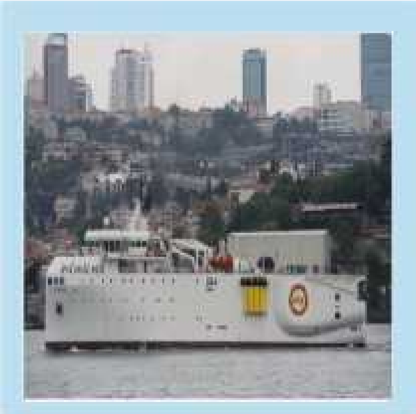
Oil & Gas Bulletin

▸ *30.06.2017*

Turkey's seismic vessel Oruc Reis ready for explorations

Anadolu Agency, *28.06.2017*



MTA Oruc Reis seismic vessel, built by Turkish engineers in a domestic shipyard in Istanbul is ready for exploring oil and gas, energy ministry officials told.

The vessel will be the second vessel of Turkey to explore the seas for oil and gas as Turkey's first seismic vessel Barbaros Hayrettin Pasa, which was bought from Norway in 2013, is currently exploring the Mediterranean sea. Turkey's Energy and Natural Resources Minister Berat Albayrak had announced earlier that Turkey aims at increasing its exploration efforts, both in the Mediterranean and the Black Sea.

The 400-million-Turkish-lira ship will employ 55 crew and personnel. The vessel, which has 30 years of service life, can sail non-stop for 35 days. The ship has a helicopter pad, hydrography and oceanography features and it has the ability to scan the sea-floor up to depth of 15,000 meters.

Gazprom may exit domestic Turkish natural gas market

Reuters, *28.06.2017*

Russian gas monopoly Gazprom is expected to leave the Turkish market and will concentrate on gas sales to Turkey.

Gazprombank is completing the withdrawal from Promak, a company which owns a 60 percent stake in the two importers of Russian gas to Turkey - Enerco and Avrasya, the newspaper writes. Gazprom Deputy Chairman Aleksandr Medvedev said the company plans to sell another Turkish asset - Bosphorus Gaz. According to Medvedev, the Turkish market is "unpredictable" and loses appeal due to the weakening of the lira and regulated tariffs.

Kommersant’s sources in the industry said Bosphorus lost about €100 million in 2016. Gazprom owns 71 percent of Bosphorus Gaz. The company will sell its share to the local Sen Group, which owns the remaining 29 percent, the newspaper says. Leaving the market may strengthen Gazprom’s negotiating position in export prices, as the company will no longer have a direct interest in maintaining the profitability of the sales business within Turkey, experts say. Gazprom has been suing Turkish state corporation Botas and private companies in a price dispute. However, no final decision to leave the market has been made, the newspaper added.

Last month, Gazprom began constructing the Turkish Stream natural gas pipeline off the Russian Black Sea coast. The project, with an estimated cost of €11.4 billion ($12.7 billion) was announced in December 2014. However, it was put on hold after the downing of a Russian plane in Syria by a Turkish jet in November 2015. The pipeline could extend from Turkey to Europe, but Russia needs solid guarantees from Brussels the project will not be scrapped like the South Stream pipeline project, said Foreign Minister Sergey Lavrov last October.

Turkey spots political advantage to investing in northern Iraq’s gasfields

Financial Times, *26.06.2017*

Companies valued at less than £300m on the lower reaches of the London Stock Exchange would not normally be considered a matter of national importance in Turkey.

But Genel Energy’s shrunken share price — currently trading at less than a 10th of its level when the company floated in 2011 — belies its potential to help Turkey reduce dependence on Russian gas. Genel is in talks with potential investors including TEC, a state-owned Turkish energy company, to develop the Miran and Bina Bawi gasfields in northern Iraq, 350km from the Turkish border.

“Turkey has a strategic interest in the project,” says Murat Ozgul, Genel’s chief executive. “They are looking to diversify their sources of gas and [northern Iraq] is the closest and cheapest option and, politically, it is the right one.” Genel is counting on the Miran and Bina Bawi fields to revive its fortunes after a succession of setbacks since it was set up six years ago by an array of prominent UK and Turkish investors. The company, until recently led by Tony Hayward, the former chief executive of BP, became a standard-bearer for efforts to develop rich oil and gas reserves in northern Iraq.

After peaking at £3.1bn in 2014, Genel’s market capitalisation went into a tailspin as crude prices crashed and production from its much-vaunted Taq Taq oilfield fell far below expectations. Incursions by Isis militants in the region struck another blow as oil revenues owed to Genel by the Kurdish Regional Government (KRG) were diverted to its peshmerga army in their fight against the jihadi group.

Genel’s travails have been watched closely in Turkey — and not only because the company is 23 per cent controlled by one of the country’s richest men, Mehmet Emin Karamehmet, whose Cukurova conglomerate spans telecoms, construction and energy. Leadership of Genel tilted back towards its Turkish roots this month after the departure from its board of Mr Hayward and Nat Rothschild, the British financier who still owns an 8 per cent stake in the company. The reshuffle has coincided with improved business conditions prompted by a part recovery in oil prices and more reliable payments from the KRG, which exports oil from the territory via pipeline to Turkey.

Genel has been paid for 18 consecutive months as the security situation improves and the KRG’s finances stabilise. But with output from Taq Taq already past its peak, Genel needs gas from Miran and Bina Bawi to avert terminal decline. Mr Ozgul says the project will take three years to develop, with an initial 4bn cubic metres of annual gas production. Output is forecast to eventually reach 10bn cubic metres — more than a fifth of Turkey’s current annual gas consumption. To achieve these goals, Genel must find technically competent partners with deep pockets to help develop the field and build a pipeline to the Turkish border.

Sohbet Karbuz, an oil and gas analyst, estimates the total project cost to be about $5bn. Another analyst, Shwan Zulal, reckons the figure could be higher because of the field’s challenging geology and the “sour” nature of its gas, which requires extra processing. “Genel will need a high enough gas price to justify investment, but the project only works for Turkey if the gas is cheap,” says Mr Zulal. Mr Ozgul insists the economics can work, however, and says talks are under way with some “very powerful international companies” interested in the project, as well as TEC. He is aiming to strike a deal by the end of this year.

However, prospects for development have been complicated by the KRG’s recent decision to call a referendum in September on Kurdish independence from Iraq. Turkey has declared the vote a “grave mistake”, fearing it will inflame Kurdish separatist sentiment across the region and inside its own borders. Some analysts say the dispute could make it harder for Genel to secure Turkish backing for its gasfields, but others counter that Ankara would relish the opportunity to gain more economic leverage over the KRG through bankrolling them. “The knee jerk reaction to the [KRG’s] referendum in Ankara is consternation, but they will try to turn it to their advantage,” says Matthew Bryza, former US ambassador to Azerbaijan and a director of Turcas, a Turkish energy company. “Turks are nothing if not adaptable.”

Unsubstantiated rumours of Chinese and Russian interest in Genel reflect the high strategic value of its resources in a region brimming with overlapping geopolitical rivalries. Others suggest that Turkish state entities might want to take control of the company as part of a deal to develop Miran and Bina Bawi. Whatever the outcome, Mr Karbuz warns that with Genel in a position of financial weakness the company’s long-suffering shareholders should not expect a big payday. “Whoever comes in will want to make money. They won’t be doing it to save Genel,” he says.

With enough gas storage, Turkey can become energy hub

Anadolu Agency, *27.06.2017*

If Turkey has sufficient physical gas storage to trade the large volumes of gas passing though its territories, the country will have every opportunity of becoming a genuine energy hub for southeast Europe, Urban Rusnak told.

