Oil & Gas Bulletin

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TANAP's first phase test poised for Jan. start

Anadolu Agency, *30.10.2017*

Phase 0 of the Trans-Anatolian Natural Gas Pipeline's (TANAP) project will begin pipeline testing at the beginning of next year, the project's general manager said.

Saltuk Duzyol, TANAP's general manager said that Phase 0 of the project that will carry Azeri gas to Turkey is currently 93 percent complete. Phase 0 starts from the Turkey-Georgia border and ends in Turkey's Eskisehir province where compressor stations are being built. The second part of the project - Phase 1 - starts from Eskisehir and continues to the Ipsala district of Edirne on the Turkey-Greece border.

This border where TANAP will be connected to the Trans Adriatic Pipeline (TAP), the pipeline that will bring Azeri gas to European markets. “All works for Phase 0 will be completed by the end of this year. Then, the first test gas will be delivered into the pipeline, and first commercial gas will be pumped into the pipeline in June 2018. We will have six months to do all the technical testing,” Duzyol added.

TANAP's initial capacity per year will be 16 billion cubic meters from which Turkey will withdraw 6 billion cubic meters while the remaining 10 billion cubic meters will be delivered to Europe. Duzyol explained that the project is designed to handle 31 billion cubic meters in total, noting that 15 billion cubic meters more natural gas can be carried through TANAP should the need arise. TANAP's current cost is calculated at $7.9 billion, but a low price environment has allowed for savings in the project's budget, Duzyol explained.

“The slump in global oil prices and low commodity prices also gives the TANAP project an opportunity to shrink its budget and save up to $3.8 billion. Initially, the investment budget for TANAP was estimated at $11.7 billion,” Duzyol said. The board of directors of the European Bank for Reconstruction and Development (EBRD) has contributed to the financing of the project through an approved $500 million loan on Oct.18.

Duzyol asserted that further financing from international banks would follow with the EBRD's decision. The Southern Gas Corridor Closed Joint Stock Company is the finance borrower. The company is 51 percent owned by the Republic of Azerbaijan while Azerbaijan's State Oil Company owns the remaining 49 percent stake. The borrower is a 58 percent shareholder in TANAP and manages the Republic of Azerbaijan's interest in the project.

Turkey’s energy imports increase by 51.3% in September

Anadolu Agency, *31.10.2017*

Out Turkey’s energy imports increased by 51.3 percent to $3.20 billion in September from $2.11 billion year-on-year, according to Turkish Statistical Institute’s (Turkstat) data Tuesday. The data shows that Turkey’s imports in September 2017 totaled $19.98 billion, out of which energy accounted for nearly 16 percent.

Additionally, the country’s crude oil imports showed nearly a 23 percent increase in September compared to the same period of 2016. Turkey imported approximately 2.35 million tonnes of crude oil in September 2017, up from 1.91 million.

Turkey cuts down diesel imports via refinery investment

Anadolu Agency, *01.11.2017*

Turkey decreased diesel imports for the first time by producing more diesel oil domestically, according to recent data from Turkish energy watchdog.

The country’s diesel oil imports saw a 0.47 percent drop for the first time in January-August period compared to the same period last year, EMRA data shows. In the January-August period of last year, Turkey consumed 14.4 million tons and produced 5.9 million tons of diesel oil. During the same period this year, the country consumed 15.6 million tons and produced 7.2 million tons of diesel.

Therefore, 1.3 million tons more production was seen while consumption rose by 1.2 million tons during this period. Despite the ongoing consumption rise, the surplus production was used in the domestic market, and reducing for the first time the need for more diesel oil imports. Turkey’s refineries, generally designed to produce gasoline, faced complexities to meet the increasing demand from the rising number of diesel engines in recent years.

In 2014, TUPRAS, Turkey's largest industrial enterprise and the seventh biggest refining company in Europe, started its Resid Upgrade Project (RUP) and built units to process low-value fuel oil and convert it to valuable products, such as diesel, LPG and gasoline. After the RUP, the refinery's diesel production capacity increased by 2.9 million tons per year. According to Turkish EMRA's annual results, Turkey consumed 22.3 million tons of diesel oil, equal to 83.5 percent of the country's total oil consumption in 2016.

Moreover, the biggest investment in Turkey of the Azerbaijan state oil company SOCAR, the Star Refinery, will become operational in 2018. This venture, which is Turkey's first private sector refinery, will produce 4.7 million tons and contribute to decreasing Turkey's diesel oil imports. Turkey imported more than 12 million tons last year, according to EMRA's data.

Turkey's energy imports up 35% in Jan-Sep '17

Anadolu Agency, *01.11.2017*

Turkey's energy imports were up by 35 percent in the January-September period compared to the same period of 2016, according to the Turkish Statistical Institute's (Turkstat) data Wednesday.

The data showed that Turkey's imports over this period totaled $168 billion in comparison to $146 billion during the same period last year. Of this $168 billion, energy imports accounted for $26 billion between January and September this year. In the same period of 2016, this number totaled $19 billion. The country aims to increase the share of local resources.

By using and increasing the share of coal and renewables, in its energy mix and has recently speeded up steps towards this goal to decrease its energy import bill. However, the recent upward trend in oil prices negatively affected its bill. The main reason behind this 35 percent increase is oil prices, which have risen substantially compared to the same period last year, Volkan Ozdemir, head of the Institute for Energy Markets and Policies told Anadolu Agency.

"Despite the fact that there is a very small increase in the amount of oil and natural gas imported during this period, the oil prices in the international markets have risen a lot. The average Brent oil price in 2016 was $43 to $44 per barrel," he explained. Ozdemir added that the average Brent oil price this year is expected to be $55 per barrel, which reflected on Turkey's energy import bill. "We expect this increase to continue in October as the oil price was around $55 to $60 per barrel and even exceeded $60 dollars per barrel," he asserted. If oil prices continue to be in the region of $60 per barrel and above by the end of the year, increases in the country's energy import bill will arise, according to Ozdemir. "I foresee that by the end of the year, Turkey's energy import bill will be nearly $40 billion," he concluded.

