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Turkey plays 'critical' role for global energy security

Anadolu Agency, *10.08.2017*

Ankara Turkey is a regional power with a "critical" role in establishing energy security, Turkish Economy Minister Nihat Zeybekci said Thursday.

"Turkey is the center of regional energy trade," Zeybekci said at the opening of the EXPO 2017 Astana's Turkish National Day event. Commenting on the EXPO events, Zeybekci said these expositions could encourage the advancement of humanity, contribute to the sharing of knowledge, and increase cooperation. The minister added that Turkey was participating in EXPO 2017 Astana under the sub-theme of "Global Synergy for Sustainable Energy".

He also pointed out that ideas such as sharing, equality and peace underlay this message of synergy. Zeybekci said Turkey had become one of the world's leading trade and investment bases, thanks to the progress achieved in the last 15 years, in particular. "Our country's decisive role in the global economy will continue to increase. You can be sure of that," he said.

Hurdles mar Turkish energy firms eyeing Africa projects

Anadolu Agency, *11.08.2017*

The Turkish energy firms remain keen to invest in projects in African countries, but several obstacles, including political instability end up hurting their efforts, investors tell Anadolu Agency.

Several firms from Turkey have made investments in the energy sector in South Africa, Sudan, Ghana, Zambia, Ethiopia, Kenya, Tanzania, Uganda, and Nigeria. They wish to expand further in other countries, especially in electricity generation and renewable energy fields given that the continent provides ample opportunities to investors in these areas.

According to a World Bank report from June 6, 2017, Africa is far behind the rest of the world when it comes to electricity; just 35 percent of the population is estimated to have access to power. One of the most innovative ways Turkey is helping some African countries cope with its electricity shortages is through the use of unique power ships. Karpowership -- a Turkish firm affiliated with the mega Istanbul-based company Karadeniz Holding -- is providing electricity-generating vessels to Ghana and Zambia. With its floating power plant, a Karpowership vessel with a generation capacity of 225 megawatts aims to cover 26 percent of Ghana's electricity for 10 years.

In November 2015, the Turkish firm was also awarded the contract to supply electricity to land-locked Zambia via cross-border interconnection lines through Mozambique and Zimbabwe. The company will initially supply 100 megawatts of power.

"The floating power ships are a flexible solution. With an easy movable system, we can connect directly to the country's network through all the ship equipment without any need for land," Karpowership Chief Commercial Officer Zeynep Harezi told Anadolu Agency via email. Harezi said the objective of the investments in the continent is "to be a catalyzer in regional cooperation between African countries, to benefit [from] their development and progress, to create employment opportunities and to provide technology transfer and sustainable energy, including renewable".

However, there are some challenges for Turkish firms, including varying state policies throughout Africa, she said. "High costs, political instability" One country may have strict regulations while the pricing policies may be more effective in another, Harezi said. "Turkish firms like hers seek "to ease the differences" in such situations, where "others might see as difficulties".Sureyya Yucel Ozden, the head of Foreign Economic Relations Board of Turkey (DEIK)'s Energy Investment in Africa, also spoke about the weak regulations in some African countries where Turkish energy firms operate.

"Regulations are changeable in Africa like everywhere else in the world," Ozden said. Ozden also mentioned financial difficulties. "High financial costs lead to disappearance of the competition for wind and renewable energy in general in the developing countries," he added.

Yalcin Kiroglu, head of DEIK's Madagascar Business Council, mentioned political instability. "The constant changes in opinions due to political instability and the most important, the occupancy in state-guaranteed loan capacity regarding the financing" were the main challenges in project implementation in Africa, Kiroglu said. He, however, added that Turkish firms remain optimistic and hope to continue investing in Africa. "We have recently completed a report on 13 countries in Sub-Saharan Africa to shed light on energy potential, including renewable energy in terms of product and service opportunities for Turkish government, investors and the energy sector," he said.

Turkey's opening to Africa between 2005 and 2011 witnessed efforts towards breaking the ice in their reciprocal knowledge of one another. However, to be able to promote a mutual understanding with African countries, Turkey had to change its own perception -- and of course of the Turkish public -- about Africa and in particular Sub-Saharan Africa.

This awareness-raising project about Africa has resulted in a consideration that the continent is not a weak and distant place but rather a place full of potential connections and opportunities. Thus, Turkey established its presence through a number of multilateral projects, such as the New Partnership for Africa's Development -- a program of the African Union adopted in 2001 -- with the aim of alleviating poverty and promoting economic growth and sustainable development, as well as joining several security operations, such as NATO's counter-piracy actions in the Gulf of Aden, off the Horn of Africa.

World oil supplies sees monthly rise in July: IEA

Anadolu Agency, *11.08.2017*

The Global oil supply increased by 520 thousand barrels per day in July to 98.16 million barrels per day (mb/d) compared to the previous month, according to the International Energy Agency's (IEA) Friday report.

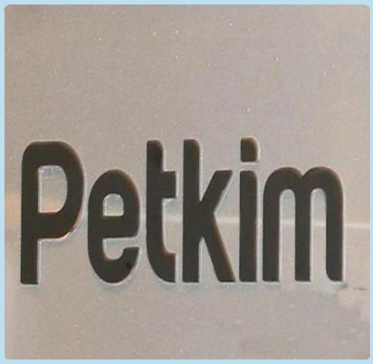
World oil production in July stood at 500 thousand b/d above that of July 2016, the report said. OPEC's crude oil output rose by 230 thousand b/d to 32.84 mb/d in July, "led by a strong recovery in Libya," the IEA said. "Output from the 12 members restricted by the output pact edged up, weakening compliance to 75 percent, the lowest rate this year."

