Oil & Gas Bulletin

▸ *03.08.2018*

Turkey's energy import bill up 36 percent in June

Anadolu Agency, *31.07.2018*

Turkey's energy import bill increased by 36 percent to nearly $3.44 billion in June from nearly $2.53 billion for the same month last year, according to Turkish Statistical Institute's (TurkStat) data released.

The data shows that Turkey's overall import bill reached $18.45 billion last month, with energy accounting for 18.64 percent. The country's crude oil imports showed a 10.7 percent decrease over the same period compared to May 2017, TurkStat said.

Turkey imported approximately 1.83 million tons of crude oil last month, down from 2.05 million tons for the same period last year.

Turkey's Botaş hikes natural gas price for power generation by 50 pct

Reuters, *01.08.2018*

Turkey's state pipeline operator Botaş will hike the price of natural gas used for electricity production by 50 percent as of Aug. 1, sources said.

The price hike was "inevitable" due to a weaker lira pushing oil and natural gas prices higher, as Turkey is mostly dependent on energy imports, energy sources told Reuters. Earlier on July 31, the central bank hiked its crude oil price assumption to $73 from $68. The increased natural gas prices are based on an exchange rate of 4.86 lira to the dollar.

However, the payments of producers will be calculated based on the official spot rate of the payment day, the sources said. Botaş said later on July 31 it had raised natural gas prices for residential use by 9 percent effective Aug. 1. Also on July 31, the energy regulation authority raised electricity prices by 14 percent for industrial use and by 9 percent for residential use effective Aug. 1, the country's Official Gazette said. Almost a third of Turkey's total 293 billion megawatt power production came from natural gas power plants in 2017.

The price of natural gas for producers rose to 1,312 lira ($267) per 1,000 cubic metres, sources told Reuters. Turkey's decision to raise natural gas and electricity prices are expected to have around a 35-40 basis point impact on annual inflation, economists said on Aug. 1, a day after the central bank announced a revised annual inflation forecast of 13.4 percent.

Turkey slams Israeli, Egyptian ambassadors over support for unilateral Cyprus Island gas exploration

Daily Sabah, *30.07.2018*

The Turkish Foreign Ministry slammed the Israeli and Egyptian ambassadors accredited to the Greek Cyprus late Monday for supporting the Greek side's unilateral hydrocarbon exploration in the eastern Mediterranean at a recent conference, urging the diplomats "not to exceed their authorities."

The ambassadors of both countries threatened Turkey last week with "military intervention," with Israeli ambassador Sammy Revel saying.

"I hope Israel will not have to carry out a military intervention against Turkey" over Turkey's reaction against south Cyprus' unilateral gas exploration activities. Egyptian ambassador Mai Taha Muhammad also threatened to use military force against Turkey "if needed." U.S. ambassador Cathleen Doherty also voiced support for both of the diplomats, claiming that Turkey's attitude over the matter was "unacceptable." Calling the ambassadors' remarks, which supported the unilateral drilling being conducted by the Greek Cypriots in the Mediterranean, "unwarranted", the ministry said it was "unacceptable" that the Greek Cypriot side continued to act as it was "the sole owner of the Island" all the while "a just and lasting settlement" remains to be achieved. "With these activities, the Greek Cypriot side disregards the inalienable rights on natural resources of the Turkish Cypriots, who are the island's co-owners," he added. Aksoy said this attitude is far removed from any spirit of compromise and demonstrates that the Greek Cypriot administration has failed to grasp the win-win potential for economic cooperation that could result from a settlement that both the Turkish Cypriot side and Turkey have been making the "utmost" effort to achieve.

“The authorities of the Turkish Republic of Northern Cyprus (TRNC) and Turkey have, from the very beginning, been issuing the necessary warnings with regard to these irresponsible steps taken by the Greek Cypriot administration and voicing their justified concerns and indignation,” Aksoy said. He said Turkey is determined to protect the rights and interests of Turkish Cypriots and to continue supporting them. Aksoy added that Turkish Foreign Minister Mevlüt Çavuşoğlu, at a joint press conference last week during his visit to the TRNC with Turkish Cypriot President Mustafa Akıncı, once again openly stressed Turkey’s determination to protect the rights of the Turkish Cypriot people. Greek Cyprus has been divided since 1974 when a Greek Cypriot coup was followed by violence against the island’s Turks, and Ankara’s intervention as a guarantor power. It has seen an on-and-off peace process in recent years, including the latest initiative in Switzerland under the auspices of guarantor countries Turkey, Greece and the U.K., collapsing in 2017.

Turkey blames the Greek Cypriot intransigence for the failure of the talks, also faulting the EU for admitting the Greek Cypriot administration into the union in 2004 although Greek Cypriot voters had recently rejected a peace deal. Greek Cyprus has been trying to exclude the Turkish Republic of Northern Cyprus (TRNC) and Turkey, which has been conducting seismic surveys in the area and exercising its legal rights in accordance with international maritime law. The government in the south of the island has repetitively and unilaterally commissioned international energy giants like Italian ENI and French Total for hydrocarbon exploration. Ankara’s reactions and measures in the area have previously prevented these moves since it considers them to be a violation of the sovereign rights of Turkish Cyprus. Turkey argues that it is protecting the rights derived from the international maritime law by preventing any unwarranted exploration in the area. According to the international maritime law, national territories have a continental shelf up to 200 miles while the islands have territorial waters extending up to 14 miles and some of these blocks; for instance, Block 6 in the unilaterally declared exclusive economic zone (EEZ), corresponds to Turkey’s continental shelf. In 2011, the Turkish Cypriot government called on the southern administration to cease operations run by multinational energy companies like Noble Corporation in the EEZ, whichhad been single-handedly declared without the inclusion of the north in previous negotiations. Turkey’s seismic vessel Barbaros Hayreddin has been conducting surveys in the region since 2015 when the two sides signed an agreement that gives Turkey exploration rights for 30 years.

Turkish Tekfen, Saudi Aramco sign $590M agreement

Anadolu Agency, *31.07.2018*

Turkish construction company Tekfen and Saudi oil company Aramco have signed a construction agreement, Tekfen announced on Monday.

Under the $590 million deal, Tekfen will build satellite gas compression plants pipelines for the Haradh Gas Increment Program. The Haradh Gas Plant, established in 2003, is a giant energy project located in eastern Saudi Arabia. With the expansion project, its total daily gas production is expected to rise by more than one billion standard cubic feet.

"The duration of the project will be 33 months," the company said on Turkey's Public Disclosure Platform. Turkey's Tekfen Construction, established in 1956, is active in several construction areas, including heavy civil work, refineries, petrochemical plants, pipelines, marine structures, and electrical work in Turkey, the Middle East, North Africa, Asia, and Europe.

Iraq to take over development of Mansuriyah gas field, Nassirya oilfield

Reuters, *31.07.2018*

Iraq will develop its Mansuriyah gas field near the Iranian border using state-run firms after the "delay and failure" of international companies to resume work at the field.

Iraq's Oil Minister Jabar al-Luaibi has ordered the state-run companies of the oil ministry to develop Mansuriyah gas field, Oil Minister Jabar said in a statement. In 2011, Iraq signed a deal with a group led by Turkey's state-owned TPAO and including South Korea's Kogas and the Kuwait Energy Company to develop the field in its volatile Diyala province.

In September 2017, Luaibi asked TPAO to resume work after it halted operations in 2014 due to security concerns after Islamic State militants overran large parts of Iraq. Ministry officials said TPAO failed to resume development work despite repeated requests from the government. Iraqi security officials say small groups of militants, which hide in mountainous areas of the province, are still capable of launching hit-and-run attacks against security forces and power installations in the area. “We need to start gas production from Mansuriyah to feed the power stations and cope with electricity shortages,” said an oil ministry official who is a part of a team overseeing Iraq’s gas production. Iraq is planning to produce up to 100 million cubic feet a day (mcf/d) in a year, which should gradually rise to 325 mcf/d in “coming years”, he said.