Turkey, Iraq discuss Kirkuk oil exports via Ceyhan port

Anadolu Agency, *02.11.2017*

Iraq's oil minister announced on Wednesday negotiations with Turkey over exports of oil drilled from Kirkuk through the port of Ceyhan, on Turkey's eastern Mediterranean coast. "Now we are negotiating with the Turkish government on exports of oil from the Kirkuk area via the port of Ceyhan.

However, no final agreement has been reached until now," Jabar Ali al-Luaibi told reporters. There are five oil wells in the oil-rich Kirkuk region, two of which are controlled by the KRG. Unidentified attackers on several occasions blew up the strategic Kirkuk-Ceyhan oil pipeline in Iraq's northern Kirkuk.

Iraq is the second-largest crude oil producer in the Organization of the Petroleum Exporting Countries (OPEC) after Saudi Arabia, and holds the world's fifth-largest proven crude oil reserves after Venezuela, Saudi Arabia, Canada, and Iran, according to the U.S. Energy Information Administration (EIA).

Algerian LNG vessel to arrive in Turkey on Sat. Nov. 4

Anadolu Agency, *30.10.2017*

Algerian energy company Hyproc Shipping's LNG carrier 'Lalla Fatma N'Soumer' is due to arrive in Turkey on Nov. 4, according to ship tracking data.

With a capacity of 118,363 tons, the vessel, which was built in 2004, left Algeria's port of Arzew on October 18 and is currently en route to its next destination, the Aliaga LNG terminal in Turkey. The vessel currently is sailing under the flag of the Bahamas. Its expected arrival is at local time 11.00 on Saturday Nov. 4. Turkey's Aliaga LNG terminal is located in the city of Izmir.

Iraqi forces secure 40 oil wells in Nineveh province

Anadolu Agency, *28.10.2017*

Iraqi federal forces have taken 40 oil wells from Kurdish Peshmerga forces in recent military operations in the northern Nineveh province, an Iraqi army officer said Saturday.

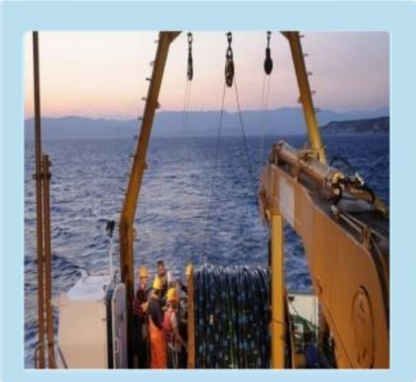
“Iraqi joint forces have managed to assert control over 40 out of 44 oil wells in recent military operations in the Zummar district of Tal Afar [west of provincial capital Mosul],”The central government has sent engineering crews specialized in operating oil wells to the area in order to maintain oil extraction without interruption,” he said.

“Iraqi forces are also providing protection for engineering crews so the latter can carry out their responsibilities without encountering difficulties,” he added. Tension has steadily mounted between Baghdad and the Erbil-based Kurdish Regional Government (KRG) since Sept. 25, when Iraqis in KRG-held areas -- and in several disputed parts of the country -- voted on whether or not to declare independence from the Iraqi state.

According to poll results announced by the KRG, almost 93 percent of registered voters cast ballots in favor of independence. The unconstitutional referendum was heavily criticized by most regional and international actors, with many warning it would distract from Iraq’s ongoing fight against terrorism and further destabilize the region. Over the course of the last two weeks, Iraqi government forces have moved into several parts of the country disputed between Baghdad and Erbil, including the oil-rich Kirkuk province. The military deployments have led to several violent confrontations between Iraqi forces and Kurdish Peshmerga forces, with limited casualties reported on both sides.

Iraq's southern oil export capacity expands

Anadolu Agency, *30.10.2017*



South Iraq's oil exports reached a record level of 4.6 million barrels per day, the Iraqi Oil Minister Jabbar Ali Hussein Al-Luiebi said on Sunday. According to the ministry's statement, exports last year amounted to around 3.6 million barrels per day, particularly from the southern region.

With the commencement of Iraq's fifth floating oil pier, more than 900 thousand barrels per day of potential export capacity have been added. Last week, the central government increased production in Basra and in the southern oil fields to compensate for oil losses in the North.

Tension has steadily mounted between Baghdad and the Kurdish Regional Government (KRG) in northern Iraq since Sept. 25, when Iraqis in KRG-controlled areas -- and in several disputed parts of the country -- voted on whether or not to declare independence from the Iraqi state. The illegitimate referendum faced sharp opposition from most regional and international actors (including the U.S., Turkey and Iran), who had warned that the poll would distract from Iraq's fight against terrorism and further destabilize the already-volatile region. The ministry said on Saturday that all oil wells in Iraq have come under the control of the central government in Baghdad.

Big oil urges OPEC to extend output cuts beyond March 2018

CNBC, *27.10.2017*

Major oil CEOs called on OPEC to extend output cuts beyond March next year on Friday, arguing "huge volatility" in the energy market meant it would be imperative for the cartel to try to put a floor under prices.

OPEC members are reportedly forming a consensus around extending their production cutting deal with other crude exporters by nine months. That would prolong the agreement among OPEC, Russia and other oil-producing nations to keep 1.8 million barrels a day off the market through the whole of next year.

The exporters reached the deal last December and have already extended the agreement once through March of 2018. OPEC deal ‘working efficiently and should continue’ When asked whether it would be necessary for OPEC to prolong the agreement beyond March next year, Total Chief Executive Patrick Pouyanne told CNBC, “Of course they need it.” He added “huge volatility in the market” had placed greater emphasis on stability and “visibility” from OPEC officials. Pouyanne also said oil prices were likely buoyed by the visibility provided by OPEC and non-OPEC officials in recent weeks.

