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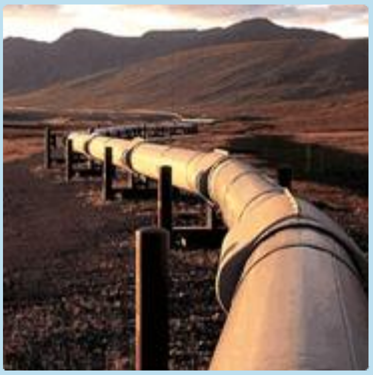
At least 10 firms bid for Israel-Turkey gas pipeline

Hürriyet Daily News, *25.03.2014*



At least 10 companies, including two Turkish energy firms, have presented offers in the tender for the exporting of natural gas from Israel's Leviathan gas field to Turkey through a pipeline, an Israeli daily reported.

Bidders include Turkey's Zorlu Group, which already holds an indirect stake in an Israeli power plant, and a joint bid by Turcas Petrol and German electricity utility RWE, according to Israeli daily Globes.The daily cited unnamed sources as saying the bids for the natural gas ranged between 7 billion cubic meters (bcm) a year and 10 bcm, "amounts that could generate $22-31 billion revenue.

Leviathan is estimated to hold some 540 billion cubic meters of gas, enough to supply Europe for a year. The field is being developed by U.S.-based Noble Energy, which is the project's lead partner with a 30 percent stake, while the other groups involved are Israel's Delek Group, Avner Oil Exploration and Ratio Oil Exploration and Australian Woodside, who joined the field by acquiring 25-percent stake in February. In September, Turcas Board Member Mathew Bryza had announced the company had submitted a $2.5-billion offer to build a pipeline under the sea from Israel to Turkey's southern province of Mersin.

Globes said the deal would include laying a pipeline between Turkey and Leviathan's proposed floating production, storage and offloading (FPSO) ship, which deliver gas to Israeli and regional customers. "The price in the bids is the purchase price of the gas from the FPSO. In addition to this price, the bids will be evaluated on the basis of their commercial terms, including the take or pay condition and the capacity of the gas purchased," the daily reported. The relations between the two countries, which have been scarred since May 2010 when Israeli commandos killed nine Turkish activists while storming a ship in a convoy seeking to break an Israeli naval blockade of Gaza, have started to pick up pieces since Israel apologized for the incident a year ago, raising hopes for new energy alliances.

Turkey 'earns $12 billion' from Baku pipeline

Hürriyet Daily News, *24.03.2014*

The Turkish Petroleum Corporation (TPAO) has earned $12 billion from the Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline since 2005, when oil from Baku was first pumped, Turkish Minister of Energy Taner Yıldız has said.

During his speech in the southern province of Adana, Yıldız underlined the importance of the BTC pipeline for the region and trade volume created for the country.He stated the TPAO has 6.5 percent of the shares in the BTC crude oil pipeline. British Petroleum (BP) and SOCAR hold the majority of the shares in the BTC pipeline, with 30 percent and 20 percent respectively.

The pipeline has transported more than 1.8 billion barrels of crude oil to date. Nearly 3 percent of the world's oil trade is flowing along the BTC and Kirkuk-Yumurtalık crude oil pipelines through Turkey. The BTC pipeline has been transporting Azeri oil from the Caspian Sea to the Ceyhan Port of Turkey through the Georgian capital of Tblisi. The oil is then exported to European markets via the Mediterranean Sea.

TANAP can be most important project in region: minister

Azer News, *22.03.2014*

If Russia's gas export to Turkey is suspended due to the situation in Ukraine, TANAP can be an alternative and the most important project in the region. The remarks were made by Turkish Energy and Natural Resources Minister Taner Yildiz on March 18, Turkish Anadolu agency reported.

The minister also noted that the political crisis in Ukraine increases the significance of the TANAP project. The TANAP project, developed by Azerbaijan's state energy company SOCAR in collaboration with Turkish BOTAS and the energy company TPAO, will deliver Shah Deniz gas to the Turkish-Greek border from eastern Turkey.

The initial capacity of the pipeline will be 16 billion cubic meters of gas a year. TANAP will link up with Trans-Adriatic (TAP) pipeline on the Turkish-Greek border. TANAP shareholders plan to lay the pipeline's foundation in the second quarter of 2014, and commission it in 2018. The costs of the TANAP project are estimated at $10 billion to $11 billion. On February 26, several thousand people gathered in front of the Supreme Council of Crimea. After the escalation of the protests in Crimea, the Federation Council supported Russian President Vladimir Putin's appeal regarding the use of Russian armed forces in Ukraine pending "the normalization of the socio-political situation in that country".

The Crimean parliament made a decision to join Russia on March 6. The deputies also voted for a referendum on the status of the peninsula on March 16. The vast majority of the residents of Crimea - 96 percent - voted in favor seceding from Ukraine and joining Russia. With the exception of Russia, most countries have refused to recognize the referendum and its results. On March 18, Russia and Crimea signed an agreement on Crimea and the city of Sevastopol joining the Russian Federation.

Turcas Petrol sells share in Star Refinery project

Trend.Az, *26.03.2014*

Turkish Turcas Petrol, a participant in the project construction of SOCAR `s (State Oil Company of Azerbaijan) Star refinery in Izmir, started negotiations for the sale of its shares in the project, Turkish media reported. Turcas Petrol owns 18.5 per cent share in the project.

