Oil & Gas Bulletin
▸ 19.12.2014

Slovak company planning to build new Gas pipeline to Turkey

Sputnik News, *18.12.2014*

Slovak gas transport system operator Eustream is planning to build a new gas pipeline from Slovakia to the border of Bulgaria and Turkey. "Our interest is in the opportunity to supply the Balkans with gas from sources different from Russia," Eustream representative Vagram Chuguryan was quoted as saying by the news outlet.

According to Eustream estimates, the new gas pipeline, named Eastring, would cost the operator about 750 million euros ($928 million). The pipeline would begin near the Slovakian-Ukrainian border and stretch to the Bulgaria-Turkey border, the Slovak news outlet said.

The construction of the pipeline with an estimated capacity of 20 billion cubic meters per year is expected to be finished in three years. Eustream will reportedly present the project to the Slovak Industry Ministry by December 25, Energetike said. On December 1, Russian energy giant Gazprom CEO Alexei Miller announced the construction of a new gas pipeline to Turkey with an annual capacity of 63 billion cubic meters. The project presupposes that some 29 billion cubic meters of gas will be pumped to a hub on the Turkish-Greek border for customers in southern Europe.

The announcement was made the same day that Russian President Vladimir Putin announced the cancellation of the South Stream pipeline project, designed to go under the Black Sea from Russia to Europe, in light of the European Commission's "non-constructive" stance on the matter. The European Commission has repeatedly stated the project violates the European Union's Third Energy Package, which stipulates that owning a pipeline and at the same time producing the natural gas that flows through it is a conflict of interest. Moscow has objected, saying that the project complies with the regulations.

BOTAS, BP Pipelines intend to become TANAP shareholders

Trend, *17.12.2014*

BOTAS and BP Pipelines appealed to the Turkish Antimonopoly Committee to buy the shares in TANAP construction consortium, the Turkish Antimonopoly Committee's website said. BOTAS intends to acquire a 30-percent share in TANAP, while BP Pipelines - a 12-percent share of Gas Corridor Closed Joint Stock Company in the consortium, the statement said.

It is planned to commission TANAP in 2018. The project's cost is estimated at $10-11 billion. Contracts for the supply of pipes for the construction of TANAP were signed in Turkey's Ankara city with six Turkish and one Chinese company.

Turkey's Mannesmann-Noksel-Erciyas and Umran-Emek consortiums, Toscelik Profil ve Sac Endustrisi, as well as a Chinese contractor Baosteel Europe won the tender for the supply of pipes for the TANAP project. All the companies that will participate in the construction and supply of the TANAP project in Turkey are exempt from VAT.

Turkey to host D-8 energy summit

Anadolu Agency, *17.12.2014*

The Developing Eight, D-8, energy summit which will take place late April 2015 is expecting high participation numbers, according to Secretary General Sayed Ali Mohammad Mousavi.

The summit will gather energy ministers and the business people from the energy industry of the eight countries to discuss energy cooperation. D-8 members include Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. The topics to be discussed during the summit will include oil, natural gas and renewable energy issues, Mousavi explained.

D-8 is a multilateral grouping of eight emerging economies of the Muslim world that represent different regions. The organization was established in 1997 in Istanbul by former Turkish Prime Minister Necmettin Erbakan. The organization reflects a combined population of one billion and a market of about one trillion dollars.

Turkey can import US gas by 2016

Anadolu Agency, *19.12.2014*

Part of Turkey's LNG requirements could come from the U.S. on spot conditions as soon as 2016, said president of supply and marketing at Cheniere, the American LNG company. "Turkey will need to import more LNG through current and future regasification terminals," Jean Abiteboul, told.

He said that Cheniere will start exporting LNG by the end of 2015. "Some LNG from the U.S. could come to Turkey on spot conditions as soon as 2016," said Abiteboul. Turkey is a major gas consumer with its annual demand of about 45 billion cubic meters. The country seeks further LNG imports from different sources to create secure supplies of gas.

Turkey's Minister of Energy and Natural Resources Taner Yildiz said that Turkey intends building an LNG facility in the Thrace region. "Turkey is on the crossroads of natural gas sources from Russia, Turkmenistan, Azerbaijan, Iran, and Iraq for the future," said Abiteboul. According to BOTAS figures, Turkey imports 20 billion cubic meters of natural gas from Russia, 9.6 billion cubic meters from Iran, and 6.6 billion cubic meters from Azerbaijan.

Norway FM: We can increase supply of gas

Anadolu Agency, *16.12.2014*

Norwegian Foreign Minister Brende: We will be a reliable energy supplier for years to come, even increasing supply if necessary.

"Norway is one of the leading energy suppliers in Europe and we will continue to be one in the area of natural gas. We can even step up supply if there is demand for that in the years to come," he said. "We will also then, in terms of commercial interest, improve the capacity when it comes to pipes," Brende said. Brende said that the cancellation of the South Stream pipeline project opens up new opportunities for Turkey as "a main transition country".

"As you know, Norwegian companies have also invested both in Azerbaijan, and also in this important pipeline that goes through Turkey to be built in the future," Brende said. "So energy security, and energy access are things that top our discussion list." Norway is Europe's largest oil producer and the world's third-largest natural gas exporter after Russia and Qatar, according to the U.S. Energy Information Administration.

Also, in 2013, Norway supplied 21 percent of the total European natural gas demand. “What I can guarantee is that Norway will be a reliable energy supplier, not only in the field of gas and oil, but also for the hydro-electricity field, an area in which Norway is the world’s sixth producer,” Brende said. During the press conference, Cavusoglu and Brende also agreed on boosting the trade volume between the countries, which is currently $1.6 billion Cavusoglu also pointed out that Norwegian investors are putting $382 million into Turkey, while Turkish investors only place $3 million in Norway.

Turkey gains from global oil price drop

Anadolu Agency, *15.12.2014*

The fall in global oil prices reflects directly in Turkey because of an auto-pricing mechanism in place, Energy Minister Taner Yildiz said. Turkey, which consumes 35 million tons of crude oil, is at an advantage because of the global decline in oil prices, Yildiz said.

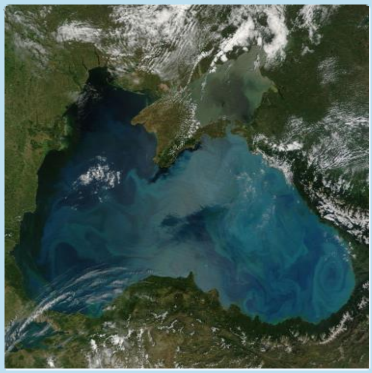
The minister made the remarks at an opening ceremony of a new oil recycling facility of Turkish Petroleum Refineries Corporation, known as the TUPRAS, at the Izmit refinery. “International gasoline prices decreased by 44 percent during the last six months, while we reflected 42.1 percent decline in our gasoline prices, excluding taxation, in Turkey,” he said.

“The fall in international diesel prices was 36.8 percent and in Turkey, prices decreased by around 32.5 percent,” he added. There has also been a fall in filling the car tank of 55 liters from 280 Turkish liras to 236 because of the global oil price drop, the minister said. The fall for a diesel car with the same capacity was from 246 Turkish liras to 207, he added. The Turkish corporation TUPRAS opened its new facility to help its refineries perform with maximum capacity. About the facility, the minister said “we have a very competitive refining sector in Turkey, which competes with more than 800 refineries globally.”

