Oil & Gas Bulletin

► *16.01.2015*

Turkey, Azerbaijan hail TANAP Project

Anadolu Agency, *15.01.2015*

Recep Tayyip Erdogan says Turkey and Azerbaijan will boost their strategic importance though the Trans Anatolia Natural Gas Pipeline, or TANAP.

"TANAP grew into a global project and the necessary steps have been taken," Erdogan said. "In providing gas pipelines and in construction, Turkish firms weigh in." TANAP is projected to transport natural gas from the Azerbaijani Shah Deniz 2 field on the Caspian Sea and other Azerbaijani fields, through Turkey and to Europe. The Trans Adriatic Pipeline will connect with TANAP on the east side of the Greek-Turkish border to transport natural gas to the Italian network.

The TANAP project is planned to originate at the Georgia-Turkey border, to pass through Anatolia, and to extend 1,242.7 miles to reach Greece. It will then connect with the Southern Gas Corridor that will carry natural gas from the Caspian Sea near Azerbaijan to Italy into Europe. Erdogan also reiterated that the Baku-Tbilisi-Ceyhan pipeline, which provides oil transportation by passing Georgia from Baku -- capital of Azerbaijan -- to Turkey, will be launched by the end of 2015. Aliyev also underscored in the press conference the importance of the Southern Gas Corridor. "The Southern Gas Corridor and the development of the Shah-Deniz natural gas field is Europe's biggest infrastructure investment project and worth $45 billion," said Aliyev.

Turkey failed to agree natural gas price with Gazprom

Anadolu Agency, *14.01.2015*

Turkey failed to reach agreement with Gazprom on natural gas prices for 2015, said Taner Yildiz. Turkey and Gazprom conducted two meetings on natural gas prices for 2015 without reaching an agreement, Turkish Energy and Natural Resources Minister Taner Yildiz explained.

"Low oil prices are weakening our bargaining power," he said, adding that Turkey may hold a third meeting with Gazprom in the near future. Yildiz said that the country used two bcm of natural gas in the last ten days as a result of cold weather which amounts to the annual consumption of many countries.

With the country's increasing need for secure supplies, he referred to potential problems between Ukraine and Russia which could affect Turkey's energy security as it receives 12.5 percent of its natural gas via the Western Pipeline which comes through Ukraine. He added that he does not envisage such a danger in the near future. "Technical losses in electricity transmission are normal but we cannot tolerate non-technical losses," Yildiz said and added that "We will make new regulations in January on non-technical losses," he said in order to overcome losses in electricity. Yildiz, speaking on oil prices, said that low prices are beneficial for Turkey, but the shut down of oil operations as a result of low prices may cause a upward movement in prices. "Global oil producers have lost $950 billion in the last six months, which means a gain for consumers," he said.

He explained that an official visit to Baghdad will be made on Jan. 18 to discuss the Kirkuk-Yumurtalik pipeline and the agreement between Baghdad and Erbil. "We want these agreement to widen to help build stability in the region," he added. Yildiz said that the oil flow from Northern Iraq had reached 450 thousand barrels per day, and added that he wants this number to reach firstly 550 thousands and then one million barrels per day, without giving exact dates for such targets. Yildiz said Turkey will require the production of solar panels or cells in Turkey for solar investments. "We don't want to use imported led bulbs for street lighting. With regulations, domestic production will be more advantageous for these investments," he added.

Gazprom to use Turkish route to substitute Europe bound supply of 63 bcm via Ukraine

TASS, *14.01.2015*

The Turkish Stream gas pipeline project is the sole route for Russia's future supplies to Europe currently delivered via Ukraine, Gazprom CEO Alexey Miller said.

The Gazprom head made this statement in response to a question about the fate of Russia's South Stream gas pipeline project. "The project is closed. The Turkish Stream is the sole route, which can deliver 63 bcm of Russian natural gas transited across Ukraine so far. There are no other options," Miller said. Gazprom has notified its European partners about its Turkish Stream gas pipe plans and now their task is to create the necessary gas transport infrastructure he said.

"They have a maximum of several years for this. This is a very tight schedule. To comply with it, work for the construction of new trunk gas pipelines should be started in EU countries right now. Otherwise, these gas volumes may be redirected to other markets," the Gazprom head said. The South Stream gas pipeline worth €15.5 billion was intended to pump 67 billion cubic meters of Russian natural gas to Europe annually. The pipeline's underwater section 900 km (559 miles) long was intended to run along the bed of the Black Sea from the Russkaya compressor station on the

Russian shore to the Bulgarian coast. Russian President Vladimir Putin announced that the project to build the South Stream gas pipeline was closed due to the European Union's unconstructive approach to cooperation in that sphere, including Bulgaria's decision to stop the construction of the pipeline's stretch on its territory. Instead, Russia will build a gas pipeline to Turkey where a gas hub on the border with Europe will be created, Putin said.

South Stream is dead. Long live South Stream

Natural Gas Europe, *12.01.2015*

South Stream is not dead – rather it has morphed into a new project which is part of a complex commercial power play on the part of Russia and Turkey, writes Anca Elena Mihalache, Senior Analyst with the Romanian think tank Energy Policy Group.

According to Mihalache, the new South Stream, if it happens, will offer new opportunities to Europe, but also new threats. In particular, the EU will see its diversification strategy come under pressure as Azerbaijan and potential Central Asian suppliers are likely to be squeezed by the Moscow-Ankara alliance.

The demise of South Stream came to many as a surprise, though chronicle of a death foretold would be a more appropriate depiction. Already in August 2014, Euractiv cited an article by Russian journalist, Oleg Makarenko, published by Vzglyad newspaper, claiming that Gazprom had a "Plan B" to reroute South Stream through Turkey, towards Greece, if European resistance to the project did not falter. He developed the scenario after Russian President Vladimir Putin stated in a meeting with media representatives on 24 May 2014 that Russia is willing to find non-European states to transit gas to Europe.

Moreover, Makarenko quoted Turkish Energy Minister Taner Yıldız as saying that Ankara would allow South Stream to reach Turkey, instead of Bulgaria, under the Black Sea, should that be needed. This means that talks between a sanction-ridden-yet-careful-planner Moscow and an economic-gains-focused Ankara have been ongoing since at least August.

What this also means is that essentially we are not so much dealing with the death of South Stream, as dramatically announced by Gazprom CEO Alexei Miller, as with what has been dubbed a South Stream 2.0. The new version of the pipeline is free from the headache of dealing with capricious Europeans when it comes to pipeline construction, but can still bring gas to European markets, while at the same time saving the money that Gazprom would have had to spend on building pipelines on European territory. Thus it benefits from the ultimate advantage of keeping Europe dependent on Russian gas while at the same time bypassing Ukraine.

To start with Russia, the self-appointed commander-in-chief in any gas-related Eastern European scenario, it looks as though it is continuing its divide-and-conquer strategy for the European gas markets. After trying very hard to pit European Member states against one another with South Stream, it has decided to move its game outside the Union and deal with what it sees as a more approachable state (Turkey) and a weaker opponent (Azerbaijan).

As always, Russia is probably also thinking long-term with its decision to further push for even more gas exports to Europe, as it is likely trying to prevent both Kurdish and Iranian gas from ever becoming a serious competitor on the European markets – which could be the case if a deal between Erbil and Bagdad is reached and sanctions against Iran are lifted. But this does not mean Russia holds all the winning cards. For one thing, what Moscow has at present is only a signature on a Memorandum of Understanding, with no legal force. To cite Azeri researcher Ariz Huseynov, there are a lot of questions that still need to be answered:

What will a thorough assessment of the project show, how is Gazprom going to deal with Europe's Third Energy Package that it has so adamantly opposed when its gas reaches Europe at the Turkish-Greek border, which pipelines are going to be used in order to carry the Russian gas further from the Turkish-Greek border and not least, who is going to pay for the new pipeline, since Gazprom is widely affected by sanctions, Western banks are not allowed to finance it, while Arabic or Chinese banks have no stake in the matter?

