



REPUBLIKA E SHQIPËRIË
MINISTRIA E INFRASTRUKTURËS
DHE ENERGJISË

Hydrocarbon Exploration and Production and the Domestic Oil Market & Natural Gas IN ALBANIA

3rd IENE Tirana Energy Forum
Tirana International Hotel, Tirana, Albania
Thursday May 30, 2024

Agenda

GENERAL INFORMATION & ENERGY BALANCE OF ALBANIA

LEGAL AND INSTITUTIONAL FRAMEWORK IN PETROLEUM ACTIVITIES.

CURRENT SITUATION IN PETROLEUM INDUSTRY IN ALBANIA

THE POSSIBILITIES TO INVEST IN PETROLEUM SECTOR IN ALBANIA

I. 1 REGIONAL SETTING

Albania is located on the west side of the Balkans in the Southeast of Europe

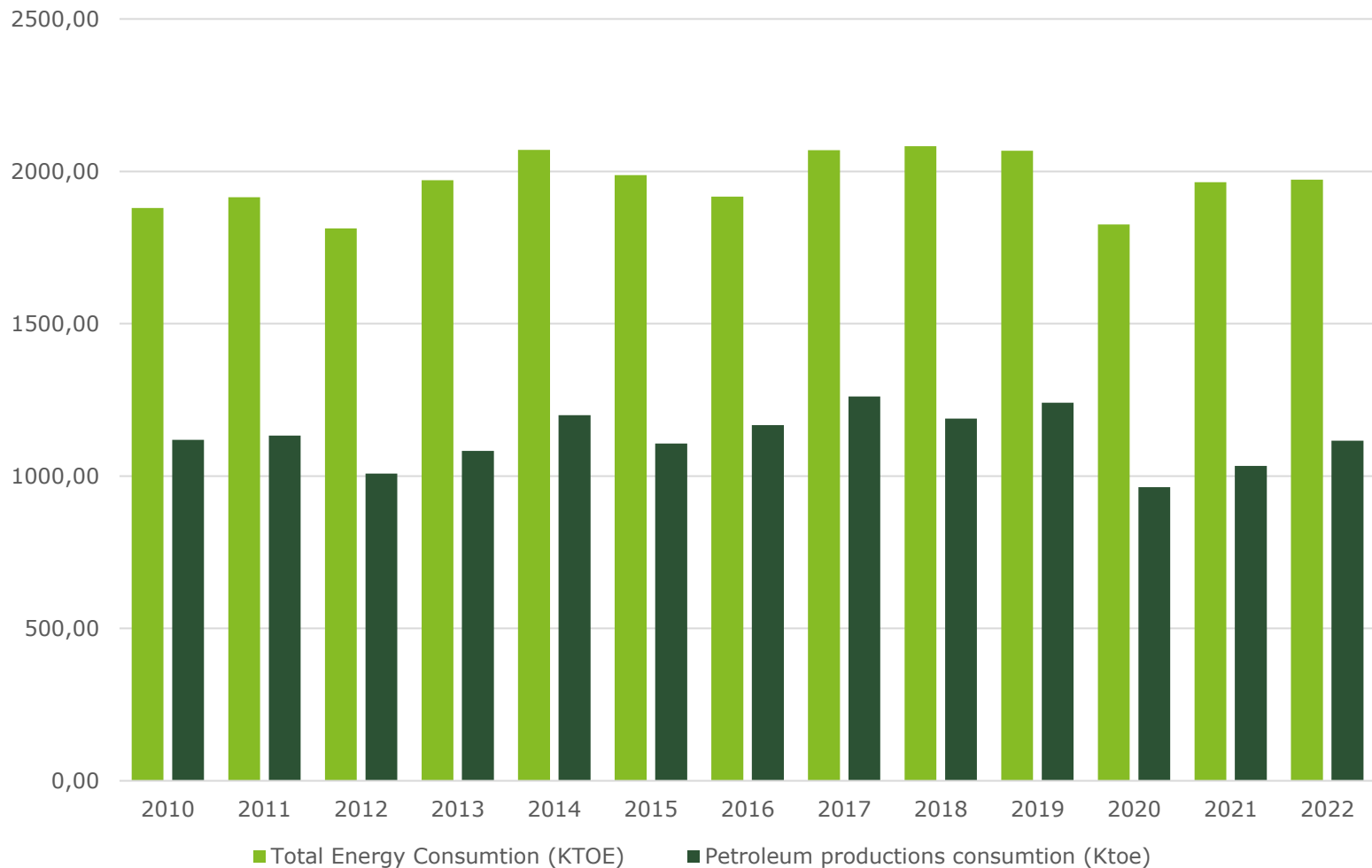


Capital: **TIRANA**
Currency: **Albanian lek (ALL)**
language: **Albanian**
Government: **Parliamentary Republic**
Population: **2,821,977**
Area: **28,748 km²**

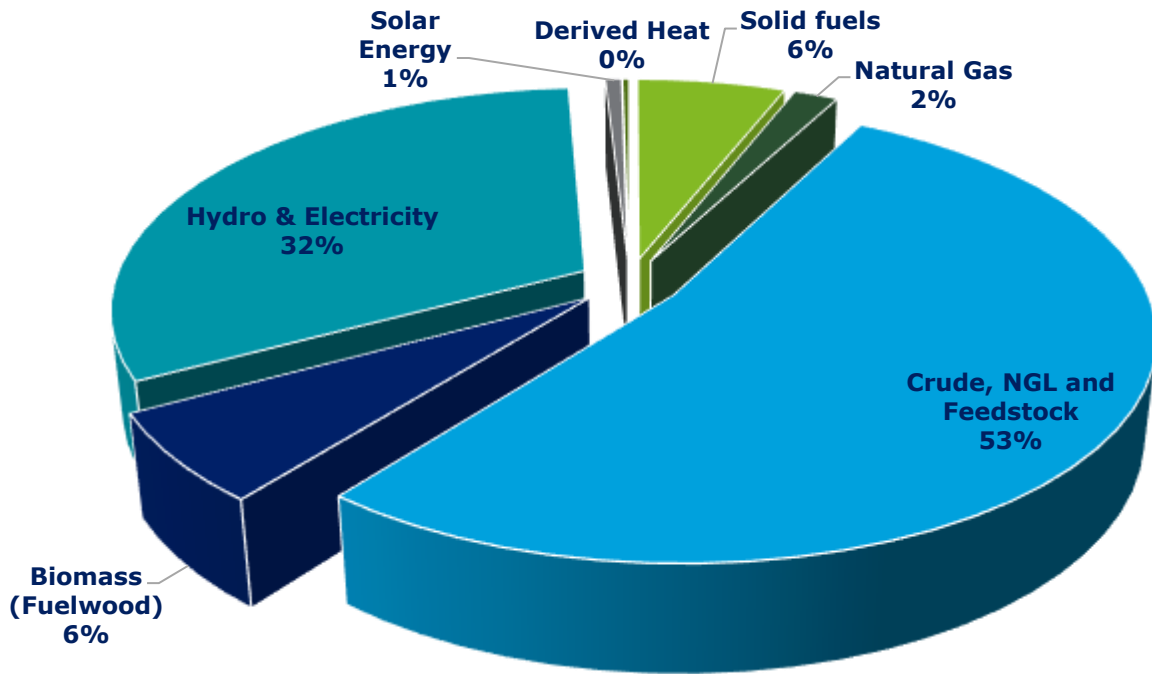
Albania, by land, is bordered by **Monte Negro** in the North, **Kosovo** and **“Former Republic of Macedonia”** in northeast and east, and by **Greece** in the Southeast and South, whereas in the West it is bordered by the **Adriatic and Ionian** Seas.

I. 2 ENERGY BALACE

- The consumption of petroleum productions was form 1119 in the year 2010 to 1058 in the year 2023 which varies from 61% to 55% of the total energy consumed
- That means the energy sources based on petroleum have been almost constant and with an important contribution.



Year 2023	TOTAL	Solid fuels	Natural Gas	Crude, NGL and Feedstock	Biomass (Fuelwood)	Hydro & Electricity	Solar Energy	Derived Heat
Primary production	1773.36	161.18	38.8	642.04	137	774.52	14.14	5.7
Recovered products	0.00			0.0				
Imports (Pet Prod+ Electricity)	1435.68	85.45		1181.68	3.281	165.27		
Stock change	50.62			50.62				
Exports	953.93	116.55		591.92	1.084	244.37		
Bunkers	31.51			31.51				
Gross inland consumption	2172.98	130.07	38.8	1149.66	139.20	695.41	14.14	5.70



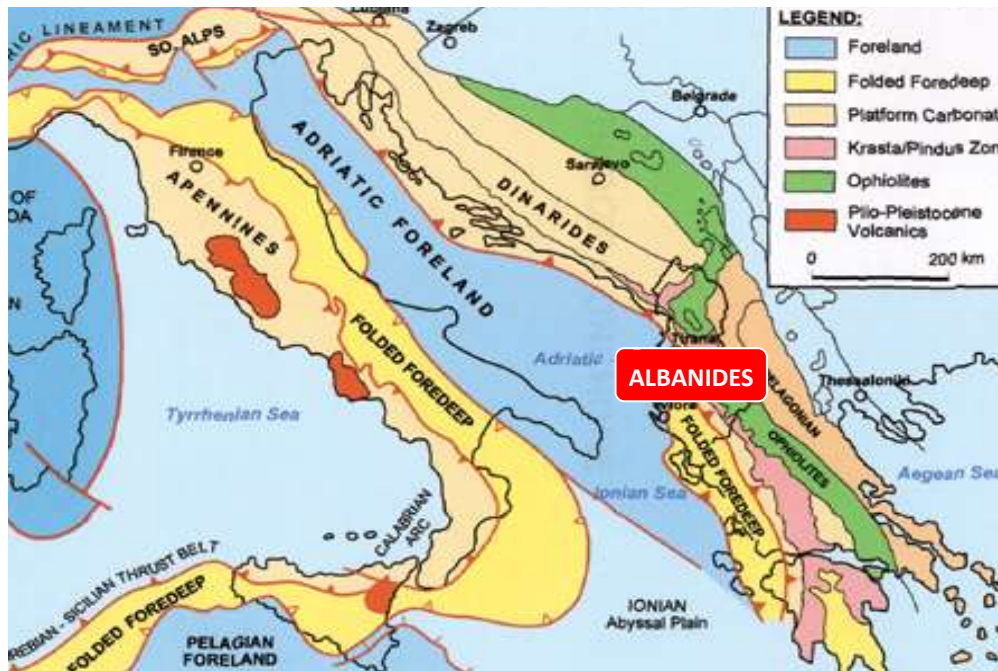
According **to the National Energy Strategy**, is intended to achieve the following results:

- Reduced energy imports and **increased energy domestic production** to meet the future energy demands of the country;
- **Penetration of natural gas in the Albanian energy sector** through carrying out selected infrastructure investments.
- Development of mechanisms **to encourage foreign direct investment in the exploration** for additional sources of domestic oil and gas reserves.
- Improved energy efficiency in the household, services and industrial sectors;
- Increased utilization of RES technologies, based on least cost planning and environmental protection principles.
- Increased competition in the energy market.
- Improved alignment and integration of the Albanian energy sector legal framework with the EU's energy acquis with the regional and EU energy markets.
- Development of a more consumer-oriented and decentralized future Albanian energy system.

