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Turkey has gas exporter potential with new facilities

Anadolu Agency, *11.04.2018*

Future planned developments for Turkey's gas market have the potential to transform the country into a gas exporter, Director of the European Federation of Energy Traders (EFET) EU Liaison Office said.

Speaking at the third Energy Trading and Supply Summit in Istanbul, Jan Haizmann said new opportunities for Turkey are arising to substantially change southeast Europe's gas markets by creating a single gas market in the Balkans. Haizmann said that new gas via Turkey could make the conditions ripe for a new set of circumstances.

That is in which Turkey could become a gas exporter as opposed to just an importing country. With the combination of increased LNG, further import facilities and increased pipeline deliveries, Turkey could become a gas export market, he asserted. In 2017, a gas storage facility located in the Sultanhani district in the province of Aksaray, 40 kilometers from the Salt Lake was opened. The facility at full capacity will have 60 caverns by 2023 or able to meet about 50 percent of residential natural gas consumption. The launch of the second phase of the project will open an additional 48 caverns.

Turkey's first Floating Storage Regasification Unit (FSRU) was launched in Aliaga, Izmir in December of 2016. Since then a second FSRU with 20 million cubic meters of send-out capacity per day, was launched in Hatay - a province in the Mediterranean region in early February. In February, Turkey's Energy and Natural Resources Minister said that Turkey would increase its 3.5 billion cubic meters of gas storage capacity from the smaller-capacity Silivri facility and Salt Lake storage facilities to 10 billion cubic meters by 2023. "Our target is to be able to store at least 20 percent of our annual gas consumption so that we can have more energy security," he said. Turkey has already increased its daily send-out capacity from 190 million cubic meters in 2015 to 288 million cubic meters by the end of 2017.

Great connectivity between Turkey and other trading countries via projects like the Trans-Anatolian Natural Gas Pipeline and the Trans Adriatic Pipeline (TAP) are important elements for a future cross-border hub for Turkey. "There has been good progress in the infrastructure projects that connect Turkey with the outer world," Haizmann said. TANAP, with around $8.5 billion of investment, will deliver 6 billion cubic meters of Azeri gas to Turkey and 10 billion to Europe. The approximately 878-kilometer-long TAP pipeline will connect with the TANAP at the Turkish-Greek border at Kipoi, cross Greece and Albania and the Adriatic Sea, before coming ashore in southern Italy.

He noted that Turkey's state-owned crude oil and natural gas pipelines and trading company BOTAS has started offering monthly capacity contracts to shippers that offer more flexibility in the market. He also commended the gas platform of Turkish Energy Stock Exchange in Istanbul, EPIAS, as an "equally good development." EPIAS launched online testing of its spot natural gas trade system on the energy stock exchange on April 1. Testing is expected to continue for five months before it is officially launched online in September. On the 'to-do-list,' unbundling BOTAS remains a key decision that needs to be taken by Turkey, which is a critical requirement for market development, Haizmann noted.

Turkish Straits at risk from oil & gas transit boom

Anadolu Agency, *10.04.2018*

The growing volume of oil and gas tanker traffic is creating significant environmental, public safety and economic risks for the entire length of the shores of the Turkish Straits, the head of the Bosphorus Energy Club said.

Since the signing of the Montreux Convention in 1936, the legal instrument governing the regime of the Straits, the size and capacity of the ships has grown enormously, which has raised major safety concerns, Mehmet Ogutcu, chairman of the Bosphorus Energy Club said in an exclusive interview with Anadolu Agency.

On April 7, a ship hit the shore of the Bosphorus Strait in Istanbul and crashed into a historic mansion causing extensive damage to the mansion, its environment and its contents. The Malta-flagged tanker was carrying 62.6 tons of grain from Russia to Saudi Arabia. A technical problem on the ship caused the crash. The strait was closed to two-way vessel traffic following the incident. Under the Montreux Convention, merchant vessels enjoy the freedom of passage through the Turkish Straits, while the transit of warships is subject to restrictions, according to the Turkish Foreign Ministry.

The Black Sea's only connection to the world's oceans is through Turkey's Straits and the Sea of Marmara. The volume of traffic has increased greatly - from 4,500 in 1934 to 49,304 in 1998. In 2017, 87,593 ships passed through the straits out of which 13,732 comprised carriers of liquefied natural gas (LNG) and liquefied petroleum gas (LPG), as well as oil tankers, making the Turkish Straits one of the world's busiest maritime chokepoints. "I believe that revising the Montreux Convention in keeping with changing times is not only a legal matter, nor is it a political matter between the contracting parties to resolve, but is a matter of urgency," Ogutcu warned.

Energy transit was not a high priority at the time when the Convention negotiations took place before the Second World War but is becoming so now, Ogutcu affirmed. Thousands of tankers transit the Turkish Straits annually, of which the vast majority are headed southbound from the Black Sea towards the Aegean Sea and the Mediterranean. An estimated 3 million barrels a day of crude oil and 20 million tonnes per year of petroleum products transit through the Turkish Straits. This represents around 3 percent of the annual global oil trade, compared to 20 percent that passes through the Strait of Hormuz, Ogutcu indicated.

“It looks like Tenghiz and Kashagan oil coming from Kazakhstan will further increase this traffic and volume” he warned. According to Ogutcu, under normal circumstances, the contracting parties of the Montreux Convention would sit down and revise the relevant provisions to update them in light of the new requirements. “This has not happened to date because there is a deep-seated concern in Ankara that once the Pandora’s box is opened you never know where it might end up. There is also an unwillingness among other parties which signed the Convention to avoid potential restrictions to the free passage and additional cost that may be brought on for ensuring the security of the waterways,” Ogutcu said.

Maritime incidents in the Straits pose a considerable risk to public safety and to the environment with 141 to date since 2006. And the risk of a major accident remains too high in the context of rapidly increasing transit traffic, Ogutcu said. In 1979, MT Independenta, a large Romanian crude oil carrier, collided with a Greek freighter at the southern entrance of the Bosphorus and exploded. Almost all of the tanker’s crewmembers died. The wreck of the Independenta burned for weeks, causing heavy air and sea pollution in the Istanbul area and the Marmara Sea. In June 2018, Turkey unveiled the Canal Istanbul Project, an artificial sea-level waterway parallel to the Bosphorus to connect the Black Sea to the Sea of Marmara. The proposed canal is 45-50 kilometers long, 150 meters wide and 25 meters deep. The tentative completion date was announced as 2023 to coincide with the Republic of Turkey’s 100th anniversary.

