Israel awards Greek Energean 5 offshore expl. licenses

Anadolu Agency, *14.12.2017*

The Israeli Petroleum Commissioner awarded Greek Energean Oil & Gas five offshore exploration licenses within the Israeli Exclusive Economic Zone (EEZ), the company announced on Wednesday.

The awarded licenses comprise blocks 12, 21, 22, 23 and 31, which were offered in Israel's first offshore bid round on Nov. 15. The initial exploration period under each license is three years, Energean said. The blocks are located near the Karish and Tanin gas fields that are currently being prepared for development by Energean.

The Israeli government granted approval to the company for field development planning for the Karish and Tanin fields in August 2017 with the aim of using a FPSO to produce first gas in 2021. "Energean believes that the licenses awarded are highly prospective and would benefit, in the event of any economic hydrocarbon discoveries, from being developed via tie-backs to the floating production storage and offloading (FPSO) that Energean will construct for the development of the Karish and Tanin fields," the statement read.

Energean is the only oil and gas producer in Greece that operates in offshore Israel, Greece, the Adriatic region and Egypt. In a statement in November, the Israeli Minister of Energy Yuval Steinitz said that the bid round is the first step in a long-term process that would lead to full exploitation of gas and oil resources in the Israeli EEZ. "We are planning to launch a second licensing round in 2018, where lessons learned from the first bid round will be incorporated, and thus continue the effort to develop these strategic assets in Israel's EEZ," Steinitz said.

Iraq, Iran sign deal for transfer of Kirkuk oil

Anadolu Agency, *11.12.2017*

Iraq and Iran inked an agreement to soon carry Kirkuk oil from northern Iraq to Iran, the Iraqi Oil Minister Jabar Ali al-Luaibi said.

Al-Luaibi said the agreement between Iraq's State Organization for Marketing of Oil (SOMO) and Iran will pave the way for the transfer of between 30 to 60 thousand cubic meters of Kirkuk oil per day to Iran. "This agreement opens a new door for exports of Kirkuk oil to Iran. The oil exports will soon start," Alaa al-Yasiri, the acting head of SOMO, was quoted as saying in the statement.

Al-Luaibi announced that both sides agreed in principle in Baghdad to export Kirkuk oil via truck over Iraq's border to Iran's Kermanshah province. In October, Iraqi forces seized control of the oil fields in Kirkuk from the Kurdish Peshmerga forces, which took control of the disputed province in 2014. The Iraqi minister declared that the country aims to carry out oil and strategic projects with Turkey, Iran, Kuwait, Saudi Arabia and Syria amid tensions between Baghdad and the Kurdish Regional Government (KRG) over the controversial referendum on Sep. 25 for Kurdish independence. Iraq is the second-largest crude oil producer in the Organization of the Petroleum Exporting Countries (OPEC) after Saudi Arabia, and holds the world's fifth-largest proven crude oil reserves after Venezuela, Saudi Arabia, Canada, and Iran, according to the U.S. Energy Information Administration.

Saudi Aramco to push ahead with market share, expansion strategy: CEO

Reuters, *13.12.2017*

Abu Saudi Aramco, the world's largest oil producer, aims to regain its lost market share after the OPEC-led supply-cut pact ends and plans to push ahead with a downstream expansion strategy to be on par with Big Oil.

Amin Nasser, the CEO of the state oil giant, which is preparing for an IPO next year, told Reuters Aramco is moving ahead with its refining and petrochemicals expansion strategy and is in discussions with several potential partners in Asia, Europe and the United States. "We had to cut our allocations to certain markets based on the (OPEC) agreement."

Hopefully we will regain these markets as soon as this deal ends," he said in an exclusive interview, he said. "We have a very reliable customer base. I don't see (any)sort of problems in terms of gaining market share beyond the OPEC agreement," Nasser said, adding the company will continue to abide with the OPEC production targets. The Organization of the Petroleum Exporting Countries and non-OPEC producers led by Russia have agreed to extend oil output cuts until the end of 2018 to help lower global inventories and support prices.

Saudi Arabia, OPEC's de-facto leader, has shouldered the bulk of the output reductions, slashing its production by some 500,000 barrels per day to around 10 million bpd. One country where Aramco is currently looking at is Russia, the world's top oil producer which is part of the cuts pact. Nasser said his company has held talks with Russian firms including Kremlin-controlled Rosneft on possible joint investments. Saudi Arabia and Russia say they will remain in partnership long after the current output reduction deal expires. When oil prices collapsed in mid-2014, both economies were driven into deficit after years of high spending and are only now slowly recovering.

Economically and politically, the unlikely partnership between Moscow and Riyadh has been born out of necessity. Neither country can afford another oil price shock. In October, Saudi King Salman held a visit to Russia, the first by a Saudi monarch, showing the high level of mutual trust between the world's two oil powers. During the trip, which Nasser was part of, Aramco signed several memoranda of understanding with Russian companies. Last week, Russian President Vladimir Putin offered Saudi Energy Minister Khalid al-Falih to buy Russian liquefied natural gas (LNG) in order to spare Saudi Arabia's oil, Interfax news agency reported. "We are engaging ... with the Russian companies to identify opportunities whether in Russia or globally in terms of joint investments in areas of interest to both sides," Nasser said.

"We have discussions with Rosneft in different areas, in terms of creating JVs. Essar is one area that we were interested in. And still the discussions (with other partners) are on going." Saudi Arabia is competing with Iraq to be India's top oil supplier. It has eyed a stake in Indian refiner Essar, but Rosneft (ROSN.MM) had managed to seal that deal. Nasser said Aramco has a huge interest to expand in India and is in talks with several partners for possible downstream ventures there.

