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Oxford expert: Turkey to attain gas targets in 1-2 yrs

Anadolu Agency, *25.09.2017*

IWith the Turkish government's decisiveness, the target of a 30 percent gas share in the power sector by 2023 will most likely be achieved in one to two years, according to the Oxford Energy Institute for Energy Studies' (OIES) latest issue.

Gulmira Rzayeva, a research associate at the institute stated in the issue that the reduction in natural gas demand in the power generation sector has significantly affected overall gas demand growth in Turkey in the period between 2014 and 2016.

She noted that this trend would continue, bringing the share of gas in the electricity generation sector down, while increasing the share of coal and renewables. Rzayeva said that it seems that the government will continue this policy in the longer term.

"However, this policy is not directed at the residential and industrial sectors, where demand growth has been quite modest," she stressed. The expert noted that the overly optimistic projections made by Turkish BOTAS in 2012 were based on calculations of electricity demand, population, GDP and foreign direct investment (FDI) growth, which had proved accurate in 2013 and 2014.

"However, on the basis of these projections, the government decided to take solid measures to prevent such a growth in demand – which might have more than doubled by 2030 without intervention, and would also have affected Turkey's economic and political security," she said. She disclosed that the first decline in gas demand was achieved in Turkey in 2016 down from 48.8 billion cubic meters (bcm) in 2015 to 46 bcm.

She also proposed that the fall in natural gas consumption in the power sector would be balanced by moderate growth in the residential and industrial sectors in 2017. Given the calculations above, analyses from a paper by the author 'Turkey's gas demand decline: reasons and consequences' by Rzayeva, OIES Energy Insight in April 2017 show that Turkey's gas demand will be no more than 55–56 bcm by 2025 and 60–62 bcm by 2030.

Turkey’s total gas imports rise by 28.4% in July

Anadolu Agency, *25.09.2017*

July saw higher gas consumption in meeting Turkey’s electricity demand with a 28.4 percent increase in natural gas imports compared to July 2016, according to Turkish energy watchdog data.

Turkey’s total natural gas imports rose from 3.22 billion cubic meters (bcm) in July 2016 to 4.13 bcm in July 2017, EMRA announced in its Natural Gas Market Report for July 2017. Due to the heat wave in July 2017, Turkey hit historic high electricity consumption records. In July 2017, electricity production facilities consumed 2 bcm of natural gas, 43.9 percent more than the previous July.

The country produced 31.16 percent of its electricity from natural gas in 2016, EMRA’s 2016 data revealed. The Organized Industrial Zones (OSBs) became the second biggest consuming sector with 299 bcm.

The country imported 3.73 bcm of natural gas via pipelines and 396 million cubic meters (mcm) through liquefied natural gas (LNG) facilities, EMRA’s data shows. Turkey’s natural gas imports from Russia increased by 42.8 percent to 2.30 bcm in July 2017 compared to 1.61 bcm in July 2016. The country’s natural gas production rose from 27.9 million cubic meters (mcm) in July 2016 to 28.4 mcm in July 2017, the majority of which came from the northwestern Tekirdag province.

Turkey, Bulgaria hard at work on gas interconnector ITB

Anadolu Agency, *25.09.2017*

The gas operators Bulgaria's Bulgartransgaz and Turkey's BOTAS will hold meetings as soon as possible to speed up progress for the Turkey-Bulgaria Gas Interconnection Project "ITB", Nadezhda Neynsky, Bulgaria's ambassador to Turkey told Anadolu Agency (AA).

Speaking exclusively to AA, Neynsky said Bulgaria attaches great importance to the development of Bulgarian-Turkish relations and sees further potential for cooperation, particularly in the energy sector. A delegation headed by the Turkish Minister of Energy and Natural Resources Berat Albayrak on a visit to Sofia on Sept. 7.

Albayrak discussed bilateral energy cooperation with Bulgarian Prime Minister Boyko Borisov and Energy Minister Temenuzhka Petkova.

"Both sides agreed to intensify cooperation in the field of gas and electricity. In this regard, the gas operators Bulgartransgaz and BOTAS as well as electricity operators ESO and TEIAS will hold bilateral meetings as soon as possible," the Bulgarian ambassador explained. Bulgartransgaz and BOTAS are working on the realization of a joint Turkey-Bulgaria Gas Interconnection Project "ITB", for which Bulgartransgaz has prepared a feasibility study for the Bulgarian territory co-funded by the EU under the CEF mechanism (Connecting Europe Facility), Neynsky said.

"This feasibility study was sent to the Turkish side and BOTAS' position in response is expected," Neynsky noted. Bulgaria is paying special attention to this project, which ensures the development of reversible interconnections of gas transmission networks of Bulgartransgaz and BOTAS. The project is an opportunity to allow for the diversification of natural gas sources, the supply to both partners and routes, and greater competition while enhancing the security of supply in the region, the ambassador declared. "As part of the priority Southern Gas Corridor, the project is key to the security and diversification of sources and routes for the supply of natural gas to and through Bulgaria and the southeast Europe region. The ITB can provide access to all current and future entry points and sources in Turkey, gas from Azerbaijan and other natural gas as well as LNG spot supplies from existing terminals in Turkey," she added.

For the realization of the project, on March 12, 2014, a Memorandum of Understanding for the construction of the ITB interconnection gas interconnection was signed between the Bulgarian Ministry of Economy, Energy and Tourism and the Turkish Ministry of Energy and Natural Resources. Subsequently, the MoU was put into force on March 28 and a Joint Working Group composed of experts from the companies involved in the implementation of the project was set up.

