Oil & Gas Bulletin
▸ 23.03.2018

No delays in TurkStream so far, 82% completed

Anadolu Agency, *20.03.2018*

Swiss major offshore pipelay and subsea construction company Allseas laid 82 percent of the TurkStream natural gas project's first line without any delays so far.

Smit, the project manager responsible for the TurkStream project in an interview with Anadolu Agency last Wednesday said he considers the TurkStream project, which he has worked for since 2014, one of the most challenging in his career. "We had a very tight schedule and we partially had a new crew. This is also the first pipelaying project for the Pioneering Spirit. Despite all of this, 24-hour work"

"For TurkStream, we don't foresee delays. The plan looks feasible and we know what to do. We expect to complete the first line in spring this year," he added. "Around 764 kilometers of the first line has been laid. Considering the total length of approximately 930 kilometers, 82 percent has been completed," he said. Smit added that up to the border of the Turkish and Russian exclusive economic zones in the Black Sea, around 224 kilometers of the second line of the project that will run into Europe has also been finished. Allseas' Pioneering Spirit is the biggest pipelaying vessel in the world and also undertakes offshore dismantling of oil and gas infrastructure. The TurkStream project was the first in which it debuted its pipelaying capabilities.

The Pioneering Spirit is performing well and safely for the TurkStream project, he said, breaking many speed records in the industry. The vessel has received 80,000 pipe joints since the beginning of the project via cargo from marshalling yards in Varna, Samsun, Trabzon, Burgas and St. Petersburg. Allseas has six ongoing projects including the current TurkStream, employs 3,000 and has undertaken over 300 projects so far.

During the interview in the Netherlands, Anadolu Agency reporters received up-to-date information via teleconference connection to the Pioneering Spirit's captain Fred Regtop. "We are proceeding nicely and on schedule in Turkish waters now. We are moving as planned, and we will finish the first line of the project this spring. We have now passed 764 kilometers," the captain, who also worked for the Nord Stream I project from Russia to Europe, reported. The TurkStream project will run from Anapa on the Russian coast to Kiyikoy in the Turkish Thrace region. It consists of two lines, the first of which will cater for Turkey with a capacity of 15.75 billion cubic meters, while the second line of equal capacity is planned to serve Europe. The project is planned to become operational at the end of 2019. South Stream Transport B.V., a Gazprom subsidiary based in Amsterdam, the Netherlands, is responsible for the construction of the gas pipeline's offshore section.

Iran's oil minister to visit Turkmenistan for energy talks

Mehrnews, *18.03.2018*

Iranian Oil Minister Bijan Namdar Zanganeh is scheduled to leave Tehran for Turkmenistan to hold talks on cooperation in the field of energy with Turkmen officials.

Speaking to reporters on the sidelines of a ceremony to sign an upstream contract between National Iranian Oil Company (NIOC) and the Iranian Pasargad Energy Development Company for developing Iran's Jofeir and Sepehr oilfields on Sunday, Zanganeh said that he is scheduled to leave Tehran for Ashgabat on Monday to initiate a new round of energy talks with Turkmen officials.

"We are prepared for serious talks with Turkmenistan within a diplomatic framework towards expansion of relations," the oil minister was quoted as saying by the Oil Ministry's official website SHANA. According to SHANA, the National Iranian Oil Company (NIOC) and the Iranian company Pasargad Energy Development Company (PEDC) signed a contract for the integrated development of Sepehr and Jofeir Fields with an estimated CAPEX of 2.4 billion dollars on Sunday.

Egypt to resume gas exports to Jordan by early 2019

Enterprise, *28.03.2018*

Egypt will resume gas exports to Jordan by early 2019, Oil Minister Tarek El Molla told his Jordanian counterpart Saleh Kharabsheh, according to Petra News Agency.

The minister's announcement comes as EGAS and state energy firm Enppi signed a USD 13 mn agreement to build a 17 km steel pipeline for the Jordanian-Egyptian Fajr for Natural Gas Transport and Supply, Al Borsa reports. Construction will begin this year and is slated for completion by 2020.

El Molla had hinted last month that Egypt was gearing up to resume sales to Jordan, which were called off after the events of 2011.

Libyan oil is back, at least for now, vying with Saudis and Iraq

Bloomberg, *15.03.2018*

The North African country where militants disrupted oil production for months just a year ago is now closing in on Saudi Arabia as the third-biggest source of seaborne supply to Europe after Iraq and Russia, the International Energy Agency said.

Even as the U.S. is reviving its own oil industry and exporting, Libya managed to ship more crude to America in the fourth quarter than a year earlier while supplies from Saudi Arabia, Venezuela and Iraq declined, the report showed.

“Libya is holding onto its recent gains,” the IEA said. While it remains a modest global exporter by volume, the politically divided nation also boosted exports to China, according to the report. The revival hasn’t gone unnoticed by international oil companies. Earlier this month, France’s Total SA bought the Libyan assets of Marathon Oil Corp. for $450 million. Royal Dutch Shell Plc, BP Plc and PetroChina Co. have agreed on annual deals to buy Libyan crude. Libya pumped 1.02 million barrels of oil a day in February, the fourth consecutive month when its output exceeded 1 million barrels daily, the IEA said. Production stood 350,000 barrels a day higher than in February last year when militant attacks and protests disrupted flows, it said.

“That risk remains, although recent incidents have tended to be resolved swiftly,” the IEA said. This year, Libya’s biggest oil field, Sharara, shut for just one day earlier this month due to a closed pipeline, according to the state-run National Oil Corp. But a separate disruption sparked by protests at the El-Feel oil field has gone on since Feb. 23, according to the IEA.

Iran and Russia sign deal to develop two oilfields

Reuters, *14.03.2018*

Iran and Russia signed a deal to develop two oilfields in Iran, according to Iranian state TV.

The National Iranian Oil Company signed a deal with Russia's Zarubezhneft to develop the fields, according to SHANA, the news site of the Iranian oil ministry. "This is a very important point. This is the first time that we are signing a deal to develop oilfields with a prominent Russian company," Iranian oil minister said at the signing ceremony. He added, "We hope that it won't be the last deal. It was a difficult negotiation and I say congratulations to both parties."

The Aban and Paydar-e Gharb fields are both in western Iran and jointly owned by Iran and Iraq, according to SHANA. Their combined oil output is currently 36,000 barrels per day. The 10-year agreement is intended to boost the production of the fields to 48,000 bpd. The fields are expected to produce 67 million barrels of oil during the ten years, SHANA reported Zarubezhneft has an 80 percent share in the deal and its Iranian partner, Dana Energy, the remaining 20 percent. The cost of developing the fields is estimated at $674 million, with an additional $68 million in indirect costs, according to SHANA. Zanganeh said Iran was currently in the middle of negotiations with other Russian energy companies including Gazprom, Lukoil and Rosneft.

Importing Israeli natural gas makes sense for Egypt

Bloomberg, *19.03.2018*

The discovery of Egypt's giant Zohr gas field in August 2015 was heralded as the solution to the country's energy problems. So why did Egypt cut a deal this year to import natural gas from Israel, its former enemy?