The Saudi government plans to sell up to 5 percent in Aramco next year in what could be the world's largest initial public offering. Aramco aims to become the world's largest integrated energy firm, with plans to expand its refining operations and petrochemical output. The company plans to raise its total refining capacity - both inside the kingdom and abroad - to 8 million-10 million bpd from around 5.4 million bpd now. "If you look at our peers, their refining capacity is either equal or much higher than their production capacities. So we are looking at our refining capacity to be in that range," Nasser said.

Aramco's focus to expand and regain its market share will remain on Asia, Nasser said, adding that the United States and Europe are also two important markets for the company. "The U.S. is an important market and we are looking at expanding after having taken the full ownership of Motiva. We are looking at expanding our footprint in the U.S. for sure," he said. Last year, Shell (RDSa.L) and Aramco announced plans to break up U.S. Motiva Enterprises LLC after almost two decades, dividing its assets. China, the world's second biggest oil consumer, is one of the main markets where Aramco wants to expand its foothold, Nasser said.

That would fit in with a push by Aramco to regain its dominance in supplying China, having lost the upper hand to Russia this year. The company is in talks with PetroChina, China's second-largest state-run refiner, to invest in its Yunnan refinery which started operations this year. Nasser said he expects to finalise the Yunnan joint venture agreement soon. Earlier this year Saudi Arabia pledged billions of dollars of investment in projects in Indonesia and Malaysia to ensure long-term oil supply deals.

Lebanon approves offshore oil, gas exploration bid

Reuters, *14.12.2017*

Lebanon's cabinet approved a bid on Thursday for offshore energy exploration by a consortium made up of France's Total, Italy's ENI and Russia's Novatek, in the country's first oil and gas offshore licensing round.

"Congratulations to the Lebanese people on the passing of the oil decree and on Lebanon entering the club of oil countries," Oil Minister Cesar Abi Khalil said on Twitter in response to the decision. Lebanon sits on the Levant Basin in the eastern Mediterranean where a number of big sub-sea gas fields have been discovered since 2009.

That is including the Leviathan and Tamar fields located in Israeli waters near the disputed marine border with Lebanon. Data suggest there are reserves in Lebanon's waters, but so far no exploratory drilling has taken place to estimate reserve size. The first licensing round for exploration and production rights was re-launched in January after a three-year delay due to political problems in the country. Total-ENI-Novatek was the only consortium to submit an offer, bidding for block 4 and block 9 of the available five blocks.

$480 million deal Daewoo shipbuilding signed new contracts including LNG- FSRU in Greece

Business Korea, *08.12.2017*

Daewoo Shipbuilding & Marine Engineering announced on December 7 that it signed a new contract with Maran Gas Maritime, a unit of Greek owner Angelicoussis Shipping Group, to build one LNG- FSRU and one LNG carrier.

Earlier, the South Korean shipbuilder won a contract for a new very large crude carrier (VLCC) from Aeolos in Greece on December 4, too. The total value of the contracts is approximately US$480 million. Each of the LNG-FSRU, LNG carrier and the VLCC is slated to incorporate DSME's high-efficiency engine and advanced fuel-saving technology.

So that they comply with the environmental standards of the International Maritime Organization. DSME has won contracts for 25 ships in total since the beginning of this year, including those for nine from the Angelicoussis Shipping Group. The total value of the contracts the South Korean shipbuilder signed this year is about US$2.94 billion whereas the value stood at US$1.55 billion in 2016 as a whole.

Yamal LNG project begins gas exports

Anadolu Agency, *11.12.2017*

Russia's Yamal LNG project loaded its first 170,000 cubic meter export cargo from its Arctic terminal.

The company said the cargo is on the way to its next undisclosed destination. The CNPC added that its second and third LNG production lines plan to be put into operation ahead of schedule. "By then the project will reach 16.5 million tons of production capacity and Russia's LNG market share in the world will increase from 4 percent to 8 percent," it said. After the terminal is fully up and running, more than 4 million tons of LNG would be shipped to China each year.

The first of the project's development cost around $27 billion with CNPC holding a 20 percent stake in the project. Russian Novatek holds the majority stake in the project at 50.1 percent, French Total owns 20 percent, while and the Silk Road Fund holds a 9.9 percent share. The project has three liquefaction trains each with 5.5 million tons per year. The second and third trains will be commissioned in 2018 and 2019, respectively.

Russian President Vladimir Putin inaugurated the terminal project on the Yamal Peninsula above the Arctic Circle on Dec. 8. Yamal LNG's production is sold under long-term contracts on Asian and European markets, predominantly under oil-index price formulas. LNG will be supplied to the markets all year round through an innovative shipping approach involving a fleet of purposely-designed ice-class LNG carriers that will travel the Northern Sea Route to Asia over the Bering Strait during the summer time.

Nord Stream II gas pipeline on track: Gazprom

Anadolu Agency, *11.12.2017*

The Nord Stream II natural gas pipeline project is on schedule with support from Europe's leading energy companies.

The company stressed that the project would be completed on time and brought into operation before the end of 2019. Gazprom said that permits for the project are currently being drawn up and national environmental impact assessment reports were submitted to the German, Danish, Finnish and Swedish authorities. It added that construction permit applications were also filed for the corresponding sections of the gas pipeline in these countries.

"Preparations for the pipeline's construction are in full swing, with contracts signed for all basic materials, equipment and services required for the project," Gazprom noted. The Nord Stream II with an annual capacity of 55 billion cubic meters from Russia to Germany across the Baltic Sea is currently in the construction phase. German Wintershall, Austrian OMV, Dutch Shell are some of the major partners in the project.