Previously, Turcas Petrol intended to sell only 13.5 percent of its share retaining five percent of the project.At present the sharing arrangement in the project is as follows: 41.5 per cent share in the Star refinery is owned by Rafineri Holding A.S. (100 per cent owned by SOCAR Turkey Enerji A.S, 18.5 percent - Turcas Petrol and 40 percent - SOCAR.

In the case of SOCAR`s purchase of a Turcas Petrol share in the project, the oil company`s share will increase to 60 percent, according to the Turkish media. In May 2013, SOCAR signed an EPC contract (Engineering, Procurement and Construction) with a consortium of companies to build the STAR oil refinery. The winner of the tender was an alliance of companies, Tecnicas Reunidas S.A., Saipem S.p.A, GS Engineering & Construction Corp and Itochu. It is planned to carry out the processing of such types of crude oil as Azeri Light, Kirkuk and the Urals at the refinery.

At the STAR plant, the annual production level of naphtha which is used as a primary raw material by Petkim, will be 1.66 million tons. Currently, more than 80 per cent of Petkim’s needs in naphtha are met through imports, but with the introduction of a new oil refinery, dependence on imports will be reduced to zero. Along with naphtha, the new refinery will produce diesel fuel with ultra-low sulphur at a level of 5.95 million tons, as well as 500,000 tons of aviation kerosene, 500,000 tons of reformates, 630,000 tons of petroleum coke, 240,000 tons of liquefied gas, 415,000 tons of mixed xylol, 75,000 tons of olefin liquefied gas and 145,000 tons of sulphur. The refinery will not produce gasoline and fuel oil.

Turkish Bank willing to finance SOCAR energy project

Trend.Az, *22.03.2014*

Turkish Denizbank will help finance a construction project for the Star refinery belonging to SOCAR (State Oil Company of Azerbaijan) in Izmir, the Turkish Borsa gundem newspaper reported on March 19.

'Denizbank expressed its willingness to allocate $500 million for this purpose. SOCAR appealed to the Turkish banks after rejection by the European Bank for Reconstruction and Development and the International Finance Corporation (IFC) to finance the project', the newspaper said. The newspaper also wrote about reaching an agreement between SOCAR and Denizbank on participation in the project.

As SOCAR Vice-President for Economic Affairs Suleyman Gasimov told Trend earlier, all the banks and interested parties have already submitted their final proposals to participate in the financing of this project which is valid until March 31. SOCAR Turkey Yatirim JSC was established with an authorised capital of $1.9 billion and a 40 percent public share in accordance with the decree of Azerbaijani President Ilham Aliyev on additional measures to support the participation of the Azerbaijani side in the Star refinery construction project in Turkey. The public share at 40 percent worth $760 million in JSC will be funded by the State Oil Fund of Azerbaijan (SOFAR) according to the decree.

The total cost of the SOCAR refinery construction project in Turkey exceeds $5 billion. The State Oil Fund has already allocated $475 million for the project's construction as part of Azerbaijan's funding for the building of the new refinery. In May 2013, SOCAR signed an EPC contract (Engineering, Procurement and Construction) with a consortium of companies to build the STAR oil refinery. The winner of the tender was an alliance of companies, Tecnicas Reunidas S.A., Saipem S.p.A, GS Engineering & Construction Corp and Itochu. It is planned to carry out the processing of such types of crude oil as Azeri Light, Kirkuk and the Urals at the refinery.

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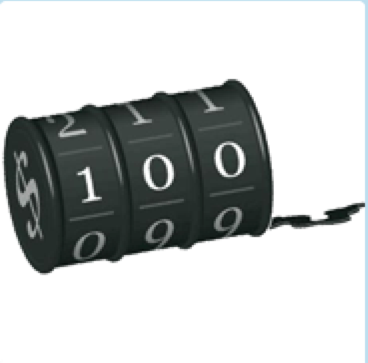
Kurds offer to export 100,000 bpd of oil in Iraq row

Hürriyet Daily News, *23.03.2014*



Iraq's autonomous Kurdish region pledged Thursday to export 100,000 barrels of oil per day through central government-controlled pipelines in a bid to resolve an impasse with Baghdad ahead of elections.

The Kurds and the government are locked in a row over energy exports, draining its reserves, as the two sides spar over a national budget that would penalize the Kurds for failing to meet export targets as well as other issues tied to energy sector regulation. As a "goodwill gesture," the KRG has offered to make a contribution to Iraq oil pipeline exports to give the negotiations the maximum chance of success.

The KRG contribution will be 100,000 barrels per day from next month onwards, the statement said, adding that exports will continue "while the negotiations are proceeding in a positive direction." It added that the KRG has not set any preconditions. Earlier this year, Arbil shipped more than one million barrels of crude directly to Turkey without Baghdad's consent, although the oil has not yet been sold on international markets. The decision by Kurdish authorities was the latest in a years-long row between Baghdad and Arbil over energy, and spurred the central government to partly cut off funding to the three-province region. Baghdad also complains that the Kurds do not meet export targets set by the central government but still demand their full budget allotment.