“It is still too early to make an assessment of the proposed canal project; however, it is clear that the costs and the engineering challenges will be huge,” Ogutcu said. Revising the Montreux Convention in keeping with the changing times is urgent but will be very torturous. It involves the sustainability of several cities and the security and wellbeing of more than 20 million people, which is by no means comparable to the potential extra costs that some proposed bypass projects could entail, he underlined. “The Trans-Anatolia pipeline and the Trans-Thrace project have been dormant for several years now,” he said in explanation of the stalled north to south routes as an alternative to waterway transit for oil and gas. “It looks for the time being, at least - when Turkey faces dangerous geopolitical moves in its immediate neighborhood, the status quo could still be the most preferred option. This does not mean that, while avoiding unilateral action and measures, Turkey should shy away from developing a ‘win-win’ proposition to address its own safety and environmental problems experienced since 1936 under the Montreux Convention without causing any serious damage to the interests of the contracting parties,” he concluded.

Iran, Turkmenistan resume gas swap operation

Xin Hua Net, *08.04.2018*

Iran has resumed gas swap with Turkmenistan since March 28 following negotiations held between the Presidents of the two neighbours.

Last January, Iran stopped gas swap with Turkmenistan because of its low quality, Xinhua cited official IRNA news agency as saying on Sunday. "Turkmenistan is a 'strategic partner' of Iran in energy sector and Iran's Petroleum Ministry has already declared its readiness to Turkmenistan for long-term cooperation," Amir Hossein Zamani-nia, Deputy Petroleum Minister for International and Commercial Affairs, was quoted as saying.

The two neighbours could also cooperate in joint exports of energy to India, Pakistan and littoral states of the Persian Gulf, he said. The Iranian official confirmed receiving Turkmenistan's proposal to develop three gas fields in the Caspian Sea and said that the proposal is being positively viewed by Iran. Iran has developed the coastal infrastructure in its northern port city of Neka, some 200 km north of Tehran, and raised its oil and gas swap capacity.

Iraq unveils plan to diversify away from oil

Oil & Price, *03.04.2018*

Iraqi Prime Minister Haider Al Abadi on Sunday unveiled an ambitious plan to end its dependence on oil through building up its private sector over the course of just five years.

The plans are reminiscent of Iraq's earlier plans to shift away from oil and towards the industrial sector, which were discussed in mid-2013. The plan faced many headwinds, including political discord and disruptive sectarian violence. "The government made a decision to focus on other sources in the country instead of oil, so the new plan will basically focus on industry instead of oil," said Hussain al-Shahristani deputy prime minister for energy affairs, said at the time.

Today, 90 percent of Iraq's total revenue comes from the oil sector. This time around, the plan is to shift away from oil and toward agriculture—a move that if successful, would insulate Iraq from significant swings in oil prices, not to mention lessen the burden of its tether to OPEC's oil production cuts. At the same time, Iraq approved over the weekend an increase to its oil production capacity by as much as 1.5 million barrels per day, despite its duty to OPEC to curb production to 4.35 million bpd. The plans to increase Iraq's oil production capacity comes just days after Oil Minister Jabbar al-Luiebi recently told media that Iraq's proven crude oil reserves could be much higher than previously estimated.

If the higher estimate proves true, it would make Iraq the largest oil-rich country in the world, ahead of Venezuela, which claims its reserves are just above 300 billion barrels, and also ahead of Saudi Arabia, with 260.8 billion barrels. Al-Luaibi's remarks on the reserve estimates come amid preparations for the next oil tender in the country, which is to take place this week and offer 11 exploration blocks to foreign companies.

Saudi Arabia and Iran's 'intensifying' feud could soon end OPEC-led supply cuts, strategist says

CNBC, *04.03.2018*

Elevated geopolitical tension between Saudi Arabia and Iran could soon threaten the unity of an OPEC-led pact to keep oil prices in check, according to one commodity strategist.

"Saudi Arabia-Iran tensions appear to be intensifying. While this provides a geopolitical premium in oil for now, it could develop cracks in OPEC's unity, which could end the pact prematurely," Nitesh Shah, commodities strategist at ETF Securities, said in a research note Tuesday. Saudi Arabia and Russia have led an ongoing effort by OPEC and other allied oil producers outside the cartel to try to clear a global supply.

The output cuts, expected to remain in place until at least the end of 2018, have helped to lift crude prices over the past 12 months. However, the current deal between allied major oil producers could soon be at risk amid heightened tensions over an escalating proxy war between two of OPEC's top three crude producers, Shah said. "The Saudi proxy war with Iran has been raging for over two years, with little reflection in the price of oil until recently. Unless investors are constantly reminded of the risks, the premia tends to evaporate within a matter of weeks," he added. The ongoing civil war in Yemen is akin to a proxy war between Saudi Arabia and Iran and their competing ideologies of Sunni and Shia Islam, respectively. While Sunni-ruled Saudi Arabia backs the government of President Abdrabbuh Mansour Hadi, its rival Iran backs the pro-Shia Houthi movement loyal to the country's former president Ali Abdullah Saleh.

"While OPEC are doing really well in terms of compliance with their current deal and are likely to provide strong words of support for continuing some sort of an arrangement going into 2019, they will be talking about how to taper down the scale of the support at this May meeting," Shah told CNBC Tuesday. The current agreement between OPEC and allied non-OPEC producers to reduce oil output by 1.8 million barrels a day is set to be extended beyond 2018. And while the deal is set to be reviewed in May, multiple OPEC energy ministers have endorsed retaining a relationship that could help prevent another destabilizing collapse in oil prices — like the one that began in mid-2014. Oil prices have since recovered to above $60 per barrel after crashing down to about $30 at the start of 2016, though Shah projected the recent rally would probably "lose steam for the rest of the year" amid fleeting political risk premia.

