Iraq Kurds say oil production unaffected by ISIL incursion

Reuters, *09.08.2014*

Oil production from Iraqi Kurdish Regional Government (KRG) remains unaffected despite an incursion by Islamic State of Iraq and the Levant (ISIL) militants along the autonomous region's border, its Ministry of Natural Resources said in a statement on August 9.

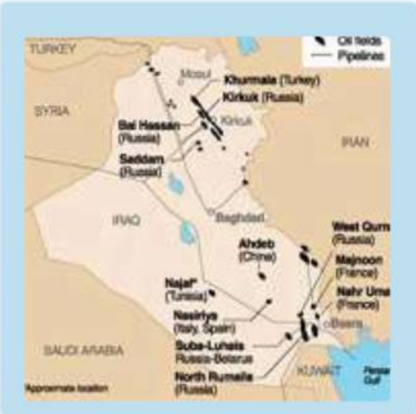
The US launched airstrikes in northern Iraq after ISIL militants advanced to within a 30 minute drive from the regional capital Arbil, prompting oil companies in Kurdish to withdraw staff and shut down some operations. "Oil production in the region remains unaffected, and is being delivered to both the domestic and export markets," the statement said.

"Indeed, the (regional government) is expecting that the producing companies will ramp up production in the coming weeks as ongoing export infrastructure improvements come online as planned." Total Kurdish production totaled about 360,000 barrels per day in June, according to the Paris-based International Energy Agency. About a third of that was exported, though Baghdad has been working to block sales outside its central system. Iraqi Kurdish-focused companies' shares have fallen as investors reappraise the autonomous region's security. Some of the biggest oil operators in the region have lost almost a quarter of their market value this week. Abu Dhabi National Energy Co (TAQA), the state-owned oil explorer and power supplier, suspended activity at the Atrush Block in Kurdish on Saturday due to the instability.

"Until now, the enemy has not been able to target oil operations in the region, but as a precautionary measure some of the exploration activities in areas abutting potential combat zones have been temporarily halted and staff relocated," the statement said. London-listed Afren and Toronto-listed Oryx said on August 8 they were cutting production at oilfields closest to the fighting. U.S. oil major Chevron has also evacuated some staff from Kurdish. An industry source said Exxon Mobil was doing the same.

Iraq oil explorers evacuate more staff after Islamite surge

Bloomberg, *09.08.2014*



Oil explorers in Kurdish Regional Government (KRG) halted operations and evacuated more staff as Islamist militants advanced into northern Iraq. Afren Plc (AFR) suspended work while Oryx Petroleum Corp. stopped production and temporarily halted drilling at two other areas. Genel Energy Plc (GENL) evacuated some staff and Gulf Keystone Petroleum Ltd. (GKP) increased security.

Two U.S. jet fighters struck artillery used by Islamic State militants to attack Kurdish forces defending the road to the regional capital of Erbil, where American diplomats and some military staff are based.

President Obama yesterday authorized airstrikes to protect U.S. citizens and a humanitarian effort to help save thousands of Iraqi civilians fleeing Islamist attacks. “In line with moves by other operators, we are taking the prudent and precautionary step of withdrawing non-essential personnel from our non-producing assets in the region,” Genel said in a statement. Violence has escalated in northern Iraq after the militants extended their advance yesterday, seizing the Mosul dam and territory close to the Kurdish region. They have also driven tens of thousands of people from their villages this past week, many from the Yezidi and Christian minorities.

“There hasn’t been a significant change to the security environment, but we do think there will be continuous fighting in the affected areas,” Gala Riani, head of Middle East-North Africa analysis at Control Risks, a risk management and security company, said in a phone interview. “Any companies in the areas that have changed hands are likely to be assessing the situation and may be moving people further within the Kurdish borders.” Chevron Corp. withdrew some expatriate staff yesterday. Reuters reported that Exxon-Mobil Corp. (XOM) also evacuated people from the region.

The world’s largest oil company declined to comment, saying that it doesn’t discuss security matters. Afren closed down 0.9 percent at 98.60 pence in London. Genel dropped 2.3 percent to 798 pence and Gulf Keystone lost 1.1 percent to 67.5 pence. Oryx slid 0.7 percent to C$9.96. Crude oil prices reversed gains of as much as 1.3 percent in London, falling 36 cents to $105.08 a barrel by 11:11 a.m. in New York on the London-based ICE Futures Europe exchange. West Texas Intermediate declined 1 cent to $97.33 a barrel on the New York Mercantile Exchange.

Oil below $105 as Iraq pumps crude despite conflict

Reuters, *11.08.2014*

Brent crude oil slipped below $105 a barrel on Monday as U.S. intervention in Iraq eased concerns over the risk of disruption to supply from OPEC's second-largest producer. Oil jumped sharply at the end of last week as Islamic State fighters made rapid gains in parts of northern Iraq and came within striking distance of more of the country's oilfields.

But U.S. air strikes on the Sunni insurgency calmed market worries, helping pull prices lower. Oil exports from southern Iraq are near record levels and the Kurdish Regional Government's (KRG) oil pipeline via Turkey is operating normally, pumping 120,000 barrels per day (bpd) of crude oil.

Iraqi Kurdish said on Friday its oil output remained unaffected. Brent was down 22 cents at $104.80 a barrel by 1100 GMT. The contract jumped more than $1 to hit a weekly high of $106.85 on Friday before settling 42 cents lower. U.S. crude was up 4 cents to $97.69 a barrel. "The oil market is not as worried now about what is happening in Iraq," said Carsten Fritsch, senior oil and commodities analyst at Commerzbank in Frankfurt. "The market has become more complacent about supply again. But complacency is dangerous. Given the geopolitical tensions, a spike in oil prices cannot and should not be ruled out."

Oil markets are well supplied in most parts of the world, and North Sea crude oil for immediate delivery is trading at a discount of $1 to $2 below the Brent futures front month. Simon Wardell, analyst at Global Insight, said the market's focus was on how fast-moving events in Iraq might unfold. "There's talk of changes in Baghdad. The oil market is sort of waiting to see what happens," Wardell said. Prompt Brent prices are unlikely to move higher unless there's a significant disruption in supply, analysts argue, although prices have risen in the future months on concerns about future output growth. "Oil markets are now well supplied, but forward futures prices suggest the low prices won't last," Fritsch said. Ample OPEC production has also weighed on oil prices. OPEC said its members increased output in July despite violence in Iraq and Libya while trimming its 2014 demand growth forecast.

IEA: Iraqi oil bottlenecks bigger obstacle than unrest

Agence France-Presse, *13.08.2014*

Fighting in Iraq threatens Baghdad's oil exports less than structural bottlenecks, but an Islamic offensive near the north oil hub of Kirkuk is "worrisome," the IEA has said. "The situation on the ground is highly fluid and infrastructure bottlenecks in the south, rather than the humanitarian disaster in the north, may remain the biggest hurdle to Iraq's ability to deliver the supply growth expected from it," the International Energy Agency said.

U.S. air strikes appeared to help Kurdish peshmerga fighters push back an advance by Islamic State (IS) fighters on the crucial Bai Hassan oil field in northern Iraq.

Fighting has forced the country's biggest refinery at Baiji offline however, and "has also brought the battle to a number of blocks operated by international oil companies - including two run by Exxon," the IEA noted. It added that cracks in Kurdish defenses and the evacuation of expatriate staff from northern oil facilities were "worrisome developments." The fighting and sabotage on a pipeline to Turkey has halted exports from the north since March, making shipments of Basrah Light crude from the south the federal government's sole source of exports. But "scheduling snags and technical glitches at the loading terminal prevented higher shipments in July ... and these hurdles could yet stand in the way of increased loadings this month," the report warned.

Iraq is the second-biggest crude producer within the OPEC cartel, and markets have been anticipating increased output from the country. Meanwhile, Kurds in the north are working to boost their own production, which the government in Baghdad says belongs to the nation as a whole, and which the IEA currently estimates at about 400,000 barrels/day (bpd). The capacity of a pipeline from Kurdish controlled fields via Turkey is expected to double "to around 300,000 barrels per day shortly - possibly within weeks," the report said. Six cargoes of disputed crude oil, some of it transported by truck, have already been loaded, "but only one has been successfully delivered - to Israel," it noted.

About one million barrels of such crude is anchored off the US state of Texas, but a legal challenge from the Iraqi government has prevented it from being offloaded. Finally, the recent Islamist drive in Iraq has allowed the IS to seize two small oil fields in the northwestern Nineveh province, the IEA said. When added to five others captured in mid-June, output under IS control now totals about 80,000 barrels per day, it estimated. The IS also holds small fields in the Syrian province of Deir al-Zor, which "allow the militants to secure their own fuel supplies and offer a potential source of revenue via smuggling."

Oil exploration in Kurdish Regional Government (KRG) halted amid violence

Rigzone, *11.08.2014*

US-headquartered independent oil firm Hess Corporation has taken the decision to suspend its operations in KRG as a precautionary measure amid the worsening security in the region. KRG reported that it has halted exploration activities in areas adjacent to potential combat zones between Kurdish Peshmerga forces and Islamic State fighters.

In its statement Saturday the KRG emphasized that "the enemy has not been able to target oil operations in the region" and that oil production "remains unaffected" and continues to be delivered to both domestic and export markets.

