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Energy bourse shares collect 114 firm application

Hurriyet Daily News, *04.09.2014*

A total of 114 companies have made bids to acquire shares in the company that will be founded to manage Turkey's new energy bourse, the head of the country's energy watchdog has announced.

Energy Market Regulation Board (EPDK) Chairman Mustafa Yilmaz said 114 electricity and natural gas companies that want to own stakes in the Energy Markets Business Corporation (EPİAŞ) have applied to the EPDK. EPİAŞ is designated to serve as the sole energy exchange of Turkey and will be integrated into Borsa Istanbul, the umbrella institution that all the exchanges in Turkey operate within.

While the Turkish Electricity Transmission Company (TEİAŞ) and Borsa Istanbul, will own 30 percent each, the remaining 40 percent portion of the bourse will be allocated to the private sector. In a written statement released on Aug. 3, Yilmaz said 100 of the applicant companies operate in electricity sector, while 14 of them are natural gas firms. The total amount of demanded share for the 61.57 million-Turkish Lira capital company is calculated as 63.89 million units, according to initial findings, he added. Yilmaz said the EPDK would review the applications within the EPİAŞ partnership articles and related regulations and finalize its decision. The chairman said EPİAŞ's mission was to ensure efficient, transparent and credible planning, develop and manage organized wholesale markets, maintain fair and reliable price creation and encourage new investments.

Looking to Europe, Turkey increases investment in Azeri gas

Al Monitor, *30.08.2014*

Turkey wants to free itself from foreign dependence on energy following the realization that the cost of energy was the main cause of the $65.1 billion deficit in 2013. As of June, the current deficit is $52.176 billion, marking a $13 billion improvement.

Almost the entire current deficit is the result of energy product imports. Natural gas needs are met mostly by Russia, Iran, Turkmenistan and Azerbaijan. Turkey last week took a major step. To reduce dependence on external sources, a major natural gas resource abroad was made partly Turkish-owned when the Turkish Petroleum Corp.

(TPAO) increased its share in Azerbaijan's Shah Deniz-2 gas field. According to information given to Al-Monitor by sources in the Energy Market Regulatory Board, the initial idea was to have Turkey's Pipeline Oil Transport Corp. (BOTAS) to buy 10% of the Azeri shares, thus bringing Turkey's total share to 19% along with the 9% already owned by TPAO. But the plan was modified when it became clear that BOTAS could not explore and produce at the same time and TPAO had ample funds available. It was decided that TPAO's share will be increased instead. TPAO was successful in locating additional resources and last week bought 10% of shares from French company TOTAL for $1.45 billion.

TPAO financed $450 million of the price from its own sources while securing $1 billion from Turkey's Is Bank and VakifBank. With the contract signed, TPAO also bought 10% of TOTAL's share in the South Caucasus Pipeline project, increasing its share there to 19%. Thus, Turkey has become the second majority shareholder of Shah Deniz after BP. Turkey, with BP and other partners, will produce natural gas for the next 50 years from the 468-square-kilometer (181-square-mile) Shah Deniz field to meet its own needs and to sell to Europe. This is said to be the largest international investment by a Turkish company to date. Construction of the 1,800-kilometer (1,118-mile) Trans-Anatolia Natural Gas Pipeline (TANAP) project will start at the beginning of 2015.

The cost for the part of the pipeline in Turkey is estimated at $7 billion. Sources told Al-Monitor that this can rise to $9 billion to $10 billion. Moreover, because Turkey increased its shares in the Shah Deniz field and South Caucasus Pipeline project, it will have to contribute $2 billion to $3 billion for the construction of the pipeline from Azerbaijan to Turkey. Azerbaijan used to own 80% of TANAP with Turkey owning the remaining 20%. Turkey's share was later increased to 30%.The natural gas that will be produced by the Shah Deniz field and constitutes a serious alternative to Russia will reach European consumers in four years. Feasibility reports on 21 Turkish provinces where the pipeline will traverse and on required land acquisitions have been completed. Reports on environmental and social effects have been finalized, too.

The 56-inch pipeline that exits Azerbaijan and reaches Turkey via Georgia will have its European exits at the Greek and Bulgarian borders. Its final terminal will be in Italy. Turkey will meet its own needs from terminals to be built in Eskisehir and western Thrace. Gas will be pumped by TANAP in 2018. The target for 2020 is annually 16 billion cubic meters (565 billion cubic feet), 23 billion cubic meters (812 billion cubic feet) in 2023 and 31 billion cubic meters (1,095 billion cubic feet) in 2026. Azerbaijan has natural gas reserves outside the Shah Deniz-2 field with proven reserves of 3 trillion cubic meters (106 trillion cubic feet). This reserve also increases the importance of the TANAP project. About $45 billion will be invested for the construction of the pipeline.

The project has created much excitement, because it will make Turkey a partner in a major natural gas resource instead of being just a consumer of energy from external sources. Nevertheless, Europe wants TANAP to become operational quicker as they do not have much trust in Russia, especially during winter. Because of the fear that after Russia responded to European sanctions over Ukraine by boycotting European foodstuffs, it can also opt for retribution with natural gas. The operation of the natural gas pipeline that reaches Europe via Ukraine is already creating concerns. Europe has embarked upon an urgent search for alternate sources while following TANAP closely, which will be a key project for the natural gas supply — not only for Turkey but also for Europe. It's already reported that the project could be expedited because of "urgent needs."

Turkey's energy advances to be discussed in Bulgaria

Anadolu Agency, *03.09.2014*

Bulgaria's top energy official said that Bulgarians want to benefit from Turkey's energy expertise and organizers will welcome Turkish experts and investors to a conference to be held in Sofia in October. The 5th Regional Energy Conference: Regional Energy Development and Energy Security will be held Oct. 28-29 in Sofia.

"Turkey and Bulgaria have common projects that would benefit both countries," Ivan Hinovski, chairman of the Bulgarian Energy and Mining Forum, told an AA reporter. "These are Trans Adriatic Pipeline, which that would be a natural gas inter-connecter project", he said.

"And we want to host experts who would like to talk about the shape and infrastructure of the project", he added. The pipeline will run from the border between Turkey and Greece, near Kipoi. From there it will cross Greece, Albania and the Adriatic Sea before terminating in Italy. It will be 539 miles (867 kilometers) long, and it is expected provide a new source of gas for Europe. Construction will start in 2016. Bulgarian President Rosen Plevneliev said last Thursday he hoped his country would be linked to the Trans Adriatic Pipeline through Turkey and Greece. The opening ceremony for the project will be held Sept. 20-21 in Baku, Azerbaijan.

"We also need to have a Turkish partner who can comment on the Tundja River project from Turkish point of view, in addition to the views of a Bulgarian expert," said Hinovski. He said the participation of Turkish experts would be highly significant in terms of sharing experiences and establishing cooperation between the countries. Hinovski is also the former president of Bulgarian Energy Holding, a state-owned energy holding company. He said Bulgarians attach great importance to energy cooperation with Turkey. The Tundja River is a tributary connected to the Maritsa River at Edirne, a city in extreme northwestern Turkey near the Greek and Bulgarian borders. The Tundja River project is a dam planned for the Bulgarian-Turkish border that would generate electricity for both countries and prevent frequent spring floods in the Thrace region. "We wanted to hear about the progress and structure of renewable energy sector in Turkey and its overall of percentage in Turkey's energy power," Hinovski said.

Kurdish oil exports mark 10 million barrels despite Baghdad's woes

Hurriyet Daily News, *04.09.2014*

Turkish Energy Minister Taner Yildiz has said the total exports of Kurdish Iraqi oil through Turkey since May has reached 10 million barrels, amid ongoing tension with the Iraqi government over the legitimacy of the sales. At a news conference with members of the Economy Correspondents Association on Sept. 4, Yildiz said the 13th oil tanker had been loaded with oil at the port of Ceyhan.

He said 180,000 barrels of oil were being transferred to Turkey on a daily basis from northern Iraq and $188 million had been paid into Turkey's Halkbank by the Kurdish Regional Government (KRG).