Dolphinus Holdings, a private Egyptian company, agreed Feb. 19 to buy gas from Noble Energy and its partners from Israel's two largest offshore fields, Leviathan and Tamar. The controversial accord is but the latest chapter in an Egyptian gas saga that has gone from triumph to tragedy to tentative renaissance. Egypt's problems with gas were long in the making.

In 2006, Petroleum Minister Sameh Fahmy received complaints from oil companies that low regulated gas prices were making new developments unviable, while new industries gobbled up supplies. Investment dried up and production plummeted after the 2011 revolution. The pipelines through Sinai to Israel and Jordan were repeatedly bombed by insurgents and a lack of gas ultimately forced Egypt them to stop deliveries. And the two liquefied natural gas facilities, built by BG (now Shell) at Idku near Alexandria, and Eni at Damietta in the eastern Delta, had to stop exports. Gas cuts to industry, power cuts, and a turn to expensive oil for fuel compounded the country's economic woes. The government of President Abdel-Fattah El-Sisi was able to get a grip on the problem beginning in 2015. It raised the price it was willing to pay for new deep-water gas, trimmed subsidies to consumers, and began liquefied natural gas imports through floating terminals to feed a new set of quickly commissioned power plants and largely end blackouts. LNG purchases were expensive, though, at about $3.55 billion for the 2015-16 fiscal year, accounting for a large slice of Egypt's $18.7 billion current account deficit.

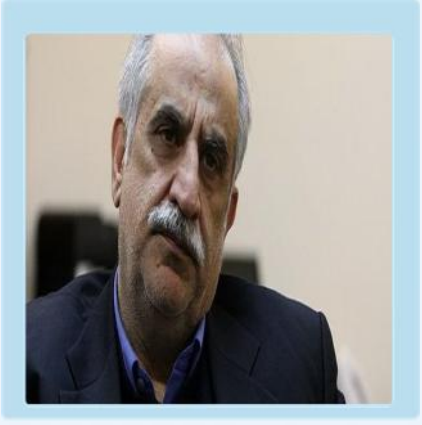
The fast-track development of Zohr, just two and a half years from discovery to first production, reflected the higher price offered for the country's gas and the urgency from the government. Since then, it and other new fields from Eni and BP have greatly reduced the need for LNG, with expectations that imports will end entirely this year, and that there should be a surplus for export in 2019. Given that, what is the purpose of the Israeli deal? For one thing, Egypt needs to cover for future demand. The rapid decline of its underlying production and the surge in demand from its new power plants means that without new developments it might be a net importer again as early as 2021. It will have to manage its gas demand by turning to solar, wind and coal power, and a Russian-built nuclear power plant set to start only in 2029, if ever. Egypt also wants to become a "gas hub." This concept allows a country to import, produce, consume and export gas and derive value from shifting between multiple suppliers and customers depending on the best price. The hub goal is strategic too. Getting Eastern Mediterranean gas to market has always been tricky, because of conflicting borders and two major diplomatic hurdles: Turkey's non-recognition of the (Greek) Republic of Cyprus, and the lack of relations between Israel and Lebanon. On Feb. 23, Turkish warships prevented Eni from drilling a well to the east of Cyprus, claiming that the Turkish Cypriot part of the divided island should also have a say.

And domestic political squabbling and indecision in Israel and Lebanon have deterred investors. Local markets in Cyprus, Israel, Lebanon and Jordan are fairly small, meaning that big fields need to supply Turkey, Egypt or more distant consumers. The finds to date, though large, are in deep water, and low gas prices in the past few years have made construction of long-distance pipelines or new liquefaction plants economically marginal. So, a viable export project requires aggregating gas from several rival countries and companies, using a mix of preexisting and new infrastructure. It is not surprising it has taken so long -- and is still shaky. Corporate rivalries also play a part. The Noble consortium faces a new competitor in Israel: the Greek company Energean, which, despite operating smaller fields, has competed aggressively on price, making it hard for the former to aggregate enough sales to go ahead with developing Leviathan. And Eni has just made a large discovery, named Calypso, perhaps as big as Zohr, off the southwestern coast of Cyprus, and would prefer to develop it via the Zohr pipeline and probably take some gas to its Damietta LNG plant. Eni has no particular reason to help the development of Noble's gas, nor that of the smaller Noble/Shell-owned Aphrodite field, Cyprus's first find, which is still undeveloped. The prospect of Calypso competition may have forced Noble's hand in its dealings with Dolphinus. The apparent gas price agreed slightly undercuts that of Zohr.

The current deal has attracted furious criticism within Egypt, where opponents of the project are unhappy about buying gas from Israel when their country is supposed to have achieved self-sufficiency. And the parties have not selected an export route: whether to go via Jordan (whose own gas imports from Israel have also attracted protests), to try to resurrect the much-bombed pipeline from Ashkelon to El Arish, or to build a new underwater pipeline bypassing the troubled north Sinai. Between them, Egypt's two LNG plants can export about 7.5 billion cubic meters of natural gas a year. The agreed Dolphinus supply is 64 billion cubic meters over about a decade, which, if it isn't required for domestic use, would allow the LNG facilities to operate at near full capacity. Adding Cyprus's new finds to the mix could keep these plants running even as Egypt's own demand rises. In 2015-17, Egypt quickly emerged as the largest of a group of new LNG importers. Its return to significant exports would help supply a market which tightened abruptly this winter. Another possibility is a deal with Saudi Arabia, which is short of gas despite its oil wealth, and currently discussing the possibility of LNG imports with Russia. Its robot-run new city of Neom is intended to be in the northwest of the country, adjacent to Jordan, Israel and Egypt. That might be a good spot to import suitably relabeled "Egyptian" gas. If Egyptians can overcome their discomfort at buying from Israel, they have the chance to secure their own future needs, and be the indispensable player in Eastern Mediterranean gas.

Iran says agreed oil, gas swap deal with Azerbaijan

Azernews, *15.03.2018*



On the last day of the latest round of economic talks between Iran and Azerbaijan, the sides have agreed to cooperate on oil and gas swap.

Iran's Minister of Economic Affairs and Finance Masoud Karbasian has said the sides have agreed on eight documents on cooperation, including the swap of oil and gas. According to the minister, the documents will be finalized during an expected visit by Iranian President Hassan Rouhani to Azerbaijan in late March. An Azerbaijani delegation led by the economy minister and co-chairman of the State Commission for Cooperation between Azerbaijan and Iran.

In the economic, trade and humanitarian spheres, Shahin Mustafayev, arrived in Tehran March 14 on a two-day visit. Head of Gas Export Department at Azerbaijan's state oil company SOCAR Gagamali Seyfullayev earlier said that the volume of gas deliveries from Iran to Azerbaijan exceeded 1.76 billion cubic meters in 2017.