Additionally, OPEC's natural gas liquids and unconventional supplies totaled 6.99 mb/d, leading to overall OPEC liquids production, including crude oil output, of 39.83 mb/d in July. Saudi Arabia, the largest producer of the cartel, pumped out 10.05 million b/d in July - unchanged from June's quantity. Output increased the most in Libya and Nigeria. Production in Libya increased by 170 thousand b/d and 30 thousand b/d in Nigeria, both exempt from the output cut deal.

Last month, non-OPEC supply rose by 200 thousand b/d to 58.3 mb/d, "as Canadian output recovered from outages and U.S. crude production continued to trend higher." The agency forecasts that total non-OPEC supply will average 59.6 mb/d next year, a rise of 1.4 mb/d from 2017. Additionally, next year's global oil demand is forecast to grow by 1.4 mb/d to 99 mb/d compared to this year.

Turkey's Petkim: record best net profit in 1H17, up 74%

Anadolu Agency, *11.08.2017*



Petkim, Turkey's petrochemical raw material manufacturer, experienced the best half year financial results of its history, with a 74 percent rise in its net profit to 655 million Turkish liras in the first half of 2017, Petkim announced on Friday.

Petkim's earnings before interest taxes depreciation and amortization (ebitda) reached 906 million liras, up 110 percent from the first half of 2016. Net sales totaled 3.6 billion liras, up from 2.3 billion liras during the same period. The manufacturer raised its capacity utilization rate to 96 percent, the company said. US$1 equals 3.54 Turkish liras.

IEA cuts estimates for crude needed from opec in 2017, 2018

Anadolu Agency, *11.08.2017*

The International Energy Agency cut estimates for the amount of crude needed from OPEC this year and in 2018 after lowering its historical assessments of consumption in some emerging nations.

World oil markets are re-balancing as the OPEC and its allies implement production cuts. Still, inventories remain high and the volume of crude needed from OPEC is less than previously thought as consumption in some developing nations had been overestimated. Oil prices have lost about 9 percent in London that supply curbs by OPEC and partners including Russia aren't aggressive enough to global surplus.

The agency lowered projections for the amount of crude required from OPEC this year and next by about 400,000 barrels a day. About 32.6 million barrels a day will be needed from the group this year, less than the 32.84 million it pumped in July.

There are also growing doubts that all the countries involved in the accord to reduce supply are fully committed, the IEA said. OPEC's rate of compliance with the cutbacks slipped last month to 75 percent, the lowest since the accord started in January. Iraq's implementation was just 34 percent,

Venezuela's 28 percent and the U.A.E.'s 53 percent. Adherence among the non-members coordinating with OPEC was at 67 percent."Producers should find encouragement from demand, which is growing year-on-year more strongly than first thought," the IEA said.

OPEC's cutbacks are having some success as global inventories declined in the second quarter by about 500,000 barrels a day, according to the agency. While that's narrowing the surplus versus the five-year average -- OPEC's stated objective -- stockpiles were still 219 million barrels a day above this level at the end of June, the agency said. With a lower demand outlook and higher OPEC output, "stock draws later in the year are likely to be lower than first thought," it said.

Iran, Russia, Turkey to develop joint oil, gas projects

Anadolu Agency, *10.08.2017*

Companies in Iran, Russia and Turkey signed an agreement to fund and develop oil and gas fields, the Islamic Republic News Agency (IRNA) reported on Wednesday.

A private Iranian company, Ghadir Exploration and Production Company, Russian state-controlled oil company JSC Zarubezhneft and Turkish Energy Company, Unit International signed the cooperation agreement, according to IRNA's news story. Under the agreement, all sides will invest in oil and gas exploratory and development plans. Each company will allocate equal investment shares in the projects, with Iran's Ghadir leading the consortium.

Separately, Unit International had reached a $4.2 billion deal with Iran's energy ministry to build seven natural gas power plants in Iran in June 2016. The plants will have a combined installed capacity of more than 6,000 megawatts.

In July, the National Iranian South Oil Company and JSC Zarubezhneft signed a memorandum of understanding to conduct technical surveys on two oilfields in the southern oil-rich Iranian province of Khuzestan.

Genel Energy: Receipt of payment for KRI oil exports

4-Traders, *09.08.2017*

Genel Energy plc ('Genel') notes the announcement from DNO ASA, as operator of the Tawke field, that the Tawke field partners have received a payment of $39.59 million from the Kurdistan Regional Government as payment towards May 2017 crude oil deliveries to the export market from the Tawke field.

The funds, to be shared pro-rata by Genel and DNO, include $33.21 million towards monthly deliveries and $6.39 million towards recovery of outstanding receivables.

EBRD considers $500 million loan for TANAP gas project

Anadolu Agency, *07.08.2017*

The European Bank for Reconstruction and Development (EBRD) has announced Friday that its board of directors will discuss providing a $500 million loan to the Southern Gas Corridor Closed Joint Stock Company to be used for the Trans Anatolian Natural Gas Pipeline (TANAP) project.

TANAP is a natural gas pipeline, currently under construction and stretching from the Turkey-Georgia border to the Turkey-Greece border to supply natural gas both to Turkey and to European countries. EBRD's board of directors will discuss the loan for TANAP. With this first official document, the Bank has confirmed that it is considering providing $500 million to the Southern Gas Corridor Joint Stock Company.

The Republic of Azerbaijan owns 51 percent of the Southern Gas Corridor Closed Joint Stock Company and the State Oil Company of Azerbaijan Republic holds the remaining 49 percent. Therefore in effect, the Republic of Azerbaijan owns 100 percent of the company. The company has a 58 share in TANAP while Turkey's state-owned pipeline corporation BOTAS has a 30 percent stake while BP holds 12 percent of the shares. The total cost of the project is expected to be around $8.6 billion, and the Southern Gas Corridor Closed Joint Company's shares correspond to $5 billion.

