

## Davutoglu: “TANAP” is important both for Turkey and Europe”

Azertag, 27.04.2015



“The Trans-Anatolian Natural Gas Pipeline-(TANAP) Project is very important both for Turkey and Europe”, Turkey ‘s Prime Minister Ahmet Davutoglu told the Turkish media. He noted that, in addition to supplying gas to Europe, TANAP will also serve the development of the whole region.

TANAP will pump gas from the vast Azerbaijani Shah Deniz 2 field to the Turkish and European Union consumers. TANAP project, which is due to be completed in 2018, will link the existing South Caucasus Pipeline, which connects Turkey to the Azerbaijani gas fields in the Caspian Sea, through Georgia.

The initial capacity will be 16 billion cubic meters per year which will be gradually increased to 24 billion cubic meters and then 31 billion cubic meters. 1850 kilometer long TANAP line will be connected to the Trans Adriatic Natural Gas Pipeline (TAP) and to deliver natural gas from the South Caucasus Pipeline (SCP) to Europe through Greece, Albania and Italy as of early 2020. According to a partnership agreement, Azerbaijan’s SOCAR and Turkey’s Botas will hold 58 percent and 30 percent stakes respectively in the project, while energy giant BP will have a 12 percent share.

## Yildiz: British Petroleum is our key partner

Anadolu Agency, 29.04.2015



Turkey, British Petroleum is our key partner in several of Turkey’s prominent energy projects, the Turkish energy minister said.

During his opening speech at the third International Smart Grids Congress and Fair in Istanbul, Yildiz said that British Petroleum, BP, is a key partner in the Baku-Tbilisi-Ceyhan pipeline and the TANAP, Trans Anatolian Natural Gas Pipeline projects. “We are continuously developing our relationships with BP,” Yildiz said. During the last few days, rumors abounded of the possible exit of major energy giants from Turkey.

BP Turkey's Communications and Media Relations Director Murat LeCompte, said that BP does not have any intention of changing its investments plans and will increase its 650 gas stations to 800 in Turkey. "Turkey does not expect any capital outflow from investors in the country's fuel sector," Turkey's Energy and Natural Resources Minister Taner Yildiz said.

## **BOTAS to invest \$65 million for industrial zones**

Anadolu Agency, 26.04.2015



BOTAS will invest 65 million dollars to transmit natural gas to twenty-five organized industrial zones in the country, said ministry officials.

Turkey's energy ministry and ministry of science, industry and technology held a meeting and authorised BOTAS to convey the natural gas to twenty-five organized industrial zones at twenty-two cities in the country. BOTAS is aiming to finish the transmitting process in three years. Turkey has 279 organized industrial zones and some of them have faced production trouble due to insufficiency of infrastructure and lack of natural gas.

## **A joint venture for third party inspection signed in Turkey**

Anadolu Agency, 29.04.2015



A Joint venture agreement between a consortium of third parties for inspections on the TANAP was signed in Istanbul. TUV Austria Turk, the Turkish Standards Institute and Ugetam agreed on conducting third party inspections for TANAP during the third International Smart Grids Congress and Fair.

The scope of this major project, which is set to be completed in roughly two years' time, is to provide inspection services during the manufacture of line pipe and hot bends for the TANAP. TANAP aims to bring natural gas produced from Azerbaijan's Shah Deniz-2 gas field, and other areas of the Caspian Sea, primarily to Turkey, but also on to Europe.

The TANAP project will be completed in 2018 to provide six billion cubic meters of gas for Turkey's domestic consumption. The project, along with the South Caucasus Pipeline, SCP, and the Trans-Adriatic Pipeline, TAP, form the elements of the Southern Gas Corridor. During the ceremony, Taner Yildiz, Turkey's Energy and Natural Minister, said despite the fact that many foreign companies competed to provide inspection services to the pipeline, a decision was made for Turkish companies to take on this responsibility. He explained the reason for choosing Turkish companies was based on the companies' depth of knowledge in natural gas transmission technology, as well as their experience of Turkey's energy developments.

## Turkey could import about 21 bcm of Azeri gas by 2026

Natural Gas Asia, 29.04.2015



Turkey could more than triple natural gas imports from Azerbaijan once the planned \$10 billion TANAP pipeline reaches full capacity in 2026, the general manager of the project told.

As per the plan TANAP would initially carry 16 billion cubic meters (bcm) of gas a year by mid-2018 of which 6 bcm will be supplied to Turkey, the rest going to Europe. "Once the flow in the pipeline reaches 31 bcm, Turkey will be able to buy 21 bcm of this if it wants to. Both BOTAS or Turkish private companies can buy this," Saltuk Düzyol said in an interview to Reuters.

The gas will come from Azerbaijan's Shah Deniz II field in the Caspian Sea. TANAP will deliver 10 bcm to Europe once it is connected to the Trans Adriatic Pipeline (TAP) by 2020. By 2023, TANAP's capacity will rise to 23 bcm per year and then to 31 bcm by 2026, according to project executives. The day-ahead PMUM also hit a four-year low of TL43.69/MWh on 12 April. The higher hydro output, as well as rising installed wind capacity year on year has helped displace thermal plants out of the merit order and outweighed the effect of thermal maintenance during this period. Average daily coal and gas generation so far this month fell by 25pc and 29pc to 5.4GW and 9.3GW, respectively, compared with daily averages in April last year.

## Gazprom to complete Turkish Stream by 2020

Anadolu Agency, 29.04.2015



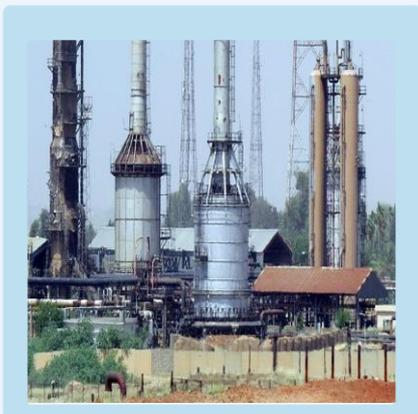
Turkish Stream pipeline to deliver Russian natural gas to Europe via Turkey will be built by 2020, said Alexander Medvedev, Deputy CEO of Russian energy giant Gazprom.

“The work is proceeding according to schedule both with regard to the sea-based and overland sections and an intergovernmental agreement is being prepared between Russia and Turkey on this project along with a plan of survey works for the offshore and Turkish segments,” Medvedev said. Putin announced the cancellation of the South Stream natural gas project through Bulgaria and declared the redirection through Turkey during his visit to Ankara.

Russian gas exporter Gazprom and Turkey signed a memorandum of understanding on constructing a natural gas pipeline termed the ‘Turkish Stream’ across the Black Sea on Dec 2 2014. The Turkish Stream will have a capacity of 63 billion cubic meters, with 14 billion cubic meters to be assigned to Turkish consumers and around 50 billion cubic meters is planned to be transported further to the border between Turkey and Greece, which is proposed as a delivery point.

## Iran’s gas production increases by 10 percent

Anadolu Agency, 27.04.2015



Iran’s natural gas production surged by 10 percent to 202 billion cubic meters in the year from March 2014 to March 2015 in accordance with Iran’s annual calendar which started.

The director of the dispatch department of Iran’s national gas company, Manouchehr Taheri, said its exports also rose by four percent up to 9.7 billion cubic meters, bcm, mostly to Turkey despite a gas price dispute, Iran’s energy agency Shana reported. The Iranian energy sector’s prospects have been positive since a tentative agreement was made with world powers over its disputed nuclear program that brought crippling sanctions on the country.

Iran's gas reserves, which were the largest globally, remained idle due to lack of investments during the row with the international community over its nuclear program that caused the exit of many global companies from the country. Iran has recently increased its production from the South Pars gas field, which already produces more than 30 percent of its total gas production. New phases on this world's largest gas field will be opened in June.

## Expert: Egypt hampers talks amid warring Cypriot sides

Anadolu Agency, 30.04.2015



Egypt's inclusion into the Cyprus issue is further complicating matters following Egyptian president Abdel-Fattah al-Sisi's visit to Nicosia for a trilateral summit with Greece and Greek Cypriot leaders, experts say.

"The inclusion of Egypt into the unsolved equation of the Cyprus issue is complicating negotiations," Mehmet Hasguler said. Leaders from Egypt, Greece and the Greek Cypriot administration gathered on Wednesday for the second time in six months, where they called for the "urgent" definition of their countries' maritime boundaries and for respect of the "sovereignty of Cyprus over its own economic zone."

The trilateral talks between Greek Cyprus, Greece and Egypt should have been held after a deal was reached between the Turkish and Greek sides of the island, Hasguler told. The Greek Cypriot administration suspended the most recent talks in October 2014 after Turkey sent a ship to explore for oil and gas off the coast of the island. Turkey accused the Greek Cypriots of violating the rights of Cypriot Turks in the region when Nicosia launched hydrocarbon research after they unilaterally made agreements with international companies.

A gas field, namely Aphrodite, was discovered offshore south of the island in 2011. "All is about the economy," said Ahmet Sozen, a professor at the Eastern Mediterranean University, referring to the meeting's agenda while the Greek side struggles to cope with their liquidity crisis. Sozen said Greek Cypriots were aiming to build an LNG plant, however, this turned out to be uneconomical due to Greece's financial dilemma. The Greek Cypriots are now trying to supply natural gas to global markets from what they call their 'exclusive economic zones' off the island through a pipeline to Egypt's LNG plant, Sozen explained. According to Costis Stambolis, the head of the Institute for Energy in Southern Europe, the gas reserves are not sufficient to support an LNG plant on the island. The proposed 200 kilometer-long pipeline, which requires less investment than a LNG plant, would work better for the Greek side to transmit gas to Egypt's IDKU plant and from there through shipments to world markets. Hope resurfaced for a new round of talks between the warring sides after the companies' search for natural gas off the island came up empty-handed from their drillings, and when Turkey's monitoring seismic vessel was withdrawn from the area.

Additionally, Turkish Cypriots' newly-elected president, Mustafa Akinci, has publicly voiced his will to continue talks for the reunification of the island. Akinci is expected to meet with his Greek Cypriot counterpart in the very near future. Cyprus has remained divided into Greek and Turkish parts since a Greek Cypriot coup was followed by a Turkish peace mission to aid Turkish Cypriots in the north in 1974.