Oil Ministry spokesman Asim Jihad said having state firms develop Mansuriyah will help to produce gas needed for a nearby power station and cut fuel imports which burden Iraq’s budget. Widespread electricity outages during the hot Iraqi summer and poor government services have sparked protests in the long neglected south, Iraq’s Shi’ite Muslim heartland. Oil Minister Luaibi has also ordered the state-run Dhi Qar Oil Co. and the state-run Iraq Drilling Co. to develop the Nassiriya oilfield in the south of the country, an oil ministry statement said on Tuesday. Iraq has budgeted $140 million to raise production from Nassiriya, which has more than 4 billion barrels in reserves, from the current 90,000 barrels per day (bpd) to 200,000 bpd in a year’s time, said the statement. Iraq has failed to lure investors for the project, which includes building a refinery to process crude from the region. Gas recovered from the refinery would be used to supply power stations or for export.

Professional associations protest gas deal with Israel

Jordan Times, *25.07.2018*

The Professional Associations Council on Wednesday organised a demonstration in Irbid, protesting the ongoing construction work on the Israeli pipeline in Jordan, through which supplies are expected to begin in 2020, according to official sources.

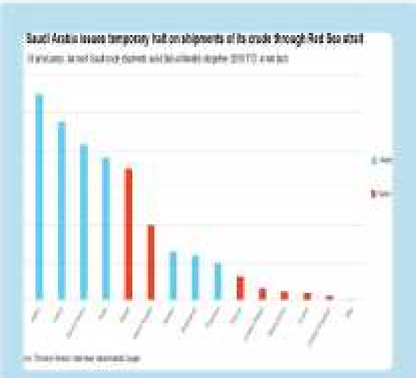
Jordan is currently building a 65-kilometre pipeline which will link Jordan’s north to Israel’s border, Director General of the National Electric Power Company (NEPCO) Abdel Fattah Daradkeh previously told The Jordan Times, adding that the pipeline will be in Mafraq, distributing gas to the power plants across the Kingdom to generate electricity.

He added that the pipeline will be finalised by the end of 2019 and the gas is expected to arrive in Jordan in 2020. Ali Obous, president of the Professional Associations Council, told The Jordan Times that the “pipeline does not serve the country’s interest in any way; is stolen gas and we have energy sources to invest in instead, such as solar energy and oil shale oil”. “It is our duty as Jordanians to reject such project with Israel, as it is not only unnecessary but also unethical,” Obous said. “The Arab world exports energy to the world… how is it possible that an Arab country is now importing gas from Israel with $10 billion to fund the Zionist entity’s terrorism”.

Hisham Bustani, head of the Jordanian National Campaign Against Gas Agreement with the Zionist Entity, said their movement and the associations voice Jordanians’ rejection of the gas pipeline project with Israel. “The government will be using Jordanians’ money to fund the atrocities committed by the Zionists,” he added. “There should be a unified stance from Jordan. The government condemns the violations committed in Jerusalem; simultaneously, we are buying Israeli gas for 15 years. Aqaba’s port is exporting gas to Egypt, which shows that we do not need the stolen gas,” he added. Wondering why the Treasury is willing and capable of “funding Israel and not Jordanians”, Bustani added “Jordan’s security and economic growth will be in the hands of our enemy.” Ahmad Z’ubi, president of the Jordanian Engineers Association, said Jordanian engineers are able to find energy alternatives if they are given the chance. “We are all partners in this country, and if the government invested in Jordanian engineers, we [could] start local investments in the energy sector and build projects that would benefit our economy and our youth,” he told The Jordan Times. “We can safeguard our country from dependency and occupation by constructing a national project that would serve Jordan’s interest,” Z’ubi said. In September of 2016, NEPCO signed a 15-year agreement with Noble Energy, a Houston-based company that holds the largest share in the Israeli Leviathan Gas Field, to purchase $10 billion worth of natural gas supplies. The government said the deal would save around JD700 million annually of Jordan’s energy bill.

Saudi Arabia halts oil exports in Red Sea lane after Houthi attacks

Reuters, *25.07.2018*



Proposals for a pipeline linking Cyprus Island to Israeli offshore fields are not deterring the island from plans to install an FSRU. Saudi Arabia said on Thursday it was suspending oil shipments through the Red Sea’s Bab al-Mandeb strait, one of the world’s most important tanker routes, after Yemen’s Iran-aligned Houthis attacked two ships in the waterway.

Brent futures rose 19 cents to $74.12 a barrel by 1305 GMT, extending their rally into a third day but slipping from a 10-day high in earlier trading. [O/R]

Saudi Arabia and arch-foe Iran have been locked in a three-year proxy war in Yemen, which lies on one side of the Bab al-Mandeb strait at the southern mouth of the sea, one of the most important trade routes for oil tankers heading from the Middle East to Europe. The Houthis, who have previously threatened to block the strait, said on Thursday that they had the naval capability to hit Saudi ports and other Red Sea targets. Iran has threatened to block another strategic shipping route, the Strait of Hormuz. Saudi Energy Minister Khalid al-Falih said the Houthis attacked two Saudi oil tankers in the Red Sea on Wednesday, one of which sustained minimal damage. “Saudi Arabia is temporarily halting all oil shipments through Bab al-Mandeb strait immediately until the situation becomes clearer and the maritime transit through Bab al-Mandeb is safe,” he said.

It was not clear if a Saudi-led military coalition would take additional security measures or impose further restrictions on imports to Yemen, which is struggling with the world’s most urgent humanitarian crisis. A senior oil source said Saudi Arabia had already beefed up oil security and that all crude vessels in the area are accompanied by security ships. Saudi crude exports through Bab al-Mandeb are estimated at around 500,000-700,000 barrels per day (bpd), according to analysts and Reuters data. Most Gulf oil exports that transit the Suez Canal and SUMED Pipeline pass through the strait. The commander of Iran’s Revolutionary Guards Quds force, Qassem Soleimani, criticised the U.S. role in the Red Sea. “The Red Sea, which was secure, is no longer secure with the American presence ... (U.S. President Donald) Trump should know that we are nation of martyrdom and that we await him,” Soleimani was quoted as saying on Thursday. Industry and shipping sources said the suspension was unlikely to impact Saudi crude supplies to Asia, but could add shipping costs to Saudi vessels heading to Europe and the United States due to a longer transit.

Traders said the suspension order was only for Saudi-owned vessels, so state-owned Saudi Aramco could still charter foreign ships to move its crude. Saudi Arabia also has a pipeline route to the city of Yanbu on the Red Sea keeping Europe and North America well supplied — the 5-million-bpd Petroline. The world’s largest oil exporter has kept its crude shipments flowing during previous regional conflicts, including the 1980-1988 Iran-Iraq war when the two sides sought to disrupt each other’s oil exports in what was known as the Tanker War. The OPEC heavyweight, a key U.S. ally, has led a pact among oil producers to boost output to cool the market after Trump imposed sanctions on Iran and criticised OPEC for high prices. Saudi state media reported shortly after Falih’s announcement that the kingdom’s Crown Prince Mohammed bin Salman chaired a meeting of the Political and Security Affairs Council but did not mention what topics were discussed. Saudi Arabia leads a coalition of Sunni Muslim Arab states which intervened in Yemen’s war in 2015 to restore the internationally recognized government in exile and thwart what Riyadh sees as Tehran’s expansionist ambitions in the region.