Seyfullayev reminded that with a view to meet the gas demand of the Nakhchivan Autonomous Republic of Azerbaijan, annually 402 million cubic meters of gas of Azerbaijani origin are supplied to Iran within a long-term (up to 2025) swap agreement, while 350 million cubic meters of this volume are then supplied to Nakhchivan. Under the oil swap agreements, which started in 1997 and were in place for over 12 years, Iran received crude oil of Azerbaijan, Kazakhstan and Turkmenistan in the Neka port and delivered an equal volume to the clients of the same countries in the Persian Gulf. Iran's total income from these swap transactions from 1997 to 2009 amounted to about $880 million.

Gas for peace or war in Eastern Mediterranean?

Anadolu Agency, *16.03.2018*

Maritime boundaries and Exclusive Economic Zones (EEZ) in the eastern Mediterranean have become subjects of dispute since hydrocarbon resources began to be discovered in 2009, particularly between states embroiled in long-standing political problems in the region.

Turkey, Greece, Greek Cyprus, Egypt, Israel, and Lebanon -- all with coasts on the Mediterranean -- claim rights to these hydrocarbon resources. Of these, Israel, Turkey, and Syria have not signed the United Nations Convention on the Sea (UNCLOS), in contrast to Egypt, Lebanon, and Cyprus.

Although gas discoveries in the eastern Mediterranean initially increased expectations for cooperation, they merely fueled existing tensions and even exacerbated them, which is evidenced by recent developments and a number of conflicts that have arisen between Turkey, Greek Cyprus, Greece, Lebanon, Israel, and Egypt. This is partly related to some countries preferring bilateral agreements over regional ones, which, in a way, clarifies the positions of all states. What these bilateral agreements have achieved at best is to simply increase distrust, particularly between parties that hold historical animosities toward each other. The unilateral declarations and actions taken by some of these states in providing license to international companies for exploring and drilling gas in the eastern Mediterranean without reaching an agreement on the areas where the claims of the states overlap and/or without settling the existing disputes have also worsened the situation. In short, political disputes regarding the validity of maritime boundaries -- known as Exclusive Economic Zones (EEZ) -- and past and present rivalries are hindering the exploration and production of gas in the eastern Mediterranean. Israel and Lebanon, and Turkey and Greek Cyprus are recent examples of such disputes.

Israel has recently threatened Lebanon (a few days before now dismissed U.S. Secretary of State Rex Tillerson's visit there) over its invitation for offshore gas exploration bids after it also made major offshore discoveries as well as Greek Cyprus. Israeli Defense Minister Avigdor Lieberman described Lebanon's exploration tender for Blocks 4 and 9 (which went to the Total, ENI and Novatek consortium with the exploration work set to begin in 2019) as "very provocative". Block 9 is the bone of contention between Israel and Lebanon. Meanwhile, Turkey has opposed gas exploration by Greek Cyprus until the Cyprus issue is resolved, arguing that the rights of Turkish Cypriots are being violated. The Turkish navy blocked, for a second time, a drillship contracted by ENI from reaching a drilling site in Greek Cyprus' Block 3 to explore for gas. The presence of the U.S. naval forces in the Eastern Mediterranean has been linked to ExxonMobil, which is scheduled to begin hydrocarbon explorations in the late summer or early autumn of 2018 in Block 10, which is disputed between Turkey and Greek Cyprus.

Greek Cyprus needs to find more gas reserves to make a planned onshore terminal commercially viable. It also planned to build a liquefied natural gas (LNG) plant that would make exports by ship to Asia and Europe possible. However, the reserves confirmed so far are insufficient to make that feasible. Greek Cyprus and Egypt are investigating the possibility of transferring gas from the Aphrodite field (in Greek Cyprus' Block 12) to Egypt via an undersea pipeline, although this is known to be a costly project. A European Parliament report of 2015 claims that a Turkish-Israeli project to build a pipeline would be more profitable than Greek Cyprus' proposed LNG plant. According to the EP report, the estimated cost of a Turkish-Israeli pipeline is 5 billion USD as opposed to the 15 billion USD estimated for the Greek Cypriot project. However, although the lower cost of a Turkish-Israeli pipeline makes the project more feasible than an LNG plant in Greek Cyprus, the pipeline would have to cross Cyprus' continental shelf. Alternatively, the EP report notes that "the pipeline could be constructed across the Lebanese and Syrian continental shelf but, given Israel's tense relations with Lebanon and the war in Syria, such a transit deal seems unlikely."

Without reaching a compromise or agreement through regional cooperation by putting aside political disputes, extracting gas in the region will be either too costly, unprofitable, or impossible. As long as some of the states do not give up their determination to drill for gas before settling their regional disputes, conflict and war will remain possibilities. Therefore, there will be no energy security, secure drilling, or free flow of gas from the region. Meanwhile, the issue will also fuel the existing tensions and disputes, thereby making other problems between eastern Mediterranean states unresolvable for the foreseeable future. The EU has made a good policy choice by promoting its energy security through the diversification of its energy suppliers. We should, however, not ignore that this energy security would be more sustainable if regional stability, peace, and security could be achieved through cooperation between states by a regional agreement on energy, putting aside the long-standing political conflict, thereby creating a win-win situation for the Eastern Mediterranean countries. This would not only make gas drilling and transportation commercially feasible but also spread the spillover effects of this cooperation to other fields and sectors. It could even restart the peace process and negotiations between hostile states and contribute to the reunification of Cyprus, a lessening of Israeli-Arab tensions, and to an improvement in Greek-Turkish and Israeli-Turkish relations.

Gas has the potential to serve as a catalyst for peace in the Eastern Mediterranean if global and regional powers give it a chance. Not so long ago, the Obama administration developed an energy diplomacy and energy policy based on the understanding that “energy can and should serve as the tool for cooperation, for stability, for security and prosperity.” With this policy, Washington envisioned increased transportation, increased investment and “peace pipelines” in the Eastern Mediterranean that could serve as regional peace dividends in the region. Hence, Washington emphasized the energy potential of Eastern Mediterranean, saying it could produce significant strategic and economic dividends for the region itself and then for Europe as a whole by enhancing stability, peace and prosperity for the region by bringing together Israel, Turkey, Egypt, Greece, Greek Cyprus, Lebanon and diversifying energy sources, needed for energy security in Europe. This was actually not an impossible scenario for the region because, 70 years ago, Europe managed to build peace through an initial cooperation in its coal and steel sectors after the Second World War.

This was a choice consciously made by the European leaders of the time to bring peace and stability, and reduce the possibility of future conflicts and wars in Europe. To achieve this goal, they first established the European Coal and Steel Community (ECSC) in 1952 and then the European Atomic Energy Community (EURATOM) in 1957, which made any future wars in Europe materially impossible through cooperation and the transfer of the national sovereign rights of the European states on these war materials to a supranational institution. EURATOM was established to create a specialist market for nuclear power in Europe, develop nuclear energy and distribute it to its member states while selling the surplus to non-member states. Europe also managed to expand the cooperation in these sectors to other fields, which paved the way for establishing the European Union (EU) -- an outstanding example of regionalism that has led to long-lasting peace in Europe -- a continent that experienced two world wars. Increased cooperation and a multilateral forum with the potential to prevent eastern Mediterranean states from competing and ignoring unresolved disputes over the Exclusive Economic Zones could also provide peace dividends for the region as ECSC and EURATOM did for Europe 70 years ago.