Russia aims to challenge Qatar LNG dominance

Anadolu Agency, *11.12.2017*

Vladimir Putin officially launched on Friday the Yamal LNG project in the Arctic—Russia's second LNG plant and its push to challenge the dominance of Qatar and Australia, and the U.S. in the future, on the global LNG market.

The first tanker from the US$27-billion project will be shipped to China's CNPC, in what the majority holder of the project, Russia's Novatek, said in October is "in recognition for their overall contribution to the project and the importance the Asian Pacific market represents as a key-consuming region." Novatek is the majority shareholder of Yamal LNG with 50.1%.

France’s oil and gas supermajor Total has 20 percent, CNPC holds another 20 percent, and China’s Silk Road Fund owns the remaining 9.9 percent. All LNG production will be sold to customers in Europe and Asia under 15- to 20-year contracts, Total says. Novatek, which has been on the U.S. list of sanctions since 2014, has turned to Chinese partners for financing to complete the multi-billion-dollar project. The Russian natural gas producer sold the 9.9-percent stake to the Silk Road Fund in early 2016, after having received a 15-year loan of around US$860 million (730 million euro) by the fund for the financing of the project.

Earlier this year, Putin said that Russia not only can—but will—become the world’s biggest LNG producer. At a meeting with Russia’s top oil and gas industry officials in Yamal on Friday, Putin said that the project “contributes to strengthening economic cooperation with the countries of the Asia-Pacific region, primarily, our key partners in this region, including Chinese companies.” Asia is the key LNG import demand region in the world, and China’s push to have millions of consumers switch from coal to gas has resulted in gas shortages in the country and in companies stashing emergency LNG supplies ahead of the winter.

Putin was quick to say that LNG exports would not weaken Russia’s pipeline gas market positions that Moscow should keep and strengthen. At full capacity, the Yamal LNG facility is expected to supply 16.5 million tons of LNG per year to Asian and European markets. “With remarkably low upstream costs, Yamal LNG is one of the world’s most competitive LNG projects and it will contribute to the Group’s gas production for many years,” Patrick Pouyanné, chairman and CEO of the European partner in the project—Total—said in a statement. Yamal LNG shipments will test the viability of a new LNG shipping route— the Northern Sea Route—through icy waters navigable between May and November. According to Total, the Northern Sea Route will allow vessels to reach Asia in 15 days via the Bering Strait, compared with 30 days using the conventional route through the Suez Canal.

“The plant’s first operating months will show whether the plant can operate smoothly in the harsh Arctic environment. Also, the Northern Sea Route transportation is in its early stages of development, and its feasibility as a major LNG delivery route is unclear,” Samuel Lussac, Senior Research Manager, Russia Upstream Oil & Gas at Wood Mackenzie, commented on the Yamal LNG start-up. The Yamal launch was attended by Saudi Energy Minister Khalid al-Falih, alongside other oil and gas industry officials. “Buy our gas,” Putin told al-Falih in a friendly conversation with the Saudi minister. “You will save some of your oil,” Putin added.

With Yamal LNG, Novatek has turned from a solely domestic gas supplier to a global LNG player, Wood Mackenzie says, but adds that the key question now is how to ramp up production and how it will impact the global LNG market. According to the International Energy Agency (IEA), the LNG player that will be on course to challenge Qatar and Australia for global leadership in LNG exports by 2022 is the United States. The shipping costs using ice-breaker tankers will be high, but Russia has granted the Yamal project a 12-year tax holiday from its mineral extraction tax, and Russia’s LNG exports will not incur export taxes.

Putin inaugurates $27 billion LNG arctic LNG plant

Oil & Price, *09.12.2017*

Russian President Vladimir Putin has inaugurated a $27 billion LNG plant on the Yamal Peninsula above the Arctic Circle, part of a joint project of Russian, French, and Chinese companies.

Putin watched at the port of Sabetta as the first gas shipment was loaded onto an ice-breaking tanker. The plant, which began operations on December 5, is a joint venture between Russian gas company Novatek, France's Total, and China's CNPC. When completed, the project will include three production facilities with a capacity 16.5 million tons a year.

It will be started of 2019, as Russia looks to surpass Qatar as the world's biggest LNG exporter. Initial capacity will be 5.5 million tons a year. "It is a great day for us," Putin said at the official ceremony. "It is a large-scale project for Russia." Total chairman and CEO Patrick Pouyanne, hailed the facility -- at a site some 2,500 kilometers northeast of Moscow and covered by ice most of the year -- as a success.

"Together we managed to build from scratch a world-class LNG project in extreme conditions to exploit the vast gas resources of the Yamal peninsula," he said in a statement. The project will officially be run by the Yamal LNG company, with 50.1 percent owned by Novatek, 20 percent by Total, 20 percent by CNPC, and 9.9 percent by the Silk Road Fund, a Chinese state-owned investment fund. Several of Novatek's subsidiaries are under U.S. financial sanctions, which made it difficult to secure international financing for its part of the project and forcing the company to turn to Chinese partners for funding.

The United States imposed the sanctions as part of its response to Moscow's activities in Ukraine. Russia annexed Ukraine's Crimea region in 2014 and has backed separatists fighting Kyiv's government forces in a war that has killed more than 10,000 people since it began in April 2014.

Denmark makes shock U-turn on Nord Stream II

Anadolu Agency, *12.12.2017*

Denmark's decision to enact a new law to stop the Nord Stream II gas pipeline project from passing through its territorial waters is in contradiction with its previous recommendation that suggested that it should do so, according to Alex Barnes, the governmental relations advisor of the Nord Stream II AG, a subsidiary of Gazprom responsible for the project.