The decline in funding from Baghdad has forced Arbil to delay paying some government salaries. Baghdad argues that all oil sales must be overseen by it, and regards any independent exports as tantamount to smuggling. Kurdistan, which enjoys a high level of autonomy from Baghdad and has its own security forces, government and flag, has also drawn Baghdad's ire for unilaterally signing contracts with foreign energy firms. But the two sides appeared to be agreeing on the broad outlines for a permanent deal, according to a senior US official. Such a deal would involve a high committee of representatives from the national oil ministry, the Kurdish region and other major oil producing areas to regulate the hydrocarbons sector and the automation of payments from Baghdad to Arbil."

And then Baghdad wants to see... that the Kurds will continue producing and exporting, and contributing revenues to the national budget base to the extent of their technical capacity... without political interference," said the official, who spoke on condition of anonymity. The official acknowledged that the third point in particular remained "tricky." Both sides have long-term grievances and complaints about what is owed and what is not owed," the official said. "That's why it was very hard even just to get an initial step like this done." "It remains extremely difficult. The political scene is super charged as we head into elections and... All the other challenges the country is facing." In addition to disputes over natural resources, the long-standing ambition of Kurdish leaders to incorporate a swathe of territory stretching from Iran to Syria into their region, against Baghdad's strong opposition, is another major point of contention.

Iran after the nuclear deal

Natural Gas Europe, *24.03.2014*

Iran is the perennial "elephant in the room" of international gas trade, a country which could, one day, become a major game changer of international gas markets but the potential of which still remains today fundamentally untapped due to a number of geopolitical and commercial reasons.

Among the others, the main reason of the current under-exploitation of Iran's natural gas resources is clearly linked to the difficult political relations evolved over the last decades between the country and the West. However, the history has shown several times that relations between major actors in could rapidly shift if the political willingness to do so is there.

An example of these sudden shifts is the rapprochement between the United States (US) and China occurred in the early 1970s after a great diplomatic effort of the US Secretary of State Henry Kissinger. Furthermore, the more recent political developments in the southern shore of the Mediterranean clearly exemplify the need to be able "to think the unthinkable", particularly when dealing with the Middle East and North Africa (MENA) region. No one would be able to predict the Arab Spring and its rapid development, but the turmoil actually occurred, radically changing the geopolitical equilibrium of the region in a structural dimension.

The dynamism of international relations exemplified by these two different historical moments could now be well applied also to Iran and its relations with the other actors of the international system (and notably the US). As a matter of fact, the presidents of the US and Iran talked for the first time since 1979 when Barack Obama called Hassan Rouhani on September 27, 2013 -when the Iranian leader was heading to the JFK airport in New York after having addressed the UN General Assembly-. Moreover, after years of frustration and impasse in negotiations between Iran and six world powers (the five permanent members of the UN Security Council plus Germany, known as the P5+1), an interim deal on the Iranian nuclear program was finally reached in Geneva on November 24, 2013.

Under the terms of this six-month deal, Iran and the P5 + 1 agreed to a series of steps to be carried out while a conclusive agreement is negotiated. On the one hand, Iran has agreed to a number of points, including: a) Halting enrichment of uranium above 5 percent purity; b) "Neutralise" its stockpile of near-20 percent-enriched uranium, either by diluting it to less than 5 percent or converting it to a form which cannot be further enriched; c) Not build any more enrichment facilities; d) Not increase its stockpile of 3.5 percent low-enriched uranium; e) Provide daily access to Natanz and Fordo sites to International Atomic Energy Agency inspectors and access to other facilities, mines and mills. On the other hand, the P5+1 has agreed to: a) Provide "limited, temporary, targeted, and reversible. Not impose further nuclear-related sanctions if Iran meets its commitments; c) Transfer US$4.2bn to Iran in instalments from sales of its oil. This occurrence certainly represented just a first step toward a truly complete resolution of the Iranian nuclear issue, but it could be seen as a positive sign for the future.

If these recent developments will have a resolutive follow up, great opportunities could open up in Iran, also with regard to the natural gas sector. Considering the world-class size of the country's natural gas reserves, such a shift could well make Iran a real game-changer of international gas markets. In order to fully understand this potential the first section of the paper will present an accurate analysis of Iran's natural gas market fundamentals, focusing on the reserves, on the current levels of production and consumption, and on the current trade dynamics.

The second section of the paper will widely discuss the main commercial and political barriers to the development of the country's natural gas market, such as the country's petroleum legal framework, the country's system of energy subsidies and the international sanctions affecting the country. The third section of the paper will finally present an outlook of Iran's natural gas market in the aftermath of a potential nuclear deal, discussing both the prospects for the domestic market and the various export opportunities, but always taking into account the commercial issues that will need to be resolved in order to allow a sustainable development of the country's natural gas resources.

The Crimean crisis and the energy ramifications for Azerbaijan

Natural Gas Europe, *27.03.2014*

The Kremlin's partition of Crimea from Ukraine has put other states along Russia's "near abroad" on edge. But while most of Russia's neighbors seem to be worried about becoming Vladimir Putin's next target, one state, Azerbaijan, stands to benefit from the sudden turn of events.

The Crimean crisis has revived fears among the EU states over their dependency on Russian natural gas imports, as well as the reliability of Ukraine as a transit state. This is giving greater impetus to energy diversification projects across Europe, creating an opportunity for Azerbaijan to capitalize on its role as an alternative energy supplier.

