Yildiz: Iraqi Kurdish oil exports from Turkey could begin in May

Reuters, *29.04.2014*

Turkish Energy Minister Taner Yildiz said on Tuesday exports of Iraqi Kurdish oil stored at the port of Ceyhan could begin in May on the Mediterranean coast pending resolution of a dispute between the Central Government and Kurdish Regional Government.

The Kurds have sent some 1.5 million barrels of oil through a new pipeline into storage tanks at Ceyhan in Turkey. But Baghdad wants to keep the trade under its control, and Ankara is awaiting Iraq's approval before allowing exports to begin. "This oil is Iraq's oil. They may begin the export of this in May," Yildiz told reporters during a visit to Norway.

Iraqi Oil Minister Abdul Kareem Luaibi said on April 9 he expected a deal to be reached within days to resolve the long-running oil dispute with the Kurdish Regional government in Arbil, but there is still no deal. Iraqi Kurdish Regional Government has been autonomous since 1991 but relies on Baghdad for a slice of the OPEC producer's $100 billion-plus budget. It has signed contracts with oil companies to exploit its own resources which Baghdad does not recognise. "The purchase of northern Iraqi crude oil is not currently on Turkey's agenda," Yildiz said.

The minister also said the flow of Iraqi Kurdish oil to Turkey via the pipeline had resumed two days ago at 100,000 barrels per day (bpd). Oil had not flowed from northern Iraq to Turkey since the start of April. Imports from a separate link operated by the federal government also stopped in March. Iraq faces parliamentary elections on Wednesday and Yildiz said he hoped they would bring peace to Turkey's southern neighbour, with sectarian violence in the Shi'ite Muslim-majority country at its most intense since 2008. The tanks at Ceyhan have can store as much as 2.5 million barrels of crude, Yildiz said.

Oil flow Turkey and Iraq halts due to pipeline problems

Hurriyet Daily News, *29.04.2014*

Ankara and Arbil have announced plans to sell Kurdish oil stored in the Turkish point of Ceyhan as of the beginning of May, without waiting for Baghdad's consent. Kurdish Regional Government (KRG) Prime Minister Nechirvan Barzani said they will start exporting oil as of May 2 – with or without the central Iraqi government's consent, speaking in an interview with Iraqi news outlet Rudaw.

"We have stored oil there and on May 2 we will start selling it," the Kurdish prime minister said on April 28. Turkish Energy Minister Taner Yildiz confirmed the announcement, saying the Kurdish government may start selling oil in May.

"This oil belongs to Iraq; they may begin its export in May," he said, answering reporters' questions in Norway, where he went to meet with several representatives of the energy sector. 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 have been on hold to give diplomacy a chance since the beginning of April. However, both sides of the negotiation have recently adopted a more pessimistic tone over reaching an agreement on the issue, despite starting off hopeful.

"We went to Baghdad for talks, but they shocked us by cutting KRG's citizens' salaries. This would naturally cause delays in subsequent talks and how you deal with it in the future," Barzani said. In his remarks yesterday, Yildiz also announced oil flow between the KRG and Turkey has restarted. "It [oil exports from northern Iraq] has been started for two days, with the amount we agreed upon initially of 100,000 barrels," he said. The Kurds have sent around 1.5 million barrels of oil through the new pipeline, but both Ankara and Arbil have been expressing hopes to double the daily flow amount to 200,000 after setting the conditions. Yildiz also said buying Kurdish oil is not on Turkey's agenda for now, but it is up to private sector representatives to engage in private deals with Arbil.

"Turkey's being a customer [for Kurdish oil] is not at the issue. [Turkey's oil refiner] Tupras has its own contracts as a private company. I always say, they can make their proposal to the private sector and carry out their trade if they agree on a contract," he said. When asked about potential oil sale to Turkey in the interview with Rudaw, Barzani also said there will not be any price exemption for Turkey, but if the country wants to buy oil, they can sell it. "The oil we export we will sell at an international price. If Turkey wants to buy it, we will sell it to Turkey, or else we will sell it to other countries," he said. As part of the energy row, Baghdad has choked off funds to the northern region, draining its reserves, as the two regions spar over a national budget that would penalize the Kurdish government for failing to meet export targets, as well as other issues tied to energy sector regulations.

The central government and the Kurdish autonomous government differ over how to interpret the constitution's references to oil and how revenues should be shared. The Kurdish share was set at 17 percent after the U.S.-led invasion in 2003, although the Kurds frequently complain they receive less than that. When asked if the Kurdish government has braced itself for going ahead with the exports without Baghdad's consent, Barzani affirmed and said they have "paid the price for it." He said Baghdad has not sent Arbil's entire share of the annual budget since January, despite all other state institutions receiving their portion. "Usually, when the annual budget is approved, all government institutions and ministries receive their share, but the only part of the country that has received only a tiny portion of its share is KRG" the website reported as him saying. "Our monthly salaries are 850 billion dinars, but we have only received 500 billion. We received the same amount in February. In March and April we received nothing. That is the price," he stressed. "I assure everyone that we can pay out the salaries without Baghdad, and we have done it so far," he added.

Turkey strategic route for European energy markets

World Bulletin, *29.04.2014*

Turkey is emerging as a strategic transit route for natural gas after the Ukraine, experts agreed in Washington D.C. during an energy conference held by the Brookings Institution.

Senior energy experts discussed Turkey's energy policy, the importance of natural gas to the Turkish economy, the prospects for Turkey as a gas transit and emerging trading hub, and the energy dimensions of Turkish-U.S. relations, in a Brookings session entitled "Turkey's Energy Security Calculus: Aspirations and Realities". It was said Turkey has become more important as an alternative energy route to Europe since the violent political turmoil engulfed Ukraine.

Turkey imports three-quarters of its energy and 98 per cent of its natural gas, of which Russia supplies 60 per cent. Turkey serves as a natural geographical bridge between Europe and Asia, and endeavors to become an energy hub, through which Eastern energy can be supplies to global markets - largely European. A net energy-importing Turkey also strives to diversify its energy supply by bidding to attract Caucasian and Iraqi sources to and through its own borders via pipeline projects. Nuclear power will not be a significant source of Turkish energy for some time yet, and Turkish coal reserves include lignite, which is rich in sulfur and low quality, therefore natural gas will remain as the primary energy choice for Turkey in the near future, Winrow said. Turkey does not want to strain relations with Russia over the crisis in Ukraine, since they are the main gas supplier for Turkey, Winrow said, adding that the Israeli and Iraqi sources of natural gas are worthy alternatives to Russia. The recent discoveries of natural gas fields in the Eastern Mediterranean off the coast of Israel have introduced opportunities for Ankara, as Turkey is most feasible route for Israeli gas to reach European and Asian markets.

Strained relations between Ankara and Tel Aviv over the Mavi Marmara incident in 2009 are expected to thaw as both sides have signaled possible reconciliation. Turkey is also tries to mediate a resolution between the federal government of Iraq and the semi-autonomous Kurdish Regional Government of Northern Iraq, which will allow Kurdish natural gas to reach Turkey for re-export and domestic consumption. BOTAS, a Turkish state-owned company responsible for gas and oil pipelines, is set to play a vital role toward Turkey's realizing aspirations of becoming an energy hub. Winrow says BOTAS needs structural reforms to effectively pursue these aspirations.

Turkey has emerged as one of the fastest growing energy markets in the world as a result of "economic development, population growth and urbanization," said Muharrem Yilmaz, head of TUSIAD, an influential Turkish business association. Turkey is one of the biggest natural gas markets among the OECD member states, said Yilmaz. "By 2030, Turkey will be the third largest natural gas market in Europe." Energy security is vitally important for Turkey, which has significant growth targets but has limited reserves of hydrocarbon resources, said Yilmaz, adding that Turkey has an opportunity for steady supply and resource diversification, given the region surrounding Turkey holds 68 per cent of the global natural gas and 75 per cent of global oil reserves.