The KRG added that it expects producing companies to ramp up production during the coming weeks as ongoing export infrastructure improvements. In Petroceltic's statement Monday morning (UK time), the firm said that the violence at the Kurdish region's borders had not directly affected its and Hess's exploration activities but that the two companies have decided to temporarily secure and suspend operations – including the drilling of the Shireen-1 exploration well in the Dinarta license – and to evacuate non-essential personnel. Hess is the operator of the Dinarta license with a 64-percent interest in its fields. Petroceltic holds a 16-percent interest.

Last week saw a handful of international companies operating in Kurdish make statements reassuring their investors that fields they operate remain unaffected by the fighting. On Friday, Genel Energy said that its Taq Taq and Tawke fields in the region "remain safe and secure". The US has been conducting air strikes in support of Iraqi and Kurdish forces against the Islamic State fighters since President Obama gave authorization Thursday night. The attacks continued over the weekend, with US aircraft reported to have launched five air raids against Islamic State vehicles and artillery on Sunday. Sunday also saw Canada's Ambassador to Iraq, Bruno Saccomani, visit the Kurdish Region. The KRG reported that Ambassador Saccomani said Canada would "very soon" provide logistical military support as well as humanitarian assistance.

Talisman still plans Kurdish sale

Upstream Online, *13.08.2014*

Canadian independent Talisman Energy has reiterated plans to sell all or a portion of its exploration properties in Iraq's Kurdish region amid conflict in the area. The company said it expects to begin a sale process in the next several weeks, Reuters reported.

Brent Anderson, a spokesman for Calgary-based Talisman, said an adviser has been selected to handle the marketing of the properties, though he declined to say who had been chosen to oversee the process.The company could sell all or part of its oilfields in the region depending on the amount of interest in the sale.

"We had anticipated going to the marketplace in the third quarter and this process has just started," Anderson told the news wire. "We have an adviser selected and we plan to go into the market with that adviser over the next couple of months." The company is starting its sales process as violence in the region has pushed tens of thousands of people from their homes. The US has launched air strikes against the Sunni militants of the Islamic State, who have captured a third of the country. Talisman has an interest in two oil blocks in Iraq's Kurdish region: the Kurdamir block, which it shares with Western Zagros Resources; and its wholly owned Topkhana property, where it has just completed the drilling of a promising well.

It is now assessing the results of that drilling and has yet to release its findings. Anderson said the company's properties have not been affected by the conflict in the region; nonetheless Talisman last week removed most of its personnel from the area. Talisman, recently seen as a target of a potential takeover by Spain's Repsol, has long said it would like to sell all or part of its Kurdish operations. However, the timing of the sale, coming during the fighting in the region, may deter some potential buyers. "It's probably not as nice of a market as they would have had six months ago," said Michael Dunn, an analyst with FirstEnergy Capital. "But from Talisman's perspective their plan always seemed to be to drill that Topkhana well first and see what they have there."

US firm says won’t take disputed Kurdish crude

Reuters, *12.08.2014*

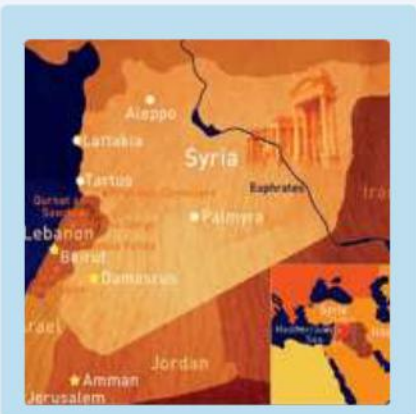
U.S. refiner Axeon Specialty Products will not buy or accept delivery of any cargoes of disputed Kurdish crude oil for its Paulsboro, New Jersey, refinery. The tanker Minerva Joy, loaded with an estimated 300,000 barrels of Kurdish crude at the Turkish port of Dortyol, arrived to Paulsboro on Aug. 11 as scheduled, but it has not been unloaded and is currently anchored.

Several cargoes of Kurdish Shaikan crude have recently reached the United States and Iraq’s central government has moved to block independent exports of crude by the Kurdish Regional Government.

“In light of the dispute over the rights to sell crude oil originating from the Kurdish region of Iraq, Axeon will not purchase or accept delivery of any of the affected crude oil until the matter is appropriately resolved,” the company said. Axeon Specialty Products said previously it received a separate cargo of Kurdish Shaikan crude in June. Two weeks ago, refiner LyondellBasell NV, confirmed it recently bought “modest quantities” of what public records show is Kurdish Shaikan crude and said it would scrap further purchases of the disputed oil for the time being.

EU looking at how to stop Islamic State oil sales from Syria

Reuters, *13.08.2014*



The EU is trying to tighten sanctions to stop Islamic State militants from selling oil from fields they have overrun in Syria. The issue was discussed by EU foreign ministers in the framework of the humanitarian and security crisis in Iraq, where Islamic State fighters have made startling gains.

Islamic State sells crude oil and gasoline to finance their “caliphate” after seizing oil fields in both Iraq and Syria. The EU banned imports of Syrian oil in 2011 to intensify pressure on President Bashar al-Assad’s government over its suppression of unrest. But in April 2013, it allowed purchases of oil from the moderate opposition in Syria.

EU experts are looking into whether the EU sanctions now need to be tightened up to make it harder for Islamic State fighters to sell oil from Syria, said the European diplomat, speaking on condition of anonymity. “We are looking into this at the moment, from a legal point of view, how this can be done,” he said. After pressure from EU members including current EU president Italy and France, the bloc’s foreign policy chief Catherine Ashton called the extraordinary foreign ministers’ meeting for Friday to discuss the conflicts in Iraq and Ukraine as well as Gaza and Libya. Italy’s Foreign Minister Federica Mogherini said the meeting must produce not just a declaration of shared principle on the crises but “a decision on a strong and co-ordinated course of action”.

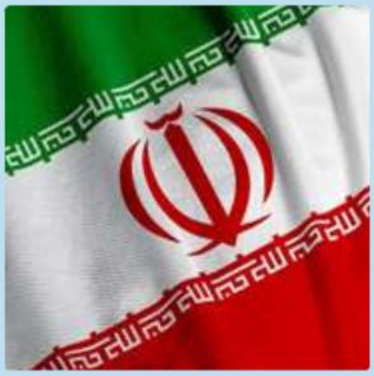
Ministers will debate how far they can go in supporting Iraqi Kurdish President Masoud Barzani, who has appealed for weapons to help the Kurds fight the militants. Specifically, they will discuss whether EU governments may send weapons directly to Iraqi Kurds fighting Islamic State militants or must go through the central government in Baghdad. Decisions on whether to supply weapons are for individual EU governments to make though they must respect EU guidelines. However, the EU would like to reach a common stance on supplying weapons to the Iraqi Kurds. Agreement on the subject proved difficult at a meeting of EU ambassadors on Tuesday. Sweden, which does not allow arms shipments to conflict areas, opposed the move, diplomats said.

Some EU governments are concerned that weapons they provided could fall into the hands of Islamic State. A tortuously-worded compromise hammered out on Tuesday said EU governments could send weapons to the Iraqi Kurds provided they coordinated closely with the Baghdad government and respected the EU’s code of conduct on arms exports. The code of conduct says EU governments will not allow exports that would prolong armed conflicts and must consider the risk that arms could be diverted to terrorist groups. Several European countries announced on Wednesday plans to send arms or ammunition: France will supply arms “in the coming hours” in response to a request from Iraq’s Kurdish leadership, President Francois Hollande’s office said.

An obstacle to EU unity on the issue is that the 28-nation bloc has a longstanding arms embargo on Iraq. The only exemptions are for weapons needed by the Iraqi government or by coalition forces that operated there after the 2003 U.S.-led invasion. EU governments may have to agree to alter the legal text of its arms embargo to permit them to supply the Iraqi Kurds directly. The United States, which has launched air strikes to try to stem Islamic State’s advance, is directly supplying weapons to Iraqi Kurdish fighters.

Iran oil output up 11% in four months

Oil & Gas Eurasia, *12.07.2014*



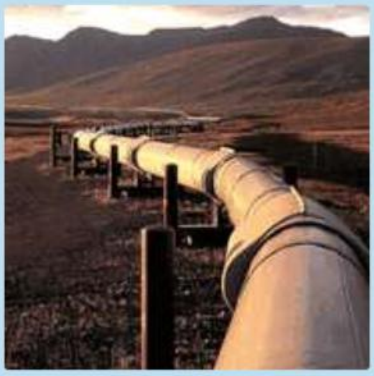
An Iranian deputy oil minister says Iran's oil production increased by 11 percent in the first four months of the current Iranian year (started March 21). Iranian Deputy Oil Minister for planning and supervision on hydrocarbon resources Mansour Moazzami said that Iran will raise its oil production by 700,000 barrels per day (bpd) within the next three years.

In May, Mohsen Qamsari, the director for international affairs at the National Iranian Oil Company (NIOC), said that the oil production of the Islamic Republic would reach four million barrels per days by the end of the current Persian calendar year in March 2015.

He also said a potential lifting of US-led sanctions against Iran would "facilitate oil exports" for the Islamic Republic. Iran's total in-place oil reserves have been estimated at more than 560 billion barrels, with about 140 billion barrels of recoverable oil. Heavy and extra heavy varieties of crude oil account for roughly 70-100 billion barrels of the total reserves.

