

Eastern European Oil & Gas Standards Workshop

Orientation on Eastern European oil & gas business

15th-16th of February 2007, WTC Sofitel



The essence of motion

PETROM

Member of OMV Group

AGENDA

- Overview of Eastern European Oil & Gas Activity
- Today's Challenges
- Today's Opportunities
- Expectations for Workshop

Overview of Eastern European Oil & Gas Activity



Regional oil and gas operators in Eastern Europe



- POLAND**
- PKN ORLEN: R
 - ENI: Petrochemical product
 - LOTOS: E&P, R&M
 - BP: M
 - SHELL: M
 - EXXON MOBIL: M
 - STATOIL: M
 - LUKOIL: M
 - NESTE OIL: M

- CZECH REPUBLIC**
- UNIPETROL(PKN ORLEN): R&M
 - CESKA RAFINERSKA (SHELL, CONOCO and ENI-AGIP): R
 - OMV: M
 - LUKOIL: M
 - ESSO (EXXON MOBIL): M
 - ARAL (BP): M
 - AGIP: M
 - SHELL: M
 - CONOCO PHILLIPS: M

- SLOVAKIA**
- PETROL: R
 - MOL (SLOVNAFT): R&M
 - OMV: M
 - LUKOIL: M
 - SHELL: M
 - ESSO (EXXON MOBIL): M
 - AGIP-ENI: M
 - CONOCO PHILLIPS: M

- HUNGARY**
- MOL: R&M
 - OMV: M
 - SHELL: M
 - PETROM (OMV): M
 - ESSO (EXXON MOBIL): M
 - LUKOIL: M
 - AGIP: M
 - CONOCO PHILLIPS: M

- SLOVENIA**
- OMV: M
 - PETROL: M
 - MOL: M
 - SHELL: M
 - INA: M
 - AGIP: M

- CROATIA**
- INA: E&P, R(MOL)
 - OMV: M
 - SHELL: M
 - PETROL: M

- BOSNIA and HERZEGOVINA**
- EP (ENERGOPETROL): M
 - PETROL: M
 - INA: M

- SERBIA and MUNTENEGRU**
- Naftna Industrija Srbije (NIS): R
 - LUKOIL: M
 - PETROM (OMV): M
 - MOL: M
 - HELLENIC PETROLEUM: M

- ESTONIA**
- NESTE OIL: M
 - STATOIL: M

- LATVIA**
- NESTE OIL: M
 - STATOIL: M

- LITHUANIA**
- PKN ORLEN: R&M
 - MINIJOS NAFTA: E&P
 - STATOIL: R

- BELARUS**
- BELNAFTAKHIM: R
 - NAVAPOLAK: R
 - RECHITSA: R

- UKRAINE**
- LUKOIL: M
 - TNK-BP: M
 - MOL: M

- MOLDOVA**
- LUKOIL: M
 - PETROM (OMV): M
 - TIREX-PETROL: M

- ROMANIA**
- PETROM (OMV): E&P, R&M
 - LUKOIL: R&M
 - ROMPETROL: R&M
 - MOL: M
 - AGIP: M

- BULGARIA**
- LUKOIL: R&M
 - OMV: M
 - SHELL: M
 - ROMPETROL: M
 - EKO (EXXON MOBIL): M
 - OPET PETROLEUM: M
 - HELLENIC PETROLEUM: M

- TURKEY**
- TUPRAS: R&M
 - OPET PETROLEUM: R&M
 - EXXON MOBIL: M

- MACEDONIA**
- HELLENIC PETROLEUM: R&M
 - MAKPETROL: M

- ALBANIA**
- ARMO: M
 - EKO (EXXON MOBIL): M

- GREECE**
- HELLENIC PETROLEUM: R&M
 - EKO (EXXON MOBIL): M
 - MOBIL (EXXON MOBIL): M
 - SHELL: M
 - BP: M
 - MAKPETROL: M

Legend:
 E&P: Exploration & Production
 R: Refining
 M: Marketing

Regional oil and gas operators

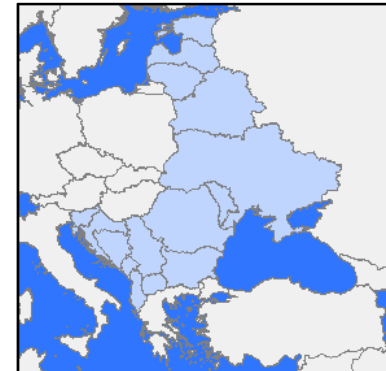
No.	OIL COMPANY	E & P	R	M
1	OMV	*	*	*
2	PETROM (OMV)	*	*	*
3	LOTOS	*	*	*
4	INA	*	*	*
5	LUKOIL		*	*
6	ROMPETROL		*	*
7	PKN ORLEN		*	*
8	UNIPETROL (PKN ORLEN)		*	*
9	HELLENIC PETROLEUM		*	*
10	OPET PETROLEUM		*	*
11	TÜPRAS		*	*
12	MOL		*	*
13	ENI (Petrochemical products)		*	
14	STATOIL		*	*
15	Naftna Industrija Srbije (NIS)		*	
16	Ceska Rafinerska (SHELL, CONOCO and ENI-AGIP)		*	
17	BELNAFTAKHIM (in Belarus)		*	
18	NAVAPOLAK (in Belarus)		*	
19	RECHITSA (in Belarus)		*	
20	MINIJOS NAFTA	*		

Key Regional Statistics

Oil in Central/Eastern Europe in 2004: IEA

<http://www.iea.org>

in thousand tonnes of oil equivalent (ktoe) on a net calorific value basis for 2004.

