

## Turkey aims to become energy hub for Russian gas

Voice of America, 03.03.2015



With Moscow declaring in the coming years that it will divert its gas supplies away from Ukraine and through Turkey to supply Europe, Ankara said it is a step closer to its goal of being a major gas hub. But critics point out Turkey still has many hurdles to overcome.

The deepening crisis in Ukraine could open the door to Turkey's decade long dream to become a regional energy hub. Political consultant Atilla Yesilada of Global Source partners said Moscow's decision to use Turkey instead of Ukraine as a transit country to supply European markets is major opportunity for Ankara.

He said Turkey "will be replacing the supply that currently is being pumped through Ukraine." "Now obviously ethically there are major questions here and diplomatically there will be big tensions," he added. "But economically speaking, the plan is feasible. Turkey simply becomes the next Ukraine and Turkey could become a major energy hub ... supplying Europe."

Moscow's decision to circumvent Ukraine in shipping gas to European markets follows years of arguments and tensions with Kyiv, resulting in disruption of gas supplies to Europe. But Sinan Ulgen, a visiting scholar at the Carnegie Institute in Brussels, said the prospect of Turkey becoming the new Ukraine is not being greeted with enthusiasm in Brussels. He pointed out that the EU energy commissioner has indicated there are a number of legal obstacles. "Namely," he added, "Russia needs to amend the terms of supply to its large European customers. Because as things stand, these terms have stipulated that the gas will be supplied through Ukraine. And these are long term contracts, so it's an open question whether the terms can be negotiated."

But Gazprom head Alexei Miller dismissed such concerns in January, warning Brussels' technical facilities have to be in place in two years to serve the new Turkish stream pipeline that will link up to Greece. Last month, Miller and Turkish Energy Minister Taner Yildiz took a four-hour helicopter tour to survey possible routes for the Turkish stream pipeline. Moscow's urgency appears to put Ankara in a strong position. Gazprom has twice reduced the price of gas it is selling to Turkey. But Volkan Ozdemir, an analyst with the Ankara-based Institute for Energy Markets and Policies, said Turkey should press to turn itself from a mere transit country to energy hub. "Turkey has the upper hand with Russia," he said. "Because Russia, with these sanctions and economic turmoil, ... Turkey is the only option. So, [Turkey] should in that sense persuade [its] Russian counterpart in order to become [a] partner of this natural gas hub."

Ankara only receives transit fees for energy piped across its territory and has no right to resell any of that energy to third parties. But obstacles to Ankara's energy hub dream are not only diplomatic, warned Yesilada. "It is risky because it takes a certain skill in terms [of] understanding [the] gas market, knowing the buyers, being able to forecast prices, having storage facilities, all these skills we currently do not have and need to develop," he explained. "But it is also potentially very lucrative. So it's a high stakes gamble." With another major pipeline to be built from Azerbaijan to European markets across Turkey and the Turkish stream pipeline, Turkey will be a major energy supplier to Europe. Yesilada said that will potentially give Ankara new leverage on Brussels. Observers say Turkey has been battling skepticism over its energy hub dreams, but the Ukraine crisis could be the opportunity to give it the vital negotiating edge it needs to achieve that ambition.

## Liberalizing Turkey's gas market: BOTAS loosening the reins

Natural GAS Europe, 02.03.2015



**BOTAŞ** used to be the only name in the game when it came to the country's national gas market. But since 2001, Turkey has made baby steps towards opening up the gas market to private enterprise, and **BOTAŞ** still yields great influence over many segments of the business.

Turkey could soon have a truly liberalized gas market when it passes a draft of the so-called "Natural Gas Market Law" (NGML), according to Mr. Okan Demirkan, Partner, Kolcuoglu Demirkan Kcikli Attorneys at Law, one speaker on a panel covering liberalization of the Turkish gas market at the European Gas Conference in Vienna, Austria.

Mr. Demirkan explained the ins and outs of Turkey's natural gas market law (NGML), which he said entailed activities like gas imports, largely performed by Turkey's **BOTAŞ**. Gas transmission, he said, is performed by **BOTAŞ** as the TSO, with 19-20 companies delivering LNG. Gas storage, he added, needs investment. The wholesaling of gas is largely done by **BOTAŞ**, according to Mr. Demirkan, at 77%. The company also handles 69% of distribution. Prior to the NGML in 2001, he recalled that the state had controlled every aspect of the gas market. "We had **BOTAŞ** as the national oil company, importing 100% of the gas we imported to Turkey." Since that time, some progress has been made towards gas market liberalization, beginning with the privatization of gas distribution in 2003, the first import action by a private company in 2007, and more entities receiving licenses in 2011-12.

In mid 2014, reported Mr. Demirkan, the draft amended law for revising Turkey's natural gas law was submitted to the country's parliament. The future, he said, is the unbundling of BOTAŞ, which should happen after the government passes the law. He commented, "We will hopefully have less barriers for entry for importing into Turkey, which will mean that we have more private players in the whole market." Still, he noted that Turkey had not been able to privatize Igdas, the gas distributor for Istanbul. However, private companies' involvement in importing activities in Turkey, he said, had begun in 2004. "The aim was to bring down BOTAŞ' share of imports to 20% of national consumption. Unfortunately, that hasn't been achieved – the share is still 80%."

Meanwhile, while the company has eight living gas contracts, BOTAŞ is forbidden from entering into new contracts until it is brought down to that 20%. Mr. Demirkan offered, "It has managed twice to transfer some purchase contracts, but due to the take-or-pay obligations it hasn't gone as well as expected." He outlined the barriers to entry, which were favorable conditions for BOTAŞ, like private companies not being able to apply for a license to sell gas from a country with which BOTAŞ already has a contract. Furthermore, as the country's TSO, BOTAŞ must give approval to private companies that apply for import licenses; the company will remain Turkey's TSO, he added. "For such a large country, and for one with a lot of demand for gas, unfortunately, we don't have sufficient facilities for storage of the gas – only 2.6 BCM of underground gas storage," explained Mr. Demirkan, who said that a further 2 BCM of storage is pending. The amended law, he reported, could pass before elections in Turkey in June. He opined, "I think the first positive novelty of the draft amended law will be that it will revoke the prohibition against private entities wanting to import gas from those from whom BOTAŞ is already importing." This means that private entities will be able to apply for import licenses from countries like Russia, Azerbaijan and Iran, freeing imports of natural gas into Turkey. Additional actions, according to Mr. Demirkan, could include the establishing of a spot market, contract transfers and the privatization of Igdas. Not so long ago, Turkey was a market with a demand of 14 BCM/annum. Today, that figure has nearly tripled – to nearly 50 BCM - according to Mr. Burak Bastaci, Commercial Management – Natural Gas, Enerjisa Dogalgaz a.s., the session's next speaker.

Mr. Bastaci said that since Turkey's natural gas sector liberalization law was enacted in 2001, the market had seen 10% growth in the gas every year. He showed Turkey's annual supply and demand balance for 2014: the country consumed around 49 BCM, while long-term contracts comprised just over 51 BCM/annum. He offered, "If you consider Turkey has limited storage capabilities, it's technically not possible to offtake all these volumes from the demand destruction." Turkey, he noted, gets 48 BCM from pipelines and another 7-8 BCM from LNG to fill in the gaps. "This shows how tight the market is and we've experienced in reference to 2015 supplies BOTAŞ was not accepting all the demand for contracts coming to them," he reported. Now, only 1-year contracts are being signed; daily demand of 193 MCM/day, he added, is also very tight. Mr. Bastaci showed that BOTAŞ is expecting demand of nearly 70 BCM by 2020. "I personally think that this is a bit optimistic for Turkey," he commented.

In terms of power demand, he contended it is obvious Turkey needs new volumes and infrastructure, "which means it needs to attract investors and new gas supplies if it's going to be done by the government." According to him, the country will move towards liberalization, removing subsidies, creating a marketplace to ensure transparent price formation, giving comfort to investors and customers alike. Meanwhile, the low oil price, he explained, had translated into low gas prices due to oil indexation.

“This has given another chance for Turkey to sustain its low gas price levels until the realization of possible gas coming from the Kurdish region, volumes from the Trans Anatolian Pipeline, which will give us flexibility.” Mr. Bastaci also mentioned the possibility of South Stream landing at Turkey (“Turk Stream”) rather than on Bulgarian shores, increasing his country’s connection to Europe. “If Turkey can establish a marketplace for establishing gas prices in this period, having additional volumes and flexibility, there will be a chance for attracting further volumes from other suppliers/countries.” Also, he said, Turkey has the chance to renegotiate contracts with gas suppliers to turn to market-based pricing.

Session moderator Richard Tyler, Partner in the Energy and Natural Resources team, Hogan Lovells, asked about the likelihood of the NGML being passed before the elections coming up in June, to which Mr. Mehmet Ogutcu, Executive Chair, The Bosphorus Energy Club, responded: “It will be critical for the ruling party to keep voters happy – they don’t want to have any significant change in the way markets are operating, so there might be some delay, because there are other top priority issues for the government to pursue.” The speakers in the panel were also asked if there were any transit risks for Europe with Turkey’s potential emergence as an important hub for natural gas.

There’s not much risk in the EUR 45 billion Southern Corridor project, according to Mr. Bastaci. He explained, “Investment levels have already been determined, finance is available, and seven countries are more or less aligned, but as with any pipeline project if there’s a little gap the whole project might go down.” He added that latter possibility is more likely if the current difficulties in financial markets were to continue, coupled with sluggish gas market growth and competing projects. Still, the Southern Gas Corridor is a defined project, he said, while others were likely to be evolving.

## Turkey, Turkmenistan seal new energy deals

Zaman, 03.03.2015



Berdimuhamedov and the delegation accompanying him arrived in Ankara for discussions focusing on economic relations and energy cooperation with their Turkish counterparts. The Turkmen president was welcomed at the presidential palace by Erdoğan with an official ceremony. The two leaders then conducted bilateral talks at the palace.

Speaking at a joint press conference, Erdoğan said that Turkey will continue to work with Turkmenistan to promote regional stability, prosperity and security. He added that Turkey will focus on boosting its relations with Turkmenistan on economy, agriculture, energy and transportation.



The Turkish president also stressed that Turkey-Turkmenistan relations are “strategic,” particularly due to the transportation and energy cooperation between the two countries. Mentioning that Turkmenistan plays a key role in connecting Central Asian gas with international markets, Erdoğan said he had exchanged views with Berdimuhamedov on transporting Turkmen gas to European markets via Turkey. In January, Foreign Minister Mevlüt Çavuşoğlu had a trilateral meeting in the Turkmen capital Ashgabat with his Azerbaijani and Turkmen counterparts to discuss energy cooperation. According to the Turkish Foreign Ministry, Çavuşoğlu stated that during the meetings the three ministers discussed how to safely deliver Azerbaijani and Turkmen gas from the Hazar Basin to European countries via Turkey.

