



**14TH SE Europe
Energy Dialogue**

**25 & 26 May 2023
Thessaloniki**

DEVELOPMENTS AND OPPORTUNITIES IN THE PETROLEUM EXPLORATION AND PRODUCTION SECTOR IN ALBANIA

Prof. As. Dr. Stavri Dhima

Senior Energy Expert

Former Head of the Gas Sector / Ministry of Infrastructure and Energy

Partner of Institute of Energy for SE Europe (IENE)

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May 25 - 26, 2023

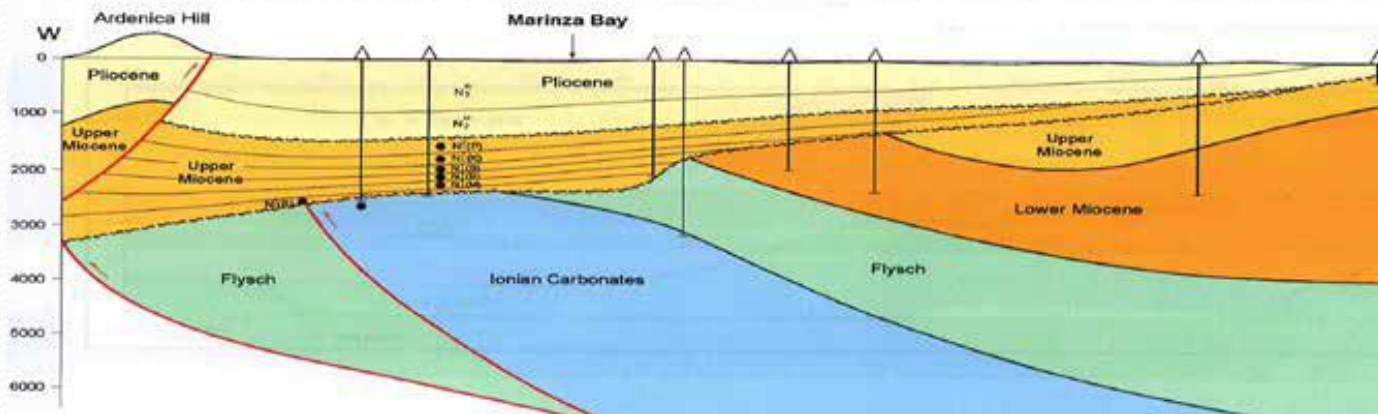
Thessaloniki, Greece

Albania is one of the few countries in Europe that has a significant petroleum production

Oil exploration in Albania began in 1918 as a result of the interest shown by foreign companies from Italy, France, and Britain. A

Consequently, some oil bearing fields were discovered, such as: Drashovica (1918), Patosi-Verbasi (1926), Kuçova (1928), Patos-Marinza (1957), (Fig.11), etc.

The oil pools in these oil fields are formed in sandstone reservoirs belonging to Oligocene flysch, Tortonian and Messinian age and produce generally under dissolved gas drive.

