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PETFORM

Turkey on menu for Miran gas

Upstream Online, *03.09.2013*

London-listed Genel Energy is targeting the Turkish market for future exports from its Miran gas field in KRG after gaining a key official approval that brings it a significant step closer to development.

Tony Hayward, is now set to enter the development period having secured approval from the KRG of its declaration of commerciality for the discovery. Genel, which has 100% control of the licence after its acquisition from Heritage Oil, is now working with the KRG on a plan to commercialize gas from the field with a view to signing an agreement for gas exports to Turkey by the end of this year.

Head of business development Charles Proctor said the company's KRG gas business "has the potential to supply a significant portion of Turkish demand growth". However, possible gas deliveries to Turkey could fan the flames of a simmering dispute between the KRG and federal government, which claims the semi-autonomous region does not have the constitutional right to carry out independent energy exports.

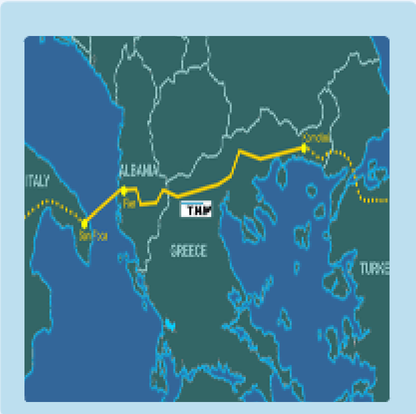
KRG is though proceeding with construction of a new oil pipeline to Turkey bypassing the Iraqi transport network that is reportedly due to be completed by the end of this month, with Genel believed to be planning to send output from its Taq Taq field through the route. The company has earlier angered the Iraqi authorities by trucking Taq Taq oil across the border to Turkey due to the halt of an export pipeline.

Oil flows along the main Kirkuk-to-Ceyhan pipeline linking Iraq with Turkey were again halted this week in the latest of a series of bomb attacks by militants to disrupt exports, Reuters reported. KRG's stand-off with the Baghdad regime is part of a wider row over territorial rights and resource sovereignty, with Iraq deeming as illegal production sharing deals signed by the KRG with foreign players such as Genel and DNO International, as well as more recent exploration pacts with the likes of ExxonMobil.

The Miran field is estimated to hold gross mean contingent resources of 3.5 trillion cubic feet of gas, as well as 95 million barrels of oil and condensate, in the Miran West structure. There is also further upside potential in the Miran East and Miran Deep prospects, with an exploration well lined up at the latter next year, and Genel estimates the block could hold 8 Tcf of gross recoverable contingent and unrisked prospective resources. The operator last month brought online an early production facility for the field's oil with the first well producing at 2000 barrels per day.

TAP responded to reviving of Turkey plans to buy shares in gas pipeline

abc.az, *03.09.2013*



Trans Adriatic Pipeline AG responded to reviving of Turkey plans to buy shares in gas pipeline intended for Azerbaijani gas transportation to Europe. According to Trans Adriatic Pipeline AG, TAP shareholders have stated that they remain open to new shareholders that can provide added strategic value to the development of the TAP pipeline project.

"The current shareholders' structure of the project was formed on July 30, 2013 when new shareholders officially joined TAP", – the Consortium said. At the end of July BP, SOCAR, Total and Fluxys Company concluded the agreement on purchase and sale of TAP shares.

BP and SOCAR took up 20% of shares each, Total – 10% and Fluxys – 16%. Thus, the shareholders' structure of the pipeline company is as following: BP, SOCAR and Statoil (20% each), Fluxys (16%), Total (10%), E.ON (9%) and Axpo (5%). Taner Yildiz, the Turkish Minister of Energy and Natural Resources, announced about plans of Turkey to take up TAP shares through State Pipeline Company BOTAS or other company. "Earlier TAP Consortium proposed BOTAS 15% of TAP shares. Now we are planning to think over this proposition again", - Yildiz said.

At the end of June the shareholders of the project on development of gas-condensate field Shah-Deniz in Azerbaijani sector of the Caspian Sea announced about selection of TAP pipeline for transportation of Azerbaijani gas to Europe. Thus, the chain of supplies to start in 2018-2019 will be as follows: expanded South Caucasus Gas Pipeline (SCPX) – Trans Anatolian Gas Pipeline (TANAP) – TAP with the end point at the eastern coast of Italy.

At the second stage of Shah-Deniz development it's planned to export annually 16 billion of cu m of Azerbaijani gas, 6 billion cu m of which to be bought by Turkey for its western provinces and 10 billion cu m intended for EU. The buyers from Europe will be Italy, Greece and Bulgaria. The agreements on gas purchase and sale with the companies from these countries are expected to be signed until the end of September. Before the end of October the final investment decision should be made with regard to the second stage of Shah-Deniz development.

Yildiz hopes UAE firm's exit motives not political

Hürriyet Daily News, *27.08.2013*

The Turkish energy minister has said he hopes the Abu Dhabi firm's consideration to exit the coal-fired power plant project in Turkey were not "political," adding Turkey had already started talking with other countries in order to meet its increasing energy demand.

"I wish that TAQA [Abu Dhabi National Energy] company's choices weren't based on political reasons," the Energy Minister Taner Yildiz told reporters, commenting on the several media reports that have claimed that TAQA, the state-owned oil explorer and power supplier, may exit the $12-billion energy project.

"It seems like the latest incidents in Egypt and Syria have put TAQA in a position to make choices about its energy investments from its perspective," Yildiz said. Even though the company said the main reason behind the decision was economic, there are some reports saying that there may be some political motives as the two governments' views about the latest developments in Egypt are in opposition to each other. While the UAE maintains support for the Egyptian army, the Turkish government condemns Morsi's removal as a coup against a democratically elected president.

Yesterday, Turkey Director of TAQA, Ozgür Ulgin, said the project was only delayed, denying the withdrawal claims. Yildiz didn't clarify the latest decision of TAQA, but said either way Turkish government had already begun to seek other options. "There is always B or C option. We will stand firm with our decision, whether TAQA will decide to delay investment in Afsin - Elbistan basin or will go ahead with it. We have started to talk with other countries," he said.

Turkey's state-owned Electricity Generation Co (EUAS) and TAQA agreed in January on a project worth up to $12 billion to build several power plants using the lignite coal reserves of Turkey's Afsin-Elbistan region. After the intergovernmental agreement had been made in January, some progress was seen on the way to establish a partnership scheme. While 35 percent of the project was given to EUAS, the remaining 65 percent was held by the TAQA. The Afsin - Elbistan region holds about 40 percent of Turkey's lignite and could provide up to 8,000 megawatts of power production capacity in southeast Turkey, if the coal potential is fully exploited, according to the Turkish energy ministry.

Yildiz: Oil price rise costs Turkey $300 million

Hürriyet Daily News, *29.08.2013*

The recent jump in oil prices has already cost Turkey a $300 million, the country's energy minister has said. "Do not underestimate Egypt, saying it's far. A $300-million burden has emerged on Turkey's energy expenses due to the oil prices' jump aroused by the Egyptian incidents," Energy Minister Taner Yildiz said, during his speech at the opening ceremony of geothermal resources in the capital Ankara today.

Brent crude oil price was $103 a barrel, now it has surpassed $113, Yildiz said, reminding that Turkey bought oil with foreign currency but sold in Turkish Liras.

Oil has jumped this week to multi-month highs on fears that the potential strike on Syria could spread unrest to major oil producers in the Middle East and disrupt supply. As it became clear an imminent strike by the West in response to last week's alleged chemical weapons attack was less likely, Brent crude ended its strongest two-day gain since January 2012 and edged back to below $116 a barrel.

Oil price, lira fall could add $2 bln on Turkey's energy bill

Reuters, *04.09.2013*

A jump in global crude oil prices and a depreciating Turkish lira could add another $2 billion on Turkey's already ballooning energy bill in the second half of the year, Turkish economy officials said on Wednesday.

Almost completely dependant on imports for its energy needs, Turkey's costly oil and gas purchases have been the driving factor behind its widening current account deficit, running at more than 7. "If both the dollar and oil stays at these levels, the additional cost could be around $2 billion," one of the government officials said.

Low gas demand prompts Turkish selling interest

Argus, *04.09.2013*

Turkish gas demand remained subdued in August, prompting some selling activity in the ex-post market, while the further weakening of the Turkish lira against the dollar continued to put pressure on importers. Gas demand was low during Turkey's August holiday season, with national holidays on 7-10 and 30 August shutting down industry and cutting gas consumption sharply — particularly in the power sector, which accounts for nearly half of Turkish gas demand.

And temperatures were mostly in line with seasonal norms, further muting the call on gas-fired power plants to help cover summer cooling demand.

Western regions, including Istanbul and Izmir, had average temperatures, whereas central and eastern regions including Ankara and Kayseri had slightly below-average temperatures. Total power generation dropped by 4.5pc from 732 GWh/d in July to 699 GWh/d in August, but gas-fired generation fell by 8pc, to 298 GWh/d.

Thanks to the weak demand, maintenance cutting delivery capacity by 72pc on 6-9 August at Malkoclar on the Turkey-Bulgaria border — where Russian gas arrives through the “western route” through Ukraine — posed few problems, particularly given that it overlapped with a national holiday. The Botas-operated LNG terminal in Marmara Ereglisi received three LNG cargoes during August, delivering contracted LNG from Algeria and Nigeria. Average sendout from the terminal was 5.65mn m^3/d.

And stocks at the gas storage facility in Silivri operated by state-owned TPAO continued to build during the month. Average net injections into the 2.66bn m^3 site were around 7.93mn m^3/d, lifting stocks to about 2.09bn m^3 by 2 September, or 78pc of the site's capacity. With demand low, some traders found themselves long towards the end of the month, and sold gas in the ex-post market heading into the start of September.

And alongside the modest oversupply towards the end of the month, substantial shifts under way in the currency markets continued to put pressure on importers. The lira fell by around 5pc against the dollar over the course of the month, and by 30 August had reached a record low of TL0.4907 against the dollar despite interventions from the Turkish central bank. Importers and wholesalers pay for gas in dollars but sell it in lira, but also have to compete with Turkey's state-owned Botas, which sells imported gas to households and power plants at subsidised rates — effectively inhibiting private-sector firms' ability to raise their own prices.

Traders have argued that a rise in regulated prices of 4-5pc is inevitable — but the government appears reluctant to hike gas prices before local and presidential elections in March and August 2014, respectively. And towards the end of August, Turkish energy minister Taner Yildiz assured the public that there would not be a hike in the gas price in September. But some argue that an October tariff increase could still be on the table.

Looking forward to the winter, a new compressor station was commissioned by Botas in the eastern city of Erzincan, which could help Turkey better weather the winter heating demand peak. The new compressor will not only increase the gas import capacity from Iran and Azerbaijan — Botas has fallen short on some of its take-or-pay obligations to the two thanks to the lack of sufficient import capacity — but also make it easier to ship gas to the west of the country, where demand is highest.