Meanwhile, electricity operators Bulgaria's ESO and Turkey's TEIAS are in discussions to increase electricity transmission capacity between the two countries. Turkey declared its interest in extending such capacity during the meetings in Sofia, according to the Bulgarian ambassador. In March 2015, when Turkey experienced problems with its power system, Bulgaria's ESO came to the rescue. ESO made the greatest contribution in assisting Turkey, compared to its neighbors, in the restoration of the power system by providing significant emergency power assistance from Bulgaria to Turkey. "There are currently two power interconnections, which have the potential to significantly develop more transmission capacity than currently announced. Considering this, both parties' efforts will be directed to fully exploit the significant transfer capacity of the existing interconnections between the two countries," she asserted.

Neynsky shared that Bulgaria has ambitions to become a natural gas hub with the development of a joint project with the European Commission for the construction of a European gas distribution center "Balkan." This project will fully meet the requirements of the EU energy legislation and is included in the list of projects of common European interest (PCI).

Natural gas deliveries to the "Balkan" gas distribution center could be sourced from Azerbaijan, Romania, with local extraction from the Black Sea shelf and Russia. However, she said that "other points of entry from Turkey could also be considered." meaning that the TurkStream natural gas pipeline project, planned to carry Russian gas to southern and southeastern Europe could not be ruled out for inclusion. Evidently proud of the role that the Bulgarian gas transmission system plays, she considered it the "best developed" in the region, adding that for almost three decades the country ensured the reliable transfer of Russian gas to Turkey, Greece and Macedonia.

"Over 80 percent of the compressor stations in the region are concentrated in Bulgaria, and most of them have recently been upgraded and modernized, with new compressors being installed, which could also operate in reverse mode," she explained. The modernization and expansion of the Bulgarian gas transmission network are ongoing, Neynsly said, adding that after the construction of a 20-kilometer gas pipeline from the Lozenets to Nedyalsko compressor stations, the transit capacity from Bulgaria to Turkey will be increased allowing for the possibility of reverse deliveries from Turkey to Bulgaria.

"Through TANAP [Trans-Anatolian Natural Gas Pipeline], TAP [Trans Adriatic Pipeline] and the Greece-Bulgaria Gas Interconnector [IGB], we expect to receive 1 billion cubic meters per year of natural gas from the second phase of the 'Shah Deniz' field in Azerbaijan. Also, after developing new gas fields in Azerbaijan, we expect further volumes of Azeri natural gas through Turkey for Bulgaria and through our country for the region," she said. She stressed that the "Balkan" gas distribution center will rely on volumes of Azeri natural gas from the Southern gas corridor via TANAP and Turkey and she expects that volumes from Iran, Israel, Turkmenistan and other countries through Turkey could also be feasible.

“In this respect, the Bulgarian gas transmission system, through the implementation of the Balkan regional gas distribution project and the project for the expansion of the Chiren UGS (underground gas storage in Chiren, operated by Bulgartransgaz), will ensure transit to southeast Europe and storage of the respective volumes of natural gas from Turkey,” she noted. A pre-feasibility study for the “Balkan” gas distribution center, which is scheduled to be completed in the second half of 2018, is due to be carried out, Neynsky added.

-Economic and trade relations
Neynsky underlined that Turkey is an “extremely important partner” for ensuring the security of energy supplies for Bulgaria, the southeast Europe region and Europe, adding that due to its geographical location, Turkey has served as a natural bridge between producer countries and oil and gas consuming countries. “Turkey has established itself as an important country through the diversification of supply routes that helps energy security, according to the Bulgarian ambassador. “From the point of view of energy security, the energy streams passing through Turkey are essential as 3.7 percent of the world’s oil consumption flows through the Republic of Turkey,” she explained.

For the first half of 2017, Bulgarian total exports to Turkey amounted to around €1.1 billion, and compared to the same period of 2016 are rising by 16.5 percent. Bulgarian imports from Turkey were around €925 million and compared to the same period of 2016 are rising by 23.4 percent, the ambassador said. “The total volume of the trade between our countries is around €2.025 billion. It is worth noting that for the first half of 2016 this volume was around €1.7 billion. We are witnessing a significant rise in foreign trade with Turkey and one of the major reasons for that is the positive economic developments in both our countries this year,” she explained.

The ambassador considers that trade between Bulgaria and Turkey is relatively balanced, and in this regard, she said, “we believe there is big potential for further development of economic and trade cooperation with Turkey. In addition, Bulgaria is very much interested in attracting more Turkish investors and investments. As close neighbors, she said that she envisages the best trading possibilities for Bulgaria and Turkey are in the energy, tourism, IT, healthcare, pharmaceutical, agricultural, automotive, logistics, electronics, transport and IT sectors.

Turkey’s crude oil imports down in July

Anadolu Agency, *26.09.2017*

Turkey’s crude oil imports decreased, but diesel and aviation fuel imports increased in the country’s total oil products imports in July, according to the country’s energy watchdog’s report on Tuesday.

Crude oil imports decreased by 8.59 percent to 2.1 million tonnes in July compared to the same month last year, Energy Marketing Regulatory Authority (EMRA) says. Diesel imports increased by 30.5 percent to 1.1 million tonnes and aviation fuels increased by 33.4 percent to 20 thousand tonnes in July.

Thereby, Turkey’s total oil products import increased by 4.04 percent to 3.6 million tonnes in July compared to July 2016. Production of oil refinery products decreased by 5.13 percent to 2.4 million tonnes. In addition, diesel production increased by 2.52 percent to 945 thousand tonnes. In July, total fuel sales rose by 23.85 percent to 2.8 million tonnes compared to the same month last year.