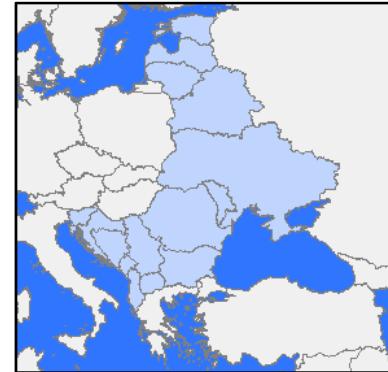


	Crude Oil	Natural Gas Liquids	Refinery Feedstocks	Naphtha	Liquified Petroleum Gases	Motor Gasoline	Aviation Gasoline	Jet Kerosene	Other Kerosene	Gas/Diesel	Residual Fuel Oil
<i>Unit - 1000 tonnes</i>											
Production	12563	1732	0	1731	2590	16654	9	1800	243	24474	20132
From Other Sources	0	0	212	0	0	0	0	0	0	0	0
Imports	69421	1	993	151	828	3177	4	779	29	7012	4090
Exports	-1671	-7	-43	-312	-1031	-7984	0	-764	-181	-10573	-14881
International Marine Bunkers	0	0	0	0	0	0	0	0	0	-296	-392
Stock Changes	-519	2	9	-16	-57	-176	0	-15	7	52	-277
Domestic Supply	79794	1728	1171	1554	2330	11671	13	1800	98	20669	8672

Key Regional Characteristics

Oil in Central/Eastern Europe in 2004: IEA

<http://www.iea.org>



Central and Eastern Europe is a strategic region for energy transit, linking Eurasian supplies with large consumers in Western Europe. The region is also a significant energy consumer, accounting for 35% of total European energy demand. The region has experienced much change in the past 15 years, as most of the countries in the region have moved from planned to market economies. There are also large differences across this region, in terms of wealth, political orientation and energy use. The potential for energy efficiency is quite high across this region in general.

Today's Challenges



Today's Challenges

Political

- ▶ Political challenges – resistance to/misunderstanding of privatisation concept
- ▶ Lack of standardization between Europe/Asian/US/N. Africa
- ▶ European energy supply – increasing focus on security of supply/diversification (biofuels, alternate energy, LNG, LPG)



Regulatory

- ▶ Prescriptive style of regulators, increasing attention to private operations
- ▶ European Accession and speed of change at EU level



**MINISTERUL MEDIULUI
SI GOSPODARIRII APELOR**

Today's Challenges

Technical

- ▶ Degrading Infrastructure
- ▶ Lower, non – existent or bespoke standards
- ▶ Many Privatisations/re-structuring in parallel
 - Speed of change
 - Organizational change
 - Management change



Economic

- ▶ Increasing focus of rating agencies, funding agencies, NGOs on HSE performance
- ▶ Dwindling reserves, more marginal fields
- ▶ Fluctuating price of crude oil



Today's Opportunities



Today's Opportunities

Political

- ▶ Strategic energy supply location (Russia – Western Europe, The 'Stans' – Turkey - Western Europe, even Iraq/Iran – Turkey – Western Europe)



Regulatory

- ▶ Regulatory regime also undergoing massive change, opportunity to develop good working relationships



**MINISTERUL MEDIULUI
SI GOSPODARIRII APELOR**

Today's Opportunities

Technical

- ▶ Acquisition/Diversification-opportunity for 'shared learning'
- ▶ Valuable human resource from local operators, engineers, etc
 - 'a different perspective'.



Economic

- ▶ 'Blank book' start for many companies with large investment plans for the region



The challenges in Eastern Europe are strongly linked to the opportunities

Expectations for Workshop



Expectations for Workshop

Improved understanding of CEN TC12 and ISO TC67

- The scope of the Standards Series
- Existing usage: by company by geography
- EU context
- Plans for future development

Shared learning

- An opportunity to meet peers / networking
- Honest experience of applying CEN TC12 / ISO TC 67
- Different perspectives (west vs east; majors vs regional vs local operators; etc)

Business impact

- Arguments to secure senior management buy-in
- An idea of impact on costs and business value (e.g. insurance benefits)
- Impact on safety/loss prevention performance

Alternatives

- What alternative models are out there and how does CEN TC12 / ISO TC 67 compare?
- What about the 'bespoke approach'?

Thank You!



The essence of motion **PETROM**
Member of OMV Group