Oil & Gas Bulletin

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Turkey's total gas imports rise by 2.9% in February

Anadolu Agency, *30.04.2018*

Turkey's natural gas imports increased by 2.9 percent in February 2018 compared to the same month of last year.

Turkey's total natural gas imports rose to 5.4 billion cubic meters (bcm) in February 2018 from 5.2 bcm in February 2017, Turkish Energy Market Regulatory Authority (EMRA) announced in its Natural Gas Market Report for February 2018. The country imported 3.7 bcm of natural gas via pipelines and 1.7 bcm as LNG cargo, EMRA's data shows. Turkey's total natural gas consumption decreased by 5.2 percent year-on-year in February 2018.

In February 2018, Turkish households became the biggest consuming sector with 2.2 bcm of natural gas. Electricity production facilities consumed 1.5 bcm and industrial facilities followed consuming 0.9 bcm. The country's natural gas production rose from 27.6 million cubic meters (mcm) in February 2017 to 30.6 mcm in February 2018, the majority of which came from the northwestern Tekirdag province.

TurkStream's first line reaches Turkish shore

Anadolu Agency, *30.04.2018*

The deep-water offshore construction of the first line of the TurkStream natural gas pipeline is now complete as the world's largest pipelaying vessel, the Pioneering Spirit, reached the Turkish shore off Kiyikoy in northwest Turkey on Monday.

Pioneering Spirit captain Loek Fernengel told journalists on the vessel that Allseas, the company that owns the Pioneering Spirit, has the most technologically advanced pipelaying vessel in the world in the Pioneering Spirit, which is not only designed for pipelaying.

However also for the installation and decommissioning of oil and gas platforms. The vessel has a maximum speed of 14 knots and can accommodate 571 people with an installed power capacity of 95,000 kilowatts. "This is a unique vessel with the size of 6 Boeing 747s, and is able to lift 2.5 Eiffel Towers at once," Fernengel said. "The vessel's construction started in 2012, so we can say that it's a newly-built vessel," he added. The vessel is among a fleet of other Allseas enormous vessels including the Solitaire, Audacia and Lorelay. A group of journalists was given first-hand experience of life onboard the Pioneering Spirit where they were able to meet the crew in person. The vessel with 13 floors and 288 cabins can cater for over 500 employees at any given time. However, it is not all work and no play as the crew from over 40 countries has recreational areas with Playstations, television screens and facilities for various activities such as ping-pong and foosball. "We have 130 technical crew members including mechanical engineers and electricians, 40-45 personnel for catering, 300 employees on the production line and 50 marine crew," Fernengel explained. The catering crew serves between 1,500 and 2,000 meals daily on board, while 250 kilograms of rice and 11,000 eggs are consumed per week. The captain shared that the majority of the fruit and vegetables, milk and canned goods are bought from Turkey.

"It's like a 5-star hotel. It can accommodate up to 571 people. There are laundry facilities and room cleaning services for the staff. The vessel has a capacity of 21 million liters of diesel but our daily consumption is 100,000 liters. With full speed it is 400,000 liters per day," he said. The TurkStream construction project has so far been very successful, Fernengel said. "Even in the event of massive waves, the vessel remains stable and we continue to work. There was a huge storm about a month ago. The waves reached 7-8 meters high and the vessel suffered some damage but it didn't stop our production. Every eight minutes, we lay one pipe in the sea. "We found aircraft wrecks and archeological sites on the seabed during pipelaying. We changed our route each time but there has been no delay nevertheless," he explained. As an example of the speed of work, Fernengel explained that the speed record achieved in February this year was 5.7 kilometers of pipe-laying daily. The crew welded more than 74,000 pipes with a mere 0.63 percent margin of error, he added.

The Captain confirmed that when the pipelaying for the first line of the TurkStream is finished, the crew will take a 10-day break and return to Rotterdam in the Netherlands. "After this location [offshore Turkey], the Pioneering Spirit will return to Rotterdam, to prepare for her next heavy-lift project - the installation of a 22,000-tonne drilling platform topsides for Norwegian Statoil's Johan Sverdrup development on the Norwegian continental shelf," he said. He added that in the third quarter of 2018, the Pioneering Spirit will return to the Black Sea to complete the second line for the TurkStream project. TurkStream’s spokesman Sander van Rootselaar also informed the visiting group of journalists that to date 224 kilometers of the second line has been completed. "For the offshore part, we have all the necessary permits. The onshore lines are beyond our remit. Those will be the responsibility of Turkey's BOTAS and Gazprom. They are in talks for a joint venture regarding the second onshore pipeline," he said, adding that the first gas from the project will be pumped in December 2019.

"The project is a clear benefit for Turkey as it's a direct line to the country. The negotiations for gas price are ongoing. We have to wait to see how they develop," he said. The Swiss-based Allseas Group executed nearly 300 projects worldwide, installing more than 21,500 km of subsea pipeline in water depths ranging from 5 meters to 2,730 meters. The Pioneering Spirit commenced offshore operations in August 2016 with the removal of a mobile production platform from Norwegian waters. TurkStream is the vessel's maiden pipelaying project. It commenced deep-water pipelaying operations late June 2017 and has been working exclusively for the TurkStream project ever since.

Turkey's energy import bill up 13.8% in March

Reuters, *30.04.2018*

Turkey's energy import bill increased by 13.8 percent to nearly $3.35 billion in March from nearly $2.94 billion for the same month of 2017, according to Turkish Statistical Institute's (Turkstat) data Monday.