Saudi Arabia and the United Arab Emirates backed Trump’s decision to quit a nuclear deal with Iran. They accuse Iran of supplying the Houthis with weapons including missiles, which the group and Tehran deny. The latest attack on Saudi oil tankers could strengthen the Arab states’ position ahead of possible U.N.-sponsored peace talks between Yemen’s warring parties, which aim to avoid an all-out assault on the country’s main port city of Hodeidah. The Western-backed military alliance launched an offensive on June 12 to wrest Hodeidah from the Houthis in a bid to cut off the primary supply line of the movement, which holds the most populated areas of Yemen including the capital Sanaa. But the alliance did not make major gains and on July 1 it halted operations to give the United Nations a chance to resolve the situation in Hodeidah and the wider conflict which has killed more than 10,000 people. “The only way forward is to get Hodeidah. What we are planning to do is give diplomacy every possible chance to secure that,” Anwar Gargash, the UAE’s minister of state for foreign affairs, said in London. The United Nations fears that cutting off Hodeidah may trigger a famine in Yemen, where around 8.4 million people are believed to be on the verge of starvation. The United Nations says the Houthis have offered to hand over management of the port to the world body, but the Saudi-led coalition says that the Houthis must quit the western coast. One of the coalition’s main justifications for intervening in Yemen was to protect shipping routes such as the Red Sea. It has said it foiled previous attacks there in April and May. The Bab al-Mandeb strait is only 18 miles (29 km) wide, making hundreds of ships potentially an easy target. The U.S. Energy Information Administration said an estimated 4.8 million bpd of crude oil and products flowed through it in 2016.

Here’s how Egypt could become a major gas exporter

National Interest, *30.07.2018*

Geography remains a significant factor in global energy politics. Nowhere is this more evident than in the case of energy-hungry Europe and gas-rich Russia.

U.S. President Donald Trump made this point during his July 2018 European trip. The U.S. leader criticized Germany over its Baltic Sea gas pipeline deal with Russia, calling the leading European power “a captive to Russia.” The observation did little to warm trans-Atlantic relations. However, a development in the waters off Egypt’s northern coast could offer a new option for energy-hungry Europe.

In late June 2018, it was reported that a massive natural gas field, Noor, was discovered by Eni, Italy’s major energy company, off the coast of North Sinai. Although the initial claims of Noor’s size could be overstated (as an exploratory well is not expected to be completed until August), there is a likelihood that Egypt’s offshore gas potential is substantial, perhaps game-changing. The estimate of Noor is 90 trillion cubic feet (tcf) of proven reserves, which would take the country’s proven reserves from 65.2 tcf (in 2016 according to British Petroleum) to 155.2 tcf, which would put it on a par with Algeria and Nigeria, but still behind gas giants Qatar, Iran, Russia and the United States.

Combined with the earlier discovery of the Zohr gas field in 2015, Egypt is expected to once again return to being a net gas exporter in 2019. The discovery of a large gas field is important news for Egypt. The country has struggled through the ouster of the autocratic government of Hosni Mubarak in 2011, a brief democratic experiment that brought to office a Muslim Brotherhood government in 2012 and a military coup in 2013. In 2014, General Abdel Fattah al-Sisi came to power, seeking to keep Egypt out of the hands of the Muslim Brotherhood and to stabilize an economy that had gone into a serious disequilibrium.

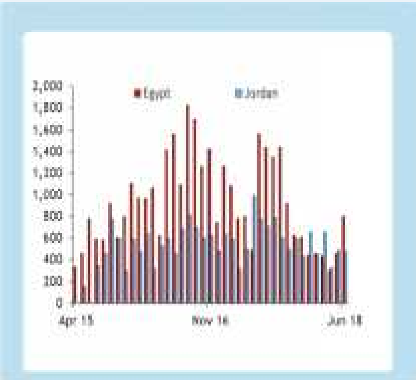
Years of political turmoil did much to put the Egyptian economy off track. Economic growth cooled considerably, inflation remained high, foreign investment fled, the fiscal deficit widened to dangerous levels (well over 10 percent for several years running), and gross international reserves dipped below three months coverage of imports of goods and services. Furthermore, unemployment rose from 9.2 percent in 2009/10 to a peak of 13.4 percent in 2013/14. Additionally, assistance was required from the International Monetary Fund (IMF). As of 2018, the Egyptian economy is regarded to be on a path of stabilization with GDP growth recovering, inflation moderating further and fiscal consolidation on track. International reserves also have recovered from their lows. Although considerable progress has been made, there remain substantial challenges. According to the most recent Article IV Report by the IMF, more work needs to be done “to reform the regulatory framework, strengthen competition, improve access to finance and land, strengthen governance, transparency, and accountability of state-owned enterprises, and better integrate women and youth in the labor market.” Another point of concern is Egypt’s chronic trade and current deficits. In 2016/17 the trade deficit was equal 11.2 percent of GDP and the current account deficit was 6.1 percent of GDP. An additional economic factor is the large size of Egypt’s population, which according to the World Bank stood at 95.7 million at year-end 2016. For the economy to create enough jobs it needs a relatively strong pace of growth. In 2017 real GDP growth was 4.2 percent, with 5.0 percent being forecast by the World Bank for 2018. Although the pace has accelerated, faster growth is needed.

It is through these economic lenses that the Noor gas field discovery must be seen. Lower oil prices will help the domestic economy, while gas exports will help the trade and current account balances. At the moment, Eygpt’s natural gas exploitation is geared to a hungry domestic energy market. For instance, more than three-quarters of the country’s energy comes from gas-fired plants and power consumption was up 14 percent in 2017. Fortunately, Egypt has developed the infrastructure for gas: it has two liquefaction terminals built along the northern coast. This is critical infrastructure for the transformation of gas into liquid, which can then be shipped. While this is a major positive for Egypt in developing its natural gas business, it also could potentially complicate Eastern Mediterranean energy politics. In February 2018, a $15 billion agreement was put in place between Israeli gas exporters and an Egyptian company, Dolphinus, which allow Israel to use Egypt’s liquefaction plants. This would provide an outlet for Israel’s offshore Leviathan gas field. Israel is already a gas exporter to Jordan but does not have a liquefied natural gas (LNG) plant. The price of constructing such a plant could be massive. Consequently, Egypt’s underused plants were seen as a possible solution; Israel could export its natural gas to Egypt and possibly then ship it to Europe. At the same time, Greek Cyprus, which has made its own discoveries of natural gas, but also lacks a liquefaction plant, was looking to Egyptian companies to help. Moreover, also under discussion was a plan to develop a pipeline that would link Egypt, Greek Cyprus, Israel, Greece and Italy.

The Noor discovery has added a new element into the picture. The question for Egypt is, does it now need to link up with Israel and Cyprus Island? Noor gives Egypt greater flexibility in dealing with its neighbors as that discovery and other gas projects could meet domestic demand and add to the country's export base. At the same time, there are gains to be had by maintaining cooperation with Cyprus Island and Israel on the gas front. As international oil economist and a consultant for the World Bank, Mamdouh G. Salameh, noted in early July 2018, "As an international gas trading hub, Egypt will also earn a royalty from converting Cypriot, Israeli and eventually Lebanese and Syrian natural gas into LNG and have it re-exported along with its own LNG either to Europe or most probably to the Asia-Pacific region where the demand for LNG is growing by leaps and bounds." Egypt is not an immediate alternative to Russian natural gas for Europe. However, some of the pieces are already in place and more are following to make Egypt a major natural gas hub for the Eastern Mediterranean, with an intricate network of potential producers, including Greek Cyprus and Israel and perhaps over the long term, Lebanon and Syria. There are considerable hurdles to be overcome, including Egypt's decision to go it alone or with partners, Turkey's resistance to Greek Cyprus' development of its offshore fields, and the need for some degree of political stability in Syria. One thing is certain—it is better to build bridges between countries by gas diplomacy than going to war. The development of an Eastern Mediterranean oil hub, built up around Egypt, would go a long way to build bridges by strengthening regional energy linkages.