Iran ready to revive Nabucco project, supply gas to Europe

ITAR-TASS, *11.08.2014*



Iran is ready to supply Europe with gas via Nabucco, an abortive gas pipeline project, Iran's top official said on Monday, adding that two European countries had already showed interest.

As Europe intends to diversify energy resources routes, Iran with its major gas fields could supply gas to Europe via Nabucco, Deputy Minister of Petroleum for international affairs Ali Majedi told Iranian media, adding that Nabucco would be useless without the Iranian gas. Delegations from two European countries have visited Iran recently to discuss possible routes for gas deliveries.

Majedi said different routes were possible, including supplies via Turkey, Iraq, Syria, Caucasia and the Black Sea, adding that he saw the Turkish route as the best option. The deputy minister said gas from Shah Deniz gas field in the Caspian Sea would not be enough for the pipeline, as production at Shah Deniz would not exceed eight billion cubic meters a year, while the designed capacity of the pipeline was at least 23 billion cubic meters.

Ali Majedi also said Turkey had showed interest in taking part in gas deliveries from Iran to Europe. Besides, Iran could potentially supply liquefied natural gas to Europe, he said. Nabucco is an abortive project of a 3,300-kilometer-long gas pipeline from Turkmenistan and Azerbaijan to European Union countries, first of all to Germany and Austria. The project was estimated at 7.9 billion euros. OMV Gas GmbH (Austria), BOTAS (Turkey), Bulgargaz (Bulgaria) and Transgaz (Romania) were parts in the consortium for pipeline construction.

Work on the project began in 2002. Initially, plans were to launch the construction in 2011, finishing it by 2014, but the project was repeatedly postponed because of problems with possible gas suppliers. In 2011, it was reported that the launch date was shifted to late 2018. In June 2013, an announcement came that the project had been closed in favour of a more promising project - the Trans-Adriatic pipeline.

Lebanon’s oil and gas update is no update at all

Natural Gas Europe, *14.08.2014*

Lebanon is undergoing the worst security crisis since the start of the civil war three years ago in Syria. On August 2, militants of the self-proclaimed Islamic State attacked Arsal in Northern Lebanon, which led to a confrontation with the Army. The Parliament fails to hold a session to elect the country’s new President.

Lebanon’s Minister of Energy and Water Arthur Nazarian said that the first licensing round will be delayed once again until the government is able to meet and ratify two pending decrees setting the terms of exploration and production agreements and delimitating the blocks open for bidding.

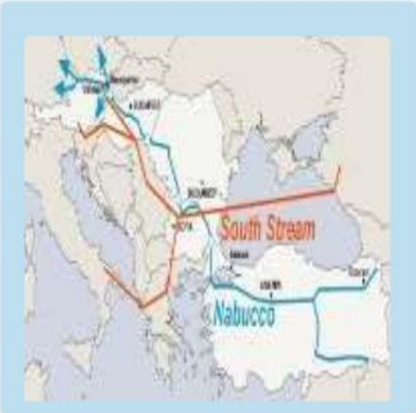
A debate around whether the 10 blocks should be offered at once or progressively had also divided the politicians. Despite the various delays in opening Lebanon’s first hydrocarbon round, the Minister of Energy and Water expressed his confidence that international oil and gas companies remain interested in tapping into Lebanon’s waters believed to contain substantial amounts of oil and gas. Energy experts warn however that the repeated postponing risks deterring oil and gas majors who would seek opportunities elsewhere. Another concern is Lebanon’s ability to lead the process once it is in a position to open the bidding phase. The country historically suffered from corruption, a weak rule of law and low transparency.

NGOs and the civil society need to play an active role in questioning the government, following the process closely and ensuring revenues are allocated efficiently. Lebanon has a gross public debt of US$ 65.14 billion1 that it hopes alleviate with oil and gas revenues. The country also suffers from severe and daily power outages that only a robust national energy plan would solve. Israel was the first of the Eastern Mediterranean countries to encounter natural gas in its Exclusive Economic

Zone. Israel is currently in the stage of drawing an export strategy. With the renewed deterioration of Israel’s relation with Turkey after its attack on Gaza, the likelihood of Israel sticking to exports to immediate neighbours and using Egypt’s unused export facilities to reach LNG markets is increasing. Greek Cyprus too has encountered gas in its Aphrodite field of Block 12 of its EEZ. ENI and KOGAS are now commencing their exploration activities, holding licenses for Blocks 2, 3 and 9. TOTAL plans to start exploring Cypriot waters in Blocks 10 and 11 in 2015. The results of their work will highly determine the commercial viability of the island’s planned LNG terminal. Despite the modest quantities of natural gas discovered to date, the Cypriot Government has announced it is sticking to its plan of building an onshore LNG facility as it is the optimal way to ship Cypriot gas to export markets, including Europe and Asia.

South Stream pushes a bit further

Natural Gas Europe, *11.08.2014*



The South Stream pipeline project faces difficulties ahead, notwithstanding the European Commission's objections. Nevertheless, another set of events points to a positive path ahead, judging by the number of countries that are pushing onwards.

The Turkish authorities approved the environmental impact research needed for the pipeline to go through the country's Exclusive Economic Zone (EEZ) offshore and to the Bulgarian shores. The construction of the part traversing Turkey will start in first quarter of 2015 and will be made of 4 lines of 930 km each reaching a maximum depth of 2,200 meters.

Turkey's decision to fast forward the pipeline is related to the fact that after the annexation of Crimea by Russia, Gazprom could shift the route directly to Bulgaria's EEZ, without needing to pass through Turkey. Moreover, Ankara is eyeing to have the entire pipeline ending in its territory in case Bulgaria backs off at the last moment. Should that happened Turkey would become the primal gas hub in Europe, by taking into account the TANAP project and its various gas links already with Russia, Iran and Azerbaijan. At a diplomatic level, the Ambassador of Russia in Italy, Sergei Razov, stated recently that opposition against the pipeline endangers the economic interests of specific EU countries, having in mind Bulgaria, Italy and others.

Rome from its own part seems eager to proceed and the Premier Matteo Renzi is leading the way by proposing to all countries where the project is going to transit to unite together in backing it, politically, whilst the Italian foreign ministry which is the Chair of the EU Presidency until the end of the year, is against any energy sanctions against Russia that would endanger common projects. It's also interesting to note that over the past year, there has been a notable increase of gas quantities exported from Gazprom to Italy, as well as, oil sales and joint investment projects despite the Ukrainian crisis or perhaps because of it. Serbia, another country in between the transit route, has emphatically stated through its Prime Minister Aleksandar Vucic that the country does not accept any ultimatums regarding how it is going to develop relations with Russia and reaffirmed the back up for South Stream by adding that his country stands to lose €350 million per year that and a multibillion euro initial investment that no one else is willing to provide in case the project is cancelled.

Likewise, Montenegro which is a neighboring country, through its Economy Minister Vladimir Kavaric, announced that his country desired to be included in the South Stream gas pipeline project. It should to be noted that until now the country was supporting the prospective project of the Ionian-Adriatic Pipeline (IAP) a Western-Balkan spur of the TAP-TANAP system of pipelines, known as the Southern Corridor, thus this shift is of importance and of great relevance regarding the aforementioned. In similar spirit the Hungarian government through its Prime Minister Viktor Orban, assured into the continuation of the project regardless of EU objections.

Lastly Austria, through its energy group OMV, concluded all agreements regarding the construction of South Stream in the country with Gazprom and finalized plans for the first gas flow in mid-2016. The Austrian part will deliver 30 bcm per annum via the Baumgarten gas hub and by end of 2014 all necessary licensing will be handed out, according to the most recent state announcements. The inclusion of Austria is of utmost importance due to the existence of a hub infrastructure that facilitates the accumulation and distribution of significant quantities of gas and their export to neighboring countries. Thus prices will tend to be reduced, while energy security will be increased due to the bypassing of Ukraine that is already in a state of war and on the brink of economic and societal collapse, a trend that will be clearly shown in autumn when the local energy crisis will be visible and harsh.

On Sunday, OMV CEO Gerhard Roiss was quoted as saying that the current stand-off between Russia and the West over the situation in Ukraine will not affect the scheduled construction of the gas pipeline. Speaking to the Financial Times, he commented: “Nobody can tell you not to build a pipeline. It’s a matter of national law… Everybody can decide for themselves. A pipeline is a 50-year project, so one should look at things realistically… A few months is not an issue,” In a nutshell, it is probable to assume that if there is no breakthrough into stabilizing Ukraine and re-instating its role as a reliable transit country for Russian gas into Europe, then South Stream clearly gains points to almost all countries in Southeast and Central Europe.

Austria’s OMV says will not take part in reverse gas supplies to Ukraine

ITAR-TASS, *12.08.2014*

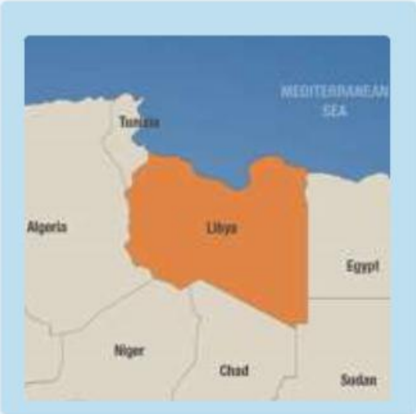
Austrian oil and gas company OMV will not reverse gas to Ukraine if it harms supplies to its key partners, Chief Executive Gerhard Roiss said on Tuesday. Even if the company had a chance to make short-term high-margin supplies to other customers, it would not do this, he mentioned.