“We have around 18.5 million vehicles in the country that increases by one million annually,” Yildiz said. “These vehicles consume more than half of the energyimports, around $52 billion worth in 2013,” he added. Meanwhile, Science, Industry and Technology Minister, Fikri Isik, said the Turkish corporation’s project would make a significant contribution to the Turkish economy. “There is an imbalance among supply and demand in our refinery products,” Isik said. He hoped the new facility would increase the high value added products.

Winners and losers in the Black Sea gas game

Natural Gas Europe, *15.12.2014*



Calling time on the South Stream pipeline project Vladimir Putin tried to spin it as a win nonetheless, by announcing a new Black Sea pipeline to Turkey instead.

South Stream, everyone agrees, had simply become too expensive. Seven years and ten billion dollars after the project was first floated, Gazprom and the Russian government could no longer sustain the costs. Like its failed European twin, the Nabucco pipeline to Central Europe, it was too much of a geopolitical project and not commercially viable. In the duel between Nabucco and South Stream both sides lost, Steve LeVine wrote in Quartz.

Instead, Putin said Russia was ready to construct a new pipeline across the Black Sea to Turkey which would deliver 63 bcm of gas per year, with 13 bcm going to the Turkish market and the remainder to a “gas hub” on the Turkey-Greece border from where it could carry on to European consumers.The announcement reshuffles the political energy map of Eastern Europe in a dramatic way.

The first loser in this maneuver is Putin himself. However much he tried to put a gloss on the news, he lost face and esteem, by being forced to ditch his prestige project. Bulgaria and Serbia have also lost out. They will have to say goodbye to the prospect of hundreds of millions of dollars of transit fees from South Stream. The European Union can celebrate a rare political success, having rallied enough support to kill off South Stream. Ukraine also scores a rare win, even as it faces disaster on many other fronts. After all, Moscow’s political rationale behind promoting South Stream was to bypass Ukrainian territory.

The biggest winner is Turkey. Turkey’s ambitions to become an international gas hub are enhanced, with the prospect of it receiving big new gas supplies from Russia, alongside the quantities it already imports from the Caspian Sea, Northern Iraq, and Iran. Putin made his announcement standing next to the international leader he perhaps admires the most, Turkish president Recep Tayyip Erdoğan, calling Turkey “our strategic partner.” He also announced that Russia would cut the price of its gas exports to Turkey by six percent from January 1. (By implication that also means the Crimean Tatars are also losers from this deal. Although Erdoğan mentioned the Tatars, do not expect any real Turkish pressure on Russia over Crimea soon).

The most intriguing question is what this all means for Azerbaijan, which has begun the awkward process of trying to convert itself from being an oil supplier to a gas supplier, as its oil revenues begin to decline. Azerbaijan’s bet is to deliver gas to southern Europe via Turkey through the TANAP and TAP pipelines in five years’ time. If it ever comes to fruition—and that is a big if—the new Russian-Turkish gas project could be a competitor to Azerbaijan gas ambitions and squeeze the profit margins of that project even more.

But a new Russian Black Sea pipeline would still be a massive project and difficult to pull off. To get its gas to European markets, Gazprom would need to use the new TANAP pipeline, owned by a consortium which consists of BP, two Turkish companies (BOTAŞ, TPO) and (the major shareholder), the Azerbaijani state oil company SOCAR. “TANAP becomes major gas link,” said one Azerbaijani commentator in response to the news. Already this year, Russia and Azerbaijan have been collaborating economically as never before. Azerbaijan has recently announced new trade deals with Russia to fill markets targeted by European Union sanctions. In October Baku played a major meeting of the sanction-hit Russian bank VTB. So the new Turkish deal may require more collaboration in the future, challenging the notion that Russia and Azerbaijan are always destined to be energy rivals.

Shell, Turkish Petroleum to explore Black Sea in 2015

Anadolu Agency, *15.12.2014*

Shell Upstream Turkey and Turkish Petroleum will conduct oil-and-gas explorations in the Western Black Sea in 2015. According to the project file of Shell Upstream Turkey and Turkish Petroleum, the Anglo-Dutch multinational oil-and-gas company and Turkish Petroleum will start their exploration in the first quarter of 2015 and will carry on their activities for eight months. The two companies plan to spend around €237 million on the project in the Western Black Sea.

Three platform-supported drilling vessels will carry out the two companies’ energy exploration. A land supply base will also be built at the Haydarpasa Port in Istanbul.

Between 235 and 285 workers are expected to be employed for the project, who will be transferred via helicopters to the drilling area. Around 80 percent of the employees will be hired from outside Turkey, while 20 percent will be Turkish. N.V. Turkse Perenco, and U.S.-based energy company, DMLP, will conduct their own oil exploration in Turkey’s eastern Diyarbakir province. N.V. Turkse Perenco will make the exploration in Diyarbakir’s Lice district. The company also plans to use four special “vibro drilling” machines that will send vibrations to the earth’s crust to get data that will be used to draw a sub-surface ground map. If the quality of the oil and gas in the region is of good quality, N.V. Turkse Perenco will continue to drill. The DMLP will conduct oil exploration in Diyarbakir’s Bismil district. After receiving its production license, the company will work on six different drilling points with 41 employees. The company is expected to work 30 days on location, 100 days for drilling activities, 30 extra days for completing the drilling and 90 days for oil production. Shell Upstream Turkey and Turkish Petroleum signed an agreement in February 2013 to conduct deep-sea exploration activities in the western-most part of the Turkish Black Sea waters.

EU requests to increase capacity of TANAP pipeline to 20 billion cubic meters

Trend, *15.12.2014*

The European Union wants to increase the capacity of TANAP Azerbaijani gas pipeline to Europe to 20 billion cubic meters in connection with a stop of South Stream project implementation, RIA Novosti news agency said.

The relevant agreement was reached by Azerbaijani President Ilham Aliyev, Minister of Energy and Natural Resources of Turkey Taner Yildiz and the new EU Energy Commissioner Marosh Shefchovich, according to the Spiegel magazine. TANAP project involves the construction of a gas pipeline from Azerbaijan's Shah Deniz field through Georgia, Turkey, Greece, and Albania to the south of Italy.

It is planned to supply 6 billion cubic meters of gas to Turkey and 10 billion cubic meters to Europe. In the future, capacity of the pipeline can be increased to 31 billion cubic meters. "There are technical prerequisites for power increase," said Shefchovich. All the participants of negotiation agreed that the construction of the gas pipeline will be completed by 2019, according to him. Closure of the South Stream project became known on December 1, 2014. During the state visit to Turkey, Russian President Vladimir Putin said that Russia could not continue the project under the present circumstances, including the non-constructive position of the European Union. The Russian Federation will build a new gas pipeline system in order to meet the needs of Turkey. Later, the head of Gazprom Alexei Miller confirmed that the South Stream project is closed.

Turkish official: Stability essential for Iraqi oil

Anadolu Agency, *19.12.2014*

Iraq must ensure its stability and security to become a major player in the oil sector, Turkey's Permanent Representative to the Organization for Economic Co-operation and Development, Ambassador Mithat Rende, said. OECD is comprised of 34 member countries, as well as more than 70 non-member economies, who work together to promote economic growth, prosperity and sustainable development.

"Stability, peace, and security must be ensured and maintained in Iraq to reach projected oil production levels," Rende told. "45 percent of the oil supply increase in the world is expected to come from Iraq" he added.

"According to projections by the International Energy Agency, Iraq will reach 8-9 million barrels per day of oil production by 2020 and this requires an investment of $15 billion every year," he added. Iraq's total oil production has increased from 1.3 million barrels per day in 2003 to 3 million barrels per day in 2013, according to U.S. Energy Information Administration data.