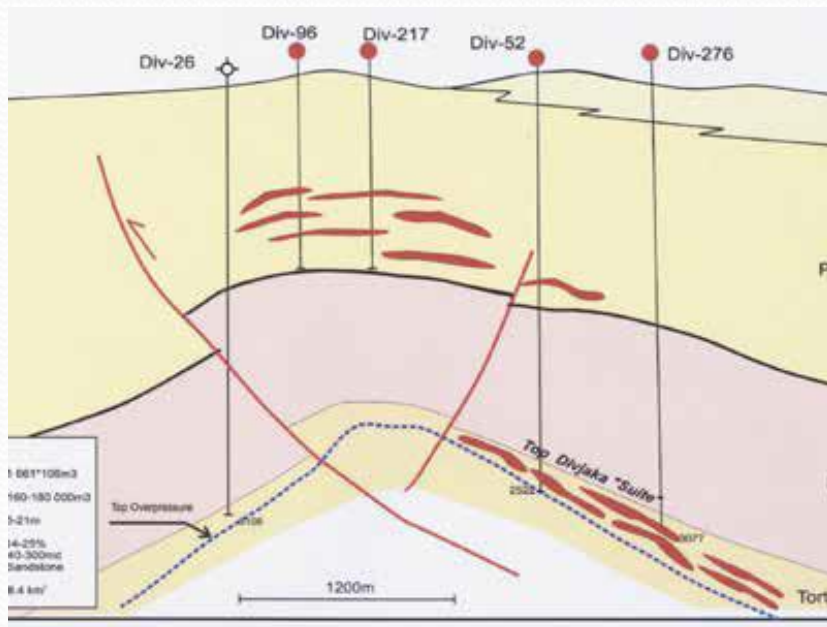


After 1960, along with the expansion of the existing oil fields in the terrigenous section, in 1963, the first oil-bearing field of Visoka was discovered in the carbonate section. The discovery was followed by other oil-bearing field discoveries also in the carbonate section such as: Gorisht-Kuculi, Cakrani, Amonica, Delvina, etc.

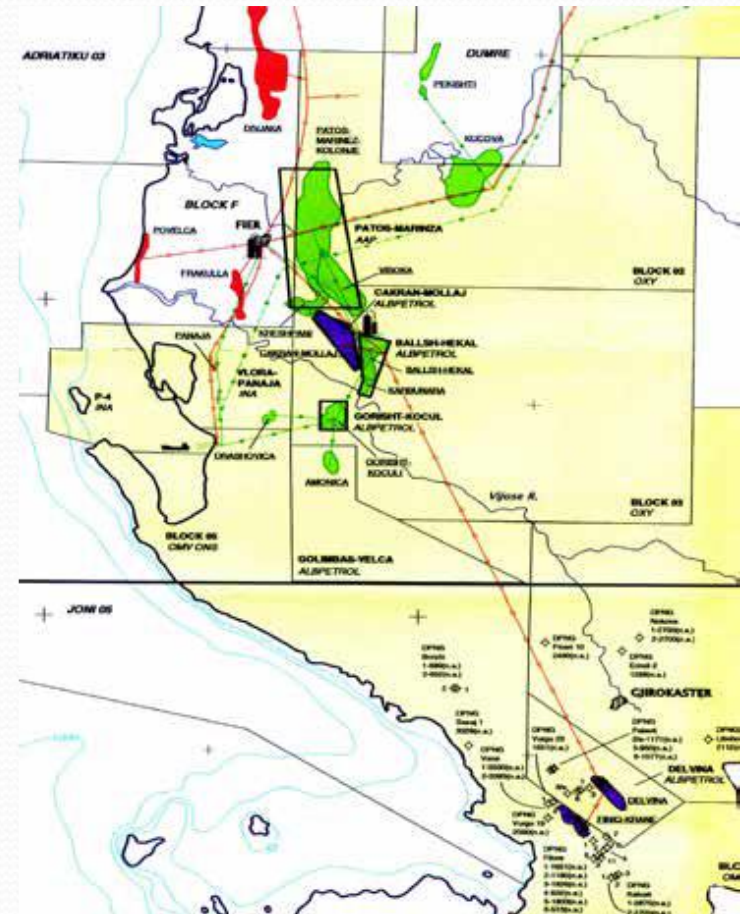
As far as fluid phase content in the formation is concerned, the oil pools in the carbonate section are represented by oil accumulations with dissolved gas and oil accumulations with gas or gas condensate cap with bottom water, gas cap and dissolved gas drive.

HYDROCARBON POTENTIAL IN ALBANIA

Gas exploration in Albania began in 1955 and was concentrated on the Neogenic structures of Peri-Adriatic Depression. **The first gas-bearing field was discovered in 1963 in the Divjaka structure**, which was followed by the discovery of other gas-bearing fields such as: Frakulla, Ballaj-Kryevidhi, Panaja, Trevllazer, Durresi, Povelça, etc. **The gas pools in all of the above-mentioned fields are related to the sandstone reservoirs** of Serravalian-Tortonian to Pliocene inclusive.



