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PETFORM

Why is Turkey buying more gas than it needs from Iran?

Al Monitor, *01.03.2014*

On Jan. 29, Turkish Prime Minister Recep Tayyip Erdogan visited Tehran to bolster trade and energy ties, hoping to reach $30 billion in trade volume by the end of 2015. Turkish Energy Minister Taner Yildiz followed up with an offer Iranian Oil Minister Bijan Namdar Zanganeh promptly accepted.

Under the terms of the agreement, Tehran will reduce its gas prices if Turkey doubles its gas imports. Despite the price-reduction commitment, if the gas-import volume continues to increase, Turkey could face a critical budget threat, as Turkey's gas bills have averaged 9% higher than its consumption volume should have cost over six years.

Zanganeh said, "We are willing to lower the gas price supplied to Turkey on the condition that it increases the volume of imported gas from Iran." He noted that the share of gas Turkey buys is important for Iran. According to the US Energy Information Administration, Turkey purchases more than 90% of Iran's natural gas exports under a long-term contract. From a Turkish perspective, asking for a price reduction is completely legitimate. Iranian gas prices are already higher than what Turkey pays to any other trading partner. Indeed, in 2012 Turkey took Iran to an international court of arbitration over the high price it charges on its natural gas exports. Although the cost of Turkey's gas imports is a state secret, information leaked to the media estimates the figures for Azerbaijan at $330 per cubic meter of gas, for Russia at $400 per cubic meter and for Iran at $505 per cubic meter.

The price of Iranian gas for Turkey is therefore some 20% higher than average international market prices. According to this scale, Iran's high prices inflate Turkey's natural gas bill by an extra $800 million annually. But much of the problem in the gas trade between Tehran and Ankara derives from a "take-or-pay" condition that requires Turkey to import predetermined amounts of natural gas — 10 bcm per year — according to a gas deal signed in August 1996 and valid for 25 years. In these circumstances, even though a price reduction was an appropriate step, to offer to import twice its current volume of Iran gas seems risky considering Turkey's current deficit.

In Turkey, four cross-border gas pipelines are in operation with a total import capacity of some 46.6 bcm: the West Gas (16 bcm) and Blue Stream (14 bcm) pipelines from Russia, the Tbilisi- Erzurum (10 bcm) pipeline from Iran and the South Caucasus (6.6 bcm) from Azerbaijan. Each of these pipelines has a take-or-pay clause in their bilateral agreements. The clause obliges Turkey to make periodic payments of specified amounts whether the gas is delivered or not. The obligation to pay is thus independent of the consumption of the product. For each contract, the take-or-pay volume limit is defined in the pipeline project's agreement. Since the 1990s, take-or-pay deals have been a source of conflict with all suppliers to Turkey.

Due to its budget deficit, in 2009 the Ministry of Energy and Natural Resources began a systematic negotiation with supplier countries to review take-or-pay conditions. The objective is either to end take-or-pay or reduce Turkey's commitment for gas-import volume. In this framework, Yildiz's offer to Iran contradicts his ministry's strategic plan, as it adds to Turkey's obligations. With the extra 20 bcm import commitment, Turkey finds itself obliged to pay to import more gas while it can still not consume what it pays for now. When one wonders about what Turkey will do with this extra gas, three scenarios emerge: resell it, store it or just pay the bill but not take it. If Turkey tries to resell Iranian gas, the most realistic destination seems to be Europe, reviving the legendary Iran-Europe gas pipeline project and sending Iranian gas through the Trans-Adriatic pipeline. If European and US sanctions allow Turkey to go ahead with this enterprise, a price war will erupt between Azeri and Iranian gas in the European markets, putting the agreements for the TANAP pipeline in danger.

If Turkey opts to store the extra gas, its current storage capacity will not be enough and Ankara will need to build new facilities. Finally, while from an economic perspective Turkey agreeing to pay for gas it will not use may seem absurd, one can see several political motivations, such as supporting the new Iranian government, normalizing relations or building a partnership during the Syrian crisis. In all three scenarios, Turkey will need to increase the capacity of the Iranian gas pipeline, which has a current maximum discharge capacity of 14 bcm, or build a new pipeline running from Iran to Turkey's western border. But in all cases the question remains: As the current Tabriz-Ankara gas pipeline's capacity is only 16 bcm, how Turkey will reach the committed 20 bcm? Will Turkey build a new pipeline, and if it does, how?

BOTAS in negotiations to join Shah Deniz consortium

Natural Gas Europe, *01.03.2014*

Turkey's Botas could join the Shah Deniz consortium, buying shares from France's Total. According to Bloomberg, the two companies are in talks about their stake in the main infrastructural project in Azerbaijan.

The Turkish state pipeline Botas already cooperates with Azerbaijan's SOCAR for the construction of the TANAP project, which will transport gas through Turkey to Europe. At the same time, Botas is said to be interested in the South Caucasus Pipeline (SCP), owned by a consortium led by BP (28.8%), SOCAR (16.7%), Statoil (15.5%) and Lukoil (10%). Total holds a 10% interest.

TANAP is the foundation of the Southern Corridor, as the entire pipeline would be impossible without this pipeline. Earlier this February, Total reported lower earnings on diminished demand and decreasing refining margins.

Ukrainian crisis not a threat to gas supply: Turkish energy minister

Hürriyet Daily News, *05.03.2014*

Turkey doesn't expect the crisis in Ukraine to pose any risks to its energy supply, foreseeing that things will calm down, Energy Minister Taner Yildiz has said.

"I believe the remarks regarding the normalization will increase. We don't foresee a new Ukrainian crisis regarding natural gas," Yildiz said March 5. Russia is Turkey's biggest natural gas supplier and the latter is supplying more than half of its annual 47 billion cubic meters from Russia's energy giant Gazprom. The gas purchased from Russia enters Turkey via two pipelines, one of which is the West Stream pipeline that passes through Ukraine.

Turkey has a 30-year natural gas contract with Russia and 14 billion cubic meters of its needs flows through the West Stream pipeline. "In the event of the West Stream line being cut, Turkey will be affected. That's very clear. The West Stream is the supply point of both the private and the public sectors. In talks we had with Gazprom, they said they don't see this [suspension of gas flow] possible. I believe we will not have any problems," Yildiz added. Gazprom, which supplies more than a quarter of Europe's gas needs, has cut exports twice to Ukraine over the past decade amid pricing disputes with Kyiv. The European Union has accused Gazprom of using gas as a political tool and said it will seek to diversify its sources of supply.

Turk kicks gas import high

Today.Az, *03.03.2014*

The Turkish state pipeline company BOTAS imported about 4.02 billion cubic meters of gas from various sources in January 2014 compared to 3.72 billion cubic meters in January 2013, according to BOTAS.

The Turkish state pipeline company BOTAS imported 38.42 billion cubic meters of gas from various sources in 2013 compared to 43.09 billion cubic meters in 2012. Turkey also imports gas from Azerbaijan, which is supplied via the South Caucasus gas pipeline. Moreover, Botas exported around 71 million cubic meters of gas in January 2014 compared to 47 million cubic meters in January 2013.

