

Turkey's dream of becoming an energy center at risk

Anadolu Agency, 28.11.2017



Projects concerning newly found East Mediterranean gas to be transferred to Europe through Turkey recently had an important place in Ankara's dream of becoming an energy center.

Turkey is not a producer country, but it had been dreaming of becoming an energy center in natural gas and petroleum traffic, benefiting from its geostrategic location between crucial markets. It would thus both ensure its supply of energy security and increase its negotiation power with Europe.

This dream of becoming an energy hub was behind planning for the Ceyhan region in the Mediterranean province of Adana. Meanwhile, imports from northern Iraq have increased, strategic petroleum regions have been identified and gas reserve potential studies have been carried out. TEC, a joint venture that includes the international arm of the state-owned Turkish Petroleum (TPAO) company, was founded in order to increase Turkey's power in international energy production.

But now it is clear that the fallout from the Iraqi Kurdistan Regional Government (KRG) independence referendum process in September has damaged Turkey's regional position in terms of energy. Everyone in the sector knows that when the KRG was ruling Kirkuk – even if only de facto - serious steps were taken in terms of joint tenancy of the region's energy resources. Many say that although Turkey was right to oppose the referendum, its reaction was exaggerated and led to negative developments in terms of the supply of energy security. Experts note that Turkey is the subject of an ongoing multi-billion arbitration case, based in Paris, with the central Iraqi government. The latter filed the lawsuit over Turkey's oil deals with the KRG, and there has so far been no sign that Iraq has withdrawn it.

The first statement made by the Baghdad government after retaking control of Kirkuk was about transferring oil that had headed through Ceyhan in Turkey to Iran through a new pipeline. As a result, Ankara now risks entirely losing out on the oil coming from the region. Although the amount has decreased very much, there is still an oil flow from the region to Turkey. But this flow may stop soon if Iraq's central government and the KRG cannot come to an agreement. The KRG continues to give a certain amount of money to companies that extract the resources, but many are afraid that this money will not be able to be paid soon. If it is not, the private corporations operating there will have to halt production. Newly found East Mediterranean gas to be transferred to Europe through Turkey also took an important place within the dream of becoming an energy center.

However, last week the leaders of Egypt, Greece and Greek Cyprus met in Cyprus to make an initial agreement to bring the gas under the sea through a pipeline to Greece, and from there transferring it to Europe. If this project is carried out, Turkey will be excluded. The underwater pipeline to Greece will be almost twice as expensive as the one that would pass under land through Turkey. But if the gas from the Eastern Mediterranean and the gas from Israel can all come together in the same joint project, the Greece-Greek Cyprus-Israel plan is far from illogical. Considering all this, we must also not forget our troubled relations with the EU and our bad relations with Egypt again come to mind. It seems like Turkey's dream of becoming an energy center has vanished with recent developments. The country's foreign policies must not risk the country's economic and security interests.

TurkStream's offshore section is 30% completed

Anadolu Agency, 30.11.2017



Thirty percent of the offshore construction for the TurkStream natural gas pipeline has been completed, according to South Stream Transport B.V., the project owner of the offshore section late on Wednesday.

The company said that the world's largest construction vessel, Pioneer Spirit, currently completed pipe laying of around 555 kilometers in length for both of the two TurkStream lines. The vessel, which moves at an average speed of 5 kilometers per day, completed this segment of the project in under seven months. "In total 555 kilometers of the pipeline were laid down, equally divided over the two lines.

"Construction of 30 percent of the offshore pipeline section has been realized in less than seven months," the company announced. When complete, the TurkStream project will consist of two offshore pipelines with a total capacity to transport up to 31.5 billion cubic meters of natural gas per year. The company announced that the Pioneer Spirit will now continue construction of the two pipelines that will be laid all the way close to Turkish landfall near the town of Kiyikoy, located approximately 100 kilometers west of Istanbul.

Turkey's energy imports increase by 38.4% in October

Anadolu Agency, 30.11.2017



Country's total imports were nearly \$21.26 billion in October. Turkey's energy imports increased by 38.4 percent to \$3.24 billion in October from \$2.34 billion year-on-year, according to Turkish Statistical Institute's (Turkstat) data Thursday.

The data shows that Turkey's imports in October 2017 totaled \$21.26 billion, out of which energy accounted for nearly 15 percent. Additionally, the country's crude oil imports showed nearly a 5.5 percent increase in October compared to the same period of 2016. Turkey imported approximately 2.28 million tonnes of crude oil in October 2017, up from 2.16 million tonnes for the same period in 2016.

Iraq invites foreign bids for oil, gas blocks in new areas

Reuters, 27.11.2017



Iraq on Monday invited foreign companies to bid for contracts to explore and develop oil and natural gas reserves in nine new blocks as the OPEC nation seeks to boost its output capacity.

"We invite all international companies to participate," Oil Minister Jabbar al-Luaibi told a news conference in Baghdad. "This new exploration bidding round aims to maximise reserves." Five blocks are located at border areas with Iran, three with Kuwait and one is offshore in Gulf waters, a presentation by oil ministry officials at the conference.