PEC is widely-expected to defer an announcement regarding an extension to cuts at its next policy meeting in November. Instead, investors are looking to March 2018 for a final decision.”It is better to keep a stable policy and I think the OPEC and non-OPEC agreement is working efficiently and should continue,” Pouyanne said. ‘Short term exuberance does not characterize’ major oil CEOs. Speaking on the sidelines of the Oil and Gas Climate Initiative (OGCI) conference Friday, BP CEO Bob Dudley echoed the arguments put forward by his Total counterpart and said it looked “probable” OPEC would extend its agreement next year.

“I heard what Patrick (Pouyanne) said about the volatility of oil and the factors here and I couldn’t agree with him more … I think this is the world we are living in,” he said, before adding, “Short term exuberance does not characterize I think any of the CEOs that I know in oil and gas right now.” The price of oil collapsed from near $120 a barrel in June 2014 due to weak demand, a strong dollar and booming U.S. shale production. OPEC’s reluctance to cut output was also seen as a key reason behind the fall. But, the oil cartel soon moved to curb production — along with other oil producing nations - in late 2016.

“I think that OPEC need to keep this position … It’s not just to balance demand but also to give an assurance to all the investors,” ENI Chief Executive, Claudio Descalzi, told CNBC on Friday. Descalzi added investors needed to know OPEC and non-OPEC countries would continue to be “able to interact positively with the market to balance supply and demand” over the long term. “We need stability and OPEC is really important” to achieving that beyond March next year, Descalzi concluded. OPEC and the International Energy Agency (IEA) have recently reported that demand has improved, though the IEA raised concerns about future consumption growth in its latest report. On Friday afternoon, WTI traded at $52.38 and Brent crude traded at $58.96.

The OGCI, to which Saudi Aramco, BP, ENI and Total have all signed up, is a CEO-led enterprise which aims to lead the industry response to climate change. In 2016, 10 major oil and gas firms signed up to the OGCI and said they had set up a $1 billion fund to support the development of new technology in order to combat greenhouse gas emissions. The commitment to invest $1 billion over the next decade will be applied to carbon capture, use and storage technology as well as to cut methane emissions. The OGCI does not include support for renewable energies, such as solar and wind.

OPEC oil output falls in October led by drop in Iraqi exports

Reuters, *31.10.2017*

OPEC oil output fell this month by 80,000 barrels per day (bpd), a Reuters survey found, as exports from northern Iraq dropped and other producers maintained adherence to a supply cut deal.

OPEC's adherence to its pledged supply curbs rose to 92 percent from September's 86 percent, the survey found, as top exporter Saudi Arabia continued to pump below its OPEC target and output in Venezuela, in economic depression, declined further. The drop in Iraqi output has helped support prices.

Benchmark Brent crude on Friday topped $60 a barrel, a price that Saudi Arabia sees as a good level, for the first time since 2015. The Organization of the Petroleum Exporting Countries is reducing output by about 1.2 million bpd until March next year, as part of a deal with Russia and other producers, which have also committed to production cuts. The producers are expected to extend the supply reduction deal further into 2018 when they meet on Nov. 30. "With both the Saudi and Russian leadership in favour of prolonging supply curbs, next month's OPEC meeting is shaping up to be a non-event," said Stephen Brennock of oil broker PVM. "That is unless the oil cartel announces deeper output cuts or provisions for exempted members Libya and Nigeria." The biggest drop in output in October, of 120,000 bpd, came from Iraq. Output and exports in northern Iraq fell mid-month when Iraqi forces retook control of oilfields from Kurdish fighters who had been there since 2014.

Exports from southern Iraq, the outlet for most of the country's crude, also dropped in the first three weeks of October but rose in the last week reflecting an Iraqi plan to offset reduced northern flows. The decline means Iraq, which has so far made a smaller share of its pledged cuts than OPEC peers like Saudi Arabia, has delivered its highest compliance yet, according to Reuters surveys. Production in Venezuela, where the oil industry is starved of funds due to the country's economic woes, slipped further below its OPEC target, the survey found. Both exports and refinery operations were lower in October. Algerian output declined because of planned oilfield maintenance, industry sources said.

Combined supply from Nigeria and Libya, the two producers exempt from the cut whose extra barrels helped OPEC output reach a 2017 high in July, was flat in October, the survey found. Nigerian output slipped by 70,000 bpd. Exports of Bonny Light crude were under force majeure for part of the month and traders said loadings of some other grades, including Qua Iboe ad Forcados, faced delays. In contrast, Libya pumped an extra 70,000 bpd this month due to more stable output from the Sharara oilfield, Libya's largest. Libyan output remains volatile and, on average, below levels seen earlier this year.

In other countries with rising output, the largest increase was in Angola where October exports were scheduled to reach a 13-month high. Top exporter Saudi Arabia added 30,000 bpd to supply, with exports rising and crude use at domestic power plants declining seasonally, according to sources in the survey. OPEC last year announced a production target of 32.50 million bpd, based on low figures for Libya and Nigeria. The target includes Indonesia, which has since left OPEC, and does not include Equatorial Guinea, the latest country to join.

According to the survey, output in October has averaged 32.65 million bpd, about 900,000 bpd above the target adjusted to remove Indonesia and not including Equatorial Guinea. With Equatorial Guinea added, production in October totalled 32.78 million bpd, down 80,000 bpd from September. The Reuters survey is based on shipping data provided by external sources, Thomson Reuters flows data, and information provided by sources at oil companies, OPEC and consulting firms.

OPEC who? US oil producers are moving into the Asian market

CNBC, *29.10.2017*

That is, those two varieties of U.S.-produced crude oil are spearheading American exporters' direct challenge to OPEC for market share in Asia.