Iraq oil exports hit 25-year high in February: minister

Hürriyet Daily News, *02.03.2014*

Iraq exported 2.8 million barrels of oil per day in February, a top minister said Saturday, a sharp month-on-month gain and the highest such figure in at least a quarter-century.

Production reached 3.5 million bpd, the deputy prime minister for energy affairs, Hussein, told reporters in the southern port city of Basra as he inaugurated a refinery. “Production in February was 3.5 million barrels per day, and we exported 2.8 million barrels per day,” he said. The export figure was the highest since then dictator Saddam Hussein invaded Kuwait in 1990, triggering a crippling embargo and international sanctions that massively restricted Iraq’s energy industry.

In 2012, when average daily exports reached 2.5 million barrels per day, the oil ministry said it was the highest such figure since 1989. Shahristani said February output would have been significantly higher if not for energy disputes with the country’s three-province autonomous Kurdish region. Most of Iraq’s crude is exported via its southern terminals near Basra, but a significant portion goes through a northern pipeline that is periodically bombed by militants.

Iran to resume development of Kish gas field

Natural Gas Asia, *02.03.2014*

Iran’s Petroleum Engineering and Development Company will soon resume development of Kish gas field, company’s managing director Abdolreza Haji Hossainnejad said.

Hossainnejad said over the course of development of Kish gas field, the company will give priority to extraction of gas condensate reserves stating drilling operation will be complete in near future, reports Shana news agency. Kish gas field development will be done in three phases, the news agency adds. Gas produced in Kish gas field will be transferred to a gas processing plant in Garzeh through beneath the surface as well as offshore pipelines.

Iranian gas to reach Iraq by summer

Natural Gas Asia, *05.03.2014*

Iran will begin pumping gas to Iraq by summer of 2014, Reza Araqi, an Iranian deputy oil minister who is also the managing director of the National Iranian Gas Company, said Monday.

According to Press TV, Iran will export 3-4 million cubic meters (mcm) of natural gas per day to its western neighbor in few months. As per the agreement Iranian natural gas will be exported to Iraq in three stages, Press TV quotes Araqi as saying. Iran signed an agreement with Iraq in July last year. Based on the agreement, 25 million cubic meters (mcm) of gas will be delivered to Sadr, Baghdad and al-Mansouryah power plants through a pipeline.

The 270-kilometer pipeline is estimated to earn Iran $3.7 billion a year in revenues, Press TV adds. The pipeline will stretch from Assaluyeh, near the massive offshore South Pars oil and gas field in southern Iran, and will continue into neighboring Iraq to feed Iraqi power plants running on gas.

Iran determined to boost gas export

Natural Gas Asia, *02.03.2014*

Iran is resolved to boost gas exports by the end of the next calendar year, Deputy Oil Minister for Planning and Supervision of Hydrocarbon Reserves Mo'azami said.

"At the moment, the Oil Ministry is highly focused on completion of the giant South Pars phases and sealing gas contacts is a top priority for the ministry," Mo'azam said, addressing the 3rd International Symposium of Iran 2026 on Thursday, Shana news agency reported. He said phases 12, 15, 16, 17, and 18 of the South Park project are the prioritized phases and are expected to be complete by the end of the next calendar year.

Mo'azam said that at least 60 million cubic meters of natural gas will be produced on a daily basis next year and the figure can even reach 110m cubic meters provided things go as planned, Shana added.

Iran’s gas consumption equals EU’s?

Today.Az, *04.03.2014*

During Iran’s ex-President Mahmoud Ahmadinejad’s presidency the oil officials kept warning about the high rate of gas consumption in the country. They used to stress the importance of cutting gas consumption, saying that Iran’s gas consumption is equal to that of the European Union.

The managing director of Iranian Fuel Conservation Company, Nasrollah, repeated the claim. He said that households’ consumption accounts for the lion’s share of the country’s total gas consumption. He went on to note that Iranians pays only 16 per cent of the real price of gas and the government pays for the rest in the form of subsidy.

According to him, the final price of natural gas after implementation of the subsidy reform plan should be around 18,700 rials per cubic meters. The figure currently stands at 700 rials. BP’s annual report suggests that Iran’s gas consumption was around 156.1 billion cubic meters in 2012. Iranian officials say that the consumption rate has been increased in the current calendar year, which started on March 21, 2013.Iranian Mehr News Agency reported in January that the country’s gas consumption is around 160 billion cubic meters per year now. While according to BP, around 440 billion cubic meters of gas was consumed in the European Union (excluding Turkey’s consumption and liquid gas consumption) in 2012.

According to the U.S. Energy Information Administration’s report, which was released in September 2013, the EU’s gas consumption did not changed significantly in the first half of 2013. So a simple calculation shows that the EU’s gas consumption is 2.75 times more than Iran’s. EU’s consumption accounted for 13.4 per cent of the world’s total gas consumption in 2012. Over 3.314 trillion cubic meters of natural gas was consumed across the world in the mentioned year. Nearly all of Iran’s total energy consumption (excluding the 3 percent share of hydroelectric power) is related to the consumption of oil and gas. The EU consumed coal tantamount to 294 million tons oil equivalent accounting for some 8 percent of the world’s coal consumption.

But, Iran consumed coal tantamount to 0.9 million tons oil equivalent. The world’s total coal consumption was more than 3,730 million tons equivalent of crude oil in the mentioned year. According to Iranian Oil Minister, Bijan Namdar Zanganeh natural gas has a 70 percent share in the country’s fuel basket while the figure is much smaller in Europe. On the other hand, nuclear energy has a nearly zero percent share in Iran’s fuel basket, while the figure is about 200 million tons equivalent of crude oil in the EU. Based on a BP report, the share of hydroelectric power in 2012 in Iran was equivalent to the consumption of 2.9 million tons of crude oil, while it was equivalent to the consumption of 74 million tones oil equivalent in the EU. The share of renewable energy in the fuel basket of the EU was equivalent to 95 million tons of crude oil, while the figure was nearly zero in Iran.

The EU accounted for 14.5 percent of the world's total crude oil consumption in 2012, while the figure was 2.2 percent in Iran. While the EU's population is 6.6 times that of Iran's, the per capita consumption of natural gas in Iran is more than the EU. This is mainly due to the low price of gas in Iran. The major problem in Iran is the great share of gas consumption by household and commercial sectors, which account for 77 percent of the country's gas consumption. Power plants and petrochemical units in Iran consume 130 million cubic meters and 35 million cubic meters of gas per day, respectively. Gas supply to power plants and petrochemical units sharply falls in winters due to rising consumption by the household sector.

