

Balkan and Black Sea Petroleum Association

15th of October – 15th of November 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 October 2017 and 15 November 2017 US WTI spot crude oil price increased from \$51/bbl to \$55/bbl; Henry Hub spot gas price increased from \$110/1000 cbm to \$121/1000 (GCV at 0°C). In Europe, at Central European Gas Hub, the average day ahead gas price was \$250/1000 cbm (€19.1/Mwh, ECB average monthly exchange rate).

Bulgaria: Bulgargaz proposed an increase in the gas price of 4.85% for Q1 2018.

Romania: Sales of fuels dropped in September over August after the September 15th rise in excise taxes.

Ukrainian Prime Minister said the government will not raise gas prices for households this winter as it should according to its program with the IMF.

Poland: PGNiG has asked Gazprom to renegotiate the price of import gas under its long-term contracts.

Asian spot LNG prices for December rose to \$9 per million BTU (\$343/1000 cbm).

Oil Supply

Ukraine: Ukratnafta will switch to Azeri oil supplies, as it is economically unviable to buy Ukrainian oil for its refinery.

Gas Production, Supply, Transit, Demand and Trade

EU: Gas demand in the 28 EU countries is expected to increase by 5.9% in 2017, driven by cooler weather, economic growth and fuel switching from coal to gas in the power sector.

Israel: Energean signed three new deals to sell natural gas from the Karish and Tanin offshore fields to Israeli companies.

Egypt: The Zohr field is nearing first production, potentially indicating an end to the long-period LNG tenders in previous years. The Zohr field gas production plateau is estimated to reach 29 Bcm/y. * Egypt plans to fully pay off its debt to foreign oil companies within the next two years.

Cyprus received 18 submissions from companies looking to prequalify for the role of providing legal, commercial and financial services for the island's first LNG import project.

Bulgaria: Rusgeokom plans to develop a small onshore gas field in NE Bulgaria using conventional technology, but met a strong opposition from environmentalists and farmers, who believe the production will contaminate the fertile soil and subsurface water-bearing horizons located above the gas field.

Romania: CEGH sent letters to the Romanian authorities showing interest in becoming the trading platform for the gas in Romania.

Croatia: LNG Croatia announced a procedure to purchase a FSRU as a part of the LNG Import Terminal on the Island of Krk.

Slovenia: Ascent Resources has started the gas export from the Petisovci field in Slovenia to INA in Croatia.

Ukraine: Snam and Eustream are interested in leasing part of Ukraine's gas transport system after 2020, when the transit contract between Ukraine and Gazprom expires. * Tacrom has conducted 50 hydraulic fracturing operations on the wells of Ukgazvydobuvannia since January 2017 and has contributed an additional 276 million cubic meters of gas. * The Energy Community and the World Bank have suggested an unrestricted sale of at least one third of gas made by Ukgazvydobuvannia with the other two thirds left for the regulated segment – households and heat suppliers.

Poland: PGNiG has sold 430 million cubic metres of gas to Ukraine in the first three quarters of 2017 and hopes to double this result by the end of the year.

Kazakhstan: A ceremony marking the launch of export of Kazakh gas to China was held in Astana. Kazakhstan plans to sell 5 bcm annually to China.

Electricity Production & Consumption

Bulgaria: Rosatom can participate in the financing of the Belene NPP, the fate of which the Bulgarian government will decide soon. * Kozloduy NPP will be allowed to work for another ten years and it can work without a problem until 2047 if a license is issued every ten years.

Ukraine: The Energy and Coal Industry Ministry of Ukraine will reorganize and merge state-owned coal enterprises into a newly created state-owned enterprise – the National Coal Company.

Legal and Regulatory Framework

EU: The European Commission is proposing to extend EU internal energy market rules to become applicable to pipelines to and from third countries, including existing and future pipelines, up to the border of EU jurisdiction.

Romania. Economy Ministry submitted a new draft bill on royalties, which envisages different royalties for oil and gas for onshore and offshore production, for public discussion. According to the bill the reference price will be Brent, while Suez and Urals quotations will be used if higher. Onshore royalties for gas production will be calculated based on OPCOM gas exchange wholesale quotations, while offshore – on Brent or OPCOM.

Recently discussed obligations to sell domestic gas on the gas exchange following bidding procedures and to increase royalties on gas production with the increase of gas prices above a certain threshold, were commented to demotivate investment in upstream activities and to be in favour of Gazprom. The Romanian government has softened its stance on the new royalties regime for its hydrocarbons sector in an apparent move to secure future investment in its Black Sea prospects. The Competition Council is ready to accept the exemption for the Black Sea gas producers from the obligation to trade on the stock market.

Upstream

Israel: Indian state-run Oil and Natural Gas Corp plans to bid for Israeli offshore oil-and-gas exploration blocks. Israel put 24 exploration blocks up for auction that closes November 15th. India also wants to participate in the upcoming auction off the coast of Lebanon. India's decision to bid for blocks off Israel and Lebanon comes after Iran has decided to award the Farzad B gas field, discovered by Indian companies, to Gazprom.

Cyprus: Total and Eni are planning to start drilling in a joint exploration block off the coast of Cyprus by the end of the year or in early 2018.

Greece and the consortium of Total/Edison/Hellenic Petroleum signed the agreement for exploration of block 2 offshore Greece, subject to ratification by the Parliament.

Montenegro: Energean announced that it expects a promising hydrocarbon potential of its two offshore blocks in Montenegro.

Bosnia and Herzegovina is looking for consultants to advise on awarding oil and gas exploration and exploitation licences.

Russia: Rosneft and Eni will start drilling in the Black Sea in late December - early January. Rosneft has suspended its license for oil and gas exploration in the Yuzhno-Chernomorsky block in the eastern part of the Black Sea due to U.S. sanctions. The license did not affect Rosneft's Zapadno-Chernomorsky license in the Black Sea, where the company plans to drill an appraisal well in cooperation with Eni.

Pipelines Projects and Supply Options

Zohr Field: The first stage of the Zohr offshore gas development will be completed by the end of November.

TurkStream: The construction of TurkStream approached the EEZ of Turkey. The start of the first flows will most probably be delayed after the end of 2019 due to EIA procedures, which would eventually require extension of Gazprom's transit agreement with Ukraine. The construction of the second line of TurkStream has also started, with about 200 km laid in parallel to the first line that will continue after the completion of the first line. The second line is planned to cross Turkey for gas supply to Europe, but it is not yet known where the pipeline will go, while Gazprom is continuing negotiations with the potential transit countries. * Gazprom has approved the formation of a joint venture with Turkey's Botaş for the construction of the onshore section of TurkStream.

TAP has completed the delivery of 55,000 lines to the pipeline's hosting countries.

BRUA: Transgaz approved a EUR 50 million loan contract with the EIB for the financing of Phase I of the BRUA project.

Eastring: Slovakia and Hungary signed a memorandum of understanding to support the Eastring gas pipeline. Completion is estimated for 2021 given a positive feasibility study for the project due in June 2018.

Ukrainian Gas Hub project: The Ukrainian government has a goal of establishing an international gas hub.

Kirkuk-Ceyhan oil pipeline: Rosneft agreed to take 60% of ownership over Kirkuk-Ceyhan oil pipeline, after the independence referendum of Kurdistan took pace, while Iraqi military took over the Kirkuk oil production area, resulting in production disruptions and reduction of oil exports. Central government in Iraq has addressed BP to help revive Kirkuk production with intentions to re-route oil export away from Kurdistan.

Yamal LNG plans to send its debut cargo to China.

Companies

ADMIE: Greece's power grid operator ADMIE and China Development Bank have signed a memorandum of understanding.

Croscow won a tender of Ukgazvydobuvannia for drilling services in Ukraine.

DEPA: Shell says DEPA being a wholesale supplier and a retailer violates the European legislation and proposes a reduction of DEPA's stake in EPA Attikis from 51 percent today to 49 percent.

EBRD has provided the Ukrainian government with a list of new independent candidates for the supervisory board of Naftogaz.

Edison has signed a binding agreement with Gas Natural Fenosa to acquire its Shah Deniz 2 gas contract. Edison will acquire the 1.0 bcm long-term gas supply contract for €30 million.

Engie recently stated that it will support Ukraine's efforts to increase gas production.

Gazprom: Kiev Economic Court continued the procedure for imposing a fine to Gazprom for abuse of dominant position in transit shipments of gas. * Gazprom and Iran's Ministry of Petroleum signed a Memorandum of Understanding for strategic cooperation. Further Gazprom and the National Iranian Oil Company (NIOC) inked a Memorandum of Understanding to collaborate on the construction of the Iran – Pakistan – India gas pipeline. * The Arbitration Institute of the Stockholm Chamber of Commerce postponed the deadline for issuing awards in Naftogaz Ukrainy versus Gazprom cases related to the gas supply and transit contracts. * Gazprom and the Unicredit signed a five-year loan agreement for EUR 700 million.