Twelve oil tankers, which have a maximum storage capacity of 2.5 million barrels, have left Ceyhan, but only the content of two of these tankers has been sold so far. The KRG's decision to ship oil independently has been met with strong criticism from Baghdad, which sees itself as the sole authority of Iraqi oil. Baghdad said the sale of the oil is illegal and has taken the case to an international arbitration court, despite the Kurdish government and Turkey insisting that the sale is in compliance with the Iraq's constitution.

The Iraqi region of Kurdish is also currently locked in a legal battle with the Iraqi central government over the ownership of the oil located on the United Kalavrvta tanker. Baghdad filed a lawsuit at a United States court to stop the delivery of the Kurdish crude oil, which is estimated to be worth around $100 million. However, satellite tracking showed that the tanker has pulled its anchor from the water and set sail for the first time since entering the Gulf of Mexico in July, further deepening questions over the future of the oil. Meanwhile, Yildiz also harshly denied claims that Turkey was buying oil from Islamic State of Iraq and the Levent (ISIL).

Disputed Kurdish oil tanker reappears off Texas coast, still full

Reuters, *01.09.2014*

A tanker carrying disputed Iraqi Kurdish crude oil reappeared on satellite tracking on Monday near Texas, days after having gone silent with a $100 million cargo, but it had not offloaded at sea. According to AIS ship tracking data used by the U.S. Coast Guard and Reuters, the United Kalavrvta, which has been in limbo for weeks, was still 95 percent full.

Its would-be U.S. buyer has balked at taking delivery of the cargo, and Baghdad has filed a lawsuit in a U.S. court saying exports by the Kurdish Regional Government (KRG) are illegal. The KRG argues they are allowed under the Iraqi constitution.

The vessel was anchored on Monday in the Galveston Offshore Lightering Area, essentially unmoved from its previously known position. Vessels such as the United Kalavrvta, which are too big to enter ports near Houston, use the lightering area to transfer their cargoes to smaller ships before delivery. Baghdad has made clear it could file more legal challenges to regain control of the cargo if it comes ashore. Several other tankers carrying crude from Iran or Iraqi Kurdish have in the past unloaded cargoes after switching off their transponders, which makes their movements hard to track.

The partially full Kamari tanker carrying Kurdish crude disappeared from satellite tracking north of Egypt’s Sinai about a week ago. It reappeared empty two days later near Israel. And in July, the tanker United Emblem offloaded part of its cargo of Kurdish crude onto another ship in the South China Sea. The U.S. suit shows Baghdad is stepping up a legal and diplomatic push to stop Kurdish from exporting crude, which the Kurds say is crucial to their dreams of independence from Iraq.

Gazprom starts commercial oil supplies from Iraq's Badra field

ITAR-TASS, *01.09.2014*

Gazprom Neft, the oil arm of Russian energy giant Gazprom, has started commercial oil production and supplies from the Badra field in southeastern Iraq, Gazprom Neft said on Monday. "Gazprom Neft, the operator of the Badra oilfield in Iraq, announces that first oil from the field is now being delivered to Iraq's main pipeline system for transfer to the export terminal in Basra (the Persian Gulf)," Gazprom Neft said in a statement.

Current deliveries from Badra to the pipeline amount to over 15,000 barrels of oil per day and this level will be maintained until the end of 2014.

Under the service contract signed with the Iraqi government, the consortium of investor companies will begin receiving a share of the oil produced at the field after a period of 90 days following the launch of commercial supplies. All the oil produced in southern Iraq, including at Badra, is Basrah Light oil. The Iraqi State Oil Marketing Organization (SOMO) is responsible for oil sales and each quarter will be delivering a share of oil to the investor companies to compensate for their initial project costs, Gazprom Neft said. "Once these project costs have been covered, the investor companies will receive remuneration in kind for ongoing development at the rate of $5.5 of oil per barrel produced. Each investor company will be selling their share of oil independently," the statement said.

The first oil from the Badra field was produced in December 2013. The final commissioning at the oilfield and the testing of production and transportation infrastructure began in May 2014. Two wells are currently in production at the Badra field and a further three wells are being drilled under a contract with the Chinese company ZPEC. Under the service contract, production at the oilfield will reach 170,000 barrels of oil per day. "Over the period of just a few years, a consortium of companies led by Gazprom Neft has fully prepared Badra, one of the most complex geological field structures in Iraq, for full-scale commercial development," Gazprom Neft CEO Alexander Dyukov said. "This is the first major international project in upstream the company has implemented from scratch. The unique experience gained during this project will contribute to our development of future projects both in Russia and internationally".

The Badra oilfield is located in the Wasit province in eastern Iraq. According to preliminary estimates, geologic reserves at the Badra field amount to 3 billion barrels of oil, Gazprom Neft said.
The Badra oilfield development project is scheduled to last 20 years with a possible 5-year extension. The contract with the Iraqi government for the development of the Badra oilfield was signed in January 2010 after the completion of a bid process in December 2009. The winning bid was submitted by a consortium of companies consisting of Gazprom Neft, KOGAS (Korea), PETRONAS (Malaysia), and TPAO (Turkey). Gazprom Neft acts as the project operator.

Israel and Jordan plan a USD 15 billion deal

Natural Gas Europe, *04.09.2014*

A Memorandum of Understanding was signed between the Kingdom of Jordan and Noble Energy representing the Leviathan partners for the export of 45 BCM of gas from Israel to Jordan over 15 years. The USD 15 billion deal will turn Israel into Jordan's main supplier of natural gas.

The Kingdom historically relied on Egypt to satisfy over 95% of its natural gas needs. In 2011, the sabotaging of the Arab Gas Pipeline that used to carry gas from Egypt to Jordan and Israel led to repeated disruptions in the flow of gas. Jordan entered a severe energy crisis that forced the country to adopt several measures.

These measures are the purchase of expensive fuel products to make up for the shortfalls, the implementation of an energy efficiency plan and the launching of initiatives aimed at developing its indigenous resources. Egypt can no longer be a reliable source of natural gas; it is now undergoing energy problems at home, with a flat production, ongoing export obligations and an increased consumption. Israel too was historically dependent on Egyptian gas. However, the discovery of substantial amounts of natural gas off Israel's coast promised Israel's energy security for decades and its entry into the natural gas markets as an exporter.

Gas was indeed discovered in abundance. The Leviathan and the Tamar fields are Israel's largest discoveries to date and are believed to hold respectively 21 and 10 Tcf of natural gas, enough to satisfy Israel's natural gas needs for years to come and generate an inflow of revenue estimated by the Israeli Government at 60 billions of Shekel. After a lengthy debate that divided Israel's political class, in a June 2013 cabinet decision ratified by the Supreme Court in October of the same year, the country decided to allocate around 40% of its resources for export. Since then, Israel has been struggling to formulate an export strategy.

The complicated geopolitics of the region render the task quite difficult. Israel announced it would start by exporting to immediate neighbours, namely Jordan, the Palestinian Authority and Egypt. The partners in Israel's largest fields also signed letters of intents for the use of Egypt's unused export terminals to reach export markets. Starting with regional deals makes sense from a technical and economical perspective. However, such deals between Israel and its Arab neighbours may upset a few. Israeli officials seem optimistic as they express their hope that the sealing of the agreement will strengthen the economic relations between Jordan and Israel. The final signing is expected in 2014 subject to regulatory approvals in both Jordan and Israel.

EC recommends Ukraine to start repaying Russian gas debts

ITAR-TASS, *30.09.2014*

The European Commission recommends Ukraine to start delivering payments for the supplies of Russian natural gas, Marlene Holzner, a spokeswoman for EU Energy Commissioner Gunther Oettinger, said. She said that the European Commission would work out a schedule for Ukraine's debt repayments to resume deliveries of the Russian natural gas.

Gazprom says Naftogaz's debt has already exceeded $11 billion. Russian energy giant Gazprom halted gas supplies to Ukraine in June over its unpaid debt and filed a $4.5 billion suit to the Stockholm arbitration court.