Divjaka gasfield (sandstones)



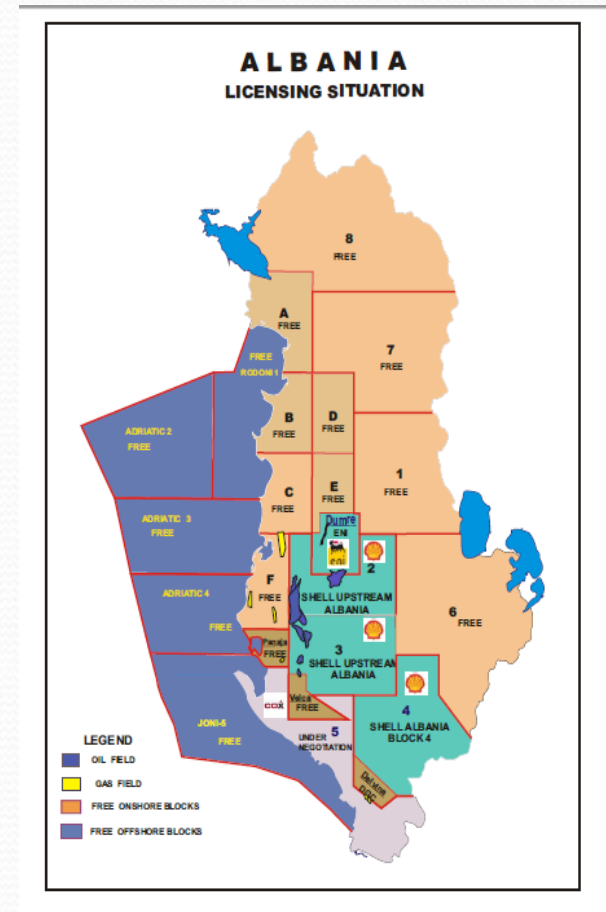
DEVELOPMENTS IN THE PETROLEUM EXPLORATION AND PRODUCTION SECTOR IN ALBANIA

During the last 3 decades the petroleum explorations are being carried out in compliance with the provisions of law no. 7746, dated 28.07.1993, "Petroleum law (Exploration and Production)", as amended.

From 1991 to the present, contracts have been signed and the following foreign companies have been involved in petroleum operation for oil and gas exploration:

Currently in Albania, 3 companies are conducting petroleum operations in the exploration and production of hydrocarbons in several onshore exploration blocks:

- The company **SHELL Upstream Albania B.V.** in exploration blocks 2,3 and 4;
- The company **ENI Albania B.V.** in the Dumrea exploration block;
- The company **DGC** in the DELVINA exploration block



New petroleum explorations

DEVELOPMENTS IN THE PETROLEUM EXPLORATION AND PRODUCTION SECTOR IN ALBANIA (SHELL Upstream Albania B.V.)

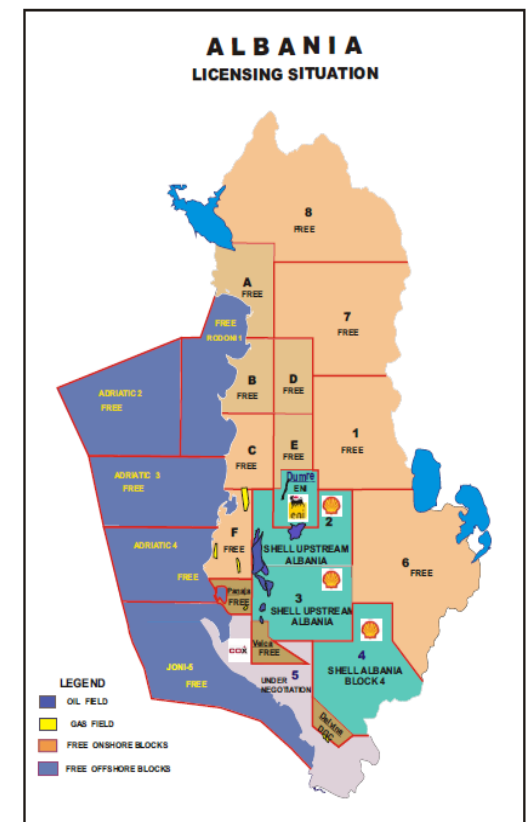
Exploration in the Shpiragu Area in Blocks 2&3 in the district of Berat was started in 2001 by the OCCIDENTAL Albania company, when the Shpiragu-1 well was drilled, and the presence of oil and gas in the Shpiragu structure was confirmed.

