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Pioneering Spirit resumes work on TurkStream's 2nd line

Anadolu Agency, *26.06.2018*

The world's largest pipelaying vessel Pioneering Spirit resumed its work on the second offshore string of the TurkStream offshore natural gas pipeline towards Kiyikoy in northwestern Turkey, the project office announced Tuesday.

According to the statement, after entering the Black Sea on June 20, Pioneering Spirit completed a set of preparatory works, including lowering of the stinger and re-testing of pipelay equipment. "The pipeline head of the second string was recovered from the bottom of the Black Sea.

It is on the border of Russian and Turkish Exclusive Economic Zones (EEZ) at a depth of 2,170 meters (1.35 miles). This pipeline section up to the EEZ border at kilometer point 224 was installed in 2017," the statement read. "Calculated over the two lines, a total of 1,161 km (721 miles) of pipes has been laid so far. This corresponds to 62 percent of the combined offshore gas pipeline length," it said. The first line of the TurkStream, which will send around 15.75 billion cubic meters of natural gas from Russia to Turkey was completed in April. The second line with the same capacity as the first line will send gas to Europe through Turkey.

Turkey's crude oil imports down in April

Anadolu Agency, *26.06.2018*

Turkey's crude oil and aviation fuel imports decreased in April 2018 although diesel imports rose, according to the country's energy watchdog's report on Tuesday

Crude oil imports decreased by 37.9 percent to 1.5 million tonnes in April compared to the same month last year, Energy Marketing Regulatory Authority (EPDK) said. Aviation fuels imports decreased by 1.9 percent to 15.9 thousand tonnes in April while diesel imports grew by 48.8 percent to 1.3 million tonnes.

As a result, Turkey's total oil product imports increased by 10.3 percent this April to 3.1 million tonnes compared to April 2017. Production of oil refinery products lowered by 34.7 percent to 1.7 million tonnes. In addition, diesel production dropped by 33.7 percent to 643 thousand tonnes. In April, total fuel sales rose by 13.1 percent to 2.5 million tonnes compared to the same month last year.

Turkey to receive $1.2B loan for gas storage project

Anadolu Agency, *27.06.2018*

The World Bank and China-led Asian Infrastructure Investment Bank (AIIB) have approved a total of $1.2 billion credit for Turkey's Tuz Golu (Salt Lake) underground gas storage facility, the country's energy minister said Wednesday.

Speaking at a signing ceremony at the Ministry in capital Ankara, Berat Albayrak underlined the importance of the agreement saying both banks had approved the credits ahead of Turkey's presidential and parliamentary elections on Sunday. "These credits were given due to a confidence in Turkish economy, its future and its stability," Albayrak said.

The minister said that the first phase of the gas storage facility was completed, and had the capacity to store 550 million cubic meters of natural gas. "We will gradually increase the capacity and reach 5.4 billion cubic meters before 2023," Albayrak added. "And we will eventually reach 10 billion cubic meters of storage capacity with the expansion of our Silivri natural gas storage facility," he said. Last year, Turkey's President Recep Tayyip Erdogan and Prime Minister Binali Yildirim presided over the opening ceremony of the Tuz Golu facility located in the Sultanhani district in the central province of Aksaray, located 40 kilometers (25 miles) from the Salt Lake. The minister also said that Turkey was getting closer to its goal of becoming a natural gas trade hub thanks to the Trans Anatolian Pipeline natural gas pipeline, TurkStream and Floating Storage Regasification Units (FSRU) projects. AIIB Vice President and Chief Investment Officer D.J. Pandian said in a written statement that the bank's investment in this project would bring "great benefits" to gas consumers across Turkey and help AIIB establish long-term cooperation with the government and other important entities in the country.

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Iran to sign power deal with Georgia: Iranian energy official

Mehrnews, *24.06.2018*

The CEO of the NIGC said the company was preparing to sign an electricity contract with Georgia for export of 10% of the power it receives from Armenia in exchange for natural gas.

Speaking to Iran's oil Ministry official website 'Shana', Hamid Reza Araghi said NIGC had earmarked 10% of the gas it receives from Armenia to sell to Georgia and the related contract would be signed soon. The Iranian energy official said Armenia generates electricity in exchange for Iranian gas and sends it to NIGC, which is likely to sell part of this electricity to Georgia.

"Talks between Iran and Georgia on the sale of Armenian electricity to Georgia have been held and a contract will be signed in this regard soon," he said. The deputy petroleum minister for gas affairs further added, "we consider about 10 percent of the total volume of electricity supplied from Armenia to be sold to Georgia."

Greek Cyprus's potential export pipeline to Egypt and recent exploration success

Offshore Technology, *25.06.2018*

Greek Cyprus is likely to join Egypt and Israel as a key player in the Eastern Mediterranean area now that the pipeline from the Aphrodite field to Egypt has become a tangible reality. This turnout is expected to trigger further exploration activity by operators in the country and Cyprus can see a substantial investment in upstream natural gas developments.

Delek Energy, a key stakeholder, has also proposed a partnership in the export pipeline to potentially secure an additional export route for its Leviathan field in Israel placing even greater focus on Greek Cyprus' role in the gas sector.

Despite the offshore oil and gas industry in Cyprus Island having no producing fields, there have recently been significant activities that could trigger first development of gas reserves. Two major gas discoveries in the country are Aphrodite, discovered in 2011 with an estimated 4,000bcf to 5,000bcf, and Calypso, discovered in 2018 with an estimated 6,000bcf to 8,000bcf of recoverable volumes though appraisal activities have yet to take place.

Greek Cyprus had three offshore licensing rounds, between 2008, 2012 and 2016 and there are twelve offshore blocks delineated. Companies awarded with licenses and operating in the country are Eni partnering with Total, the partnership Noble, Delek Energy, Shell, and the partnership ExxonMobil with Qatar Petroleum. A total of six exploration and appraisal wells were drilled since 2011. In the summer of 2018, the consortium ExxonMobil and Qatar Petroleum are expected to drill two exploratory wells in its block 10 license. Greek Cyprus is now in a position to approve the development of Aphrodite which will bring further activity to the Eastern Mediterranean area and provide the country with much-desired energy revenue. In comparison to neighbouring gas fields in the region, GlobalData estimates the Aphrodite field situating on the mid-range to conservative side for economics with an internal rate of return (IRR) of 16% and a break-even gas price of US$4.17 per thousand cubic feet.