Speaking exclusively to Anadolu Agency on the sidelines of Ashgabat International Energy Charter Forum, Rusnak said that Turkey is a very significant energy transit country and an important energy hub in a broader sense. The country is trying to develop its own upstream projects in fossil fuels, but on the other hand, is also diversifying through expanding the use of renewable energy, Rusnak highlighted.

“So Turkey is becoming a laboratory of all kind of energies in production, trade and investments,” he said. If Turkey wants to pursue its goal of becoming a real trading hub, the volumes and ability to physically store these volumes will be very important, according to Rusnak.

He asserted that in order to create the conditions for a trading hub, it is not enough to be merely a transit territory with the provision of vital pipelines and interconnections, but it also requires physical storage to be able to trade large volumes of gas. If Turkey can achieve this, then the country will be able to become a genuine hub for southeast Europe, he explained. Rusnak hailed the importance of the Energy Charter Treaty for energy cooperation and governance, elements that would be vital to support Turkey’s ambitions as a hub.

The Energy Charter Treaty was signed in December 1994 and entered into legal force in April 1998. To date the Treaty has been signed or acceded to by 52 states, and with the addition of the European Union and the European Atomic Energy Community (Euratom), signatories total 54. “For any governance, you need rules and we have binding rules,” he noted. The Treaty provides a multilateral framework for energy cooperation and is designed to promote energy security through the operation of more open and competitive energy markets, while respecting the principles of sustainable development and sovereignty over energy resources.

Rusnak asserted that the Charter is trying to modernize these rules and expand membership to new countries. “We are looking forward to creating something not only regional but of global importance and also relevant to the needs of upcoming decades,” he said. Turkey is one of the founding members of the International Energy Charter, which is very much adherent to the Charter, Rusnak said, adding that this was particularly seen during Turkey’s G20 presidency in 2015 when the Energy Charter played an active role in G20 discussions.

Rosneft in talks to develop disputed oilfields with KRG

Financial Times, *30.06.2017*

Russia's state-controlled oil company is in discussions with KRG over helping it develop oilfields in disputed territory at the heart of tensions with Baghdad, in a move that pitches Moscow into one of Iraq's oldest faultlines.

Rosneft, in which the Kremlin holds a controlling stake, is examining several exploration blocks and existing fields in disputed territory under Kurdish control, according to three people familiar with the talks. They include sites near the oil city of Kirkuk and close to the Syrian border, areas formerly under Baghdad's rule.

The move is the latest suggestion that Moscow is using Rosneft to bolster a more aggressive foreign policy stance in the Middle East, as the Kremlin moves to cement new political alliances with deeper economic ties. In the past year Rosneft chief executive Igor Sechin — a close ally of Vladimir Putin, the Russian president — has signed deals to buy oil from Libya and the Kurdish Regional Government and sold a sizeable stake in the company to Qatar.

The talks between Rosneft and the KRG over exploration and production were at an early stage and no concrete deal had yet been reached, the people familiar with the discussions said. Bringing Russia on board will be seen as an attempt to cement Kurdish control over this territory but may risk reigniting tensions with Baghdad. But they follow a provisional agreement between Rosneft; the KRG in June said the Russian company would work on five sites under Kurdish control, without publicly naming them.

Rosneft declined to comment on the exact location of the fields under discussion when asked by the FT, but did not deny it was considering working in territories whose ownership was disputed. The company wanted to work with the KRG and Iraq's federal government, Rosneft said, adding it hoped Baghdad would offer it better terms to explore and extract oil on its own territory. "The Kurdish Regional Government offer proved to be more adequate and competitive," Rosneft said. "If the Iraqi government offers us projects on conditions that will be commercially acceptable for the company and adequate to the market, we will be interested to consider them."

A spokesman for the Iraqi oil ministry accused the KRG of "twisting" oil agreements without consulting Baghdad. "The issue of the disputed territories has not yet been decided by the federal government," Asim Jihad, oil ministry spokesman, told the FT. The KRG's natural resources ministry declined to comment.

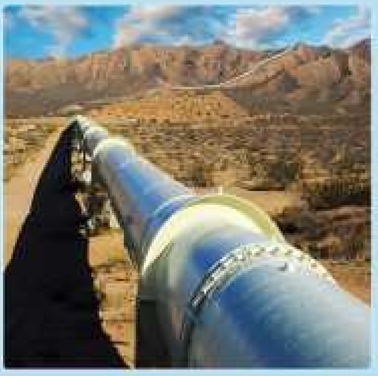
The territories in dispute have been largely controlled by the KRG for the past three years, since the advance of Islamist militant group Isis in northern Iraq saw Kurdish peshmerga forces move into territory vacated by federal troops. The KRG has since stepped up oil exports from the north of the country, reaching an uneasy detente with Baghdad as both sides fight Isis. Political analysts expect tensions to flare up again once the Islamist militants are defeated.

Nechirvan Barzani, Kurdish prime minister, denied earlier this month that disputed areas existed when asked where Rosneft might operate, although he declined to name any fields. “It has been a long time that these areas have been liberated,” he told a press conference on June 6. “They are the Kurdish Region and have been liberated by the blood of the martyrs and the peshmerga . . . I believe that Baghdad also understands this.” Two of the people familiar with the talks said Rosneft was looking at working on the Bai Hassan field, a sister formation to the supergiant Kirkuk oilfield — the largest in the world when it was discovered in the 1920s.

Kirkuk itself has been jointly operated by Baghdad’s North Oil Company and a KRG affiliated company in recent years. Until 2014 Baghdad also operated Bai Hassan. Rosneft had also discussed a block in Sinjar close to the Syrian border, the people said, where the Yazidi minority faced a genocidal onslaught by Isis three years ago. Another field under discussion, Ain Zalah, lies to the west of Mosul Dam and was operated by Baghdad before its capture by Isis in 2014. The presence of a Russian state-backed company on the eastern Syrian border may raise tensions with Kurdish militias who have been fighting Isis with US support. The Kurdish YPG militia in Syria has at times clashed with the forces of Syrian president Bashar al-Assad, whom Moscow supports.

Iran gas company shifting focus to int’l markets

Trend, *28.06.2017*



The National Iranian Gas Company is intent on raising the country’s share in global gas trade while providing domestic petrochemical plants with gas feedstock to produce value-added goods, NIGC’s director for international affairs said.

“Iran’s share in the global natural gas market should rise from about 1% to 10% by 2025 based on a shift in policy that calls for increasing gas exports,” Babazadeh was quoted. “The NIGC has made concerted efforts to primarily meet domestic gas demand in the past five decades which is why its role in foreign markets has been marginal,” Babazadeh said.

He said officials and stakeholders in the gas market are now leaning toward signing contracts with international energy companies to boost gas production capacity. Tehran is following through with the first such contract with French energy giant Total to develop Phase 11 of the South Pars Gas Field in the Persian Gulf. The agreement, which also includes China's state-run oil and gas company, CNPC, is expected to be finalized in a matter of weeks.

According to the official, Iran currently exports natural gas via pipelines to three neighboring states, namely Turkey, Armenia and Azerbaijan. Ankara receives more than 90% of the gas exports under a long-term contract, and Yerevan and Baku sporadically receive the fuel under swap agreements. Babazadeh noted that talks are underway for a gas supply deal with privately-owned Georgian International Energy Corporation. "This will be among the NIGC's first new international gas deals. We will initially sign a short-term supply deal to see how it works out."

According to reports, an agreement has yet to be reached with Yerevan to sell Iranian gas to Georgia through Armenia. According to Mariam Valishvili, Georgia's deputy energy minister, Iran's natural gas can be sent to Georgia through Armenia or Azerbaijan, as both countries have the infrastructure.

