

## Lukoil seeks cooperation in Turkey's fuel-oil sector

Anadolu Agency, 14.08.2017



Lukoil is open to cooperation with other companies in Turkey's attractive and strategically important fuel-oil sector, according to Lukoil's Senior Vice President for Supply and Sales, Vadim Vorobyov.

In a question and answer session following the visit of a group of Turkish journalists to Lukoil's headquarters in Moscow and the Vladimir Filanovsky oil platform on the Caspian Sea early August, Vorobyov confirmed that the company invested \$1 billion in Turkey's fuel-oil sector. He explained that Turkey's fuel-oil sector is still attractive for Lukoil.

However, due to falling oil prices and U.S. sanctions on Russia, the company's investments are unlikely to grow in the next three to four years.

"We are ready for cooperation with companies and looking for options to increase market share," he said, adding that Lukoil and Socar evaluated a joint acquisition of third parties' marketing assets, but failed to reach any outcome. Lukoil has a 5-6 percent share in Turkey's fuel-oil sector and its sales volume has reached up to 1.5 million tons per year. - "Some investments have been suspended"

Vorobyov stated that because of falling oil prices, Lukoil's projects have been negatively impacted. He said that some oil and refinery projects have been suspended, as the company now is focusing on regions with more reserves and from where products are easily transported. Vorobyov said that some of Lukoil's facilities in Ukraine, Cyprus, Hungary, Estonia and Lithuania were also sold.

Oil prices have seen a dramatic decline since June 2014 when prices saw historic highs of \$112 per barrel to the current benchmark of over \$50 per barrel.

- "Future of projects abroad uncertain" Vorobyov said that it is uncertain what will happen to projects abroad due to the U.S. sanctions, as the current sanctions are more far-reaching than the previous ones that were limited to Turkey only. "Thus, it could be harder from now on," he said. A new round of sanctions lead by the United States has been imposed on Russia with the U.S. citing Russia's interference in the U.S. presidential elections of 2016 as a reason.

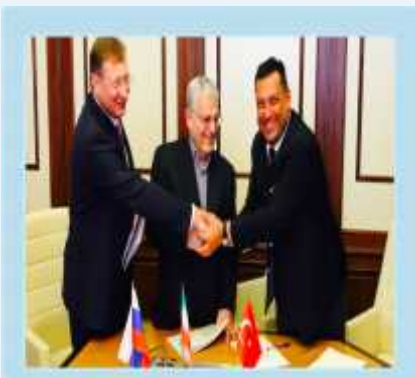
- \$8.7 billion investment on the Caspian Sea. From 2002 to 2016, the company's cumulative investment in the development of Caspian Sea projects reached approx. \$8.7 billion and the company is still continuing its operations here.

Lukoil launched the second Caspian field, the Vladimir Filanovsky field, discovered in 2005 in the Russian Caspian Sea, 190 kilometers off Astrakhan at depths between 7 and 11 meters. The field is one of Russia's largest offshore oil fields with 129 million tons and 30 billion cubic meters of initial recoverable reserves of oil and gas, respectively. Commercial production at the field started on Oct. 31, 2016 when phase 1 of the field construction was launched.

As of today, the company continues construction of phase 2 of the Filanovsky field development with expectations that construction and assembly operations will be completed by the end of 2017. In July 2017, Lukoil reached another milestone with three million tons of oil produced at the Vladimir Filanovsky field. Currently, the company has completed six wells and is drilling the seventh. The average daily production exceeded 14 thousand tonnes of oil.

## Iran, Russia, Turkey invest \$7B in oil, gas projects

Anadolu Agency, 15.08.2017



Iranian private company Ghadir Exploration and Production Company, Russian state company JSC Zarubezhneft and Turkish Unit International agreed to invest \$7 billion into developing oil and natural gas fields, Unit International said on Tuesday.

The investment will be used to develop three oil fields with total estimated reserves of 10 billion barrels and 100,000 barrels of daily production capacity. In addition, the investment will cover one natural gas field with an annual production of 75 billion cubic meters in Iran.

Under the confidentiality agreement, it has not been disclosed what direct share from oil and gas sales each company will receive. The companies signed an agreement to fund and develop oil and gas fields on Aug. 9. Separately, Unit International will build four natural gas conversion plants in Iran with a total capacity of 5,000 megawatt.

# IEA: OPEC must extend cuts to balance oil markets

Oil Price, 15.08.2017



It has long been the suspicion of many oil market analysts that the U.S. shale industry was likely too nimble for OPEC to really hammer it into oblivion. That proved to be the case after two years of low prices – shale production came off from peak levels, but held up through 2016.

That was long enough to force OPEC's hand. The deal that OPEC put in place late last year, taking a combined 1.8 million barrels per day (mb/d) off the market, really took the pressure off of shale producers. OPEC decided that it would sacrifice some production in order to boost revenues.

That threw a lifeline to shale producers, and shale output has made a swift comeback since last year. Now, there is a growing expectation that OPEC can't keep its cuts going. The OPEC/non-OPEC coalition had hoped that the market would have balanced after six months of cuts, but they were forced to agree to a nine-month extension through the end of the first quarter of 2018. Few analysts, at this point, see the extension as sufficient, which raises the question of what happens after March of next year.

If OPEC really wants to balance the oil market, they would have to keep the cuts in place through 2018 at least. "They're going to have to dig in for the long haul," Neil Atkinson, head of the IEA's oil markets and industry division, told Bloomberg TV. "Re-balancing is a stubborn process."

The latest IEA report shows that OPEC's current production at 32.8 mb/d is higher than what the "call on OPEC" – the implied demand for OPEC's oil – for next year. In other words, the global market will be oversupplied next year given the current figures. "If OPEC wants to keep oil prices in the \$50s and hit \$60, the organization will have to keep a lid on supply for several more years," Sarah Emerson, energy principal at ESAI, told Bloomberg.