Later, Kiev reciprocated by sending a suit to the court against Gazprom for making Ukraine overpay $6 billion for gas since 2010, setting too high prices in its contract. Gazprom CEO Alexei Miller said that Gazprom had not received any signal from Naftogaz about the Ukrainian company's readiness to repay debts for natural gas supplied to Ukraine in previous months. Gazprom says this debt has already topped $5 billion. Brussels and Kiev have elaborated a joint position that gas prices for Ukraine should be at the level of $320 per 1,000 cubic meters during the summer season until mid-October and $385 per 1,000 cu m during the heating season. Ukraine however, earlier rejected a seasonal scheme proposed by Gazprom. At a meeting held in Minsk on Tuesday between the leaders of Russia, Belarus and Kazakhstan, which form the Customs Union, EU officials and the Ukrainian president, Russian Energy Minister Novak said that Russia's position was unchanged and Ukraine must repay its $5 billion debt to continue cooperation with Moscow.

Ukraine must ensure gas transit to Europe

FT, *30.08.2014*

Russian-EU gas talks have progressed, but no solution was reached Friday over Russia and Ukraine's gas standoff. Moscow says their $100 gas discount to Kiev stands, and the EU doesn't want gas negotiations to be used to escalate the Ukraine crisis.

The gas situation is 'critical' Russia's Energy Minister Aleksandr Novak said after meeting with EU energy chief Gunther Oettinger in Moscow on Friday. The minister expressed concern about Ukraine's preparations for the winter months as gas supplies dwindle, and warned Kiev might siphon off Europe-bound deliveries.

Russia said the will resume gas deliveries to Ukraine if they pay $1.45 billion of their gas debt, Aleksey Miller, CEO of Gazprom, said. Naftogaz, Ukraine's national oil and gas company, has a total debt of $5.3 billion. Russia again offered Kiev a $100 gas price discount, bringing the total price down to $385 per 1,000 cubic meters, a lower price it charges any of its European customers. However, before Gazprom can offer the discount, Kiev has to begin repaying their debt. In June, Gazprom switched Ukraine to a prepayment system after Kiev refused to pay its billion dollar debt or agree to price negotiations. Russian gas still flows through Ukraine to Europe, but Kiev cannot take any gas they don't pay for up front.

In previous gas disputes, Russia has accused Ukraine of stealing gas. Ukraine will likely run out of natural gas supplies before winter, as the country only has about 15 billion cubic meters in storage. Already, the government had to order a 30 percent cut in gas consumption to save up. If Ukraine cuts off Russian gas transit, it would hit Europe, which sources 15 percent of its energy from Russia. Gazprom is working on strategies to deliver gas without Ukraine. Nord Stream, a set of twin pipelines that run under the Baltic Sea, began sending Russian gas directly to Germany in 2011. The pipe has a 55 billion cubic meter capacity. Russia is also planning on completing a similar project for southern Europe, called South Stream. The country is Europe's main energy source, supplying 30 percent of its natural gas.

The most important transit pipeline between Russia and Europe is the 4,451 km 'Brotherhood' pipeline which stretches across Ukraine into Slovakia, and in 2013 delivered more than 50 billion cubic meters to Europe. In the winters of 2006 and 2009, similar gas rows between Moscow and Kiev led Russia to cut off gas to Ukraine. Ukraine imports nearly 50 percent of its gas from Russia, which in 2013 amounted to 27.7 billion cubic meters. Earlier this week Ukraine's Prime Minister Arseniy Yatsenyuk claimed that Russia has a master plan to stop gas traveling through Ukraine to Europe in the winter months, which Novak later refuted as "groundless." Both countries plan on taking separate cases to the Stockholm arbitration court. Gazprom wants to recover its $5.3 billion in debt and Ukraine is seeking a $6 billion sum for 'unfair' gas prices and asking the court to review prices that were agreed on in 2010 under then-Prime Minister Yulia Tymoshenko.

Deal on Russian gas supplies to China to be signed in October

ITAR-TASS, *02.09.2014*

Russia's Energy Ministry hopes that an intergovernmental agreement on Russian gas supplies to China will be signed in October, Energy Minister Alexander Novak said on Tuesday. "The term has been determined - it is October: we should finalise a final text of the agreement with China and sign it," Novak said.

At present, Russia and China are working on an intergovernmental agreement on gas supplies by the "eastern route". The first gas supplies are expected to start in 4-6 years. The "eastern route" is an extension from the Sila Sibiri (The Force of Siberia) gas pipeline.

The main parameters of supplies are: crossing point in Blagoveshchensk; volume of supply 38 billion cubic metres with a possible increase to 60 billion cubic metres; start of supply 2018. Over the past 10 years, natural gas consumption in China has increased from 24 billion to 100 billion cubic metres a year. There are several possible routes for bringing gas to China. Gazprom insisted that Russian gas be initially supplied to China via the "western route." China insisted that gas be initially supplied by the eastern route, which it believes will reduce the cost of Russian gas supplies. At this point, the cost of Russian gas deliveries, including transportation, is close to China's offer of $250 per 1,000 cubic metres. The agreement on strategic cooperation between Gazprom and CNPC was signed on October 14, 2004. In June 2009, the governments of Russia and China signed a memorandum of understanding for cooperation in the field of natural gas.

Russia increases oil production by 0,7%

ITAR-TASS, *02.09.2014*

Oil production in Russia increased by 2,346 million tonnes (0.7%) in the past eight month as compared to last year's same period to 349.4 million tonnes, while its export declined. Russia produced 44,471 million tonnes in August. Its oil export decreased by 7,647 million tonnes to 148.4 million tonnes in the past eight month. Oil refinery rose by 10.2 million tonnes to 192.1 million tonnes over the period.

Russia's gas output fell 2.8% to 117.6 billion cubic meters in January-August, according to a report published by CDU-TEK, an agency that provides data and analysis to the Energy Ministry.

Of the total, gas output by Gazprom fell by 18.9 billion cubic meters to 287.7 billion cubic meters in the period, while gas output by Novatek increased 3.5 billion cubic meters to 41.686 billion cubic meters. Gas exports rose 0.7% to 128.5 billion cubic meters in January-August. Gas exports to non-CIS countries edged up 1% to 88.989 billion cubic meters, while gas exports to CIS countries fell by 380.43 million cubic meters to 29.887 billion cubic meters. Exports of liquefied natural gas (LNG) increased 0.2% to 9.617 billion cubic meters in January-August. Russia's coal output fell 1.6% to 223.976 million tonnes in January-August, according to a report published by CDU-TEK, an agency that provides data and analysis to the Energy Ministry, on Tuesday. In August, coal output increased 3% to 28.18 million tonnes. Coal exports rose 9.7% to 102.592 million tonnes in January-August, and rose 3.8% to 12.731 million tonnes in August.

Russia to develop energy cooperation with Asia-Pacific countries

ITAR-TASS, *02.09.2014*

Russia intends to develop cooperation with the Asia-Pacific region states in oil and natural gas supplies, as well as in a number of other energy projects, Russian Energy Minister Alexander Novak said on Tuesday.

"The most noticeable changes in world energy are connected with the increased role of the Asia-Pacific energy market," Novak said at the 11th forum of energy ministers of the Asia-Pacific Economic Co-operation Organization (APEC). The growth of Asia-Pacific energy resource consumption is stimulated by the improving living standards of the population and rapid economy development," he added.

"Taking into account Europe's stagnation and demand saturation in the United States, I can state with certainty that the Asia-Pacific role in the world energy industry will be only increasing." Novak said noted with regret "the growing influence of political preferences of a number of Western states on the energy sector." "Obviously, not all are satisfied with Russia's high status in the world energy industry. Often, in a bid to weaken our positions, these countries act even to the detriment of themselves. In this context, the less politicized Asia-Pacific markets are more attractive for us. I mean not only the increased volume of energy supplies to the region, although this factor should not be underestimated," he said.

According to Russian side's estimates, the minister said, in the medium term prospect the Asia-Pacific reliance of oil imports will reach 80%, which will make the region the main importer of this important energy resource. "The region's share of world natural gas consumption will also noticeably increase, and China will become the leader in the gas demand where a 6-percent growth is expected," he said. The APEC forum was established in November 1989 as a tool for peaceful and conflict-free settlement of economic, social, ecological and other problems of the Asia-Pacific region. The association's activity is based on consensus. Aside from Russia, the APEC brings together Australia, Canada, China, Malaysia, the United States, the Philippines, South Korea, Japan and a number of other countries — a total of 21 states.