OPEC attempts correction in oil market with increase

Bloomberg, *26.06.2018*

A decision by OPEC and non-OPEC to boost crude production by around 1 million barrels per day (mbpd) last week is an attempt to correct the oil market.

OPEC had agreed in November 2016 to reduce 1.2 million bpd from its output at that time. In December 2016, Russia and non-OPEC producers said they would reduce their production by 600,000 bpd. The agreement was later extended until the end of this year. On Friday, OPEC announced that it will increase its crude production by reducing the level of compliance from its previously agreed quotas from more than 150 percent in May to 100 percent as of July 1.

The cartel met Saturday with Russia and other non-OPEC countries when they agreed to reduce their compliance levels to 100 percent. “I think it’s important to recognize the signal coming out of the OPEC meeting,” Yasser Elguindi, Director of Macro Research at Energy Aspects in New York, told Anadolu Agency. “What the Saudis, other GCC members and Russia are clearly saying is that we don’t want to overtake the market. We’ve cut more than we were supposed to, and we’re making strong efforts in order to correct that for the summer,” he added. Thomas Pugh, a commodities economist at the London-based Capital Economics, wrote in a note that OPEC is currently producing almost 1 million bpd below its collective quota; and Saudi Arabia, Kuwait, the United Arab Emirates and Qatar collectively produced about 900,000 bpd less in May than they did in December 2016. “OPEC has moved back to a collective quota. This means that those countries which have spare capacity, such as Saudi Arabia and its Gulf allies, will be able to boost production significantly,” he added.

Some OPEC members, however, and some others find it difficult to boost their output levels. “You have this problem of Venezuela, Angola and a few other producers that are unable to increase production. The reason why there is overcompliance, why OPEC has cut more than they were supposed to, is because of the acceleration and declines in Venezuela and in Angola,” Elguindi said. “It’s not just Iran and Venezuela. Libyan production is down. Nigeria has had some problems. There are a lot of potential sources of supply disruption,” he added. Pugh said if Venezuela manages to increase its production by 300,000 bpd for the rest of the year, as it pledged on Friday, then the cartel may quickly exceed its quota. “OPEC has found it difficult to police group quotas in the past, so there is a risk of production rising above its target,” he said, adding that “Saudi Arabia has said that the group quota implies an indirect reallocation of extra production from those that are unable to produce more oil to those that can do so.” Elguindi said Saudi Arabia is estimated to increase its crude production by some 500,000 mbpd from now until the end of this year. For Russia it’ll be 150,000 bpd during that period.

Before last week’s meeting, Russia proposed OPEC and non-OPEC raised output by 1.5 million bpd, while Saudi Arabia and its Gulf allies supported an increase of somewhere between 300,000 to 600,000 bpd. Elguindi said the mismatch between the previously announced figures by Saudis and Russia was a result of different timelines considered by the countries. “People would talk about levels but they never talked about duration -- meaning Russia was looking more at 2019, in terms of what would production look like between now and the end of 2019. So, it’s not inconsistent for Russia to say we should increase 1.5 million barrels a day, because they’re looking at a longer term horizon. Whereas, OPEC was looking in terms of the very near term,” he explained. OPEC and Russia will now increase production by a total of around 1 million bpd over the rest of this year, which “should ensure ample supply and help to pull prices down,” Pugh said. He added that since global oil demand growth is anticipated to slow over the next year, Brent crude is forecast to be around $65 per barrel at the end of this year. “The significant risk to this forecast is that production in Iran or Venezuela collapses, which could offset all of the increase in output from the rest of OPEC and Russia, resulting in a much tighter market,” he said. Elguindi noted that OPEC and non-OPEC nations will meet in September to discuss quota levels, individual countries’ output levels, and whether that’s an appropriate level of production for each country or not. “Plus, it could very well be that by September we can see Venezuela’s production has declined even more, and OPEC as a group will have to reassess,” he concluded.

OPEC, non-OPEC countries agree to increase oil output

Anadolu Agency, *23.06.2018*

The Organization of Petroleum Exporting Countries (OPEC) and non-OPEC countries will adhere to the overall conformity level of 100 percent as of July 1, 2018, which will add around 1 million barrels a day to global oil supply.

According to OPEC's statement released on Saturday, the countries will strive to adhere to the overall conformity level for the remaining duration of the Declaration of Cooperation and for the Joint OPEC and Non-OPEC Ministerial Monitoring Committee to monitor the overall conformity level and report back to the OPEC and non-OPEC Ministerial Meeting.

"The member countries have exceeded the required level of conformity that had reached 152 percent in May 2018," a press release from the organization said. According to Suhail Mohamed Al Mazrouei, Minister of Energy and Industry of the United Arab Emirates and Alexander Novak, Minister of Energy of the Russian Federation, the return to 100 percent of conformity level by the end of the year would result in about 1 million barrels daily increase in oil production. The first joint OPEC and non-OPEC Producing Countries' Ministerial Meeting was held on Dec. 10, 2016 to accelerate the stabilization of the global oil market through adjustments in total oil production of around 1.8 million barrels per day. As a result, member and participating countries decided to adjust oil production from Jan. 1. At the second joint ministerial meeting, held on May 25, participants decided to prolong the output deal for another nine months starting July 1. Furthermore, at the third meeting on Nov. 30, the countries' ministers agreed to extend the oil cut pact until 2018. The JMMC was established based on a decision taken following OPEC's 171st ministerial conference on Nov. 30, 2016.

Saudi Arabia is planning record crude oil production in July

Brookings, *26.06.2018*

Saudi Arabia is planning to pump a record amount of crude in July, embarking on one of its biggest-ever export surges to cool down oil prices, according to people briefed on the country's output policy.

State oil company Saudi Aramco is aiming to boost production next month to about 10.8 million barrels a day, the people said, asking not be named discussing confidential information. That would surpass the previous high of 10.72 million barrels a day in November 2016, illustrating its unprecedented response to the pressure U.S. President Donald Trump has put on OPEC to supply more oil.