But, that just does not seem to be in the cards. The original six-month deal was relatively painless for a lot of OPEC members, save Saudi Arabia, who took on the lion's share of the reductions. Some of the participants, such as Venezuela and Mexico (a non-OPEC member), are suffering from declining production anyway. Countries like Russia tend to see their output dip in the winter. Iraq and the UAE did not even fully comply with the deal. Iran was allowed to increase from its baseline, and Nigeria and Libya were exempted entirely.

However, the nine-month extension is a trickier proposition. Russia and Saudi Arabia see their production rise in summer months, which means the cuts are much more painful. More importantly, many predicted that compliance would falter as time goes on. Recent data suggests the group's resolve is fraying – OPEC's production in July rose to its highest point in 2017.

Even if they can hold things together until March 2018, there are much lower odds that they will extend again. “In the end, the markets are going to win and it’s going to be shale,” Citi’s Ed Morse told Bloomberg TV. “The OPEC position, even with Russia, is really not sustainable over a long period of time. They are losing revenue by doing what they have done. Yes, they may be having a little bit higher revenue than they otherwise might have. But, you’ve got the prices up, you’ve got the U.S. producers hedging through 2017 now, pretty much into 2018, and they can survive at a lower price. So they’re going to win.”

Morse also dismissed recent concerns over the Permian, where companies like Pioneer Natural Resources reported higher gas-to-oil ratios in their production, suggesting wells are performing worse than expected. Morse said this is a “hiccup” and a “temporary problem,” and that the Permian will grow “at a hefty rate this year and probably the same rate next year.”

If this turns out to be true and U.S. shale doesn’t miss a beat, then production will grow substantially, up to almost 10 mb/d, according to EIA estimates. If that is the case, OPEC might throw in the towel next year and return to full production, at which point, prices could very well crash again.

While many will claim this is a “win” for shale, this will be cold comfort to actual shale drillers that will once again have to suffer through another bout of low prices. “We expect the total liquids balance to return to a more pronounced surplus over 2018, bringing with it a return to stock builds and a firm lid on prices,” JBC Energy wrote in a recent note.

## Trump says Iran not in compliance with nuclear deal

Anadolu Agency, 11.08.2017



President Donald Trump claimed Thursday that Iran is not in compliance with an historic nuclear accord between the Islamic Republic and world powers.

The U.S. under Trump has twice certified that Iran is acting in line with the Joint Comprehensive Plan of Action (JCPOA), most recently on July 17, but has maintained Tehran is in violation of its spirit. “I personally don’t think they’re in compliance,” Trump told reporters in New Jersey. “I don’t think they’re living up to the spirit of the agreement.” “I think you’ll see some very strong things taking place if they don’t get themselves in compliance,” he added.

Trump didn't elaborate further on how Iran was not in compliance. Trump threatened to pull the U.S. out of the accord during his 2016 run for the White House but has been met with the diplomatic Blowback of doing so upon assuming office. None of the U.S.'s negotiating partners, including close European allies, want to do away with the JCPOA.

They were instrumental in providing Iran with relief from economic sanctions that allowed for the international community to have wide-ranging access to Tehran's nuclear program while placing restrictions on the program. The International Atomic Energy Agency, which is tasked with monitoring the agreement's implementation, has repeatedly certified Iran's compliance with the 2015 accord.

## Israel has a gas conundrum

*Economist, 17.08.2017*



Long a resource-poor country, Israel now has more natural gas than it knows how to use. Even by conservative estimates, the fields discovered off its Mediterranean coast since 2009 hold enough energy to meet domestic needs for 40 years.

The government hopes to earn a windfall by selling the excess abroad; the owners of Leviathan, the largest field, have earmarked 9bn cubic meters (bcm) for export each year. Jordan has already signed a deal to buy some. Israel wants to send the rest farther afield—offering it to Europe.

As an alternative to Russian supplies. But geography and politics make that difficult. An overland pipeline would have to cross either Lebanon or war-torn Syria, neither of which recognizes Israel. The shortest underwater path, to Turkey, is also problematic, because it would pass through Cypriot waters.

So in April Yuval Steinitz, Israel's energy minister, signed a preliminary agreement to build an undersea pipeline directly to Europe. It would be the world's longest, following a 2,200km path to Cyprus and onwards to Greece and Italy, at a depth of up to 3km. Mr Steinitz says it would take eight years to finish and cost up to \$7bn. Sceptical energy executives think both estimates are low.

There may be a better solution next door. On August 8th Abdel-Fattah al-Sisi, Egypt's president, signed a law that allows private companies to import natural gas. It takes effect later this year. One firm, Dolphinus Holdings, is already in talks to buy up to 3bcm from Leviathan.

Egypt is itself poised to become a major gas producer: the Zohr field, discovered off its northern coast in 2015, holds the largest reserves in the Mediterranean and is almost twice the size of Leviathan. But even that gigantic find may not be enough to meet booming demand in a country of around 95m people. Imports from Israel could help fill any gaps—and turn Egypt into a regional energy hub. Unlike Israel, it has two liquefaction terminals, which allow natural gas to be loaded onto tankers and shipped round the world. Both have sat idle for the past five years, since Egypt diverted its exports to the local market. They could soon ramp up again, giving Israel access to European ports.

All this would be a reversal of recent history. Egypt used to supply Israel with 40% of its natural gas, under a 20-year deal signed in 2005. It quickly became a source of public anger, because the gas was sold at below-market rates. After the revolution in 2011 a Cairo court convicted the architects of the deal, including Hussein Salem, a business tycoon who fled to Marbella, in Spain, to avoid trial. Prosecutors said the state lost more than \$700m in revenues. Independent experts put the figure much higher. Egypt pulled out of the contract in 2012, and a Swiss court eventually ordered Egas, the state-owned monopoly, to pay \$1.7bn to compensate its Israeli partners.