Oil price fall is temporary, says Saudi minister

BBC, *18.12.2014*

Ali al-Naimi said commodity price fluctuations were to be expected and said he was hopeful for the future. He added it was "difficult, or even impossible, for Saudi Arabia or OPEC to undertake any measure that would lead to a reduction in share of the market and an increase in of others".

The price of Brent crude was just below $63 a barrel, while US crude was near $58. Oil prices, which were well above $100 a barrel in the summer, have slipped because of slowing economic growth in developing nations, particularly China, and an increase in fuel supplies, partly thanks to advances in shale gas extraction.

Oil consuming nations are enjoying lower fuel and food prices, while exporting nations, including Russia and members of the OPEC oil producers' cartel, are suffering big drops in income.

The lower oil price has contributed to Russia's recent currency collapse as its economy is heavily dependent on oil for revenue. OPEC member Nigeria is also reliant on oil for income. On Wednesday, it restated its budget to take into account the new, lower oil price. Meanwhile, the oil and gas industry is beginning to cut back on investment and jobs. Smaller members of OPEC had hoped to see a reduction in output, since a production cut generally lifts the oil price. However, the last OPEC meeting in November concluded without a vote for lower production.

More gas found offshore Israel

Natural Gas Asia, *14.12.2014*

Energy company Israel Opportunity said a new natural gas field off Israel's Mediterranean coast may hold about 3.2 trillion cubic feet (tcf) of gas, according to news agency Reuters. The company provided a range for estimated reserves of 1.9 tcf to 5 tcf, with a best estimate of 3.2 tcf, the news agency added.

If the estimate is accurate, reserves for the Royee prospect, located about 150 km (93 miles) offshore along its maritime borders with Cyprus and Egypt, would be the third largest discovered in Israeli waters, Reuters quoted the company as saying.

Jordan to seek its own interests in Israeli gas debate

Anadolu Agency, *15.12.2014*

Jordan should seek its own interests in the debate over a deal to import Israeli natural gas amid the geopolitical obstacles which cloud its plans to diversify energy supplies, Jordan's ex energy minister says.

Former minister Malek Kabariti expected the Israeli gas agreement to go through with Noble Energy, a U.S.-based oil and gas company, and regarded the deal as an opportunity to facilitate peacemaking in the region. "At the end of the day we have to look after the interests of Jordan. The Egyptians are already in negotiations with Noble to import gas from the East Mediterranean region," he said.

Noble Energy is due to supply 45 billion cubic meters of natural gas from Israel's Leviathan gas field toJordan's National Electric Power Company for 15 years starting from 2017. The provisional deal has caused much controversy in the country and non-governmental organizations have conducted protests. "It is not only Israeli gas. It is the Israeli, Palestinian, Turkish, Lebanese, Egyptian and Cypriot gas. It is a combination of all these countries. This, I think, is a good mechanism for making all countries and decision makers in the region talk seriously about peace," the former minister said. Jordan's plans to diversify energy supplies have been hit by geopolitical developments in neighboring countries. The country used to import around 80 percent of its natural gas requirements for power generation from Egypt and had plans to import gas from Iraq. Kabariti said that with the political situations in Iraq, Syria, Egypt, along with the dispute between the Palestinians and the Israelis, the situation is unclear. Jordan is looking at a more reliable – but more expensive – supply of LNG. "By mid next year we will have an LNG jetty at the port of Aqaba where we will be able to import LNG from any international source," Kabariti said.

He added that negotiations are ongoing to purchase LNG from different sources. "We are looking at international suppliers. We would like to get gas from Qatar if it is possible, but we have to look at the prices and availability of these resources," he said. The former minister pointed out that electricity remains a severe problem for Jordan. "Electricity is our worst problem. Subsidies have driven Jordan into a very critical financial situation. Last year the national electricity company was in the red by about 4.5 billion dollars. At the end of this year, it will reach up to about 6.4 billion dollars and this is all due to subsidies. We have to finish with subsidies," he asserted. Kabariti said Jordan was successful in lifting subsidies in the oil sector and should take similar measures in the electricity sector. "The best solution in my opinion is direct cash subsidies to people who deserve it. We have been very successful in the oil sector where low-income families have been directly compensated for the difference in prices. Due to the decline of oil prices internationally now Jordan does not have to pay any subsidy for the needy because prices are practically within the reach of the average Jordanian," he explained.

Malta and Azerbaijan to cooperate on energy

Natural Gas Europe, *16.12.2014*

Two agreements for energy cooperation were signed between Malta and Azerbaijan in Baku during an official visit by Maltese Prime Minister Mr Joseph Muscat. Azerbaijan and Malta reached a new level of cooperation in the energy sector by undersigning documents on cooperation in the oil and gas sector, official press in Azerbaijan said.

Maltese Energy and Health Minister Konrad Mizzi signed two memorandums of understanding on strategic cooperation in the oil and gas sector with his Azerbaijani counterpart Natig Aliyev and state-run oil company (SOCAR) president Rovnag Abdullayev.

The signing was witnessed by PM Muscat and Azerbaijani Prime Minister Artur Rasi-zade. The Maltese government said both sides recognized the transformation occurring in the Maltese energy sector and the creation of new regional opportunities which could be serviced from Malta. The main areas of the strategic cooperation will focus on oil and gas exploration, sourcing and logistics of petroleum products, trading in energy commodities in Mediterranean, development of new regional infrastructure and innovative LNG services. PM Muscat said that Azerbaijan is turning into an important trade partner for Malta and that two new agreements “create good conditions for expanding the cooperation.” Azerbaijani President Ilham Aliyev, who received the delegation earlier, said this visit as well as SOCAR’s participation in an energy project in Malta created a good opportunity for defining prospects of the bilateral ties. “Economic relations with Malta would contribute to the regional cooperation,” he added.

PM Muscat said Malta aims to open up more opportunities in the Mediterranean as it can serve as a bridge between Africa and Europe. Malta also supports wider cooperation between the EU and Azerbaijan. SOCAR’s subsidiary SOCAR Trading SA is a part of the multinational consortium ElectroGas for set up a new LNG-to-power project in Malta. The other partners are Germany’s Siemens, UK-based Gasol and local investor group GEM Holdings. The total cost to ElectroGas to develop the project in the coming 24 months is expected to be around €470 million. The project’s start-up schedule, however, appears to have slipped back from September 2015 to March 2016. The project proposes a 18-year gas sales period and a 18-year power purchase agreement. The floating storage unit will be provided by SOCAR, which will also have the exclusive right to supply LNG for the project. The Socar sources said to NaturalGas Europe on condition of anonymity that “Socar Trading will supply LNG for Maltese project from the third sources not from Azerbaijan, more likely from Africa”. “Azerbaijan is a landlocked nation and it does not has any LNG facilities in country or overseas, for example in Turkey. Moreover, future gas supply from Shah Deniz-2 field to Europe has limited by 10 bcm a year. All this amount has been covered by sales-pushed accords to 9 European buyers”, the sources said.

SOCAR committed to Caspian gas delivery projects to EU

Natural Gas Europe, *14.12.2014*

Amid the background of countless evaluations, statements and instant analyses about the Russia’s unexpected decision to stop South Stream project, Azeri officials are determined to downplay the change of the direction of Russian pipeline towards Turkey, where Caspian gas will be transited to Europe.

Europe has positioned the development of the Southern Gas Corridor and movement of Azeri gas westward, as a key step in the diversification of supply of away from dependence on Russian sources and Azeri officials are keen to keep focused on the realisation of the project.