The data shows that Turkey's import bill in March reached $21.44 billion, out of which energy accounted for 15.62 percent. Additionally, the country's crude oil imports showed a 36.4 percent decrease in March compared to the same period of 2017. Turkey imported approximately 1.33 million tonnes of crude oil in March, down from 2.10 million tonnes for the same period in 2017.

Turkish Enerjisa's operating income up 68% in 1Q18

Anadolu Agency, *03.05.2018*

Turkish Enerjisa Enerji's consolidated operating income in the first quarter of this year increased by 68 percent to 867 million Turkish Liras compared to the same period of last year, the company announced on Thursday.

The company said in a statement that its net profit was around 243 million liras in the first quarter of 2018. "Our strong figures have brought us one step closer to our medium-term targets we set during the public offering," said the company's CEO. Enerjisa's electricity distribution and retail companies went public at the beginning of 2018.

The company's initial public offering was for 20 percent of its shares that Sabanci and E.ON divided equally. Zaimler said that with this successful performance, the company's expectation for 2018 is to create operating income of 3 - 3.3 billion liras. He added that the company is continuing distribution investments to widen and develop Turkey's energy infrastructure.

Iraq could overtake Turkey by importing more Iranian gas

Financial Tribune, *26.04.2018*

The state-run National Iranian Gas Company is determined to expand its presence in the world market and advance Iran's gas exports, the managing director of NIGC said on Tuesday.

Outlining his company's plans for the current fiscal that started on March 21, Hamidreza Araqi added that "meeting [domestic] gas demand and revising the current structures are also high on NIGC's agenda", Shana reported. The official said gas export to the Iraqi city of Basra is set to commence soon. According to Araqi, Iran's gas export to Iraq is set to reach 50 mcm/d this year, 25 mcm/d to each of the two cities.

"If the goal is achieved, Iraq will become the biggest importer of Iranian gas by overtaking Turkey," he said. Iran is currently exporting gas to Baghdad from Naftshahr in Kermanshah Province through a pipeline diverging from the Sixth Iran Gas Trunkline (IGAT-6).

Production begins at southern Iraq's Siba gas field

Anadolu Agency, *26.04.2018*

Production began at Iraq's Siba gas field in the hydrocarbon-rich southern province of Basra.

Oil Minister Jabbar Ali Al-Luiebi opened the central gas production station to start initial commercial production with a capacity of 0.71 million cubic meters per day (mcm/d). The minister said that the goal was to produce 2.83 mcm/d by the end of 2018. Al-Luiebi added that the project would lead to an increase in the volume of dry gas supplied to power stations, in addition to the production of 1,200 barrels/day of liquid gas and 19,000 barrels/day of gas condensate.

The minister praised the efforts of operators, Kuwait Energy and Turkish Petroleum (TP), as well as the supporting authorities which “enabled a long-time dream to come true”. The consortium of Kuwait Energy and TP was awarded the investment contract in 2011, with shares of 60 percent and 40 percent, respectively. Ministry spokesman Assim Jihad said the field was discovered in 1967, and drilling began five years later only to be stopped in 1993. The work at the field started again in 2011 after it was awarded to Kuwait Energy during the third licensing round, Jihad said, adding the rehabilitation process included the removal of land mines, shells and war debris, followed by the launch of the third seismic survey. The field is estimated to hold 0.04 trillion cubic meters of gas reserves.

Meanwhile, state-owned Basra Oil Company signed two contracts, worth $118 million, with China’s Anton Oilfield Services and U.S. engineering company KBR to operate and maintain the Majnoon oilfield in southern Iraq, the ministry said in another statement. Al-Luiebi confirmed the keenness of the ministry to develop production at the super-giant Majnoon field to achieve higher production levels in accordance with the project's plans. He said the field, which is one of Iraq's biggest, would be developed through national effort “after the withdrawal of BP from the development operations”. Ihsan Abd Al-Jabbar, director-general of Basra Oil Company, said that Anton Oil and KBR would provide consultation services "to develop abilities and transfer information". He said the contracts also included a program of administration and standard maintenance to the field, in line with international requirements.

Kuwait Energy starts producing natural gas from field in southern Iraq

Reuters, *25.04.2018*

Kuwait Energy PLC started producing natural gas from Siba on Wednesday, the first gas field to be brought on stream in the south of Iraq, an Iraqi oil executive told Reuters.

Siba began producing gas at an initial rate of 25 million cubic feet a day (mcf/d), which should rise gradually to 100 mcf/d by the end of the year, said Kareem Abd Oda, the director general of the joint venture established by Iraq and Kuwait Energy to develop the field. Siba, south of the city of Basra, is producing natural gas and gas condensates, he added. The other hydrocarbon reservoirs of southern Iraq.

That are already in operation produce natural gas alongside crude oil. The gas extracted in several of these fields is burnt off instead of being captured, as the country lacks the capacity to process it into fuel for local consumption or exports. The semi-autonomous Kurdistan Regional Government has started producing natural gas from fields in northern Iraq. Iraq hopes by 2021 to end gas flaring, which costs nearly $2.5 billion in lost revenue for the government and would be sufficient to meet most of its unmet needs for gas-based power generation, according to the World Bank.