The World Bank committed $800 million in financing for TANAP and the Asian Infrastructure Investment Bank has committed $600 million. The European Investment Bank is also considering financing the TANAP project. The Southern Gas Corridor - of which the TANAP project is an integral part - is an important strategic gas infrastructure aimed at improving the security and diversity of the energy supply to Europe and Turkey, according to the summary document.

"It will expand gas supply options and provide new energy transportation routes opening Europe's access to gas from the Caspian region and, in the longer term, beyond it, including the Eastern Mediterranean, Central Asia and the Middle East. In Turkey, which imports most of its gas, the Southern Gas Corridor will provide an additional source of natural gas and improve the country's infrastructure with better distribution of gas supplies, improved access to energy and inclusive regional growth," the EBRD said in the document. As a cross-regional infrastructure project, the Southern Gas Corridor will foster opportunities for international cooperation, economic integration and sustainable economic development in the region, according to the document.

"Projects of such scale also create significant opportunities for local employment and businesses with the TANAP project resulting in more than 9,000 jobs during the construction and a further 300 new permanent jobs during operations in Turkey.

The document also said that local benefits will include improvements in Turkey's regional road and social infrastructure as well as environmental mitigation program ensuring project implementation in line with the requirements of the Bank and other international financial institutions," the Bank said.

The project involves a construction of a 1,850 kilometer-long main high-pressure gas pipeline in Turkey with a capacity of 16 billion cubic meters of natural gas per year. The project is anticipated to be ready to deliver the first gas to Turkey in the second half of 2018 and delivery of gas from TANAP to Europe is expected in 2020.

Statoil & ptnrs. make small gas find in Barents Sea

Anadolu Agency, *07.08.2017*

Statoil, OMV and Petoro made a small gas discovery in the Gemini North well, in the Barents Sea, Norwegian Statoil announced on Monday.

The well was drilled in license PL 855, in which Statoil is operator with a 55 percent share. OMV holds 25 percent share while Petoro holds 20 percent interest in this license. "While this well proved a non-commercial gas discovery, the results provide grounds for cautious optimism for additional potential both within this license," said Jez Averty, senior vice president for exploration in Norway and the U.K.

Recoverable volumes are estimated between 0.4 and 1 billion standard cubic meters and approximately between 2 and 6 million barrels of oil equivalent. In addition, there was proved oil, amounting to approximately 0.5 to 2 million barrels of recoverable oil. This is the third discovery that Statoil made in its Barents Sea exploration campaign in 2017.

OPEC raises oil output in July

Anadolu Agency, *10.08.2017*

OPEC's crude oil production increased by 173 thousand barrels per day (b/d) to 32.87 million b/d in July, according to the organization's Thursday report.

In July, output in non-OPEC countries reached 64.49 million barrels per day (mb/d), up 520 thousand b/d from June levels. With the increase in OPEC and non-OPEC output, the global oil supply rose by 170 thousand b/d to average 97.3 million b/d in July. "The share of OPEC crude oil in total global production slightly decreased by 0.1 percent to total 33.8 percent in July compared with 33.9 percent in June," OPEC said.

According to the organization, crude oil output increased the most in Libya, Nigeria, and Saudi Arabia last month while production showed declines in Iraq, Angola and Venezuela. Libya raised its production level by 154 thousand b/d, while the largest producer Saudi Arabia increased its output capacity by 32 thousand b/d to 10.67 million b/d in July. Production in struggling Venezuela dropped by 1 thousand b/d to 1.93 mb/d.

In 2018, "demand for OPEC crude is forecast at 32.4 mb/d, at the same level as in 2017," OPEC said. In 2018, global oil demand is projected to rise by 1.28 million b/d to around 97.77 million b/d, according to the organization.

Total to drill for gas off Cyprus despite collapse of peace talks

Hurriyet Daily News, *10.08.2017*

The "West Capella" drilling vessel contracted by France's Total and Italy's ENI moved into position to start exploring for gas off Greek Cyprus, the island's energy ministry said.

The drilling work, which is a contractual obligation between Total and Greek Cyprus, comes days after the acrimonious collapse of talks to reunify the divided island nation, split between ethnic Greek and Turkish Cypriots. Turkey recently warned Greek Cypriots not to make a grab for energy reserves around the divided island. The "Onesiphoros West 1" well is estimated to be completed within approximately 75 days, Greek Cyprus's energy ministry said in a statement.

The two companies have licensing rights over the block, which lies about 6 km away from Zohr, a massive offshore Egyptian gas find made by ENI in 2015. Last month Greek Cyprus issued a Navtex advisory to inform shipping in the area that drilling work would run from July 10 until early October. The drilling is expected to reach a maximum depth of around 4.25 kilometers (2.6 miles) below mean sea level, or 1.6 kilometers beneath the sea bed, the energy ministry said.

Saudi Aramco IPO pits foreign investors against Saudi citizens

The Washington Post, *09.08.2017*

Imagine how shareholders would react if Exxon Mobil gave away a third of the oil it produced, rather than selling it at market prices. There would be hell to pay, right?

But state-owned Saudi Aramco does something almost as ruinous, selling a third of its oil inside the kingdom for less than $6 a barrel. That's a discount of 87 percent on the international price. For would-be subscribers to Saudi Arabia's forthcoming IPO, the national oil company's huge subsidy burden is emerging as a major bone of contention. A few decades ago, providing discount oil and gas to Saudis wasn't such a big problem.

Only 6 percent of Aramco's oil was consumed domestically in 1980. The rest 94 percent was exported. But the exported share of Saudi Aramco's production declines every year. Now the kingdom only gets full price for two-thirds of the oil it produces. Next year it will probably be even less.