On the prospect of increasing natural gas export to Armenia to 2.5 million cubic meters per day, Babazadeh said, "They receive 1 mcm/d from Iran in exchange for electricity exports. Nonetheless, to supply them with more gas, a separate contract should be signed." The official added that negotiations over financial terms of the deal have not come to fruition yet as "Iran's gas prices are not as low as Russia's."

Pointing to Turkey's proposal to transfer Iran's gas to the European Union via a pipeline from its territory, he said, "We are willing to sign a trilateral agreement on condition that the gas is not used in Turkey and be directly transferred to Europe. Talks are going on with the Turkish side."

On the supply of natural gas to Iraq that commenced last week, Babazadeh said the payments will be made via a letter of credit on a monthly basis and the NIGC will directly receive the money. Gas exports to Iraq have begun at a rate of 7 million cubic meters per day and will eventually increase to 18 mcm/d in two years. Iran can raise the flow to as much as 35 mcm/d if there is a request from Baghdad.

Iran's gas will feed three Iraqi power plants—Rumaila, Shatt al-Basra and al-Najibiyah— in Baghdad to reduce lengthy outages and the same amount of gas will be delivered to Basra power plant in 6 months, according to government reports. On the subject of priorities, Babazadeh noted, "Converting natural gas to liquefied natural gas (LNG) with the help of foreign investment and exporting the fuel to the Far East is on the agenda." The official said selling natural gas to domestic petrochemical complexes as feedstock is of great importance as long as the prices are reasonable and the companies pay their bills on time.

CEO: France's Total to go ahead with major Iran gas project

Reuters, *25.06.2017*

Total will go ahead with development of a giant Iranian gas field this summer, its CEO told, in the first major western energy investment in the country since Tehran signed an international nuclear deal.

Chief Executive Patrick Pouyanne said the French group would make an initial $1 billion investment after the United States extended sanctions relief for Iran under the 2015 agreement. Washington has warned that it could cancel the sanctions waivers if it believes Tehran is not curbing its nuclear program in line with the deal with world powers.

"It is worth taking the risk at $1 billion because it opens a huge market. We are perfectly conscious of some risks. We have taken into account (sanctions) snap-backs, we have to take into account regulation changes," Pouyanne said in an interview. The offshore field was first developed in the 1990s, and Total was one of the biggest investors in Iran until the international sanctions were imposed in 2006 over suspicions that Tehran was trying to develop nuclear arms.

Total has decided to return and develop phase 11 of the South Pars project in the Gulf, which will cost up to $5 billion, at a time when President Hassan Rouhani has faced criticism at home over a lack of economic revival following the easing of sanctions under the nuclear deal. Though one of the world's largest oil and gas producers, most major international giants including Royal Dutch Shell and BP have so far shown limited appetite to invest in Iran, due to uncertainty over contract terms and a sharp drop in global oil prices.

U.S. President Donald Trump's hard line on Iran has further cooled the investment climate, even though his administration extended the wide sanctions relief last month. "The U.S. waivers have been renewed and they will be renewed every six to eight months. We have to live with some uncertainty," said Pouyanne. Total holds a 50.1 interest in the South Pars project along with state-owned China National Petroleum Corporation, with 30 percent, and Iran's Petropars with a 19.9 percent, he said. The French group has also made a number of significant investments in recent years in Abu Dhabi, Qatar and Brazil as Pouyanne sees the three-year downturn in the global energy market as an opportunity to clinch deals for cheap resources to secure strong growth.

Total aims to achieve returns of above 15 percent on every new project it is enters into around the world. That includes South Pars, where terms discussed with the Iranian government would be significantly better than in the pre-sanctions period, Pouyanne said. Investors have complained that previous Iranian contracts allowed foreign companies little profit. Total worked on phases 2-3 of South Pars in the 1990s. The new Iranian Petroleum Contract (IPC) differs from its predecessor by offering the operator remuneration based on production rather than a simple percentage of the development costs, Pouyanne said. It also extends over a period of 20 years rather than seven or eight. “The IPC is a real improvement,” he said. “We will not go to Iran if there is not a reward which is commensurate.” With U.S. sanctions still in place prohibiting trading with Iran in dollars, Total will finance the project in euros from its own resources.

Gas from South Pars will supply only the fast-growing domestic Iranian market and none will be exported, Pouyanne said. Total will be paid not in cash but in condensate, a very light crude oil which is a by-product of gas production. South Pars is part of a giant gas reservoir that straddles the territorial waters of Iran and Qatar, where Total is also a major player in gas production as well as in oil and refining.

Tehran has indicated that the development of the project will not be hit by Qatar’s diplomatic isolation due to a dispute with Saudi Arabia and some of its Gulf Arab allies. Total is also considering a petrochemicals project in Iran which would require external financing from Asian banks, although this remains in less advanced stage, Pouyanne said.

Iran agrees to start exporting gas to Iraq for $3.7 billion/year

Oil Price, *27.06.2017*

Iran has announced it is exporting natural gas to Iraq in a deal that will earn the Islamic Republic a reported $3.7 billion per year.

Amir Hossein Zamaninia, the deputy petroleum minister for international affairs in Iran, said that natural gas exports had begun. The project is estimated to earn Iran $3.7 billion a year in revenues, Tasnim news agency reported. Zamaninia added that Iran will initially send approximately 7 million cubic meters (mcm) per day but it will eventually increase the amount to 35 mcm daily.

Iran and Iraq signed a 2013 agreement regarding Iran’s export of natural gas, but the pipeline wasn’t completed until June 2016 because of security issues, and then Tehran was awaiting payments from Baghdad. The agreement included two contracts, one to send exports to the Iraqi capital of Baghdad and another contract to send exports to the southern city of Basra via pipeline.

The pipeline connects the largest natural gas field in the world, the South Pars/North Dome Gas Condensate field, which is shared by Iran and Qatar, to the Iraqi city of Basra. The Basra Province has some of the country's largest natural gas power plants and a processing plant.

Iraqi Prime Minister Haider al-Abadi traveled to Tehran on Tuesday to meet with Iranian Supreme Leader Ayatollah Ali Khamenei, President Hassan Rouhani, and Vice President Ishaq Jahangiri.

During with the press conference with Jahangiri, Abadi said the pipeline would be opening. Though Iraq is a major OPEC oil producer, the country has been incapable of meeting its residents' electricity consumption. Iraq's peak electricity demand was 21,000 megawatts in the summer and the grid is only able to supply about 13,000 megawatts, Reuters reported in April 2016.

The average Iraqi household receives power for just 7.6 hours a day, according to recent data from a report by the Iraq Energy Expo. As a result of the shortfall, homes have to obtain half their power needs from generators. The global energy consortium British Petroleum in its annual report on natural gas reserves released earlier this month put Iran's at 33.5 trillion cubic meters — the most reserves in the world.

Only $60 oil can save The Aramco IPO

Oil Price, *29.06.2017*

The OPEC deal is in crisis. All oil price gains derived from the 1.2 million-barrel cut's initial announcement and implementation have been wiped out, and No. 1 OPEC producer Saudi Arabia's attempt to draw down American inventories has fallen flat, due in part to insubordination from the No. 2 producer, Iraq, along with upticks in production from Nigeria, Libya, and U.S. shale.

The KSA had a clear opportunity to drastically change the direction of oil prices last month, when the Organization of Petroleum Exporting Countries (OPEC) met in Vienna to discuss the duration and scope of the output cut extension.

Though Riyadh agreed to continue the deal three months longer than analysts expected (the new deal ends in March 2018, as opposed to December 2017 as many expected), the bloc leader did not heed recommendations to deepen the cuts, keeping production at 32.5 million bpd. In addition, Nigeria and Libya got a pass that allows them to produce as much as they can for the next nine months, despite the African duo's booming recovery worth hundreds of thousands of barrels.