Gazprom ratifies TurkStream joint venture Co. with BOTAS

Reuters, *18.09.2017*

Russian Gazprom’s board of directors approved the formation of a joint venture with Turkey’s Botas for the TurkStream natural gas pipeline project, according to a statement released by Gazprom.

The statement read that the joint venture would be formed for the construction of the onshore section of the TurkStream natural gas project. The TurkStream project will start from the southern Russian town of Anapa on the Black Sea coast. Pipes will be laid over a 900-kilometer route under the Black Sea to reach the Thrace region of Turkey along the Black Sea coast.

The board of directors also ratified the sale of 50 shares of TurkAkim Gaz Tasima AS at 1,000 Turkish liras per share. The TurkStream will send Russian gas to Turkey with the first of its two lines. The second line of the project will carry Russian gas to southern and southeastern Europe. The total capacity of the dual pipeline system is set to be 31.5 billion cubic meters. More than 250 kilometers of the first line of TurkStream has already been constructed.

OPEC's oil cut decision hits 116% conformity level

Anadolu Agency, *23.09.2017*

The Organization of the Petroleum Exporting Countries (OPEC) and participating Non-OPEC producing countries recorded the highest conformity ever with their voluntary adjustments in production, achieving a level of 116 percent for the month of August 2017, OPEC said late Friday.

In May 25, OPEC members agreed to extend their previous agreement by nine more months to March 2018 to lower oil output. 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 Joint OPEC-Non-OPEC Ministerial Monitoring Committee (JMMC) welcomed the participation of Iraq, Libya and Nigeria, and the reaffirmation of their commitment to work closely with other participating producing countries to ensure the success of the declaration of cooperation at its 5th meeting, which took place on Friday in Vienna, Austria.

"In August 2017, the OPEC and participating non-OPEC producing countries achieved an excellent conformity level of 116 percent, the highest level since the start of the declaration of cooperation. This again underscores the resolute commitment of participating producing countries to cooperate towards the rebalancing of the market," said OPEC in a statement.

The JMMC noted that while some participating producing countries have consistently performed beyond their voluntary production adjustments, others are yet to achieve 100 percent conformity. The next JMMC meeting is scheduled to be held in Vienna, on 29 November 2017.

Iraq parliament urges return of Kirkuk oil to Baghdad

Anadolu Agency, *25.09.2017*

The Iraqi parliament on Monday called for handing over the oil fields in the disputed Kirkuk city to the central government in Baghdad.

Speaking at a press conference in Baghdad, MP Hakim Zamili said lawmakers approved a resolution according to which oil fields in Kirkuk would be handed over to Baghdad. He said the resolution also calls for state officials, who take part in the Kurdish referendum on the secession of northern Iraq's Kurdish region, to be dismissed.

The move comes as voters in the areas under the Kurdish Regional Government (KRG), including disputed areas between Baghdad and Erbil, voted on Monday in a referendum on whether to secede from Iraq. Baghdad, Turkey, Iran, the U.S., and the UN have all spoken out against the poll, saying it would distract from the ongoing fight against Daesh and further destabilize the region.

Turkey on Monday announced it would regard the results of the Kurdish referendum as "null and void" and Iraq's central government has threatened to intervene militarily if the vote leads to violence. KRG President Masoud Barzani has said a "Yes" win would not result in an automatic declaration of independence but would simply lead to further negotiations with Baghdad.

Supreme Court approves $12.7 billion class action suit against gas industry

The Times of Israel, *28.09.2017*

The he Supreme Court on Thursday gave the green light for a NIS 45 billion ($12.7 billion) class action against the private consortium that operates Israel's only functioning natural gas production complex.

In ruling against the consortium's appeal to reject the class action bid, the court also ordered it to pay legal costs of NIS 40,000 ($11,300), the Globes financial daily reported. The petitioner, one Moshe Nazri who like most Israelis, is a consumer of electricity claims the companies are exploiting their monopoly over the Tamar gas field.

Among the companies targeted by the suit, the biggest in Israel's history, are Isramco, Dor Energy, Delek Drilling, Avner Oil & Gas Exploration, the Delek Group and US-based Noble Energy. On the day he submitted his petition in June 2014, Nazri said the group was exploiting its position to charge the IEC $5.40 for a unit of gas-generated energy (mmbtu) when the real cost was $2.34. Backed up by a professional opinion from an American expert on the gas economy, Prof. James Smith, Nazri claimed that this would reap for the consortium profits of some NIS 2 billion ($567 million) a year.

Smith claimed, among other things, that the Tamar consortium was making a profit of around 57% a year on its investment. After failing to convince the Tel Aviv District Court to throw out the request for a class action against it, the consortium appealed to the Supreme Court, which issued its ruling on Thursday.

Nazri's lawyers Yitzhak Yaari and Gilad Barnea welcomed the court's decision, saying it "removes one of the most significant legal obstacles on the way to compensating IEC consumers. "In addition to the District Court, the Supreme Court also rejected the Tamar monopoly and the attorney general's attempt to prevent a deep and thorough discussion about the fairness of the natural gas prices charged by the Tamar consortium."

The court clarified that approval of the framework did not signify approval of the price. "We are convinced that at the end of the legal process, it will be found that the Tamar monopoly is using its monopolistic power to charge the most excessive price for the natural gas that belongs to every citizen of Israel." A statement from the consortium said that despite the two courts' decisions, they were still confident that Nazri's attempt was "futile" and destined to fail.