Rosneft has enough capital to finance projects, but sanctions sticky

Forbes, *31.08.2014*

Russian energy giant, Rosneft , has enough capital available to finance its planned oil projects, but sanctions are definitely a problem, the company CEO told Spiegel magazine this weekend.

CEO Igor Sechin, known by the locals as Darth Vader, said shareholders are getting worried about the sanctions levied on the oil firm by Western governments. The European Union recently banned any financing of Russian oil and gas projects in the Crimean peninsula. Once owned by Ukraine, Russia annexed the Black Sea land mass on March 17 following a vote by Crimeans to secede.

“Rosneft is an international public company: we have shareholders from the United States, Europe and Asia. BP is the largest of them, after Russia, it owns nearly 20 percent of our shares. Therefore, the sanctions are directed against them as well,” Sechin said. Rosneft shares are down 10.15% year-to-date. Sechin told the German magazine that Rosneft also has financing for investment projects, thanks to India and China’s decision to further increase the purchases of oil. “They [the Western countries] want to isolate Russia, but it’s impossible,” Lord Vader said. In a slight to his German audience, Sechin said the sanctions — while not great for Rosneft, were even worse for German exporters of equipment used in oil and gas drilling.

The E.U. banned sale of that equipment to Russia in July. For his part, Sechin wet upmarket into the drilling rig space. “If the Germans do not want to supply them to Russia, we can buy such rigs in South Korea or China,” he said. In a jab to the Western sanctioners, Sechin took the time to brag about Rosneft’s bottom line. Net income will end the year at around $13.5 billion. Washington and Brussels sanctioned the Russian economy three times since the annexation of Crimea in March. Russia and Ukraine have been locked in a political boxing match since late last year. Pro-Russia separatists in eastern Ukraine have taken up arms against the Ukrainian military in calls for autonomy or secession.

Putin breaks ground on Russia-China power of Siberia gas pipeline

Oil & Gas Eurasia, *02.09.2014*

Russian President Vladimir Putin and Chinese Vice Premier Zhang Gaoli have launched the construction of the first part of Gazprom's Power of Siberia pipeline - which will deliver 4 trillion cubic meters of gas to China over 30 years.

"The new gas branch will significantly strengthen the economic cooperation with countries in the Asia-Pacific region and above all - our key partner China," Putin said at the ceremony outside the city of Yakutsk - the capital of Russia's Republic of Yakutia on Monday. Both President Putin and Vice Premier Zhang Gaoli signed the freshly-welded pipeline in a time-honored Russian tradition.

The 'Power of Siberia' was welded together by workers from Chayanda gas field, overseen by CEO Aleksey Miller. The 3,968 km pipeline linking gas fields in eastern Siberia to China will be the world's largest fuel network in the world. Both Putin and Vice Premier Zhang Gaoli have called the project the world's largest construction project, as investment from both countries will be more than $70 billion. Starting in 2019, Power of Siberia will pump gas from Siberia to China's populous northeast region as well as to Russia's Far East. The Chinese side will start the construction of its part of the pipeline in the first half of 2015, the Vice Premier of China said.

Last year, China consumed about 170 billion cubic meters of natural gas and expects to consume 420 billion cubic meters per year by 2020. Europe still remains Russia's largest energy market, buying more than 160 billion meters of Russian natural gas in 2013. Running from the Chayanda gas field in the Republic of Yakutia, the cost of construction is estimated at more than $20 billion (770 billion rubles), which includes other investment in the region of $7.5 billion (283 billion rubles). Russia's largest steel pipeline manufacturer, TMK, will provide materials for the project. The first stage of the project will be to transport gas from the Chayanda deposit in Yakutia and connect to the town of Blagoveshchensk on the Chinese border.

The 968 km pipeline should be completed by 2018. The Chayanda field, which will begin production in 2015, is estimated to have reserves of 1.2 trillion cubic meters in gas and 93 million tons of liquid hydrocarbons. Each year the field is expected to produce up to 25 billion cubic meters of gas and at least 1.5 million tons of oil. Putin also said that China can become a shareholder in the Vankor oil and gas fields in the Krasnoyarsk region in Eastern Siberia. China will enter into a strategic relationship with Rosneft, Russia's largest oil company, which owns the field. The area is estimated to hold reserves of 520 million metric tons of oil and 95 billion cubic meters of natural gas. It has been in operation since 2009 and last year produced 21.4 million tons of oil and oil condensate.

Ukraine's Yatsenyuk inaugurates Vojany-Uzhgorod gas pipeline

Natural Gas Europe, *02.09.2014*

A few hours after Gazprom's launch of construction works for the Power of Siberia gas transmission system (GTS), Ukraine's PM Arseniy Yatsenyuk inaugurated the Vojany-Uzhgorod gas pipeline in Veľké Kapušany, Slovakia, on Tuesday.

"Of course, this is not the final solution, but this is a huge step forward. Ukraine today can say that together with our Slovak friends and the Commission, we have taken the first step towards the diversification of energy supply and reduction in energy dependence," Yatsenyuk said in a note released on the Government's website.

Ukraine, which recently ratified the Third Energy Package, is drifting away from Russian gas. Reverse flow does indeed decrease its reliance on Russia. "We did it because we - the EU and Ukraine - were and are united. This is the best recipe for victory. And we did it," Yatsenyuk commented during the ceremony attended also by Prime Minister of Slovakia Robert Fico and Director for Internal Energy Market of the European Commission Klaus-Dieter Borchardt. "According to the PM, reverse flow and the opportunity for Ukraine to buy gas in Europe will replace 40% of gas previously bought from Russia's Gazprom. "

We need unity, unified approaches in the policy and economy, unified approaches in the energy sector. And our joint work by one hundred percent will ensure as supply as transit of gas, if we together operate and modernize the Ukrainian gas transport system," he added in a separate statement, in which he also said that such a result would have been unimaginable six months ago. The ceremony follows a similar event in Eastern Russia. President Vladimir Putin and China's First Vice Premier Zhang Gaoli took part to the celebration dedicated to welding the first joint of the Power of Siberia GTS on Monday.

Meanwhile, Naftogaz made clear Ukraine's position in the next round of the trilateral negotiations between Ukraine, Russia and the European Union. Ukraine asks to pay the current price at European gas hubs less the transportation cost from the Russian border to these hubs. That would be the price Kiev would be willing to correspond also for unpaid gas volumes. 'Implementing such changes is not a privilege but a responsibility of Gazprom. According to the existing contract, the company is obliged to act in good faith when the other party suggests justified contract changes. The only reason why Gazprom would reject to implement the changes which align the transit agreement with Ukraine's formal international obligations and national legislation, would be a desire to limit Ukraine's access to the European gas market,' Naftogaz wrote on Tuesday.

Russia, Ukraine line up gas talks

Reuters, *01.09.2014*

"I put 80% (of possibility) that the meeting will happen," Novak told reporters, adding that Russia and Ukraine are now awaiting the European Commission's decision on whether their representative would join the talks that have also involved Gazprom chief executive Alexei Miller.

Russian President Vladimir Putin agreed last year to cut the gas price for Ukraine to $268.50 per 1000 cubic metres after then-Ukrainian President Viktor Yanukovich said he would snub the EU in favour of closer ties with Russia. But Yanukovich was toppled by mass protests in February, and Moscow hiked the price to $485.

This was rejected by Kiev and Russia cut off the gas flow in June after the two sides failed to resolve their commercial dispute. After talks with European Energy Commissioner Guenther Oettinger on Friday in Moscow, Novak said that Russia was ready to offer Ukraine a discount of $100, bringing the price per 1000 cubic metres for April to June to $385. The proposal was rejected by Kiev, which says the rate is well above what it is prepared to pay. Ukraine has said it wants to return to the old price, while signalling it might agree to pay just above $300. Oettinger's spokeswoman said a repayment plan should be developed over the next weeks for all the gas that has not been paid for as part of an interim solution. The EU commissioner also said gas must not be used as a weapon in the Ukraine-Russia crisis, adding that all sides needed to work out an interim solution, given that international arbitration would not be able to resolve the dispute before the middle of 2015.