In a shakeup to the established order, U.S. crude oil exporters are moving more cargoes toward high-growth Asia as they capitalize on favorable price differentials and as supply curbs by the Organization of Petroleum Exporting Countries force Gulf producers to withdraw from their traditional demand heartland. That's good news for Asian buyers who benefit from a more diversified basket of crude oil on offer and as competition between suppliers drives down prices.

"See it as a bigger buffet table for Asian refiners who have more supply options and sellers to engage with," said John Driscoll, director of JTD Energy Services in Singapore and a former oil trader whose career spans nearly 40 years. India received its first American oil cargo of 1.6 million barrels on Oct. 2, the result of Prime Minister Narendra Modi's visit to the U.S. in June where he negotiated contracts to supply three Indian refineries with nearly 8 million barrels. All of this change was kicked off when the Obama administration lifted a 40-year-old ban on exporting domestic oil in December 2015. Now, more U.S. crude is on the way if market economics stay favorable.

One of the decisive factors dictating global oil flows is the price gap between two international benchmarks: Brent crude oil and U.S. counterpart West Texas Intermediate. Typically, the higher Brent's premium is over WTI, the stronger the pull for lower-priced U.S. crude from outside buyers. The gap between Brent and WTI hit its widest level in two years in early October at over $6.00 a barrel. That spread "is the one everyone hones in," said Driscoll, though other differentials are also closely monitored by oil traders for clues generating possible arbitrage leads, as is the gap between U.S. Mars crude oil – increasingly seen as a key export grade – and WTI.

And exporting is an increasingly popular option: U.S. crude exports rose to a record 1.98 million barrels a day in the week ending September 29. That's "classic Oil Markets 101," said Michael Wittner, head of oil research at Societe Generale, "too much crude in the U.S. and too little crude elsewhere means that U.S. prices weaken relative to global prices, and exports increase to address the imbalance." Exports from U.S. "tight oil" extracted from shale formations alone may swell to over 3 million barrels a day by 2022 — with a third of that volume absorbed by Asia — said Ed Rawle, chief economist at Wood Mackenzie.

That signals a change in the energy world order as OPEC influence wanes. Some energy commentators believe the fracking boom has helped the U.S. take the title of the world's "swing" producer from Saudi Arabia. The Americans, it's thought, now possess the capacity to respond to fluctuations in market demand. As tankers laden with U.S. crude move eastwards, OPEC is sure to take notice. "Traditional OPEC suppliers will need to watch this space and price their crude competitively as up to 50 percent of incremental crudes into Asia could come from non-OPEC," Rawle said. Whether more U.S. crude gets shipped east will hinge on how fast capacity can be added to key U.S. export terminals such as the Louisiana Offshore Oil Port, America's only deep-water tanker port in the Gulf of Mexico. "The emergence of the U.S. as a significant exporter to Europe or Asia will only be progressive and contingent on the development of Gulf Coast export capacity and crude price differentials remaining favorable," said Harry Tchilinguirian, global head of commodity markets strategy at BNP Paribas. "For now, these exports remain opportunistic."

Greece signs oil, gas expl. deal with Total, Edison

Anadolu Agency, *01.11.2017*

Greece signed oil and gas exploration deal with a Total-led consortium for the Ionian hydrocarbon block offshore Greece, the Greek Ministry of Environment and Energy announced.

The Total-led consortium, including Italy's Edison and Greece's Hellenic Petroleum (ELPE), entered into a contract with the Greek government for the concession for oil and gas exploration rights in a block west of Corfu in the Ionian Sea, the Ministry said. Greece's Environment and Energy Minister Giorgos Stathakis attended the signing ceremony.

Also, , Senior Vice President for Business and Operations at Total's New Energies Division Bernard Clement, Edison Representative Maurizio Coratella and ELPE's President Stathis Tsotsoros attended the signing ceremony. "The agreement shows confidence in the Greek economy and sends a strong message that there is interest from foreign investors in Greece's natural resources," the Greek minister said during the ceremony. The agreement allows Total to operate the block with a 50 percent stake while Edison and ELPE will each hold a 25 percent interest. The Greek government recently announced that it will open tenders for oil and gas exploration licenses in 20 blocks in the Ionian sea and in the south of Crete.

Russia needs legal guarantees to extend Turkish Stream gas pipeline to EU soil

Hurriyet Daily News, *31.10.2017*

Russia will be ready to start work on extending the Turkish Stream gas pipeline to the territory of the European Union only after it gets legal guarantees from the EU, Russian Foreign Minister Sergey Lavrov said on Oct. 31.

"The extension of the second stretch of the Turkish Stream to the territory of the European Union could meet the growing requirements of South and South-Eastern European countries," Russia's top diplomat said at a meeting with members of the European Business Association, as reported by TASS.

“We see considerable interest displayed by a whole number of governments in the EU countries in this,” Lavrov added. “However, considering the unsuccessful experience with the South Stream [gas pipeline], we will be ready to start such work under the Turkish Stream project to extend it to the EU territory, only after we get firm legal guarantees from Brussels,” Russia’s top diplomat stressed.

Meanwhile, the project managers announced in a meeting in Istanbul on Oct. 31 that first gas would be pumped in 2019 from Turkish Stream to Turkey, while adding that negotiations for the route for a second section to Europe still continue. The Turkish Stream project envisages building a gas pipeline along the seabed of the Black Sea to the European part of Turkey and farther on to the border with Greece. The pipeline’s offshore section is expected to equal about 910 km and its overland segment across Turkey will stretch over a distance of 180 km.

Gazprom boosts gas production by 17.2% between Jan-Oct

Anadolu Agency, *02.11.2017*

Gazprom produces 384.1 billion cubic meters of natural gas in the first 10 months of this year. Russian Gazprom increased its natural gas production by 17.2 percent between January and October in this year, the company announced. Gazprom said that it produced 384.1 billion cubic meters of natural gas in the first 10 months of this year.