Saudi Energy Minister Khalid Al-Falih committed at last week's meeting of the Organization of Petroleum Exporting Countries to "do whatever is necessary to keep the market in balance" and prioritize its customers. Saudi Arabia, the world's largest oil exporter, told OPEC it pumped 10.03 million barrels a day in May. The actual production level in July will depend on demand for exports and domestic consumption, so could end up ranging between 10.6 million and 11 million barrels a day, the people said. Domestic oil use surges during summer months as the kingdom burns crude to generate electricity for air conditioning. Saudi officials didn't immediately respond to a request for comment. Saudi Arabia is under pressure from the White House to pump more crude to alleviate high prices before he U.S. midterm elections in November. The administration is also pressing allies to end all purchases of Iranian oil by Nov. 4, potentially removing a significant chunk of the country's 2.5 million barrels a day of exports from the market. Trump's motivation for pressing Saudi Arabia for more oil was evident in price gyrations on crude markets on Tuesday. Prices fell on the news that the kingdom would boost output, then rallied after the U.S. State Department revealed the full extent of the pressure it intends to apply to Iran's oil industry.

West Texas Intermediate, the U.S. benchmark, rose above $70 a barrel for the first time in a month, jumping as much as 3.2 percent. The president has publicly complained about OPEC policy and rising oil prices on Twitter. Moreover, U.S. lawmakers have resurrected the "No Oil Producing and Exporting Cartels Act," or NOPEC, which proposes making the group subject to the Sherman antitrust law that was used more than a century ago to break up the oil empire of John Rockefeller. "Looks like OPEC is at it again," Trump wrote in mid-April in a post on Twitter. "Oil prices are artificially Very High! No good and will not be accepted!" He criticized the cartel again in May and after last week's meeting. Although OPEC gave no figures in its communique about the output increase and ministers offered contradictory estimates, Al-Falih said the total hike from the cartel and its allies -- including Russia, Oman, and Kazakhstan -- would be "closer to 1 million than to 600,000 barrels a day."

He declined to say last week how much the kingdom would pump in July, but promised a month-on-month hike in the order of “hundreds of thousands of barrels” rather than “ten of thousands.” Within 48 hours of the group’s meeting, U.S. Energy Secretary Rick Perry said the OPEC+ boost “may be a little short” of what’s required to prevent an oil price spike over the summer. “Seven hundred thousand barrels a day is what they are going to, and we need about a million,” he said. “Obviously, we have a market that is stressed from the standpoint of supply.” Al-Falih said on Sunday after the conclusion of the meeting between the OPEC and its allies that Aramco had the decision to boost output and was already ramping up shipments. Data for early June compiled by Bloomberg showed a significant jump in exports from the kingdom, with shipments in the first 20 days of the month running about 500,000 barrels a day higher than the average for the whole of May. If sustained, that would indicate the biggest monthly output increase in more than a decade and suggests that Aramco has already raised output this month to a level that’s higher than many in the market expected. The Saudi state oil company is putting part of the extra production on storage, according to the same people. Aramco has tank farms within the kingdom, plus overseas in three strategic locations: Okinawa in Japan, Sidi Kerir in Egypt, and Rotterdam, in the Netherlands. Tanker tracking data for June shows a large uptick in Saudi oil shipments into Egypt.

Saudi Arabia, Kuwait halt oil production in neutral zone

Oil & Price, *26.06.2018*

Oil production the neutral zone between Saudi Arabia and Kuwait has stopped until the parties reach an agreement, Kuwaiti state news agency KUNA reported on Tuesday, citing Kuwait’s Oil Minister Bakheet Al-Rashidi.

The production halt was due to technical issues and reasons, Al-Rashidi told the Kuwaiti Parliament on Tuesday. “I would like to stress that there is no production in the Neutral Zone, neither from Kuwait nor from Saudi Arabia,” Reuters quoted Al-Rashidi as saying. “We are working with the Saudi side to resolve the technical issues” the minister noted.

The so-called Partitioned Neutral Zone (PNZ) was established between Saudi Arabia and Kuwait in 1922 to settle a territorial dispute between the two countries. According to estimates by the EIA and the Oil and Gas Journal, the 6,200-square-mile area holds 5 billion barrels of oil and 1 trillion cubic feet (Tcf) of natural gas. Following the discovery of oil at Wafra in the 1950s, Saudi Arabia and Kuwait agreed to the common ownership of the zone’s oil and gas resources. The resource-sharing principle between the two states has remained in place, even after the countries settled an international boundary in 1969.

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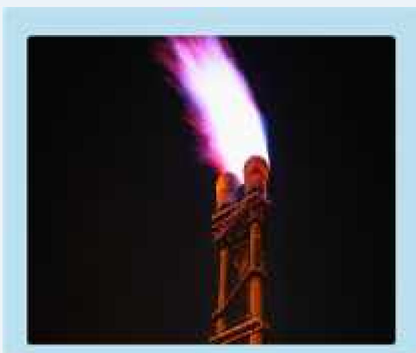
As of 2015, the oil production capacity in the neutral zone stood at 600,000 bpd, equally divided between Kuwait and Saudi Arabia, according to the EIA. Onshore production in the neutral zone is concentrated on the Wafra oil field, which began pumping at the end of 1953. Wafra is the largest of the onshore fields in this neutral zone, with some 4.9 billion barrels in estimated recoverable reserves. Wafra is considered a super-giant heavy field.

Greece reportedly poised to develop a lucrative offshore gas field near Gaza

Sputnikews, *25.06.2018*



Controlled by the Palestinian National Authority, the Gaza Marine field is located about 30 kilometers off the Gaza Strip coast and estimated to contain up to 35 billion cubic meters of natural gas.

The Greek energy company Energean is discussing with the Palestinian Authority the development of natural gas fields offshore near the Gaza Strip, including Gaza Marine. It is saying that "developing Karish and exploring the blocks adjacent to it are our highest priorities."