Luaibi said the areas had previously been "neglected" because they were the site of conflicts between Iraq and its neighbours in the 1980s and 1990s. The bidding terms will be finalised by the end of May and the ceremony to open the bids will be held on June 21, 2018, the presentation said. The foreign companies' opinions will be taken into consideration when formulating the new contracts, Luaibi said. The terms will be different from previous service contracts, which Baghdad is moving away from because they remunerate companies regardless of oil prices fluctuations. Iraq, OPEC's second-largest producer after Saudi Arabia, depends on oil sales for over 90 percent of its public budget. The country's finances suffered when oil prices collapsed in 2014.

“We are keen to make significant changes to the new exploration model contracts, and to adopt a new commercial and financial model different from the service contract,” Luaibi said, adding the list of qualifying foreign bidders would be announced on Nov. 29. Iraq’s oil output capacity should reach 5 million barrels per day (bpd) by the end of 2017, Luaibi said earlier this year. Its current capacity is about 4.8 million bpd and its production about 4.4 million bpd, in line with an agreement by oil exporting nations to curb output in order to support crude prices.

Senior Iraqi official: Oil prices between \$70-\$75 ideal:

Anadolu Agency, 08.11.2017



Prices between \$70 and \$75 per barrel by the end of the year are optimal for producers, the Iraqi Ambassador said.

“By the end of this year we would like to see prices reach between \$70 and \$75 per barrel,” the ambassador said. The Iraqi Ambassador to Ankara, Hisham Al-Alawi told Anadolu Agency in an exclusive interview ahead of OPEC’s full ministerial meeting on Nov. 30, that the Iraqi government is pleased with the positive outcome from the oil cut decision, and if necessary will support an extension in the upcoming OPEC meeting next Thursday.

OPEC members on Nov. 30 last year unanimously agreed to lower oil production by 1.2 million barrels per day (bpd) down to 32.5 million bpd. This is the first production cut by the organization in eight years, and its first intervention in the global oil market since mid-2014 when oil prices began to fall. The agreement became effective on Jan. 1, 2017. Some OPEC and non-OPEC countries would like to extend the oil cut decision beyond the expiry date of March next year until the end of 2018. “This is important for us. We want to encourage that [extension of oil cut decision], so if there is a practical need to extend the agreement, it is likely that all governments will support it,” he asserted.

He explained that extra revenue from oil sales is much needed in Iraq to reconstruct cities and provinces that were destroyed by Daesh militants over the past three years. “So an increase in oil prices is very welcome, but at the same time we think currently the price is not at the best level,” he stated. He added that diversifying the economy and increasing revenues from other sources is also on Iraq’s agenda. “We are also keen to get support from friends in the region as well. An important conference in Kuwait in February next year will look at how the international community can support the government when it comes to the reconstruction of damaged provinces,” he said.

The extension to the oil cut agreement is expected to help digest a significant part of excessive inventories for the rest of the year. In May 2017, OPEC members unanimously agreed to extend their previous agreement by nine more months to March 2018 to lower oil output. The members agreed to prolong their accord through March 2018, and to continue to lower oil production by 1.2 million barrels per day (bpd) down to 32.5 million bpd. With non-OPEC participants, the oil production cut will see 1.8 million barrels per day (bpd), equal to 2 percent of global production.

OPEC heading for oil cut extension with a caveat

Reuters, 28.11.2017



OPEC and Russia are heading towards prolonging their oil supply cuts for the whole of 2018 but with an option to review the deal in June, OPEC sources said on Tuesday after Moscow expressed concerns the market could overheat.

The recommendation was made by a joint committee of OPEC and non-OPEC delegates including Russia but has yet to be approved by the ministers from the committee and then by a full OPEC meeting on Thursday, two OPEC sources said. Oil prices deepened their two-day decline on the news, which the market could perceive as an extension of production cuts by just three months until June 2018 rather than a full year.

The Organization of the Petroleum Exporting Countries, Russia and nine other producers are cutting crude output by about 1.8 million barrels per day until March 2018, and on Thursday their oil ministers will discuss extending the deal. "It will not be an easy meeting and we always look at various scenarios," United Arab Emirates Energy Minister Suhail bin Mohammed al-Mazroui said on Tuesday in Dubai. Upon arrival in Vienna, he said cutting output through the whole of 2018 was still the main scenario but not the only one.

The market had largely expected OPEC to prolong the cuts until the end of 2018 to prop up prices and clear an excess of global stocks, but doubts have emerged in the last few days. OPEC's leader, Saudi Arabia, has signalled that it wants oil to trade at about \$60 a barrel as the kingdom prepares to list shares in national oil champion Aramco and fights a large fiscal deficit. The Russian government also wants high oil prices ahead of a presidential election in March 2018. But officials in Moscow have voiced worries about pricier oil boosting the rouble, which could undermine the competitiveness of Russia's economy.

U.S. producers aggressively hedged their future production as oil recently rallied, raising fears of another spike in shale output in the United States, which is not participating in the global production curbs. “Russia is on board for the extension,” one of the OPEC sources said following the committee meeting. Goldman Sachs, one of the most active banks in commodity trading and oil producer hedging, said on Tuesday in a note the outcome of the OPEC meeting was uncertain as Brent oil had risen above \$63 per barrel. “The push for a nine-month extension, four months before the cuts end and given an accelerating rebalancing further stands in the face of prior comments that the cuts should remain data-dependent to assess their effectiveness,” the U.S. bank said. Citi, one of Goldman’s main rivals, said it expected major producers to end production cuts sooner rather than later. “OPEC and Russia will both realise they are losing market share and they will be better off going back to a more competitive environment,” the head of commodity research at Citi, Ed Morse, told Reuters.