Implementation of this Energy Strategy will increase the security of energy supply for the Albanian consumers and continue the progress towards greater integration of the Albanian energy market into the regional and European markets. In addition, it is designed to create equal conditions for all energy companies engaged in the Albanian energy market, minimize the energy supply costs for Albanian citizens and economy, and minimize adverse impacts on the environment.

I.3 REGIONAL GEOLOGICAL SETTING

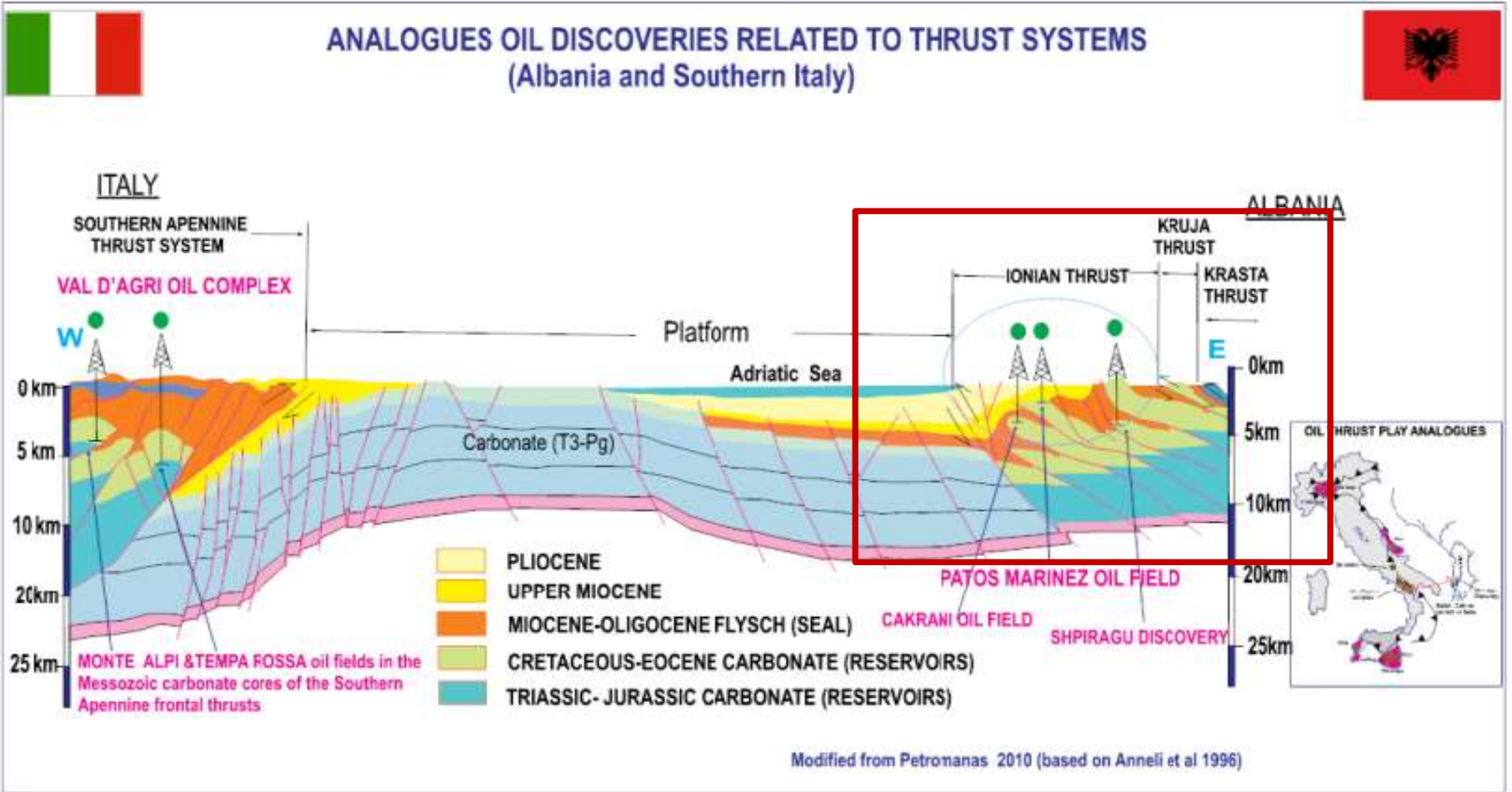
From the geological point of view, **Albania is part of the Mediterranean Alpine Folded Belt** and fits in the Dinaric-Hellenic range, between the Dinarides in the North and Hellenides in the South



- **The geological structure constituting Albania is called the Albanides**, a term widely used at home and abroad.
- The Albanides are divided into:
 - **INTERNAL ALBANIDES.** (east part of country)
 - **EXTERNAL ALBANIDES.** (west part of country)

In the external Albanides are located the oil and gas fields and exploration activities as well

I.3 GEOLOGICAL CROSS SECTION ITALY-ALBANIA



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II. LEGAL AND INSTITUTIONAL FRAMEWORK IN PETROLEUM ACTIVITIES.

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

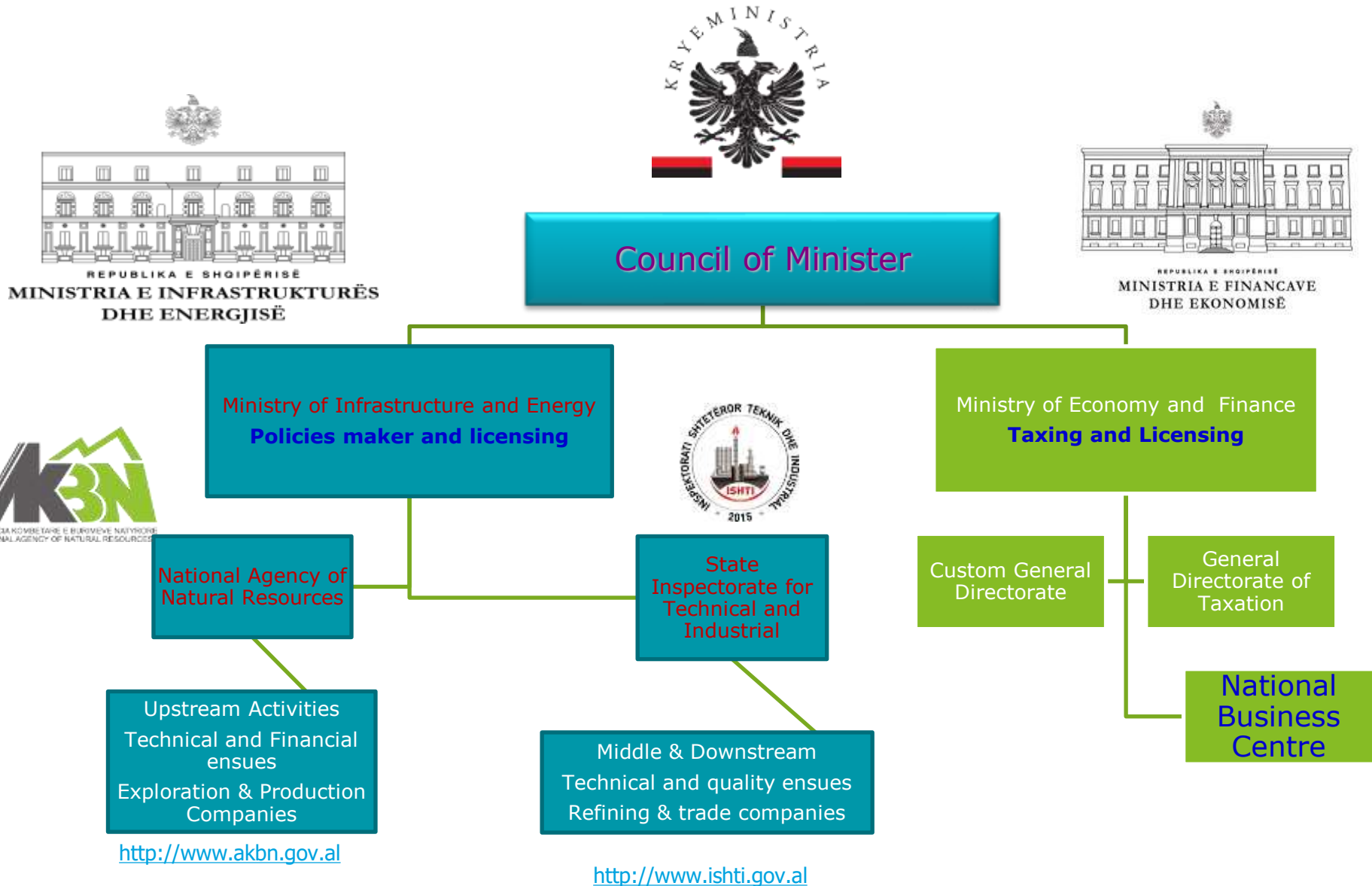
- **Law no.7746/1993 “The Petroleum Law (Exploration and Production)”**, as amended, which is harmonized with the Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the exploration and production of hydrocarbons.
- **Law no.153/20020 “The fiscal regime in Petroleum sector”**, which is in accordance with the basic law on exploration and production 7746/1993 as well as the fiscal legislation in the Republic of Albania as a whole
- **Law 102/2015 "On natural gas sector"**. This law is 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.
- **Law no.8450/1999“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 enforced in some countries of EU (e.g. Greece) and in some directives as well.

Specific legal acts and secondary legislation regulate the activities in petroleum sector, such as:

- **Technical norms and standards for facilities and installations in the petroleum sector according to international standard on exploration for oil and gas**
- **Regulation relations the procedures for Petroleum Agreements for Exploration and Production**
- **Production and trade of biofuels,**
- **Regulating the relations for the construction and operation of relevant infrastructure in petroleum industry,**
- **Environmental issues**
- **Etc.**

If you are interested in more details, please refer to these websites: <http://www.infrastruktura.gov.al> & <http://www.qbz.gov.al>

The institutional framework dealing with the petroleum sector in Albania is composed of the following institutions (in oil) :



The institutional framework dealing with the petroleum sector in Albania is composed of the following institutions (in natural gas) :



Energy Regulatory Authority (ERE) is Albania's sole national regulatory authority designated and functioning under the terms and conditions of the EU Third Energy Package.

In the field of security of gas supply, ERE, reflects the security of supply requirements in gas systems through – amongst others – adoption of gas network codes and monitoring market conduct of gas market participants.

ERE's Natural Gas Directorate is dedicated to security of supply matters.

The Directorate is supported by other ERE's internal units.

STII

State Technical and Industrial Inspectorate (STII) established by CoM Decision no. 410, dated 13.05.2015.

STII has dedicated exclusively for the Inspectorate's effective operation in the gas market.



Albgaz sh.a. is a joint stock company with 100% of the shares owned by the Albanian state, which implements the policies of the gas sector in Albania is certified as a combined operator for natural gas.

Albgaz and SNAM have created the consortium Albanian Gas Service Company (AGSCo), in order to perform the operation, maintenance and technical services of the Trans Adriatic Pipeline (TAP), for the part that passes through the territory of Albania.