Waste oil usage in diesel to get tax cut

Anadolu Agency, *04.09.2013*

Fuel distributors who use hazardous vegetable waste oil in diesel fuel are set to be awarded with a tax reduction, Finance Minister Mehmet Simsek has said. "In the event of detection of auto biodiesel, which is made of waste vegetable oil, in sold diesel fuels, up to 2 percent of the Special Consumption Tax (ÖTV) will be paid back to the distributor," Simsek said today.

The government is hoping to kill two birds with one stone with the new scheme: reducing environmental pollution would be reduced and lowering the current account deficit by cutting diesel imports.

Waste vegetable oils are harmful for the environment due to the hazardous chemicals they contain. The finance and environment ministries have therefore been working on the scheme aimed at introducing tax incentives for recycling waste vegetable oil. "With this scheme, based on voluntariness, frying oils, which damage the environment if spilled, would be recycled in the energy sector," Simsek said. The ministries have completed the preparations and the regulation has been submitted to the Prime Ministry.

Gas prices to increase, maintains analyst

Today's Zaman, *19.08.2013*

At a time when gasoline distributing companies have been under pressure for some time from the government for high gas prices, a leading oil industry representative has said to Today's Zaman the price will increase by Kr 13 ($0.06) and that of diesel oil by Kr 11 ($0.06), to be effective as of Thursday evening.

"The increase in price stems from the increase in the price of oil in global markets and the increase in the exchange rate of dollar [against Turkish lira]," Cemil Direkci, deputy chair of the Ankara-based Main Fuel Oil Distributors Association, has told Today's Zaman.

The exchange rate of the dollar against the Turkish lira has hit a record 2 liras and the price of oil, which is around $110 a barrel, is expected to increase because of the tension in Syria. Though Syria is not an oil-producing country, markets are worried that an American military intervention, which seems to be imminent, in the civil-war stricken country could escalate into a regional conflict, possibly disrupting the flow of oil from the Middle East. Only about a week ago, the price of gasoline and that of diesel oil had increased by Kr 11 and Kr 8 (around $0.05), respectively.

At the beginning of August, Turkey's Energy Market Regulatory Agency (EPDK) warned gasoline distributors to adjust pump prices in line with the current pricing mechanism, threatening "measures" unless prices were implemented fairly. Following the announcement about unfair pricing by the EPDK, Turkish consumers saw a surprise Kr 8 cut in gasoline prices in the first week of the month. The cut came after a series of hikes in gasoline prices through the early summer.

Regarding the EPDK's move about high oil prices, Energy Minister Taner Yildiz said mid-month he hoped that the distribution companies had received the message regarding the government's sensitivity over the prices. "The average distributor share in Mediterranean countries is Kr 35 [$0.17]; it is Kr 42 [$0.2] in Turkey. Although Turkish distributors have cut gasoline prices, I believe they will decrease it to the levels seen in other countries," the minister added.

The price of oil has increased by around 15 percent in the last couple of months in the world as a result of the civil war in Syria and the military coup and the ensuing social unrest in Egypt. Yildiz said on Tuesday the barrel price of oil has increased to $111 from $103 back at the beginning of July. According to analysts, the main reason for the high price is the high level of tax in Turkey, which currently represents nearly 65 percent of the price of oil sold at a filling station. The distributing companies have often criticized by the government for the high price of oil, but the gross share the distributor and the filling station get in total out of the selling price of oil represents a mere 8 percent from oil and 10 percent from diesel fuel. "This is not a luxury item. The tax on oil shouldn't be as high," Necdet Pamir, who teaches energy issues at Bilkent University, has told Today's Zaman.

In terms of purchasing power, Turkey is the country where the price of oil, with recent hikes which is now around TL 4.9 ($2.4) a liter, is the highest among OECD countries. For diesel oil, with the current price in Turkey being around TL 4.5 ($2.2), Turkey ranks among the top three countries. “The price is high because of the [tax] policy of the state,” Abdurrahman Satman, director of the Energy Institute at İstanbul Technical University, has told Today’s Zaman. “The tax [on gas] represents one of the biggest revenue items of the state and it doesn’t want to give up this revenue,” he added.

Turkey earned $43.5 billion from gasoline taxes last year, a delicate field for policy makers. The country's gasoline tax revenue was around $23.1 billion in 2005. Of the price per liter of gasoline in Turkey, distributors and gas stations take a 4 percent share each, while 65 percent is taken by private (OTV) and value-added (KDV) taxes. The EPDK introduced price ceilings for the petroleum market in June 2009. Since then, the method of calculating gasoline prices in Turkey was indexed to the price per barrel. If the price of oil decreases in international markets, the price here decreases at the same rate.

The same principle is applied if the price of oil increases. The EPDK warned distribution companies at the time to adjust to the new system. Turkey is heavily dependent on foreign oil reserves. The country imports 92 percent of its oil supply, and 98 percent of its oil needs from abroad. Therefore, the price of oil is also dependent on the rate of the dollar against the Turkish lira, as oil is mainly priced in dollars.

Cub Energy takes aim in Turkey

Upstream Online, *03.09.2013*

Black Sea-focused US junior Cub Energy has spudded its first exploration well on a Turkish licence under a joint venture with a local partner. The Yolduzu-1 probe is drilling ahead on the Besni licence in south-east Turkey and is targeting a Cretaceous reservoir in the Anatolian basin, about 20 kilometres south-west of the producing Sambayat oilfield.

It is expected to take around 25 days to reach a planned total depth of 1325 metres. Houston-based Cub is drilling the well together with Turkish co-venturer Calik Petrol and has the right to earn a 50% working interest.

Renewed tensions increases uncertainty surrounding Turkey as an Energy Hub

Natural Gas Europe, *26.08.2013*

While Greek Cyprus gets a step closer to materializing its ambition of becoming a regional energy hub, thanks to newly found gas deposit, by planning the construction of a liquified natural gas terminal on its island, Turkey seems to be falling behind. Israel is currently in the process of deciding whether or not to export its gas and how much of it will be left at home.

This fundamental decision will determine the fate of a country that until very recently was energy-poor, energy-dependent and vulnerable to regional geopolitics in terms of ensuring its energy needs.

The High Court of Justice is currently deliberating on whether the cabinet has the prerogative of taking a final decision on the matter or whether the cabinet's decision needs to be approved by the Parliament. A court hearing is expected on September 17 with a decision to follow by the end of the year. While exports quotas remain an issue, export routes are not very obvious either. Building an LNG terminal in Israel has been considered although it has been said that Israel lacks a coastal site to host it. A floating LNG was also amongst the options considered but often quickly dismissed due to the fact it is a new, high cost technology vulnerable to security concerns.

Greek Cyprus frequently urged Israel to consider processing its gas via the island's LNG to reach customers in Europe and East Asia and pool costs with the cash-strapped island. Cypriot officials quickly insisted that the plan would go ahead with or without the help of the Israelis; but a little help wouldn't hurt either. Transporting the gas via a pipeline to an energy-poor Turkey blessed with centrality has also been considered by Israel. Such a scenario would realize Turkey's ambitions of becoming an energy hub connecting an energy-rich East to an energy-hungry West and loosen Russia's tight grip over Europe's supply.

A recent US-brokered apology formulated by Netanyahu to Erdogan back in March this year over the deaths of nine Turkish on the Turkish Mavi Mamara aid ship attempting to break the Gaza Blockade in 2010 came at a time when Israel was considering export destinations and routes. The apology restored broken diplomatic ties between the two countries and was interpreted as a possible hint for a future energy collaboration.

However, things have slightly changed since. Erdogan accused Israel of being involved in Egypt's army's overthrow of President Morsi. With a tension rising again between the two countries, the prospect of a strong energy duet seems more unrealistic than ever. Israel might be re-prioritizing its options. With Woodside still awaiting a court decision before it turns its back, Israel might still choose to complete the deal with the Australian giant and build its own LNG allowing it to tap into international export market.

Is Israel – Turkey gas pipeline dead?

Today's Zaman, *24.08.2013*

2013 is an interesting year in many aspects. We are going through interesting times on energy ties regarding Turkey and the surrounding region as well. Take the natural gas issue in particular; this year will either be remembered as the time of long-discussed dreams of an Israeli gas pipeline to Europe via Turkey starting to materialize. Or it can be the year of this ambitious program being shelved indefinitely.

The former was a relatively more likely option only until Turkish Prime Minister Recep Tayyip Erdogan's latest harsh criticism against Tel Aviv over the Egyptian coup. Some suggest this will affect pipeline talks negatively.

This is a hastily made presumption; I would say just wait for the fog in the air to clear. Some would expect the harsh diplomatic rhetoric between Turkey and Israel to delay or even cancel the pipeline talks. A second option is that economic interests simply just trump politics. I will go with the second option. Many analysts expect an anticipated pipeline to change the geopolitical and geostrategic map of the east Mediterranean. And we can say this is possible despite the current icy political relations between Turkey and Israel.

Before going into details, let us remember what happened so far this year. We had actually been receiving the early signals that a possible pipeline deals could be struck in the process leading up to Israel's March apology for the Mavi Marmara. This was, of course, something led by the private sector. Then, following the easing of tension in March, details of backroom talks surfaced, with Turkish and Israeli investors openly discussing a deal in the media. However, talks were not enough since everyone knew that the strategically critical pipeline -- with an estimated $2 billion investment value -- would need government protection.

In May, top Turkish politicians, including President Abdullah Gül, shared with the media that Ankara was warming to a pipeline deal, something that stirred excitement in Tel Aviv's bureaucratic circles. The problem was that politicians on both sides remained highly skeptical over the other's reliability in the event of a go-ahead with any pipeline project. An Israeli cabinet approval in June giving the green light for gas exports to about 40 percent of reserves was a turning point for the future of the pipeline. Talks between private firms then accelerated. Israel already has a pipeline to Egypt, but it would need to build pipelines to Jordan, Turkey and the Palestinian territories.

Reports in February that Turkish industry group Zorlu was lobbying Israeli authorities to approve a possible gas sale to Turkey was supported by further news this month. At the beginning of August, Israel's Delek Group, led by US Noble Energy, noted that a group of energy companies which had discovered large amounts of natural gas off Israel's Mediterranean coast had said they were in talks to export the gas to Europe via a pipeline to Turkey. This month, Israel silently inked a deal with Greece and Greek Cyprus, all three pledging to "cooperate to protect regionally important infrastructures in the Mediterranean."