Iraq holds on Thursday an auction of oil and gas exploration contracts in 11 blocks alongside the border with Iran and Kuwait and in offshore Gulf waters. The new contracts set a time limit for companies to end gas flaring from oilfields they develop. Iraq is the Organization of the Petroleum Exporting Countries' second-largest producer after Saudi Arabia. Companies including BP, Exxon Mobil, Eni, Total, Royal Dutch Shell and Lukoil helped Iraq expand production in the past decade by more than 2.5 million barrels per day (bpd) to about 4.7 million bpd. Iraq's crude exports from its southern region on the Gulf have averaged 3.5 million bpd so far in April, two oil executives told Reuters on Wednesday. That is higher than the March average of 3.45 million bpd.

Iran eyes increase in natural gas exports by next March

Anadolu Agency, *26.04.2018*

Iran's deputy oil minister for gas affairs said the country's total gas production will reach 250 billion cubic meters (bcm) per year by the end of the next calendar year in March 2019, while its exports will hit 60 million cubic meters (mcm) per day over the same period, the ministry's official website Shana reported Tuesday.

The previous Iranian calendar year ended on March 20, and the current fiscal year started on March 21. The deputy minister Hamidreza Araqi, who is also the head of the National Iranian Gas Company (NIGC), said.

NIGC provided over 70 percent of the country's energy and fuel supplies, adding all power plants, industries, exports and household sectors in the country were dependent on natural gas in Iran. Iran produced 202.4 bcm of natural gas in 2016, marking a year-on-year increase of 6.6 percent, according to British Petroleum's (BP) Statistical Review of World Energy 2017 report. Araqi said that gas exports would hit 60 mcm per day over the same period once Iran starts exporting gas to Iraq's Basra. Natural gas exports averaged 34.8 mcm per day in the first five months of the previous fiscal year compared to 21.3 mcm per day in the corresponding period a year ago, according to a report issued by Iran's official news agency IRNA last September.

The NIGC director also commented on the lingering gas dispute between Iran and Turkmenistan, adding experts would review the matter within the next two months, as agreed by the presidents of the two countries. "If the two neighbors strike an agreement upon assessments of the experts, the matter will no longer have to be resolved by an international arbiter," he added. The dispute between Iran and Turkmenistan over a 20-year old gas deal reached its peak in January last year, when Turkmenistan's state gas company, Turkmengaz, halted gas exports to Iran citing arrears of $1.5 billion.

In late December, Turkmenistan took the matter to a court of arbitration, which followed a similar move by Iran. On Jan. 30, Iranian Oil Minister Bijan Zangeneh said they were filing another complaint with the International Court of Arbitration, adding the figure claimed by Turkmenistan was not correct, and had to be decreased. Iran holds around 18 percent, or 33.5 trillion bcm, of total proven natural gas reserves globally, ranking first on the list, according to BP's 2017 report. Turkmenistan ranked fourth with 17.5 trillion bcm.

'Up to 350,000 barrels of Iranian crude a day could be at risk' if nuclear deal is scrapped

CNBC, *26.04.2018*

Oil Market are underestimating the impact that a collapse of the Iran nuclear deal — and the re-imposition of U.S. sanctions on Iran — could have on prices, a Middle East strategist told CNBC.

"We think at least 250,000 to 350,000 barrels of Iranian crude (a day) could be at risk of disruption if sanctions are brought back into place," Ehsan Khoman, head of research and a strategist at financial group MUFG, told CNBC's Capital Connection on Thursday. "In terms of the upside risk to oil prices.

“We think that anything north of $80 for Brent crude and WTI above $75 could firmly take place. We think markets have not fully priced-in the size and magnitude of Iranian sanctions," he said. Brent futures are currently trading around $74, while U.S. West Texas Intermediate (WTI) is fetching $68 a barrel. Oil prices have risen in recent months following a prolonged period of low prices caused by a global glut in supply. While the major group of oil producing countries — including OPEC and other non-OPEC producers such as Russia — have held back supply in order to reign in supply, geopolitical events could unsettle that fine balance. The latest figures from OPEC, for March, indicated that Iran produced around 3.8 million barrels of oil per day, making it the third largest oil producer in the 14-member group, after Saudi Arabia and Iraq.

A possible collapse of Iran's nuclear deal could lead the U.S. to re-impose sanctions on Iran. That would sorely affect Iran's oil-exporting industry and production, and could unsettle a balancing act that has stabilized prices. President Donald Trump is due to decide on May 12 whether he will scrap a deal brokered by the United States, Russia, France, Germany and the U.K. — a deal which Trump has called "terrible." "High geopolitical tensions between the U.S. and Iran certainly don't bode well for oil markets. Our base-case scenario is that Donald Trump will not sign the nuclear waiver agreement on May 12," Khoman said. "He has been articulating that in tweeting policy and through other statements."

Khoman said Trump's "hawkish" circle of advisors — with Iran critics including Mike Pompeo (Trump's nominee for secretary of state) and John Bolton (Trump's national security advisor) — makes it likely that the U.S. will choose to re-impose sanctions on Iran. "Of course, we've had the French president there trying to reason with Trump and to see if they can come to some kind of new deal," he said. "And then German Chancellor Angela Merkel is going to Washington if she can do something to get Trump back to some kind of accomodative stance over Iran."

Iraq grants 6 oil, gas licenses to international firms

Anadolu Agency, *20.04.2018*

Iraq has awarded six contracts to foreign companies to explore and develop oil and gas blocks near its borders with Iran and Kuwait, the Oil Ministry said Thursday.