All of these mean that the realization of the new South Stream should not be taken for granted. Moreover, as Huseynov puts it, the new project could be just a diversionary manoeuvre for Russia to show both domestic and international audiences that it has not completely failed, but that it's merely substituting one project for the other.

Apart from these considerations, Russia must also keep in mind that Turkey is no Bulgaria or Ukraine that Moscow can push around or use as a captive transit state. Ankara has already negotiated a 6% discount on the price of gas as of 1 January 2015 and has secured an extra 3 bcm/year for the Blue Stream pipeline. These elements of negotiation, along with Turkey's decision to substitute European products with Turkish ones on the Russian market after sanctions were put in place, as well as its choice for Rosatom to build the first Turkish nuclear plant, all point to the fact that Ankara is more interested in short and medium term economic gains than in realpolitik.

If it plays its game right, Turkey stands to gain. It will get large volumes of Russian gas at low prices, along with pipeline infrastructure built in cooperation with foreign investors, which will help its ambition of becoming a regional gas hub. Indeed, this would give it more clout in negotiating with Europe on membership, if that is still something that Turkey wants. After all, Turkish Prime Minister Ahmet Davutoglu pledged recently that he would speed up Turkey's EU accession talks. It seems, therefore, that European membership and trans-Atlantic economic cooperation are still on Ankara's agenda, regardless of its plan to increase its current $33 billion trade volume with Russia to $ 100 billion by 2020.

But gains mean more than just economic profit, and what Ankara is now playing is a dangerous game. The biggest risk comes not from upsetting Europe, but alienating NATO partners, at a time when peace in the Middle-East seems more and more elusive. Another risk is a further loss of faith of the Turkish population in its leaders, along with what is basically an abandonment of Crimean

Tatars to Russia. After all, protests in Ankara and Istanbul that accompanied Putin's visit to Turkey were meant to promote solidarity of the Turkish people with Crimean Tatars.

Turkey also risks damaging its previously rock-solid relation with Azerbaijan, likely the biggest loser of the entire affair. Just like the original South Stream was designed to thwart Nabucco, South Stream 2.0 serves, among other purposes, to put a dent into Baku's zeal in selling its Shah Deniz II gas to Europe. Sure, the Trans-Adriatic Pipeline (TAP) will, most likely, still happen – according to Joe Murphy, VP Southern Corridor at BP, the full capacity of 16 bcm has been sold already for the next 25 years. Still, this does not mean those gas sales are written in stone. After all, contracts for Turkmen gas through the Trans-Caspian Pipeline were also signed a few years back, with little chances of any of the gas ever coming online. For TAP, a lot will depend on the concrete market conditions.

As energy security expert Radu Dudău notes, if both TAP and South Stream 2.0 come to deliver gas, it will be in TAP owners' interest to allow Russian gas (also coming to the Turkish-Greek border, at likely lower prices than Azeri gas) into TAP. Transporting larger volumes (of both Russian and Azeri gas) further to Europe will diminish overall network costs for TAP operators.

TAP, which is now exempt from the unbundling rules of the Third Energy Package could, therefore willingly renounce its exemption in order to increase its profits. Aleksei Grivaci, Deputy Director of the Russian National Energy Security Fund, already announced at the beginning of the month, that Gazprom could use the Trans-Anatolian Pipeline (TANAP) instead of South Stream in order to transport Russian gas to Europe, since the pipeline is designed for a 30 bcm/year capacity, while Azerbaijan can only supply up to 15 bcm/year.

Baku's market share in the EU might thus come under threat and Azerbaijan might no longer have an assured gas deal from European customers. Since things are likely to play out by market rules, as well as European legislation, there's not much that Turkey could do in order to guarantee Azerbaijan a privileged position of diversification source for the EU, despite statements from the Turkish Energy Minister that TAP and TANAP are still important projects for Ankara. Therefore, Turkey's major shift from transporter of non-Russian gas to Europe could take its toll in relation to Azerbaijan.

On the opposite side of the equation, Europe too stands to lose, albeit not for the loss of South Stream, as Moscow would have one think. After keeping a strong stance on its Third Energy Package, along with a strong hand in dealing with South Stream supporters inside the EU, Brussels is finally free of the political burden that South Stream had become. The call of Mr. Junker, the new European Commission President, to denounce Russia's game of blaming Bulgaria was a good one and should serve as a starting point for renewed solidarity among Member States. The loss for Europe, however, will be to its diversification strategy, if South Stream 2.0 is indeed to fuel European gas markets, as intended by Gazprom.

Moreover, Europe needs to show strength and resolve if it is to keep Baku on board. Azerbaijan is still vulnerable to Russian influence, for example in its Nagorno-Karabakh conflict with Russian-backed Armenia; therefore the EU must show that it is still a reliable partner for Baku, willing to further support its European path – though, again, it is to be seen if this is still something that Baku wants in the aftermath of the crisis in Ukraine.

Another, even more likely loss for European diversification is that of Central Asian gas through the proposed Trans-Caspian Gas Pipeline, as part of the Southern Gas Corridor. Both Turkmenistan and Kazakhstan will find little incentive for dealing with what will become an even more stubborn Russia when settling the status of the Caspian Sea in order to allow construction of the pipeline on its seabed. With China all the more interested in Central Asian resources, what we will probably witness is even further distancing of Central Asian states from Europe.

All, of course, is not lost and what we are dealing with at this stage is mere scenarios and speculation. But all of these are issues that Europe must factor in when building its response to Russian tactics. The new Commission will be walking a thin line while having to balance a weak, but very determined Russia, a set of disgruntled Member States, a crafty Turkey set on making economic gains and a vulnerable Eastern Europe and South Caucasus – while all the while figuring out the best solutions for European energy security.

Marsa Turkey BV Announces Significant New Field Discovery and Reserves at Poyraz Ridge

Marsa, *07.01.2015*

Marsa Turkey BV ("Marsa"), a wholly owned subsidiary of Marsa Energy Inc., a publicly listed Canadian Exploration and Development Company based in Calgary Alberta, Canada announced the results of an independent reserves evaluation of the Company's Poyraz Ridge field in the Ortakoy Block by DeGolyer and MacNaughton effective November 30, 2014.

Marsa, which owns 100% working interest and is operator of the Ortakoy Licence reports having found Proved plus Probable reserves of 21.2 billion cubic feet of gas in the Poyraz Ridge field which marks a major milestone for the Company.

The Poyraz Ridge field was discovered in Q2-Q3, 2013 with the drilling of the Poyraz-1ST and Poyraz-2 wells respectively and further appraised in 2014 with the Poyraz West-1 well. It is located in the AR/MRS/3913 Licence (the "Ortakoy Block"), in the Thrace Basin on the Gallipoli Peninsula in the Republic of Turkey.

Marsa believes the Poyraz Ridge gas field discovery is one of the most significant finds in the Thrace basin in the last 10 years. This discovery has confirmed that an active thermogenic (gas-liquids) hydrocarbon system exists within the Miocene-Eocene sequence, and that significant petroleum prospectivity and upside lies within a fold-thrust dominated play system of the Eocene especially within the Sogucak carbonates and multiple Ceylan sandstone reservoirs. The Poyraz discovery has also confirmed the play-prospect potential of the Miocene, following its Miocene

discovery at Destan in 2010-2011. Marsa plans to conduct both development and exploration drilling programs in 2015 designed to bring the Poyraz discovery on stream in 2016 and to test one of several nearby lookalike thrust-fold structures.