What about Aramco's natural gas exports? There are none. One hundred percent of Saudi Aramco's natural gas is consumed domestically, which is unsurprising because it is priced under $2 per million British thermal units, which means there is more demand than supply. Countries that border Saudi Arabia, including Kuwait and the United Arab Emirates, currently import LNG at international prices around three times as high.

The kingdom's lavish energy subsidies ought to give pause to investors giddy over the prospect of buying into the world's largest IPO, and the world's largest company, period, in revenue terms. Domestic prices are shaping up as a major sticking point between private investors and Aramco's management. Ultimately, Aramco shareholders must contend with the Saudi public, which views ultracheap energy as a birthright.

The kingdom's crown prince, Mohammed bin Salman al-Saud, understands the stakes. He aims to dismantle some of the more onerous state claims on Aramco. In March, the government's cut Aramco's tax rate from 85 percent to 50 percent. Mohammed bin Salman has also said the government aims to gradually take away energy subsidies, replacing them with cash.

The kingdom made impressive strides in this direction in 2016, raising prices on energy products across the board. Unfortunately, Saudi prices were so low in 2015 that the new prices still remain a fraction of international benchmarks.

Retracting energy subsidies is a well-known trigger for social unrest. Regimes that attempted similar austerity measures in OPEC member states Indonesia and Venezuela found themselves overthrown by angry mobs. Gasoline price riots in Nigeria in 2012 and in Mexico earlier this year provide further warnings. Saudi Arabia understandably treads with caution.

The values of Aramco's publicly traded shares are ultimately going to revolve around the giant company's ability to maximize profits. When share price disappoints, foreign investors are bound to demand that Saudi Aramco start treating domestic consumers the same way it treats everyone else.

Of course, foreign investors' voices might be loud, but their influence won't be huge. The Saudi state will retain a 95 percent stake in Saudi Aramco. The company will continue to bankroll the kingdom's budget.

Investor interests will bump against Aramco's typical operating strategy in other ways. A Saudi decision to go along with an OPEC production cut might be irksome to shareholders, particularly if competing producers like Venezuela or Russia aren't sharing the load.

Saudi Aramco's vaunted spare oil production capacity, a strategic asset that allows the kingdom to balance oil markets during price swings, could be another irritation. Private shareholders might grumble that valuable capital assets are sitting idle, instead of producing oil and profits. A big attraction of Saudi Aramco stock is the juicy dividend payment expected to flow to shareholders. What if Aramco someday finds it necessary to cut those dividends? You can bet foreign investors aren't going to sit quietly, especially if Saudi drivers are still paying less than $1 a gallon at the pump.

Elsewhere, Aramco officials have pointed out that the company is actively trying to jettison its role in nation-building projects around the kingdom, such as erecting museums, stadiums and universities.
Saudi Aramco's domestic subsidization problem eclipses these other risks. Subsidies, if left unreformed, pose a major threat to the long-term health of Aramco. Shareholders will soon be a party to those risks. Saudi domestic oil consumption has increased by an average of 5 percent a year since 1970. In the 2000s, domestic oil demand grew an average of 6 percent per year. In the 2010s, it has slowed, averaging just percent 4 percent.

Potential investors can take heart that last year Saudi oil demand grew by just 1 percent, due to the increased local prices as well as an increase in natural gas production, which substitutes for oil in electricity generation. Still, decades of compounding growth has left Saudi oil demand on par with that of Russia, a comparable oil producer that has five times the population and a much larger economy.

On a per capita basis, Saudi residents consume 46 barrels per year versus eight barrels per capita in Russia. (By contrast, per capita oil demand in the United States is 22 bbl/yr.) What happens if Saudi energy subsidies cannot be reformed? At some point, continued growth in domestic demand could leave only half — or even less than that — of Aramco's oil production for export.

There have been rumblings among Saudi citizens who oppose selling off a portion of the company, seeing it as inviting foreign interference in the kingdom's sovereign affairs.

A lot is at stake. On the one hand, the Aramco IPO could be rocket fuel for the Saudi economy, providing the cash for a long-promised diversification into businesses that can soak up the legions of Saudi unemployed.On the other hand, the IPO will insert foreign investors into the peculiar internal politics of an absolute monarchy. Many Saudis will resent it, especially if it means the end of cheap gasoline and electricity.

Iraq's Kirkuk province spurns plan to ship its oil to Iran

Rigzone, *03.08.2017*

Iraq's northern province of Kirkuk refuses to cooperate with any plans to ship its oil to neighboring Iran because the central government didn't consult with it on the matter, Kirkuk provincial officials said.

The central government and the semi-autonomous Kurdistan Regional Government both pump crude from different wells at Kirkuk's oil fields. Kurdish forces took control of some fields in Kirkuk in June 2014 after the Iraqi army fled from Islamic State militants, but the government in Baghdad doesn't recognize Kurdish control of the area.

Kirkuk won't cooperate with the central government to ship its oil to refineries in neighboring Iran as the federal authorities didn't seek its input, Ahmed Al-Askari, head of the energy committee at the Kirkuk provincial council, said by phone from London.

"Any oil deal, or discussions about the province's output, without involving the Kirkuk governorate and its provincial council will not be successful," the Kirkuk governor's office said in an emailed statement.

Iraqi Oil Minister Jabbar Al-Luaibi agreed a few days ago with his Iranian counterpart to study plans to build a pipeline to ship Kirkuk oil to a refinery in Iran. Their decision followed an announcement by the KRG that it will hold a referendum on independence from Iraq on Sept. 25, including in Kirkuk. The planned referendum has angered authorities in Iran and Turkey -- both with sizable Kurdish minorities -- as well as in Iraq. It also drew criticism from the U.S. because the step would be destabilizing at a time when the fight against Islamic State has yet to be won.