In late March, Saudi Arabia and Russia were reportedly preparing a move to further their influence over world crude supplies by actively managing markets for potentially the next 20 years. OPEC and Russia were thought to be turning their production-cutting deal into a longer-term relationship in a bid to help fend off the next downturn and make the oil market less volatile. Nonetheless, a 10 to 20-year pact would be an unprecedented move. Russian Energy Minister Alexander Novak said Tuesday that a joint organization for cooperation between Riyadh and Moscow could be set up once the current deal expired at the end of the year, Reuters reported.

Libya oil output at around 1.05 million bpd

Reuters, *06.04.2018*

OPEC member Libya's oil output is at around 1.05 million barrels per day despite a continuing outage since February at its 70,000 bpd El Feel oilfield, a Libyan oil source told Reuters.

A second Libyan oil source said production was lately fluctuating more or less around the 1.1 million bpd level. It is common for Libyan production to fluctuate due to poor infrastructure in the country. The western El Feel oilfield was shut on Feb. 23 and state-owned National Oil Corp declared force majeure on crude loadings at the Mellitah oil terminal the following day.

The shutdown was linked to a protest by members of the Petroleum Facilities Guards over their pay and other benefits. While the PFG announced on March 7 that a deal had been reached to reopen the field it remains shut because of security concerns, the two sources said. "There are still threats to workers at the field, that's why they can't return," one of the sources said without specifying the source of the threat. The second source said the presence of militias in the vicinity of the field was the cause behind the delay in reopening it.

Strong demand, not OPEC, is pushing oil prices higher

Oil &Price, *12.04.2018*

The rally in oil prices over the past year likely had more to do with higher demand rather than merely the supply taken off of the market by the OPEC/non-OPEC cuts.

That suggests that as OPEC tries to formulate a strategy going forward, perhaps targeting a certain price level, much of the success of that campaign will depend on the global economy and the pace of oil demand growth. That conclusion comes from a new report published by the Oxford Institute for Energy Studies (OIES). The report parses out some of the variables determining prices in recent years.

Dividing the recent past into four main cycles: 1) OPEC defending market share (2013-2015); 2) OPEC's high output/low-price strategy to drive out shale (2015-2016); 3) OPEC/non-OPEC cuts (June 2016-April 2017); and 4) OPEC's strategy to drain stocks (May 2017-present). Throughout these four stages, one interesting conclusion is that the demand story is incredibly important, arguably more important than the market realizes, in driving the price of crude. The last half-decade, the focus in the media and among analysts is usually on the supply picture (U.S. shale growth, for instance, or the OPEC cuts), but evidence suggests a slowdown in demand or unexpected strength tends to have just as much influence, sometimes more. Let's rewind to phase one. Between 2013 and 2015, the cartel was producing flat out in an effort to defend market share and drive U.S. shale producers out of business. The high levels of supply were definitely a key driver in the crash in oil prices. But the demand story was also important. Between late 2013 and early 2015, OIES estimates that Brent crude lost roughly $38 per barrel due to the combined tidal wave of U.S. shale and higher OPEC production. Still, it wasn't just a supply story. The slowdown in the global economy also led to the loss of $26 per barrel.

When U.S. shale started to crash in 2015 and the early part of 2016 (phase two), the supply losses from the U.S. added the equivalent of $12 per barrel back to Brent. But again, the poor economic performance and weaker demand – despite lower oil prices – took off a whopping $20 per barrel from Brent (there are other factors moving prices up or down, but supply shocks and demand growth are paramount). To be sure, OPEC and its non-OPEC partners agreed to remove upwards of 1.8 million barrels per day of supply off of the market in late 2016 (phase 3), but initially, at least, the fundamentals did not reflect this fact. Member countries ramped up output just ahead of the start of the deal at the end of 2016, flooding the market just ahead of the cuts. The price increases, then, were the result of speculation in anticipation of the cuts. Brent posted losses when the speculative euphoria wore off. Higher U.S. shale and poor OPEC compliance resulted in a loss of $5 per barrel over this period, which is notable because strong demand had the effect of adding $6 per barrel over the same timeframe. Again, a demand story.

Finally, in phase four (mid-2017 to present), the supply picture has been muddled because much higher OPEC compliance has been occurring at a time when U.S. shale was ramping up. OIES estimates that shale growth probably depressed prices by $4 per barrel in 2017, while higher OPEC compliance added $1 per barrel in the second half of the year. In the first half of the year, the OPEC cuts had very little effect because of poor compliance and front-loaded growth. OPEC and shale somewhat offset each other in 2017. But the crucial message from the OIES report finds that in 2017, soaring global demand, coming on the back of a strong economic expansion (3.7 percent GDP growth), adding roughly $12 per barrel to the price of Brent crude. OIES says the “success” of OPEC’s strategy “has been largely demand-driven, as was the ‘failure’ of its previous high-output strategy during the 2015-2016 cycle.” In other words, OPEC’s effort to flood the market in 2015 and 2016 helped knock back U.S. shale, but it occurred at a time when the global economy sputtered, and the “bad timing” led to a crash in prices. Meanwhile, while OPEC took barrels off of the market last year, significant price gains had more to do with the strong economy.

This isn’t just a bit of interesting history – it offers lessons going forward for OPEC as it considers its options. “A key factor that should be shaping the current OPEC oil policy is the expected strength of global demand growth,” OIES wrote. “Oil prices in 2018 more sensitive to the downside to a downward revision of global demand growth rather than an equivalent upward revision of US shale supply growth.” OIES estimates an unexpectedly weak economy, for instance, could drag oil down by $5 per barrel while an unexpectedly strong increase in shale supply would only push prices down by $2.50.

Practically speaking, then, the prospect of a trade war should loom larger than one might think for OPEC because it could endanger GDP growth. To compensate for a weak economy, OPEC would need to cut an additional 1 mb/d, according to OIES, while to compensate for surging shale, OPEC would only need to cut 0.5 mb/d to have the same price effect. Obviously, for OPEC, strong demand is desirable. It would allow the group to keep the cuts in place for as long as it wants and then phase them out. However, OIES says that if global demand surprises to the downside, “OPEC choices become very stark: OPEC could either decide to cut output or shift towards a higher output strategy. Both choices carry hefty risks reflecting delicate situation that OPEC finds itself in.”