Has Israel lost its appeal?

Natural Gas Europe, *15.01.2015*

Mr Gal Luft, co-director of the Institute for the Analysis of Global Security (IAGS), explains the reasons behind Noble and Delek's recent dispute with Israel's Antitrust regulator and how it may impact the development of the Leviathan and regional gas deals.

The gas dream was that Israel would not only become energy independent but also that it would be able to use its gas finds to build economic relations with its neighbors – Jordan, Egypt, the Palestinians - and this could enhance regional security. But without development of Leviathan this vision cannot be materialized.

Without some near term compromise in the Noble-Delek dispute with the Israeli government the regional countries will seek other solutions to their energy crunch and the need for Israeli gas might diminish. That said, Israel has undergone a teething period in dealing with its natural resources. It still has a small window of opportunity to put its regulatory house in order in order to become more attractive to foreign players. But this will take a lot of work and should be a top priority for the next government.

International investors and international energy companies have been watching the Israeli landscape for several years and have become increasingly disheartened by what is perceived to be an unstable and immature regulatory environment. Investors seek certainty and the mood swings of the Israeli government and regulators have had a chilling effect on their sentiment. It is up to the Israelis to take quick action to restore confidence and restore the broken confidence. That said, it is also important to understand the Israeli aversion to the idea of a gas monopoly. Israelis feel every day the perils of monopolies in many sectors of their economy and want to make sure regulatory fecklessness does not give rise to a similar situation in the gas sector. Both sides have valid concerns. Somehow a middle ground must be reached.

The new government to be sworn in the spring must make it a priority to get a clear message to investors and energy companies that while mistakes have been made, Israel is reopening for business. The reserves are impressive and such findings don't come by often. Noble is a publicly traded company which is answerable to its shareholders who need to see a clear pathway to profits in order to justify additional investments in the region. Without such pathway we are likely to see increased pressure by shareholders to shift away from Israel in pursuit of greener pastures.

There are two options. First is that the Antitrust Authority will stand by its decision that Noble and Delek constitute a monopoly and therefore have to offload one of the fields – Tamar or Leviathan. In such case it is almost certain that Noble will seek international arbitration which could be a long and costly process. The second option is creative compromise. Here there are a number of ideas, all of them are imperfect. The fact that the entire political system in Israel is in election mode doesn't help as any politician's support for the Noble-Delek partnership will be viewed as kowtowing to special interests against the public interest. I also sense that there is a noticeable daylight between Noble and Delek. Their interests are not perfectly aligned, and this can complicate the resolution even further. I believe that any solution that allows the Noble-Delek partnership to keep both fields will require price controls or the formation of a government entity that will buy the gas in bulk and distribute it to consumers.

Mr. Gilo realized that the sale of Tanin and Karish will not solve the problem because the owners of those small fields will never be able to really compete against the Noble-Delek partnership. They will simply be too small. The change of heart was induced by public pressure as well as a number of new reports, including one by the Public Utilities Authority, Israel's electricity market regulatory agency that raised strong concerns about the long term impact of a monopoly structure.

The last episode has tested Noble's patience like never before. With a new CEO at the helm Noble will have to reassure its investors that the Israel bet was sound and that it is a good idea to stay in it despite its disagreement with the government. It would be a mistake for the Israelis to take their presence in Israel for granted. There is a long list of companies that pulled the plug on projects for a variety of reasons. Noble is not a charity organization.

No doubt the recent developments will cause another delay in the development of Leviathan and I don't anticipate production before the end of the decade. We don't come across large fields like Leviathan very often so I doubt the industry will give up on it altogether. Eventually the field will be developed but it may take years before the regulatory environment becomes attractive to investors. Let's remember that someone needs to commit some $8 billion to develop the field and it's hard to see how such an amount can be secured without regulatory clarity.

In terms of Israel's own energy needs the impact will be minimal. In the coming decade Israel's needs can be supplied by Tamar. Beyond that there could be a gas deficit in theory but let us not forget that there are several smaller fields that can be developed to augment Tamar. It is yet to be seen how the domestic market develops. Will Israel begin to use gas in the transportation sector, home heating and petrochemicals? Then there is loss of tax revenues to the tune of $3 billion a year – roughly one percent of the country's GDP – due to delays in the development of Leviathan. But my top concern is Jordan. After losing much of the supply from Egypt, Jordan desperately needs gas, especially in light of the fact that it is now home to a million Syrian refugees. Affordable energy is important for Jordan's stability and hence to the stability of the entire region. Therefore, the top priority should be to find a solution to alleviate Jordan's energy crunch, even if it means reallocating some of Israel's gas to its next door neighbor.

Noble has proven reserves in Cyprus, particularly Block 12 where 7tcf of gas have been discovered. Greek Cyprus is now in a position to bounce back after years of economic disarray. While not a paragon of regulatory stability the island can position itself as an elegant alternative to Israel. I wouldn't bet that Greek Cyprus's reserves are as modest as some believe. It's all a question of

exploration. Exploration activity in Israel has come to a grinding halt in 2014 in part due to the regulatory mess. If Greek Cyprus offers a more hospitable investment climate we could see more exploration activity and new discoveries that could rival Israel's.

It is too early to be pessimistic. All sides have room to maneuver and reach a sensible compromise. And while there is likely to be an additional delay in the development of the East Med blocks the opportunities are too hard to pass. I believe reason will prevail. The players that are likely to enter Lebanon are different from the ones working in Israel. Operators entering Lebanon face no risk in terms of their other interests in the Arab world. I don't see the two countries as competitors. The market is big enough to accommodate all East Med countries.

Iran leaps to complete potential gas export routes

Natural Gas Europe, *13.01.2015*

The Iranian government has announced construction plans for four pipelines at a cost of $12 billion. Of the four planned natural gas pipelines, three will be designed for export and one is aimed at cutting gas imports.

The information portal of Iran's Oil Ministry reported that the government plans to facilitate the construction of the 6th, 9th, and 11th cross-country gas pipelines. According to Shana News Agency, the 6th and 9th cross-country routes are among the country's projects aimed to export natural gas towards west, including the European Union. The 11th cross-country pipeline will pump gas from the South Pars gas field.

Iran has two contracts with Turkmenistan to import 40 million cubic meters of gas per day (mcm/d) and currently imports about 30 mcm/d Turkmen gas. Iran's plans for the 7th cross-country pipeline include delivery of gas to Pakistan. The 6 th, 7 th, 9 th, and 11th cross-country gas pipelines, respectively, will requie $2, $2, $6, and $4 billion dollars worth of investments to come on stream.

The 6 th cross-country gas pipeline is the first priority, according to Shana. The first and second sections of this pipeline totalling 611 km in length have been completed and 600 km of piping is to reach Iraqi borders. The capacity of 6th cross-country pipeline is transferring 110 mcm/d of gas to Iraq, Syria, Lebanon and Europe. Iran has signed two gas export agreements with Iraq to supply 45 mcm/d of gas generated in South Pars to this country. Iran boosted dry gas production in the South Pars gas field, which shares 30 percent of the country's 33.6-trillion total gas reserves during 2014 by 80 mcm/d and planed to increase the current level of production in this field by 40 mcm/d until March 2015. During March 2015 to March 2016, the Iranian government also planned to increase gas production from this field by 100 mcm/d gas. With completion of South Pars, Iran's total produced dry gas would double by 2020 compared to the current level, reaching 1.1 billion cubic meters per day.

