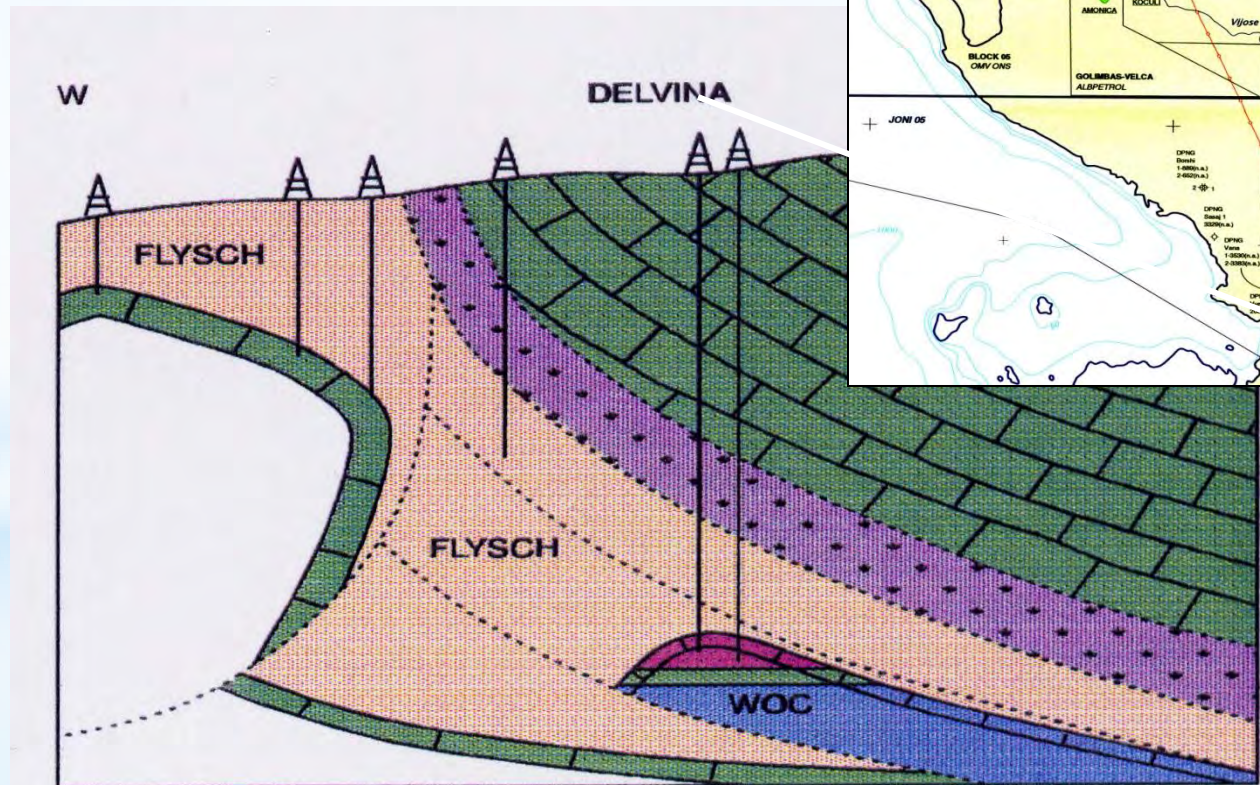
0.1 %

Permeability:

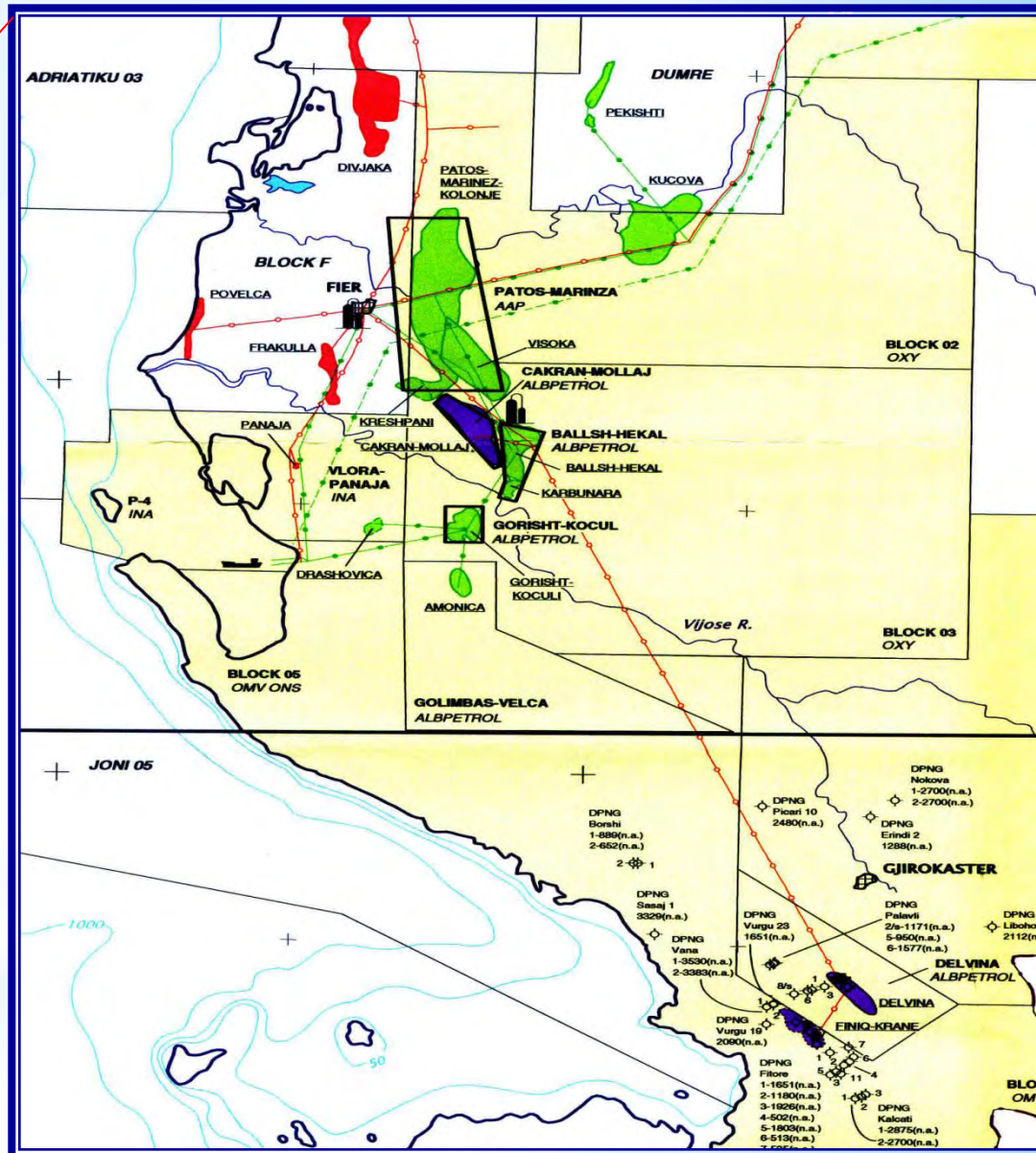
0,2 md

Oil Gravity:

26-62,5°API



IV. Existing Oil and Gas Fields In Albania

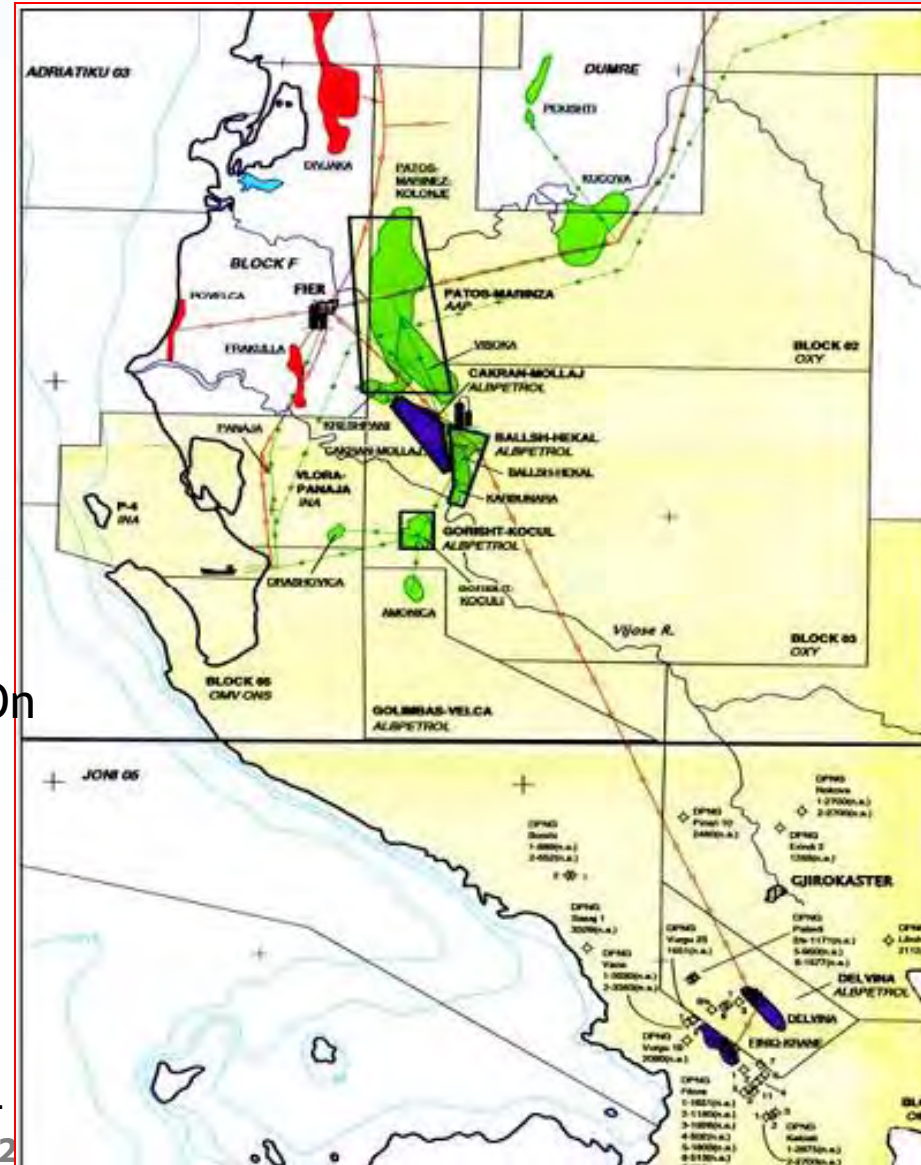


The location of main oil and gas field in Albania

IV. Existing Oil and Gas Fields 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, Pocolçe, Panaja and Frakull.



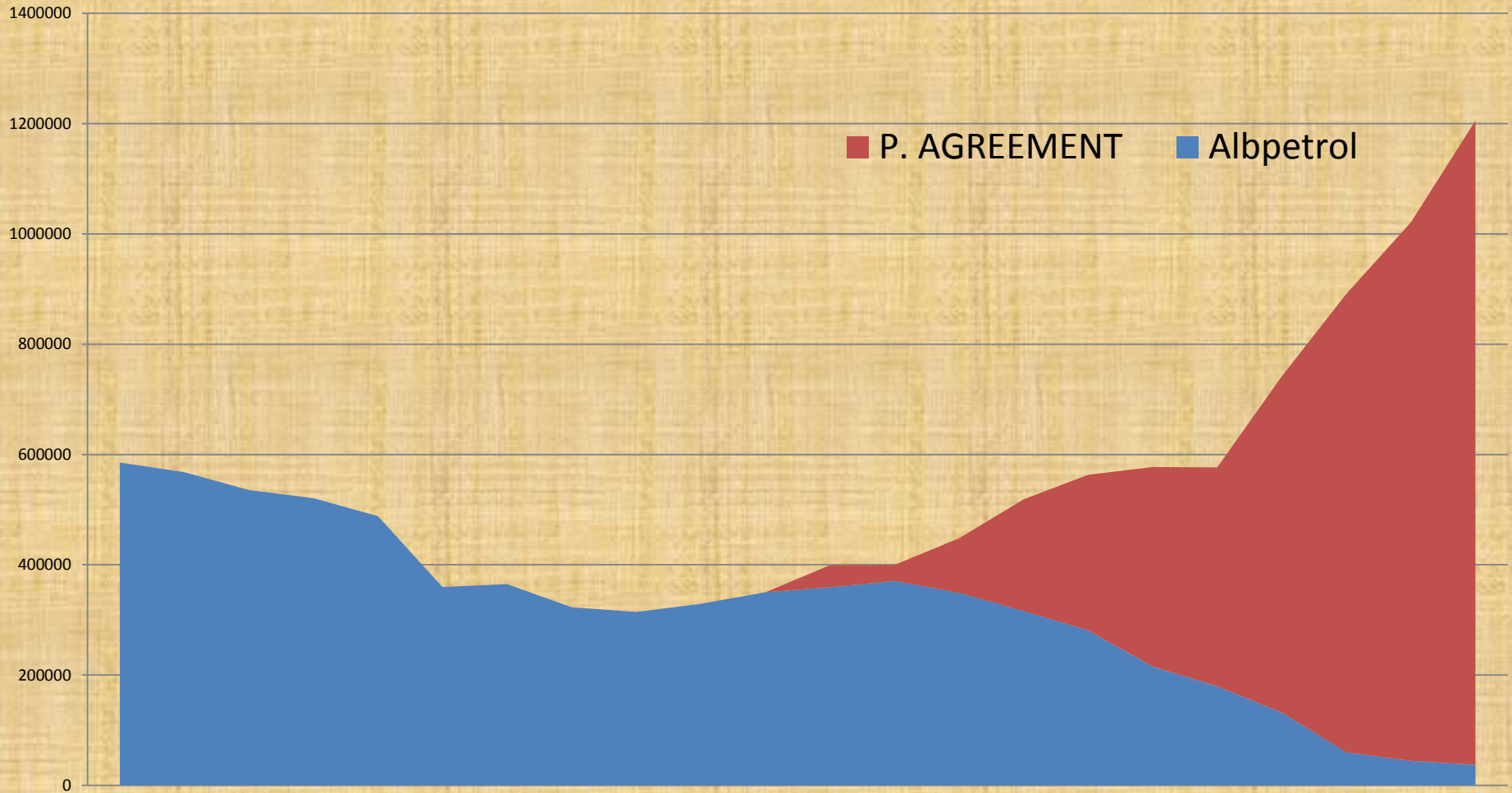
Existing Oil and Gas Fields in Albania

THE SITUATION OF RESERVES (ORIGINAL OIL IN PLACE AND CUMULATIVE OIL) PRODUCED BY OILFIELDS UP TO 01 JANUARY 2013 (in ton)

No	Oil Fields	Object (formation)	Original oil in place (ton)		Cumulative oil produced up to 01.01.2013	Oil Production		Remained recovered reserves up to 01.01.2013
			Geological	Recovered		By geological reserves, %	By recovered reserves, %	
1	2	3	4	5	6	7	8	9
1	Cakran -Mollaj	LIMESTONE	16127983	8144469	4204498.14	26.07	51.62	3939970.86
2	Ballsh-Hekal		19269224	6359844	5012903.56	26.02	78.82	1346940.44
3	Gorisht -Kocul		30500000	14674087	11896552.86	39.01	81.07	2777534.14