In April and May, Saudi Arabia cut exports despite the fact that the OPEC deal does not limit export volumes. But new ClipperData says that June numbers could reveal a reversal in that downward trend, as KSA appears ready to ship more oil. The royal family – especially newly crowned heir to the throne Mohammed bin Salman – needs oil prices near $60 for Saudi Aramco's 2018 IPO to generate the income it needs. At the time of this article's writing, Brent was trading up at $47.78.

One month after OPEC's failure to toughen production quotas, the bloc remains uncertain about deeper cuts. Reuters reported on Tuesday that the monitoring committee for the deal, plus Saudi Arabia and Russia, would officially discuss the deal's progress next at the end of July. That's an extra two months of market standstill.

The IPO isn't moving along as quickly as originally planned. Riyadh's financial planners are behind in preparing Aramco and world markets for what is expected to be the largest IPO in history. The team was supposed to reach a decision on a foreign bourse for the listing by the end of Ramadan, but Eid-ul-Fitr passed days ago, and the victor has yet to be named—just murmurs that Bin Salman is at odds with top planners who prefer London over New York. And while the Saudis may not be deliberately procrastinating on the listing, holding out for higher oil prices, the current low oil prices certainly aren't rushing things along.

Realistically, no stock exchange other than New York or London had a fair chance at winning the Aramco listing. The United Kingdom had presented plans to bend its listing rules to accommodate the state oil company on more favorable terms, but British fund managers find the obvious kowtowing to Saudi oil wealth to be obscene. New York would connect Riyadh to the steepest pool of international funds, but an ongoing class action lawsuit against Saudi Arabia pursuant to the controversial Justice Against State Sponsors of Terrorism Act could expose Aramco and its liquid assets to litigation.

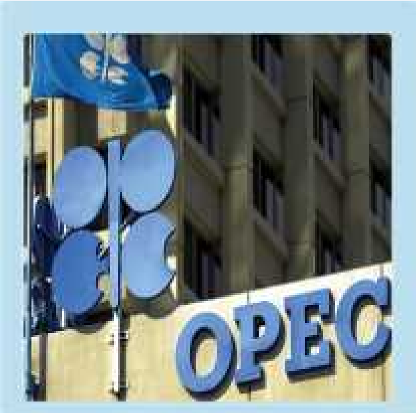
And there's no doubt that Riyadh desperately needs the liquid. The $100-$400 billion it hopes to raise from the IPO is earmarked for a much-needed economic overhaul, bringing Saudi Arabia into the 21st century—without the oil dependency—by 2030. The KSA has the most to lose if investors do not get excited to buy small pieces of 5 percent of its most valuable company.
Related: The Downturn Is Over, But U.S. Oil Companies Face A Huge Problem

With some claiming that peak oil is expected to hit around 2030, Aramco shareholders would have just 12 years to profit from their investment before it loses most of its value—or even all of its value. And that's assuming the Aramco listing goes live early next year, as promised. Riyadh has yet to pick a venue, and the rest of the planning process has been shrouded in secrecy. Who knows how close they are to finalizing a valuation or determining exactly what assets will be included in the IPO-version of Aramco?

A wrong decision on any of the above factors could be the straw that breaks the camel's back for investors and hedge fund managers who have taken their most bearish position on oil futures markets since the price crash in 2014. As the world's largest oil exporter, its tick tock on the clock for Saudi Arabia to make a big change in oil market fundamentals, and doing "whatever it takes" as Saudi Arabia has vowed to do, may be much more important—and much more painful—that it had imagined.

U.A.E. Says OPEC doesn’t plan to discuss deeper oil-output cuts

Bloomberg, *29.06.2017*



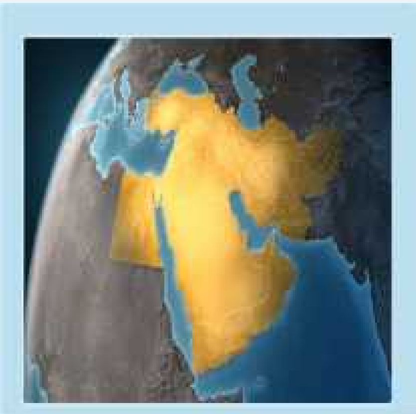
OPEC and its partners don’t plan to discuss deeper oil-output cuts when they meet next month because they’ve already “done their part” to reduce bloated inventories, the United Arab Emirates energy minister said.

“There is no plan or talks” on further curbs, Suhail Al Mazrouei said in Paris, where he’s attending an International Energy Agency conference. Increased demand in the third and fourth quarters will help to rebalance the market, he said. Oil has given up almost all its gains since late last year, when OPEC and its allies, including Russia, agreed on output cuts to clear a global glut.

Producers last month extended their accord through next March, though crude declined on concern the curbs aren’t sufficient. Russia said Wednesday it isn’t talking about deeper cuts, and the gathering on July 24 in St. Petersburg will focus on the “general market situation.” Stockpile depletion has been “a bit slower than expected,” Al Mazrouei said. Nevertheless, “OPEC countries and non-OPEC countries who joined us have done their part. We are looking for others to do their part as well, and we are not worried about the market recovery.”

Saudi dispute with Qatar has 22-year history rooted in gas

Rigzone, *28.06.2017*



Saudi Arabia’s isolation of Qatar has been brewing since 1995, and the dispute’s long past and likely lingering future are best explained by natural gas.

Not only was that the year when the father of the current emir, Sheikh Tamim bin Hamad Al Thani, toppled his own pro-Saudi father, it was also when the tiny desert peninsula was about to make its first shipment of liquid natural gas from the world’s largest reservoir. The offshore North Field, which provides virtually all of Qatar’s gas, is shared with Iran, Saudi Arabia’s hated rival.

The wealth that followed turned Qatar into not just the world's richest nation, with an annual per-capita income of $130,000, but also the world's largest LNG exporter. The focus on gas set it apart from its oil producing neighbors in the Gulf Cooperation Council and allowed it to break from domination by Saudi Arabia, which in Monday's statement of complaint described Qataris as an "extension of their brethren in the Kingdom" as it cut off diplomatic relations and closed the border.

Instead, Qatar built its own ties with other powers including Iran, the U.S. -- Qatar hosts U.S. Central Command -- and more recently, Russia. Qatar's sovereign wealth fund agreed last year to invest $2.7 billion in Russia's state-run Rosneft Oil Co. PJSC. "Qatar used to be a kind of Saudi vassal state, but it used the autonomy that its gas wealth created to carve out an independent role for itself," said Jim Krane, energy research fellow at Rice University's Baker Institute, in Houston, Texas. "The rest of the region has been looking for an opportunity to clip Qatar's wings."

That opportunity came with U.S. President Donald Trump's recent visit to Saudi Arabia, when he called on "all nations of conscience" to isolate Iran. When Qatar disagreed publicly, in a statement the government later said was a product of hacking, the Saudi-led retribution followed. Critically, Qatar's natural gas output has been free from entanglement in the Organization of Petroleum Exporting Countries, the oil cartel that Saudi Arabia dominates.

The new emir, having survived a counter-coup attempt in 1996, didn't build pipelines that would have integrated Qatar into the markets of its Gulf neighbors. Two senior Qatari government officials alleged during the trial of the coup plotters in 2000 that Bahrain helped to organize the attempt with Saudi Arabia's consent, according to a report by the BBC.

At the time, those much richer oil states saw natural gas as virtually worthless, useful mainly for injecting back into oil wells to improve extraction rates. They were willing to pay only a fraction of the world market price for LNG, according to a paper Krane co-authored with Qatar University's Steven Wright.