II.1. LEGAL AND INSTITUTIONAL FRAMEWORK ON UPSTREAM

(exploration and production)

Law no.7746/1993 "On Petroleum (Exploration and Production)", as amended, created space and a higher security for foreign investors in the petroleum exploration and production.

- The law recognizes that all petroleum reserves in their natural condition, in strata lying, 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 the **technical and financial capacity to explore and produce petroleum**. The Petroleum Agreement has to be approved **by the Council of Ministers**. These procedures are conducted accordingly **to the EU Directive 94/22/EC**.
- Existing Petroleum Agreement are **"Production Sharing Agreement"**, for the exploration phase as well as for exploitation phase

Contractors are granted exclusive rights for:

- **The exploration period**, up to 5 years and can be prolonged up to 7 years,
- **The Appraisal Period**, up to 3 years, only If the Contractor declares discovery during the exploration period,
- **The exploitation (production) period**, up to 25 years, which can be prolonged, If the Contractor declares a commercial discovery during the appraisal period.

This law provides so called "stability clause" which guarantees the contractors that any new provisions or changes or amendments to Albanian laws or regulations should not negatively impact the economical terms of the Petroleum Agreement. The stability clause are limited in time up to 12 years after the first year of production. There are some limitations to this clause such as national security and international obligation of the Republic of Albania, to name a few.

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

II.1 The main Fiscal Terms of Petroleum Agreement

(exploration and production) based on the law 153/2020

- The Contractor is subject **to the following taxes**, *based on the law 153/2020* “**The fiscal regime in Petroleum sector**”.
 - ❖ **Profit tax** is at the rate **of 50%** of the realized profit and for all service companies who are subjects of the article 2 of the law 153/2020.
 - ❖ **The Royalty** at the rate **of 10%** of petroleum 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.
 - ❖ **Cost Recovery limit** of the available petroleum, has to be no **less than 85%** and it depends on every Petroleum Agreement
- **Albania production share** it depends on every Petroleum Agreement and is managed by so called R factor. “R” Factor (the ratio of CONTRACTOR’s cumulative revenue from the Effective Date until the end of the preceding Calendar Year to the CONTRACTOR’s cumulative expenditures).
- **Signature Bonus** depends on every Petroleum Agreement
- **Training Bonus** depends on every Petroleum Agreement.

Albania's national legislation in gas sector are **fully aligned** with:

- **Directive 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas;**
- **Regulation (EC) No 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks**

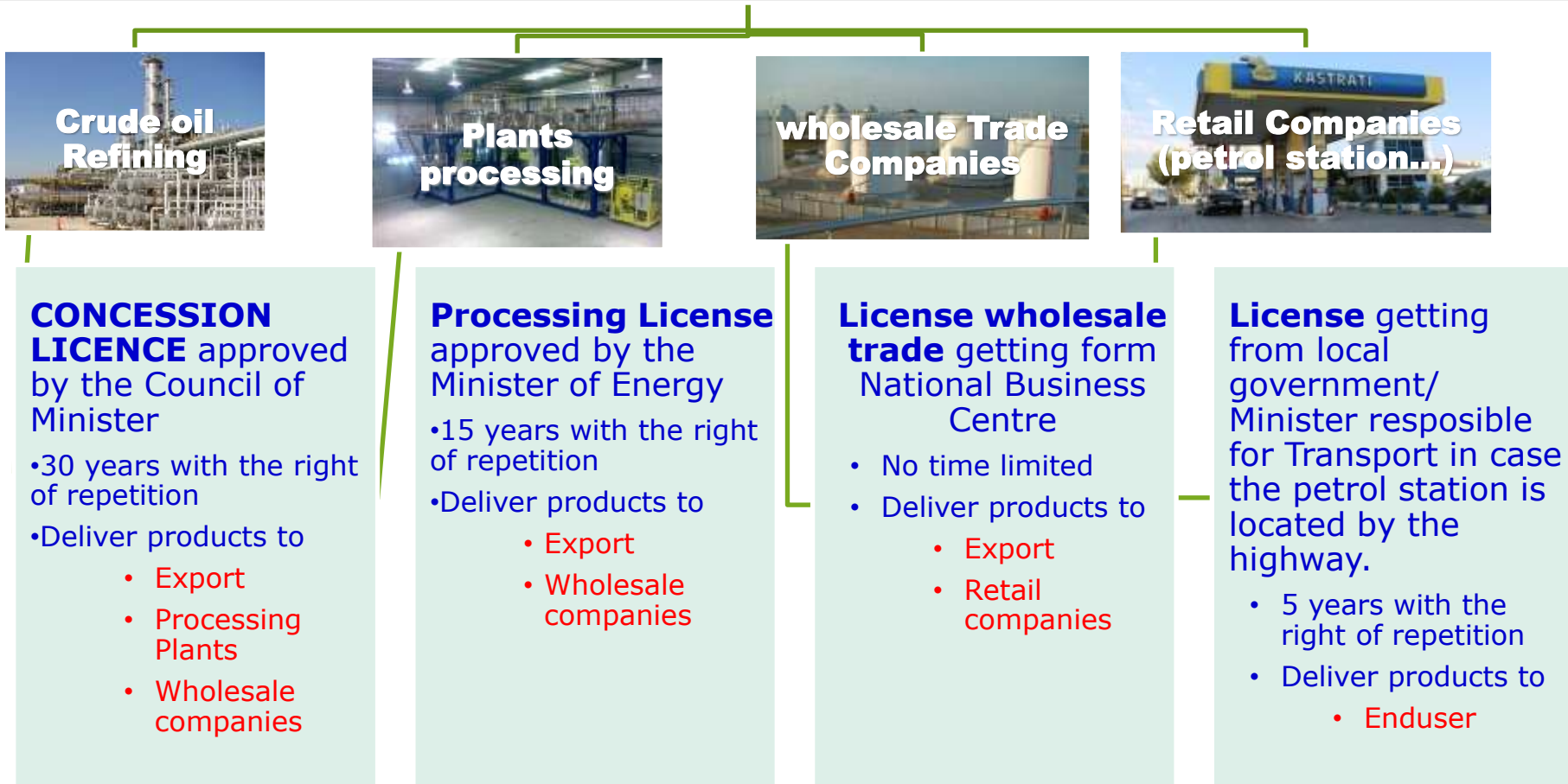
Provisions of the Directive and the Regulation are domestically transposed via Law no. 102/2015, dated 23.09.2015, "On the Natural Gas Sector", the Natural Gas Market Model adopted by CoM Decision no. 590 , dated on 09.10.2018, network codes adopted by ERE, and other bylaws implementing Law no. 102/2015 as adopted by CoM, MIE, and ERE.

Implementation of Law no. 102/2015 is progressing by enacting the remaining secondary legislation regulating activities in the natural gas sector and preparing for gasification of Albania and, consequently, for the emergence of the country's gas market.

MARKET MODEL on MIDDLE & DOWNSTREAM

Based on the Law no.8450, /1999 "On refining, transportation and trading of oil, gas and their by-products"

In order to be able to perform the activities by the economic entities the basic activities have to get the respectively licence, such as:



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GENERAL INFORMATION OF ALBANIA

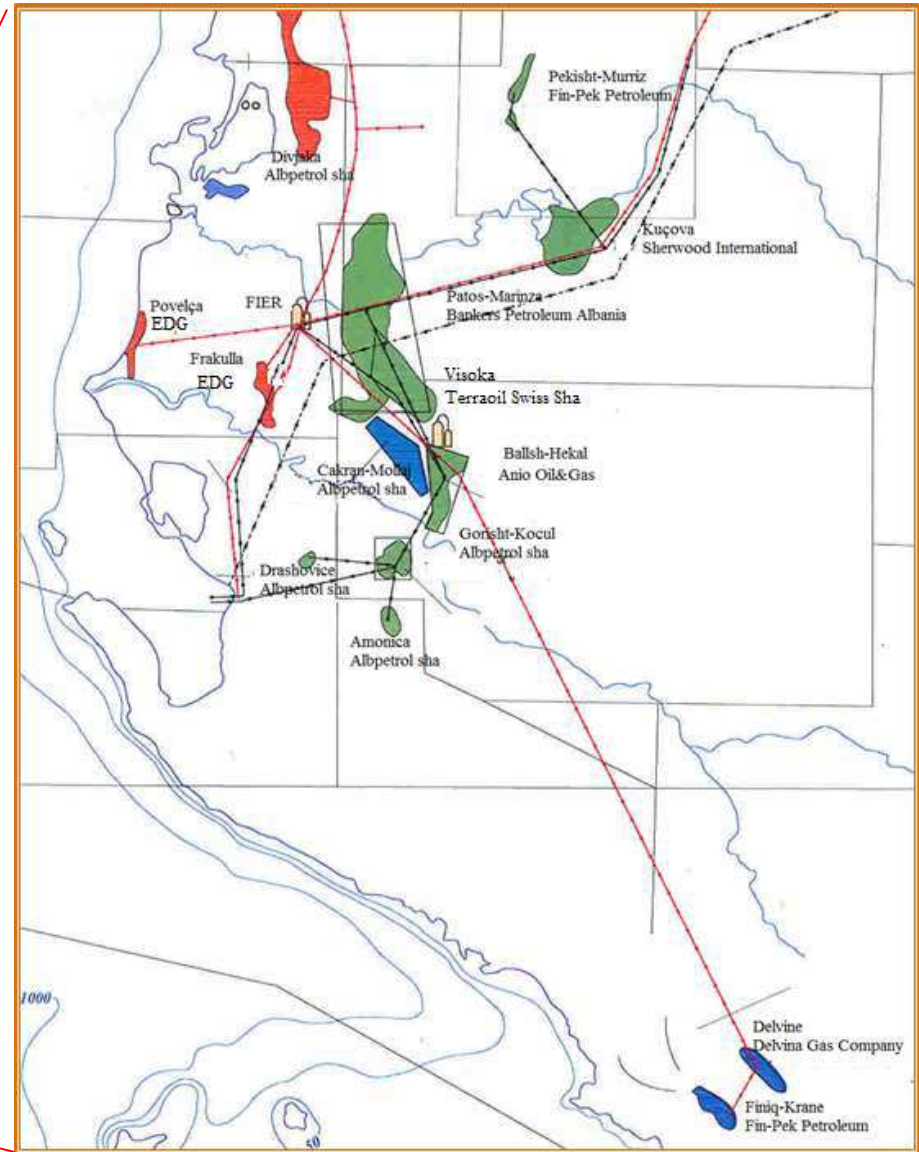
LEGAL AND INSTITUTIONAL FRAMEWORK IN PETROLEUM ACTIVITIES.