Azerbaijan already plays an important role as a regional supplier. In 2012, Azerbaijan exported 24 million tons of oil and 7 billion cubic meters (bcm) of natural gas, primarily via the Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum pipelines, respectively. Azerbaijan also has plans to significantly increase its natural gas exports once the Shah Deniz II gas field comes online in 2017-2018. That will mean an additional 10 (bcm) of Azerbaijani gas heading to Europe. While the opening of Shah Deniz II can certainly fill Baku's coffers, the existing export arrangement falls short of maximizing Azerbaijan's earnings potential. The pivotal movement for Baku, at least prior to the outbreak of the Crimea crisis, came in June of last year, when a consortium developing the Shah Deniz field ended the long-running competition over export routes by choosing the TAP project over the more ambitious Nabucco West initiative. Azerbaijan had been genuinely interested in developing Nabucco West, but Russia managed to undermine the project by negotiating lower natural gas prices with several Central European countries along its route, including Bulgaria and Hungary.

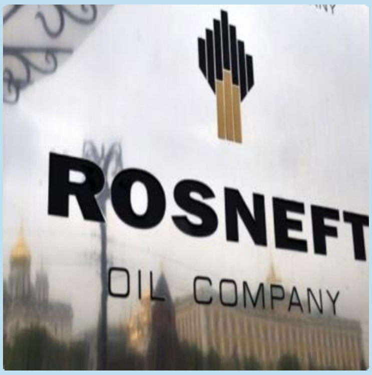
Russia also got these countries to sign onto its own pipeline project known as South Stream, further compromising the attractiveness of Nabucco West. In the end, Azerbaijani officials felt compelled to go with the more modest TAP pipeline, with its 10 bcm pipeline capacity, compared to that of the 23 bcm-capacity Nabucco West. The TAP route, which goes through Turkey and Greece to Italy, avoided Central Europe altogether and the potentially lucrative market it offered to Azerbaijan.

The rapidly widening rift between Russia and the West over Ukraine has given new life to Azerbaijan's role as an alternative energy supplier. The EU has already frozen negotiations with Russia over South Stream in order to "take into account broader political developments, including the Crimea crisis," EU Energy Commissioner Günther Oettinger said. On March 21, Paolo Scaroni, head of the Italian energy firm ENI, a 20 percent shareholder in South Stream, went even further; "I don't know if South Stream will ever be built." If South Stream does indeed head south, Azerbaijan is well situated to fill the resulting export void.

The fracture in EU-Russian relations not only provides greater momentum for TAP, but also larger energy projects down the line, potentially even the revival of some form of the Nabucco project. "If before the EU limited its support to important strategic projects like Nabucco by statements only, now it will have to act in a way to facilitate the materialization of those projects," according to Gulmira Rzayeva, an Azerbaijani energy analyst. While new opportunities may be opening, Azerbaijan needs to move carefully. Aggressive action could invite Russian retribution.

Russia, Europe diversify assets

Natural Gas Europe, *24.03.2014*



The diversification theory well depicts some recent market movements and indications from both Europe and Russia.

On Monday, Moscow-based Rosneft bought assets in Brazil for $96 million, while Milan-based Eni met the new Libyan Prime Minister Abdullah al Thani to strengthen cooperation in the energy sector. 'Rosneft announces that its subsidiary Rosneft Brazil today signed final agreements with HRT subsidiary HRT O&G to acquire additional 6% in the Solimoes project. This will lead to Rosneft Brazil receiving 51% control and taking over the operatorship in the joint venture in the Solimoes basin.

The companies agreed that Rosneft and HRT will continue exploration activities with respect to Solimoes project and also agreed the sale of four heli-transportable rigs to Rosneft,' reads a note released by the company led by Igor Sechin. At the same time, Eni's CEO Paolo Scaroni went to Tripoli to speak with al Thani. 'The key issue discussed in the meeting was the importance of maintaining and increasing Eni's current production levels in Libya, of fundamental importance for the country given that at present the company, jointly with NOC, operates the majority of overall Libyan hydrocarbon production, ensuring the generation of electricity for local use,' reads the communiqué released by Eni.

Western sanctions will not harm Novatek, says CEO

Natural Gas Europe, *26.03.2014*

The present standoff between Russia and the West will not take its toll on Novatek's $27 billion Yamal LNG project, said the company on Wednesday. "I do not see any potential impact on Yamal LNG," Novatek's CEO Leonid Mikhelson said in an interview with Reuters.

Novatek is developing its LNG project in the Arctic with France's Total and China's CNPC. Novatek holds 60% working interest in the Yamal investment, said it could sell 9% of the project. Mikhelson declined to name any potential buyers. Last week, some reports suggested that Novatek and Gazprom would have been affected by the sanctions.

Crimean gas production to double, says Medvedev

Natural Gas Europe, *25.03.2014*

Russia's Prime Minister Dmitry Medvedev said that Crimea could double its gas production and it could be connected to Russia's unified power grid via the Kerch Strait Bridge, or by building its own electricity generation facilities on the peninsula.

"We must resolve this task in the near future and also increase gas output by 1.5-2 times. According to experts, this will be enough to cover Crimea's electricity requirements. I understand Gazprom has an initiative on this score," Medvedev said on Monday at the Government House, Moscow.

Medvedev said that Crimea could turn from a subsidized into a donor region. In the while, Moscow has to provide 'spare parts and raw materials' in order to avoid job losses. Some early estimates suggest that Crimea produces between 65 and 75% of its needs.