The company’s production was around 327.7 billion cubic meters in the same period last year. The company added it increased natural gas exports to Turkey by 22.5 percent, Hungary by 25.9 percent, Serbia by 27.6 percent and Greece with 12.5 percent.

Novatek inks 2 deals for Arctic LNG 2 proj. with China

Anadolu Agency, *01.11.2017*

Novatek signed agreements with Chinese National Petroleum Company (CNPC) and the China Development Bank to cooperate in implementing the Arctic LNG 2 project, the Russian company announced.

The strategic cooperation agreement confirms that Novatek, one of the largest independent natural gas producers in Russia, and the CNPC will cooperate in implementing the giant gas project, the Arctic LNG 2 project. The agreement also covers collaboration in different segments of LNG and natural gas markets.

“Our companies already have a history of effective cooperation, including the successful implementation of the Yamal LNG project [an LNG project in the Russian Arctic],” Chairman of Novatek’s Management Board Leonid Mikhelson was quoted as saying. He added that, “We believe our strategic cooperation agreement will further enhance our mutual relationship as well as open up new opportunities for both companies, utilizing our experience in implementing LNG projects combined with the enormous opportunities in the Chinese market, one of the most perspective gas markets globally.”

The Russian company also signed a second agreement - a memorandum of understanding with the China Development Bank to also cooperate in implementing the Arctic LNG 2 project, including financing and investment into the capital of this project as well as in other projects. “Our strategy envisages a rapid growth of LNG production using international financing sources,” Mikhelson said.

Gas lobbyists spend €100M to secure Europe fossil fuels

Anadolu Agency, *31.10.2017*

The international gas lobby spent more than €100 million in 2016 to support the gas industry, according to the latest report of Brussels-based think-tank, Corporate Europe Observatory (CEO).

The report - The Great Gas Lock-In - reveals that gas industry lobbying could mean that Europe is locked into 40-50 more years of dependency on fossil fuels. It said the gas industry's expenditure came at a time when public interest groups working against an expansion of gas infrastructure only spent barely 3 percent of that amount.

The CEO's report argued that more than 1,000 lobbyists were deployed in the gas industry's pay. It further reported that 460 meetings were secured with the two European commissioners in charge of climate and energy policy in the last two and a half years. "As a result the EU has bought the industry spin that gas is a 'clean' fuel to partner renewables. Rather than transforming the energy system towards wind, sun, and wave power and reducing energy use, the might of the gas lobby has ensured that the Commission and national governments are underwriting a veritable industry wish list of often controversial new gas infrastructure projects," the report claimed.

The CEO added that in doing so it is breaking its own climate change commitments under the Paris Agreement and locking Europe and its suppliers into 40-50 more years of pipelines and other gas infrastructure. "The consequences for the climate, local communities, and their environments all along the gas supply chain are dire," it said.

"Their goal is to keep Europe hooked on fossil fuels, so their business model can continue for a few more decades," the CEO alleged. It said that the gas industry companies borrow the garb of the renewables lobby to present themselves as a 'clean' fuel of the future. The CEO is a research and campaign group working to expose and challenge the privileged access and influence enjoyed by corporations and their lobby groups in EU policy making.

Oil major Shell posts 50 percent rise in net profit, beating expectations

CNBC, *02.11.2017*

Oil giant Royal Dutch Shell reported a near 50 percent rise in net profit for the third quarter. Net profit attributable to shareholders on a current cost of supplies (CCS) basis, used as a proxy for net profit, came in $4.1 billion, versus $2.7 billion in the same quarter a year ago.

This compared to a company-provided analyst consensus of $3.6 billion. It also beat the Reuters estimate which was $3.569 billion. Shell said the earnings reflected higher contributions from its downstream and upstream operations and its integrated gas unit.

Cash flow from operating activities: $7.58 billion, down 11 percent from a year ago. Net income attributable to shareholders (on a current cost of supplies basis and excluding exceptional items) $4.1 billion, versus $3.569 billion expected by Thomson Reuters. Shell announced a $0.47 dividend per share. Royal Dutch Shell Chief Executive Officer Ben van Beurden said that “Shell’s three businesses all made resilient contributions to this strong set of results.” He said the earnings were evidence of Shell’s “growing momentum” which, he said, strengthens his “firm belief” that the company’s strategy is working.

The latest earnings come amid an improving environment for oil companies that have had to weather the storm posed by low oil prices amid a glut in oil supply and lackluster demand over the last few years. There are signs that oil markets are rebalancing, however, particularly as major oil exporters including OPEC and non-OPEC countries continue with an agreement to limit oil output. The move has helped to stabilize oil prices, with Brent crude trading around $60 a barrel and west Texas Intermediate (WTI) around $54, and it has supported oil majors. Shell rival BP reported earnings above expectations earlier this week, doubling its third quarter underlying profit year-on-year.

US crude oil exports hit all-time high as production also closes in on record

CNBC, *02.11.2017*

Oil prices pulled back on Wednesday after data showed U.S. crude exports surged to an all-time high and American drillers pumped near record levels.

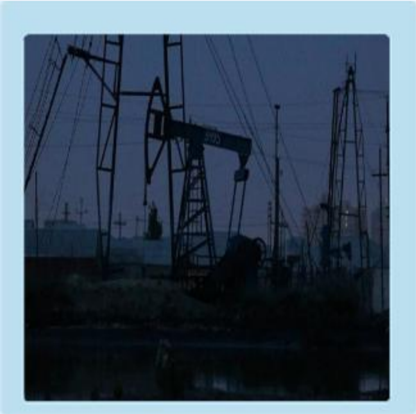
The United States exported 2.13 million barrels a day of oil in the week through Oct. 27, the first time the nation has crossed the 2 million-barrels-per-day mark. Meanwhile, weekly figures showed total U.S. crude production at 9.55 million barrels a day, just short of the Sept. 29 high going back to July 10, 2015. The week's total output was not far off the all-time high of 9.61 million barrels per day, struck the week ended June 5, 2015.