"We always said through the crisis that we don't see the gas sector as a tool for sanctions, measures and escalations. That is also true today," Oettinger said. Gas supplies to Europe, which gets a third of its needs from Russia with around a half coming via Ukraine, were unaffected so far.
The dispute comes amid escalating tensions between the two countries, with Ukraine accusing Russia of sending weapons and men to help a separatist rebellion in the east of the country - an accusation Moscow rejects. Gazprom has signalled that it may resume gas supplies once Ukraine pays off 2013 gas debts that it put at $1.45 billion. In total, the Russian gas exporter says Ukraine owes it more than $5 billion in unpaid bills. Gazprom accounts for around a third of Europe's gas needs. In 2013, half of the gas consumed in Ukraine came from Russia. Russian gas supplies to Europe were interrupted at the height of winters in 2006 and 2009 with southern Europe, which almost totally depends on Russian gas, hit the hardest.

Gazprom, CNPC to decide on gas pipeline to China via Mongolia

Reuters, *01.09.2014*

Russia's Gazprom and China National Petroleum Corporation (CNPC) will need to decide whether their gas pipeline will run through Mongolia or not, Russian Natural Resources and the Environment Minister Sergei Donskoy on Wednesday. During his talks with Russian President Vladimir Putin, Mongolian President Tsakhiagiin Elbegdorj suggested building the pipeline across his country.

"This issue will have to be discussed at the level of Gazprom and CNPC. As a buyer, CNPC should make assessments, raise questions and put forth demands. Mongolia will have to answer these questions," Donskoy said.

He said Mongolia's proposal could be attractive since the pipeline will run mainly across the plains and therefore will need fewer booster stations. But problems may arise if the pipeline crosses nature reserves in Mongolia, he added. Donskoy said this issue had been under discussion since the autumn of 2013. In May 2014, Gazprom and China National Petroleum Corporation (CNPC) signed a $400 billion contract for the supply of Russian pipeline gas to China. Under the contract, Russia will supply 38 billion cubic meters of gas a year for 30 years. CNPC is China's largest petroleum company owned by the state and is one of the world's leading integrated oil and gas production companies.

In October 2009, Gazprom and CNPC concluded the Framework Agreement on the major terms and conditions of natural gas supply from Russia to China. The Agreement stipulates annual exports of up to 68 billion cubic meters of gas to the Chinese market. In September 2010 the Extended Major Terms of natural gas supply from Russia to China were signed. In March 2013, Gazprom and CNPC signed the Memorandum of Understanding for cooperation between the two companies in pipeline gas deliveries to China via the eastern route. In September 2013, Gazprom and CNPC inked an agreement determining major terms and conditions of pipeline gas supply from Russia to China via the so-called eastern route, which will transport 38 billion cubic metres of Russian gas to China. The western route will deliver West Siberian gas to China from 2019.

Slovakia begins reverse flow natural gas delivery into Ukraine

ICIS, *02.09.2014*

The first commercial natural gas flows imported into Ukraine via Slovakia began on Monday 01 September, with 8 million cubic metres (mcm) passing through the connection by 15:00 local time, according to data from Slovak grid operator Eustream.

The pipe, which is known as the Vojany pipeline or the Budince nomination point, will initially have a daily interruptible capacity of 280.8GWh/day – equal to 26mcm/day. Over the coming months the amount of capacity that is available on a firm basis will increase, so that by March next year the entire 26mcm/day will be firm.

Data from Slovak system operator Eustream shows that for September all the capacity has been booked, and this will broadly remain the case through to 2019. Up to now, Ukraine has only been importing gas from Europe in reverse flow via Hungary and Poland, having cut import ties with Russia in mid-June. Ukrtransgaz does still transit Russian volumes onward to Europe, however. Meanwhile, westward flow of Russian gas through Ukraine remained at lower levels throughout the past week, with an average of only 62mcm/day delivered to Europe via the Velke Kapusany entry point into Slovakia. This is 3mcm/day lower than the previous week's daily average.

Ukrainian natural gas storage stocks continued to climb higher over the six days to 30 August, the latest data from system operator Ukrtransgaz showed on Monday. On Saturday, stocks were at 50.7% of total capacity, up 0.4 percentage points compared to levels on 24 August. Gas in store climbed by 130mcm week on week, which was roughly half the amount placed in reserve the previous week. As a result, Ukraine's 12 storage facilities under Ukrtransgaz control now hold 15.7 billion cubic metres (bcm) of a possible 30.95bcm. The notional minimum level of gas required in Ukrainian storage to ensure there is enough pressure to secure transit of Russian gas to Europe at the start of the winter season is understood to be 18-19bcm.

Ukraine, Lithuania ask for strong NATO intervention

Natural Gas Europe, *04.09.2014*

Lithuania's President Dalia Grybauskaitė warmly welcomed security guarantees put forward by US President Barack Obama during their meeting on Wednesday, also asking for a more visible NATO presence in the region.

'The ongoing military aggression against Ukraine poses a threat not only to Ukraine's survival, but also to our security. Lithuania values U.S. leadership in ensuring the defensibility of the Baltic States. NATO must take all the necessary measures to ensure the security of the Baltic countries and stop Russian aggression in Europe,' reads a note released ahead of the NATO summit.

Meanwhile, European leaders are mulling new measures against Russia. 'Following the request of the European Council of 30 August regarding the situation in Ukraine, the European Commission has adopted today for consideration by Member States proposals for the EU to take significant further steps,' the European Commission wrote in a statement published on Wednesday. Ukraine's Prime Minister Arseniy Yatsenyuk commented that a new wave of European sanctions agains Russia is "inevitable."

Kiev asks NATO and the European Union to find a way to force Russia to withdraw its troops. Despite the clear messages sent by Western countries, analysts don't see room for a strong stance against Moscow. "On Ukraine, the Alliance's consensus will be that it is sufficient that they give the president of Ukraine a special meeting at the summit. NATO will also provide some more details about the trust funds for helping Ukraine that foreign ministers approved a few months ago, but no powerful political or military decisions about saving Ukraine should be expected from this summit," Jorge Benitez, Atlantic Council's director, said on Wednesday.

Europe drafts emergency energy plan with eye on Russia gas shut-down

Reuters, *01.09.2014*

The EU could ban gas exports and limit industrial use as part of emergency measures to protect household energy supplies this winter, a source told Reuters, as it braces for a possible halt in Russian gas as a result of the Ukraine crisis.

Russia is Europe's biggest supplier of oil, coal and natural gas, and its pipelines through Ukraine are currently the subject of political manoeuvring - not for the first time - as Europe and Moscow clash over the latter's military action in Ukraine. Kiev is warning that Russia plans to halt gas supplies while Moscow says Ukraine could siphon off energy destined for the EU.

The EU has just threatened new sanctions if Moscow fails to pull its forces out of Ukraine. While buyers of oil and coal can find new suppliers relatively quickly, southeast Europe receives most of its gas from Kremlin-controlled Gazprom (GAZP.MM). Tankers from Qatar and Algeria bring liquefied natural gas (LNG) to Europe via ports along the Atlantic and Mediterranean oceans, but European buyers often re-sell those cargoes abroad for higher prices rather than supplying their domestic market. A source at the EU Commission said it was considering a ban on the practise of re-selling to bolster reserves. “In the short-term, we are very worried about winter supplies in southeast Europe,” said the source, who has direct knowledge of the Commission's energy emergency plans.

“Our best hope in case of a cut is emergency measure 994/2010 which could prevent LNG from leaving Europe as well as limit industrial gas use in order to protect households,” the source said. European Union Regulation number 994/2010, passed in 2010 to safeguard gas supplies, could include banning gas companies from selling LNG tankers outside of Europe, keeping more gas in reserve, and ordering industry to stop using gas. European Energy Commissioner Guenther Oettinger said last week during negotiations with Ukraine and Russia that the bloc was preparing a “Plan B” to protect gas supplies in the worst case scenario. Hungary, likely to be among the countries most affected by a cut in supplies, said it was monitoring the need for further increases in strategic reserves.

The Development Ministry told Reuters it was also looking at “potential regulatory methods that would prompt market players to build reserves beyond the regulatory minimum.” Cutting industrial consumption would hurt an already shaky European economy, while banning utilities from selling liquefied natural gas (LNG) tanker cargoes overseas would hurt their revenues. European utilities have been preparing for a supply cut by injecting as much gas as possible into storage and as a result, the region's storage facilities are filled to 90 percent, or 70 billion cubic metres (bcm), equivalent to 15 percent of Europe's annual demand. Whatever the bloc does, it will struggle to compensate fully if Russian gas stops coming to Europe, political and industry sources say.