Gazprom lays line pipe section of South Stream in Rostov Region

Natural Gas Europe, *25.03.2014*

Gazprom confirms that the South Stream project is a 'high priority' for the company, while continuing construction activities across Russia.

'Nowadays, the company is intensely laying a line pipe section of South Stream's western route and is building the Shakhtinskaya compressor station,' said Vasily Golubev, Governor of the Rostov Region. Gazprom said that it will channel over RUB 4.2 billion for gasification purposes in Rostov between 2002 and 2013. While increasing gasification levels across the region bordering Ukraine, the company also launched project for local communities.

The company led by Alexey Miller plans to allocate RUB 616 million to extend the gas supply network and construct 16 inter-settlement gas pipelines in the Rostov Region. It also committed to developing gas transmission capacities across the region.

Gazprom and Kuwait talk cooperation and LNG supply

Penn Energy, *26.03.2014*

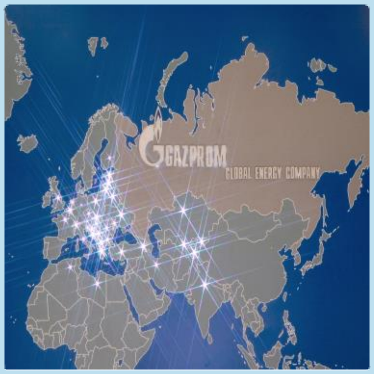
The Gazprom headquarters hosted today a working meeting between Alexey Miller, Chairman of the Company's Management Committee and Al-Adwani, Ambassador Extraordinary and Plenipotentiary of Kuwait to Russian.

The parties looked into the prospects for the bilateral cooperation in the oil and gas sector. In particular, they addressed the cooperation broadening as part of Gazprom's LNG supplies to Kuwait as well as the joint projects implementation. Background Kuwait's proven natural gas reserves amount to 1.8 trillion cubic meters, oil reserves – to 14 billion tons (6 per cent of global reserves).

In 2012 natural gas production in Kuwait totaled 15.5 billion cubic meters, whereas the consumption reached 18.2 billion cubic meters. The shortage is met mostly due to the LNG imports. Since 2011 Gazprom Group has supplied two LNG cargoes to Kuwait.

Gazprom meets French and German delegations

Natural Gas Europe, *27.03.2014*



Russia's Gazprom is strengthening its ties with Siemens and France, in an attempt to maintain its gas market clout. Alexey Miller, Chairman of the company's Management Committee, met French diplomats and the President of Siemens.

Through the first meeting, the Moscow-based company tried to increase the number of European countries adverse to escalations. The meeting with the German company was also functional to deepen technological cooperation. 'It was pointed out that for more than 20 years of cooperation the companies had successfully delivered a number of joint projects.

Particularly implementation of automation and informatization systems, procurement of gas compressor and electrical equipment as well as turbines for Gazprom's facilities,' reads the note about the meeting with Joe Kaeser, President and CEO of Siemens. Miller then spoke about the Nord Stream and South Stream projects with Jean-Maurice Ripert, Ambassador Extraordinary and Plenipotentiary of France to the Russian Federation. 'It was pointed out that the success in implementing such joint projects as Nord Stream and South Stream strengthened the ties between Russia and Europe and boosted the reliability of gas supply to European consumers,' reads the second note published on Wednesday. Recently, ENI's CEO Paolo Scaroni said: "The South Stream project will put into question the many authorizations that European countries must give to complete the project." ENI is a Gazprom's partner for the offshore section of the pipeline.

EU leaders accelerate quest to reduce energy reliance on Russia

Hürriyet Daily News, *22.03.2014*

European Union leaders on Friday discussed accelerating moving energy supplies away from Russia, saying Moscow's annexation of Crimea made them more determined to reduce dependence on Russian oil and gas.

The EU has made progress in improving its energy security after gas crises in 2006 and 2009, when rows over unpaid gas bills between Kiev and Moscow led to the disruption of supplies to Western Europe. However, it has not managed to reduce Russia's share of European energy supplies. While any Russian supply outage would have less impact than before.

Russia provides around one third of the EU's oil and gas. Some 40 percent of the gas is shipped through Ukraine. "It is all about making the EU stronger as a whole versus energy exporters," Poland's Prime Minister Donald Tusk said as he arrived for the second day of the summit in Brussels where leaders dedicated the morning to energy issues. Leaders are expected to call on the European Commission, the EU executive, to draw up detailed proposals by June on how to diversify away from Russia in the short and long term. Europe has increased the share of renewable energy to around 15 percent and has improved infrastructure and introduced a raft of legislation, which is beginning to take effect.

Accelerated procedures, for instance, can put an end to planning battles that can drag on for years, allowing facilities for processing liquefied natural (LNG) gas shipped from all over the world to be speeded through. Leaders are pushing for a focus on near-term solutions as well as continuance of the longer process of reducing Europe's energy dependence, which has been rising rather than falling. EU statistics office Eurostat's energy dependence indicator, showing the extent to which EU relies on imports crept up to 65.8 percent in 2012 from 63.4 percent in 2009. The share of Russian gas rose to around 30 percent from 22 percent in 2010, while Russia's oil imports accounted for around 35 percent of EU use.

