Oil & Gas Bulletin
▸ 25.04.2014

Yildiz: Turkey will soon have to sell Northern Iraqi oil

Hurriyet Daily News, *24.04.2014*

Turkey will soon need to start exporting oil from the Kurdish Regional Government (KRG) because its storage tanks at the Mediterranean port of Ceyhan are almost fall, according to Energy Minister Taner Yildiz.

"We will be in a position to send this oil to world markets once the tanks are full. We can't keep this in tanks," Turkish Energy Minister Yildiz said. Turkey has allocated three storage tanks at the Ceyhan export outlet with a total capacity of 2.5 million barrels for oil coming from the Kurdish Regional Government (KRG) pipeline, where oil started to flow last December.

Baghdad has repeatedly threatened to sue Ankara and slash the Kurdish region's share of the national budget if exports go ahead through the pipeline without its consent. The pipeline was completed late last year, and oil has since been pumped through it into storage tanks at Ceyhan, but exports from the Mediterranean port are on hold to give diplomacy a chance. Negotiations have carried on for months with little progress as Baghdad and Arbil remain at loggerheads over the sharing and payment method for oil revenues, leaving the future of exports in limbo for now.

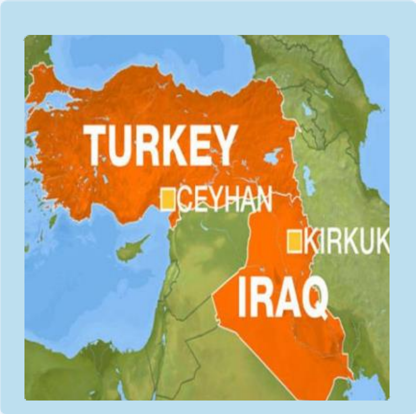
A breakthrough before Iraqi elections due on April 30 looks extremely unlikely, Turkish officials said. Separately, the Baghdad-controlled Iraq-Turkey pipeline, which has been pumping way below its 1.5 million barrels per day (bpd) of capacity, is in very bad shape due to persistent militant attacks, Yıldız said. "The pipeline on the Iraqi side is in unusable shape. This is a loss for Iraq." Meanwhile, KRG Prime Minister Nechirvan Barzani has warned that patience is running out with Baghdad over oil exports and budget issues.

"We were expecting to reach an agreement with Iraq and for that we have shown a lot of patience, but our patience has a limit," Barzani said in Arbil, warning they will have their "own solution" if there is no agreement, the Rudaw website reported.Barzani said Baghdad still had not sent the KRG budget payments for March and April. "They only have only sent the budget for January and February's salaries, which wasn't enough, despite having dispensed the share to all other Iraqi provinces," he said.

Barzani also praised ties with Turkey. Last week, he met with Prime Minister Recep Tayyip Erdogan in Ankara. "There is a good understanding between Turkey and the Kurdish region in all aspects, especially on energy," said Barzani. "Turkey has no issues with the Kurdish region exporting oil," said Barzani. "They have a clear policy and say, 'It's your oil, and you can sell it.'"

Yildiz: Iraq-Turkey pipeline unusable due to persistent attacks

Reuters, *21.04.2014*

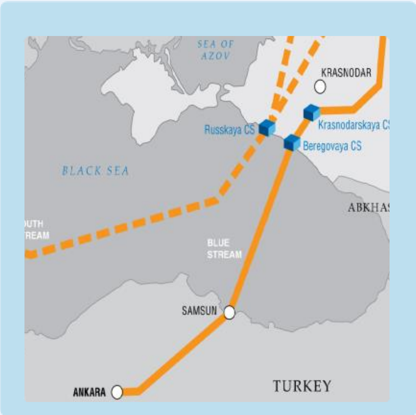


The Kirkuk – Ceyhan Oil pipeline carrying crude from Iraq's Kirkuk oil fields to Turkey's Mediterranean port of Ceyhan is unusable because of persistent militant attacks, Turkey's energy and natural resources minister said on April 21 Monday.

"Of course this is a loss for Iraq," Turkish Energy and Natural Resource Minister Taner Yildiz told reporters, referring to the Baghdad-controlled pipeline, which has been pumping way below its optimum 1.5 million barrels per day (bpd) of capacity.

Yildiz: Turkey, Russia agree on boosting Blue Stream gas pipeline

Reuters, *21.04.2014*



Turkey and Russia have agreed in principle on raising the capacity of the Blue Stream pipeline, which brings in Russian gas via the Black Sea, to 19 billion cubic meters (bcm) annually from 16 bcm, Energy Minister Taner Yildiz said on Monday.

Yildiz also said Turkey would hold talks with Russia on a new contract for the private sector to buy natural gas at a 'reasonable' price and that it may import electricity from Iran, Georgia and Bulgaria in the summer if there was a problem with electricity production due to drought.

Turkey wants discount from Russia for supplied gas

Trend Az, 21.04.2014

Turkey will try to obtain a discount from Russia for the gas supplied by this country, and this issue will be discussed with the management of Russia's Gazprom in coming days, Turkish Minister of Energy and Natural Resources, Taner Yildiz said, the country's TRT Haber TV channel reported on April 21.

The information about that Gazprom refused to offer any discount to Ankara for the supplied gas, is untrue, according to the minister. "The contract signed between Ankara and Moscow gives every reason for Turkey to demand a discount on the supplied gas," Yildiz said.

Turkish minister went on to add that the increase of gas supply to Turkey will also be discussed during the talks with Gazprom. The Turkish state pipeline company Botas imported 38.42 billion cubic meters of gas from various sources in 2013, compared to 43.09 billion cubic meters in 2012. Gas prices are not officially disclosed, but Turkey buys Russian gas at $425 per 1000 cubic meters, according to Turkish media.

Turkey pays $335 for one thousand cubic meters of Azerbaijani gas which is supplied via the South Caucasus Pipeline (Baku-Tbilisi-Erzurum pipeline). The country pays $490 for 1000 cubic meters of Iranian gas. Turkey has contracts with Russia to supply 20 billion cubic meters of gas per year, with Iran it is 10 billion cubic meters of gas and with Azerbaijan - 6.6 billion cubic meters of gas. Turkey also has an agreement with Algeria and Nigeria for the supply of 4.4 billion and 1.2 billion cubic meters of liquefied natural gas respectively per year.