A new deal could be politically fraught, but it would come at an opportune time. Egyptians are worried chiefly about their struggling economy. By working through private companies, instead of Egas, Egypt could also sidestep any complications from the judgment, which is still unpaid. It would probably import the gas via Jordan, to avoid using a pipeline from Israel that is owned by a plaintiff in the case. Though the Israeli embassy in Cairo is empty, security ties between the two countries are better than ever. Their economic relationship may be in for a big boost, too.

## **Dana Gas reports 44% revenue increase in 1Q17**

Anadolu Agency, 15.08.2017



The United Arab Emirates' energy company Dana Gas reported an increase of 44 percent in its gross revenue in the first quarter of this year. The company's gross revenue amounted to \$118 million compared to \$82 million in the first quarter of 2016. Dana Gas said the increase was from increased production in Egypt and higher realized hydrocarbon prices during that period.

The company's share of production in the first 90 days of 2016 was 69,000 barrels of oil equivalent per day, an increase of 16 percent compared to corresponding quarter's production of 60,500 barrels of oil equivalent per day.

Production in Egypt, the Kurdish Regional Government region of Iraq and from the U.A.E.'s offshore field Zora was higher by 24 percent, 4 percent and 37 percent, respectively.

# Saudi Arabia set to establish joint trade council with Iraq

Anadolu Agency, 16.08.2017



Norway's Saudi Arabia and Iraq are to launch a joint trade commission, the Saudi cabinet announced on Aug. 14, in a sign of a thaw in ties between the two neighbors.

“The cabinet has decided to approve the establishment of the Saudi-Iraqi Coordinating Commission and to delegate the Saudi minister of trade and investments to sign on behalf of the kingdom,” read a statement carried by state-run SPA news agency. The two countries went a quarter century without diplomatic relations, which were cut following Saddam Hussein’s 1990 invasion of Kuwait.

Saudi Arabia and Iraq, OPEC’s top two producers, were both dealt a serious blow when oil prices plummeted following a global production glut in 2014.

Riyadh and Baghdad showed an improvement in ties in June, when Iraqi Prime Minister Haider al-Abadi visited the kingdom followed by a series of visits by high-ranking officials. Iraq’s Energy Minister Jabbar al-Luaybi and his Saudi counterpart Khalid al-Falih last week jointly announced they would strengthen their commitment to pledged oil production cuts and vowed to ensure coordination of their nations’ oil policies.

OPEC and non-OPEC members have pledged to cut back on production in an effort to stabilize market prices. While Saudi Arabia met its production limits in July, Iraq only made one-third of the cut it had pledged, according to a report published by the International Energy Agency.

Influential Iraqi Shiite cleric Moqtada al-Sadr, who led a militia that fought against the U.S. occupation of Iraq, last month made a rare trip to Saudi Arabia, a key regional ally of Washington. The rekindling of ties comes at a time of diplomatic crisis in the Gulf after Saudi Arabia cut all ties with neighboring Qatar.

## Norway increases natural gas exports in July

Anadolu Agency, 16.08.2017



Norway's income from natural gas exports increased by 22.7 percent in July 2017, compared to the same month last year, Statistics Norway announced on Tuesday.

The authority said that the country earned around 13.2 billion Norwegian crowns (NOK) in July this year. This corresponds to an increase of NOK 2.4 billion compared with July last year. "Higher exported volume explained the increase," Statistics Norway said. On the other hand, income from crude oil exports decreased by 9.6 percent to NOK 14.8 billion in July, compared to the same month of 2016.

Overall, the value from crude oil and natural gas exports reached NOK 28 billion. "Fluctuations in exported volumes of crude oil and natural gas are common in summer months due to maintenance work," the statistics authority said.

Exports of goods accounted for NOK 60.7 billion in July, 2.3 percent more than in July last year. Norway is Europe's largest oil producer and the world's third-largest natural gas exporter after Russia and Qatar.

## BP begins production from Juniper project in Trinidad

Anadolu Agency, 15.08.2017



BP Trinidad and Tobago started production from the Juniper gas field, the fifth of BP's seven upstream major project start-ups planned for 2017, the company announced on Monday.

"Juniper has begun production on schedule and under budget and the project is expected to boost the company's gas production capacity by an estimated 590 million standard cubic feet a day". With an investment of approximately US\$2 billion, Juniper is BP's first subsea field development in Trinidad. Juniper is a major milestone for BP out of more than 50 years of the company's investment in Trinidad.



Tobago, Bernard Looney, chief executive of BP's upstream business, was quoted as saying. "It is the largest new project brought into production in Trinidad for several years and the second major project we have started here this year," Looney noted. Another major project in Trinidad, the Trinidad Onshore Compression project, began operations in April.

## Oil prices up amidst higher global demand, Nigeria instability

Rigzone, 11.08.2017



Oil prices rose slightly on Friday in volatile trading as the market weighed lower U.S. crude stocks, Nigerian instability and strong global demand growth against a persistently slow rebalancing. Brent crude settled up 20 cents or 0.39 percent to \$52.10 a barrel.

U.S. West Texas Intermediate crude was up 23 cents or 0.47 percent to \$48.82 a barrel. U.S. crude was down 1.5 percent on the week, while Brent was down 0.6 percent. The International Energy Agency said it had revised historic demand data for 2015-2016.

Meaning a lower demand base in 2017-2018 combined with unchanged high supply numbers could lead to lower stock draws than initially anticipated.

On Friday Baker Hughes data showed U.S. drillers added oil rigs for a second time in the last three weeks. However, the pace of additions has slowed in recent months as firms cut spending plans in reaction to declining crude prices.