700 Austrian companies to cooperate with Iran

Mehr News, *01.03.2014*

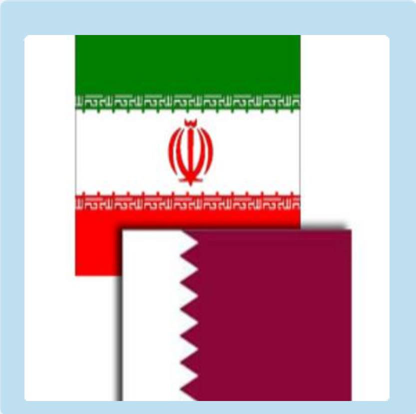
Head of Tehran Chamber of Commerce, Industries, and Mines has hailed Austrian public and private sectors' interests to cooperate with Iran. A delegation of Iranian industry moguls visited Austria to study ways for development of bilateral economic ties. They came back to Iran Friday morning.

Head of Tehran Chamber of Commerce, and Mines, who headed the delegation in Austria pointed to the meetings between the Iranian and Austrian economic and industrial moguls and said that "Austrian public and private sectors welcomed Iranian delegation warmly and the visit resulted in development of cooperation between the two countries."

Yahya Ale Eshaq added that "according to agreements an Austrian business delegation will visit Iran to continue economic negotiations and study practical ways to develop bilateral relations." "There are 700 Austrian companies with economic relations with Iran and the two countries' relations have never been stopped even during the Imposed War" said Ale Eshaq. A delegation of Tehran Chamber of Commerce arrived in Austria on Monday to negotiate with Austrian private sector with more than 20 companies. Since the interim nuclear deal between Iran and world powers in November 2013 which removed and suspended some sanctions against Iran, representatives of 14 Austrian companies had traveled to Iran. Later Austrian diplomats to Tehran visited Tehran Chamber of Commerce and met Yahya Ale Eshaq and prepared a visit by Iranian delegation to Austria.

Iran steps closer to Qatar, producing natural gas

Mehr News, *07.03.2014*



Iranian deputy oil minister has said natural gas production will begin soon and POGC will set up 2nd production line in 15 and 16 refineries.Rokneddin Javadi told Mehr News correspondent that the largest South Pars phase had set to begin natural gas production in phase 12.

In a response to Mehr News question about launching of gas production lines in phases 15 and 16, the managing director of the NIOC said that 2nd gas production line in 15 and 16 refineries will be set up by coming spring. With the beginning of natural gas production and 2nd gas production line launched in 15 and 16 refineries.

Iran will increase 20 to 22 million cubic meters to its production of natural gas in shared field with Qatar.

A possible energy-based solution for the eastern Mediterranean

Today's Zaman, *05.03.2014*

With the signing of a seven-article declaration on Feb.11 by KKTC President Dervis Eroglu and Greek Cypriot President Nicos Anastasiadis, talks over Cyprus have been restarted.

The last round of talks, between Eroglu and former Greek Cypriot President Demetris, broke off on March 29, 2012. As with other starts to Cyprus negotiations, this round has caused a spark of hope, as well as receiving plenty of serious support from outside the island. When Anastasiadis was elected president of Greek Cyprus in February 2013, a few ineffectual forays were made into seeing whether the talks, which had stopped in 2012, might start up again.

And of course, the financial crisis which reared its head in December 2012 and literally took the southern half of the island hostage was a very difficult start for Anastasiadis. Because of the weight of serious domestic problems and pressures, Anastasiadis was unable to make any moves with regard to the Cyprus talks.

Throughout the course of this financial crisis, Greek Cyprus was the stage for very serious negative reactions to and protests aimed at the Troika -- the European Commission, IMF and the European Central Bank. Citizens of Greek Cyprus lost nearly 40 percent of their standings due to the financial crisis. In fact, a comparison between the financial crisis and the 1974 war and the subsequent “refugee” situation it sparked could offer up some important clues from the angle of political perceptions. In this comparison, one could read between the lines an “unheard of” set of opportunities in the desire of citizens on the street in the South for a solution, as well as from the perspective of guiding collective perceptions and the political ideas held by societal engineers. As far as the start-up to the talks was concerned, the opening ceremonies for the United Nations General Assembly in September 2013 were like a pre-project and pulse-taking opportunity for both sides. In fact, while in New York, both sides made public statements about how the talks would start up again in October 2013 and how a referendum would be under way in another three months.

But after the public words within the United Nations about the start-up again to the Cyprus talks, Anastasiadis said that the talks should begin with a Joint Declaration from the leaders on both sides of the island. But coming to agreement on the contents of this Joint Declaration pushed the official start-up of the talks back another six months. The first of the events which is just as significant as the Joint Declaration was the signing of an agreement between Anastasiadis and the United Kingdom on Jan. 15 this year that gave property rights on a 200-square-kilometer piece of land on the British Sovereign Base Areas to South Cyprus. It was especially striking that no approval was sought from either the Cypriot Turks or Turkey. In fact, it appears no attention whatsoever was paid to the fact that in international agreements that concern international counterparts, all changes and acts need to have approval sought and then granted by the international sides involved.

In a sense, this January signing over of the land was a fait accompli, and although rights to the land technically belonged to Turkish Cypriots as well, there was no acknowledgement about what had been done. With this move, Anastasiadis gained a psychological upper hand against the domestic “maximalist partners” –the Democratic Party (DIKO) and the Ecologists-Environmentalists Movement (Cyprus Green Party or KOP), and the main opposition Progressive Party of Working People (AKEL). And of course, it was more than likely that this step would elicit direct and indirect echoes in the talks themselves. As it is, this step only strengthens the impression that there is a link between the talks starting up again in February and the base land agreement.

It is quite likely that in the wake of this new pact, permission will be granted for land owners to build on this land. One could say that the return of this land has strengthened Anastasiadis’s hand in the run-up to the beginning of the talks, as well as boosting incentives for the talks themselves. After all, the subject of land composes one of the most difficult files in the whole larger scheme of Cyprus talks. And so, such a move has opened the path for Greek Cyprus (in other words, Anastasiadis) to enter into the talks with a 200-square-kilometer advantage. The second factor in the starting-up of the talks is within the framework of natural gas and hydro-carbon resources, and specifically, the role played by US concerns and interests.

The fact that the US played an active role in the production of the Joint Declaration only strengthens this thesis. In fact, the failure of the Cyprus situation to reach a solution has meant that the US agenda has been preoccupied with creating energy security that meets the needs of the foreign actors (Turkey, Greece, Israel and Egypt) and domestic actors (the UK, the KKTC and Greek Cyprus) in the Eastern Mediterranean through political compromise and closer ties.

With a solution framework like this, not only would stability and peace be made more permanent in the Eastern Mediterranean by taking care of the disharmony in Cyprus, but a shared formula would be achieved that would bring actors together in security over the transport of natural gas. Any other way would place on one side Israel, Greece, Egypt and the Greek Cypriots and on the other, Turkey and the Cypriot Turks.

If, within this composition, Russia and even China were to become actors, Turkey’s position and the Eastern Mediterranean’s position within the Western system could become extremely risky. Recognizing the need for an urgent solution for these actors, and understanding that the point of departure is a partnered foundation of both natural gas and water, should not be too difficult. The roots of the controversy in Cyprus were put down between 1968 and 1974; they developed in dimension from 1974 to 2004. But for the first time, the island is now facing a dynamic that makes solutions look possible through alliances and cooperation based on “energy and concrete interests.”