Fulfilling 45-year obligations to the partners and reliable supplies to those who trust OMV were the company’s priorities, Roiss added. Ukraine’s stopping Russian gas transit to Europe is an unlikely scenario, Chief Executive of the Austrian oil and gas company OMV Gerhard Roiss said.

The Russian monopoly gas exporter Gazprom did everything to fulfil its obligations, and preventive measures had been taken to diversify supplies, he said. The company did everything to circumvent possible transit risks by rerouting gas supplies and fill European underground gas storage facilities, he added. OMV storages were 88% filled, and the company prepared to the cold season on schedule, said Roiss. Freeze of South Stream pipeline’s section in Bulgaria will not delay the project’s terms, Chief Executive of the Austrian oil and gas company OMV said. Last week, the Russian monopoly gas exporter Gazprom announced the terms were not delayed.

OMV second-quarter profit falls on Libya output disruption

Bloomberg, *12.08.2014*



OMV AG (OMV), an Austrian oil and gas explorer and refiner, reported a 37 percent decline in second-quarter profit because of production disruptions in Libya. Net income fell to 202 million euros ($270 million), while sales dipped 12 percent to 9.3 billion euros, Vienna-based OMV said today.

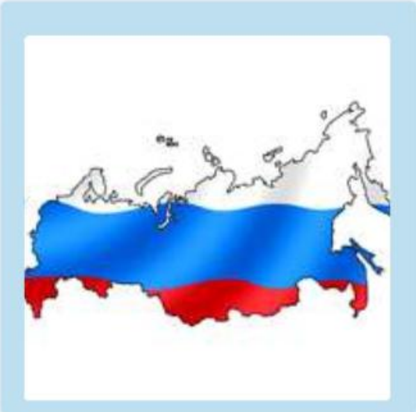
Analysts on average had estimated a profit of 168 million euros on sales of 10.6 billion euros, according to data compiled by Bloomberg. OMV had agreed to form a venture with Russia's OAO Gazprom in June for building a gas pipeline to the European Union, cutting transit dependence on Ukraine.

The conflict between Russia and Ukraine has impeded the construction of the South Stream pipeline, which would run under the Black Sea and through the Balkans before ending in Austria. "Our participation in the South Stream project will play an important role in the future to safeguard the security of gas supplies for Europe and, particularly, for Austria," OMV's Chief Executive Officer Gerhard Roiss said in the statement. OMV increased total second-quarter production, despite instability in Libya and Yemen, he said.

Daily gas production rose 2 percent based on higher Norwegian volumes, the company said. The company forecasts production of about 310,000 barrels of oil equivalent per day for the rest of 2014, even without Libyan production. OMV's Roiss signed the South Stream agreement with Gazprom's Alexey Miller on June 24 in Vienna during a state visit by Russian President Vladimir Putin. The companies may pursue more cooperation through a Gazprom stake in Austria's Baumgarten gas hub, Miller said.

Ukraine threatens oil and gas cut-off in Russia sanctions

Bloomberg, *08.08.2014*



Ukraine threatened to block Russian oil and gas supplies to Europe in new sanctions against Vladimir Putin's government, which it blames for a separatist uprising that has ravaged the country's east.

Ukraine, which no longer receives any gas from Russia but acts as a conduit for its neighbor's European customers, is considering a "complete or partial ban on the transit of all resources" across its territory, Prime Minister Arseniy Yatsenyuk told reporters today in Kiev. It may also ban Russian planes from its airspace and cut defense-industry cooperation.

"There's no doubt that Russia will continue its course -- started a decade ago -- aimed at banning imports of Ukrainian goods, limiting cooperation with Ukraine, pressure and blackmail," Yatsenyuk said. "In the most negative scenario for Ukraine, losses during the first year may reach $7 billion, not only because of sanctions but also because of the Kremlin's aggressive policy." The threat may signal that the government in Kiev calculates it has little to lose. It comes a day after Russia banned food imports from Ukraine, the U.S., the European Union and other countries that blame it for stoking the worst geo-political crisis since the Cold War. Gas prices in western Europe rose on the news of Ukraine's sanctions plan, which would require parliamentary approval.
Ukraine hasn't received Russian gas since June 16, when OAO Gazprom cut its supplies in a debt and pricing dispute. The country will manage at least until the end of the year by using stored gas and reducing consumption, according to NAK Naftogaz Ukrainy Chief Executive Officer Andriy Kobolyev.

Ukraine transported 86.1 billion cubic meters of Russian natural gas and 15.6 million metric tons of oil last year, according to a February bond prospectus. That's about half of Russia's total gas exports, though less than 7 percent of oil shipments. "That's pretty significant, so I can see why prices are going crazy," Trevor Sikorski, head of gas, coal and carbon at London-based consultants Energy Aspects Ltd., said by phone. "It is quite an extraordinary statement. Western European governments are not going to be happy with this." Winter gas in the U.K., Europe's biggest market, jumped as much as 2.6 percent to 62 pence a therm ($10.42 per million British thermal units), the highest level since July 29 on the ICE Futures Europe exchange.

Dutch gas for September rose as much as 2.8 percent to 18.60 euros ($24.91) a megawatt-hour on the Title Transfer Facility hub. Gazprom stopped shipping gas through Ukraine for almost two weeks in 2009, leaving several EU states including Bulgaria and Slovakia without supplies. It has since worked on other transit routes, including opening Nord Stream, which pumps gas under the North Sea, in 2011. Gazprom also plans to complete the South Stream project with European utilities such as Italy's Eni SpA (ENI) and France's Electricite de France SA, by 2019.

Russia also has routes to ship oil that bypass Ukraine, and restrictions would have a bigger effect on Ukraine's budget and EU countries, Igor Dyomin, a spokesman for Russia's oil pipeline operator, OAO Transneft, said by phone. The Russian Energy Ministry and Gazprom declined to comment immediately. In Washington, the American Petroleum Institute lobbying group said Ukraine's announcement underscored the need to speed the approval of natural gas exports, even if U.S. gas won't replace Russian fuel in Europe anytime soon. "If policy makers act now to allow free trade, U.S. energy exports can further reduce the impact of unrest overseas and limit the influence of foreign suppliers that dominate other markets," John Felmy, API's chief economist, said in a statement. The group's members include Exxon Mobil Corp. (XOM) and Chevron Corp. (CVX) Ukrainian government bonds extended losses, with the yield on the dollar note maturing in July 2017 climbing 10 basis points to 11.04 percent. The hryvnia also weakened even after the central bank intervened yesterday to stabilize the currency. Russian stocks gained after losses yesterday in the wake of the import ban.

The Micex Index (INDEXCF) rose 1.1 percent in Moscow. Ukrainian lawmakers will vote Aug. 12 on the sanctions bill, which was approved by the cabinet today. It would enable the government to use 26 types of penalties, including possible asset freezes and bans on participation in state asset sales. The government put forward a list of 65 companies, mostly Russian, and 172 individuals against whom penalties might be imposed. Russia's Energy Ministry is also assessing risks because of U.S. and EU sanctions and will take measures to bolster the oil and gas industry, including steps related to replacing sanctioned equipment, Energy Minister Alexander Novak said in a statement today. The one-year Russian restrictions on fish, meat, fruit, vegetables and dairy goods leave a $9.5 billion hole for domestic companies and developing nations such as Brazil to fill. The ban, which also applies to Canada, Australia and Norway, is designed to "protect national interests," according to a decree signed by Putin. Ukraine's army engaged separatists, who've been pushed back toward the cities of Donetsk and Luhansk by a government offensive in recent weeks, in 44 firefights during the past 24 hours, military spokesman Andriy Lysenko told reporters in Kiev today.

Seven soldiers and eight border guards were killed, he said. Tens of thousands of Donetsk's 1 million people have fled amid civilian deaths, power cuts and water shortages. The city council has accused both sides of shelling. Lysenko rejected that accusation, saying only the rebels are doing so. Ukraine is continuing to come under fire from Russian territory, Lysenko said, accusing its neighbor of keeping up a supply of heavy weapons, equipment and vehicles to the rebels. Putin is facing increasing isolation over the rebellion in Ukraine, which ignited when he annexed Crimea from Ukraine in March. More than four months of fighting has killed almost 1,400 people and displaced hundreds of thousands more, according to United Nations estimates.

Ukraine's July natural gas imports from Europe down 18.1% year on year

Platts, *09.08.2014*

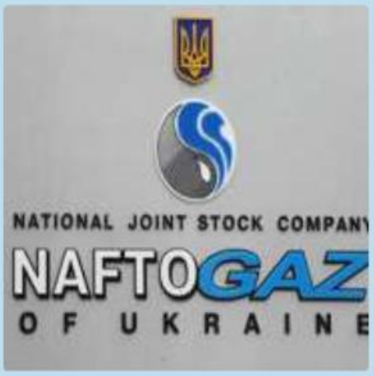
Ukraine's imports of natural gas from Europe decreased 18.1% year on year, or 49 million cubic meters, to 221 million cu m in July from about 270 million cu m in July 2013, state gas shipper UkrTransGaz said. The country's imports of gas from Europe in July dropped 32.9% month on month from 329.3 million cu m imported in June, the company said.