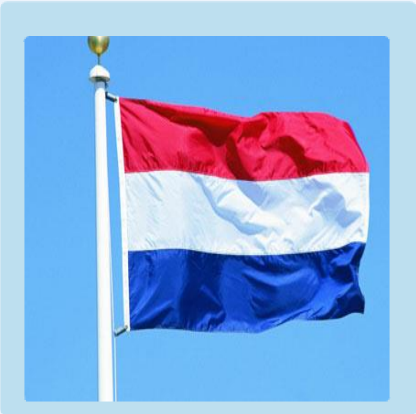
Denmark has led a call to ask the European Commission by June to deliver a detailed plan of action and Britain has circulated its vision of longer-term measures. Meanwhile, France and Britain are leading efforts to convince the United States to agree to export more U.S. natural gas to Europe as part of ongoing trade talks with the United States, or even before they are agreed. Analysts are very cautious about how much U.S. gas could make it to Europe as higher Asian prices are a bigger lure, but wherever it is shipped, it would have an effect, freeing up more Middle Eastern supplies from Qatar for instance. "What better opportunity for the United States to extend their influence. It is attractive for political reasons, not necessarily economic ones," said one EU official close to the discussions.

While EU leaders seek to draw up their plans, hurting Moscow, which gets around $5 billion euros per month from its gas exports to Europe, is also at the forefront of EU leaders' minds. Although the Baltic nations and Bulgaria are among the countries most heavily reliant on Russian gas, Germany is one of those that import the highest volumes. It has been a very loyal customer and Russia's Nord Stream pipeline, specifically built to bypass Ukraine, ships Russian gas directly to Germany. But even in Germany the rhetoric is shifting. A senior member of Chancellor Angela Merkel's conservative bloc, Michael Fuchs, told Reuters the decisive question in the debate about sanctions is what would really hurt Russia.

"It could really hit Russia if Germany were to buy less gas and oil. A couple of percentage points less would send out an important signal," he said. Europe's focus on Ukraine has pushed down the agenda attempts to agree a wider climate and energy framework for 2030 to replace existing energy goals, which expire in 2020. A draft document sets a deadline of October for reaching a final deal, disappointing those saying an earlier agreement is vital to give investors in low-carbon energy confidence. The renewable energy lobby says the Ukraine crisis has strengthened the case for setting a strong target to use more renewables. Others, however, are pushing for nuclear, coal or shale gas, which could also help the EU to become more energy independent.

Netherlands to strengthen relations with Turkmenistan

Trend.Az, *24.03.2014*



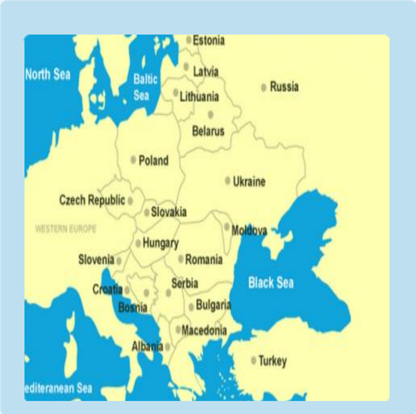
In his letter to Turkmen President Berdimuhamedov, King of the Netherlands, Willem-Alexander highlighted goals to further strengthen the current relationships between the two countries based on friendship and mutual understanding.

The letter published in Turkmenistan's media outlets was handed out by Dutch Ambassador Ronald Jacobus Petrus Marie van Dartel who presented his credentials to Turkmenistan's Parliamentary Speaker Nurberdiyeva. "Mr. van Dartel give us ground to believe that he will fulfil a mission entrusted to him so as to gain the approval and respect of your Excellency', the letter said.

The Turkmen Dovlet khabarlary state news service reported that during the meeting in parliament, the head of the Dutch diplomatic mission stressed that it is a great honor for him to represent his country in Turkmenistan which by right has been recognized as a peacekeeping center actively contributing towards the establishment of good-neighborly relations with other countries and the establishment of a positive constructive dialogue in the general interest. The Netherlands envoy expressed confidence that cooperation between the two countries has all the prerequisites to grow into full-scale relations meeting the realities of modern times and mutual interests of partnership.
The Shell Company has been showing a special interest in Turkmenistan.

Eastern Europe seeks US LNG amidst Ukraine crisis

Natural Gas Europe, *28.03.2014*



As the Ukraine crisis has spurred Eastern European countries to seek ways of shaking off reliance on Russian Gazprom, once the Eastern-bloc states are increasingly turning to the US and its liquefied natural gas resources.

Lithuania, Estonia, Hungary, and Bosnia and Herzegovina are in talks with Gazprom over the new LNG supply contracts, the US gas card may play an important role amid the looming unpredictability over Gazprom's gas price. Responding to Eastern European countries' requests to mitigate the constraints on the US LNG export, Obama administration has approved already seventh LNG export permit.

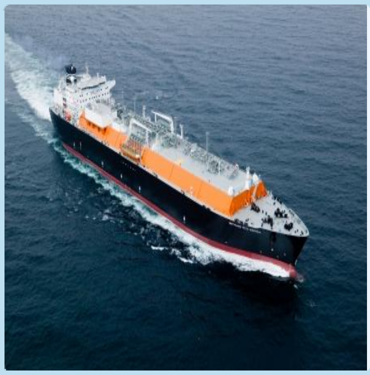
"The process has definitely already moved forward. Ask all the experts around - natural gas will be cheaper in the future as a result," said Jaroslav Neverovich, Lithuanian Energy minister, to the Financial Times ahead of his trip to the US where he implored US senators last Tuesday to help expedite the permitting process for US companies to export LNG from the United States to the global markets, including Eastern European countries. Affirming that Lithuania and other nations' dependence on Russian gas "is crippling," the minister along with American energy experts testified before the US Senate Committee on Energy and Natural Resources.