Egypt to restart gas exports to Jordan next January

Energy Egypt, *25.07.2018*



Jordan will resume pipeline gas imports from Egypt in January, likely curbing Jordan's LNG demand and potentially halting receipts by 2020.

Flows from Egypt to Jordan on the 10bn m³/yr Arab Gas Pipeline (AGP) will resume on 1 January at 35mn ft³/d (1mn m³/d), a Jordanian government official said. Egyptian state-controlled Egas had been planning to resume pipeline exports to Jordan in 2019, although it has not given information on the volumes. Jordan has since 2015 been exporting gas to Egypt through the reversed AGP.

And it is expected to supply gas to Egypt again during the peak demand period in August-September this year, the government official said. Based on the difference between Jordanian demand and the country’s LNG demand, Jordanian deliveries to Egypt last year would have been around 1.75mn-3.17mn m^3/d. Domestic demand was between 300mn-350mn ft^3/d (8.49mn-9.91mn m^3/d), the official said. And the 5.2mn t/yr Aqaba terminal received 7.37mn m^3 of LNG in 2017, judging by vessel size, equivalent to around 11.7mn m^3/d of pipeline gas. Ending Jordanian exports and importing at 1mn m^3/d from Egypt through the AGP would equate to Jordan requiring 8-14 fewer standard-sized cargoes per year, assuming similar demand to 2017. Jordan received 47 cargoes in 2017. Egypt used to supply gas to Jordan under a 2.47bn m^3/yr long-term contract with Jordanian state-owned power utility Nepco, but flows were repeatedly halted from 2011 onwards. The initial halts on flows resulted from attacks on the pipeline. But flows subsequently fell below the contractual volume and were ultimately halted as Egyptian domestic production failed to keep pace with rising consumption. The pipeline switched to reverse flows towards Egypt from 2015.

Egypt was importing some of the regasified LNG delivered to Aqaba, under an agreement from August 2015. These imports were a share of the cargoes that Egypt had requested be delivered to the Aqaba terminal. Nominating deliveries to Jordan was partly compensation for Egypt halting its own pipeline exports. Egypt also supplied electricity to Nepco through the power interconnector linking the two countries during the disruption in gas exports in 2011. It was unclear whether Egypt still owed Jordan any compensation for the disruption in flows. Israeli gas to displace more LNG by 2020. Jordan will likely be able to completely halt LNG imports by 2020 even if Egyptian flows remain below the contractual volume of 6.8mn m^3/d, provided that Israeli gas from the 620bn m^3 Leviathan field reaches Jordan on schedule. A pipeline between Israel to Jordan is scheduled to be completed by the end of 2019, which would allow the company to receive first gas from Israel’s Leviathan field when this starts production in early 2020. The agreed volumes of Israeli gas may be sufficient to meet Jordan’s domestic consumption. Nepco has a contract with Noble Energy for 300mn ft^3/d (8.49mn m^3/d) — with a minimum take-or-pay obligation set at 75pc of the contractual volume, equivalent to about 6.37mn m^3/d. And Nepco can request to increase supplies up to 350mn ft^3/d (9.91mn m^3/d), although Noble Energy has no obligation to supply the additional volume.

Even with Egyptian flows remaining below contractual volume, this would be sufficient to meet Jordan’s domestic demand, which has been growing less than expected in recent years, the government’ official said. Jordan’s gas demand is almost entirely for generating electricity, with a minimal volume of gas — not exceeding 4mn ft^3/d (113,000 m^3/d) — being consumed by an industrial site, the government official said. Jordan’s gas demand may increase in the long term as the country plans to build a desalination plant in Aqaba and a distribution grid for bringing gas to households, but these projects are still in their early stages, the official said. Jordan aims to become the region’s electricity hub. Jordan is planning to become an electricity hub for the region, which may support power sector gas demand in the long-term. Jordan has already more generating capacity than it needs, which will allow the country to become an electricity hub for the Middle East region, chief executive of project developer Panmed Energy Shermine Dajani said.

Jordan has 4GW of conventional power generation capacity, with an average efficiency of 43-44pc. All this capacity is gas-fired, although part of it can also run with fuel oil. The country also has 700-800MW of renewable generation capacity and is aiming to expand this to 2.4GW by 2020, Dajani said. Jordan's peak electricity demand is around 3.3GW. This would allow Jordan to export electricity to neighbouring countries through the existing and planned interconnections, Dajani says. Jordan has a power connection with Egypt and has recently signed an initial agreement aimed at building a similar interconnection with Saudi Arabia, Dajani said. The country is also planning to build a similar interconnection with Iraq, she added. Jordan has also a single-line interconnection with Syria, but there has been no power flows since Syrian civil war started in 2011.

Ukraine has 12.7 bcm of gas in storage, shows data

Economic Times, *30.07.2018*

Ukraine had 12.7 billion cubic metres (bcm) of gas in storage as of July 28 compared with 13.01 bcm at the same date in 2017, data from gas transport operator UTG showed.

Ukraine is seeking to store at least 17 bcm of gas in readiness for the winter season which starts in mid-October, the government said last week. For the past heating season from October to April, Ukraine had 16.8 bcm of gas in reserve. Ukraine consumed 32.2 bcm of gas in 2017 and imported 14.1 bcm. Ukraine, which used to rely on Russian gas imports has not bought gas directly from Russia since November 2015 and instead now imports from Europe.

Relations between Russia and Ukraine have suffered since Russia's annexation of Crimea in 2014.

Nord Stream gas pipeline resumes ops. as scheduled

Anadolu Agency, *30.07.2018*

The Nord Stream offshore natural gas pipeline, which connects Russia and Germany via the Baltic Sea, resumed operations on Monday, the Nord Stream AG company said.

All planned maintenance works on the Nord Stream twin gas pipelines have been successfully concluded within the scheduled time frame, the company announced. Maintenance shutdown began on July 17, the company said, adding that "gas transmission resumed on Monday and the full capacity of both pipelines is now available again." "For the sixth consecutive year.

Our operations and maintenance teams as well as our contractors have done an excellent job. Nord Stream AG has completed all maintenance activities as planned and on time. This annual interruption of gas transportation ensures that Nord Stream maintains on the long run the highest standards of safety and reliability. This enables us to contribute to secure energy supply in Europe," Nord Stream AG's Maintenance Director Olivier Escola said. The Nord Stream pipeline transmits around 55 billion cubic meters of natural gas per year.

Oil, gas discoveries up nearly 30 percent in first half of 2018

Anadolu Agency, *30.07.2018*

Global discoveries of conventional oil and natural gas were up nearly 30 percent in the first half of 2018 compared to last year, according to a recent analysis by Oslo-based Rystad Energy, an independent energy research and business intelligence company.

The figures released last Friday reveal an "exciting recovery" with discovered resources already surpassing 4.5 billion barrels of oil equivalent (boe) in the first half of 2018. "The average monthly discovered volumes year to date are estimated at 826 million boe.

It is up approximately 30 percent compared to 625 million boe in 2017," the company said in a press release. The analysis found Guyana was the leading country in terms of total discovered resources in the first six months of the year, followed by the U.S, the Greek Cypriot Administration of Southern Cyprus, Oman and Norway. "These five countries hold three-fourths of the total resources discovered this year," it said. According to the report, the biggest offshore discovery to date this year is believed to be the Eni-operated Calypso gas find offshore the divided island of Cyprus in the Mediterranean with 674 million barrels of oil equivalent (mmboe). The largest onshore discovery, a gas condensate find of 628 mmboe, was reported on Oman's Mabrouk North East prospect, operated by Petroleum Development Oman, it added. According to the statement, ExxonMobil's spate of oil discoveries continue in Guyana's Stabroek block with three major oil discoveries reported in 2018 - Ranger, Pacora and Longtail.