Drillers added three oil rigs in the week to Aug. 11 bringing the total count to 768, the most since April 2015. U.S. crude inventories fell 6.5 million barrels last week, according to the Energy Information Administration.

"As long as we continue to see declining inventories the more we'll continue to think the OPEC-led cuts are tightening the supply-demand balance," said Gene McGillian, manager of market research at Tradition Energy in Stamford, Connecticut.

However market watchers caution that declining inventories for gasoline coincide with seasonal draws. "We may see some headwinds ahead of us with slowing demand as summer driving comes to an end," said Mark Watkins, regional investment manager at U.S. Bank. "We're slowly taking supply out of the marketplace. It isn't at an accelerated pace," he said, "This rebalancing is going to take an extremely long time."

Money managers cut their net long U.S. crude futures and options positions in the week to Aug. 8, the U.S. Commodity Futures Trading Commission (CFTC) said on Friday. In Nigeria hundreds stormed a crude oil facility and gas plant owned by Royal Dutch Shell Plc in the Niger Delta on Friday demanding jobs and infrastructure development, a Reuters witness said.

## Oil prices inch higher as Libya closes crude export terminal

Oil Price, 14.08.2017



The Zueitina oil terminal in Libya has ceased loading cargos as port workers protest, demanding better working conditions, Bloomberg quoted the head of the workers' union Merhi Abridan as saying. This means that oil coming from the fields around Zueitina will be stored at the port for the duration of the protest, and a spike in exports will likely follow.

Zueitina is managed by a joint venture between the National Oil Corporation, Occidental Petroleum, and Austria's OMV. The port exports an average of six 600,000 to 630,000-barrel.

The workers at the port are demanding to be paid 20 months worth of delayed salaries, as well as health insurance, annual leave, payments for overtime work, and more time for maintenance work.

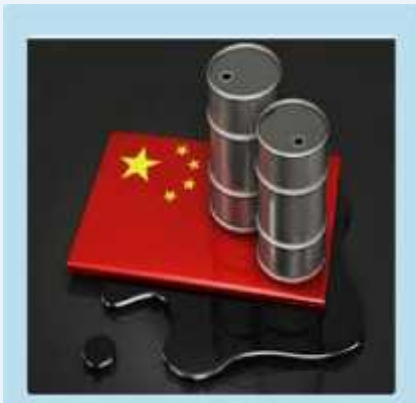
At the same time, however, Libya's overall crude output has been reduced by a decline in the production from its biggest field, Sharara. According to sources who spoke to Bloomberg, Sharara's output has fallen by 100,000 bpd over the last week, to 200,000 bpd at the moment. There has been an incident involving the theft of two vehicles property of Repsol, the company operating the field, at gunpoint. Following the event, the company has advised workers to stay away from certain areas.

Earlier this month, a militant attack on a control room at the port of Zawiya caused the gradual shutdown of Sharara, as the crude from the field flows along pipelines to Zawiya. This was the latest in a string of attacks on infrastructure that saw output from the country's largest field suspended this year. It is possible that the 30-percent output reduction at the field now is a result of that last incident.

Libya is pumping around 1 million barrels daily, after militant activity receded and the rival political factions moved closer to an agreement on how to use the country's oil wealth.

# Oil prices slip on Chinese demand concerns, rising U.S. activity

Reuters, 14.08.2017



The Oil prices fell as a slowdown in Chinese refining raised concerns about demand in the world's second-biggest consumer, while an increase in U.S. drilling capacity could deepen a global supply glut.

Chinese refineries processed 10.71 million barrels per day (bpd) in July, National Bureau of Statistics (NBS) data showed, down around 500,000 bpd from June and the lowest rate since September 2016. Analysts said the drop was steeper than expected, exacerbating concerns that a glut of refined fuel products could weaken Chinese demand for oil.

Global benchmark Brent crude futures LCOc1 were down 27 cents from Friday's close at \$51.83 a barrel at 0846 GMT. They touched a low of \$51.66 earlier in the session. U.S. West Texas Intermediate (WTI) crude futures CLc1 were trading at \$48.64 a barrel, down 18 cents.

Oil investors were also cautious after U.S. drilling rig data published by Baker Hughes on Friday showed explorers increased oil drilling capacity for the second time in three weeks, extending a 15-month recovery in drilling. [RIG/U] The rising rig count hints at sustained output growth just as the world's major oil producers, excluding the United States, try to stem oversupply by trimming production.

Oversupply has been exacerbated by rising production in Libya, which is one of the OPEC members exempt from production cuts and has been trying to regain its pre-war oil production levels.

"The recovery in Libyan production has been the single largest factor driving global supply growth in the last few months," said oil analysts at Panmure Gordon. Libya's National Oil Corporation said on Monday it was investigating security violations at its biggest oilfield, the Sharara field.

Sharara has been producing around 270,000 bpd but the NOC did not specify whether the security violations had any impact on output. European Commission "strongly supports" the EastMed gas pipeline project, and the EU is an "attractive market" for eastern Mediterranean gas, Miguel Arias Canete said.

The 12bn-14bn m<sup>3</sup>/yr pipeline would ship gas from Israel's Levantine basin and potentially other resources. It is "an important option among other existing and possible routes" to export gas from the region to Europe, Canete said. The estimated discovered and recoverable reserves in the eastern Mediterranean fields are around three trillion m<sup>3</sup>, but there are "significant chances that additional volumes are yet to be discovered", he said.

# Russell: China's appetite for crude oil may become less voracious

Reuters, 16.08.2017



**Gulf** The sharp slowdown in China's refinery processing in July may be another warning sign that the robust growth in crude oil demand this year in the world's top importer is poised to moderate.