The hearing comes amid talks at other two US congressional committees and the Senate mulling whether exporting more natural gas overseas, especially to the Crimea crisis-sensitive Eastern Europe will weaken Russia's influence in the region and bolster US allies. "I am here to plead with you and your colleagues to do everything within your power to help us achieve our core objective (energy independence) - expedite the release of some of your abundant natural gas resources into the world market…Accelerating America's entry into the global natural gas market is a win-win-win situation. America wins through job creation, economic growth and more revenues for the government.

Customers in Europe win by (gaining) access to more competitively-priced gas from the US, and strategic cooperation of NATO allies would be strengthened," the minister said in the hearing. He emphasized that Lithuania pays "a political price" for Gazprom's gas, which is 30 percent steeper than what most other European consumers pay. Lithuania has already taken a stride to step up its national energy security - an LNG terminal in the seaport of Klaipeda is expected to start operating at the end of this year. Earlier, Lithuania's President Dalia Grybauskaite in meeting in Vilnius with US Vice President Joe Biden said that "Lithuania is interested" in importing LNG gas from the US. Lithuania expects that a selected company will be able to supply a minimum volume of 540 million cubic meters to the Klaipeda facility, slated for launch in late 2015.

Total, CNOOC to strengthen LNG cooperation

Natural Gas Asia, *26.03.2014*



Total and CNOOC have signed an agreement to strengthen cooperation in the field of LNG.

“Under the terms of an existing 15 year contract, Total has been supplying China with up to 1 million tons per year of LNG since 2010. In addition to agreeing on a price review regarding this existing supply, the parties have set a framework for an additional supply of 1 million tons per year of LNG as well as further cooperation throughout the LNG value chain,” Total said in a statement Wednesday. Total already supplies more than 8% of the Chinese market, with 5 million tons of LNG already delivered between 2010 and 2014.

In the coming years the Group will benefit from additional supply sources in Australia, Russia and the US, complementing existing Middle East and African sources, in order to respond to China’s growing LNG demand, Total said. “As a world leader in LNG, Total seeks to strengthen its position in Asia’s growing LNG markets, where China is among the largest players with 20% annual growth. This new agreement allows us to expand our LNG supply and reinforces our cooperation with Chinese companies”, outlined Yves-Louis Darricarrère, President Total Upstream.

CNPC aims to produce 11 bcm of gas from Sinchuan field

Natural Gas Asia, *22.03.2014*

China National Petroleum Corporation (CNPC) said Friday it plans to extract 11 billion cubic meters of natural gas annually in next few years from a newly discovered field in Sichuan Basin in southwest China, reports news agency Xinhua.

The gas field has proven reserves of 440 billion cubic meters, about 300 billion of which can be explored with existing techniques. According to Xinhua the gas block in trial operations can yield one billion cubic meters of gas annually. Construction has also started on a six-billion output capacity, CNPC said.

Shell to continue to explore for shale gas in China

Natural Gas Asia, *25.03.2014*

Royal Dutch Shell will continue exploring for shale gas with China National Petroleum Corp (CNPC) in China's Sichuan Basin. Company's executive chairman in China, Huibert Vigeveno told China Daily on Tuesday that Shell is committing to a substantial investment in exploring for conventional and unconventional gas in China.

"We are now in the exploration phase by drilling various wells and testing underground pressure in these areas. Some parts of the projects have moved into the appraisal stage, and it will take time before we determine our next step," Vigeveno told China Daily in Shanghai.

Sometime back Shell has announced that it would spend $1 billion annually in developing the country's vast shale gas reserves. Chinese shale may hold 36.1 trillion cubic meters of technically recoverable gas, or 12 times the country's conventional gas deposits, data from the US Energy Information Administration showed. The country plans to produce 6.5 bcm of shale gas by 2015, according to the industry's 12th Five-Year Plan (2011-15).

GAIL, Chubu Electric sign MoU on LNG purchase cooperation

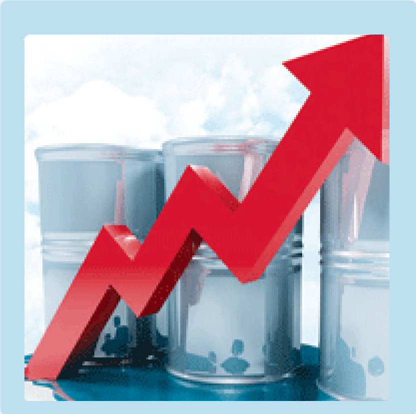
Natural Gas Asia, *24.03.2014*

India's GAIL India and Japan's Chubu Electric Power Company signed Memorandum of Understanding (MoU) under which the two firms shall mainly explore possibilities for collaboration in the area of joint LNG procurement.

The MoU was signed the Gastech Conference being held in Seoul, South Korea. GAIL and Chubu will also seek to collaborate on shipping optimization. "Chubu and GAIL are large LNG importers having considerable synergy between their LNG business profiles. It is assessed that with GAIL joining hands with Chubu for jointly pursuing LNG procurement and other allied business opportunities.