INA: Rosneft is interested in acquiring a stake in INA and promised to modernize the facilities to be able to deliver oil products on the market in a sustainable manner.

Kerui Petroleum Equipment: Ukgazvydobuvannia has signed contracts with Kerui Petroleum Equipment and RG Petro-Machinery Group (both from China) to supply five drilling rigs.

OMV Petrom will transfer 50-60 less profitable oilfields.

Naftogaz: Rothschild has won the bidding for investment and banking services regarding the unbundling of gas transmission activity of Naftogaz and has to help the successful selection of a qualified partner to operate the GTS. * The Antimonopoly Committee of Ukraine has asked national joint-stock company Naftogaz to present materials proving that the company has lost monopoly on the gas market.

Novatek has signed a cooperation agreement with the Kamchatka Territorial Government for the construction of an offshore LNG reloading terminal that will optimise the logistics of LNG supplies from the Arctic region, stimulate usage of the Northern Sea Route, and create a new LNG supply hub.

PGNiG has signed an agreement with Ukrtransgaz on gas transportation via the Ukrainian gas transportation system.

Rosneft and the National Iranian Oil Company have agreed on a deal for joint projects producing 55 million tonnes per year.

Total: Total has signed an agreement with Engie to acquire its portfolio of upstream LNG assets.

Contents

Summary	1
Contents	6
EU.....	7
Azerbaijan.....	9
Bosnia and Herzegovina.....	10
Bulgaria	11
Croatia	13
Cyprus	14
Egypt	15
Greece.....	17
Israel.....	19
Kazakhstan.....	21
Montenegro	22
Poland	23
Romania	24
Russia.....	29
Slovenia.....	31
Ukraine	32
Pipelines and Supply Options.....	39
Companies	46

Gas Demand

Gas demand in the 28 EU countries is expected to increase by 5.9% in 2017 compared with the previous year, driven partly by cooler weather and greater demand for gas in power generation, according to a new forecast by industry association Eurogas.

Cooler weather, economic growth, fuel switching from coal to gas in the power sector and higher demand for gas for transport were all contributing factors, the Brussels-based agency said.

Gas consumption in EU countries is expected to reach 488.9 billion cubic metres this year

Source: Interfax

Legal and Regulatory Framework

The European Commission is proposing to extend EU internal energy market rules to cover offshore gas pipelines, an EU document shows, its latest attempt to regulate Russia's planned Nord Stream 2 pipeline to Germany.

The EU executive sees Russia's plan to double the gas it could pump under the Baltic Sea to Germany, bypassing traditional routes via Ukraine, as undercutting EU efforts to reduce dependence on Moscow and its support for Kiev.

The move dovetails with the Commission's proposal for a mandate from member states to negotiate with Russia over objections to the pipeline.

Even with the changes, EU regulators say they may need to seek talks with Russia as it cannot impose its law on the stretch of the pipeline that is outside its territory.

"This proposal does not solve all the problems and some of those need to be negotiated," an EU official said.

.....

The European Commission is proposing to extend EU internal energy market rules to cover offshore gas pipelines, an EU document shows, in its latest attempt to regulate Russia's planned Nord Stream 2 pipeline to Germany.

EU Council legal experts insist that the Commission should not be granted a mandate to negotiate the contested Nord Stream 2 pipeline on behalf of the member states, as Poland and others wished. A Polish expert vented his frustrations and called the legal opinion into question.

Even with the changes, EU regulators say they may need to seek talks with Russia as it cannot impose its law on the stretch of the pipeline that is outside its territory.

“The Gas Directive in its entirety will become applicable to pipelines to and from third countries, including existing and future pipelines, up to the border of EU jurisdiction,” the proposals says.

Source: Reuters, Euroactiv

Azerbaijan

Edison

Italian energy company Edison has signed a binding agreement with Spanish company Gas Natural Fenosa to acquire its Shah Deniz 2 gas contract.

Under the agreement, Edison will acquire a 1.0 billion cubic metre long-term gas supply contract with Shah Deniz 2.

The purchasing price is €30 million (\$35 million), which includes a down payment of €10 million.

Gas imports from Shah Deniz 2 are expected to start at the end of 2020 after the completion of the Trans-Adriatic Pipeline.

Source: Interfax energy

Bosnia and Herzegovina

Upstream Activities

The Bosniak-Croat Federation – one of the two political entities that compose Bosnia and Herzegovina – is looking for consultants to advise on awarding oil and gas exploration and exploitation licences in the Dinaridi area after Shell renewed its interests there.

The tender, launched on Thursday, is due on 4 December. Shell showed interest in the area in 2011, when it signed a memorandum of understanding with the federation's government, but failed to reach a deal on a petroleum licence and pulled out.

Source: Interfax

Bulgaria

Gas Price

An increase of 4.85% in the price of gas for the first quarter of next year is envisaged by the public provider Bulgargaz, the company said.

The estimated gas price for this period is 359.87 BGN / hm³ (excluding access, transit, excise and VAT) - an increase of 16.65 BGN / hm³ or 4.85% (an increase of 1.56 BGN /MWh or 4.84%) compared to the price for the fourth quarter of 2017.

The increase is due to the higher exchange rate of the lev against the US dollar and the expected higher import prices of natural gas. The final proposal of Bulgargaz EAD for the approval of the price of natural gas for the first quarter of 2018 will be submitted to the KEVR on 11.12.2017.

Source: Novinite.com

Rusgeokom

On October 16, public debates will be held on investment intentions for natural gas exploration and extraction in General Toshevo Municipality - Spasovo Field, Dobrich, reports novini.

The project is by the company "Rusgeokom BG" AD, which has been doing a gas exploration in the village of Rogozina with two wells for 6 years. Now drills are planned to increase. The investment report is enormous - nearly thousand pages. The intention is approved by RIOSV - Varna after Environmental Impact Assessment. Specialists will be present during the discussions to answer the questions of the participants.

However, public discontent is expected to be discussed. There are indications on Facebook about the collection of signatures against the investment intention.

The initiative against the exploration and extraction of shale gas in Bulgaria, which organized a series of protests against fracking in 2014, also strongly opposed to the new intention of Rusgeocom BG

Spasovo deposit is located in the lands of 18 villages - Balkantsi, Vasilevo, Preselenci, Goritsa, Kalina, Sredina, Sirakovo, Sarnino, Alexander Stamboliyski, Bejanovo, Spasovo, Rogozina, Chernokovo, Kardam, Lyulyakovo, Veliko, Vicovo, Pisarovo. The company's report states that "the Spasovo gas field will be developed step by step from eight drilling sites, depending on the stock of sections - three in the Rogozina section, two in Rogozina East, two in the section Chernookovo and one in the Kalina section.

The first stage of the investment is scheduled for 2018 - 2021 period and includes "completion, equipment of the first drilling ground P 1-1 and the introduction of new 4 extraction wells up to a depth of 2 700 meters each. The maximum recovery of hydrocarbon reserves with the least possible environmental intervention is envisaged. The structures located in the Spasovo fields are considered as multi-layer deposits, which will be developed from the bottom up - a method that is often applied in the world practice as well. The drillings will be initially revealed in the

lower productive horizon, and will later be passed to the upper ones. Upon completion of the extraction from a site, the wells will be disposed of according to the order established in the world oil practice.

Source: *Novinite.com*

Belene Project

The Russian company Rosatom is open to the possibility to participate in the financing of the Belene NPP if the project is resumed. This was announced by Vadim Titov, who is the director of Rosatom International Network for Central Europe. He participated in a conference dedicated to nuclear energy in Bulgaria.

Earlier this month, Prime Minister Boyko Borisov and Energy Minister Temenujka Petkova met representatives of Rosatom. Petkova later commented that the Russian company could be invited as an investor.

Rosatom has various contracts with the Bulgarian side related to Kozloduy NPP as a fuel supply and work to extend the life of the 5th and 6th blocks, "said Vadim Titov, quoted by BNR and Sega Newspaper.

"We expect the Bulgarian government to decide soon the fate of Belene NPP", he added.

Source: *Novinite.com*

Kozloduy Nuclear Plant

The Fifth Unit of Kozloduy NPP will be allowed to work for another ten years. This is announced by the executive director of the plant Ivan Andreev. For the first time, a Bulgarian nuclear facility will continue to produce electricity after the end of its project resource, reports *webcafe.bg*.