Furthermore, it could encourage further cooperation in different fields and sectors. U.S. Energy Secretary Rick Perry recently called for a global alliance as a platform to share knowledge and technologies with developing nations. This could enable states to achieve energy security and economic growth by helping them diversify their energy supplies and to make their energy renaissance harness more energy. Thus, it is time for those countries bordering the eastern Mediterranean and global powers to support the idea of cooperation, particularly for the EU, which enjoys two success stories in the ECSC and EURATOM, as well as the U.S., as it did 70 years ago for Europe. Cooperation will create a win-win situation instead of supporting any party that might create one more conflict on top of the existing ones in the region.

Russian, U.S. LNG heads for Europe as Asian prices weaken

Reuters, *15.03.2018*

Falling Asian gas prices are reigniting interest in northwest Europe as a liquefied natural gas (LNG) destination following winter shortages as Russia and the United States step up deliveries.

Price swings prompted Royal Dutch Shell on Thursday to divert the first shipment from the new Cove Point export plant in the United States away from Asia to Britain. More supply from Russia's newly built plant in Siberia at Yamal is likely to be absorbed by northwest Europe as arbitrage opportunities with Asia dry up amid a post-winter price slump there, trade sources said.

Asia's spot LNG premium over European gas hubs has shrunk to around $1 per million British thermal units, driven by divergent weather patterns. Mild weather is sapping demand in major LNG consumers China and Japan as cold blasts depleted Europe's gas inventories. Tighter spreads limit traders' ability to divert Atlantic-produced supply east after shipping costs rose last year. For example, a cargo held in storage at Rotterdam's Gate LNG terminal has gone unsold due to diminished incentives, traders said. So far this year, two Yamal cargoes unloaded at British terminals for domestic consumption, accounting for about a third of Britain's 2018 LNG imports after typical supplier Qatar pre-sold the bulk of its winter output to Asia last year.

Qatari LNG shipments to northwest Europe should also pick up from April as Asian demand eases, traders said. A Norwegian shipment arrived in Britain last week. From April, the availability of Yamal LNG cargoes may be restricted as long-term contracts commence. Currently all Yamal LNG is sold via spot markets. Under long-term deals, destination restrictions may limit where Yamal's customers - PetroChina, Russia's Novatek, Spain's Gas Natural, France's Engie, trader Gunvor and Shell - can sell supply. Curbs will vary by contract but traders still expect a large chunk of volumes to flow into European terminals - where they can then be re-exported - until thawing ice sheets allow passage to Asia directly in the summer months. In Britain, Russian LNG deliveries have drawn scrutiny after Prime Minister Theresa May accused Moscow of poisoning a Russian ex-spy with a rare nerve agent in England. "We estimate less than 1 percent of our gas comes from Russia and are in no way reliant on it," a spokeswoman for the Department for Business, Energy and Industrial Strategy said. British utility Centrica has a contract with the trading arm of Russia's Gazprom for 4.16 billion cubic meters a year until 2021, but that gas does not necessarily come from Russia and is most likely sourced from the open market.

Germany's Pivot from Russian gas will be costly

Oil & Price, *20.03.2018*

More problems are mounting for Russia's oil and gas sector. This time it's coming from Germany, which until recently usually gave Russia's energy sector more leeway than the U.S. or other allies.

But now it seems that German Chancellor Angela Merkel has also had enough. On Monday, Bloomberg reported that Merkel's government is seeking to build a liquefied natural gas (LNG) industry in Germany basically from scratch to reduce the nation's dependence on supplies arriving by pipeline from Russia and Norway.

Merkel backs "all initiatives supporting further diversification of gas supply -- whether from different regions or means of transporting gas," said German Economy and Energy Ministry spokeswoman Beate Baron. The move comes as natural gas resources from the UK and the Netherlands are depleting, and Germany is forced to rely more on Russian gas. Merkel's newly formed coalition has a "coalition contract" that among other policies sets out an energy agenda for the next four years, the Bloomberg reported added.

Germany, for its part, is Europe's largest gas consumer. In 2015, the country consumed 7.2 billion cubic feet per day (Bcf/d) of natural gas, according to U.S. Energy Information Administration (EIA) data. According to the German energy research group, AG Energiebilanzen, imports account for about 90 percent of Germany's total natural gas supply, while most imports come from three countries: Russia (40 percent of total imports in 2015), Norway (21 percent). Moreover, German companies are participating in Russia's controversial Nord Stream 2 pipeline, an expansion of an existing route for gas to flow from Russia to Europe under the Baltic Sea. The U.S., Poland and others have recently condemned the pipeline as a threat to European security. As Russia becomes increasingly aggressive, even wreckless geopolitically, the security threat to not only the EU but to Germany is apparent, causing the country of some 83 million people to do an abrupt energy policy about face. Germany's LNG pivot also comes as a geopolitical storm between the U.K. and Russia intensifies over an alleged Moscow-orchestrated nerve-agent attack on British soil against what the BBC called a double spy and his daughter.

British Prime Minister Theresa May retaliated last week by expelling Russian diplomats and seeking alternatives to Russian gas, including LNG produced at its new Arctic plant, the Yamal LNG export project. Addressing the UN Security Council last week, the U.K.'s deputy UN ambassador, Jonathan Allen, accused Russia of breaking its obligations under the Convention on the Prohibition of Chemical Weapons. The U.S., for its part, also condemned the nerve agent attack. U.S. ambassador Nikki Haley said that Washington stood in "absolute solidarity" with Britain, citing the "special relationship" between the two countries and saying that Washington would "always be there" for the UK. However, until recently many in Germany accused the U.S., notably President Trump, of using U.S.-sourced LNG as a geopolitical weapon to challenge Russia's decades' old dominance of European gas markets - an accusation that played perfectly into the hands of Russian energy companies and even Vladimir Putin. When Trump signed fresh sanctions against Russia's energy sector in August, Uniper - a German utility and one of Europe's largest energy firms - said the new sanctions were an American economic move as much as a political one.

"The core reason (for the sanctions) is strategic economic interests, meaning the targeted dominance of the US in energy markets," Uniper CEO Klaus Schaefer told journalists shortly after Trump signed the sanctions bill. Uniper is one of five companies that have invested in Nord Stream 2. Brigitte Zypries, Germany's economic minister, claimed last year that the sanctions violated international law and said that the EU should take action against the U.S. "Of course we don't want a trade war. But it is important the European Commission now looks into countermeasures," she said. "The Americans can't punish German companies because they have business interests in another country."