The Shpirag oil deposit, discovered by OCCIDENTAL on the blocks 2-3, is at a depth of 5,000 to 6,000 meters.

The Canadian research institute "Oil and Gas Investments" has discovered that oil reserves in the Shpirag area in Albania reach from 500 to 800 million barrels, which can be considered one of the most important oil discoveries in the region.

Shell informs that Shpiragu is expected to be a field similar to Val D'agrín in Italy. that in a day gives 85 thousand barrels of crude oil..

There it is expected that SHELL will have an investment of up to 5-6 billion dollars, which includes not only the drilling of the wells and their completion, but also the refining of the oil that will come out, connection with the TAP gas pipeline, and construction of a oil pipeline to the Petroleum Port



New petroleum explorations

DEVELOPMENTS IN THE PETROLEUM EXPLORATION AND PRODUCTION SECTOR IN ALBANIA

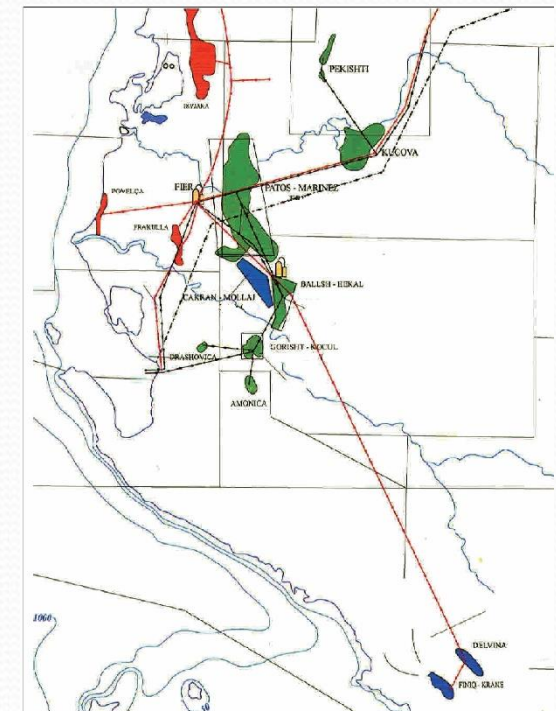
Development of production in the existing oil and gas fields administered by the Albanian oil and gas company ALBPETROL sh.a. is being realized as part of Petroleum Contracts with foreign or local investors, based on the provisions of law no. 7746, dated 28.07.1993, "On exploration and production" (as amended).

The **Patos-Marinzë oil field** in sandstone reservoirs (discovered in 1928 and expanded in 1957), is currently being used by the company **"Bankers Petroleum Albania" Ltd.**

The **Visokë oil field** in carbonate reservoirs (discovered in 1963) is currently being used by the company **"TERRA OIL SWIS"**

The **Ballsh-Hekal oil field** in carbonate reservoirs (discovered in 1966) is made by the company **"ANIO OIL&GAS" sh.a.,**