Refinery throughput was 45.5 million tonnes of crude in July, or about 10.71 million barrels per day (bpd), the lowest operating rate since September last year, and a drop of 500,000 bpd from June. For the first seven months of the year, refinery runs were 11.04 million bpd, up 2.9 percent from the same period last year.

While this is still a reasonable year-on-year growth rate, it does contrast with the strong 13.6 percent increase in imports of crude in the first seven months of this year, compared to the same period in 2016. While imports have been rising partly to offset lower domestic crude output, the larger share of the additional overseas purchases has been flowing to inventories, both commercial ones held by refiners and strategic.

It's this inventory flow that has been behind the strong increase in China's crude imports, but there are signs this source of growth may moderate in the second half. China doesn't regularly report flows into strategic storage, but commercial crude inventories rose to a nine-month high of 30.57 million tonnes, or about 223 million barrels, in June, according to Reuters calculations based on percentage changes provided by the official Xinhua news agency and historical data.

The amount of crude available for storage can be estimated by adding together domestic output and imports, and then subtracting refinery throughput. Imports in the first seven months of the year were 8.57 million bpd and domestic output was 3.88 million bpd, giving a combined total of 12.45 million bpd.

Subtracting refinery runs of 11.04 million bpd leaves a surplus of 1.41 million bpd. Not all of this will have flowed into strategic storage, especially as smaller, independent refiners have been building up their stockpiles as more of them were granted import permits, allowing them to purchase crude.

China is about 46 percent of the way to meeting its target of strategic stockpiles equivalent to 90 days of imports, according to calculations by Thomson Reuters Oil Research and Forecasts. This means importing crude for stockpiling is likely to continue for several years.

However, a question mark has to be placed over whether the smaller refiners will continue to import at the pace seen so far this year, especially since many may have used up most of their official quotas for the year.

No new applications for import quotas have been accepted since May, according to Thomson Reuters Oil Research, making it likely that overseas purchases by the smaller refiners may slow in the second half of the year. A glut of refined products in the domestic market has led to price-cutting for fuels as the state-owned majors attempt to defend market share against the independent refiners.

This is likely to concern the authorities in Beijing, and official pressure may also limit the amount of crude being imported. The economic case for higher fuel demand also took a hit this week, with data showing industrial output, investment and retail sales all expanding at rates below the market consensus.

Ample commercial stocks, a glut of refined products and rising retail competition driving fuel prices lower all make it likely that growth in China's crude imports may moderate in coming months. Add to this efforts to restrict supplies by the Organization of the Petroleum Exporting Countries and allied producers and the stage is set for a loss of momentum in China's crude imports.

As always, the jokers in the pack are how much crude China will buy for its strategic stockpiles, and how much can its refiners export back into the market as refined products.

## Oil, gas industry facing skills gap

Rigzone, 11.08.2017



**The oil and gas industry will face a skills gap if it doesn't use technology to try and retain young people in the workplace, according to millennials expert Ryan Jenkins.**

**"The tools available to millennials at work must be as digitally native and mobile friendly as they are," Jenkins told Rigzone. "The effortless and seamless technological experiences millennials have routinely encountered throughout their lives has become the new lens of expectations they carry into every workplace," he added. There is a lot of opportunity for technology to make training in the oil and gas industry.**

"Many millennials enter the workplace and wonder why there isn't a search engine (such as YouTube) that houses solutions/tutorials to many of the questions that may come up on the job," he said. Jenkins also revealed that many millennials are using Slack to create more dynamic workplace communications, and technology like 15five.com and TinyPulse is shaking up the annual review process and how employees give and receive feedback.

The millennials expert also warned the sector to expect more virtual reality to enter the workplace, as a quarter of Generation Z and millennials want their companies to adopt the technology.

The action was still ranked highly however, coming in second behind 'additional graduate program investment', with 21 percent of the vote. In addition to technological issues, Jenkins said a number of other factors could lead to millennials jumping ship. These include development stagnation, promotion disparity and the entrepreneurial desire of this demographic.

Comments on Rigzone's own website have even suggested that the 'boom and bust' nature of the oil and gas industry could put graduates off. Furthermore, Jenkins highlighted the speed at which millennials can alter their careers in a short anecdote.

"I recently stated in a workshop, 'If millennials aren't happy or engaged at work, they can jump on LinkedIn and find a new job by lunchtime'," Jenkins said.

## Oil slides on worries about global crude glut, Wall Street slump

Reuters, 11.08.2017



Oil prices fell more than 1.5 percent on Thursday, as a bruising day on Wall Street bolstered fears of slowing demand amid lingering concerns over a global oversupply of crude.

U.S. West Texas Intermediate crude CLc1 settled down 97 cents or 1.96 percent to \$48.59 a barrel. Brent crude futures LCOc1 were down 80 cents or 1.52 percent to \$51.90 a barrel. U.S. stock indexes fell sharply on Thursday, with the Dow and the Nasdaq posting triple-digit point declines, as investors fretted over escalating tensions between U.S. & North Korea.

The falling U.S. stock market translated to weakness in the oil market, said Phil Flynn, analyst at Price Futures Group in Chicago. "That raised concerns about demand," he said, "The demand picture gets murky as stocks go down. Gold has stayed up so that confirms my suspicions it's a fear trade."

On the supply side, Russian oil producer Gazprom Neft (SIBN.MM) considers it "economically feasible" to resume production in mature fields after a global agreement among OPEC and non-OPEC countries expires, a representative of the company said.

And while the Organization of the Petroleum Exporting Countries raised its outlook for oil demand in 2018 and cut its forecasts for output from rivals next year, yet another increase in the group's production suggested the market will remain in surplus despite efforts to limit supply.