Azerbaijan's Socar secures $3.9 billion loan to build refinery in Turkey

News Az, 23.04.2014

As well as naphtha, the refinery will produce 4.9 million tpy of diesel and 1.63 million tons of jet fuel, according to company officials. It will also make liquefied petroleum gas and petro-coke.

Azerbaijan's state-owned oil company, commonly known as Socar, is in the final stages of negotiations for a $3.9b loan package to help build a refinery in Turkey, according to two people familiar with the talks. State Oil Company of Azerbaijan expects to sign the agreement by early June, according to the people, unidentified because the talks are confidential. About 95% of the borrowing will come from international lenders.

The funds will be come with guaranteed coverage from eight export-credit agencies, including the US Ex-Im Bank and the Japan Bank for International Cooperation. The remainder may come from commercial loans, the people said. Kenan Yavuz, chief executive of Socar's Turkish unit, is in London today to discuss the loan package with creditors, one of the people said. The Azeri oil producer and processor, which pledged $17 billion for projects in Turkey by 2018, including a pipeline to carry gas to Europe via Turkish soil, is increasing spending amid rising demand for fuel andchemicals.

Naphtha from the Star refinery will be used to make petrochemicals at Socar's Turkish Petkim Petrokimya Holding division, the biggest petrochemicals company in the country. Petkim will take 2 million tpy of fuel from the plant, to be built by Tecnicas Reunidas, Itochu, Saipem and GS Engineering and Construction. Kenan Yavuz, chief executive of Socar's Turkey unit, didn't reply to phone calls seeking comment. Silvia Lamberti, a Vienna- based spokeswoman for Unicredit, declined to comment. The US Ex-Im Bank approved a $641 million loan to finance the export of equipment to Turkey for the project, its chairman Fred Hochberg said in December. The move will support exports of "cutting-edge American equipment" and support 3,000 jobs in the US, he said. Construction will take less than five years, Yavuz said in May 2013.

Turcas starts talks to buy Israeli gas

Today's Zaman, *23.04.2014*

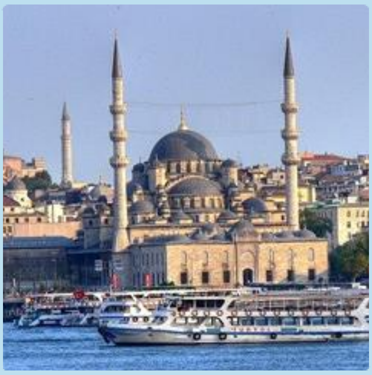
Turkish fuel retailer Turcas said on Tuesday its gas unit has begun non-binding talks with another company to jointly procure natural gas from the Leviathan field in the eastern Mediterranean for Turkish markets.

Turcas is in talks with İstanbul-based Enerjisa, which is owned by Turkey's Sabancı Holding and German utility E.ON, to buy the gas from the Israeli field, according to the stock-exchange filing. Industry sources said in October last year that Turcas was among a few other Turkish energy firms in talks with Israeli firms over the potential for a pipeline to carry Israeli gas to Turkey.

The sources said the political rift between the two former allies was holding up progress. Such a project could be worth $3.5 billion, observers have earlier said. It would entail construction of an undersea section to Turkey's southern coast and a link to central Turkey. Israel is set to become a gas exporter by the end of the decade after the discovery of two major offshore fields off its Mediterranean coast - Leviathan and Tamar. Turkey, dependent on imports for almost all of its energy, is looking to diversify away from expensive Russian gas and could become a customer as well as providing a transit route to other markets, particularly Europe. Israel's huge offshore Leviathan field contains an estimated 17 trillion cubic feet (tcf) of gas, equivalent to almost a year's worth of European gas demand and enough to cover Israel's gas needs for generations. Tamar, discovered in 2009, holds an estimated 280 billion cubic metres (bcm).

20th Int. Energy Conference 2014 to begin in Istanbul

Trend Az., *23.04.2014*



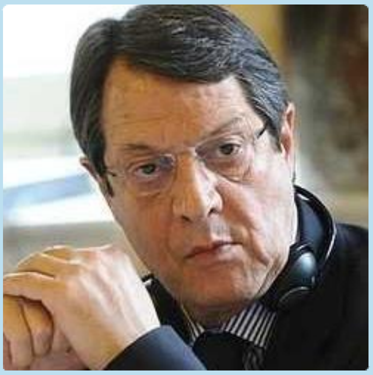
The 20th International Energy and Environment Fair and Conference (ICCI 2014), whose main media sponsor will be Anadolu Agency, will run between April 24th until 26th at the Istanbul Expo Center Anadolu Agency reported in it's web-site yesterday.

The convention, the largest energy and environment fair to be held in Turkey; will be opened by Energy Minister Taner Yildiz. It is expected to attract approximately 16,000 local and foreign participants. International Energy Agency Chief Economist Dr. Fatih Birol will deliver a speech during the opening ceremony of the conference.

International energy experts will discuss a variety of issues including renewable energy technologies and developments, the operation and maintenance of power plants, nuclear power, natural gas and petroleum and the financing of energy projects and laws governing energy. Anadolu Agency's Deputy Director General Cagatay Culcuoglu will also chair a session entitled, "Nuclear energy and the latest developments in Turkey."

Cypriot president: Underwater gas fields can help unite island

CNN, *24.04.2014*



It may be early days in the quest for energy underneath the crystal blue waters of the Mediterranean -- but the eventual bounty may be sizable for Cyprus.

The Eastern Mediterranean is considered a new energy frontier with a 2010 report from the U.S. Geological Survey estimating there to be 122 trillion cubic feet of gas in the area. Nearby Israel, Lebanon and Egypt have also marked their offshore territories and are evaluating their potential. But for Cyprus, still bitterly divided between a Greek Cypriot south and Turkish Cypriot north, the rewards could be more than just financial.

According to the Greek Republic of Cyprus' president Nicos Anastasiades, this rich supply of energy could help unite the island. "The benefits out of the exploitation of the wealth of energy is going to the interest of all the people of Cyprus whether they are Greek or Turkish Cypriots," Anastasiades told CNN. "What I'm saying and trying to convince our compatriots is that the wealth is belonging to the state, the residents of Cyprus island. You (Turkish Cypriots) have the nationality of Cyprus island as well, let's find a solution on the basis as has been agreed then you will have your proportion in participating in this wealth."