Why is the OPEC deal suddenly uncertain?

Oil & Price, 06.11.2017



Investors betting on a smooth outcome at the OPEC meeting are in for a rude surprise, according to Goldman Sachs. The investment bank warned that the oil market could be disappointed in a few days because there is a higher degree of uncertainty heading into the talks than there was at previous meetings.

The working assumption is that OPEC and the group of non-OPEC countries will agree to extend the production cuts for an additional nine months, keeping them in place until the end of 2018.

Indeed, at the time of this writing, it appeared that the OPEC joint technical committee was on the verge of recommending as much ahead of the full meeting. But the successful outcome of such a recommendation hinges on Russia, the one party that has been the most hesitant about an extension, at least for such a lengthy duration. Some Russian officials have suggested a shorter extension, while others suggest waiting until the March 2018 expiration date draws near before making a decision. That hesitation flies in the face of the confident and reassuring talk coming from OPEC – particularly from Saudi Arabia and its Gulf allies. This discrepancy increases the odds of a surprise outcome in Vienna.



“We believe the absence of such a consensus is due both to the uncertainty on the progress of the oil market rebalancing as well as Brent oil prices trading at \$63/bbl,” Goldman Sachs analysts wrote in a research note. “The push for a nine-month extension, four months before the cuts end and given an accelerating rebalancing further stands in the face of prior comments that the cuts should remain data dependent to assess their effectiveness.” The investment bank cited several factors that expose the oil market to a sudden selloff. Oil prices are at their highest point in years, undercutting the rationale for an extension; hedge funds and money managers have amassed bullish bets on oil, heightening the risk of a correction to the downside; and the time spreads in the futures market also suggest that the market is already priced in a nine-month extension, opening up the possibility that the market is caught by surprise.

“With the rhetoric not matching the logic for the first time in years, we believe that the outcome of this meeting is much more uncertain than usual,” Goldman analysts concluded. There are a series of other details that raise questions about the conventional wisdom regarding a nine-month extension: OPEC tends to have a bearish bias on oil fundamentals; Russia does not need the extension as much as OPEC; and Russian officials have suggested over the past year that an extension should be data dependent, meaning that they would want to wait before agreeing to such a lengthy extension. The investment bank assumes that OPEC and Russia ramp up production by April 2018, suggesting that even a six-month extension might appear bullish at first blush.

But by mid-year onwards, Goldman predicts that compliance will slip “as OPEC and Russia come to the realization that the New Oil Order is alive and well and that prices have overshot the industry’s marginal cost.” Nevertheless, even though Goldman says the chances of disappointment are much greater than everyone assumes, the investment bank does not predict a massive selloff in prices. The bank believes inventories are tighter than the market believes, and that the fundamentals will continue to push the physical market towards a balance. Moreover, Goldman also is forecasting much stronger oil demand growth than either OPEC or the IEA, with expectations of demand growth of 1.7 million barrels per day (mb/d) in 2017 and 1.6 mb/d in 2018 – cumulatively 0.2 mb/d higher than OPEC’s assumption and 0.4 mb/d higher than the IEA’s forecast. As such, even if there is some short-term volatility, the ongoing improvement in the fundamentals will keep prices from collapsing. Cooler heads might be able to digest that nuance, but if OPEC and Russia fail to extend for nine months, the headlines will surely scream about their failure.

2.4 mln. more oil barrels likely without production cut

Anadolu Agency, 28.11.2017



If the production cut agreement of the Organization of the Petroleum Exporting Countries (OPEC) ends in March 2018, there will be a projected 2.4 million barrels per day (b/d) year-on-year increase in global oil supply for 2018, Macro Oils Vice President at Wood Mackenzie, Ann-Louise Hittle, said in a press release Tuesday.

Thursday's OPEC meeting, Hittle said that during the Nov. 30 full ministerial OPEC meeting, a decision is expected on an extension of the production restraint agreement beyond the current expiry of the end of March 2018.

"Based on the early readings of the OPEC meeting, and statements from Russia's oil minister, it looks as if an agreement to extend to the end of 2018 is nearly concluded after talks ahead of the full session," she noted. If the production cut agreement ends in March 2018, Wood Mackenzie forecasts show a projected 2.4 million barrels per day (b/d) year-on-year increase in world oil supply for 2018 compared with 1.8 million b/d if the production restraint continues through to the end of 2018, she noted. "Without the extension, the larger increase in supply next year would lead to an implied stock build in each quarter of 2018 and put downward pressure on oil prices," Hittle concluded.

Plan underway to subdue Russian gas with German LNG terminal

Bloomberg, 27.11.2017



The old trading city of Hamburg in northwest Germany will soon become the center for a drive in Europe's biggest economy to diversify natural gas imports.

Three partners are forging plans to build a terminal for liquefied natural gas on the shores of the River Elbe, not far from an old nuclear reactor that's fallen victim to the nation's atomic exit. Costing as much as \$600 million, the LNG import facility would be Germany's first and a tool to supplement pipeline supply from Russia and Norway. With the country's last nuclear plant shutting in five years.