The Kozloduy NPP intends to take further measures to increase the safety of the Fifth Unit. According to the director, it can work without a problem until 2047. For this purpose, a license should be issued every ten years.

Today, the award of the license will be held by the Chairman of the Nuclear Regulatory Agency Lachezar Kostov, the Minister of Energy Temenujka Petkova will also attend the event.

Source: *Novinite.com*

Croatia

INA

Russian energy company Rosneft is interested in acquiring a stake in Croatian oil and gas company INA, Rosneft's CEO Igor Sechin said in an interview with a Croatian daily.

"We're certainly interested in investments in this region and we're considering the possibility of entering INA's ownership structure," Sechin said in an online edition of the Jutarnji List daily late on Friday.

Hungary's MOL is currently the biggest shareholder in INA with a bit less than 50 percent. The Croatian government holds almost 45 percent.

The two have been at odds in the last few years over management rights and investment policy. Croatia said last December that it wanted to buy back INA shares held by MOL, and in August it began seeking an adviser for that move.

MOL and Zagreb have also been in disagreement over the future of INA's loss-making smaller refinery in the central town of Sisak.

"If Rosneft enters INA's ownership structure, its facilities would be modernized and able to deliver oil products on the market in a sustainable manner," Sechin said.

Source: Reuters

LNG Hrvatska

LNG Hrvatska d.o.o. as project developer of LNG Import Terminal on the Island of Krk announced an invitation to interested Economic Operators to submit request to participate in the Procurement of goods and services consisting of delivery of the "Floating Storage & Regasification Unit" ("FSRU") with the provision of FSRU operation and maintenance services as a part of the LNG Import Terminal on the Island of Krk, Croatia.

The deadline for the submission of the Requests to participate was 2 p.m. CET, 6th October 2017.

Source: LNG Hrvatska

Cyprus

LNG Project

DEFA, Cyprus's public gas supply company, received 18 submissions on Tuesday from companies looking to prequalify for the role of providing legal, commercial and financial services for the island's first LNG import project. DEFA will now evaluate the submissions, the company said in a press release.

Source: Interfax

Total

French oil company Total and Italy's Eni are reportedly planning to start drilling in a joint exploration block off the coast of Cyprus by the end of the year or in early 2018.

According to Reuters, Cyprus President Nicos Anastasiades met with Total's CEO Patrick Pouyanne on Sunday in Paris ahead of his meeting with French President Emmanuel Macron on Monday.

Reuters cited Anastasiades' interview given to French media outlet Le Figaro. In the interview, the President of Cyprus said that the Total CEO Patrick Pouyanne informed him that the oil majors would move ahead with plans to drill in the block despite disappointing drilling results from Block 11.

"Yes, (block 11) was disappointing in terms of quantity, but the results are very promising for future drilling. It confirmed the presence of hydrocarbons in the Cyprus Exclusive Economic Zone, an extension of the Zohr field in Egypt," Anastasiades said in the Le Figaro interview, Reuters reports.

Eni acquired a 50 percent participating interest in Block 11 from Total in March. As for Block 6, Eni was awarded the right to be the operator with Total as its 50-50 partner back in December 2016. The Italian company also holds a 100 percent interest and operatorship in Block 8.

Blocks 6 and 8 were awarded as part of the Cyprus' third licensing round.

Source: Offshore Energy Today

Egypt

Gas Production

State-run Egyptian Natural Gas Holding Co. is seeking 12 LNG cargoes for delivery in the first quarter of 2018 in a tender, according to two people with direct knowledge. That compares with more than 100 cargoes it planned to purchase via tenders or government-to-government contracts for this year.

Traders are monitoring how much LNG Egypt will buy next year as Africa's biggest gas market weighs it needs for imports against a revival in domestic production. The Zohr field, the largest gas discovery in the Mediterranean Sea, is nearing first production, potentially indicating an end to the bigger LNG tenders for longer periods in previous years won by suppliers from Glencore Plc to Trafigura PTE Ltd.

The new tender was not expected to be "in the same scale" as previous purchases because Egypt's "supply and demand is more balanced," Mark Catton, Glencore's director of LNG, told reporters Tuesday in London.

The government expects to import five cargoes a month once Zohr starts by year-end, down from eight a month before, Prime Minister Sherif Ismail said in September. Most of the field's gas will go to Egypt's domestic market, with some being shipped on to Europe, Igor Sechin, chief executive officer of Russia's Rosneft PJSC, said Thursday in Verona, Italy. Rosneft holds 30 percent in the project.

Egypt turned from an LNG exporter to an importer a few years ago as domestic demand soared and production slowed. Since exports halted there have only been sporadic cargoes out of the North African nation's two production plants. Full-scale export capacity may resume by 2020, Mohamed El Masry, head of EGAS, said last year.

Source: Bloomberg

Zohr Gas Field

Russia's largest oil producer Rosneft will invest more than \$2 billion in Egypt's Zohr gas field in the next four years, the company said in a presentation on Tuesday.

It also said the production plateau at the field, where Rosneft may increase its stake to 35 percent, is seen at 29 billion cubic metres of gas a year.

Source: Reuters

Debt Repayment

Egypt will fully pay off its debt to foreign oil companies within two years if it keeps making payments at the same rate, Oil Minister Tarek El Molla told a local newspaper on Tuesday.

“It is hard to determine a specific date but we imagine that if the current rate of payment continues we will be able to reach zero external debt within two years,” he told state-owned Al-Akhbar.

Once an energy exporter, Egypt has turned into a net importer in recent years, squeezed by declining production and increasing consumption.

Cairo has pledged to eliminate the arrears by the end of June 2019 and not accumulate more, part of efforts to draw new foreign investment to an energy sector that is attracting interest following several major gas discoveries.

Source: Reuters

Greece

Upstream Activities

The contract for the concession of oil and gas exploration rights in a block west of Corfu in the Ionian Sea was signed on Tuesday by representatives of Total, Edison and the Greek state. The corporate representatives expressed “realistic expectations” regarding the quality of the hydrocarbon reserves, along with concerns that the concession’s completion could be subject to further delays.

The fact that the contract was not signed until four years after the start of the tender for the 2,422.1 square km block – and two years after the consortium of Total, Edison and Hellenic Petroleum became the selected bidder – explains their concerns. However, they appear ready to begin surveying the Ionian seabed.

Bernard Clement, senior vice president for business and operations at Total’s New Energies Division, said, “The acceleration of procedures would be to the benefit of the consortium and the Greek state.” He also stressed that the three partners expect the contract to have been ratified by Parliament by the end of the year.

Edison representative Maurizio Coratella expressed certainty that there would be good results from the surveys of the area, and Italian Ambassador to Greece Efisio Luigi Marras associated Edison’s participation with Italy’s support for Greece’s effort to become an energy hub for the region.

Source: Ekathimerini

DEPA

Shell’s plans for disengagement from Attica Gas Corporation (EPA Attikis) are hampering the government in its negotiations with the country’s creditors on the position of Public Gas Corporation (DEPA) in the natural gas retail market.

Shell’s proposal, which according to sources it has submitted to Energy Minister Giorgos Stathakis and the creditors, provides for the reduction of DEPA’s stake in EPA Attikis from 51 percent today to 49 percent while also losing its executive capacity.

In the context of Athens’s commitments to open up the natural gas market, Stathakis appears to be sidestepping Shell’s proposal and rather attempting to negotiate a proposal with the creditors for the overhaul of both gas retailing companies (of Attica and Thessaloniki/Thessaly). That proposal foresees DEPA maintaining its 51 percent stake in EPA Attikis while its stake in EPA Thessaloniki/Thessaly would drop to 33 percent.

Whether the creditors accept Stathakis’s proposal also depends on Shell, although the Dutch energy giant has made it clear it will not back down on its own proposal. Both Shell and Italy’s

ENI (the private stakeholder in EPA Thessaloniki/Thessaly) say DEPA being a supplier and a retailer violates the European legislation.

Source: Ekathimerini

ADMIE

Greece's power grid operator ADMIE has signed a nonbinding agreement with China Development Bank as it looks for fresh capital to finance infrastructure projects.

State-controlled ADMIE and China Development Bank have signed a memorandum of understanding, aiming to help the Greek operator to gain access to fresh credit, ADMIE said on Friday.

China's State Grid, the world's biggest utility, acquired a 24 percent stake in ADMIE earlier this year as part of a spin-off scheme under Greece's latest international bailout, aimed at opening up the power market.

Greece hopes State Grid will help ADMIE with a 2-billion-euro 10-year investment plan, which includes connecting the island of Crete to the mainland's grid via undersea cables.

China has been investing in Greece in recent years, aiming to turn the country into a hub for growing business with Europe.