Brent oil above $72 as tension in Middle East rises

Anadolu Agency, *12.04.2018*

International Benchmark Brent crude traded at $72.27 per barrel while American benchmark West Texas Intermediate (WTI) saw $67.08 at 10.06 GMT+3.

The price of Brent crude oil climbed above $73 per barrel on Wednesday as rising tensions in the Middle East continue to threaten secure supply of oil from the region to the rest of the world. Tensions in the Middle East increased after U.S. President Donald Trump threatened Russia with the possibility of U.S. missiles in retaliation for supporting the Assad regime in Syria after the release of chemical weapons.

“Russia vows to shoot down any and all missiles fired at Syria. Get ready Russia, because they will be coming, nice and new and ‘smart!’“ Saudi Arabia, the world’s biggest crude oil exporter, could also join the conflict as Crown Prince Mohammed bin Salman hinted Tuesday in France that the Kingdom could join forces with the U.S. and the U.K. to conduct a military operation in Syria. Meanwhile, U.S. crude oil production last week surpassed 10.5 million barrels per day (bpd), according to the country’s Energy Information Administration (EIA) data on Wednesday. Crude oil output rose by 65,000 bpd for the week ending April 6 to reach 10.52 million bpd, the EIA data showed. This marked the 12th weekly increase in the U.S.’ domestic crude production in the past 13 weeks.

In addition, the EIA revised up its forecast for crude oil prices for this year and the next, according to its Short-Term Energy Outlook report for April released Tuesday. Brent crude is now expected to average $63 per barrel in 2018 and 2019, up $1 a barrel from the March report. WTI is projected to average $59 a barrel this year and the next, again up $1 per barrel from the previous month’s report.

Natural gas may play a major role in India-Greek Cyprus bilateral trade

Business Standard, *10.04.2018*

Natural gas has the potential to play an important role in greater bilateral trade between Greek Cyprus and India in the years to come, a diplomat said.

"India is a major natural gas importer and here Greek Cyprus may play a role in exporting gas to India," Greek Cyprus High Commissioner to India Demetrios A Theophylactou said on Monday during an interactive session at the Merchants' Chamber of Commerce and Industry. He, however, clarified that no serious dialogue had been going on at present between the two countries in this regard.

India expects to double share of natural gas in the country's energy mix to more than triple imports to 70 million tonnes per year by 2022 for which more terminals are being planned. Cyprus Island has also made promising offshore gas discoveries. Merchants' Chamber Vice-president Vishal Jhajharia said in 2015-16, bilateral trade between the countries was $107 million. However, Cyprus Island was the eighth largest investor in India with cumulative foreign direct investment (FDI) of $8.5 billion in varied sectors. Theophylactou said that India-Cyprus Double Taxation Avoidance Agreement would work out to be more positive in the long run. He said it was a tool to provide impetus to attract investors as it brings certainty, security and stability to their investments.

Russia mulls payments for oil in national currencies with Turkey and Iran

Oil & Price, *06.04.2018*

The parties are interested in it but there is also a matter of conversion of currencies and their further use, added Energy Minister Alexander Novak.

Russia is considering an option of payments for oil in national currencies, in particular with Turkey and Iran, Energy Minister Alexander Novak told reporters. The parties are interested in it but there is also a matter of conversion of currencies and their further use, he added. "There is a common understanding that we need to move towards the use of national currencies in our settlements.

There is a need for this, as well as the wish of the parties. This concerns both Turkey and Iran - we are considering an option of payment in national currencies with them. This requires certain factors in financial and economic sector and in banking sector," he said. Novak noted that if there is an opportunity to make payments in national currencies and companies are ready for it, it is necessary to study properly conversion of this currency and its further use.

Gazprom gets Finnish approval to build Nord Stream 2 gas pipeline

Reuters, *05.04.2018*

Finland has approved the construction of the Nord Stream 2 gas pipeline through Finland's economic zone, the Finnish government and Russian gas exporter Gazprom said.

The pipeline between Russia and Germany, which would run for around 375 kilometers across Finland's economic zone through the Baltic Sea, still requires a construction permit from local Finnish authorities. The pipeline's operator Nord Stream 2 AG said it expected the second permit "within the next weeks".

Nord Stream 2, planned to run from Russia across the bed of the Baltic Sea to Germany, would double the existing Nord Stream pipeline's current annual capacity of 55 billion cubic meters. Eastern European and Baltic states fear the pipeline could increase reliance on Russian gas and undermine Ukraine's role as a gas transit route, but Germany and other beneficiaries in northern Europe back the project. Germany has approved the pipeline and the project is currently collecting permits from Russia, Sweden and Denmark. Late last year, Denmark passed a law that could allow it to ban the pipeline from going through its waters.

Germany Brushes aside Trump criticism of Nord Stream 2

Oil & Price, *08.04.2018*

"Germany hooks up a pipeline into Russia, where Germany is going to be paying billions of dollars for energy into Russia. And I'm saying, 'What's going on with that?"' President Trump said at a recent meeting with the leaders of Latvia, Lithuania, and Estonia at the White House.

The remark certainly reflected the views of the Baltic leaders on Nord Stream 2, but what it did not reflect was Germany's view on the matter, and Germany is the destination of the expanded pipeline. Germany fully approved Nord Stream 2 at the end of March.

And its regulator was confident that the approvals from the other four countries along the route of the pipeline will come soon. This week, Finland granted the first of two approvals for the project. Russia, Sweden, and Denmark remain. Germany will certainly do what needs to be done to convince Sweden and Denmark that Nord Stream 2 is a necessary piece of infrastructure and that whatever the political sentiment towards Russia in Europe, economies need fuel. Germany itself is an example of this pragmatic approach: Angela Merkel slammed Moscow for its alleged involvement in the nerve gas attack against a former double spy and his daughter in the UK, but this did not prevent the government from standing behind Nord Stream 2 from the very beginning. On a side note, the Skripal narrative is beginning to unwind fast, and one senior German government official has already breached the right party line, questioning the lack of evidence in the case.