OPEC said its oil output rose by 173,000 bpd in July to 32.87 million bpd, led by the exempt producers plus top exporter Saudi Arabia, citing figures it collects from secondary sources. Crude prices are down nearly 7 percent so far this year, pressured by concern that output cuts by OPEC and its partners may not eliminate the global crude glut. "\$50 seems to be a formidable foe for the crude bulls," said Flynn.

Global crude stocks remain above their longer-term averages and with the U.S. summer driving season nearly at an end, Wednesday EIA data showed gasoline inventories rose for the first time in eight weeks.

EIA data also showed inventories in the United States are at their lowest since October, having fallen for 10 of the last 12 weeks.

While prices rose on Wednesday after the lower U.S. inventory numbers, Gene McGillian, manager of market research at Tradition Energy in Stamford, Connecticut said that information was not enough to sustain a rally. "It seems like the market wants to go higher," he said, "The market is searching for it, and the question is will it get it."

## **Santos signs gas deal with Engie for domestic needs**

Anadolu Agency, 14.08.2017



Australia's major energy company Santos signed an agreement with French Engie in Australia for gas supplies to the Pelican Point Power Station to support South Australia's energy needs, the company announced on Monday.

The contract is a 15 petajoule (PJ) (14.2 billion cubic feet) gas contract, which starts in January 2018, the company said, adding that the contract will be fulfilled with a mix of Gladstone LNG (GLNG) gas and Santos portfolio gas. Energy security for South Australia was a "priority", Santos Managing Director and Chief Executive Officer Kevin Gallagher was quoted as saying.

He added that the agreement demonstrated the company's willingness to work with its GLNG partners - Santos, PETRONAS, Total, and KOGAS.

It is expected that Santos will announce further domestic supply contracts in the coming months to support the Federal government's efforts to deliver affordable and reliable energy to households and industry, the company added.

## Oil price steady near \$52 at week starting August 14

Anadolu Agency, 14.08.2017



International benchmark Brent crude increased by 0.13 percent to \$51.98 per barrel on Monday at 06.30 GMT compared to the closing price on Friday of \$51.89.

American benchmark West Texas Intermediate (WTI) also increased slightly by 0.95 percent to \$48.77 at 06.30 GMT. In addition, according to the latest report of Baker Hughes late on Sunday, U.S. oil rigs increased by 3 to 768 last week. Up to Aug. 8, the total number of oil rigs increased by 372 compared to last year. Last Friday, the International Energy Agency (IEA) implemented a new report.

IEA reported that global oil supplies soared by 520 thousand barrels per day in July to 98.16 million barrels per day. On Thursday, OPEC said its oil output in July increased by 173 thousand barrels per day to 32.87 million barrels per day.

## Gazprom expects no changes to key energy projects from new US sanctions

Hurriyet Daily News, 15.08.2017



Gazprom said on Aug. 14 that new U.S. sanctions against Moscow would not result in the Russian gas exporter having to make changes to key projects, although they could cause delays.

Several provisions of the sanctions law signed by U.S. President Donald Trump earlier this month target Russia's energy sector, which produces much of its foreign income, with new limits on U.S. investment in Russian companies. Last month Gazprom said the sanctions might delay some giant gas projects, including Nord Stream 2, Turkish Stream gas pipelines and deep-water.

"For the time being (sanctions) are not cause for changing the strategic direction of business or adjusting the list of key Gazprom projects", the state-owned company said in statement.



Western firms that have invested in Nord Stream 2 - Wintershall and Uniper of Germany, Austria's OMV, Anglo-Dutch Shell, and France's Engie - say it is too early to judge the impact of sanctions. For now, they are standing by their pledge of up to 950 million euros (\$1.13 billion) each to finance the 1,225 km (760 mile) Nord Stream 2.

Despite Trump's desire to promote U.S. liquefied natural gas exports to Europe that would compete with the Russian gas, he said he did not want the sanctions to get in the way of efforts to resolve the conflict in Ukraine.

## Foreign oil eyes 44 billion barrels in Cuba

Oil Price, 15.08.2017



One of the few foreign energy companies with a presence in Cuba is now seeking funding for a 2018 exploration drilling campaign for Block 9, which is expected to hold over 44 billion barrels of in-place potential oil reserves.

Melbana Energy, an Australia-based oil and gas explorer, has announced a funding round to finance its 2018 exploration program for Block 9 – an onshore deposit in Cuba that the company fully owns on a production-sharing basis with the government. Melbana is one of few energy companies with a presence in Cuba, and the ASX-listed company said,

It already has commitments for US\$1.41 million (A\$1.8 million) from a placement of 178 million fully paid ordinary stock. It has also offered its existing shareholders a 1 for 2 pro-rata entitlement to the tune of US\$3.76 million (A\$4.8 million).

Melbana will use the proceeds to fund the preliminaries around its drilling program in Cuba but will not go into drilling itself, the company said. Block 9, according to Melbana's website, has in-place potential oil reserves of between 1.18 and 44.15 billion barrels, with the chance of discovery in the various leads and prospects that comprise the block standing between 14 and 32 percent. The best-case reserve scenario estimates the in-place resources of the deposit at 12.7 billion barrels.

Recoverable resources at the deposit are seen at 637 million barrels of crude, with the initial drilling targets, the Alameda-1 and Zapato prospects, accounting for 200 million barrels. Alameda-1 alone contains three prospective drilling targets with estimates potential resources of more than 2.5 billion barrels and recoverable reserves of some 130 million barrels.

Cuba has been eager to develop its oil and gas industry in recent years. Three years ago, the country passed a Foreign Investment Act that set a corporate tax rate of 15-22.5 percent, featuring a tax holiday for the first eight years of operation.

Currently, the only foreign company developing oil resources on the island is Canadian Sherritt International, alongside the state-owned energy entity, CUPET. Cuba's oil output to date averages 45,000 bpd, according to Melbana, which is enough to satisfy half of domestic consumption.