Nazri's claims were exaggerated, and were cut off from the way the industry set prices and signed contracts for natural gas, the statement said. The consortium charged that Israel was only now rehabilitating "the considerable damage caused to its reputation" by the long-delayed natural gas industry framework signed by the government.

Referring to last week's discovery of a fault in an undersea pipeline serving Tamar, which forced temporary closure of the pipe for repairs and forced the IEC to resort to coal, which is costlier than gas, the statement said, "Only in the past week did the citizens of Israel understand how significant the contribution of natural gas is to the reduction of electricity prices and the reduction of air pollution in Israel."

The Tamar field, which was discovered in 2009 and began production in 2013, has estimated reserves of up to 238 billion cubic meters (8.4 trillion cubic feet). Leviathan, discovered in 2010 and set to begin production in 2019, is estimated to hold 535 billion cubic meters (18.9 trillion cubic feet) of natural gas, along with 34.1 million barrels of condensate.

Major Iranian Oil Company says oil at $60 a barrel could stabilize the energy market

CNBC, *26.09.2017*

Oil prices near $60 a barrel could stabilize the energy market and signal for investors to invest and develop petroleum fields, according to a senior executive at a major Iranian state-owned oil company.

Saeid Khoshrou, director of international affairs at the National Iranian Oil Company, told CNBC on Tuesday that low, fluctuating prices in the oil market gave investors the wrong impression. When oil prices hover near $60, "a lot of investors maybe can invest on developing petroleum fields, but when it's $45 or $40, it's a different story," Khoshrou told.

Brent was trading around $59 a barrel on Tuesday afternoon in Asia trade, while U.S. light crude was around $52. "I think something around $60 would stabilize the market," he said, adding the price point is "good enough to attract investors to the field, especially in the Middle East, where there are a lot of low cost fields that can easily ... be developed, feed the market (and) meet the requirement in the market."

Iran's energy exports suffered previously under international sanctions imposed amid concerns that it was developing nuclear weapons. Those sanctions were lifted earlier this year, allowing the OPEC producer to export oil to the international energy market.

The lifting of the sanctions, along with Iran's low cost of production and untapped energy reserves, make the country a potentially attractive investment destination. But some experts suggest that many major firms are not ready to commit to Iran deals. Currently, on average, Iran's cost of production is around $10 per barrel, according to Khoshrou, and he pointed to the ratio between Iran's oil reserves and production capacity as an indication of why the country is a good prospect for oil investors.

CEO: Lukoil to keep output steady with new projects outside Russia

Reuters, *24.09.2017*

Lukoil plans to keep pumping 100 million tons of oil per year between 2018 and 2027 with projects outside Russia and will keep annual investment at $8 billion-$8.5 billion, the chief executive said on Sept. 23.

Lukoil, Russia's No.2 oil producer which has suffered from sluggish output from its Western Siberia fields, has kept production steady by focusing on growth in new regions, such as the Caspian Sea and Iraq. It is also looking at Iran and Mexico. Lukoil Chief Executive Vagit Alekperov announced details of company's 2018-2027 strategy to reporters at the launch of the firm's gas facilities.

Under the new strategy, Lukoil planned to add 1.1 billion-1.2 billion tons of hydrocarbon to reserves while its gas output would reach to 35-40 billion cubic meters (bcm) per year by 2027, he said. The 2018-2020 budget would be based on an oil price of $50 per barrel and a ruble rate of 62-64 rubles to the dollar, said Alekperov, who is also a major Lukoil shareholder.

Lukoil, a big oil products importer on the European market, would continue working on European projects and would keep its retail net in Turkey, the CEO said, despite new U.S. sanctions imposed on Moscow this year. Regarding other projects, Alekperov said he would meet Iranian oil minister Bijan Zanganeh in Moscow on Oct. 3. Tehran has said earlier it expected to sign deals in the next five to six months with Russian firms, such as Lukoil, on developing of Iranian oil and gas resources.

Lukoil has been in talks with the National Iranian Oil Company (NIOC) on taking part in development of the Abe Timur and Mansuri fields in central-western Iran. "We are very close, we have some disagreements which are not crucial, regarding output volumes and the pace of coming to any given levels," Alekperov said, adding he was confident the differences could be resolved.

He also said the firm was also talking to Italy's ENI on joint projects in Mexico. In Uzbekistan, Alekperov said Lukoil would invest $3 billion in gas projects by 2021-2022. Uzbekistan aimed to add output of 1.5 bcm in 2017 to the 2016 level of 55 bcm, Uzbekneftegaz head Alisher Sultanov said, adding that the country consumed up to 30 bcm per year. Sultanov said Tashkent had contracts for exporting up to 6 bcm to Russia and up to 10 bcm to China.

Russia keen on more OPEC cooperation

Hurriyet Daily News, *22.09.2017*

Russia's energy minister said on Sept. 22 that he was in favour of continuing cooperation with the OPEC oil cartel as their joint accord to cap output bears fruit in boosting the price of crude.

"We should keep the pace and definitely moreover follow through on the concerted action," Alexander Novak said at the start of a meeting of oil-producing countries in Vienna. "And more importantly, we should elaborate a strategy for the future that we should abide by fully from April 2018" when the current agreement expires, Novak said through an interpreter.

He said that, following an accord struck in late 2016 among 24 oil nations including Russia and most of OPEC, "by and large, I would like to say that the fundamentals are stabilising." Before the landmark accord -- which after being extended earlier this year is due to run until March 31, 2018 -- the glut saw oil prices plummet from over $100 a barrel in 2014 to a 13-year low of under $30 last year.

The price of oil has seesawed considerably in the last six months, but this week has traded around the $50-per-barrel level, suggesting that the agreement was finally bearing fruit. Brent crude, the international benchmark, closed at $56.43 a barrel on Thursday, its highest since February and up 25 percent since June.