In November last year, Turkmenistan and Turkey came to a framework agreement according to which Turkmenistan will supply gas for a new pipeline project -- called the Trans-Anatolian Natural Gas Pipeline (TANAP) -- that could help Europe reduce its dependence on Russian gas imports. When Erdoğan visited Ashgabat in November he underscored that Turkey attaches great importance to the delivery of Turkmenistan’s natural gas to Europe via Turkey. “Europe’s energy security is important for us,” Erdoğan said at the time. In November Erdoğan and Berdimuhamedov also oversaw the signing of an agreement between Turkmen state-owned gas company Türkmengaz and private Turkish firm Atagas for the purchase and sale of Turkmen gas via TANAP. The two sides did not disclose the terms of the agreement.

TANAP envisages carrying 16 billion cubic meters (bcm) of gas a year from Azerbaijan’s Shah Deniz field in the Caspian Sea, one of the world’s largest gas fields and which is being developed by a BP-led consortium. TANAP’s capacity is set to rise to 23 bcm by 2023 and to 31 bcm by 2026. However, to join the pipeline Turkmenistan will have to lay another pipeline across the Caspian Sea. TANAP will be built from the Turkish-Georgian border to Turkey’s frontier with Bulgaria and Greece. Its construction is expected to be completed by the end of 2018 in order to start deliveries of gas from Shah Deniz in 2019. The preliminary cost of the pipeline has been estimated at \$20 billion. Turkmenistan, a Central Asian nation of 5.5 million people, holds the world’s fourth-largest reserves of natural gas. Since independence in 1991, the reclusive desert nation has sought to break its reliance on gas exports to former imperial master Russia. Erdoğan later hosted a dinner for Berdimuhamedov. The Turkmen president is scheduled to attend a ceremony at the TOBB University of Economics and Technology on Wednesday and will receive an honorary doctorate from the university. Berdimuhamedov is also expected to attend the opening ceremony of the Turkmenistan International Investment Forum in İstanbul.

# Is Turkey a positive addition for Europe's energy security?

Natural Gas Europe, 06.03.2015



Europe's gas needs are probably meant to decrease over time, as the European Commission is trying to decouple GDP growth from energy consumption. In this sense, the Russian decision to cancel the South Stream and bet on a pipeline to Turkey makes complete sense, as in the long term the Russian gas could be mainly directed to the Turkish market.

But as a conference in Brussels showed, there are still some doubts on the relationship with the 18th economy in the world. Can Ankara be considered a reliable partner and a positive influence for Europe's energy security in the medium and long term?

Panellists of the conference Refuelling Europe: The Single Energy Market and Energy Union in a post-South Stream Environment seemed to disagree - a Bulgarian MEP objected the view expressed by Brendan Devlin, Advisor of DG Energy. Devlin welcomed Turkey as a positive partner that could support Europe's need of diversification, adding that a final investment decision for TANAP should be taken by the end of April.

"What I can see in the relationship between Turkey and Russia are only strategic benefits for the European Union. Presumably, there will be more gas in Turkey, which means that there will be more gas liberated for supplies to the European Union" the Advisor of DG Energy commented on Thursday, adding that more liquidity is always good. Devlin also said that, as a consequence of the Turkish Stream, Russia will depend on another transit country, giving Turkey a strategic advantage. This could then translate in strategic concessions, which could then cause the Trans-Caspian pipeline to go ahead. In other words, the subsea pipeline between Turkmenistan and Azerbaijan could progress in light of an increase diplomatic power of the country led by Recep Tayyip Erdoğan.

At the same time, according to Devlin, the Turkish Stream would make sense for a second set of reasons. In the long term, gas could be indeed directed to Turkey, and not to Europe. "I suspect that in the long term the real motivation for Turkish Stream has nothing to do with the European Union," Devlin argued, explaining that Turkey still displays a strong correlation between GDP growth and energy consumption. Devlin concluded that Russia could also export gas to Europe making use of the TAP pipeline. Vladimir Urutchev asked whether it makes any sense to give Ankara more powers. Contextualising the Russian project to Turkey in the wider context of increased energy cooperation of Ankara and Caspian countries, Urutchev said that the Turkish Stream is a project with far-reaching strategic consequences. Saying that the South Stream pipeline was equally a political plan that managed to "kill" the Nabucco project, the Bulgarian MEP questioned the role of Turkey. He clearly argued the interest of Bulgaria to get Russian gas, and he reminded how the South Stream project had been cancelled the same day the Turkish Stream was announced. "This development has several repercussions." Urutchev said.

According to the Bulgarian MEP, Moscow would then capitalise on the Third Energy Package. Shipping gas through TAP, Russia would further diversify transit routes, still selling its gas to the EU. “Do we want to give Turkey the power that they already have with the gas supplies from Azerbaijan, Iran and so on? Do we think that Turkey is the country that we can rely on for a long term?” he argued.

Earlier this week, Turkey, Turkmenistan, and Azerbaijan announced they would establish a trilateral mechanism on energy issues. Similarly, last month, European Commissioner Maroš Šefčovič proposed to Turkey’s Minister Taner Yildiz an increase in cooperation through high-level energy dialogue. Against this backdrop, it seems clear that the ties with Turkey, and the role of Ankara will be the object of further discussion. Especially if member states will see a growing role of Turkey to be detrimental for their energy security, this could be an additional factor of instability in the region that the European Commission has to carefully consider. The “regional approach” to energy issues is a good instrument to foster cooperation between Brussels and South-East member states, but it is likely that new forms of assistance will be needed. European authorities will have to create mechanisms to trigger the kind of political will that local governments need in order to push forward necessary energy projects.

## Turkey records highest Jan. oil imports in last 7 years

Anadolu Agency, 05.03.2015



Falling oil prices led Turkey’s crude oil imports to rise significantly to reach its highest January import level in the last seven years, despite a rise in its oil imports.

The price of the global benchmark Brent crude oil fell more than 60 percent since June 2014, with oversupply and low global oil demand, to dive below the \$46 per barrel mark and recording the fastest slump since 2008. According to Turkey’s Undersecretariat of Treasury, the average price of Brent crude oil was \$47.9 per barrel in January, which is the lowest average level since March 2009 when the Brent price was \$43.7 per barrel on average.

In January, Turkey’s crude oil imports jumped 7.8 percent to reach 1.6 billion metric tonnes, compared to the previous month. This was also an annual 27.8 percent annual increase compared to January of 2014. Despite Turkey’s volume of oil imports in January rising by 27.8 percent compared to the same month of the previous year, its crude import bill fell by 43.9 percent. While in January 2014, Turkey paid some \$1 billion for 1.2 billion metric tonnes of crude oil, this amount halved to \$565 million for 1.6 billion tonnes of crude in January 2015. Oil imports for the month of January rose 28.1 percent in 2008 and 40.4 percent in 2009, compared to the same periods of the previous years, but fell 4.1 percent in 2010.

# Turkey to explore for oil in northern Iraq

Anadolu Agency, 02.03.2015



Turkey will explore for oil in the Hindirin and Coman fields near Mount Qandil in northern Iraq, said Taner Yildiz. “We have agreements with Baghdad and Northern Iraq. In the frame of these agreements we will explore for oil there,” he said.

Yildiz said that the pro-Kurdish Peoples’ Democracy Party’s statements on the issue of disarmament of the terrorist group are an important step also for energy. “Especially in eastern and southeastern Turkey we have oil and natural gas reserves. We will have more resources after the removal of the PKK’s pressure there,” Yildiz said.

The PKK has fought for an independent Kurdish state since 1984, and its terrorist attacks have claimed around 36,000 lives in Turkey. Turkey, the U.S. and the European Union list the PKK as a terrorist organization. Yildiz said that lower oil prices might mean a discount for Turkish consumers. “There can be an additional discount for Turkish people due to crude oil prices.”

# The resurrection of South Stream

Natural Gas Europe, 02.03.2015



Turkish Stream pipeline project aimed as an alternative gas supply route to the cancelled South Stream pipeline project, looks like a revival of the latter in most respects.

Countries that were to be a part of the route of South Stream, are presently drafting plans that have as a basic parameter the introduction of the Turkish Stream and consequent spurs of it to shift gas into Central Europe. Hungary, though its Premier Victor Orban, stated that the country is in talks with Greece for bilateral gas plans and that Budapest is very interested in securing a role in the transfer of Russian gas through a proposed spur of Turk stream.

The approach and interest of the Hungarian side was confirmed by the Greek energy ministry which plans in due term to hold bilateral talks. Concurrently Hungary managed to get an impressive decrease of the price of gas it supplies itself from Gazprom. Thus, it will now import gas at a price of 260 Dollars per 1,000 bcm, whilst in 2009 it had to pay around 500 Dollars for the same quantity.



It is fair to assess that Hungary will eventually clash with the EU's plans for an Energy Union, by which all member states will be obliged to send their intergovernmental agreements to Brussels for review and approval. The same can be said for the Greek government which has unofficially, but practically agreed to take part in the Turk Stream's expansion into the Balkans and Central Europe. In the meantime Bulgaria, which for the moment has been left out of the project, is formulating an idea to create a significant gas hub in its territory, based primarily on the Interconnector Greece-Bulgaria (IGB). The aim of the Bulgarian gas hub would be to have a peripheral reach, up to Hungary through a series of interconnectors and a boosting of underground storage facilities. Therefore the import of Russian gas in competitive prices is of vital nature, since the proposed Azeri gas to reach the Balkans around 2020, will barely be enough to cover Bulgaria's domestic consumption.

In a twist of energy diplomacy, the Russian head of State, Vladimir Putin, during his visit to Hungary, left a window of opportunity open for Bulgaria, suggesting that if the EU's Commission allows it (and perhaps finances it), then an underwater section of Turkish Stream could reach Bulgaria, making it an integral part of the project. Sofia as faces a challenge as the Greek government appears to seek to acquire a leading position in the regional gas sector, coupled with LNG infrastructure, could marginalize Sofia. Under these circumstances, it would be likely that Bulgaria would proceed in its own rapprochement with Gazprom, which will eventually put this country-once more- in a gridlock with the EU's Energy Union plans.

The Russian stake in the overall EU's supply seems likely not to decrease and potentially increase. The production of Netherlands is gradually decreasing, since its main Groningen field is blamed of causing earthquakes, and its reserves have been slowly exhausted. Its current production stands around 80 bcm per annum and it is forecasted they will be less than 60 bcm by 2025. Norwegian production of gas is stabilized in a level of around 100 bcm per year, able to secure supplies for another 18 years to the country and the EU's market. Algeria's proven reserves and current production holds bigger promise for an eventual EU "diversification" from Gazprom, but only concerning countries like Spain or Italy, due to insufficient amounts.

In reality Russia's predominance in the EU market for the coming decades is only hypothetically threatened by Iranian and Turkmen imports, which for a variety of geopolitical reasons are highly questionable to be sourced. Moreover it is highly unlikely that the European capitals would prefer an increased reliance to Teheran versus Moscow. For all the above reasons, the new Turkish Stream plan, is formulating to become a "new South Stream" bringing about the same political, regulatory and diplomatic complications that the former project caused in Southeastern Europe. The aim of the EU to have an Energy Union will only make things more complicated, due to the fact that countries not in the EU such as Turkey, Serbia, and FYROM are either formally or informally eager to be a part of the new route.