## KRG to raise oil exports to Turkey

Anadolu Agency, 29.04.2015



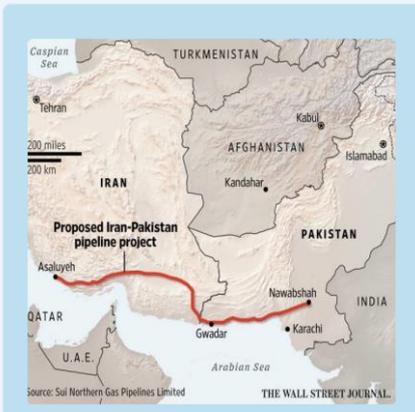
The KRG, will increase its oil exports to Turkey and deliver up to 625,000 barrels per day starting from June, an official from the Kurdish parliament announced.

“We keep raising the oil delivery due to the agreement on Dec. 2 between Erbil and Baghdad,” said Delshad Shaban, the deputy head of the oil and gas committee in the KRG parliament. “The Kurdish government will stick to the agreement,” he added. The regional government promised 550,000 barrels per day, but due to the conflict in the region, oil exports from the Kurdish region have been lower than the determined targets,” said Shaban.

“The additional 75,000 barrels will be counted for the loss in promised targets,” he added. Shaban maintains the main reasons for the failure in oil export targets are due to Daesh’s control on some oil wells in Kirkuk and the current breakdowns in oil pipelines. KRG in Erbil and the central government in Baghdad reached an agreement on Dec. 2 regarding the amount of oil exports from KRG and the allocation of Baghdad’s share of the national budget to the regional government. According to the agreement, the KRG was to export 250,000 barrels of oil per day with the Kirkuk province providing 300,000 barrels per day under the supervision of the Iraqi federal government’s oil marketing company, SOMO. In return, Baghdad was to provide 17 percent of the national budget.

# Iran's gas disputes with Oman, Pakistan do not undermine agreements

Natural Gas Europe, 30.04.2015



While Iran is preparing to boost its gas output by at least 66% to 1,100 million cubic per day during coming years, its clients are keen to rely on domestic gas production projects or seeking other suppliers, but it seems Iran's gas agreements are not being undermined yet.

Turkey rejected Iran's proposal to double gas delivery in mid-April, while Iraq is faced with an increasing security crisis. Pakistan hasn't resolved financial problems to construct the Peace Pipeline yet and Oman has disputes around the route of under-water pipeline, aimed at delivering Iranian gas to the country.

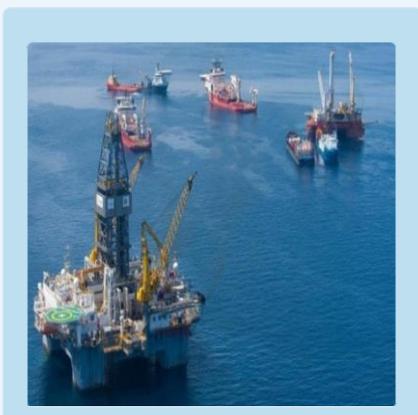
Oman also preparing to commence a new gas field to increase gas production by 28 mcm/a in two years. However, none of them will likely undermine Iran's gas agreements with these countries. BP announced that it is preparing to start natural gas production from Oman's Khazzan field's first stage by 2017 at a rate of 28.3 mcm/d. Total investment in the first phase to reach the initial gas production target will be \$16 billion. BP's statement came while Oman and Iran disagreed on the route of under-water pipeline, aimed to export 10 billion cubic meters per annum of Iranian gas to Oman.

Iran signed an agreement with Oman in March 2014 to start gas export to this country by 2017. However, "the sides have yet to agree on the route of a 260 km underwater pipeline to carry Iranian gas to Oman", Oman's Minister of Oil and Gas, Mohammed Al Rumhy said last week. Oman's gas reserves are roughly 900 bcm, while the country's gas production is about 85 mcm/d. The country's refined gas needs stand at 39.1 mcm/d. On the other hand the country re-injects above 9 mcm/d of raw gas to old fields and supplies about 40 mcm/d of raw gas to LNG plants to produce 10.5 million tons of LNG. Oman currently imports about 5 to 7 mcm/d of gas through the Dolphin system. It seems Oman hasn't had any serious gas shortage problem, but the high rate of gas consumption growth may endanger the country's energy security in the coming years. However, the country is expected to experience significant gas usage. H E Salim al Afi, Undersecretary of the Ministry of Oil and Gas, said last April that with the rapid expansion of power generation capacity, industries and refinery projects in the sultanate, the consumption of natural gas will increase by over ten per cent annually from this year. Therefore, it seems that commencing the gas deal with Iran is vital for Oman.

During Chinese President Xi Jinping's visit to Islamabad on Monday, both sides sealed a \$46-billion investment package, including roads, railways, power generation and pipeline projects. One of the projects was building a \$2 billion worth gas pipeline with 700 km length from Gwadar Port to Nawabshah to supply gas the thermal power plants there. It has been expected that regarding Iran-Pakistan's gas agreement as well as placing Gwadar port in 50 km distance with Iran's borders, this pipeline is a part of Peace Pipeline, but Pakistani media reported that this pipeline will transit Qatari gas to Nawabshah. State-run Gulf energy company Qatargas is in the final stages of talks on a deal to supply Pakistan with 3 million tons of liquefied natural gas (LNG) annually for 15 years, Reuters reported on February 18th. Qatar exported the first shipment of LNG to Pakistan's Karachi port in March. Iran and Pakistan signed a gas agreement under former Iranian President Mahmoud Ahamadinejad, which, according to Pakistan, was set to import 22 million cubic meters per day (mcm/d) of natural gas from Iran as of 2015. But because of finance problems, Pakistan has not yet managed to establish its section of the pipeline. Based on the agreement, Pakistan was also supposed to pay \$200 million to Iran each month as penalty for delays in implementing the project. However, Iran's deputy oil minister Amir Hossein Zamani Nia announced April 22th that the country does not recognize fining Pakistan or canceling the gas deal with it due to long delays of construction of the pipeline in Pakistani land. Zamani Nia said that Pakistan's gas demands are more than the volume specified on agreement with Qatar and Iran hopes that Pakistan would take Iranian gas as well. However, the Pakistan's Finance Ministry's forecasted that this country would need about 290 mcm/d of gas by 2025. It seems Pakistan has no choice but import Iranian gas. This country also is keen to import Turkmen gas through the TAPI project, but the delivery capacity of this pipeline is far less than Pakistan's forecasted gas demands in 2025.

## Iran's oil exports to Japan rose by 48% in March

Anadolu Agency, 29.04.2015



Iran's crude oil exports to Japan rose by 48 percent in March. Iran exported 230,000 barrels per day of crude oil on average in March, which was down 30,000 barrels a day, or 11.5 percent less than in February.

In February, Iran exported 260,000 barrels of crude oil per day to Japan, a 35 percent monthly rise from January's average figure of 193,000 barrels a day. February's figure of 260,000 barrels was equal to 6.7 percent of Japan's total crude oil imports for the month. IRNA noted that the high crude oil export figure in February was a result of Japan lowering its total oil imports by 6 percent compared to January.

Iran was the sixth-biggest country for exporting crude oil to Japan in 2014 with an average of 169,000 barrels of oil per day.

# Aliyev: Azerbaijan is only new source of natural gas for Europe

Trend, 27.04.2015



For Europe, Azerbaijan is the only new source of natural gas, Azerbaijani President Ilham Aliyev said. The president said Azerbaijan is playing its important role in diversification of energy supplies

“For 20 years, we’re implementing an oil strategy that created an absolutely new energy map in the region,” said the president. “We’ve connected the Caspian Sea and Black Sea, Mediterranean Sea by a multiple oil pipeline systems. Today oil from the Caspian Sea, not only from Azerbaijan, but also from the Eastern shores of the Caspian, is being directed to international markets.”

President Aliyev went on to speak about the biggest infrastructure project of Europe, where Azerbaijani again has shown initiative and took the lead. “The Southern Gas Corridor consists of segments - the development of one of the biggest gas fields in the world Shah Deniz, construction of the new pipeline system to connect Azerbaijan and Georgia, South Caucasian pipeline, Trans-Anatolian pipeline, and Trans Adriatic pipeline, which will be constructed from the Turkish border, through Albania to Italy,” Ilham Aliyev said. He went on to add that Bulgaria is also a part of Azerbaijan’s energy policy and if one can look at the Azerbaijan-Georgia-Turkey trilateral format, it has transformed into a much bigger format.

The president noted that the mentioned projects are difficult from a technical point of view, and they require broad coordination and cooperation. “For that purpose, Azerbaijan in February initiated and held the first advisory board of the Southern Gas Corridor, which allowed all the high-ranking representatives of the countries that I’ve named, plus the representatives of the U.S. and the EU Commission to address this issue. And we’ve adopted a joint press statement,” President Aliyev said. “The leading role of Azerbaijan is clearly identified.” According to Azerbaijan’s plans for 2018-2019, all the mentioned projects must be implemented, he stressed. “In the coming years, I am sure that the countries of the Balkan region will join our pipeline system. Especially since now in Europe the interconnectors are being built, which we fully support, because Azerbaijan has enormous, huge gas reserves, infrastructure, which is already in the process of construction,” the president said. He reminded that the mentioned projects are not the only part of Azerbaijan’s cooperation with Europe. “We understand that for Europe energy diversification is really the issue of national security and we should treat this issue as that,” he said. “Energy security cannot be separated from national security.” Another important issue, as the president said, is the diversification of sources. “Diversification of routes is also important, but when the source is the same, it doesn’t make sense,” he said. “I am not trying to say that other sources are not important, not trying to compete with anyone, but other sources are already in action.”

The Southern Gas Corridor project envisages transportation of gas from the Caspian region through Georgia and Turkey to Europe. This large project aims at diversifying the routes and sources of energy supply that will enhance the energy security of Europe. The Southern Gas Corridor project will ensure Caspian gas supply to the European markets for the first time in history. At the initial stage, the gas to be produced as part of the second phase of development of Azerbaijani gas condensate Shah Deniz field is considered as the main source for the Southern Gas Corridor project. At a later stage, other sources may join the project. The gas to be produced as part of the Stage 2 of the field's development will be exported to Turkey and to the European markets by means of expanding the South Caucasus Pipeline and construction of the Trans-Anatolian Gas Pipeline (TANAP) and the Trans-Adriatic Pipeline (TAP). Around six billion cubic meters of the total volume of gas within the Shah Deniz-2 project will be delivered to Turkey and 10 billion cubic meters to Europe per year.