## Brazilian Petrobras' oil and gas output drops in July

Anadolu Agency, 16.08.2017



One Brazilian Petrobras' total production of oil and natural gas in July totaled 2.74 million barrels of oil equivalent per day (boed), the company announced on Tuesday. Last month, 2.63 million boed were produced in Brazil and 114,000 boed were produced abroad.

The average oil production in the country was 2.12 million barrels per day (bpd) in July, a 3.3 percent drop compared to June, the company said. In July, oil production in overseas fields was 65,000 bpd, unchanged from June. Natural gas production in Brazil, excluding the liquefied volume, was 80 million cubic meters per day, also 0.4 percent lower.

Natural gas production abroad was 8.4 million cubic meters per day, a 2.9 percent increase over the volume produced in June 2017.

## These major oil buyers are quietly prepping for a supply shock

Oil Price, 15.08.2017



Continuing major changes in global oil flows this week. With big consumers like Indian Oil Corp and South Korean refiner SK Innovation making their first-ever purchases of U.S. crude exports.

And in Iran this week, the nation saw its first crude swaps in 7 years with shipments of oil arriving in Caspian ports from Turkmenistan, to be swapped with shipments sailing out of the Iranian Persian Gulf. But, an even bigger shift in oil markets may be underway. With sources saying one of the world's largest consuming markets is readying.

The U.S. Gulf Coast. Bloomberg reported that Gulf refiners are preparing to lose one of their largest suppliers of crude: Venezuela. With sources saying that crude buyers here have begun making inquiries with producers in Canada to source alternate oil shipments.

The move comes as the Trump administration has been toying with the idea of sanctions on Venezuela. Which could prevent inflows of Venezuelan heavy oil — a staple of the Gulf Coast refining sector for decades. At the same time, sources said that Venezuela's exports to the U.S. are dwindling — because of commitments the indebted nation has with other crude buyers abroad.

India and China particularly are owed large quantities of crude by Venezuela, due to cash-for-oil deals over the last few years. Meaning that supplies are increasingly being diverted to these markets from the U.S.

Here's the most telling fact on this brewing crisis: one of the refiners reportedly seeking Canadian crude is Venezuela's own Citgo — a unit of state oil company PDVSA, which operates refineries in Texas and Louisiana. The fact that this Venezuela insider is pushing the panic button on imports shows just how serious supply disruption threats are. Suggesting that big changes in crude flows may indeed be at hand.

If so, these could be challenging times for U.S. refiners — as they scramble to find alternate supplies. Canadian producers would of course benefit — especially those specializing in the heavy oil most Gulf refineries are configured for — provided they can find shipping routes to get their crude all the way to the Gulf Coast.

U.S. sanctions on Venezuela would only speed up this process — although several Gulf Coast senators appealed to the White House this past week to avoid such measures in the interest of energy security.

## Oil prices rise as API reports huge crude inventory draw

Oil Price, 15.08.2017



The American Petroleum Institute (API) reported a major draw of 9.2 million barrels in United States crude oil inventories—the biggest draw since September 2016.

The draw compares to analyst expectations of a draw of 3.6 million barrels for the week ending August 11. Gasoline inventories rose by 301,000 barrels for the week ending August 11, compared to analyst expectations that inventories for the fuel would fall by 1.5 million barrels. Crude prices fell on Tuesday—despite an export terminal closure in Libya on the back of worker protests—on weakening China demand.



China's oil refineries saw their lowest daily through put in July at 10.71 million barrels per day according to China's National Bureau of Statistics on Monday.

OPEC's noncompliance also continues to weigh on traders, with OPEC's MMOR last week showing a 172,600-barrel-per-day increase in oil production in July for the cartel, based on secondary sources. Total daily production for OPEC in July was 32.869 million bpd—up from 32.696 million bpd.

Traders are also watching US shale production, which is trudging on full steam ahead despite oil prices, which have been unable to hold above \$50 for any significant length of time. Crude oil production in the United States reached 9.423 million bpd for the week ending August 4, with average crude oil production expecting to reach 9.91 million barrels per day in 2018 according to the EIA's latest Short Term Energy Outlook.

At 8:19am, WTI had fallen 0.65% on the day to \$47.28—almost \$2 less than last week this time, with Brent Crude down 0.85% at \$50.30. per barrel. Distillate inventories were down by 2.1 million barrels, while inventories at the Cushing, Oklahoma site increased by 1.7 million barrels.

By 4:43pm EST, WTI had rallied slightly, trading at \$47.81 with Brent Crude trading at \$51.04. The U.S. Energy Information Administration report on oil inventories is due on Wednesday at 10:30 a.m. EDT.

## API: US petroleum demand highest for July since 2007

Oil & Gas Journal, 17.08.2017



The Total US petroleum deliveries, a measure of US petroleum demand, moved up 4.9% in July from a year ago to average nearly 20.7 million b/d, the highest July deliveries in 10 years, according to data from the American Petroleum Institute.

Compared with June, total domestic petroleum deliveries increased 1.6%. For year-to-date, total deliveries moved up 1.3% compared with the same period last year.

The overall economy in the US showed gains in July, adding 209,000 jobs, according to the Bureau of Labor Statistics (BLS).

The US unemployment rate and the number of unemployed persons remained essentially unchanged at 4.3% and 7 million, respectively. “Strong demand for petroleum is a good sign for the economy, which grew for the 98th consecutive month,” said API Director of Statistics Hazem Arafa. “American workers and consumer continue to benefit from these positive economic signs along with relatively low fuel prices.”