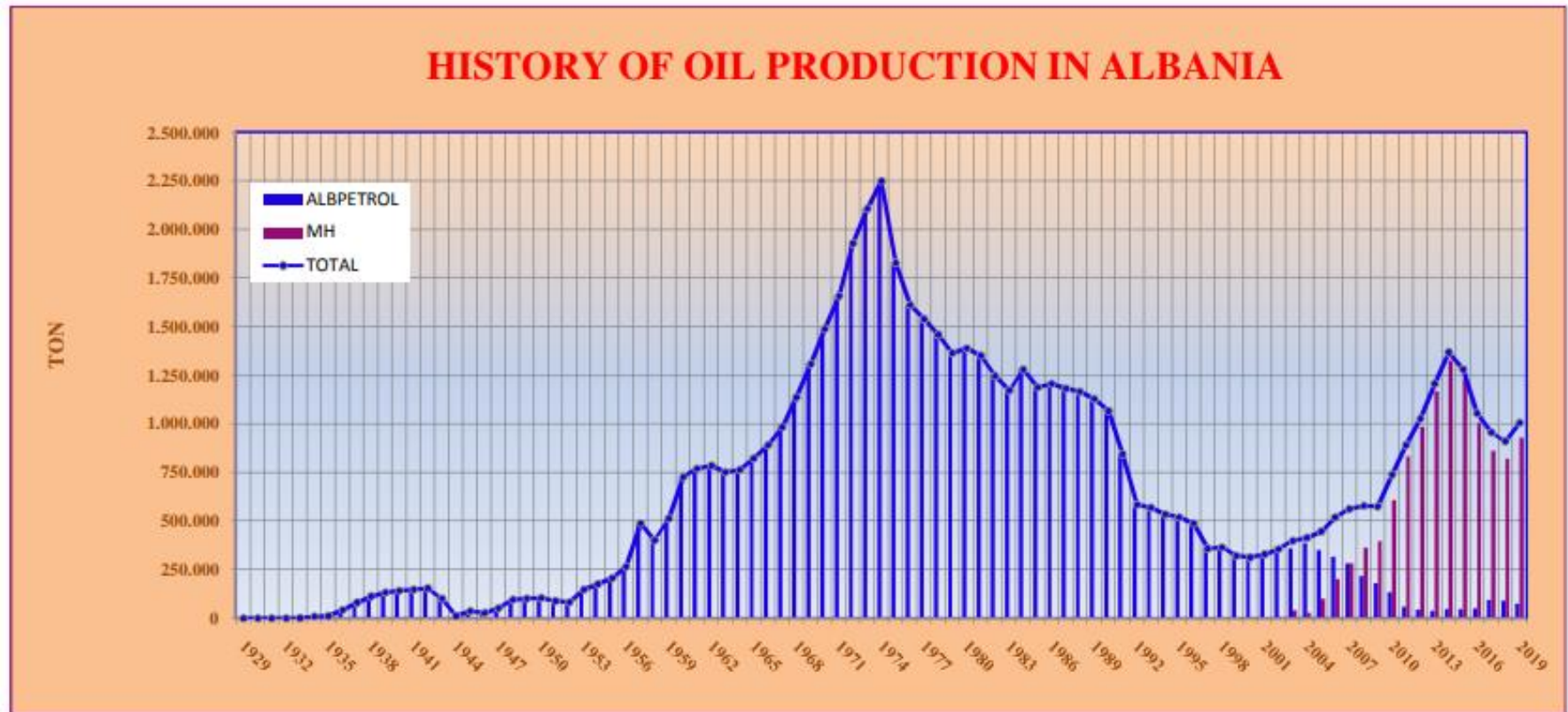
The oil fields of **Cakran Mollaj (1977), Gorisht-Kocul (1965) and Amonica (1980)** in carbonate reservoirs, as well as the **Kuçova (1928)** oil field in sandstone reservoirs, are made by the company **"ALBPETROL" sh.a.,** Petroleum operations are currently being carried out by the **"EDG Natural Gas" company** in the **Frakulla gas field**, as well as in the **Povelçe gas field**, respectively within the framework of the Petroleum Agreements approved by the Council of Ministers with the decision



DEVELOPMENTS IN THE PETROLEUM EXPLORATION AND PRODUCTION SECTOR IN ALBANIA

The graph below shows the progress of historical oil production in Albania, since 1929 when commercial production began.

