

Overview of Oil & Gas Sector

Greece is an important potential transit site for energy exports from the Caspian/Caucasus regions, with limited energy reserves of its own.

Greece has limited oil reserves of 9 million barrels. The country produces 8,992 barrels per day (bbl/d) and is highly import reliant for its 406,000 bbl/d oil consumption (2001 estimate). Oil is Greece's most important fuel source, accounting for 63% of total energy consumption in 2000, a percentage that has remained fairly stable since the mid-1980s. Oil is imported primarily from Iran, Saudi Arabia, Russia, Libya and Egypt. The Middle East is expected to remain the major source of Greek oil supplies in coming years, although Russia could become more important as new pipelines are constructed.

Greece's oil industry is dominated by state-owned Hellenic Petroleum (HP), which was formed in 1998 from the former state oil company, Public Petroleum Corporation (DEP). HP conducts oil exploration, imports crude and products, operates three large refineries, and distributes and markets oil products. Greece's oil production comes from the Prinos area in the Aegean Sea, off the coast of Kavala. The Prinos fields, which began production in 1996, are operated by the U.S., Greek, and Canadian North Aegean Petroleum Company (NAPC) consortium. In February 2001, a new oilfield was found offshore the Aegean island of Thasos (also near Kavala) by Kavala Oil, with production expected to be 7,000-7,500 bbl/d. The oil will be sold to HP for refining.

HP is developing a \$USDI00-million, 143-mile pipeline to carry crude oil from the northern port city of Thessaloniki to HP's newly-acquired Okta refinery near Skopje, in the Former Yugoslav Republic of Macedonia (FYROM). Construction of the pipeline by HP's subsidiary El Pet Balkaniki began in November 1999. This pipeline will have the capacity to carry about 50,200 bbl/d. The pipeline will be managed in partnership with FYROM, and will carry crude that currently is shipped by rail from Thessaloniki to Okta.



In January 1997, Greece, Bulgaria and Russia agreed on a plan to build an oil pipeline linking the Bulgarian Black Sea port of Burgas with Alexandroupolis on the Mediterranean coast of Greece. The proposed 178-mile, underground, Trans Balkan pipeline would allow Russia to export oil through the Black Sea while bypassing Turkey's Bosphorus and Dardanelles Straits. HP also is the largest player in the Greek retail oil market at a 26% market share.

HP owns about half of Greek refining capacity, which totalled 406,500 bbl/d as of January 1, 2002. HP's Aspropyrgos facility refines about 140,000 bbl/d, while the Thessaloniki refinery has a 66,500-bbl/d capacity. Two private refineries, owned by Motor Oil Corinth Refineries and Petrola Hellas, are export-oriented, selling only limited volumes to the national market. Motor Oil, which had been majority-owned by Saudi Aramco, was partially sold off to Petroventure of Jersey in July 2001, a joint venture of Aramco and Vardinoyannis, which separately each own 16.4% of Motor Oil.

With natural gas reserves of only 18 billion cubic feet (Bcf), Greece produces negligible amounts of natural gas. Consumption, however, has increased significantly over the past few years, increasing from only 1 billion cubic feet (Bcf) in 1996 to 72 Bcf in 2000. Consumption is expected to continue increasing, possibly tripling over the next ten years. About 80% of Greece's natural gas imports currently come from Russia, and 20% from Algeria.

The Greek natural gas industry is controlled by the state-owned Greek Public Gas Company (DEPA), which was created in 1988 in an attempt to diversify the primary energy supply by increasing the role of natural gas. DEPA is 35% owned by HP, with the Greek government owning the rest. In April 2002, plans were announced to sell off

35% of the government's share of DEPA, with possible buyers including Russia's Gazprom, Germany's Ruhrgas, and Algeria's Sonatrach. Eventually, the plan is for DEPA to be only minority-owned by the state.

Greece has one LNG terminal at Revithoussa, near Athens, with a capacity of 23 Bcf per year. A feasibility study is underway to determine whether to construct an underwater gas pipeline connecting Italy and Greece; if this pipeline does not come to fruition, it is possible that another LNG terminal will be constructed in Greece or that the terminal at Revithoussa will be expanded.

Along these lines, Greece and Turkey signed an agreement on March 28, 2002 which calls for extending the natural gas pipeline from Iran to Turkey into Greece. Reportedly, the 175-mile-long pipeline (125 miles in Turkey, 50 miles in Greece), expected to be completed by 2005, would connect Ankara to Alexandroupolis in northern Greece at a cost \$USD300 million. The pipeline initially will transport around 17.7 Bcf of natural gas per year.

List of Governmental Entities and Public Institutions

President of the Hellenic Republic

According to Article 30 paragraph I of the Greek Constitution the President of the Greek Democracy is the regulator of the regime. The president's jurisdiction is clearly symbolic in the following areas of activities: regulation, administration, and legislation **Contact Details:** Address: Vasileos Georgiou, B2, Athens, P.C. 100 28, Greece.

Parliament

The Parliament is a political institution, a representative instrument in which are exercised principally the legislative operations and the control of the government (Parliamentary control). **Contact Details:** Address: 2, Vas. Sophias, Athens 10021, Greece, Tel: (+30 210) 3707000, Fax: (+30 210) 3692170, website: www.parliament.gr, e-mail: info@parliament.gr

Government of the Hellenic Republic

The Cabinet of Ministers constitutes the government, which is composed by the Prime Minister and the Ministers. The government, according to the Greek constitution and laws, defines and guides the general politics of the country. **Contact Details:** Address: Maximos Mansion, 19, Herodou Atticou Str., Athens 10674, Greece Press Office: Tel: (+30 210) 6715940, 6717391, website: www.government.gr, e-mail: mail@primeminister.gr

Ministry of Development

(Department of Energy and Natural Resources)

Main Activity: Procedures for the issue of installation and operating permit of power generation plants, using renewable energy sources and large-scale hydroelectric plants, as well as forms of electric power purchase contracts. **Contact Details:** Address: 119 Mesogion Ave., Athens 10192, Greece, Tel: (+30 210) 6969863, website: www.ypan.gr, e-mail: grammatia@ypan.gr



Public Gas Corporation (DEPA)

Main activity: importation, transportation and storage of natural gas, construction and utilisation of the National Natural Gas Transportation System, sale and distribution of natural gas. **Contact Details:** Address: 207, Mesogion Avenue, Athens 11525, Greece, Tel: (+30 210) 6793500, Fax: (+30 210) 6749504, website: www.depa.gr, e-mail : pr@depa.gr

Hellenic Petroleum

Main activities: procurement/refining of crude oil and marketing of petroleum products; Production and marketing of petrochemicals and chemicals; Hydrocarbon exploration and production; Construction and operation of hydrocarbon transportation pipelines; Consultative services for engineering projects related to the production of hydrocarbons. **Contact Details:** 17th km. Athens-Corinth National Road, Aspropyrgos 19300, Greece., P.O.Box 1085, Athens 10110, Greece, Tel: (+30 210) 5533000, 5539000, Fax: (+30 210) 5539298, 5539299, website: www.hellenic-petroleum.gr

EC Representation Office

EC Representation in Greece

Contact Details: Address: 2, Vasilissis Sofias, Athens 10674, Greece, Tel: (+30 210) 7272100, Fax: (+30 210) 7244620, e-mail: burath@cec.eu.int