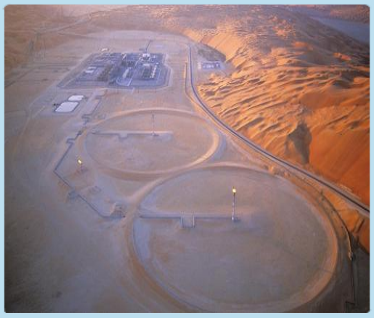
Ministry spokesman Assem Jihad said Thursday’s bidding round resulted in the transfer of six out of 11 blocks offered for exploration and development. Three exploration blocks went to Iraqi-owned, United Arab Emirates-based Crescent Petroleum, while China’s Geo-Jade was awarded two contracts, and United Energy Group, another Chinese company, got one, the ministry said. No bids were made on the remaining five blocks.

The blocks were initially set for auction last June. The last date to submit offers was postponed to April 15, and once again until April 25 to give interested companies more time. Also on Thursday, state-owned Basra Oil Company signed two contracts, worth $118 million, with China’s Anton Oilfield Services and U.S. engineering company KBR to operate and maintain the Majnoon oilfield in southern Iraq, the ministry said in another statement. Minister Jabbar Ali Al-Luiebi confirmed the ministry's keenness to develop production at the super-giant Majnoon field to achieve higher production levels in accordance with the project's plans. He said the field, which is one of Iraq's biggest, would be developed through national effort “after the withdrawal of BP from the development operations”.

Ihsan Abd Al-Jabbar, director-general of Basra Oil Company, said that Anton Oil and KBR would provide consultation services "to develop abilities and transfer information". He said the contracts also included a program of administration and standard maintenance to the field, in line with international requirements.

Middle East oil importers to beat exporters in growth recovery, IMF says

CNBC, *02.04.2018*



Oil-importing countries in the Middle East and Central Asia region are to beat their oil-exporting counterparts in the growth stakes in coming years, according to the International Monetary Fund (IMF) in its latest regional outlook.

In its report on the Middle East, North Africa, Afghanistan and Pakistan region, published Wednesday, the IMF said oil exporters in the region should see a 2.8% growth in 2018 and 3.3 % in 2019. Oil importers, however, were predicted to see a 4.7 percent growth in 2018 and 4.6 percent in 2019.

"The good news of this recovery this year is that the outlook is positive for both oil-importing countries and oil-exporting countries," Jihad Azour, director of the Middle East and Central Asia Department at the IMF, told CNBC's Hadley Gamble on Monday. "Oil-exporting countries bottomed out in 2017 when growth was 1.7 percent, but this year it's expected to be 2.8 percent. For oil-importing countries we expect growth this year to be 4.7 percent, coming up from 4.2 percent last year. And over the next three years we expect it to be 5 percent." "This is good, but it's not enough for them to sustainably address the issues they're dealing with, inclusion, job creation and sustainable growth," he added. Oil-importing countries include Egypt, Pakistan, Morocco and Tunisia, while oil exporters include the Gulf Cooperation Council (Saudi Arabia, the United Arab Emirates, Bahrain, Oman, Kuwait and Qatar) as well as Iran, Algeria and Libya.

The growth picture is a mixed bag for the region; oil exporters having struggled recently with low oil prices and burgeoning budget deficits. In the Gulf Cooperation Council (GCC) in 2017, overall growth fell by 0.2 percent with Saudi Arabia seeing its first economic contraction since 2009. Oil futures are currently trading at $74.80 for Brent crude and around $68.69 for West Texas Intermediate (WTI), having been buoyed by OPEC and non-OPEC producers, including Russia, curbing oil production. With oil prices rising as a result, U.S. shale oil production has returned, a factor that made the outlook for oil prices "highly uncertain," the IMF said, adding that "the medium-term outlook for oil prices remains subdued." Nonetheless, the IMF believed that growth for oil exporters will accelerate in 2018–19, largely reflecting "the continued recovery in non-oil activity as many countries are slowing the pace of fiscal consolidation in support of domestic demand." But, it said, risks to the outlook are skewed to the downside.

"These (risks) include the possibility of a sharp tightening of global financial conditions, growing trade tensions, and geopolitical strains — while the outlook for oil prices remains subdued and highly uncertain," the report said. "If these risks materialize, they could trigger potentially significant fiscal and financing pressures for many countries in the region, affecting prospects for continued fiscal consolidation and economic recover." Fragile growth prospects over the medium term underscored the importance of accelerating structural reforms, Azour said.

"The good news is that the regional growth is improving for both oil-importing and oil-exporting, yet the region is not fully benefiting from the improvement in the global outlook and this requires countries in the region to pursue the reform agenda," he said. Oil-importing countries were also set to see a continuation in the growth recovery in 2018, the IMF said, aided by "gains from ongoing reforms, improved domestic confidence in some countries, and a steady upswing in external demand." Growth remains fragile, however, and these countries too needed to accelerate reforms. "Persistent conflicts and their regional spillovers, security concerns, weaker-than-anticipated public investment (Afghanistan, Jordan), delays in implementation or completion of structural reforms (Jordan, Morocco, Pakistan, Tunisia), and political and policy uncertainty (Lebanon, Pakistan) continue to weigh on growth. Overall, the outlook has softened slightly since the October 2017 outlook," the IMF said.

Growth is expected to remain too low to provide enough jobs for the expanding labor force, the fund warned. "Generating broad-based growth that benefits all will require an acceleration of structural reforms that improve the business climate and boost productivity. The need for sustained fiscal consolidation that protects much-needed social spending and investment while ensuring stability also persists."