However, any Germany pivot to LNG away from Russian gas will come at a cost. Shipping LNG by one of several suppliers, including Qatar, the U.S. or Angola to name a few, is simply more expensive than Russian piped gas. While Russia already has an extensive pipeline network in place, LNG is more expensive when transportation, liquefaction and regasification costs are added. Using a Henry Hub gas price of $2.85/MMBtu as a base, Russian energy giant Gazprom recently estimated that adding processing and transportation costs, the price in Europe would reach $6/MMBtu – a steep markup. Henry Hub gas prices are currently trading at $2.657/MMBtu. Over the last 52-week period U.S. gas has traded between $2.64/MMBtu and $3.82/MMBtu. Russian gas sells for around $5/MMBtu in European markets. Moreover, Russian gas exporter Gazprom is also moving away from oil-indexation for gas prices to a European gas hub indexation, which will allow additional price savings and unfortunately for Germany - an incentive to stick with Russian gas, even if it's geopolitically distasteful. Meanwhile, Russian Energy Minister Alexander Novak said yesterday that Russia is Europe's most flexible and reliable energy producer, emphasising that the continent cannot afford to turn its back on Russian gas.

Can the Netherlands stay ahead in natural gas markets?

Reuters, *22.02.2018*

In 2016 the Dutch gas market achieved a major milestone when the TTF natural gas hub became the benchmark for European gas, taking the lead from the British NGC.

The significance of this achievement has yet to be fully understood as major changes are happening domestically due to politically motivated output curbs and depletion of other major European fields. This article will look at the reasons behind the rise of TTF, its importance for European energy security and possible future developments. On 29 May 1959 Dutch geologists made a discovery that would transform the Netherlands for the coming decades.

The Groningen gas field is the 9th largest in the world with a volume of 2.100 km3 and the only European asset in the global top 20 list. This discovery enabled the Netherlands to become a major regional supplier of natural gas. Currently, 11.000 kilometers of gas infrastructure exists in the Netherlands and Northern Germany managed by state-owned Gasunie Transport Services (GTS), which primarily owes its extensive size to domestic gas recourses. The presence of sophisticated energy infrastructure is a significant contribution to the success of TTF. The strategic location of the Netherlands and significant consumers adjacent to its borders has been a major boon. The potential of the Netherlands as an important gas hub was acknowledged in 2002 when TTF was formally set up and the ‘gas roundabout’ strategy was developed by the Dutch government. Since then, several important interconnector pipelines have been created in all directions, LNG regasification facilities built, and stable political support has ensured the steady growth of liquidity on TTF.

In 2016, TTF transcended NGC, previously the leading gas hub in Europe, with a traded volume of 21.468 TWh or 2.198 bcm natural gas. To put that in perspective, the Netherlands produced approximately 80 bcm of gas in the same year. This enormous liquidity means that gas in the system is traded multiple times before being consumed and therefore positively contributing to the price levels. Another reason for the TTF’s and the Netherland’s growth of importance as a major gas hub is the solid export capacity to neighbors like Germany and the UK. The construction of the interconnectors NEL in 2012 in Germany and BBL in 2004, has ensured import capacity from Russia and Norway and export to the UK. While BBL is an export pipeline from the Netherlands to the UK, technical changes to the system will ensure reverse flow capacity starting in the autumn of 2019 due to higher storage capacity in the Netherlands in the summer, and rising demand in Britain in the winter. Another development that will enhance TTF’s position versus NGC’s is Brexit, which analysts think will improve the former’s position as the leading gas hub in Europe.

Increased seismic activity allegedly due to natural gas extraction has dealt a blow to domestic production in the Netherlands. While 54 bcm was produced in 2016 from the enormous Groningen field, extraction has been capped at 21.6 bcm in 2017 with more reduction being planned. This has increased the need for imported gas from Russia and Norway. However, technical difficulties will have to be overcome as Dutch installations are meant to consume Groningen gas which is of low calorific value, while high calorific is the norm internationally.

Gasunie Transport Services (GTS) has also been looking far into the future where gas consumption could start to decline. GTS is fully owned by the Dutch state and billions have been invested in the pipelines. This investment could also be harnessed in the future. GTS has been investing millions in research and developments of techniques to store surplus energy during peak hours of renewable sources. This would extend the lifetime and use of the infrastructure. Furthermore, GTS signed up to the North Sea Wind Power Hub on September 2017 together with other transmission system operators: Tennet Netherlands, Tennet Germany, and Energinet. The collaboration envisions cooperation on further research and on the possible creation of a massive wind park in the North Sea for the production of 180 GW of wind energy. The expertise and infrastructure under the management of GTS in the northwestern corner of Europe could be very valuable in order to distribute, for example, hydrogen that could be produced with wind energy from the enormous park.

The TTF gas hub has profited from the strategic location of the Netherlands, significant gas production in Groningen and high-tech infrastructure. Despite TTF being the benchmark for the longer-term contract in Europe, continued political support and technological developments are a necessity to retain its position for the future to come.

Greece's Energean lists in London, raises $460 mln for Israeli gas project

Reuters, *16.03.2018*

Italian Greece's Energean Oil & Gas listed on the London Stock Exchange on Friday, raising $460 million to develop two Israeli offshore gas fields in the latest milestone for the rapidly expanding eastern Mediterranean energy sector.

The firm offered 72.6 million new shares at 4.55 pounds ($6.35) apiece in the first flotation of an oil and gas producer on London's main market since Zenith Energy in January 2017, according to London Stock Exchange data. The company will receive around 330 million pounds from the listing, which gave Energean a market capitalization.

The funds, together with a credit facility signed earlier this month, will go towards the $1.6 billion development of its Israeli offshore gas fields Karish and Tanin, which have potential reserves of up to 2.4 trillion cubic feet of natural gas and 32.8 million barrels of light oil and condensate. “East Med has had a lot of activity. Investors saw an opportunity to participate in the only independent E&P (exploration and production company) in the East Mediterranean, which is dominated by the majors,” Energean Chief Executive Officer Mathios Rigas told Reuters in an interview.

Companies including BP, Italy’s Eni’s and France’s Total have increasingly turned their focus to the eastern Mediterranean gas basin in recent years following a string of large discoveries off the coasts of Egypt, Israel and Greek Cyprus. Few international companies have however entered Israel due to political tensions with Arab countries. Following the start-up of huge gas fields in Egypt and Israel, the eastern Mediterranean is on the verge of becoming a new hub for exporting gas to Europe and Asia. Israel, Greek Cyprus, Italy and Greece are planning to construct a pipeline linking the basin to southern Europe, which relies heavily on gas imports.