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III. 1 Existing Oil and Gas Fields In Albania

The location of main oil and gas fields in Albania



III. 1 Existing Oil and Gas Fields In Albania

A summary of the Exploration History 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 Gos & Cond, 54.3°API	Na
Sqepuri (Shpiragu)	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%

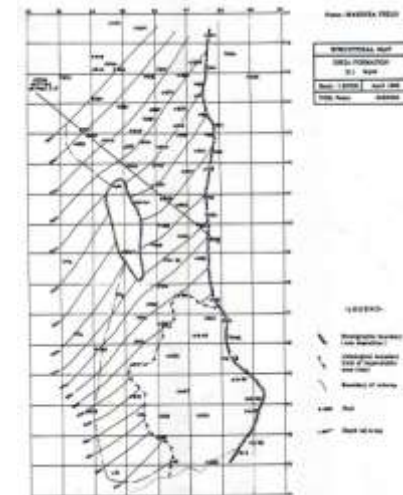
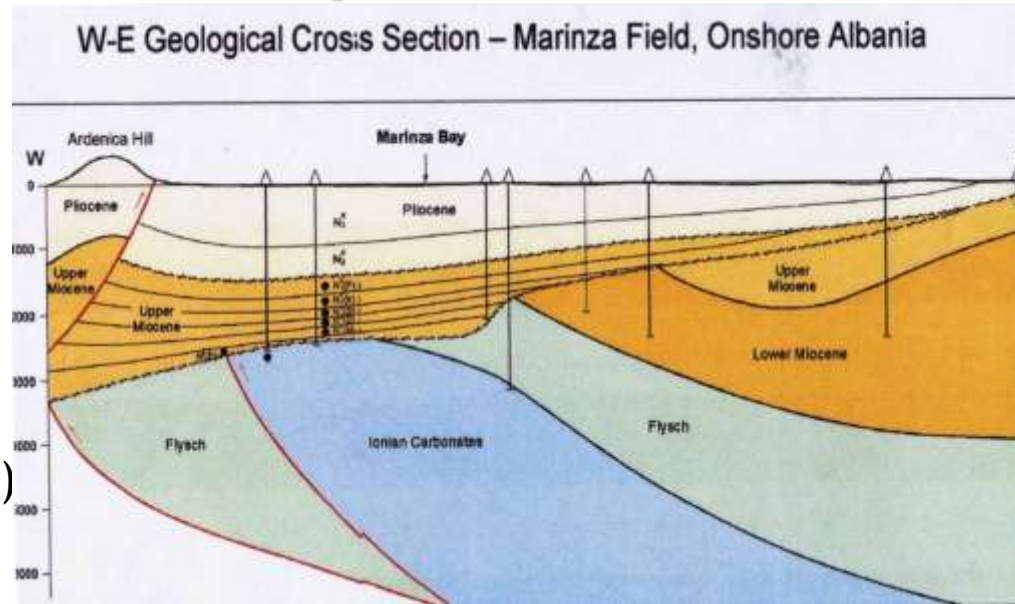
Permeability: 350-800md

Oil Gravity: 9-36°API

Oil RESERVES

Init.Geol.OIP: 195 MMbblo

Init.Recov.Gas: 5,4x10⁹ Nm³



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%

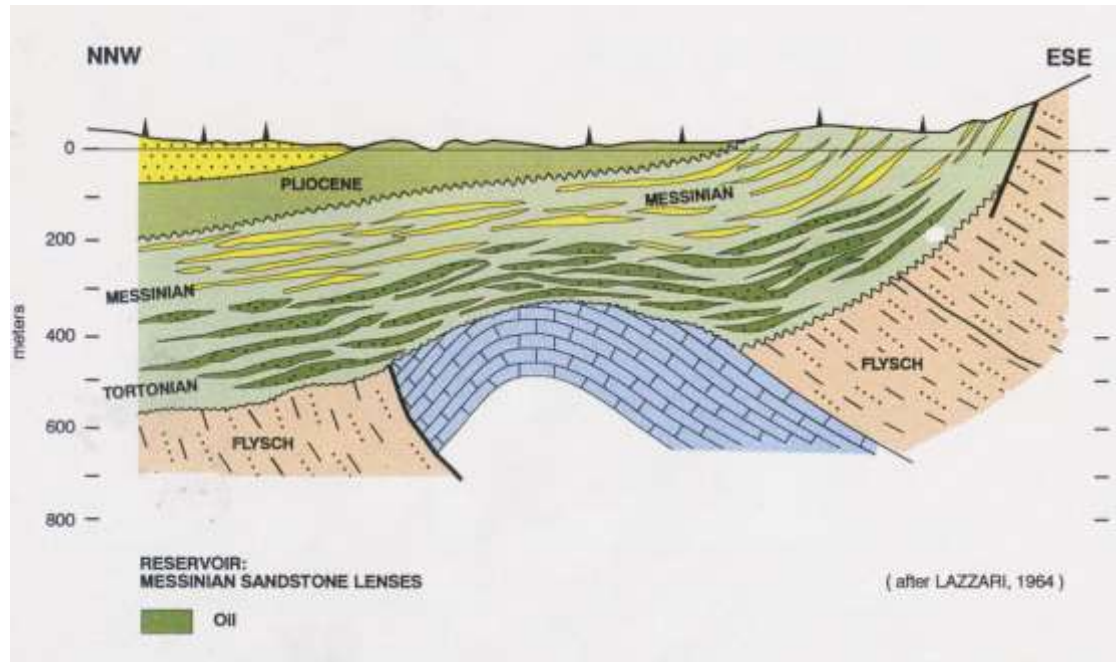
Permeability: 70-500md

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

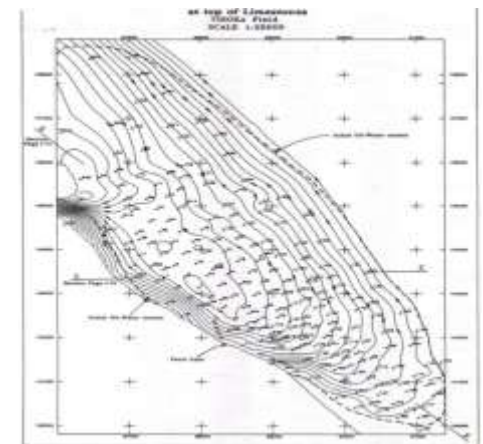
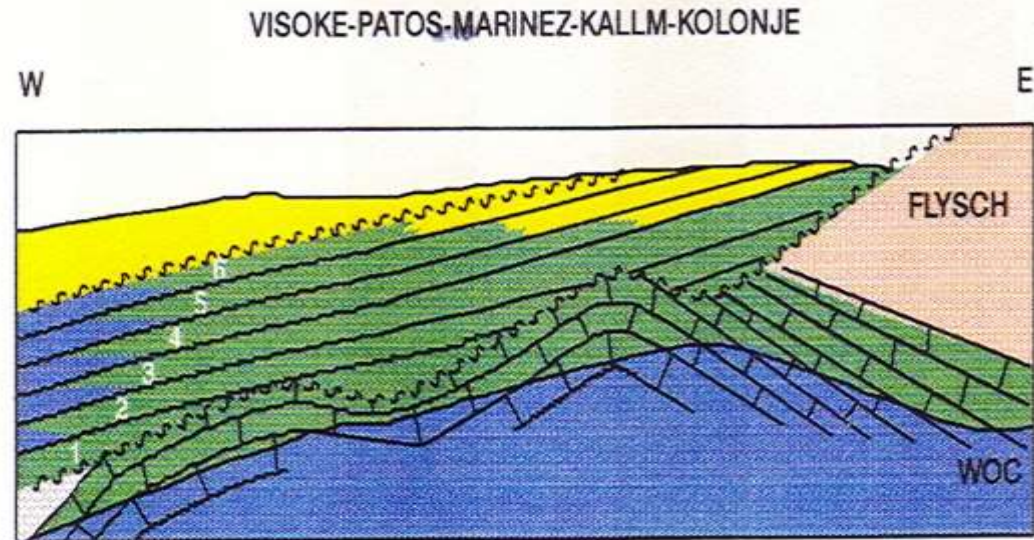
LOCATION : 13km SW Fieri
SIZE: 28,3km²
RESERVOIR
AGE: Cr-Pg2 limestones
Depth: 800-1700m
Gross thick: 200-300m
Matx Porosity: 3,5-4,5%
Tot Porosity: 5-6%
Permeability: 200md
Oil Gravity: 5-160API

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: 130API

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

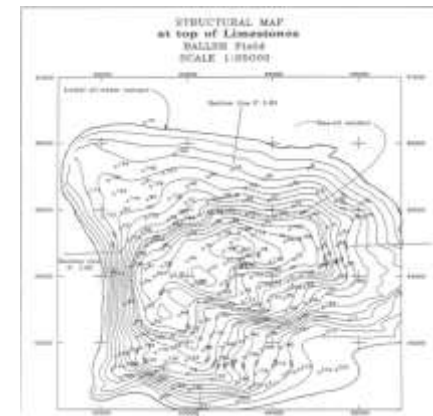
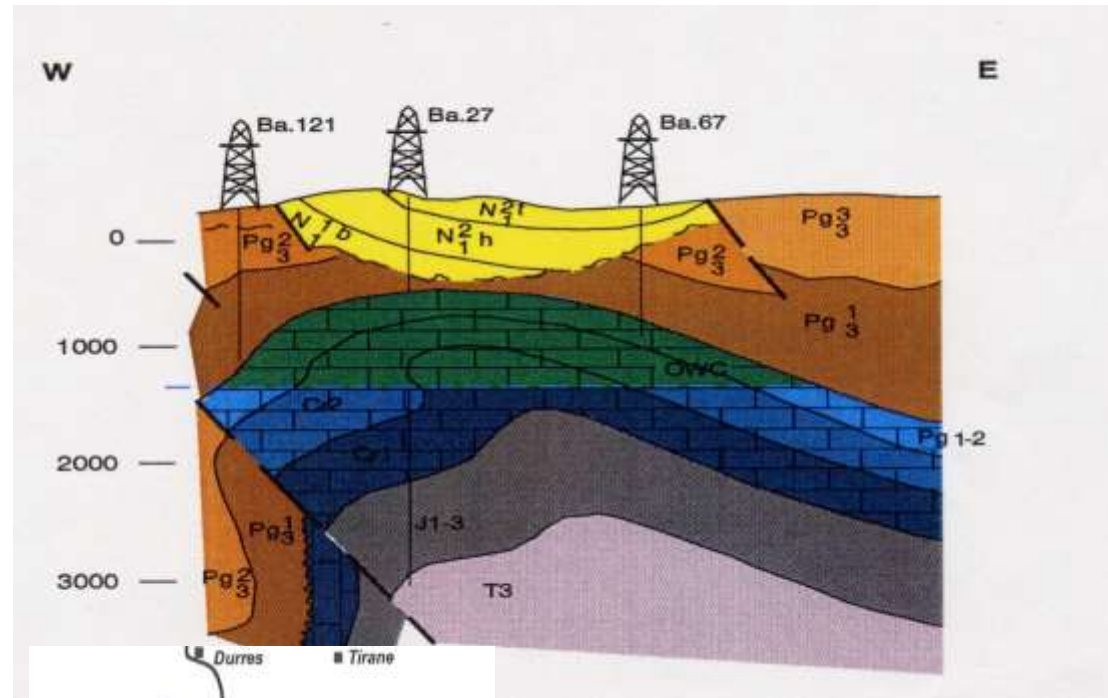
Oil Recov.Fact.: 25,8%

Gas RESERVES

Init.Recov.Gas : 239x10⁶Nm³

Gas Produced : 203x10⁶Nm³

Rem Recov Gas: 36x10⁶Nm³



HYDROCARBON OCCURRENCES IN ALBANIA (OIL & GAS FIELDS)