The sole pipeline built, the Dolphin project connecting Qatar's North Field to the United Arab Emirates and Oman, has operated at half to two thirds capacity. Contracts signed last year should fill the rest, yet the vast majority of Qatar's exports will continue to go to markets in Asia and Europe.

More recently, demand for natural gas to produce electricity and power industry has been growing in the Gulf states. They're having to resort to higher-cost LNG imports and exploring difficult domestic gas formations that are expensive to get out of the ground, according to the research. Qatar's gas has the lowest extraction costs in the world.

Qatar gas wealth enabled it to develop foreign policies that came to irritate its neighbors. It backed the Muslim Brotherhood in Egypt, Hamas in the Gaza Strip and armed factions opposed by the UAE or Saudi Arabia in Libya and Syria. Gas also paid for a global television network, Al Jazeera, which at various times has embarrassed or angered most Middle Eastern governments.

Iraq’s oil exports in June near May level, oil minister says

Reuters, *28.06.2017*

Iraq’s oil exports from fields owned by the central government in Baghdad are at around 3.27 million barrels per day (bpd) so far in June, about the same level as in May, Oil Minister Jabar al-Luaibi said.

Total exports for all fields in Iraq, those of Baghdad and the Kurdish region in the north, have averaged 3.8 million bpd so far in June, he told Reuters in the southern oil city of Basra. The country as a whole is producing about 4.315 million bpd, he said. Iraq is in “quiet negotiations” with foreign oil companies operating in Iraq to amend their services contract, he said, declining to give more details.

The country wants to change the terms of the contracts it deems no longer in its favour after oil prices collapsed three years ago, when they were in excess of $100 per barrel, to about $45 per barrel now. Oil prices should start recovering by the end of July, to reach $54 to $56 a barrel by the end of the year, Luaibi said.

Iraq is the Organization of the Petroleum Exporting Countries’ second oil producer, after Saudi Arabia. The group in May rolled over an agreement to cut oil production with other exporting nations, until March, in order to support oil prices. “Iraq supports the agreement that we reached; if developments happen contrary to OPEC’s interests, the (OPEC) ministers will hold an extraordinary meeting,” he said.

Iran holds 18% of total global proven gas reserves

Reuters, *26.06.2017*

Iran holds around 18 percent of total proven natural gas reserves globally, according to British Petroleum's (BP) Statistical Review of World Energy 2017 report.

Iran holds 33.5 trillion cubic meters of natural gas reserves while Russia followed with 32.3 trillion cubic meters. LNG giant Qatar ranked third with 24.3 trillion cubic meters in reserves. According to the report, the Middle East is the leading region with 79.4 trillion cubic meters of proven gas reserves, while South and Central America have the least amount with 7.6 trillion cubic meters.

In natural gas output, the U.S. has been a world leader since 2009 when it first surpassed Russia in gas production. Due to low gas prices, however, the U.S.' gas production in 2016 declined 2.5 percent from the year before to 749.2 billion cubic meters. This represented 21.1 percent of global gas output last year, according to the report.

After the shale revolution in 2008, the U.S.' shale oil and gas production increased rapidly, experts said. The U.S. is also a world leader in gas consumption since 1985 -- the year BP gas data was first released. BP also noted in the report that global proved gas reserves in 2016 rose slightly by 1.2 trillion cubic meters to 186.6 trillion cubic meters. "As with oil, this is sufficient to meet more than 50 years of current production (52.5 years)," the report read.

Top appointments at Trans Adriatic Pipeline project

Reuters, *26.06.2017*

TAP announced the appointments of Walter Peeraer as President and Luca Schieppati as Managing Director, both starting on 27th June 2017.

Peeraer was the former Managing Director and Board Member of Fluxys S.A, the Belgian-based European gas transmission assets management company. Within Fluxys, Peeraer also held various senior positions including Chief Executive Officer of Fluxys Belgium. Luca Schieppati will replace the current Managing Director Ian Bradshaw, according to the announcement.

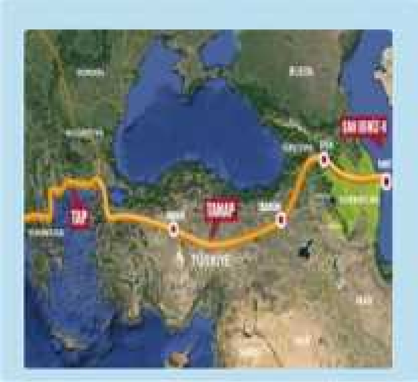
Schieppati joins TAP from Snam, Europe's largest natural gas utility, where he has worked since 1991. His most recent position was chief industrial assets officer of Snam as well as managing director at Snam Rete Gas S.p.A, the Group's subsidiary managing 32,500-kilometre natural gas pipeline network in Italy.

Joe Murphy, Chairman of TAP's Board of Directors said that he is very pleased to have Luca and Walter leading TAP at this critical phase. "With construction continuing across all three countries, the project is entering an important new phase and I'm confident that their many years of experience and deep expertise will be essential in safely and successfully delivering this project for the European gas customers," he added.

TAP will transport natural gas from the giant Shah Deniz II field in Azerbaijan to Europe. The TAP project aims to connect the Trans Anatolian Natural gas Pipeline (TANAP) at the Greece-Turkey border and cross northern Greece, Albania and the Adriatic Sea before going onshore in southern Italy, where it will link up with the Snam-operated Italian natural gas network. The entire project will be 878 kilometers in length with an initial capacity of 10 billion cubic meters per year to transfer Azerbaijan's natural gas to several European markets.

Deputy Min.: Albania expects to finalize TAP by 2018

Anadolu Agency, *26.06.2017*



Works on TAP are underway with the construction of two compressor stations, Deputy Minister of Energy and Industry of Albania told.

İlir Bejtja said that the pipe installation has already started in the project's three location points in Albania, and completion of the installation is expected by 2018. "I think by 2018 the installation will end but now they are starting with the two pumping compressor stations. Meanwhile, we are hoping to take an license for subsea works that plan to start immediately. They are on track," the Minister said.

The TAP project aims to connect the Trans Anatolian Natural gas Pipeline (TANAP) at the Greece-Turkey border and cross northern Greece, Albania and the Adriatic Sea before going onshore in southern Italy, where it will link up with the Snam-operated Italian natural gas network. The entire project will be 878 kilometers in length with an initial capacity of 10 billion cubic meters per year to transfer Azerbaijan's natural gas to several European markets.

Bejtja asserted that the TAP project would help the Albanian economy and the country hopes that more than €1 billion will enter the economy, through investments, construction, planned works and secondary infrastructures as part of TAP project, Bejtja noted. "All this money enters the economy and Albanian companies make all the investments," he underlined. He highlighted that currently 2,000 people are employed through the TAP project including in transportation, environment, construction, out of which more than 90 percent are Albanians. He added that this number could reach at least 3,000 but even reach more in the long run.

In the final period of construction, he forecasted that there would be employment opportunities for between 5,000 and 7,000 people. Once constructed, there will be around 700 permanent employees, according to the minister. On the question of whether Albania will import gas from TAP, he replied that Albania would not import gas directly from the first 10 billion cubic meters (bcm) that is set to be sent to European customers. "We are guaranteed 0.3 billion cubic meters only for the Vlora thermal power plant (TPP)," he noted.

The Albanian minister hailed the investments that Turkish companies have made in the country's energy, mining and refining sectors as well as in many other sectors in the country. Electricity produced from plants constructed by Turkish companies can be exported to Turkey, Bejtja affirmed, adding that no restrictions have been placed on these companies. "We do not charge for exports, or in cross border taxes and we have no VAT or customs either. We have enough interconnections that make it easy to export in Greece, via Kosovo, and Bulgaria, via Montenegro. So there is a possibility to export to whether it is to Turkey or to other neighboring countries, it doesn't matter. They can do good business in Albania," he asserted.