These three are estimated to hold together almost 1 billion barrels of oil or more, it said, adding these finds followed previous major discoveries on the block at Liza, Payara, Snoek and Turbot. In the U.S., Chevron and Mobil discovered significant oil resources at Ballymore and Dover prospects in the Norphlet play in deepwater Gulf of Mexico, the statement said. Chevron's Ballymore holds 560 mmboe, whereas Mobil's Dover prospect holds 190 mmboe, the data revealed. "In the Norwegian Sea, significant discoveries were reported by OMV and Wintershall in the Aasgard and Aasta Hansteen area respectively, with combined recoverable resources close to 240 million boe," the statement said. In the North Sea, Aker BP and Equinor made the other two discoveries, which together added 75 million boe, it added. According to Rystad Energy, the discovery trend is expected to continue in the second half of the year "backed by ongoing exploration in emerging offshore provinces and many promising high-impact wells targeting potential resources in the millions". Espen Erlingsen, head of Upstream Research, said an uptick of 30 percent from the "abnormally low" levels in 2017 might seem encouraging, but exploration and production players were currently facing a low reserve replacement ratio, on average of less than 10 percent. "This is worrisome considering the impact on global oil supply in the long term," he added.

France, Iberia aim for more energy cooperation

Reuters, *30.07.2018*

France, Spain and Portugal agreed on Friday to increase the links between their energy networks, aiming to reduce the Iberian peninsula's isolation from European electricity and gas markets and to boost energy security.

At a summit in Lisbon, the leaders of the three countries pledged to boost alternative energy sources and routes, including liquified natural gas (LNG), at a time that Europe is facing pressure to reduce its reliance on gas from Russia. Identifying risks to Europe's energy supplies, the three underlined "the importance of LNG to diversify the sources and routes of EU energy supply"

“It was with a view to reducing dependence and thereby strengthening energy security,” according to a joint statement. One possibility is the development of gas pipelines between Spain and France, over the Pyrenees, to pump gas from North Africa or elsewhere, officials said. French President Emmanuel Macron told journalists that regulators were considering “the relevance of new gas interconnections, and in particular a gas interconnection between France and Spain”. He added that such a pipeline could make economic sense as France turns away from coal plants. Friday’s main concrete achievement was an agreement to build an electricity line under the Bay of Biscay from northern Spain to south-west France. It will receive 578 million euros ($675 million) from the European Commission, the biggest such investment by Europe in an energy project. By 2025, the electricity link should raise Spain’s energy interconnection capacity close to the European target of 15 percent from six percent now.

The European Union has set a target that member states should have at least 15 percent of their electricity output connected to other countries’ networks. “I think this meeting clearly shows our firm comitment to the (European) energy union,” Spanish Prime Minister Pedro Sanchez told journalists. European Commission President Jean-Claude Juncker said in a statement that boosting energy interconnections between the three countries was a step towards “strengthening the security of energy supply across Europe”. The United States is trying to sell LNG to Europe, possibly through Portugal’s southern Sines deep water port. For that gas to reach Europe’s biggest northern economies, network connections would be necessary between Iberia and France. Portugal is actively pushing to develop the potential of Sines. Portugal and Spain already have a joint Iberian electricity market called MIBEL, whereby producers can sell extra capacity across the border through an auction system that started in 2014.

Shell to Explore Oil & Gas offshore Mauritania

North Africa Post, *29.07.2018*

Shell will set up an office in Nouakchott to begin exploring hydrocarbons off shore the West African country.

Under an agreement reached between the two parties, the oil and gas giant Shell shall begin exploration activities, starting with reprocessing and analysis of existing seismic data. “This move represents Shell’s entry into the West African Atlantic Margin exploration basin, which has significant potential. We look forward to working with the government and people of Mauritania as we bring our expertise and technical capability.

This capability is to help develop the country's emerging energy sector," said Andy Brown, Upstream International Director at Shell. The Mauritanian minister of oil, energy and mining, Mohamed Ould Abdel Vetah, said "Shell's new entry in the Mauritania offshore area represents an important added value to the exploration activities and will contribute to maintain the momentum for developing the energy sector in Mauritania." Shell will have 90% interest with Société Mauritanienne des Hydrocarbures et de Patrimoine Minier, the national oil company of Mauritania, holding the remaining 10% stake in the basin.

Bulgartransgaz EAD will put into operation the expansion of the transit pipeline for Turkey

Public Bg, *31.07.2018*

Bulgartransgaz EAD will put into operation the expansion of the transit pipeline for Turkey, the Ministry of Energy announced. The construction of the 20 km long gas pipeline from Lozenets to Nedyalsko compressor station was realized with the aim to increase the security and capacity of the existing transit gas transmission network of Bulgartransgaz.

The activities are part of the project for rehabilitation, modernization and extension of the existing gas transmission system as part of a project of common interest from the European Commission.

The site will be opened on Friday 3th August 2018. The event will be attended by Minister of Energy Temenujka Petkova, Executive Director of Bulgartransgaz EAD Vladimir Malinov, representatives of the contractor Glavbolgarstroy EAD and others. Bulgaria's Prime Minister Boyko Borissov, as well as the Minister of Energy and Natural Resources of the Republic of Turkey, Fatih Dömmez, are invited to take part in the event.

Offshore production starts at Total's Australian LNG Project

Anadolu Agency, *30.07.2018*

Total announced Monday the beginning of production at the Ichthys LNG project offshore northwestern Australia.

"The Ichthys LNG project reached a major milestone on [Friday] July 27 with the opening of the first offshore production well, marking the start of 40 years of operations of this gas and condensate field," the French energy giant said in a press release. At full capacity, the offshore facilities are expected to produce 1,600 million standard cubic feet of gas per day (285,000 barrels of oil equivalent per day) and 85,000 barrels of condensate per day, according to the statement.

The gas will be exported to an onshore LNG plant that will produce 8.9 million tons of LNG annually to supply the Asian market, and approximately 1.65 million tons of LPG per year as well as an additional 15,000 barrels of condensate a day. President for Exploration and Production at Total, Arnaud Breuillac called production startup at Ichthys a "major achievement". "Ichthys will be an important addition to Total's portfolio in the fast growing LNG market and will also contribute to the group's production and cash flow growth in the coming years," he said. The project consists of the development of the Ichthys gas and condensate field offshore northwestern Australia at a water depth of 260 meters, and a 889-kilometer gas pipeline together with an onshore LNG plant near Darwin in the Northern Territory.

The offshore facilities consist of a subsea well development connected to a central processing facility for gas treatment and a floating processing, storage and offloading vessel for condensate. Onshore installations, on the other hand, include two LNG trains with a combined capacity of 8.9 million tons per year and facilities for the extraction and the export of LPG and condensate. Total holds a 30 percent stake in the Ichthys LNG project alongside operator INPEX, which has a 62.25 percent stake. The remaining stakeholders are CPC Corporation, Taiwan with 2.63 percent, Tokyo Gas with 1.57 percent, Osaka Gas with 1.2 percent, Kansai Electric Power with 1.2 percent, JERA with 0.74 percent and Toho Gas with 0.42 percent.

South Africa to import LNG from Qatar by 2020

Anadolu Agency, *23.07.2018*

Faizel Moosa, South African Ambassador to Qatar, has said that his country is planning to import liquefied natural gas (LNG) from Qatar by 2020.