Ukraine imports gas via Poland and Hungary, after Russia, its main gas supplier, completely suspended gas deliveries on June 16 due to a dispute over gas prices. In July, Ukraine received 118 million cu m of gas from Poland and 103 million cu m from Hungary, UkrTransGaz said.

In the first seven months, Ukraine imported 821 million cu m of gas from Europe, down from 900 million cu m imported a year ago, UkrTransGaz said. Ukraine plans to start imports of European gas via Slovakia in September through the Vojany-Uzhgorod gas pipeline with a total capacity of about 10 billion cu m of gas annually. In January through July, Ukraine imported a total of 14.72 billion cu m of natural gas, mostly from Russia, up 18.2% from 12.45 billion cu m imported in January-July 2013, UkrTransGaz said. The Ukrainian government is working on a plan to survive the upcoming winter without Russian natural gas supplies and plans to introduce a state of emergency that will reduce consumption of gas by sectors of the economy. In January-July, Ukraine reduced its natural gas consumption 15%, UkrTransGaz said.

Naftogaz pledges to remain stable supplier to Europe

Natural Gas Europe, *11.08.2014*



Naftogaz Ukrainy has issued a statement on the potential impact on natural gas transit to Europe in the event of sanctions introduced being against Russian companies, stating that operations could be undertaken by companies not affected by the proposed restrictions.

“Transportation of natural gas via the territory of Ukraine to the EU, Turkey and Moldova can be passed to counteragents not subject to sanctions. To do this, any prospective counteragent would have to sign direct agreements with Ukrtransgas, the operator of the Ukrainian gas transport system.”

“Naftogaz of Ukraine confirms its readiness to continue reliable natural gas transit to European consumers,” Naftogaz Chair Andriy Kobolyev said. On Friday, Prime Minister Arseniy Yatsenyuk said that Ukraine may impose sanctions on both Russian individuals and companies, as well as on the transit of Russian gas. The imposition of the sanctions on transit of resources could limit or terminate gas transport services by certain counteragents of Naftogaz of Ukraine and Ukrtransgas. Germany had expressed concern about the possible implications of the sanctions, urging Ukraine not to block shipments Russian gas and oil supplies to Europe. “The federal government hopes that Ukraine is not going to implement a measure which Prime Minister Yatsenyuk announced on Friday,” German government’s spokesperson Steffen Seibert said on Monday.

Kobolev: No gas price growth if Ukraine bans Gazprom gas transit

ITAR-TASS, *12.08.2014*

A ban on gas transit through Ukraine for Russian monopoly exporter Gazprom will not “drive gas price higher”, Chief Executive of the state company Nazftogaz of Ukraine Andrey Kobolev “the ban could be imposed only on certain companies which the Ukraine government believes are dealing with terrorism. That is why ... European companies will be able to transit gas through Ukraine”, he said.

“The transit is already threatened by Gazprom. And if we look back at 2009, then the transit will stop for no reason. We believe that this situation might be repeated this winter,” said the CEO.

Ukraine did not see “it getting any better” but was “open to discussion” and ready to sign a commercial deal, he added. “Any European company” could sign transit contract with Ukraine’s Ukrtransgaz, and Russian gas would be supplied to the EU in full volume if Nazftogaz and Gazprom reached an agreement, Kobolev said. “If the gas is not cut off, and if there is a viable legal solution to transit contracts, then we can give 100%,” he said. Ukraine, he believes, will survive the winter without Russian gas. Naftogaz earlier said gas transit to Europe could be carried out by companies that were not sanctioned and would sign direct agreements with Nazftogaz.

According to experts polled by ITAR-TASS, Nazftogaz plans to find a European company but this is impossible without Gazprom consent. Revision of transit scheme will require revision of all agreements with European customers. The Russian monopoly can agree to use the new scheme for some time for the sake of saving the European consumers but only if the European Commission guarantees support for Gazprom’s project of South Stream pipeline to supply gas to Europe bypassing Ukraine. Kiev was earlier reported to plan sanctions on certain economic activities, including transportation of resources.

European natural gas prices firm on possible Ukraine transit cut

ICIS, *08.08.2014*

Wholesale curve prices at Europe's key traded natural gas hubs rallied on Friday following announced proposals from the Ukraine that it could halt the transit of all natural resources from Russia. Traders were not prepared to head into the weekend without longer-dated contracts covered on the risk this could include the delivery of gas.

After a weak open, Winter '14 at the Dutch TTF gained €0.725/MWh intra-day, before ticking a touch lower to settle at €25.088/MWh, up €0.15/MWh session on session. At Europe's lead market, the British NBP, Winter '14 ended the week at €26.038/MWh – posting an increase of 0.70p/th day on day.

The rally occurred after Ukrainian prime minister Arseniy Yatsenyuk said his cabinet had drafted a law on sanctions that could be applied against Russia. Parliament will vote on the draft next Tuesday. The bill will include a list of 172 citizens of Russia and other countries and 65 legal entities, mainly in Russian ownership, that "support and finance terrorism and are directly related to crimes committed in the territory of Ukraine," a government statement said. The draft outlines 26 sanctions, which include a full or partial ban on transit of all natural resources.

Other sanctions call for freezing of assets; banning companies from doing business in Ukraine; ban on participation in privatisation of government property; ban on using licenses; special economic measures, including licensing; special checks of financial operations; halt of financial operations and prohibition of movement and entering the country. The statement did not mention natural gas specifically. According to Yatsenyuk, the government made the decision after consultations with western partners.

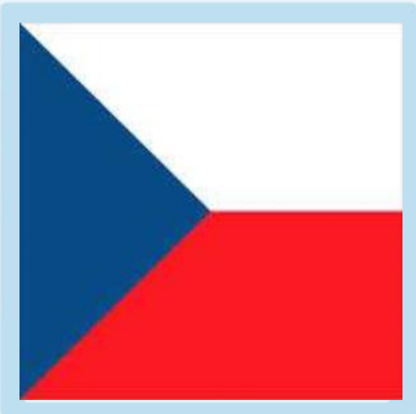
Data from Ukrainian system operator Uktransgaz shows that last month a total of 5.2 billion cubic metres (bcm) of Russian gas transited Ukraine through to the EU markets. Of this, 3.6bcm was fed into Slovakia, Hungary and Poland, indicating an average of 167.7 million cubic metres (mcm)/day. Much of the rest was delivered into Romania, for onward delivery to Bulgaria and Turkey. If Ukraine were to halt the transit of Russian gas, Slovakia, Hungary and Poland would still be able to take delivery of some of Russian volume via other routes.

Nord Stream is currently flowing at a rate of around 93mcm/day, which given its annual capacity of 55.0bcm would indicate another 58mcm/day could be sent through it. This would only be possible if a long-standing capacity rights issue was resolved by the EU, however. The Yamal pipe via Poland and into Germany would also be able to take around about 9.0mcm/day, to reach its maximum capacity of 86.0mcm/day. Romania, meanwhile, is almost self-sufficient, but markets further south would be particularly hit by a cut in transit flows. Bulgaria, in particular, is almost entirely dependent on Russian flows that traverse Ukraine.

Turkey, although connected directly to Russia via the Blue Stream pipe, would also have very few options available. Blue Stream, which has a 16.0bcm capacity, last year delivered 13.7bcm into Turkey, indicting it could carry around an additional 6.3mcm/day. But this is far short of the current 43.0mcm/day Turkey is currently receiving along the Ukraine-Romania-Bulgaria route. Katya Zapletnyuk and Tom Marzec-Manser.

Czech brokerage unveils plans to provide Polish natural gas screen

ICIS, *14.08.2014*



Czech brokerage firm 42 Financial Services (42FS) is continuing to widen its reach in the European markets, as it plans to launch a new screen for Polish over-the-counter natural gas trading within the next two months, the company has confirmed. A new pricing screen provided by the broker could bring more price transparency into the growing Polish market.

A spokesman for the inter-deal broker said the new screen was the result of huge customer demand from clients based in Poland, as well as Czech traders interested in the Polish market.

The wholesale gas market in Poland also had a boost this month, after a recently created retail company of incumbent PGNiG began supplying new customers from 1 August (see ESGM 1 August 2014). The sole purpose of PGNiG Obrot Detaliczny would be to buy gas from its parent company and then resell it onwards to much of the retail market. This meant that the new division would become an active buyer on the POLPX energy exchange, which should increase overall liquidity. As well as Poland, 42FS is also considering launching a Romanian screen later in the year. Recent changes to Romanian legislation has forced producers to sell 20% of their output through an open platform (see ESGM 8 August 2014). This threshold could even rise to 50% in the near future.

42FS launched new two Slovak screens in January, along with screens for the Italian PSV and Hungarian MGP gas hubs. Slovakian gas can be traded on the virtual point as well as its domestic point. While volume on the Slovak screens has seen a marked growth – having reached 509MWh by the end of June – no trades have yet been exchanged on the Hungarian screen. Bids and offers are regularly appearing on the Hungarian screen, but are still very wide. Brokered volume for the Italian market has reached 300MWh since January, although how this volume has been spread over the year was not disclosed. 42FS also provides platforms for the German NCG and GASPOOL hubs, Austria's VTP hub, the Dutch TTF and the Czech market. The firm brokers deals for about 15 companies, with the majority of these based in the Czech Republic.