The future of coal in doubt and dwindling Dutch gas exports, Germany faces a dilemma how to get stable energy to counter the intermittent nature of its solar and wind plants. With Russia exporting more gas than ever, that kind of dependency risks exposing Germany to price shocks and political gamesmanship. “It might be very useful for Germany, we think it can help the country and the industry to diversify and to have good negotiating tools,” said Marcel Tjihuis, a business development manager at Nederlandse Gasunie NV, one of three companies behind the Brunsbuettel terminal.

The facility would be able to import as much as 5 billion cubic meters per year, or about 10 percent of Russia’s annual deliveries to Germany. Getting LNG directly rather than via the Rotterdam terminal in the Netherlands reduces costs for customers and also adds political clout, Tjihuis said. EON SE as early as 2005 explored building a LNG terminal in Wilhelmshaven on Germany’s North Sea coast. The utility scrapped the plan on cost grounds in 2008, opting instead for a stake in Rotterdam’s Gate LNG.

Koninklijke Vopak NV and Oiltanking GmbH are also partners. The companies will take equal stakes in a legal entity set up in the next few weeks in Hamburg, said Katja Freitag, a spokeswoman. The joint venture will gauge customer interest ahead of a final investment decision in 2019. Operations could start by the end of 2022. Costing between 300 million euros (\$358 million) and 500 million euros, the facility would also offer LNG as a low-emission fuel for ships and trucks, Freitag said. The LNG that arrives in bigger vessels can then be shipped onto smaller vessels sailing down the river to the Hamburg area or via a canal to the Baltics and Scandinavia. And when the fuel is turned back into gas at the facility, it can also be injected into the grid. Germany’s unprecedented shift toward renewables has put gas back in focus as a backup source. Generating power by burning the fuel is profitable again after four years of losses until 2016, according to Bloomberg calculations.

For Brunsbuettel to go ahead, there would need to be a long-term commitment to gas by Germany, according to law firm Baker Botts LLP, an adviser on more than 120 LNG deals globally. The government last year assigned gas a crucial role in meeting its climate goals. The Federal Ministry of Economy and Energy supports private initiatives for the nation’s first LNG terminal, including the current efforts in Brunsbuettel, it said by email. The partners received European Commission approval in July for the joint venture. With Germany’s own fields almost exhausted, the renewable revolution and decline of nuclear has played into Russia’s hands. Germany is the biggest client of state-run export monopoly Gazprom PJSC, with deliveries starting in the 1970s, and Russia is planning a second direct link. Some gas that’s imported into Germany by pipelines from Russia and Norway is shipped on to other nations.

Terminals in northwestern Europe are not used at their full capacity as pipeline gas is cheaper and rising demand in Asia is pulling away cargoes. That hasn’t put off some nations from Greece to Croatia from expanding in LNG as a means to diversification. Russian flows have in the past occasionally been limited or even disrupted during disputes with transit nation Ukraine. Lithuania, which has said it paid the highest price for Russian gas in the European Union, got a 23 percent discount on Gazprom’s supplies just before opening the nation’s first LNG terminal, named Independence, at the port of Klaipeda in 2014. “LNG is a fantastic option for countries to build a real option for gas competition,” Jason Bennett, a Houston-based partner at Baker Botts, said by phone.

Russian Novatek, Japanese partners to establish LNG hub

CNBC, 28.11.2017



Russia's Novatek, Japan's Marubeni and Mitsui O.S.K. Lines signed a trilateral memorandum of understanding (MOU) on Tuesday to establish a LNG complex in Russia's Kamchatka.

Novatek said the MOU defines the parties' intentions and a specific action plan to explore opportunities to establish an LNG transshipment and marketing complex in the Kamchatka region, including investments in this infrastructure project. "One of the main advantages of creating an LNG transshipment terminal at Kamchatka is its close proximity to consumers and the opportunity to ensure flexible sales terms for the key consuming markets of the Asian-Pacific region.

The MOU demonstrates a high market interest and relevancy for this type of project to address market needs," said Leonid Mikhelson, the chairman of Novatek's management board Leonid Mikhelson. Novatek is one of the largest independent natural gas producers in Russia. The company's upstream activities are concentrated in the prolific Yamal-Nenets autonomous region, which is the world's largest natural gas producing area and accounts for approximately 80 percent of Russia's natural gas production and approximately 16 percent of the world's gas production.

Statoil to drill 5-6 wells in arctic Barents Sea in 2018

Reuters, 28.11.2017



Norway's Statoil will continue to drill for oil in the Arctic Barents Sea next year even though its 2017 campaign was mostly disappointing.

Statoil plans to drill between 25 and 30 wells in Norwegian waters in 2018, of which five or six are expected in the Barents and the rest will be split between the North Sea and the Norwegian Sea, which are both located further south. "We have tested a lot of potential there (in 2017), and that potential is gone, but we still believe in the overall potential of the Barents Sea," exploration Chief Tim Dodson told Reuters.