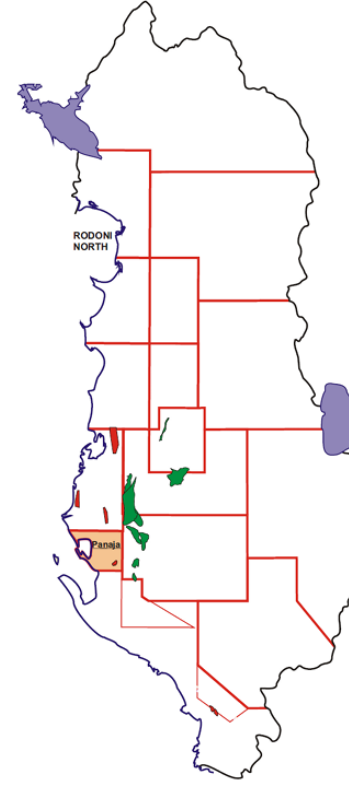
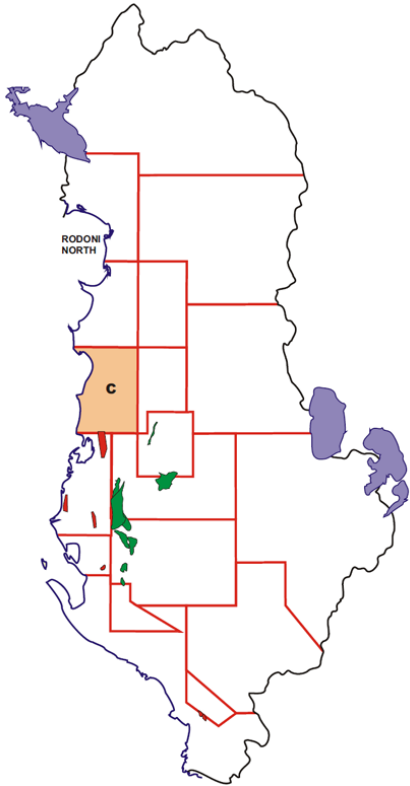
The graph also includes the period after the start of the activity of foreign companies operating within the framework of Petroleum Agreements (period after



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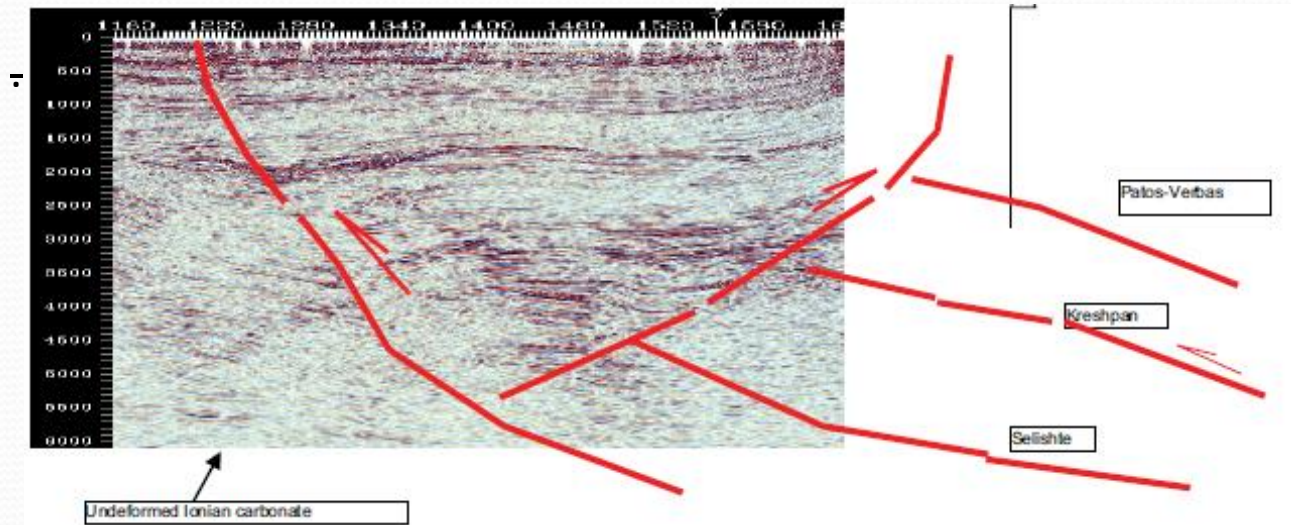
In accordance with the “Petroleum Law (Exploration and Production)”, No. 7746, date 28.07.1993, which authorizes the Ministry to enter into a Petroleum Agreement with foreign and/or local companies, in order to invest for petroleum exploration and production in territory of Albania, **the Ministry of Infrastructure and Energy, through the Order of Minister no. 84, dated April 26, 2022, offers Block Panaja and Block C (onshore) for exploration. The contracts are under negotiations.**