## Serbia considering connection to Turkish Stream, gas supply from Azerbaijan

Natural Gas Europe, 27.04.2015



Serbian officials in a bid to provide the state with stable gas supply sources, carried out intensive diplomatic activities aimed at including Serbia in the Turkish Stream project and finding ways to secure the delivery of gas from Azerbaijan.

After Russia announced plans to stop deliveries via Ukraine in 2019, the Serbian authorities are attempting to find other ways and sources of gas supply. First, Minister of Foreign Affairs Ivica Dacic in Budapest took part in a meeting with his counterparts from Hungary, Macedonia, Greece and Turkey, where the topic of discussion were projects meant to ensure energy security in the region.

The ministers signed a declaration on strengthening energy cooperation and agreed that cooperation in establishing energy security contributed to good neighborly relations and citizens' well-being. They also supported "the creation of a commercially sustainable route and sources of diversification for natural gas deliveries from Turkey via the territories of their countries to central and southeast Europe, and to other countries." After the meeting, Minister Dacic said that all states were trying to find an alternative to the South Stream project, which Russia abandoned, and that estimates say the construction of a new pipeline through Serbia within the Turkish Stream project would cost between 1.5 and two billion euros. The pipeline is to become operational in 2019, while gas from Russia would be delivered to Turkey and then to Greece, from where Macedonia, Serbia, Hungary and perhaps some other central European countries as well would be supplied. The gas pipeline is to have the annual capacity of 63 billion cubic meters of gas and is set to run along the Black Sea bed from Russia to Turkey, mainly following the route initially planned for South Stream.



However, Dacic underscored that the situation was more unfavorable for Serbia compared with South Stream, because the money for the construction of that pipeline would have been paid back to the Russians from the charging of the transit fee, whereas it would have to find the money for the pipeline that would connect to Turkish Stream from its own modest budget. “We, the citizens of southern Europe, Western Balkans, through Greece to Turkey, have the same rights and are equal with the citizens who satisfy their needs from North Stream and some other gas pipeline that had the support of the European Commission and were even exempted from the Third and various energy packages, which South Stream was not,” said Dacic.

Analysts in Serbia have said that Turkish Stream is a good substitute for the abandoned South Stream project, but that it is highly questionable whether Serbia will find the money to get involved in the Russian-Turkish project. “The very idea of Turkish Stream is to make it an alternative to South Stream. It’s good that Serbia is on its route, because that is our alternative for gas supply,” said Balkan magazine editor Jelica Putnikovic. However, Vojislav Vuletic, head of the Serbian Gas Association’s Assembly, said that the problem lay in the fact that the money for Turkish Stream would have to be provided by the states through which it will pass. “Turkish Stream is to be built by the countries it would run through, and they are Greece with no money, Macedonia which is no better than Greece, and us, who also have no money,” said Vuletic.

Seven days after the meeting in Budapest, Russian Minister of Energy Alexander Novak sent an encouraging message to Serbia by saying Turkish Stream could run through Serbia and from there extend to Hungary and Austria. “I know that many countries are interested in the project. For example, the delivery of gas to the Austrian hub Baumgarten is possible via Greece, Macedonia, Serbia and Hungary,” said Novak, as reported by Russian news agency Sputnik. The Russian minister, who is slated to visit Serbia at the end of April or beginning of May, added that Russia was leading intensive negotiations with the countries that could become transit hubs. However, schooled by the experience with South Stream and the fact that the Russians have announced they will stop sending gas via Ukraine in 2019, Serbia is trying to find alternative supply sources. One of them is Azerbaijan, which Serbian Prime Minister Aleksandar Vucic visited in mid-April.

At the meetings in Baku, agreement was reached for the Azerbaijani state gas company SOCAR to form a commission that will look into the possibilities of supplying gas to Serbia from Azerbaijan. Vucic said it was very important that Serbia was attempting to connect to the Southern Gas Corridor, which is to bring Azerbaijani gas to southern Europe, so that Serbia may diversify its supply sources. SOCAR owns stakes in the Trans-Anatolian Gas Pipeline (TANAP) and Trans-Adriatic Pipeline (TAP). Serbian Minister of Mining and Energy Aleksandar Antic said the cancelation of South Stream imposed the need for countries in the region to analyze all the projects that could bring gas to the region. Antic added that at the meeting in Budapest, besides Turkish Stream, participants had also examined the potential of a TANAP-TAP project, a liquefied natural gas terminal in Greece and Croatia. “We agreed to continue our activities and to take them from the political to the technical and expert level, and to provide answers to whether those projects are feasible,” said Antic.

# Greece forms a regional hub creation strategy

Natural Gas Europe, 27.04.2015



The Greek government is gradually revealing its cards regarding the eventual establishment of a regional gas hub based on different proposed gas routes.

The proposed Turkish Stream project seems to be headed towards the eventual inclusion of Athens, based on numerous assurances by Panayiotis Lafazanis and Alexis Tsipras' recent, separate trips to Moscow. Although no official document has been signed, the Greek government has relayed confidently that an agreement of an intergovernmental nature is currently being prepared and should be materialized by May 2015.

Greek Foreign Minister Nikos Kotzias said on Friday that meetings will be held in May to discuss financing and logistics for a pipeline that passes through Turkey, Greece, the Former Yugoslav Republic of Macedonia, Serbia and then into Hungary and perhaps include Austria. Kotzias said that an investment in the Greek portion of the pipeline could be between \$2 billion and \$2.5 billion, according to figures presented by the Russian side. In the meantime, Greece, Bulgaria and Romania are boosting joint efforts to develop the Vertical Gas Corridor, proposed by the EU's Commission over the past year as a diversification tool.

In late 2014, Energy Ministers from the respective countries declared their affirmation to support the project whilst a tripartite meeting for further discussions is planned for late April in Sofia. Talks are also being held at a bureaucratic level between the three governments with Brussels extending the invitation to Hungary, which is proposed to be the terminal point for this route. The Greek Foreign Minister Nikos Kotzias held bilateral talks with his Hungarian counterpart where it was unofficially agreed to have both the Vertical route and the Turk Stream as joint projects that will link the Balkans with Central Europe.

In basic terms, the Vertical route is to be a link between the gas transmission systems of the three countries with a set of interconnections, capable of ameliorating any gas shortages, thus satisfying vital need for energy security. Those mainly include the Interconnector Greece-Bulgaria (IGB), the Bulgaria-Romania link, the interlink between the Trans-Adriatic Pipeline (TAP) with IGB and the establishment of an LNG facility in Greece, linked with all the above. The Vertical route will essentially have an annual capacity flow of new gas sources no more than 5 bcm, which does not constitute a major breakthrough from today's energy architecture in the region. Nevertheless, they will play a role into facilitating the creation of a virtual gas hub for the first time in the Balkans. The IGB in particular, which plays a crucial role into getting this route started, is scheduled to commence construction in early 2016, after a series of delays since 2012 to present. By 2019 it should have reached a capacity of 3 bcm per year, to be managed by the Bulgaria BEH Company and the Greek-Italian consortium of DEPA-Edison via their joint company, Poseidon.

Regarding the Turkish Stream project, Greek Stream has already become a catchphrase in Athens in governmental circles as the name of the route that will pass from the Greek-Turkish borders, traversing the whole of Northern Greece, before it passes via FYROM, Serbia to end up in Hungary of a bit further to the West in Austria and in the Baumgarten gas hub in particular. The cost for the Greek part of the route is estimated at €3 billion, whilst negotiations are underway by Athens to achieve a 10 year prepayment of its calculated €300 million per year it aims to receive from transfer fees. That is a €3 billion credit that Greece expects to receive from Gazprom that will also relieve pressure on the Greek economy from its Troika of lenders over the past few months. Conversely, the Russian side seems hesitant to invest in such a substantial amount before all proposed countries in the gas route agree on binding intergovernmental agreements. Moreover, the stance of the EU plays also its role as the countries involved so far in the scheme are also bound by the EU's Third Energy Package or those who are not members, by the Energy Community rules. In short, it is quite premature for Athens to achieve its strategy of becoming the unquestionable gas hub in the region by having TAP, Turkish Stream and LNG interconnected routes, at the same time. The multitude of geopolitical issues involved, along with a heavy agenda concerning Greece's debt issue, leaves little room for maneuvering and a need for fast decision-making.

## Ukraine: Europe's last gas frontier?

Natural Gas Europe, 28.04.2015



In the past 10 years, “Ukraine” and “gas” have together been associated with the country's strife with its eastern neighbour, and by extension, with Europe's security of supply concerns. Given this, it is easy to overlook Ukraine's importance as a gas market in its own right.

The market size is likely to continue to shrink for either good reasons improved energy efficiency, better metering of flows or for bad ones economic recession but at the same time, it is bound to stimulate greater interest among Europe's gas traders because it is the last gas frontier that is truly open to them to conquer.

Indeed, Ukraine is unique in that its incumbent gas system operator Naftogaz of Ukraine, welcomes newcomers onto its market. At a conference held on 23rd April with European gas traders, [1] Naftogaz's CEO Andriy Kobolev called for greater competition on the domestic market and diversity of supply. Ever since Ukraine gained its independence, the economy has been handicapped by its high degree of energy-intensity and by the price it pays for gas, both for industry and for residential consumers. While Ukraine has paid somewhat higher prices for its imports of Russian gas than its geographical position would warrant, the crux of the problem has been that the price residential consumers have been paying (when they pay it) has been far lower than even the import price. An unreal price of about \$100 per thousand cubic meters (kCM) on the 11.3 BCM the residential sector consumes [2] has been a drag on the country's state-owned gas company Naftogaz, and therefore on the country's debt.

Likewise, the need to reform the complex and corruption-prone multiple gas pricing scheme is almost as old as Ukraine itself, but successive governments have postponed reform, fearing a popular backlash.

With Ukraine's economy decimated by the war and the occupation of Crimea and the Southeast, the government is more than ever tributary to the West's financial assistance, and in particular, the \$40b bailout package it agreed with the IMF in February 2015. The government has taken steps to show its commitment to reforms. In the gas sector, this has taken the form of the Law on the Gas Market [4] which, in its convoluted 70 plus page form, does seem to address the key issues. It calls for Ukraine's gas transportation system (GTS) to be operated in a way consistent with Europe's 3rd Energy Package. This entails removing the subsidies on domestic gas consumers, giving third parties regulated access to the GTS, moving towards an entry/exit tariff structure for transportation and storage, and empowering the market regulator to vet traders on the market. With these encouraging signs, Europe's gas traders are mobilising to supply more gas to Ukraine's Western borders, and perhaps soon, to Ukraine's large consumers. Interestingly, the prospect of importing gas into Ukraine from the West - backhauling as it is called- was first raised before the Maidan revolution, when then-president Yanukovich initiated talks with Slovakia's GTS EuStream. The first actual backhaul was conducted by RWE in February 2013 from Poland and Hungary. It was followed by GDF Suez, E.ON Energy Sales, Trailstone, and Advance Trading, and in 2015 - by Royal Dutch Shell and Statoil. In Q1 2015, Ukraine was able to import 5.8 BCM.