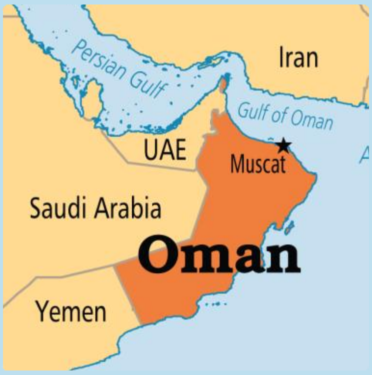
Texas based Noble Energy undertook its first drilling work in Cypriot waters last summer. French firm Total and ENI of Italy, meanwhile, will start exploration later this year. In between the ports of Limassol and Larnaca there are plans for a $10 billion facility to manage the natural gas discovered offshore. Cypriot officials say that the reserves in the one block that has been surveyed so far, when brought to market, would represent more than 100% of the country's GDP of $23 billion dollars. Early indications from Noble also hint that there are many millions of barrels of oil in their field as well.

With such a potentially valuable asset, Anastasiades believes it is important to take heed of the experiences of other countries with large energy reserves and for Cyprus not to be caught out by theresource curse. "That's why we are talking about the Norwegian model," he said referring to the Scandinavian nation's sovereign wealth fund that invests a large chunk of the money generated from its own underwater oil and gas fields. At the same time Anastasiades hopes to manage expectations as to the level of wealth Cypriots can expect to gain. "We are trying to pass on to people that when we talk about energy we are talking about future generations and not for the present only." However it is important that they "do not have any expectations that we are going to become like the Arab Gulf Emirates and so on," he added.

Anastasiades also recognizes that external factors have the potential impact how this lucrative new industry develops in the region. He points out that Turkey has been "violating (Greek Cyprus's) economic zone" in recent years as they attempt to influence relations between Greek and Turkish Cypriots.
These actions may still come to impact attempts to unify the country in the future, he said, but he is confident that will ultimately not be the case. "All of us nowadays are realizing that it's a high time to give an end to these this protracted problem. This is why I have mentioned before as an incentive the energy, the hydrocarbons and all these kinds of things."

Oman fights Saudi bid for Gulf hegemony with Iran pipeline plan

Bloomberg, *21.04.2014*



Oman's plan to build a $1 billion natural-gas pipeline from Iran is the latest sign that Saudi Arabia is failing to bind its smaller Gulf neighbors into a tighter bloc united in hostility to the Islamic Republic.

The accord was signed during Iranian President Hassan Rouhani's visit to Oman last month, and marks the first such deal between Iran and a Gulf Cooperation Council state in more than a decade. Oman is in good standing with the U.S. too: a $2.1 billion purchase of air-defense systems from Raytheon Inc. was announced during a visit by Secretary of State John Kerry last year.

Oman, led by 73-year-old Sultan Qaboos Bin Said Al-Said, hosted secret talks between the U.S. and Iran in the run-up to November's Geneva agreement, Foreign Minister Yusuf Bin Alawi Bin Abdullah told al-Hayat newspaper this week. Saudi Arabia's oil reserves and population exceed the combined total of the Gulf Cooperation Council's other five members, yet it has struggled to impose policy on its smaller neighbors. Some are uncomfortable with Saudi opposition to changes in the region including the U.S.-Iranian thaw and the rise of political Islam. "Oman isn't enthusiastic about integration and cooperation, and I don't think it ever will be," Abdulkhaleq Abdullah, an Emirati academic and author of "The Gulf Regional System," said in a phone interview. "The Sultan has always maintained a sense of mysteriousness about Oman, and they think of themselves as somewhat different from the rest of the GCC."

Oman faces Iran across the Strait of Hormuz, the world's most important trade route for crude shipments. A nation of 4 million with an $82 billion economy, it has opted out of the race among neighbors to build the tallest building, most luxurious resort or biggest mall. The capital, Muscat, is relatively free of skyscrapers and the shops in its souks, unlike in most Gulf cities, are run by locals. Oman's leader, Qaboos, was born in 1940 and there's no heir apparent, since he has no brothers or children. The GCC has failed to make much progress with a proposed customs union and shared currency.

After the Arab uprisings of 2011, though, Saudi Arabia promoted a more ambitious plan, urging its fellow Sunni Muslim monarchies to integrate their economic, foreign and security policies on the model of the European Union. A key motivation for King Abdullah is what the Saudis see as a growing threat from Iran. The rivalry between the two countries intensified after the Islamic revolution of 1979, which mobilized the masses in a form of street politics that's anathema to Saudi Arabia's monarchy. Shiite-led Iran is also blamed for fomenting unrest among Shiites in GCC states -- especially in Bahrain, where Saudi-led troops helped suppress protests in 2011, and in Saudi Arabia itself. Saudis and Iranians have faced off in proxy conflicts across the region, from Bahrain to Syria to Lebanon.

The prospect of détente between the U.S. and Iran, with an interim nuclear deal already in place and a permanent one under negotiation, has put Saudi Arabia, a longtime U.S. ally, on edge. President Barack Obama traveled to the kingdom last month to reassure King Abdullah that negotiations over Iran's nuclear program won't undercut Saudi interests. Where the Saudis see threats, Oman sees economic opportunity. Gas from Iran may arrive as early as 2017, Oman's Oil Minister Mohammed Al-Rumhy said this month. Oman will pay for the pipeline, which will extend from the Iranian province of Hormuzgan to Sohar in Oman, and some of the gas may be re-exported to neighboring countries, his Iranian counterpart Bijan Namdar Zanganeh said in March. Oman already imports natural gas from Qatar. If those predictions are fulfilled, the pipeline will be the first functioning one between Iran and the GCC.

An earlier project to bring Iranian gas to the United Arab Emirates broke down because Crescent Petroleum Co. and Iran couldn't agree on prices, and the pipeline they built remains unused more than 10 years after the deal was signed. That history suggests the new pipeline remains "a big if," said Adam Ereli, former U.S. ambassador to Bahrain. "There's been no shortage of deals over the past 25 years signed with Iran over exploration, pipelines and trading," he said. Usually, "something comes along to derail the deals." The U.S., which imposes penalties for trade with Iran, hasn't commented on Oman's plan. "The U.S. will understand Oman's position," said Abdullah Baabood, director of the Gulf Studies Program at Qatar University. "It needs the gas and it's not getting enough from its neighbors." While there are fewer sanctions on Iranian gas than oil, under the broadest interpretation "the building of a natural gas pipeline is sanctionable," said Ramsey Jurdi, a compliance attorney at the Dubai office of law firm Chadbourne & Parke.