This meant, against all odds, that Israel embraces the "risks" of expanding its gas supply route to Turkey. Recoverable gas in the Levant Basin, which lies largely in Israeli and Cypriot waters in the east Mediterranean and holds some 3.5 trillion cubic meters of gas, enough to meet all of Europe's gas demand for seven years. An LNG station on Greek Cyprus will not be enough to make use of this potential. Furthermore, Turkey's natural gas imports will increase by 20 percent through 2023 from 2012's 43 billion cubic meters, an attractive potential for Israel.

Turkey will jump at any opportunity to diversify away from its eastern provider, Iran, with whom its political ties have become strained over Syria. An export route to Turkey and into Europe could also cut into Russian sales of gas in the region, something Turkey and Europe won't have a problem with. In theory, the planned project does actually seem the most favorable one for both sides. An undersea pipeline from Israel's offshore gas rigs to the south coast of Turkey will be the shortest and cheapest gas pipeline project Turkey has ever been a part of. It will be the fastest line for Israel to capitalize on the demand from an energy-hungry Europe.

Although not at the top of the Israeli media's agenda at the moment, the professional community is under the impression that there is high probability for such a deal to materialize, a journalist friend of mine in Tel Aviv says. "They actually look at the anticipated reactions from the Turkish side. … It would therefore be great to hear more from the Turkish side," says Amiram Barkat of Globes. My answer to this will be: I do not think there is a big shift of axis in Turkish policy regarding the pipeline issue. It is just that the Turkish politicians like to keep a low profile on this sensitive issue at a time of turmoil in Egypt and elsewhere in the region.

Mutual mistrust again remains the biggest obstacle. Then geopolitical issues enter the game. The story doesn't end with Ankara and Tel Aviv agreeing. Unresolved territorial disputes in the east Mediterranean region, including Greek Cyprus and Turkey as well as Israel and Lebanon, stand in the way, making a pipeline to Turkey difficult. These are issues that have to be taken care of in macro planning. But will Erdogan's stance have long-term repercussions for the pipeline? I don't think so. That's why the deal is not stillborn; it is just waiting for the right time to emerge.

BP 'nearing' Kirkuk deal

Upstream Online (Reuters), *28.08.2013*

BP expects to sign an initial deal in early September to revive Iraq's northern Kirkuk oilfield, a move that could affect regional politics because the field straddles the border with the autonomous Kurdish region, a report Wednesday said.

A deal at Kirkuk would allow the British major - already at work at Iraq's biggest producer, Rumaila, in southern Iraq - to negotiate access to significant reserves in the north. Baghdad would get a trusted, experienced partner to help arrest a huge decline in output from Kirkuk, Reuters reported. "It's an initial 18-month deal to offer support, which will provide an opportunity for BP.

BP declined to comment to Reuters. The company would work on the Baghdad-administered side of the border on the Baba and Avana geological formations. Kirkuk’s third formation, Khurmala, is controlled by the Kurdish Regional Government (KRG) and being developed by the Iraqi Kurdish KAR group. BP’s involvement at Kirkuk has been under negotiation for more than a year. When Baghdad first revealed the preliminary arrangement in January, the KRG rejected the pact as illegal, because it had not been consulted.

The UK major is comfortable with its decision to proceed, the source said. “BP expects some noise from the KRG, but it's confident the government in Baghdad has a sensible way forward over Kirkuk.” Among the world's international oil companies, BP could have the best relationship with Baghdad through its contract at the huge, $30 billion Rumaila oilfield project. Baghdad hopes BP will eventually sign a technical service contract at Kirkuk like the one for Rumaila, an Iraqi oil source said. The company expects, however, to negotiate better commercial terms for this contract, the industry source said.

Iraq awarded a series of service contracts in late 2009 to the likes of BP, Eni and Exxon Mobil, which receive slim margins on Iraq's fee-based development contracts. “The terms will have to reflect the complexity of the field and the need for intervention to arrest the decline,” said the source, who requested anonymity. At the start, BP will spend up to $100 million to help stop Kirkuk’s decline and carry out surveys to get a clear picture of the field.

A small team of up to 30 people from the company will visit and work in Kirkuk once the final contract is signed. Output at this 78-year-old field has slumped to around 280,000 barrels per day (bpd) from 900,000 bpd in 2001 after years of injecting water and dumping unwanted crude and products into the field. Iraqi officials have said they would like BP to raise production capacity to around 600,000 bpd in five years. But the pace of development at Kirkuk will be slower than at the giant southern fields of Rumaila, Zubair and West Qurna-1 where BP, Eni and Exxon have helped to raise output by 600,000 bpd in just two years.

“There will be no radical development,” said the industry source. “This is an old, big field that’s in decline and needs a lot of attention.” Kirkuk’s oil riches are at the centre of a crisis within the national government of Sunni, Shi’ite and Kurdish parties over how to share power. But that has not deterred the UK major. “BP’s sense is that everyone in Kirkuk is highly dependent on the resources there, so the development of the oilfield is extremely important,” the industry source said. Exxon, Chevron and Total, among other companies, have angered and alienated Baghdad by signing lucrative production-sharing contracts with the KRG on better operating conditions than in the south.

The KRG’s oil exports and contracts are at the heart of a wider dispute with Baghdad’s Arab-led government over territory, oilfields and political autonomy. Iraq’s government insists it alone has the sole authority to sign deals and export crude oil, but KRG says the constitution allows it to agree to contracts and ship oil independently of Baghdad. BP has no interest in pursuing upstream opportunities in KRG, although Air BP is taking part in a tender to supply fuelling services at an airport in the Kurdish capital of Arbil, industry sources said.

Iraq generates increased revenue from crude exports in July

Bloomberg, *24.08.2013*

Iraq, home to the world's fifth-largest proven oil reserves, generated 6.9 percent more from crude sales in July, compared with the previous month, according to the Oil Ministry. The Middle East nation earned $7.27 billion from the export of 2.32 million barrels a day of crude in July, Asim Jihad, a ministry spokesman, said in an e-mailed statement.

Iraq generated $6.8 billion from the shipment of 2.33 million barrels a day in June. OPEC's second-largest producer after Saudi Arabia exported 66.4 million barrels last month from the southern terminal of Basra and 5.6 million barrels from the northern oil hub of Kirkuk.

The Iraqi government deployed an additional 2,500 soldiers to protect the pipeline running from Kirkuk to Turkey's port of Ceyhan on the Mediterranean, according to the spokesman. That link has been attacked 38 times this year, compared with six in 2012. Iraq plans to increase crude exports from September as the Gharraf and Majnoon oil fields start production, Jihad said in an Aug. 16 interview. Gharraf, developed by Malaysia's Petroliam Nasional Bhd and Japan Petroleum Exploration Co., is scheduled to start producing 35,000 barrels a day this month and Majnoon, developed by Royal Dutch Shell Plc and Petroliam Nasional, is to begin output by October, Oil Minister Abdul Kareem al-Luaibi said in an Aug. 13 statement.

Second Gazprom award for Petrofac

Oil and Gas Eurasia, *28.08.2013*

Petrofac has been awarded a second contract by Gazprom Neft Badra B.V. on the Badra Oil Field, situated 160km southeast of Baghdad City in the Republic of Iraq. Worth US$95 million over three years, the contract was awarded to Petrofac's Offshore Projects & Operations (OPO) business to provide maintenance engineering, maintenance execution and support services.

Kurdish Regional Government the win builds on a previous contract to carry out the engineering, procurement and construction (EPC) work on the first phase of the field's processing facilities.

Societe Generale: Brent crude could spike to $150 a barrel over Syria

Market Watch, *27.08.2013*

When oil prices are on a roll, a Middle Eastern conflict is usually not far away. And it's no different this time, with Syria in the driver's seat of a fast-moving climb for prices of WTI crude and Brent oil. Brent rushed to $117 a barrel before backing off on Wednesday. WTI topped $112 at one point.

But could Brent reach as high as $150-a-barrel? That's not entirely impossible, says Societe Generale analyst Michael Wittner. In a note published late Wednesday, addressing oil and the conflict, Wittner says he expects Brent to reach $125 a barrel in the coming days, "either in anticipation of the attack or in reaction to headlines that an attack had started."

This assumes an attack on Syria by the U.S. and key allies begins in the coming week (SocGen sees no move by before the weekend). "If it takes longer, and there are no signals that an attack is imminent, the oil price uplift from the entire Syrian situation will start to fade. Our base-case scenario does not include any actual supply disruptions resulting from the U.S.-led attack on Syria," says Wittner.

Where Wittner thinks Brent has a shot at $150 is if the regional spillover causes a significant supply disruption in Iraq or elsewhere — from 0.5 to 2 million barrels a day. Under this scenario, Brent could "spike briefly to $150," with markets then turning to Saudi spare capacity, which is 1.7 million barrels a day, but could rise to 2 million barrels a day as output eases off after the summer. "The Saudis could handle most likely scenarios, but the markets would look at the shrinking spare capacity that remains after any disruption is made up, and that would be bullish," he says.

However, Wittner also gives reasons to believe price surges and spikes wouldn't last: A negative impact on GDP and oil demand, with demand destruction visible, would be seen within a couple of months. Saudis would use spare capacity to pump more oil and make up for any disruption, cooling off prices. IEA countries would release strategic oil reserves, depending on the price and severity of any disruption. These countries would be particularly concerned with protecting the fragile economic recovery, which has only recently been gathering momentum in a sustainable fashion.

Wittner and his team are sure of one thing: the U.S. and its allies will be taking some sort of action soon, likely next week. "The talk from the U.S. and others has been so tough that, at this point, the option not to attack does not exist any longer. The U.S. would be seen as very weak for not keeping its word and doing what it said, and this has very important ramifications for other countries and problems in the region, including the Iranian nuclear issue," he says.

The kind of attack that makes most sense, and is most likely, is a brief two-day surgical cruise missile attack to punish Syria and deter it from further chemical-weapon use, he says. And at the same time, it would prove to the world that the U.S. keeps its word. Such a move would keep the U.S. and its allies out of a broader civil war and from supporting some of the most-effective fighters in this conflict, the hard-line Islamists.

But then again, says Wittner, leaks from U.S. officials could all be aimed at some sort of “disinformation campaign,” to fool the Syrian authorities, when in fact a more severe option may be being planned. For example, this could be establishing a no-fly zone to protect rebel forces and civilians, as in Libya two years ago, or a longer air campaign aimed at dismantling Syria’s Air Force. The White House reportedly will publicly release evidence of how Syria used those chemical weapons, perhaps as soon as Thursday, to help drum up public support for any strike.

Here’s another view on where oil prices could go from Ishaq Siddiqi, market strategist at ETX Capital, with a potential Fed twist. He says a Western strike against Syria could get other nations involved, particularly Iran, and “easily engulf” the entire Middle East, which remains a mess — think Egypt, disruptions to Libya’s oil fields by protesters and sectarian violence in Iraq.