Norway could help supply Turkey with natural gas

World Bulletin, *30.04.2014*

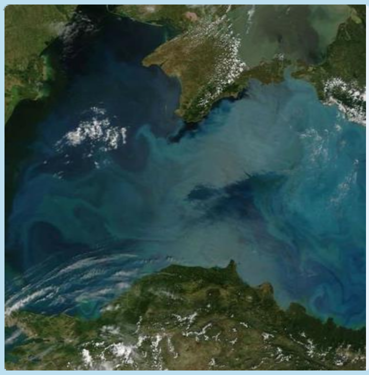
Turkey will look towards Norway as a supplier of natural gas, energy minister Taner Yildiz said during a visit to Norway on Tuesday. At a press meeting with Norway's Oil and Energy Minister Tord Lien, Yildiz said Turkey has requested to purchase up to 6 billion cubic meters of liquefied natural gas, and Norway is considering whether to make individual sales or long-term contracts.

According to the U.S. Energy Information Administration, Norway is the world's third-largest exporter of natural gas after Russia and Qatar, and, as of 2012, Norway was the sixth-largest dry natural gas producer.

Yildiz also said the Kurdish peace process means Turkey's eastern and southeastern parts are now becoming available for natural resource searches. Yildiz said Norwegian companies are especially interested in the renovation of Hydro Electric Power Plants in Turkey.

Black Sea natural gas sector in the spotlight

Natural Gas Europe, *02.05.2014*



A series of developments are gathering pace in the southwest Black Sea, not far from the dramatic political events in Ukraine and Crimea. A convergence of gas-related interests between Bulgaria, Turkey and Russia seems to be emerging as well as the likelihood of a new natural gas corridor and hub en route to EU markets.

Turkey's Ambassador in Bulgaria, recently noted in a speech to a high-level audience of the Bulgarian government that the two countries after signing the memorandum of cooperation for the transfer of Azeri gas to Europe, have managed to establish a further diversification of routes.

Brussels has already mentioned the new interconnector Turkey-Bulgaria as a PCI. Concurrently, Turkish BOTAS is said to have already prepared the construction of the interconnector and will team up with Bulgartransgaz. According to various local outlets, Turkey would like to be part of the construction of a significant natural gas storage facility in excess of 1 bcm in a central Bulgaria region. In the meantime, Austrian OMV has assured stakeholders and the public alike that its research at an offshore block in the Bulgarian Black Sea may contain probable reserves of around 100 bcm. If this estimation is proven correct, gas production may start as soon as 2017. Should this occur, gas quantities would be used to fill the Bulgarian transmission system and can be reverse flowed into the Turkish system.

Nevertheless, local Bulgarian media has already noted that until recently, probable reserves were figured up to 500 bcm, causing anxiety of the real prospects for indigenous gas production. Turkey itself is gearing up for the expansion of its cooperation with Gazprom, primarily by increasing the yearly capacity of the Blue Stream gas pipeline that traverses the Black Sea and currently pumps around 14 bcm per annum into the Turkish domestic pipeline system. The maximum capacity of this route is 16 bcm and the negotiations that have already started between the two sides relay an increase that will set Blue Stream to at least 20 bcm, up to 24 bcm per annum.

The main cause of this upgrade is the geopolitical risk of Ukraine as a transit country for the pipeline transported gas going to Turkey via that country. In 2013 Gazprom supplied Turkey with 26.7 bcm in total, out of which around 55% were delivered via the underwater pipeline and its scheduled expansion aims to minimize transfer through Ukraine. In parallel Turkey is bargaining for an at least 10% discount on future Russian gas deliveries. Natural gas consumption in Turkey is calculated to be 47 bcm for 2014 compared to 38 bcm for 2011 and mid and long-term assessments call for a 3% expansion (on average) of the local market for the coming generation. In that respect and with the infrastructure in place of scheduled to be constructed, its only Russia and Iran that can fulfill Turkish long-term consumption patterns, whilst filling up its transmission systems with enough gas quantities to be transited in the rest of Southeastern Europe and onwards to the EU.

On the other hand, a likely introduction of Israeli gas into Turkey may be an important parameter to be assessed. The South Stream project is hotly pursued by Bulgaria nonetheless, despite the rift, including Serbia's with the European Commission. The foreign minister of the country, Kristian Vigenin, stated that "South Stream is a very important project for Bulgaria ...the whole of the Parliament is in favor...the rest of the EU member states should not be held hostage because of the Ukrainian crisis…we will do whatever possible to conclude the pipeline." The main argument by Bulgarian policy makers to their EU counterparts is that energy security is a broad term that also includes energy transit security, and by this they mean that a smaller number of transit countries guarantee a more stable gas flow and that case especially refers to the present state of affairs in Ukraine.

The energy security aspect in terms of the country holding an exclusivity on reserves, according to the Bulgarian mindset, cannot be dealt with, unless new, accessible and significant quantities are to be found, such as indigenous resources (shale gas) that will then be a viable source compared to the Gazprom dominance. Thus they conclude that South Stream should be built while interconnectors and vigorous exploration investments may become parts of the overall energy supply architecture. These arguments are in fact shared by most of the former East European bloc from the Danube - southwards due to the overall backward shape of their industrial sectors that cannot afford expensive bypasses or elaborate gas pipeline plans that do not include Russia. As such, the issue is not political in essence but economical, a view that has yet failed to be understood by northern and western European policy makers in Brussels that have their own indigenous resources or are more advanced in industrial and technological terms. The debate will surely go on and the recent state of affairs in the Black Sea will occupy energy stakeholders for the foreseeable future.

South Stream goes on amid uncertainties about final route

Natural Gas Asia, *01.04.2014*

Gazprom's South Stream project proceeds despite escalating tensions over Ukraine, with the company's management betting on Austria's endorsement to overcome the hurdles posed by European institutions and possible frictions with Italy's Eni.

On Tuesday, Gazprom's Alexey Miller met Gerhard Roiss, CEO of OMV. They clinched a deal for the Austrian section of the project. "The relevancy and the benefits of South Stream for Europe are undisputed. The South Stream project is aimed at enhancing the energy security of European consumers, which has always been Gazprom's top priority.

In addition, it should be noted that Gazprom and OMV have a sound international legal basis for implementing this project, which is the agreement signed by the Russian and Austrian Governments in April 2010," Alexey Miller, Chairman of the Company's Management Committee, said in a note released on Tuesday. OMV's position differs quite significantly from Brussels' understanding of the situation, as European authorities repeatedly suggested that the South Stream project is a way to cement Gazprom's position in Europe. And probably it is somehow the case, as the Memorandum signed on Tuesday by OMV gives Gazprom the right to participate in the Central European Gas Hub. It also provides the Russian company with access to OMV gas storages in Austria.

The note 'South Stream gas pipeline: European endpoint in Austria' also states that Wien could soon play a significant role in European energy security. "This is an important step to significantly increase Austria's security of gas supply and will further strengthen Baumgarten's role as key hub for gas in Central and Eastern Europe. Our nearly 50 years lasting partnership with Gazprom has contributed to this successful step in further diversifying Europe's energy supply routes," OMV CEO Gerhard Roiss said the press release. If Austria's interest made the headlines, Italy's involvement is becoming more difficult to understand. According to the initial South Stream project, which was announced on 23 June 2007 by Eni's CEO Paolo Scaroni, the pipeline should have ended up in Italy. But there is a minor sign hinting at significant changes: South Stream's website changed in the last hours. It does not seem a simple coincidence that the picture and the page describing the route of the pipeline have been edited. 'The route includes onshore sections passing through several European countries, as well as offshore gas pipelines across the Black Sea and the Adriatic Sea (in case of gas supplies to southern Italy),' now reads the South Stream's website.