The 9th cross-country gas pipeline is projected to transfer 100 mcm/d of gas towards the north-western borders. The 1,863-kilometers long pipeline has 17 pressure booster stations. Iran has a contract with Turkey to supply 27 mcm/d of gas, but transferring the country's gas through Turkey to Europe is the final goal of 9th cross-country pipeline. The potential route for the delivery of Iranian gas to Turkey and Europe is still uncertain however EU is plans to recieve Azerbaijani gas via the Trans-Adriatic Pipeline (TAP), designed to be connected to the Trans Anatolian Pipeline (TANAP). Initial capacity of TAP is 10 bcm per annum, though Europe recently announced that a doubling of capacity is being considered. TAP is projected to be completed by 2020.

The 11th cross-country gas pipeline is 1,100 kilometers long and has the capacity to transfer 100 mcm/d of gas. Aims to complete the 11th cross-country pipeline that will connect South Pars to north-eastern regions became serious when Turkmenistan cut gas deliveries to Iran in the winter of 2007 due to price disputes with Tehran. Iran's northern neighbour also declined gas delivery to Iran in 2012 significantly due to Iran's more than $1 billion debt to Ashgabat brought on by western sanctions on Iran's banking system.

Iran also has a gas transferring project to deliver natural gas to Pakistan. Iran needs $2 billion in investment to be completed, while Pakistan hasn't started the construction of the pipeline (Peace Pipeline). Iran and a Russian company recently signed a memorandum of understanding (MoU) on the construction of the 300-kilometer Iranshahr-Chabahar gas pipeline, a part of Peace Pipeline inside Iran. The final capacity of 7th cross-country pipeline is 110 mcm/d, of which 21 mcm/d is projected to be delivered to Pakistan. Asghar Soheilipour, an official of National Iranian Gas Company (NIGC) said the diameter of the 240-km-long pipeline is about 56 inches and that of the remaining 60 km is about 36 inches, Shana reported. Without mentioning the name of the Russian company, he added that it has implemented a large number of important projects.

Qatargas delivers first LNG cargo to Thailand under long term deal

Natural Gas Asia, *10.01.2015*

Qatargas has delivered first LNG cargo of approximately 90,000 tons to Thailand's PTT Plc under the long term deal signed between the two parties.

In 2012, PTT and Qatargas 3 inked a Sale and Purchase Agreement (SPA) under which the latter was to deliver two million tonnes per annum (MTA) of LNG for a period of 20 years beginning from 2015. The agreement was PTT's first long-term LNG SPA. The cargo arrived at Thailand's Map Ta Phut LNG receiving terminal aboard of a Q-FLEX LNG vessel Al Ghariya. Qatargas hosted a ceremony on Thursday at Map Ta Phut LNG receiving terminal to mark the occasion.

In 2011, Qatargas delivered the first commissioning cargo to Map Ta Phut LNG receiving terminal. Since then, Qatargas has sold several spot cargoes to PTT. The current capacity of Map Ta Phut LNG receiving terminal is five MTA and PTT has plans to increase this capacity to ten MTA.

Southern Gas Corridor to go ahead with no delay

Azer News, *14.01.2015*

Declining oil prices in the global markets has contributed to hot debates over the realization of major energy projects. But the recent developments in the oil and gas market have not affected the implementation of the projects in the Southern Gas Corridor, launched in Baku last September.

The projects within the Southern Gas Corridor are underway. The works run on schedule and no problems or delays are observed. The source said the work is currently underway on the expansion of the South Caucasus gas pipeline, construction of TAP and other projects whose purposes are the delivery of Azerbaijani gas to Europe.

TANAP consortium will announce two more tenders within the construction of compressor stations, he added. The 3,500-kilometer South Gas Corridor which would finally end Europe's dependence on a single pipeline was initially launched as part of the South Caucasus Pipeline Expansion, which will connect the Sangachal terminal with eastern Turkey through Georgia. It will link up with the SOCAR-led TANAP to be connected with a third pipeline TAP on the Turkish-Greek border.

The source further said that the decline in world oil prices will affect the ambitious plans of all companies, including Azerbaijan's state energy giant SOCAR. "SOCAR is operating in the global economic space feeling the effects of it [oil prices]," he said, noting that despite this, the crisis will not be felt during the realization of huge projects. "On the other hand, periodic fluctuations in world oil prices are part of the global economy."

The source reminded that there was a time when oil prices were at $30 a barrel, and during the decision-making on the projects on development of Azerbaijani offshore oil and gas fields Azeri-Chirag-Guneshli and the construction of the Baku-Tbilisi-Ceyhan oil price level was even lower [$15 per barrel]. "However, we even remember the time when oil prices exceeded $ 140 per barrel," he said, noting that all the above mentioned projects have been successfully realized.

The Southern Gas Corridor, including the Trans-Caspian Pipeline, remains a key policy priority among the European external energy policy. TANAP construction is due to be completed in 2018 and TAP in 2020 with first gas deliveries to Europe planned in the same year. The cost of the work on all four elements of the Southern Gas Corridor was estimated at almost $50 billion, according to the preliminary data.

SOCAR is involved in exploring oil and gas fields, producing, processing, and transporting oil, gas, and gas condensate, marketing petroleum and petrochemical products in the domestic and international markets, and supplying natural gas to industry and the public in Azerbaijan. Three production divisions, two oil refineries and one gas refinery, an oil tanker fleet, a deep water platform fabrication yard, two trusts, one institution, and 22 subdivisions are operating as corporate entities under SOCAR. The company annually invests billions of dollars in transport infrastructure and is involved in key projects designed to increase Europe's energy security. It owns gas stations in Azerbaijan, Switzerland, Georgia and Ukraine. It has representative offices in Georgia, Turkey, Romania, Austria, Switzerland, Kazakhstan, Britain, Iran, Germany and Ukraine and trading companies in Switzerland, Singapore, Vietnam, Nigeria, and other countries.

Ukraine gas usage falls by 19% in December

Reuters, *13.01.2015*

Ukrainian natural gas usage fell by 19% in December compared to the same period in 2013, suggesting that the measures taken by Naftogaz turned out to be successful.

'In December 2014 Ukrainian industrial consumers, district heating enterprises, government financed institutions and households collectively consumed 5.3 bcm of natural gas, compared to 6.7 bcm in December 2013, a drop of 19% in data excluding Crimea' reads a note released. Similarly, households consumed 12% less gas than in December 2013. Last September, Naftogaz said it would have raised energy prices for Ukraine consumers, with increases up to 300%.

Ukrtransgaz reported on Saturday that Hungary resumed natural gas transmissions to Ukraine after a three-month hiatus. FGSZ resumed reverse-mode gas transmission. Ukraine is said to be importing 2.7 million cubic meters per day.

Russia's gas exports down by 6.7 percent in 2014

Anadolu Agency, *16.01.2015*

Russia's natural gas exports have declined by 6.7 percent in 2014, Russian Energy Ministry told. The ministry said Russian natural gas export figures in 2014, amounting to 183 bcm, comprise of gas exports to both CIS, Commonwealth of Independent States, which is made up of nine former Soviet republics, and non-CIS countries.

Russia extracted a total of 641 bcm of natural gas in 2014. Natural gas makes up 10 to 12 percent of Russia's total export revenue. Most of Europe and Ukraine have been taking considerable steps to wean itself off Russian gas since Russia's annexation of Crimea in March 2014.

Ukrainian natural gas pipeline operator, Ukrtransgaz, recently announced that Ukraine cut imports of gas from Russia by 44 percent in 2014.

Gazprom warns EU to link to Turkey pipeline or lose Russian gas

AFP, *15.01.2015*

Gazprom said that Europe faced the risk that supplies piped via Ukraine could still be affected in January and February, which is the peak period for energy consumption.

"The transit risks in Ukraine remain this winter," Gazprom chief Alexei Miller was quoted as saying following a meeting with the new European Commissioner for Energy Union, Maros Sefcovic, in Moscow. The AFP news agency reported that Miller suggested the problem of reduced transit supplies could stem from Kyiv's struggle to pay for enough Russian gas to see its own citizens through the remaining winter months.