"Oman at a national level might be doing what businesses are doing, which is to be first to market when sanctions are lifted." That may happen even before construction of the pipeline starts. After the latest round of talks in Vienna this month, Iran and world powers said they're still on track for a final accord by July. Oman is well placed to benefit from Iran's reintegration into the global economy, which would only strengthen the two nations' historic ties. In 1973, before Iran's revolution, the Shah sent troops and cash to help Qaboos quell an uprising in the province of Dhofar. Unlike the Saudis, the Omanis don't see Iran as a threat, which is one reason why Oman has shied away from Saudi Arabia's plans for a Gulf Union, according to Coline Schep, a London-based Middle East analyst at Control Risks. When Nizar Bin Obeid Madani, Saudi Arabia's state minister for foreign affairs, told a regional conference in December about the importance of Gulf union, Oman's Foreign Minister Yusuf Bin Alawi Bin Abdullah asked for the microphone. He said Oman wants no part in it, according to Sultan Sooud Al-Qassemi, a U.A.E.-based writer on Gulf relations who witnessed the exchange.

Oman isn't the only GCC country that hasn't adopted Saudi Arabia's foreign policy. Qatar has refused to toe the Saudi line on another regional issue, supporting political Islamists including the Muslim Brotherhood in Egypt after the 2011 revolts. Last month, Saudi Arabia, the U.A.E. and Bahrain recalled their ambassadors from Doha, accusing Qatar of undermining regional security. "Oman plays it a little more carefully than Qatar has done," Schep said by telephone. Qaboos "has set himself on a safe course, becoming America's broker in the region, warming things up with Iran, and saying unequivocally that it wants nothing to do with Saudi Arabia's sponsored Gulf union," said.

Azerbaijan annually supplies up to one mln tonnes of oil to Czech Republic's refinery

Trend Az., *25.04.2014*

Azerbaijan annually supplies from 500,000 to one million tonnes of oil to a refinery in the Czech Republic, State Oil Company of Azerbaijan (SOCAR) vice-president Mr. Nasirov said at the second meeting of the Azerbaijani-Czech intergovernmental commission on economic, scientific-technical and cultural cooperation.

"The shipments amounted to about 890,000 tonnes in 2011, while about 500,000 and 600,000 tonnes respectively in 2012 and 2013," he said. "We really appreciate the high quality of the equipment at the refinery in Kralupy. This allows no reduction in the quality of Azeri Light oil."

"Azerbaijan ensures about 26 percent of the Czech Republic's oil imports," he said. SOCAR vice president regretted that the work on developing the Odessa-Brody-Plock-Gdansk pipeline construction project is likely to be suspended in these circumstances. "At the same time, this does not negate other prospects of cooperation with the Czech companies," he said. "SOCAR cooperates with the Czech Republic in the equipment supply. The Czech companies can supply the appropriate units for the refineries being built in Turkey, two fertilizer plants in Georgia and Azerbaijan and a large refinery complex in Azerbaijan from 2017 -2018."

Sarmatia IPC was created by Ukrtransnafta and the Polish PERN Przyjazn company on July 12, 2004 to attract investments to design and complete the Odessa-Brody oil pipeline to Plock. At the moment Sarmatia's participants include the State Oil Company of Azerbaijan (SOCAR), the Georgian Oil and Gas Corporation Ltd. (GOGC), Ukrainian Ukrtransnafta, Polish Przedsiebiorstwo Eksploatacji Rurociagow Naftowych Przyjazn S.A. and Lithuanian AB Klaipedos Nafta. Each of the main participants has 24.75 percent of equity participation and the Lithuanian company has 1 percent. The Brody- Plock oil pipeline (Adam's gate) is the only missing part of the Euro-Asian Oil Transportation Corridor (EAOTC).

Gazprom says will meet rising gas demand in Europe

Today's Zaman, *22.04.2014*

Gazprom said it would be able to meet Europe's rising demand for gas thanks to new projects, even while the EE is aiming to reduce its energy dependence on Moscow.

"According to most of the scenarios, which have been reviewed, long-term gas demand will increase in the European market, a key one for Gazprom, against Europe's own production decline," Gazprom said in a statement on Tuesday after its board meeting. Supplies to Europe can be increased via the Nord Stream undersea pipeline as well as through the proposed South Stream link, which is expected to start operating next year, the company specified.

Gazprom also plans to build a gas liquefaction plant on the shores of the Baltic Sea, which could then export liquefied natural gas (LNG) to European markets. Partly as a result of the Ukraine crisis, meanwhile, Europe is stitching together a patchwork of measures such as raising power output from coal and renewables to reduce its gas imports from Russia by the end of the decade, easing Moscow's grip over the region's energy market.

Reuters calculations suggest that these steps could slash imports from Russia by around 45 billion cubic meters (bcm) by 2020, worth $18 billion a year, or the equivalent of a quarter of what Russia currently supplies. So far, however, Gazprom's gas supplies and its share of the European market have been increasing as flows have declined from other sources such as North Africa and LNG suppliers have sent more cargoes to Asia, where gas prices are higher, instead of Europe. Gazprom's share in Europe's gas market rose to 30 percent in last year from around 25 percent in 2010. Its supplies to the European Union and Turkey jumped to 162 billion cubic meters. The Kremlin-controlled company also said on Tuesday it expected to boost its exposure to the Asia Pacific region. The company aims to reach a deal in May to supply gas to China after decade-long talks.

Russia's Gazprom says Ukraine owes extra $11 bln for gas

Hurriyet Daily News, *24.04.2014*

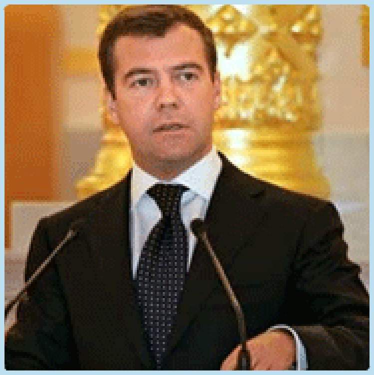
Russia's state owned Gazprom has slapped Ukraine energy firm Naftogaz with an additional $11.4 billion gas bill, more than five times its previous claim, ratcheting up pressure on Kiev amid the deepest East-West rift since the end of the Cold War.