Source: Ekathimerini

Israel

Upstream Activities

Indian state-run Oil and Natural Gas Corp plans to bid for Israeli offshore oil-and-gas exploration blocks, India's oil minister told Reuters, the first major deal between the two countries since a groundbreaking trip by Prime Minister Narendra Modi in July.

Many oil majors have been hesitant to enter the Israeli market, fearing a backlash from oil-rich Arab states hostile to the country.

Israel put 24 exploration blocks up for auction in November 2016 and the country's energy minister, Yuval Steinitz, has said he would be happy to choose two or three foreign explorations groups. The auction closes on Nov 15.

India is conducting a technical and commercial analysis to participate in the Israel's bidding process, said Sanjay Sudhir, a joint secretary in the federal oil ministry, who led the delegation.

"We dove into all the relevant details of the tender - geological, technical - and familiarized them with Israel's oil and gas ecosystem," an official at Israel's Energy Ministry said on the Indian team's visit, declining to be identified in the absence of permission to speak to the media.

Israel wants to open up its hydrocarbon sector, which is currently dominated by a partnership of Noble Energy and Delek Group. They control the Tamar and the much larger Leviathan fields.

India also wants to participate in the upcoming auction to explore and develop gas fields off the coast of Lebanon, Pradhan said in July. Three of those blocks border waters with Israel, with which Lebanon has a long-standing maritime border dispute.

ONGC is India's biggest energy exploration firm and a source at its overseas investment arm ONGC Videsh said the firm would not bid for any block in areas disputed by Israel and Lebanon.

"Israel has said that none of the blocks it has offered are in disputed waters," said the source.

Another state-run explorer, Oil India Ltd, has not yet decided to bid in Israel's licensing round, the Indian company's chairman, Utpal Bora, told Reuters.

India's decision to bid for blocks off Israel and Lebanon comes after a setback in getting development rights for a giant gas field in Iran.

Indian companies discovered the Farzad B gas field in Iran in 2008 and have bid several times for the development rights, but media reports suggest that Tehran has decided to award the field to Russia's Gazprom.

Source: Reuters

Energean

Greek energy firm Energean said on Tuesday it signed three new deals to sell natural gas from the Karish and Tanin offshore fields to Israeli companies.

The deals were signed with Dorad Energy Ltd and two subsidiaries of the Edeltech Group, Ashdod Energy and Ramat Negev Energy.

Energean's deal with Dorad is for the supply of up to 6.75 billion cubic metres (BCM) of gas over at least 14 years, while Ashdod and Ramat Negev will get up to 2.65 billion cubic metres together. Financial details for the deals were not included.

The Karish and Tanin fields, located off the coast of Israel, are expected to go online in 2020.

Energean has signed deals for a total of up to 33 BCM in volume, securing revenue of approximately \$3 billion.

Source: Rigzone

Kazakhstan

Gas Export

A ceremony of launching the export of Kazakh gas from the main gas pipeline "Beineu-Bozoy-Shymkent" to the transnational gas pipeline "Central Asia-China" was held in Astana, Kazinform reported.

The Chinese side receives gas on the "Khorgos" border point. The length of the export route through the territory of Kazakhstan is about 3,000 kilometers. The project involves the use of more than 10 compressor stations.

The Energy Minister of Kazakhstan Kanat Bozumbayev stated during the ceremony, that the revenues of the "KazTransGas" group of companies jointly with other companies using subsoil will amount to more than \$900 million.

"I include in this amount the cost of gas, the profits and tariffs that joint ventures will receive," said Bozumbayev.

He stressed that the gas pipeline's capacity is much greater than 5 billion cubic meters.

"This is only the first step, in general, Kazakhstan has the necessary technical capacity to supply 10 billion cubic meters of gas," the minister added.

Previously, Kazakhstan and China signed an agreement to supply 5 billion cubic meters per year of Kazakh gas to China. The agreement was concluded between "KazTransGas" JSC and "PetroChina International Company Limited".

The main resource of exporting gas is in the deposits of western Kazakhstan, as well as in available gas reserves of "KazTransGas".

Source: Azernews

Montenegro

Energean

Two blocks offshore Montenegro awarded to Greece's Energean Oil & Gas are estimated to have 1.8 trillion cubic feet of recoverable natural gas reserves, Energean said on Thursday, citing an independent audit.

The findings suggest that Montenegro "sits in the 'sweet spot' of untapped potential in the eastern Adriatic," Energean Chief Executive Mathios Rigas said in a statement.

Montenegro awarded Energean a 30-year oil and gas exploration licence in March for the two blocks covering 338 square km in the Adriatic Sea.

The Balkan country produces no oil but initial data has indicated it could have enough resources to cover its oil and gas needs.

The findings are part of the first three-year exploration phase, estimated to cost \$5 million, to scope the potential of the currently underexplored offshore Montenegro area, Energean said. It includes a 3D seismic survey and geological and geophysical studies.

Energean is Greece's only oil producer with an average production of 3,500 barrels per day last year.

Its biggest assets are the Karish and Tanin fields, located in deep waters around 100 kilometres off Israel's coast.

Combined, the fields have prospective resources of 2.4 trillion cubic feet of gas according to an independent audit, Rigas told Reuters.

Production there is expected to begin in 2020 and Energean plans to lease its own floating production, storage and offloading vessel and build a separate pipeline to Israel at a cost of up to \$1.5 billion.

Israel, and to a lesser extent Cyprus, are thought to be sitting on vast quantities of natural gas wealth given the significant finds reported in the past decade. In the Adriatic, discoveries have been made in Italy and Albania as well.

Both regions were "promising" and Energean was committed to exploring and developing the area's oil and gas potential, Rigas told Reuters.

"There have been several natural gas discoveries in the region and a number of governments are keen to further explore their countries' hydrocarbon potential," he said.

Source: Rigzone

Poland

Gas Prices

Polish oil and gas company PGNiG has asked Gazprom to renegotiate the price of gas imported by Poland under its long-term contracts, PGNiG said in a note on Wednesday.

The company has taken Gazprom to the Stockholm Arbitration Court regarding prices for gas delivered since November 2014 under the long-term contract signed in 1996.

In September, Polish Foreign Minister Witold Waszczykowski told reporters the country planned to stop importing gas from Russia after 2022

Source: Rigzone

Gas Export

Polish oil and gas company PGNiG sold 430 million cubic metres (MMcm) of gas to Ukraine in the first three quarters of 2017, Maciej Wozniak, vice chairman of PGNiG's management board for trade, said at a press conference in Warsaw, according to Business World Magazine.

"We sold 430 MMcm of gas in the first three quarters in the Ukrainian market. We hope to double this result by the end of the year and reach the level of 700-800 MMcm," he said.

Source: Interfax Ukraine

Romania

Fuel Consumption

Retail for fuels for vehicles in specialised shops dropped by 9.8% as gross series and 2.3% as season adjusted series, in September against August, according to INS after the excise for diesel and gasoline increased starting with 15 September.

In September 2017 as compared to August the volume of the turnover for retail with the exception of auto commerce, gross series dropped with 4.9% due to the drop in the retail for vehicle fuel in specialised shops (-9.8%), the sales of food, drinks and tobacco (-5%) and non-food sales (-1.9%) according to the data published on Monday by INS.

The volume of turnover for retail with the exception of commerce with vehicles and motorcycles, adjusted series depending on the number of working days and season, in September 2017 as compared to the previous month increased as a whole with 0.5% due to the increase of sales of food, drinks and tobacco (+9%) and sales of non-food (+0.2%). The retail of vehicle fuel in specialised shops dropped with 2.3%.

The day of 15 September was established as the first increase date with 16 bani per liter of the excises to diesel and gasoline, the next date is 1 October. From the moment of the announcement of the ministry of finances, the prices of fuel increased in the filling stations.

The transporters warned several times that they will buy fuel outside Romania if the fuel gets more expensive. The Confederation of the Operators and Transporters of Romania (COTAR) said that the measure to increase the excise for diesel and gasoline will determine the professional drivers to buy fuel outside the country, as this measure threatens the transport companies with bankruptcy.

Source: Actmedia

Legal and Regulatory Framework

OMV Petrom representatives will be called to hearings within the commission for investigating the activity of the National Authority for Energy Regulation (ANRE) to provide information about the manipulation of the energy market and artificially raising prices, President of the Committee for Industries of the Chamber of Deputies, Iulian Iancu, stated, quoting a press release.

The statement comes as Razvan Nicolescu, former Energy Minister and also former director of OMV Petrom, wrote in a Facebook post that the recent changes to the Gas Law favor Russians from Gazprom.