“Once filtered through to the real global economy, the increase in oil prices will put a halt to the current pace of economic momentum we are currently experiencing in major parts of the world. It’s plausible that Brent oil prices could be over $120.00 p/b in the coming days — and, if oil prices spike even higher [above $130 p/b], it wouldn’t be out of the question for the Federal Reserve to hold off on tapering stimulus measures this year,” says Siddiqi.

EU works on antitrust complaint against Gazprom

Natural Gas Europe (Bloomberg), *27.08.2013*

European officials are working on a formal antitrust complaint against Russia’s OAO Gazprom, over allegation that the company abused its dominant position in the gas market. According to Bloomberg, Gazprom supplies 25% of the EU’s natural gas.

The EU started the probe last September, investigating the pricing methods and the limitations to trade allegedly imposed by the Russian company. “It will be difficult for the company to operate in markets where it faces open discrimination,” said Russian Foreign Minister Sergei Lavrov earlier this month.

Romania wants EU compensation for abandoned Nabucco project

EurActiv, *30.08.2013*

Romania wants Romanian President Traian Băsescu has asked for compensation from the EU for the abandoned Nabucco pipeline project which had been planned to carry Azeri gas to Austria through Romanian territory. "Romania considers itself entitled to be compensated for the abandonment of the Nabucco project," Băsescu said.

"Bear in mind that Romania, supporting this European project, didn't hesitate between South Stream and Nabucco, and simply said Nabucco," he added. Last June, the consortium managing the offshore Shah Deniz gas field in Azerbaijan chose TAP over Nabucco .

Nabucco was supposed to take the gas from the Turkish border across Bulgaria, Romania and Hungary to a gas hub near Vienna. TAP will take gas from the Turkish border across Greece and Albania, with an offshore section to southern Italy. South Stream is a Gazprom project positioned as a rival to Nabucco. It is planned to bring Russian gas across the Black Sea to Bulgaria, continuing its route through Serbia, Hungary, Slovenia, to reach northern Italy. Branches of South Stream are planned to bring gas also to Bosnia and Croatia. According to the latest map on the South Stream website, the pipeline would bypass Romania.

But the contention that Romania "didn't hesitate" between South Stream and Nabucco is disputed. In 2010, Romania gave Gazprom all the documentation relevant for building the South Stream pipeline through Romanian territory. That move was seen as an attempt by Gazprom to put pressure on Bulgaria, which has always been Gazprom's preferred entry point for the offshore pipeline. The notion that countries had to "choose" between South Stream and Nabucco has also been contested. Bulgarian leaders have long bragged that their country would be key for both pipelines.

The European Commission has always denied that it has put any pressure on any EU country for any particular pipeline, saying only that it considers the so-called Southern gas corridor to be a priority, because it would contribute to the diversification of supplies and to energy security. The "Southern gas corridor" is a diplomatic term referring to the various projects to bring gas to the EU from Azerbaijan. Băsescu described South Stream as "a consolidation of the Gazprom hegemony", adding that he wouldn't mind if the project was realised.

The Romanian President said he had requested that Romanian ambassadors in EU capitals explain this Romanian position and push the EU to compensate Romania for being "the only country which didn't hesitate between South Stream and Nabucco, unlike other neighbours". Băsescu noted that the EU's "Connecting Europe Facility" was one potential source of compensation.

Iran oil experts finalize major development plan for Tosan field

Presstv.ir, *31.08.2013*

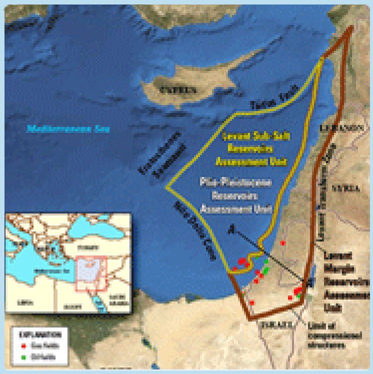
The major development plan for the Tosan oil field in southern Iran has been finalized and submitted to the Iranian Offshore Oil Company (IOOC). The plan was finalized by Iranian experts.

Managing director of the IOOC, Mahmoud Zirakchianzadeh, said on July 16 that oil production from the field is projected to reach 25,000 barrels per day (bpd), though an agreement had been reached with the contractor for the production of 7,000-10,000 bpd in the first stage. He added that the IOOC and the Khatam al-Owsia Headquarters had cut a USD 450-million deal for the development of the Tosan oil field.

Zirakchianzadeh further noted that the development of the oil field will be completed in 36 months under a buyback contract signed between the IOOC and the Khatam al-Owsia Headquarters, with Sazeh Company being in charge of designing the project. Located southwest of Qeshm Island in the Persian Gulf, in-place reserves of the Tosan oil field have been estimated at about 507 million barrels.

Tamar partners find new gas

Hürriyet Daily News, *27.08.2013*



The Tamar Partners have announced a small but significant natural gas discovery near the Tamar field. The Jerusalem Post, citing a statement given to the Tel Aviv Stock Exchange on Wednesday, has reported that the new reservoir, called Tamar Southwest, is expected to contain about 0.7 trillion cubic feet, or about 19 billion cubic meters, of natural gas.

While it is still too early to reveal an investment decision for gas production on the new field, the discovery increases the amount of proven gas in the Israeli market, stressed the partners. Tamar Southwest, as its name indicates, is located southwest of the much larger Tamar field.

Israel's natural gas reserves reshape Middle East dynamics

Financial Post, *30.08.2013*

As the prospects of another war in the Middle East increase, one country is looking to cut its energy ties with the region and manage its own needs, thanks to newly discovered gas riches.

Indeed, the recent discovery that Israel's offshore natural gas reserves are far larger than previously thought has the potential to revolutionize the country's economic fortunes. The find could save Israel tens of billions of dollars in energy imports from Egypt and other places, and see it positioned as a new natural gas source for Europe, one of the world's largest LNG markets.

According to the U.S. Geological Survey, recoverable natural gas in the Levant Basin located in Israeli and Cypriot waters of the eastern Mediterranean Sea, amounts to a massive 18.9 trillion cubic feet. One industry CEO called the finding "a once-in-a-decade opportunity." The Leviathan Field, 130 kilometres off the Israeli coast and under 5,000 feet of water, is a potential game changer not just for the country's economy – the third-largest in the Middle East – but in shaping broader regional dynamics.

Houston-based Noble Energy along with Israeli conglomerate Delek Group and subsidiary Avner Oil Exploration are behind the exploitation of the field expected to produce initial volumes of 750 million cubic feet per day when it opens in 2016. For Israel, a country once with little or no domestic energy resources, natural gas is set to become the beating heart of future energy plans. Experts say gas from the nearby Tamar field, which opened this year, will meet domestic demand for the next 25 years, acting as Israel's "safety net" and leaving Leviathan free for export markets.

Israel's energy minister said in June the Jewish state would keep more than half its estimated natural gas reserves for domestic production and there's an ongoing national debate over whether the US$300-billion expected to be generated from recovered gas should be exported or used to safeguard the country's descendants. This month, Israel signed a memorandum of understanding with Greek Cyprus and Greece to cooperate on energy, binding Israel and Greek Cyprus together over Leviathan, a section of which is located in Cypriot waters. Israel also began talks this week with other regional interests, including Turkey, about constructing a pipeline to pump gas to Europe.

But aside from the spritely arguments inside Israel, regional anxieties may become a sticking point as it attempts to unlock two main options to get gas to lucrative markets. Having aligned with Greek Cyprus, any proposal to build a pipeline with Turkish assistance appears somewhat remote. Tensions have been high between Turkey and Greek Cyprus ever since the former's invasion and occupation of northern Cyprus in 1974.

As a result, many in Turkey blame Greece for continually stalling Ankara's European Union accession bid. Observers in Turkey are also questioning the feasibility of a deep-water pipeline from Israel to Greece that would run through Greek Cyprus because of the sheer distance involved: The span of water from Israel to Turkey's Ceyhan port is a quarter of that to the Greek mainland. This year Ankara warned Israel against signing a gas deal with Greek Cyprus saying resources should be divided between both political entities on the island.

"The Greeks' insistence on unilateral disposal of natural resources in the south of the [Cypriot] island shows that they don't have the will to re-establish a partnership with Turkish Cypriots," read a recent Turkish foreign ministry statement. Boasting the world's most expensive gas at the pump, Turkey's rapidly growing economy and energy shortage means it is desperate to have a say on where Israel's gas bounty ends up to the extent that this year Ankara announced the end of a 30-year conflict with Kurdish separatists.

Frosty ties between Israel and Turkey still linger. In May 2010 Israeli naval forces boarded a Turkish ship carrying aid to the Gaza Strip. Eight Turkish activists and an American-Turkish citizen were killed in the on-board violence that followed. At the behest of U.S. President Barack Obama, Israeli Prime Minister Benjamin Netanyahu apologized to Turkey last March, but animosity remains. "It's obvious the considerations are not only economic, there are political ones, too.

A report published last week by the U.S. Energy Information Administration points out that territorial disputes in the eastern Mediterranean "jeopardize joint development of potential resources in the area and could limit cooperation over potential export options." Israel has several ongoing territorial disagreements in the area. "A maritime boundary dispute between Israel and Lebanon could limit development in prospective regions of the eastern Mediterranean, as over 300 square miles in the Levant Basin remain disputed by both sides," said the report.

The rapidly increasing global supply of natural gas as a result of fracking operations also means Israel needs to move quickly. Despite the treasure at its hand, experts say Israel must engineer a direction for exporting gas sooner rather than later. Turkey could hold up the process — or be the key. Ankara launched its own oil exploration vessel in February, illustrating the need felt in Turkish circles to explore all possibilities, but also its relative newcomer status to oil and gas exploration, say observers.

"Obviously they need that gas. Turkey's main concern is that Greek Cyprus and Israel establish a relationship that impacts Turkey. Turkey is trying to lure away Greek Cyprus from that deal," said Halil Karaveli, the editor of the Turkey Analyst. "When it comes to energy, Turkey is pretty pragmatic. That it's trying to establish a relationship with Greek Cyprus is a complete new departure for Turkey … [it] shows they are ready to throw overboard past differences."

Israel is already looking further afield. With gas prices in the Far East currently higher than in Europe, the draw of selling to China and Japan is strong. An executive close to the companies involved in the Leviathan field exploration project and who asked not to be identified, said Israel is, in fact, in a position to export to markets both in Europe and Asia. But with no facility yet in place to liquefy and transport Leviathan's reserves, a joint project with Turkey may see the two regional powers united by gas.

IEA: Politics may hamper economy in Mediterranean

Hürriyet Daily News, *02.09.2013*

Natural gas basins could turn the Mediterranean into a "sea of prosperity," but there is a risk that politics may hamper economic progress, the head of the IEA has warned. "The biggest problem in the eastern Mediterranean is not the existence of reserves, it is the potential that politics may supersede the economy," Fatih Birol told.