On Tuesday, Barnes told Anadolu Agency in an exclusive interview that most European countries support the project to carry Russian gas to Europe through the Baltic Sea while only a few countries object.

He said that permits are currently being sought for the project. "We hope to get the permits in the next few months. It's basically just following all the rules, including environmental rules. Completion is expected in 2019 with commissioning by the end of 2019," Barnes said. The project is proceeding on schedule and around 60 percent of the project's pipes have been manufactured, according to Barnes. However, the project faced a recent stumbling block when Denmark announced a new law, which gave the country the authority to stop the passage of the pipeline through its territorial waters.

Barnes suggested that alternative route could be found, although it was too early to do so until a final decision is made on Denmark's route. "Denmark is obviously one question mark, but the route choice for the Danish section of the project was based on Denmark's own advice regarding the Nord Stream I [the precursor to the Nord Stream II]. So, it was Denmark's advice that said you should follow this route through its territorial waters because it has the least impact on the environmental. Like any company, you look at alternative options for the route but it's too early to say and depends on what the final decision is," Barnes said.

Nonetheless, Barnes explained that the project has many energy heavyweights supporting the project with finance already in place from project partners Shell, OMV, Wintershall, Uniper and Engie. These partners are financing half of the project costs, he said. Barnes admitted that some countries expressed concern about the project based on worries that Russia would create a monopoly in Europe through the project. Barnes asserted however, that the Nord Stream II would actually help competitiveness in this gas market. He said gas that flows via the Nord Stream II would have to compete with other gas supplies and other energy sources such as coal, nuclear and renewables in the European market.

“EU rules ensure that individual markets cannot be isolated. EU security of supply rules ensures plenty of interconnections between markets to enable gas to flow where it is required. All things being equal, if you have more pipeline gas, which is cheaper than LNG, it will have an effect on lowering the overall gas price to Europe. The Nord Stream II helps reduce wholesale European gas prices by enabling greater choice between imports,” he said. He asserted that by 2020, the project’s benefits would amount to between €7.9 billion to €24.4 billion per year for countries in Europe and this would not be merely for one or two countries but all European countries.

“Gas prices will reduce for individual countries by between 4 percent an 32 percent per year by 2020, and by 5 percent to 31 percent per year by 2025,” he said. Furthermore, Barnes affirmed that European customers have more options as they can choose to buy pipeline gas from Norway, Russia, Algeria and the U.K. or alternatively, they can choose LNG. European countries choose more pipeline gas than LNG because it is cheaper, but regardless, he said the balance of power is shifting towards a more diversified market.

The EC’s new draft law proposed on Nov. 8 stipulates that EU third party access or anti-monopoly legislation applies to offshore pipeline segments in EU territory. Barnes advised that, although this is one of the European Union’s better regulation principles, it should be applied only when absolutely necessary. “You only regulate either when there is a failure or potential failure from competition. The EU should perform an Impact Assessment to see if this is the case,” he said, adding “Personally speaking I disagree because we are already seeing competition between the different sources of supply to Europe.” Denmark passed a law at the end of November to permit the Danish foreign minister to ban Russia’s Nord Stream II natural gas pipeline from traversing its waters.

The bill will allow foreign, security and defense policies to be considered as an argument in support of the ban when Denmark is to decide whether energy companies should be allowed to disconnect power cables and pipelines in Danish territorial waters. In effect, the latest decision will permit the Danish government to decide whether Gazprom’s Nord Stream II should be allowed through Danish waters. The project also faces resistance from some European countries including Lithuania, Poland and Denmark. The entry point of the Nord Stream II gas pipeline into the Baltic Sea will be the Ust-Luga area of the Leningrad Region in Russia from where the pipeline will stretch across the Baltic Sea to Germany. The line’s route passes through the Danish island of Bornholm, between Sweden and Poland. The Nord Stream II is a 1,200 kilometer-long pipeline project, which aims to double the current capacity of 55 billion cubic meters per year for the Nord Stream pipeline.

UK-Netherlands gas transport to be bidirectional by '19

Anadolu Agency, *14.12.2017*

The BBL Company will make gas transportation possible in both directions through the BBL pipeline from U.K. to Netherlands from the autumn of 2019.

This decision will ensure that the gas currently transported physically through the BBL pipeline from the Netherlands to the U.K., through modifications to the pipeline network at the compressor station at Anna Paulowna, will become bidirectional. "We have noticed a demand for pipeline capacity to transport gas from the U.K. to the European continent, particularly during summer,"

Luuk Feenstra, managing director of the BBL company, which is 60 percent owned by Dutch state-owned Gasunie, was quoted as saying. He explained that during the summer months more gas is collectively produced and supplied to the U.K. via Norwegian pipelines from the North Sea fields in the form of LNG than is sold. "Seasonal storage facilities in the U.K. have insufficient capacity to store this surplus gas, partly due to the decommissioning of the Rough storage, which used to be Britain's largest gas storage facility," he added.

The U.K. approved a request on Wednesday, Dec. 13 from the operators of the Rough Natural Gas Storage Facility to close it down due to the age and condition of the asset. The Rough facility is used by market participants to store gas in the summer and deliver that gas to meet peak demand in the winter. The Netherlands and Germany have much more storage capacity than the U.K. and it is therefore expected that during the summer months more demand for gas transportation capacity from the U.K. to the Netherlands will be seen, and in the opposite direction during the winter.