Gasoline deliveries were up from the prior month and the prior year to reach an all-time high in July. Total motor gasoline deliveries, a measure of consumer gasoline demand, increased 1% from July 2016 to average nearly 9.7 million b/d. Compared with June, total motor gasoline deliveries increased 0.8%. For year-to-date, total motor gasoline deliveries decreased 1% compared with year-to-date 2016, the second highest year-to-date level at 9.2 million b/d.

Domestic crude oil production in July increased from the prior month, the prior year, and the prior year-to-date to reach its highest July output level in 45 years. Domestic crude production increased 0.9% from June and was up by 8.6% from July 2016 to average 9.4 million b/d in July. US crude production has been above 9 million b/d for the sixth consecutive month.

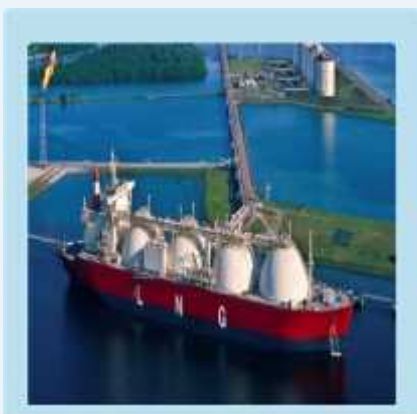
For year-to-date, crude production increased 2% compared with year-to-date 2016 and was the second highest year-to-date level in 44 years. Natural gas liquids production was up from the prior month, the prior year, and the prior year-to-date. NGL production in July averaged nearly 3.7 million b/d, up 1% from last month, 2.6% from last year, and 3.1% from last year-to-date. This was the highest July output level on record.

US total petroleum imports decreased 3.8% from June and decreased 6.2% from July 2016 to average just below 9.9 million b/d in July. These were the lowest imports for the year. For year-to-date, total petroleum imports were up 2.7% compared with year-to-date 2016. Crude oil imports decreased 4.8% from July 2016 to 7.7 million b/d in July.

Compared with June, crude imports were 3.5% lower. For year-to-date, crude imports were up 3.9% compared with year-to-date 2016. Refined product imports decreased 4.8% from the prior month and decreased 10.9% from the prior year to nearly 2.2 million b/d in July. Compared with year-to-date 2016, refined product imports were down 1.4%. These were the lowest July imports in 3 years.

## **IECA requests moratorium on US LNG exports to non-FTA countries**

*Oil & Gas Journal, 17.08.2017*



The Industrial Energy Consumers of America called for a moratorium on US exports of liquefied natural gas to countries not having a free trade agreement with the US.

Obama administration public interest export studies used to justify US LNG shipments to countries having, as well as countries not having, FTAs with the US failed to consider cumulative export volumes and their impact on demand for domestically produced gas, it said in an Aug. 16 letter to US Energy Sec. Rick Perry. The letter said that the EIA reported that total LNG export approvals to both FTA and non-FTA countries now equals 71.2% of US 2016 natural gas demand.



“It is time for the US Department of Energy to put American residential and industrial consumers first by establishing a moratorium on further LNG export approvals to non-FTA countries and put consumer safeguards in place,” IECA Pres. Paul N. Cicio said as the letter was released.

Approved volumes to non-FTA countries alone equals 170% of total residential demand, it added. “Of greatest concern is that the [Trump] administration has said publicly that it will approve more applications to export to non-FTA countries,” it said. LNG exports are considered to be in the US national interest automatically if they are to customers in countries having an FTA with the US. Exports to customers in non-FTA countries require a national interest determination from DOE.

IECA’s letter presented two scenarios that it said justify a halt to DOE’s approval of US LNG shipments to non-FTA countries:

Scenario 1 takes the EIA’s 2017 Annual Energy Outlook cumulative net demand for gas, which includes exports of LNG and shipments to Mexico, and compares it with the EIA technically recoverable US gas resources in the Lower 48. That forecast includes LNG exports rising to 12.1 bcf/d by 2035. This scenario illustrates that with only 12.1 bcf/d of LNG exports, 58% of all US technically recoverable gas resources would be consumed by 2050, just 33 years away, IECA said.

Scenario 2 uses the same assumptions as Scenario 1 but includes the volume of LNG export applications equal to 54 bcf/d that DOE has approved already. Using EIA’s annual average forecasted increases in LNG exports from 2016 to 2020 of 1.58 bcf/d and using this same growth rate for the years beyond 2020 until LNG export volumes reach 54 bcf/d, 71% of US technically recoverable resources would be consumed by 2050.

“The net effect is that LNG exports, specifically to [non-FTA] countries lowers our competitors’ costs and increases ours, directly and negatively impacting competitiveness and our ability to justify reshoring,” IECA’s letter said. Its opposition to allowing US LNG exports to non-FTA countries is consistent with President Donald J. Trump’s fair trade and “America First” policies, it added.



# Announcements & Reports

## *Monthly Oil Market Report*

**Source** : OPEC  
**Weblink** : [http://www.opec.org/opec\\_web/en/publications/338.htm](http://www.opec.org/opec_web/en/publications/338.htm)

## *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/](http://www.expogr.com/tanzania/oilgas/)

## *Tanzania Oil & Gas Congress*

**Date** : 09 - 11 September 2017  
**Place** : Dar-es-Salaam, Tanzania  
**Website** : [www.cwctog.com/](http://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](http://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](http://10times.com/deloitte-oil-gas-conference)



## *European Gas Conference*

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

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## *16<sup>th</sup> 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/](http://www.global-oilgas.com/SEEMED/)

## *International Conference on Petroleum Industry & Energy*

**Date** : 28 - 29 September 2017  
**Place** : Istanbul, Turkey  
**Website** : [www.waset.org/conference/2017/09/istanbul/ICPIE](http://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/](http://www.iadc.org/event/me2017/)

## *7th Iraq Oil & Gas Conference*

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