"If this settles down, I believe eastern Mediterranean gas will raise the prosperity of regional countries and could become an important alternative to Russian gas," he said. There is now considerable evidence showing that more than 3 trillion cubic meters of gas is present in the eastern Mediterranean.

The rich natural gas fields discovered in the eastern Mediterranean have been engendering excitement in all countries of the region. Greek Cyprus discovered an average of 7 trillion cubic feet of natural gas in December 2011 in one field offshore, close to where Israel reported major finds within its own maritime boundaries. Encouraged by Greek Cyprus' and Israel's impressive oil and gas reserve findings, Lebanon has decided to get its share from Mediterranean sources and kicked off the bidding process for offshore oil and gas licenses.

Turkey also wants to take its share and play a role in the trade of these resources. However, the region has already been the stage for several political conflicts of interests between Israel, Turkey, Lebanon, Greece and Greek Cyprus, and the gas race seems unlikely to settle down anytime soon. A heated debate has already emerged over how to transport and commercialize the resources, with some favoring pipelines and others pushing for liquefied natural gas (LNG).

Birol says either LNG option or carrying the gas to markets via Turkey, Jordan or Egypt would be meaningful choices. The real issue here is which one would be less costly, he said, as the gas' value for Europe, which has been seeking to diversify its energy sources to diminish its dependence on Russian gas, is connected to financial benefits. A group of Israeli energy companies are reportedly already in talks to export the gas to Europe via a pipeline to Turkey.

Birol said Turkey should enhance its LNG infrastructure and ensure the necessary conditions for the private sector. "This would give a chance to Turkey to benefit from global market operations more and increase its energy supply safety," he said. "Many European and Asian countries have been taking serious steps regarding LNG terminals. Between 2015 and 2020, a substantial amount of LNG will enter the market, and the competition will push the gas prices downwards. Countries should have LNG infrastructure to take advantage of that."

Poland starts shale gas extraction

Phys, *28.08.2013*

Shale gas extraction has begun at a test well in northern Poland, a first for the EU member, a minister said in a newspaper interview on Wednesday. The firm Lane Energy Poland, controlled by US energy giant ConocoPhilips, has been extracting about 8,000 cubic meters of gas per day since July 21, deputy environment minister Piotr Wozniak said.

"It's good news for Poland, and also for Europe," Wozniak, who is also the country's chief geologist, told the Rzeczpospolita daily about the test production near the town of Lebork.

He said that although the yield was lower than at sites in Canada and the United States, it was the best such result in Europe to date. The amount is not big enough to qualify as commercial production, however. Gas is being extracted at a depth of 3,000 meters (9,800 feet) "without threat to the environment", Wozniak told the television channel Polsat. Members of the European Union are divided in their approach to hydraulic fracturing or fracking, the controversial method of extracting hydrocarbons.

Poland, for example, has granted exploration rights to local and global firms which have sunk 48 exploratory wells. France has banned the method. Fracking involves using huge amounts of pressurized water mixed with chemicals to crack open shale - sedimentary rock containing hydrocarbons—to release natural gas. Environmentalists have raised the alarm that the chemical-laced waste could be contaminating fresh water resources.

Poland uses about 14 billion cubic meters (500 billion cubic feet) of natural gas a year, of which 60 percent is imported from Russia. The country of 38 million people plans to invest 12.5 billion euros ($17.0 billion) in exploration and development of its shale gas sector by 2020. Poland could have between 800 billion and two trillion cubic meters of exploitable shale gas deposits, according to the Polish Geological Institute.

Bulgaria approves construction of South Stream

Natural Gas Europe, *30.08.2013*

Supreme Expert Environmental Council of Bulgaria (SEEC) of the Ministry of Environment and Water approved the construction of the South Stream pipeline, according to a note released on Wednesday..

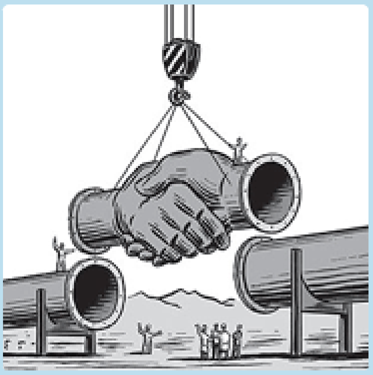
The representatives of the Ministry of Regional Development and the Ministry of Agriculture, Regional Inspectorates of Environment and Water, municipalities, NGOs, and representatives from the Black Sea and Danube regions met for four hours to discuss the project. SEEC's ruling contains over ten binding conditions meant to protect the environment.

The project is subject to a mandatory Environmental Impact Assessment (EIA), as defined by the Environmental Protection Act (EPA). The competent authority approved the EIA after two years of works – the EIA procedure was launched in August 2011. Earlier this month, Alexey Miller of the Gazprom Management Committee visited the Republic of Bulgaria, meeting several ministers to discuss the Russian-Bulgarian cooperation in the gas sector. In that occasion, the parties 'expressed mutual interest in completing the (South Stream) project as soon as possible.'

The pipeline will cross 11 districts – Varna, Shumen, Targovishte, Razgrad, Rousse, Veliko Tarnovo, Pleven, Lovech, Vratsa, Montana and Vidin. Resident of Varna, Bulgaria's third largest city, expressed their apprehension for the South Stream project due to the proximity of the city to one compression station. Last month, citizens took part to the meeting with the management of the project company. Construction of the Bulgarian stretch of the pipeline was delayed until end-2013 or early 2014, due to lack of construction permit and approved environmental impact assessment, which added up to already existing concerns of local inhabitants.

Romanian – Moldavian Gas Pipeline works inaugurated

Natural Gas Europe, *27.08.2013*



The Prime Ministers of Romania (Victor Ponta) and the Republic of Moldova (Iurie Leancă), along with EU Commissioner for Energy Günther Oettinger, inaugurated on Tuesday construction works for the Iasi-Ungheni pipeline, a gas interconnector between Ungheni (West of Moldova) and Iasi (East of Romania).

Ahead of the inauguration Oettinger commented that "this is a historic day – we are celebrating that Moldova will be directly connected to the EU gas market. This will enhance its energy security and reduce its dependence from the only supplier it has now."

Speaking at the inauguration Ponta said "Iasi-Ungheni pipeline that will be completed in December of this year, will allow the neighboring state to have a stronger position in the negotiations with other suppliers, due to Romanian gas supplied through this pipeline." As reported by Natural Gas Europe earlier this month, the European Union is willing to foster stronger ties with Moldova. It will provide 7 of the 26.5 million euros needed to construct the pipeline.

The project aims to increase the level of energy security for Moldova and the eastern part of Romania by diversifying gas supply sources. The pipeline will carry 1.5 billion cubic meters of gas per year, the equivalent to 15% of Moldova's yearly production and will be operated both ways. The pipeline will be 43.2 kilometers long, of which 32.8 kilometers is on Romanian territory. Romania will invest €12 million in the project. The EU has granted Moldova non-refundable funds amounting to €12 million, both for the pipeline and for building necessary infrastructure to cross the Prut River, which is not included in the total cost of the pipeline.

"As a result of confirmed offshore explorations in the Black Sea and of, I hope successful explorations for shale gas; Romania will have a production that will cover entirely our national requirements. From my point of view […] national gas requirements means Romania and Republic of Moldavia. We make calculations for 2018, 2019 and take into account Romania and Moldova. It is important that our domestic production will be able to cover, in a few years, all the consumption of Romania and Moldova" said Prime Minister Ponta.

EU energy chief warns against German renewable subsidy cuts

EurActiv, *27.08.2013*

Germany should not introduce cuts to already guaranteed renewable subsidies, Günther Oettinger has said, warning that such a move would seriously hurt investor confidence. Political parties and energy groups are all in favor of reforming Germany's renewables law but concrete proposals have been scarce.

Investors have repeatedly warned that cuts in already agreed renewable subsidies, which are guaranteed over roughly 20 years, could damage investors' willingness to spend badly needed cash on Germany's energy shift towards alternative power sources, estimated to cost about €550 billion.

"We strongly advise against retroactive measures," Oettinger said during the annual Handelsblatt Renewable Energy conference on Monday (25 August). "That means all those that have installed solar panels, biogas plants or wind parks should receive the level of support that was guaranteed at the time of installation." European countries including Spain, the Czech Republic and Bulgaria have all implemented retroactive taxes on existing operators of renewable energy installations, leading investors to harshly criticize such moves.

The European Commission is preparing to review EU rules governing energy subsidies. The new state aid guidelines for the energy sector are expected to be unveiled after the German federal election, according to the Greens in the European Parliament. Meanwhile, Germany's largest offshore wind farm opened on Monday, launched by economy minister Philip Rösler. Located 100km off the island of Borkum in the North Sea, the 80 turbines will power up to 400,000 households, according to Bard Energy, which developed the project.

"Offshore wind farms are, in our view, an indispensable component for ensuring the success of the energy turnaround and, moreover, have the potential to become successful German exports in the future," said Lutz Diederichs, director of commercial banking at HypoVereinsbank, which helped to finance the project. Oettinger also said he expected the European Council to reach a decision in October or November on a proposal to temporarily withdraw permits from the bloc's Emissions Trading System (ETS), a process known as backloading. The European Parliament backed the plan in July. It still needs the support of a majority of EU member states to become law. "We will now likely realise backloading," Oettinger said, but cautioned it would not significantly raise carbon prices, pointing out that investors would be aware that the permits would be re-introduced later.

Romania will export gas to Hungary before end of year

Natural Gas Europe, *03.09.2013*

Romania will begin to export natural gas to Hungary via the Arad-Szeged pipeline in December. The pipeline was inaugurated in 2010 to bring gas to Romania, a connection supported by the European Commission through the European Program for Economic Recovery in Energy Field.

The Arad-Szeged pipeline was designed to carry, at maximum capacity, 4.4 billion cubic meters of gas per year, the equivalent of a third of Romania's yearly consumption. In order for the pipeline to reach the maximum capacity, €120 million in investments are needed, according to Mediafax.

According to a Transgaz management plan, Hungary and Romania have agreed to make the necessary investments to carry gas both ways through Arad-Szeged pipeline by 2016. The plan mentions that this project ensures the opportunity to open an "essential" gas transport way from the Black Sea region to the Central and East European markets. "Taking into account the regional importance of the project, as well as the high value of the investment, the project was introduced on the EU's mutual interest projects list that will be approved by the end of this year," according to the document. Romania is working to connect its national natural gas transport systems to Bulgaria, Moldova and Serbia. Transgaz is controlled by the Public Finance Ministry.

Caspian Sea could become natural gas hub

Reuters, *04.09.2013*

The Caspian Sea is an ancient oil producer, but its future may be in natural gas, the Fuel Fix blog reports. The commodity that fuels electric power is becoming a much more prominent driver of energy production in the large body of water north of Iran and south of Russia, a region that produced 3.4 percent of the world's oil supply last year, according to a recent report from the Energy Information Administration.