In other words, hypothesizing a route change is not an intellectual gamble. It is much more real. In this context, it comes as no surprise that Scaroni said during a parliamentary hearing in Rome two weeks ago that the future of the South Stream pipeline is/was " somewhat gloomy." With the wisdom of hindsight, his declarations make complete sense. What remains to be seen now is the rationale of such a change. What are the reasons that could push the South Stream project to change route? What are the reasons behind Eni's U-turn? "It will not be major quantities, but every cubic meter helps," Scaroni recently told the New York Times, referring to the company's intention to send spare gas to Ukraine through Slovakia. Eni's help to Ukraine could be a first clue, but uncertainties remain. If signs of change and tensions are evident, the rationale remains completely unclear. To make the picture even more complicated, recent news indicate that the South Stream Transport B.V does not want open confrontation with the Italian company led by Scaroni.

Coherently, the South Stream Transport awarded a €400 million contract to Saipem, which is a subsidiary of Eni. The contract relates to the construction of the second line of the South Stream Offshore Pipeline. "According to this contract Saipem will perform additional supporting works, including engineering, coordination of storage yards, cable crossing preparation, and connecting the offshore pipeline to the landfall sections through so called "tie ins". The works relating to the construction of the second line will end by the end of 2016," reads a note released by Saipem on Tuesday evening. This contract follows the major deal for the first line of the Offshore section of the project, signed on 14 March 2014. The EUR 2 billion contract was awarded to Saipem and to a Japanese consortium comprised of Marubeni-Itochu and Sumitomo (40% of total output), United Metallurgical Company (35%) and Severstal (25%). In this sense, the complexities around the South Stream project are the ultimate sign of the uncertainties related to the standoff in Ukraine.

Iran and KRG sign oil and gas agreement

Natural Gas Asia, *28.04.2014*

Iran on Sunday signed an agreement in the field of oil and gas with Iraq's Kurdish Regional Government, according to Anadolu Agency. Abullah Akrayi, the Kurdish Regional Government official responsible for Iran affairs, told journalists that a delegation led by Rostem Qasimi, Iran's delegate for trade relations with Iraq, made the deal with the regional government's energy minister Ashti Hawrami.

According to the agreement two pipelines between the sides will be constructed and the regional government would receive between 3 and 4 million liters of refined oil fuel and natural gas in return for sending crude oil to Iran.

According to Anadolu Agency currently, 1.5 million barrels of oil from the Kurdish Regional Government is stored in Turkey's Ceyhan port, waiting for the approval of Iraq's central government to be exported.

Iran to soon start pumping gas into Shourijeh facility

Natural Gas Asia, *28.04.2014*

Iran will soon begin to supply natural gas to its second underground gas storage facility in Shourijeh, reports Press TV. Iran officially inaugurated its first gas storage facility near the village of Sarajeh located approximately 124 kilometers south of the Iranian capital, Tehran in early January.

Given the readiness of dehydration and gas storage installations at Shourijeh facility, situated in North Khorasan Province, natural gas will be pumped to the site prior to the second half of the current Iranian calendar month of Ordibehesht (April 21- May 21), National Iranian Oil Company (NIOC) Managing Director Rokneddin Javadi said.

The Sarajeh facility is said to have the capacity to store 1.2 billion cubic meters of gas in its first phase and 3.3 billion cubic meters in the second phase, says Press TV. Over 750 million cubic meters of natural gas has already been stored in the facility.

Output of Iran-China’s $40-bln contracts: 50,000 bbl crude oil

Trend Az., *30.04.2014*

Popular Iran’s oil ministry on April 29 officially expelled China National Petroleum Corporation International (CNPCI) from South Azadegan oilfield’s development project due a five-year delay in carrying out the project. Azadegan (Majnoon) oil field is a joint field between Iran and Iraq. The Iranian part of the field was discovered in 1999.

Japan’s Inpex Company carried out the exploratory studies but due to the Japanese firm’s unwillingness, Iran signed the contract for the field’s development plan with China. Iran, itself, invested in the field and started producing 25,000 barrels of oil per day from Azadegan in 2007.

China’s CNPCI signed a 2.5-billion dollar contract in 2009 to develop the field (the Chinese firm agreed to pay for 90 percent of the costs). But since then only 25,000 barrels of oil have been added to the field’s production capacity. The field was originally projected to produce 320,000 barrels of oil in the first phase. The field’s output was expected to reach 600,000 barrels per day in the second. Some 185 wells were supposed to be drilled at the field in 52 months. However, the managing director of Iran’s Petroleum Engineering and Development Company (PEDEC), Abdolreza Haji Hosseinnejad said in January that the Chinese firm had only drilled seven wells at the field.

In the Iraqi sector, Anglo-Dutch multinational oil and gas company, Shell, the operator of Majnoon field project owns 45 percent of the Iraqi part of the oil field alongside with Malaysia’s Petronas (30 percent) and Iraqi Missan Company (25 percent). The Iraqi side of the field’s output currently stands at 210,000 barrels, which is 420 percent more than Iran’s production. Based on a report published by Shell on April 8, ten million man-hour of work have been done at the Iraqi side of the field last year. Some 2,500 Iraqis (around 75 percent of the field’s total workers) have worked at the field. Iraq started developing the Majnoon Field in 2009, when CNPCI signed a contract with Iran to develop South Azadegan field.

Since the pull out of giant gas companies from Iran following the US-engineered sanctions, Chinese firms such as SINOPEC, SINOC, and CNPCI managed to sign over 10 major oil and gas contracts, worth some $40 billion, to develop Iranian fields. The contracts were all signed during the eight-year presidency of Iran’s former president Mahmoud Ahmadinejad. North Azadegan, South Azadegan, Yadavaran, South Pars gas field’s Phase 11, a liquid gas (LPG) production unit, and North Pars development plan were among the mentioned projects.None them have come on stream so far. Iran cancelled its contract for development of North Pars gas field with CNPCI in September 2011. A year later, it also cancelled the contract for development of South Pars gas field’s Phase 11 with the same company.

The country also cancelled its contract for construction of a 10-million ton LPG production unit with a consortium of Chinese companies in November 2011. Iran signed a 2-billion dollar contract for development of Yadavaran field with SINOPEC Company in December 2007. The Chinese firm was supposed to double the field's output to 50,000 barrels of oil per day by 2013, but it has failed to meet its obligations so far. North Azadegan field's development project is also no different than its southern neighbor. The Chinese companies were expected to tap 20,000 barrels of oil per day from the field last year as part of the first phase of the project. But according to Hosseinnejad, the drilling operation of the field is only 61 percent complete. Apparently, Ahmadinejed administration's officials made the wrong forecast when trying to bypass sanctions by replacing giant international companies with Chinese firms.

Iran terminates CNPC's contract over gas project delay

Natural Gas Asia, *28.04.2014*

Iran on Tuesday officially terminated the contract of China National Petroleum Corporation (CNPC) over delay to fulfill obligations in the Azadegan gas field.

Iranian Minister of Petroleum Bijan Zanganeh had in February voiced the ministry's dissatisfaction over Chinese firm's performance in the field and gave it three months to meet its obligations or face expulsion from the project, says Shana news agency. "The performance of the Chinese company is not assessed as favorable and the necessary warnings for expropriation have been given to this contractor," Zanganeh said.