According to Iancu, Nicolescu will be able to give all the necessary explanations, including those related to Gazprom, to the investigative commission.

"Otherwise, he will have to do it at the General Prosecutor," Iancu replied.

Previously, on Tuesday also, Nicolescu wrote on Facebook: "We're starting to get ridiculous in Brussels on topics that are not really important to Romania. The Brussels officials have very well understood that the big winner of these changes is Gazprom. This is the main reason why they oppose!".

Nicolescu refers to the letter of the European Commissioner for Energy Miguel Canete, who warned that the recent amendments to the Gas Law in the commission led by Iulian Iancu could bring Romania back in the infringement procedure.

In turn, Iancu said he had prepared a response to Commissioner Canete, but, in his opinion, the European official would have been manipulated.

.....

The Government has prepared a draft bill, expected to regulate the new royalty system for concessions of mineral, petroleum and hydro-mineral resources. The draft law brings the awaited differentiation between onshore and offshore royalties:

Onshore Production:

- In onshore oil & gas production, royalty rates will remain unchanged, however reference price calculation methods will be reported directly to Brent oil quotations (expected next year to undergo the biggest structural change in the last decade) instead of to Suez Blend oil or to Urals quotations. If the selling price is higher than the Brent reference price, the royalty calculation will be based on the higher selling price.
- The 2008 unchanged gas reference price of RON45.71/MWh will instead be represented by the gas price on the centralised wholesale market of OPCOM. Currently, the gas price ranges, according to ANRE, are between RON 66-67/MWh during summer and RON 71-72/MWh during winter.
- The 2007, 3% gross revenue rate arising from underground gas storage operations will be maintained.
- Another royalty (the rate of which is not yet determined) will be introduced and, applicable to the value of gross revenue achieved through transmission systems, other than the national petroleum transmission system; as well as from the petroleum operations performed through private oil terminals. The rate however is not yet determined, but will be subject to a Government approved methodology prepared by the relevant authority.

Offshore Production:

- The royalty will consist of a fixed and variable rate, depending on the volume of oil and gas extracted.
- The reference price will take into account the references of Brent oil or the gas quotation of OPCOM.

Another important aspect of the new draft law is that it allows the Government to make decisions to update these royalty rates at the request of the relevant authority. Such decisions would be based on economic analyses, and the application of the official RON/EUR exchange rate published in the Official Journal of the European Union.

Source: The Romania Journal, CMS Cameron McKenna Nabarro Olswang LLP

.....

The Economy Ministry has submitted the new draft bill on royalties for mineral, oil and hydro-mineral resources on public debate. According to the draft, there will be only one legal framework regulating all royalties, hotnews.ro informs.

The royalties on oil, expected for the past three years, will not see many changes against the current regulations. For the oil and gas onshore production the royalties remain unchanged. For offshore exploitations (the Black Sea ones) the royalty will include a fix quota and a variable quota, according to the volume of oil and gas. Hitherto, there was no difference by exploitation (onshore or offshore).

For crude oil deposits, the fix quota will be 8% and the variable quota will be between 4.5% and 5.5%, according to the extracted volume. For natural gas offshore deposits, the fix quota is of 10% for the entire extracted volume and the variable quota will be 2-3%, according to the volume extracted.

For the onshore oil exploitations, the royalty will be between 3.5% and 13.5% of the gross extracted output value, according to the deposit's dimension, as it was until now. For natural gas, the royalty will be between 3.5 and 13%, unchanged, according to the deposit's dimension.

Source: The Romanian Journal

.....

The Romanian government has softened its stance on the new royalties regime for its hydrocarbons sector in an apparent move to secure future investment in its Black Sea prospects.

Romania's draft royalties law was put up for public debate on 23 October, after which stakeholders were given 10 calendar days to comment. The law proposes that royalties for existing oil and gas projects remain the same as before. The rates will also stay the same for new onshore projects

.....

The Competition Council (CC) is ready to accept the exemption of renewable energy producers and the Black Sea gas producers from the regulation on the obligation to trade on the stock market, Bogdan Chiritoiu, CC President, said on Monday during a conference on energy.

“The problem we face in Romania is that the large energy producers are state-owned and we suspect the large state companies of corruption. From this derives the ban for these companies to conclude long term bilateral contracts , because we are reluctant on the way they would do it, what would happen with these contracts if we allow the state producers to conclude them,” Chiritoiu said.

He reminded the case of the so-called smart-guys in energy and that, after this case, the law provides that all energy producers should trade on the stock exchange.

Chiritoiu claims he would support an initiative to exempt small producers from this general rule.

“We have set this rule also for private producers. We do not succeed in separating the problem regarding the large state producers from the rest of the industry and thus we punish everyone. It seems normal to have exemptions for the smaller producers. We should look into the issue and define what small means, what capacity, in order to allow exemptions,” the CC official said.

He seemed ready to accept an exemption on the gas market too, there is an intention to force the producers to sell 70% of the output on the stock market, which would affect the projects to exploit natural gas in the Black Sea.

“If we are told the offshore investments are different than the onshore ones, I am not against setting up a new rule for the offshore exploitations,” Chiritoiu said.

Sources: The Romania Journal, Interfax

Romanian Gas Exchange

The Vienna Stock Exchange has sent two letters to the Romanian authorities showing interest in becoming the trading platform for the Romanian gas, which would be advantageous for Gazprom and OMV, Iulian Iancu, head of the Committee for industry and services of the Deputies' Chamber explained at a specialist conference.

He said this in the context in which the Committee for industry brought several amendments to the GEO No. 64/2016 regarding the modification of the gas law, according to which 70 per cent of the Romanian gas must be traded on the OPCOM (Romanian gas and electricity market operator) exchange, which made the Romanian Commodity Exchange (BRM), which also holds a license for trading gas, unhappy.

In his opinion, behind all the dissatisfaction of BRM is actually the fact that OMV and Gazprom want to move their transactions with Romanian gas to Vienna, so that Gazprom be able to bring to Romania a higher quantity of Russian gas.

"I have to establish certain criteria that those who want to be platforms for trading gas have to comply with. However, if I establish these criteria, are you certain that Gazprom won't meet them immediately and bring a company from Vienna and from that moment the transactions from Romania will be carried out on the Russians' platform? Who will have the advantage then? This is a big trap. The Exchange (BRM - editor's note) is pushed forward because,

unfortunately, we already have two requests from the Vienna Exchange to become the trading platform for the Romanian gas of Gazprom and OMV. And you will see then how Gazprom-OMV will trade the gas in Vienna, for I cannot oblige the producer to stay on OPCOM or the Romanian Exchange. The producer is doing whatever he wants on the market and he will do it in Vienna. Why did they write to us? Why do they have one single exchange, imposed by law, and want to be here too?" Iancu wondered.

He also said that the current license held by BRM is discriminatory against OPCOM, for the latter is obliged to be transparent and observe certain regulations, while the responsibility for this situation is bore by the market regulator, which is the National Energy Regulatory Authority (ANRE).

Iancu also said that, if the Black Sea gas will not be exported, instead of being sold on the Romanian exchange, it will be like a blow to Romania's national security, while the Romanian consumer will be discriminated and Romania will be forced to import more gas from Gazprom.

The Committee for industry and services of the Deputies' Chamber, headed by Iulian Iancu, approved, as from the beginning of October, the GEO No. 64/2016, with the specifications that 70 per cent of the has production must be sold on the OPCOM exchange. One week ago, the Parliament Plenum returned the Committee's report, for the second time.

The European Commissioner for Energy, Miguel Canete, sent a letter to the Romanian authorities showing that the officials from Brussels do not agree with these amendments. In reply, Iancu said that, in his opinion, the letter sent by the Commissioner referred to something else.

Also last week, Razvan Nicolescu, th former Minister of Energy, wrote on Facebook that the amendments brought by the Committee for industry is advantageous for Gazprom and that's why it was not accepted by the European Commission.

Source: Actmedia

OMV

OMV Petrom, the largest oil and gas producer in Southeastern Europe, continues to sell several assets in its portfolio this year, so it will transfer 50-60 less profitable oilfields and will sell three motels, Mariana Gheorghe, CEO OMV Petrom said in an interview for news.ro.

According to her, the company has launched the market research, stressing that there is interest in these deposits.

"We will see what the market wants. It's a more lengthy process, it's a bigger volume and that's why we do not want to give deadlines," Gheorghe added.

Source: The Romania Journal

Russia

Black Sea Upstream Activities

Rosneft and Italian Eni will start drilling in the Black Sea in late December - early January, CEO of Russian oil and gas producer Rosneft Igor Sechin said at the X Eurasian Forum on Thursday.