Just as Cyprus took on an identity encapsulated by the divide between Muslims and Christians on the island during the Cold War period, we now see a need for a new identity on the island as the “Arab Spring” throws stability and domestic balances topsy-turvy in the Eastern Mediterranean region. Within the framework of the roadmap put forward by the United Nations, this new identity could be an “energy-based partnership.” The first aspect that would become apparent through such a partnership would be that the “anomaly” within the EU would be eliminated. The second would be that on a regional level, Turkey would find itself in the position of having a serious lever through this Cyprus partnership with respect to relations with Israel, Greece, the Greek Cypriots and, ultimately, the EU.

Turkey would move to the forefront of the non-Western world’s gaze and would be considered a success story with regards to the developments in Cyprus. A third possibility is that there might be a serious taking of sides in the Eastern Mediterranean on the topic of energy, which would throw NATO alliances into a risky position. A NATO-led solution would open the way for making Cyprus a member of NATO. The fourth possibility is deepened instability in the Eastern Mediterranean in the wake of the “Arab Spring.” All of these possibilities -- and perhaps even others -- underscore more than ever the importance of finding a solution model in the correct way that involves all the actors.

The process that has been started with the Joint Declaration -- a renewed and uniquely valued set of Cyprus talks -- is being matched simultaneously by parallel talks taking place between Ankara and Athens. Along with this, there is the opening of Maras, the granting of international identity to the ports of Magusa and Ercan and the opening of new border crossings between the KKTC and Greek Cyprus. The top priority at this point needs to be for leaders and coordinators to produce a speedy agreement which can be turned over to the people as a referendum as soon as possible. Otherwise, any gains to be picked up from a solution might be limited to the opening of Maras.

The greatest obstacle to the successful ending of these talks, which began with such hope in February 2014, sits on the “Maras-based” axis. On this subject, it is well-known that the US wishes to use Maras to create more motivation in Greek Cyprus for a solution. But beyond the real fact of the Greek Cypriots’ relative lack of urgency and desire when it comes to a solution, due to its EU membership, it would be better to approach these talks from the angle of lasting and sustainable solutions for both sides, rather than a Maras-indexed solution.

Will Cyprus turn to gas presale?

Natural Gas Europe, *04.03.2014*

With the downsizing of Aphrodite field and further exploratory activities not yet commenced in Cyprus' EEZ, gas presale has been considered as the island's solution to secure the needed funds to develop its LNG facility in Vasiliko.

An onshore LNG facility would grant the island the flexibility to choose the end customer and increase its attractiveness to its Eastern Mediterranean neighbors potentially interested in diverting their offshore gas via the island to export markets. LNG facility is currently on hold awaiting additional deposits of gas to be encountered under the island's seabed or the decision of Israel to pool costs.

The recent downsizing of the Aphrodite field in Block 12 of the island's EEZ by Noble Energy has put a question mark on the viability of the project. The current estimated gross mean resources of 5 Tcf do not justify a one-train facility unless Israel joins in. Noble Energy plans additional drilling in Block 12 of the field. Meanwhile, Israel has announced its shift in export policy starting by immediate neighbors. The first deal, worth USD 1.2 billion, was signed between the Leviathan partners and the Palestine Power Generation Company to export 4.75 bcm of gas over 20 years. Israel is also planning the construction of a 15 kilometer pipeline to Jordan to supply the neighboring Kingdom with natural gas from the estimated 10 Tcf Tamar field that came online March 2013.

Egypt, with continued shortfalls in natural gas and ongoing export obligations might also be a potential customer for Israel. The regional deals between Israel and its neighbors do not however eliminate the possibility of energy collaboration between Israel and Cyprus and/or between Israel and Turkey. Israel will still have a lot of gas to export and will not stop at its immediate surrounding. A recent MOU signed between Israel and Woodside launched talks for the purchase of 25% of the Leviathan by the Australian firm. The price was revised downwards revealing Israel's inclination towards pipelines rather than using the company's LNG expertise.

There is a renewed hope in the resumed Cyprus' talks that this time the gas factor will play an important role in achieving a positive income that would allow Israel, Cyprus and Turkey to achieve an understanding and benefit from the Eastern Mediterranean gas wealth: Turkey by receiving Israeli gas, Cyprus by securing the needed funds to develop its LNG project and Israel by diversifying its export routes and monetizing its offshore riches. Cyprus presale of natural gas is still a mere possibility. It was originally feared that such an approach would cause the sale of gas for very cheap but might now seem as a prerequisite to secure the financing of Cyprus LNG facility in the event that alternative funding fails. Total, ENI and Kogas are planning exploratory drilling off the island's coast in 2014-2015 but it will take another few years for the work to be completed and the results to be confirmed.

Greece achieves price decrease from Gazprom

Natural Gas Europe, *06.03.2014*

DEPA and local governments have been struggling to get a sizeable discount on the price of natural gas it imports from Russia's Gazprom, in an attempt to revive the ailing heavy industry of the country, which is battered amongst other by substantial energy costs. At last a resolution has been found that has regional ramifications as well.

According to all available information, a deal has been reached between Athens and Moscow, retaining Russia's aim of keeping a leading position in Greece, even at the expense of proceeding into a great price discount going from present-day prices of $470 per 1000 bcm to around $398.

After a series of negotiation rounds between the two parts, it has emerged from a variety of sources within the industry in both countries that an agreement has been reached regarding the renewal of a long-term contract between DEPA and Gazprom, which ends in 2016, and looks like it will be extended for another 10 years. Gazprom has retracted from its previous position and reduced the amounts of gas to be bought under a take or pay clauses. The Russian company is also willing to drop prices up to around $396 USD, whilst the Greek side contested for a decrease up to $370 USD, identical to the price German companies pay, although the latter consumes annually more than 18 times the amount of Russian gas than their Greek counterparts.

Independent experts assessed that it was highly unlikely that Gazprom would consent to such a discount since it will eventually lead to further decreases in its larger markets such as Germany, Italy and Turkey. DEPA is currently obliged to import under take or pay clauses at least 2.4 bcm per annum and the Russian side is willing to lower the amount to 2 bcm. Nevertheless, Greece wants the additional clause that it can get an extra 10-20% discount on the excess take or pay amounts it may receive in the future, something that Gazprom disagrees on. Gazprom has countered with a proposal to make certain rebates in previous imports, but without guaranteeing any future excess discounts.

According to press leaks from the Greek Ministry for Energy, eventual discounts for excess amounts will be settled at around 5-10% depending on amounts involved. Greece's neighbors who are clients of Gazprom as well pay similar amounts. Bulgaria imports gas at a settled price of $405 per 1000 bcm and have recently moved to acquire significant amounts of gas from Azerbaijan's SOCAR, which could be an indication that it will also demand additional discounts from the Russian side in the coming years. The Greek side faces a dilemma that can be said to reflect most of the challenges other Southeast European countries are facing such as Bulgaria.