Nevertheless, the US President's remarks are accurate: Germany will end up paying billions to Russia for gas. This is what happens when one country imports a lot of a commodity from another country. Still, Germany pays a lot less for Russian gas than other, smaller clients, such as Bulgaria. And as much as it might displease Trump, Russian gas is and will remain cheaper for Germany than U.S. LNG for a very simple reason called distance. Until U.S. producers find a way to make LNG production so cheap that the length of the journey to Europe allows it to remain competitive with Russian pipeline gas, the current state of affairs will persist. Bloomberg reports how German lawmakers mocked President Trump's comments on Nord Steam 2, saying that he was looking for ways to ensure markets for U.S. LNG, and felt that Nord Steam 2 interfered with these plans.

Of course, the United States will be looking for ways to sell its growing production of natural gas, just as Russia is seeking to strengthen its market share on a key market. But Germany is having none of Trump's pressure, it seems. And, not to put too fine a point on it, but Germany is already planning to boost its LNG import capacity. Europe's largest economy is perfectly aware of the importance of energy source diversification. It is also perfectly aware that its energy needs will continue to grow as the economy grows and as it phases out all nuclear plants in the next few years. It cannot afford to rely entirely on Russia and Norway, so it is building LNG terminals. That should be good news for Washington. In reality, there is likely enough gas demand for both Russian and U.S. gas in Germany. There is also the geopolitical aspect of the Nord Stream saga, but history has shown that market forces usually trump politics and ideology.

Shell agrees to sell stake in Gaza Marine gas field, offshore Palestine

Platss, *04.03.2018*

Anglo-Dutch major Shell will sell its entire 90% stake and operatorship of the 1 Tcf Gaza Marine gas project, offshore Palestine, to a local investment company, which plans to bring in a new international partner to help develop the long-delayed project.

For Shell, which inherited the project through its acquisition of the UK's BG Group in 2016, the disposal is part of its $30 billion asset disposal program. "This deal is consistent with Shell's strategy to high-grade and simplify our portfolio," the company said.

"It helps to concentrate our upstream footprint where we can be most competitive." The Gaza Marine field was discovered by BG in 2000 -- before the majority of the major gas discoveries in the East Mediterranean offshore Israel, Egypt and Cyprus -- but has not moved to the development stage for various political and commercial reasons. Discussions regarding Israel buying gas from the field have been held on an on-and-off basis for years. In a separate statement, the buyer of the stake, the Palestine Investment Fund, said that it would break down the 90% stake it will own in Gaza Marine. Once completed, PIF will hold 27.5%, partner Consolidated Contractors Company will also have 27.5%, and a new international operating company will have the remaining 45%. "PIF, together with CCC, will focus their efforts on identifying a capable international operator, advancing gas sales agreements and preparing a field development plan with the selected operator," it said.

The new license structure would give momentum to the development of one of Palestine's "most vital, strategic assets," PIF said. "Gaza Marine's development is central to PIF, its development partner, and the State of Palestine's vision for domestic energy security backed by a thriving energy sector," it said. The State of Palestine is a de jure sovereign state, recognized by 136 UN member states. It added that Gaza Marine would satisfy Palestine's demand for gas-fired power plants in Gaza and Jenin, and enable it to become an energy exporter.

Norway's oil products sales volume decreases in 2017

Anadolu Agency, *12.04.2018*

Norway's total sales volume of petroleum products in 2017 decreased by 2.2 percent year-on-year, or approximately 189 million liters, Statistics Norway (SSB) announced on Thursday.

The Nordic country's total sales volume of petroleum products amounted to 8.5 billion liters in 2017. Both sales of auto diesel and gasoline also decreased in 2017. In 2017, sales of auto diesel exceeded sales of motor gasoline for the first time, and this trend continued every year up until 2017 when it began to fall.

Sales of auto diesel amounted to 3.1 billion liters, 83 million liters less than in 2016 or a decrease of 2.7 percent. During the period ranging 2013 to 2016, sales increased by between 3 and 5 percent per annum.

Togo and Equatorial Guinea sign LNG deal

Africa Oil&Power, *05.04.2018*

Equatorial Guinea's Minister of Mines, and Hydrocarbons H.E. Gabriel Mbaga Obiang Lima and Togo's Minister of Mines and Energy H.E. Marc Dèdèriwè Abli-Bidamon have signed a cooperation agreement to facilitate the trade in liquefied natural gas between the two countries.

The new memorandum of understanding, signed last week by the ministers, creates a framework for Togo to import LNG produced in Equatorial Guinea. The agreement is part of the LNG2Africa initiative, in which Equatorial Guinea is promoting the utilization of LNG within Africa, using gas sourced and processed in Africa.

Togo will study the import, regasification of LNG, and its use for power generation. As an established LNG producer since 2007, and with a floating LNG in the works, we know the power of this fuel to transform Africa," said H.E. Gabriel Mbaga Obiang Lima, Minister of Mines and Hydrocarbons of Equatorial Guinea. "It is imperative that African nations monetize their gas, and that energy users benefit from this cheaper, cleaner, locally produced resource. Equatorial Guinea is committed to working with its neighbors in the region to find solutions that bring benefit to us all. We look forward to a strong partnership with Togo."

Companies Elite Construcciones, Norgas and General Electric took part in the visit and discussed the potential for small scale LNG trade within West Africa. Following the signing of the agreement, H.E. Gabriel Mbaga Obiang Lima visited Lomé port. Prior to signing the MoU with his Togolese counterpart, H.E. Gabriel Mbaga Obiang Lima paid a working visit to the Minister of Energy of Burkina Faso H.E. Bechir Ismael Quedraogo. Both ministers and their technical teams worked on the implementation of the MoU signed between Equatorial Guinea and Burkina Faso in September 2017, also under the LNG2Africa initiative. The parties presented a detailed plan to supply LNG to power plants in Burkina Faso. Once approved, Burkina Faso will immediately benefit from LNG supplies from Equatorial Guinea.