Even though the company failed to make any large Barents Sea discoveries from the five wells drilled in the current year, it did make a small oil find, known as Kayak, and the exploration campaign had a positive overall value for the company, he added. Statoil's plans for 2018 also include at least three wells off Brazil, one off Tanzania, one or two onshore wells in Argentina and one onshore in Russia, Dodson said. He declined to give a number for the overall number of wells to be drilled globally by Statoil next year, but said the company's exploration budget would not change much from 2017. Separately, Statoil's chief financial officer said the company would continue to cut the operating costs of its Norwegian offshore oil and gas business. "We see potential for more efficiency gains next year," CFO Hans Jakob Hegge told Reuters.

Lukoil's profit increases 86.2% from Jan. to Sept. '17

Anadolu Agency, 29.11.2017



Russian Lukoil's profit increased by 86.2 percent between January and September in 2017, compared to the same period of last year, the company announced on Wednesday.

Lukoil said that its profit amounted to around 298.3 billion rubles in the first nine months of 2017. The company's earnings before interest and tax also increased by 11 percent to 607 billion rubles. For the first nine months of 2017, Lukoil's capital expenditure totalled 373.8 billion rubles, up 4.6 percent year-on-year driven by higher upstream investments due to the development of priority projects.

Russia warns global gas oversupply could trigger price ‘crisis’

Reuters, 24.11.2017



Global gas supplies currently exceed demand, a situation that could lead to a “crisis” drop in prices similar to what occurred in the crude oil market, Novak said on Friday.

The current excess supply of natural gas brings risks... of entering into the same crisis that affected oil prices,” Novak said at the Gas Exporting Countries Forum in Bolivia, where top officials of major gas-producing countries have been meeting this week. Gas prices have plunged more than 80 percent in the last decade and remain under pressure due to growing supplies of shale gas and increased availability of LNG that can be shipped overseas.

Novak said the threats to global gas prices underscore the importance of long-term supply contracts, in which producers can be assured a stable price over the course of years instead of being subject to the ups and downs of the market. Russia is the world’s second-largest producer of natural gas, behind the United States. The United States has vastly increased its output of both crude oil and natural gas in recent years as improved drilling technology opened previously inaccessible reserves - a leading reason for a steep drop in petroleum prices.

The GECF, which includes members like Qatar, Iran, Russia and Venezuela, is modeled after the Organization of the Petroleum Exporting Countries (OPEC), whose 12 member nations manage oil supply to control prices. While the GECF has called for increased “cooperation” to defend its gas market, it has not applied production limits as OPEC has done to buoy crude prices.

Ukraine gas imports from Europe up 50%

Anadolu Agency, 25.11.2017



Ukraine's natural gas imports increased by around 50 percent to 11.8 billion cubic meters (bcm) so far this year, Ukrainian state-owned energy company Naftogaz said on Friday.

The company said it bought 7.5 bcm of gas in the 10 months of this year, an increase of 29 percent compared to the same period of 2016. Moreover, the company said that gas was not bought from Russia since 2015 after Russia's annexation of Crimea in 2014. Naftogaz said that it procured imported gas from 13 European suppliers, none of which accounted for more than 30 percent of total gas imports.

However, most of the imported gas came from Slovakia.

Gazprom studies options to link Turkish Stream to Austrian hub via Bulgaria, Serbia

Seenews, 27.11.2017



Russia's Gazprom is looking at the possibility of connecting the Turkish Stream gas pipeline it is building to the Baumgarten hub near Vienna, Austria via the territories of Bulgaria, Serbia and Hungary, according to media reports.

Russia's Nllgazekonomika will conduct a pre-investment study of scenarios to transport gas from Turkish Stream on to European countries. The purpose of the study is to choose the optimal configuration for creating new, and expand existing gas transportation capacity to Serbia, Bulgaria, Hungary and Austria.

Both Serbia and Bulgaria are heavily dependent on Russian gas supplies. Bulgaria imports almost all the gas it needs via a single pipeline crossing Ukraine and Romania. Serbia too has just one gas supply route - from Russia via Ukraine and Hungary. Gazprom, which is building the Turkish Stream gas pipeline, said last week that over 520 km of pipes have already been laid along the two strings of the route. Works are already underway in Turkey's economic zone, the company said in a statement.



The first and second strings of Turkish Stream will have a throughput capacity of 15.75 billion cu m each. Turkish Stream's offshore section will run over 900 kilometers from the Russkaya compressor station near Anapa across the Black Sea to the Turkish coast, with an onshore string for gas transit to be laid up to Turkey's land border with neighbouring countries.

European Bank for Reconstruction and Development acquires stake in Romania's Black Sea Oil & Gas

Seenews, 29.11.2017



EBRD said on Wednesday it has acquired an equity stake in Romania's Black Sea Oil & Gas.

“With this landmark equity transaction, our intention is to support the development of this private upstream oil and gas company in Romania, Matteo Patrone, EBRD Regional Director for Romania and Bulgaria, said in a statement. “We are also committed to providing assistance to Romania in further improving the country's legal and regulatory framework for offshore oil and gas operations and building regulatory capacity for the whole industry,” he added.

An EBRD official said in response to a SeeNews enquiry that the bank cannot disclose the stake or the investment amount. In August, the EBRD said it was considering a \$23.4 million (19.9 million euro) equity investment in BSOG. Backed by the global alternative asset manager Carlyle Group, BSOG's current portfolio consists of the XV Midia Shallow Block and XIII Pelican Block concession in the Romanian Black Sea where it is the operator and holds a 65% interest, the EBRD said in the statement.