Gas prices have risen 35 percent since July due to this threat. Russia meets around a third of EU demand for oil, coal and natural gas, according to EU data. In return it receives some $250 billion a year, or around two-thirds of government revenue. The problem with a potential cut is that continental Europe's pipeline infrastructure was built from East-to-West in order to import Russian gas. Efforts to build more supplies going the other way, such as LNG from Atlantic terminals, are not sufficiently developed to meet this winter's demand in southeast Europe. European energy suppliers could use more coal: that market is over supplied as a result of slowing Asian demand and improvements in mining output from exporters in Colombia, Australia and South Africa.

U.S. coal miners are also looking for new buyers since the North American shale gas boom has pushed most coal out of the U.S. market. All this has caused a 40 percent coal price drop in the past three years. Again however, the problem is infrastructure: large parts of central and eastern Europe rely on district gas heating, which means burning coal to generate electricity will not help keep households warm this winter. Russia has halted gas flows to Ukraine three times in the past decade - 2006, 2009 and since June this year - because of price disputes with Kiev, although this year gas intended for customers in the EU have so far continued to flow via Ukraine. Gazprom insists it has been a reliable supplier and that flows to Europe were in the past disrupted only after Ukraine took some gas intended for the EU to meet its own demand. With Europe now at odds alongside Ukraine against Russia, the impact of any future shut-down may be more marked. "We believe the Ukrainian situation will not be resolved without a transit interruption (and) prices would be likely spike," said analysts at French bank Societe Generale.

EU readies action plan should Russia cut off gas supply

Voice of America, *04.09.2014*

The European Union is preparing to take action to secure gas supplies this winter if its biggest supplier, Russia, cuts exports due to the crisis in Ukraine, a draft document seen by Reuters showed. The measures could include making use of existing powers to ban companies from selling liquefied natural gas (LNG) tanker cargoes outside Europe, keep more gas in reserve, and order industry to stop using gas.

The draft document, which confirms information from a European Commission source, said the EU could take emergency action to ensure that more coordinated use is made of facilities for converting LNG back into natural gas.

This could be done "when the normal functioning of the market does not lead to the optimal use of those facilities," the document said. Tankers from countries like Qatar and Algeria bring LNG to European via Atlantic and Mediterranean ports, but European buyers often re-sell those cargoes abroad for higher prices rather than supplying their domestic market.

Despite the proposed EU measures, southeast Europe will struggle to find enough gas to meet demand this winter as its infrastructure is not well enough developed to bring non-Russian gas into the region. Russia is Europe's biggest supplier of oil, coal and natural gas, and its gas pipelines through Ukraine are currently the subject of political maneuvering as Europe and Moscow clash over the latter's military action in Ukraine. Russia's state-controlled gas giant Gazprom meets around a third of Europe's gas demand, and it sends almost half of these supplies via Ukraine. While western Europe needs relatively little Russian gas, the dependency rises steadily towards the East, with some EU countries such as Bulgaria and the Baltic states relying entirely on Gazprom, triggering fears of freezing households this winter should Russian supplies be cut.

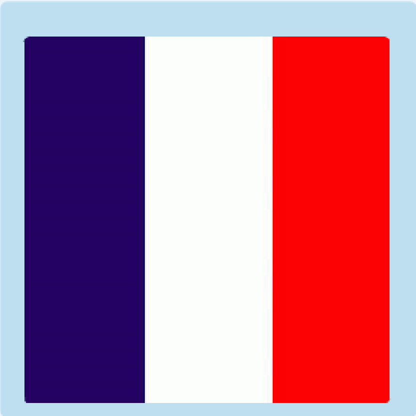
In order to prepare for such a disruption, the EU has drafted a list of short-term measures. "In the short term, the EU has the following overriding priority: to ensure that the best possible preparation to... sudden disruptions in energy supplies, in particular during the coming winter, and that the most vulnerable Member States are collectively supported," the Council of the European Union, which is made up of the EU's 28 members' governments and currently led by Italy, said in a letter this week. "Efforts need to be made for identifying market failures... in order to provide rapid and effective solutions. Where this is not possible, non-market based measures can be put in place..." it added. These measures were covered by an EU regulation passed in 2010. Russia meets around a third of EU demand for oil, coal and natural gas, according to EU data.

In return it receives some $250 billion a year, or around two-thirds of government revenue. Russia has halted the flow of gas to Ukraine three times in the past decade - 2006, 2009 and since June this year - because of price disputes with Kyiv, although this year gas intended for customers in the EU has so far continued to flow via Ukraine. Gazprom insists it has been a reliable supplier and that flows to Europe were in the past disrupted only after Ukraine took some gas intended for the EU to meet its own demand. To break this costly reliance on a single supplier and import route, the EU draft paper proposes several long-term measures in order to develop new oil and gas sources as well as reduce the EU's dependency on fossil fuels.

The plans include developing domestic shale oil and gas reserves as well as investing into import routes that could bring central Asian and Mediterranean gas to Europe. In North America, a gas production boom from underground shale deposits has ended U.S. dependence on imports and caused a sharp drop in energy prices. The proposed EU import projects include more LNG capacity in order to tap supplies from North America, Africa and the Middle East, as well as plans to access newly discovered fields in East Mediterranean waters of EU member Greek Cyprus, as well as Israel and untapped resources in EU Black Sea waters. The draft also said Europe needed to reduce its reliance on fossil fuels by switching towards renewable energy and by improving energy efficiency to reduce overall fuel consumption. The draft paper's findings will be discussed by EU member states this month for presentation at the European Council meeting in October.

No obstacles for Mistral supplies to Russia

ITAR-TASS, *01.09.2014*



France's position on the supplies of Mistral amphibious assault ships to Russia's Navy remains unchanged, French Foreign Ministry spokesman Romain Nadal said on Monday. French President Francois Hollande told Le Monde on August 20 that the sanctions against Russia did not prevent the Mistral supplies. "The EU countries and not France made such decision," Nadal said.

The French president said, "If tensions increase and if there is no chance to find a solution, we will have to make a choice." Under the contract, Russia is to receive the first of the two warships, the Vladivostok, in October-November.

The second Mistral-class helicopter carrier, the Sevastopol, is expected to be handed over to Russia by the end of the next year. The Mistral issue was in the focus of attention in late July when the United States started to exert strong pressure on France, urging it to give up the Mistral warship deliveries to Russia amid persisting differences between Washington and Moscow over developments in southeast Ukraine. However, Hollande said that France would fulfill its obligations for the construction of the first Mistral-type warship and would hand it over to Russia on time. Hollande said that work on the second Mistral warship would depend on Moscow's stance on the Ukraine crisis. The €1.12 billion contract for building two Mistral-type ships was signed by the Russian defense exporting company Rosoboronexport and French DCNS in June 2011.

The Mistral-type helicopter carriers have a displacement of 21 tons, the maximum body length of 210 meters, the speed of 18 knots and the range of up to 20,000 miles.The crew is 170 members, and in addition it can take on board 450 people. Each ship is capable of carrying a fleet of 16 helicopters. Six of them can be simultaneously deployed on the flight-deck. The cargo deck can accommodate more than 40 tanks or 70 motorized vehicles. Mistral landing helicopter carriers are capable of performing four tasks at the same time: receive helicopters, land troops, and act as a command post and a floating hospital.

Norway's 2015 oil and gas investment to fall more than expected

Reuters, *03.09.2014*

Norway's oil and gas investments, a key ingredient of economic growth, are expected to fall more than expected in 2015, a survey showed on Wednesday, weakening the crown and increasing the chance interest rates will be kept low.

Investment on the Norwegian continental shelf (NCS) is now expected to fall 13.9 percent in 2015 from 2014, a faster rate than the 12.3 percent year-on-year drop expected in June, when compared with the same forecast released in June last year. Companies are now expected to invest 185 billion Norwegian crowns ($29.84 billion) in the sector down from 215 billion crowns in 2014.