South Africa will start official talks with the GCC nation in a bid to finalise a long-term deal to import LNG from Qatar, the world's top exporter of LNG noted. "We have already expressed our desire to Qatar's energy minister for such a deal. We are expected to hold further talks with officials from ministry of energy in Qatar soon."

The African country aims at importing a lot of gas in an effort to increase the share of LNG in its energy mix to 25% instead of 3%. "Qatar has a proven track record of having one of the most reliable LNG suppliers in the world. So we are banking heavily on Qatar to achieve this goal," Moosa added.

China's CNPC to invest $22 billion in new oil frontier

Oil & Price, *25.07.2018*

CNPC will invest the equivalent of more than US$22 billion by 2020 on boosting its oil and gas production in the western region of Xinjiang to mitigate the impact of declining production from oil and gas fields in China's northeast.

CNPC said on Wednesday that it would invest more than US$22.1 billion in the Xinjiang Autonomous Region in the west to boost production in the region to more than 50 million tons of oil equivalent between 2018 and 2020. According to Reuters calculations, the investment that CNPC announced today would be equivalent to the total upstream investment.

It was made by CNPC's listed unit and China's largest oil and gas producer, PetroChina, in 2017. The investment in the Xinjiang Autonomous Region would serve several purposes, according to analysts. First, boosting production in the region would help offset declining production from the ageing fields in the Daqing oil province in the northeast. The investment would also serve to increase China's domestic natural gas production as Beijing looks to switch from coal to the more environmentally friendly fuel. In addition, China would be looking to boost the economy, infrastructure, and natural gas access in the unruly autonomous region in its far west bordering Central Asia that has seen ethnic unrest in recent years. "I think that the primary factor is to support the central government policy to invest more and support economic development in the west," Liutong Zhang, director at Hong Kong-based WaterRock Energy Economics, told Reuters.

Boosting oil production in the western part of the country is not expected to affect China's crude oil imports because the higher production would offset declining output at mature fields elsewhere in the country. China's crude oil production dropped by 2.3 percent on the year in June, and was also down compared to the production in May. Between January and June, crude oil production declined by 2 percent annually.

China to maintain Iran crude import

Oil & Price, *24.07.2018*

Since US President Donald Trump withdrew the United States from the Iran nuclear deal in May, the country has been negotiating with other nations to keep its oil-dependent economy alive. However, China is not expected to toe the US line.

According to CNBC, the need for economic ties with the rest of the world increased when the Trump administration announced planned sanctions on Iranian oil exports starting in November. For Iran, one nation matters more than any other to its oil economy.

European companies have been winding down their purchases of Iranian oil, and the threat of sanctions on Iranian business has pushed out banks, many of which had paid severe fines for sanction violations in the past. But China, already the biggest buyer of Iranian oil, is not expected to heed US demands. In fact, the Iranian oil sanctions could give China leverage in stalled trade negotiations with the United States. "Now that the trade relationship is in jeopardy, why would they do that?" Derek Scissors, resident scholar of the American Enterprise Institute, said of China's pulling back on purchases of Iranian oil. "If we tell the Chinese, 'Oh, we will cancel our pending tariffs as long as you stick to the Iran sanctions,' they will do it in a second." China, the world's top crude-oil buyer, imported around 718,000 barrels a day on average from Iran between January and May of this year, according to official Chinese customs data—equivalent to more than a quarter of Iran's oil exports.

China increased its imports of Iranian oil by 9.3% during the same period from the year before and is not expected to slow down purchases anytime soon. The US expects China to buy even more oil once the US sanctions take place in early November, as reported recently by The Wall Street Journal. In refusing to comply with US sanctions, the world's second-largest economy will dull the sanctions' fiscal impact, but China's current position on Iranian oil sanctions is consistent with its historical approach. "The Chinese position in general has been that they will honor UN sanctions and they are reluctant to recede to bilateral sanctions," said senior fellow David Dollar of The John L. Thornton China Center at the Brookings Institution. Dollar said the Chinese have been averse to US sanctions—bilateral and unilateral—in the past, usually choosing their own business interests over cooperation.

$40 billion LNG project finally starts up

Oil & Price, *30.07.2018*

Japan's largest exploration and production company, Inpex, said on Monday that it had started producing gas at the Ichthys liquefied natural gas (LNG) project, which has cost US$40 billion and has faced delays in its development.

Inpex, the operator of the project with a 62.245-percent operating interest, expects first shipment of products from the project toward the end of the first half of its current fiscal year—April to September. The produced gas will be gathered within the Central Processing Facility (Ichthys Explorer) where it will be separated into gases and liquids.

Then the liquids will be piped to the nearby Floating Production, Storage and Offloading (FPSO) facility—Ichthys Venturer—while the gases will be transported via the 890-kilometer (553-mile) long Gas Export Pipeline (GEP) to the onshore gas liquefaction plant at Darwin in Australia's Northern Territory. Around 70 percent of the LNG from the Ichthys project will be bound for Japan—the largest LNG importer in the world. The planned production volumes at Ichthys will be 8.9 million tons of LNG annually, 1.65 million tons of liquefied petroleum gas (LPG) a year, and around 100,000 bpd of condensate at peak production. Inpex reached a Final Investment Decision (FDI) for the Ichthys LNG Project in 2012 and last year, first production was scheduled to begin towards the end of March 2018.

Apart from Inpex, the other shareholders in the Ichthys project are France's Total with a 30-percent participating interest, and the Australian subsidiaries of Japanese utilities. "The start-up of production on Ichthys is a major achievement. Ichthys will be an important addition to Total's portfolio in the fast growing LNG market and will also contribute to the Group's production and cash flow growth in the coming years", Arnaud Breuillac, President Exploration & Production at Total, said, commenting on the Ichthys start-up. Apart from Ichthys, another large-scale LNG project is due to come on stream this year offshore Australia—Shell's Prelude. Last week, Shell said that its Prelude floating liquefied natural gas (FLNG) facility had arrived in Australian waters.

UK must provide road map for gas after Brexit

Anadolu Agency, *01.08.2018*

The U.K. government needs to provide clarity on the future role of gas in the U.K. to allow the industry to make informed investment decisions after Brexit.

The new report explored the challenges facing the U.K. natural gas market and identified the potential impact of Brexit on how the market operates, and highlighted the key issues that the U.K. government needs to address in a post-Brexit U.K. gas security strategy. The paper, which is based on a series of stakeholder meetings involving government, business, think tanks and academia.

It was noted that over 80 percent of U.K. households rely on natural gas for heating, while 42 percent of electricity production comes from natural gas in the U.K. The country imports around half of the natural gas that it consumes, the report highlighted, adding that this is likely to increase during the 2020s as domestic production is falling, creating greater exposure to the global market. “The majority of U.K. imports come from the EU Internal Energy Market (IEM). Leaving the EU’s institutions means that the U.K. will no longer be a member of the IEM and will lose any ability to influence EU energy and climate strategies - but will still be affected by them,” the report said. It also argued that Brexit creates regulatory risks for the U.K. market as it is unclear how the interconnectors that transfer gas between Belgium, the Netherlands and the U.K. will be regulated once the U.K. has left the IEM.

“The U.K.’s supply infrastructure is aging and was designed to move gas onshore and south from the North Sea fields. The system is now being asked to move gas in new directions over very short periods of time, and does not always cope. Critical decisions with long-term consequences are being delayed by uncertainty,” the report warned. Therefore, the report called for the U.K. government to clarify the future role of gas in the U.K. at a time when the U.K. is pursuing decarbonization goals. “If the U.K. government chooses to continue towards its ambitious decarbonization goals, the use of gas must decline. This is a disincentive to infrastructure investment,” it argued. The Department for Business, Energy and Industrial Strategy (BEIS) unveiled its Clean Growth Strategy in October 2017 with the aim of cutting residential, industrial, transport and power sector greenhouse gas emissions while boosting economic growth.