"We have every reason to be pleased with the steady progress we have made in our collective efforts to overcome the challenges of the current oil market cycle, which is perhaps the worst of all the previous cycles that we have witnessed in recent times," OPEC's secretary general Mohammed Barkindo said at the talks.

Two oil giants' ministers to attend Russian Energy Week

Anadolu Agency, *27.09.2017*

Top energy officials from Iran and Venezuela, both OPEC members, will attend Russian Energy Week 2017, which starts on Oct. 3 in Moscow, according to the event organizers on Wednesday.

Iran's Oil Minister Bijan Namdar Zangeneh and the Minister of People's Power for Oil and Mining of the Bolivarian Republic of Venezuela Eulogio Del Pino will attend the event. Russian Energy Week officials said on the event's website that Zangeneh will head his nation's delegation at the 19th Ministerial Meeting of the Gas Exporting Countries Forum.

According to the organization, the head of Iran's energy ministry wil be accompanied by deputies of the Islamic Consultative Assembly, Iranian OPEC representatives, and economic and investment experts.

The head of the Venezuela's state-owned oil company PDVSA Nelson Martinez and government experts in gas and other international issues will join Del Pino. Several panel discussions with a focus on prospects in the global energy market are planned as part of the forum. Earlier, Qatar and Algeria's energy ministers announced their participation. Delegations from Japan, the United Arab Emirates, Oman, Bangladesh, and other countries have already confirmed their attendance.

Italy's Edison signs 20-year contract to buy US LNG

Anadolu Agency, *28.09.2017*

Italian utility Edison, owned by France's EDF, along with U.S.-based Venture Global have entered into a liquefied natural gas (LNG) sales and purchase agreement (SPA), Edison announced on Wednesday.

The SPA concerns the purchase by Edison of 1 million tons per annum of LNG (equivalent to approximately 1.4 billion cubic meters of natural gas per year) from the Calcasieu Pass LNG export facility, currently being developed by Venture Global in Cameron Parish, Louisiana, in the U.S. Under this SPA;

Edison will purchase gas on a free-on-board basis for a 20-year term starting from the commercial operation date of the Calcasieu Pass facility, currently expected in 2021. “This agreement will contribute to Edison’s gas supply portfolio competitiveness and diversification, further enhancing Edison’s ability to meet the Group’s customers’ requirements,” the statement read.

China to limit oil product exports to North Korea

Anadolu Agency, *23.09.2017*

China will limit its oil product exports to North Korea and banned textile imports to implement the United Nations Security Council (UNSC) sanctions, said China’s Trade Ministry on Saturday.

The decision to restrict the sale of liquefied natural gas (LNG) to North Korea will take effect on Oct. 1. The import of textile products will stop Dec. 10., the ministry said. The oil products exported to North Korea will be 2 million barrels per annum as of January 1, 2018. The export limit and import ban were taken within the framework of the UNSC sanctions against North Korea.

North Korea has some limited crude oil exploration, but it has no proved reserves of petroleum and other liquids, according to The U.S.’ Energy Information Administration (EIA) China supplies most of North Korea’s crude oil imports, and some estimates report that North Korea imports about 10,000 barrels of oil per day, according to the EIA.

Uzbekistan to invest $30.4 bln. in oil, gas over 4 yrs.

Anadolu Agency, *25.09.2017*

The Uzbek government plans to invest $30.4 billion in 78 projects in the oil and gas sector between 2017 and 2021 and aims to achieve a serious acceleration in its production in this area, according to state energy company Uzbekneftegaz on Monday.

The state run enterprise disclosed that the country produced 55 billion cubic meters of gas last year and that production would increase by 1.5 billion cubic meters by the end of this year. Uzbekistan also aims to increase its natural gas production to 56.5 billion cubic meters by the end of this year, within its investment plans.

While Uzbekistan consumes a significant portion of the gas produced in the domestic market, it exports gas to Russia at a rate of 10 billion cubic meters per annum and China at a rate of 6 billion cubic meters in the framework of bilateral agreements. The country holds 1.1 trillion cubic meters of natural gas reserves.

Ethiopia, Djibouti, China to launch gas pipeline soon

Anadolu Agency, *26.09.2017*

The construction of the Ethiopian-Djibouti natural gas pipeline to transfer Ethiopian natural gas to Djibouti will be signed as soon as the government and project partner Chinese energy company POLY-GCL completes negotiations, Dr. Koang Tutlam, the state minister of Ethiopian responsible of mines, petroleum and natural gas said on Monday.

Tutlam shared that as soon as the agreements are signed, the construction of the $1.8 billion pipeline will start with plans for its completion in 18 months.

The project composes of a natural gas pipeline, a liquefaction plant, and an export terminal at Damerjog, Djibouti. Tutlam explained that the country already has oil imports of about $2 billion each year, but also wants to generate gas income to “protect this money” and meet the country’s currency needs.

He said the best way to export Ethiopian natural gas is through LNG. “The company is also negotiating with the government of Djibouti for the construction of an LNG facility in Djibouti,” he told Anadolu Agency. The LNG facility will enable Ethiopians to send natural gas to overseas countries via the Bab-el-Mandeb Strait located between Yemen on the Arabian Peninsula. “The biggest gain from this project for us will be employment creation and technology transfer,” he said, adding that Ethiopia will also take around 15 percent from these gas exports and will derive income from taxation.