Reforms in Ukraine's gas market will also affect the country's role as a transit country. They may not change transit volumes per se, but they will allow European gas traders to purchase gas at the Russian-Ukrainian border. Gazprom will obviously not welcome this possibility, but it has announced that it would not renew its gas transit agreement with Ukraine after it expires in 2019. Until the Turkish Stream pipeline and its Turkish-Greek interconnector are built, the Russian gas giant will need to sell at the Ukrainian border to supply markets of Bulgaria, Romania, Moldova, and the Balkans.

## Gazprom faces huge profit fall in 2014

Anadolu Agency, 29.04.2015



Gazprom's profit in 2014 fell by 86 percent to \$3 billion, compared to a year earlier, the company announced.

The company pointed out the main two reasons for the huge profit loss was rouble's fall against the dollar, which has inflated its dollar-denominated debts and the slump in oil prices. Gazprom also stated that its natural gas exports to Europe have also fallen by 15 bcm to 159.4 bcm. Europe has stepped up its efforts in the recent years to decrease its usage of fossil fuel and has been focusing to increase the usage of renewable energy instead, easing its efforts for decreasing dependence on Russian energy exports.

# Bartuska: Gazprom will either accept EU rules or leave market

Natural Gas Europe, 28.04.2015



The EC's decision to accuse Gazprom of the abuse of its dominant market position will result either in the Russian gas monopoly leaving the European market or starting to respect European rules, Czech government energy security commissioner Vaclav Bartuska said.

The inquiry will still take some time. This step is one of the most important events in the relations between Europe and Russia this year, he added. "It is a dispute over whether European laws will be kept on the EU's territory or there will be some special rules tailor made for strategic companies of our neighbours," Bartuska remarked in an interview for CTK.

The EC last week sent to Gazprom a list of objections to the company's behaviour on the markets in Eastern Europe. Among the complaints is that Gazprom was stifling competition on the natural gas market in eight countries in the region and charged inadequately high prices in five of them. Gazprom has rejected the accusations. It stressed in a statement that as a strategic company, it followed Russian laws. "Statement of objections may sound as something awfully boring. But when you mention it to people from Microsoft or Intel, they do not feel well even now after so many years," Bartuska remarked. He recalled that inquiries in both cases took many years and the companies were dramatically limited in their possibilities of expansion, acquisitions, new products and similar areas.

The inquiry process concerning Gazprom started in August 2012 and the preparatory stage began even earlier, Bartuska said. "So it really had nothing to do with Crimea or Ukraine. And the EC can hardly be blamed of being involved in propaganda or work on order," he stated. Bartuska noted that in the Czech Republic, Gazprom behaved "very correctly", in particular in the last few years. Since the 1990s, the Czech Republic has taken many steps to diversify its sources of raw materials and their transport routes. The current situation is also interesting. Some 500 million cubic metres of natural gas flew to the Czech Republic from Slovakia last year and 36 billion cubic metres of gas flew in the opposite direction - to the East, Bartuska said. "Moreover, our companies pay standard West European prices for gas on the commodity exchanges in Rotterdam or Germany," he noted. Since 2008, gas prices in Western Europe have been lower than those of gas offered by Gazprom. Bartuska would not estimate how long the EC's dispute with Gazprom will last. He recalled that Gazprom got 12 weeks to answer. "Its next steps will indicate a lot," he added.

# Former US Energy Secretary: Russian Gas Remains Europe's Best Option

Sputnik, 28.04.2015



Russian gas remains the fastest and most cost-effective supply for Europe, former US Assistant Secretary of Energy Chuck McConnell told.

“Clearly, right now the most expeditious and cost effective supply is from Russia. That’s why they are using it. It’s not because of anything other than supply, demand, and affordability,” McConnell, who currently heads Rice University’s Energy and Environment Initiative, said. He stressed that for a long time, Europe has been dependent on international suppliers, with gas flowing from various areas, including Africa.

The conflict in Ukraine has led Europe to reconsider its energy dependency on Russia, and the European Commission discussed the issue at a summit in June 2014. “At this point of time Russian gas continues to flow. I think it’s a big mistake when people start taking politically charged conversations, and try to use energy policy to advance their politics. That’s dangerous. It’s also not sustainable,” McConnell said.

The former official noted that even if the United States were capable of satisfying Europe’s demand for gas, it would not happen in the short term. Ramping up the necessary infrastructure would require a tremendous amount of money, effort and energy both in the United States and in Europe. McConnell also urged the politicians from all sides to refrain from using energy issues as a pretext for advocating politics. “My encouragement to politicians in Europe and in Russia would be: don’t use energy policy and supplying commodities as a platform to exercise your politics. The worst thing for both Russia and Europe to [do is to] start making arbitrary decisions that are expensive and not sustainable,” McConnell concluded.

The United States has repeatedly expressed concern over Europe’s, and particularly Ukraine’s dependence on Russian energy supplies, calling to diversify energy sources. Russia accounts for about 30 percent of the European Union’s oil and gas imports. In March, US Department of the Interior Assistant Secretary Janice Schneider told Sputnik that the United States will increase supplies of liquefied natural gas (LNG) on global markets to help its European partners gain greater energy independence, including from Russia.

# Centrica: We'll need Russian gas for years to come

The Telegraph, 27.04.2015



Europe will remain dependent on Russian gas for years to come, energy giant Centrica has warned. European leaders have scrambled to try to cut reliance on imports from Russia since the Ukraine crisis escalated last year, with Ed Davey, the energy secretary, suggesting loft insulation and wind farms were needed to “take on the Kremlin”. But Rick Haythornthwaite, Centrica chairman, told shareholders:

“Whatever we might want as Europe, we need to be very careful about being pragmatic about the realities of it. I think it’s unrealistic to think that Russian gas is going to be replaced in the near-term.”

Iain Conn, Centrica chief executive, added: “Russia supplies... about a third of Europe’s gas. You can’t switch that off easily without huge consequence. There is no way the United States can supply that volume of LNG to replace it.” If sanctions were imposed on Russian gas companies would have to comply, he said, but it would have “a very significant impact on Europe’s ability to balance its natural gas sources and uses”, particularly in Eastern Europe which was “not plumbed in to many alternatives”. But he added that Russia had been a “a reliable supplier of gas all the way through the Cold War” and that it needed European demand. “Russia realises that plays a very important part in Russia’s own future and there’s as much value in this co-dependency as there is potential threat,” he said. Both men were speaking at Centrica’s Annual General Meeting, where 33 per cent of shareholders voted against the energy giant’s executive pay report and investors complained the board was “paying itself large sums of money for cutting our dividend”.

Mr Haythornthwaite said the vote reflected Institutional Shareholder Services objecting to the £2.7 million share package offered to Mr Conn as “transitional arrangements” to poach him from BP. But he claimed this was not a true “shareholder rebellion” as many of its top institutional investors “just follow ISS regardless of what ISS said”. Centrica faced several questions from shareholders concerned about the prospect of a Labour government. Britain’s biggest energy supplier - which has already seen its share price hit by Ed Miliband’s plans to impose a price freeze - insisted it would “engage very proactively” with whoever is in government next. Mr Conn conceded investors were “worried about the impact it could have on our company” but added there was “a big difference between what people say when they are electioneering and when they have the burden of having to implement policy”. In a trading update earlier on Monday Centrica said British Gas profits were set to rise as households used 10pc more gas in the first three months of the year compared with the exceptionally cold start to 2014. Group profits overall are still expected to fall due to the plunge in oil prices, however. Centrica also stoked fears of gas supply shortages this winter after warning that a partial shutdown of its Rough storage facility could be extended beyond six months.

## Lithuania's third LNG to arrive this week

Anadolu Agency, 27.04.2015



Lithuania's third commercial LNG tanker will arrive this week, according to officials. Lithuania's third LNG tanker, which has Bahamas flag and coming from Norway, will be delivered Lithuanian officials told.

The tanker will bring 140,000 cubic meters of LNG. The first commercial gas shipment through Arctic Aurora vessel arrived in December and the second was arrived in the end of February. Meanwhile, until the delivery regional states such as Lithuania, Latvia and Estonia were fully dependent on Russia for their natural gas supply. Lithuania plans to reduce its natural gas dependence on Russia by its LNG terminal.

The Baltic country will import 0.54 billion cubic meters of natural gas per year from Statoil via naval shipments. LNG shipments will cover around 18 percent of Lithuania's total consumption and country is expected to distribute the rest of gas to the neighboring states. Lithuania's consumption in 2013 was almost three billion cubic meters according to Amber Grid country's national energy company. Lithuania will pay 900 to 1,000 Litas (\$346 - \$384) per 1,000 cubic meters of natural gas to Statoil, according to figures from the Lithuanian Energy Market Regulator.

## Norwegian govt. trapped by own tariff cut

Anadolu Agency, 29.04.2015



The court case between the Norwegian government versus international investment companies in the Gassled pipeline over the government's alleged illegal tariff cuts could see a ruling made against the government.

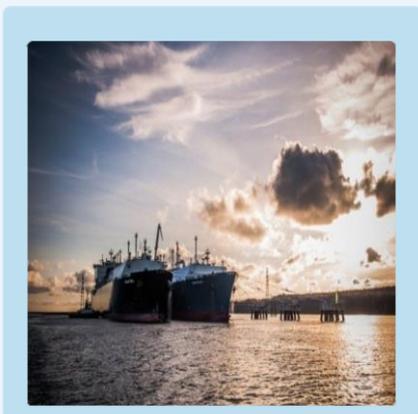
Allianz, UBS, the Abu Dhabi Investment Authority and the Canada Pension Plan Investment Board accuse the Norwegian government of cutting fees illegally from the 8,000 km long pipeline, Gassled. "It seems like an open case that could go either way and the Supreme Court has ruled against the government overturning a policy that had the majority in parliament on at least one occasion," said Kjetil Storesletten.