According to the statement, BSOG is looking to develop its existing discoveries through the Midia Gas Development (MGD) project, undertake further activities in the Black Sea and pursue further opportunities in Romania as well as in the region. The MGD will consist of five offshore production wells, a subsea gas-production system, an offshore production platform, a 126 km offshore and onshore gas-transmission pipeline and an onshore gas-treatment plant.

Danish law ready to block Nord Stream II in its waters

Anadolu Agency, 30.11.2017



Denmark passed a law that will allow the Danish government to ban Russia's Nord Stream II natural gas pipeline from traversing its waters on Thursday.

According to Danish national media, a unanimous parliamentary session adopted the bill on Thursday morning. The bill will allow foreign, security and defense policy considerations when Denmark is to decide whether energy companies should be allowed to disconnect power cables and pipelines in Danish territorial waters. The latest decision will permit Danish government to decide whether Gazprom's Nord Stream II should be allowed through Danish waters.

Security or foreign policy reasons could be used as an argument in support of the government's ban decision. The entry point of the Nord Stream II gas pipeline into the Baltic Sea will be the Ust-Luga area of the Leningrad Region in Russia from where the pipeline will stretch across the Baltic Sea to Germany. The line's route passes through the Danish island of Bornholm, between Sweden and Poland. The Nord Stream II is a 1,200 kilometer-long pipeline project, which aims to double the existing capacity of the Nord Stream pipeline, which is currently 55 billion cubic meters per year. The project faces resistance from some European countries such as Poland, Denmark and Sweden.

China's gas push bites as winter's arrival brings fuel shortages

Bloomberg, 29.11.2017



China's efforts to boost natural gas demand worked so well sellers are running out of supply just two weeks into winter heating season. Hebei province, home to more people than the U.K., signaled gas shortages of 10 to 20 percent and called on businesses to curtail use when necessary.

Distributors have limited supplies in the northern provinces of Shaanxi and Shandong, according to local reports. One municipal government ordered factories to avoid burning the fuel during peak hours, while natural gas-powered taxis and buses in another city had to line up overnight to fill up.

The fuel pinch is coming as cold winter air is adding an additional layer of heating demand on top of already unprecedented consumption from industrial users pushed by the government to cut dependence on coal and petroleum. Demand has exploded by 19 percent this year, on pace for the highest growth since 2011 and leading Sanford C. Bernstein & Co. to declare the "golden age" of gas in China amid the nation's effort to clear smoggy skies.

"When demand is rising too fast, a supply shortage is inevitable," Shenyuan Ma, a senior vice president at gas distributor ENN Energy Holdings, said Wednesday on the sidelines of Bloomberg New Energy Finance's Future of Energy summit in Shanghai. "There will be gas supply issues this winter." China had already taken steps before winter to try to stave off a supply shortage similar to the one two years ago that forced office buildings in Beijing to cut heating to as low as 14 degrees Celsius (57 degrees Fahrenheit). Liquefied natural gas imports were up 48 percent from the previous year through October, according to customs data. PetroChina Co., the country's largest gas supplier, raised gas prices by 10 to 20 percent from Nov. 1 through March 31 in an attempt to ration use. Those efforts weren't enough to combat a cold start to winter, with heating demand from Nov. 15-20 about 37 percent above the five-year average, Jefferies Group LLC analysts including Laban Yu said in a Nov. 21 report.

Relief isn't on the way yet, with temperatures seen dropping by more than 16 degrees Celsius through Thursday in some areas of north and northeast China, according to the country's National Meteorological Center. "While upstream vendors have raised production to peak levels and also boosted import volumes to the highest level, the supply cannot satisfy the demand growth, resulting in a shortage," Morgan Stanley analysts including Andy Meng said in a Nov. 27 note. "As temperatures continue to drop in December, we believe the gas shortage could be an ongoing issue this winter." Gas inventories entered the winter below last year's level, Yu said, and even though imports and production have increased, it won't be enough to meet surging demand.

“Households and industries have converted coal furnaces and boilers to gas,” Yu said in the Nov. 21 note. “While gas supply has likely increased substantially, we believe cold weather can easily cause a shortage.” Private companies typically can’t access state-owned LNG import terminals during peak winter demand, while purchases from domestic LNG suppliers or from the Shanghai Petroleum & Natural Gas Exchange have been expensive, ENN’s Ma said. The company has an emergency plan in case of shortages that includes limiting supplies to some users, he said without providing details.

Kazakhstan raises its oil production forecast for 2017

Reuters, 28.11.2017



Kazakhstan increased its oil production forecast for this year to 85.5 million tons per annum from 81 million tons, the country’s energy minister said on Wednesday.

The forecast revision of 5.55 percent production increase became possible due to large projects, like Kashagan, Tengiz, and Karachaganak, Kazakhstan’s Energy Minister Kanat Bozumbayev told. Up to November of this year, total oil production reached 71.1 million tons, 11.4 percent more than the same period last year. Natural gas production also increased by 15.6 percent to 43.5 billion cubic meters compared to the same period of 2016.