"For example, we have signed several comprehensive agreements with Eni on expanding cooperation in almost all areas of our work - exploration, production, trading oil and petroleum products, refining and technologies. That bring Eni closer to large-scale oil production in Russia. We will start drilling in the Black Sea in late December - early January," he said.

Eni is one of Rosneft's strategic partners in developing the Russian continental shelf, in particular the Barents and Black Seas.

In 2013, Rosneft and Eni S.p.A. signed an agreement on the completion of transactions on the Russian shelf (regarding the projects of Fedynsky and Central Barents in the Barents Sea and the project in the Black Sea (West Black Sea section). The parties to the agreement are Rosneft JV Projects SA (a subsidiary of Rosneft) and Eni Energy Russia BV (a subsidiary of Eni).

Rosneft and Eni established joint ventures-operators for each of the projects. In every joint venture Rosneft holds 66.67% Eni holds 33.33%.

Source: *Tass.com*

.....

Russian oil company Rosneft has reportedly suspended its license for oil and gas exploration in the Yuzhno-Chernomorsky block in the eastern part of the Black Sea due to U.S. sanctions imposed on the Russian oil and gas industry in 2014.

According to a Friday report by the Russian news agency, TASS, the oil company suspended the license for five years because the projects is economically unfeasible in the current environment of adverse macroeconomic situation and sanctions.

Another factor that contributed to such decision was the unavailability of drilling vessels and equipment that match Rosneft's requirements for the implementation of the well construction in the license area, a representative for Rosneft told TASS.

However, the company plans to monitor the situation for changes in the market and will reinstate the rights in case the situation improves, the news agency further said.

TASS also added that the situation with the Yuzhno-Chernomorsky license did not affect Rosneft's Zapadno-Chernomorsky license area in the Black Sea where the company plans to drill an appraisal well in the near future in cooperation with the Italian oil company, Eni.

Source: Offshore Energy Today

Slovenia

Gas Production

The Board of Ascent Resources plc, the European focused oil & gas exploration and production company (AIM: AST), is delighted to inform shareholders the export production has commenced from the Petisovci field in Slovenia to INA in Croatia.

The recertification of the pipeline has been processed by the Croatian government and on Thursday 2 November 2017, well Pg-10 was turned on, and gas flowed for the first time from the Petisovci field to the INA processing facility at Molve in Croatia. In accordance with the commencement plan, production from Pg-11A will be added later this morning.

Ascent has been involved with the Petisovci concession for over ten years and around €45 million has been invested to bring the project to this stage. The commencement of export gas production marks a milestone for the Company and this project.

This has been made possible following over two years of close co-operation amongst the Joint Venture partners and with INA. Significant operational and procedural obstacles have been overcome to bring this project to fruition to the benefit of all parties and the economies in both countries.

The initial delivery of gas triggers the commencement of the previously announced contract, with INA, which has a minimum duration of one year. The supply to INA is expected to fully utilise all production from Pg-10 and Pg-11A. The Company's focus for the next year turns to planning for the re-entry and recompletion of suitable existing wells. At the same time, the Company continues to work to have the IPPC Permit issued as final, after which the Company will seek to build its own processing facility. Additionally, the Company will look for other attractive opportunities in the region from the position of being a profitable and cash generative company.

Colin Hutchinson, CEO of Ascent, commented:

"We are very happy to be finally exporting gas production from the Petisovci field, we thank all of our employees, investors and advisers who have contributed to the project over the years."

Source: Oil Voice

Ukraine

Gas Price

The Ukrainian government is still in talks with the International Monetary Fund on a gas price formula, Ukrainian Prime Minister Volodymyr Groysman said on Friday.

Sustainable gas pricing is one of the conditions Ukraine must meet to qualify for its next IMF loan tranche, but the government has vowed not to raise prices for households this winter as it should according to the \$17.5 billion program.

“We are in dialogue with the IMF,” Groysman told parliament. “Our task is to make the formula fair for the future.”

Source: Reuters

Gas Transit

Two European transmission system operators (TSOs), Italy’s Snam and Slovakia’s Eustream, are interested in leasing part of Ukraine’s gas transport system after 2020, when the transit contract between Ukraine and Gazprom expires.

According to Ukrainian newspaper ZN.UA, the joint proposal of the two TSOs was outlined on the sidelines of the Third Gas Forum in Kiev on 12 October.

Snam and Eustream signed a memorandum of understanding (MOU) in April with Naftogaz Ukrainy and Ukrtransgaz to collaborate on enhancing Ukraine’s gas network.

Source: Interfax Ukraine

Oil Supplies

Ukratnafta (Kremenchuk oil refinery) intends to completely abandon the processing of Ukrainian oil in favor of Azeri oil if the rules of pricing for Ukrnafta products remain unchanged, a letter dated November 1 reads.

"Ukratnafta plans in the near future to completely stop buying Ukrainian oil and switch to processing Azeri oil, if the situation with pricing for Ukrainian oil does not change," reads the letter of Ukratnafta to the head of Ukrnafta.

The document says, according to Kremenchuk oil refinery, the current starting price of Ukrainian oil at auctions is overstated.

"At the last auction, the starting price of Ukrainian oil was UAH 14,641 per tonne on the field, which is \$62.5 per barrel, while Brent oil quotes were in the range of \$56-58. Accordingly,

Ukratnafta considers it economically inexpedient to buy Ukrainian oil, which was equated to the price of premium grade Azeri Light oil, the customs value of which also includes freight, transshipment, insurance, demurrage and terms of delivery to Odesa without prepayment," the company noted.

Source: Reuters

Shale Gas

Romanian Tacrom has conducted 50 hydraulic fracturing operations on the wells of Ukgazvydobuvannia, which will allow to additionally receive about 1.5 billion cubic meters (bcm) of gas in five years.

According to the company, since January 2017 the company has already received an additional 276 million cubic meters of gas due to Tacrom hydraulic fracturing operations performed on 29 wells.

Ukgazvydobuvannia estimates additional profit that could be received in five years at \$92 million, while the total estimate for the first company's project to intensify production on the operating wells was \$6.9 million.

As reported, in 2016 Belorusneft and Romanian Tacrom won the tender of Ukgazvydobuvannia for implementation of hydraulic fracturing operations. With the help of these contractors it is planned to implement 100 hydraulic fracturing operations during 2016-2017 on the deposits of Shebelynka and Poltava areas at a depth of 2,800-5,000 meters.

Source: Interfax Ukraine

Gas Hub Project

The government aims to create an international gas hub in Ukraine, Deputy Prime Minister Volodymyr Kistion has said at the round table "Instruments of Energy Independence and Industrial Development."

"Our ultimate goal is an international gas hub," he said.

Kistion also noted the concept of development of Ukraine's gas production sector envisages the increase in gas production in the country to 27 billion cubic meters until 2020.

As reported, such international players as Trafigura (Switzerland), PGNiG (Poland), and MND (the Czech Republic) store their gas in Ukrainian underground gas storage facilities. However, so far it is exclusively gas intended for sale in Ukraine.

Source: Interfax Ukraine

Liberalization of the Gas Market

The Secretariat of the Energy Community and the World Bank have proposed to Ukraine their option of public service obligations (PSO) in the gas sphere, foreseeing unrestricted sale of at least one third of gas made by public joint-stock company Ukrgezvydobuvannia, Energy Community Secretariat Director Janez Kopac has said at a meeting of the Verkhovna Rada committee for fuel and energy complex.

"Several days ago we jointly with the World Bank proposed new provisions on PSO... The first step is to start free sale of at least one third of gas made by Ukrgezvydobuvannia. Two thirds will be left for the regulated segment – households and heat suppliers. Next steps are to sell more gas in the free market. We understand that it is impossible to do everything synchronously, but it should be started," he said.

Kopac said that the provision of information about retail consumers to all market players is also an important issue.

"The second very necessary and urgent measure is to provide free access to data on retail customers to all potential players ... Some consumers have made attempts to change the supplier, but could not do it, because the alternative supplier simply did not have direct access to the customer," he said.

As reported, today, the entire amount of gas made by Ukrgezvydobuvannia is sent for the needs of households and heat suppliers.

Only companies created by owners of regional gas supply companies have full information about retail consumers-households.

Source: Interfax Ukraine

Coal Production

The Energy and Coal Industry Ministry of Ukraine will reorganize and merge state-owned coal enterprises into the newly created state-owned enterprise National Coal Company, and all permits will be re-registered to this company by the end of this year.

This is outlined in the action plan for 2017 to implement the concept for reforming and developing coal industry in Ukraine for the period until 2020 approved in government resolution No. 733 dated May 24, 2017 and published in the Uriadovy Kurier government's newspaper only on October 21, 2017.