The Norwegian government ratified a decision in 2012 to reduce its tariffs on the Gassled pipeline but the current Prime Minister Erna Solberg further cut some of the tariffs in 2013. The \$1.9 billion lawsuit is an attempt by the finance companies to overturn this decision to cut gas pipeline tariffs, arguing the fee reduction would cost them 15 billion crowns (\$1.9 billion) in lost earnings through to 2028. The investors claim the latest decision taken in 2013 to further cut tariffs could result in the loss of \$5.5 billion. The trial started and is expected to run until the end of June. Co-plaintiffs, who own 45 percent of the pipeline, claim the Norwegian government is in breach of the agreement and could incur damage to the investing companies.

Steinar Holden, another professor from the department of economics of Oslo University, said when the companies bought the Gassled pipeline, it seemed that they bought assets with a very high return and little risk. “Thus, from the outside it appeared to be an extremely good deal for the buyers,” Holden said. “When the Norwegian government cut the tariff, the ownership of the pipeline became much less attractive, but it still does not seem bad compared to the low interest rates on alternative safe investments,” he added. The Gassled pipeline network’s transfers 96 percent of the gas extracted in the Norwegian Continental Shelf. Additionally, 20 percent of the EU’s gas consumption is met by gas through the pipeline.

## EU to support Lithuania’s new pipeline

Anadolu Agency, 29.04.2015



Lithuania signed a credit agreement for the construction of a gas pipeline between two Lithuanian cities Klaipeda and Kursenai with the EU financial support.

Amber Grid and the EU’s Innovation Network Executive Agency signed an agreement for the financial support of \$30 million. Klaipeda, a western Lithuanian city which hosts the Baltic region’s only LNG terminal will be able to transfer LNG to Kursenai city in the heart of the country. Lithuania’s current natural gas transmission system is capable of intaking LNG from the Klaipeda terminal, which is about 40 percent of the terminal’s potential daily capacity.

After the construction of new pipeline, Lithuania aims to use the LNG terminal with a maximum capacity. Additionally, it could help to meet more than 80 percent of the natural gas demand of the three Baltic States, Lithuania, Latvia and Estonia. The new gas pipeline will be 110 km long and will cost \$70 million. Lithuania, which is almost fully dependent on Russia for its natural gas needs, aims at freeing itself through its LNG terminal from its dependence on Russian natural gas exports. The Baltic country will import 0.54 billion cubic meters of natural gas per year from Norway’s Statoil via its LNG terminal, which will cover around 18 percent of Lithuania’s total consumption. Lithuania’s annual natural gas consumption in 2014 was around three bcm.



# BP quarterly profit down 18% with oil price slump, spill

Anadolu Agency, 28.04.2015



British Petroleum announced that its profits were down around 18 percent in the first quarter of 2015 compared to the same period last year. The underlying replacement cost profit for the first quarter of 2015 was \$2.6 billion; an 18.75 percent fall compared with the \$3.2 billion for the same period in 2014, according to BP in a statement on its website.

BP stressed oil and gas prices in the first quarter of 2015 were sharply lower than a year earlier. Brent crude averaged \$54 per barrel in the first quarter of 2015 compared with \$108 in the same period last year. This was the lowest quarterly average Brent price since the first quarter of 2009.

In addition, prices in the Henry Hub natural gas spot price were 40 percent lower than a year earlier. "We are resetting and rebalancing BP to meet the challenges of a possible period of sustained lower prices. Our results today reflect both this weaker environment and the actions we are taking in response," said Bob Dudley, BP group chief executive, in a written statement on the company website. "We are continuing to progress our planned divestment programme, we are resetting our level of capital spending, and we are addressing costs through focusing on simplification and efficiency throughout BP," he added.

Operating cash flow for the first quarter of the year was \$1.9 billion. This fell 77 percent from \$8.2 billion for the same period a year earlier. During the first quarter of 2015, BP announced two offshore projects in Egypt; the Atoll gas discovery and a final deal for the \$12 billion West Nile Delta gas project. However, it was the Macondo spill that actually cost the company huge sums. The Macondo oil spill, also referred to as Deepwater Horizon blowout, and the Gulf of Mexico oil disaster, began in April 20, 2010 and lasted until July 15 after the Transocean-owned and BP-operated Deepwater Horizon rig in the Gulf of Mexico blew out and took the lives of 11 workers, marking it the biggest offshore oil spill in U.S. history. BP said in the statement that the total cumulative pre-tax charges for the Gulf of Mexico oil spill was \$43.8 billion at the end of the first quarter of 2015. An additional charge of \$332 million was taken in the quarter mainly due to additional business economic loss claims. Moreover, the company is rumored that it could be purchased by the U.S.-based international oil giant ExxonMobil, however the British government has claimed it will prevent such a merger and keep the company in the U.K., according to media reports.

## Energy diplomacy Total's quarterly prod. sees 10% rise, but sales fall 30%

Anadolu Agency, 28.04.2015



Total S.A. increased hydrocarbon production by 10 percent but sales fell 30 percent during the first quarter of the year, according to the company's news release.

Oil production rose to 2.4 million barrels of oil equivalent a day, but sales dropped to \$42.3 billion despite the rise in output. The increase in the upstream sector was allocated to the production increase from offshore and onshore developments in Angola, the North Sea, Nigeria and Abu Dhabi. "Production growth along with the first positive results of the cost reduction program partially offset lower oil prices," said CEO Patrick Pouyanne.

Operating income from refining and petrochemicals saw the biggest increase in the first quarter. Income tripled to \$1.1 billion from last year's \$346 million. Investments and acquisitions brought the company \$8.8 billion, an increase of 50 percent from the same period of last year. Meanwhile, the company saw a 20 percent fall in net profit in the first quarter of the year, showing the profit to be \$2.6 billion. Operating cash flow for the first quarter of the year was \$4.3 billion, which fell 18 percent from \$5.3 billion from a year earlier. "Against a backdrop of lower prices, Total's first quarter results include a number of significant accomplishments in all segments," Pouyanne commented.

## Eni's net profit in Q1 of 2015 down by 46 percent

Anadolu Agency, 30.04.2015



Eni reported a decrease in its net profit for the first quarter of 2015 down by 46 percent to €700 million. The company said, "consolidated adjusted operating profit of €1.57 billion was down by 55 percent from the first quarter of 2014, driven by the 50 percent sharp drop in oil prices." The adjusted net profit of €0.65 billion declined by 45.6 percent.

Cash flow from operating activities for the quarter amounted to €2.30 billion. Descalzi said "I am pleased with the results. In line with our strategy, we put in place action which recovered over €600 million to cope with the difficult trading environment caused by the steep drop in the Brent oil price."

Despite the 50 percent fall in oil prices, Eni increased its hydrocarbon production to almost 1.7 billion of oil equivalent per day and up 7.2 percent from the first quarter of 2014. The management expects that production will increase compared to the previous year, according to press release. Eni also indicated the company's future expectations in the press release and said, "The Company is forecasting a moderate strengthening in global economic growth in 2015, driven by the United States. Uncertainty remains around the strength of the Eurozone recovery, the extent of the slowdown of the Chinese economy and of other emerging economies, as well as financial stability. Oil prices are forecast to be significantly lower than last year, due to oversupplied global markets." The company intends to put in place efficiency plans to curb operating costs and to optimize investments in the exploration and production sectors to cope with the negative impact of lower oil prices, the press release says.

## Industry: UK onshore oil and gas reserves are being wasted

The Journal, 29.04.2015



Over the last 50 years the North Sea has yielded 40bn barrel of oil equivalent (boe) with around a further 20bn boe yet to be retrieved. It supports a huge industry employing 450,000 people and delivers billions of pounds to the national coffers.

But declining North Sea production volumes - down to 1.4m boe a day from 4m boe a day in the last 10 years – means we are now a net importer of gas, leading to growing concerns over energy security. Earlier this month independent explorer UK Oil and Gas Investments (UKOG) announced it had found almost 100bn barrels of oil in the Horse Hill oilfield near Gatwick airport, Sussex.

In 2013 the British Geological Society estimated the Bowland Shale in northern England – stretching from Lancashire into Yorkshire - could hold as much as 1,300trn cubic feet (tcf) of gas – or 200bn boe. UKOOG, the representative body for the UK onshore oil and gas industry, believes we need to switch our efforts onshore and do all we can to utilise these natural resources. But environmentalists oppose the proposed method of recovering some of these reserves - hydraulic fracturing or fracking – and some want to see all further fossil fuels left in the ground. The energy extracted from the North Sea powers and heats homes and business and acts as a vital feedstock to the process industry, being used in the manufacture of a wide assortment of items including; plastics, medicines and man-made fibres.



Ken Cronin, chief executive of UKOOG, said: “A lot of people do not realise what oil and gas is used for. Many tend to think of transport or electricity, where gas supplies almost one third of homes and businesses. “But gas is vital to heating, it heats 84% of UK homes, and is a vital feedstock for the chemical and process industries, which employ 500,000 people in the UK and makes toothpaste, cosmetics and computer equipment. “It is vitally important that we continue to develop our own gas resources for our own energy security. If not, we will be forced to buy it on the open market for a higher price. “Alternatively, we may have to rely on less stable suppliers such as Russia. Germany, for example, gets 40% of its gas from Russia and while we have current little dependency this may not always be the case. “As we import more gas we will be at the end of the European pipeline network and any problems in supply will have a knock-on effect leaving question marks over the security of our supplies. “There needs to be a greater understanding of what we use gas for, and where we get it from. The reality is that if we do not secure our own supplies there is a threat to electricity supply, heating and industry.”

The UK has a long established history of onshore oil and gas exploration (see panel) but this pales in comparison to the United States where they have been using conventional methods to drill for oil and gas for over 150 years. In the last 10 years fracking has allowed explorers to tap into reserves that were previously inaccessible. The recent Sussex find will primarily use conventional techniques but the Bowland shale will need to be fracked. Despite hopes the UK could experience a similar boom to that in the US there has not been one well fracked in the UK in the last four years. Mr Cronin said: “We had a moratorium for 18 months while the Government commissioned research into the safety of hydraulic fracturing. This was lifted with the Royal Society and others saying it is safe.” He said it has taken some time for the companies to get their plans together, but said there two major planning applications being brought forward. One of these for Cuadrilla in Lancashire will now be heard in June and Mr Cronin says there would be more coming forward this year and next, in a handful of locations across the country.