“Kanat Bozumbayev also noted the plans this year to finish the reconstruction and renovation of the Atyrau oil refinery and the Pavlodar petrochemical plant,” the report said. In addition, Bozumbayev confirmed that the modernization of the Shymkent refinery would be completed in the first half of next year. The Ministry will also continue its cooperation with large subsoil users within the framework of expanding the Tengiz and Karachaganak projects and increasing the capacity for re-injection of gas (Kashagan), aimed at boosting oil production.

US crude oil production continues to increase

Oil & Price, 30.11.2017



The U.S.' crude oil production continued to increase last week, according to the country's Energy Information Administration (EIA) data on Wednesday.

Crude output rose by 24,000 barrels per day (bpd) to reach 9.68 million bpd for the week ending Nov. 24, the EIA data showed. This marked the sixth consecutive week that crude oil production in the country posted an increase. "The sixth consecutive weekly rise in U.S. production will raise further concerns about oversupply next year," Thomas Pugh, a commodities economist at London-based Capital Economics, said in a note.

"Indeed, U.S. output is now up by over 0.9 million bpd since the end of last year," he added. The U.S.' crude oil stocks, on the other hand, decreased by 3.4 million barrels, or 0.8 percent, to 453.7 million barrels for the week ending Nov. 24, according to the EIA data. "This was almost entirely because of a plunge in imports, which was in turn due to disruption to the Keystone pipeline," Pugh said. The U.S.' crude oil imports fell by 544,000 bpd to 7.3 million bpd during the same period, the EIA data revealed.

A leak of approximately 5,000 barrels in the Keystone oil pipeline of the U.S. state of South Dakota, which carries 700,000 barrels of crude a day from Canada to the U.S., almost two weeks ago, resulted in its closure. Its owner and operator TransCanada announced Monday that the pipeline would be back online next Tuesday. The drop in the U.S.' commercial crude stocks, nevertheless, is good news for OPEC, which will hold its semi-annual meeting on Thursday in Vienna. In order to push oil prices higher and bring balance to the global oil market, the cartel is highly expected to extend its production cut agreement beyond March. Some experts, however, argue that both OPEC heavyweight Saudi Arabia and the world's biggest crude producer Russia should also increase the amount of their output cuts in order to trim the glut of global oil supply faster, and counterbalance the rising supply from the U.S.

Keystone pipeline oil to flow to US again Tuesday

Anadolu Agency, 03.10.2017



Crude oil will start flowing again through the Keystone XL pipeline Tuesday after it was shut down earlier this month due to a 210,000-gallon spill in South Dakota.

TransCanada Corporation said Monday in a release that the repair and restart plans “have been reviewed by the Pipeline and Hazardous Materials Safety Administration (PHMSA) with no objections, permitting a safe and controlled return to service of the Keystone System.” But TransCanada said that as a precaution, the restart would be at reduced pressure “to ensure a safe and gradual increase in the volume of crude oil moving through the system”.

The pipeline, which carries crude oil from the Alberta Oil Sands in Canada to Houston, Texas, normally handles 590,000 barrels per day. The spill, which occurred Nov. 16, was the largest in South Dakota’s history. The off-again, on-again TransCanada pipeline has had a controversial history. The company proposed a route through Montana to increase capacity. It was turned down by President Barack Obama in 2015 but reversed by President Donald Trump.

TransCanada also proposed a route through Nebraska, and despite the South Dakota spill, the state gave its approval but threw a wrench into the works when it approved an alternate route. Canadian media reported Tuesday that TransCanada asked that the Nebraska Public Service Commission reconsider its ordered route change. But TransCanada spokesman Terry Cunha said the company is not asking for the route to be reconsidered but rather involves explaining some questions about the change. The Nebraska approval clears away the last hurdle for the Keystone pipeline to carry about 830,000 barrels a day to the U.S. market.

Brazil's giant Libra field comes on stream: Total

Anadolu Agency, 27.11.2017



First oil was produced from the Libra mega-field, located in ultra-deep waters 180 kilometers offshore Rio de Janeiro, in the pre-salt Santos Basin in Brazil.

The Libra field is operated by Petrobras with a 40 percent interest as part of an international consortium whose other partners include Total 20% Shell 20% CNOOC 10% and CNPC 10%. The Pioneiro de Libra' FPSO unit has a capacity of 50,000 barrels of oil, the French giant said, adding this start-up of the early production system will generate revenue while also enabling technical data to be collected to optimize the subsequent development phases.

"Beyond this early production phase, the Libra development will further continue with the next investment decision for the Libra 1 FPSO with a capacity of 150,000 barrels per day," Total said. Total underlined its intention to invest in other production units of similar capacity in the years ahead, in order that the field is developed to its full potential.

ExxonMobil's offshore Canada project produces first oil

Reuters, 28.11.2017



The Hebron oil project off the coast of eastern Canada has produced its first oil, operator Exxon Mobil said on Tuesday, in a boost to Atlantic Canada's output after years of weak crude prices. At its peak Hebron will produce up to 150,000bpd, Exxon said.