In summary, a new round of intense antagonisms is to be expected due to the introduction of Turkish Stream. It can be estimated that the plan that has been "leaked" so far for a route going from Greece to Southern Italy and then Northwards has little chances of success due to financial reasons and lack of cost effectiveness. On the contrary, the linking up of the Turkish Stream with the old route from Greece/Bulgaria up to Austria is the only logical and sound path. It is also certain that this may cause political tremors the countries in between and in relations with the EU.

# Saudis rise oil sales price to Asia with growing demand

Anadolu Agency, 04.03.2015



Saudi Arabia raised its official selling prices for crude oil to Asia, amid growing demand from refiners in Asia. The Gulf country increased its official selling prices, OSP, of its crude oil exports to Asia by \$1.20-1.40 per barrel for its April sales.

“Primarily, it’s about strong demand in Asia because of lower oil prices,” Richard Mallinson, a geopolitical analyst told. “When demand picks up and refiners buy more, it’s going to lead them to raising their OSPs,” he added. The price of global benchmark Brent crude oil fell around 60 percent since last June, diving below the \$46 mark on Jan. 13 to reach \$45.19 per barrel - the lowest level since March 2009.

Since then, the Brent crude price recovered by around 35 percent to climb back to the \$60 per barrel mark, and stabilized around that level since Feb. 12. Saudi Oil Minister Ali al-Naimi stated on Feb. 25 that the oil markets have settled down, saying “Markets are calm now, demand is growing. We don’t want anything that creates volatility in the market.” The oil minister also said in Berlin that he expects supply and demand to balance, adding “demand is gradually rising and oil prices are stabilizing.”

Saudi Arabia, which is the top crude oil exporter to major Asian economies like China, India, Japan and South Korea, had lowered its OSP to Asia on Feb. 5 by \$2.30 per barrel for its March sales. The kingdom was soon followed by other OPEC members Kuwait, Iran and Iraq on Feb. 11, which also made discounts for their oil exports to Asia amid worries of losing market share. Saudi’s decision comes at a time when Gulf countries are in competition for market share in Asia; however Mallinson stressed that by lowering its OSP, the kingdom is raising its oil exports to meet growing demand from refiners.

“Saudi Arabia’s policy is to concentrate on retaining market share in the long term. But, the way the OSP is set will respond to actual demand,” he said. “So, when there is more demand from refiners, Saudi Arabia will be able to increase crude oil exports and the OSP can rise,” Mallinson explained. OPEC decided on Nov. 27, 2014 not to cut production to slow down the fastest oil price slump since 2008. Oil prices have furthered declined while divisions among the members of the oil cartel deepened.

While Saudi Arabia and Kuwait refused to make production cuts to trim oversupply in the market, Iran voiced its discontent by claiming that OPEC’s refusal to cut output is a political strategy to corner Iran in Middle Eastern affairs. On Feb. 24, OPEC President Diezani Alison-Madueke signaled a possible extraordinary meeting for the cartel if the oil price decline continues, saying “Almost all OPEC countries, except perhaps the Arab bloc, are very uncomfortable.”

## Kurds' oil cargo sale to Israel opportunistic move

Anadolu Agency, 03.03.2015



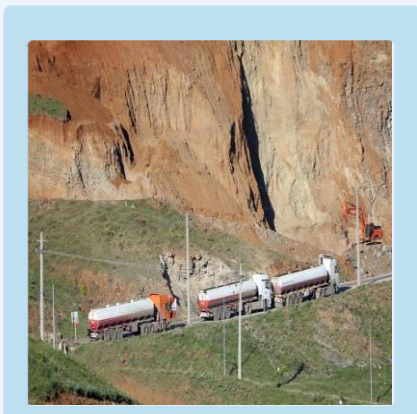
The Kurdish Regional Government's attempt to supply oil to Israel has come to fruition when the Kurdish oil tanker which was blocked for months in the U.S. finally unloaded in Israel.

The United Kalavrvta tanker was anchored 60 miles off Texas coast with 1 million barrels of crude oil worth around \$100 million, while the legal dispute between the Iraqi government in Baghdad and KRG regarding the tanker remained unsettled. Erbil and Baghdad became embroiled in a legal dispute in Texas last July after the KRG tried to make independent oil shipments. The tanker stayed several months off the coast.

The ship eventually set sail from Texas in late January, shortly after Baghdad and the KRG agreed a temporary deal on oil sales, according to ship tracking data. Political Scientist David Romano of Missouri State University told The Anadolu Agency, "It looks like the KRG is setting itself up to be Israel's next Azerbaijan." He explained the KRG is taking advantage of Baghdad's formal non recognition of Israel, and added, "So they cannot sue them for oil deals." Professor Richard Stoll from Rice University in Texas confirmed the tanker's unloading in Israel, and said, "It is true the tanker went to Israel and this is not the first time the Kurds have sold oil to Israel."

## Supply of Iranian gas to Iraq possible in May

Anadolu Agency, 03.03.2015



Iran's Natural gas exports from Iran to Iraq are due to take place in May, Ali-Reza Kameli, the head of National Iranian Gas Exports Company was quoted as saying by Iran's Energy Information Network SHANA.

In 2013, Iran signed an agreement with Iraq to delivery natural gas but due to security concerns, deliveries were delayed. "In case security is established in Iraq, Iran's gas exports to Baghdad are projected to start in May," Kameli said. Iran will start pumping 4 million cubic meters of natural gas per day to Iraq and this could rise to 35 million cubic meters per day, according to SHANA.

Iran has the world's fourth largest proved crude oil reserves and the world's second largest natural gas reserves, according to U.S. Energy Information Administration.

## Pakistan: Iran gas pipeline project not abandoned

Natural Gas Asia, 01.03.2015



The Iran-Pakistan natural gas pipeline project has not been abandoned, Pakistan's Commerce Minister Khan said. Khan said that Pakistan will pursue it once international sanctions are removed that are hindering the plan.

"A gas pipeline that is going to be laid from Gwadar to Nawabshah can be extended by 11 kilometres to Iran," he said. The 700 km Gwadar to Nawabshah pipeline would be built by China Petroleum Pipeline Bureau (CPP) on government to government basis. The \$3 billion pipeline deal is expected to be formally signed during the visit of Chinese President Xi Jinping next month, the newspaper added.

Once complete, the pipeline will transport up to one billion cubic feet per day of regasified LNG. CPP is expected to finish the pipeline in two years. Pakistan hopes that the pipeline would also facilitate Iran-Pakistan pipeline project if international sanctions on Tehran go.

## Bulgaria seeks to revive Nabucco gas pipeline after Russia's south stream killed

The Moscow Times, 04.03.2015



Bulgaria wants the European Commission to revive plans for the Nabucco pipeline that would pump gas from the Caspian Sea, after a Russian project seen as a rival was scrapped, Prime Minister Boiko Borisov said.

Keen to diversify its energy supplies due to the Ukraine crisis, Bulgaria meets more than 80 percent of its gas needs with imports from Russia. Sofia was caught off guard by President Vladimir Putin's surprise announcement in December to abandon plans for the South Stream pipeline that would have supplied gas to Europe via Bulgaria, while bypassing Ukraine.



Nabucco was backed by Western powers, but was shelved in part because there was not enough demand to sustain both it and South Stream. Bulgaria, which would have benefited from charging transit fees for South Stream, sees reviving Nabucco as a way to compensate for its loss. Moscow is now working on an alternative that would pass through Turkey but avoid Bulgaria, prompting accusations from Brussels that Russia was holding European Union member Bulgaria to ransom. "We want to unfreeze the Nabucco project through Bulgaria," Borisov told reporters after meeting Azeri President Ilham Aliyev in Sofia. "It is not aimed against anyone, this is about preserving Bulgaria's national interest, so that our gas network be full with gas, so that we take transit fees and not be bypassed," Borisov said.

European leaders had pushed Nabucco in order to weaken Russia's grip on the Central and Eastern European energy market, but the project was derailed by cost overruns, a lack of available gas and Russian lobbying. The Trans-Adriatic Pipeline (TAP), a rival project to Nabucco that will bring Azeri gas to Italy via Greece, is still under consideration. Speaking alongside Borisov, President Aliyev said Bulgaria could build an interconnector with Greece to draw gas from the TAP route, which could then be sent on to Romania and Hungary.

Azerbaijan, whose total gas reserves stood at 2.5 trillion cubic meters, is expected to start shipping Caspian gas to Europe from its biggest gas field, Shah Deniz II, in 2020. "We think that we can unite TAP and Nabucco. It is not important what you call this route. Our main goal is that the volumes of Azeri gas enter Europe," Aliyev said. "The more EU countries receive our gas, the better for all."

## Chepurin: Balkan Countries to decide on gas supply

In Serbia, 02.03.2015



The Balkan countries should decide in the next few months on the manner in which to maintain the gas supply once the agreement on transport of Russian gas via Ukraine expires in four years, Russian Ambassador to Serbia Chepurin said.

Gazprom has took up a firm position that once the agreement on gas transportation through the territory of Ukraine expired in four years, the gas will no longer be transported to Europe that way, Chepurin noted. The new line, along with Nord Stream, will stretch through the territory of Turkey, and its final destination will be on the Greek-Turkish border, Chepurin underlined.

According to the preliminary agreement, four pipelines are to be built, and the first one is planned to be finished in 2016. Gas will be transported through the southern leg via Turkey to the border with Greece, and then we will negotiate with the European Union, he explained.

Now the countries, including those in the Balkans, should decide on the manner in which they will ensure further supply, Chepurin said, adding that the decision on how to deliver gas to the final consumer should be made within a period of six months to one year. He pointed out that it is important to determine three things – reliable delivery, necessary quantities for the region and reasonable prices. Chepurin warned that today's situation in the geopolitical sense is by no means easy and that after the suspension of the South Stream gas pipeline project, whose construction was not possible, everyone should determine their own interests, and break through the bureaucratic and political wall. Once we overcome these walls, we will endeavor to defend our national interests, and also the common economic interests and the interests of a greater Europe, the ambassador of Russia said.

## Hungary ahead of Eastern Europe states for Turkish Stream implementation

Sputnik, 02.03.2015



While Eastern Europe countries have continued urging Brussels to revive the South Stream project, Hungary has left them behind, taking the opportunity to develop the Turkish Stream in close cooperation with Russia.

As Russia, forced to withdraw from its long-anticipated South Stream, Hungary took the opportunity of strengthening energy ties with Moscow. Russian President Putin signed a number of important agreements in the energy sphere with Prime Minister Viktor Orbán. Experts stressed that the meeting took place amid growing tensions between the West and Russia, aggravated by the ongoing turmoil in Ukraine.

It should be mentioned that Russia is Hungary's largest trade partner, supplying the state with almost 80 percent of its oil and 70 percent of its natural gas. Facing strong criticism from Brussels and the EU's member states for his close cooperation with Russia, Viktor Orbán, however, welcomed a chance to give his support to the construction of the Turkish Stream gas pipeline. The Hungarian government vowed to become Russia's key partner in the new project that aims to deliver natural gas to Europe circumventing Ukraine. Furthermore, Hungary's Prime Minister never missed an opportunity to criticize the EU for its unproductive sanctions policy. Regardless of the EU's stance, the leaders of Serbia, Slovakia, the Czech Republic and Bulgaria consider Russia as a viable alternative to the West, however, they are still hesitating to join the new energy project launched by Moscow, experts noted. In this light Budapest appears to be an absolute leader among the Eastern Europe states.

