Securing energy for the future development

INA Group

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INA’s Role in Croatian Economy

CROATIA
- GDP per capita (2002) 5 000 US$
- Inflation rate (2002) 2.3%

INA
- Accounts for over 10% of Croatian GDP (2002)
- Owns 100% of Croatia’s proven and probable hydrocarbon reserves
- Owns 100% of Croatia’s wholesale gas distribution infrastructure
- Owns 100% of Croatia’s existing refining capacity
- Controls 80% of downstream petroleum market by volume

World Oil and Gas Demand/Supply

- Half of the oil and gas supply required for the end of the decade is not yet on stream
- Extensive industry investment required
- Technology and access critical to supply growth
Oil consumption and imports of oil and natural gas in EU

Source: BP statistical review of world energy June 2002

- Former USSR
  - Oil: 18%
  - N.Gas: 41%

- L.America
  - Oil: 4%
  - N.Gas: 29%

- Middle East
  - Oil: 31%

- Other
  - Oil: 22%
  - N.Gas: 26%

- Other
  - Oil: 22%
  - N.Gas: 5%

- Norway
  - Oil: 21%
  - N.Gas: 25%

- Other
  - Oil: 22%
  - N.Gas: 5%


Projection of natural gas demand and supply (BCM) in Croatia

Source: BP statistical review of world energy June 2002
INA’s Croatian upstream

Croatia

- INA is the only holder of onshore and offshore licences in Croatia.
- INA shares interests in two blocks in offshore Adriatic with Agip which are operated by joint operating company (INAgip).
- INA signed an agreement with Edison Gas for the three blocks in the northern Adriatic.
- The two major prolific onshore areas in Croatia are the Drava and Sava Depression.
- Croatia’s main oil fields were found in the 1950s in the Sava Depression. The development of the Sava Depression resulted in Croatian oil production peaking in the early 1980s.
- The Drava Depression is predominantly gas bearing and the main fields were discovered in the 1970s, allowing Croatian gas production to rise significantly during the 1970s and 1980s.

INA’s international upstream

- Production from Ras Ghattara and West Abu Gharadig.
- Interests in North East desert and North Bahriya.
- Exploration well to be drilled this year.
- Potentially significant gas discovery under appraisal.
- Close to existing gas infrastructure.
- INA has an access agreement.
- Syrian gas market expected to grow supporting a rise in gas powered generation.
- Oil production from 2 licences offshore.
- Participation in 2 wells deepwater exploration programmes.
### Oil production

- Croatia
- Angola
- Egypt
- Syria

### INA’s domestic gas supply and trading

- INA is sole supplier of gas to Croatia
  - INA production
  - Imports from Gazprom
- Gas is sold at entry to the transmission system owned by Plinacro
- INA owns gas storage capacity
- Newly appointed regulator will set Croatian gas prices
- Tariffing change in 2H 2002
  - Expected 12-15% increase in revenues

- Total Gas Supply = 2.62 bcm
  - Import 41%
  - Onshore 48%
  - Offshore 11%
  - Distribution 42%
  - HEP 24%
  - PetroKemija 19%
  - Industrial 15%
  - Customers
The energy sector in Croatia is regulated by a package of laws:
- Energy law,
- Law on electricity market,
- Law on gas market,
- Law on oil and derivatives market
- Law on regulation of energy activities.

The legislative framework is harmonised with EU directives. The greatest part of the energy sector is organized in INA Company and in Hrvatska Elektroprivreda (Croatian Electricity Utility Company)