Russian oil turns ıts back on ıts biggest customer

Oil & Price, *01.05.2018*

Since the start of 2018, Russia's pipeline crude oil exports to China have been growing, while its seaborne shipments to Europe have been falling.

At the beginning of this year, Russia doubled the capacity of pipeline exports to China, where it has been the top oil supplier for more than a year after overtaking OPEC's top exporter and de facto leader Saudi Arabia last year. While Russia is trying to get a bigger chunk of the fast-growing Chinese oil market, it is doing so at the expense of its number-one oil customer, Europe.

Decreased seaborne crude oil shipments to Europe may prompt European refiners to buy more Middle Eastern barrels and crude oil from the U.S., analysts say. In addition, lower Russian seaborne shipments could add to the woes of the tanker freight sector, which is also feeling the decline of OPEC's exports due to the oil cuts pact and an oversupply of tankers. According to loading programs obtained by Bloomberg, Russia's crude oil exports from its western ports on the Black and Baltic Seas—most of which go to Europe—will have dropped by 19 percent to 1.86 million bpd between January and May 2018. At the same time, Russia's exports via pipeline to China soared 43 percent to around 750,000 bpd in Q1 2018, data by pipeline operator Transneft shows.

In March, Russia kept its top oil supplier spot to China for a 13th month running, with exports up 23.6 percent on the year to 1.36 million bpd, ahead of Saudi Arabia’s 1.09 million bpd exports. Russian oil exports to China jumped 22 percent annually in the first quarter of 2018. As Russia is boosting crude oil supply to China at Europe’s expense, European refiners may look to replace some of the Russian barrels with Middle Eastern and U.S. crude oil, according to Alan Gelder, Vice President Refining, Chemicals and Oil markets, at Wood Mackenzie. “The Middle East will have less medium-sour crudes going to Asia because of the growth in Russian volumes, so then they would push those barrels into Europe,” Gelder told Bloomberg. The decreased Russian oil shipments to Europe are currently not affecting crude prices of the Urals grade, because a number of European refineries are undergoing scheduled maintenance. Moreover, increased U.S. oil intake into Europe—combined with the current maintenance season ahead of the summer peak gasoline demand—has led to the Russian Urals grade trading at four-year-lows in Europe, according to Bloomberg data.

U.S. crude oil and condensate exports to Europe are expected to have hit an all-time high of around 550,000 bpd in April, according to shipping programs, and traders expect the record pace to continue this year as U.S. oil grows ever more popular with European refiners, often at the expense of oil cargoes from OPEC nations and Russia. According to Reuters data, Europe was the destination of 7 percent of all U.S. oil exports in 2017, but that percentage has now increased to 12 percent this year. Total U.S. crude oil exports hit a record high of 2.331 million bpd for the week to April 20, EIA data shows, supported by a wider discount of WTI to Brent, which is now around $6 a barrel, compared to half of that—around $3 per barrel—in early March.

“U.S. tight oil could fit the need for summer driving season,” WoodMac’s Gelder told Bloomberg. “In the late spring and into summer as we’re starting to see gasoline strength, Europe would then be the logical home.” Russia’s pivot to increase its oil exports to China is upending market shares and oil flows on the market globally. Russia is now China’s number one oil supplier, ahead of the leading Middle Eastern exporter Saudi Arabia. At the same time, lower Russian oil cargoes to Europe could leave European refiners looking to buy more Middle Eastern and U.S. oil. With the WTI/Brent spread so wide, U.S. shipments to Europe this summer could set new records at the expense of both Middle Eastern (OPEC) producers and Russia.

Russia's Gazprom: Sea portion of turkstream first line completed

VoaNews, *01.05.2018*

Russia's Gazprom said it had completed the sea portion of the first line of the TurkStream offshore gas pipeline across the Black Sea. Gazprom, which plans to complete the pipeline in 2019, said in a statement 1,161 km, of pipe had been laid since it began construction last year.

The second line, designed to ship gas to south European countries such as Greece, Bulgaria and Italy, will be laid in the third quarter of 2018. Alexander Novak said this month that Turkey's approval for Gazprom's onshore portion of the TurkStream pipeline's second line was still pending.

Moscow, which relies on oil and gas revenue, sees new pipelines to Turkey and Germany - TurkStream and Nord Stream 2 - as crucial to increasing its market share in Europe.

Eni acquires promising exploration block in Indonesia

Anadolu Agency, *24.04.2018*

Italian energy company Eni was awarded the East Ganal exploration block in Kutei Basin, one of the most promising hydrocarbon provinces in Indonesia.

The award, in which Eni has a 100 percent participating interest, will see the company strengthen its position and its upstream portfolio in the East Kalimantan's Kutei Basin, as well as in the gas and LNG market of the Asia Pacific region, according to the press release. East Ganal is a new "gross split" Production Sharing Contract (PSC) covering an area of about 5,100 square kilometers.

It adjoins the Eni-operated Muara Bakau and East Sepinggan PSCs, in the Makassar Strait offshore East Kalimantan. "In the Muara Bakau PSC, Eni commenced production from the Jangkik deepwater field in May 2017. In April 2018, Eni was also granted the approval of the Plan of Development for the Merakes discovery located in East Sepinggan PSCs," the press release said. According to the company's press release, this further development project, "using existing Jangkrik and Bontang facilities, will allow an increase in the availability and flexibility of gas supply both for the domestic market and for export, as well as strengthening Eni's position in the LNG market in Asia." Eni has been operating in Indonesia since 2001 and now holds working interests in fourteen exploration and production assets.