Russia's Rosneft asks state for $40 billion to weather sanctions

Reuters, *14.08.2014*

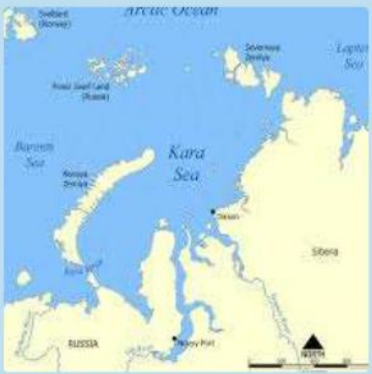
Igor Sechin, the head of Russian oil giant company Rosneft, has asked the Russian government to provide Rosneft with 1.5 trillion roubles ($41.6 billion) to help the company weather western sanctions, the Vedomosti newspaper reported on Thursday.

Under the plan, the state would spend money from its National Wealth Fund to buy Rosneft bonds, the paper reported, citing government sources and a letter from Prime Minister Dmitry Medvedev asking officials to analyse the idea. Vedomosti said that Sechin had called for the aid as a response to western sanctions.

The United States has banned credits and loans to Rosneft with a maturity longer than 90 days, and European banks and investors have de facto joined the sanctions, the paper reported. Rosneft has net debt of $44.5 billion, mainly arising from its $54 billion acquisition of oil company TNK-BP in 2013, the paper noted. There are insufficient funds in the National Wealth Fund to finance the injection, Vedomosti said, as much of the 3.1 trillion ($86 billion) fund has already been assigned to other projects. An anonymous official cited by the paper called Sechin's plan "horrible", and another government source told the paper that Medvedev was unlikely to back it.

Rosneft, ExxonMobil start drilling in the Kara Sea

Oil & Gas Eurasia, *09.08.2014*



Rosneft and ExxonMobil joint venture company Karmorneftegaz began drilling of Universitetskaya-1, the Russian Federation's northernmost well using the West Alpha rig. The start of the drilling was launched by Russian President Vladimir Putin with head of Rosneft Igor Sechin and head of ExxonMobil Russia Glenn Waller.

Special representative of President of the Russian Federation on international cooperation in the Arctic and Antarctic, member of the Board of Directors of Rosneft Artur Chilingarov and North Atlantic Drilling representative Jan Tore Theimann also took part in the ceremony.

“The start of exploratory drilling in the Kara Sea is the most important event of the year for the global oil and gas industry. As a result of this work we are planning to discover a new Kara sea oil province. Developing of the Arctic shelf has a huge multiplicative effect on the whole Russian economy” – said Igor Sechin. The West Alpha rig was provided by the Norwegian company North Atlantic Drilling which signed long-term agreements with Rosneft on 30 July 2014 for the offshore drilling. West Alpha was transported via the Barents, Pechora and Kara Seas and installed on the drilling site of the East Prinovozemelskiy-1 Licence Area in the Kara Sea. The drilling rig made the way of over 1900 nautical miles to reach its destination. The rig is 30,700 tons in deadweight, 70 m long, 66 m wide, the derrick hangs 108.5 meters over the main deck, and it drafts during drilling for 21.5 m.

The rig is held on the drilling site by an 8-anchor positioning system, which provides advanced stability for the rig. Most of the platform is outside the reach of waves, which are no impediment for the rig’s operation. The maximum drilling depth of West Alpha is 7 km. The drilling will continue for two months. Rosneft and ExxonMobil experts spent several months preparing the rig for the Kara Sea drilling operation. West Alpha was upgraded to improve the overall reliability of its main and supplementary equipment and for all systems to be ready for low temperatures, including, most importantly, life support and evacuation systems. The rig is equipped with an innovative system for the monitoring of ice condition, icebergs detection and tracking of sea ice. It uses infrared cameras and modern onboard radars, and analyzes satellite and air intelligence data.

To make sure West Alpha can operate safely in severe ice conditions, Rosneft and ExxonMobil developed a unique iceberg collision prevention plan. It even includes applying physical action to the ice. Should experts suspect a hummock or floe can damage the rig, special support vessels will tow it away to a safe distance. If physical action is impossible, the system will isolate the well in a way that is harmless for the environment, and the rig will transfer to a safer location. The rig is equipped with two groups of blowout preventers and an enhanced subsea shut-in device.

Gazprom Neft reports IFRS financial statements for 1H 2014

Oil & Gas Eurasia, *12.08.2014*

Gazprom Neft, a vertically integrated oil company engaged primarily in oil & gas E&P, the sale and distribution of crude oil, and the production and sale of petroleum products operating in Russia's major oil and gas regions, published its consolidated financial results for 1H 2014, in accordance with International Financial Reporting Standards.

During the period, the growth in hydrocarbon production and premium channel sales, in addition to rising prices for crude oil and associated products, have driven a 13.9% increase in sales and a 18.5% increase in adjusted EBITDA* (earnings before interest, taxes, depreciation and amortization).

Net income attributable to the shareholders of JSC Gazprom Neft for the reporting period rose 12.9% to RUB 87.60 bln. Operating cash flow increased by 15.6% Y-o-Y to RUB 145.559 bln. Hydrocarbon production volumes in 1H 2014 increased 4.1% Y-o-Y to 234.18 mmboe (31.84 mmtoe). This was due to: the continued growth of production at the Orenburg and Priobskoye fields, Gazprom Neft's increased stake in SeverEnergia, an increase in natural gas production and the rate of associated gas utilization as well as the increasing use of new technology at mature fields. As an example, the number of horizontal wells drilled in 1H 2014 compared to 1H 2013 rose 56.5% to 144 wells, including 81 horizontal wells with multi-stage hydraulic fracturing (+50%) and 16 multilateral wells (+60%).

Refining throughput for 1H 2014 reached 21.99 million tonnes, up 3.8% Y-o-Y. This was due to the volumes recovered at the Company's refineries after scheduled maintenance in 2013 as well as an increase in gas condensate processing at the Omsk refinery and rising bitumen production in 2014. Sales via premium channels rose by 11.1% Y-o-Y to reach 12.2 million tons, with sales volumes via retail sites in Russia rising 7.2% to 4.61 million tons.

Oil and gas sector ‘draws highest salaries in Scotland’

BBC, *09.08.2014*

The oil and gas industry is leading the way as Scotland’s top earning sector, according to a new report. Recruitment platform S1jobs found the average salary for non-management roles advertised on its website this year was £47,168 - £5,000 more than in 2012.

The sector was followed by IT and telecommunications, with pay of just under £44,000. The other best paying sectors were financial services/investments, engineering/technical and procurement. Workers in the engineering and technical industries are receiving £800 more on average than in 2012, with a salary of more than £35,000 this year.

Despite some turmoil in the financial services industry in recent years, average salaries in that sector have remained almost exactly the same over the past two years at just over £36,100. Procurement was perhaps the surprise package in the top five paying sectors, with an average salary of almost £34,900 for jobs advertised this year. Gavin Mochan, head of sales with S1 jobs, said: “The high salaries in the oil and gas sector will not be a surprise to many and our findings do reinforce that the industry is growing faster than others in Scotland.

“However, it’s fantastic to see specialist skills such as IT and telecommunications also enjoying similar growth and not trailing very far behind. “In general these findings illustrate a very healthy picture of the job market in Scotland, following such a tough economic period, and we are definitely seeing very positive signs from a recruitment perspective.” The S1jobs report did not include salaries for managerial and executive roles in order to give “a truer picture” in the sectors.

Norway backs EU sanctions

Upstream Online, *12.08.2014*

Norway has decided to support the European Union trade sanctions against Russia over the Ukraine crisis after securing parliamentary support to implement similar measures, including a ban on exports of oil and gas technology.

Norway Foreign Minister Borge Brende said that the move was a "reaction to Russia's breach of fundamental principles in the United Nations agreement" in relation to its recent annexation of Crimea and destabilization of eastern Ukraine, where separatist rebels are believed to be receiving arms and other support from Moscow.

The trade restrictions include an embargo on exports of equipment for exploration and production in deep water, Arctic exploration and shale exploitation - applying only to new contracts - in an effort to curb future development of Russia's key oil and gas industry that is a major source of national revenue. While the ban would prevent Russia from getting its hands on key enabling technology such as subsea equipment to tap its offshore resources, it is also likely to hit Norwegian engineering contractors such as Aker Solutions and Kvaerner that are angling for future awards in the country's emerging Arctic play. The latest sanctions, introduced by the EU on 31 July and backed by the US, are targeted at Russia's oil, finance, defence and technology industries.

They represent a major escalation of economic restrictions after travel bans and asset freezes were earlier imposed on key Russian individuals with links to the Kremlin. The latest sanctions have been implemented in the wake of the downing of a Malaysia Airlines flight MH-17 that is suspected of being shot down by Russian-backed rebels over eastern Ukraine. However, Norway is already feeling the backlash of retaliatory sanctions imposed by Russian President Vladimir Putin, including a ban on fish imports that is hurting the country's key fishing industry.