Liam Herringshaw, a postdoctoral researcher in Earth Sciences at Durham University, says England has a ‘lot of onshore oil and gas’ but more testing needs to be done to determine whether these resource estimates could be translated into actual reserves. “Big questions remain on the numbers that have been claimed. We have very limited information and we need more borehole data. “While there is a lot of potential there are still lots of uncertainties and the actual amount of reserves that can be recovered may be low,” he said. UKOOG has already distanced itself from its earlier claims for the Horse Hill oilfield, which which were extrapolated from one well in a radius of one square mile. Mr Herringshaw believes that a lack of infrastructure – with only a few drilling rigs in the UK - may further limit the scaling of an industry.

However Mr Cronin said a recent report it produced with business advisors EY demonstrates the potential of the shale gas industry, which could support a £33bn supply chain and over 64,000 jobs. He highlighted how 19 conventional onshore wells were drilled in 2014 and there are 250 sites in the UK which currently produce oil and gas. The Government is supporting the industry and last year announced the creation of a national oil and gas college. While fracking is now conducted on an industrial scale in the US, the technique has been in use for years. Falkirk, in Scotland, was the first site of a fractured UK well almost 50 years ago and there have been a further 200 in the UK since. A shale pad is normally around the size of the square on a cricket pitch and in the States these can be found in urban settings, such as hotel car parks, but the wide open spaces of Bakken shale play in North Dakota, or the Eagle Ford in Texas make the industry relatively unobtrusive.



Herein lays one of the main objections to the development of an English industry - nimbyism. In an effort to garner local support UKOOG and shale companies have agreed that each pilot exploration site will have £100,000 made available for the benefit of the local community. Mr Cronin said: "We have a long history of onshore drilling in the UK which has taken place on council estates, in the city of Glasgow, on sites of Special Scientific Interest and nature reserves. "While there will always be the problem of mobile protestors, this is not the reality. Most people just want to be given information."

Mr Cronin says all the evidence show fracking is safe as Durham University's ReFINE project is demonstrating (see panel) and that it is 'disingenuous to the general public to continually bring up these scare stories'. But Simon Bowens, North East and Yorkshire regional campaign coordinator for Friends of the Earth, questioned the safety of fracking and its environmental impact, nuisance and visual intrusion. He added: "We know there are strong concerns over the potential risks to local communities -the traffic movements, the waste water and the chemicals need to frack. In many areas the right level of infrastructure is just not in place." A further objection of the environmental lobby is the contribution of fossil fuels to climate change. Many want to see an end to all oil and gas exploration. Mr Bowens said: "We should be focusing our efforts on eliminating the use of fossil fuels by 2030 and shifting to renewables. We will need some gas for industry beyond that but we should step up efforts to improve energy efficiency and tap into other forms of heating such as air and ground source heat pumps."

Mr Cronin said: "We need more renewables and we should be aim decarbonise power generation by deploying nuclear as the baseload power. "I believe there is a middle road we should be able to travel with the green lobby, but the reality is that we will need gas for at least the next 50 years and we should be doing all we can to secure our own supplies, create jobs and boost the economy at the same time." The UK is rich in fossil fuel whose formation date back over 300m years ago – during the carboniferous period – when the UK land mass resembled a tropical rainforest Over the millenniums plant life in lower lying and submerged areas decayed into oil and gas whilst trees in the upland areas - such as the North East – morphed in to coal. The first onshore UK oil well was drilled in Scotland in 1851 and the first oil in England was discovered in 1919 in Derbyshire. Following the oil price shock of the early 1970s greater interest was taken in securing indigenous resources both onshore and offshore. Around 2,000 wells have now been drilled onshore in the UK with about 10% of these being hydraulically fractured. In the UK today, there are 120 onshore sites with 250 operating wells producing between 20,000 and 25,000 barrels of oil equivalent a day. While the North East has bountiful coal reserves, that is not the case with shale oil and gas. Nigel Smith, a geologist at the British Geological Survey (BGS), says there is potential in many sites across the UK including stretches of territory in North Northumberland and another straddling the Pennines in Northumberland. He says these Northumberland shales are found in thinner seams and offer "riskier" plays for exploration companies.

The UK onshore oil and gas industry is one of the heaviest regulated industries in the UK. There are four layers of oversight provided by the Environment Agency, the Health and Safety Executive, the Mineral Planning Authorities and by The Department of Energy and Climate Change. The industry currently has to comply with 17 European Directives, has to apply for up to nine separate environmental permits and has to reach binding agreements on noise, hours of operation and other local social issues. Leading UK bodies have said a well-regulated industry will have little impact on the environment, these include; The Royal Society, the British Geological Society, the British Geological Survey, WaterUK, the Chartered Institute of Water and Environmental Management (CIWEM), Public Health England and Durham University. Researchers at Durham University are currently leading the biggest European-wide project of its kind into the risks associated with fracking for shale oil and gas. In partnership with other national and international bodies, including Newcastle University, its ReFINE (Researching Fracking in Europe) project aims to create a library of independent research to help inform public awareness of the relative risks associated with the industry. To date ReFINE has published papers on the risks of water contamination and earthquakes, with further papers coming on well integrity, disposal of fracking fluid and gas emissions. Its findings say the size and number of felt earthquakes caused by fracking is low compared to other manmade triggers such as mining, geothermal activity or reservoir water storage. It went on to say the energy released in a fracking event is usually 'roughly equivalent to, or even less than, someone jumping off a ladder onto the floor'. The ReFINE research has concluded that it is 'incredibly unlikely' that fracking at depths of 2km to 3km below the surface, where most operations take place, would lead to the contamination of the shallow water aquifers which lie above the gas resources.

## Rome approves TAP'S landing point

Natural Gas Europe, 23.04.2015



While the Italian government was approving the TAP dismissing regional opposition, regulatory authorities in Albania, Greece and Italy released a joint opinion aimed at prolonging the validity period of TAP's exemption from some provisions of the EU Gas Directive, following in the footsteps of the positive opinion expressed by the European Commission and the Energy Community Secretariat.

"TAP continues to comply with all the conditions set out in the exemption decision, as well as European regulation to which our project is subject" Lutz Landwehr, TAP's Commercial Director, commented in a note.

The pipeline connecting Azerbaijan and Europe overcame the objections presented by Puglia regional governor Nichi Vendola, who opposed the defined landing point over environmental concerns. Vendola said that the central government in Rome approved the TAP project with a landing point at Melendugno. TAP said that the planned commencement date of Shah Deniz Phase 2 gas exports to Europe is expected in 2020. In 2013, TAP secured an exemption from certain provisions of the EU Gas Directive [2009/73/EC], including a third party access exemption for the initial capacity of 10 billion cubic meters annually (bcm/a) for gas volumes from Azerbaijan supplied under the relevant Shah Deniz gas sales agreements over a period of 25 years. Earlier this month, Italian Minister of Economic Development Federica Guidi said that the Cabinet would have granted final authorisation for TAP by the end of May.

## Can Europe really kick Russia's Gazprom to the curb?

Forbes, 29.04.2015



Ever since Russia annexed the Ukrainian peninsula of Crimea in the Black Sea, the European Union has suddenly discovered it needs to quickly diversify away from Russian natural gas. But can the E.U. ever truly kick its main foreign gas supplier to the curb?

Russian natural gas accounts for roughly a third of all foreign supplied natural gas coming into Europe. Russia's biggest partner is Germany. In that state, Russia's presence is on the upswing. Gazprom Germania and German utility EnBW signed an agreement to acquire four EnBW natural gas filling stations in the cities of Stuttgart and Nagold.

The deal is supposed to be official. That acquisition gives Gazprom Germania 28 natural gas filling stations in green-loving Germany. Gazprom plans to be running 35 stations by the end of this year. It is true that European gas buyers are looking to diversify. Energy security is an important part of a country's foreign policy strategy. So far, most of the noise on diversification has come from the former Soviet states, or from Warsaw Pact countries that have a torrid past with its Kremlin overlords. Efforts to diversify supplies to Eastern European countries like Poland, Czech Republic, Latvia, Lithuania and Estonia, for instance, include the recent launch of the LNG terminal in Lithuania. That terminal might account for up to 20% of the country's gas imports this year, according to Fitch Ratings. The 20% figure is dependent on the eventual import of U.S. liquefied natural gas. Then there's the new Polish LNG terminal in Swinoujscie which is supposed to be ready this summer and potentially cover almost a third of the country's imported gas needs.

It seems in those two countries, Russia's market share will shrink exponentially. Eastern Europe accounts for less than a third of Gazprom's exports to Europe. While they are important emerging growth stories for Gazprom, the real Gazprom money makers are in northern and western Europe. In 2013, Germany accounted for 40% of Gazprom's exports to the E.U.; Turkey came in second at 26.9%. Turkey signed a deal with the Russian government recently to build a pipeline into Europe, which will be an alternative to the three pipelines that currently bring Russian gas to the E.U. via Ukraine. In third place is Italy, accounting for 25.3% of Russia's gas exports to Europe, according to the company. It is worth noting that none of those three markets are talking about replacing Russian gas, especially Turkey. There will be a natural diversification as is the case with any free trading economy over time. But look at this: in 2013, despite there being no geopolitical tensions between Brussels and Moscow, E.ON of Germany inked an LNG deal with Canadian company Pieridae. That same year, Gazprom exported 161.5 billion cubic meters of natural gas to Europe, an all-time high.

Ebb and flow of capitalism aside, new LNG projects within Eastern Europe will not cut Gazprom out completely. They will have to rely on Russia for the bulk of the gas consumed there in the foreseeable future, Fitch said in a report. The Ukraine crisis drove a wedge between Gazprom and Europe. Washington quickly moved in to drive the wedge deeper, thanks in part to its own energy strategy. As a result, Russia finally came up with a non-European strategy all its own. Gazprom is diversifying now too. The company is already in the process of building a gas pipeline into China and is planning to start construction of a second one. To those who think the squeeze on Gazprom will hurt the bottom line, think again. The capacity of the two China pipelines will be about two-thirds of the total volume of natural gas currently being exported to Europe, Fitch said.

## The European Union, the Southern Corridor, and Turkmen gas

Natural Gas Europe, 30.04.2015



The European Union is more active lately in searching for new sources of natural gas, motivated in no small part by its rocky relations with Russia over the Kremlin's involvement.