UK pipeline outage sends oil price to more than 2-year high

Reuters, *12.12.2017*

Britain's biggest oil pipeline from its North Sea fields is likely to be shut for a number of weeks for repairs, operator INEOS said on Dec. 12, sending international crude prices to their highest since the middle of 2015.

The closure has also disrupted gas flows through the network, which carries a third of Britain's gas produced offshore. It has struck during a winter freeze in Britain, where snow and ice have driven up demand for heating fuel. The pipeline, which carries about 450,000 barrels per day (bpd) of Forties crude, was shut on Dec. 11 after cracks were found.

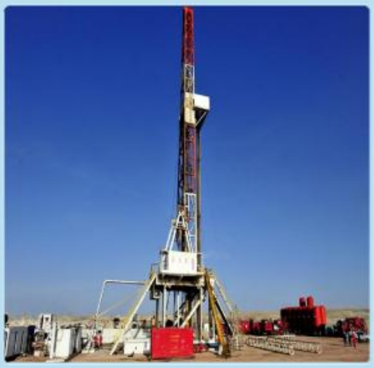
Benchmark Brent crude prices rose above $65 per barrel for the first time since mid-2015. "We're hearing it will be likely down for two weeks," an industry source familiar with the operations said. INEOS, which completed the purchase of the Forties pipeline system from oil major BP in October, said it was too soon to say how long repairs would last but said that it would be "weeks rather than days."

A minor leak had caused a partial shutdown on Dec. 7. The pipeline has particular significance to global markets because Forties is the largest out of the five crude oil streams that underpin the dated Brent benchmark, against which other crude prices are broadly based. Forties is carried to Hound Point on the Scottish coast, where it is either loaded onto tankers, stored in tanks or piped to the 200,000-bpd Grangemouth refinery. "If it's a lengthy outage, then a recovery period for the fields will be long as well," the trading source said.

A number of producers including BP, Shell and Chrysaor, said they had closed down oil fields in response to the outage. According to monthly loading programs, supply of Forties is expected to reach 21 cargoes of 600,000 barrels each this month, equal to a daily supply rate of 406,000 bpd. The closure has created havoc with loading schedules in the North Sea, with one trading source saying cargo owners had been offered options to drop cargoes from the loading program. "At this point we would expect a large deferral list for the Forties loading program to spill over into January," analysts from JBC Energy said in a note.

UK's biggest natural gas storage facility to close

Oil & Price, *14.12.2017*



The U.K. approved a request from the operators to close the aging Rough Natural Gas Storage Facility, the biggest in the country and located in the North Sea.

The CMA reviewed Rough's undertakings on the North Sea gas storage facility following a request by the operators, Centrica Plc. and Centrica Storage Limited (CSL), the statement noted. Recently, Centrica and CSL requested their release from the undertakings as CSL decided that it could no longer operate Rough as a storage facility. The Authority said that there was a realistic prospect of finding a "change of circumstances" in the facility.

Following extensive tests on Rough's well stock, CSL found that the facility was no longer capable of safe injection operations due to the age and condition of the asset, and that due to the economics of seasonal storage and the cost of refurbishing or rebuilding the facility, neither pathway would be economic. Rough is the largest gas storage facility in U.K., used by market participants to store gas in the summer and deliver that gas to meet peak demand in the winter, according to CMA. CSL reports that Rough can meet approximately 10 percent of the U.K.'s peak day demand.

The Rough field commenced gas production and processing in 1975. In 1985, the gas field was converted by its then owners - British Gas to store gas to meet seasonal supply/demand imbalances. However, the U.K.'s Oil & Gas Authority must also approve the closure of the storage facility.

Oil, gas to continue to play key role in north east Scotland growth

Rigzone, *12.12.2017*

The oil and gas industry will continue to play a key role in North East Scotland's growth, Derek Leith, EY office managing partner for Aberdeen, has confirmed.

"2017 has been a tough year for Aberdeen but the forecast for 2018 and beyond indicates these challenges could ease off," Leith said in an organization statement. "The oil and gas industry will continue to play an integral role in the region's growth and particular attention will be paid to how the Chancellor's UK Budget announcement regarding oil and gas tax policy may stimulate a resurgence in industry activity," he added.

On November 22, the Chancellor of the Exchequer, Philip Hammond, pledged to help the UK oil and gas industry by introducing transferrable tax history for transfers of oil and gas fields in the North Sea. The new policy will allow buyers to value assets on a similar basis to vendors, and is expected to encourage fresh investment in the North Sea. The pace of economic growth in Scotland as a whole will match UK-wide performance in 2018, according to the recently published EY Scottish ITEM Club 2018 Forecast, which predicts that output growth for Scotland will reach 1.4 percent next year, up from the 0.8 percent expected for 2017 and equal to UK-wide GDP growth.

"Improved growth in the Scottish economy is to be welcomed, particularly as it is expected to match that of the UK as a whole in 2018," Mark Gregory, EY's chief economist, said in an organization statement. "Unsurprisingly, Brexit is the biggest unknown factor in Scotland's immediate economic future. If uncertainty around this issue eases and government can provide greater clarity for business we can hope to see an increase business confidence and investment," he added.

SDX Energy Inc. announces gas discovery in Morocco

Reuters, *12.12.2017*

The North Africa-focused oil and gas company SDX Energy INC (SDX) discovered natural gas at its well on the Sebou permit in Morocco, the company announced on Tuesday.

According to the company's statement, the well will be connected to the existing infrastructure and placed on production within the next 30 days. "We are pleased to have made another discovery during our ongoing nine well drilling campaign, with this well exceeding our pre-drill net pay estimates by more than 50 percent," the London-based company's President and CEO, Paul Welch was quoted as saying.