Although it has pushed and achieved to open up the so-called ‘Southern Corridor’ through the TAP, amounts to be received are little for its internal market since the bulk will be headed for Turkey and Italy, with as few as 1 bcm for Greece and equivalent amounts for Bulgaria. Moreover, this pipeline will not reach its full capacity before 2021 and the gigantic Shah Deniz gas reserves is filled with approximately 1 tcm, which will have to meet the needs of that country and Georgia, along with the Balkans and Italy as far as Central Europe through interconnections and regional hubs. Due to the sheer size of consumption and the assessed rise in the use of gas in Europe, it is estimated it will need extra 120 bcm/year - on top of its current consumption, by 2025.

This decreases considerably the use of Azerbaijan as a “game changer” in terms of relieving the reliance on Gazprom. The gradual reduction of North Sea gas extraction is another factor to be assessed along with the rising internal gas consumption in Middle Eastern and North African countries and the booming gas sector in Asia and in Latin America.US LNG option remains a possibility, even though the cost of liquefying and degasifying and additional necessary infrastructure and commercial transfer across the Atlantic will top up by around $6.5/MMBtu every LNG shipment, thus, while it reaches the EU ports, it will have surpassed the cost of pipeline-transferred gas from Russia, for most of the EU markets.

Further it should be noted that full scale liberalization of US LNG could potentially have the impact of increasing American domestic prices, which in turn will further inflate international shipments, if production is not increased so as to cover the new markets, whilst securing steady domestic flow. This January and February US gas hubs recorded on average above $5/MMBtu of domestically consumed gas. For all the above reasons, negotiations between DEPA and Gazprom have been turbulent for more than 12 months, with each side hoping to counteract the other with its set of arguments based on actual or perceived market advantages.

Although the Greek market represents a small fraction of EU gas consumption, present-day negotiations will prove to be an illustrative case study on how the market is evolving after significant 2013 developments that saw the establishment of the Southern Corridor, as well as the progress of South Stream, and the legal motion of the EU Commission against Gazprom. DEPA gained a significant discount that will level-off pressure for the country’s industry and will be used as a ‘political booster’ for the strained incumbent Greek administration, whilst Gazprom will retain the bulk of its market dominance in the country for another decade and will also signal to the rest of Southeast European states that natural gas diversification has a long way to go before it becomes real, rather than perceived.

Bulgarian Parliament considers changes to the energy act due to south stream's statute

Natural Gas Europe, *07.03.2014*

Bulgaria's parliament passed with ten votes in support against nine abstained a number of draft changes to the Energy Act, proposed by Socialist Party MPs Yavor Kumiumdzhiev and Tasko Ermenkov, both of the members of the parliamentary Energy Committee, Capital Daily wrote.

The changes, which are mainly related to the planned construction of South Stream gas pipeline, are yet to pass a second reading. According to its authors, the text aims to create legal ground for easier construction of energy infrastructure bringing gas to the EU from countries outside the Union.

As of Article 1 the draft introduces the term "sea pipeline", not included in the Energy Act until now. This formulation is not present within the European directive on gas markets, so it should not comply with the rules of 3rd party access. What, the definition of an interconnector pipeline is modified to describe "a gas transport pipeline which traverses the border or lies on the territories of two EU member-countries with the sole purpose to connect their gas transport systems".

If the changes pass second reading, South Stream will have a similar statute as gas interconnectors, exempting it from 3rd party access rules of the EU. This draft document strongly clashes with the fact that earlier Bulgaria gave its consent for the European Commission to handle the talks with Russia's Gazprom on the exemption of South Stream. The European Commission has declined to comment so far, Capital Daily reported.

Shifting energy trends blunt Russia's natural-gas weapon

The Washington Post, *02.03.2014*

While Russia flexes its military might at its Black Sea naval base in Crimea, Moscow has another weapon that it has wielded against Ukraine in the past: natural gas supplies.

Russia provides more than half of Ukraine's natural-gas needs and since 2006 has twice curtailed supplies in disputes over politics, price and late payments. Those supply cuts rattled countries across Europe that depend on the Russian pipelines that run through Ukraine. But changes in the global trade in natural gas have blunted Moscow's weapon, forcing the Russian pipeline monopoly Gazprom to cut prices worldwide and giving Ukraine more bargaining power.

The boom in U.S. shale gas has left gas-exporting countries shopping for other customers. Europe, as it adds terminals to handle liquefied natural gas, will be able to offset its own declining production with supplies from countries such as Qatar. And in 2012, Norway's Statoil sold more gas to other European nations than Russia's Gazprom. "Since the Russian supply cuts in 2006 and 2009, the tables have totally turned," said Anders Aslund, a fellow at the Peterson Institute of International Economics who has advised Russia, Ukraine and Kyrgyzstan. Aslund said Ukraine once rivaled Germany as Gazprom's biggest customer. Now, he said, "Gazprom's challenge is to stay in the Ukrainian market."

In December, Gazprom said it would discount the price paid by Ukraine, cutting it from about $11.50 per thousand cubic feet to $8.10. But that only brought Ukraine's prices roughly in line with those being paid in other parts of Europe. Gazprom said it would review the price every quarter, meaning a new reset is possible at the end of March. As clunky Soviet-era factories and mines have become more efficient or gone out of business, Ukraine's domestic gas consumption has dropped nearly 40 percent over the past five years, cutting its imports from Russia in half, according to a report by Sberbank Investment Research. Domestic consumption might drop further if Ukraine trims the generous subsidies it gives households using natural gas, although so few households are paying their bills that it might not matter.

"People will go from not paying the lower price to not paying the higher price," said Thane Gustafson, senior director of Russian energy for the consulting firm IHS CERA. The gas subsidies and delinquent payments lie at the center of Ukraine's economic problems and tension with Moscow. Even if residential customers paid up, the Ukrainian state energy company, Naftogaz, would lose money on those sales. That contributes to its failure to keep up payments to Gazprom, which on Feb. 3 said Naftogaz owed $3.3 billion for deliveries over the previous 13 months. Naftogaz's losses will grow as it sells in the battered local currency and buys gas priced in dollars, Sberbank noted.

“An inefficient and opaque energy sector continues to weigh heavily on public finances and the economy,” the International Monetary Fund said, noting that energy subsidies reached 7.5 percent of Ukraine’s GDP in 2012. “The very low tariffs for residential gas and district heating cover only a fraction of economic costs and encourage one of the highest energy consumption levels in Europe,” the IMF said in December. In the long run, Ukraine could boost domestic production. Late last year, it signed shale gas accords with Chevron and Royal Dutch Shell; each will invest $350 million in five-year exploration programs and $10 billion for development in the western part of the country, Ukrainian officials have said. However, Chevron, whose block covers 1.6 million acres, said drilling hasn’t started.