The pipeline project, which includes a 700-kilometer pipeline capable of transporting up to 12 billion cubic meters of natural gas per year, would enable Ethiopia to export 10 million cubic meters of liquefied natural gas (LNG) to China on an annual basis. Currently Ethiopia has proven gas reserves of 133 billion cubic meters.

Indicating that Ethiopia is a significant source of gold, potassium and iron ore, Tutlam said that five companies are already conducting exploratory work in the country’s valuable minefields. The minister also invited Turkish companies to undertake exploration.

US oil exports to meet 5% of non-us global demand by 2022

Reuters, *25.09.2017*

Crude oil exports from the United States will increase to meet 5 percent of global demand by 2022, as refiners seek more low-sulphur crude to meet stricter rules for cleaner fuels, an executive from Enterprise Partners LP said.

U.S. oil exports may rise to about 4 million barrels per day (bpd) by 2022, a four-fold jump from this year, said Brent Secrest, a senior vice president at Enterprise Products. During that same period, global oil demand, excluding the U.S., may rise to as much as 73 million bpd, up from 65 million bpd currently, he said.

Demand for light, low-sulphur, or sweet, crude is set to rise as countries push refiners to produce cleaner fuels, as highlighted by the Internationals Maritime Organization’s (IMO) new rules to cut the sulphur content in the fuel used in large container ships, or bunker fuel, by 2020.

“The (crude oil) barrels have to clear across the water ... To the demand in Asia, to the demand in Europe,” he told an industry event in Singapore. U.S. crude oil production has spiked following the higher output of low-sulphur crude from shale formations since the late-2000s, causing a glut in domestic crude supplies. U.S. refiners, however, are geared toward processing denser oil with a higher sulphur content.

Enterprise currently exports around 100,000 bpd of crude oil from the U.S. Gulf Coast, Secrest said. To ramp up exports, the company plans to increase the loading rates at the Enterprise Houston Midland terminal by the first quarter of 2018 and is looking at stabilizing the quality of Domestic Sweet crude (DSW) exports from its Seaway terminal, he said.

More U.S. oil exports are also expected as U.S. refiners will not change their configurations to accommodate domestic light, sweet crude oil, Secrest added. The change in the bunker fuel specifications will also boost the U.S. export demand, he said.

The IMO tightened the sulphur requirement for bunker fuels in October to a maximum of 0.5 percent from the current maximum of 3.5 percent. Refiners and the shipping sector have not decided how to meet the stricter standards amid a myriad of solutions that include switching to gasoil or installing scrubbers to remove sulphur emissions from ships. “(The) solution is light sweet crude oil that we have to offer, Secrest said.

US weekly crude stocks fall despite expectations

Anadolu Agency, *28.09.2017*

Weekly commercial crude oil inventories in the U.S. decreased despite expectations, according to data revealed by the U.S.’ Energy Information Administration (EIA) on Wednesday.

Commercial crude stocks fell by 1.8 million barrels, or 0.4 percent, to 471 million barrels for the week ending Sept. 22, the EIA said. The market expectation was an increase of 3.4 million barrels in the inventories. “A surge in exports and demand from refineries last week helped to draw down crude stocks,” Thomas Pugh, a commodities economist at London-based Capital Economics, said in a note.

“We expect these trends to continue which should help to narrow the Brent-WTI spread over the next few weeks,” he added. After the surprise decline in commercial stocks, American benchmark West Texas Intermediate (WTI) increased while the price of Brent crude fell.

WTI climbed to as high as $52.20 per barrel at 1550 GMT on Wednesday, while Brent crude was down to $57.49 a barrel during that time. Domestic oil production in the U.S. continued to climb last week by rising 37,000 barrels per day (bpd) to 9.54 million bpd. In the week ending Sept. 22, exports rose by 563,000 bpd to 1.49 million bpd, while imports increased by 59,000 bpd to 7.42 million bpd.

"Refinery inputs should continue to recover over the next few weeks which, combined with higher exports, should help to further draw down crude stocks," Pugh said.

Duvernay field holds Canada's biggest shale oil resources

Reuters, *26.09.2017*

The Duvernay field in Canada's western province of Alberta holds the country's largest marketable resources of unconventional light shale oil and condensate, according to a new report from the national energy regulator.

It is the first time the National Energy Board has done a detailed study of resources in the 130,000 square kilometer (50,193 square mile) Duvernay play, which covers around 20 percent of Alberta, Canada's main crude-producing province. The NEB report showed the Duvernay holds 3.4 billion barrels of marketable light oil and condensate and 6.3 billion barrels of natural gas liquids.

It also holds nearly 77 trillion cubic feet (Tcf) of natural gas, equivalent to 25 years of Canada's annual consumption. "This gives markets much more clarity in terms of how much oil and gas is available in the long term," said Mike Johnson, the NEB's technical leader of hydrocarbon resources, in an interview.

The Duvernay lags western Canada's Montney and Liard Basin shale deposits in terms of marketable natural gas resources, which hold 449 Tcf and 216 Tcf respectively. The U.S. Eagle Ford formation has around four times as much light oil and similar amounts of gas and natural gas liquids. But Johnson said the Duvernay's high volumes of condensate, which oil sands producers in northern Alberta use to dilute their bitumen, as well as existing pipeline infrastructure in the region, would help spur drilling.

At present companies are developing the Duvernay at a slow but steady pace, he added, with around 10 rigs active in the region compared to 50 in the Montney. Most drilling has been concentrated in the western portion of the play but land sales have recently spiked in the oil-rich Duvernay East Shale Basin.

Strong growth in fuel demand accelerates oil market rebalancing

Rigzone, *26.09.2017*

Strong oil demand growth in emerging economies led by China and India, but also from Europe, is drawing down oil stockpiles faster than expected, putting the global market firmly on track to rebalance, senior industry executives said on Tuesday.