4	Karburnare		411212	135700	93017.70	22.62	68.55	42682.30
5	Amonice		2835849	1503000	693632.40	24.46	46.15	809367.60
6	Visoke - Kolonje		28362316	6806956	6170990.96	21.76	90.66	635965.04
7	Delvine		335000	134000	19187.39	5.73	14.32	114812.61
8	Finiq -Krane		1027450	154117	9718.00	0.95	6.31	144399.00
9	Drashovica	Flish	80000	24000	8092.60	10.12	33.72	15907.40
Total Limestone			98949034	37936173	28108593.61	28.41	74.09	9827579.39
1	S. Bubullima	SANDSTONE	1497393	494140	425576.70	28.42	86.12	68563.30
2	S. Marineza		42900000	8481394	8247378.40	19.22	97.24	234015.60
3	S. Driza		193134000	20058400	13886816.40	7.19	69.23	6171583.60
4	S. Gorani		20862520	2086252	590780.00	2.83	28.32	1495472.00
5	Kucove		78331796	11772485.69	4222522.70	5.39	35.87	7549962.99
6	Rase-Pekisht		1970400	197040	16790.50	0.85	8.52	180249.50
Total Sandstone			338696109	43089712	27389864	8.09	63.56	15,699,846
Total			437,645,143	81,025,885	55,498,458	12.68	68.49	25,527,426