Vaqif Aliyev, Head of Investments at the State Oil Company of Azerbaijan Republic (SOCAR) told Natural Gas Europe that the company was determined to do what was required to carry out the project. Often overlooked is that Shah Deniz Stage 2 project is a very large-scale undertaking. Mr. Aliyev said the cost of producing from the complicated geological fields and then transferring gas via a 3600-km newly constructed pipelines to Europe, is estimated to be around $48 billion. There are also evolving considerations in respect to market dynamic and other challenges.

The SOCAR official did discuss environmental concerns being expressed by local government and communities in Southern Italy about Trans Adriatic Pipeline and the potential impact on the overall project schedule. Opponents have positioned the project as stymieing tourism development and impacting the landscape of Italian region of Apulia (Puglia). Suggestions have also been made that such protests are the result of activities by parties external to the debate.

Mr. Aliyev drew a parallel to when BP proposing the realization of Baku-Tbilisi-Ceyhan oil pipeline (BTC) and environmental concerns rose in Georgia. While some delays experienced in the realization of this project, it was completed successfully. The SOCAR representative said that the essential matter is the quality of project, not other things.

Baku-Tbilisi Ceyhan pipeline carries oil from the Azeri-Chirag-Deepwater Gunashli (ACG) field and condensate from Shah Deniz across Azerbaijan, Georgia and Turkey. It links Sangachal terminal on the shores of the Caspian Sea to Ceyhan marine terminal on the Turkish Mediterranean coast. In addition, crude oil from Turkmenistan continues to be transported via the pipeline.

European common energy market, energy union are priorities for Bulgaria

Natural Gas Europe, *15.12.2014*

The creation of a European common energy market and an energy union is one of Bulgaria's key priorities, Foreign Minister Daniel Mitov said in an interview with public broadcaster Bulgarian National Radio.

"We have to build connections between EU member countries to make sure we achieve greater diversification of natural gas supplies," Mitov said in the interview, which took place 12 days after Russian president Vladimir Putin said on December 1 that state-owned gas monopoly Gazprom would shelve plans to build the South Stream gas pipeline under the Black Sea.

Mitov said that the European Union should create a liberalised market that would work to lower the prices of energy resources. He said that the construction of South Stream should be linked to compliance with European rules and bring economic benefits to Bulgaria.

Interconnection: Moldova's short term priority

Natural Gas Europe, *16.12.2014*

Moldova's short-term energy security priority is clearly interconnection, explained Iulian Groza, Deputy Minister of Foreign Affairs and European Integration, Government of the Republic of Moldova.

According to Groza, Moldova has agreed to build an alternative pipeline interconnector to connect the country to the European gas network through Romania, and had recently finalized the first phase of the project. "We're now working on the second phase, Chisinau, the capital, which consumes around 50% of the gas on the right bank of Moldova," he said.

"We don't intend to suspend the import of gas supplies from the Russian Federation," he interjected. "Our intention is to ensure a full alternative." The interconnection, he said, should be fully implemented by the end of 2016. "It's our aim that in 2018-19, when the gas of the shores of the Black Sea will be explored, Romania will already be able to supply to Moldova almost 50% of our needs," said Mr. Groza, who also mentioned the future viability of using Southern Corridor gas in Southeastern Europe.

Moldova is really at a crossroads between the European Union and Russia, said Mr. Groza. On the one hand, Moldova is aiming to become a member of the EU in the foreseeable future and is a member of many southeast Europe cooperative initiatives and processes, according to Mr. Groza, but it is still part of the economic dimension of the Commonwealth of Independent States.

One fact sticks out. According to Mr. Groza, Moldova has historically been 100% dependent upon supplies of natural gas from one source: Russia's Gazprom. "And it was like this until recently," he quipped. Moldova, he reported, is poorly connected in terms of both gas and electricity, but is looking for solutions to ensure its energy security, implementing tools and instruments towards realizing the country's diversification, joining the Energy Community and it has now begun implementing the 3rd Energy Package.

Now, he said, the country is focusing on four priorities: efficiency, interconnection, alternatives and co-generation – all priorities within Moldova's overall strategy. Regarding gas supplies, Mr. Groza said that Moldova has looked into its prospects for LNG development, but has no gas storages, which is expensive for a country with consumption of only 2.3 BCM/annum. Meanwhile, he reported that Moldova would like to look into its shale gas potential and has plans to review legislation and create an investor friendly climate for doing that. Offering energy security perspectives from Hungary, Ambassador Botond Zakonyi, Embassy of Hungary to Romania, gave his remarks. He recalled that the natural gas disruptions in Central and Southeast Europe in 2006 and 2009 had prompted the Hungarian government to find alternative sources and diversify supply routes

Enhancing Hungary's gas storage capacity, he said, up to 6.1 BCM was one measure taken. Ambassador Zakonyi remarked: "Hungarian storage capacity is now the 4th biggest in the EU." Secondly, Hungary has backed interconnection with its neighbors and is now connected to most of them. "The next step is to ensure bi-directional or reverse flow on the Romanian and Croation gas interconnectors," he explained, "and to start commercial gas supplies on the Slovak-Hungarian gas pipeline." Hungary, he said, is also a proponent of the North-South gas corridor, which would enable the flow of LNG from terminals in Poland and Croatia to the Visegrad 4 states: Hungary, Poland, Czech Republic and Slovakia.

For Hungary to access natural gas sources from the Caspian region, noted the Ambassador, the country will need to work closely with Bulgaria and Romania. Despite the rumors of the pipeline's demise, he offered, "The other possible way to get access to non-Russian gas is Azerbaijan–Georgia–Romania Interconnector ("AGRI") project, aiming to bring gas from Azerbaijan via pipeline to the planned LNG terminal in Georgia and then shipped to a regas terminal in Constanta (Romania). "From the Romanian port the gas will be fed into the pipeline system and transferred to Hungary as well," said Ambassador Zakonyi.

Chevron pulls out of shale gas project in Ukraine

Financial Times, *15.12.2014*

Chevron has told Ukraine that it will pull out of a $10bn shale gas exploration project agreed last year, officials said, in a further blow to the country's war-torn economy and its hopes for an alternative to Russian gas imports. Valery Chaly, deputy head of Ukraine's presidential administration, on Monday said he had received "signals" the company wanted to withdraw from the strategically important project.

While Mr Chaly stressed that Kiev was keen to continue negotiations, Chevron said in a statement that it was "premature for us to comment," adding "we have just delivered to the government of Ukraine our response".

The cancellation comes months after Royal Dutch Shell, which also signed a multibillion-dollar production sharing agreement last year, froze shale gas exploration in eastern Ukraine amid fighting between government forces and Russian-backed separatists. The agreements with Shell and Chevron were hailed as game-changing opportunities to unlock Ukraine's potentially large shale gas reserves and break Kiev's dependence on costly Russian fuel imports. Ukraine had also been hoping to attract western investment and knowhow to explore potentially large untapped hydrocarbon reserves off the coast of Crimea before Russia annexed the peninsula in April. "With oil prices falling, not so great geological findings in nearby countries coming in and Ukraine country risk surging with the war as well as economic instability, it is clear now that the much hoped for shale gas boom and associated multi-billion-dollar investments will not materialise," said Ukrainian energy analyst Dmytro Marunich. Chevron lost interest in the western Ukraine shale exploration project after findings in nearby Poland and Lithuania with similar geology showed worse than expected reserves, said a person with knowledge of the situation. Unresolved tax issues also played a role. The person said Shell was likely to continue "preparations" for its project but exploration would not proceed until fighting in the breakaway regions of eastern Ukraine had stopped and there was clarity over their future status.