The Iraqi government's proposal to send oil from Kirkuk to Iran is meant to "hinder the Kurdistan referendum, which will eventually include Kirkuk," Dilshad Shaaban, a lawmaker from KRG parliament, said in emailed answers to questions from Bloomberg.

The pipeline proposal is a "political ploy" to increase the central government's leverage over the KRG prior to the possible independence referendum, BMI Research said in an emailed note on Aug. 1. The pipeline would divert oil to Iran and away from the export route to the Mediterranean via the Kurdish region and Turkey, it said. The project would also deny a "large amount" of oil revenue to the KRG and could move Iraq's Kurdish region toward a "financial breaking point," according to the note.

Iran's official Islamic Republic News Agency reported on July 29 that Iraq would transfer oil to Kermanshah and Tabriz refineries, citing a preliminary agreement between the two nations. Kirkuk, where Iraq first discovered oil in 1927, can produce more than 1 million barrels a day but is pumping at less than half its capacity as competing ethnic and political groups scramble to control its 9 billion barrels of reserves. Iraq exported 98.178 million barrels of crude, including 677,000 barrels from Kirkuk, in June, Oil Ministry spokesman Asim Jihad said in an emailed statement on July 1.

Iraq, UAE, Kazakhstan, Malaysia to endure oil cut deal

Anadolu Agency, *09.08.2017*

Iraq, the United Arab Emirates (UAE), Kazakhstan and Malaysia confirmed their commitments to the oil cut pact, OPEC announced following a two-day meeting in Abu Dhabi on August 7-8.

According to the statement, these countries all expressed their full support for the existing monitoring mechanism and their willingness to fully cooperate with the Joint OPEC-Non-OPEC Technical Committee and the Joint OPEC/Non-OPEC Ministerial Monitoring Committee in the months ahead to achieve the goal of reaching full conformity. In May 25, OPEC members agreed to extend their previous agreement.

At the meeting in Vienna, the members agreed to continue to lower oil production by 1.2 million barrels per day (bpd) down to 32.5 million bpd. With non-OPEC participants, the oil production cut will see 1.8 million bpd, equal to 2 percent of global production. This is the organization's second production cut in the last two years, and its second intervention in the global oil market since mid-2014 when oil prices began to fall.

The JTC held an extraordinary session in Abu Dhabi in the UAE, with some producing countries participating in the Declaration of Cooperation that committed participants to a substantial adjustment in crude oil production.

"The objective of the meetings was to discuss conformity with the voluntary production adjustments outlined in the extension of the Declaration, which became effective on July 1, 2017," OPEC said. At the most recent JMMC meeting in St. Petersburg, Russia on July 24, the JMMC instructed the JTC to hold additional technical level meetings with some OPEC and non-OPEC participating producing countries with the goal of further improving conformity levels to accelerate the rebalancing of the global oil market for the benefit of producers and consumers alike.

"Accordingly, meetings were held in order to further assess oil market developments with the UAE, Iraq, Kazakhstan and Malaysia, which presented their outlook and prospects for their respective production levels," OPEC stated.

OPEC also explained that the discussions were conducted in a constructive atmosphere and proved fruitful. "The conclusions reached with the countries at the meeting will help facilitate full conformity with the Declaration of Cooperation, which participating countries remain steadfast in their commitment to fulfill," OPEC pointed out.

Russia and Iran help Syria's military take oil and gas fields from ISIS

Anadolu Agency, *10.08.2017*

The Syrian army and its allies have made major gains against the Islamic State militant group (ISIS) southwest of its de facto capital of Raqqa, allowing the government to retake a number of lucrative oil wells that once helped fund the jihadists' self-proclaimed caliphate.

With support from Russian airstrikes and Iran-backed militias, Syrian troops have pierced ISIS defenses in Raqqa's western countryside in recent months, most recently retaking al Daylaa oil field and Zamla gas field Monday, according to the state-run Syrian Arab News Agency and Reuters. The advances follow a series of reported victories.

"Units of our armed forces regained the al Daylaa oil field in rural southwestern Raqqa, defeating a number of ISIS terrorists and destroying three vehicle bombs," the Syrian Ministry of Defense said Monday in a statement.

After staging a direct military intervention at Assad's request in September 2015, Russia joined Iran as a primary partner of Syria's armed forces in a war that has lasted more than six years, killing hundreds of thousands and displacing millions. This international support has helped the military regain large swathes of territory lost to jihadists and insurgents who have attempted to overthrow the government since 2011. As forces supportive of Assad close in on what's left of ISIS' territory, however, they have been countered on both fronts by the presence of another foreign power: the U.S.

U.S. Special Forces, whose presence the Syrian government has deemed illegal, have trained and assisted both the majority-Kurdish Syrian Democratic Army and certain elements of the majority-Arab Free Syrian Army in their battle against ISIS, as well. The latter is a primary opponent of pro-government forces, though, compelling the U.S. to unilaterally declare a "deconfliction zone" near al-Tanf, located by the trilateral border crossing of Syria, Iraq and Jordan.

U.S. forces have attacked fighters supportive of Assad at least three times in the southern Badia region, but the Syrian military and its allies have managed to secure large swathes of territory outside the U.S.-proclaimed restricted area. Other recent gains in the central province of Homs include the Hail and Arak oil fields northeast of the ancient city of Palmyra, from which ISIS was dislodged earlier this year. The region has seen heavy fighting in the past few days, Reuters reported, as ISIS attempts to hold on to crucial oil revenues. U.K.-based security group IHS Jane Conflict Monitor said last month ISIS's average monthly oil production in Iraq and Syria was down some 88 percent from 2015, when the ultraconservative Sunni Muslim group's prospects were much brighter.