"Ukraine, due to financial difficulties, was not able to buy the necessary volume of Russian gas in November and December last year and significantly depleted its reserves of gas in underground storage," Miller was quoted as saying by AFP. In a move to calm relations between Moscow and Kyiv, Sefcovic said the EU was ready to continue as an "honest broker" in gas talks between the two.

Sefcovic also said the transit of Russian gas to Europe via Ukraine should not be cut even if new pipelines are laid bypassing the former Soviet republic. During the Moscow talks Russian Energy Minister Alexander Novak moved to reassure Europe that there was no reason to change the terms of gas deliveries to Ukraine once the current deal expires at the end of March.

Gazprom stated that it had met its obligations on supplies to Ukraine under a gas accord reached in November in Brussels, but that Ukraine was not complying with its terms. Gazprom said in a statement that Ukraine's state gas company Naftogaz was "acquiring gas in lower volumes than in the Brussels accord." Ukraine is taking gas out of its underground stores at a rapid rate, leaving supplies that are "not enough to reliably get through the winter period," the Russian energy giant said. Europe had faced gas shortages twice during the last decade in the peak winter heating season after Ukraine, which was locked in pricing rows with Russia, allegedly stole supplies destined for the EU from pipelines that cross its territory.

Also on Wednesday, Russian Prime Minister Dmitry Medvedev warned that Russia could demand full repayment of a $3 billion (2.5 billion euros) loan to Ukraine agreed when pro-Kremlin president Viktor Yanukovych was still in office. Moscow granted Kyiv a $15-billion loan in total, but only managed to provide the first installment of $3 billion before Yanukovych was ousted from power. In a televised discussion on the Russian economy, Medvedev said Ukraine had not made provision for paying back the loan in its 2015 budget. "Therefore we will have to take a decision on this matter in the near future," Medvedev said. "We don't want Ukraine to default and for the already desperate position of the Ukraine economy to get worse," he said. "But debts need to be paid," he added.

Norway's exports to Europe decrease in 2014

Natural Gas Europe, *13.01.2015*

Dry gas deliveries within Gassco's operatorship from Norway to Germany, Belgium, France and the United Kingdom decreased 1.5% to 101 bcm, while a local company warns that tumbling oil prices might lead to spending cuts on the Norwegian continental shelf.

"Norwegian gas makes a substantial contribution to energy supply in major European countries, and these exports remain at a high and stable level characterised by very good regularity," Brian Bjordal, chief executive of Gassco. According to Gassco's data, Norwegian gas exports declined for the second consecutive year.

Losing over 50 percent of its value in 2014, the ruble saw its value drop by more than 20 percent in a single day on Dec.16, reaching unprecedented lows since the government's default of 1998. Oil prices have been in a steep decline since June because of excess oil supply and low demand for oil

in the world's markets. Asker-based TGS provided an update on Q4 2014, announcing good results but a decline in expected revenues.

The Norwegian seismic explorer expects 2014 full year revenues at 915 MUSD, and announced targets revenues for 2015 at 750 MUSD. The company expects a cautious approach from the customers both in 2015 and in 2016. The grim outlook for 2015 was confirmed by a Wood Mackenzie report published.

The consultancy firm warned that the cuts will be significant, both in the exploration and development segments. "The corporate appetite for new exploration acreage in Norway remained strong last year, shown by a record year for licences awarded for mature acreage. Norway stayed a global hotspot for exploration activity, with 59 exploration and appraisal (E&A) wells drilled - the same number as in 2013… However, looking at this in more detail reveals that 2014 was actually a lacklustre year for exploration. Despite 44 exploration wells being drilled, there were only four discoveries that we would class as commercial – or likely to be developed" Malcolm Dickson, Principal North Sea Analyst for Wood Mackenzie commented in the press release.

The consultancy firm underlined that VNG's Pil & Bue and Lundin registered the two main successes, while Statoil posted 'disappointing explorations results in its high profile Barents sea acreage.' "Despite our projected production increase this year, we expect to see a slowdown in exploration, M&A activity and investment – which we currently expect to fall by 25%, to around NKr 136 billion (US$22 billion). The current uncertainty over the oil price and future project returns means that cuts in exploration, deals and development spend will be unavoidable for the Norwegian sector in 2015" Dickson added in the summary.

Norwegian arctic exploration dream fades away

Natural Gas Europe, *14.01.2015*

Statoil followed GDF Suez and Dong Energy, giving clear signs of a decreased interest for exploration in the Arctic.

According to Reuters, Statoil will maintain just one license in Greenland. "We have now completed the working programme and have no further obligations, and we don't see any potential in taking on further obligations in these licenses," spokesman Knut Rostad told the news agency. Meanwhile, Sweden-based Lundin terminated talks with Statoil for an oil terminal in Norway's Arctic. The terminal would have created a hub, with hydrocarbons from Lundin's Alta and Gohta discoveries and Statoil's John Castberg deposits.

Shale gas technology: lessons learnt in Poland

Natural Gas Europe, *15.01.2015*

“Romania has resources and is willing to explore this potential,” said Valentina Ivan, Energy Policy Analyst, Candole Partners. She remarked, “Private operators have already expressed interest to delve deeper into this, but so far we’ve only drilled one well.”

The focus in Romania, she said, has been on whether the proper regulation is in place as well as environmental impact studies, but social acceptance issues are polarized. How to be more effective in the process of unconventionals exploration was the subject that Frank Thompson, Unconventional Resources Development Manager.

He said that because of the effective E&P of unconventionals in places like the US or Argentina, interest in doing so in Europe remained. Of the areas to explore on the continent, Mr. Thompson admitted that most of them have note been explored. What had occurred in North America was not, he said, just a matter of drilling a horizontal well and performing hydraulic fracturing to produce gas. “It took years,” he remarked. “Decades. It took a historical approach of drilling hundreds of wells, kind of like a shotgun to hit a target before we actually found the wells that we could produced.”

Regarding the history of emerging shale plays in the US, like the Barnett, he said literally several hundred wells have been drilled before it became commercial to find gas in place. “Today in Europe, this is obviously not going to happen,” he admitted, adding that there were only 120 drilling rigs in all of Europe making it impossible to drill hundreds; population density in Europe is also too high. “So, in the same area we’d very much like to do things a bit differently, use the technology that we have, the knowledge and expertise we can tap into,” offered Mr. Thompson. “We can do things like pre-drill monitoring, we can look at look at cultural data – population density, increase the chance of success for the first well that we drill, and in the same area we can drill a lot fewer wells, but would like the first well to be successful. “Nothing kills a project like drilling unsuccessful wells,” he added, because after three strikes the project is over.

Mr. Thompson vaguely referred to the exploration activities in Poland, which he said could have benefitted from a “more focused approach.” Understanding the rock was the first priority when looking for shale resources, according to him. “Does it have gas in place? Oil in place? If yes, can we produce it?” This involved looking at the organic material – figuring what kind of kerogen is inside the shale rocks which determines what kind of hydrocarbon can be produced. “Type 1 cooks off into oil straightaway at low temperatures; Type 2 kerogen – marine, amorphous cooks off into gas at higher temperatures. So we need to know things like level of maturity of the organic material in the rock,” he explained.

He explained that having a reservoir that actually produces required having 1) the hydrocarbon in place; 2) the formation must have a seal to capture the produced hydrocarbons; 3) thickness – 20-50 meters to produce commercially. Mr. Thompson offered, “One approach that we use to be a bit smarter about where we want to drill, is to use what’s called a petroleum systems approach, where we understand that the hydrocarbon was generated in the gas- or oil-rich shales in the conventional plays, it’s leaked out and we’re tapping it today.” Shales, he said, needed to still have the hydrocarbon in place – a self-sourced rock.