U.S. West Texas Intermediate crude was trading at $54.52 a barrel, 14 cents higher, after topping out at $55.22 earlier in the session. WTI's discount to international benchmark Brent crude has made U.S. oil more attractive to overseas buyers. Brent was trading at $61.06, up 12 cents, on Wednesday. "Brent above $60 will keep WTI higher as they export it and replace that expensive Brent," Bob Iaccino, chief market strategist at Path Trading Partners, told CNBC's "Futures Now" on Tuesday.

American drillers have filled some of the supply gap left this year by OPEC and other oil exporters, who have cut production since January in order to drain a global glut of crude. Oil prices have been rallying on expectations that the producers will extend the deal, which is set to expire in March, through the end of 2018. U.S. oil shipments have surged from roughly 400,000 barrels a day at the end of 2015, when the United States lifted a 40-year ban on crude exports. The trade has been fueled by a boom in U.S. oil output from shale fields, where producers use advanced drilling methods to coax fossil fuels from rock formations.

Rise in US crude production pushes oil prices lower

Anadolu Agency, *02.11.2017*



The U.S.' crude oil production showed another weekly increase, according to the Energy Information Administration (EIA) on Wednesday, which pushed oil prices lower in the global market. Production of crude oil in the U.S. rose by 46,000 barrels per day (bpd) to reach 9.55 million bpd, for the week ending Oct. 27, the EIA said.

This marked the second consecutive weekly increase in crude production in the country. After the rise in crude output, oil prices withdrew from their highest levels since July 2015. International benchmark Brent crude fell to $61.04 per barrel.

While American benchmark WTI Intermediate declined to $54.52 a barrel around 1500 GMT. Commercial crude oil and gasoline inventories in the U.S. both showed declines last week, according to the EIA data. Crude stocks fell by 2.4 million barrels, or 0.5 percent, to 454.9 million barrels, for the week ending Oct. 27, against a market expectation of a decline of 1.7 million barrels.

This was the fifth time in the past six weeks that crude inventories marked a decline. Crude stocks rose by 0.9 million barrels during the week before, ending Oct. 20. Strategic petroleum reserves, which are not included in crude stocks, decreased 0.8 million barrels, or 0.1 percent, to 670.6 million barrels last week. Gasoline inventories decreased by 4 million barrels, or 1.9 percent, to 212.8 million barrels during that period. The market expectation was a decline of 1.5 million barrels. Gasoline stocks fell by 5.5 million barrels the week before.

US, Nigeria, Iraq drive world gas reserves: Eni

Anadolu Agency, *30.10.2017*

World gas reserves increased by 0.9 percent, driven by the U.S., Nigeria and Iraq, according to the second volume of the World Oil and Gas Review published by Eni on Monday. Russia remains the top holder of gas reserves at 25 percent of the world's total, Eni noted, adding that among the top ten, six are OPEC countries with a 32 percent share of the world's total.

The Italian company also noted that global gas production increased by 0.7 percent, driven mainly by new Australian LNG plants.

"In the U.S., the world's largest producer of natural gas, production slightly declined by 3.2 percent, after a 10-year growth driven by the shale gas boom. In Europe, Norway's production was almost flat after a strong jump in 2015, whilst output continued to decline in the European Union at 3 percent," the report read. World gas demand recorded robust growth of 2 percent in 2016 thanks to a strong 5.4 percent recovery in Europe, mainly due to the power sector and weather conditions. In the Asia-Pacific region, 5.1 percent growth was observed led by the 8.6 percent strong demand in China. The report showed that gas demand also rose substantially in India and South Korea while the U.K., Germany, Italy, and France reported the highest increases in Europe.

ExxonMobil earnings rise 50% to $4 bln. in 3rd quarter

Anadolu Agency, *28.10.2017*

Exxon Mobil Corporation's estimated third quarter 2017 earnings amounted to $4 billion, compared with $2.7 billion a year earlier, the company announced.

The increase was attributed to improvement in commodity prices and with the strengthened performance in the upstream and downstream sector. However, Hurricane Harvey reduced earnings by an estimated $0.04 per share, the company also said in the statement, but Chairman and CEO Darren Woods said the third quarter results were "solid." Woods was quoted as saying.

"A 50 percent increase in earnings through solid business performance and higher commodity prices is a step forward in our plan to grow profitability," With strong financial results, ExxonMobil shares were up in pre-market trading on Wall Street. The company stocks were up to $83.98 per share on Friday before the opening bell, after closing Thursday at $83.45 a share -- a 0.6 percent gain. "For the fourth-consecutive quarter, we generated cash flow from operations and asset sales that more than covered our dividends and net investments in the business."

Upstream earnings rose to $1.6 billion as commodity prices increased, the statement read, adding that the company's downstream results increased to $1.5 billion, despite Hurricane Harvey impacts and the absence of favorable asset management gains of $380 million in the prior year from the sale of Canadian retail assets. The company's chemical earnings were $1.1 billion, down slightly from a year ago on lower commodity margins and hurricane impacts, partially offset by volume growth. "During the quarter the company enhanced its position to capture growing demand in Asia by completing the purchase of an aromatics plant in Singapore," the company said.

Oil rig count in US rises by one this week

Anadolu Agency, *28.10.2017*

Number of oil rigs in the U.S. increased this week, according to Baker Hughes data on Friday. One oil rig was brought up online in the American oil industry during the Oct. 23-27 period, the oil field services company's data showed.