It still needs to iron out an operating agreement with its partner, the mostly state-owned firm Nadra Oles’ka, said Chevron spokesman Kent Robertson. The ousted government had also been negotiating with a group led by Exxon Mobil, which wants to explore for oil and gas in a deep-water block in the Black Sea. In January, as protesters thronged the square in the heart of Kiev, Kevin Biddle, Exxon Mobil’s vice president for Europe, traveled to the city to negotiate. Now, the upheaval of the past two weeks has thrown Ukraine’s gas strategy into greater confusion. “There is no government and there are no agencies to do business with,” said Simon Pirani, senior research fellow at the Oxford Institute for Energy Studies. “How high up the list of priorities it is is anyone’s guess.”

“We remain hopeful that negotiations can resume at the appropriate time,” Exxon Mobil spokesman Patrick McGinn said. Even if the deals with foreign companies advance, Ukraine will need to import about half of its gas needs, meaning that relations with Gazprom remain important. In past years, Russia tied its natural gas prices to crude oil prices, but as gas supplies grew more plentiful and crude oil prices soared, customers resisted. In 2012, many European industrial users and power plants switched to coal, and Russia agreed to renegotiate. The link between gas and oil prices has been severed for about half of Russia’s gas sales. Gazprom also agreed to eliminate contract clauses that said a country such as Germany could reship Russian gas only with Gazprom’s approval.

As a result, Ukraine ended up paying more than Gazprom’s customers in Germany, and last year Ukraine imported small quantities of natural gas from Germany and Hungary through pipelines in Slovakia and Poland, experts say. Germany buys gas from a variety of countries, but rerouted Russian gas has effectively been undercutting other Russian gas. “Ukraine has reduced its consumption of Russian gas, which puts them in a less vulnerable situation. Also the hardest part of winter is over. And there is a fair amount [of gas] in storage,” said a senior Obama administration official who spoke on the condition of anonymity because of the sensitivity of the issue. “Ukraine is obviously still in a precarious situation,” he added, “though very different from what it was in 2009.”

Ukraine increases Russian gas imports, braces for hike

Hürriyet Daily News, *03.03.2014*

Ukraine has increased gas imports from Russia over the last few days, a spokesman for Ukraine's gas transit monopoly said on March 3, amid warnings that state gas producer Gazprom might scrap a discount on prices.

As concerns grow over gas supplies after Russian President Vladimir Putin won parliamentary approval to invade Ukraine, analysts say Kyiv is trying to import as much gas as possible at the lower prices. Moscow, has warned Kyiv it could lose the discount it currently gets from Gazprom due to Kyiv's outstanding gas debt. We doubled our gas imports from Russia.

We imported 45 million cubic metres of gas on March 1, 2014, compared with 20 million on March 1, 2013," said Maxim Belyavsky, a spokesman for Ukraine's gas transit monopoly Ukrtransgas. Ukraine is a major buyer of gas from Gazprom, which exported almost 26 bcm of gas to its neighbour last year, more than half of the 50.4 bcm it consumed. Russian gas industry sources also said Ukrainian state energy company Naftogaz had imported 27.6 million cubic metres (mcm) on Feb. 26, 45.8 mcm on Feb. 27, 60 mcm on Feb. 28 and 44.5 mcm on March 1. This was compared with 28 mcm per day as of Feb. 24, according to two Russian industry sources.

Ukraine is also a key transit route for Russian gas to the European Union and Turkey, where Gazprom increased its supply share to 30 percent in 2013 by boosting exports to a historic high of 162.7 bcm. More than half of that, or 86 bcm, went through Ukraine. Russia has been accused of using gas as a way to pressure its neighbour, and in earlier price disputes in 2006 and 2009 Moscow has cut off supplies at the height of winter. Gazprom says there has been no effect on transit from events in Ukraine, where the West says Russian troops have taken control of the southern Crimea peninsula, home to Russia's Black Sea fleet and a large population of ethnic Russians. Gazprom's Deputy Chief Executive Alexander Medvedev said yesterday that transit would be at least 70 bcm this year.

But some analysts said the seizure of Crimea put the transit in jeopardy. "Vladimir Putin's Crimean plan increases the risk of interruption of transit flows of Russian gas through Ukraine. Russian gas supplies via Ukraine can stop any day," said Mikhail Korchemkin of U.S.-based consultancy East European Gas Analysis. "The heating season is ending, and Ukraine would be able to live on without any imports of Russian gas for about seven months. Gazprom would be losing about one-third of its monthly export revenue." Andrei Kruglov, Gazprom's chief financial officer, repeated warnings that the company may increase gas prices for Ukraine after Russia agreed in December to reduce it by about a third, to $268.50 per 1,000 cubic metres from around $400, which Ukraine had paid since 2009.

Russia warns Ukraine may lose gas discount

The Moscow Times, *02.03.2014*

Russia issued several warnings on Saturday that Ukraine may lose a discount on the gas price it now pays to Gazprom due to Kiev's outstanding gas debt. Russia's state gas company Gazprom estimates Ukraine's outstanding gas debt at $1.55 billion for 2013 and gas deliveries so far this year.

"It seems that with such gas payments and fulfilment of its obligations, Ukraine may not keep its current gas discount. The gas discount agreement assumed full and timely payment," Gazprom spokesman Kupriyanov told Reuters. Russia's warnings on gas prices come as the bitter and fast-moving dispute between the two nations.

A price increase would deepen Ukraine's already dire cash situation and could lead to a new "gas war" between Kiev and Moscow as well as interrupt gas shipments to Europe, which gets about one-third of its gas from Russia. In December, Russia agreed to reduce gas prices for Kiev by about a third, to $268.50 per 1,000 cubic metres from $400 which Ukraine had paid since 2009, after ousted President Viktor Yanukovych spurned a European Union trade deal in favour of closer ties to Moscow. The deal allowed for the price to be revised quarterly between the fifth and th day of the first month every quarter. A Russian Energy Ministry representative said on Saturday that Moscow sees no reason to extend the discount to Ukraine for the second quarter — because of the outstanding debt, Interfax reported.

"If this continues to happen, is there any point in continuing the existing agreement on gas supplies at discount prices? No," an unnamed ministry representative said, the agency reported. "It is important that the proposal for a reduced gas price is confirmed quarterly. It would be stupid and wrong to extend it to the second quarter." Ukraine's newly appointed Energy Minister Yury Prodan told reporters on Saturday that the price for Russian gas would stay unchanged in March but it could jump to $400 per 1,000 cubic metres in the second quarter if the two sides fail to sign an agreement. Ukraine, which has seen its currency spiralling down and cash and gold reserves falling significantly as a result of the political protests that led to the ousting of Yanukovych last weekend, is in dire need of cash.

It faces a further $6 billion in foreign debt payments this year and has asked the International Monetary Fund for financial assistance of at least $15 billion. Ukraine's newly appointed leaders estimated Kiev's needs at around $35 billion. Prodan told journalists that the Ukrainian energy firm Naftogaz is in "active talks" with Gazprom over pricing. Ukraine consumes about 55 billion cubic meters of gas each year, and more than half of this amount is imported from Russia. Previous disputes over gas prices between Russia and Ukraine in the winters of 2006 and 2009 led to stoppages in exports to Europe at times when consumption demand was at its peak due to the cold weather.