Chevron's decision is another blow for a Ukrainian leadership that rose to power through last winter's Maidan revolution on promises to break from Moscow and integrate more closely with the EU. The much-hyped shale gas projects could have lured record investment into the cash-strapped country. The International Monetary Fund earlier this month said there was a $15bn shortfall in its $17bn bailout for Ukraine and warned western governments the gap will need to be filled. Donors have signalled that resources are limited and they expect further reforms from Kiev in return for their support.

Ukrainian and Polish TSO agree on pipeline system expansion

Natural Gas Europe, *17.12.2014*

The Ukrainian and Polish gas transmission system operators have today signed a cooperation agreement to provide for integration of the two countries' gas transmission systems.

The agreement signed in Warsaw by representatives of Ukrtransgaz and GAZ-SYSTEM, will provide for increased Ukrainian gas imports from Europe as well as facilitate the access to gas in Ukrainian underground storage facilities to boost energy security across Europe. "This agreement opens up new opportunities for development of Ukraine's gas transmission system and its integration into the European gas market." Ukrtransgaz president Prokopiv commented.

In Ukraine, the project will involve the construction of a trunk pipeline interconnector running from Drozdowichi on the Polish border to Bilche-Volytsya in Lviv region. The length of this interconnector is 110 km with a planned capacity of 8 billion cubic meters per year from Poland to Ukraine and 7 billion cubic meters from Ukraine towards Poland. The estimated cost of construction on Ukrainian territory is $245 million.

Russia in Talks to Supply Gas to Bahrain

Natural Gas Asia, *04.12.2014*

Russia could likely supply LNG to Bahrain with financing from Russia's Vnesheconombank (VEB), the bank's CEO Vladimir Dmitriyev, who chairs the Russian-Bahraini Business Council, told TASS news agency. "It might be either Gazprom or independent gas producers. Russian gas might compete successfully with all other suppliers," Dmitriyev said.

Dmitriyev is currently in Bahrain as a member of the Russian delegation to a meeting with representatives of the governments and businessmen of the Gulf countries, TASS said.

With no indigenous supply source, Bahrain has been looking at gas supplies from Qatar and Iran but talks are complicated due to political contradictions. Bahrain plans to open an LNG terminal in 2015, TASS said. Vnesheconombank finances the Yamal-LNG project, whose shareholders are Russia's Novatek, France's Total and China's CNPC.

Russia grants $420 million to Azerbaijani Oil Company

Anadolu Agency, *13.12.2014*

Gazprombank granted SOCAR $420 million in credit to support the company's Polymer factory, according to a statement released by SOCAR.

Gazprombank's Board Chairman, Andrey Akimov, and Rovnak Abdullayev, head of SOCAR, met in Baku, capital of Azerbaijan, to sign a loan agreement of $420 million. The loan will support SOCAR's Polymer factory, located in Sumgait Chemical Industrial Park. The credit will be provided for the next 10 years, without any demands for a guarantee by SOCAR, and the Russian bank will open a $2 billion credit limit to the company, the statement read.

SOCAR Polymer will produce 200,000 tons of polypropylene and 120,000 tons of polyethylene annually. Polypropylene is a thermoplastic polymer used in a wide variety of applications including packaging, labeling and textiles. Polyethylene is the most common plastic of which approximately 80 million tons is produced globally every year.

Europe uses storage to import cheaper gas in 2015

Anadolu Agency, *18.12.2014*

European countries are withdrawing gas from their storage since late October instead of importing Russian gas, according to data from GIE. Experts point out this could mean that the countries want to decrease gas imports from Russia until the drop in oil prices are also reflected on natural gas prices in 2015.

"EU countries which draw down and reduce the current gas storage are probably correct in their anticipation of the fall in gas prices," said Andrew McKillop, former chief policy analyst at the European Commission Directorate General for Energy.

As much as 78 billion cubic meters of natural gas was stored in European gas storages as of Nov. 1. However, this amount has been reduced to 68 billion cubic meters as of Dec. 16. Russia supplies nearly 30 percent of Europe's natural gas consumption in which this gas price is mostly indexed to oil. The recent slump in oil prices to a five-year-low level has raised Europe's ambition to bargain a better price for its gas from Russia.

McKillop underlined that climate and weather in Europe is another factor in this decrease. Mild weather in many European countries means lower fuel demand for heating. "To a certain extent, EU 28 countries are always "betting on a warm winter," McKillop said. He added that "Europe, therefore, has progressively reduced gas storage capacities in several countries - while some commercial companies, including gas pipeline operators and liquefied natural gas importers - have been increasing gas storage capacities." Russia currently supplies nearly half of its gas to Europe through Ukraine. The recent crisis in Ukraine has increased Europe's need to store some of this gas in order to minimize the risk of energy shortages due to the potential halt of gas supplies transiting through Ukraine.

Norway grants $610 million to develop its gas fields

Reuters, *18.12.2014*

Despite falling oil demand and low oil prices, Statoil is proceeding with North Sea developments, according to director of Climate and Energy Program at the Stockholm Environment Institute in Tallinn Centre.

Statoil decided to spend $610 million to develop its Gullfaks Rimfaksdalen gas and condensate field in the North Sea, the company announced. "Statoil is considered among the top 20 global oil and gas companies by the size of its assets while the majority of its shares are state-owned," Lahtvee said adding that the company is strong enough to continue with its investment plans despite the unstable oil market.

Statoil and its partners decided to develop the Gullfaks Rimfaksdalen valley in the North Sea and the company plans to provide close to 80 million barrels of oil equivalent for the field when operational. According to Lahtvee, falling demand and low oil prices hit Statoil as severely as all the oil and gas sector companies resulting in losses, and the company began selling some overseas assets of its less lucrative projects. "Statoil's commencement of North Sea developments like the Gullfaks Rimfaks Valley is just the company's implementation of its previously agreed investment plans as these were smaller risk projects compared to the non-conventional projects within their investment portfolio," he said. Additionally, Thomas Sterner, professor of environmental economics from the University of Gothenburg said that Statoil will still make some investments although these will be less in quantity than if the oil price had been higher. Statoil suspended two rigs because of overcapacity in the rig portfolio on the Norwegian continental shelf, on Nov. 6, 2014, and afterwards, the company shelved its three rigs in the Norwegian continental shelf in December for the same reason.

Libya’s oil output around 400,000 bpd after clashes

Anadolu Agency, *16.11.2014*

Libya’s oil production is believed to have dropped to around 400,000 barrels per day following heavy clashes in the east of the country.

“We are waiting to see what will happen. We have nothing to do with this,” Al-Harari, spokesman of the NOC told. He declined to say how much Libya’s production decreased following recent events, but Libya’s output was believed to be around 800,000 bpd before the latest round of clashes. NOC declared a ‘force majeure’ in the largest two oil ports in the country, Es Sider and Ras Lanuf following clashes between the forces of the country’s two rival governments.

Major oil facilities related to the ports also halted operations and the NOC ordered operating companies to evacuate personnel. “Once there is a safe working environment and the ‘force majeure’ is lifted, operations will be resumed,” Al-Harari said. Libyan forces loyal to Tripoli’s government launched an operation to “liberate oil fields and ports from the hands of the outlaws,” according to their statement. They later claimed taking control of Es Sider, the country’s largest oil export terminal. Tripoli’s forces are fighting forces loyal to the internationally recognized government based in the eastern city of Tobruk.