This brought the total number of oil rigs in the country down to 737. The oil rig count in the U.S. has increased for the first time in the past four weeks. Number of rigs in the country provides an indication of the oil sector's well-being in the country, and signals possible short-term production cuts and increases. Crude oil production in the U.S., however, showed recovery last week, according to EIA.

Oil output rose by 1.1 million barrels to 9.51 million barrels per day (bpd) for the week ending Oct. 20, the EIA data showed. Production of crude oil declined by 1.07 million bpd for the week ending Oct. 13, due to Hurricane Nate which cut off large amounts of output in the U.S.' Gulf of Mexico region.

Chevron cancels plan to exit Bangladesh gas field

Oil & Price, *30.10.2017*

Chevron has decided to keep its presence in Bangladesh, the company said in a statement yesterday without elaborating on the motive behind this decision. Earlier this year, the company had announced plans to sell its local subsidiaries to Chinese Himalaya Energy Co Ltd.

The sale plan was part of a wider asset disposal program designed to rid Chevron of non-core operations, but according to Dhaka Tribune, negotiations with the company's local partner, Petrobangla, and the government, resulted in a reversal of its earlier decision. Now, instead of selling, Chevron will spend US$400 million on the largest gas field.

Bangladesh, the country's junior energy minister told Reuters. The field, Bibiyana yields 1.25 billion cu ft of natural gas daily. Chevron's subsidiaries in the south Asian nation operate three gas fields that collectively contribute 58 percent of Bangladesh's natural gas production. Last year, the average net daily production from the fields, Bibiyana, Jalalabad, and Moulavi Bazar stood at 658 million cu ft of gas plus 4,000 barrels of condensate. The condensate production all came from Bibiyana.

Chevron last week reported a net profit of US$1.95 billion, up by an impressive 52 percent on the year, and revenues of US$36.21 billion, up by 20 percent, for the third quarter of 2017. The results topped analyst expectations in both the EPS and the revenue department, with EPS at US$1.03 versus a forecast US$0.98 More importantly, however, Chevron booked a near 60-percent increase in cash flow from operations for the first nine months of the year, to US$14.3 billion, despite a decline in crude oil production. Cash flows are watched closely in the oil industry as a gauge of a company's financial health.

In a statement, CEO John Watson said Chevron's production in the Permian was already above expectations and that the third quarter had also seen the completion of some large projects, notably the Gorgon LNG project in Australia. The company, he said, had also benefited from higher oil and gas production overall, and lower capital spending.

Alaska Watchdog Orders Oil Well Shut-Downs

Oil & Price, *23.10.2017*

State The Alaska Oil and Gas Conservation Commission has ordered oilfield operators in the North Slope to shut down wells with a design similar to one operated by BP that spilled oil and gas in April this year as a result of permafrost thawing.

The watchdog also asked the companies to provide it with lists of these wells by the end of the year. BP's well in the Prudhoe Bay field spilled about 63 gallons of crude oil and 100,000 pounds of natural gas when the thawing of permafrost caused the ground to sink and increased the pressure on the well.

The AOGCC is now worried that further thawing in the area could cause similar accidents in other fields. The good news is that the number of wells anchored to the permafrost instead of the rock underneath it is small. The watchdog noted that BP was supposed to share the findings from its investigation into the April incident with other North Slope field operators, but it failed to do so, which prompted the AOGCC to issue the well shutdown orders.

Meanwhile, the Alaskan Department of Natural Resources forecast that oil production in the North Slope will rise this year for the third year in a row. The increase, of 1.7 percent, will bring crude oil production for fiscal 2018 to 524,000 bpd, from 514,900 bpd in the current fiscal year. Last year, oil production in the North Slope rose 3 percent. The President of the Alaska Oil and Gas Association, Kara Moriarty, said the increase in production was notable because it came amid lower oil prices, signaling oilfield operators in one of the United States longest-producing oil regions were now able to do more with less. Alaska produces around 600,000 bpd of crude oil, a far cry from the peak of 2 million bpd that it hit in 1988. Prudhoe Bay is among the largest oil fields in the United States, producing a total 12.5 billion barrels over the four decades of its operation so far.

Brent oil above $60 level at week beginning Oct. 30

Anadolu Agency, *30.10.2017*

International benchmark Brent crude hovered over $60 per barrel but dropped by 0.05 percent to $60.10 per barrel on Monday at 06.06 GMT. American benchmark West Texas Intermediate (WTI) increased by 0.02 percent to $53.89 at 06.06 GMT. The number of oil rigs in the U.S. increased last week, according to Baker Hughes data on Friday.

One oil rig was brought online in the American oil industry during the Oct. 23-27 period, the oil field services company's data showed. This brought the total number of oil rigs in the country up to 737, marking the first increase in the past week

Brent crude oil climbed above $60 a barrel on Friday for the first time in more than two years. The sudden increase in crude prices was attributed to Saudi Arabia voicing support for the extension of an OPEC production cut, according to analysts. President Donald Trump's threat to scrap the Iran nuclear deal also pressured prices.

The international benchmark rose as high as $60.53 before 19.30 GMT, gaining 2 percent after closing at $59.30 on Thursday. West Texas Intermediate crude rose by 2.5 percent to $53.98 after closing Thursday at $52.64 - the highest level in the past eight months. Saudi Crown Prince Mohammed bin Salman said Friday his country would support the extension of an output cut agreement beyond its deadline next March, a move that could push prices higher with less production from the Kingdom, the world's biggest oil exporter.

The oil and gas industry is hiring again

Oil & Price, *31.10.2017*

The oil and gas industry is hiring more than it's letting go for the first time in three years. This is the latest sign of recovery in oil and gas after the 2014 price crash, reinforcing the belief that a lot of oil and gas companies have successfully adjusted to the new level of oil prices, which is still more than 50 percent below the 2014 highs.

The report's authors surveyed more than 3,000 oil and gas employers as well as almost 7,000 employees, and found that an impressive majority of 60 percent of employers had plans to hire significantly more people over the next 12 months.