“This is for us a very important pipeline that, when developed, would open a huge markets for us and others,” Rigas said. The Karish floating production platform could be linked to other fields and process more gas that would be used for exports, he added. Egypt also hopes to increase exports of liquefied natural gas by the end of the decade. With the financing and all required permits in place as well as gas sale agreements in place, Energean is expected to give the green light for the development of the fields by the end of the month, Rigas said. It expects first gas from Karish, which means shark in Hebrew, in 2021. The Tanin field will be developed following Karish. Tanin means crocodile in Hebrew. Energean said earlier this month it had signed a $1.275 billion credit facility with four banks. Energean, which has signed gas supply agreements for about 4.1 billion cubic metres of gas a year, has 50 million barrels of oil and 6 billion cubic feet of gas in more accessible reserves, mainly in Greek offshore fields. It produced 2,800 barrels per day of oil at its Greek fields in 2017. The listing was coordinated by Citigroup, Morgan Stanley, Stifel Nicolaus and RBC Capital Markets. The company will also list on the Tel Aviv Stock Exchange in the coming weeks, Rigas said.

China’s ‘Dash to natural gas’ bolsters U.S. LNG

Forbes, *15.03.2018*

In the past decade, China’s natural gas consumption has almost quadrupled to over 25 Bcf/d, or about a third of what the U.S. uses.

China is the largest incremental gas demand market and will account for 30-35% of all new gas demand in the years ahead. China wants gas to account for 10% of its energy by 2020, up from 6.5% last year. This year, China’s gas demand should grow 16-18%, which is about the level needed to meet government goals. With a still maturing market, China’s gas potential is simply staggering.

Let’s run the crazy numbers. The average Chinese uses just 20 cubic feet per day, compared to 230 cubic feet for the average American. So let’s put it this way: if the Chinese ever start consuming gas like we Americans, the global market would explode by 294 Bcf/d, or a whopping 85%. Production wise, this would require an additional 14 Marcellus shale fields of new gas! This explains why the most vital global energy question will remain: got gas? Given gas’ lower greenhouse gas emissions portfolio, China’s goal is to use more gas. I’ve already shown how China’s coal plan is to use coal less directly, i.e., focus on using coal for electricity and more gas for heating and cooking. Intermittent renewables that act more as supplements than displacements and nuclear challenges also point to more gas in China. The China and natural gas story has a simple message: the more developed a country becomes, the more that country’s energy demand structure evolves, and the more that country turns to the modern fuel of gas that lowers emissions. With 85% of the world’s population living in still developing nations, it’s no wonder then that the future of natural gas shines so bright.

Yet, despite domestic gas production doubling in the past decade, a chronic shortage of natural gas is hampering China’s goal to use more gas, as seen this winter when prices spiked from freezing temperatures: LNG prices rose to a three-year high of more than $11 per MMBtu at the end of 2017. Even though China Gas seeks to add 6 million households to its networks from 2017-2019, more than its competitors combined, the extending gas reach is clearly not enough for this country of 1,400 million people. Hundreds of millions of Chinese still have inadequate access to gas. Increasingly, a pipeline dearth often means that gas must be imported via LNG, especially since the population centers are in east along the coast. LNG demand increased 33% in 2016 and surged 50% last year, and China overtook South Korea has the world’s second largest importer after Japan. China’s 17 LNG receiving terminals in 14 ports took in over 5 Bcf/d, although less than half of Japan’s intake of 11 Bcf/d. I think China could overtake Japan by the mid-2020s.

Yet to be sure, Australia and Qatar will remain strong in the Chinese LNG market. The Aussies, however, confront domestic supply shortages and huge cost overruns, while Qatar's own domestic gas production has doubled since 2010. And in reality, China's multi-layered gas import strategy really means that there's room for numerous suppliers in China. In 2017, the U.S,. exported 710 Bcf of LNG, with China importing 15% of that. And no doubt that the U.S. will increasingly be able to supply China with gas. Our liquefaction capacity is set to grow from 1.4 Bcf/d at the end of 2016 to 9.5 Bcf/d by the end of 2019. Combined with the tightening U.S.-China oil link, the emerging U.S.-China gas link is sure to be one of the main energy stories of the next decade. Given China's huge need for incremental supplies of oil and gas, our rising ability to export both will put us back in the geopolitical and economic driver's seat. And it's a way to offset the wide trade imbalances between the two countries, climbing to a record gap of $375.2 billion in China's favor last year. In May, the "U.S. and China recently agreed to a major LNG trade deal, which could generate $26 billion annually for America."

U.S LNG will also be a way to buffer Russia, who has long had its sights on the huge market in China (Power of Siberia pipeline flows are expected to start in December 2019). Officials in China know that energy relations with Russia impose high political and geopolitical costs on countries and customers. The U.S. doesn't have the baggage, so China's gas players want to strike more deals with our producers, both spot and long-term deals. Just another reason why some of our tariff and trade war talk hurts our "energy dominance" goals. But, the biggest global gas development in the years ahead might center on the question of whether China can develop its leading recoverable shale gas reserves, an EIA-reported 1,115 trillion cubic feet. Know that today, the pipeline dearth, difficult geology, price controls, over influence of state-owned enterprises, and water shortages are the main issues blocking China's own shale revolution. China's dependence on imports for 40% of its gas use will increase.

China aims to challenge Brent, WTI oil with crude futures launch

Reuters, *23.03.2018*

The launch of China's yuan-denominated oil futures will mark the culmination of a decade-long push by the Shanghai Futures Exchange (ShFE) aimed at giving the world's largest energy consumer more power in pricing crude sold to Asia.

Worries include how to freely exchange the yuan because of a Chinese clampdown on capital outflows, while some concerns remain about Beijing's heavy handed intervention in its commodity markets in recent years, traders and analysts said. The obligation to trade Shanghai crudes in yuan will also add a currency risk to the market.

The Shanghai International Energy Exchange (INE), the unit of ShFE running the contract, has strict daily limits on the number of canceled orders allowed per account, aimed at curbing spoofing. This involves placing bids to buy or offers to sell futures contracts with the intent to cancel them before execution. By creating an illusion of demand, spoofers can influence prices to benefit their market positions. For a larger client placing orders of more than 300 lots, equivalent to 30,000 barrels of oil, the limit is 50 a day. Users with smaller orders are allowed 500 cancellations. That's different to international exchanges, like the CME (CME.O), which uses a ratio based on an investor's traded volume.

On days when price volatility and volumes are high, overseas investors new to Chinese markets could get penalized if they exceed those restrictions as they try to adjust their positions, traders say. Chinese commodity futures investors do not typically trade steadily over the months, but instead pick specific months in which they deal. That could complicate efforts to trade spreads between Brent, WTI and Shanghai. Take iron ore <0#DCIO:>, one of China's most-active futures markets: most of the more than 2.3 million lots of open interest are in May and September contracts, with delivery months in between ranging from tens of thousands of lots to in some cases less than 10.

In contrast, liquidity across the first five months of the Brent and WTI contracts <0#LCO:> <0#CL:> are relatively evenly spread out, reflecting their popularity among hedge funds and other financial players, who like to trade month by month. There will be a 1.5-hour gap between the settlement and a price published by price reporting agency S&P Global Platts (SPGI.N), which provides a price assessment for the region at 4:30 p.m. Singapore time in what it calls the Market On Close (MOC) process, which is closely watched by the industry.

China likely to finance Iranian oil refinery project

Trend, *17.03.2018*

An Iranian oil official has expressed hope that the deal on the refinery project in the southwestern country with China will be finalized over the coming two weeks.