"The succession of above expectation well results allows us to accelerate our new customer acquisition activities and may result in us bringing forward the start of our forecast increased gas sales," he added. SDX focuses on North Africa and has working interests mainly in Egypt and Morocco. In Morocco, SDX has a 75 percent working interest in the Sebou concession situated in the Rharb Basin. The company's producing assets are characterized by exceptionally low operating costs making them particularly resilient in a low oil price environment, it added.

Petrochina conducts major internal transfer of oil, gas blocks

Reuters, *08.12.2017*

PetroChina has conducted its first major internal transfer of mining rights between subsidiaries to allow those with mature fields to look for oil and gas in under-developed regions, parent company CNPC said on Friday.

A total of 16 exploration and production blocks have been transferred, including blocks in the basins of Ordos, Sichuan and Qaidam in the central and western parts of the country, CNPC said. Recipients of transferred blocks include PetroChina units in Daqing, Liaohe, Huabei and Yumen, all of which operate ageing fields, mostly in the country's east.

The transfer of the exploration rights is part of broader sector reform driven by the government has spearheaded to solve the problem of resource imbalances, CNPC said.

China to rank 1st as global oil consumer in 2035: OPEC

Anadolu Agency, *14.12.2017*

China will be one of the most important outlets for OPEC barrels, OPEC head says. China's ranking as the world's second largest oil consumer is set to change around 2035 to the world's biggest, OPEC's Secretary General Mohammad Sanusi Barkindo said on Tuesday.

In a statement after Barkindo's visit to Beijing, he said that OPEC's visit to China reflected the interdependence of OPEC and China which is evident in the massive increase in trade volumes in 2016 compared to 2000. Total imports from OPEC member countries amounting to $93 billion in 2016, he said.

"This is a staggering $85 billion increase from 2000. In the other direction, OPEC's total imports from China increased from just under $6 billion in 2000 to over $106 billion in 2016," he explained. In terms of crude oil, he said that China's total imports have risen from around 1.4 million barrels per day (mb/d) in 2000 to more than 8.3 mb/d projected for 2017, 60 percent of which came from OPEC member countries.

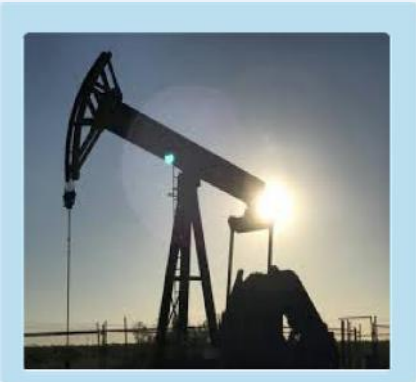
Referencing the OPEC World Oil Outlook report in November that contains 2040 estimations, Barkindo said China accounted for 18 percent of global GDP in 2016. "By 2040, this is expected to increase by five percentage points to 23 percent," he said. Global energy demand growth is also expected to increase by approximately 96 million barrels of oil equivalent per day between 2016 and 2040, he said, and added that roughly 23 percent of this increase will come from China. A similar trend can be observed in oil demand, which is expected to grow by 16 mb/d, from 94.4 mb/d in 2016 to 111.1 in 2040 and China will account for 38 percent of this growth, according to Barkindo.

China will also be a leader in the expansion of refining capacity, in both the medium and long term. He further explained that at the global level, 7.6 mb/d of new distillation capacity is expected between 2017 and 2022, out of which 2.1 mb/d, or approximately 28 percent, of this will be located in China. "Long-term distillation additions follow a similar trend, reaching close to 20 mb/d by 2040 worldwide. China will account for 4.2 mb/d of this, roughly 22 percent of the global figure," he asserted.

Greater refinery capacity in the region will necessitate greater quantities of crude. Significantly for OPEC, this will be reflected in trade flows until 2040, as Chinese imports expand and the volume of OPEC exports becomes higher. “According to OPEC estimates, crude exports from OPEC member countries to China will increase by close to 4 mb/d between 2016 and 2040, rising from 4.4 mb/d in 2016 to more than 8 mb/d in 2040, representing around 20 percent of the world’s total crude oil trade between major regions by 2040,” he said.

Oil rises nearly 2% on China demand, but weekly losses loom

Reuters, *08.12.2017*



Oil prices rose almost 2% on Friday, helped by rising Chinese crude demand and threats of a strike in Africa’s largest oil exporter.

But U.S. prices fell 1.7% on the week and Brent prices fell 0.5% amid concerns that rising U.S. production could undermine OPEC-led supply cuts. Brent crude settled up $1.20 or 1.9% at $63.40 a barrel. U.S. WTI crude settled up $57.36 a barrel, up 67 cents or 1.2%. China’s crude oil imports rose to 9.01 million bpd, the second highest on record, data from the General Administration of Customs showed.

“We have good numbers out of China,” said John Macaluso, an analyst at Tyche Capital Advisors. “A lot of the extra imports are not from Saudi Arabia. Iran, Russia and the U.S. are some of the countries picking up the slack.” Booming demand will push China ahead of the United States as the world’s biggest crude importer this year. U.S. investment bank Jefferies forecast 2018 global oil demand growth of 1.5 million bpd, driven by almost 10 percent demand growth in China. “Generally speaking, the market is looking more healthy than sick,” said Tamas Varga, analyst with PVM Oil Associates. Varga said the threat of a strike later this month from a union in Nigeria, Africa’s largest oil exporter, was supportive.