Azerbaijan and Kazakhstan, which border the Caspian's west and east coasts, have led a boost in natural gas production in and around the region, where coastal countries extracted a total 2.5 trillion cubic feet of natural gas in 2011.

That's up from about 1.25 trillion cubic feet in 2000 and about 1.75 trillion in 2006. Each of the Caspian's coastal countries has sizable discovered natural gas fields, one indication that the region's energy production growth will come from natural gas in the future, according to the EIA. Meanwhile, annual oil production in the Caspian Sea has edged down in recent years, declining from about 2.7 million barrels of oil in the peak year of 2010 to about 2.6 million in 2012.

Ukraine: Ecology Minister expects local authorities to agree shale gas production

Natural Gas Europe, *18.08.2013*

Minister for ecology and natural resources of Ukraine Oleh Proskuryakov expects the local authorities to approve the exploitation and production of shale gas, he said during online conference on Forum.

"I believe the common sense will prevail," Proskuryakov noted, responding to the question what the government would do if local authorities block the shale production. According to him, the development of Olesskiy shale gas field is carried out under full ecological control and is a serious project on region's economic development which will create new jobs.

"This project includes development of the region, creating jobs and significant energy resources under full ecological control by public and state environmental organizations," the minister said and reminded that the project for Yuzovski field prospecting is at the stage of preparation. Moreover, according to Proskuryakov, the contracts with "Shell" and "Chevron" companies "take into account interests of the population of regions under development". The minister expressed confidence that alternative sources of energy will multiply "by means of non-traditional sources of hydrocarbons (shale gas, coal mine methane), solar and wind energy".

Lebanese impasse continues as Cabinet postpones bid round

Natural Gas Europe (Bloomberg), *04.09.2013*

Lebanon's Energy Minister Gebran Bassil said that his government has delayed its first auction of exploration licences for offshore oil and gas, adding that the bid round could be delayed further if the cabinet does not vote on time. According to Bloomberg, the bid round has been postponed from November 4 to December 10.

This is a big loss for Lebanon. This delay gives an advantage to Israel," said Bassil in a press conference on Wednesday. The amount of gas estimated to be lying in Lebanese waters caught the attention of international oil and gas giants. But the timeline already proved to be too pretentious.

According to the previous plans, production would have started by 2016. In this scenario, Lebanon would become a major gas exporter by 2020. British geological surveyor Spectrum has estimated that Lebanese waters could hold up to 25 trillion cubic feet of gas and 440 million to 660 million barrels of oil.

Russia hints at stopping gas deliveries to Moldova

Upstream Online, *03.09.2013*

Russian Deputy Prime Minister Dimitri Rogozin suggested at the beginning of this week during a visit to Chisinau that, should there be an agreement between Moldova and the EU, Russia might stop natural gas deliveries to the former Soviet country. "Take care not to freeze in the winter and not to lose a train in the vortex of European integration you are caught it," said Dimitri Rogozin during official meetings in the Moldovan capital.

The warning was made in the context of preparations for the upcoming Eastern Partnership Summit in Vilnius, where a new political approach is expected.

U.S. gas via Panama frightens LNG exporters worldwide

Reuters, *05.09.2013*

The United States is set to grab the first and biggest chunk of unfilled extra Asian demand for shipped gas between now and 2025 with help from a widened Panama Canal and prices that rivals could struggle to match.

A surge in U.S. natural gas production thanks to the shale revolution means proposed new LNG projects in Australia, East Africa, Canada and Russia can no longer count on exporting to the United States and will now have to focus more on sales to Asia. Now, the distance to ship U.S. LNG from the Gulf of Mexico to Asia is set to be fall to about 9,000 miles from 16,000 after expansion work.

That will allow U.S. exporters to compete for that same Asian market, transforming the United States from export destination to growth supplier for Japan, South Korea and eastern China in only a few years. The Gulf of Mexico coast has tailor-made ports, storage and pipes it has used for LNG imports. It is part of the world's biggest natural gas market and has specialist local labour available. This gives LNG projects there a set of 'brownfield' advantages over 'greenfield' rivals off the undeveloped coasts of Mozambique and Tanzania, in the harsh Russian Arctic, and in remoter parts of Australia and Canada.

Political risk is also seen as relatively low - at least for the next few years. Together, these factors should give the United States about a third of the 150 million tonnes per year (mtpa) of extra LNG demand expected between now and 2025 that is not already accounted for by about 100 mtpa of Australian supply currently under construction, according to analysts' estimates.

"The cost stacks to Asia from the five major supply options end up in a very similar range... but the U.S. brings a unique proposition, and so might be getting a lion's share of that extra demand," said Asish Mohanty, senior analyst on North American LNG for Wood Mackenzie in Houston. "We expect around 45 to 50 million tonnes a year of U.S. exports - all starting up before 2020 - with the rest to be shared amongst the others." Hesitation by those other LNG producers looks set to play into U.S. hands, too.

The last big non-U.S. LNG project to get the all-important Final Investment Decision (FID) from its backers was Japanese group Inpex's Ichthys plant in Australia's Northern Territory in early 2012. Since then, only U.S. projects, namely Sabine Pass phases 1 and 2 in Louisiana, have won FID. LNG exports are politically controversial in the United States because cheap gas has revived the economy, but the government approved a third export permit on Aug 7 in a sign that producers hurt by a glut and weak prices are winning traction in the debate as federal authorities grant permission for exports to countries such as Japan and China.

Production from shale formations using hydraulic fracturing and horizontal drilling techniques has sent the Henry Hub U.S. gas benchmark price below $3 per million British thermal units (mmBtu). At the same time, Asian buyers have to pay up to $20 on the spot market and up to $17-$18 on long-term contracts linked to the price of crude oil. U.S shippers just have to come in under that, and many in the market believe they can. Escalating costs have also slowed development of non-U.S. greenfield projects. The budget for Chevron's half-built 15 mtpa Gorgon project has ballooned by about $15 billion to over $50 billion.

A third factor has been the sheer number of projects proposed worldwide in recent years - some 631 mtpa worldwide according to analysts at IHS CERA - which is more than four times the predicted need up to 2025. “It’s a bit like being in a restaurant with a big menu,” said Washington-based IHS CERA analyst Eliza Notides Young. “This entrance of the U.S... just adds a whole new dynamic to the market. “I think a lot of buyers are waiting to see what that might mean for projects in other regions and whether there's room for price negotiations.”

Adding to uncertainty for non-U.S. projects is the widening of the Panama Canal and the cost reduction that will bring for U.S. LNG exporters. Only 21 of the existing global fleet of 370 LNG tankers can currently squeeze through the Panama Canal, and none of them try. Yet more than 80 percent will be able to make the passage once widening is complete, according to LNG shipping consultancy Platou. Delays have beset the widening project but it is currently expected to be completed by the end of 2015 - just in time for the first scheduled exports from Sabine Pass on the border between Texas and Louisiana.

IHS CERA estimates the shortened passage to Japan could shave $1.50 per mmBtu off the cost. It puts the as-yet unknown canal charge at around 30 cents per mmBtu based on a $1 million round-trip fee for a medium-sized LNG tanker. That still leaves a clear $1.20 saving per mmBtu - almost 10 percent of the direct ex-ship (DES) cost based on an estimate by shipper BG Group Plc. BG, which is contracted to take 5.5 mtpa from Sabine Pass, puts the DES shipping cost to Asia at $11.20 per mmBtu via Panama.

There is a pricing game changer happening, too. U.S projects can avoid the pricing model that forces buyers into 20-year contracts based on oil prices - so-called take-or-pay funding. As was the case with shale production itself, it is the pre-existing infrastructure that has made the United States home to this revolution. Greenfield projects like Gorgon in Western Australia are so huge and costly that only the biggest companies - Chevron, Royal Dutch/Shell, Exxon Mobil and a few others - attempt them.

They have to compete for capital with oil projects, so to get FID, they need that take-or-pay funding. Building the liquefaction plant absorbs the majority of any LNG project's budget but thanks to its other cost advantages, Cheniere Energy's Sabine Pass and others like it can base pricing on cheap U.S. gas instead of costly global oil.

“Can U.S. exports change the pricing game?” asks Johan Schrijver, managing director for Dutch state business of the credit insurer Atradius which deals with LNG financing “Will it reduce, or perhaps put an end to, oil-linked take-or-pay contracts? This is important because the bankability of LNG projects depends very much on the existence of long-term take-or-pay projects with an oil-linked pricing mechanism.”

WoodMac's Mohanty also said that after 2020, non-U.S. rival LNG exporters might benefit if U.S. lawmakers grow jittery about domestic gas prices. Buyers looking to ensure diversity of supply will also ensure new export regions find customers. And even if U.S. LNG is shipped via Panama, gas from Western Australia will still have less than half the distance to travel to Japan. In addition, most of the greenfield projects own their own gas, while U.S. exporters have to buy on the open market.

BG, a greenfield developer like Shell and Chevron as well as a U.S gas shipper, is confident the oil price link will stay for as long as supply looks tight. "We believe oil indexation will remain a key part of the pricing mix in the LNG market for the foreseeable future and without it, some projects outside of the U.S. may not get developed," said Matt Schatzman, BG group executive vice president for global energy marketing and shipping.

A U.S. LNG report from analysts at Bernstein this week was titled "Forget Saudi America, What about Qatari America?" - a reference to the current leading LNG exporting country. LNG projects have long been vulnerable to fluctuating politics, price, availability of engineering skills and competition from other energy types. The Sabine Pass liquefaction export plant is a testament to that volatile history, emerging on the site of a disused regasification import terminal as the cycle turns again.

OMV announces discovery of gas and condensate in Pakistan

Natural Gas Europe, *29.08.2013*

Austria-based OMV announced the discovery of gas and condensate in the Sofiya-2 exploration well in the Mehar exploration license in Pakistan. According to a note released on Thursday, the presence of hydrocarbons was proven through wireline logging and testing operations.

"We are very pleased with these results. It provides the opportunity to utilize the Mehar gas plant for processing of Sofiya gas and condensate, which should enable cost-effective and accelareted development of this new discovery," commented Jaap Hujiskes, OMV Executive Board Member responsible for Exploration and Production.

The Mehar field development is in its mechanical completion phase. Production start-up is expected in Q4/13. The Sofiya-2 exploration well is located in the Mehar exploration licences in the Sindh Province of Pakistan, around 10 km north of the Mehar gas condensate field. OMV holds a 75% stake in the exploration licence, with Ocean Pakistan Limited (15%), Zaver Petroleum Company (5)% and Government Holding Private Limited (5%) holding the remaining shares of the joint venture.