TheMarker cited sources as saying that Israel's Energy Ministry is keeping a watchful eye on the Energean-Palestine talks and that Israel may economically capitalize on all this. "The matter has been under discussion in the government for a long time. If they develop the Palestinian reservoir and it's connected to Israel it would create competition for Tamar [Israel's single gas field currently in operation]," one of the sources said. The source suggested that "whoever develops [Gaza Marine] will also want to sell Gaza gas to Israel. The sovereign Palestine Investment Fund remains the sole shareholder of the Gaza Marine field after Royal Dutch Shell said that it was giving up its 55-percent stake in the project in March 2018. Gaza Marine is located 36 kilometers (22 miles) off the Gaza Strip at a depth of 610 meter (2,000 feet). The field is thought to contain between 30 and 35 billion cubic meters of natural gas, which is tantamount to Spain's consumption in 2016.

PGNiG and Port Arthur LNG sign agreement for the sales and purchase of LNG from the U.S.

Pr NewsWire, *26.06.2018*

The agreement defines basic terms and conditions of a 20-year contract to be finalized between the parties for the sales and purchase of two million tonnes per annum (Mtpa) of LNG, which equals about 2.7 billion cubic meters (bcm) per year of natural gas following regasification.

Cargoes will be supplied starting in 2023 from the Port Arthur LNG facility being developed in Jefferson County, Texas. The documents were signed today during the current World Gas Conference in Washington, D.C. "The Port Arthur liquefaction project is one of three major LNG export projects.

Sempra Energy is developing in North America to meet the demand of global markets, including Poland," said Joseph A. Householder, president and chief operating officer of Sempra Energy. "This agreement along with PGNiG's financial strength and experience in delivering natural gas to customers are important to advancing the Port Arthur liquefaction project." "We are pleased to have PGNiG as a foundation customer of the Port Arthur LNG project," said Octavio Simoes, president of Sempra LNG & Midstream, a subsidiary company of Sempra Energy. "We look forward to working with PGNiG to finalize the LNG supply agreement that will provide low-cost, flexible and reliable U.S. LNG to PGNiG and bring competitively priced natural gas to the Polish and other European gas markets."

"The signed agreement paves the way for finalizing a contract that will help PGNiG to develop our LNG portfolio in the near future," commented Piotr Wo niak, CEO and President of the Management Board at PGNiG. "Starting in 2023, LNG deliveries from the Port Arthur terminal can not only help us to further diversify our import structure, but will also help us in strengthening PGNiG's activities on the international LNG market. PGNiG is constantly looking for market offers to purchase natural gas at competitive prices. We are pleased to be able to cooperate with such an experienced partner as Sempra Energy." Deliveries have the flexibility to allow for further trading by PGNiG on international markets and are contemplated to be supplied on a free-on-board (FOB) basis whereby PGNiG is responsible for transport of the cargoes from Port Arthur LNG. Today's announcement represents another step in the ongoing development of the Port Arthur LNG liquefaction project. In 2017, Sempra LNG & Midstream signed a Memorandum of Understanding (MOU) with Korea Gas Corporation (KOGAS) providing a framework for cooperation, including engineering and construction, operations, equity ownership in the Port Arthur LNG liquefaction project, and offtake of LNG. The ultimate participation of KOGAS and PGNiG in the project remains subject to finalization of definitive agreements.

The Port Arthur LNG liquefaction facility is planned to export approximately 11 Mtpa of LNG starting from 2023. Last week Bechtel was selected by Port Arthur LNG to be the engineering, procurement, construction and commissioning (EPC) contractor. Development of the Port Arthur LNG liquefaction project is contingent upon obtaining customer commitments, completing the required commercial agreements, securing all necessary permits, obtaining financing, incentives and other factors, and reaching a final investment decision. Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 2017 revenues of more than $11 billion. Sempra Energy is the utility holding company with the largest U.S. customer base. The Sempra Energy companies' approximately 20,000 employees serve more than 40 million consumers worldwide. PGNiG (the Polish Oil and Gas Company) is the leader of the Polish natural gas market. Listed on the Warsaw Stock Exchange, the company's core businesses include the exploration and production of natural gas and crude oil fields; the import, storage, and sale of natural gas; the distribution of gaseous and liquid fuels; and heat and electricity generation. PGNiG holds exploration and production licenses on the Norwegian Continental Shelf and in Pakistan. The exploration and production activity in Norway is carried out by PGNiG Upstream Norway. Munich-based PGNiG Supply & Trading is engaged in gas trading in Western Europe and operates an LNG trading office in London.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “assumes,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “target,” “pursue,” “outlook,” “maintain,” or similar expressions or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions.

Future results may differ materially from those expressed in the forward-looking statements. Factors, among others, that could cause actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the U.S. Department of Energy, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency and Pipeline and Hazardous Materials Safety Administration, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the availability of natural gas and liquefied natural gas.

It continues as natural gas pipeline and storage capacity; equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of greenhouse gases and harmful emissions, and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to storage and pipeline infrastructure, the information and systems used to operate our businesses; the impact of recent federal tax reform and uncertainty as to how it may be applied, and our ability to mitigate adverse impacts; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to international trade agreements, such as the North American Free Trade Agreement, that make us less competitive or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are beyond our control.

Eni makes new oil discovery offshore Angola

Anadolu Agency, *25.06.2018*

Italy's Eni announced on Monday a new oil discovery in Block 15/06, in the Kalimba exploration prospect, in Angola's deep offshore.

The new discovery is estimated to contain between 230 and 300 million barrels of light oil in place, a statement said. In Block 15/06, the two oil development projects, West Hub and East Hub, are currently producing about 150,000 barrels of oil per day, according to the company. "The Kalimba-1 NFW well, which has led to the discovery, is located at approximately 150 kilometers off the coast and 50 kilometers southeast"

The well was drilled by the West Gemini drillship in a water depth of 458 meters (1,502 feet) and reached a total depth of 1,901 meters (6,236 feet), it added. According to the statement, a joint venture, composed by Eni (operator, 36.8421 percent), Sonangol P&P (36.8421 percent) and SSI Fifteen Limited (26.3158 percent), will work to appraise the updip of the discovery and will start the studies to fast-track its development. Eni is also the operator of Cabinda Norte Block, located onshore Angola.

Shell gives go-ahead to third North Sea oil, gas project in 2018

Reuters, *25.06.2018*

Royal Dutch Shell said on Monday it will develop the Fram gas field in the North Sea, its third project approval in the ageing basin this year.