“It is clear that the Tobruk government’s plan to set up an alternative payment mechanism has triggered a reaction by the Islamists, who are now trying to seize the oil infrastructure or at least disrupt production because they don’t want the other side to gain access to oil revenues,” said Riccardo Fabiani, senior analyst for North Africa at Eurasia Group, a political risk research and consulting company. Fabiani expects the situation to continue over the next weeks, as Tobruk goes ahead with its plan to bypass the Tripoli-based central bank. He believes Libya’s oil production is currently around 400,000 bpd. “But it could even go lower than that in the next weeks, depending on the military situation,” he said.

However, the link between Libya’s supply disruption and oil price increase seems to have disappeared for the time being. “Supply disruptions in Libya don’t matter at the moment, given the abundant oil supplies coming from other places,” Carsten Fritsch, senior commodity analyst at Commerzbank told The Anadolu Agency. Global oil prices fell below $60 per barrel on Tuesday, for the first time in five and a half years. “OPEC still shows no signs of reacting to the price slump, and the oil minister of the United Arab Emirates sees no need for an extraordinary meeting. OPEC also no longer sees itself as a “swing producer” whose job it is to restore the equilibrium of the market. “There is therefore no end in sight to the nose-dive, especially since there are still no visible indications of demand picking up nor of any reduction in non-OPEC supply,” Germany’s Commerzbank wrote in its Commodities Daily.

Sudan looks to drill 253 oil, gas wells next year

Natural Gas Asia, *16.12.2014*

Sudan plans to drill 253 oil and gas wells next years in a bid to boost country's hydrocarbon reserves, oil minister Makawi Mohamed Awad said in his address to the parliament, according to Sudan News Agency.

The minister said that plan is to increase oil reserves to 65.4 million barrels and gas reserves to 300 billion cubic feet. Awad said the drilling of new wells would attract foreign investment and help reduce national debt. He added that the ministry also plans to provide full security to oil and gas supplies, increase storage facilities, update laws and regulations and build comprehensive database.

Amid falling oil prices, Nigeria budgets $23.8bn for 2015

Anadolu Agency, *17.12.2014*

Nigerian Finance Minister Ngozi Okonjo-Iweala unveiled before parliament a budget estimate of 4.3 trillion Nigerian naira for 2015 – nearly 400 billion naira short of the previous budget.

Details of the budget, as laid out in a Medium Term Expenditure Framework and Fiscal Strategy document sent to parliament, call for $14.5 billion to be earmarked for recurrent expenditures and $3.5 billion for capital expenditures. The 2015 budget pegs the oil benchmark at $65 per barrel – a seemingly unrealistic figure in view of the ongoing fall of Brent crude prices, which fell to $59.83.

This could force Nigeria to revise its benchmark downward. Nigeria had earlier pegged its oil benchmark at $78 per barrel – up from $77.50 the previous year – in the MTEF sent to parliament in September. It had also put the exchange rate at 160 Nigerian naira to the U.S. dollar. But the fall in global crude oil prices prompted a reappraisal of the budget estimate. The official exchange rate now stands at 165 naira to the dollar, although this appears far from realistic as dollars currently trade for at least 181 naira. The MTEF in September submitted a proposed budget of 4.8 trillion naira with a $78 oil benchmark and an exchange rate of 165 naira to the dollar, which was later revised down to 4.7 trillion naira and a $73 oilbenchmark, along with an exchange rate of 162 naira to the dollar. Both proved unrealistic, given fluctuating oilprices. Nigeria depends largely on earnings from crude oil sales, the mainstay of the national economy.

Egypt to start fracking to produce shale gas

Anadolu Agency, *18.12.2014*

Egypt signed its first contract to produce unconventional gas in the country's western desert, as it attempts to boost its declining gas production. The Egyptian General Petroleum Corporation signed the agreement with the U.S. oil company Apache and the Egyptian unit of Royal Dutch Shell to drill three horizontal wells at a cost of $30 to $40 million, a statement by the oil ministry said.

The project, targeting the Apollonia formation in the Northeastern Abul Gharadeeq area, will use horizontal drilling and hydraulic fracking - the two technologies behind the shale revolution in North America.

Egypt is facing a severe energy crisis and needs more foreign investment in the oil and gas industry to expand exploration and production. Egypt's natural gas production has declined by an annual average of 3 percent from 2009 to 2013, according to the U.S. Energy Information Administration. The country produced almost two trillion cubic feet of natural gas in 2013.

Morocco to intensify search for natural gas

Natural Gas Asia, *16.12.2014*

Morocco is planning to intensify its search for natural gas, Press TV reported country's Energy Minister Abdelkader Amara as saying. Amara said that the country would spend $ 4.6 billion on infrastructure for the project through the year 2021.

The project, which is aimed at producing 2,700 megawatts of electricity from liquefied natural gas (LNG), is expected to improve Morocco's energy mix alongside renewable sources of energy, Press TV reported. The North African nation would also look to build an LNG terminal at Jorf Lasfar near the western port city of El Jadida within five years.

Tokyo Gas, PetroVietnam Gas to cooperate in LNG sector in Vietnam

Natural Gas Asia, *15.12.2014*

Tokyo Gas and PetroVietnam Gas (PV Gas) signed a memorandum of understanding (MoU) to conduct a feasibility study on energy solution business in Vietnam, the Japanese firm.

“Tokyo Gas and PV Gas back in March 5, 2012 signed a memorandum of understanding for cooperation on the development of the LNG value chain in Vietnam (Comprehensive MoU). The feasibility study on energy solution business is the first time for the two companies to collaborate under the ‘Comprehensive MoU’ with the aim of LNG value chain development in Vietnam,” Tokyo Gas said.

The two companies during the a series of discussions discovered the potential for further cooperation in energy solution businesses, such as energy-saving services enabling efficient use of LNG and other energy, and LNG satellite provision to bring LNG to areas not served by gas pipelines. “The companies therefore decided to go on to the next stage of a more detailed feasibility study,” Tokyo Gas announced. The Tokyo Gas Group will continue to utilize its technologies and expertise in total energy businesses on behalf of customers operating in Southeast Asia and North America, helping them with energy solutions, while engaging in local infrastructure development, according to the company statement. The Group is also taking up the challenge of value chain development in each region, including through partnerships with local energy companies.

China's Sinopec could start trading LNG from 2016

Platts, *16.11.2014*

State-owned Sinopec, or China Petroleum and Chemical Corp, is considering trading LNG from 2016, a source close to the company said. "[Sinopec] is exploring the possibilities of selling volumes on a spot basis," the source said.

The Beijing-headquartered buyer aims to trade some of the volumes from its existing long-term contract with the 9 million mt/year ConocoPhillips-operated Australia Pacific LNG (APLNG) project on Australia's eastern coast. Sinopec has existing contracts to offtake 7.6 million mt/year of LNG from APLNG starting in mid 2015, and also has a 25% stake in the APLNG liquefaction project.

For the transportation of the volumes, the buyer will use six LNG carriers, which are partly owned by Sinopec, state-owned China Shipping Group and Japanese transport company Mitsui OSK Lines. Chinese shipbuilder Hudong Zhonghua Shipbuilding Group, a subsidiary of China State Shipbuilding Corp, will deliver the vessels to the owning joint venture from early 2016 to late 2017. The venture ordered the vessels in April 2013 at a total approximate cost of $1.5 billion.