The EU's Southern Gas Corridor project to bring gas from the Caspian Basin to Europe is getting new attention and taking on increased importance as gas exporters Azerbaijan and Turkmenistan, and transit countries Turkey and Georgia. To find out where the EU is currently in its efforts to open the SGC, Qishloq Ovozi was fortunate to be able to interview Maros Sefcovic, the vice president of the European Commission "in charge of energy union".



For background: The EU's imports of Russian gas have been decreasing for several years, but Russia remains the EU's single largest source of gas imports. In 2014 those gas imports amounted to somewhere around 140 billion cubic meters (bcm), down about 9 percent from 2013 but still representing some 30 percent of the EU's gas imports. In March, Sefcovic joined the presidents of Azerbaijan, Georgia, and Turkey at a groundbreaking ceremony in Kars, Turkey for the beginning of construction of the Trans-Anatolian Pipeline (TANAP). TANAP is the first of what the EU hopes will be a series of pipelines connecting suppliers not only from the Caspian Basin but possibly the Middle East also, to markets in Europe.

Sefcovic said he was pleased at "how much we have progressed over the last few months with the Southern Gas Corridor." He mentioned that the now-abandoned Nabucco gas-pipeline project, once backed by the EU as the backbone of the SGC, was instructive for the EU. "We are trying to learn lessons from the Nabucco project, where it was quite clear [that] lack of political attention was one of the reasons why we have seen the problems piling up and in the end led to the disinterest of the business community in supporting this project" he said. Sefcovic said this time the EU has "established an advisory group [that] consists on the one side, [of] the representatives of the consortium, and on the other side, [of] the political representatives of all countries through which the Southern Gas Corridor should be routed in the future, to take care of the practical day-to-day problems."

The first gas to reach Europe through TANAP will all come from Azerbaijan. However, TANAP's initial capacity of 16 bcm, 6 bcm of which is earmarked for Turkey, will eventually increase to some 60 bcm. Azerbaijan cannot produce that much gas for export, so Turkmenistan, with more than 17 trillion cubic meters of gas, is an obvious choice to contribute to TANAP. Reports in March mentioned Sefcovic would soon be visiting Turkmenistan to discuss construction of the Trans-Caspian Pipeline (TCP). Tentatively, the TCP would bring some 30 bcm of Turkmen gas across the bottom of the Caspian Sea to Azerbaijan, where it would be pumped into existing pipeline networks leading west. "We see that there is also interest from Turkmenistan to be closer associated with this project," Sefcovic said and continued, "So I sent a letter to the Turkmen side to reconfirm the intention of the European Union to enter into a memorandum of understanding with Turkmenistan and Azerbaijan, [on] how we can cooperate better on creating the possibilities for Turkmen gas to be shipped towards Europe." "We are ready for talks, we are ready for constructive discussions, and I believe this is the case also on the Turkmenistan side," he said.

It was pointed out that Turkmenistan has often expressed an "interest" in shipping its gas through various proposed pipelines but in the end delays committing to projects. Sefcovic conceded, "I do not have all the details on how they are progressing in their assessments of economic viability and the future of these projects" but he added, "therefore we would like to engage with Turkmenistan a little bit more just to really discuss with them the prospect of the gas supply from Turkmenistan to the European Union." Working in the EU's favor is the probability Turkmenistan's East-West gas pipeline will be completed this year. The pipeline runs from the gas fields in eastern Turkmenistan to the Caspian coast and will eventually carry, coincidentally, some 30 bcm. When construction started the pipeline was intended to feed the Russian-backed Prikaspiisk pipeline along the eastern Caspian coast to Russia but that project has been scrapped, freeing the gas up for export elsewhere.

Interestingly, though representatives from Kazakhstan and Uzbekistan were invited to Nabucco conferences and the EU meeting in Prague in 2009 when the Southern Corridor was unveiled, Sefcovic indicated the EU is not currently considering those two Central Asian countries as gas suppliers. Sefcovic did mention another country that could be a supplier. “We are also hopeful that the diplomatic positive developments with Iran would continue and then of course you would have another potential supplier for Europe with very, very significant reserves of gas.” In the Nabucco project’s plans there was a proposed branch line extending to the Iranian-Turkish border as well as the Georgian-Turkish border. And concerning Georgia, Sefcovic made special mention of the country as “a very important partner for the Southern Gas Corridor.” He said, “It’s quite obvious [Georgia’s participation] is very important for Azerbaijan but also for Turkey when it comes to the energy cooperation and to the energy trade, and I think that Georgia would play a key role also in this future energy cooperation.”

Of course, there will be complications, the biggest are likely to come from Russia, no surprise, since the SGC will take a large chunk out of Russia’s gas exports to the EU, accompanied by a significant reduction in revenues for Russia’s state coffers. Moscow has, for example, continually pointed to the unresolved legal status of the Caspian Sea as a reason no pipelines should be built across it without the approval of all five littoral states (Azerbaijan, Kazakhstan, Iran, Turkmenistan, and Russia). Sefcovic was aware of this and “we of course are also discussing various [Caspian] issues of the situations with Russia,” but he said “we are currently discussing mostly in trilateral format together with Ukraine and of course we are focusing on how to make sure that this trilateral cooperation between Russia, Ukraine and European Union in the gas sector is working well and that the positive experience we had with the winter package of last winter could be extended further so we could have another winter without any gas dramas in Europe.”

## Egypt plans to get second FSRU at Adabiya Port

Natural Gas Asia, 27.04.2015



Egypt is preparing Adabiya port in Suez in order to receive the second LNG regasification unit, Daily News Egypt reported. Originally, Sokhna Port was set to receive the unit but would not happen due to security reasons.

EGAS official said that a committee, which was set up to look into the issue, said that the Adabiya port can be prepared within a period of three to six months so that it can receive the second gasification ship to import an additional 500m cubic feet of gas daily. EGAS is negotiating with a number of foreign companies to supply the regasification unit by the end of this year, Daily News Egypt reported.

Earlier this month, Hoegh Gallant floating storage and regasification unit (FSRU) from Norway's Hoegh LNG arrived in Egypt on the Gulf of Suez. In November last year, Hoegh LNG finalised a five year deal with EGAS to supply FSRU by the end of first quarter of 2015. Höegh LNG had signed a Letter of Intent (LOI) with EGAS in May last year for the use of one of its FSRU as an LNG import terminal in the port of Ain Sokhna, located on the Red Sea's Gulf of Suez. The FSRU was scheduled to start operations in the third quarter of 2014 but was delayed.

## Sinopec Group president under investigation in China

Anadolu Agency, 28.04.2015



China's anti-graft watchdog has placed the president of Asia's largest crude oil refiner, the state-owned Sinopec Group, under investigation.

The Central Commission for Discipline Inspection announced that Tianpu was being investigated for suspected "serious disciplinary violations" a euphemism for corruption. It did not provide further details, the China Daily reported, also citing a statement by the board of Sinopec expressing support for the central government's decision. "The company will make anti-corruption a priority task and make efforts to keep production and operations stable," it said.

Wang, 52, was appointed president of Sinopec in August 2011. He received a major demerit – an administrative sanction – on his record in Jan. 2014 after an explosion at a Sinopec pipeline the previous November left 62 people dead in eastern Shandong province. The blast led to a financial loss of 750 million yuan (\$122.6 million). Since its launch in 2013, President Xi Jinping's anti-corruption campaign has investigated tens of thousands of suspects, including dozens of high-profile individuals at the top of the Communist Party.

# China's Sinopec denies merger with CNPC

Anadolu Agency, 27.04.2015



Sinopec denied claims and rumors on that it will merge with CNPC. “The company has noticed recent media reports saying that the Chinese government is working on forming an oil giant through merging CNPC and Sinopec. The company has taken such reports seriously and investigated the issue,” Sinopec said.

“Upon inquiry with China Petrochemical Corporation, the controlling shareholder of the company, neither the company nor its controlling shareholder has ever received any information, written or verbal, from any government authority concerning the above-mentioned reports,” Sinopec said

The world's second largest chemical producer added that there is no information that should be disclosed by the company in this regard. Rumors surfaced late February that the Chinese government would merge the two energy giants, creatign a mega powerhouse that would enable to compete with major international oil companies. Experts said such a merger would create a mega-firm, or a national champion, that could be able to compete globally with any international energy company. Sinopec not only dismissed the claims on Monday, but also warned its investors not to take such rumors as official information.

“The company would like to remind all the investors that all the information about the company will be and only be officially published through designated media, i.e., China Securities Journal, Shanghai Securities News, Securities Times, the website of Shanghai Stock Exchange, and the Hong Kong Stock Exchange. “Investors are advised to exercise caution and beware of investment risks,” Sinopec warned.

## Hazira LNG Terminal in India to boost capacity by 50% in 2016-17

Natural Gas Asia, 28.04.2015

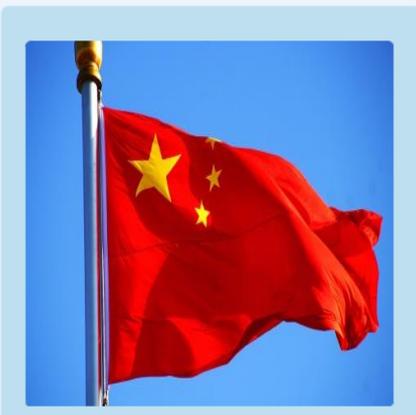


India's Hazira LNG Ltd will increase the capacity of its LNG terminal on the west coast by 50 percent to 7.5 million tonnes per annum (mtpa) in the financial year 2016-2017 (Apr-Mar).

Hazira is a partnership between Shell and Total. Shell and Total have a shareholding of 74 percent and 26 percent respectively in each of the companies that comprise the Hazira LNG Terminal and Port project. "The increase in (Hazira LNG) capacity from 5 million to 7.5 million tonnes a year will become available at the end of year 2016/17," the report said. India's import and regasification capacity will rise to 41 mtpa in 2016-2017.

## China produced 35 bcm of natural gas in first quarter 2015

Natural Gas Asia, 28.04.2015



Production of natural gas in China during the first quarter of 2015 grew by 6.8 percent on year to 35.2 bcm, according to data released by National Development and Reform Commission (NDRC), Xinhua Finance reported. Imports of natural gas during the same period stood at 16 bcm, up 16.5 percent compared with the same period last year.

Imports of LNG dropped 2.9 percent to 6.8 bcm while the imports of pipeline natural gas jumped 36.8 percent to 9.3 billion cubic meters, Xinhua Finance reported citing the data. China's consumption of natural gas increased 4.8 percent to 50.2 bcm in the first quarter.