Schlumberger, he explained, used a technological workflow to look at available data for an area to be drilled, for which a geology model can be constructed, followed by a petroleum systems basin model. “The main reason is to find out, was the rock cooked long enough to generate hydrocarbon?” These, he said, are called predictive models on unconventional plays that begin with using available information on the subsurface, looking at things like structural maps, cross sections, seismic that has been acquired in a given area, or data on any wells that have been drilled. “We use this to build a geological model. “It’s important to update this living model as more data becomes available,” he explained, “because this model is also used for developing the resource in place, if we find something that’s worth developing.”

Then, the geological model is transferred into a petroleum systems model, which shows what happened to the formation from the time it was deposited up ’til today. This mandates information about the temperature, type of kerogen and its maturity, which led to using a modeling system to recreate what happened to the structure during the earth’s geological life. “We want to look at how it was buried,” said Mr. Thompson, “how it was uplifted, eroded, the faults that were developed, the system stress induced by tectonic movements until we come up to the picture of how this formation exists today. This will tell us, if the time and temperature was long enough during its history to actually produce the gas and oil that we’re looking for inside the shales. And, if yes, where to look for it.” It also involves building maps to figure out where the best chance of success lies for drilling an exploration well and finding hydrocarbons, he said, which could even involve population density. Mr. Thompson remarked, “We won’t drill in the middle of Bucharest, for example. We might like to, because there are hydrocarbons under the ground here, but culturally you can’t do it.”

Schlumberger, he said, also looked at transport systems’ natural barriers; there are places it is impossible to drill because of a river being in the way, or a motorway. “We combine these and highlight the places where we have the best chance of success in terms of oil and gas being in place, and where we can actually go and drill for them.” Data drives decisions, he said, that will make difference in how one explores an area. Sometimes, he recalled, drillers do not know the data is there. “We’ve found in the last couple of years that there’s a source of data that’s been very little exploited: cuttings that we have from old exploration wells.”

He explained that many national and international exploration enterprises that preserve bags of cuttings, stored in warehouses around the world. “If we’re lucky enough in the area we want to explore for shale, we can actually pull those cuttings out of the warehouse and analyze them and get some more information. It’s been done a couple of times,” he remarked, adding that one of Schlumberger’s groups is able to bring a portable petrochemical and geophysical lab to a wellsite to test cuttings, even those that have been stored 40-50 years. “We analyze the elements that are in the cuttings, the mineralogy, total organic content and can pick out the source rock from the non source rock,” he said.

Mr. Thompson recalled that his company had done this for four wells in an area that needed to be explored, from the 1970s. “With our portable field equipment, in about 2 weeks we had analyzed the cuttings form those wells completely. We found that even in a fairly small area there is a big variation in the thickness of the potential payzone.” This, he said, led to the construction of a small map to determine where to drill a first exploration well, updating the project model and “play chance-of-success” map, subsequently deciding to drill vertical or horizontal pilot wells. He offered, “We didn’t use a shotgun approach; we targeted the right area, went and drilled, and found hydrocarbons – a real case study. “So before we go out and do massive campaigns of exploration wells, which basically won’t happen, think about what we’re doing beforehand – take some time for the pre drill studies to increase our chance of success, and think about it before you take action,” concluded Schlumberger’s Frank Thompson.

Making the best choices regarding water management issues in unconventional gas development was the topic of a presentation by Anna Kanieweska, Business Development Lead Poland and KAMs Lead Europe, Golder Associates. “We need to think about the availability of water,” she said, explaining that it was used for both shale drilling and hydraulic fracturing, and such water use comprised about 1% of water consumption in Poland. This, she said, requires considering competing resources for water, like domestic usage, industrial, recreational or agricultural. Droughts also can be a concern. Well stimulation, according to Ms. Kaniewska, can use up anywhere from 7,500 to 18,000 cubic meters of water, depending on the formation. Because the geology in Poland is challenging, she said a lot of water was necessary. She offered, “Romania is really poor in terms of water resources, so it’s an important consideration.”

Water management, she said, should be thought of as a lifecycle or a supply chain; it is necessary to assess the risks at each stage of it, considering sources of water, transporting of it, management, storage, treatment, reuse and disposal, as well as alternatives to all of those choices. Regarding what kind of water should be used, she listed ground water, surface water, industrial water and the reuse of previously used water.

Ms. Kaniewska distinguished flow back water – that which re emerges from fracking a well – and produced water, the naturally occurring water in the geological formation, which often had things like leached metals or naturally occurring radioactive materials. “Methods like filtration can be used,” she explained, “to remove suspended solids.” Also, biological treatments are available for removing organic compounds in produced water, she added. For drillers, it is also necessary to plan for things like spillage, as well as to consider the traffic and safety concerns in communities. Of the locals in those areas she said, “Those people have lived there for centuries and the operators are only guests, so we need to consider their needs and address them adequately in all the decision-making processes.” It was quite important, according to her, to reduce both freshwater usage and reduce the amount of waste water generated; Ms. Kaniewska spoke of different treatment options for the latter. Finally, she reviewed several decision-making tools for assessing the options and risks to be able to make the best choices as part of a water management strategy.

Why Europe no longer fears the Russian gasman

The Economist, *12.01.2015*

A mild winter and robust European Union policy have blunted the edge of what was once Vladimir Putin's most effective foreign-policy weapon: the politicised export of gas. Contrary to some expectations, Russian gas has been flowing to Europe across all four main export pipelines this winter, while the Kremlin's flagship new pipeline project, South Stream, has come to a mysterious and embarrassing end.

Now the focus is on the EU to see if it will push ahead with the prosecution of Gazprom, Russia's main gas exporter, for years of anti-competitive practices. Why has Russia lost its hold on European gas?

European policymakers still remember the shocks of 2006 and 2009, when Russia cut gas supplies to Ukraine amid a row about prices and debts, leading to heating crises and factory closures in countries such as Slovakia and Hungary, and making western European countries such as Germany scramble to find alternative supplies. Europe gets a third of its gas from Russia, half of it from pipelines across Ukraine. Politicians decided that Russia's grip on gas supplies to countries in the east of Europe gave the Kremlin an alarming political leverage.

Since then the EU has made some big changes. It pushed through a controversial but effective liberalization of the gas market, known as the Third Energy Package: Russia cannot now both own and control pipelines on EU territory. The EU has also made the supply system a lot more resilient, putting taxpayers' money into new interconnectors between countries dependent on Russian gas imports. This rewrites the rules. If supplies from the east are interrupted, the countries affected can import gas from elsewhere. As of December, Lithuania, once 100% dependent on Russian gas, is importing liquefied natural gas (LNG) from Norway. Ukraine's gas imports from the west are rocketing. The EU has also brokered a deal on debts and prices between Ukraine and Russia, which should keep the gas flowing at least for the first quarter of 2015. Moreover, a mild winter means Europe's gas consumption is low and storage is high for the time of year. Even if Russia did try to interrupt supplies, the effect would be modest.

In fact, Russia has other worries. The low oil price is straining the Kremlin's coffers. In December, Mr Putin abruptly cancelled the $40 billion South Stream pipeline to central Europe via the Black Sea and Balkans after it ran into trouble. The EU is likely to put pressure on Croatia to open an import pipeline and LNG terminal on the Adriatic coast. And the EU has yet to fire its biggest weapon against Russia: a colossal "complaint" based on a multi-year investigation into discriminatory pricing and other market abuse dating back to 2004. That could lead to legally mandated changes in Gazprom's business model and whopping fines. The investigation was masterminded by the previous competition commissioner, Joaquín Almunia, but postponed last year

for political reasons (amid war in Ukraine, the EU feared worsening ties with Russia). Now the fate of the Abominable Gasman lies with Mr Almunia's successor, Margrethe Vestager.