Gabon signs offshore oil contracts with six companies

Rigzone, *08.08.2014*

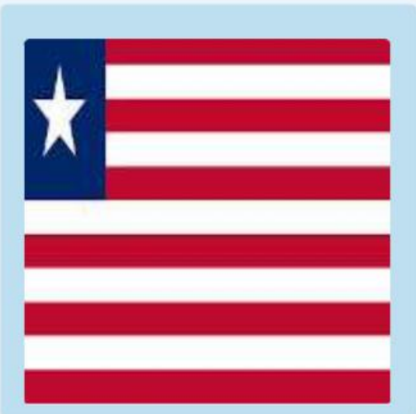
Gabon has signed seven oil contracts with six companies as part of an offshore licensing round expected to attract at least $1.1 billion in investment to the sector. The Central African country hopes that this tender, its tenth, will help it reverse a chronic decline in output due to maturing onshore fields.

The former OPEC member currently pumps about 230,000 barrels per day, down from a peak of close to 400,000 bpd in the 1990s. Drilling deep offshore the Gulf of Guinea is expensive but potentially very rewarding for oil firms, given the similar geology to oil-rich Brazil, where billions of barrels of oil have been discovered.

The companies that have signed contracts are: Impact, Repsol , Marathon, Noble Energy, Petronas and Woodside. The deals end over nine months of arduous negotiations in which the list bidders has changed several times. Two companies - U.S. oil major Exxon Mobil and British oil explorer Ophir - invited in late July to enter a final round of negotiations did not feature on the ministry's final list. Australia's Woodside was not invited to the final round, yet was named as a winner.

Liberia looks ahead with new oil bid round

Rigzone, *13.08.2014*



Liberia is inviting international companies to bid for offshore oil production licences as it grapples with an Ebola fever outbreak, which is crippling its economy and has already caused one oil major to delay a project.

The West African country does not produce any oil or natural gas but it hopes to tap into potential reserves offshore in deep and ultra-deep waters, following the example of its neighbour Sierra Leone and African oil giants Nigeria and Angola. The oil and gas block licensing round will be held under a new contract to fit with Liberia's new petroleum bill, which is expected to be passed in late November this year.

The round offers four offshore blocks, relinquished by other companies. It was launched on Aug. 5 and will close on Oct. 31, Liberia's state oil company NOCAL announced on its website.

Roxi sees further oil, gas shows at Kazakh well

Rigzone, *11.08.2014*

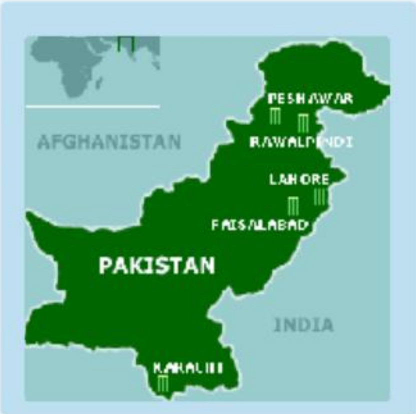
Kazakhstan-focused Roxi Petroleum reported Monday that its A5 well, located on the BNG Contract Area in the west of the country, has made a further discovery. Roxi reported on August 5 that oil and gas shows were detected at a depth of 14,213 feet in a 39-foot core taken from the well.

Now, the firm has announced that a further core of 58 feet has been taken between 14,263 feet and 14,322 feet, with 18.5 feet being recovered. Initial examinations of this core confirmed it to be grey limestone, microcrystalline, dolomitic, fissured, vuggy and oil saturated over its full length, according to the firm

This makes the aggregate thickness of the gross oil-bearing interval at least 108 feet. Roxi now intends to take a third core sample before assessing the flow rate of the well. Roxi Chairman Clive Carver commented in a company statement: “With the gross oil bearing interval now at least 33 meters we continue remain excited by the potential of the deep horizons at the BNG Contract Area and look forward to establishing the full extent of this discovery.”

Commercial production commences at Zarghun South gas field in Pakistan

Rigzone, *14.08.2014*



Jura Energy Corporation (Jura) reported the commencement of commercial production from the Zarghun South gas field in the Zarghun South Block in Balochistan province, Pakistan. Approximately 4 million standard cubic feet per day (MMcf/d), or 1.6 MMcf/d net to Jura, of gas from the field is being sold to Sui Southern Gas Company Limited (SSGCL) under an Interim Gas Sale Arrangement (the Interim Arrangement).

This Interim Arrangement was approved by the Joint Venture partners pending the installation and commissioning of an Amine Sweetening Unit (ASU), used to remove carbon dioxide and hydrogen sulphide from the inlet gas stream.

During this Interim Arrangement, a chemical scavenger is being used in place of the ASU. The gas sold during this interim period will be “off specification”, as this gas will not fully meet the specified composition standard agreed under the original Gas Sale Agreement with SSGCL. This Interim Arrangement will continue until the ASU becomes fully operational, which is expected to occur in October. Approximately 80 percent of Zarghun South’s reserves are certified as “tight gas” under Pakistan’s Tight Gas (Exploration and Production) Policy, 2011. The tight gas is expected to be entitled to a price of $6.74 per million British thermal unit (MMBtu). Zarghun South gas has a heating value of approximately 900 Btu/Scf.

Under the terms of the Interim Arrangement, the “off specification” gas will be sold at a discount of 30 percent to the price that would otherwise be applicable to the gas. Based on the expected gas price of $6.74 per MMBtu, management of Jura expects that monthly revenue (net of royalty of 12.5 percent of the value of petroleum and price discount of 30 percent) to Jura from the Zarghun South gas field during the interim period will be approximately $170,000. The Zarghun South lease covers an area of approximately 47.8 square miles (124 square kilometers) in the western part of the Sulaiman Fold and Thrust Belt of the Middle Indus Basin. It is strategically located near the gas demand centre of the city of Quetta. Jura holds a 40 percent working interest in the Zarghun South lease, which is operated by Mari Petroleum Company Limited.

Oil market well supplied despite conflicts

Reuters, *12.08.2014*

Big rises in oil production from North America are helping to keep oil markets well supplied, the West's energy watchdog said, suggesting oil prices are unlikely to rise much soon despite armed conflicts near key oil-producing areas.

Sunni insurgents have made sweeping gains across northern Iraq in the last month, over-running several oilfields and raising concerns about the security of oil supplies from the south of the country. Another important oil producer, Libya, has been in turmoil for years and is pumping only around a third of the volume of oil it produced under former dictator Muammar Gaddafi.

But the International Energy Agency (IEA) said that, although the situation in several key oil producing countries "remains more at risk than ever", oil supplies were ample, and the Atlantic market was even reported to be facing a glut. Output from the Organization of the Petroleum Exporting Countries rose 300,000 barrels per day (bpd) to a five-month high of 30.44 million bpd in July, as higher production in Saudi Arabia and Libya more than offset declines in Iraq, Iran and Nigeria, it said. Crude oil production in the United States has risen by more than 3 million bpd since 2010 and the increase in high quality, light, tight oil from shale formations shows no sign of stopping.

The IEA, which advises major consuming nations on energy policy, said North American oil supply growth was "relentless". "Despite armed conflict in Libya, Iraq and Ukraine, the oil market today looks better supplied than expected, with an oil glut even reported in the Atlantic basin," the International Energy Agency (IEA) said in its monthly report. "U.S. and EU sanctions on the Russian oil sector are not providing oil markets with much support, either. The consensus in the industry seems to be that neither set of sanctions will have any tangible near-term impact on supplies. Even for the medium term, their impact appears questionable," the IEA said.

The oil market has fallen over the last month but remains nervous about further supply shocks. Brent was trading around $104 a barrel by 0830 GMT on Tuesday, down from a high above $115 in June. "While the situation across these key producer countries remains more at risk than ever, so far the market appears confident that OPEC can deliver the production increase needed from it to meet rising demand expected in the second half of the year," the IEA said. The agency said slower global economic growth was keeping a lid on world oil demand, and although oil consumption would rise sharply towards the end of this year, it had trimmed its forecast for 2015 global oil demand growth by 90,000 bpd to 1.32 million bpd.

EIA sees US 2014 natgas output up 5.3% from 2013's record

Reuters, *12.08.2014*

The U.S. Energy Information Administration on Tuesday raised its estimate for U.S. natural gas production in 2014 to 5.3 percent over 2013's record high levels. In its August Short-Term Energy Outlook (STEO), the EIA said it expects marketed natural gas production in 2014 to rise 3.71 billion cubic feet per day (bcfd) from 2013 to 73.89 bcfd, up a bit from last month's forecast increase.

That would be the fourth straight annual record as strong increases in Texas and the Marcellus states offset declines in the Gulf of Mexico, EIA said, noting production in 2015 is expected to grow by 2.1 percent over 2014.

EIA also forecast gas consumption in 2014 will rise 1.24 bcfd, or 1.7 percent, from 2013 to 72.57 bcfd, up a bit from last month's forecast increase. Consumption gains were led by the industrial sector, EIA said. EIA projected working gas inventories will reach 3.46 trillion cubic feet (tcf) at the end of October, up from its 3.43 tcf forecast in July. That is still 0.35 tcf below the level at the end of the injection season last year. EIA reduced its forecast for gas prices at the Henry Hub, the benchmark supply point in Louisiana, to an average of $4.46 per million British thermal units in 2014 and $4 in 2015, 31 cents and 51 cents lower than last month's STEO, respectively. In 2013, Henry Hub prices averaged $3.73. Growing domestic production is expected to continue to put downward pressure on gas imports from Canada, and increase exports to Mexico, EIA said, projecting net imports will decline to 3.3 bcfd in 2014 and to 2.6 bcfd in 2015.