Onshore oil boom narrowing US trade deficit

Argus, *26.08.2013*

Unprecedented growth in US oil output is eating away at the biggest source of the nation's trade deficit and is possibly putting the country on course to eliminate its reliance on crude imports.

The United States trade deficit in June narrowed by 20pc from a year earlier, to $34.2bn, the lowest since the 2009 financial crisis, according to the Commerce Department in Washington. US Census Bureau data shows that crude and oil products drove the shift, as petroleum imports fell 12pc to $29bn. Excluding petroleum, imports into the US rose by 1.4pc.

Net petroleum imports – the US also is benefiting from increasing exports of refined fuels, particularly diesel – dropped 24pc year on year to $17.4bn. As recently as five years ago, the monthly oil deficit was almost two and a half time that large at $42.4bn. Adjusting for seasonality and inflation, the net oil trade deficit was $10.2bn in June, the lowest on record in Census Bureau data going back through 1994.

The turn in US oil fortunes has been stunningly fast. US crude production peaked at the start of the 1970s and was on the decline until 2009 when cost breakthroughs in hydraulic fracturing made onshore oil fields economic to develop. In the first five month of this year, landed foreign crude at US ports is down 17.2pc from 2010 levels, when increased flows of domestic crude first made their way to US refineries. In 2011 the US became a net exporter of petroleum products, as greater refined fuel shipments from US coasts moved to markets abroad

In 2012 the US added more than 1mn b/d of new crude production – its largest output hike in history – surpassing every other country's growth, according to BP's Statistical Review of World Energy. That 14pc growth rate was led by shale formations from south Texas to North Dakota, and the country is on pace for a similar advance in 2013. Through the first five months of 2013, oil output averaged 7.21mn b/d, up 14pc from a year earlier. EIA in Washington predicts domestic oil volumes will climb to 8.24mn b/d in 2014 and may be sustained above 10mn b/d as early as 2020.

The shale boom is turning the tables on the world's balance of trade and, according to the IEA in Paris; it could make the US energy independent by 2030. The agency sees the US becoming the world's largest crude producer, overtaking Saudi Arabia, by 2017. The EIA is more conservative, forecasting that US reliance on petroleum imports will drop to 34pc of consumption in 2019 after sliding below 50pc for the first time in almost two decades later this year. But the agency also has studied different scenarios -- including cases where higher fuel economy standards are enacted and more offshore areas are opened to drilling -- that could make the US a net oil exporter by the mid-2030s.

US investment bank Raymond James says the shift will happen faster, cutting oil imports to 26pc of consumption in 2015, just half the level of 2011. Petroleum accounted for 51pc of the national trade deficit in this year's first half, down from 55pc a year earlier and 60pc in the first six months of 2011. US upstream independent Continental Resources' chief executive Harold Hamm says shale development can not only eliminate reliance on Middle East oil, but also solve the nation's debt crisis through the ongoing shift in trade balances. "Horizontal drilling has forged the path to energy independence, freeing us from unfriendly nations and financial disaster," says Hamm, who directly owns more US oil and natural gas reserves than any other American.

Meanwhile, UK consultancy Wood Mackenzie says that China, the biggest contributor to the US trade deficit, will be spending $500bn a year on oil imports by 2020, pushing net inflows to 9.2mn b/d. The firm sees China overtaking the US as the world's largest oil importer by 2017. China also will be spending more per barrel on its imports because US production growth is being driven by relatively light, sweet crudes, reducing the need for high-cost oil grades from overseas. Since peaking at $50.4bn in July 2008, the dollar value of monthly oil imports has dropped 42pc. US oil imports averaged less than $31bn a month in 2013's first half, down 16pc from a year earlier.

Declines in US oil demand are contributing to the reduction in imports. The nation's oil consumption slid to a 16-year low of 18.6mn b/d in 2012, trade group the American Petroleum Institute says. The EIA projects that total US demand for oil products, natural gas liquids and biofuels will average 18.7mn b/d both this year and next year, down from 19.2mn b/d in 2010. Domestic production met more than 56pc of demand for liquid fuels in June, up from 44pc in 2010, EIA data shows.

The trade deficit is narrowing faster than predicted by the Commerce Department, helping to accelerate the US economic recovery. The outperformance in June relative to expectations added 0.8 percentage point to second-quarter GDP, Deutsche Bank says. UK bank Barclays says the US deficit in oil products narrowed to 0.9pc of GDP in this year's first quarter from 1.9pc in the fourth quarter of 2005. "The improvement in the real petroleum trade balance is the largest factor in the narrowing of the overall real trade deficit," Barclays economist Dean Maki says.

Mexico's oil reforms could provide new growth for U.S. oilfield services companies

Forbes, *25.08.2013*

Mexico is considering plans to end a seven decade long monopoly that Petroleos Mexicanos (Pemex), the country's national oil company, has had over the oil and gas space, possibly allowing foreign oil companies such as Exxon Mobil and Chevron to participate in the Mexican oil industry.

The move should allow the country to attract more investment into the industry, which has seen a decline in production over the last several years. We also see the move as opening up additional opportunities for U.S. oilfield service providers such as Halliburton and Schlumberger in the Mexican market.

Declining oil production but Pemex has been unable to boost investment. Mexico has the third-largest proven oil reserves in Latin America amounting to around 13 billion barrels. State run Pemex has largely produced oil from easy-to-access sources located in shallow waters and areas that are relatively easy to drill. However, most of the Mexico's largest oilfields such as the Cantarell field, and the country's total oil production has been on the decline since 2004.

While Mexico is still able to meet its domestic oil demand, oil exports, which are a significant component of the country's exports earnings (16% in 2011) have trended lower. Pemex has not been able to garner the investment needed to boost exploration and production in new frontiers as it has been in a tight spot financially, reeling under large losses and massive pension liabilities. According to the the U.S. EIA these production if these declines were to continue without new investment, the country may even become a net oil importer by 2020.

Mexico has had constitutional limits on foreign investment in the oil exploration and production space but Mexico's President Enrique Pena Nieto presented a bill to the Mexican Congress on August 13 that would allow foreign oil companies to participate in the country's oil and gas space under a profit and risk-sharing model with Pemex. In order to make the deal more attractive to private oil and gas companies, the model would enable firms to book a percentage of the reserves on their balance sheets under U.S. Securities and Exchange Commission rules, although the oil would still be owned by the Mexican government.

According to Bloomberg, oil majors such as Exxon, Chevron CVX -1.18%, Royal Dutch Shell have already shown interest in entering the Mexican market. According to Pemex, with proper investments, exploring these deep-water reserves could add as much as 27 billion barrels, effectively tripling the country's proven oil reserves. Mexico is also facing a severe shortage of natural gas and has been boosting imports of costly liquefied natural gas. Progress in tapping into the country's unconventional gas reserves has been slow.

U.S. oilfield services firms such as Halliburton and Schlumberger have already been doing work in Mexico for Pemex. However, if the Mexican government's plans to reform the sector come through, it could push the opportunities for oilfield companies to a new level given the possible growth in activity brought about by new investment as well as a potential increase in the complexity of exploration and production activities. Schlumberger has been making a big push in subsea technologies and could see greater demand as more activity is undertaken in the Mexican portion of the Gulf of Mexico. Halliburton, a leader in pressure pumping services, could see greater demand for its fracking and unconventional plays expertise.

Gazprom's financial information shows mixed signals

Natural Gas Europe, *04.09.2013*

Russia's Gazprom registered a 19% sales increase to 1,461,441 Rubles in the first three months of the year in comparison to the same period last year. Despite the apparent good news, the financial information released on Tuesday is not univocal and the Russian giant has to find a way to maintain its clout. Gazprom's prospects are two-sided.

On the one hand, sale of Russian gas is inevitable. The decreasing production in the UK, the Netherlands and Norway further cements the production leadership of the Russian company. Its sway is nothing new and it is likely to remain in place in the near future.

Rising gas demand in Europe increases Gazprom's business outlook. Coherently, the company sees another strong period in the second half of 2013. The recent figures about export of gas to Europe came equally as no surprise. In the first eight months of the year, Gazprom exported 105.2 Billion cubic meters (Bcm), compared with 91.9 Bcm a year ago. The 14.5% increase is proof of Gazprom's centrality. Equally, profit before tax grew from 461,371 to 489,919 Rubles. The 6% increase in the first three months of the year is good news for CEO Aleksey Miller and for the rest of the top management.

On the other hand, technological and commercial leadership of the Russian company is questionable for several reasons. Gazprom's announcement that West Europeans increased their demand for Russian Gas has been subject to debate. As said by Mikhail Krutikhin of the RusEnergy, the company itself publishes larger figures that include resale of non-Russian producers' gas by international trading subsidiaries of Gazprom.

On top of that, Gazprom is called to face two other major hurdles. The first comes from Russia, with Rosneft rising strong and gaining power. Igor Sechin, CEO of Rosneft, could take advantage of his political clout and change some cards on the table. The second hurdle comes from increased attention from European companies and governments on energy prices. The future of Gazprom depends on the evolution of energy markets in Europe, especially as European officials are working on a formal antitrust complaint against Gazprom, over allegation that the company abused its dominant position.

On Tuesday, Lithuania granted Chevron the right to explore for shale gas in order to decrease its reliance on Russian gas, while Estonia recently became self-sufficient on shale boom. Ukraine is also moving away from its historical reliance on Moscow. European countries are also investing in LNG terminals, with recent projects in Italy, Greek Cyprus, France, Poland and Spain. However, the increased efforts by European governments did not inherently have direct consequences.

Some suppliers, like Qatar, are losing interest in European LNG markets, preferring the higher prices for gas in the Asian markets. In this context, prices in United States and Asia will be important determinants for the future of European LNG. The deal between Centrica and Cherniere could be the first of many. Finally, some additional pressure on Gazprom came from E.ON, Edison and RWE. The three companies have indeed taken Gazprom to arbitration and won concessions on price.

The main problem for Gazprom is a changing business environment. Years of easy money have made Gazprom fat, while political interests made it slow. The slow-response approach is not compatible with a changing energy market, especially when losses come from everywhere. Inefficiency is the main issue. Think-tank Peterson Institute for International Economics claimed that Gazprom lost $40 billion to corruption and inefficiency. Another problem could be derived from an increase in competition within Russia, but this depends mainly on the decisions of President Vladimir Putin. The power equilibrium could change, but there is not much Gazprom can do to change the course of events.

The battleground for Gazprom remains Europe – a market accounting for 40% of its revenue. The confrontation on the pricing system will be pivotal and the ability of European governments to forge ad-hoc strategies will tell the rest. Europe needs diversification and a more efficient system, as does Gazprom. The Russian giant can maintain its clout only by increasing its knee-jerk reactions. Europe will change and Russia has to acknowledge the current events. Asia can be a way out, but it is not the only one.