Tanzania's $344M natural gas plant is a game changer

Oil & Price, *07.04.2018*

This week Tanzania opened a brand new $344 million, 167.82-megawatt natural gas power plant outside of the nation's commercial capital, Dar es Salaam, marking a turning point in the nations push toward industrialization.

The plant, already running at full capacity, is just one part of Tanzanian President John Magufuli's initiative to transform the Sub-Saharan country's economy--the third biggest in Africa--into an industrial powerhouse by 2025. Up until this point, Tanzania has been the furthest thing from an energy frontrunner.

Thats with a population of 54 million, skyrocketing demand for power, and just 1,400 MW of installed grid capacity. In the past, the majority of Tanzania's energy has come from hydropower, leading to frequent shortages in a region with persistent droughts. The inauguration of the new Kinyerezi II natural gas plant will be an undeniable game-changer for the East African nation. The new natural gas infrastructure will be complemented with a massive hydropower generation project slated for July. The 2,100 MW hydropower project, to be built at the Stiegler's Gorge in the Selous Game Reserve, will be the largest dam in Tanzania by the time it's finished in 2021. Combined with the new natural gas plant, Tanzania is expecting to solve the nation's previous power woes with this massive development in the nation's power generation capabilities. Soon they may even be able to sell off surplus energy to other countries.

So how has a historically impoverished, developing nation made such a turnaround in such a short time? In a word: Japan. Japanese company Sumitomo Corp. constructed Tanzania's revolutionary new natural gas plant, and a Japanese bank loan covered 85 percent of the $353.72 million price tag. However, Tanzania has also been making major strides in their own economic strategies with majorly successful money-saving initiatives, particularly when it comes to energy. As part of the country's push for sustainable energy independence, Tanzania has moved away from importing fossil fuels to focus on using their own domestic natural gas reserves, allowing them to save $4 billion between 2015 and 2017, and therefore massively accelerate domestic economic output and capabilities. The adoption of natural gas and the shift away from HFO and diesel has also saved nearly $6.7 billion just in 2015. Now, the challenge will be keeping up with demand for natural gas. As the nation achieves its own industrial goals, the next step is to ensure sustainability. Currently Tanzania sources 50 percent of its electricity from natural gas, but the current regime is hoping to push that number a lot higher thanks to the new Kinyerezi II plant. Domestic demand for natural gas has already more-than doubled from 145 million standard cubic feet (scf) a day in 2016 to 300 million scf in 2017, according to figures from the Tanzania Petroleum Development Corporation (TPDC).

The gas is there--it just needs to be extracted. Tanzania has 57 trillion cubic feet of proven natural gas reserves, but they are mostly undeveloped. Furthermore, for the gas that is readily available, there is very little infrastructure to deliver it to potential consumers. President Magufuli said last year that Tanzania will need to invest $46.2 billion over the next 20 years to overhaul its outdated energy infrastructure and increase output capacity to meet with the developing nation's fast-growing demand for electricity. Tanzania is still in the beginning stages of industrialization, but its recent developments are extremely promising for the nation's own economic independence. With growing infrastructure and more readily available electricity, the country will be able to attract much more investment from more wealthy countries (like Japan) but will hopefully also allow the long-impoverished nation to come into its own as an economic player on the global stage.

Mubadala unit signs deal for offshore gas block in Indonesia

Arabian Business, *09.04.2018*

Mubadala Petroleum inks a production sharing contract for Andaman. Mubadala Petroleum has announced that it has signed a production sharing contract (PSC) for Andaman I, an offshore exploration block awarded by the Government of Indonesia.

Mubadala Petroleum is the operator of the Andaman I and a partner in the Andaman II, operated by Premier Oil, which was also signed last week. Andaman I and II are located in the underexplored but proven North Sumatra basin offshore Aceh.

This region that Mubadala Petroleum has been involved in since 2011 through joint study agreements. The PSCs have the potential to unlock a new material gas play for domestic consumption in North Sumatra and also long term export to regional markets. The work commitment for the Andaman I exploration block is to conduct sub surface studies and to acquire 3D seismic in the first three-year term. Dr Bakheet Al Katheeri, Mubadala Petroleum’s CEO, said: “The operated Andaman I PSC and our interest in the Andaman II PSC, mark the further extension of our Indonesia portfolio with a new high impact growth hub. “These new exploration blocks support our growth strategy of finding and, if successful, developing gas for Indonesia’s growing market while it has the potential to deliver significant organic growth opportunities for our existing Indonesian business in the longer term.”

Indian state firms plan to nearly double Iranian oil imports

Reuters, *07.03.2018*

Indian state refiners plan to almost double oil imports from Iran in 2018/19, drawn by incentives offered by Tehran, sources with knowledge of the matter said, potentially helping Iran increase its share in the world’s third-biggest oil importer.

Iran is pushing to retain its oil customers in Asia, offering better terms than other Middle Eastern suppliers including Saudi Arabia, even as the threat looms of potential further U.S. sanctions on the OPEC member. Tehran recently deepened freight discount to firms in India.

Its second-biggest oil client after China, in return for higher volumes. In the current fiscal year to March 2019, state refiners Indian Oil Corp, Mangalore Refinery and Petrochemicals Ltd, Bharat Petroleum and Hindustan Petroleum plan to import 396,000 barrels per day (bpd) Iranian oil, according to two sources familiar with the plans who spoke on condition of anonymity. Four other sources had knowledge of the import plans of some of the refiners. Indian Oil Corp, Mangalore Refinery and Petrochemicals, Bharat Petroleum and Hindustan Petroleum declined to comment.

All four refiners imported about 205,600 bpd Iranian oil in the previous fiscal year. Iran, which used to be the second-biggest oil supplier to India before sanctions, has been gradually growing back its market share in New Delhi since the lifting of sanctions against the Islamic state in 2016, becoming the No. 3 supplier to India in 2016/17 after Saudi Arabia and Iraq, government data shows. Official government data for 2017/18 is not yet available but information from sources showed Iran remained the third-biggest oil exporter to India during April 2017-February 2018, while Iraq replaced Saudi Arabia as top supplier. State refiners, which account for two-thirds of India’s 5 million bpd refining capacity, last year curbed imports from Iran in protest at Tehran’s move to grant development rights for the giant Farzad B gas field to others.