According to the Kremlin, Russia will be guided by considerations of logistics, seeking more profitable ways of delivering its resources to European states while implementing the Turkish Stream project. A section of the Stream passing Turkey will be expanded to Hungary, and can go to Serbia, Austria and other European countries that will demonstrate their interest in cooperation.

## TAP launches pre-qualification for construction from Albania to Italy

Natural Gas Europe, 03.03.2015



TAP launched two pre-qualification contracts for the construction of the 105 km offshore pipeline section under the Adriatic Sea: one for Engineering, Procurement, Construction and Installation works for the offshore section of the 36 inch pipeline between Albania and southern Italy; the second for supply of offshore line pipes and coating.

“I am delighted to invite companies – including those from TAP’s host countries – to submit expressions of interest in line with the pre-qualification documentation now available on TED” Knut Steinar Kvindesland, Procurement Director at TAP, commented in a note released.

TAP said it intends to issue the related Invitations to Tender (ITT) for offshore construction by May 2015. The company also referred to the importance of living up to high environmental standards, as the protests in southern Italy hinged on safety issues. “The selection of potential suppliers will remain rigorous, with particular emphasis on meeting Health, Safety and Environment standards and a proven commitment to TAP’s zero harm policy” said Kvindesland.

## Slovakia, Hungary launch capacities for test period till April 2015

Natural Gas Europe, 04.03.2015



Cooperation on a regional level increased over the last hours, amid an increasingly positive sentiment with respect to member states joining forces to foster energy security.

Following Maroš Šefčovič’s comments on security of gas supplies, Gazprom said that Ukraine’s prepaid gas will last till Friday. At the same time, Eastern European countries are trying to capitalise on this temporary calm environment to launch new projects and dust old ones. Slovakia and Hungary will test an offer of gas transmission capacity at the Interconnector Veľké Zlievce (SK) – Balassagyarmat (HU) from the 10th of March till the 30th of April 2015.

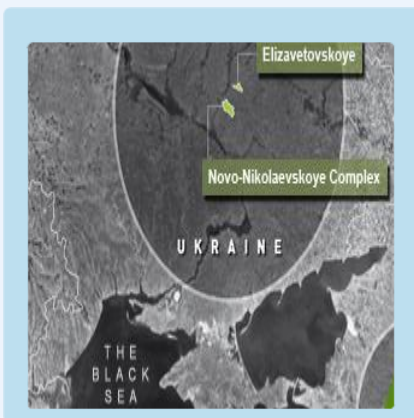
'Eustream would like to inform you that in cooperation with Magyar Gáz Tranzit ZRt. both parties have agreed for the purpose of testing to offer the gas transmission capacities' reads a note released, adding that Eustream will offer 50,000.00 MWh/d in both directions. Meanwhile, Bulgaria made it clear that Nabucco gas pipeline project should be unfrozen. According to some rumours, Sofia could soon present the project before the European Commission.

The message came after a meeting of Bulgaria's Rosen Plevneliev and Azerbaijan's Ilham Aliyev. 'During the meeting, the sides noted that the strategic cooperation between Azerbaijan and Bulgaria was developing successfully. The role of Azerbaijan in ensuring the energy security of Europe was noted' reads the press release. Nabucco West is a proposed pipeline that would have transported gas from Azerbaijan to Austria, through the Turkish-Bulgarian border, Hungary, Bulgaria, and Romania.

European authorities launched a consultation on the future of the European Neighbourhood Policy (ENP). The project includes many energy-rich countries, including Azerbaijan. "We also need to understand better the different aspirations, values and interests of our partners. This is what the review is about if we are to have a robust political relationship between our neighbours and us," High Representative Federica Mogherini commented in a note.

## JKX returns Ukrainian fields to full production

Reuters, 02.03.2015



JKX Oil & Gas announced it returned all its fields in Ukraine to full production, as a consequence of Ukrainian state gas distributor's green light to deliveries of gas to industrial customers.

'JKX announces that that it has received confirmation from the Ukrainian state gas distributor that 100% of its nominations for March delivery of gas to industrial customers have been accepted,' the company said in a note released. Kiev issued a decree at the end of November forcing major industrial buyers to buy gas only from the state-owned Naftogaz for the following three months.

'This resulted in the company's Ukrainian subsidiary being forced to shut-in a proportion of its oil and gas production during this period' explains the company focused on Eastern Europe. Serinus Energy and Regal Petroleum did not publish on their website any information about similar confirmations. In mid-February, JKX resorted to the Energy Charter Treaty to seek compensation from Ukraine for alleged violations that would have hit its bottom line breaching existing treaties. It sought repayment of more than USD 180 million in rental fees that its Ukrainian subsidiary has paid on production of oil and gas in Ukraine since 2011.



## Naftogaz pays Gazprom \$15M for March gas deliveries

Anadolu Agency, 05.03.2015



Naftogaz transferred \$15 million to Russia's Gazprom in an advance payment for gas deliveries in March. The amount paid corresponds to around 45.6 mcm of gas, which, according to current consumption numbers, corresponds to five days of natural gas for Ukraine, Gazprom said.

Russia, the EU and Ukraine agreed on the terms of payment and the restart of gas exports on Oct. 30, 2014 in Brussels. Kiev is currently is mired in a conflict in the eastern part of the country with pro-Russian separatists. Ukraine accuses Moscow of supporting the rebels, a claim it has repeatedly denied.

## Did the latest Russian-Ukrainian gas dispute almost backfire on Moscow?

Natural Gas Europe, 02.03.2015



Ukraine and Russia appeared until last Friday to be heading to their fourth gas supply dispute in under a decade. Gazprom was claiming non-compliance with the 30th October 2014 agreement brokered by the EU.

It claimed that Ukraine had not kept up pre-payments for Russian gas supplies as required by the October deal. However, on closer examination Gazprom is basing its calculations on gas supplied to Ukrainian territory under Russian occupation. At first sight this appeared to be a clever tactic to seek to persuade Europeans that the Ukraine supply route is a dangerously unstable route for EU gas imports.

In fact far from being a clever tactic it involves stepping into some very dangerous legal waters. Ukraine could have in fact have used the latest Russian threat to seek to establish Moscow as the 'enemy occupier' of eastern Ukraine. Kyiv can rely on the provisions of the Geneva Conventions which establish the liability of the occupier to protect and provide support to people in the occupied territory.

A legal ruling to the effect that Russia was the occupier and had such legal obligations or indeed owed civil damages to Ukraine would have undermined all the hybrid warfare/propaganda that Moscow has undertaken so far. It is therefore not surprising that on further reflection Russian claims for payment for the occupied territories were withdrawn. Under the October 2014 agreement brokered by the European Union Ukraine agreed to provisionally pay gas \$3.1 billion of gas debts to Gazprom. These payments are provisional as they are subject to legal challenge by Ukraine in a Stockholm arbitration court. Ukraine also agreed to pay for all future contract deliveries it requested by pre-payment. Kyiv has made a number of pre-payments and is currently supposed to receive 114 million cubic metres a day. However, since February 22nd only 40% of that amount has been delivered to Kyiv. The reason given by Gazprom was that gas has been also sourced to the separatist controlled enclaves in eastern Ukraine and that gas has been included in Russia's bill for Kyiv. The Ukrainians argue not unreasonably that this constitutes a breach of contract. In particular, the contract gives Ukraine the capacity to nominate the entry points for Russian gas into Ukraine and they have not nominated the eastern Ukrainian entry points Gazprom is using to supply separatist areas of eastern Ukraine. It also is rather stunning Russian bravado for Moscow to invade and occupy part of Ukrainian territory and then turn round and bill Ukraine for providing gas on the territory it occupies.

The difficulty for Moscow however is that by this action it was handing Ukraine a major legal and reputational weapon. It was giving Kyiv the means to demonstrate in international tribunals, international courts and the court of international public opinion that Russia is the 'enemy occupier'. It is well-established under the Geneva Conventions that territory is considered occupied when it comes under the control or authority of foreign armed forces with or without the consent of the domestic de jure government. Public international law is clear that this is a factual determination. No shadow-boxing with Russian funded and armed separatists and proclamations of 'independent republics' allow an invading and occupying state to escape its legal liabilities and its responsibilities under the Geneva Conventions. The facts are that Russia armed and funded the anti-government groups in eastern Ukraine and they are led by Russian military and intelligence officers. All these facts weigh very heavily in favour of a finding that the military action in eastern Ukraine constitutes a Russian invasion and occupation. Since August, when large numbers of Russian forces entered Ukrainian territory that case has become ever stronger as the 'separatists' are now substantially reinforced by the men and materiel of the regular Russian army.

The fundamental difficulty for Moscow was that the 1949 Geneva Convention which both Russia and Ukraine have ratified imposes significant obligations upon the occupier to protect the local population. In particular, Article 69 of the 1977 Protocol (again which both Ukraine and Russia have ratified) imposes obligations for the occupying power to provide the basic needs of the population which would include heating fuel. Moscow as the occupying power cannot push the cost onto Kyiv so easily via unilaterally moving gas via entry points not agreed under contract.

The real danger for Moscow here was that Ukraine was accidentally by Gazprom's pre-payment claims being given the opportunity to identify Russia as the 'enemy occupier' on its territory. Kyiv could have for instance invoked the Geneva Conventions arguing that Russia is refusing to undertake its obligations to the people under occupation. A state party to the Geneva Conventions can seek a Red Cross inquiry into the level of support provided to persons in the occupied territory. Kyiv could also have sought to widen its arbitration hearing proceedings in Stockholm to deal with the inclusion of gas used in occupied territories.

This could lead to a ruling that eastern Ukraine was indeed occupied. Thirdly, and most dramatically Ukraine could have sought a vote in the General Assembly of the United Nations to submit a case to the International Court of Justice against the Russian Federation over its failure to protect persons under occupation contrary to the Geneva Convention. Any such ruling or finding would have been a PR disaster for Russia. It could also have resulted in significant ongoing civil liabilities exposure, both to support the population and to repay Kyiv for any costs Moscow had sought to shift on to it. No matter how compliant with transit terms, and observant of supply agreements Ukraine is there are likely to be a lot of disputes with Russia over the next few months. For Russia triggering disputes over gas flows with Ukraine is a means of destabilising the country, and a means of raising the question of the vulnerability of the Ukraine supply lines into the European Union. However, the Kremlin should in future avoid tactics that could in fact boomerang back on its economic, propaganda and military strategies deployed since the annexation of Crimea.

## Russian companies continue posting increase in sales, plunge in profit

Natural Gas Europe, 03.03.2015



While Ukraine increases the gas stored in its UGS facilities for the first time in some months, Russian and Kazakh companies keep posting mixed figures for 2014, hinting at two simultaneous trends. On the one hand, they report an increase in sales. On the other hand, their profits keep going down due to significant impairment and the weakness of the ruble.

These facts could suggest that in the medium term, Russian companies could significantly increase their exports. For example, Lukoil reported a year-on-year 1.9 increase in sales revenues.