US crude stocks increase against market expectations

Anadolu Agency, *02.08.2018*

U.S.' crude oil stocks showed increases last week, despite market expectations of a decline, according to the Energy Information Administration (EIA) data released.

Even though the market expectation for commercial crude oil stock was a decline of 2.8 million barrels, inventories raised by 3.8 million barrels, or 0.9 percent, to 408.7 million barrels for the week ending July 27, the EIA data showed. Commercial crude stocks fell by 6.1 million barrels the previous week. Strategic petroleum reserves, which are not included in the commercial stocks, remained unchanged at 660 million barrels.

Gasoline inventories decreased by 2.5 million barrels, or 1.1 percent, to 231 million barrels for the week ending July 27. In the week prior, the expectation for gasoline inventories was a decline of 1.3 million barrels but they fell by 2.3 million barrels. The U.S.' crude oil imports fell by 21,000 barrels per day (bpd) to 7.75 million bpd for the week ending July 27, while exports decreased by 1.37 million bpd to 1.31 million bpd. U.S. crude oil production saw a decline of 68,000 bpd to 10.9 million bpd in that period. This marked the third weekly fall in crude production over the last 29 weeks in the country. While all output declines came from the state of Alaska last week, crude production in other U.S. states remained unchanged. Crude oil production in the U.S. is expected to average 10.8 million bpd this year and 11.8 million bpd next year, according to the EIA's Short-Term Energy Outlook (STEO) report for July.

Trump bets on new European LNG terminals but EU funds meagre

Euractive, *01.08.2018*

US President Donald Trump expects the European Union to fund 9 to 11 LNG ports to absorb “vastly” more shipments from the United States but current EU investment in new projects will only help open small markets.

In a White House press conference with Italian Prime Minister Giuseppe Conte late on Monday, Trump said part of the US-EU trade talks sought to expand America’s reach into the continent’s gas markets which were awash with Russian supply.

“And we are already talking to the European Union about building anywhere from 9 to 11 ports, which they will pay for, so that we can ship our LNG over to various parts of Europe,” he said. The comments follow trade talks with European Commission President Jean-Claude Juncker last week where Trump said the EU would purchase “vast amounts” of US LNG. Juncker said Europe would build more terminals to handle the influx. Responding to Trump’s latest statements, the European Commission told Reuters on Tuesday that bilateral talks helped cement €278 million ($325 million) in EU funding earmarked for LNG import projects in Croatia, Greece and Cyprus. They are due onstream between 2018 and 2020. But the projects under consideration for EU funds pre-date the Trump administration and most of them are being developed by private companies over which politicians have limited sway.

On top of that, three-quarters of Europe’s existing LNG import capacity lies idle and the new terminals being mulled in niche markets such as Croatia, Greece and Cyprus represent a fraction of the continent’s overall capacity. Croatia’s plans have been dogged by delays for at least a decade and the east Mediterranean’s rich gas deposits offer a potential alternative to LNG for Cyprus. The EU is supporting 14 LNG infrastructure projects in total which could increase import capacity by 15 billion cubic meters (Bcm) of gas by 2021, compared to the continent’s existing 210 Bcm LNG import capacity. However, the 14 infrastructure projects are not all LNG import terminals. Some are pipelines linking terminals to inland centers of demand. Europe has little need for US LNG now as Russian piped gas surges into the continent’s gas markets at a record pace. “In 2017 the average utilization of these terminals was 26% – leaving ample margin for more imports from the US if competitively priced,” the Commission said. Yet competitive pricing is the biggest problem facing US LNG in Europe. The most lucrative markets for US LNG are in South and Central America, India and the Far East, with Europe near the bottom of the list given its relatively low prices and ample supplies from Russia and Norway.

This could change dramatically though as American output soars in coming years and as domestic production from the North Sea and Norway shrinks, leaving a growing gap to be filled by external suppliers. In a showdown, most analysts believe Russia can undercut US LNG but in practice the producer has avoided flooding the EU by selling its gas below market prices, opting instead to achieve the best return. There are limits to the growth of Russian gas in Europe. True, state-run Gazprom has spare pipeline capacity via Ukraine and Belarus to boost exports further. But plans to build new routes into Europe, such as Nord Stream 2, face stiff political opposition which could constrain its longer-term growth. At a NATO summit this month, Trump said Germany was “captive” to Russia for backing an expanded gas import corridor along the Baltic seabed, known as Nord Stream II, into the country’s north east. Gazprom may also voluntarily seek to limit its European gas market share below 40 percent in order to avoid attracting scrutiny from competition regulators, Thierry Bros, Senior Research Fellow at the Oxford Institute for Energy Studies, said.

U.S. and EU pledge to boost natural gas trade

Oil & Price, *26.07.2018*

In a breakthrough in EU-U.S. trade talks, President Trump and European Commission (EC) President Jean-Claude Juncker agreed yesterday in a meeting at the White House to suspend new trade tariffs while negotiating over trade.

Both Trump and Juncker pledged to expand European imports of U.S.-sourced liquefied natural gas (LNG) and soybeans. They also vowed to lower industrial tariffs, excluding autos. The U.S. and EU will “hold off on other tariffs” while negotiations proceed, as well as re-examine U.S. steel and aluminum tariffs and retaliatory duties.

That imposed by the EU “in due course,” Juncker said in remarks to reporters after the much-heralded meeting. Analysts claim that the pledges have pulled the two major partners from the brink of a possible full-fledged trade-war. Trump, for his part, said after the meeting “We had a big day, very big. We are starting the negotiation right now, but we know where it is going.” Trump hailed what he called “a new phase” of trade relations. The two didn’t take questions from reporters. As recently as last week, at a cabinet meeting Trump warned that he would move forward with 25 percent EU auto tariffs if the meeting with Juncker didn’t go well. However, the results of the meeting were met with guarded relief on both sides of the Atlantic. The development also comes as Trump continues to ramp up trade tensions with China, Mexico and Canada. Juncker also said Europe would build more LNG terminals to import U.S.-LNG. Trump said, “they want very much to do that, and we have plenty of it… They will be a massive buyer [of gas], and they will be able to diversify their energy supply.” Both Juncker and Trump’s comments on more U.S.-sourced LNG heading into Europe will have major geopolitical ramifications in both the EU and even Russia.

The EU for its part, notably Germany, has pushed back in the past year and a half against Trump's gas import push into European markets. Many on the continent see Trump's promulgation of U.S. gas as merely a ploy to enhance American LNG producers masked in the guise of security concerns. However, several EU members, notably Poland and the Baltic states, have welcomed U.S. gas imports as a way to break free from decades old reliance on Russia's gas monopoly in Europe. Russia, for its part, has long accused Trump of politicizing EU gas imports, also claiming that his concerns over the ongoing Nord Stream II gas pipeline are unfounded. Nord Stream II is a 759 mile (1,222 km) natural gas pipeline running on the bed of the Baltic Sea from Russian gas fields to Germany, bypassing existing land routes over Ukraine, Poland and Belarus. It would double the existing Nord Stream pipeline's current annual capacity to 110 bn cubic meters a year and is expected to become operational by the end of next year, enough to meet almost a quarter of total demand across the EU.