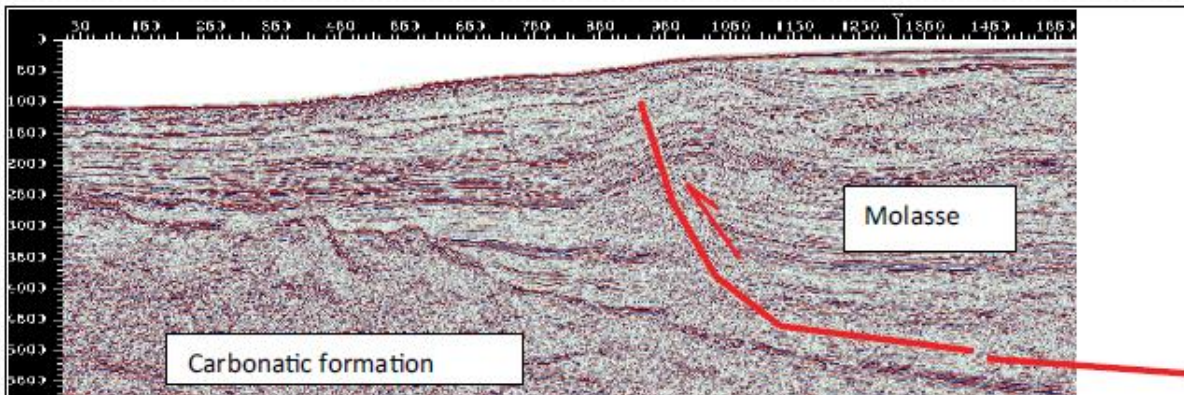
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FURTHER PETROLEUM POTENTIAL

Based on the geological studies, old seismic acquired by Albpetrol and those acquired 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.**



Onshore Seismic line
(above Marinza oil field)



Offshore Seismic line

SUMMARY OF THE ALBANIAN LEGAL FRAMEWORK FOR PETROLEUM EXPLORATION AND PRODUCTION

Exploration, Development and Production of Hydrocarbons in Albania is governed by

- **The Law no.7746, dated 28 July 1993 “Law on Hydrocarbons (Exploration and Production)”**, as amended,
- **The Law no. 153/2020, dated 17.12.2020 "On the fiscal regime in the hydrocarbon sector"**. (Referring to Article 2, point 1, **"This law applies to legal entities that carry out hydrocarbon operations on land (onshore)**. For legal entities that carry out offshore operations at sea, the applicable fiscal system is determined by a separate law.“)

The legal framework provides a considerable flexibility to the Government in negotiating the terms and conditions for entering a petroleum agreement with oil companies. At the same time, these laws provide enough incentives and flexibility to attract international oil companies and thus stimulate oil exploration in the country.

All the hydrocarbon deposits that exist in their natural state in the strata that lie within the jurisdiction of Albania are the exclusive property of the Albanian state.

Petroleum agreements will be in the form of **Production Sharing Contracts (P.S.C.)** signed between the Ministry of Energy, represented by the National Agency of Natural Resources (AKBN), and the Contractor. The most important items of PSC are given in the “Petroleum Law”, No. 7746, date 28.07.1993, as amended, and other documents issued by Council of Ministers and Ministry of Energy and Industry.



THANK YOU!

Prof. Asc. Dr. Stavri DHIMA,

**Senior Energy Expert
Former Head of the Gas Sector / Ministry of Infrastructure and Energy
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Mob.: +355682056182; Email: stavridhima@gmail.com

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