France's Total, Germany's Siemens hope to sign Cuban LNG deal soon- sources

Reuters, *30.04.2018*

French energy firm Total SA and German industrial giant Siemens AG hope to sign a deal soon with Cuba to build a 600 megawatt gas-fired power plant on the island, according to diplomats and businessmen with knowledge of the talks.

The two are leading a consortium that has been in negotiations with Communist-run Cuba since last year when they won a tender for the project, said the sources, who did not identify the other members "Total, with some international partners, is looking at a LNG power project in Cuba"

"One of several countries where Total is exploring similar LNG potentials," the company said in a statement to Reuters. A Siemens spokesman in Germany was not immediately available for comment. The sources cautioned that many details of the project were under negotiation and that the combination of U.S. sanctions and Cuban bureaucracy meant there was no guarantee the agreement would be finalized, though they were hopeful. The potential deal is the latest example of companies from the European Union moving to take advantage of Cuba opening to foreign investment. "The EU has become Cuba's first trade partner and was already the first in investment and development cooperation," the European Union's top diplomat Federica Mogherini said in January while visiting the country. Siemens signed a letter of intent with the Cuban power authority in 2016 to help modernize the grid. "With this important agreement ... we will assist and support Cuba on the development of a sustainable and modern electricity system," Willi Meixner, head of Siemens Power and Gas division, said at the time.

In the Matanzas Bay project, 124 kilometers (77 miles) east of Havana, Total would obtain the liquid gas from abroad, and then store, process and supply it to the plant, which would be built by Siemens, the sources said. The project would mean less dependence on oil and less pollution, Jorge Pinon, a Cuban energy expert at the University of Texas in Austin, said. “It could be the best decision that the Cuban government has made toward an energy policy able to react to changes in price, geopolitical events and or supply-demand disruptions,” he said. Cuba was left in the lurch when its sole oil supplier, the Soviet Union, collapsed in 1991. More recently it has been scrambling to find alternative oil supplies as ally Venezuela’s economy and oil production implode.

Cuba’s total generating capacity is around 6,000 megawatts and demand is increasing due to growing tourism, digitalization and a new private sector. Around 95 percent of electricity in Cuba is generated by fossil fuels. The government has begun a program to generate 24 percent with renewable sources by 2030. Total and Siemens have engaged in commerce with the Caribbean island nation for decades. Total was the first foreign company to drill for oil just off shore in the 1990s after the Soviet Union collapsed. The company failed to find a commercially viable field. It also has a joint venture with Cuban state oil monopoly Cubapetroleo (CUPET), Elf Gas Cuba, which for 20 years has packed a liquid propane and butane gas mix into cylinders and distributes them for use by households and businesses in eastern Cuba. The Cuban state power authority, Union Electrica, and CUPET did not respond to a request for comment.

Turkish Petrol Office divestment curbs OMV's Q1 results

Lusaka Times, *15.04.2018*

Austrian oil company OMV's consolidated sales decreased by 10 percent to €4.977 million in the first quarter of 2018 compared to the same period of 2017, due to the divestment of its Turkish Petrol Ofisi retail station network, the company announced Thursday in its quarterly report.

"The downstream clean current cost of supplies operating result decreased to €376 million from €494 million in first quarter of 2017. The downstream oil result was affected by the divestment of OMV Petrol Ofisi in Q2/17 and a weaker refining market environment in Q1/18," the report showed.

According to OMV, "Clean CCS before interest and tax (EBIT)" is a key financial figure and helps make comparisons to previous years and to the performance of the company's peers. The decrease in the whole downstream business was partially due to the divestment of OMV Petrol Ofisi, which contributed €53 million to the Clean CCS Operating Result in Q1/17, according to OMV's report. In June 2017, OMV completed the sale of Petrol Ofisi, the largest retail station network in Turkey, to VIP Turkey Enerji, a subsidiary of Vitol Investment Partnership. The €1.37 billion agreement was signed on March 3, 2017. Despite the decrease in downstream activities, OMV's CCS earnings before EBIT, which excludes special items and inventory gains or losses, increased by 2 percent to €818 million in the first quarter of 2018, according to the quarterly report.

The report shows that the 2 percent increase was a result of a new stake in a Russian gas field and from production rises in Libya. "Total hydrocarbon production rose by 31 percent to 437 thousand barrels of oil equivalent, (kboe/d), primarily due to Russia’s contribution of 106 kboe/d and a higher Libyan production by 15 kboe/d." the report read. Petrol Ofisi, with over 1,709 fuel dispensing facilities across Turkey, was put for sale in February 2016 due to financial difficulties.

Sonatrach boosted gas output by 5 percent in 2017

Reuters, *30.04.2018*

Algeria’s state energy firm Sonatrach said on Monday it boosted its gas output by 5 percent to 135 billion cubic metres in 2017, marking the first time the company has used a news conference to disclose production data.

Sonatrach’s CEO, appointed a year ago, has been trying to overhaul the company, a sprawling and secretive empire not used to change, and increase transparency as the North African country wants to attract more investment. Total oil and gas output rose by 2 percent in 2017 to 196.5 tonnes of oil equivalent, Chief Executive Abdelmoumen Ould Kaddour told reporters.