The political crisis in Ukraine, now in its fourth month, has pitted Russia against the United States and the European Union, which have sanctioned Moscow over its annexation of Crimea peninsula. A Gazprom source said the $11.4 billion was in addition to the $2.2 billion that Naftogaz already owes for supplies in 2013 and 2014 so far.

The source said the bill was sent to Naftogaz on Wednesday and was related to Naftogaz's failure to meet a "take or pay" clause for gas supplies. Interfax news agency reported earlier on April 24 that Alexander Medvedev, Gazprom's deputy chief executive, had told reporters about the bill in Paris. Both Gazprom and Naftogaz declined to comment. The "take or pay" requirements in a gas supply contract make consumers pay for gas whether they take physical delivery or not. Naftogaz should have imported 41.6 billion cubic metres under the 2013 contract terms, but shipped in only 12.9 bcm, the Gazprom source said.

Medvedev says Russia seeking to diversify gas exports

Reuters, *22.04.2014*



Russia is more interested than ever in diversifying destinations for its natural gas exports and is carrying out projects in Asia, Russian Prime Minister Dmitry Medvedev told Russian lawmakers on Tuesday.

The Russian Prime Minister Dmitry Medvedev also stated that talk of Europe importing gas from the United States as European Union nations seek to reduce reliance on Russian supplies amid tension over Ukraine was a "bluff".

Gazprom loads first oil shipment from Arctic's Prirazlomnoye field

Oil & Gas Journal, *21.04.2014*

Gazprom Neft has loaded its first shipment of oil produced from Prirazlomnoye field, 60 km offshore in the Russian Arctic shelf. The field was discovered in 1989 and is the only Russian hydrocarbon development project in the Arctic shelf developed so far.

The 70,000-ton load of oil will be delivered to consumers in northwestern Europe by the Mikhail Ulyanov and Kirill Lavrov oil vessels, which were built on Gazprom's request for shipping oil from Prirazlomnoye. Gazprom said 300,000 bbl of oil are expected to be shipped from the field this year which is expected to rise in following years.

The field's recoverable oil reserves total 71.96 million tons, with projected oil production expected to reach 6 million tons/year after 2020. This is the first time that Arctic oil has entered the global market. The oil was traded among refining companies in northwestern Europe during the first quarter. "Today's event is highly important for strengthening Russia's position in the global oil market. We increased the flexibility and reliability of oil supply to almost any part of the world," stated Alexey Miller, Gazprom management committee chairman. Gazprom said part of the feedstock will be sold under long-term contracts once Prirazlomnoye production volume is increased. Drilling, production and storage, end product processing and loading are conducted on an offshore ice-resistant stationary platform that Gazprom says "fully excludes any oil spills during production, storage, and loading processes." Production from the platform started in December

Crimea energy firm says better off under Russia

Reuters, *22.04.2014*

Crimean oil and gas producer Chornomornaftohaz sees hope for the future from its new Russian owners and the possibility of doing business with Asia, after Kiev had failed to pay it anything for well over a year, a senior executive said.

Russia annexed the Crimean peninsula following a referendum last month, and Crimea took ownership of Ukrainian state assets on its territory including the region's Black Sea natural gas fields and energy company Chornomornaftohaz. "Crimeans now feel much better than when they were with Ukraine," Andrey Palyura, leading engineer of the marketing group at the company, told Reuters.

"In the short term, of course we have some problems. There's a little bit of a pause, but gas production has not stopped," he said. Crimea is connected to Ukraine's gas infrastructure, not Russia's, and it no longer has access to Ukraine's oil refineries to process its small output of oil. For gas, the plan for this year is to double production to 2 billion cubic meters (bcm) and make Crimea self-sufficient in energy, and for next year to increase output again to 3 bcm.

"This year we will become balanced with gas. We will satisfy 100 percent consumption demand in Crimea," Palyura said. "One of the top priorities for the next period is to ensure our power independence." The Black Sea is one of the world's last remaining territories where deep water exploration for oil and gas is underdeveloped and now possible due to technological advances. For Ukraine, offshore Crimea had offered the best chance to reduce its dependence on Russian gas. Kiev chose a consortium led by Exxon Mobil and Royal Dutch Shell to develop its Skifska gas field in August 2012. Exxon has since said the talks are on hold, and Shell said it had broken off negotiations. The United States put Chornomornaftohaz on its sanctions list on April 11, effectively making it off-limits to Russia's state-controlled Gazprom.

Palyura said the sanctions were counter-productive, but he believed Asian countries would still be open to working with the Crimean company in such matters as investment and sales. "We'll find a way; we'll sell to China," he said. Anything would be an improvement, he said, after the government in Kiev had paid nothing to Chornomornaftohaz since the summer of 2012. Palyura, whose mother is Russian and father Ukrainian, said he is also better off personally, although getting to a conference in Paris had appeared daunting as the 42-year old feared he would not get a visa. "We hope that our life in Russia will be better. Already, my parents who are pensioners received 50 percent more," he said. That a company, which was Russian until Crimea was given to Ukraine in 1954, should become Russian again had been a dream, he said. "We wanted it, but it seemed unbelievable."

Gazprom delegation meets in Austria to discuss gas supplies

Oil & Gas Journal, *23.04.2014*

A Russian stated owned OAO Gazprom delegation discussed Russian gas supplies to Austria in meetings in Vienna on Apr. 22. Alexey Miller, chairman of Gazprom's management committee, met with Gerhard Roiss, chief executive officer ofOMV, and Reinhold Mitterlehner, Austria's federal minister of economy.

Regarding the South Stream gas pipeline, Miller said Gazprom agreed to a proposal by Austria "to look into the possibility of constructing a gas pipeline section in Austria within the existing intergovernmental agreement, simultaneously with the Slovenian section."

Roiss said, "I believe that the economic integration of Europe and our partners in Russia is the way to preserve the stability of our continent." According to Gazprom's web site, the company supplied Austria 5.23 billion cu m of gas in 2013.