CAKRAN-MOLLAJ

LOCATION : 6 km West of Ballshi town

SIZE : 10,7 km²

RESERVOIR

AGE : Cr-Pg2 limestones

Depth: 2650-3700 m

Gross thick: 400-800m

Matx Porosity: 1 %

Tot Porosity: 2,4 %

Permeability: 2-600 md

Oil Gravity: 12-370API

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

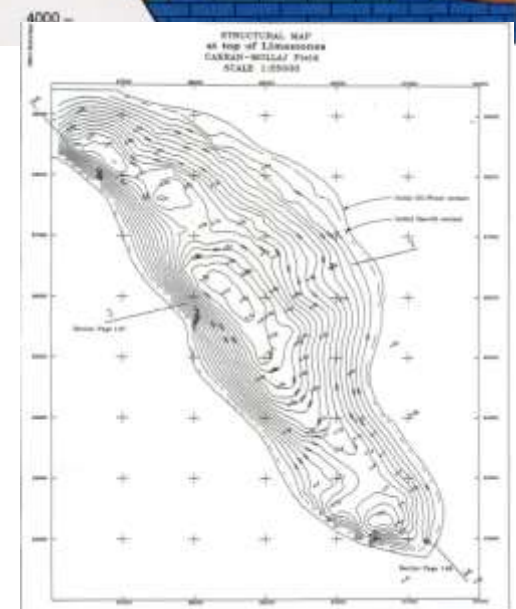
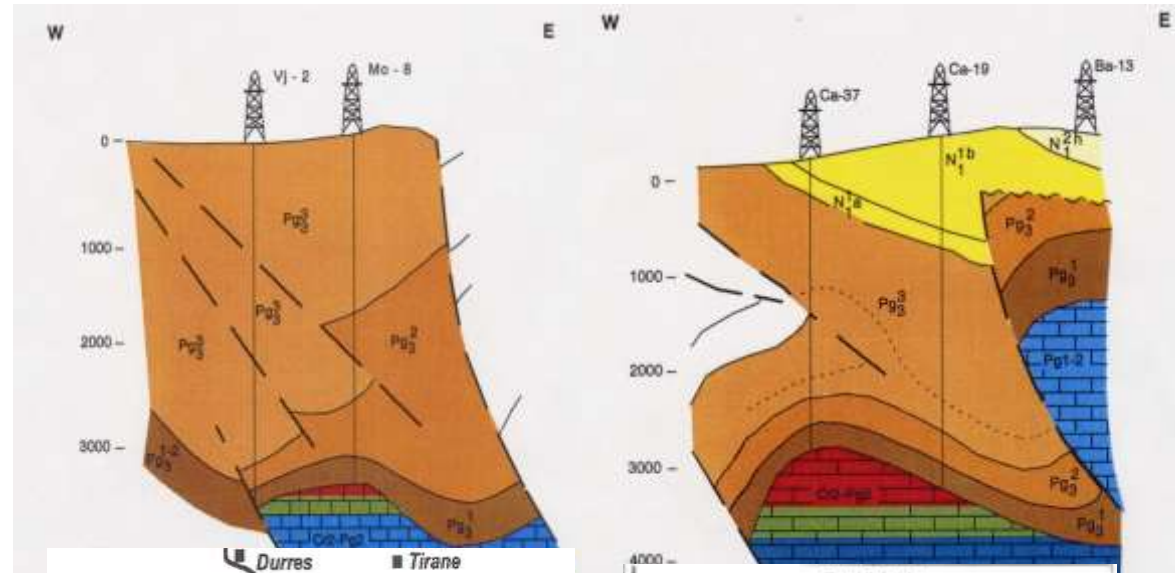
Oil Recov.Fact.: 20,6 %

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: 13-160API

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

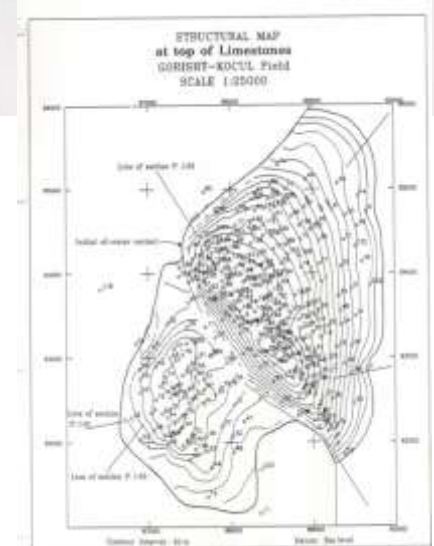
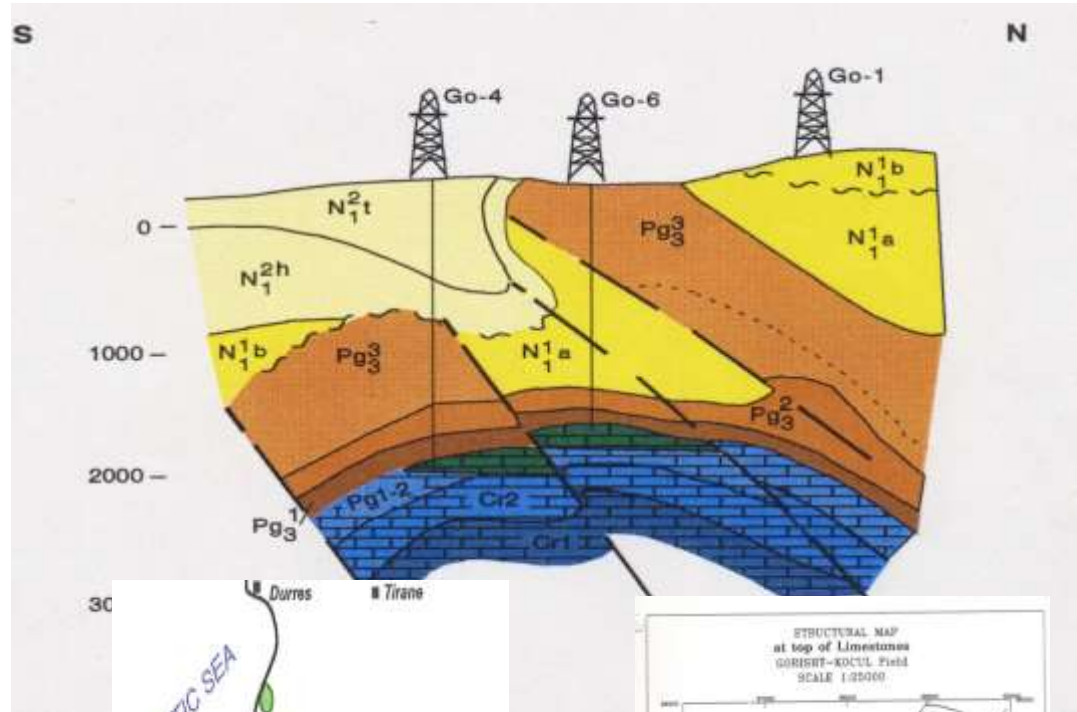
Oil Recov.Fact.: 37,3 %

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:

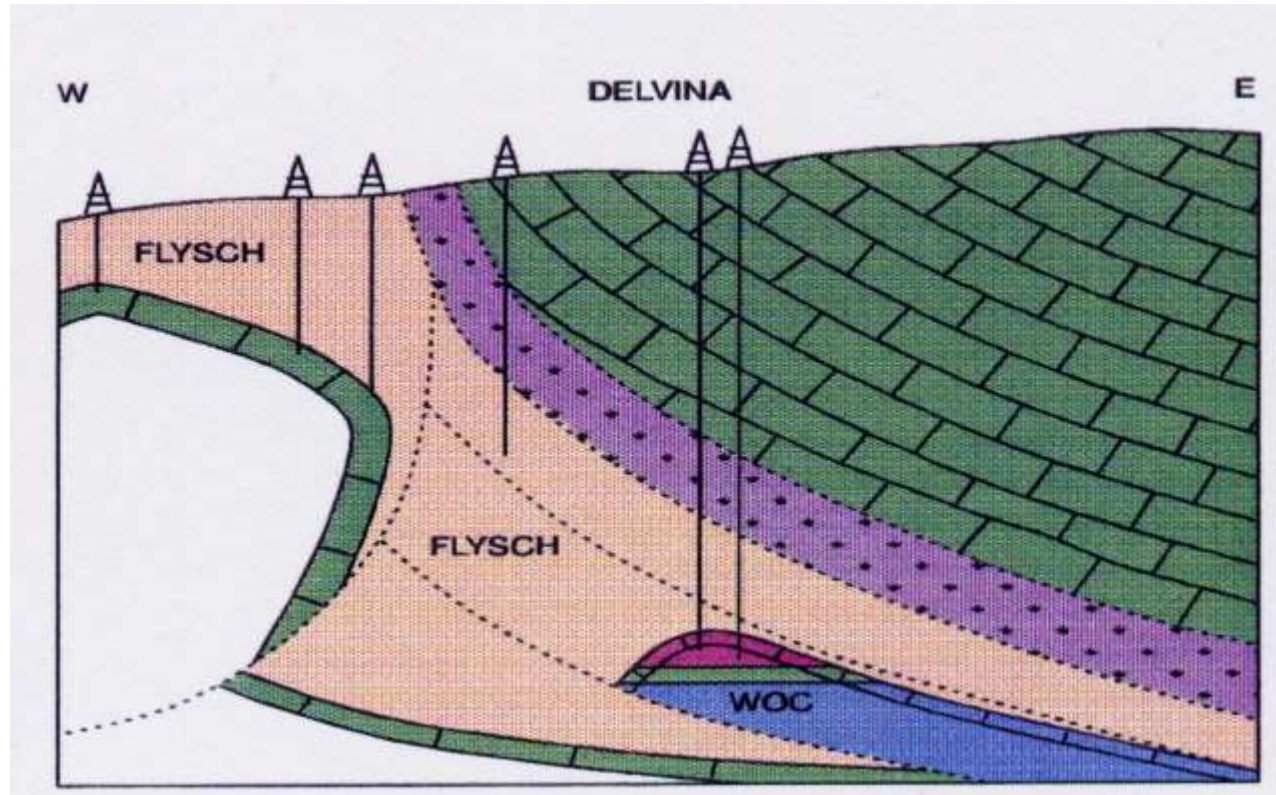
0.1 %

Permeability:

0,2 md

Oil Gravity:

26-62,5^oAPI



III. 1 Existing Oil and Gas Fields In Albania

The existing oil and gas fields are in operation by Albpetrol or through the Petroleum Agreement, with Albpetrol (currently state company).