# Low oil prices, falling rigs hit U.S. oil production

Anadolu Agency, 27.04.2015



Falling oil prices and decline in oil drilling rigs in the U.S. are negatively affecting oil production in the country, two reports by Capital Economics say.

“Lower prices seem to finally be having a noticeable impact on U.S. oil production, which should feed through into fewer barrels of oil being put into storage and, eventually, a drawdown of stocks,” according to an energy data response titled “U.S. Weekly Petroleum Status Report” published. According to the Thomas Pugh authored report, commodities economist at Capital Economics, U.S. oil production fell for the second consecutive week.

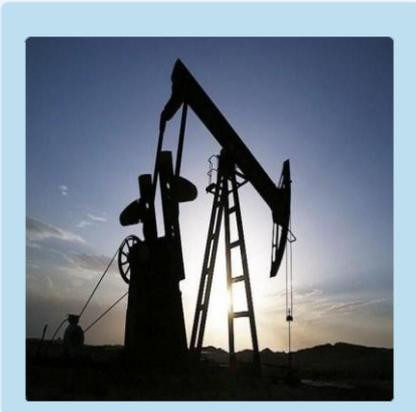
The U.S.’ Energy Information Administration, EIA, revealed Wednesday that domestic oil production has been decreasing steadily since the beginning of April. Domestic oil production in the country fell to 9.37 million barrels a day for the week ending April 17 from 9.38 million barrels a day for the week ending April 10. These 9.38 million barrels represents a further decrease from the 9.4 million barrels production the week before, the EIA data shows. The report also emphasized that progressively slowing pace of crude oil stocks in the U.S. also signals that oil production in the country is in decline. “Last week’s rise in oil stocks was significantly higher than the 1.3 million stock build in the previous week. Whilst that may dash hopes that last week’s small rise was the first sign that U.S. oil inventories were beginning to peak after rocketing this year, the increase was still notably less than the average change in stocks so far this year,” Pugh explained in the report.

“The rig count is a good indicator of future production, but there is not a linear relationship between the numbers of rigs drilling for oil and output of oil,” said Pugh in an energy update he authored on March 10, named “How do lower rig counts affect oil production?” This happens for a variety of reasons, he explained, and said oil rigs’ technology, productivity and location vary, and all affect production. Pugh stressed oil companies have been drilling oil wells faster than they can complete them in the last two years. “This means that there is a backlog of wells which have been drilled but not completed. However, eventually the backlog of wells available to be completed will run out and output will begin to fall as not enough new wells are being drilled to compensate,” he explained. According to the U.S.-based oilfield services company, Baker Hughes, the number of oil drilling rigs fell by 42 to reach 760 last week.

This was the 18th consecutive weekly fall for the oil rig count, which fell 53 percent since reaching a peak of 1,609 in October. Noting that shale oil production growth has slowed in the last four months in the U.S., Pugh estimates that production will peak in the summer and will decline slowly in the second half of 2015. “A sharp drop off in oil production later this year would undoubtedly put upward pressure on oil prices,” he said. “We expect the price of WTI to be back at \$60 per barrel by the end of the year, in line with our forecast for the price of Brent,” Pugh concluded.

## Oil, gas drilling rig count fall continues in U.S.

Anadolu Agency, 27.04.2015



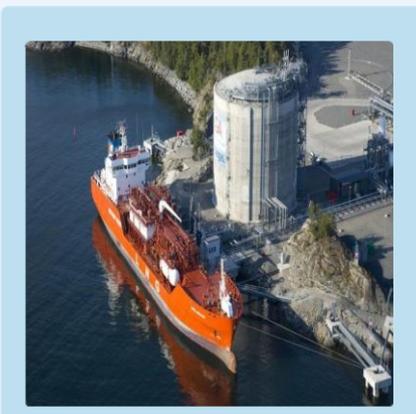
The number of oil and natural gas drilling rigs in the U.S. continues to fall, the oilfield services company Baker Hughes' recent data shows.

The oil drilling rig count in the country fell by 31 last week to reach 703 -- the lowest number in the U.S. since 2010. This was the 20th consecutive weekly fall for the oil rig count, which fell 56 percent since reaching a peak of 1,609 in October 2014. The falling number of oil rigs in the U.S. is expected to slow domestic oil production in the country and put an upward pressure on oil prices beginning from the third quarter of the year.

The total quarterly number of oil and natural gas drilling rigs also fell in the U.S. For the first quarter of 2015, the average number of oil and gas rigs fell to 1,380, from 1,780 in the first quarter of 2014, marking a rig count decline of 400, or a 22.5 percent fall. There was also a 27.8 percent decline, or 530 rigs less, in the total number of oil and natural gas rigs compared to the first quarter of 2014. In March 2015, there was a total of 1,110 oil and natural gas drilling rigs in the U.S. However, that number is 693 less than the total number of oil and gas rigs for March 2014 when the aggregate number was 1,803, thus showing a 38.4 percent decline.

## EIA: Floating LNG regasification viable for small markets

Anadolu Agency, 27.04.2015



Floating LNG regasification is a viable option for small market countries to meet their gas demand, the EIA said.

Floating regasification is increasingly being used to meet natural gas demand in smaller markets, or as a temporary solution until onshore regasification facilities are built, said EIA. Floating regasification uses a floating storage and regasification unit, FSRU, which is a special vessel to transport, store, and regasify LNG onboard, and it can be developed in less time than an onshore facility, EIA said, adding that this technique can also serve as a temporary solution while permanent onshore facilities are constructed.



There are currently 16 FSRUs that serve as both transportation and regasification vessels and five permanent regasification units that are converted into FSRUs from conventional LNG vessels, according to EIA. EIA said that floating regasification capacity totaled 7.8 billion cubic feet (234 million cubic meters) per day at the end of 2014, which is 8 percent of installed regasification capacity in the world. Moreover, there are three floating terminals that are scheduled to become operational in 2015, which will add 1.4 billion cubic feet (42 million cubic meters) per day of new capacity. Floating regasification was first deployed in Gulf of Mexico, off the shore of the U.S., in 2005 and since then used in nine other countries -- Argentina, Brazil, China, Indonesia, Israel, Italy, Kuwait, Lithuania, and the United Arab Emirates. In addition, the U.S. administration stated Pakistan, Jordan, and Egypt are also using this technique, which is a flexible and cost-effective way to receive and process LNG shipments, compared to constructing onshore regasification facilities.

Pakistan received its first LNG import on March 27 via an offshore regasification terminal located near Karachi, which will be served by an FSRU with a 0.3 billion cubic feet (9 million cubic meters) per day of capacity. After having power shortages with increasing domestic natural gas consumption, Egypt began building an offshore regasification terminal in 2012 and recently contracted an FSRU, while its import terminal, with a 0.5 billion cubic feet (15 million cubic meters) per day capacity, received its first LNG cargo in April. For Jordan, which does not have much reserves for domestic energy, floating regasification became a viable short-term option for importing natural gas for the country. The country has been building regasification infrastructure since 2013, and has secured an FSRU vessel to be located off the shore in the Red Sea with a 0.5 billion cubic feet (15 million cubic meters) per day capacity, which is scheduled to become operational in May. Uruguay is also getting its infrastructure ready for an offshore regasification terminal, which will have a 0.4 billion cubic feet (12 million cubic meters) per day capacity. However, the terminal is delayed until 2016. Four more floating regasification terminals totaling 1.3 Bcf/d are currently being developed. In India, the Dominican Republic, Colombia, and the Philippines, there are four more floating regasification terminals, one in each country, with 1.3 billion cubic feet (39 million cubic meters) per day of capacity in total, which are expected to become online in the next two years. EIA concluded that this new technique is likely to remain a preferred technology option for small markets due to its flexible deployment capabilities, smaller gas capacities, and relatively low costs compared to onshore terminals.



## Announcements & Reports

### ► *The Image of GCC Oil Policy in the Western Media*

**Source** : OIES

**Weblink** : <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2015/04/The-Image-of-GCC-Oil-Policy-in-the-Western-Media.pdf>

### ► *Sino-Russian Gas and Oil Cooperation: Entering into a New Era of Strategic Partnership?*

**Source** : OIES

**Weblink** : <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2015/04/WPM-59.pdf>

### ► *Petroleum Supply Monthly*

**Source** : EIA

**Weblink** : <http://www.eia.gov/petroleum/supply/monthly/>

### ► *U.S. Movements of Crude Oil By Rail*

**Source** : EIA

**Weblink** : <http://www.eia.gov/petroleum/transportation/>

### ► *Natural Gas Monthly*

**Source** : EIA

**Weblink** : <http://www.eia.gov/naturalgas/monthly/>

## Upcoming Events

### ► *FT Energy Strategies Summit*

**Date** : 14 May 2015

**Place** : New York - USA

**Website** : <https://live.ft.com/Events/2015/FT-Energy-Strategies-Summit>

### ► *Wood Mackenzie 11th Annual Exploration Summit*

**Date** : 26 – 29 May 2015

**Place** : Johannesburg - South Africa

**Website** : <http://www.woodmac.com/public/events/12526247>



Supported by PETFORM

► **6<sup>th</sup> World Forum on Energy Regulation** *(in Turkey)*

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



► **Offshore Production Technology Summit**

**Date** : 01 - 02 June 2015  
**Place** : London – United Kingdom  
**Website** : <http://offshore-summit.com/>

► **OGA 2015**

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

► **22<sup>nd</sup> International Caspian Oil & Gas Exhibition and Conference**

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

► **World Gas Conference**

**Date** : 01 – 05 June 2015  
**Place** : Paris - France  
**Website** : <http://www.wgc2015.org/>

► **6<sup>th</sup> OPEC International Seminar**

**Date** : 03 – 04 June 2015  
**Place** : Vienna - Austria  
**Website** : [http://www.opec.org/opec\\_web/en/press\\_room/2793.htm](http://www.opec.org/opec_web/en/press_room/2793.htm)

► **FLNG**

**Date** : 11 - 12 June 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.mioge.com/RPGC-Congress/About-the-Conference.aspx>



► *12<sup>th</sup> Russian Petroleum & Gas Congress*

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

► *13<sup>th</sup> Moscow International Oil & Gas Exhibition*

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

► *7<sup>th</sup> South Russia International Oil & Gas Exhibition*

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

► *22<sup>nd</sup> 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>

► *3<sup>rd</sup> East Mediterranean Gas Conference*

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

► *23<sup>rd</sup> Kazakhstan International Oil & Gas Exhibition and Conference*

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