Northeast of the Syrian army's advances in Raqqa Monday, the U.S.-backed Syrian Democratic Forces continued to close in on remaining ISIS-held neighborhoods in Raqqa city. Despite widely spread rumors that the Syrian Democratic Forces had suspended their campaign Monday due to heavy casualties, U.S. Central Command's Combined Joint Task Force–Operation Inherent Resolve confirmed Tuesday that its local allies continued their advance against ISIS and had made major gains in recent weeks.

"These reports are not true. The SDF have NOT suspended military operations. In fact, over the course of the last week, the SDF have cleared more than 35 km2 [21.75 miles squared] of ISIS-held territory in and around Raqqa," the Kuwait-based, anti-ISIS command told Newsweek in an email.

The Syrian Democratic Forces and Syrian military are both heavily involved in the fight against ISIS, but differ over the country's political future. Kurdish militant groups, such as the People's Protection Units (YPG), demand greater Kurdish autonomy for northern Syria, something the Syrian government fears could lead to independence and, ultimately, the division of Syria. Most of Syria's oil fields are currently under the control of the Syrian Democratic Forces.

Russia eyes rapid Middle East energy expansion

Oilprice, *07.08.2017*

A Russian Security Council commission has recommended breaking down Gazprom's gas export monopoly in a bid to boost the competitiveness of Russia's gas, Russian daily Vedomosti reported after seeing the protocol from a July 6 meeting of the commission.

The global rise in LNG as a replacement for natural gas and oil is a threat to Russia's energy security, the commission concluded, and Moscow needs to take urgent action to turn Russia into a major exporter of LNG. The global structure of fuel demand is changing, and new LNG projects are spurring more intense competition in Europe and Asia.

To tackle the problem, the commission proposed prioritizing the development of the local LNG industry, devising a "coordinated strategy" for gas deliveries to key markets, and liberalizing gas exports. Currently, Gazprom is the sole pipeline exporter of natural gas. There is one LNG plant in Russia, with an annual capacity of 9.6 million tons, operated by Sakhalin Energy, a company that's majority-owned by Gazprom. Companies other than Gazprom can export LNG, however, as long as they were licensed by 2013 to develop gas deposits with the option of building liquefaction trains there.

Novatek, Russia's largest gas independent, staked a claim in LNG when it started building the Yamal LNG plant, which should start operating by the end of this year. When it reaches full capacity, in two years, the Yamal facility would process 16.5 million tons of LNG. Novatek also has plans for another LNG plant, Arctic LNG-2, with an annual capacity of 18 million tons.

Gazprom is pursuing its own LNG projects: the state company has two LNG plants in the works with a combined capacity of 20 million tons annually. Rosneft, the other state mammoth, holds the majority stake in Pechora LNG, but the capacity and timeline for this project have not yet been established.

Romania's natural gas consumption surges by 22% in 1H17

Anadolu Agency, *11.08.2017*

Romania's natural gas consumption increased by 22 percent in the first half of 2017 year-on-year, Romania's state-owned gas producer Romgaz announced on Friday.

The company said that after recording a reduction of natural gas consumption of approx. 4.6 percent in 2015 and of approx. 1.9 percent in 2016, Romania experienced a consumption revival in 2017 as natural gas consumption increased by approx. 22 percent in the first half of the year. The country consumed 74.90 terawatt hours (TWh) in the January to June period of 2017 compared to 61.42 TWh for the same period of 2016.

"Due to the increase in national gas consumption, Romgaz succeeded in increasing its deliveries by 31.59 percent to 32.03 TW compared to 24.34 TW from the previous period," the company noted. Romgaz's market share in the Romanian gas delivery market also reached 42.76 percent for the first half of 2017 compared to 39.63 percent of market share held during the first half of last year.

The company's natural gas production was 2.559 million cubic meters in the first half of 2017 - 15.5 percent higher than the production recorded last year in the first half. Revenue from natural gas sales was 25.1 percent higher compared to the same period of 2016 and 17.3 percent higher than the estimated revenue included in the budget for this period.

Lastly, the company's net profit increased by nearly 41 percent, an increase generated from the upturn of natural gas and electricity sales and from reduction in expenses.

Greece launches new offshore oil and gas tenders

Rigzone, *07.08.2017*

Greece launched two tenders on Monday for offshore oil and gas exploration and exploitation in the west and south of the country, the energy ministry said.

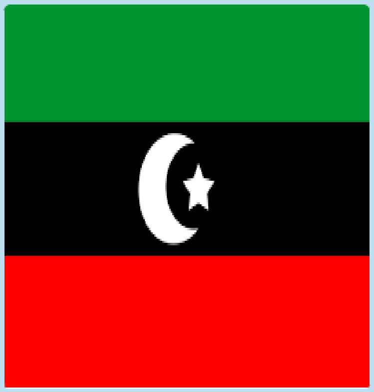
The move follows expressions of interest by a consortium of Total, Exxon Mobil and Hellenic Petroleum for exploration in two sites off the island of Crete, and by Greece's Energean for a block in the Ionian Sea in western Greece. Investors will have 90 days to submit offers to the Hellenic Hydrocarbons Resources Management (HHRM) from when the announcement is published in the European Union's official gazette.

Greece has launched a program to discover more oil and gas, encouraged by recent large gas finds off Israel and Cyprus and spurred on by its protracted financial crisis.

In May it granted a concession to Hellenic Petroleum for onshore exploration at two sites in the west of the country, and to privately held Energean for another block. Energean is currently the country's only offshore oil producer, in northeastern Greece, with an average production of 3,500 barrels per day last year.