In fact, NES Global Talent notes, 2018 will be the first year since 2014 in which there will be more new hires in oil and gas than layoffs. In the last three years, more than 440,000 jobs were wiped out in the industry, but now 17 percent of employers surveyed plan to raise their workforce by over 10 percent, with another 19 percent planning to increase workforce by 5-10 percent in the next 12 months. Only 11 percent of employers have further layoff plans.

Oil and gas companies have clearly learned to live with the lower prices, which are now on the upswing, with Brent last week breaching $60 a barrel, the coveted price that OPEC strove for when it agreed to cut 1.2 million bpd in daily production at the end of last year. With a tighter capital spending program and a much stricter cost discipline, many E&Ps are not just surviving but expanding production. In some places, such as the Permian—the hottest spot in the U.S. shale patch—this has brought about a new challenge: finding enough new hires, as a lot of those workers who lost their jobs amid the crisis have moved on to other careers.

A recent story from the Houston Chronicle details the problems oilfield service providers face now that their workload has increased substantially and qualified workers are hard to come by. One such company, Byrd Oilfield Service, is losing an estimated $7,000 a day because it can’t hire truck drivers fast enough to deliver equipment to its frac crews in the oilfields.

This situation was only to be expected: When oil prices crashed, everyone in the industry started laying off workers. That was the knee-jerk reaction of an industry that for decades followed the growth-at-all-costs approach to business management. But while these layoffs helped many companies survive, they also became a ticking time bomb. Not only did a lot of workers change careers amid the price downturn, but also many high school graduates scrapped their plans to pursue oil and gas-related degrees in higher education.

This is now worrying analysts and investors alike. The problem may seem like a short-term one and workers might start flocking back to oil and gas when employers offer them more money. But it is just as likely that many people will refuse to return to an industry as fickle as oil and gas. That would be a long-term problem that, according to industry executives, could cripple oil and gas for decades to come.

Global gas demand, production rising

Rigzone, *30.10.2017*

World gas demand rose by two percent in 2016, according to Eni SpA's latest World Oil and Gas Review. The increase was due to a strong demand recovery in Europe (+5.4 percent) and in the Asia-Pacific region (+5.1 percent), Eni revealed.

The UK, Germany, Italy and France reported the highest demand increases in Europe, with China leading demand growth in the APAC area. World gas production also grew by 0.7 percent during the year, despite an output decline of 3.2 percent in the US, which is the world's largest producer of natural gas. Russia, the world's second largest gas producer, resumed output growth after a decline registered last year.

In 2016, world gas reserves increased by 0.9 percent in a trend driven by the US, Nigeria and Iraq. The US grew its reserves after a decrease in 2015. Russia remains the top holder of gas reserves with 25 percent of the world's total. Among the top ten countries in terms of gas reserves, six are OPEC countries holding 32 percent of the world's total.

Here's the biggest problem facing the oil market right now

Reuters, *30.10.2017*

There are two forces at work in the oil markets today creating a tug of war. U.S. shale producers on a quest to reach 10 million b/d in production amid falling seasonal demand.

On the other hand you have the perception that the oil glut that has gripped the world over the last few years is coming to an end because of OPEC restraint and increased demand from improving economies. These forces are keeping the oil market range bound, with crude oil prices trading between $47 and $54 per barrel. The reality in my opinion is that while OPEC has stuck to its agreement of 2016 to limit production to 32.5 million barrels a day, oil oversupply continues.

It’s true that oversupply is about half of what it was a couple of years ago, according to the Office of Economic Development, but it is still there. Libya which is not part of the agreement continues to produce more oil than it did a year ago. It recently announced it wants to get back to 1.25 million barrels a day, or about double what it produces today.

“Production beginning to rise and demand beginning to fall is not a recipe for higher prices. I can envision oil dropping as low as $45 by mid-January.” But the seasonal factor will have the biggest influence on oil prices until the end of the year. Demand generally drops from October through mid-January as summer driving season ends and refineries enter turnaround stage (to get ready for next summer’s driving season.) Gasoline starts to rally around Valentine’s Day, as oil refineries gear up for summer using more oil to make gasoline.

Refineries are entering turnaround now, so you’ll see supplies build because refineries aren’t using as much oil. And while gasoline and diesel have been negatively impacted by recent hurricanes Harvey and Irma, supplies are beginning to be replenished. Production beginning to rise and demand beginning to fall is not a recipe for higher prices. I can envision oil dropping as low as $45 by mid-January. I do see light at the end of the tunnel. I’m looking for prices to rise in 2018 because the economy is improving and people are spending money. A durable goods report that came out last week tripled expectations, showing the economy is solid. Still, expect a couple more months of pain. The market is ahead of itself right now.

Announcements & Reports

► *Local content and procurement requirements in oil and gas contracts: Regional trends in the Middle East and North Africa*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/local-content-procurement-requirements-oil-gas-contracts-regional-trends-middle-east-north-africa/

► *Gas and Taxes: The Impact of Russia's Tinkering with Upstream Gas Taxes on State Revenues and Decline Rates of Legacy Gas Fields*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/gas-taxes-impact-russias-tinkering-upstream-gas-taxes-state-revenues-decline-rates-legacy-gas-fields/

► *Natural Gas Weekly Update*

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

► *This Week in Petroleum*

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

Upcoming Events

► *Tanzania Oil & Gas Congress*

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

► *7th Iraq Oil & Gas Conference*

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

► *International Conference on Energy Engineering & Oil Reserves*

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

► *Iraq Oil & Gas Show*

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

► *European Gas Conference 2018*

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

► *Egypt Petroleum Show*

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

► *North Africa Petroleum Exhibition & Conference*

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

► *Kuwait Oil & Gas Summit*

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

► *International Conference on Petroleum & Petrochemical Economics*

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