An extension to the end of 2018 of production cuts by the Organization of the Petroleum Exporting Countries, Russia and other producers underpinned the market. The output cuts pushed oil prices higher between June and October, with Brent gaining around 40 percent. “Even if you have no bullish view ... OPEC and Russia have taken away the risk to the downside,” said Bjarne Schieldrop, chief commodities analyst with SEB Bank, adding it was unlikely that Brent would drop below $61 per barrel.

Still, data this week showed that U.S. crude output had risen 25,000 bpd to 9.7 million bpd in the week to Dec. 1, the highest production since the 1970s and close to the production levels of Russia and Saudi Arabia. U.S. energy companies this week added oil rigs for a third week in a row, the longest string of increases since summer, as higher crude prices prompted drillers to return to the well pad after a break in the autumn. Drillers added two oil rigs in the week to Dec. 8, bringing the total count up to 751, the highest level since September, General Electric Co's Baker Hughes energy services firm said in its closely followed report on Friday. Hedge funds and money managers cut their bullish bets on U.S. crude in the week to Dec. 5, the U.S. Commodity Futures Trading Commission (CFTC) said on Friday on fears of higher U.S. production.

Petrobras, ExxonMobil form oil & gas alliance

Anadolu Agency, *15.12.2017*

Brazilian energy firm Petrobras and ExxonMobil inked a memorandum of understanding in Rio de Janeiro on Thursday for a strategic alliance to jointly identify and evaluate potential business opportunities.

"For Petrobras, the formation of alliances is an important strategy in the Business and Management Plan 2017-2021, bringing significant potential benefits, such as risk sharing, augmented investment capacity in the oil and gas chain, technology sharing and strengthening of corporate governance," the statement read. Both companies will evaluate areas of mutual interest.

This interest is to consolidate their experience across all sectors of the oil and gas production value chain, including opportunities for cooperation in exploration, production, gas and chemicals both inside and outside Brazil. This agreement both exemplifies and reinforces ExxonMobil's strategic relationship with Petrobras and its continuing emphasis on growing this relationship and business in Brazil, building on its more than 100-year presence in the country. In September, Petrobras and ExxonMobil jointly acquired six offshore blocks in the Campos Basin in the 14th tender round offered by Brazil's National Agency of Petroleum. Petrobras is an integrated energy company with a focus on oil and gas operations mainly in Brazil. The company currently produces about 2.8 million barrels of oil equivalent a day.

Exxonmobil completes LNG acquisiton in Mozambique

Anadolu Agency, *14.12.2017*

ExxonMobil, the largest publicly traded international oil and gas energy company, announced that it completed the transaction of liquefied natural gas acquisition in Mozambique's Area 4 block, on Thursday.

According to the statement, acquiring a 25 percent indirect interest in Area 4 block from Italian Eni, the company will lead the construction and operation of future natural gas liquefaction facilities. The company assumed responsibility for midstream operation in Area 4 block, which contains an estimated 85 trillion cubic feet of natural gas.

"We are confident that our project and marketing expertise, coupled with our financial strength, will help grow the value of Mozambique's energy resources," Chairman and Chief Executive Officer, Darren W. Woods, was quoted in the statement.

Panama Canal can't handle U.S. LNG boom

Oil & Price, *14.12.2017*

The IEA recently predicted that the United States could become the world's top LNG exporter within ten years. This prediction, however, is far from a certain one. The U.S. LNG boom is fraught with challenges, the latest among them, apparently, the Panama Canal.

LNG producers and the Panama Canal Authority are locked in an argument about whose fault it is that not enough LNG tankers are using the freshly expanded channel that saves 11 days from the journey to Asia, which has become a key market for U.S. LNG. According to the authority, LNG producers can't comply with timetables.

According to the producers, the canal has expanded the access of cargo vessels at the expense of LNG tankers. The facts are as follows: the expansion of the Panama Canal has been going more slowly than initially planned. To date, only one LNG tanker a day can pass through the Panama Canal. That's compared with a promised 12 slots for all kinds of vessels every day via the wider channel. Of this planned total, however, right now the Canal has a capacity to service just eight over 24 hours. But there's more: recently the head of an LNG producer, Sempra, and the chief executive of the Panama Canal Authority locked horns over the discrepancy between the LNG industry's plans and the Canal's capacity. Sempra's head, Octavio Simoes, fired the first shot, saying that in the future, insufficient channel capacity could cost gas traders a substantial sum and cripple U.S. LNG sales internationally. The Authority's head, Jorge Quijano, responded with a hint that the LNG industry has yet to prove it deserves more slot reservations than one a day.

If capacity-building were a sure indicator of the industry's worth in the eyes of the Panama Canal Authority, then this worth would be quite high. Besides the Sabine Pass liquefaction plant—already the second-largest globally after Qatar's Ras Laffan—there is now what the Houston Chronicle calls a second wave of LNG terminals coming on stream.

Dominion Energy's Cove Point LNG terminal in Maryland is to soon start commercial production of the gas for Asian customers, with a capacity of 750 million cu ft daily. Over the next two years alone, we should see another four terminals be completed and start liquefying LNG for export. These include Cheniere's second terminal, in Corpus Christi, Texas, which should start operating in 2019 with a capacity of 1.2 bcf/d; Freeport LNG, which should come on stream in 2018 with a total capacity of 2.1 bcf/d; Kinder Morgan's Elba Island LNG (300 mcf/d; and Sempra Energy's Cameron LNG terminal in Louisiana, with a capacity of 1.8 bcf/d. Energy Information Administration data for January to November reveals that to date, the liquefaction capacity in the Lower 48 states stands at 2.8 billion cu ft daily, with capacity utilization at 80 percent and daily exports averaging 1.9 bcf/d. This will probably continue to grow, but for how long and by how much is difficult to forecast in light of a looming global LNG glut.