"The new forecast indicates a steeper decline in oil investments compared to the central bank's forecast in June and it points to a lower interest rate path," said Kyrre Aamdal, chief economist at DNB Markets. When adjusting for inflation, the drop could be even bigger than the survey suggests. "The new forecast means a decline of about 15 percent in 2015 from 2014, which could have a negative impact on GDP by 0.2 percentage points," Aamdal said. Norway, one of the best-performing economies through Europe's crisis, has struggled in recent quarters due to weak exports and consumption. Its fortunes could sour further as its energy firms, which account for nearly a quarter of the economy, cancel or delay some of their biggest projects.

In June, the Norwegian central bank, which has held rates steady at 1.5 percent, cited lower 2015 oil investment forecasts as one of the main reasons for cutting its guidance on interest rates. Norges Bank said it did not expect to raise rates until 2016, against previous guidance for next summer, and could even cut rates. Its next interest rate decision is due later this month. Last week, the Norwegian agency tasked with managing oil and gas resources told Reuters it expected no new development plans for fields to be submitted this year. In June, a few had been expected and in January, some 13 plans were expected to be submitted in 2014/2015.

Leading oil industrialist accuses BP of spurning its lead role in the North Sea

The Guardian, *31.08.2014*

Alexander Temerko, who is a leading oil industrialist in Britain, has launched a stinging attack on the British multinational oil and gas company BP, accusing it of abandoning its lead role in the North Sea in favour of championing the interests of Russia.

With the European Union is threatening of bringing new sanctions on Russia, the director of Newcastle-based offshore engineering and construction group, OGN, says that the British-based oil company has lost interest in its home base since taking a 20% interest in Kremlin-controlled Rosneft.

“BP used to be a strong voice for the North Sea but now it is very, very soft. The only time you really hear the voice of BP is when it is warning about sanctions being imposed on Russia,” said Temerko. “BP was a champion of North Sea investment but it has gradually sold off many of its assets to foreign companies such as Apache and Talisman while putting its money into Russia with Rosneft. You should call it Russian Petroleum not British Petroleum.” Temerko is himself a former Russian national and was deputy chairman of Yukos, the now-dismantled Russian oil company established by oligarch and political dissident, Mikhail Khodorkovsky. He fought a successful court battle to stop being extradited back to Russia on what he claimed was trumped up fraud charges and has since established himself as a top British industrialist and Tory donor.

Former shareholders in Yukos have recently won $50bn (£30.1bn) in damages from the Russian government after an international court in the Hague ruled the officials under President Vladimir Putin deliberately set out to bankrupt and nationalise the business. The assets have largely ended up in the hands of Rosneft, and there have been threats that the British company might be sued by those same former Yukos shareholders. BP admitted it had sold off many local assets but said it was untrue that it was abandoning the North Sea. In fact it was one of four key global locations where it was concentrating its spending. “We are investing in new developments in the UK.

BP and our partners expect to invest more than £7 billion in the North Sea over the next five years. We’re also still looking for new opportunities. We were awarded interests in 14 new exploration blocks last year – our most successful UK licensing round since the 1990s,” said a BP spokesman. He pointed out Trevor Garlick, one of its executives was a co-chair of the Oil & Gas UK lobby group while Bob Dudley its chief executive’s personal views on Scottish independence had been widely quoted. In February, Dudley said he did not want to see Scotland “drifting away” from the UK. Temerko denies he is motivated by feelings of anger against BP over the Yukos affair and still criticises the British oil company over what he argues has been its low profile in the Better Together campaign against Scottish independence.

U.K., European natural gas prices rose in August

Oil & Gas Eurasia, *04.09.2014*

Colder weather, reduced liquefied natural gas (LNG) send-out from terminals into the U.K. gas network and an escalation in the Ukraine/Russia conflict lifted European natural gas prices in late August while day-ahead electricity price trends diverged, according to Platts, a leading global energy, petrochemicals and metals information provider.

"U.K. spot natural gas prices briefly dipped under 35 pence per therm (p/th) in mid-July, but rose 8% month over month in August to an average 40.60 p/th on the back of cool temperatures and lower LNG supply," said Platts energy analyst Alex Froley.

Prices of day-ahead natural gas at continental Europe's most liquid natural gas trading hub – the Dutch TTF – rose 6% last month. On the back of higher natural gas prices and unexpected outages at EDF Energy's Heysham and Hartlepool nuclear power plants, U.K. day-ahead power prices in August rose 6% from July. The Netherlands also saw an increase in the day-ahead power price, up 10% month over month to Eur37.94 per megawatt hour (/MWh). However, natural gas played a much lesser role in French and German power markets, where strong nuclear, hydro and renewables generation in August drove the Platts Continental Power (CONTI) Index* down 6.36% month over month to Eur27.54/MWh. This marked the eighth consecutive monthly decline in the CONTI index, which was last seen at current levels in August, 2007.

"The divergence in power price trends illustrates differing national generation portfolios," said Platts Managing Editor Andreas Franke. "European spot gas prices hit a near-four month high September 1, pushing power prices up 12% in the U.K., where the price-determining production unit is usually gas-fired. German power prices, however, actually fell that day on the back of rising wind and solar output." German wind power output in August rose 41% year over year to 3.33 terawatt hours (TWh), the highest monthly output since May as ex-hurricane Bertha brought unseasonably strong winds into the region, according to data from Platts PowerVision, a web-based energy analytics tool. Combined German wind and solar output in August was up 11% year over year at 7.22 TWh. In France, day-ahead power prices sank to Eur21.92/MWh in August, down 36% on August, 2013, with nuclear production up 3.7% at 31.1 TWh and hydro up 22% at 5.1 TWh year over year.

On the demand front, daily average European gas needs in August fell 6% from the preceding month, dropping to 404 million cubic meters per day (cu m/d) from 430 million cu m/d in July. This was less than the 11% decline from July to August in the previous year. "A decline in consumption from July to August might be expected because of holidays in much of Europe in August," said Franke, "which could reduce both gas and power demand, and therefore gas-to-power demand, from consumers." "Local grid demand for heating picked up to 60 million cu m/d from 53 million cu m/d in July.

Algeria to launch new investment plan appeal

Oil & Gas Eurasia, *28.08.2014*

A new five-year investment plan worth $262 billion is being launched by Algeria; the plan is aimed at boosting domestic production and moving the economy away from its reliance on the petroleum sector. Projects to be included in the five-year plan are to be finalized prior to year-end.

The new step is intended to "develop a productive and diversified economy" the statement said, although no details were given. Algeria, a major gas supplier to Europe, depends on oil and gas for about 97% of its export earnings and spends over $50 billion per year on goods imports including food and pharmaceutical products.

US to build $5 billion gas pipeline

Anadolu Agency, *03.09.2014*

Four U.S. energy companies have announced on Tuesday the construction of a $5 billion natural gas pipeline along the Atlantic shore.

The pipeline will be built by Dominion Resources, Duke Energy, Piedmont Energy and AGL Resources, with the capacity of carrying over 42 billion cubic meters (1.5 billion cubic feet) of natural gas per day. The 900-kilometer-long pipeline will be built along the Atlantic shore, to reach the southern and southeastern states in the U.S. in order to deliver the natural gas produced in Pennsylvania, Ohio, and West Virginia.

"Natural gas is increasingly important for advanced electricity generation, contributing to significantly lower greenhouse gas and other emissions. The project will also provide more reliable access to new sources of natural gas, keeping consumers' energy costs down," says the statement. Natural gas has become an increasingly abundant and cheaper energy source in the U.S. since the shale revolution in 2008. The proposed pipeline project is to become operational in 2018, but it still has to be approved by the Federal Energy Regulatory Commission, which authorizes natural gas pipeline projects, and by state authorities. In 2013, 39 percent of the electricity generated in the U.S. was from coal, while 27 percent was from natural gas, according to data compiled from the U.S. Energy Information Administration.