Shell's final investment decision (FID) on Fram follows the green light for the expansion of the Penguins field in January, and the 50-50 joint venture Alligin field in the west of Shetlands area which is operated by BP. The UK North Sea is one of the world's oldest offshore basins whose production started in the 1970s and peaked in the late 1990s. It has enjoyed a modest production revival in recent years.

Shell and other producers have used the collapse in oil prices since 2014 to reduce costs of projects thanks to lower rig rates, simpler designs and the use of technology. The Fram project will include drilling two wells that will be connected by pipeline to Shell's Shearwater platform rather than to a new one, saving money and allowing faster development. It is expected to start production in early to mid 2020 and will generate profit at oil prices of $40 a barrel, Steve Phimister, Shell's U.K. head of upstream said. Benchmark crude oil is currently trading at around $75 a barrel. "It is really good momentum that we've got going. It is very much in line with our strategy to maximise the use of our existing infrastructure in production hubs," Phimister said. Shell currently produces 140,000 bpd and plans to at least maintain that level by 2030, he told Reuters. Fram is operated by Shell, which holds a 32 percent stake in the field, while Exxon Mobil's UK subsidiary Esso holds the remaining 68 percent.

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France’s Total sees natural gas demand far outpacing oil

Reuters, *26.06.2018*

French oil and gas company Total SA expects the global natural gas market to grow far faster than that for crude oil over the next two decades thanks to booming demand for the cleaner-burning fuel in Asia, an outlook that underpinned Total’s recent big investments in the space, Chief Executive Patrick Pouyanne said on Monday.

Total expects to close a $1.5 billion acquisition of Engie SA’s liquefied natural gas assets in July, making it the second biggest producer of the super-cooled gas in the world behind Royal Dutch Shell Plc.

“Over the next 20 years ... we see many scenarios where consumption of natural gas will grow at a pace of next to 2 percent per year, versus 1 percent or 1.5 percent for oil,” Pouyanne said at the World Gas Conference in Washington, D.C. Total’s numbers differ from those of the U.S. Energy Information Administration, which predicts global natural gas growth to average 1.5 percent per year between now and 2050, versus 0.7 percent for crude oil. When Total completes the Engie LNG acquisition, it will have 10 percent of the world LNG market, from 6 percent now. It will manage 40 million tonnes per annum (MTPA) of LNG volumes, from 15.6 MTPA now and will boost the number of LNG carriers it operates to 13 from three. Pouyanne said Total is investing in the entire natural gas chain from production to liquefaction for overseas shipping, to sale as a fuel for power, petrochemicals and transport. He said the global growth the company expects is being driven by low-cost production from U.S. shale fields alongside strong demand in Asia, particularly in China.

China this month threatened 25 percent tariffs on U.S. petroleum imports in response to U.S. tariffs on Chinese goods, but did not add LNG to the list. “I hope we will not lose the Chinese market,” Pouyanne said. But even if LNG was impacted by the trade dispute in the short-term, Total remained bullish, he said. “When you invest in something like LNG, you’re doing it for the next 25 or 30 years,” Pouyanne said. In an effort to create more demand for gas, Total has also invested $83.4 million to buy 25 percent of Clean Energy Fuels Corp, a distributor of compressed natural gas and LNG for transportation. As part of the deal, Pouyanne and Andrew Littlefair, CEO of Clean Energy, said Total would provide up to $100 million in a leasing program intended to place thousands of new natural gas heavy-duty trucks on the road. Although Total is looking to boost gas’ share of hydrocarbon production from 50 percent now to 60 percent in 2035, the company is still investing in oil. In March, Total closed on its Maersk Oil acquisition, making it the second biggest operator in the North Sea, while in the Gulf of Mexico the company in April acquired assets in the Cobalt International bankruptcy auction.

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Total, Singapore's Pavilion to develop LNG bunker chain

Anadolu Agency, *27.06.2018*

French oil giant Total announced Tuesday that the company and Singapore's Pavilion Energy would jointly develop a liquefied natural gas (LNG) bunker chain in the southeast Asian country.

The Heads of Agreement signed between Total Marine Fuels Global Solutions and Pavilion Gas covers the shared long-term time charter of a new generation LNG bunker vessel to be commissioned by Pavilion Gas by 2020. It also includes an LNG supply arrangement between the two companies enabling Total to deliver LNG bunker to its customers.

According to Total's statement, the HoA, which was signed on the sidelines of the World Gas Conference 2018, follows a Memorandum of Understanding concluded by both companies in April 2017 on LNG bunkering cooperation in Singapore. "The HoA is a significant step forward and contributes to the development of Singapore as an LNG bunkering hub," it said. Patrick Pouyanne, chairman and CEO of Total, said the development of infrastructure was "one of the key drivers for the take-off of LNG as a marine fuel". "For the past few months, Total has been very active in that direction. The agreement signed with Pavilion Energy marks a new step in our commitment to provide our customers with fuels that are more environmentally friendly, particularly in Singapore which is the leading bunkering hub in the world," Pouyanne added.

China and India establish 'oil buyers' club' to counter OPEC

Seeking Alpha, *26.06.2018*

On June 11, major Chinese and Indian oil companies started a formal meeting in Beijing, discussing the establishment of an "oil buyers' club" to negotiate better prices with OPEC countries.

The chairman of China's biggest energy company China National Petroleum Corporation (CNPC), Wang Yilin, and the chairman of refiner Indian Oil Corporation (OTCPK:INOIY) both attended the meeting. According to the India Times, the two largest energy consumers together accounted for almost 17% of world oil consumption last year.

Should this “oil buyers’ club” become a reality, New Delhi and Beijing will have greater leverage to negotiate with OPEC about oil prices and will also have a significant say in matters such as importing more crude oil from the US. Rising oil prices put pressure on big energy importers. OPEC and other oil producing countries, including Russia, have helped oil prices rebound from the last collapse in recent years. This has put pressure on economies of oil importing countries like India and China, which are both experiencing surging energy demand for their domestic economic growth as well as their global development initiatives. However, the cartel members, along with their allies, have curtailed their oil supply by 1.8 million barrels per day since the beginning of 2017. They had further agreed to extend these cuts until the end of 2018 with an aim to boost their shrinking economies. In addition, the recent sanctions on Iran by the US government and the financial crisis in Venezuela further exacerbated the decline in the overall OPEC oil output. Thus, in order to compensate for the loss in oil supply from these two countries, Saudi Arabia, a key driver of the production cuts, and Russia, the largest non-OPEC oil producer, are discussing easing off the production cuts at the next OPEC meeting. This also appears as a response to protect OPEC’s diminishing share in the global oil market due to the rapidly rising US oil supply.