Libya PM warns time running out for oil protests

Reuters, *04.09.2013*

Libya's patience with protesters who have halted its onshore oil output is running out and action against them nearer, Prime Minister of Libya Ali Zeidan said on Wednesday. "The government has been patient," Zeidan said. "To preserve national unity we saw fit to use all peaceful means to resolve this issue but at some point we may reach a point in which the state should exercise its role seriously to stop this."

Oil industry executives say Zeidan's shaky central government risked widening violence that could descend into civil war if it uses force to recapture oilfields to prevent further increase in oil prices.

That's up from about 1.25 trillion cubic feet in 2000 and about 1.75 trillion in 2006. Each of the Caspian's coastal countries has sizable discovered natural gas fields, one indication that the region's energy production growth will come from natural gas in the future, according to the EIA. Meanwhile, annual oil production in the Caspian Sea has edged down in recent years, declining from about 2.7 million barrels of oil in the peak year of 2010 to about 2.6 million in 2012.

Libya's oil production has fallen further to around 150,000 barrels per day (bpd) - from around 1.4 million bpd in April - confined to offshore rigs protestors cannot reach, a National Oil Corp (NOC) official said. Armed groups have also threatened to close the Wafa gas field, which if shut would cause severe power shortages in the capital, an oil official told Reuters. Wafa, in the south west, is the only major gas field left open to supply power stations. Libya is importing much more diesel and fuel oil for electricity plants that previously relied on gas.

Crude oil exports have fallen to around 80,000 bpd, several traders close to the matter said, confined to the offshore Bouri and Al Jurf platforms. Crude exports from the Brega port have been diverted to keep the Zawiya oil refinery in the west running. "Those Libyans who stopped exports, this is a national crime that is tantamount to treason, because you are cutting the income of Libyans. You are someone who had been entrusted with the task of protecting the country's wealth, yet you are abusing it for your ends," Zeida told a news conference.

In the east, where most oil production is based, many of the workers and armed militias that guard oil installations are pushing federalist demands and calling for a bigger share in the country's oil wealth. Others press for changes in management and higher pay.

Finance Minister Alkilani Abdelkarim Al-Jazi said the stoppages have cost Libya billions of dollars in lost revenue and were already affecting its $52 billion budget, almost entirely dependent on oil and gas revenue. OPEC-member Libya was forced to suspend contractual obligations with a force majeure on most exports to reduce its losses.

Zeidan said foreign firms that have joint ventures with Libya in the oil industry understood the difficulties it faced. “I don’t think this matter will take a long time. We told them we are going to solve it soon. We are partners and have a long history of dealing,” he said. Only three export terminals remain open: Marsa Brega and the offshore Jurf and Bouri platforms. There were two vessels waiting to load at the port of Hariqa in far eastern Libya which were having difficulty finding crude from shut oilfields, the NOC official, who requested anonymity, told Reuters.

The energy committee of the General National Assembly, in touch with senior oil officials, said in a statement that the stoppages were “causing huge losses to the Libyan state that would directly impact the livelihoods of ordinary Libyans.” “Production has stopped as a result of the port closures and production has reached almost zero,” said Naji Mukhtar, the head of the GNA’s energy committee. Mukhtar said the continued strike was hurting Libya’s international credibility and risked losing it long term customers.

Chinese authorities investigate PetroChina executives

BBC, *28.08.2013*

Chinese authorities are investigating three senior executives of state-owned energy firm PetroChina over “serious breaches of discipline”. China’s State-Owned Assets Supervision and Administration Commission, which oversees state firms, did not provide details of the breaches.

PetroChina said two vice-presidents and its chief geologist resigned on Tuesday because of “personal reasons”. The firm’s shares fell as much as 5% in early trade in Hong Kong. PetroChina said in a statement that Vice Presidents Li Hualin and Ran Xinquan as well as Chief Geologist Mr Wang Daofu “are currently under investigation by relevant authorities”.

“It added that the three officials had resigned from their respective positions “with immediate effect”. On Monday, the Ministry of Supervision said that Wang Yongchun - another top official at China National Petroleum Corporation (CNPC), the parent firm of PetroChina - had been put under investigation. It did not provide any details about the probe. In recent months Chinese authorities have been engaged in a high-profile anti-corruption campaign initiated by new President Xi Jinping, who has called corruption a threat to the survival of the ruling Communist Party.

Earlier this month, a former top economic official was expelled from the Communist Party and removed from public office. State-owned Xinhua news agency reported that Liu Tienan, the former deputy head of the National Development and Reform Commission, had “accepted huge amounts of bribes”. In July, former Railways Minister Liu Zhijun was given a suspended death sentence for corruption and abuse of power.

China oil giant buys into strife-hit Egypt for $ 3.1 billion

AFP, *31.08.2013*

Chinese oil giant Sinopec is entering Egypt despite the country's political strife, announcing Aug. 30 it is buying a $3.1 billion stake in an existing operation as China scours the globe for energy reserves. State-owned Sinopec will buy a one-third share in the Egyptian oil and natural gas business of US firm Apache Corp., the companies said.

The deal, which is still subject to regulatory approval, marks Sinopec's first entry into exploration and production for oil and gas in Egypt, Sinopec said. It is the latest major Chinese resources acquisition abroad and comes after state owned CNOOC.

Another Chinese state-owned energy giant, bought Canada's Nexen in a $15 billion deal last year despite political opposition. The move comes despite chaos in Egypt as supporters of the country's deposed president Mohamed Morsi clash with the new government installed after the military overthrew him last month. "China's external dependence on oil is relatively high, so the overall tendency is to search globally for assets with good cost performance," said Li Li, an analyst at consultancy C1 Energy.

"The announcement shows they believe the scale of the political risk can be controlled," she told AFP. Beijing has encouraged Chinese companies to go abroad to secure supplies of energy and raw materials to keep the world's second largest economy moving. China has also sought to build stronger political and business ties with African countries, but officials deny criticism it is seeking to strip the continent of resources. "Through this partnership, Sinopec is able to enter the upstream oil and gas sector of Egypt for the first time and expand its international upstream portfolio," Sinopec said in a statement.

"This partnership will further build up Sinopec's capability and experience in promoting overseas reserves and production." China is already the biggest energy user in the world and the second-largest oil consumer after the United States. Houston-based Apache said its operations in Egypt's western desert were "unaffected" by political events, according to a separate statement. The deal is part of what Apache called a new "strategic partnership" with the Chinese firm, as the US company seeks to shift its own attention more towards North America.

Net production from its Egypt operations averaged 100,000 barrels of oil and 354 million cubic feet (10 million cubic metres) of natural gas per day in 2012, Apache said. Sinopec estimated remaining reserves at 641 million barrels of oil and 3.79 trillion cubic feet (107 billion cubic metres) of natural gas. The Chinese government on Aug. 29 acknowledged the role resources play in the economies of African countries, but said its firms could help develop energy and mineral deposits.

Announcements & Reports

► *Sudan and South Sudan Country Analysis Brief*

Source : Energy Information Administration
Weblink : http://www.eia.gov/countries/analysisbriefs/Sudan/sudan.pdf

► *EIA Petroleum Marketing Monthly*

Source : Energy Information Administration
Weblink : http://www.eia.gov/petroleum/marketing/monthly/pdf/pmmall.pdf

► *Caspian Sea Regional Analysis Brief*

Source : Energy Information Administration
Weblink : http://www.eia.gov/countries/analysisbriefs/Caspian_Sea/caspian_sea.pdf

► *OPEC Monthly Oil Market Report (Aug 2013)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_August_2013.pdf

► *Modernizing Building Energy Codes*

Source : International Energy Agency
Weblink : http://www.iea.org/publications/freepublications/publication/PP7_Building_Codes_2013_WEB.pdf

► *Malaysia Country Analysis Brief*

Source : Energy Information Administration
Weblink : http://www.eia.gov/countries/analysisbriefs/Malaysia/malaysia.pdf

► *Electricity Wholesale Market Data*

Source : Energy Information Administration
Weblink : http://www.eia.gov/electricity/wholesale/

► *Natural Gas Monthly*

Source : Energy Information Administration
Weblink : http://www.eia.gov/naturalgas/monthly/

► *Natural Gas Monthly Gross Production Report*

Source : Energy Information Administration
Weblink : http://www.eia.gov/oil_gas/natural_gas/data_publications/eia914/eia914.html

► *Monthly Energy Review*

Source : Energy Information Administration
Weblink : http://www.eia.gov/totalenergy/data/monthly/

Upcoming Events

► *Global Gas Opportunities Summit* ***(in Turkey)***

Date : 1 – 3 October 2013
Place : Istanbul – Turkey
Website : http://www.fleminggulf.com/conferenceview/Global-Gas-Opportunities-Summit/209

► *21st Kazakhstan International Oil & Gas Exhibition and Conference*

Date : 1 – 4 October 2013
Place : Almaty – Kazakhstan
Website : http://www.kioge.com/2013/upstream2013.html

► *22nd World Energy Congress*

Date : 13 – 17 October 2013
Place : Daegu – South Korea
Website : http://www.daegu2013.kr/eng/index.do

► *Deep Offshore Technology International Conference & Exhibition*

Date : 22 – 24 October 2013
Place : Texas – USA
Website : http://www.biztradeshows.com/trade-events/deep-offshore-technology.html

Supported by PETFORM

► *EIF International Energy Congress and Fair* ***(in Turkey)***

Date : 24 – 25 October 2013
Place : Ankara – Turkey
Website : http://www.enerjikongresi.com/en/

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► *The Economist European Energy Summit* ***(in Turkey)***

Date : 30 – 31 October 2013
Place : Istanbul – Turkey
Website : http://cemea.economistconferences.com/event/european-energy-summit#.UfJAK40vlbF

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► *15th CIS Oil and Gas Transportation Annual Meeting* ***(in Turkey)***

Date : 30 October – 1 November 2013
Place : Istanbul – Turkey
Website : www.theenergyexchange.co.uk/cispipes

► *Gas to Power Turkey 2013* ***(in Turkey)***

Date : November 2013
Place : Istanbul – Turkey
Website : http://www.biztradeshows.com/trade-events/world-shalegas-exhibition

► *World Shale Gas Conference & Exhibition*

Date : 4 – 7 November 2013
Place : Texas – USA
Website : http://www.biztradeshows.com/trade-events/world-shalegas-exhibition

► *Abu Dhabi International Petroleum Exhibition and Conference*

Date : 10 – 13 November 2013
Place : Abu Dhabi – UAE
Website : http://www.adipec.com/page.cfm/Link=1/t=m/goSection=1

► *European Unconventional Gas Summit 2014*

Date : 28 – 30 January 2014
Place : Vienna – Austria
Website : http://www.theenergyexchange.co.uk/event/european-unconventional-gas-summit-2014#tab-country1