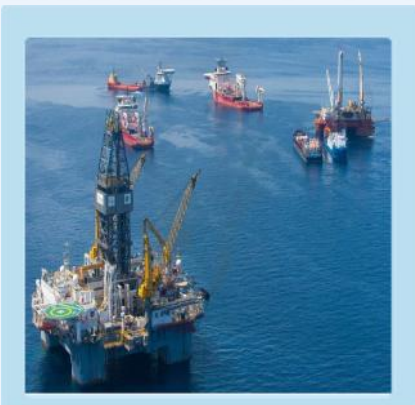
It will help Atlantic Canada offshore production climb 44 percent to 307,000 bpd by 2024, according to estimates from the Canadian Association of Petroleum Producers. The platform is located 200 miles off the coast of Newfoundland and Labrador in depths of 300 feet and the oil field.

First discovered in 1980, is estimated to contain more than 700 million barrels of recoverable resources. “The successful startup of the Hebron project demonstrates ExxonMobil’s disciplined project management expertise and highlights its ability to execute large-scale energy developments safely and responsibly in challenging operating conditions,” Liam Mallon, president of ExxonMobil Development Company, said in a statement. Offshore production is dwarfed by the 2.4 million barrels that comes from western Canada, but first oil from Hebron is still welcome news for the country’s energy industry after foreign oil majors sold off around \$23 billion in Canadian assets this year as a result of depressed prices.

While Canadian crude production is still growing thanks to Alberta’s vast oil sands, forecasts have been scaled back since oil prices started slumping in mid-2014. During Hebron’s eight-year construction process U.S. oil prices collapsed from over \$100 a barrel to as low as \$26. The platform holds living quarters, drilling and production facilities and storage capacity for 1.2 million barrels of oil. It is operated by Exxon’s ExxonMobil Canada Properties, which holds a 35.5 percent stake. Other joint venture partners are Chevron Canada Ltd, Suncor Energy, Statoil ASA and Nalcor Energy, the Newfoundland and Labrador provincial energy corporation.

Brazil’s giant Libra field comes on stream: Total

Anadolu Agency, 27.11.2017



First oil was produced from the Libra mega-field, located in ultra-deep waters 180 kilometers offshore Rio de Janeiro, in the pre-salt Santos Basin in Brazil.

The Libra field is operated by Petrobras with a 40 percent interest as part of an international consortium whose other partners include Total 20% Shell 20% CNOOC 10% and CNPC 10%. The Pioneiro de Libra’ FPSO unit has a capacity of 50,000 barrels of oil, the French giant said, adding this start-up of the early production system will generate revenue while also enabling technical data to be collected to optimize the subsequent development phases.

“Beyond this early production phase, the Libra development will further continue with the next investment decision for the Libra 1 FPSO with a capacity of 150,000 barrels per day,” Total said. Total underlined its intention to invest in other production units of similar capacity in the years ahead, in order that the field is developed to its full potential.

WTI reaches highest level since June 2015

Anadolu Agency, 25.11.2017



West Texas Intermediate (WTI) crude oil price reached its highest level since June 2015 on Friday.

The price of the American benchmark climbed as high as \$59.03 per barrel with a 1.1 percent daily gain. This is the highest level since June 30, 2015, according to official data. The Keystone pipeline, which carries crude oil from Canada to the U.S., caused a leak of approximately 5,000 barrels in the U.S. state of South Dakota last week. The pipeline, which is still not operational, causes a major disruption in crude oil supply in North America and pushes oil prices higher.

Meanwhile, the price of global benchmark Brent crude hit \$64.65 per barrel on Nov. 7 -- its highest level since June 24, 2015. OPEC will hold its semi-annual meeting next week in Vienna. The cartel, along with Russia, are expected to extend the production cut agreement beyond March 2018 in order to trim oversupply in the global oil market. Some analysts, however, argue that extending the agreement would not be enough to increase oil prices. They said Saudi Arabia and Russia should increase their amount of cuts as well to bring balance to the market.

Brent oil price below \$63 before OPEC meeting

Anadolu Agency, 30.11.2017



International benchmark Brent crude traded at \$62.80 per barrel at 06.21 GMT on Thursday prior to OPEC's meeting in which participants are expected to discuss an oil cut extension decision.

Vienna will host the 173rd (Ordinary) OPEC Meeting and the third OPEC and non-OPEC Ministerial Meeting on Thursday, Nov. 30. American benchmark West Texas Intermediate (WTI) traded at \$57.48 barrel at the same time. The U.S.' crude oil production continued to increase last week, according to the country's Energy Information Administration (EIA) data on Wednesday.



Crude output rose by 24,000 barrels per day (bpd) to reach 9.68 million bpd for the week ending Nov. 24, the EIA data showed. This marked the sixth consecutive week that crude oil production in the country posted an increase. Expectations that OPEC producers and Russia will extend their production cut agreement beyond March 2018 have been positively affecting crude oil prices for the past three weeks.



Announcements & Reports

OPEC's Hard Choices

Source : OIES
Weblink : <https://www.oxfordenergy.org/publications/opecs-hard-choices/>

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 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/>

North Africa Oil & Gas Summit

Date : 25 January 2018
Place : Milan, Italy
Website : <https://www.infield.com/exhibitions/north-africa-oil-gas-summit>

European Gas Conference 2018

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



Cameroon Oil & Gas Summit 2018

Date : 02 February 2018
Place : Yaounde, Cameroon
Website : <https://www.cameroonsummit.com/>

Egypt Petroleum Show

Date : 12 February 2018
Place : Cairo, Egypt
Website : <http://www.egypt.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