China to become top gas importer in 2019

Deccanherald, *26.06.2018*

China will become the world’s top importer of natural gas next year, boosted by liquefied natural gas (LNG) purchases, as its superpower economy grows and weans itself off coal-generated energy.

In its Gas 2018 annual report, the IEA said Chinese demand for natural gas will rise by almost 60 % between 2017 and 2023 to 376 billion cubic metres (bcm), including a rise in its LNG imports to 93 bcm by 2023 from 51 bcm in 2017. Imports of LNG, natural gas super-chilled to liquid form.

So it can be transported around the world on vessels, will rise to 505 bcm by 2023 from 391 bcm last year, a rise of 114 bcm, including China’s 42 bcm growth. Global LNG exports meanwhile will surge 30 % by 2023 with the United States becoming the second largest supplier in the world, compared to its negligible exports last year, thanks to the shale revolution that has transformed its energy markets. The report from the Paris-based agency highlights the might the two powerhouses have over global energy markets just as U.S. President Donald Trump squares off with Beijing over trade. China threatened tariffs on U.S. oil and gas in retaliation to taxes imposed by Washington on $50 billion worth of Chinese goods, although U.S. LNG was not included in that threat.

China's rise to the top spot next year as an importer of both piped gas and LNG will knock Japan into second place but they together with South Korea continue to dominate the markets. China, Japan and South Korea imported 55 % of the 391 bcm of LNG sold last year and will buy 48 % of the 505 bcm of LNG sold in 2023. When all of Asia is taken into account, LNG sales there will rise to 75 % of all LNG sold globally from 72 % last year. The demand for LNG in the top three Asian buyers has been driven by policy as they move to the cleaner-burning energy source from coal-fired power plants. In Japan, the Fukushima nuclear disaster accelerated demand after nuclear plants went off line. In other Asian countries such as Indonesia, composed of hundreds of islands, vessel-borne gas is a convenient, cleaner and cheaper way of receiving energy than constructing pipelines for gas or using petroleum products such as diesel. On the production side, global natural gas output will rise 10 % by 2023 to 4.12 trillion cubic metres (tcm) with the United States contributing by far the largest amount to growth of 160 bcm extra gas in that period. Much of that excess gas will be liquefied into LNG to be exported, making the United States the second largest seller of LNG by 2023 in the world with 101 bcm, pushing Australia into third place with 98 bcm and biting at the heels of Qatar as the top exporter at 105bcm. LNG from the three countries will account for 60 % of global sales of 505 bcm.

China is about to disrupt natural gas markets

Oil & Price, *26.06.2018*

The Paris-based International Energy Agency (IEA) said in its Gas 2018 annual report on Tuesday that China will become the world's top natural gas importer, boosted by liquefied natural gas (LNG) imports, by next year.

The increase comes as China replaces dirtier burning coal used for power generation with cleaner burning natural gas. Per government mandate, gas must make up around 10 percent of the country's power generation energy mix by 2020, with further earmarks by 2030. Chinese demand for natural gas will rise by almost 60% between 2017.

And it will reach up 2023 to 376 billion cubic meters (bcm). This includes a rise in its LNG imports to 93 bcm by 2023 from 51 bcm in 2017. Global LNG imports will rise to 505 bcm by 2023 from 391 bcm in 2017, an increase of some 114 bcm. The Asia-Pacific region, which accounts nearly two-thirds of all global LNG demand, will hold that lead going forward. When all of Asia is taken into account, according to the IEA, LNG sales in Asia will rise to 75 percent of all LNG sold globally from 72 percent last year. Global natural gas production is forecast to increase at 10 percent by 2023 to 4.12 trillion cubic meters (tcm) with the U.S. contributing by far the largest amount to growth of 160 bcm extra gas in that period, according to the IEA.

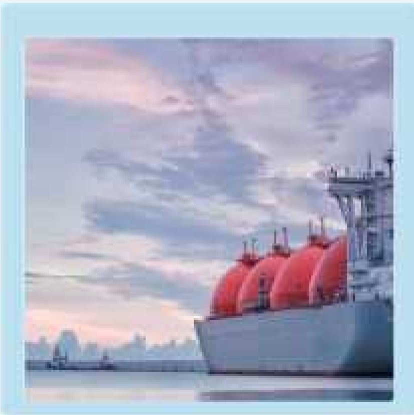
A large part global LNG production will come from three top players, the US, Qatar and Australia, with the US projected to become the second largest LNG exporter by 2023 with 101 bcm, pushing Australia into third place with 98 bcm and Qatar as the top exporter at 105 bcm. LNG from the three countries will account for 60 percent of global sales of 505 bcm. The IEA report has several significant take-aways for global gas and LNG markets. First, exorbitant gas demand growth from China has already revolutionized gas markets and will continue to do so in both the mid to long term. Japan is the world's top LNG importer, followed by China, which bypassed South Korea at the end of last year, then South Korea, India and Taiwan. Increased Chinese gas demand, with LNG representing a large part of the demand growth, has caused most analysts to shorten the forecast of how long the ongoing oversupply scenario in global LNG markets would last. Until late last year when China caught markets by surprise by ramping up gas usage ahead of winter more than expected, most forecasted the supply glut to persist to at least 2023 or even longer. Now, amid Chinese demand, the ongoing LNG supply glut will likely be shorted by at least one or even two years. LNG demand growth in South Asia, predominantly India and Pakistan, and with more demand also coming from the Middle East, are also impacting markets.