The head of National Iranian Oil Engineering and Construction Company, Hamid Sharif-Razi, has said that the deal for financing the second phase of Abadan refinery between Central Bank of Iran and China is expected to be signed by the end of the current fiscal year (March 21), ISNA news agency reported. In case the sides ink the deal, China will finance the 2.7 billion euro project, he added.

Iran plans to construct a new refinery in Abadan with a capacity for refining 210,000 barrels. Iran's overall crude output has reached about 3.8 million barrels per day and the country currently exports about 2.6 million barrels of crude and condensate.

UK cut in Russia gas imports would be political gesture: Russian energy minister

Reuters, *15.03.2018*

Any move by Britain to cut its gas imports from Russia would be "politically motivated", the Russian energy minister said on Thursday, amid a worsening rift between Moscow and London over the poisoning of a former Russian double agent in England.

Prime Minister Theresa May announced on Wednesday that Britain would kick out 23 Russian diplomats, the biggest such expulsion since the Cold War, over the poisoning of Sergei Skripal and his daughter with a nerve agent. May has squarely blamed Russia for the attack and also said Britain was looking to reduce its gas imports from the country.

Moscow denies any involvement in the attack and has vowed to retaliate against the measures announced by London. "Every country has the right to choose its own energy policy... Any decision (by Britain to cut Russian gas imports would be) politically motivated and not aimed at developing competition on the European (gas) market," Alexander Novak told reporters. Gazprom, which holds a monopoly on Russia's gas pipeline exports, supplied a total of 16.3 billion cubic meters of gas to Britain last year, slightly less than a year earlier, but still accounting for a fifth of the country's total gas consumption.

Gas exports to Britain represent only 10 percent of Gazprom's total exports to western Europe. Germany remains its biggest buyer in Europe, taking a third of overall Russian gas exports. Last year Novatek (NVTK.MM), Russia's largest private gas producer, started liquefied natural gas exports, which could be shipped to any point globally depending on cost.

US oil rig count rises seventh time in eight weeks

Anadolu Agency, *17.03.2018*

The number of oil rigs in the U.S. increased for the seventh time in the past eight weeks, according to oilfield Services Company Baker Hughes data.

The oil rig count in the country rose by four for the week ending March 16, the company said. With that result, the number of oil rigs, which indicates the short-term change in the U.S.' oil industry, is now at 800. The current level also shows approximately 27 percent increase in the oil rig count, which stood at 631 in the same period last year. Despite the increase in the number of oil rigs, crude oil prices did not lose much of their daily gains.

International benchmark Brent crude traded at $66.16 per barrel with a 1.6 percent daily gain at 1430 EST (1830 GMT). American benchmark was at $62.30 a barrel around the same time with a 1.8 percent increase. The U.S.' crude oil production also increased last week, according to the Energy Information Administration (EIA). Crude output in the country rose by 12,000 barrels per day (bpd) to 10.38 million bpd for the week ending March 9, the EIA data showed on Wednesday. This market the eighth weekly increase in the U.S.' crude oil production in the past nine weeks. The U.S.' crude oil production is expected to average 10.7 mbpd this year and to reach 11.3 mbpd next year to surpass Russia, according to the EIA's Short-Term Energy Outlook for March.

Alaska LNG is finally clear for takeoff

Oil & Price, *20.03.2018*

Alaska Gov. Bill Walker remained upbeat, even optimistic over his state's massive liquefied natural gas LNG export project proposal, Alaska LNG, for years, even as global oil and gas prices tanked, reaching multi-year lows, even as all of its original partners, including ExxonMobil, ConocoPhillips, and BP pulled out – leaving the state, under the umbrella of the Alaska Gasline Development Corp. (AGDC), being the sole project partner.

Walker's goal of replacing depleted state government coffers, amid dwindling oil production due to maturing fields and corresponding and politically charged budget deficits.

Saw the state's highest executive fly to Asia and notably China several times to drum up support for the beleaguered project. Walker was also part of the entourage that accompanied President Trump on his trade mission to Beijing in November, while he secured a non-binding preliminary agreement from Chinese state-owned oil major Sinopec Group and Bank of China to invest in Alaska LNG. However, even with the agreement in hand, there was no guarantee that the deal would be finalized. After the trip, U.S. Secretary of Commerce Wilbur Ross announced that Chinese firms had inked around US$250 billion in trade deals with U.S. companies – which admittedly looked small given the temporary nature of many of the deals and the still massive and growing trade deficit between the two countries that has now brought these economic powerhouses to the threshold of a full-fledged trade war.

Now however, Walker says that an important hurdle for investment in the US$45-US$65 billion Alaska LNG project has been cleared. The Federal Energy Regulatory Commission (FERC) on Monday set a timeline for the project to receive its final environmental impact statement by December 2019. Walker, on cue as the state's most ardent promulgator of its energy assets, said in a statement late Tuesday that the FERC timeline sets the project on a firm path toward completion. "This is a major step forward that establishes clarity and predictability in the federal permitting process, which is critical for investors," he said. The problem to date for Walker and the project had been attracting investors. Unlike its LNG export project counter parts in the Lower 48, the Alaska LNG project's CAPEX is seen as prohibitive, one of the reasons other project partners pulled out as well as lower oil and gas prices. The cost of building the project is also at a decided disadvantage from the start due to higher labor costs in the state – the same quandary that saw nearly all of Australia's massive CAPEX LNG projects face troubling, even embarrassing construction delays, cost over runs and massive budget blow outs.

Moreover, Alaska LNG also needs accompanying infrastructure to become operational, including a cost intensive 800-mile, 42-inch natural gas pipeline to be built from the North Slope to Nikiski, on the Kenai Peninsula, where a large gas liquefaction plant would be built. The project also involves a large gas treatment plant built on the North Slope to treat the raw gas before it's shipped by pipeline. Yet, with the FERC environmental deadline now set, which allows a construction time-table to be devised, and with possible Chinese project partners lined up, it seems that the Alaska LNG project may actually become a reality. AGDC president Keith Meyer said earlier this month that the project still hopes to finalize LNG purchase agreements and financing by December with Sinopec and Bank of China that would cover three quarters of the project's annual LNG production, or 15 million tons per year (mtpa). China Investment Corp., the country's sovereign wealth fund, is also considering making an equity investment.

Talks are also underway with Tokyo Gas, Korea Gas Corp. (Kogas) and Petro-Vietnam, all which have signed preliminary agreements covering negotiations, as well as others, on the remaining 25 percent of capacity in Alaska LNG. Given China's exponential natural gas demand trajectory as the country turns from dirtier burning coal to cleaner burning natural gas as part of its fuel mix needed for power generation and also industrial usage; as well as a newly developing market for LNG in Southeast Asia (led by Thailand, the Philippines and Vietnam) as well as legacy LNG importers, Japan and Taiwan, Alaska LNG has a ready market for its gas. It's a possibility unthinkable just a year or two ago as state lawmakers on both sides of the isle called for its demise. Now, the project's strongest proponent through those darks days, Bill Walker, may soon be able to take a bow.