Oil production fell 3 percent due to OPEC quotas, he said. The company’s turnover from oil and gas in 2017 was $33.2 billion, he said, adding that the firm had invested $8.1 billion in 2017, down 8.8 percent from the previous year. Kaddour, a U.S.-trained engineer, took the reins at Sonatrach last year to overhaul a company plagued by contract disputes with foreign firms, red tape, stagnant production and corruption scandals. He gave no details of the firm’s future strategy at the news conference, beyond previously stated general messages. “We need to transform Sonatrach into one of the top five national companies in the world,” Kaddour said. “Less bureaucracy and more professionalism.”

Algeria, a member of the Organization of the Petroleum Exporting Countries and a major gas supplier to Europe, has been hit by a slump in oil prices and struggled to attract investment to help develop new fields and increase existing production. In December, Sonatrach said it planned to work more closely with France's Total on offshore, petrochemical, solar energy and shale exploration projects after settling disputes over profit-sharing on oil and gas contracts. Algeria remains dependent on oil and gas earnings, which provide 60 percent of the state budget, and Sonatrach's performance is key to the economy. The country has been working on a new energy law to provide better incentives for foreign firms, which had been deterred by current terms. But there are still divergent views within Algeria over how hard to push for foreign investment and domestic economic reform to boost revenue and growth.

Over $180bn to be spent on 88 upcoming oil & gas fields in Africa to 2025

Energy Mix, *25.04.2018*

Over $180bn will be spent on 88 upcoming oil and gas fields between 2018 and 2025. Capital expenditure (capex) into Africa's conventional oil, heavy oil and unconventional oil projects will add up to $88bn, $2bn and $3bn respectively over the eight-year period, according to GlobalData, a leading data and analytics company.

Conventional gas projects will require $86bn, while the investments into unconventional gas and coal bed methane (CBM) projects will total $1.2bn and $0.1bn respectively in upstream capex by 2025.

Peter Heath, Oil & Gas Analyst at GlobalData, comments: "Nigeria will lead the way with $47.2bn or over 26 percent of $180bn of capex between 2018 and 2025, and has 23 accounted and planned fields. Among these, the top fields in terms of capex for the period are Zabazaba-Etan with $11.1bn, Bonga North with $8.4bn and Bonga Southwest/Aparo with $3.9bn." Mozambique follows with $46.2bn or approximately 25 percent share in Africa's planned and announced capex over 2018 and 2025 and has seven planned and announced fields. Deepwater Golfinho-Atum Complex, two ultra-deepwater fields Mamba Complex and Coral South are the top three fields with capex for the eight-year period of $17.1bn, $15.0bn and $6.8bn respectively. All three are conventional gas developments.

Angola is expected to contribute $20.0bn or an estimated 11 percent to the total capex spending between 2018 and 2025. The country has six planned and announced fields. The top three fields are Orca, Kaombo Complex and Lucapa, with capex of $7.1bn, $5.1bn and $3.4bn, respectively. Tanzania, Algeria, Uganda, Egypt, Kenya, Senegal and Congo Republic have a combined forecast capex of $50bn, or approximately 28 percent of the total capex spending on upcoming projects in Africa for the period. GlobalData expects that over their lifetime, the 88 upcoming oil and gas projects will require $384bn in capex to produce over 12,356 million barrels of crude and 178,209 billion cubic feet of gas. Upcoming ultra-deepwater projects in Africa will have the highest total capex at $212.1bn. Deepwater projects will require $80.9bn over the lifetime, while onshore and shallow water projects carry a total capex of $63.0bn and $26.8bn, respectively.

Savannah Petroleum hits oil in Niger

Africa Oil & Power, *30.04.2018*

UK-based Savannah Petroleum made an oil discovery in its onshore Bushiya-1 exploration well, the company announced this week.

The results indicate the well encountered 10 meters of net oil bearing reservoir sandstones across two intervals, with excellent quality. In the next stage of exploration, Savannah Petroleum will perform a production test after results of an additional two exploration wells in the same area are complete. The company plans to enable the exploration drilling “to function as a potential production well in the future,” according to a company press release.

The exploration rig is now moving to Amdigh-1 well site, which is just six kilometers from Bushiya. “In simple terms, I believe the well has demonstrated all of the necessary ingredients for repeatable exploration success to exist in the R3 Area and look forward with encouragement to the remaining wells in our initial campaign, being Amdigh-1 and Kunama-1,” said Steve Jenkins, Chairman of Savannah Petroleum, in the release. “I would also highlight the extensive prospects and leads inventory we have in the wider R3 license area, which we expect to continue to high grade for potential inclusion in future drilling campaigns.” The well results come just months after Savannah Petroleum completed its acquisition of Seven Energy, an integrated Nigerian oil and gas company. Seven Energy holds interests in two producing onshore oil and gas fields and a 20 percent stake in Accugas, a midstream business in Nigeria.

US oil rig count rises 12th time in 14 weeks

Reuters, *28.04.2018*

The number of oil rigs in the U.S. increased for the 12th time in the past 14 weeks, according to oil field services company Baker Hughes data released on Friday.

The oil rig count in the country rose by five for the week ending April 27, the company said. With the latest increase, the number of oil rigs, which indicates the short-term change in the U.S.' oil industry, is now at 825. The current level also shows around 18.4 percent increase in the oil rig count, which stood at 697 in the same period last year. After the increase in the number of oil rigs.

International benchmark Brent crude traded at $74.76 per barrel at 13.10 EST (17.10 GMT). American benchmark West Texas Intermediate (WTI) was at $68.09 a barrel at that time.