Statoil to extend Norne Field's life to 2030

Natural Gas Europe, *12.01.2015*

Statoil announced that the life of its Norne field will be extended at least 16 years to 2030, thanks to maintenance investments and positive externalities.

"Thanks to systematic maintenance of Norne for 17 years the vessel is now in a good technical condition. We have also aimed to facilitate improved recovery and phase-in of new discoveries to the Norne vessel. In light of this we are now considering extending Norne's life to 2030," Norne operations vice president Kristin Westvik commented in a note. The field is operated by Statoil, with Eni, Petoro and Dong holding significant stake in the field.

The recovery factor for the main Norne field today is 56.5%, which Statoil dubbed 'a top result worldwide for production from subsea fields.' Over the years, the number of subsea templates grew by 300%. When the field came on stream in 1997, the subsea templates were five. Now production flows from a full fifteen subsea templates in Harstad. 'The last subsea template to be installed was the Skuld fast-track project in 2013, which represented a total investment of almost NOK 10 billion. In addition the Alve field and the Eni-operated Marulk field have been tied in to the Norne FPSO' wrote Statoil.

ENI expands Egyptian portfolio

Reuters, *14.01.2015*

Eni increased its portfolio in the Mediterranean, signing two new concession agreements with Egyptian authorities. 'As a result of the EGAS 2013 bid round, Eni signed two concession agreements for the North Leil and Karawan blocks offshore Egypt. Eni is the operator and holds 100% equity in North Leil and 50% equity in Karawan, where it partners with BP' reads the note released.

Eni's licence are in deep waters, west of its Shorouk block. The two new blocks, which jointly covers over 9,600 square kilometres, follows a renewed interest for Egypt. The company acquired the Shorouk block in 2014.

The six-legged dog has recently been awarded the Southwest Meleiha Block. Eni is the main producer in the country. According to the company, it controls an equity of approximately 210,000 barrels of oil equivalent per day.

Egypt to get 35 LNG shipments from Gazprom

Natural Gas Asia, *13.01.2015*

Egypt is likely to buy 35 shipments of LNG over the next five years from Russia's Gazprom. This information was provided by country's Petroleum Minister Sherif Ismail who further said that that an initial agreement has been made with the Russian company, reported Daily News Egypt newspaper.

The two parties are set to formally close the deal later this month which would allow Gazprom to ship seven shipments of LNG annually from 2015-2020, the newspaper added. Ismail told Daily News Egypt that Russian and Algerian LNG shipments would be procured at global prices, determined at the time of supply.

He also added that a delegation from Algeria's Sonatrach will arrive in Cairo at the end of January to continue negotiations over shipments which will be supplied from 2016-2020. Last month, Algeria and Egypt signed a previously announced natural gas deal. As per the deal Algeria will supply 850,000 cubic meters of LNG in six shipments to Egypt during 2015. Ismail said that he hopes all procedures for the import to be completed by the end of January, including awarding the tender and forming an agreement with the companies.

The Asian quest for LNG in a globalizing market

Natural Gas Asia, *11.01.2015*

IEA in a new report said that global gas markets may be at the threshold of a new age. “An unprecedented gap between regional gas prices – Asian prices on the one side and US gas prices on the other – has triggered fundamental changes for future global gas market dynamics,” IEA said in a report titled ’The Asian Quest for LNG in a Globalising Market’.

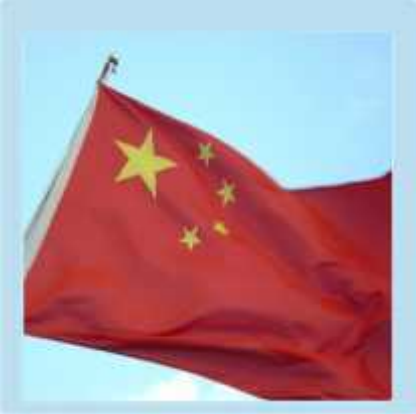
This price gap comes at a time when the industry is expanding LNG export capacity by one-third, with most of this capacity targeting the Asian market. Not only is the demand for gas growing quickly in Asia, but high prices make this region the preferred destination for LNG sellers.

“It would be a mistake, however, to expect such a situation to continue unchanged. Growth will depend on whether countries can afford more expensive gas, its competitiveness against other fuels, and the price level that could trigger an increase in unconventional gas production,” IEA said. The high prices in Asia have been a result of the close link to oil prices in global LNG markets. IEA believes this model might see some cracks as a greater quantity of new supplies offer a Henry Hub price with destination flexibility.

A regional hub pricing signal in Asia is lacking, but market reforms do show first signs of progress in that direction. That new LNG is being sold on different terms does not mean the end of oil indexation over the medium term, and a mix of oil, Henry Hub and Asian hub indexation could be expected to govern contracts over the longer term. In sum, new LNG supplies that are redrawing the global gas map, combined with the Asian demand growth and market reforms, challenge Asia to attract LNG in this globalizing market, IEA said.

China's 2014 shale gas output at 1.3 bcm

Natural Gas Asia, *14.01.2015*



Shale gas production in China in 2014 stood at 1.3 bcm up almost five time on year, Ministry of Land and Resources announced. Production of coal bed methane (CBM), according to the ministry was recorded at 3.6 bcm, up 23.3 percent year-on-year.

The ministry earlier said that China's shale gas output is likely to hit 6.5 bcm this year. Last year, Sinopec's Fuling field was verified by Chinese government as country's largest shale gas play. The Ministry of Land and Resources verified proven reserves of nearly 107 bcm in the Fuling shale gas field.

However, China cut its 2020 shale gas production targets by more than half to 30 billion cubic metres, reflecting the difficult geology of its shale basins, higher drilling costs, water scarcity and the limited success domestic operators have had so far with shale blocks allocated in the two rounds since 2011. Country's overall natural gas output last year was 132.9 bcm, higher by 10.7 percent year-on-year, the Ministry said in the same report. Conventional natural gas production was 128 bcm, up 9.8 percent on year. State-owned PetroChina's gas production last year rose 8.2 percent to 95.2 bcm while Sinopec's gas output rose 7.2 percent to 20 bcm. China National Offshore Oil Corp. produced 11.8 Bcm of gas last year, up 23.6% from 2013, the Ministry said.

Tethys Petroleum's Kazakh gas production doubles

Natural Gas Asia, *13.01.2015*

Central Asia and Caspian focused Tethys Petroleum announced that the new phase of gas production is on stream in Kazakhstan and is producing at more than double previous production.

The 2015 programme officially commenced and the gas is now flowing at a combined rate of 559 Mm3/d from 12 wells, a rate more than double the previous rate of 260 Mm3/d from a combination of existing wells along with some of those drilled and tested in 2014, the company said. Tethys also plans to increase production later in second and quarter of 2015.

Last month, Tethys Petroleum's 100 percent owned Kazakhstan subsidiary signed a gas sales contract for 2015 gas production, the company announced. The gas supply contract was signed between TethysAralGas LLP and KazTransGas (KTG), for the Kyzyloi and Akkulka natural gas fields. TethysAralGas LLP has signed a one-year gas supply contract for annual volumes up to 100 million cubic meters.

Australia's North West shelf project offers tender to sell five LNG cargoes

Natural Gas Asia, *12.01.2015*

Australia's North West Shelf LNG export plant launched a tender to sell at least five cargoes from April. Woodside-operated North West Shelf project is a joint venture between six major international companies.