Albania is a country with low energy costs because it has good running water throughout all seasons, according to Bejtja. The Albanian minister said that Turkey and Albania are not neighboring countries and although it would be far easier to cooperate in the electricity sector for countries that border one another, he believes that any cooperation in non-bordering countries in this area would be beneficial for all parties concerned. “If it [electricity network] goes wider, it will be better. So if we go to Turkey through Bulgaria or other countries, it will be beneficial for them [all countries involved] because they also have investments in our country and for us, because we can sell energy even further than our neighbors,” he concluded.

UK’s Wood Group secures contract for Greek FLNG Project

Anadolu Agency, *27.06.2017*

Wood Group has secured a new front end engineering design (FEED) contract with Greek company Gastrade S.A. for the Alexandroupolis Independent Natural Gas System (INGS) offshore Greece, the company announced.

The project is to develop a FLNG receiving, storage and regasification unit in northern Greece. The Alexandroupolis INGS will create a fourth natural gas import gate into Greece, with a send-out capacity of 700,000 cubic meters of natural gas per hour or 6.1 bcm of natural gas per year and a storage capacity of up to 170,000 cubic meters of LNG.

The value of the FEED contract was not disclosed while the company said that the project will create “a new natural gas gateway to the markets of south eastern and central Europe.” Wood Group’s subsea team will perform the design and engineering definition of the Alexandroupolis FSRU and its subsystems which will support the final investment decision for the project, planned for late 2017. Commercial operations of Alexandroupolis INGS are expected to commence in 2019.

Ukrainian innovators make break for energy independence

Euractiv, *27.06.2017*

Amid the fallout of Ukraine's continued eastern conflict, its energy sector has come under intense scrutiny. The 2014 annexation of Crimea wrested a huge amount of energy potential away from the former Soviet state. Many coal mines have since fallen under the control of the Kremlin-backed, breakaway Donetsk People's Republic.

These factors have crippled Ukraine's chances to become energy independent from Russia, whose government has for years used its gas supplies to former Soviet satrapies as huge political bargaining chips.

Energy independence has, for Ukraine, become a key component of its future as an EU-facing, European nation. It is little wonder, therefore, that major domestic players are turning to innovation to achieve this goal. The Burisma Group, Ukraine's largest private gas company, commands over 30% of the Ukrainian gas market. It is leading a charge to increase output by 50%–an increase that would significantly reduce the dependence of its 45 million citizens on Russian supplies.

This year Burisma, whose board of directors includes former US vice president Joe Biden's son Hunter, raised $100m to add four drilling wells in Ukraine. Earlier this month the company attended the Energy Security Forum in Monaco, where its president, Nicolai Zlochevskyi, outlined the importance of the energy sector in Ukraine's political future.

"Ukraine is part of Europe and we cannot ignore the processes taking place in the EU," he said. "Only by partaking in Energy Summits such as this, where leaders from the EU and Ukraine political and public life are present, are we able to exchange ideas and find the instruments for achieving energy independence both within countries and in the European community."

On June 15 Ukraine held another forum, this time in its own capital city of Kiev. 'Economy of Ukraine: Challenges and Prospects' brought together leaders in politics and business to discuss how best to strengthen the country's economy. "If three years ago someone told us that Ukraine would be engaged in discussing such matters, we wouldn't have believed," said the European Bank for for Reconstruction and Development's Francis Malige. "Ukraine's progress in reforming exceeded all expectations."

Ukraine is currently placed 24th in the global energy market with gas reserves of 1,104 cubic meters, according to the World FactBook. Should its domestic players be able to innovate their infrastructure, and increase output to their desired levels, Ukraine could play a big role in the world's gas production industry.

Also on the agenda in Monaco were presentations on finding the right mix between fossil fuel and clean energy. Oil and gas prices have fluctuated hugely in recent months, and an exciting generation of Ukrainian entrepreneurs is trying to solve Ukraine’s energy issues with green energy solutions. They are fighting a tech industry landscape that is confused following years of conflict and political turmoil.

Ukraine goes on Anti-Russia pipeline offensive as Europe goes nuts

Forbes, *27.06.2017*

With Washington’s blessing, Ukraine is going on the offensive against a Baltic Sea pipeline it deems a death knell to state controlled Naftogaz. Naftogaz is one of the most important companies in the country, and the gateway between Russian gas fields and the European market. Only this time, it pits Ukraine and the U.S. on one side with the Europeans and Russians -- oddly enough -- on the other.

Some history is warranted here. Naftogaz and Gazprom have been going through a bitter divorce with the Europeans as mediators since at least 2014.

It’s one arbitration hearing after another in a Stockholm court over contract disputes involving the two, with Gazprom the defendant. Gazprom is Europe’s single biggest supplier of natural gas. Gazprom is run by the Russian government. Gazprom supply contracts have been a bone of contention for years. Naftogaz cries foul. The courts will rule on that one, lord knows when. But as a result of the crisis between the two countries, Gazprom looked to Turkey and the Europeans to build alternative pipelines. The Turks are building Turkish Stream. The Germans, French, Austrians and the Brits are looking to build Nord Stream II, a pipeline that would sit right beside an existing one. As it is not a new route, Ukraine calls it a political move to squeeze Naftogaz of its ability to make money delivering Russian gas to Europe.

Now the tough part. Anti-Russia Senators, most of them Republican Never Trumpers, are turning the screws on Russian oil and gas firms. They have three hopes here: punish Russia for supporting anti-government forces in Ukraine; ban Trump from his constitutional duties of being able to call off the sanctions regime and...help U.S. natural gas drillers and potential exporters.

On June 14, the Senate passed a bill by a margin of 97 to 2 in favor of extra-territorial sanctions on Russian oil and gas. That means the Senate wants to give the President powers to punish companies doing certain types of business with sanctioned Russian firms outside of Russia instead of only those inside of Russia. Nord Stream II is on the hit list.

Five days later, Naftogaz gave a hint to its lobbying efforts in the E.U. against Nord Stream. They said in a note that the European Commission “should use its mandate as a guardian of the interests of the European consumers and insist on the application of the Third Energy Package to the Nord Stream II project.”

Europe’s so-called Third Energy Package was adopted in 2009 to promote investments in energy infrastructure like liquefied natural gas terminals and alternatives to fossil fuels. The goal was not to punish Russia -- which accounts for 30% of Europe’s natural gas --but to avoid local energy monopolies in the European Union. The idea was to break up the power generators from the transmission and delivery firms, of which Gazprom sits squarely on the Nord Stream line. Although it partners with Engie of France, Shell Oil and Whiteshall of Germany to name a few, the gas is all Russian.

In Ukraine, the gas is also primarily Russian, but the transit lines belong to Naftogaz and Ukraine. Ukraine is the traditional route into Europe for Russian natural gas. There are four major pipeline arteries going through Ukraine. They connect mainly to old Warsaw Pact nations like Poland and Bulgaria. “This legal framework shall ensure proper regulatory and anti-trust safeguards against market manipulations and abuse of dominance,” Naftogaz said in a statement in a nod to Russia’s dominance as sole supplier via those pipelines.