DOMESTIC CRUDE OIL PRODUCTION

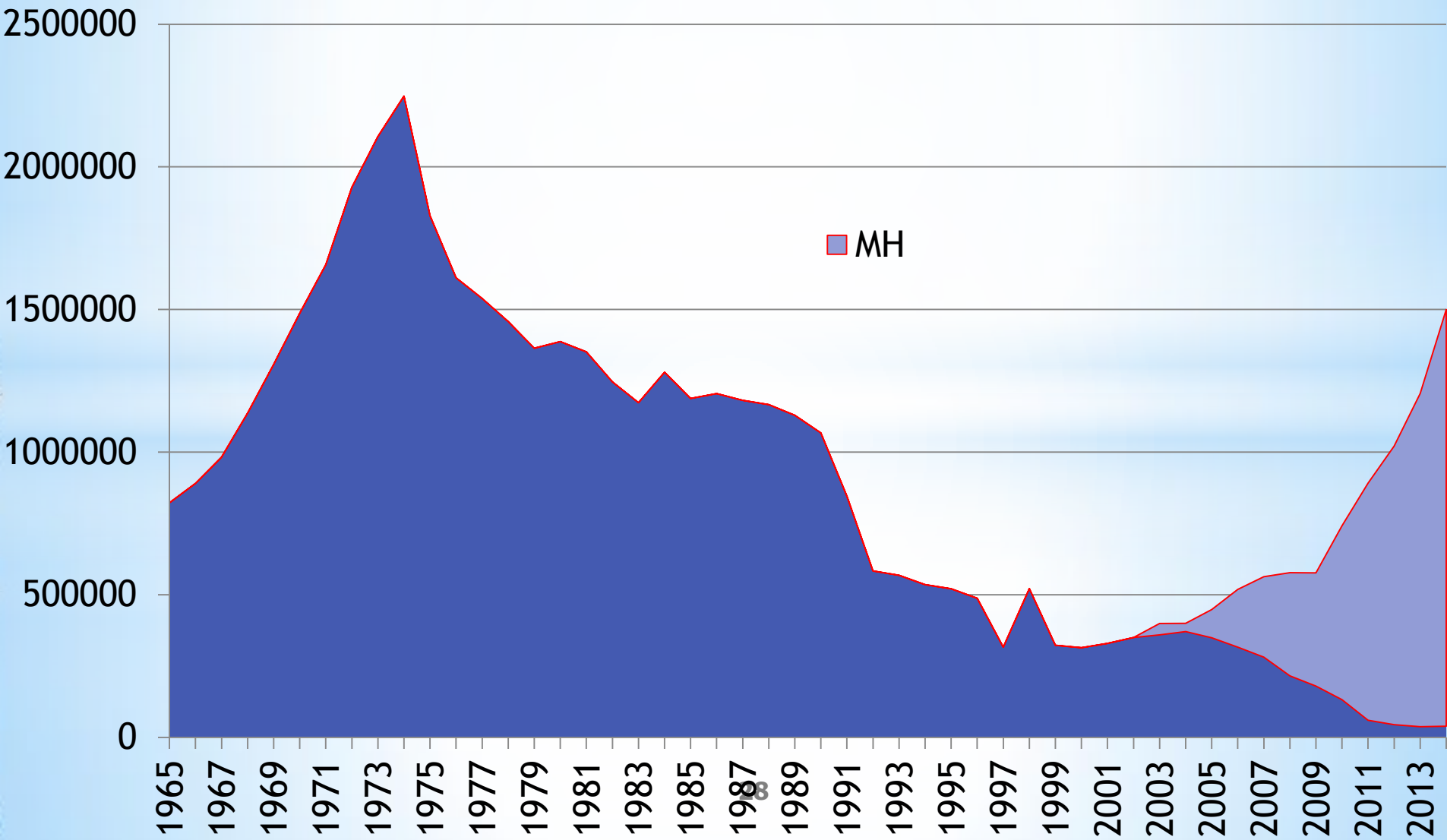
*for 2014 the production is foreseen to be
1.5 Million Tons*



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
P. AGREEMENT	0	0	0	0	0	0	0	0	0	0	0	40000	29000	98924	202500	282042	361744	396903	609683	831378,1	976599	1 168 213
Albpetrol	585405	568045	535345	520866	488216	359666	364827	323009	314298	329359	350038	359255	370740	349116	316190	281147	215557	179723	132095	59886	44432	37325