But Indian oil minister Dharmendra Pradhan in February, after a meeting with his Iranian counterpart Bijan Zanganeh in New Delhi, said state-refiners will boost purchases in the current fiscal year as Iran sweetened terms. Zanganeh had said Indian refiners - state-owned and private - will buy about 500,000 bpd of Iranian oil in 2018/19. India's overall purchase from Iran could cross 600,000 bpd, one of the sources said. "Terms offered by Iranians are better compared to other producers... Iranian crude suits us," one of the sources said. Indian refiners usually secure higher volumes than those agreed under term deals, spurred by strong domestic fuel demand. Also, several private refiners which previously sourced oil from Venezuela have turned to Iran to make up for low supplies from the ailing Latin American nation.

China's CNPC to inject gas into 23 underground storage facilities

Energy Economic Times, *09.04.2018*

China's top energy firm CNPC started injecting gas into an underground storage facility in southwest Chongqing last Friday, marking the beginning of stockpiling season for the heating fuel over the next six months.

CNPC said it will start injecting gas into its 23 underground gas storage facilities CNPC had supplied a record 7.4 billion cubic metres of natural gas last winter from the underground storages, a 21 percent jump from the previous year, as demand surged due to the government's massive gasification push.

CNPC plans to supply 700 million cubic metres more this winter out of the storages than last winter, the company added.

New Zealand bans future oil & gas exploration permits

Anadolu Agency, *12.04.2018*

New Zealand will not grant any new offshore oil and gas exploration permits, the country's Prime Minister Jacinda Ardern announced.

The prime minister's statement on the decision was published on the New Zealand government's official website and hailed by environmentalists as a victory. "The Coalition Government is taking an important step to address climate change and create a clean, green and sustainable future for New Zealand," Ardern said in defense of the government's decision that no further offshore oil and gas exploration permits would be granted.

"We're striking the right balance for New Zealand - we're protecting existing industry, and protecting future generations from climate change," she said. The existing exploration and mining rights will be protected under the policy change and will not affect any current projects that have already received permits. There are 31 oil and gas exploration permits currently active in the country, 22 of which are offshore, according to the statement. Cameron Madgwick, CEO of the Petroleum Exploration and Production Association of New Zealand (PEPANZ) said in a statement that, "the association is very disappointed in the government's decision to halt offshore block offers." "The decision is a lose-lose for New Zealand's economy and environment, likely to threaten jobs and mean higher prices for consumers," Madgwick said and called on the government to urgently talk with oil and gas industry.

ExxonMobil, Qatar in talks for US gas cooperation

Anadolu Agency, *11.04.2018*

The U.S.' biggest energy company ExxonMobil and state-owned Qatar Petroleum are in talks to cooperate in U.S. natural gas, The Wall Street Journal reported.

The potential deal could have Qatar Petroleum invest in ExxonMobil's vast shale gas resources in the U.S., which extend from West Texas to North Dakota, according to the report. As part of the deal, a joint venture could also be formed in which Qatar partners with or invests in future wells with ExxonMobil's subsidiary XTO Energy, the report said. Since June 2017 when Saudi Arabia.

And its allies have imposed economic sanctions, Qatar has been trying to find ways to increase its investments outside the Middle East. The country also has close economic relations with ExxonMobil. In 2009, the Golden Pass LNG import terminal was built on the Texas state's Gulf Coast, which is 70 percent owned by Qatar Petroleum and 30 percent owned by ExxonMobil. In April 2017, the U.S. Department of Energy approved the Golden Pass terminal to export LNG. ExxonMobil needs the financial support of Qatar to finish the $10 billion Golden Pass terminal. Qatar is the world's largest LNG exporting country.

Oil surges more than 3 percent as trade war fears recede

Reuters, *10.03.2018*

Oil prices surged more than 3 percent as investors grew more confident the United States and China would resolve their trade dispute without damaging the global economy, while Middle East tensions and a weak dollar also supported prices.

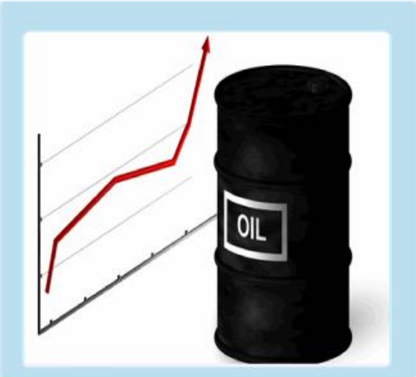
Brent crude futures jumped $2.39, or 3.5 percent, to settle at $71.04 a barrel. This was its largest single-day percentage gain since September. In post-settlement trading, Brent hit $71.34, its highest since December 2014. West Texas Intermediate crude futures gained 3.3 percent.

It is or $2.09, to settle at $65.51 a barrel. “This has been another huge day,” said Bill Baruch, president of Blue Line Futures in Chicago. “There’s soothing trade war fears, geopolitics, and a weaker dollar at play,” Baruch said. President Xi Jinping on Tuesday promised to open China’s economy further and lower import tariffs, striking a conciliatory tone on the trade tensions between his country and the United States. Prices of both crude benchmarks have risen more than 5 percent in the past two trading days. Both have erased their losses from last week, when concerns over a possible trade war between the two largest economies contributed to declines of more than 4 percent. Middle East tensions also supported prices, said Phillip Streible, analyst at RJO Futures in Chicago. “Oil markets are getting a bounce on increasing speculation about Trump and Syria,” Streible said.

U.S. President Donald Trump promised a swift response to a suspected chemical attack in Syria. Such a response is likely to increase the push for the United States to exit the Iran nuclear deal, Streible said, given Iran’s support of the Syrian government. Departures from the accord would result in renewed sanctions against Iran, which would hurt its oil industry. Also supportive to crude prices was the weakness of the U.S. dollar. The dollar fell against a basket of major currencies, hitting its lowest in nearly two weeks. Because oil is dollar-priced, a stronger greenback makes purchases in other currencies more expensive. The American Petroleum Institute will publish its storage data later on Tuesday. Analysts anticipated a decline in crude and gasoline inventories. The U.S. Energy Information Administration said it expected domestic crude oil production to rise by 750,000 barrels per day (bpd) to 11.44 million bpd next year, more than previously expected. Meanwhile, Saudi Arabia’s Energy Ministry said it would keep exports below 7 million bpd and restore its inventories to normal levels.