Libya's largest oil field 'back to normal' after disruption

Rigzone, *07.08.2017*



Support Libya's biggest oil field Sharara is "back to normal" after a disruption caused by protests in the politically fragmented country, the state National Oil Corp. said. Pumping was interrupted for "hours" after armed protester shut some facilities, the NOC said Monday in a statement.

The company didn't give an updated figure for production at the field, nor did it explain what caused the disturbances or say who the protesters represent. Sharara in western Libya was producing 275,000 barrels a day as of July 12. The field, operated by a joint venture between Libya's state producer and Repsol SA, Total SA, OMV AG and Statoil ASA, has experienced several shutdowns caused by different groups.

It was closed for two days in June due to a protest by workers there. “Grievances and personal demands cannot be settled through causing harm to the entire population,” NOC Chairman Mustafa Sanalla said in the statement. The tactic of shutting down facilities “is an unacceptable negotiation technique,” said Sanalla, who has campaigned to end a rash of blockades at Libya’s ports and fields since he assumed leadership of the company in May 2014.

Libya’s crude output and exports reached a fresh three-year high last month as fighting among armed militias abated and leaders of the country’s rival administrations agreed in principle on steps to unite the nation. The recovery in the country with Africa’s largest crude reserves makes it harder for OPEC and allied oil-producing nations to curb a global supply surplus that’s depressing prices for the commodity.

The North African producer shipped about 865,000 barrels a day of crude in July, tanker tracking data compiled by Bloomberg show. That was a gain of 11 percent from June, which was already the highest since at least July 2014.

The speed at which Libya can revive crude sales is critical for the oil market because, together with Nigeria, the nation wasn’t bound by Organization of Petroleum Exporting Countries supply restrictions that helped limit output this year. OPEC extended the cuts accord -- and Libya’s exemption from it -- through March 2018.

Libya slid into chaos after the armed uprising that toppled and killed former strongman Muammar Qaddafi in 2011, with myriad armed groups and two administrations vying for control of the country’s energy facilities. Its rival leaders -- Prime Minister Fayez al-Serraj and Libyan National Army commander Khalifa Haftar -- agreed last month on calling for a cease-fire, combining the country’s divided oil company and armed forces, and holding elections as soon as possible.

Malaysia's petronas says awarded shallow-water oil and gas block in Mexico

Rigzone, *02.08.2017*

Malaysian state energy firm Petronas said on Wednesday it has been awarded a shallow-water oil and gas exploration block that it will jointly operate with Colombia's Ecopetrol in the Mexican portion of the Gulf of Mexico.

Petroliam Nasional Berhad, or Petronas has been awarded shallow-water Block 6 in the Gulf's Salina Basin. The block will be operated in a 50-50 partnership with Colombian national oil company. Petronas was awarded two deep-water blocks in separate joint venture partnerships participating in Mexico's first auction of deep-water exploration areas.

"This is aligned with our strategy to explore for material oil in largely underexplored prospective regions," said Emeliana Rice-Oxley, Petronas' vice president of exploration. Petronas will set up a new office in Mexico City that will start operations in the third quarter, the company said.

Last week, Petronas scrapped a proposed C$36 billion ($29 billion) liquefied natural gas (LNG) project in western Canada due to weak prices, a blow to both its global ambitions and Canada's hopes of becoming a major LNG player.

India cuts Iranian crude oil imports over gas field snub

Oilprice, *09.08.2017*

India has been cutting imports of Iranian crude oil, making good on its promise to reduce imports by around 20 percent this fiscal year ending March 2018, in a possible retaliation for Tehran not awarding the development of a gas field in Iran to Indian firms.

According to ship tracking data from sources and data compiled by Thomson Reuters Oil Research & Forecasts, India's oil imports from Iran dropped by 16.3 percent in July from June, to 414,900 bpd. Compared to July last year, India's crude imports from the Islamic Republic plunged by 20.7 percent.

At the end of May, Iran's Oil Minister Bijan Zanganeh said that Tehran had signed an initial agreement with Russia's gas giant Gazprom for the development of the Farzad B gas field, in what was the latest episode of the saga over the field which Tehran had been taking its time to award to an Indian consortium.

In August, India's crude imports from Iran are expected to further drop, by 25 percent month on month, to 310,000 bpd, Reuters reported, citing sources with knowledge of the loading schedules. While Iran's exports to India are seen down to their lowest level since February 2016—just after many Western sanctions on Iran's oil were lifted—Iran's sales to China are seen up this month to their highest in 11 months after Tehran cut prices and demand for its heavier grades increased, according to Reuters.

In India's oil imports in July, Iraq emerged as the biggest winner as India was replacing part of Iranian, Venezuelan, and UAE imports with Iraqi ones, Thomson Reuters Oil Research & Forecasts show. India's imports from Iraq jumped by 31.5 percent month on month in July to 954,400 bpd, and Iraq was India's top oil provider for a fourth consecutive month. Second was Saudi Arabia, whose exports to India jumped by 34.1 percent from June, to stand at 888,400 bpd in July.

US oil rig count falls third time in past 29 weeks

Anadolu Agency, *05.08.2017*

The number of oil rigs in the U.S. decreased for the third time in the past 29 weeks, Baker Hughes data showed on Friday.

American oil industry took one oil rig offline during July 31 - August 1 period, according to the oilfield services company. This brought the total oil rig count in the country to 765. Number of rigs in the U.S. provides an indication of the oil sector's well-being in the country, and signals possible short-term production cuts and increases. Since dipping to 522 in January 2017, the rig count posted an increase of approximately 47 percent during this period.

The rig count dived to its lowest level of 316 in May 2016. With this week's decline in oil rig count, crude oil prices showed slight increase.