An Italian oil and gas industry contractor called Saipem lays pipe for Nord Stream in the Baltic Sea. New sanctions proposals by Washington put the Europeans and Russians on the same team against the U.S. and Ukraine. Naftogaz is getting skillful at tugging at the heart strings of the E.U., which already has a political bias against Russia. The congress’s anti-Russia stance is counter to president Donald Trump’s, but Trump has been beat up so severely on Russia that defending any sort of detente with the Kremlin seems futile. Russia is an energy rival to the U.S., but it is an energy partner to Europe. Adding Nord Stream to the bill creates more tensions. For all its talk about belonging in the European community, Ukraine has chosen Uncle Sam instead. When it comes to allies, Ukraine still finds itself climbing a mudslide. “The Nord Stream II project undermines the solidarity in the E.U.,” the company said in a statement yesterday as if that’s Naftogaz’s real concern.

The project was first rejected by Poland. That’s because they spent millions on a new LNG terminal and Nord Stream II was a surprising and cheaper alternative. Who would have thought that Russia would come up with an idea to lay pipe right beside existing pipe? Poland anti-trust legislators blocked Shell and others from participating in the deal out of concern they would have greater market control over Poland gas supply.

Sadly, Poland has gone against the prevailing wins of the E.U. establishment. The government is against Germany’s preferred open borders policy to share the migrant burden across member states. It is unclear if Poland has any power to stop Nord Stream on its own. Only Washington sanctions can. Either that, or European energy companies have a change of heart and want Ukraine to make money instead of them.

Ukraine is doing what it can to get Europe's attention. For them, Nord Stream II is a serious threat to the existing Ukraine routes, but they are forced to focus on what it means for Europe, not for Ukraine's finances. "It goes against the principle of efficient use of infrastructure, and leads to concentration of delivery routes under Russia's control, without providing access to any new sources or suppliers of energy," Naftogaz said. To appeal to environmental rule makers, the company tossed out the idea that the project inflicts "unjustified environmental damage" to the Baltic Sea.

The sanctions against Nord Stream II are dependent on the House version of the bill, and President Trump's Treasury Department agreeing to enforce them in the first place. Still, this is a whole new threat that either forces major European energy firms to stand down on the deal -- a project they've committed capital to already --or add insurance costs in case Treasury decides to fine them. "Some EU partners in the project may decide not to go ahead because of a threat of sanctions," says Ariel Cohen, a senior fellow at The Atlantic Council. "That's true even if the U.S. at this point decides not to use that option."

The negative reaction to the Senate bill didn't come from Shell or the Brits. It came from Germany and Austria's government. German firms Wintershall and Uniper and their Austrian partners OMV are the biggest financiers of the Baltic Sea pipeline. Judging by all the exclamation marks in their statement, they are unhappy with U.S. Senators.

Chinese gas company buys 20% of Russian field from Rosneft for $1.1bn

Financial Times, *26.06.2017*

China's Beijing Gas Group has bought 20 per cent of a Russian oil and gas field from state-run Rosneft for $1.1bn, in a deal that also gives the Russian energy producer access to the Chinese domestic gas market.

Beijing Gas' stake in Verkhnechonskneftegaz gives the company a slice of one of the largest-producing fields in eastern Siberia and access to the Eastern Siberia–Pacific Ocean oil pipeline that connects Russia with China, Japan and South Korea.

In a statement announcing the sale, Rosneft said the deal gives it "the opportunity to enter a promising domestic gas market in China, including the final consumer by means of swap gas supplies." Rosneft and Beijing Gas are also considering options for deeper cooperation in eastern Russia involving hydrocarbon exploration, field development and gas production, the company added. The sale, which was first agreed in November 2016, values the field at $3.20 per barrel of hydrocarbon reserves, Rosneft said. The field, which currently produces 8.5m tonnes of oil a year, has reserves of 173m tons of crude oil and gas condensate and 115bn cubic meters of gas.

UK wants to revive gas extraction in oldest part of North Sea oil basin

Rigzone, *26.06.2017*

Britain wants oil and gas drillers to recover pockets of gas that are more difficult to reach in a part of the North Sea where drilling for fossil fuels started over 50 years ago.

Britain's oil regulator, the Oil and Gas Authority (OGA), said on Thursday that some 3.8 trillion cubic feet (tcf) of tight gas remain in the southern North Sea, one of the world's oldest offshore gas extraction areas that has produced more than 40 tcf. Drilling activity in Britain's North Sea has been at a record low for two years as weak oil prices make projects less attractive.

The basin is estimated to have billions of barrels of oil left for extraction, worth around 200 billion pounds ($250 billion) for British government coffers, which the government is keen to see developed. The regulator on Thursday published an eight-step programme it wants oil companies to follow to tap the southern North Sea tight gas deposits, which were traditionally unpopular among explorers because they were difficult to access and therefore more expensive to develop. Tight gas deposits sit in less permeable stone, such as sandstone, and are part of the unconventional type of reservoirs like shale gas or coal bed methane.

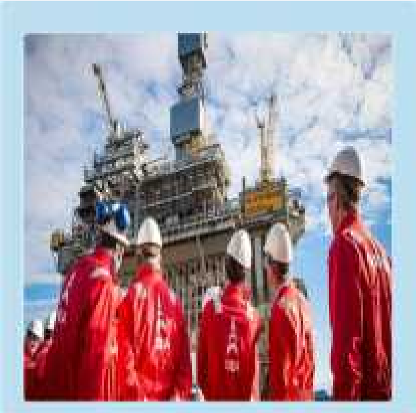
New technologies allowing extraction in less permeable geologies and efforts by explorers to share equipment mean tapping these resources is now more economic. "Maximising recovery of tight gas represents a real opportunity to extend the life of the southern North Sea's existing infrastructure," said Eric Marston, the OGA's area manager for the southern North Sea.

Companies exploring for gas in the southern North Sea are supportive of the regulator's push to develop tight gas projects and are making plans to drill new wells. "It's clear that there is still a lot the industry can do to maximise the potential of one of the most mature regions of the North Sea," said Fraser Weir, North Sea director at Centrica , one of the companies active in the area.

The energy company said it managed to reduce costs at one of its prospective gas fields, Pegasus, by 25 percent partly by finding ways to share some of the equipment with other companies. Centrica will later this year decide whether to proceed with the project. Oil explorer Premier Oil is also assessing whether to invest in developing a huge gas field in the area, Tolmount, which it said could contain up to 1 tcf of gas.

Shell, Exxon to appeal latest Groningen gas production cap

Oilprice, *28.06.2017*



A joint venture between Royal Dutch Shell and Exxon Mobil said it will file an appeal against a Dutch government plan to lower a production cap at the Groningen natural gas field by a further 10 percent.

The 50-50 Exxon-Shell joint venture, known as NAM, said it has been left in an impossible position by being told it may continue production -- vital to supply homes with gas -- without guarantees it is meeting safety standards. It also opposes the latest, lowered production cap. The Dutch government has capped production at Groningen due to small earthquakes triggered by work there.

The latest cap announced in May would lower production to 21.6 billion cubic metres (bcm) per year from October, down from 53.9 bcm in 2013. NAM's appeal will be heard starting July 13 at the Council of State, along with appeals by environmentalists who think the latest cap did not go far enough.

GE, ENI sign deals to develop gas offshore Mozambique

Business Daily, *26.06.2017*

GE signed a long-term agreement to collaborate with Eni for Mozambique developments it operates, GE announced.

The company noted that the move underlines GE Oil & Gas's commitment to expand its global footprint while supporting local investment in Africa. Two five-year contracts signed for subsea production systems, equipment and services for Mozambique offshore development projects, with additional extension options totaling 25 years. Orders secured for equipment and services for Coral South FLNG project, the first phase of Eni East Africa's development plans for Rovuma basin Area 4 gas resources, the company said.