“Net income in 2014 was negatively affected by \$2,341 million non-cash losses due to asset impairment in Russia, Ukraine, Western Africa and Kazakhstan. Excluding the non-cash losses net income was \$7,087 mln and EBITDA was \$18,426 mln” the Russian company. The net income plunged from 7,627 millions of US dollars in 2013 to 4,714 millions of US dollars in 2014. Similarly, Astana-based KazMunaiGas reported good production results, but a 67% year-on-year decrease in net profit for 2014. ‘Revenue in 2014 was 846bn Tenge (US\$4,722m), a 4% increase compared with 2013, mainly due to an increase in the average domestic sales price by 20% and higher export price in Tenge’ reads the press release. The results also indicate that the fourth quarter has been the most difficult for Russian companies. Analysts expect that Russian players could undergo financial problems in the winter of 2015.

Meanwhile, Ukraine was the only country reporting an increase in stored gas according to Gas Infrastructure Europe. Data suggest that Kiev is trying to maintain 8,000 mcm of gas in its facility, accounting for around 25% of the total storage capacity in the country. The government and the public company are also trying to decrease gas usage in the country. According to a note released by Naftogaz, the country decreased by 16% its gas usage in February in comparison to the same period of 2014. 'Ukrainian industrial consumers, government financed institutions, district heating companies and households used 4.43 billion cubic meters (bcm) of natural gas in February 2015, down 16% versus the previous year.'

## Rosneft clinches LNG deal with Golar

Natural Gas Europe, 05.03.2015



Gazprom's Russia renewed its focus on LNG, with Rosneft and Golar signing a Memorandum of Understanding. "Within the ambit of the memorandum the parties will analyze the possibility of employing Golar's advanced FLNG (Floating Liquefaction of Natural Gas) commercialization technologies at Rosneft projects, potentially opening new markets to Rosneft, one of the leading gas producers in the world" reads the note released.

The company led by Igor Sechin sees the MoU as an instrument to strengthen production, while reducing upfront CAPEX for LNG plants.

In 2014, Rosneft reported a 49% increase in gas production to 56.7 bcm. The company is looking to increase its LNG focus, given the decision of the Kremlin to liberalise its export regulations for LNG (December 2013), while maintaining Gazprom's monopoly on pipeline exports. Last month, Gazprom discussed with Algeria's Sonatrach joint LNG projects. Last year, Rosneft and China National Petroleum Corporation (CNPC) said they are considering the supply of Russian liquefied natural gas (LNG) to China.



# Russia, Ukraine reach agreement on March gas supplies

Anadolu Agency, 03.03.2015



Russia and Ukraine reached an agreement on the supply of natural gas for March, EU energy chief Maros Sefcovic said. "I am satisfied that we managed to safeguard the full application of the winter package for the supply needs in Ukraine," Sefcovic said after mediating emergency talks between Russian Energy Minister Alexander Novak and his Ukrainian counterpart Volodymyr Demchyshyn.

According to the agreement, Ukraine's Naftogaz will pre-pay and order sufficient quantities of gas to ensure all domestic consumption for March and guarantee uninterrupted supplies to the EU.

Novak stressed that Ukraine will not be obliged to pay for the gas supplied to the conflict zones in eastern Ukraine. He added that the new terms for the gas trade between Russia and Ukraine will be negotiated at the end of March. The energy ministers will start talks on deliveries beyond March before the end of the month. These negotiations will be difficult as the two ministers have not reached agreement on the price of gas beyond March, nor on whether Ukraine's large gas storage facilities will be refilled during the summer.

# Russia can use Trans-Adriatic pipeline, Commission confirms

Euractiv, 06.03.2015



A Commission official confirmed that Gazprom can use TAP to move gas, if the Russian export monopoly builds the "Turkish Stream" pipeline and brings gas to Greece.

Brendan Devlin argued that it was unlikely another big pipeline except for the Southern Gas Corridor would appear in South Eastern Europe. The Southern Gas Corridor refers to the three pipelines, including TAP. The South Caucasus Pipeline Extension from Shah Deniz via Azerbaijan and Georgia, the TANAP pipeline via Turkey, the TAP pipeline starting from Greece and taking the gas further across Albania and an offshore section in the Adriatic to Italy.

The first gas is expected to flow via SGC in 2019-2020. A branch is expected to take Azeri gas from Greece to Bulgaria and further north. Russia has recently cancelled its South Stream pipeline project. It would have supplied gas to Europe via Bulgaria, while bypassing Ukraine. Instead, Russia plans to build "Turkish Stream", bringing gas to Turkey and then to a hub at the Greek-Turkish border. As the Russian ambassador to the EU Vladimir Chizhov recently explained, Russia had changed tactics. Instead of building pipelines, it would bring gas to the EU borders from where the customers would take it.

Russian expert Andrey Konoplyanik said his country was going to use the Third Energy Package to its advantage, rather than complaining about it at a recent European Policy Centre (EPC) event. Russia has no stake in TAP. Its partners are BP, Norway's Statoil, Azerbaijan's SOCAR, Belgium's Fluxys, Spain's Enagás and the Swiss-based Axpo. Asked by EurActiv if this meant that South Stream could use TAP to ship some of its gas coming via "Turkish Stream" further West, Devlin said that TAP has a provision for a 50% expansion in the event there is a shipper other than Azerbaijan.

The initial capacity of TAP will be about ten billion cubic metres per year (bcm/y), with the option to expand the capacity up to 20 bcm/y. Russia said that "Turkish Stream" will have the capacity of 63 bcm/y. "It doesn't matter who the shipper is, and we don't care if it is Russian gas, Libyan gas, Azeri gas. The internal market works like that. It's the rules that we have set up for Russia, or for Gazprom," Devlin said. "And [in the same way] as we require them to implement those rules, they are free and welcome to use pipelines in the European Union on the same basis. To the question can they use TAP, from a regulatory and political perspective, the answer is yes," he added. However, diplomats told EurActiv that it would take many years before Russia completes the Turkish Stream project. In the meantime, the Azeri gas from the TAP pipeline would have priority finding clients, long before eventual Russian gas arrives to the same pipe.

## Gassco: knarr pipeline to transport gas to st. fergus in Scotland

Natural Gas Europe, 02.03.2015



While Norway announced a 0.15% decrease in recoverable petroleum resources since 2013, Gassco confirmed the interest of infrastructures operators to invest in new and old project. The Norwegian state owned company did indeed take over as operator of the Knarr pipeline. The company also said that the Knarr pipeline will transport gas from a field about 100 kilometres north of Statfjord in the northern North Sea to St. Fergus in Scotland.

This spring, the new pipeline tied to the FLAGS infrastructure will contribute to Shell-Esso Gas and Liquids (Segal) system in the UK.

“We’ve had a close and good collaboration with Knarr operator BG Norge Ltd throughout the process of preparing the pipeline for operation,” Svein Birger Thaule, executive vice president for asset management at Gassco, said in a note released. The Knarr pipeline has a technical capacity of 1.7 million standard cubic metres per day. The field operated by BG Norge is estimated to hold 300 mcm of natural gas in recoverable resources.

The Norwegian Petroleum Directorate (NPD) said that recoverable resources registered a slight decline in 2014, while reserves increased over the same period, but at a lower pace with respect to 2013. ‘This year’s reserve growth totalled 13 million Sm<sup>3</sup> o.e., compared with 102 million Sm<sup>3</sup> o.e. in 2013. This growth can primarily be explained by the submission of one Plan for Development and Operation (PDO) in 2014, for the 34/10-53 S Rutil discovery in Gullfaks Sør’ reads the press release. Earlier this year, the NPD unveiled monthly production for January, which was in line with the forecast and slightly higher than the production in January 2014. The NPD said that there are five field with planned start-up in 2015. Two - Bøyla, Valemon - are already producing, while three - Edvard Grieg, Goliat and Knarr - are not. Finally, a few hours later, Statoil communicated that it signed a contract with Allseas for installation of three platform topsides on the Johan Sverdrup field.

## LITGAS signs deal to buy LNG from cheniere marketing from 2016

Natural Gas Europe, 02.03.2015



LITGAS has signed a Master Trade Agreement to enable purchases of LNG from Cheniere Marketing, a subsidiary of Cheniere Energy.

‘Cheniere Energy will open the first LNG export terminal in the U.S. in over 40 years later this year, first LNG expected to arrive in Lithuania as early as 2016’ reads the note released. “This agreement entered into with Cheniere is very important the company is building the first U.S. LNG and export terminal which will be operational late 2015, and will provide us access to the prolific U.S. natural gas market”, General Manager of LITGAS Dominykas Tuckus commented.

The Baltic country is stepping up efforts to become a regional gas hub. Last week, LITGAS obtained the green light to trade in the Estonian gas market without an additional licence by Estonian Competition Authority.

# Why we need the Energy Union

Spectator, 02.03.2015



In June 2014 the European Union committed to moving towards an Energy Union in order to provide secure energy for all EU countries, affordable energy for companies and citizens, and make Europe a global leader in renewable energy.

The UK welcomes the Commission's Communication of 2 setting out their strategy for the 'resilient Energy Union with a forward looking Climate Change Policy'. This is an important next step to delivering the EU reform needed to strengthen Europe's energy security, decarbonise cost-effectively and deepen the internal energy market.

Having a fully functioning internal energy market that delivers secure, competitive and sustainable energy to EU companies and consumers is vital for the economic growth of the EU. It will also help the EU to reach its climate goals, including the 40 percent reduction in the EU's domestic greenhouse gas emissions by 2030. The EU must continue to demonstrate leadership to help reach a global climate agreement at the UN Climate Change Conference in Paris in December 2015 that delivers fair and ambitious commitments from all countries, keeping the Co2 target in reach.

However, the sheer scale of the challenges ahead means countries must be able to draw on the full range of low and lower carbon technologies to deliver this secure, low carbon and competitive energy, including renewables, energy efficiency, nuclear, CCS and gas. We cannot expect to meet these challenges without an Energy Union that supports a flexible approach to EUMS's energy mix, including the use of nuclear energy.

It is essential that the Energy Union strengthens the EU's energy security. We have seen in recent years how non-EU countries have used, or threatened to use, their position as an energy supplier to exert political pressure on the EU. We need to ensure that this does not happen in future by putting in place greater transparency around energy agreements and, where appropriate, helping member states in their negotiation of gas and other contracts. By improving the energy infrastructure and maximising supply diversity (including development of LNG terminals and exploitation of all available energy sources) we can help minimise the chances that the EU will again suffer damaging energy shortages.

The Energy Union should support regional approaches where there are particular regional challenges or opportunities or where acting regionally can pilot new approaches on a smaller scale, for example the North-South Gas Corridor in Central and Eastern Europe. The EU Commission has an important role to play in enforcing existing EU legislation to ensure the opening of energy markets to competition and external sources to deliver a functioning market.



The Energy Union can help improve energy efficiency, for example on energy performance standards and labelling for energy using products. It is important though that this is done without over-prescriptive legislation and that the Energy Union allows EU member states to determine best how to promote energy efficiency within their countries. Finally, the EU must increase effort on low carbon innovation in order to meet 2030 climate objectives cost-effectively and make progress towards its goal of reducing emissions by 80-95 percent by 2050. Innovation in this area can reduce energy generation costs and reduce energy demands. This is a hugely ambitious project. But done correctly it will set the EU's energy policy for the foreseeable future and bring long term benefits to both businesses and citizens. We look forward to working together on this agenda with the Slovak government and Commissioner Maroš Šefčovič.