A surge in demand for diesel and fuel stock draws after Hurricane Harvey have also helped propel benchmark crude prices to nearly $60 a barrel, levels not seen in over two years, analysts said.

Prices rallied in the third quarter as the Organization of the Petroleum Exporting Countries and non-OPEC producers cut output, and as Harvey knocked out nearly a quarter of U.S. refining capacity. “We see the market over the next six months going well above $60 for a simple reason ... surprisingly good demand,” Adi Imsirovic, head of oil trading at Gazprom Marketing and Trading, told the S&P Global Platts APPEC conference in Singapore.

“We see the market tightening strongly, we see oil moving out of storage quite fast,” he added. The premium of first-month Brent futures over second-month futures is at the highest since April 2016. That market structure, known as backwardation, indicates there is strong immediate demand for oil.

“There are forecasts that demand could pass the threshold of 100 million barrels per day (bpd) of crude and liquids even in the next months or next year,” Eni Trading and Shipping Chief Executive Franco Magnani said at the conference. “Most of the economies in the world are still growing or relatively stable,” he added.

OPEC and non-members led by Russia decided in May to extend oil output cuts by nine months to March 2018 to tackle a global glut of crude that had led oil prices to halve and their revenues to drop sharply over the previous three years. Trafigura, one of the world’s top commodity trading houses, now expects global demand to outstrip demand by 2 million to 4 million barrels per day (bpd) by the end of 2019 as a sharp drop in investments in recent years leads to a decline in output.

What’s taken many in the industry by surprise is strong demand for distillates such as diesel, heating oil and jet fuel. “The big surprise ... has been on the distillate side, where it looks like we will hit 1.6 percent growth,” Matti Lehmus, vice president of oil products at Finnish refiner Neste Oil, said last week at an industry gathering in Brussels.

Global demand growth is higher than that seen in the last couple of years, “coming somewhere close to 1.6 to 1.7 million barrels per day and is driven by distillates”, Janet Kong, BP’s chief executive, supply and trading, Eastern Hemisphere, told the Singapore conference.

Strong fuel demand was compounded by damage caused by Harvey, which hit the U.S. Gulf Coast in August, reducing refining capacity and leading to large-scale fuel stock draws and increased imports. “This is a products-led rally ... Even prior to Harvey, products were driving the (price) rally and were incentivising high refinery runs ... What Harvey did is accelerate a process that was already under way,” said Robert Campbell, head of oil products analysis at Energy Aspects.

Despite strong fuel demand and soaring Brent prices, U.S. crude futures have risen much less, widening their discount against Brent to its widest since August 2015. Jeffrey Currie, Goldman Sachs’ head of global commodities research, said this was in part due to the ability of U.S. shale producers to raise output despite low prices.

Still, to keep up momentum in market rebalancing, OPEC and non-OPEC producers will have to extend output cuts beyond next March, said Nadia Martin Wiggen, senior vice president of markets at Rystad Energy. “If OPEC do not extend their cuts beyond 1Q 18, we would no longer see stock draws from 2Q 18 and we forecast builds from 3Q 18,” she said.

BP starts gas prod. from Khazzan gas field in Oman

Anadolu Agency, *26.09.2017*

BP in conjunction with the Ministry of Oil and Gas of the Sultanate of Oman started production from the Khazzan gas field in Oman, which is operated by BP in partnership with Oman Oil Company Exploration and Production, the British company announced Monday.

“The start of production from Khazzan, BP’s sixth and largest major project start-up so far this year, is an important milestone in our strategic partnership with Oman. With further development already planned, this giant field has the potential to produce gas for Oman for decades to come,”

Bob Dudley, BP group chief executive, said. Phase one of the Khazzan field production is expected to plateau at 1 billion cubic feet of gas per day (bcf/d), and once the second phase is fully up and running, production is expected rise to 1.5 bcf/d, according to BP.

“I am delighted to see BP delivering Phase One of the Khazzan Project within time and budget. This will result in realizing more gas reserves and more production of gas that our country needs to support our energy planning and requirements,” Mohammed Al Rumhy, minister of oil and g as of the Sultanate of Oman, quoted as saying.

Phases one and two will together develop an estimated 10.5 trillion cubic feet of recoverable gas resources, BP added. BP expects to start-up seven upstream major projects in 2017 that are anticipated to make a “significant contribution” to the 800,000 barrels of oil equivalent per day of production that BP plans to add by 2020.

Oil price above $56 at week starting September 25

Anadolu Agency, *25.09.2017*

International benchmark Brent crude decreased by 0.14 percent to $56.34 per barrel on Monday at 06.33 GMT compared to the closing price on Friday of $56.42.

American benchmark West Texas Intermediate (WTI) decreased slightly by 0.26 percent to $50.55 at 06.33 GMT. The number of oil rigs in the U.S. continued their decline this week, according to Baker Hughes data on Friday. Five oil rigs were taken offline in the American oil industry during the Sept. 18-22 period, the oilfield services company’s data showed.

This brought the total number of oil rigs in the country down to 744. In addition, on Friday the price of Brent crude oil reached its highest level since March 1 at $56.91 with the statement revealed after the Organization of the Petroleum Exporting Countries (OPEC)’s meeting on Friday.

OPEC and participating non-OPEC producing countries recorded the highest conformity ever with their voluntary adjustments in production, achieving a level of 116 percent for the month of August 2017, OPEC said late Friday. In May 25, OPEC members agreed to extend their previous agreement by nine more months to March 2018 to lower oil output.