Announcements & Reports

► *August 2014 monthly energy review*

Source : EIA
Weblink : http://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf

► *Natural gas monthly August 2014*

Source : EIA
Weblink : http://www.eia.gov/naturalgas/monthly/pdf/ngm_all.pdf

► *The future of Australian LNG exports*

Source : Oxford Energy Institute
Weblink : http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/09/NG-90.pdf

► *Financial reporting in the oil and gas industry*

Source : PwC
Weblink : http://www.pwc.com/gx/en/oil-gas-energy/reporting-regulatory-compliance/assets/financial-reporting-oil-gas-industry.pdf

Upcoming Events

► *Moscow refining & petrochemicals week 2014*

Date : 08 – 11 September 2014
Place : Moscow – Russia
Website : http://www.europetro.com/en/moscow_week_2014

► *AS4 communication protocol workshop*

Date : 9 September 2014
Place : Brussels – Belgium
Website : http://www.entsog.eu/events/invitation-to-the-as4-communication-protocol-workshop#welcome

► *Oils, chemicals & NGLs forum*

Date : 9 September 2014
Place : Houston – USA
Website : http://www.woodmac.com/public/events/content/12257302

► *2nd East Mediterranean oil & gas conference*

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

► *Oil sands trade show & conference*

Date : 9 – 10 September 2014
Place : Alberta – Canada
Website : http://oilsandstradeshow.com/2014/

► *Oil & gas producer hedging and marketing forum*

Date : 11 September 2014
Place : Dallas - USA
Website : http://www.mercatusenergy.com/oil-gas-hedging-marketing-conference/

► *The IV international conference «modernization of oil and gas refinery»*

Date : 11 September 2014
Place : Dallas - USA
Website : http://www.mercatusenergy.com/oil-gas-hedging-marketing-conference/

► Development & use of natural gas in the Danube region

Date : 16 September 2014
Place : Budapest – Hungary
Website : http://www.naturalgaseurope.com/danube-region-prospects-opportunities

► 4th annual LNG global changes

Date : 16 - 19 September 2014
Place : London – United Kingdom
Website : http://www.lnggc.com/?xtssot=0

► Conference on sustainable development of energy, water and environment

Date : 20 – 27 September 2014
Place : Venice – Italy to Istanbul – Turkey
Website : http://www.mediterranean2014.sdewes.org/index.php

► Construction and repair of wells 2014

Date : 22 – 27 September 2014
Place : Anapa – Russia
Website : http://eng2.oilgasconference.ru/

Supported by PETFORM

► All Energy Turkey- 2014 *(in Turkey)*

Date : 24 – 25 September 2014
Place : Istanbul – Turkey
Website : http://www.all-energy-turkey.com/?lang=tr

► 3rd world shale oil and gas Latin America summit

Date : 24 – 26 September 2014
Place : Buenos Aires - Argentina
Website :http://latam.world-shale.com/en/?utm_campaign=media-partner&utm_source=wood-mckenzie&utm_medium=logo

► World national oil companies congress Americas

Date : 25 – 26 September 2014
Place : Cancun - Mexico
Website : http://www.terrapinn.com/conference/world-national-oil-companies-congress-americas/index.stm

► 2^{nd} European shale gas and oil summit 2014

Date : 29 – 30 September 2014
Place : London – United Kingdom
Website : http://www.esgos.eu/

► Midwest energy policy conference

Date : 30 September – 01 October 2014
Place : St Louis – USA
Website : http://www.moenergy.org/mepc

► The 22^{nd} Kioge 2014 Kazakhstan international oil & gas exhibition

Date : 30 September – 03 October 2014
Place : Almathy – Kazakhstan
Website : http://kioge.kz/en/component/content/article/29-exhibition/18-ex

► USEA 7th annual energy supply forum

Date : 02 October 2014
Place : Washington - USA
Website : http://www.usea.org/

► Energy and economic competitiveness

Date : 06 – 07 October 2014
Place : London – United Kingdom
Website : http://www.chathamhouse.org/events?field_event_flags_tid=conference

► 4^{th} St Petersburg International Gas Forum

Date : 07 – 10 October 2014
Place : St Petersburg – Russia
Website : http://www.igu.org/events/4th-st-petersburg-international-gas-forum

► Securing energy supply: how to better protect energy networks from disruptions

Date : 10 October 2014
Place : Bratislava – Slovakia
Website : http://www.encharter.org/index.php?id=670&L=0

► London oil & gas forum 2014

Date : 10 October 2014
Place : London – United Kingdom
Website : http://www.energystreamcmg.com/conferences/conferences-forums/london-oil-gas-forum-2014.aspx

► SPE Russian Oil and Gas E&P technical conference & exhibition

Date : 14 - 16 October 2014
Place : Moscow – Russia
Website : http://www.russianoilgas.ru/en/Home/

► Canada Europe roundtable for business – 2014 Calgary energy roundtable

Date : 15 October 2014
Place : London – United Kingdom
Website : http://www.energyroundtable.org/london.php

► SPE Russian oil and gas exploration & production technical conference & exhibition

Date : 14 - 16 October 2014
Place : Moscow – Russia
Website : http://www.russianoilgas.ru/en/Home/

► Energy hedging, risk management & trading seminar

Date : 15 – 16 October 2014
Place : Houston - USA
Website : http://www.mercatusenergy.com/energy-hedging-trading-risk-management-events/

► FT European gas summit: new supplies for Europe: feast or famine

Date : 23 October 2014
Place : London – United Kingdom
Website : http://event.ft-live.com/ehome/index.php?eventid=87259&&reference=twittertweet

► Society of petroleum engineers annual technical conference and exhibition (ATCE)

Date : 27 - 29 October 2014
Place : Amsterdam – The Netherlands
Website : http://www.spe.org/atce/2014/

► European automn gas conference

Date : 28 – 30 October 2014
Place : London – United Kingdom
Website : http://www.theeagc.com/

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► *Turkey international underground gas storage conference*

Date : 29 – 31 October 2014
Place : Ankara – Turkey
Website : http://tugs2014.org/

► *Gas to liquids*

Date : 29 – 30 October 2014
Place : London – United Kingdom
Website : http://www.smi-online.co.uk/energy/uk/conference/gas-to-liquids

► *Climate change: raising ambition, delivering results*

Date : 03 – 04 November 2014
Place : London – United Kingdom
Website : http://www.chathamhouse.org/ClimateChange14?campaign=ngfe

► *Iran oil & gas summit*

Date : 03 – 05 November 2014
Place : London – United Kingdom
Website : http://www.iranoilgas-summit.com/

► *The European utility week*

Date : 04 – 06 November 2014
Place : Amsterdam – The Netherlands
Website : http://www.european-utility-week.com/

► *The 4th China international offshore oil & gas technology conference and exhibition*

Date : 09 – 11 November 2014
Place : Beijing – China
Website : http://www.bmc-china.cn/en/OTC/Info.aspx?m=20140623175442410336&nm=20140623140856553113

► *International petroleum technology conference*

Date : 10 – 12 November 2014
Place : Kuala Lumpur – Malaysia
Website : http://www.iptcnet.org/2014/kl/?utm_source=Web+Banner&utm_medium=Web-ADBNR&utm_content=14IPTC-Web-ADBNR-WebUps-13AUG14&utm_campaign=14IPTC+-+Register+Now

► Turkmenistan international oil & gas conference and exhibition

Date : 18 - 20 November 2014
Place : Ashgabat - Turkmenistan
Website : http://www.oilgasturkmenistan.com/

► Securing Europe's competitive energy future

Date : 19 November 2014
Place : Brussels - Belgium
Website : https://www.entsoe.eu/news-events/events/Pages/Events/entsoe-conference-securing-europes-competitive-energy-future.aspx?EventWorkshopId=154

► Oil & Gas cyber security

Date : 24 – 25 November 2014
Place : London - United Kingdom
Website : http://www.smi-online.co.uk/energy/uk/conference

► 166th (ordinary) OPEC meeting

Date : 27 November 2014
Place : Vienna - Austria
Website : http://www.opec.org/opec_web/en/311.htm

► Middle East and North Africa energy

Date : 18 – 21 Feburary 2015
Place : London – United Kingdom
Website : http://www.chathamhouse.org/node/15232

► 4th Erbil oil & gas international exhibition

Date : 18 – 21 Feburary 2015
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► 6th OPEC international seminar

Date : 03 – 04 June 2015
Place : Vienna - Austria
Website : http://www.opec.org/opec_web/en/press_room/2793.htm

► OGA 2015

Date : 02 – 05 June 2015
Place : Kuala Lumpur - Malaysia
Website : http://www.oilandgas-asia.com/home/index.php

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