China exceeds US as the largest net petroleum importer

Oil&Gas Journal, *26.03.2014*



In September 2013, China's net imports of petroleum and other liquids exceeded those of the US on a monthly basis, making it the world's largest net importer of crude oil and other liquids, according to the US Energy Information Administration.

Rapidly increasing Chinese petroleum demand driven by steady economic development outpaces domestic production growth, pushing up the country's net imports of petroleum and other liquids. Chinese petroleum and other liquids production is expected to rise 5% between 2011 and 2014 compared with a growth rate of 31% in the US.

Chinese production is estimated to be only a third of US production in 2014. On the demand side, China's liquid fuels consumption is expected to reach more than 11 million b/d in 2014. In the meantime, US consumption in 2014 is estimated at 18.9 million b/d, down 9% from the peak consumption in 2005. US refined petroleum product exports increased by more than 173% between 2005 and 2013. "China has been diversifying the sources of its crude oil imports in recent years as a result of robust oil demand growth and recent geopolitical uncertainties," EIA said. Saudi Arabia continues to be the largest supplier of crude oil to China, providing 19% of China's 5.6 million b/d in 2013. Because production levels from Iran, Libya, and Sudan and South Sudan dropped since 2011, China replaced the lost shares of crude oil and other liquids imports from these countries with imports from Oman, Iraq, the UAE, Angola, Venezuela, and Russia, according to EIA.

Shell, Statoil, Total, others win Myanmar Oil, gas exploration blocks

Reuters, *26.03.2014*

International oil majors including Royal Dutch Shell, Statoil, ConocoPhillips and Total won rights to explore for oil and gas off Myanmar, according to the Southeast Asian country's Ministry of Energy. Myanmar has awarded 10 shallow-water blocks and 10 deep-water blocks in an auction process that began in April last year, according to a posting on the ministry's website on Wednesday.

Winners of deep-water blocks will be able to explore and operate the blocks on their own, while shallow-water winners will need to work with a registered local partner, according to the terms of the production sharing contracts.

Myanmar's oil and gas sector attracts the largest share of foreign investment, accounting for $13.6 billion, or 40 percent, of total accumulated foreign investment through September, according to the Central Statistical Organisation (CSO). Myanmar exported $3.7 billion worth of gas in the fiscal year to March 31, 2013, mostly to neighboring Thailand, up from $3.5 billion the year before. The country's proven natural gas reserves totaled 7.8 trillion cubic feet (tcf) at the end of 2012, according to BP's Statistical Review of World Energy. A total of 160 local companies have registered with the Ministry of Energy as potential partners for winners of the shallow-water blocks, but industry sources say only a few of them have any oil and gas experience. Contracts winners will have to complete environmental and social impact assessments and submit reports to the Investment Commission before starting operation.

Announcements & Reports

► *Prime Supplier Report*

Source : Energy Information Administration
Weblink : http://www.eia.gov/pub/oil_gas/petroleum/data_publications/prime_supplier_report/current/pdf/c007.pdf

► *The New German Energy Policy – What Role for Gas in a De-carbonization Policy?*

Source : The Oxford Institute for Energy Studies
Weblink : http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/03/NG-85.pdf

► *Comments regarding 'Policies and Procedures for the Initial Allocation of Fund Resources'*

Source : The Oxford Institute for Energy Studies
Weblink : http://www.oxfordenergy.org/wpcms/wp-content/uploads/2014/02/Initial-Allocation-of-Fund-Resources.pdf

► *Monthly Energy Review*

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

Upcoming Events

► 8th Atyrau Regional Petroleum Technology Conference

Date : 1 – 2 April 2014
Place : Atyrau – Kazakhstan
Website : http://www.oiltech-atyrau.com/

► TUROGE 2014

Date : 9 – 10 April 2014
Place : Ankara – Turkey
Website : http://www.turoge.com/

► 13th Uzbekistan International Oil & Gas Exhibition

Date : 13 – 15 May 2014
Place : Tashkent – Uzbekistan
Website : http://www.oguzbekistan.com/

► 5th Turkmenistan Gas Conference

Date : 21 – 22 May 2014
Place : Ashgabat – Turkmenistan
Website : http://www.turkmenistangascongress.com/

► 21st Caspian International Oil & Gas Exhibition

Date : 3 – 6 June 2014
Place : Baku – Azerbaijan
Website : http://www.caspianoil-gas.com/

► International Conference of Energy and Management 2014

Date : 5 – 7 June 2014
Place : Istanbul – Turkey
Website : http://www.bilgi.edu.tr/en/news-and-events/news/3189/call-for-international-energy-and-management-conference/

► Iran Oil & Gas 2014 Summit

Date : 23-25 June 2014
Place : Dubai
Website : http://www.iransummit.com/

► 2014 EIA Energy Conference

Date : 14-15 July 2014
Place : Washington – USA
Website : http://www.fbcinc.com/e/eia/?src=home-b1

► 4th Erbil Oil & Gas International Exhibition

Date : 1 – 4 September 2014
Place : Erbil – Iraq
Website : http://www.erbiloilgas.com/

► South Russia Oil & Gas Exhibition

Date : 2 – 4 September 2014
Place : Krasnodar – Russia
Website : http://oilgas-expo.su/

► 2nd East Mediterranean Oil & Gas Conference

Date : 9 – 10 September 2014
Place : Paphos – Greek Cyprus
Website : http://www.eastmed-og.com/Home.aspx