Oil rises to 3-week high on Mideast tensions, Venezuela concerns

Rigzone, *22.03.2018*

Oil prices climbed to their highest level in three weeks on Tuesday as tension in the Middle East and the possibility of further falls in Venezuelan output helped offset the impact of growing U.S. crude production.

Brent crude futures for May delivery rose $1.37 to $67.42 a barrel, a 2.07 percent gain. The global benchmark rose to $67.88 during the session, its highest level since late February. U.S. WTI crude futures for April delivery rose $1.34 to settle at $63.40 a barrel, a 2.2 percent gain. WTI traded between $62.08 and $63.81. The more active May U.S. crude futures rose $1.41 to settle at $63.54 a barrel.

Prices extended gains in post-settlement trading after data from the American Petroleum Institute showed a surprise draw in U.S. crude inventories. Stocks fell 2.7 million barrels in the week ended March 16 to 425.3 million barrels, according to the API, compared with analysts' expectations for an increase of 2.6 million barrels. Government inventory data is due on Wednesday at 10:30 a.m. EDT (1430 GMT). Geopolitical risks were top of mind on Tuesday. Saudi Arabia called the 2015 nuclear deal between Iran and world powers a "flawed agreement" on Monday, on the eve of a meeting between Crown Prince Mohammed bin Salman and U.S. President Donald Trump. Trump has threatened to withdraw the United States from the accord between Tehran and six world powers, raising the prospect of new sanctions that could hurt Iran's oil industry.

"There's an expectation that (Trump and Prince Mohammed) are going to take a harder line on Iran, and that's bringing prices up," said Phil Flynn, a senior energy analyst at Price Futures Group in Chicago. Worries about falling production in Venezuela, whose output has been halved since 2005 to below 2 million barrels per day (bpd) due to the country's economic crisis, also supported oil markets. The International Energy Agency said last week Venezuela was "vulnerable to an accelerated decline" and that the Latin American country could trigger a renewed drawdown in stocks. However, increased output in the United States, Canada and Brazil has capped oil price gains. U.S. crude oil production has risen more than a fifth since mid-2016, to 10.38 million bpd. The ramped-up production threatens to undermine cuts made by the Organization of the Petroleum Exporting Countries in an effort to draw down a global supply glut. Appetite for U.S. crude is adding to the headache facing OPEC. A widening discount of WTI to Brent crude makes it more attractive for foreign refiners to process U.S. oil. Brent is the benchmark for several Middle East and other global crudes.

Brent oil above $65 at week beginning March 12

Anadolu Agency, *16.03.2018*

International Benchmark Brent crude traded at $65.18 per barrel while American benchmark West Texas Intermediate (WTI) saw $61.34 at 11.16 GMT on Monday.

Brent crude was trading at $65.44 per barrel while WTI saw $60.00 at 09.26 GMT+3 on Monday. Global oil demand is estimated at 97.8 million barrels per day (mb/d) in 2017, unchanged from last month, the International Energy Agency report said on Thursday. "Organization of the Petroleum Exporting Countries (OPEC) crude oil production edged lower in February to 32.1 mb/d, led by losses in Venezuela.

The call on OPEC crude rises steadily to 32.6 mb/d in 2H18, 480 kb/d higher than current output," the report indicated. Taking OPEC as a whole, its quota compliance in February was 147 percent, up from 137 percent in January. On Wednesday, according to OPEC's monthly report OPEC's crude oil production decreased by 77 thousand b/d to 32.19 mb/d in February. The decline of OPEC's crude oil production is in line with OPEC and Russia's decision to extend the output cut deal in 2018 to boost flagging oil prices. In February, output in non-OPEC countries reached 66.01 mb/d up by 450 thousand b/d from January levels.

In addition, the U.S.' crude oil exports increased in both volume and number of destinations last year, the country's Energy Information Administration (EIA) said on Thursday. After lifting the self-imposed ban on crude oil exports in December 2015, U.S. crude was exported to 27 destinations in 2016, but rose to 37 countries in 2018.

Announcements & Reports

► *Drilling Productivity Report*

Source : EIA
Weblink : **h**ttps://www.eia.gov/petroleum/drilling/pdf/dpr-full.pdf

► *The United Kingdom (UK) is the second-largest producer of oil and the third-largest producer of natural gas in OECD Europe*

Source : EIA
Weblink : https://www.eia.gov/beta/international/analysis.cfm?iso=GBR&src=home-b1

► *Frameworks for Energy Investment in Development Organizations*

Source : OIES
Weblink : https://csis-prod.s3.amazonaws.com/s3fs-public/publication/180312_Barnett_EnergyInvestmentDevelOrgs_Web.pdf?VFrqs35Xh5tr_svUe8_S_rxg5GIJ8CAj

Upcoming Events

► *The 10th International Petroleum & Natural Gas Summit*

Date : 27 - 28 March 2018
Place : Beijing, China
Website : http://oil.zhenweievents.com/en/

► *The 8th International Offahore Engineering Technology & Equipment Exhibiton*

Date : 27 - 29 March 2018
Place : Beijing, China
Website : http://www.chinamaritime.com.cn/en/

► *Kuwait Oil & Gas Summit*

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

▸ 3rd SOCAR International Caspian and Central Asia Downstream Forum

Date : 24 – 25 April 2018
Place : Baku, Azerbaijan

▸ 3rd LNG International Summit

Date : 25 - 26 April 2018
Place : Hamburg, Germany
Website : http://lngsummit.org/

▸ International Conference on Petroleum & Petrochemical Economics

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

▸ Mediterranean Oil & Gas Summit

Date : 02 – 03 May 2018
Place : Rome, Italy
Website : https://10times.com/mediterranean-oil-gas-summit

▸ Iran Oil Show

Date : 06 – 09 May 2018
Place : Tehran, Iran
Website : https://10times.com/iran-oil-show

▸ FLNG Global 2018

Date : 14 – 15 May 2018
Place : Amsterdam, The Netherlands
Website : https://www.clocate.com/conference/FLNG-Global-2018/49265/

Supported by PETFORM

▸ Flame Conference 2018

Date : 14 – 17 May 2018
Place : Amsterdam
Website : https://energy.knect365.com/flame-conference/?vip_code=FKA2659PETFORM

▸ 4th International LNG Congress

Date : 04 – 05 June 2018
Place : Berlin, Germany
Website : http://lngcongress.com/

► *14th Russian Petroleum & Gas Congress (RPGC2018)*

Date : 18 – 19 June 2018
Place : Moscow, Russia
Website : https://www.clocate.com/conference/14th-Russian-Petroleum-and-Gas-Congress-RPGC-2018/27847/

► *27th World Gas Conference*

Date : 25 - 29 June 2018
Place : Washington DC
Website : https://wgc2018.com/?src=Upstream

► *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/

► *Gastech*

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

► *The European Autumn Gas Conference*

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