OPEC sees lower 2014 oil demand growth, pumps more staff

Rigzone, *08.08.2014*

OPEC trimmed its 2014 global oil demand growth forecast for a second consecutive month and said the group managed to increase output in July despite violence in Iraq and Libya, pointing to more comfortable global supplies.

OPEC trimmed its projection for growth in global demand this year to 1.10 million barrels per day (bpd), down 30,000 bpd, citing weaker-than-expected U.S. demand. "The slow and uneven global recovery continues," OPEC said in the report. In 2014, "U.S. oil demand remains strongly dependent on the development of the U.S. economy, however the risk is skewed to the downside compared to the previous month."

OPEC's report points to even less pressure on supplies in 2015 as partly due to the U.S. shale boom the need for OPEC crude will fall, despite faster growth in global demand. The report made no change to 2015's global demand forecast. This year, the lower demand forecast and a higher expectation for non-OPEC supply will reduce the forecast global demand for OPEC crude to 29.61 million bpd, down 70,000 bpd from the previous estimate, OPEC said. It left next year's forecast unchanged at 29.36 million bpd. The report also showed OPEC's crude output in July rose. According to secondary sources cited by the report, output increased by 170,000 bpd to 29.91 million bpd, led by higher supply in Libya and Saudi Arabia. That puts OPEC output close to the group's target of 30 million bpd. Protests and unrest in Libya, Western sanctions on Iran and fighting in Iraq took their toll on production in earlier months, keeping OPEC output sometimes below the target.

Announcements & Reports

► *Drilling productivity report*

Source : EIA
Weblink : http://www.eia.gov/petroleum/drilling/pdf/dpr-full.pdf

► *Short-term energy outlook*

Source : EIA
Weblink : http://www.eia.gov/forecasts/steo/pdf/steo_full.pdf

► *World energy investment outlook*

Source : IEA
Weblink : http://www.iea.org/publications/freepublications/publication/WEIO2014.pdf

► *Spotlight on oil and gas megaprojects*

Source : Ernst & Young
Weblink : http://www.ey.com/Publication/vwLUAssets/EY-spotlight-on-oil-and-gas-megaprojects/$FILE/EY-spotlight-on-oil-and-gas-megaprojects.pdf

Upcoming Events

► 20th Annual BBSPA Conference

Date : 04 August – 04 September 2014
Place : Vienna - Austria
Website : http://www.rigzone.com/google.asp?q=gas

► Downstream, Midstream and Chemicals Forum Singapore

Date : 19 August 2014
Place : Singapore
Website : http://www.woodmac.com/public/events/content/12226738

► Downstream, midstream and chemicals forum Tokyo

Date : 26 August 2014
Place : Tokyo – Japan
Website : http://www.woodmac.com/public/events/content/12226742

► Downstream, midstream and chemicals forum Seoul

Date : 28 August 2014
Place : Seoul – South Korea
Website : http://www.woodmac.com/public/events/content/12242028

► 4th China International LNG Conference

Date : 01 – 03 September 2014
Place : Beijing – China
Website : http://en.lngchina.org/

► South Russia Oil & Gas Exhibition

Date : 2 – 4 September 2014
Place : Krasnodar – Russia
Website : http://oilgas-expo.su/

► AS4 communication protocol workshop

Date : 9 September 2014
Place : Brussels – Belgium
Website : http://www.entsog.eu/events/invitation-to-the-as4-communication-protocol-workshop#welcome

► Oils, Chemicals & NGLs Forum

Date : 9 September 2014
Place : Houston – USA
Website : http://www.woodmac.com/public/events/content/12257302

► 2nd East Mediterranean Oil & Gas Conference

Date : 9 – 10 September 2014
Place : Paphos – Greek Greek Greek Greek Cyprus
Website : http://www.eastmed-og.com/Home.aspx

► Oil & Gas Producer Hedging and Marketing Forum

Date : 11 September 2014
Place : Dallas - USA
Website : http://www.mercatusenergy.com/oil-gas-hedging-marketing-conference/

► 4th Annual LNG Global Changes

Date : 16 - 19 September 2014
Place : London – United Kingdom
Website : http://www.lnggc.com/?xtssot=0

► Conference on Sustainable Development of Energy, Water and Environment

Date : 20 - 27 September 2014
Place : Venice – Italy to Istanbul – Turkey
Website : http://www.mediterranean2014.sdewes.org/index.php

Supported by PETFORM

► All Energy Turkey- 2014 *(in Turkey)*

Date : 24 – 25 September 2014
Place : Istanbul – Turkey
Website : http://www.all-energy-turkey.com/?lang=tr

► 2nd European Shale Gas and Oil Summit 2014

Date : 29 – 30 September 2014
Place : London – United Kingdom
Website : http://www.esgos.eu/

► *Midwest Energy Policy Conference*

Date : 30 September - 01 October 2014
Place : St Louis - USA
Website : http://www.moenergy.org/mepc

► *USEA 7th Annual Energy Supply Forum*

Date : 02 October 2014
Place : Washington - USA
Website : http://www.usea.org/

► *Energy and Economic Competitiveness*

Date : 06 – 07 October 2014
Place : London – United Kingdom
Website : http://www.chathamhouse.org/events?field_event_flags_tid=conference

► *4th St Petersburg International Gas Forum*

Date : 07 – 10 October 2014
Place : St Petersburg – Russia
Website : http://www.igu.org/events/4th-st-petersburg-international-gas-forum

► *Securing energy supply: how to better protect energy networks from disruptions*

Date : 10 October 2014
Place : Bratislava – Slovakia
Website : http://www.encharter.org/index.php?id=670&L=0

► *Canada Europe roundtable for business – 2014 Calgary energy roundtable*

Date : 15 October 2014
Place : London – United Kingdom
Website : http://www.energyroundtable.org/london.php

► *SPE Russian Oil and Gas Exploration & Production Technical Conference & Exhibition*

Date : 14 - 16 October 2014
Place : Moscow – Russia
Website : http://www.russianoilgas.ru/en/Home/

► *Energy Hedging, Risk Management & Trading Seminar*

Date : 15 – 16 October 2014
Place : Houston - USA
Website : http://www.mercatusenergy.com/energy-hedging-trading-risk-management-events/

► *FT European Gas Summit: New Supplies for Europe: Feast or Famine*

Date : 23 October 2014
Place : London – United Kingdom
Website : http://event.ft-live.com/ehome/index.php?eventid=87259&&reference=twittertweet

► *Society of Petroleum Engineers Annual Technical Conference and Exhibition (ATCE)*

Date : 27 - 29 October 2014
Place : Amsterdam – The Netherlands
Website : http://www.spe.org/atce/2014/

► *European Automn Gas Conference*

Date : 28 – 30 October 2014
Place : London – United Kingdom
Website : http://www.theeagc.com/

► *Turkey International Underground Gas Storage Conference*

Date : 29 – 31 October 2014
Place : Ankara – Turkey
Website : http://tugs2014.org/

► *Gas to Liquids*

Date : 29 – 30 October 2014
Place : London – United Kingdom
Website : http://www.smi-online.co.uk/energy/uk/conference/gas-to-liquids

► *Climate Change: Raising Ambition, Delivering Results*

Date : 03 – 04 November 2014
Place : London – United Kingdom
Website : http://www.chathamhouse.org/ClimateChange14?campaign=ngfe

► *Iran Oil & Gas Summit*

Date : 03 – 05 November 2014
Place : London – United Kingdom
Website : http://www.iranoilgas-summit.com/

► *The European Utility Week*

Date : 04 – 06 November 2014
Place : Amsterdam – The Netherlands
Website : http://www.european-utility-week.com/

► *Turkmenistan International Oil & Gas Conference and Exhibition*

Date : 18 - 20 November 2014
Place : Ashgabat - Turkmenistan
Website : http://www.oilgasturkmenistan.com/

► *Securing Europe's Competitive Energy Future*

Date : 19 November 2014
Place : Brussels - Belgium
Website :https://www.entsoe.eu/news-events/events/Pages/Events/entsoe-conference-securing-europes-competitive-energy-future.aspx?EventWorkshopId=154

► *Oil & Gas Cyber Security*

Date : 24 – 25 November 2014
Place : London - United Kingdom
Website : http://www.smi-online.co.uk/energy/uk/conference

► *166th (ordinary) OPEC meeting*

Date : 27 November 2014
Place : Vienna - Austria
Website : http://www.opec.org/opec_web/en/311.htm

► *Middle East and North Africa Energy*

Date : 18 – 21 Feburary 2015
Place : London – United Kingdom
Website : http://www.chathamhouse.org/node/15232

► *4th Erbil Oil & Gas International Exhibition*

Date : 18 – 21 Feburary 2015
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► *6th OPEC International Seminar*

Date : 03 – 04 June 2015
Place : Vienna - Austria
Website : http://www.opec.org/opec_web/en/press_room/2793.htm

► *OGA 2015*

Date : 02 – 05 June 2015
Place : Kuala Lumpur - Malaysia
Website : http://www.oilandgas-asia.com/home/index.php