Last August, National Iranian Oil Company (NIOC) replaced CNPC with the Iranian company, Petropars Ltd. (PPL), for the development of Phase 11 of the massive offshore South Pars gas field.

BP awards $1.8bn Shah Deniz contract

Upstream Online, *30.04.2014*

BP has reportedly awarded a consortium of contractors a $1.8b award to transport and install topsides and subsea infrastructure at the giant Shah Deniz Stage 2 gas development in Azerbaijan. The UK supermajor is developing Azerbaijan's biggest gas field alongside Statoil of Norway and state-owned Socar.

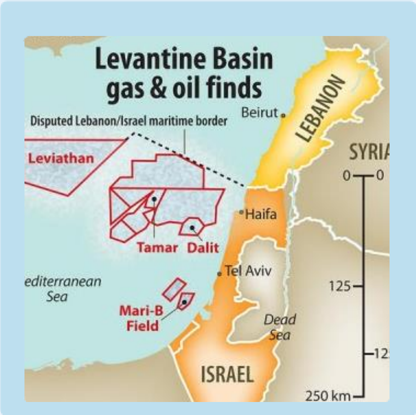
They tapped the trio of Azeri outfit BOS Shelf, Saipem Contracting Netherlands and Dubai-based Star Gulf to transport and installation of jackets and topside units, subsea production systems and subsea structures, according to Reuters.

The award also reportedly includes the laying of over 360 kilometres of subsea pipelines, diving support services and the upgrade of three installation vessels - the pipelay barge Israfil Huseynov, the diving support vessel Tofiq Ismayilov and the derrick barge Azerbaijan. The contract is reportedly worth $1.8 billion, the news wire said. Works is expected to be completed by the end of 2017, with first gas scheduled for the following year. “This is a huge contract award and it marks a major milestone for this historic project,” Gordon Birrell, BP's president for the Azerbaijan-Georgia-Turkey region, was reported as saying. A BP spokesman in the US was not immediately available for further comment.

BP and its partners awarded the same consortium a separate $750 million contract earlier this month for fabrication of the topsides. Last week, Baku Shipyard - a joint venture between Socar, the Azerbaijan Investment Company and Keppel Offshore & Marine - was awarded a $378 million contract to design and build a subsea construction vessel for the project. Delivery for that vessel is also expected in 2017. The Shah Deniz II development, projected to cost some $28 billion, comprises two offshore platforms in the Caspian Sea. Shah Deniz I has been producing gas since 2006 and has production capacity of about 10 billion cubic metres of gas per year. It is hoped the next phase, with projected annual output of 16 Bcm, will help provide Europe an alternative gas supply to Russia's Gazprom.

Woodside still in Leviathan discussions

Upstream Online, *30.04.2014*



Woodside Petroleum CEO Peter Coleman says discussions to finalize the Australian company's entry into the Leviathan project off Israel are still ongoing. Woodside signed a memorandum of understanding with the Leviathan partners earlier this year to gain a 25% stake in the field but delayed signing definitive agreements by the date of 27 March.

"This was a difficult decision and it was not one we took lightly," Coleman told at the company's annual general meeting. "Discussions continue with the parties and the Israeli government with a view to resolving the remaining issues and executing the definitive agreements."

Speaking with media after the AGM, Coleman said the main sticking point for Woodside was ensuring the commercial attractiveness of the investment in the project. While he said that Leviathan was a world class asset that "just keeps getting better", he hinted the margins on the project may not be as attractive as first thought. Since Woodside first began looking at the project, the Noble Energy-operated joint venture opened discussions on a potential pipeline to export gas to Turkey. "As Leviathan has a larger pipeline component in it, of course the upside in the project is now not what we saw it was in the first instance," Coleman said. "So the challenge for us now is really making sure that we've got the right commercial outcomes that make it worthwhile for us to invest."

Another sticking point believed to be holding up the deal was the exact tax rate that would be imposed by the government and consequent profit margin. Woodside had reportedly been pushing for a tax rate that would yield a margin of 16% to 18%, while the government had been reported to be pressing for an 8% to 10% margin. However Coleman revealed on Wednesday that most of the tax issues had now been resolved. "There's a couple of outstanding issues that we're just waiting on final notification from the tax commission, so the actual negotiations themselves have mostly been closed - not all of them, but most have been closed," he said. "It's still an outstanding matter for us and I wouldn't call it finished, but I'm hopeful we'll get a satisfactory resolution."

Coleman also talked down reports that emerged this week stating that Woodside's decision to hold off on signing the definitive agreement had caught the other partners – Noble, Deek Group and Ratio Oil Exploration – off guard. Israeli business daily Globes reported that the move led to a heated argument between Coleman and Delek controlling shareholder Yitzhak Tshuva. Coleman did not comment on the report, saying only: "It's like any family - as you go into a new family you're learning about relationships and what's important to others and so on." "We've had some hard decisions. Going into Israel on 27 March with a view that we were going to finalize the agreements and then not being able to do that was a very, very hard decision. "What I would say though is the strength of the relationship is such that we are still together. So, even though there was a lot of disappointment on both sides with respect to our inability to be able to close on the 27 March, we are still together and we are still talking and we're still having workshops."

Signs of new natural gas field found off Israel coast

World Bulletin, *27.04.2014*

An oil and gas group exploring offshore Israel said on Sunday it may have discovered a field that contains an estimated 2.5 tcf of gas and 255 million barrels of oil. About 30 tcf of gas have been discovered off Israel's Mediterranean coast in recent years, turning the country once dependent on energy imports into a potential exporter.

According to the latest announcement, which was based on 3D seismic data from 2012, covers the Oz license some 50 km from the coastal city of Herzliya in water 1,150 meters deep. The license is shared by Lapidoth-Heletz with a 41.5 percent stake.

Other shares are divided between: Frendum Investments with 21.5 percent, Coleridge Gas and Oil with 12 percent, Israel Opportunity and Placida Investment each with a 10 percent stake, and Azerbijan-based Caspian Drilling with the remaining 5 percent. Lapidoth-Heletz said a report by Texas-based consultants Netherland, Sewell & Associates estimated a 23-27 percent chance of success for finding the 2.5 tcf of gas and a 16-18 percent chance for finding 255 million barrels of oil. "(Oz's) proximity to reserves where producible amounts of natural gas and oil have been found strengthened our opinion that the license holds significant amounts of gas and oil," said Eli Kamar, chief executive of Lapidoth-Heletz.

Kuwait signs LNG deal with Qatargas

Natural Gas Asia, *27.04.2014*

Kuwait Petroleum Corporation (KPC) has signed a contract with Qatargas to under which the Kuwaiti firm will import LNG till the end of 2014, reports Kuwait News Agency (KUNA). The contract was signed in Doha on Sunday, the news agency says citing a press statement by KPC Managing Director for International Marketing Nasser Al-Mudhaf.

Al-Mudhaf pointed out that the deal paves the way for bigger cooperation with Qatargas on the long-term. Qatargas will start LNG shipment to Kuwait as of Monday, reports KUNA. Earlier this month, local media reports said Kuwait signed deals with Royal Dutch Shell and BP for supply of LNG.

Heritage in $1.55bn Qatari sale deal

Upstream Online, *30.04.2014*

Heritage Oil has agreed to be snapped up by an investment vehicle linked with the Qatari royal family in a deal worth more than $1.5b. Energy Investments Global, a subsidiary of Qatari state fund Al Mirqab Capital, is planning on taking over the Africa-focused player for £3.20 ($5.38) per share. The deal values London-listed Heritage at £924 million, or $1.55 billion.