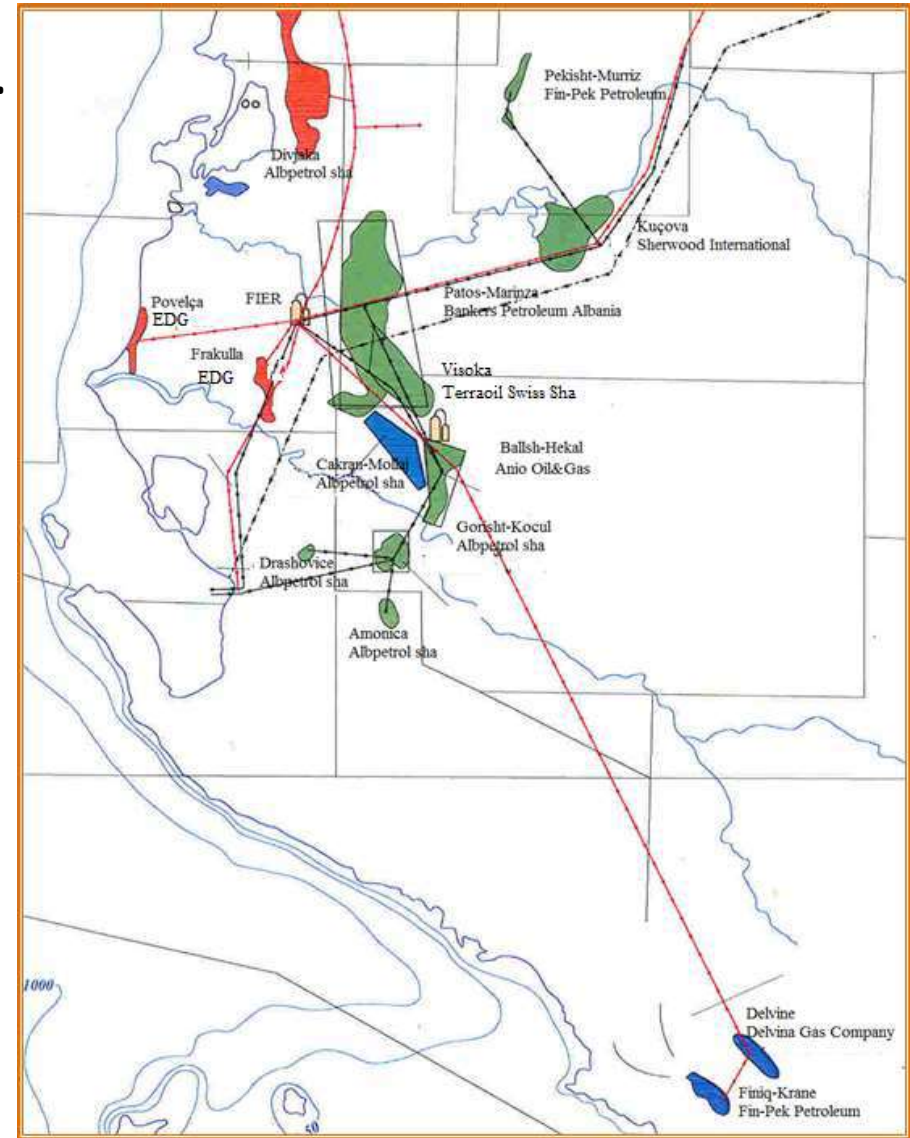
a. Oil & Gas Fields operate by Albpetrol Sh.A.

• A. Oilfields

- Gorisht-Kocul,
- Cakran-Mollaj
- Amonica
- Karbunare
- Drashovica
- Part of Kucova oil Filed
- Part of Patos oil Filed

• B. Gasfields

- Divjaka
- Panaja
- Ballaj - Kryevindh



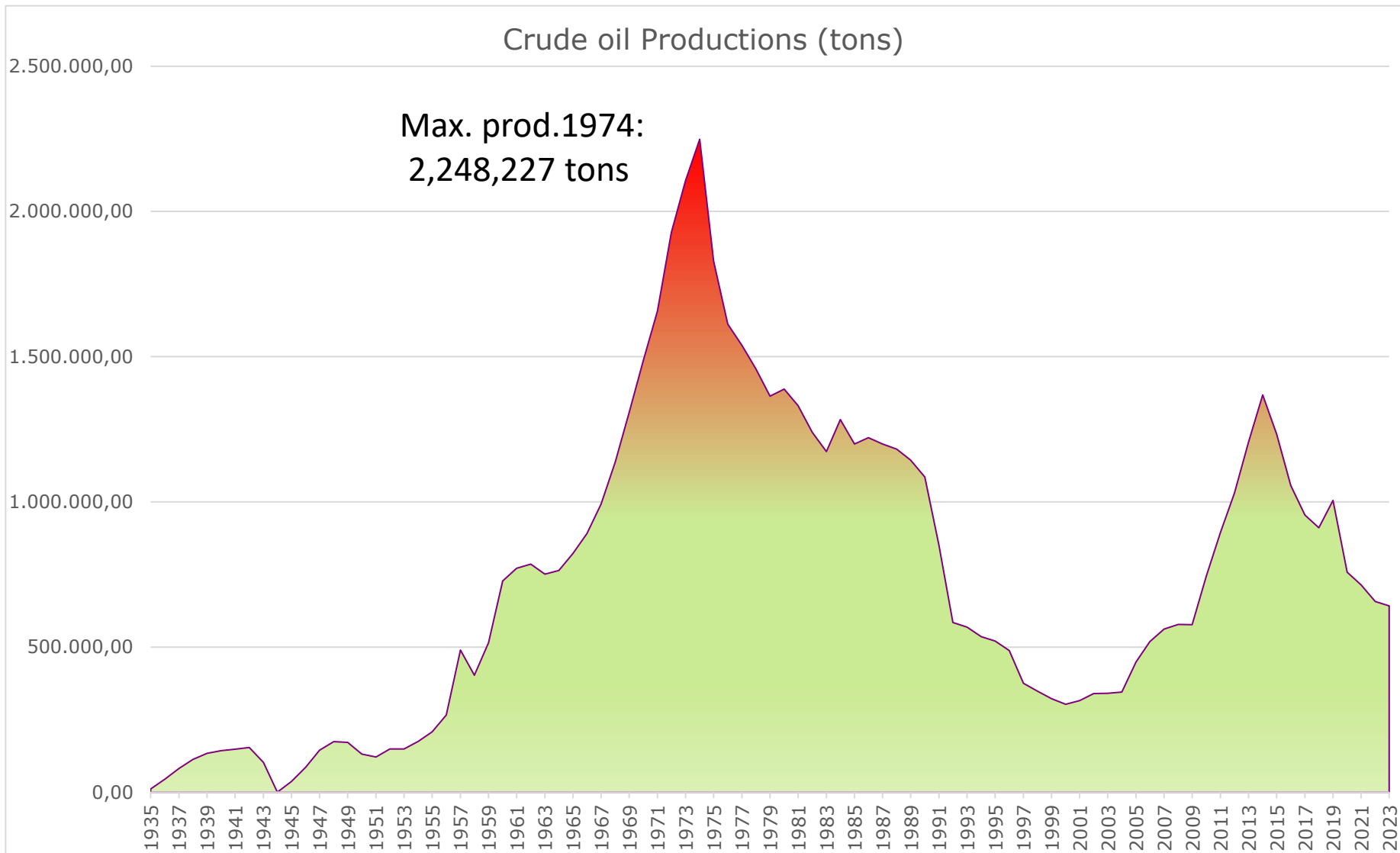
III. 1 Existing Oil and Gas Fields In Albania (cont...)

a. **According to the Petroleum Agreements the development and production in these oil and gas fields are performed 100% by the following companies:**

- **BANKERS-PETROLEUM ALBANIA.** On the **Patos- Marinza oilfield.**
- **ANIO OIL & GAS.** On limestone **oilfield Ballsh-Hekal.**
- **DELVINA GAS COMPANY.** On limestone **gas condensate field Delvinë.**
- **SHERWOOD INTERNATIONAL PETROLEUM INC.** On the **Kucove oilfield.**
- **TERRAOIL SWISS .** On the **Visoke oilfield.**
- **ENERGY NATYRAL GAS.** On **the gasfields Pocolçe and Frakull.**
- **FIN PEK.** On the **Finiq-Krane, Pekisht-Murris**