## EU member states evasive on shale-gas activities

The European Voice, 03.03.2015



The European Commission's attempts to gain an overview of shale-gas extraction and exploration in the EU have not been greeted enthusiastically by most member states. Asked to provide information about shale-gas activities, many member states submitted responses that were incomplete, evasive, and, in some instances, appear to be misleading.

The Commission has been under pressure from environmental groups to come up with legislation covering the process of hydraulic fracturing, also known as fracking, used to extract unconventional hydrocarbons such as shale gas. Geological chance of success estimated at 27%.

The United States has revolutionised its energy landscape with the exploitation of newly discovered shale reserves, and several member states, notably Poland and the United Kingdom, want to explore the potential of shale reserves. But other countries, including France and Bulgaria, object to the practice on environmental grounds, and have banned fracking. Although the Commission drew up draft legislation on shale gas, at the beginning of 2014 it decided against taking a legislative approach and instead issued a set of guidelines for member states to follow.

The Commission also said it would develop a 'scoreboard' to ensure that member states are sticking to the guidelines. If the Commission finds that member states are not following the recommendations, the EU could make them legally binding in 2016. Member states had until the end of last year to submit their responses to a questionnaire. The scoreboard, which will be issued in August, will be based on their responses. However, the responses, published by the Commission on Friday (27 February), are largely incomplete and in some cases contain what appears to be false information.

Member states were given the option to respond to only one question, rather than complete the entire questionnaire. Of the 28 member states, 18 chose not to fill in the entire questionnaire. The one question that all countries responded to was: “Did you grant or do you plan to grant authorisations for the exploration or production of hydrocarbons that may require the use of high-volume hydraulic fracturing?” Five countries said ‘yes’ (Denmark, the Netherlands, Poland, Romania and the UK); six countries answered ‘possibly’ (Austria, Germany, Hungary, Lithuania, Portugal and Spain); the remaining 17 countries answered ‘no’.

But three of the member states that answered ‘no’ – France, Ireland and Sweden – have issued authorisations in the past. France has issued more than 60 permits for fracking, but the country now has a national ban on fracking that prevents these permits being used. Ireland has granted authorisation to the firm Tamboran, and Sweden has granted authorisation to Shell. Several of the countries that answered ‘possibly’ are also known to have issued permits. One of these is Germany, which is in the midst of a debate about what constitutes hydraulic fracturing. Germany is one of the countries that answered only the Commission’s first question.

Antoine Simone, a campaigner with Friends of the Earth Europe, said that the member states’ responses make for “frightening reading”. “Countries are able to pick and choose which fracking safety standards they want to implement, making a mockery of the Commission’s voluntary approach,” he said. “The current system is ‘regulation’ in name only: there is no accountability, no harmony across member states, and, unfortunately, no indication that this is likely to change any time soon.” Simone said that even those countries that did complete the questionnaire have made dubious claims. Six member states have said they have the capacity to treat fracking waste, “despite recent warnings from scientists that no satisfactory solution exists for such waste,” said Simone. He added that the limited responses also show that there are no restrictions or only partial restrictions on extraction in areas prone to flooding in most member states, and a number of member states have no restrictions or only partial restrictions on extraction and exploration in residential areas. But industry association Shale Gas Europe defended the Commission’s voluntary scoreboard exercise, saying that it provides “transparency and accountability”. “The scoreboard allows governments across Europe to work together with the European Commission to ensure that shale gas is developed safely and sustainably while guaranteeing that the public is fully informed,” said Marcus Pepperell, a spokesman for the association. The European Commission is reviewing the responses, and an analysis is expected in August.

# Dutch government says sorry for gas field causing quakes

Reuters, 03.03.2015



The Dutch government apologised for ignoring risks posed by earthquakes caused by production of natural gas in the northern province of Groningen.

The apology report by the country's independent Safety Board that found that the government, together with Royal Shell and Exxon, had put profits before safety in exploiting the Groningen gas field, Europe's largest. "I am very sorry that the safety interests of Groningers did not receive the attention they deserved," Economic Affairs Minister Henk Kamp said. Kamp added that he would take "the necessary measures" to address the problem.

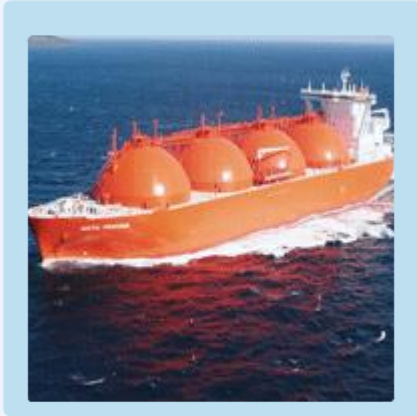
In February Kamp ordered production at the Groningen field to be cut by 16 percent for the first half of 2015, sending prices in northwest Europe surging. He is due to make another decision on production at the field on July 1. Parliament has demanded a debate with Kamp over the Safety Board's findings. Earthquakes were definitively linked to production at Groningen in 1993, but they became more frequent and more intense after production was increased in 2008.

Increased gas revenues provided an important buffer as Prime Minister Mark Rutte's centrist Cabinet pursued unpopular austerity policies. After a 3.6 magnitude earthquake in 2012 -- greater than any Shell and Exxon had forecast -- regulators warned the government that citizens' safety was at risk and called for production to be cut as quickly as possible. But the government did not order a reduction in production until last year, and did so modestly.

The Groningen field accounts for two thirds of Dutch gas production and the Netherlands supplies about 15 percent of Europe's total natural gas, providing an important alternative to Russian gas. In the wake of the Safety Board report, Dutch political parties across the spectrum are calling for Groningen never to return to former production levels, with left-leaning parties seeking further cuts in production.

## Analysts: LNG market dynamics in 2015 significantly different from other years

Natural Gas Europe, 03.03.2015



European prices topped Asia as the world's premium after 6 years, but a series of factors suggest that after a summer of lower prices in Europe, new Australian LNG supplies will bring Asian spot prices back to European spot prices.

This is one of the messages of the last report by Wood Mackenzie. "For the first time since 2009, Asian LNG spot prices are trading at a discount to European spot prices, like the NBP" Massimo Di-Odoardo, Principal European gas analyst for Wood Mackenzie, said in a note released. The analysts added that future market dynamics' could be substantially different with respect to previous years.

'Di-Odoardo warns that a typical summer price decline is not assured, that instead Asian LNG and European spot price levels will be sustained through this summer. And, further, that rising winter prices are also not assured, and that instead prices in Q4 will fall, despite the beginning of the winter season.' Meanwhile, Europe will continue relying on Russia. "The subsequent high storage injection requirement will result in a growing call on Russian gas through the summer, at a time of reduced LNG imports, a consequence of higher LNG requirements in Asia, resulting in the US\$7/mmbtu price floor to 'hold'."

## Turkmenistan can provide Europe with necessary gas volumes

Natural Gas Europe, 02.03.2015



Turkmenistan is quite capable of providing the European market with necessary volumes of gas given abundant natural gas reserves and the opportunities of developing the export pipeline infrastructure, the Ministry of Petroleum and Mineral Resources of Turkmenistan said.

"A huge resource base of hydrocarbons allows Turkmenistan to increase the exports of natural gas to the world markets, to develop the new routes of its exports in the eastern and the European directions," the statement said. Turkmenistan seeks to expand its way to the international gas market to maximally use its natural resources, the statement said.



Turkmenistan actively works to supply from 10 to 30 billion cubic meters of gas per year to the European market. In particular, the possibility of building the Trans-Caspian gas pipeline is being considered. It will stretch through the Caspian Sea from the coast of Turkmenistan to Azerbaijan. The negotiations on this project implementation are being actively conducted at various levels with the European Union, the European Commission, certain countries and companies.

RSK Environment Ltd company carried out the preliminary environmental studies upon the World Bank's order. The examination confirmed that from an environmental point of view, the Trans-Caspian gas pipeline is a safe route. Today Turkmenistan and Azerbaijan have every opportunity to implement the project of its construction as part of bilateral activities, the report said. The deposits of the Turkmen sector of the Caspian Sea may be the resource base for the gas supply via the Trans-Caspian gas pipeline at the initial stage.

The reference is made to the European experts. They believe that the presence of the already proven and proved natural gas reserves in the Turkmen sector of the Caspian Sea makes it possible to supply 16 billion cubic meters of gas per year in this direction. In the future, there will be an opportunity to use the resources of gas fields in eastern Turkmenistan to supply gas through the Trans-Caspian gas pipeline. This will be possible after the commissioning of the East-West gas pipeline with a pumping capacity of 30 billion cubic meters per year. Its construction will be completed this year. Turkmenistan is one of the key players on the gas market in the Caspian region and Central Asia.

## A new gas path between France and Spain

Natural Gas Europe, 04.03.2015



‘L’artère de l’Adour’ is a pipeline under construction in the south west of France, not too far from the Spanish border. It is a project that reflects in so many ways the energy policies the European Union is trying to implement along with challenges ahead.

By the end of the year, gas will flow through a new 96 km long pipeline. 21,000 tons of tubes 1.20 meter under the ground to connect with another pipeline which cross the border. Named after a local river, the L’Artère de l’Adour project should secure the supply in the area according to TIGF.

The EU supports similar projects throughout Europe to reduce its dependence on Russian gas. Currently 40% of its natural gas imports come from Russia. France imports 98% of its gas, just 15% is from Russia. For Spain, the pipeline in south west of France is an opportunity to strengthen gas connections with France in order to transfer Algerian gas to Eastern Europe. Michel Derdevet, the CEO of ERDF suggests in an energy report to deepen cooperation efforts made by neighboring countries in the absence of a real EU common energy policy. “As if today, there is a different approach in each state.” The European Commission unveiled a plan to create an Energy Union.

The report criticizes the actions taken by the Commission, which focuses primarily on gas projects. "European funding is currently based on gas infrastructure. A short term response to the tensions in Ukraine that underestimates the evolution of the energy mix in the long run." This is an inconsistent position given the fact that, according to Mr. Derdevet, the proportion of gas from all sources of energy will drop by 25% in the next fifteen years with the development of clean energies. He also points out a lack of investments: "Whereas energy security issues are considered as a top priority, the EU supports financially few energy investments."

Local residents are concerned about pipeline construction in some communities. In the neighbouring 31 towns where 'Artere de l'Adour' is being built, environmental organizations have denounced a lack of transparency and questioned the relevance of building another pipeline in the area. Their concern is that the pipeline will ultimately transport unconventional gas from Spain to be stored in France. To be clear, Spanish authorities have recently granted exploratory licenses in the Basque Country and there has yet to be an exploitation of potential resources.

"We do not see the usefulness of the pipeline except the willing to exploit shale gas. The pipeline will allow Spain to send shale gas to storage areas in France. The project promotes the development of shale gas exploration. We strongly disapprove it because of its impact on the environment," explains Martine Bouchet, leader of a local advocacy group in Mouguerre. Said fears are further fuelled by the silence of TIGF. The operator does not want to disclose the origins of the gas and the name of the companies for safety reasons." TIGF is in charge of the transmission. The gas come from multiple deposits around the world and enter the system through pipelines and gas terminals. We cannot verify if the gas is conventional or unconventional."