EU, Ukraine, Slovakia to hold reverse-flow gas talks on Thursday

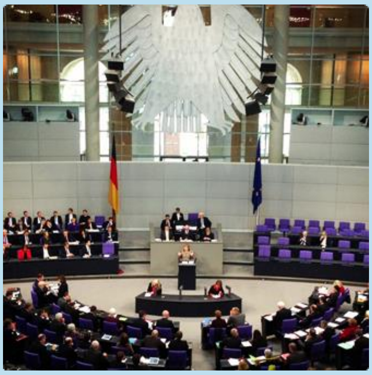
Trend.Az, *23.04.2014*

The European Commission said on Wednesday that Energy Commissioner Guenther Oettinger will meet Slovakian and Ukrainian ministers on Thursday in Bratislava to discuss the possibility of reverse flows to pump gas back to Kiev.

The discussions between Oettinger, Ukrainian Energy Minister Prodan and Slovakian Economy Minister Malatinsky will take place before another meeting between the Commission, Ukraine and Russia due on Monday on Moscow. "The three parties agreed to meet in this format in order to prepare the agreement on the Memorandum of Understanding on reverse flows from Slovakia to Ukraine," an EC spokesperson said.

Moscow to meet Ukraine for energy talks as EU frees gas for Kiev

Reuters, *23.04.2014*



European and Russian officials will meet this week and next for emergency talks to try to prevent Moscow cutting off gas supply to Ukraine, as Europe explores how to pump more gas to the struggling country.

Moscow has nearly doubled the natural gas price it charges Ukraine and threatened to cut gas supplies for non-payment of debt since a new pro-Western government took over in Kiev in February. It has also annexed Ukraine's Crimea region and voiced support for pro-Russian separatists who have seized control of government buildings and set up road blocks in parts of eastern Ukraine.

The talks next week are another attempt to bring Ukraine and Russia to the negotiating table as a previous agreement struck in Geneva last week to de-escalate tensions between the two neighbors unravelled. The preparations for negotiations follow calls from Ukraine's acting president, Oleksander Turchinov, for government forces to relaunch an offensive against pro-Russian rebels.
In the first round of talks on Thursday, the European Union's top energy official, Guenther Oettinger, will meet Ukrainian and Slovakian ministers in Bratislava to seek a deal on shipping gas to Ukraine via Slovakia.

Russia will not attend that meeting. However, it said it would host talks in Moscow on Monday, bringing together Ukraine Energy Minister Yuri Prodan, Oettinger and Russian Energy Minister Alexander Novak to discuss gas pricing for Kiev. "We sent a letter to Oettinger proposing to hold the talks in Moscow on April 28," a spokesperson for the Russian Energy Ministry told Reuters. The European Commission, the EU executive, has not confirmed where or when any meeting with Russia would take place, though it has said it is willing to take part in such talks. "Today, EU Energy Commissioner Oettinger has invited the Russian Energy Ministers Novak and the Ukrainian Energy Minister Prodan for a first meeting for trilateral consultations, but the date and place are not fixed yet," a Commission spokeswoman said.

She confirmed Thursday's talks in Bratislava, which follow months of preparation to reverse the flow of gas through Slovakia to help Ukraine in the event of a halt in supplies. "The Commission is confident that the Memorandum of Understanding on reverse flows can be signed as soon as possible between the two pipeline operators in Slovakia (Eustream) and in the Ukraine (Uktransgas)," the spokeswoman said. Russia's seizure of Crimea has caused the most serious East-West rift since the end of the Cold War. The European Union and United States have imposed sanctions, mostly in the form of visa bans and asset freezes on a number of Russian officials. At the same Russia has warned that gas supplies to Ukraine could be cut and that this could in turn lead to a reduction of onward deliveries to Europe.

Russia provides Europe with roughly one third of its gas imports, over half of which flowed via Ukraine last year, and delivers around half of Ukraine's domestic gas needs. Moscow, which does not recognise the Ukrainian government that replaced ousted President Viktor Yanukovich in February, nearly doubled the gas price for Ukraine to $485 per 1,000 cubic metres, starting from April. Kiev, which is in deep financial trouble, is refusing to pay. Russian state-controlled gas producer Gazprom says Kiev owes it $2.2 billion for gas already delivered and is considering demanding up-front payments, increasing the risk of Russia turning off the taps.

Prodan said on Wednesday that Kiev had sent Moscow its gas price suggestions but that there had been no response yet. He would not specify the suggested price. Ukraine's officials have previously said they were ready to pay $386 per 1,000 cubic metres. The EU has been working on developing technology to ship gas back to Ukraine in the opposite direction to that for which the pipelines were designed. The most significant such channel would be through Slovakia, but talks had repeatedly failed to get a deal. Slovak government officials said Thursday's outline agreement was expected to cover smaller flows than Ukraine wanted as Slovakia sought legal advice on a bigger project. Russia has said reversing flows of its gas would be illegal.

UK says world needs to cut dependence on Russian gas, calls for G7 action

Reuters, *22.04.2014*

Britain said on Tuesday Russia was using it status as an energy superpower to hold other countries to ransom and that a meeting of the G7 group of countries next month had to find a way to reduce dependence on Russian gas. Energy Secretary Ed Davey said Britain would use the meeting to promote a global plan for developing alternative energy sources and supply networks to try to curb Russia's ability.

The G7 group of leading industrialised economies has made improving energy security a priority after Russia's annexation of the Ukrainian region of Crimea, and fears Moscow could cut off supplies to Ukraine if the dispute deepens.

"It can't be right for Russia to hold individual countries to ransom," said Davey. "There have been at least two, if not three, occasions in recent times when Russia has sought to use its energy superpower status in quite an aggressive manner." Russia supplies around a third of Europe's gas, some 40 percent of which it ships through Ukraine. G7 energy ministers will meet in Rome on May 5-6. "It is a real opportunity to show Russia we mean business by improving our energy security and resilience," said Davey. "We have got to look at everything, from more diversified supplies of gas, whether it's from the U.S., from shale, or helping other countries who are demanding a lot of gas now but who needn't. Maybe Japan will turn on some of its (nuclear) reactors."