Gazprom reminds Ukraine of ‘huge debt’

Ein News, *01.03.2014*

Russia’s gas company Gazprom said on Saturday that Ukraine has a “huge” outstanding debt of USD 1.55 B, which must be paid off. The company’s spokesperson Sergei Kuprianov told the RIA Novosti news agency that Ukraine might lose the preferential gas prices.

“Our relations with Ukraine are fine and the transit is running, but they must pay for the gas”, Kuprianov said. “Currently the outstanding sum is huge, not only for last year, but for the current deliveries.” It is expected that in the current situation the deal between Gazprom and Ukraine’s Naftogaz might be reconsidered.

Russia’s Prime Minister Dimitri Medvedev also hinted earlier this week that the prices will be renegotiated. In the end of last week Russian media reported that Russia’s state budget and the Russian business might suffer losses of up to USD 8 B because of the events in Ukraine.

Russian monopoly Gazprom keeps supplies stability to Europe

Ein News, *01.03.2014*

The Russian Monopoly Gazprom kept during February fuel supply to Europe at the level of stable parameters in the last few months of about 13.1 billion cubic meters, certified today the official spokesman of the consortium Serguei Kuprianov.

He pointed out that in January the Main Russian exporting company pumped to the European destination 16 billion cubic meters of fuel, equivalent in volume to 13.2 percent less than in equal period of 2013. Kuprianov reported that Gazprom withhold in February supplies at the same level and the increasing demand of the previous month did not represent and obstacle to meet the customers’ commitments.

According to the monopoly the united system of gas transportation reached a record level of demand late in January when the valves pressure rose to 1.790 billion cubic meters. As the plan indicates, 2014 Gazprom expect to export to Europe will be as minimum 150 billion cubic meters. In 2013 deliveries to customers from Europe grew 16 percent, while average prices of the so-called blue fuel felt to 5.5 percent.

Gazprom may be seriously hurt by the Crimean conflict

Natural Gas Europe, *05.03.2014*

For many years, Gazprom executives were talking about the elimination of gas transit through Ukraine. Their dreams may turn into reality any day now. Crimean conflict has increased the risk of interruption of transit flows of Russian gas through Ukraine to Europe.

Ukrainian radicals may be tempted to punish Vladimir Putin by breaking into regional offices of Ukrtransgaz and turning off the taps. Last year, about 55 percent of European gas exports of Russia were shipped through Ukraine. In case of emergency, Gazprom and the EU can reduce the Ukrainian share to one-third by fully loading the Nord Stream pipeline.

However, without Ukrainian transit, Russian gas export monopolist would be able to fulfill just about two-thirds of its contractual obligations. The timing of conflict is bad for Gazprom. It is early spring now and gas demand for space heating is going down every day. Ukraine would be able to survive without any imports of Russian gas until about mid-October. Having Nord Stream fully loaded, European customers are unlikely to notice the loss of one-third of daily flow of Russian gas until the next winter. Note, that the winter of 2014-2015 may create serious problems for everybody if there is not enough gas injected into storage facilities in Western Ukraine.

Unlike Ukraine and European importers, the state-controlled Russian giant cannot afford losing a third of its monthly export revenue even for one month. Especially, if it is combined with complications in getting loans from foreign banks. There is no money in the federal budget for additional subsidies to Gazprom and Russian government has already promised to freeze the domestic price of gas (not that the end use industrial price of gas in Russia is the same as in the US). Vladimir Putin has a choice between withdrawing from Crimea and seriously hurting or even bankrupting Gazprom. I think, for Russia's president Gazprom is a way more important. So, facing the US and the European Union, Putin is likely to blink first.

PM: LNG terminal to make Lithuania's talks with Gazprom easier

The Lithuania Tribune, *04.03.2014*

It will be easier for Lithuania to negotiate with Russia's Gazprom on lower gas prices once its LNG terminal is operational, Prime Minister Butkevičius said on Tuesday.

"With the LNG terminal in operation, Lithuania will have diversified its gas market and will have an alternative source of gas supply. Naturally, this will facilitate talks with Gazprom, because we will be able to say that we have a possibility to receive gas from other countries as well," he said on LRT Radio. Butkevičius on Tuesday is in Klaipėda to chair a meeting of a commission in charge of the LNG terminal project implementation.

President Dalia Grybauskaitė has also said recently that the LNG terminal will enable Lithuania to negotiate for cheaper gas not only with Gazprom, but with other suppliers as well. She said a week ago that the Russian supplier's latest offer to Lithuania was unacceptable, but she authorized the government to continue negotiations. While Butkevičius admitted that Gazprom's latest gas price offer was the lowest ever, Grybauskaitė said that the discount came at Lithuania's expense. Lithuania's negotiating team this week is leaving for Moscow to continue negotiations with Gazprom, which is now Lithuania's sole natural gas supplier.

Energy Minister: Naftogaz management to be replaced

Kyiv Post, *01.03.2014*

Ukrainian Energy and Coal Industry Minister Yuriy Prodan anticipates reshuffles in the top management of the national energy provider Naftogaz Ukrainy.

"Yes, certainly, it will be changed," Prodan told journalists in Kyiv on Saturday when asked whether any reshuffles were expected in the company's management.He said there are several possible candidates to lead Naftogaz.

Russia remains central to European energy security, says IEA

Natural Gas Europe, *05.03.2014*

Russia's hydrocarbon exports to Europe remain the backbone of the European energy portfolio, said the International Energy Agency on Wednesday, adding that Ukraine's role is gradually fading out.

'There has been no physical disruption in supplies of crude oil or natural gas transiting Ukraine to Europe. While the IEA Secretariat is constantly monitoring oil and gas markets, remains in communication with member countries and stands ready to respond in the event of a major supply disruption, the current situation to date does not call for an IEA response,' reads a note released by the organization.

Imports from Russia to Europe in 2013 totaled 167.2 billion cubic meters, registering a 12% year-on-year increase. But the transit through Ukraine keeps decreasing as a percentage of the total imports. The transit through Ukraine accounted for 64.99% in 2010, 63.38% in 2011, 53.31% in 2012 and 49.22% in 2013.'The southern leg of the Druzhba pipeline, Russia's main artery for supplying crude oil to central Europe, runs through Northern Ukraine and has capacity of 400 kb/d but has been used at roughly three-quarters capacity for the past several years. It is the largest source of crude oil supply for Slovakia, Hungary and the Czech Republic,' explains the note.

Jordan, Egypt, Iraq sign gas transport agreements

Natural Gas Asia, *07.03.2014*

Jordan, Egypt and Iraq sealed on Thursday two cooperation agreements in the field natural gas, Jordan's Petra New Agency reported.

The first agreement deals with transferring natural gas through the Arab Gas Pipeline. The second agreement requires connecting the import of liquefied natural gas project to the gas tube with a link up with the Jordanian Ministry of Energy and Mineral Resources and the National Electricity Company on the one hand and the Jordanian Egyptian FAJR company for Natural Gas Transmission and Supply on the other, added Petra News Agency.