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 Expensive (OPEX±CAPX) (2013): 30.4 Million Euro

Profit (2013): 12.6 Million Euro

POSSIBLE SCENARIO FOR PRIVATIZATION / RESTRUCTURATION OF ALBPETROL COMPANY

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)

V. EVALUATION OF EXPLORATION OPPORTUNITIES IN ALBANIA

First Offshore Bidding Round

In the offshore bidding round, the Albanian offshore was divided in 5 blocks with a total surface area of 11763 km² 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)

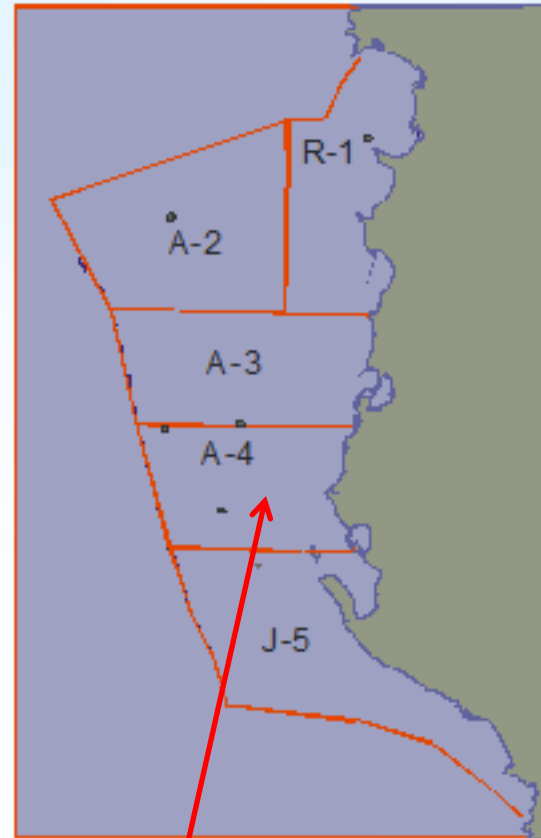
Block Adriatiku-3 to Occidental Co.
(American)

Block Adrialtiku-4 to CHEVRON Co.
(American)

Block Joni-5 to HAMILTON OIL Co.
(Australiane)

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.

V. EVALUATION OF EXPLORATION OPPORTUNITIES IN ALBANIA

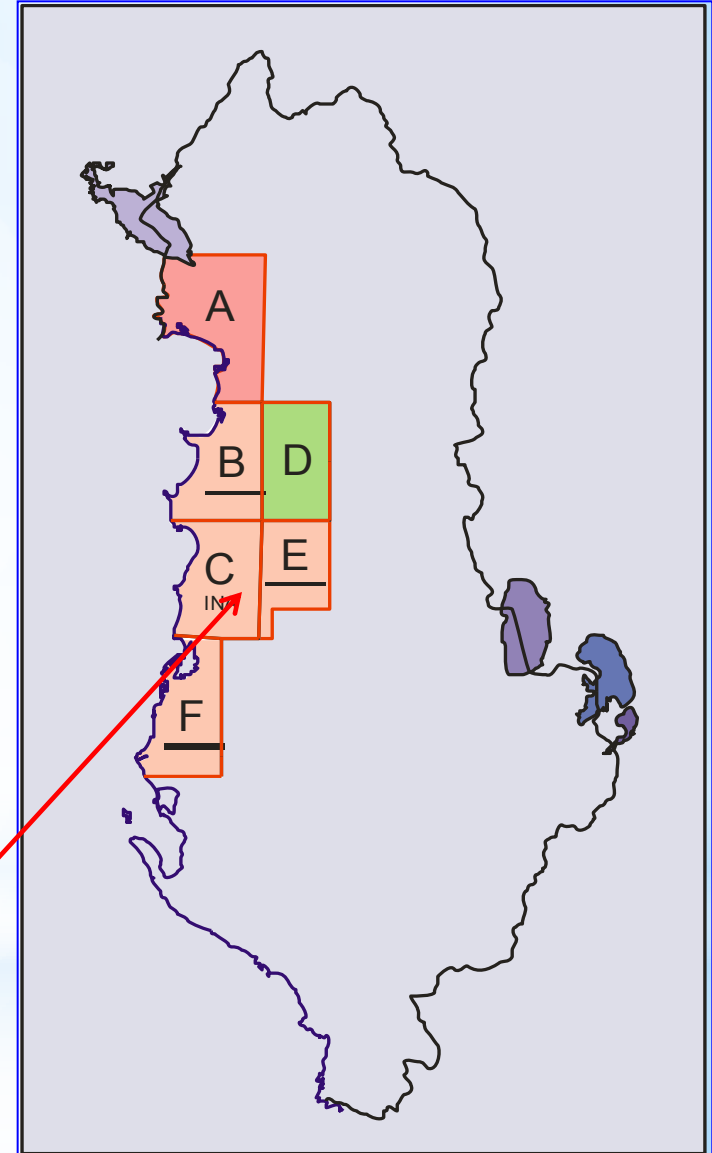
First round onshore (1992)