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.

Dennis Gartman turns a little bullish on oil, thinks crude could hit $55

CNBC, *25.09.2017*

Crude oil could hit $55 a barrel, commodities king Dennis Gartman said.

Gartman had been bearish on oil for a long period of time, he said, thinking it would be difficult for crude oil to get through $55. Now, he said, the term structure of oil is "yelling" and "screaming" at him that something is happening. That something is demand increasing and supply decreasing, Gartman said Monday on CNBC's "Fast Money." "So for the first time in a long period of time, I think this is sustainable," he said.

"This is not an impetuous rally. This, I think is a fundamentally driven rally. The futures are telling you something has changed dramatically in that market. There's no question." U.S. crude hit its best closing price in five months and Brent crude oil hit a new 2017 high on Monday.

The one thing that can keep people from being too bullish on the oil market is there are many uncompleted wells out there, Gartman said. If crude hits $55, many of those wells will be turned on for production. "At 55, every E&P producer in the Permian [Basin] and the Eagle Ford will be bringing those ducks, getting them in a row, bringing those ducks back online and producing crude," he said. "If you get through 55, the game has truly changed."

Eni drills new oil well in offshore Mexico

Anadolu Agency, *26.09.2017*

Italian energy giant Eni successfully drilled the Mizton-2 well, in the shallow waters of Campeche bay, offshore Mexico, the company said on Tuesday.

Extensive borehole data acquisition together with a fluid and rock sampling campaign was carried out for the well. As a result, the exploitation of the Mizton field is now estimated to contain 350 million barrels of oil equivalent (BOE) in place.nThis estimate will be included in the development plan of Contractual Area 1 in which Eni has a 100 percent stake. The company has also reevaluated the resource estimates in place for Area 1 to over 1.4 billion barrels of oil equivalent.

In addition, Eni is preparing the development plan of phase 1 of the Amoca field for early production, which is also situated in Area 1. The plan will be submitted for the approval of the local authority, Comision Nacional de Hidrocarburos - CNH), with start-up in early 2019. Eni has been present in Mexico since 2006 and has established its wholly-owned subsidiary Eni Mexico S. de R.L. de C.V. in 2015.

Oil firms do not see a lasting impact from harvey

Oil & Price, *26.09.2017*

Most executives at oil and gas firms don't expect Hurricane Harvey to continue to affect their business six months from now, the Q3 Dallas Fed Energy survey showed.

When asked to what extent they expect business to be negatively affected six months from now by Hurricane Harvey, 62 percent of respondents said "not at all", 30 percent expect to still see their business slightly affected, and the other 8 percent expect business to be moderately or severely affected six months from now. To the question about the impact on the broader energy sector, including midstream and downstream, 55 percent of executives expect Hurricane.

This Harvey is to still have slight negative effects six months from now. Another 24 percent of respondents see the sector experiencing moderately negative effects, 18 percent expect no impact from Hurricane Harvey six months from now, and 2 percent expect the sector to continue to be severely affected.

Texas shale was hit hard by Harvey, taking offline roughly a fifth of US refining capacity, with the biggest refineries in the U.S. curtailing operations. In the upstream, the Eagle Ford took a hit, where operators shut in production. Asked about where they see U.S. crude production at the end of 2018, the average response of 122 oil and gas firms was 9.9 million bpd. More than a third of executives responded exactly 10 million bpd, the Dallas Fed said.

In terms of the general business climate, business activity continued to increase in the third quarter, but at a slower pace, according to the oil and gas executives polled. On average, respondents expect WTI oil prices to be at $50.20 per barrel by year-end, with responses ranging from $40 to $63 per barrel, the Dallas Fed said.

"Domestic production will continue to increase in the $48–$52-per-barrel environment as access to capital will be sufficient to materially maintain capital expenditure budgets at least into the first half of 2018. As trite and overused as the statement has become ... the cure for low oil prices is low oil prices," one executive at an E&P firm said in the comments from survey respondents that the Dallas Fed published.

Announcements & Reports

► *The Middle East Refining Scene and Oil Product Balances*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/middle-east-refining-scene-oil-product-balances/

► *Natural Gas Weekly Update*

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

► *This Week in Petroleum*

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

Upcoming Events

► *International Conference on 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/

► *Tanzania Oil & Gas Congress*

Date : 09 November 2017
Place : Dar es Salaam, Tanzania
Website : http://www.cwctog.com/

► *7th Iraq Oil & Gas Conference*

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

► *International Conference on Energy Engineering & Oil Reserves*

Date : 05 December 2017
Place : Hong Kong
Website : https://www.waset.org/conference/2017/12/hong-kong/ICEEOR/home

► *Iraq Oil & Gas Show*

Date : 05 December 2017
Place : Basrah, Iraq
Website : http://basraoilgas.com/

► *European Gas Conference 2018*

Date : 29 January 2018
Place : Vienna, Austria
Website : https://www.europeangas-conference.com/

► *Egypt Petroleum Show*

Date : 12 February 2018
Place : Cairo, Egypt
Website : http://www.egyps.com/

► *North Africa Petroleum Exhibition & Conference*

Date : 03 March 2018
Place : Oran, Algeria
Website : www.napec-dz.com/NewDefault.aspx?lg=en

► *Kuwait Oil & Gas Summit*

Date : 16 April 2018
Place : Kuwait City
Website : www.cwckuwait.com/

► *International Conference on Petroleum & Petrochemical Economics*

Date : 26 April 2018
Place : Istanbul, Turkey
Website : www.waset.org/conference/2018/04/istanbul/ICPPE