Shortly after the release of Baker Hughes data, international benchmark Brent crude was trading at $52.45 a barrel with a 0.8 percent gain on Friday. American benchmark West Texas Intermediate was at $49.61 per barrel -- a 1.1 percent gain.

Kemp: US shale breakeven price revealed around $50

Rigzone, *09.08.2017*

Initial U.S. shale producers need a WTI oil price around $50 per barrel to break even, according to an analysis of financial statements for the second quarter.

Fifteen of the largest shale oil and gas producers reported total net losses of $470 million for the three months between April and June when benchmark WTI prices averaged $48. Total losses were down from $3.7 billion in the first three months of the year and $7.4 billion in the same period in 2016, according to earnings statements. Nine of the companies in the sample reported positive net income in the second quarter, down from 10 in the first quarter.

Shale companies have staunched the losses thanks to a combination of cost cutting, improved efficiency and the rise in oil prices. But there is considerable controversy about how high prices need to be for shale producers to cover all their costs and earn a return for their investors.

Some firms claim they can break even and even make large profits with benchmark WTI prices below $50 or even $40 per barrel. It remains unclear if these figures apply to full lifecycle costs (including overheads) and all the parts of all the shale plays (or just the most productive sweet spots).

However, Harold Hamm, chief executive of Continental Resources, a large shale producer in North Dakota and Oklahoma, has said prices need to be above $50 to be sustainable. Prices below $40 would cause drillers to idle rigs again, Hamm said in a television interview earlier this summer ("Harold Hamm warns oil prices below $40 will idle U.S. drilling", CNBC, June 28).

Following a cyclical downturn between the middle of 2014 and the middle of 2016, the oil market has discovered the breakeven price for the U.S. shale sector. Some shale producers have lower breakeven prices than the average, and some higher, but the sector as a whole seems to need around $50 to grow production profitably.

US natural gas emerging as rival to Russia in Europe

Hurrıyet Daily News, *08.08.2017*

The growth of shale gas extraction is positioning the United States to be a bigger natural gas exporter, potentially challenging Russia’s hold on the European market.

Russian exports to Europe remain a foundation of the continent’s economy, accounting for about 41 percent of supply in the first quarter of 2017, according to the European Commission. But U.S. sanctions signed last week by President Donald Trump are expected to hit Russia’s energy production. The sanctions come as U.S. energy output continues to surge. U.S. natural gas production has been rising more quickly than consumption since 2005.

Until last year, the only means for exporting gas were pipeline links to Mexico and Canada and a few ships leaving Alaska. But last year, Cheniere Energy began shipments from a natural gas liquefaction plant in the southern state of Louisiana. Since that time, about 13 percent of the shipments have gone to Europe.

Four other projects are underway in Texas and in Maryland along the East Coast, making the U.S. the global leader in this type of construction, according to a report by Energy Ventures. Markets are steering U.S. gas exports away from where they were initially expected to go, analysts say.

“Initially a lot of the U.S. natural gas that could be shipped overseas on tankers was to have been directed to Asia” because of high prices in Asia, said Stewart Glickman, an analyst at CFRA Research. “That gap has really closed significantly.” More U.S. gas of late has started to migrate to Europe where there are lower transit costs.

“U.S. exports have largely been going to the Mediterranean region for Europe and they are now starting increasingly to the North region and to the Baltic,” said analyst Ira Joseph, head of gas and power for S&P Global Platts. During a visit in June to Poland, Trump toasted the first shipment of U.S. natural gas to the Eastern European country. “I think this is a big change for the market,” Joseph said. “That is where you are going to see more direct competition.

Bernstein Research analyst Clint Oswald said in an email to AFP, “Gazprom will not allow aggressive market share loss, but are clearly pushing eastwards as they are cognizant of the threats.” Gazprom typically signs long-term contracts, limiting the year-to-year fluctuations in Russia’s market share.

Michael Schaal of consultancy Energy Ventures Analysis sad the emergence of the U.S. as an exporter gives European countries “a credible alternative to Russian gas,” which means they “will have better control over pricing.” U.S. gas broadens a competitive landscape that also includes Norway, Qatar and Algeria. But Joseph said he expects U.S. gas to first replace supplies from Britain and Holland now in decline and, eventually, Norway.

Announcements & Reports

► *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

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

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

► *Tanzania Oil & Gas Congress*

Date : 09 - 11 September 2017
Place : Dar-es-Salaam, Tanzania
Website : www.cwctog.com/

► *Global Oil & Gas Middle East & North Africa Conference*

Date : 15 - 16 September 2017
Place : Cairo, Egypt
Website : www.oilgas-events.com/Find-an-Event/Global-Oil-Gas-Middle-East-North-Africa-%281%29

► *Deloitte Oil & Gas Conference*

Date : 19 September 2017
Place : Houston, USA
Website : 10times.com/deloitte-oil-gas-conference

► European Gas Conference

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

Supported by PETFORM

► 16th ERRA Energy Investment and Regulation Conference

Date : 25 - 26 September 2017
Place : Astana - Kazakhstan
Website : http://erranet.org/conference/investment-conference-2017/

► European Gas Summit

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

► Global Oil & Gas South East Europe & Mediterranean Conference

Date : 27 - 28 September 2017
Place : Athens, Greece
Website : www.global-oilgas.com/SEEMED/

► International Conference on Petroleum Industry & Energy

Date : 28 - 29 September 2017
Place : İstanbul, Turkey
Website : www.waset.org/conference/2017/09/istanbul/ICPIE

► IADC Drilling Middle East Conference & Exhibition

Date : 03 - 04 October 2017
Place : Dubai
Website : www.iadc.org/event/me2017/

► 7th Iraq Oil & Gas Conference

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