According to the document, by the end of the year it is planned to optimize the structure of divisions of National Coal Company, in particular, create design and research centers for servicing and repair equipment, liquidate non-profile assets, conduct a stocktaking of the technological potential of coal enterprise and transfer social facilities to the balance sheet of local budgets.

By early 2018, a comprehensive program for operation of coal enterprises will be drawn up with a list of promising and non-promising coalmines that would be liquidated.

The action plan envisages amendments to the 2017 national budget for allocating an additional UAH 800 million for modernization and re-equipment of coalmines, UAH 100 million for purchase of rescue equipment.

The government also approved drawing up a bill on taxation of enterprises of coal industry.

Source: Interfax Ukraine

Naftogaz

Rothschild S.p.A. has won the bidding for investment and banking services regarding the unbundling of gas transmission activity, including the engagement of a qualified partner to Ukraine's GTS operation. The bidding was held in Prozorro e-procurement system. Naftogaz is acquiring the services to fulfill orders of the Ministry of Energy and Coal Industry and other legal acts including the Unbundling plan approved by the Cabinet of Ministers of Ukraine (CMU).

Rothschild offered the price of UAH 98.0 million, which was better than that of Lazard, the second bidder. The expected value of the purchased services was UAH 193.3 million.

The advisor shall facilitate the engagement of a qualified partner for GTS operation, including the assessment of risks related to the unbundling of gas transmission activities and recommendations on how to mitigate their impact; create conditions for successful selection of a qualified partner to operate the GTS; help prepare documents for the selection of a qualified partner, including drafting contest conditions and procedures as well as selection criteria; prepare a list of potential partners; structure the agreement; develop key commercial conditions for the agreement with a qualified partner; provide information and other necessary support for the engagement of a partner.

According to the Law "On the natural gas market", results of the contest for selecting a qualified partner(s) to operate the Ukrainian GTS shall be approved by the Verkhovna Rada upon the submission by the Cabinet of Ministers of Ukraine. The CMU is responsible for the preparation and approval of contest conditions.

.....

The Antimonopoly Committee of Ukraine has asked national joint-stock company Naftogaz Ukrainy to present materials of an investigation proving the fact that the company has lost monopoly on the gas market, the press service of the committee has reported.

"The committee asked the company to present the materials after an analysis conducted by Naftogaz Ukrainy, using standard European methods (SSNIP-test), proving that the company is not a monopolist on the gas market anymore," the press service said.

The committee said that in 2017 it started own study of the natural gas markets to determine the competitive environment.

As reported, early November, Naftogaz Ukrainy published the results of a study indicating that the company lost monopoly on the gas market. In addition, Naftogaz asked the Antimonopoly Committee of Ukraine to confirm or deny the conclusions of this study.

Source: Interfax Ukraine

Gazprom

Kyiv's Economic Court has changed the way of enforcing a court decision to recover a fine of UAH 171 billion from Russia's Gazprom, extending penalties to all property of the debtor, Justice Minister Pavlo Petrenko has said.

"Kyiv's Economic Court granted the petition by the Antimonopoly Committee of Ukraine and the Enforcement Service of the Justice Ministry and changed the way of enforcing the court decision regarding the recovery of a UAH 171 billion fine from Gazprom. To put it simply, earlier it was possible to recover only Gazprom's funds placed in banks, but now the recovery is extended to all property of the debtor," he wrote on his Facebook page on Thursday.

He noted that in accordance with the procedures, the court decision should be made public in a few days.

In January 2016, the Antimonopoly Committee decided to fine Gazprom UAH 85 billion for abuse of its monopoly of the Ukrainian market for transit shipments of natural gas. This decision was upheld on several occasions by Ukrainian courts. In its latest ruling, on February 22, Kyiv's Economic Court of Appeal upheld the ruling of a lower court confirming the order to recover the fine from Gazprom, which had already grown to UAH 172 billion (about \$6.4 billion) with fines for nonpayment.

Source: Interfax Ukraine

Engie

France's Engie is providing up to 20% of natural gas supplies to Ukraine from the West, the press of the Cabinet of Ministers of Ukraine has reported.

According to the report, Ukrainian Prime Minister Volodymyr Groysman met Engie CEO Isabelle Kocher on Friday.

"French energy giant Engie pledges readiness to comprehensively contribute to the development of the oil and gas sector in Ukraine, including the creation of a flexible gas market," the press service reported after the meeting.

The Ukrainian market is one of the strategic ones for the company, and now the management of the energy giant is shaping opportunities for further cooperation with Kyiv on projects seeking to increase gas production in the country.

"The French energy major Engie was the first western company to import commercial volumes of natural gas into Ukraine and currently provides up to 20% of such supplies," the press service said.

The prime minister praised the decision of the company to take part in the enhancement of the oil and gas complex in Ukraine.

"We commend the ambitious reform plan offered by the Ukrainian government, first of all in the oil and gas sector. Our target is to increase local gas production, so that Ukraine could be able to become an exporter and supplier of gas. We are ready to provide staunchest support to your country on the path of reform," Kocher said.

Source: Interfax Ukraine

PGNiG

Polish oil and gas company PGNiG has signed an agreement with Ukrtransgaz on gas transportation via the Ukrainian gas transportation system (GTS), Polish mass media have reported, with reference to the company.

Thus, PGNiG will be able to sell gas to Ukrainian consumers not only on the border as it did before.

The term of the agreement is up to the end of the current year with the possibility of prolongation.

As reported, PGNiG has been selling gas to Ukrainian consumers since August 2016.

Source: Interfax Ukraine

Croscos

Croscos Integrated Drilling & Well Services (Croatia) has been determined as the last winner (lot No. 2) of the tender of PJSC Ukgazvydobuvannia for drilling operations in Kharkiv and Poltava regions in 2017-2019.

According to a report in the ProZorro system, the company plans to sign an agreement with Croscos for UAH 480.98 million (VAT included).

Initially Ukgazvydobuvannia recognized Poltava Services LLC as the winner of this lot (renamed to Exalo Drilling Ukraine, a subsidiary of PGNiG), but at the end of August it canceled its decision.

Thus, the winners for 12 out of 15 lots of the tender were finally selected. Three more lots were canceled (Nos. 11, 13 and 15) because the company rejected all bids of the companies participating in the auction.

Source: Interfax Ukraine

EBRD

The European Bank for Reconstruction and Development (EBRD) has provided the Ukrainian government with a list of new independent candidates for the supervisory board of national joint-stock company Naftogaz Ukrainy, Voice of America has reported, referring to EBRD President Suma Chakrabarti.

"We have provided the government with a list of possible candidates, those who, in our opinion, are interested and will be able to form a new council as soon as possible. We are now waiting for the government's response," he said.

According to Chakrabarti, the resignation of independent board members could be due to disappointment with the decision-making process of lack of transparency in commercial discipline, which may create unequal conditions for Naftogaz's partners.

As reported, on October 5, 2017, independent members of the supervisory board of Naftogaz Ukrainy Paul Warwick and Marcus Richards officially finished working in the company.

Naftogaz Ukrainy unites oil and gas production assets in Ukraine, and is the country's gas transit, underground gas storage, and oil pipeline transportation monopoly.

Source: Interfax Ukraine

Kerui

Public joint-stock company Ukgazvydobuvannia has signed contracts with Shandong Kerui Petroleum Equipment and RG Petro-Machinery Group (both from China) to supply five drilling rigs for \$29.84 million, the press service of Ukgazvydobuvannia has reported.

The cost of the contract with Shandong for two rigs with a loading capacity of 320 tonnes was \$18.49 million and with RG Petro-Machinery for two mobile drilling rigs with a capacity of 225 tonnes and one rig with a capacity of 180 tonnes - \$11.35 million.

The press service said that the suppliers of the rigs were selected at reverse two-stage auctions.

As reported, the company planned investment in drilling and purchase of new equipment in 2017 amounting to UAH 30 billion. In 2017, the company sought to drill about 100 new wells and repair 500 existing wells.

Source: Interfax Ukraine

Pipelines and Supply Options

LNG

Asian spot liquefied natural gas (LNG) prices rose this week after a tender award from a Russian export plant set a bullish tone, reversing losses from earlier in the week.

Spot prices for December delivery rose to \$9 per million British thermal units (mmBtu), 30 cents above last week's levels.

Russia's Sakhalin II LNG export plant awarded a late December-loading cargo at a price above \$9 per mmBtu, potentially to Gazprom, traders said.

Nigeria's NLNG export plant sold a Nov. 5-7 loading cargo to U.S. producer Cheniere Energy, one trader said, without giving a price.