CEO Tony Buckingham is to retain a 20% stake in the company for at least five years and in that time will also act as an adviser to the explorer. Al Mirqab, owned indirectly by Qatari ruler Sheikh Hamad and his family, will elect four of seven board members, with Buckingham electing one.

Two independent directors will also be appointed. The all-cash deal will see Heritage's shares de-listed from the London Stock Exchange, should the recommended offer be accepted. Al Mirqab said it has no intention to move Heritage's current operational centres. The buyer said on Wednesday: "The acquisition of Heritage is also a means to access a high growth, producing asset base in Nigeria and a diverse international exploration portfolio. "The acquisition of Heritage provides Al Mirqab with a platform to develop and expand Heritage's existing portfolio of production and exploration assets through the acceleration of the existing exploration and development programmes, together with the acquisition or participation in future licensing opportunities."

However, one analyst expressed some scepticism that the deal may be pushed through. Mark Henderson, an analyst at Westhouse Securities wrote in a note on Wednesday: "We believe that this offer highlights the huge challenges and uncertainties involved in operating onshore in Nigeria and potential market volatility that will be caused by ongoing security issues with infrastructure leading to significant potential production delays. "We are unclear as to whether shareholders will accept this offer or whether a counter bid will emerge, but the key read-across for us is that we prefer companies operating offshore in Nigeria ... to those operating onshore." Shares in Heritage were up 22% as at 9:30am on Wednesday to £3.12 a piece, having hit a high of £3.18.

RWE Dea attains initial production target at Egypt's Disouq gas project

Natural Gas Asia, *01.05.2014*

RWE Dea has reached its initial production target for the natural gas project Disouq in the Egyptian Nile Delta. "We are pleased, that the NWK Field has now reached its production target of 60 million standard cubic feet gas per day in line with our initial expectations", said Maximilian Fellner, General Manager RWE Dea Egypt.

The company announced this after it successfully connected development well North West Khilala-1-4 (NWK-1-4) to production. Several additional wells and the start-up of the Central Treatment Plant later this year will further boost the ouput, the company said.

RWE Dea has confirmed the recent tie-in and production start of development well NWK-1-4. In March, the well was successfully drilled to delimit the northwestern part of the North West Khilala (NWK) Field. The well was flowed at a rate of 17 million standard cubic feet gas per day during clean-up testing. It is RWE Dea's fourth well on stream at the natural gas project Disouq in the Egyptian Nile Delta. "RWE Dea remains committed to supplying natural gas to meet the needs of Egypt's growing energy demand. The current NWK production along with planned production from the main Disouq Central Treatment Plant later this year, will form an important contribution to Egypt's domestic gas production", Fellner added.

RWE Dea's operated Disouq project encompasses the development of seven gas fields in the Nile Delta and NWK is the first field brought into production last September. Together with the Egyptian Natural Gas Holding Company (EGAS) and the Suez Oil Company (SUCO), RWE Dea plans to produce a total of approximately 430 billion standard cubic feet of gas from the seven gas fields in the first phase of the Disouq Development Project.

Saudi oil faces summer heat challenge

Bloomberg, *30.04.2014*

Saudi Arabia will probably have to sustain production above 10 million barrels a day for the longest period in more than 30 years as it meets the summer surge in domestic demand and compensates for production losses in Libya.

The charts show how, over the past half decade, Saudi Arabian crude oil burning for power generation expanded by an average of 500,000 barrels a day in the six months through August as people turned up their air conditioners. A repeat this year would eat up about 5 percent of the kingdom's current output at a time when Libya, the holder of Africa's largest oil reserves, is all but offline.

"The summer this year will pose the real challenge, particularly if most Libyan production remains offline," Robin Mills, the head of consulting at Dubai-based Manaar Energy Consulting and Project Management, said in an interview. To meet both international and domestic crude demand, the kingdom would have to raise production above 10 million barrels a day and sustain it for several months, he said. Saudi Arabia's output has risen above 10 million barrels a day on four occasions since the Libyan unrest began in 2011, never for longer than three months, according to figures the country submitted to the Riyadh-based Joint Organizations Data Initiative. The kingdom has said repeatedly it can supply whatever oil its customers need and has the ability to pump as much as 12.5 million barrels a day. The country produced 9.85 million barrels a day in February, 700,000 more than a year earlier, according to official data. Direct burn of crude oil in Saudi power plants was 20 percent higher in February than a year earlier at 353,000 barrels a day, the data show.

Eni suffers adverse market environment, Statoil benefits

Natural Gas Europe, *29.04.2014*

The Recent events indicated that Poland and Norway could take advantage of the current standoff over Ukraine, while Italy could pay a moderate price for its reliance on Russian gas. ENI reported adjusted operating profit for €3.49b, down 6.8% from Q1, 2013. At the same time, net profit registered an even starker decline, down 15.6% to €1.30b. Yet, the company gained almost 3% on Tuesday.

“The outlook for 2014 is in line with our expectations, benefiting from new projects and restructuring activities in, in the context of continued volatility in Libya and weakness in European demand,” Paolo Scaroni, CEO, commented.

“Eni delivered solid results in the first quarter 2014, despite a difficult market environment, thanks to a good performance in E&P and progress in the mid and downstream businesses, in particular with the renegotiation of the Statoil gas supply contract.” He continued. Also on Tuesday, Norway’s Statoil released its 2014 first quarter results. Unlike Eni, the Norwegian company advanced in the last 12 months. “We are pleased to present strong financial results for the quarter. Higher prices and good results from our US gas value chain contributed to a 9% increase in adjusted earnings, compared to same quarter last year,” Helge Lund, Statoil’s president and CEO, said in a press release.

At the same time, Poland’s PKN Orlen announced it plans to drill at least three exploration wells, including a new horizontal well in Nowy Stręczyn and a hydraulic fracturing operation. “The results of our earlier work on Nowy Stręczyn and Kisielsk wells were promising enough to warrant further engagement in both locations. This is excellent news, as only by drilling more exploration wells and carrying out tests can we come up with a realistic evaluation of Poland’s unconventional hydrocarbon potential and assess the profitability of future production operations,” Wiesław Prugar, President of the ORLEN Upstream Management Board, said in a communiqué published on Tuesday on the company’s website.

Ukraine's Naftogaz signs pipeline deal with Slovakia

Wall Street Journal, *28.04.2014*

Ukraine's state-owned oil and gas company Naftogaz signed a pipeline access deal with Slovakia's Eustream on Monday, bringing Kiev's energy independence from Moscow a step closer and paving the way for talks on a wider-ranging deal to wean Ukraine off Russian natural gas sales completely.

Eustream and its Ukrainian counterpart Ukrtransgaz, owned by Naftogaz, agreed to allow Ukraine to use a 20-year-old but never used pipeline on Slovakia's eastern border with Uzhhorod in western Ukraine. The deal would provide Ukraine with an initial 3 bcm of gas annually before being increased to 10 billion cubic meters sometime next year.

Eustream's Chief Executive Tomas Marecek said eastbound gas deliveries to Ukraine can start this autumn, after the company tests pressure capacity in the pipe, builds a new connector to a compression station and installs a metering system. Anastasiades said the discovery and the potential prosperity it could bring to countries in the region brought the need for peace into sharper focus. "It is important for Europe and the United States," he told Reuters in an interview on April 9. "Europe will never stop needing Russian gas but there can be alternative supply sources," Anastasiades said. European states have become wary of heavy dependence on Russian energy since Moscow's annexation of Ukraine's Black Sea Crimea peninsula last month.