Sinopec was previously heard to be in discussions with portfolio sellers, including UK-based BP, for the sale of some of the APLNG volumes, but no agreement has yet been reached, the source said. The remaining long-term volumes will be delivered to the company's Guangxi LNG import terminal at Behai in China's southern Guangxi region, which is due to commence operations by October 2015, the source said. The 3 million mt/year terminal, which Sinopec had targeted to bring online in early 2015, will be the buyer's second import facility to come on stream. Sinopec received its first long-term LNG delivery at its newly commissioned Shandong LNG terminal at Qingdao in China's northeastern Shandong province on December 13, Platts shiptracking software cFlow showed this week.

The cargo was delivered aboard the 154,000 cu m Gaslog Chelsea from the ExxonMobil-led Papua New Guinea (PNG) LNG facility, from which Sinopec has secured 2.5 million mt/year starting in 2014. The buyer expects Shandong LNG to receive 2 million-3 million mt of LNG in 2015, including potential spot deliveries, the source said. The terminal has a receiving capacity of 3 million mt/year and three storage tanks, each with a capacity of 160,000 cubic meters. Despite earlier reports of potential delays to the construction of the gas pipeline distribution network linked to Shandong LNG, the buyer has completed all downstream facilities and is on track to ramp up production ahead of further PNG LNG deliveries, the source added. The imported LNG volumes into Shandong LNG will be distributed mainly to residential customers, although the buyer is aiming to expand its customer base to the downstream transport industry.

Husky, CNOOC start production at Liuhua 34-2 gas field in South China Sea

Natural Gas Asia, *15.12.2014*

Husky Energy and CNOOC Limited have started production at Liuhua 34-2 gas field in the South China Sea. This is the second field to be brought online at the Liwan Gas Project this year. The Liwan 3-1 field began production in March 2014.

The Liuhua 34-2 field will produce approximately 30 million cubic feet per day (mmcf/day, gross) in addition to the Liwan 3-1 volumes. Located approximately 300 kilometres southeast of the Hong Kong Special Administrative Region, the Liwan Gas Project consists of the Liwan 3-1, Liuhua 34-2 and Liuhua 29-1 fields.

Natural gas from Liwan 3-1 and Liuhua 34-2 is being processed at the onshore gas terminal at Gaolan and sold to the mainland China market, with initial production covered by fixed-price gas sales agreements. Husky holds a 49 percent interest in the Production Sharing Contract (PSC) for the Liwan Gas Project and operates the deepwater infrastructure. CNOOC Limited holds a 51 percent interest in the PSC and operates the shallow water facilities and onshore gas terminal.

Cooper Energy buys 50% stake in Victorian Gas Project from Santos

Natural Gas Asia, *03.12.2014*

Cooper Energy said it has agreed to acquire a 50 percent interest in the Sole gas field and the Orbost (Patricia Baleen) gas plant in Australia state of Victoria from Santos.

Consideration for the acquisition comprises an initial cash payment of $2.5 million by Cooper Energy, then funding 100 percent of the initial $50 million project costs. The acquisition cost to Cooper Energy is effectively $27.5 million. FEED is expected to require expenditure of $25 million to $29 million. The move Cements Company's position as an emerging participant in the Eastern Australian gas market.

The Sole gas field is located in the offshore Gippsland basin and is about to enter detailed Front End Engineering and Design (FEED) for a development to commence production in late 2018-early 2019. The gas will be sourced from conventional gas reservoirs, using existing gas infrastructure and is in close proximity to the Eastern Gas pipeline which is linked to the Victoria and New South Wales gas markets. The FEED phase is anticipated to be complete in the first half of calendar 2016.

Gas market offtake contracts and finance for project construction will be developed in parallel with the FEED in readiness for a likely FID1 decision in the third quarter of the 2016 calendar year, Cooper said. Cooper Energy Managing Director David Maxwell said: “This can be a cornerstone transaction for our developing offshore Gippsland Basin gas.”

Cooper Energy expects the transaction will result in the addition of approx. 100 PJ of gas to its 2C Contingent Resources, based on information provided by Santos. The company already carries 2C Contingent Resources of approximately 120 PJ4 (100% basis) in the Basker Manta Gummy (BMG) gas and liquids project (Cooper Energy 65% and Operator) located adjacent to Sole.

ExxonMobil to drill 5 wells in Australia

Anadolu Agency, *19.12.2014*

Esso Australia, a subsidiary of ExxonMobil, began drilling five new wells at the Turrum field as part of its ongoing investment in the Bass Strait in southern Australia to develop new gas supplies, the company’s statement read.

The drilling investment will cost $335 million AUD, which follows the start-up of the $4.5 billion Kipper Tuna Turrum project. The first oil from the Turrum field, which was exported via the new Marlin B platform, was announced in Oct. 2013. The new investment of the Turrum field development involves the drilling of four gas wells and one oil well.

It holds an estimated 28 billion cubic meters of natural gas and 110 million barrels of oil and gas liquids, according to the statement. The drilling program is expected to continue into the second half of 2015, said ExxonMobil Australia Chairman Richard Owen. Owen said ExxonMobil continues to utilize advanced technology to ensure that full resource potential can be realized. ExxonMobil is an international U.S. energy giant and the largest publicly traded oil company in the world.

Apache sells stake in Australian, Canadian LNG projects to Woodside

Natural Gas Asia, *15.12.2014*

Apache Corporation announced it has agreed to sell its interest in two LNG projects to Australia's Woodside Petroleum Limited $2.75 billion.

Apache will sell its equity ownership in its Australian subsidiary, Apache Julimar Pty Ltd, which owns a 13-percent interest in the Wheatstone LNG project and a 65-percent interest in the WA-49-L block which includes the Julimar/Brunello offshore gas fields and the Balnaves oil development. The transaction will also include Apache's 50-percent interest in the Kitimat LNG project and related upstream acreage in the Horn River, Canada.

Based on current estimates, Apache's net proceeds upon closing are expected to be approximately $3.7 billion. Upon completion of the transaction, Apache will continue to hold upstream acreage offshore Western Australia in the Carnarvon, Exmouth, and Canning basins along with related hydrocarbon reserves and production. The transaction is expected to close in the first quarter of 2015 and is subject to necessary government and regulatory approvals and customary post-closing adjustments. The sale of the Kitimat LNG project is subject to certain operator consents, Apache said.

Mexico, Canada and US to cooperate in energy

Anadolu Agency, *16.12.2014*

The energy ministers of North American countries met to advance an energy agenda to increase cooperation in Mexico. The U.S. Department of Energy stated that Canada, U.S. and Mexico discussed energy efficiency, renewables, unconventional energy resources, energy trade and responsible resource development.

Energy Ministers of the three countries agreed to cooperate in three strategic areas; in energy public data; statistics and mapping collaboration, secondly on sustainable development of unconventional oil and gas, and thirdly on energy infrastructure; both physical and institutional.

Energy is high on the economic agenda in North America as oil prices continue to fall. Mexico has recently gone through an energy reform that opened its energy sector to private investment, and unconventional oil and gas production is surging in Canada and the U.S. The department said the cooperation will be implemented by an action plan that will be prepared within a few weeks.

Low oil prices to slow, but not derail US shale boom

Rigzone, *17.12.2014*

Recent declines in North Sea Brent and West Texas Intermediate (WTI) crude oil prices – and the recent decision by the OPEC to maintain oil output – has caused speculation about whether the boom in U.S. shale exploration and production could continue.

The U.S. shale revolution has created in a boom in U.S. oil production over the past five years, growing from 5.4 million barrels of oil per day (MMbopd) in 2009 to 8.6 MMbopd today. Shale gas production has also soared from 59.3 billion cubic feet per day (Bcf/d) in 2009 to more than 75 Bcf/d today, according to a report by the Deloitte.