Russian Prime Minister Dmitry Medvedev told Russian lawmakers on Tuesday that talk of Europe importing gas from the United States was a bluff, and Moscow was more interested than ever in diversifying destinations for its natural gas exports. Russia's top natural gas producer Gazprom said it would be able to meet Europe's rising demand for gas thanks to new projects, even as the bloc signalled it was looking elsewhere. Britain itself would be well placed to deal with any Russian cutoff Britain as it gets most of its imports from Norway.

Spain interested in participating in Southern Gas Corridor project

Trend Az., *24.04.2014*

Spain is interested in participating in the Southern Gas Corridor project, the country's Minister of Foreign Affairs and Cooperation, Mr. Garcia-Margalit told journalists on April 24 on the threshold of Azerbaijani-Spanish business forum.

"Around 30 Spanish companies operate in Azerbaijan. There are fairly modest figures in trade turnover and investment and this means that we have work to do, particularly in the energy sector and the Southern Gas Corridor project," the minister said. However, the prospects for cooperation between Azerbaijan and Spain are not confined to this, according to the Minister.

"The delegation includes representatives of tourism structures. Over six million tourists visit Spain per year and we are ready to share our experience and running time with our Azerbaijani colleagues in the sphere of tourism and recreation," Spanish minister added. The Southern Gas Corridor is a project that will allow Europe to diversify its sources of hydrocarbon supply and strengthen energy security and enable Azerbaijan to get a new market in Europe. The final investment decision was made on the second phase of the Azerbaijani Shah Deniz offshore gas and condensate field's development on December 17, 2013. Gas from the field will go in the first instance to the European marketplace.

The gas to be produced within the second phase of the field's development will be exported to Turkey and to European markets by means of expanding the South Caucasus Pipeline and construction of the Trans-Anatolian Gas Pipeline (TANAP) and the Trans-Adriatic Pipeline (TAP). The contract for development of the Shah Deniz offshore field, which has proven reserves of 1.2 trillion cubic meters of gas, was signed on June 4, 1996.Participants in the Shah Deniz field development are the State Oil Company of Azerbaijan (SOCAR) with a share of 16.7 percent, British BP (28.8 percent), Norway's Statoil (15.5 percent), Iran's NICO (10 percent), French Total (10 percent), Russia's Lukoil (10 percent), Turkish TPAO (9 percent).

NYMEX crude oil prices drop on high inventory numbers

Oil & Gas Journal, *24.04.2014*

Crude oil futures prices dropped modestly on the New York market on Apr. 23 following the release of a government report showing the highest oil inventory since the US Energy Information Administration began issuing weekly reports in August 1982.

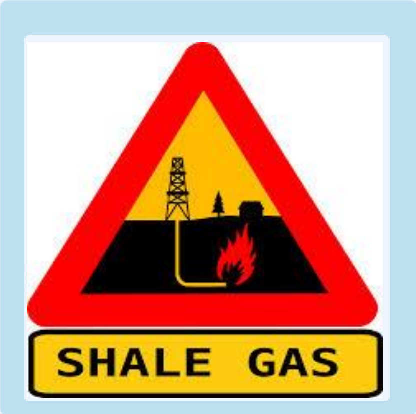
EIA said crude oil supplies rose 3.5 million bbl to 397.7 million bbl total for the week ended Apr. 18.The Wall Street Journal reported that the inventory is the highest since May 1931 according to monthly data going back to 1920. Ole Hansen, Saxo Bank head of Commodity Strategy, said a recent rally in US gasoline prices could be nearing its end.

Gasoline prices have been driven by reduced inventories during seasonal refinery maintenance.The EIA inventory report for the week ended Apr. 18 showed a smaller-than-expected reduction in gasoline inventories, Hansen said. “This, combined with a sharp rise in refinery demand, could indicate that gasoline inventories could soon stabilize and remove some of the recent price support,” Hansen said in an Apr. 24 research note. Separately, EIA said estimated natural gas in Lower 48 underground storage as of Apr. 18 was 899 bcf, a net increase of 49 bcf from Apr. 11. The latest EIA gas storage report showed levels were 831 bcf lower than last year at this time and 1 tcf below the 5-year average of 1.9 tcf.

The New York Mercantile Exchange June crude oil contract price declined 31¢ to close at $101.44/bbl on Apr. 23. The July contract was down 27¢ to $100.85/bbl. The May natural gas contract declined 0.9¢ to $4.73/MMbtu. Heating oil for May delivery dropped 2¢ to a rounded $2.98/gal. Reformulated gasoline stock for oxygenate blending for May delivery decreased less than a cent to remain at a rounded $3.09/gal. In London the June ICE contract for Brent crude delivery fell 16¢, closing at $109.11/bbl. The July contract dropped 14¢ to close at $108.84/bbl. The ICE gas oil contract for May dropped $2.75 to $918/tonne. The Organization of Petroleum Exporting Countries said for its basket of 12 benchmark crudes was $104.99/bbl on Apr. 23, down 20¢ from Apr. 22.

Shale to provide 50%+ of revenue of upstream firms in 2014

Business Wire, *21.04.2014*



More than half of oilfield services companies and 40% of upstream companies expect shale oil and gas plays to provide the majority of their revenues in 2014, according to a global industry survey.

This is an increase of about 15% from 2013 levels in the number of oilfield services and upstream companies for which shale is the source of a majority of revenues. Other companies in the midstream, downstream and integrated segments predict shale-related income will account for slightly less than one-fourth of their 2014 revenue, according to survey respondents.

Companies are supporting expanded shale-related operations with a majority of planned capital spending in 43% of upstream firms and 42% of oilfield services companies, compared with just 21% in other industry segments. "These growth projections and investment levels recognize that shale oil and gas development is the future of the global oil and gas industry, and that it is being driven primarily by small and mid-size E&P and services companies," said UHY LLP Principal Bill Penczak. "Their plans for continuing investment, moderate price expectations and realistic appraisals of the challenges facing shale development reflected in this survey bode well for shale's future in the U.S." Survey respondents shared a general consensus on the largest challenges facing their shale operations, with costs, lack of transportation and infrastructure, the regulatory environment and lack of capital or credit the most often cited. Oilfield services companies targeted a shortage of qualified employees and commodity prices as top problems, but project operators and partners ranked it lower.