Brent oil below $75 level at week beginning April 30

Anadolu Agency, *30.04.2018*

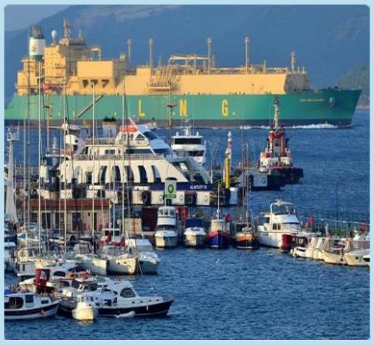
International Benchmark Brent crude traded at $73.41 per barrel at 09.44 GMT+2 while American benchmark WTI saw prices of $67.83 per barrel on Monday.

Brent crude traded at $74.57 per barrel at 15.27 GMT+2 while WTI saw prices of $67.92 per barrel on Friday. Last week, Brent oil increased to over $75 per barrel from $73 per barrel due to U.S. President Donald Trump's statements on Iran regarding the possibility of pulling out of the nuclear deal. Under a deal signed in 2015, the U.S. and other world powers agreed to lift some of the economic sanctions.

It is imposed against Iran in return for the latter agreeing to rein in its nuclear program. In addition, on Friday the leaders of North and South Korea agreed for a "complete denuclearization" and lasting peace on the Korean Peninsula, according to local media reports. The deal followed a historic bilateral summit between South Korean President Moon Jae-in and North Korean leader Kim Jong-un in the Joint Security Area of Panmunjom in the south. After the meeting, Asian shares extended gains on Monday as tensions in the Korean Peninsula eased. Meanwhile, the number of oil rigs in the U.S. increased for the 12th time in the past 14 weeks, according to oil field services company Baker Hughes data released on Friday. The oil rig count in the country rose by five for the week ending April 27, the company said. With the latest increase, the number of oil rigs, which indicates the short-term changes in U.S. oil production, now stands at 825.

Global LNG imports up 9.9% in '17, highest since 2010

Anadolu Agency, *30.04.2018*



Global LNG imports increased by 9.9 percent year-on-year in 2017 to reach the strongest growth rate since 2010, according to the latest report of the International Group of LNG Importers (GIIGNL).

GIIGNL said that in 2017 global LNG imports reached 289.8 million tons, an increase of 26.2 million tons compared to 2016. According to the report, the number of exporting countries remained at 19 as no new country joined the LNG producing community in 2017. Malta was the only country that imported LNG for the first time.

On the supply side, five new onshore liquefaction trains were commissioned, two in Australia, two in the U.S. and one in Russia, plus one floating liquefaction unit offshore Malaysia. The increase in LNG supplies was driven by new production from Australia with 10.7 million tons and 9.6 million tons from the U.S. as well as by better performance of existing liquefaction plants in Algeria, Angola and Nigeria with 6.2 million tons. The Pacific Basin remained the largest source of LNG supplies with a 45.3 percent share, followed by the Middle East with a 31.5 percent share and the Atlantic Basin with a 23.2 percent share. "Due to the decline in production from Qatar, the gap between supplies from the Pacific Basin and the Middle East has widened, from 25 million tons in 2016 to 40 million tons in 2017. Between the Atlantic Basin and the Middle East, the gap has narrowed from 42.2 million tons to 24.2 million tons," GIIGNL explained. It noted that in 2018, the supply share of Atlantic Basin LNG volumes in global trade should increase, as new liquefaction plants come online in the U.S.

The report also read that Asian LNG imports grew by 10.2 percent to 211.2 million tons as Asia consolidated its position as the largest LNG importing region with a 72.9 percent market share. Japan remained the leading importing country, with 83.5 million tons, or a 28.8 percent market share, followed by China with 39 million tons. "The latter country overtook South Korea as the world’s second-largest LNG importer and contributed substantially to balancing demand with supply in the LNG market in 2017. As a result of a political decision to favor the use of gas over coal to reduce air pollution in major cities, China’s imports recorded a 42.3 percent increase, which followed the already strong growth of 36.9 percent in 2016," GIIGNL said. In Europe, net LNG imports were up by 7.5 million tons, or 19.5 percent increase, mainly driven by gas demand for power generation.

A combination of low hydropower, low nuclear production in France and hot weather in the summer led to a 9.1 million ton increase in countries of southern Europe such as France, Greece, Italy, Portugal, Spain and Turkey. Despite the increase in imports in 2017, Europe’s share of global LNG imports has fallen by nearly 50 percent since 2010 from 29.4 percent in 2010 to 15.9 percent in 2017, mainly due to a decline in gas demand and to competition from pipeline imports.

Announcements & Reports

► *Weekly Natural Gas Storage Report*

Source : EIA
Weblink : http://ir.eia.gov/ngs/ngs.html

► *Oil Price Signals: What Next for OPEC?*

Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/05/Oil-Price-Signals-What-Next-for-OPEC-plus.pdf

► *Oxford Energy Forum – Oil Benchmarks*

Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/05/OEF-113.pdf

► *The Role of Natural Gas, Renewables and Energy Efficiency in Decarbonisation in Germany*

Source : OIES
Weblink : https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/04/The-Role-of-Natural-Gas-Renewables-and-Energy-Efficiency-in-Decarbonisation-in-Germany-The-need-to-complement-renewables-by-decarbonized-gas-to-meet-the-Paris-targets-NG-129.pdf

Upcoming Events

► *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

Flame
14 - 17 May 2018 - Amsterdam

► *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/

ETCSEE 2018
ENERGY TRADING | CENTRAL & SOUTH EASTERN EUROPE
13 - 14 June 2018

► *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/