A series of large-scale LNG projects in Australia recently began commercial production, and most recently, Russia's Yamal LNG, the country's first, started operating. By 2019, the terminal should reach its full capacity of 16.5 million tons of LNG. LNG is emerging as a crucial export product for every mineral resource-rich country as the fuel increasingly replaces coal and crude oil while the world's energy needs continue to expand. U.S. LNG producers need to act quickly to overcome the challenges they are facing, if the IEA's prediction is to come true amid growing and ever more intense competition.

Brent oil jumps over $65 on Tuesday

Anadolu Agency, *12.12.2017*

International benchmark Brent crude jumped to $65.45 per barrel after the shutdown of a major North Sea pipeline while the cost of American benchmark WTI was $58.37.

The oil prices increase came after the Forties North Sea pipeline, which delivers 450,000 barrels of oil per day, shut down for repairs. The pipeline is set for closure for a few weeks, which is likely to impact the temporary halt in production of several oil companies. Last week, during a routine inspection INEOS contractors discovered a small hairline crack in the pipe at Red Moss near Netherley.

Just south of Aberdeen, INEOS, the operator company announced on Monday. On Wednesday, a repair and oil spill response team was mobilized after a very small amount of oil seepage was reported. "Measures to contain the seepage were put in place, no oil has been detected entering the environment and the pipe has been continuously monitored," the company reported.

The pipeline pressure was reduced while a full assessment of the situation was made. Despite reducing the pressure the crack has extended, and as a consequence the Incident Management Team has now decided that a controlled shutdown of the pipeline is the safest way to proceed, according to the operator company.

Brent spikes as this major pipeline breaks down

Oil & Price, *11.12.2017*

A crucial pipeline in the North Sea has been shut down due to a crack, causing Brent crude prices to spike on Monday afternoon.

In fact, Ineos, the operator of the key Forties Pipeline System, said that the 450,000-bpd pipeline could be shut down for "weeks" as the company pursues repairs. A hairline crack was discovered last week, which forced Ineos to reduce pressure in the pipeline. But the company announced Monday that it would carry out a controlled shut down after it appeared the crack had widened. Senior Energy Analyst at Interfax Energy's Global Gas Analytics, told Reuters.

“It is a supply concern not only because the pipeline transports a significant portion of North Sea crude oil output, but also because it may take weeks before the issue is resolved,” A shutdown for that length of time and of that magnitude of capacity would be a problem for any pipeline system, but a closure of this particular pipeline has global implications. The Forties system is the main carrier of the oil that underpins the Brent crude oil benchmark, a fact reflected in the nearly 2 percent spike in Brent prices on Monday, rising above $64.50 per barrel and breaking a new two-year high. The outage could disrupt North Sea oil supply – North Sea operators could be forced to throttle back production because of the bottleneck. According to the FT, the Forties system carries nearly 40 percent of the UK’s North Sea oil production, and it connects 85 offshore oil fields to the mainland. The BBC reported that more than 80 oil platforms would need to shut down because of the disruption at the Forties system. As of Monday, some reports of announced shut downs started to trickle in.

The outage has echoes of the spill at the Keystone pipeline from just a few weeks ago, a crucial artery that carries nearly 600,000 bpd from Canada to the U.S. The shutdown of the pipeline caused WTI prices to surge and pushed WTI futures into a state of backwardation, in which near-term prices trade at a premium to longer-dated futures. It was the first time in three years that the WTI futures curve was downward sloping, which is a sign of tightness in the market. But the ramifications for the outage at the Forties could be even more significant, given the much greater influence of the Brent benchmark on global prices. Assuming the 450,000-bpd pipeline remains shut for three weeks, a rough calculation would mean that up to 10 million barrels could be disrupted. That is important because OECD crude inventories stood only 140 million barrels above the five-year average, according to the latest data from the IEA for September.

The UK will need to purchase crude from elsewhere to make up for the shortfall. That could tighten the oil market in the Atlantic Basin, an area that already was feeling more pressure as the global market continued towards rebalancing. The market for Brent will be pretty jittery for the next few weeks, and an unexpected outage from Nigeria, for example, could really send things through the roof. The outage will also widen the Brent-WTI disparity again, which had narrowed a bit after several weeks of hovering at multi-year highs. As of midday trading on Monday, Brent jumped to a nearly $7-per-barrel premium over WTI, a differential that is up nearly $1/barrel from last week.

A wider price disparity, in turn, will lead to even sharper demand for U.S. crude, which becomes more attractive to buyers as Brent gets more expensive. As a knock-on effect from the outage of the Forties system, the U.S. could see higher oil exports in the next few weeks, which will help drain inventories at a faster clip. In short, the crack in the Forties pipeline will have ripple effects throughout the oil market, and it will be felt across the globe until it is repaired.

Announcements & Reports

► *The potential market for LNG in the Caribbean and Central America*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/potential-market-lng-caribbean-central-america/

► *Natural Gas Weekly Update*

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

► *This Week in Petroleum*

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

Upcoming Events

► *North Africa Oil & Gas Summit*

Date : 25 January 2018
Place : Milan, Italy
Website : https://www.infield.com/exhibitions/north-africa-oil-gas-summit

► *European Gas Conference 2018*

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

► *Cameroon Oil & Gas Summit 2018*

Date : 02 February 2018
Place : Yaounde, Cameroon
Website : https://www.cameroonsummit.com/

► *Egypt Petroleum Show*

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

► *North Africa Petroleum Exhibition & Conference*

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

► *Kuwait Oil & Gas Summit*

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

► *International Conference on Petroleum & Petrochemical Economics*

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