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 km². 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

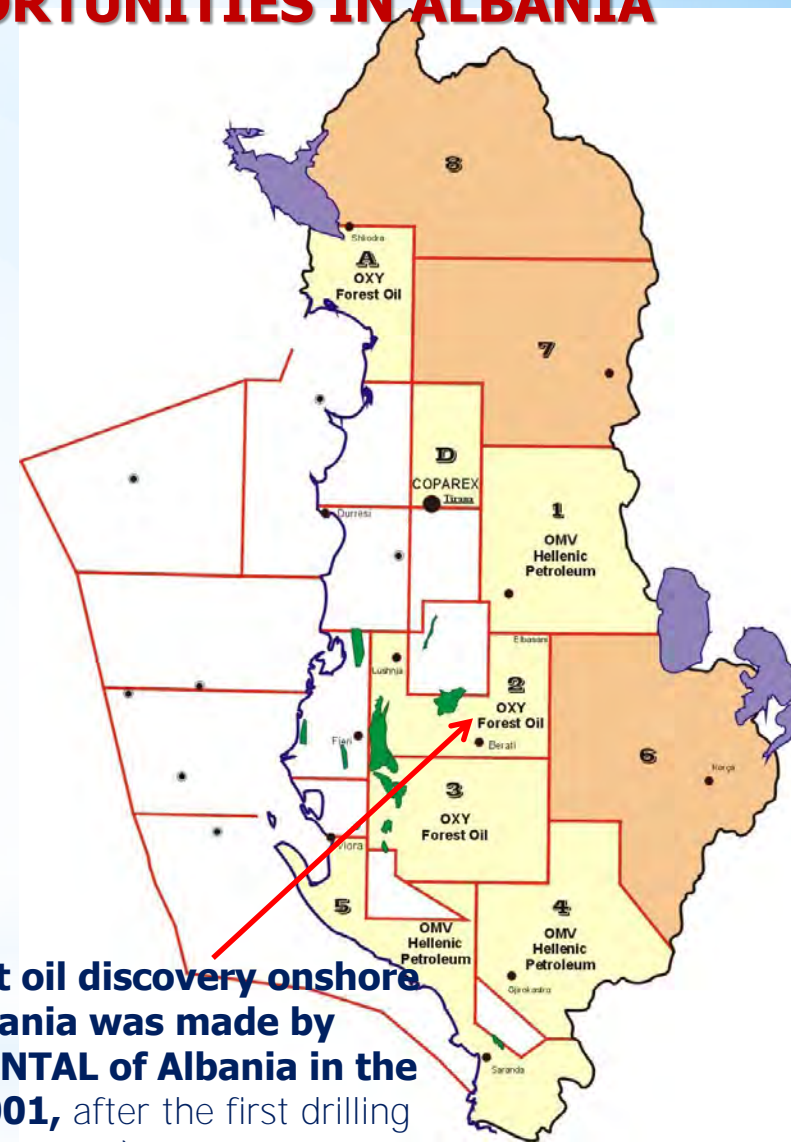
Second licensed round in Albania (onshore blocks , November 1995)

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

Total investment during this round were about 70 Million USD



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

V. EVALUATION OF EXPLORATION OPPORTUNITIES IN ALBANIA

Under operation for the exploration of oil and gas are the following Petroleum Agreements:

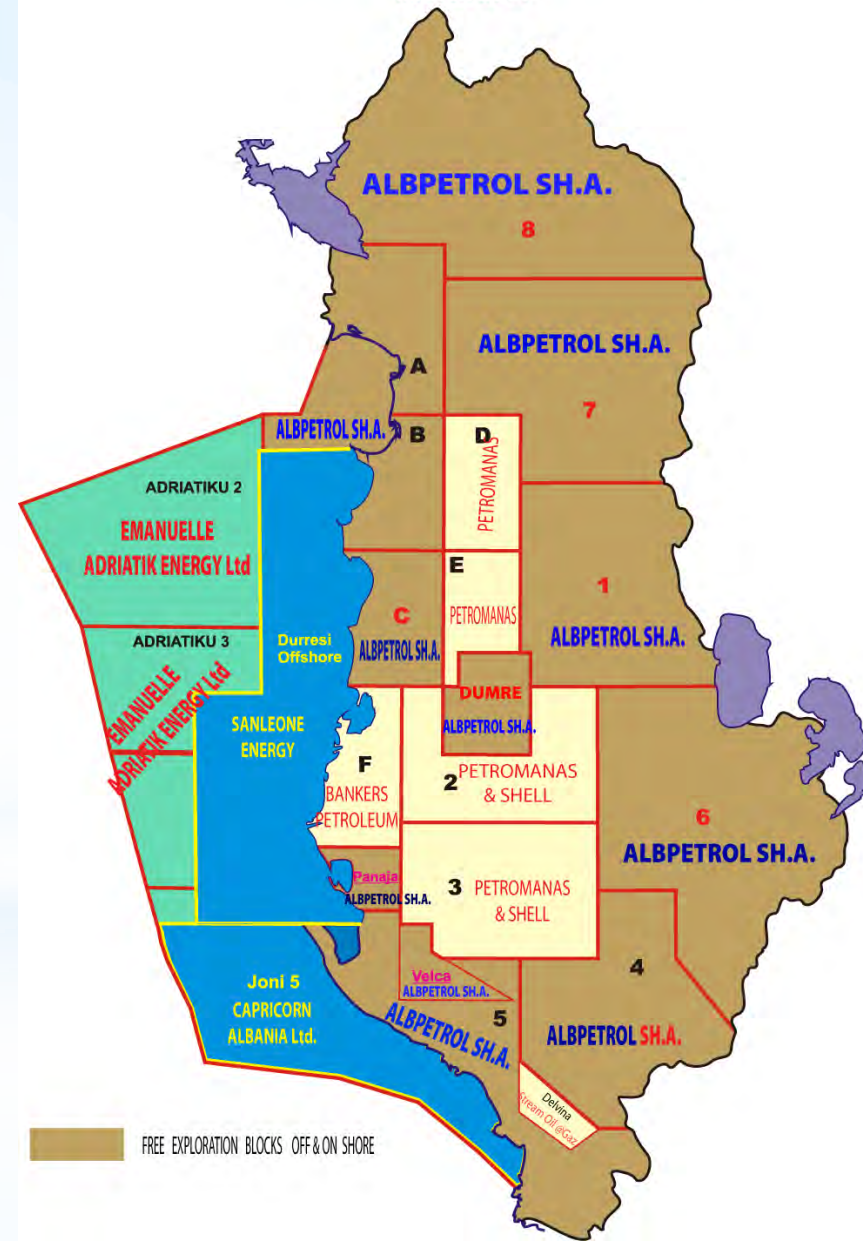
- **Durresi block** offshore, with the company San Leon Energy.
- **Joni 5 block** offshore, with the company Capricorn Albania Ltd company.
- **D-E blocks onshore**, with the company Petromanas Albania.
- **Blocks 2-3** onshore, with the companies SHELL and Petromanas Albania.
- **Block F** with the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

CURRENT SITUATION OF EXPLORATION BLOCKS IN ALBANIA

MARCH 2014



VI. OTHERS POSSIBILITY TO INVEST IN PETROLEUM SECTOR IN ALBANIA

CONSTRUCTION OF A NEW MODERN REFINERY

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.

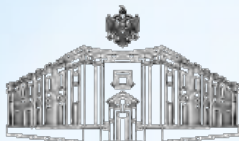
Both refineries need huge investments to strictly follow the European standards.

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 PETRELEUM 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



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THANK YOU FOR YOUR ATTENTION

For any further information you are welcome to visit

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