After the Trump-Juncker meeting, replies started coming out of Russia, mostly criticizing the meeting. Financial policy analyst Daniel Sankey told Sputnik News Wednesday that the joint U.S.-EU announcement was so thin of substantive details that it could be only described as "political theater." "Ultimately this is political theater where the Trump administration is going to try to play up these minor concessions as some kind of substantial victory to increase support from his base," he said. "Both sides have pledged to stop imposing tariffs while the talks continue. However, should the talks break down; we'd be back to square one. The EU is throwing some minor concessions to the US, most likely for the US to save face, and the solid details of those concessions have yet to materialize, so we will have to wait and see if they are substantial or not," Sankey added. However, Russian angst notwithstanding, any formal gas agreement that could be reached between the U.S. and EU would have enormous ramifications for not only floundering U.S.-EU relations but for European gas markets. Despite European claims to the contrary, Russia's gas monopoly poises one of the greatest security risks facing EU members, and since many EU members are part of NATO as well, it also poses a significant risk to the NATO alliance.

Russian President Vladimir Putin has in the past shown little restraint in using natural gas supply to Europe as a geopolitical weapon and has more than once cut off or threatened to cut off gas supply during the winter over political issues. In 2016 almost 90 percent of Russia's 7.5 trillion cubic feet (Tcf) of natural gas exports were delivered to customers in Europe via pipeline, with Germany, Turkey, Italy, Belarus, and the UK receiving the bulk of these volumes, according to the EIA.

Oil prices post biggest monthly losses since July 2016

Anadolu Agency, *01.08.2018*

Oil prices on Tuesday posted their biggest monthly loss since July 2016 with worries over the rising crude supply glut and overall weak oil demand in the global market.

International benchmark Brent crude closed Tuesday at $74.08 per barrel with a 6.75 percent monthly loss, after ending the previous month at $79.44 a barrel. After closing in June at $74.15 a barrel, American benchmark West Texas Intermediate prices finished in July at $68.40 per barrel -- a 7.75 percent monthly decline. Thus, in the month of July, both benchmarks marked their largest monthly decline in two years.

U.S. President Donald Trump said Monday that he was ready to hold talks with his Iranian counterpart Hassan Rouhani without preconditions. If Washington end sanctions on Tehran, Iran's crude exports would increase, resulting in more supply on the global oil market. In addition, Russian Energy Minister Alexander Novak said Friday that the decision of the Organization of the Petroleum Exporting Countries (OPEC) to limit oil production could be reviewed and revised up. The supply glut could increase further if Russia and OPEC agree to boost output. OPEC and some non-OPEC countries decided on July 23 to add around 1 million barrels per day (bpd) to global oil supply starting from July 1. The U.S.' crude oil production is also hovering around the record high level of 11 million bpd, putting further downward pressure on prices. Moreover, the rising value of the American dollar, which is indexed to oil prices, continues to lower overall oil demand around the world.

Oil rig count in US shows increase this week

Anadolu Agency, *28.07.2018*

The oil rig count in the U.S. showed an increase this week, according to oilfield services company Baker Hughes data.

The number of oil rigs in the country rose by three for the week ending July 27, the data showed. This brought the total number of oil rigs in the U.S. to 861 this week, from 858 the week before. With the rise in oil rig count, crude prices showed decline on Friday. International benchmark Brent crude fell to $73.88 per barrel, while American benchmark West Texas Intermediate declined to $68.33 a barrel at the same time.

The U.S. Energy Information Administration (EIA) data showed Wednesday that crude oil production in the country increased by 18,000 barrels per day (bpd) to 11 million bpd for the week ending July 20. This marked the 26th weekly increase in crude oil production during the past 28 weeks in the U.S. The U.S. crude oil production is expected to average 10.8 million bpd this year, and 11.8 million bpd next year, according to the EIA's Short-Term Energy Outlook for July.

Announcements & Reports

► *Monthly Crude Oil and Natural Gas Production*

Source : EIA
Weblink : https://www.eia.gov/petroleum/production/

► *Pennsylvania's Energy Future: Energy in America*

Source : CSIS
Weblink : https://www.csis.org/analysis/pennsylvanias-energy-future-energy-america

► *Natural Gas Monthly*

Source : EIA
Weblink : https://www.eia.gov/naturalgas/monthly/

► *Monthly Oil Market Report*

Source : OPEC
Weblink : https://momr.opec.org/pdf-download/

Upcoming Events

► *Four Corners Oil & Gas Conference*

Date : 09 August 2018
Place : Farmington
Website : https://www.fourcornersoilandgas.com/

► *International Conference & Expo on Oil & Gas*

Date : 09 August 2018
Place : Madrid
Website : http://oil-gas.conferenceseries.com/

► *SPE Argentina Exploration & Production of Unconventional Resources Symposium*

Date : 14 - 16 August 2018
Place : Neuquén
Website : http://www.spe.org.ar/events/aneu2018/

► *Offshore Oil & Gas and Chemical Industry Technology and Equipment Exhibition*

Date : 23 - 25 August 2018
Place : Shanghai
Website : http://sh.cippe.com.cn/en/For_Visitors/Venue_Time/

► *Asia Pacific Drilling Technology Conference & Exhibition*

Date : 27 – 29 August 2018
Place : Bangkok
Website : http://www.spe.org/events/en/2018/conference/18apdt/homepage.html

► *Machine Learning & AI Upstream Onshore Oil & Gas 2018*

Date : 29 – 30 August 2018
Place : Houston
Website : http://www.machinelearning-ai-upstream-congress.com/

► *Abu Dhabi International Downstream Summit*

Date : 03 - 04 September 2018
Place : Abu Dhabi
Website : https://adid.wraconferences.com/

► *LNG Transport, Handling & Storage Indonesia Forum*

Date : 04 – 07 September 2018
Place : Bali
Website : http://www.lng-world.com/#

► *Oil & Gas Thailand (OGET) 2018 & Petrochemical Asia 2018*

Date : 06 – 08 September 2018
Place : Bangkok
Website : http://oilgasthai.com/

► *Asia Pacific Congress on Oil & Gas 2018*

Date : 10 – 11 September 2018
Place : Shanghai
Website : https://www.clocate.com/conference/10th-Asia-Pacific-Congress-On-Oil-and-Gas-2018/70722/

► *China Smart Manufacturing—Oil, Gas & Petrochemical Summit 2018*

Date : 17 – 18 September 2018
Place : Shanghai
Website : http://www.smartfactorychina.com/

► *Asia Pacific Congress on Oil & Gas*

Date : 17 – 19 September 2018
Place : Beijing
Website : http://oil-gas.chemicalengineeringconference.com/

► *IoT in Oil & Gas 2018*

Date : 18 – 19 September 2018
Place : Houston
Website : https://www.iotinoilandgas.com/

► *Gastech*

Date : 17 – 20 September 2018
Place : Barcelona, Spain
Website : http://www.gastechevent.com/

► *World Congress on Oil, Gas & Petroleum Refinery*

Date : 27 – 28 September 2018
Place : Abu Dhabi
Website : https://petroleumrefinery.conferenceseries.com/

► *Kazakhstan International Oil & Gas Exhibition & Conference*

Date : 03 October 2018
Place : Almaty
Website : https://www.kioge.kz/en/home/30-conference/19-conf

► *Oil & Gas Tanzania 2018*

Date : 11 - 13 October 2018
Place : Tanzania
Website : https://www.clocate.com/conference/4th-Oil-and-Gas-Tanzania-2018/48067/

► *2018 LNG Summit*

Date : 14 - 16 October 2018
Place : Chicago
Website : http://www.lngsummit.com/

► *International Conference & Expo on Oil & Gas*

Date : 17 - 18 October 2018
Place : Toronto
Website : https://oilgas.conferenceseries.com/

► *Gas/LNG Contracts: Structures, Pricing & Negotiation*

Date : 22 – 26 October 2018
Place : Johannesburg
Website : http://www.infocusinternational.com/gascontracts/index.html

► *The European Autumn Gas Conference*

Date : 07 – 09 November 2018
Place : Berlin, Germany
Website : http://www.theeagc.com/