Large majorities of respondents in all segments expect crude oil prices (WTI NYMEX) to remain between $90 and $110/bbl, although 15% of upstream respondents expect oil to reach $110 to $130/bbl in 2015; The consensus across all segments is that natural gas prices will stay in a $4 to $6 range during 2014 and 2015, although about one-in-five anticipate a move to the $6 to $8 level in 2015; Only one-in-six survey respondents believe their companies would feel a positive effect from an increase in LNG or crude oil exports from the U.S.; A 75% majority of producers use pipelines to move their product to market, and half utilize tanker trucks, while 19% use rail cars. The survey's 178 respondent companies accounted for about $700 billion in 2013 revenues. Three-quarters are headquartered in the U.S.; about half describe themselves as primarily upstream companies, with one-fifth in the oilfield services sector and 10% in the midstream. The survey was conducted online between March 11 and March 24, 2014.

EIA: US petroleum product exports increased in 2013

Oil and Gas Journal, *22.04.2014*

US petroleum product exports in 2013 averaged 3.5 million b/d, up 10% from levels in 2012, according to the US EIA. In December 2013, US exports of petroleum products reached 4.3 m b/d, the first time to exceed 4 million b/d in a single month.

"The increase in exports was broad-based, affecting multiple products going to multiple regions," EIA said. Exports of distillate fuels in 2013 increased 110,000 b/d over the previous year to 1.1 million b/d, according to EIA data. This was accompanied by a 160,000 b/d increase in distillate fuel production in 2013 as the result of cost-advantaged US crude oil and natural gas and near-record-high refinery runs.

Distillate exports to Central and South America, already the largest destination for US produced distillate fuel, increased 60,000 b/d in 2013, reaching 550,000 b/d. Exports of distillate fuel to Europe increased 50,000 b/d to an average of 400,000 b/d in 2013. Propane exports increased 130,000 b/d in 2013, averaging 300,000 b/d for the year, with almost half of the total going to Central and South America. Exports to Europe also doubled from 2012 levels to 55,000 b/d. Increases in propane production and elevated inventories contributed to growth in propane exports. In 2013, US propane production increased 110,000 b/d compared with 2012, while consumption grew 90,000 b/d. Continued propane production growth in excess of consumption over several years filled propane inventories to 75.8 million bbl in October 2012, the highest level since 1998.

Gasoline exports averaged 550,000 b/d for the year, a 45,000 b/d increase over the level in 2012. December 2013 gasoline exports set a monthly record of 770,000 b/d. Gasoline exports increased to Africa, Central and South America, and Mexico. Although generally declining, the amounts of US petroleum product imports continue to be significant, averaging 2.1 million b/d in 2013. "Given present infrastructure constraints, the East Coast continues to import substantial amounts of gasoline from Europe and Canada," EIA said, adding, "Likewise, imports play a critical role in supplying distillate and propane during the winter, particularly on the East Coast, when in-region production along with shipments from other regions are insufficient to meet the increases in demand, especially during very cold weather, as much of the countryexperienced this past winter."

Announcements & Reports

►*US Crude Oil and Natural Gas Proved Reserves*

Source : Energy Information Administration
Weblink : http://www.eia.gov/naturalgas/crudeoilreserves/pdf/uscrudeoil.pdf

►*The Monthly Oil Report (April 2014)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/en/publications/338.htm

► *Monthly Energy Review*

Source : Energy Information Administration
Weblink : http://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf

► *Analysis of Mutual Exchanges of Business Assets Within Investment Activities in the Energy Sector*

Source : Energy Charter
Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Asset_Swaps_2014_ENG.pdf

► *Gobitec and Asian Super Grid For Renewable Energies in Northeast Asia*

Source : Energy Charter
Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Gobitec_and_the_Asian_Supergrid_2014_ENG.pdf

Upcoming Events

► *International Conference on Energy and Management*

Date : 5 - 7 May 2014
Place : Istanbul - Turkey
Website : http://icem.bilgi.edu.tr/

► *API International Oil Spill Conference*

Date : 5 – 8 May 2014
Place : Savannah GA - United States
Website : www.api.org/events-and-training/calendar-of-events/2014/iosc2014

► *Global Energy Security Conference*

Date : 12 May 2014
Place : London - United Kingdom
Website : http://www.gdforum.org/Events-Upcomingevents-Energy%20conference.html

► *13th Uzbekistan International Oil & Gas Exhibition*

Date : 13 – 15 May 2014
Place : Tashkent – Uzbekistan
Website : http://www.oguzbekistan.com/

► *Deloitte Energy Conference*

Date : 13 – 14 May 2014
Place : National Harbor MD - United States
Website :https://www.deloitte.com/view/en_US/us/Events-Deloitte/9de451a76d364410VgnVCM3000003456f70aRCRD.htm?oper=REG

►*2014 3rd International Conference on Petroleum Industry and Energy (ICPIE 2014)*

Date : 14 May 2014
Place : Gdansk, Poland
Website : http://www.icpie.org/

► *The 14th International Conference on Clean Energy*

Date : 18 - 22 May 2014
Place : Istanbul - Turkey
Website : http://www.icce2014.net

PETFORM

► 5th Turkmenistan Gas Conference

Date : 21 – 22 May 2014
Place : Ashgabat – Turkmenistan
Website : http://www.turkmenistangascongress.com/

► 21st Caspian International Oil & Gas Exhibition

Date : 3 – 6 June 2014
Place : Baku – Azerbaijan
Website : http://www.caspianoil-gas.com/

► International Conference of Energy and Management 2014

Date : 5 – 7 June 2014
Place : Istanbul – Turkey
Website : http://www.bilgi.edu.tr/en/news-and-events/news/3189/call-for-international-energy-and-management-conference/

► Iran Oil & Gas 2014 Summit

Date : 23-25 June 2014
Place : Dubai
Website : http://www.iransummit.com/

► 2014 EIA Energy Conference

Date : 14-15 July 2014
Place : Washington – USA
Website : http://www.fbcinc.com/e/eia/?src=home-b1

► 4th Erbil Oil & Gas International Exhibition

Date : 1 – 4 September 2014
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► South Russia Oil & Gas Exhibition

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

► 2nd East Mediterranean Oil & Gas Conference

Date : 9 – 10 September 2014
Place : Paphos – Greek Cyprus

Website : http://www.eastmed-og.com/Home.aspx