Gas disruptions by winter, said Eastern European diplomacy

Natural Gas Europe, *29.04.2014*

As the crisis deepens, Europeans are sadly becoming aware of the risk of winter gas disruptions, suggested experts on Monday at a conference organized by the Atlantic Council. "It is a crisis. It is a war. Russia is trying to destabilize the country (Ukraine)… We should be ready for disruption," Slovakia's Pavol Hamzik said during the two-day meeting hosted by the Washington-based think-tank.

Hamzik, Ambassador-at-Large for Energy Security at the Ministry of Foreign and European Affairs, said that Eastern European countries are now called to take a difficult decision, and there are not many alternatives.

They could either try to bargain better contracts with Gazprom, or they could promote European markets integration. But this move is not an easy one, as it would cause further tensions with Russia. Slovakia's case is a clear example of this. Bratislava ended up clinching a deal for reverse flow to Ukraine in the past days, after several complications and problems. Despite the clear intention to proceed with the easiest way to promote market integration, Slovakia had to be as quiet as possible. The country tiptoed; it gently approached the issue in an attempt to minimize possible backlashes, being perfectly aware it could pay a high price. While Slovak delegations were meeting Ukrainians under the aegis of the European Union, Gazprom was already speaking up.However, if it is sure that the Kremlin exerted, exerts and will exert political pressure to avoid that converging interests trigger complete energy integration, it is equally clear that the recent deal between Slovakia's Eustream and Ukraine's Ukrtransgaz marked a turning point. Rising tensions could get hand in hand with increased cooperation in Europe. "We are all forced to show our hands," the Czech Republic's Vaclav Bartuska said during the conference titled 'American Energy Prowess in a Strategic Foreign Policy Perspective.'

Bartuska also explained that the most likely scenario is a shutdown of gas supplies going through Ukraine. In this case, the other routes could partially make up for the decreased flows'. "I expect severe problems (through Ukraine) either by desire or by accident," said the Ambassador-at-Large for Energy Security at the Ministry of Foreign Affairs, adding that Bulgaria would bear most of the brunt. According to Bartuska, the other countries will be touched by the events, but they could still import Russian gas through Poland via the Nord Stream and the Yamal pipeline. On a position quite different with respect to Bulgaria's, some experts said that the Czech Republic would be only marginally affected. "We do have a default option, which is to remain with the German market. Honestly, Germany is the most interesting market in Europe, the most liquid one, the one most likely to survive no matter what," said the Czech diplomat.

Should Russia stop its entire gas flow to Europe, the Continents' energy security would be seriously threatened in the short term. The Czech Republic would also suffer. Experts also discussed that Eastern European countries are lagging 20 years behind Western Europe in terms of infrastructures and energy strategies."Whomever we interconnect with, it would be just Russian gas," Gyorgy Harmati, Deputy CEO for Strategy at Hungary's MVM Group, said during the conference. And this would be the start and the end of the problem. The Bulgarian Ambassador confirmed Harmati's viewpoint. "We are all dependant on one source, one country," Bulgaria's Lachezar Matev said during his speech. In this sense, the vulnerability in Europe seems so clear that there are little alternatives, namely LNG imports from the United States, new sources of supply like Azerbaijan and Turkmenistan, energy efficiency and reverse flows.

According to several panellists, it is in the American interest to support Eastern European countries and especially Ukraine. In a Western perspective, Kiev has to be helped to decrease its reliance on Russia, tapping its indigenous resources and promoting changes. "There has to be a clean up in the energy sector," said Brenda Shaffer, Professor and Visiting Researcher, Center for Eurasian, Russian and East European Studies (CERES), Georgetown University. According to Shaffer, poor politics and bad decisions brought Ukraine to the current situation, implicitly calling on a new political class to lead Kiev out of its problems in the medium-long term. What would the US' role be in this context? What could Washington do to push Ukraine closer to the West block? This question has been only marginally raised and the American role has not been precisely discussed.

All in all, most of the panellists agreed on possible benefits of LNG export liberalization. Eastern European countries are asking it loudly, advocating that it would send a clear message to Russia and to the markets. But we all know that the situation is not quite that easy. The US is carefully studying potential consequences of such a liberalization on the national economy. At the same time, the long time-frame and the difficult process to get LNG export permits by the American Department of Energy could hamper the attractiveness of the significant investments. “The fact that there are twenty something projects in the queue does not mean that they will be built,” said Edward Chow, Senior Fellow, Energy and National Security Program, CSIS.

In this context, it comes as no surprise that Eastern European countries are set to pay a price for their history and for the international community’s inability to foresee that these countries would have played a central role in this second Cold War. The lack of ad-hoc infrastructures and the risk of disruption unequivocally put these countries at risk. If no major change occurs in the near future, it could be just a matter of months for them to cool their expectations down. Russia is indeed intentioned on triggering a domino effect, impacting one European country after the other. In the case of more European and American stalemates, Moscow could incredibly win several battles. And this would be particularly heroic, reminding all that Russia’s GDP is around 1/8 of the EU’s.

Ukraine has to unify legal framework with EU, says Oettinger

Natural Gas Europe, *29.04.2014*

After signing a Memorandum of Understanding with Ukraine’s Ukrtransgaz, Slovakia’s Eustream promised to attain a volume of 8-9 billion cubic metres of gas a year as soon as possible. European institutions welcomed the deal, saying that the agreement will contribute to Ukraine’s integration in the EU.

“It is important that Ukraine makes speedy progress in unifying its legal and regulatory framework with the energy legislation of the EU. This increases the trust of investors and helps the country modernise its energy sector”, EC for Energy Gunther Oettinger said in Bratislava on Monday.

The long-waited agreement paves the way to reverse flow from Slovakia to Ukraine through the Vojany-Užhorod pipeline from the beginning of October 2014.”Top representatives of the European Commission requested us to shorten the terms for technical preparations for launching the Vojany pipeline and to increase the capacity to a maximum. We promised that we would do everything in this respect within our technical possibilities and transmission regulations to ensure that in accelerated mode we will attain a volume of 8-9 billion cubic metres of gas a year, said Tomáš Mareček, Chairman of the Board of Directors of Eustream, after the signing of the Memorandum. Slovak politicians greeted the agreement with similar enthusiasm.”

Gazprom flags Ukraine concerns

Upstream Online, *29.04.2014*

Gazprom has raised concerns that sanctions being doled out by Western governments against Russian people and institutions over instability in Ukraine could have an impact on its business.The gas giant also said the continuing tensions between Russia and the West could hamper exports to Europe, while it also unveiled a drop in profit last year.

The US, European Union and others have hit several Russian companies and individuals with sanctions over continued tensions in Ukraine following the annexation by Russia of Crimea. Igor Sechin, boss of state-controlled oil behemoth Rosneft, was sanctioned by the US on Monday.

Delivering its 2013 full-year result on Tuesday, Gazprom said: “Political and economic tensions between Russia and Ukraine have caused renewed concerns regarding the reliability of gas supplies to Europe through Ukraine and the ability of Gazprom’s Ukrainian counterparty to repay its debt for supplied gas and make payments for current gas deliveries. “Any disputes with Ukraine could potentially lead to a disruption of the Gazprom Group’s exports to Europe through pipelines crossing Ukraine. “In addition to disruptions that could be caused by commercial disputes, our transit of natural gas through pipelines in Ukraine could also be disrupted if Ukraine is unable to properly maintain their pipelines due to a lack of financial resources as a result of the global financial crisis.

“The ongoing political and economic crisis aggravated by poor economic conditions in Ukraine could also lead to a disruption.” On the issue of sanction, Gazprom noted: “There can be no assurance that the existing or new sanctions will not be expanded to include any company of the Gazprom group. “Gazprom sells a significant part of its products, purchases equipment and owns operating assets in Europe. A large portion of Gazprom group’s revenues and obligations are denominated in US dollars and euros. “An expansion of the existing or introduction of new sanctions against any entity within the Gazprom group could have a material adverse effect on the business, financial condition and results of operations of the Gazprom group.”