Emerging markets in Southeast Asia, predominately Vietnam, and the Philippines will also soak up more supply by the start of the decade, while Thailand will continue to procure more LNG to offset its own natural gas production declines. Some are already forecasting a once hard to imagine scenario suggesting that China could bypass Japan as the world's top LNG importer by 2028, or even sooner. Just a year ago, Japan's Fair Trade Commission ruled that restrictive destination clauses in long term LNG supply contracts were anti-competitive. These clauses, one of the mainstay LNG contract stipulations for most deals restricted the diversion or reselling of cargoes. After the ruling, Japan as well as other buyers indicated that the era of long term supply contracts were coming to an end, a quandary for LNG producers that need long term contract to finance massive capital-intensive LNG production and export facilities. Now, however, with LNG demand growth gaining strength again and with some buyers starting to worry about a shortage of the super-cooled fuel starting next decade, there is renewed interest in longer term contracts once again. However, long term contracts will be more flexible, including the removal of destination clauses, as well as other prohibitive stipulations. LNG deals going forward will see both robust spot and mid-term trading as well as long term deals still being reached, allowing the fuel to trade with more transparency than earlier years, and also trading more like a real commodity, in some instances similar to crude oil and iron ore.

The European Commission (EC) said last week that it would open investigations into restrictions to the free flow of gas sold by Qatar Petroleum in Europe. The aim of the EC investigation is to see if Qatar Petroleum LNG contracts contain any anti-competitive agreements or concerted practices, such as denying the importer of the gas in one territory or the right to resell into another territory. It's likely that the EC could issue a similar ruling as the one reached last year by Japan's Fair-trade Commission, with new contracts falling under its ruling, and likely opening up the renegotiation of existing contracts. Qatar is the largest LNG exporter into Europe, though US-LNG producers are eager to also compete for LNG market share and to also chip away at Russia's gas monopoly on the continent.

Asia to lead surge in global gas demand: IEA

Anadolu Agency, *26.06.2018*



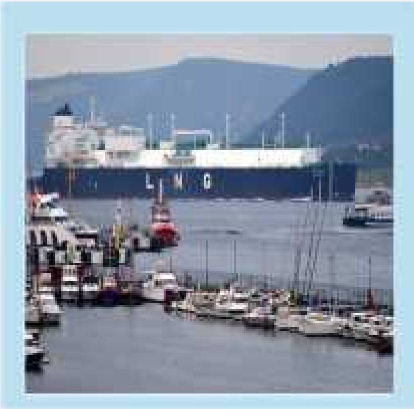
Global demand for natural gas is forecast to grow at an average of 1.6 percent, reaching just over 4,100 billion cubic meters over the next five years with emerging Asian markets as the main engine for demand.

According to the report, China is set to dominate rising gas demand, accounting for a third of global demand growth to 2022 “thanks in part to the country’s ‘Blue Skies’ policy and the strong drive to improve air quality”. The IEA said that industry would be the main driver for gas consumption growth in the country, led by the chemical and manufacturing sectors.

“Meanwhile, gas demand in the residential and commercial sectors are clearly benefiting from the ongoing coal-to-gas switch,” it added. The report shows that globally, the industry sector is set to replace power generation as the main driver of growth, with natural gas being used for not only energy for processes but also feedstock for chemicals. According to the IEA, the U.S. is set to account for the largest share of supply expansion - and the main contributor to export growth. “Meanwhile Europe’s dependency on imports increases, leading to potential competition between traditional suppliers such as Russia and new sources of supply, mainly from LNG,” it said. The agency also underlined that LNG was the main driver of global trade growth, principally coming from the U.S., Australia and Russia. According to the report, Japan remains the largest LNG importer, but it is China and other developing Asian markets that see their share of trade increase substantially, reaching 45 percent of trade volumes by 2023 - more than double the share of 2013.

Qatar continues to lead in LNG exports

Anadolu Agency, *26.06.2018*



Qatar maintained its dominance in liquefied natural gas exports, having exported 103.4 billion cubic meters (bcm) of LNG in 2017, according to BP's Statistical Review of World Energy 2018 report.

The Gulf country's main LNG market was the Asia-Pacific region with a total of 69.6 bcm. The main recipient of Qatari LNG was South Korea with 15.9 bcm while Japan imported 13.8 bcm. Qatar also sold 23.7 bcm of LNG to Europe. According to BP's report, last year's second biggest LNG exporter was Australia with 75.9 bcm. Indonesia followed with 21.7 bcm and the U.S. was ranked third with 17.4 bcm.

Australian LNG's only recipient was the Asian region, with China having imported 35 bcm, followed by China (23.7 bcm)and South Korea (9.6 bcm). The U.S. is expected to increase its LNG export capacity in the coming years, as construction of one LNG terminal takes around four years. The main LNG step is expected in 2022 from the U.S., and Australia with more active LNG facilities. The global LNG market's main trader region was Asia-Pacific with Japan leading with its 113.9 bcm of LNG imports. The country was followed by China, South Korea and India, which imported 52.6 bcm, 51.3 bcm and 25.7 bcm of LNG, respectively. In Europe, the main LNG importers were Spain with 16.6 bcm while Turkey purchased 10.9 bcm.

US pushes allies to halt Iran oil imports, waivers unlikely

Reuters, *27.06.2018*

The United States has told countries to cut all imports of Iranian oil from November and is unlikely to offer any exemptions, a senior State Department official said on June 26 as the Donald Trump administration ramps up pressure on allies to cut off funding to Iran.

U.S. President Donald Trump in May said his administration was withdrawing from the "defective" nuclear deal agreed between Iran and six world powers in July 2015, aimed at curbing Tehran's nuclear capabilities in exchange for the lifting of some sanctions.

And it was ordered the reimposition of U.S. sanctions against Tehran that were suspended under the accord. “Yes, we are asking them to go to zero,” the official said when asked if the United States was pushing allies, including China and India, to cut oil imports to zero by November. “We’re going to isolate streams of Iranian funding and looking to highlight the totality of Iran’s malign behavior across the region,” the official, speaking on condition of anonymity, told reporters. The official said a U.S. delegation was headed to the Middle East next week to urge Gulf producers to ensure global oil supplies as Iran is cut out of the market starting on Nov. 4 when U.S. sanctions are reimposed. Officials have yet to hold talks with China and India, among the largest importers of Iran’s oil, as well as Turkey and Iraq. Benchmark U.S. oil futures rose more than $2 on June 26, topping $70 a barrel for the first time since May 25 as the threat that the United States would push buyers to limit Iranian oil imports added to concerns about tightening supplies.