It is one of the world's largest LNG producers, supplying oil and gas to Australian and international markets from huge offshore gas and condensate fields in the Carnarvon Basin. The unexpected tender signals a delay of around three months to reforms of how NWS will market supply, which will see the plant's six stakeholders be allowed to market their equity share of spot cargoes directly.

Woodside signs energy related MoU with India's Adani

Natural Gas Asia, *11.01.2015*

Australia's Woodside signed energy related MoU with India's Adani. The MoU was signed by Adani Chairman Gautam Adani and Woodside's CEO and Managing Director Peter Coleman.

Coleman said that the MoU was a clear demonstration of Woodside's commitment to the Indian LNG sector and marked a significant milestone in strengthening relations between the two companies. "India is an important emerging LNG market in which we see enormous supply potential as infrastructure is developed. Adani is at the forefront of the LNG industry in India" he said.

Woodside and Adani also agreed to cooperate in identifying, investigating and developing potential business arrangements and commercial initiatives. The MoU was signed at a ceremony in the Indian state of Gujarat, attended by senior company representatives and Andrew Robb, Australia's Minister for Trade and Investment.

ExxonMobil to invest $21 billion for LNG in Canada

Anadolu Agency, *13.01.2015*

The U.S. energy giant ExxonMobil is planning to invest US$21 billion for a LNG project in Canada's western province of British Columbia. Imperial Oil Resources Limited, Canada's second-biggest integrated oil company, announced that it filed an application with ExxonMobil to Canada's National Energy Board to export LNG.

The proposed LNG terminal on the west coast of British Columbia is planned to be used to export up to 30 million tonnes of LNG per year for 25 years, said Imperial. The approval of the application may take two years, and the earliest investment decision will be made in 2017.

ExxonMobil has a 69.6 percent ownership stake in Imperial since the end of 2012, according to Imperial's summary annual report. Canada has 18 proposed projects to export LNG, however so far no investment decision has been finalized on any project because of the uncertainty of tax and environmental laws in the country. According to the U.S.' Energy Information Administration, Canada is the fourth-largest exporter of natural gas - after Russia, Qatar, and Norway - while almost all of its natural gas exports are sent to the U.S. via pipeline. Canada's proved natural gas reserves are estimated to be 67 trillion cubic feet (two trillion cubic meters) while it has an estimated technically recoverable shale gas resources of 573 trillion cubic feet (17 trillion cubic meters), according to the U.S. agency.

OPEC predicts higher global oil demand for 2015

Anadolu Agency, *15.01.2015*

Global oil demand is to increase by 30,000 barrels per day to 92.3 million barrels per day in 2015, according OPEC. For 2014, global oil demand reached around 91.1 million barrels per day, mb/d. Due to the larger than expected demand in the Americas and in Asian countries, the agency raised its oil demand prediction for 2015 to 92.3 mb/d.

In December, global oil supply rose by 200,000 b/d from the previous month to 93.2 mb/d. For non-OPEC countries, oil supply was seen as 56.2 mb/d in 2014 and was projected to rise by 1.3 mb/d to 57.5 mb/d in 2015. During the same month, OPEC production increased by 142,000 b/d to 30.2 mb/d.

The most output came from Iraq while supplies fell the most in Libya. OPEC's share in the total oil production reached 32.4 percent in December. On Nov. 27, OPEC countries agreed to keep production at 30 mb/d. For 2015, the demand forecast for OPEC crude oil was dropped by 100,000 b/d to 28.8 mb/d. OPEC's Reference Basket price fell to $59.5 in December and further dropped to 41.7, the lowest level in six years. The basket's annual average totaled $96.29 in 2014. OPEC is scheduled to hold a meeting in June. The oil minister for OPEC member country, United Arab Emirates, Suhail Mohamed Faraj al-Mazroui said on Tuesday that he did not expect OPEC to lower output or to meet before the planned meeting in June.

Announcements & Reports

▸ *Short – Term Energy Outlook*

Source : EIA
Weblink : http://www.eia.gov/forecasts/steo/?src=home-b1

▸ *Petroleum & Other Liquids*

Source : EIA
Weblink : http://www.eia.gov/petroleum/drilling/

▸ *Oil Market Report for January*

Source : IEA
Weblink : http://www.iea.org/newsroomandevents/news/2015/january/iea-releases-oil-market-report-for-january.html

▸ *Current Oil Market Dynamics and the Role of OPEC*

Source : Oxford Energy
Weblink : http://www.oxfordenergy.org/2015/01/current-oil-market-dynamics-role-opec-reflections-robert-mabros-work/

▸ *Monthly Oil Market Report*

Source : OPEC
Weblink : http://www.opec.org/opec_web/en/publications/338.htm

Upcoming Events

▸ *Middle East and North Africa Energy*

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

▸ *4th Erbil Oil & Gas International Exhibition*

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

► *Ukrainian Energy Forum*

Date : 02 – 05 March 2015
Place : Kyiv – Ukraine
Website : http://www.ukrainianenergy.com/

► *14th Turkish International Oil & Gas Conference*

Date : 18 – 19 March 2015
Place : Ankara – Turkey
Website : http://www.turoge.com/Home.aspx

► *14th Georgian International Oil, Gas, Infrastructure & Energy Conference*

Date : 25 – 26 March 2015
Place : Tbilisi – Georgia
Website : http://www.worldoils.com/showevents.php?id=3945&event_name=14th%20Georgian%20International%20Oil,%20Gas,%20Infrastructure%20&%20Energy%20Conference%20(GIOGIE)

► *9th Atyrau Regional Petroleum Technology Conference*

Date : 14 – 15 April 2015
Place : Atyrau – Kazakhstan
Website : http://www.oiltech-atyrau.com/About.aspx

► *14th North Caspian Regional Atyrau Oil & Gas Exhibition*

Date : 14 – 16 April 2015
Place : Atyrau – Kazakhstan
Website : http://oil-gas.kz/en/

► *6th World Forum on Energy Regulation* ***(in Turkey)***

Date : 25 – 28 May 2015
Place : Istanbul – Turkey
Website : http://www.wfer2015.org/

► *OGA 2015*

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

► *22nd International Caspian Oil & Gas Exhibition and Conference*

Date : 02 – 05 June 2015
Place : Baku – Azerbaijan
Website : http://www.caspianoilgas.az/2015/

► *6th OPEC International Seminar*

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

► *12th Russian Petroleum & Gas Congress*

Date : 23 – 25 June 2015
Place : Moscow – Russia
Website : http://www.mioge.com/RPGC-Congress/About-the-Conference.aspx

► *13th Moscow Inernational Oil & Gas Exhibition*

Date : 23 – 26 June 2015
Place : Moscow – Russia
Website : http://www.mioge.com/mioge-exhibition/about-the-exhibition.aspx

► *7th South Russia International Oil & Gas Exhibition*

Date : 02 – 04 September 2015
Place : Krasnodar – Russia
Website : http://www.oilgas-expo.su/en-GB

► *22nd Annual India Oil & Gas Review Summit and International Exhibition*

Date : 09 – 10 September 2015
Place : Mumbai – India
Website : http://www.oilgas-events.com/india-oil-gas

► *The Energy Event 15*

Date : 15 – 16 September 2015
Place : Birmingham – United Kingdom
Website : http://www.theenergyevent.com/Content/MAIN-SF-W2L-enquiry-form

► 3rd East Mediterranean Gas Conference

Date : 22 – 23 September 2015
Place : Paphos – Greek Cyprus
Website : http://www.oilgas-events.com/East-Med-Oil-Gas

► 23rd Kazakhstan International Oil & Gas Exhibition and Conference

Date : 06 – 09 October 2015
Place : Almaty – Kazkhstan
Website : http://www.kioge.kz/en/conference/about-conference