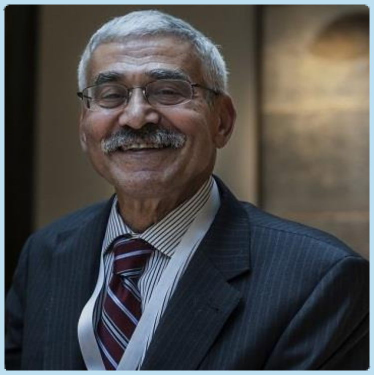
However, the recent slide in crude oil prices has prompted several shale companies to reduce their 2015 capital expenditures as their profit margins thin out, Reuters reported Dec. 1. Last month, the International Energy Agency reported that falling oil prices could cut investment in U.S. shale oil by 10 percent in 2015. Reuters reported Dec. 8 that ConocoPhillips would cut its 2015 capital budget by 20 percent, or about $3 billion, compared with 2014. The company said it would focus on Eagle Ford and Bakken shale, but defer significant investment on less developed shale projects in Canada, the Niobrara and the Permian Basin. While it remains unclear what oil prices will look like in 2015, lower oil prices will only slow, but not end, the U.S. shale boom, industry analysts say. “While service providers will take a hit as oil and gas companies seek to boost production while spending less on drilling and materials, most operators are still profitable at today’s prices, and will continue to cut costs by increasing efficiency and targeting the most productive plays,” according to the Nov. 26 edition of the Kiplinger Letter.

According to Kiplinger, oil prices will likely average $80 to $85/barrel, down from the $95 average seen in 2014. Credit Suisse, in a Dec. 2 research note, expects to see an average of $62/barrel for WTI crude due to inventories building to further depress the front-end of futures curves in the first quarter of 2015. WTI crude should recover to $70/barrel as lower activity and seasonal factors start to turn things around in second quarter 2015. Brent crude in the first quarter of 2015 is expected to average $68/barrel before rising to around $80/barrel in the second half of 2015 or 2016, Credit Suisse reported.

U.S. oil production also will continue to rise, Kiplinger said. While companies may cut back on spending, U.S. shale production growth shows few signs of abating, Bloomberg quoted the International Energy Agency as saying Nov. 14. "Efficiency gains in light, tight oil production have been constant, and price pressures would only provide more impetus for producers to cut costs further," Bloomberg reported.

OPEC's choice for long-term was right: former Sec-Gen

Anadolu Agency, *15.12.2014*



OPEC's recent decision not to cut production makes sense for the long term, former OPEC Secretary General said while dismissing claims that the oil cartel has lost influence over the global market.

Speaking to The Anadolu Agency on the sidelines of the fifth Bosphorus Summit in Istanbul, Adnan Shihab Eldin said if OPEC had chosen to cut production to defend prices, it would have financed more investment in higher-cost oil outside the organization. He said that it would in turn force OPEC to cut production many times over and lose market share in the process.

"I think on purely economic grounds, the decision of OPEC makes sense," he said, adding that the market will witness some shake up to get rid of extra supplies. "Those producers who bet on oil staying at $100 and made their decision based on that have to face the consequences if the market does not allow for that, and currently, the market does not because the marginal cost is $80," Eldin said. Oil prices have tumbled from above $100 in June and are now close to $65. According to Eldin, the market is overreacting and expects prices to hit as low as $50 in spring when demand usually weakens.

In response to whether OPEC would take action when demand eases, Eldin said that OPEC will make decisions for the best interest of the long term. He said that they will not try to do a balancing act based on today for the short-term to maximize their profits, but rather they will cut production when it is necessary, and when there is no one else to do so. Commenting on the different views inside OPEC, with some countries calling for production cuts to prop up prices, Eldin said, "Some members may be more interested in the short term. Those countries that assumed the price of oil would stay at $100 were misinformed because the marginal cost was not at that level for the last few years, everybody knew that." He dismissed claims that OPEC has lost its influence and commented, "You always see a crisis and then they say OPEC has lost control. As long as there is an oil market, as long as we have low cost oil coming mostly from OPEC and as long as demand for oil continues to grow, there will be a need for somebody to take the leadership in balancing the oil market and currently it is OPEC. If there was no OPEC, probably somebody would invent it," he said.

Brent oil price falls below $60, lowest since July 2009

Anadolu Agency, *16.12.2014*

Oil prices took a sudden slump reaching new record-low points in the last five years. The global benchmark Brent crude oil price dipped below $60 per barrel, reaching $59.82 at 8:30 am GMT the lowest level since July 2009, according to official figures.

Meanwhile, the American benchmark for oil prices, West Texas Intermediate, also fell below the $55 per barrel mark, for the first time since May 2009. Despite the shutdown of two oil exporting terminals in eastern Libya which pushed the prices up by almost 3 percent, both benchmarks continued their fall since June.

Oil prices are in steep decline in the last six months, due to an excess supply of oil in world markets and low global oil demand. In addition, the increasing value of the U.S. dollar, of which the oil prices are indexed to, hamper the purchasing power of oil-dependent countries.

Announcements & Reports

► *This Week in Petroleum*

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

► *Natural Gas Weekly Update*

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

► *OPEC Monthly Oil Market Report*

Source : OPEC
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_December_2014.pdf

► *ENTSOG Annual Work Programme*

Source : Entso G
Weblink : http://www.entsog.eu/public/uploads/files/publications/AWP%20&%20Annual%20Report/2015/entsog_awp_2015_hi.pdf

► *The Cancellation of South Stream is a Pyrrhic Victory, At Best*

Source : Brookings
Weblink : http://www.brookings.edu/blogs/up-front/posts/2014/12/18-south-stream-pipeline-boersma

► *Finding the 'Right' Price for Exhaustible Resources: The Case of Gas in the Gulf*

Source : Chatham House
Weblink : http://www.chathamhouse.org/publication/finding-right-price-exhaustible-resources-case-gas-gulf

► *An Oil Market Experiment*

Source : CSIS
Weblink : http://csis.org/publication/oil-market-experiment

Upcoming Events

► *Middle East and North Africa Energy*

Date : 26 January 2015
Place : London – United Kingdom
Website : http://www.chathamhouse.org/events/Mena-Energy2015

► *Middle East and North Africa Energy*

Date : 18 – 21 February 2015
Place : London – United Kingdom
Website : http://www.chathamhouse.org/node/15232

► *4th Erbil Oil & Gas International Exhibition*

Date : 18 – 21 February 2015
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► *Ukrainian Energy Forum*

Date : 02 – 05 March 2015
Place : Kyiv – Ukraine
Website : http://www.ukrainianenergy.com/

► *14th Turkish International Oil & Gas Conference*

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

► *14th 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)

► *9th Atyrau Regional Petroleum Technology Conference*

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

► *14th North Caspian Regional Atyrau Oil & Gas Exhibition*

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

Supported by PETFORM

► *6th World Forum on Energy Regulation* ***(in Turkey)***

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

► *OGA 2015*

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

► *22nd International Caspian Oil & Gas Exhibition and Conference*

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

► *6th OPEC International Seminar*

Date : 03 – 04 June 2015
Place : Vienna - Austria
Website : http://www.opec.org/opec_web/en/press_room/2793.htm

► *12th Russian Petroleum & Gas Congress*

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

► *13th Moscow Inernational Oil & Gas Exhibition*

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

► 7th South Russia International Oil & Gas Exhibition

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

► 22nd 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

► 3rd East Mediterranean Gas Conference

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

► 23rd Kazakhstan International Oil & Gas Exhibition and Conference

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