DOMESTIC CRUDE OIL PRODUCTION

for the year 2023 was 641,585 ton

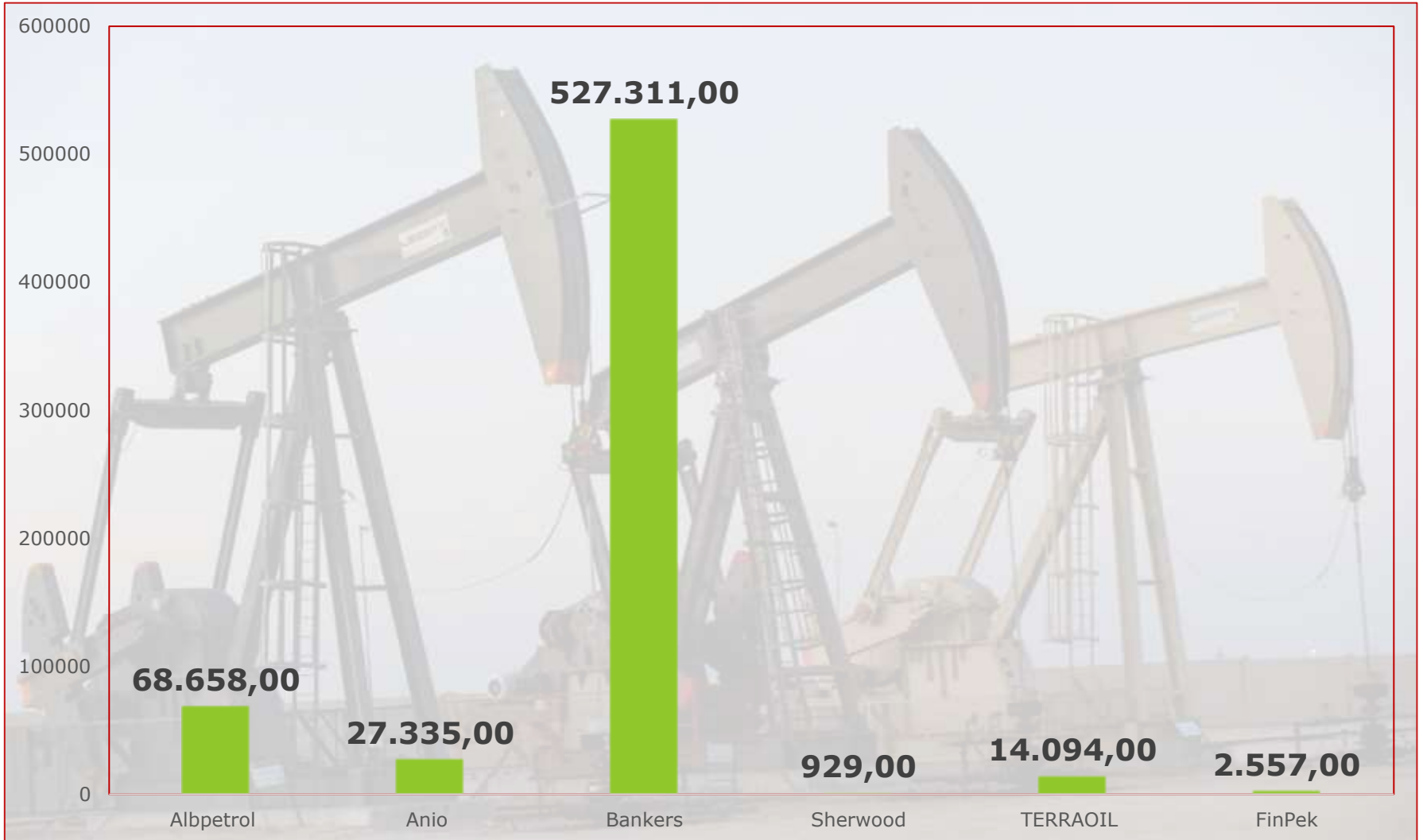


Crude Oil production by the Companies

Year 2023

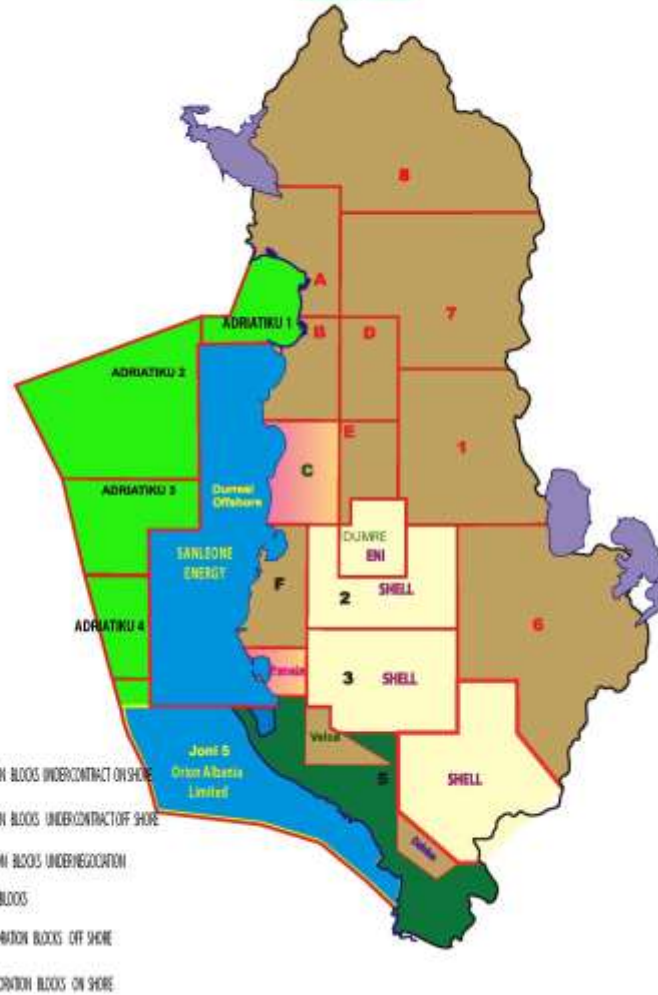
641 958

ton



EXPLORATION BLOCKS IN ALBANIA

SITUATION OF EXPLORATION BLOCKS IN ALBANIA
AUGUST 2023



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

- **Blocks 2-3** onshore, with the company SHELL. It is in appraisal period.
- **Blocks 4** onshore, with the company SHELL. It is in exploration period.
- **Blocks Dumrea** onshore, with the company ENI. It is in exploratio period.
- **Duresi block** offshore, with the company San Leon Energy.
- **Joni 5 block** offshore, with the company Orion Albania Limited.

Developing of the Western Balkan Gas Networks

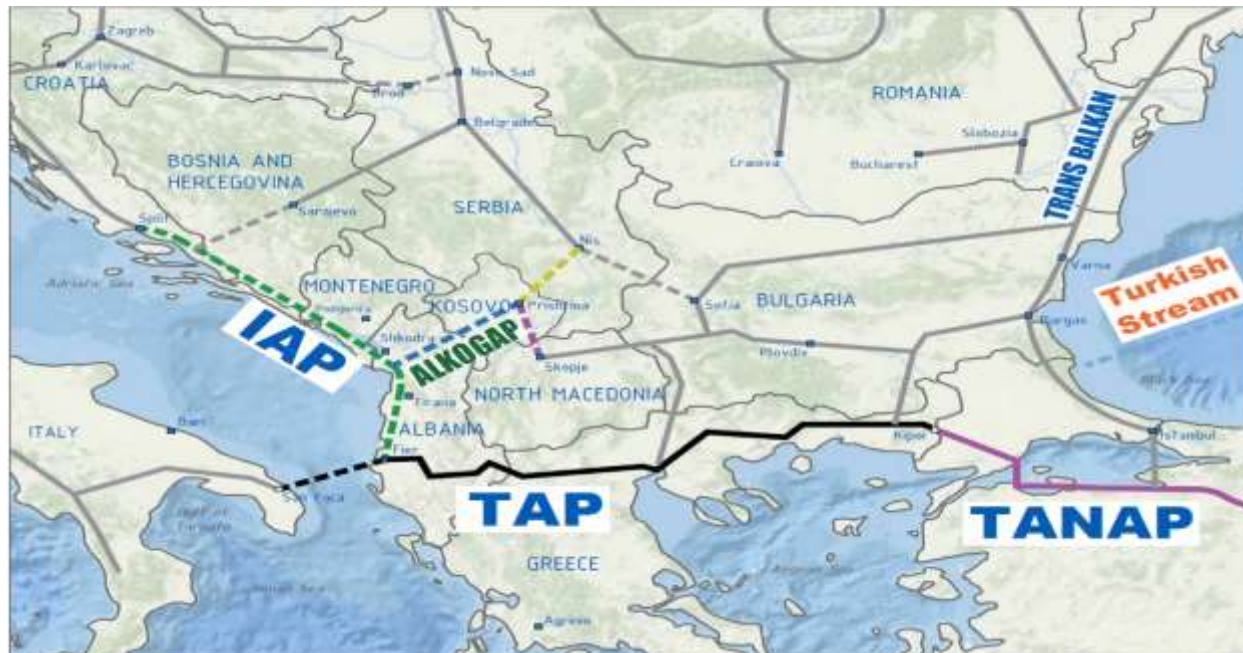
Main regional gas projects in the Western Balkan passing through Albania:

TAP Project- connection with Greek and Italian gas networks,

IAP Project – connection with Croatian and Central European gas networks

ALKOGAP Project – connection with Kosovo and then with Serbian and North Macedonian gas networks.

UGS Dumrea project is to support and increase the flexibility of the existing and planned gas transmission system of Albania and other regional countries.



TAP is very important project for Albania, the Western Balkan countries , Italy and EU:

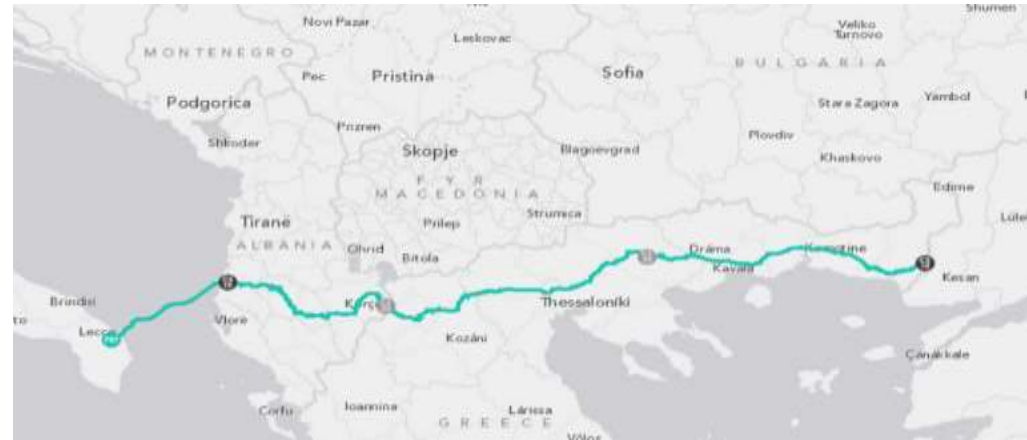
TAP is approximately 870 kilometres in length (Greece 545 km; Albania 211 km; Adriatic Sea 105 km; Italy 8 km). **TAP is part of Southern Gas Corridor**

Its highest point will be 1,800 metres in Albania's mountains, while its lowest will be 820 metres beneath the sea.

On November 2020 TAP starts its operation for transporting the natural gas from the Shah Deniz Gasfield towards Italy and Western Europe.

The benefits of TAP during the operational phase are :

- The implementation of the TAP project has created one of the main conditions for **the development and implementation of another important project for Albania GM projects and our region, such Fier Vlora Pipeline, as the IAP, ALBKOCAP project and some TPP**.
- **TAP increases the security of natural gas and energy supply especially in Vlora region**
- The presence of TAP is an important factor for **the possibility of developing an underground natural gas storage plant in the Dumre area**, a project which has conducting a feasibility study and ESIA.
- An investment like TAP contributes to increasing the security of doing business in Albania
- **The maintenance of TAP will be performed by the joint venture company created by Albgaaz and SNAM.** The experience gained by the staff of this company will be an asset for the entire natural gas sector in Albania.
- **TAP is subject to income tax** in proportion to the share of investment in Albania.
- The presence of TAP has undoubtedly been **an important factor for development of the eaploration and production activities in natyral..**