## UK opposes sale of oil and gas fields to Russian oligarch

Anadolu Agency, 02.03.2015



U.K.'s Department of Energy and Climate Change has disapproved the sale of 12 British oil and gas fields in the North Sea by German utilities company RWE to Russian oligarch Mikhail Fridman's LetterOne fund.

RWE announced last year that it was to sell 12 oil and gas fields that it owns in the U.K. part of the North Sea for €5 billion to LetterOne, headed by Mikhail Fridman. "Considering the possibility of future sanctions against LetterOne, Energy Secretary Ed Davey has concerns over the safe production of the resources in the 12 British oil and gas fields that are being considered to be sold," the statement read.

The punitive measures in the form of sanctions imposed by the West came after Russia annexed Crimea in March 2014 after holding a much-contested referendum in the peninsula. The measures target Russian banks, arms industry and oil companies, and prohibit Western companies from, for instance, selling high-tech drilling equipment to Russia. The U.S. and the EU sanctions also prevent Russian energy companies from borrowing from western financial institutions.

## Shell confirms oil spill in Nigeria's Bayelsa

Anadolu Agency, 05.03.2015



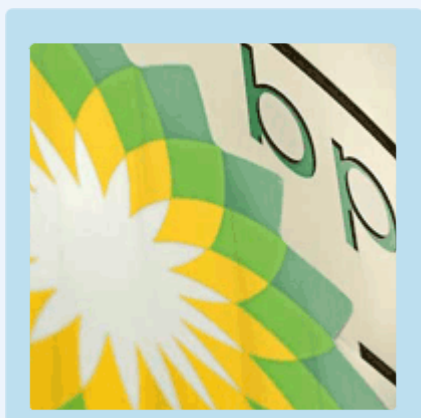
Shell confirmed an oil spill from its facility in Bayelsa, a state in southern Nigeria in the core Niger Delta region, and the facility's subsequent closure. "A spill was detected from an underwater flow line riser at the Seibou 2 Wellhead " Shell spokesman Joseph Obari said in a statement.

"The well was closed-in about 15 hours later, once it was safe to do so, and the impacted area boomed off to prevent further spread of the spill," he added. The confirmation comes two days after youths from the affected communities staged a peaceful demonstration against the leak, lamenting its impact on the local environment, especially the Ogboinbiri River.

They accused the oil giant of negligence and threatened to disrupt its operations in the volatile region. Shell said an investigation had been launched to determine the cause of leak. Oil spills are common to the Niger Delta region and occasionally lead to confrontations between affected communities and multinational energy firms.

## BP to invest \$12 billion for Egyptian gas

Anadolu Agency, 06.03.2015



BP announced that a \$12 billion agreement was signed with Egypt to develop West Nile Delta Gas Fields. BP expects to produce around 34 mcm of gas per day from the West Nile Delta, which equals around 25 percent of Egypt's production.

"The WND project investment is the largest foreign direct investment in Egypt," said Bob Dudley, BP group chief executive, in a written statement on the company's website and added that WND production is key to Egypt's energy security. Underlining that all the produced gas will be fed into Egypt's national gas grid, BP said that the production in the WND is expected to start in 2017.

## Tethys signs MoU with PetroChina for oil, gas deliveries

Natural Gas Asia, 02.03.2015



Central Asia and Caspian focused Tethys Petroleum Limited announced it has signed Memorandum of Understanding (MoU) with PetroChina.

The MoU signed with PetroChina would explore the feasibility of a long-term and mutually beneficial cooperation in natural gas and crude oil deliveries, the company said. John Bell, Executive Chairman of Tethys, said: “The signing of the MoU with PetroChina is another key step toward selling gas into the growing Chinese market and follows on from our recently published new independent reserve report stating an increase in our reserves in all categories.”

Tethys added that in Kazakhstan work is about to commence on the AKK14 and AKK05 workovers which are anticipated to be brought on stream in second quarter of 2015 and increase production to a planned level above 570 mcm/day.

## China to provide flexible pricing for industrial gas consumers

Anadolu Agency, 02.03.2015



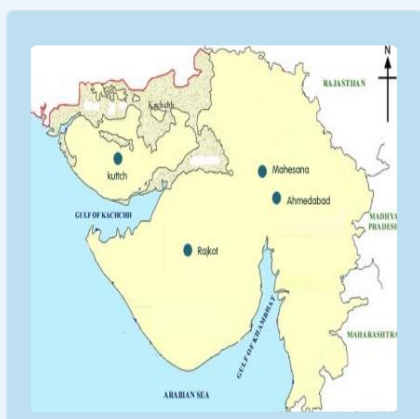
Major industrial gas consumers will be able to negotiate prices for natural gas tariffs with the gas producers in China, said China's top economic planner.

China's Xinhua reported that The National Development and Reform Commission said in a circular that industrial end users may negotiate gas prices with the country's main energy companies starting first of April. In the current situation, national and local economic planning bodies control local gas prices. China as the world's biggest energy consumer imports the largest volume of oil in the world and is heavily dependent on imported oil and natural gas.



## Indian state of Gujarat to get two new LNG terminals

Natural Gas Asia, 04.03.2015



Government of Indian state of Gujarat plans to set up two more LNG terminals of 10 Million Metric Tonnes Per Annum (MMTPA) combined capacity in the near future.

According to Press trust of India, this information was provided in the state assembly by state's Chief Minister Anandiben Patel who handles the ports portfolio. Currently there are two LNG terminals in operation in the state, one at Hazira in Surat and the another at Dahej in Bharuch district. Both these terminals have a combined capacity to handle 17.5 MMT LNG per annum. The two new terminals being planned are expected to come up at Jafrabad and at Mundra.

Patel said that an LNG port terminal with Floating Storage and Re-gassification Unit (FSRU) with a capacity of 5 MMTPA would be built in Jafrabad, Press Trust reported. According to Press Trust, for the Jafrabad project, Gujarat Maritime Board (GMB) had selected Swan Energy Ltd as the developer on a Build, Own, Operate and Transfer (BOOT) basis. For the Mundra project Adani Group and the state government-owned Gujarat State Petroleum Corporation (GSPC) have joined hands to set up an LNG import terminal at Mundra with an initial capacity of 5 MMTPA.

## Asian LNG prices to rise in summer, fall in last quarter

Anadolu Agency, 04.03.2015



LNG spot prices in Asia will rise shortly in the summer with growing demand, but is expected to fall in the final quarter of the year said Wood Mackenzie.

The global research company said that Asian LNG spot prices will rise during the summer with growing demand in the Pacific exceeding overall LNG supply worldwide. "Overall, we expect Asia Pacific LNG demand to be some 6 million tonnes higher in 2015 compared to last year," said Yingying Zhou. Zhou expects LNG demand in China, Southeast Asia, India, and the Middle East to rise with new contracts and more regasification capacity.

However, the consulting company for energy and mining added that LNG output from Australia will increase towards the end of the year, and this will reduce the prices in the final quarter of 2015. "This year, we forecast that the ramp-up of LNG from Australia will outpace Pacific LNG demand growth in the fourth quarter," Zhou said on the company website. Australia was the third-largest LNG exporter in 2013, according to the U.S.' Energy Information Administration. While Australia, Qatar, Malaysia and Indonesia are the top LNG exporters in the world, Japan, South Korea, China and Taiwan are the biggest LNG importers.

## US to lease 21mln acres to explore oil in Gulf of Mexico

Anadolu Agency, 03.03.2015



The U.S. is leasing more than 21 million acres off the shore of the state of Texas for oil and gas exploration and development, a U.S. agency said.

The lease sale is in line with the U.S. administration's aim of increasing domestic oil and gas production. "The proposed lease sale could result in the production of 116 to 200 million barrels of oil and 538 to 938 bcf of natural gas," BOEM said. "As one of the most productive basins in the world, the Gulf of Mexico remains a critical component of the Administration's domestic energy strategy to reduce America's dependence on foreign oil," BOEM said.

This will be the eighth offshore sale in the Gulf of Mexico, which is scheduled for August. The seventh sale, which will take place this month, is offering 40.5 million acres (162,000 square kilometers) to potentially produce 460 to 894 million barrels of oil and 1.9 to 3.9 trillion cubic feet (53-110 billion cubic meters) of natural gas. "The first six sales offered more than 60 million acres (243,000 square kilometers) and netted \$2.4 billion for American taxpayers," the Bureau said. According to U.S.' Bureau of Safety and Environmental Enforcement, there are more than 60 drilling rigs in the Gulf of Mexico as of March 2, with more than 20 companies in operation, including oil giants like ExxonMobil, Chevron, Marathon Oil, Shell and BP.

# ExxonMobil cuts spending 12 pct, but plans to rise output

Anadolu Agency, 04.03.2015



ExxonMobil announced that it is cutting capital spending by 12 percent for 2015, but will increase its oil and natural gas production by launching 16 projects in the next three years.

The second-biggest publicly traded company by market capitalization forecasts its capital spending to be around \$34 billion in 2015 to a statement on the company website. The multinational oil and gas corporation also expects annual capital and exploration expenditures to average less than \$34 billion in 2016 and 2017, the statement said. ExxonMobil joins the long list of energy firms around the world to trim their capital expenditures and spending for 2015.

France's Total S.A., U.S.' Chevron and Marathon Oil, the U.K.'s British Petroleum and Royal Dutch Shell have been hit financially amid the worst oil price slump since 2008. However, it is a rare announcement from an oil giant to cut its capital spending but still expecting oil production to boost in the global turmoil of prices. ExxonMobil said in the statement that it plans to increase production volumes with 16 major projects in the next three years.

The company plans to rise oil output by 2 percent to reach 4.1 million oil-equivalent barrels a day for 2015 with some completed projects in 2014 and the launch of new projects this year. Being also one of the biggest firms by revenue in the world, ExxonMobil also plans to rise its daily oil production to 4.3 million oil-equivalent barrels by 2017. Some of the seven new major projects for 2015 are Hadrian South in the Gulf of Mexico, expansion of the Kearl project in Canada, Banyu Urip in Indonesia and deepwater expansion projects at Erha in Nigeria and Kizomba in Angola.

The company added that its oil production will continue to rise with projects that include Gorgon Jansz in Australia, Hebron in Eastern Canada and expansions of Upper Zakum in United Arab Emirates and Odoptu in Far East Russia. "ExxonMobil has a deep and diverse portfolio of opportunities around the world and a total resource base of more than 92 billion oil-equivalent barrels," Rex W. Tillerson, chairman and chief executive officer, said in the statement. "We have unparalleled flexibility to select and invest in only the most attractive development projects," he added. ExxonMobil announced on Feb. 2 that its profit was 21 percent less for the fourth quarter of 2014, compared to same period of the previous year amid the decline in production. The company's oil output decreased 3.8 percent in the final quarter of 2014, compared to the fourth quarter of 2013, while natural gas production was down 5.5 percent.