CNPC completes Sichuan shale gas preliminary development plan

Natural Gas Asia, *02.03.2014*

CNPC has completed its preliminary development plan of its shale gas exploration project in northwestern province of Sichuan, reports Xinhua citing a report in Shanghai News.

The development augers well for country's shale gas production as China is expected to surpass production target in 2015, the report says. China is aiming to produce 6.5 billion cubic meters of production in 2015, which was thought to be a difficult task given the slow progress of commercial development practices. CNPC now has nine shale gas wells running at its Sichuan shale gas fields, with accumulated production of over 80 million cubic meters.

Other 110-plus wells will be put into operation by the end of the second quarter of 2015, according to the report. Exploration efforts in the resource-rich Sichuan Province, which boasts about 27.5 trillion cubic meters of shale gas, make it possible for China to meet and even beat next year's production target, according to the report.

China discovered 616.4 bcm of gas reserves in 2013

Natural Gas Asia, *02.03.2014*

China discovered around 616.4 billion cubic meters of natural gas reserves in 2013, a report by the Ministry of Land and Resources said, reports news agency Xinhua.

According to the ministry, 381.9 billion cubic meters of natural gas can be exploited with the current technologies. Country's natural gas production last year stood at 117.6 billion cubic meters, rising 9.1 percent year-on-year. Hydrocarbon discoveries maintained a strong momentum in 2013 with steady production increase as China strengthened its exploration efforts and made breakthroughs, said the ministry.

Oil export ban can be lifted piecemeal, analysis says

Oil Gas Center, *03.03.2014*

Obama should follow the lead of previous commanders-in-chief by creating exceptions to the US' 39-year-old ban on exporting American crude, Murkowski argued Monday.

The once-absolute trade restrictions, first imposed in the wake of the 1973 oil embargo, have been softened over time, as presidents created exceptions for exports to Canada, oil flowing from Alaska and Californian crude, according to a 51-page white paper Murkowski released Monday. The document, which traces the history of six separate presidential carve-outs to the oil export ban, revives the debate over the issue ahead of Murkowski's planned.

And it helps make the case that the Obama administration can lift the crude export ban in a piecemeal fashion, perhaps beginning with small exceptions for the estimated 1 million barrels per day of lease condensates that flow along with crude out of U.S. oil wells. That could relieve some of the pressure to find domestic markets for the lease condensate that flows out of the Eagle Ford formation and is blocked from foreign sales under the 1975 export ban, even though it is technically too light to be considered crude according to industry standards. Such a discrete change also would also have big political advantages, allowing the administration to circumvent a big legislative battle on Capitol Hill and make a meaningful move to relax the ban without throwing it out entirely."

Presidents from both political parties have found limited exports to be in the national interest on multiple occasions," Murkowski said in her analysis. "The historical record is clear that the executive branch retains the authority to permit crude oil exports under certain conditions." Former President Ronald Reagan made the first major change to the export ban in 1981, when he removed limits for gasoline, diesel and other refined petroleum products, but former Presidents Bill Clinton and George H.W. Bush directed subsequent exceptions. Not everyone agrees with Murkowski's analysis. Sens. Ed Markey, D-Mass., and Robert Menendez, D-N.J., issued their own analysis in January concluding that the Commerce Department does not have "broad authority…to independently allow for exports."

In each of the previous cases, presidents determined specific classes of exports were justified by the "national interest," a standard written into the 1975 law. Murkowski previously has urged Obama's Commerce Department to exploit another provision in the export ban and conclude that the light, sweet crude flowing out of American fields cannot "reasonably be marketed" because many U.S. refiners are geared toward processing heavier varieties. Although some U.S.-owned refiners are adapting facilities to take advantage of domestic light, sweet crude supplies, other foreign-owned facilities have few incentives to make the switch. For instance, Citgo — a U.S. subsidiary of Venezuela's Petroleos de Venezuela– is likely to continue processing heavy crudes from that nation.

Announcements & Reports

► *Petroleum Marketing Monthly*

Source : Energy Information Administration
Weblink : http://www.eia.gov/petroleum/marketing/monthly/pdf/pmmall.pdf

► *Indonesia Country Analysis Brief*

Source : Energy Information Administration
Weblink : http://www.eia.gov/countries/analysisbriefs/Indonesia/indonesia.pdf

Upcoming Events

► *Iranian Association for Energy Economics International Conference*

Date : 08 – 09 March 2014
Place : Tehran – Iran
Website : http://iraee.org/Iran-post-sanctions-Energy-and-Environment/

► *2nd Eastern Mediterranean Gas Conference*

Date : 10 – 12 March 2014
Place : Tel Aviv – Israel
Website : http://www.cvent.com/events/eastern-mediterranean-gas-conference/event-summary-e32df9adca4b4fe6aea63c049a85b9eb.aspx

► *4th Annual Energy Trading Regulations & Compliance 2014 Summit*

Date : 11 – 12 March 2014
Place : London – UK
Website : http://www.etrcsummit.com/#!home/c1trp

► *CIPPE 2014*

Date : 19 – 21 March 2014
Place : Beijing – China
Website : http://www.cippe.com.cn/2014/en/

► Unconventional Gas Aberdeen 2014

Date : 25 – 26 March 2014
Place : Aberdeen – UK
Website : http://www.unconventionalgasaberdeen.com/

► 8th Atyrau Regional Petroleum Technology Conference

Date : 1 – 2 April 2014
Place : Atyrau – Kazakhstan
Website : http://www.oiltech-atyrau.com/

► TUROGE 2014

Date : 9 – 10 April 2014
Place : Ankara – Turkey
Website : http://www.turoge.com/

► 13th Uzbekistan International Oil & Gas Exhibition

Date : 13 – 15 May 2014
Place : Tashkent – Uzbekistan
Website : http://www.oguzbekistan.com/

► 5th Turkmenistan Gas Conference

Date : 21 – 22 May 2014
Place : Ashgabat – Turkmenistan
Website : http://www.turkmenistangascongress.com/

► 21st Caspian International Oil & Gas Exhibition

Date : 3 – 6 June 2014
Place : Baku – Azerbaijan
Website : http://www.caspianoil-gas.com/

► International Conference of Energy and Management 2014

Date : 5 – 7 June 2014
Place : Istanbul – Turkey
Website : http://www.bilgi.edu.tr/en/news-and-events/news/3189/call-for-international-energy-and-management-conference/

► 2014 EIA Energy Conference

Date : 14-15 July 2014
Place : Washington– USA
Website : http://www.fbcinc.com/e/eia/?src=home-b1

► *4th Erbil Oil & Gas International Exhibition*

Date : 1 – 4 September 2014
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► *South Russia Oil & Gas Exhibition*

Date : 2 – 4 September 2014
Place : Krasnodar – Russia
Website : http://oilgas-expo.su/

► *2nd East Mediterranean Oil & Gas Conference*

Date : 9 – 10 September 2014
Place : Paphos – Greek Cyprus
Website : http://www.eastmed-og.com/Home.aspx