Asked if any waivers were expected to be granted in the process, the official said the position of the administration was that no exemptions would be permitted. “I would be hesitant to say zero waivers ever,” he added. Senior State Department and Treasury officials are pressing allies in Europe, Asia and the Middle East to adhere to the sanctions, which are aimed at pressuring Iran to negotiate a follow-up agreement to halt its nuclear programs. Iran has met with Chinese oil buyers to ask them to maintain imports of its oil, although it failed to secure guarantees from China, sources familiar with the matter told Reuters in May. “We will be engaging in the next segment coming up in a week or so with our Middle Eastern partners to ensure the global supply of oil is not adversely affected by these sanctions,” the official said. China, the world’s top crude oil buyer, imported around 655,000 barrels a day on average from Iran in the first quarter of this year, according to official Chinese customs data, equivalent to more than a quarter of Iran’s total exports. Oil analysts said there are concerns that OPEC producers will not be able to fully supply the market after Iranian oil is cut from the market. “There is real concern on whether the ‘OPEC Plus’ will have enough spare capacity to balance potential drops in oil production from Venezuela and Iran,” said Abhishek Kumar, Senior Energy Analyst at Interfax Energy’s Global Gas Analytics in London. European powers have vowed to keep the 2015 deal alive without the United States by trying to keep Iran’s oil and investment flowing, but have acknowledged that U.S. sanctions would make it difficult to give Tehran guarantees.

“For the vast majority of countries they are willing to adhere and support our approach to this because they also view” Iran’s behavior as a threat, the official added. On June 26, Iranian President Hassan Rouhani promised Iranians the government would be able to handle the economic pressure of new U.S. sanctions amid reports of a second day of demonstrations in protest at financial hardship and a weakening rial. Fars news agency reported that parts of Tehran’s Grand Bazaar were on strike for a second straight day. Reuters was not immediately able to confirm the report. Washington has sought to emphasize that the protests are part of rising economic discontent in Iran hoping it will force the government to negotiate a new nuclear deal to avoid sanctions. “There is a level of frustration that people have with regard to the regime activity and behavior, the enrichment of the military and clerical elite and the squeezing out of the life of the economy,” the senior State Department official said.

What will Brent do in 2018 following OPEC meeting?

Rigzone, *25.06.2018*

Brent crude oil will average $80 per barrel in the third quarter and $85 per barrel in the fourth quarter, despite OPEC's decision to boost output this year, according to oil and gas analysts at Jefferies International Limited.

"Despite the OPEC agreement we believe that tight supply is likely to drive oil prices higher during 2018," the analysts said in a report sent to Rigzone. "We expect that Brent prices will be in excess of $80 per barrel in 2H18 as spare capacity falls to [around] 2 percent of demand, its lowest level since at least 1984," the analysts added.

Wood Mackenzie sees Brent averaging $71 per barrel this year, following the results of the OPEC gathering last week. "OPEC avoided a decision to fully lift production restraint by instead agreeing to lower its adherence to the current accord from the current 152 percent to 100 percent, a clever way to increase output without officially agreeing on an end to output curbs. This should bring a total of 0.6 million barrels per day [MMbpd]back into the market during 2H 2018," Ann-Louise Hittle, Wood Mackenzie vice president of macro oils, told Rigzone. "Wood Mackenzie's analysis shows this volume would meet demand growth and provide a cushion of additional supply in 3Q 2018, when we are projecting an implied stock draw of as much as 0.5 MMbpd before the OPEC additions. That will help ease upward price pressure during the peak U.S. oil demand summer driving season," Hittle added. Echoing Wood Mackenzie, Interfax Energy told Rigzone that its Global Gas Analytics (GGA) segment forecasts the Brent crude front-month price to average $71 per barrel in 2018, as well as $71 per barrel in the second half of the year.

OPEC and its partners have managed to maintain the cohesion of their alliance and ensure they provide assurances to the market that they can manage and respond to changes in market dynamics. That is the view of oil and gas analysts at BMI Research, who made the statement in a report sent to Rigzone following the June 22 OPEC gathering held in Vienna, Austria, which saw producers agree to raise output by around 1 million barrels per day from July. "The next official OPEC meeting will be in December 2018, by which point the impact from U.S. sanctions on Iran will be clearer. By agreeing to return some barrels to the market, but not roll back the cuts all the way, it gives OPEC+ the ability, at least theoretically, to make further interventions towards the end of the year and into 2019," the BMI Research analysts said.

“This will depend on how things pan out for Iran, Venezuela and other struggling producers in the coming months,” the analysts added. Commenting after the recent meeting, Wood Mackenzie’s Hittle said both Saudi Arabia and Russia worked hard to address the various issues facing OPEC and its non-OPEC partners. “The 1 million barrels per day increase will be monitored closely by the JMMC [Joint Ministerial Monitoring Committee] and means the market is less likely to slip out of control into significant oversupply or undersupply,” Hittle said. “It is an effective way to deal with the uncertainty we noted ahead of the meeting as one of the major problems ministers needed to address. No one yet knows what impact sanctions against Iran have on its production, nor is there certainty about the risk to Venezuela’s output in the months ahead,” Hittle added.

Announcements & Reports

South Korea's Energy Policy Change and the Implications for its LNG Imports

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/south-koreas-energy-policy-change-implications-lng-imports/

Monthly Energy Review

Source : EIA
Weblink : https://www.eia.gov/totalenergy/data/monthly/

Upcoming Events

American Petroleum Institute-International Association of Oil & Gas Producers (API-IOGP) Cybersecurity Europe Conference for the Oil & Natural Gas Industry

Date : 27 - 29 June 2018
Place : London
Website : www.api.org/products-and-services/events/calendar/2018/cyber-europe

27th World Gas Conference

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

Libyan-European Oil & Gas Summit

Date : 25 - 29 June 2018
Place : Vienna
Website : libyaogs.com

Eastern Unconventional Oil & Gas Symposium 2018

Date : 05 July 2018
Place : Washington DC
Website : http://www.euogs.org/

Four Corners Oil & Gas Conference

Date : 09 August 2018
Place : Farmington
Website : https://www.fourcornersoilandgas.com/

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/