# ELA: US oil stocks rose by 10.3 mln barrels last week

Anadolu Agency, 04.03.2015



U.S. crude oil stocks rose by 10.3 million barrels in the week ending on Feb. 27 to reach a total of 444.4 million barrels, the U.S.' Energy Information Administration, EIA, weekly data revealed.

This is 80.6 million barrels higher than the inventory levels from a year earlier, and the highest level since August 1982 -- the earliest EIA data for oil stocks. The U.S. Energy Information Administration said in its weekly report that U.S. crude oil inventories rose by 10.3 million barrels in the week ended February 27, compared to expectations for an increase of 4.0 million barrels.

Total U.S. crude oil inventories stood at 444.4 million barrels as of last week, the most in at least 80 years. This is the eighth consecutive week the U.S. commercial crude stocks have risen since the week ending on Jan. 9., when it was 387.8 million barrels. The 10.3 million barrels increase in crude oil stocks is also the highest inventory rise since the week ending April. 6, 2012, when crude stocks rose by 11.8 million barrels in a single week.

EIA said that total utilization of crude oil storage capacity in the U.S. stood at 60 percent for the week ending Feb. 20, which was 48 percent at the same time last year. As of Feb. 20, the U.S. storage tanks were at 69 and 59 percent of capacity for oil inventories held at Midwest and Gulf Coast respectively, where most of the U.S. crude oil stocks are held at. Storage capacity was 67 percent full in Cushing, Oklahoma in Feb. 20 -- where the price of the American benchmark West Texas Intermediate for oil is set -- while the capacity was only 50 percent full during the same period last year. The U.S. administration said that working capacity in Cushing is about 71 million barrels, which is more than half of all Midwest's working capacity, or around 14 percent of the U.S. total.



# Announcements & Reports

## ► *Emerging Oil Producing Countries*

**Source** : Societe Generale

**Weblink** : [https://www.societegenerale.com/sites/default/files/documents/Econote/Econote%20N27%20-%20Impact%20prix%20du%20p%C3%A9trole%20-%20EN\\_2.pdf](https://www.societegenerale.com/sites/default/files/documents/Econote/Econote%20N27%20-%20Impact%20prix%20du%20p%C3%A9trole%20-%20EN_2.pdf)

## ► *Global LNG Market Outlook 2014-15*

**Source** : BG Group

**Weblink** : <http://www.bg-group.com/480/about-us/lng/global-lng-market-outlook-2014-15/>

## ► *Europe's 'Energy Union' Plan: A Reasonable Start to A Long Journey*

**Source** : Oxford Energy Institute

**Weblink** : <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2015/03/Europes-Energy-Union-plan-a-reasonable-start-to-a-long-journey.pdf>

## ► *Earthquake Risks in Groningen*

**Source** : Dutch Safety Board

**Weblink** : <http://www.onderzoeksraad.nl/uploads/phase-docs/844/972d8bf7f1d1summary-gaswinning-groningen-en.pdf>

## ► *Africa's New Energy Producers*

**Source** : CSIS

**Weblink** : [http://csis.org/files/publication/150112\\_Cooke\\_AfricaNewEnergy\\_Web.pdf](http://csis.org/files/publication/150112_Cooke_AfricaNewEnergy_Web.pdf)

## ► *Delivering the Goods*

**Source** : CSIS

**Weblink** : [http://csis.org/files/publication/150209\\_Verrastro\\_DeliveringTheGoods\\_Web.pdf](http://csis.org/files/publication/150209_Verrastro_DeliveringTheGoods_Web.pdf)

## ► *Petroleum Marketing Monthly*

**Source** : EIA

**Weblink** : <http://www.eia.gov/petroleum/marketing/monthly/>

## ► *Natural Gas Monthly*

**Source** : EIA

**Weblink** : <http://www.eia.gov/naturalgas/monthly/>

### ► *Country Analysis Brief: Nigeria*

**Source** : EIA  
**Weblink** : <http://www.eia.gov/countries/analysisbriefs/Nigeria/nigeria.pdf>

## Upcoming Events

### ► *LNGgc Asia Pacific 2015*

**Date** : 09 – 12 March 2015  
**Place** : Singapore  
**Website** : <http://www.lnggc-asia.com/>

### ► *Adriatic Oil&Gas Summit*

**Date** : 10 – 11 March 2015  
**Place** : Budva - Montenegro  
**Website** : <http://www.aogsummit.com/>

### ► *Athens Energy Forum 2015*

**Date** : 11 – 12 March 2015  
**Place** : Athens - Greece  
**Website** : <http://athensenergyforum.com/>

### ► *Oil and Gas Industry Supply Chain 2015*

**Date** : 17 March 2015  
**Place** : Moscow - Russia  
**Website** : <http://www.n-g-k.biz/?page=meropr47>

*Supported by PETFORM*

### ► *TUROGE 2015*

**Date** : 18 – 19 March 2015  
**Place** : Ankara – Turkey  
**Website** : <http://www.turoge.com/Home.aspx>





► *The 8th Annual European Gas Transport & Storage Summit (GTS)*

**Date** : 23 - 24 March 2015  
**Place** : München - Germany  
**Website** : <http://www.gtsevent.com/>

► *Rio Gas & Power Forum*

**Date** : 25 March 2015  
**Place** : Rio - Brazil  
**Website** : <http://www.woodmac.com/public/events/12526327>

► *Gasification 2015*

**Date** : 25 March 2015  
**Place** : Prague – Czech Republic  
**Website** : <http://www.wplgroup.com/aci/conferences/eu-ecg4.asp>

► *14<sup>th</sup> Georgian International Oil, Gas, Infrastructure & Energy Conference*

**Date** : 25 – 26 March 2015  
**Place** : Tbilisi – Georgia  
**Website** : [http://www.worldoils.com/showevents.php?id=3945&event\\_name=14th%20Georgian%20International%20Oil,%20Gas,%20Infrastructure%20&%20Energy%20Conference%20\(GIOGIE\)](http://www.worldoils.com/showevents.php?id=3945&event_name=14th%20Georgian%20International%20Oil,%20Gas,%20Infrastructure%20&%20Energy%20Conference%20(GIOGIE))

► *LNG Congress Russia 2015*

**Date** : 31 March – 02 April 2015  
**Place** : Moscow - Russia  
**Website** : <http://www.lngrussiacongress.com/>

► *Flame 2015*

**Date** : 13 – 16 April 2015  
**Place** : Amsterdam - Netherlands  
**Website** : <http://www.icbi-flame.com/?xtssot=0>

► *9<sup>th</sup> Atyrau Regional Petroleum Technology Conference*

**Date** : 14 – 15 April 2015  
**Place** : Atyrau – Kazakhstan  
**Website** : <http://www.oiltech-atyrau.com/About.aspx>

► *14<sup>th</sup> North Caspian Regional Atyrau Oil & Gas Exhibition*

**Date** : 14 – 16 April 2015  
**Place** : Atyrau – Kazakhstan  
**Website** : <http://oil-gas.kz/en/>

► *International SAP Conference for Oil&Gas*

**Date** : 14 – 16 April 2015  
**Place** : Berlin - Germany  
**Website** : <http://uk.tacook.com/sapoilandgas>

► *ERTC Energy Efficiency Conference*

**Date** : 16 April 2015  
**Place** : Brussels - Belgium  
**Website** : <http://events.gtforum.com/energy-efficiency>

► *Madrid Forum*

**Date** : 20 – 21 April 2015  
**Place** : Madrid - Spain  
**Website** : <http://ec.europa.eu/energy/en/events/madrid-forum>

► *9th Edition Global Procurement and Supply Chain Management for the Oil and Gas Industry*

**Date** : 22 - 24 April 2015  
**Place** : Amsterdam - Netherlands  
**Website** : [http://www.gulfoilandgas.com/WEBPRO1/Events/event\\_details.asp?id=2023](http://www.gulfoilandgas.com/WEBPRO1/Events/event_details.asp?id=2023)

► *FT Energy Strategies Summit*

**Date** : 14 May 2015  
**Place** : New York - USA  
**Website** : <https://live.ft.com/Events/2015/FT-Energy-Strategies-Summit>

► *Wood Mackenzie 11th Annual Exploration Summit*

**Date** : 26 – 29 May 2015  
**Place** : Johannesburg - South Africa  
**Website** : <http://www.woodmac.com/public/events/12526247>



► **6<sup>th</sup> World Forum on Energy Regulation** *(in Turkey)*

**Date** : 25 – 28 May 2015  
**Place** : Istanbul – Turkey  
**Website** : <http://www.wfer2015.org/>



► **Offshore Production Technology Summit**

**Date** : 01 - 02 June 2015  
**Place** : London – United Kingdom  
**Website** : <http://offshore-summit.com/>

► **OGA 2015**

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

► **22<sup>nd</sup> International Caspian Oil & Gas Exhibition and Conference**

**Date** : 02 – 05 June 2015  
**Place** : Baku – Azerbaijan  
**Website** : <http://www.caspianoilgas.az/2015/>

► **World Gas Conference**

**Date** : 01 – 05 June 2015  
**Place** : Paris - France  
**Website** : <http://www.wgc2015.org/>

► **6<sup>th</sup> OPEC International Seminar**

**Date** : 03 – 04 June 2015  
**Place** : Vienna - Austria  
**Website** : [http://www.opec.org/opec\\_web/en/press\\_room/2793.htm](http://www.opec.org/opec_web/en/press_room/2793.htm)

► **FLNG**

**Date** : 11 - 12 June 2015  
**Place** : London – United Kingdom  
**Website** : <http://www.mioge.com/RPGC-Congress/About-the-Conference.aspx>



► *12<sup>th</sup> Russian Petroleum & Gas Congress*

**Date** : 23 – 25 June 2015  
**Place** : Moscow – Russia  
**Website** : <http://www.mioge.com/RPGC-Congress/About-the-Conference.aspx>

► *13<sup>th</sup> Moscow International Oil & Gas Exhibition*

**Date** : 23 – 26 June 2015  
**Place** : Moscow – Russia  
**Website** : <http://www.mioge.com/mioge-exhibition/about-the-exhibition.aspx>

► *7<sup>th</sup> South Russia International Oil & Gas Exhibition*

**Date** : 02 – 04 September 2015  
**Place** : Krasnodar – Russia  
**Website** : <http://www.oilgas-expo.ru/en-GB>

► *22<sup>nd</sup> Annual India Oil & Gas Review Summit and International Exhibition*

**Date** : 09 – 10 September 2015  
**Place** : Mumbai – India  
**Website** : <http://www.oilgas-events.com/india-oil-gas>

► *The Energy Event 15*

**Date** : 15 – 16 September 2015  
**Place** : Birmingham – United Kingdom  
**Website** : <http://www.theenergyevent.com/Content/MAIN-SF-W2L-enquiry-form>

► *3<sup>rd</sup> East Mediterranean Gas Conference*

**Date** : 22 – 23 September 2015  
**Place** : Paphos – Greek Cyprus  
**Website** : <http://www.oilgas-events.com/East-Med-Oil-Gas>

► *23<sup>rd</sup> Kazakhstan International Oil & Gas Exhibition and Conference*

**Date** : 06 – 09 October 2015  
**Place** : Almaty – Kazakhstan  
**Website** : <http://www.kioge.kz/en/conference/about-conference>