On last year’s financials, Gazprom said its net profit was down due to a weaker Russian ruble, rising expenses, higher finance costs and a much reduced share of profit from joint ventures. Net profit for the year sank to 1.165 trillion rubles ($32.64 billion) from 1.25 trillion rubles in 2012. This was despite revenues going from 4.766 trillion rubles to 5.249 trillion rubles as gas sales swelled. Operating expenses, however, rose from 3.42 trillion rubles to 3.6 trillion rubles, while finance expenses were up from 247.17 billion rubles to 284.11 billion rubles. The share of net income from associated activities and joint ventures also dropped, from 145.19 billion rubles to 56.67 billion rubles. Shares in Gazprom were, however, up around 1% in early trading on the London Stock Exchange on Tuesday.

He reports, “I think we’re about two weeks away from a final announcement by the IMF which will result in USD 14-18 billion in assistance to Ukraine over at least two years.” To do anything with that, however, he concedes that graft and corruption need to be reduced in Ukraine. One thing to keep in mind regarding Europe’s diversification of energy supplies, according to Ambassador Smith, is that DG Energy has taken issue with many aspects of Russia’s South Stream Pipeline project. He comments, “They know it’s a political project designed to bypass Ukraine. It’s going to be delayed several years until Europe gets itself in better shape.” This means, he explains, that Russia can only shut off the gas traversing through Ukraine at a great cost, which gives the EU a bit of leverage.

As for German Russian relations in regards to Nord Stream, Ambassador Smith says there may be a delay in approving two more strands of the pipeline due to Russia’s actions in Crimea. A former Ambassador in Lithuania, Mr. Smith says that by next year the Baltic states will be a lot less insecure in terms of energy security. “There’s an electricity line between Sweden and Lithuania that should be finished by the end of this year; another electricity line goes from Finland down through Estonia, Latvia and Lithuania; also by the end of this year the small LNG input terminal for Lithuania will be finished and will bring at least 5BCM, which will help.”

As for alleviating European energy dependence on Russia going forward, Ambassador Smith says Europe should continue what it’s been doing: “Building interconnectors, building reverse flow pipelines, requiring countries to have storage of oil and gas. “Allowing the South Stream pipeline to go ahead, I think, would be a big mistake because it would really put Europe in an armlock on the part of Gazprom.” He adds, “I don’t things will be the same in Europe. This really has been a wake-up call.” According to him, European states might even reconsider hydraulic fracturing and the pursuit of unconventional gas, given the new realities, possibly lifting some of the hydraulic fracturing bans.

Gazprom to sign gas contract with CNPC in may

Natural Gas Europe, *29.04.2014*

Gazprom’s Alexey Miller met the Chairman of China National Petroleum Corporation (CNPC) on Tuesday to step up the existing cooperation in view of the gas contract to be signed in May.

‘The parties addressed the state of the contract for pipeline gas supply from Russia to China via the eastern route. It was pointed out that preparations were well underway and nearing completion. Gazprom and CNPC are getting ready to sign the contract in May as was initially planned,’ reads a note released on Tuesday. The deal underlines that the two countries have compatible needs.

US-Russia tensions escalate amid new round of sanctions

Reuters, *28.04.2014*

Russian authorities are reviewing options to supply Crimea with power, including LNG carriers at Crimean ports. In the backdrop, the confrontation between the U.S. and Russia is escalating, with President Obama announcing new sanctions against influential Russians to decrease the risk of rebellion in eastern Ukraine.

"One of the options for filling the orders of the shipbuilding yards is being developed by the Ministry of Industry and Trade, and it is the possibility of building LNG carriers for shipping liquefied natural gas from the Russian arctic oil fields," the Russian Minister of Industry and Trade said.

At the same time, American sanctions suggest that the situation is escalating. More people in the list of figures whose assets are frozen and who are denied visas to travel to the United States are not a good sign. Europe could follow in the US' footsteps. Several reports suggest that Brussels could add other 15 names to its list. In this sense, it seems clear that geopolitical and military tensions keep escalating.

Morocco: Longreach advances Essaouira basin exploration program

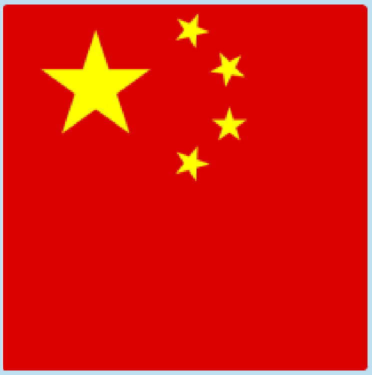
Oil & Gas Journal, *28.04.2014*

Longreach Oil & Gas Ltd. has successfully drilled the Koba-1 exploration well on the company's operated Sidi Moktar exploration license in Morocco's Essaouira basin. The company said it encountered "very encouraging natural gas resource potential," including 45 m of reservoir potential.

Longreach is currently drilling a second exploration well, Kamar-1, on the property and has set casing above the first targeted reservoir. Longreach said future operational activity in the Sidi Moktar area will be determined after the completion, analysis, and interpretation of the wells.

China drops plan to join Iran-Pakistan gas pipeline

Natural Gas Asia, *01.05.2014*



China has dropped plans to join Iran-Pakistan (IP) gas pipeline as the project faces sanctions threat from US, says Pakistan Tribune newspaper. The newspaper states that China has instead looking to join the TAPI gas pipeline project. Participating countries are finalising tender documents for the TAPI pipeline in consultation with the Asian Development Bank that is playing the role of transaction adviser, says Pakistan Tribune.

However, progress on the pipeline is slow due to some unresolved issues between Turkmenistan and US companies including Chevron and ExxonMobil, the newspaper reports.

Gas rich Central Asian nation has said that only that company will get the contract for laying the gas pipeline that has gas extraction contracts in Turkmenistan. “This process is yet to be finalised. It could be expedited when the petroleum minister of Pakistan and delegations of Afghanistan and India visit Turkmenistan in the second week of May to attend an energy conference where they will hold meetings on the sidelines,” Pakistan Tribune quotes an official as saying. The two US firms have been shortlisted, which will be given tender documents for vying for the pipeline contract.

Sinopec buys into Pacific NorthWest LNG

Upstream Online, *29.04.2014*

Chinese giant Sinopec has agreed to buy a 15% share of the gas reserves for the Petronas-led LNG export terminal planned for western Canada, Pacific NorthWest LNG. SINOPEC will also offtake the equivalent of 15% of the project’s export volumes, or 1.8 million tonnes per annum.

Additionally, Sinopec has signed heads of agreement to purchase another 3 mtpa over 20 years from Petronas, most of which will come from Pacific NorthWest LNG. Sinopec’s entry is the fourth at the two-train project after India Oil Corporation and Japan Exploration and Brunei National Petroleum.

Total focuses on Africa, British shale only bet in Europe

Natural Gas Europe, *30.04.2014*

France's Total reported a 10 per cent decrease in adjusted net income for the first quarter, mainly betting on Africa to offset lower European refining margins. European investments seem marginal. Shale gas in the UK and oil shale in Russia are the only two investments listed amongst the 'main events since the start of the first quarter 2014.'

The Upstream segment was the one that registered the best results. Adjusted net operating income from Upstream declined 5 per cent compared to the first quarter of 2013, while the other two business segments plunged by 21 per cent.