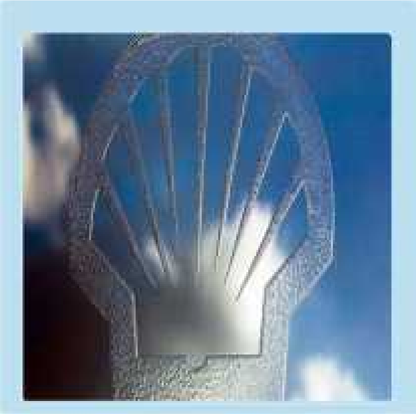
The second agreement covers Area 4 future potential upstream projects. It includes a separate five-year aftermarket services contract for Life of Field of the subsea infrastructure, plus one five-year option and five three-year extensions.

The Coral South FLNG project will see the installation of an FLNG facility with a capacity of around 3.4 million tons per annum, fed by six subsea wells and expected to produce up to 5 trillion cubic feet of gas, with an anticipated start-up in mid-2022.

“The first ever deep water project to start producing gas in Mozambique, it will provide significant local economic benefits through job creation and support the region’s future energy needs,” the company said.

World’s largest offshore platform sails to Australia

Anadolu Agency, *29.06.2017*



Shell’s Prelude FLNG facility left the Samsung Heavy Industries shipyard in South Korea and sailed to Australia.

The company said that the facility, constructed by Technip Samsung Consortium, is being towed to North West Australia, where the next phase of the project will begin, marking a significant milestone for the project. On arrival at the Prelude offshore gas field which is 475 kilometres north-north east of Broome, Western Australia, pre-installed mooring chains will be lifted from the seabed and secured to the facility, Shell explained and once secure, the hook-up and commissioning process will begin.

“Prelude FLNG is an important project in Shell’s portfolio. It will provide liquefied natural gas for customers around the world and generate cash flow that will help drive the performance of Shell’s Integrated Gas business,” the company said. “The safe and reliable start-up of Prelude’s operations will be the project team’s focus throughout the next phase,” the company noted, adding that cash flow from the project is expected in 2018.

The 600,000 tonnes facility’s production capacity is at least 5.3 million tonnes per annum (mtpa) of liquids: 3.6 mtpa of LNG, 1.3 mtpa of condensate and 0.4 mtpa of liquefied petroleum gas, according to Shell.

Global oil price show limited rise on Monday

Anadolu Agency, *26.06.2017*

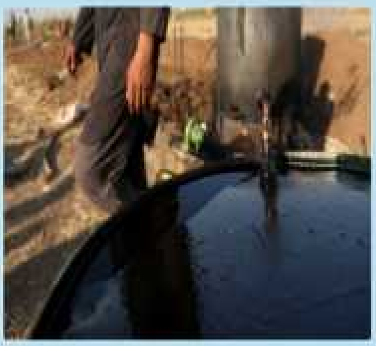
International benchmark Brent crude is traded at $46.29 with a 1.20 percent rise while American benchmark West Texas Intermediate (WTI) is around 43.53 at 06.40 GMT.

On Friday, Brent crude showed a limited increase of 0.20 percent to $45.31 per barrel at 11.30 GMT -- its lowest level since Nov. 15. WTI rose by 0.23 percent to $42.84 at 11.33 GMT -- its lowest level since Aug. 11 last year. The low oil prices came after the Energy Information Administration (EIA) said crude output increased by 20,000 barrels per day (bpd) last week to 9.35 million bpd on Wednesday. This marked the 16th time that U.S. output has risen in the last 18 weeks.

In addition, American oil industry added 11 more oil rigs last week, Baker Hughes said on Friday, marking the 23rd consecutive week of increase in oil rig count. Total number of oil rigs in the country reached 758. Oil production in the U.S. also increased 16 times in the past 18 weeks. Crude output in the country reached 9.35 million barrels per day (bpd) for the week ending June 16, EIA data showed Wednesday. Oil prices remain low despite OPEC and non-OPEC efforts to reduce output. With non-OPEC participants, the oil production cut will see 1.8 million bpd, equal to 2 percent of global production.

Crude oil trade sees 4% increase in ‘16

Anadolu Agency, *27.06.2017*



Global crude oil trade hit 2.1 billion tonnes last year, a rise of 4 percent from 2015 levels when oil trade reached 2.03 billion tonnes, BP’s latest report showed.

In 2016, with 585.7 million tonnes of production, Saudi Arabia, the world’s largest producer, exported the most oil worldwide. The country accounted for 17.7 percent of global oil trade with 375.3 million tonnes of exports. The country increased its export level by 4.5 percent in 2016, compared to the previous year. Last year, Japan, the U.S. and China were the top three countries to buy Saudi oil.

Japan imported 59 million tonnes of Saudi oil. The U.S. purchased 54.8 million tonnes and Saudi Arabia sold 51 million tonnes to China. Russia followed Saudi Arabia as the second biggest oil exporter, with 274 million tonnes. Iraq ranked third with 177.5 million tonnes of oil exports.

In 2016, oil production grew by 0.5 percent while consumption increased by 1.7 percent around the world. Last year, the U.S. imported the most oil in the world at 393.3 million tonnes and accounted for 18.5 percent of global trade. The second and third largest oil importers were China with 382.6 million tonnes and India with 212.3 million tonnes respectively.

Sharp decline in US oil prod. pushes crude prices up

Anadolu Agency, *29.06.2017*

The U.S.' crude oil production declined substantially last week, according to the Energy Information Administration.

Crude oil output in the country decreased 100,000 barrels per day (bpd) to 9.25 million bpd, for the week ending June 23, the EIA data showed. Production of crude oil in the U.S. increased 16 times in the 18 weeks before last week's sharp decline. "The decline in output is probably attributable to storm-related disruptions in the Gulf of Mexico," Joseph Oyegoke, a commodities economist at London-based Capital Economics, said in a note.

"So we could see production rebound this week," he added. After the sharp decline in production, crude oil prices rose more than 1 percent. American benchmark West Texas Intermediate (WTI) reached as much as $44.89 a barrel, and international benchmark Brent crude climbed to as high as $47.69 per barrel on Wednesday.

WTI hit its lowest level in the last 10 months last week, while Brent crude plummeted to its lowest level in seven months, which might have disrupted oil production in the U.S., according to experts.

Announcements & Reports

► *India's Gas Market Post-COP21*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/indias-gas-market-post-cop21/

► *Natural Gas Weekly Update*

Source : EIA
Weblink : http://www.eia.gov/naturalgas/weekly/

► *This Week in Petroleum*

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

Upcoming Events

► *International Conference on Oil & Gas Projects in Common Fields*

Date : 02 July 2017
Place : Amsterdam, The Netherlands
Website : http://www.waset.org/conference/2017/02/amsterdam/ICOGPCF

► *Cuba Oil & Gas Summit 2017*

Date : 02 July 2017
Place : Havana, Cuba
Website : http://www.cubaoilgassummit.com/

► *22nd World Petroleum Congress*

Date : 09 - 13 July 2017
Place : Istanbul, Turkey
Website : http://www.22wpc.com/22wpc.php

► *East Africa 2017 Oil & Gas Exhibition & Conference*

Date : 16 - 18 August 2017
Place : Dar-es-Salaam, Tanzania
Website : www.expogr.com/tanzania/oilgas/

► *European Gas Conference*

Date : 20 - 21 September 2017
Place : Amsterdam - The Netherlands
Website : https://www.icisconference.com/europeangas

► *European Gas Summit*

Date : 26 - 27 September 2017
Place : Rotterdam - The Netherlands
Website : https://www.platts.com/events/emea/european-gas/index

► *7th Iraq Oil & Gas Conference*

Date : 28 – 30 November 2017
Place : Basrah, Iraq
Website : http://www.basraoilgas.com/Conference/