Elements of the Southern Gas Corridor



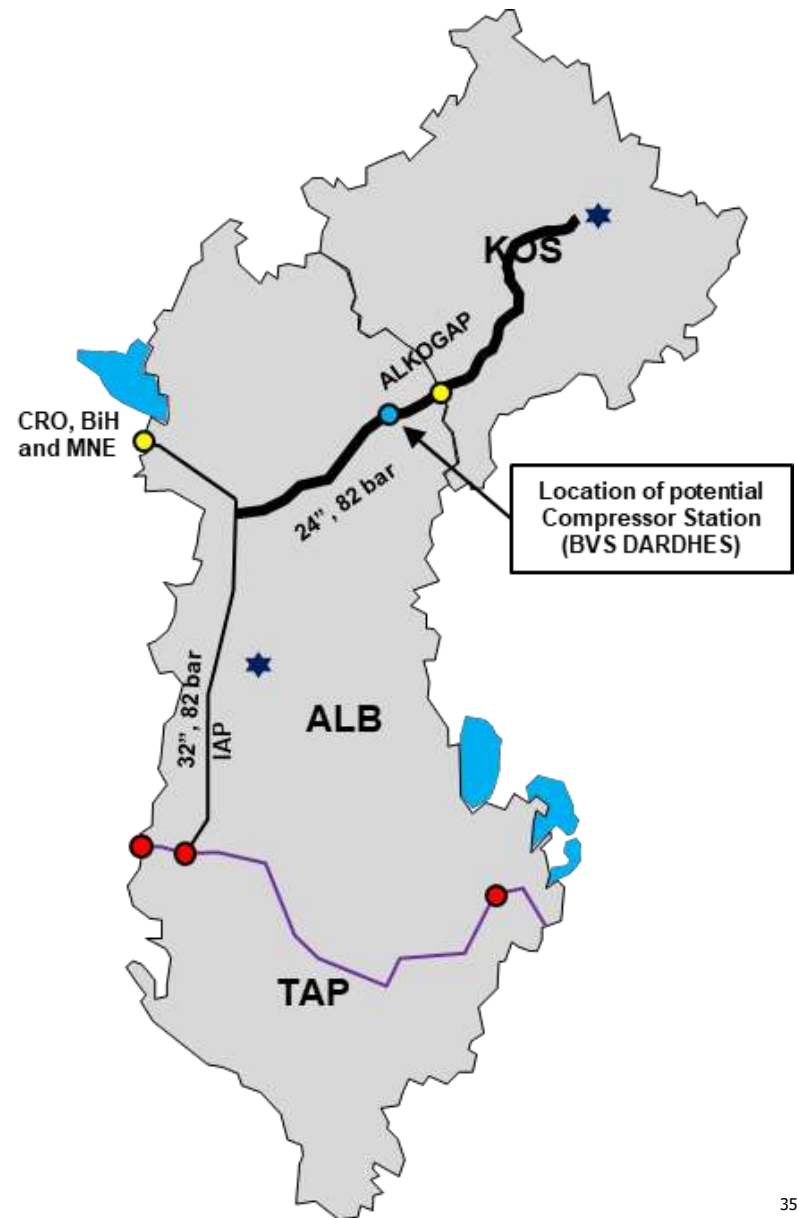
Ionian-Adriatic Pipeline (IAP) Project

- The **IAP Project** is based on the idea to connect the existing Croatian gas transmission system, via Montenegro and Albania with TAP.
- The total length of IAP from the Croatian town Split to Albanian town Fieri is 511 km (170km in Albania's territory).
- IAP will have a bidirectional gas flow possibility up to **5 bcm/y** capacity by providing natural gas supply to Albania (1 bcm), Montenegro (0.5 bcm), the south of Bosnia and Herzegovina (1 bcm) and Croatia (2.5 bcm).
- The shareholders of this pipeline will be the 4 transmission operators of each country where the asset will pass through, with equal ownership quotas of 25%.
- The IAP Project enables **opening the new energy corridor for the SEE region** within the 4th EU transmission corridor and establishing a new gas supply direction from the Middle East and Caspian region.
- The **Preliminary Design** for Albania and Montenegro section is completed. Next steps - the **investment promotion** to build.



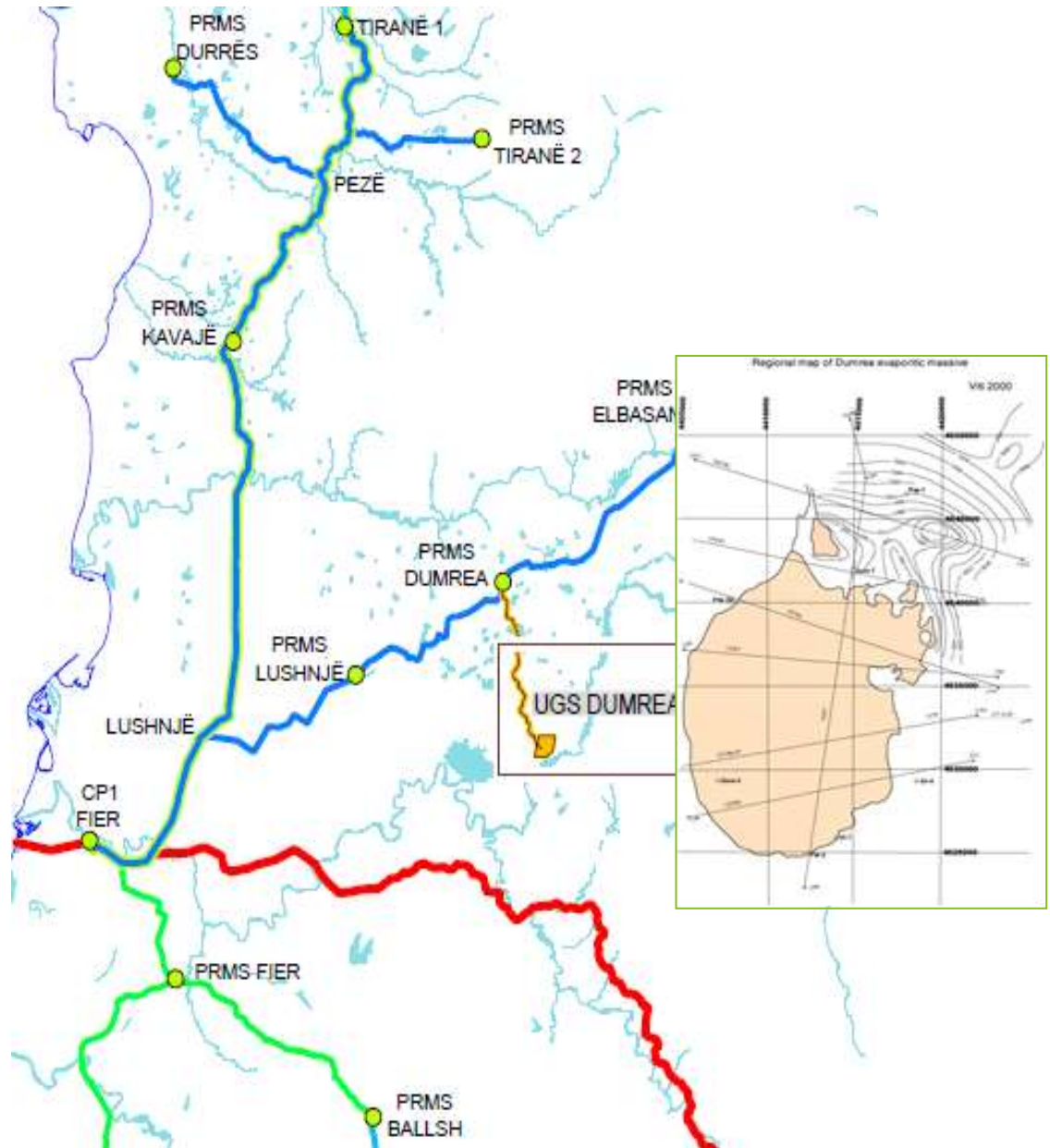
ALGOKAP Project

- The **ALGOKAP Project** aims to establish a new supply route for natural gas from the Middle East and Caspian Region transported by TAP Pipeline, north-eastwards of the Western Balkan area towards Kosovo, Serbia and North Macedonia.
- The ALKOGAP project shall be planned as bi-directional pipeline, so the possible supply direction could also be north – south, from the Energy Community Gas Ring (ECGR), or other sources.
- This transmission supply project, of about 260 km total length, would create the preconditions for the further development of the natural gas markets of Albania, and the creation and development of the natural gas markets of Kosovo in the estimated annual level of **1.5-2 bcm** (1-1.3 bcm for Albania and 0.5-0.7 bcm for Kosovo).
- It would be possible to increase its capacity (double or triple), in the case that ALKOGAP would be used to supply Serbia and other countries with Caspian or Middle East gas.
- Two routing scenarios are considered for the ALGOKAP Project:
 - Lezha – Kukës (AL) – Kosovo: this scenario assumes that IAP moves forward to the implementation stage;
 - Fier (AL) – Kosovo: this scenario shall be considered in case of not much progress is encountered with the implementation of IAP.
- The Prefeasibility Study is completed. Next steps – Feasibility Study.



UGS Dumrea Project

- Construction of a **natural gas storage site in the Dumrea area** is planned to be realized in two phases, based on the Memorandum of Cooperation between Albgaz , SNAM and Exceleerate Energy.
- The Project is planned to start with the creation of a structure divided into two storage sites:
 - with a combined capacity of **230 m3**;
 - while the second phase envisages the expansion of this structure up to the capacity of **800 m3**, thus giving it a regional dimension.
- Feasibility Study and ESIA** (WBIF) of UGS Dumrea has been drafted considering two options: local and regional disposal plant. The phased approach to the development of UGS Dumrea refers initially to the development of UGS with local capacity, but with the main infrastructure prepared to increase its capacity for regional disposal.
- Next steps – the **investment promotion** to build the UGS.



Agenda

GENERAL INFORMATION OF ALBANIA

LEGAL AND INSTITUTIONAL FRAMEWORK IN PETROLEUM ACTIVITIES

CURRENT SITUATION IN PETROLEUM INDUSTRY IN ALBANIA

THE POSSIBILITIES TO INVEST IN PETROLEUM SECTOR IN ALBANIA

IV. THE POSSIBILITIES TO INVEST IN PETROLEUM SECTOR IN ALBANIA. THE STRATEGY AND THE FUTURE PLAN FOR OIL ACTIVITIES IN ALBANIA will FOCUS ON:

- **Diversification** of petroleum energy sources
- Increase crude oil production for the next years by:
 - **Efficient exploitation** of existing crude oil reserves
 - Use of **modern technologies** to increase of crude oil reserves
 - Production from **new crude oil fields**
- **Auction** of free oil & gas blocks, based on competitive procedures.
- **Find the possible scenario for restructuration of Albpetrol company to become the NOC (National Oil Company)**
- Increase of **refining capacities**, since most of crude oil is exported.
- Increase **the storage capacity** and restructuring **the petrol station.**
- **Became the Energy hub**, due to proximity with Kosovo, Macedonia and Montenegro

THE STRATEGY FOR NATURAL GAS ACTIVITIES IN ALBANIA will FOCUS ON:

- **Linking Albania with the international gas network** according to the best option (Eurasia Gas Corridor and Energy Community Gas Ring)
- **Preparation of the necessary Albanian legislation for the gas sector** in compliance with European legal framework (Regulatory and Investment framework reliability)
- **Update of Gas Master Plan** for Albania in order to put the concept for **hydrogen and renewable gas as well.**
- **Development of national gas resources and national gas infrastructure**
- **Restructuring the existing pipeline system** for gas transmission in Albania
- **Management of the Albanian gas market**
 - **Use of natural gas as an alternative energy source** and for the production of electrical energy with gas fired thermal power stations-
 - **Development of underground gas storage reservoirs and LNG Terminals projects.**

Future Plans

- Further **implementation of Law no. 102/2015 “On the Natural Gas Sector”** by adopting the remaining bylaws (e.g., Gas Market Rules) so as to ensure that the emerging gas market in Albania has full legal and regulatory basis established in compliance with EU energy law and best practice.
- Incentivization of gas infrastructure projects and investments for **implementation of the Gas Master Plan** adopted by CoM Decision no. 87, dated 14.02.2018 and updated it according to the new development in the gas sector in Albania
- Increasing of the **capacities of Albgaz** – the combined TSO and DSO for gas.
- Priority incentivization of the following **gas infrastructure developments**:
 - Exit point Fier that is connected with TAP;
 - Fier–Vlora Pipeline;
 - Relaunching TEC Vlora by ensuring gas supply solutions
 - Development of LNG Terminal;
 - Development of small scale projects LNG & CNG .

The construction of this pipeline will serve for the development of the gas sector, enabling the integration of the latest developments related to the introduction of LNG in the Vlora area. This will enable the increase of the feasibility of the gas transmission and distribution system by using the two-way connection in the TAP pipeline.

Vlora TPP is a very important customer and probably the best starting point for the development of gas infrastructure in Albania.



REPUBLIKA E SHQIPËRISË
MINISTRIA E INFRASTRUKTURËS
DHE ENERGJISË

THANK YOU FOR YOUR ATTENTION !

For any further information you are welcome to visit
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