"In all the segments, our teams are working to translate our announced cost reduction commitment into tangible targets and are ready to participate in making the company more efficient, while keeping safety and the environment as our highest priorities," Chairman and CEO Christophe de Marger commented in the press release.

Profits slashed at Shell

Upstream Online, *30.04.2014*

Shell saw its Q1 profits slashed almost by half as the supermajor was hit by lower refinery margins as well as exploration costs. The company reported quarterly earnings on a current cost of supplies basis of $4.5b compared with $8 b in the same period of 2013 despite seeing a 21% year-on-year rise in cash flow from operating activities to $14b.

This measurement refers to the purchase price of volumes sold during the period based on the current cost of supplies after making allowance for the tax effect. The company suffered a net charge of $2.9b in the Q1 mainly due to lower profitability margins for refineries in Asia and Europe.

Explaining the lower refinery margins, chief executive Ben van Beurden said “there are substantial pressures on the industry from excess capacity, changing product demand, and new oil supplies from liquids-rich shales”. The company’s upstream earnings of $5.7 billion, up slightly from $5.65 billion a year earlier, were supported by stronger integrated gas results and higher gas realisations, but exploration well write-offs, higher costs and depreciation largely offset these gains. Return on average capital employed dropped to 6.1% at the end of the latest quarter from 13% a year ago.

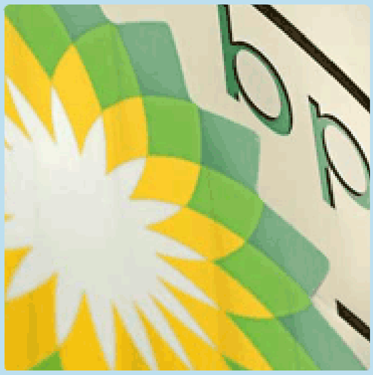
Shell, which is carrying out asset divestments to cut costs, saw its quarterly liquids production tumble by 10% and natural gas output by 8% with overall production falling to 3.2 million barrels of oil equivalent per day from 3.6 million boepd a year earlier. The company stated though that its quarterly earnings excluding so-called identified items – primarily the impairments across its downstream and upstream business segments – dropped only 3% year on year to $7.3 billion.

Van Beurden said “we are in an industry where high volatility remains, both in the macro-environment and in our quarterly results”. However, he insisted the results reflected “more robust levels of profitability” and that its strategy to carry out asset divestments of $15 billion over the next two years as well as more rigorous project selection remained “sound”. He said the company would focus on three key priorities – better financial performance, enhanced capital efficiency and strong project delivery – to improve results going forward. While the Shell supremo said the company was “making hard choices” on its assets and project options, “our investment strategy is delivering where it matters – at the bottom line”. He said the first quarter had seen fresh production being brought on stream with first crude exports from the Majnoon oilfield in Iraq and start-up of the Mars B deep-water field in the Gulf of Mexico.

The company sold upstream and downstream assets worth a total of $500 million in the first quarter, with a $1 billion deal to dispose of its 23% operated interest in the BC-10 deep-water project off Brazil to Qatar Petroleum subject to regulatory approval and set to close this year. Similarly, it is waiting on regulators to rubberstamp its $90 million sale of acreage in the US’ Niobrara and Sandwash basins that set to close next month. The company revealed it is also looking to sell some of its downstream marketing assets in Norway.

BP profit chopped

Upstream Online, *29.04.2014*



BP posted a fall in profit during the first quarter of the year as divestments and higher non-cash costs hit the bottom line of its upstream segment.The company posted a profit of $3.5b for the first three months of 2014, down from just under $16.9b a year earlier, when the company benefitted from a $12.5b gain from the sale of its interest in TNK-BP.

Underlying first-quarter replacement-cost profit totalled $3.2 billion, which was still down on the $4.2 billion replacement-cost profit booked during the first quarter of 2013. The fall in profit came as revenue slipped from $94.1 billion a year ago to $91.7 billion during the recent quarter.

Sales revenue from the upstream business segment fell 6.6% to $17 billion, compared to $18.2 billion a year earlier. The drop came as output during the quarter averaged just over 2.1 million barrels of oil equivalent per day, down from more than 2.3 million boepd during the same period last year. Hitting production was the expiry of an onshore concession in Abu Dhabi in January as well as divestments and entitlement impacts in certain production sharing agreements, which offset higher output from new projects in the North Sea, Angola and Gulf of Mexico.

BP also warned on Tuesday that it expected output to be lower during the current quarter due to planned seasonal turnaround activity, mainly in the North Sea and Gulf of Mexico regions. So far this year the company has completed eight exploration wells, including the Cobalt-operated Orca discovery in Angola and the BG-operated Notus discovery in Egypt, and said it was on track to participate in at least 15 exploration wells over the full year. BP also revealed it had so far agreed divestments for over $3 billion as it aims to agree deals for $10 billion worth of divestments by the end of 2015. It added that the $3 billion figure included last week’s sale of four fields on Alaska’s North Slope to Hilcorp. It revealed on Tuesday that the sale price of the deal was $1.25 billion and included an additional carry of up to $250 million.

OPEC April crude production falls to three-year low

Bloomberg, *30.04.2014*

OPEC crude production dropped to the lowest level in almost three years in April, led by declines in Saudi Arabian and Iraqi output, a Bloomberg survey showed.

Production by the 12-member OPEC slipped by 302,000 barrels a day to an average 29.863m, the lowest level since June 2011, according to the survey of oil companies, producers and analysts. Last month's total was revised 128,000 barrels a day lower to 30.165m because of changes to the Saudi Arabian, Iranian and Ecuadorean estimates. Saudi Arabia, the group's biggest producer, reduced output by 100,000 barrels a day to 9.5m, the least since June.

The desert kingdom pumped 10 million barrels a day in September, the most in monthly data going back to 1989. Iraqi production dropped 100,000 barrels a day to 3.25 million this month, according to the survey. Iraq is the second-biggest producer in the group. OPEC ministers kept their output target unchanged at 30 million barrels a day on Dec. 4. The group will next meet on June 11 at its headquarters in Vienna.

Announcements & Reports

► *Comments regarding 'Policies and Procedures for the Initial Allocation of Fund Resources'*

Source : The Oxford Institute for Energy Studies
Weblink : http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/02/Initial-Allocation-of-Fund-Resources.pdf

► *Prime Supplier Report*

Source : Energy Information Administration
Weblink : http://www.eia.gov/pub/oil_gas/petroleum/data_publications/prime_supplier_report/current/pdf/c007.pdf

► *The New German Energy Policy – What Role for Gas in a De-carbonization Policy?*

Source : The Oxford Institute for Energy Studies
Weblink : http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/03/NG-85.pdf

► *Monthly Energy Review*

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

► *Company Level Imports (Feb. 2014)*

Source : Energy Information Administration
Weblink : http://www.eia.gov/petroleum/imports/companylevel/

► *Natural Gas Monthly*

Source : Energy Information Administration
Weblink : http://www.eia.gov/naturalgas/monthly/

► *Petroleum Marketing Monthly (Feb. 2014)*

Source : Energy Information Administration
Weblink : http://www.eia.gov/petroleum/marketing/monthly/

► *OPEC Bulletin (March 2014)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OB02_032014.pdf

Upcoming Events

► *13th Uzbekistan International Oil & Gas Exhibition*

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

► *5th Turkmenistan Gas Conference*

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

Supported by PETFORM

► *Gas to Power Turkey Forum 2014* ***(in Turkey)***

Date : 22 – 23 May 2014
Place : Istanbul – Turkey
Website : http://www.all-energy-turkey.com/?lang=tr

► *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

Supported by PETFORM

► All Energy Turkey ***(in Turkey)***

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