US crude hits highest since 2014 on missile concerns

Reuters, *11.04.2018*



Oil prices jumped on Wednesday, hitting their highest in more than three years on Wednesday after Saudi Arabia said it intercepted missiles over Riyadh and U.S. President Donald Trump warned Russia of imminent military action in Syria.

Both U.S. crude and global benchmark Brent traded at the highest levels since 2014 as geopolitical concerns overshadowed a surprise build in U.S. crude inventories. “A bearish inventory report was quickly negated on word of intercepted rockets over Riyadh, which just adds to the recent spike in geopolitical tensions,” said Anthony Headrick.

Prices began to rally as Trump threatened to fire missiles at Syria. Washington and its allies have been considering air strikes following a suspected poison gas attack last weekend. Oil climbed further as broadcaster Al Arabiya said Saudi Arabia’s air defense forces intercepted a missile over the capital Riyadh.

Brent rose $1.02 on the day to settle at $72.06 a barrel, having touched a session high of $73.09. U.S. crude futures rose $1.31 to settle at $66.82 a barrel, a 2 percent gain, having traded as high as $67.45. Some major airlines were re-routing flights after Europe’s air traffic control agency urged caution for aircraft flying in the eastern Mediterranean due to possible air strikes on Syria. Trump has criticized Moscow for standing by Syrian President Bashar al-Assad.

“Russia vows to shoot down any and all missiles fired at Syria. Get ready Russia, because they will be coming, nice and new and ‘smart!’,” he wrote in a post on Twitter. Syria is not a significant oil producer, but any sign of conflict in the region triggers concern about crude flows across the wider Middle East. Reports of missiles in Riyadh exacerbated those worries, on top of existing concerns the United States could renew sanctions against Iran. Commerzbank’s head of commodity research Eugen Weinberg said oil market fundamentals “do not justify the current price, but unfortunately the market is focusing more on the politics and ignoring some of the warning signs, especially the hike in U.S. oil production.”

Saudi Arabia Energy Minister Khalid al-Falih said his country would not let another supply glut surface, implying that the de-facto leader of the Organization of the Petroleum Exporting Countries (OPEC) would continue to withhold supply. Not all oil market indicators suggest the price will continue to rally strongly, analysts said. U.S. crude inventories rose by 3.3 million barrels in the week to April 6, according to the U.S. Energy Information Administration. The big build was a surprise after analysts had forecast a decrease of 189,000 barrels.

Announcements & Reports

► *Underground Natural Gas Working Storage Capacity*
Source : EIA
Weblink : https://www.eia.gov/naturalgas/storagecapacity/

► *By some measures, U.S. natural gas production set a record in 2017*
Source : EIA
Weblink : https://www.eia.gov/todayinenergy/detail.php?id=35712#

► *Short-term Energy Outlook*
Source : EIA
Weblink : https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

► *Panama Canal and LNG: Congestion Ahead?*
Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/04/Panama-Canal-and-LNG-%E2%80%93-Congestion-Ahead-Insight-33.pdf

► *Oil Supply Balances: The Four Cycles of the OPEC Oil Output Policy*
Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/04/Oil-Supply-Balances-The-Four-Cycles-of-the-OPEC-Oil-Output-Policy.pdf

► *Progress, challenges, uncertainty: ambivalent times for Iran's energy sector*
Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/04/Progress-challenges-uncertainty-ambivalent-times-for-Iran%E2%80%99s-energy-sector-Insight-34.pdf

Upcoming Events

► *Kuwait Oil & Gas Summit*

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

► *3rd SOCAR International Caspian and Central Asia Downstream Forum*

Date : 24 – 25 April 2018
Place : Baku, Azerbaijan

► *3rd LNG International Summit*

Date : 25 - 26 April 2018
Place : Hamburg, Germany
Website : http://lngsummit.org/

► *International Conference on Petroleum & Petrochemical Economics*

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

► *Mediterranean Oil & Gas Summit*

Date : 02 – 03 May 2018
Place : Rome, Italy
Website : https://10times.com/mediterranean-oil-gas-summit

► *Iran Oil Show*

Date : 06 – 09 May 2018
Place : Tehran, Iran
Website : https://10times.com/iran-oil-show

► *FLNG Global 2018*

Date : 14 – 15 May 2018
Place : Amsterdam, The Netherlands
Website : https://www.clocate.com/conference/FLNG-Global-2018/49265/

Supported by PETFORM

► *Flame Conference 2018*

Date : 14 – 17 May 2018
Place : Amsterdam
Website : https://energy.knect365.com/flame-conference/?vip_code=FKA2659PETFORM

► *4th International LNG Congress*

Date : 04 – 05 June 2018
Place : Berlin, Germany
Website : http://lngcongress.com/

Supported by PETFORM

► *Energy Trading for Central and South Eastern Europe 2018*

Date : 13 – 14 June 2018
Place : Budapest, Hungary
Website : http://www.energytradingcsee.com/

► *14th Russian Petroleum & Gas Congress (RPGC2018)*

Date : 18 – 19 June 2018
Place : Moscow, Russia
Website : https://www.clocate.com/conference/14th-Russian-Petroleum-and-Gas-Congress-RPGC-2018/27847/

► *27th World Gas Conference*

Date : 25 - 29 June 2018
Place : Washington DC
Website : https://wgc2018.com/?src=Upstream

► *Offshore Oil & Gas and Chemical Industry Technology and Equipment Exhibition*

Date : 23 - 25 August 2018
Place : Shanghai
Website : http://sh.cippe.com.cn/en/For_Visitors/Venue_Time/

► *Gastech*

Date : 17 – 20 September 2018
Place : Barcelona, Spain
Website : http://www.gastechevent.com/

► *The European Autumn Gas Conference*

Date : 07 – 09 November 2018
Place : Berlin, Germany
Website : http://www.theeagc.com/