Gail India filled most of its tender seeking supplies between October and January, paying in the high \$8 per mmBtu range for a December delivery and in the low \$9 per mmBtu range for a January cargo, one trader said.

It was unclear if Bharat Petroleum awarded its tender for a December cargo.

Low coal inventories at Indian power stations have helped extend demand for spot LNG purchases despite relatively high spot prices which Indian buyers typically avoid paying.

Egypt's state-run LNG buyer EGAS extended the bid submission deadline for companies in its ongoing 12-cargo purchase tender to Oct. 31, giving prospective suppliers more time to organise bids.

EGAS also lifted the upper price limit of what it could pay to the equivalent of \$65 a barrel of Brent crude oil from \$60 a barrel previously, traders said.

Traders speculated whether Egypt's tender for first quarter 2018 supplies, which is lower than expected, would be followed by additional purchases through government-to-government deals, as happened after previous tender rounds.

Egypt's surging domestic gas output is rapidly eroding LNG demand and with the country's giant Zohr gas field set to start pumping in December it may curb appetite further.

Traders said there was ongoing demand from South Korea and Turkey, although Korea Gas Corp was likely pulling in greater volumes via long-term suppliers such as Qatar to plug shortfalls, and not via spot markets for now.

Royal Dutch Shell has extended a shutdown at its Queensland Curtis LNG export plant to Oct. 30, data on the Australia Energy Market Operator (AEMO) website showed.

Angola's LNG export plant has launched a tender to sell a cargo loading between Oct. 31 and Nov. 2, trade sources said.

Commodities trader Gunvor and Spain's Gas Natural Fenosa put in the lowest bids in a tender to supply Pakistan with four LNG cargoes in January, a document posted on Pakistan LNG Ltd's website shows.

Source: Rigzone

Zohr Field

Egyptian Oil Minister Tarek el-Molla has said the first stage of the Zohr offshore gas development will be completed by the end of November, according to local reports.

Source: Interfax

TurkStream

Construction of the 940 km offshore section of Gazprom's 31.5 Bcm/year Turkstream pipeline is progressing on schedule but as yet there is no confirmation from Ankara that the overland section of line will be completed on time in 2019, officials from the TurkStream project company, South Stream Transport BV, told reporters in Istanbul Tuesday.

Botas yet to submit EIA for overland transit connection

Construction of maritime section about to enter Turkish EEZ

"Currently the only time frame we have for completion and the supply of first gas is the 2019 deadline specified in the Inter-Governmental Agreement," an official said in reply to a question from S&P Global Platts.

The first overland section of TurkStream will be constructed by Turkey's state gas transit operator Botas, and will run from the landfall site at Kiyikoy on Turkey's Black Sea coast to Luleburgaz where it will connect with Botas' main west-east transit line.

TurkStream officials told reporters that Botas had confirmed to them that it is working on an Environmental Impact Assessment for the line but had yet to confirm when it would be completed and submitted to Turkey's Ministry for Environment for approval.

The officials said that until details of the construction of the Kiyikoy-Luleburgaz section have been clarified, they are unable to suggest a time frame for construction of the planned export line to Europe running from Luleburgaz to either the Turkey-Greece or Turkey-Bulgarian borders.

Commenting on possible export routes beyond the Turkish border, officials said only that they were aware Gazprom was conducting talks with a number of countries and possible gas buyers and that as yet they have not been informed of any final decision on an export route.

The vetting and approval process for EIAs takes a minimum of several months after which approval can be subject to legal challenge that can further delay commencement of compulsory land purchases and submission of applications for construction permits.

While TurkStream officials did not specifically say they expect completion of the overland line to be delayed beyond 2019, analysts suggest that with little over two years left, there is an increasing likelihood the line will not be operational by the end of 2019.

Any delays beyond 2019 mean Gazprom will need to negotiate an extension to its existing transit agreement with Ukraine under which it transits gas to the Transbalkan pipeline currently supplying Turkey and Southeast Europe.

Turkey currently receives 14 Bcm/year of gas through Transbalkan, of which 4 Bcm/year is taken by Botas and 10 Bcm/year by seven private companies, which Gazprom has contracted to replace with 15.75 Bcm/year of gas through one of the two planned parallel pipes that will make up the Turkstream line.

TurkStream officials also confirmed that the EIA submitted for the landfall section of the pipeline at Kiyikoy and which has been approved, has been subjected to some challenges, which they declined to specify.

The challenges are currently being assessed by Turkey's Ministry for Environment, they said.

Construction of the 940 km maritime section of the pipeline, which started on Russia's Black Sea coast, is progressing according to plan at around 3.5 km/day, the officials said, with the lay barge expected to start laying pipe through Turkey's exclusive economic zone within the next week.

Of the two parallel pipes that will make up the TurkStream line, 224 km has been laid of one line and 207 km of the other. Construction of one of the two will continue to Kiyikoy, after which the lay barge will return to complete the second line, slated for exports to Europe, the officials said.

.....

Russian Gazprom's board of directors has approved the formation of a joint venture with Turkey's Botaş for the TurkStream natural gas pipeline project, according to a statement released by Gazprom on Sept. 25.

The statement said the joint venture would be formed for the construction of the onshore section of the TurkStream natural gas project.

The TurkStream project will start from the southern Russian town of Anapa on the Black Sea coast. Pipes will be laid over a 900-kilometer route under the Black Sea to reach the Thrace region of Turkey along the Black Sea coast.

Sources: *Platts.com, Hurriyet Daily News*

TAP

The consortium developing the Trans-Adriatic Pipeline (TAP) has completed the delivery of 55,000 lines and bends to the facility's hosting countries, the company said in a note on Monday.

The last shipment of steel pipes arrived in Thessaloniki, Greece, on 10 October. The first pipes arrived in Durrës in April 2016.

"We are proud that this massive operation has been completed without any safety incidents within our host countries," John Haynes, TAP project director, commented in a note.

Source: Interfaxenergy

BRUA

Shareholders of national gas carrier Transgaz will have a presentation of the report on the conclusion of a loan contract amounting to EUR 50 million with the European Investment Bank (EIB) for the financing of Phase I of Bulgaria – Romania – Hungary – Austria (BRHA) gas pipeline project.

The subject will be debated at the ordinary general meeting of the shareholders set for November 27, according to the convening sent to the Bucharest Stock Exchange (BVB).

The new pipeline will be with a length of 550 km. Transgaz received already EUR 179 million from the European Commission for this project.

BRHA gas pipeline project will be completed by all four states involved, according to a memorandum of understanding signed in Bucharest at end-September.

Following the signing of this document, all countries have agreed and clearly established that there will be a reverse-flow interconnection, i.e. in both directions, in all four states. Including between Hungary and Austria it has been established that this interconnection will be on reverse-flow, and Austria has committed to finalize Phase I, as are Hungary and Bulgaria, and for Phase II, all four countries have agreed that they will run this project and complete it in the established parameters.

On the Romanian territory, the pipeline route mainly follows the SE-W direction and crosses the counties of Giurgiu, Teleorman, Dambovita, Arges, Olt, Valcea, Gorj, Hunedoara, Caras-Severin, and Timis.

The pipeline will connect eastern and central Europe with gas fields in the Caspian Sea and the Black Sea. Works on the project are set to begin by the end of 2017 and are expected to be concluded by the end of 2019. The pipeline will transmit its first quantities when

ExxonMobil and OMV Petrom start producing the energy resource from the Black Sea fields.

Source: *The Romania Journal*

Eastring

Slovakia and Hungary signed a memorandum of understanding on Monday to support the planned Eastring gas pipeline aimed at loosening Russia's supply hold on southeastern Europe, the ministry said.

The project will ensure countries such as Bulgaria and Serbia, almost exclusively dependent on Russian gas, can receive gas even if Russian supplies via Ukraine are disrupted.

Initial capacity is seen at about 15-20 billion cubic metres per year and it would be able to carry gas from Russia to the Balkans or from the West to the Balkans.

"The Eastring project will give south-eastern European countries access to so far inaccessible west European markets," Slovakia's Economy Minister Peter Ziga said at the signing ceremony with Hungary's Foreign Affairs Minister Peter Szijjarto.

Slovakia and Bulgaria signed a similar memorandum last year.

Eastring has been listed among the European Commission's Projects of Common Interest entitled to accelerated planning and EU funding because they benefit more than one member state.

Slovak gas pipeline operator Eustream said in September it expects to complete the feasibility study for the project in June 2018.

Eustream said a rough estimate for the project's completion is 2021, depending on the results of a feasibility study to be completed next June.

Source: *Interfax*

Kirkuk-Ceyhan Oil Pipeline

Russia's biggest oil company, Rosneft, has agreed to take control of Iraqi Kurdistan's main oil pipeline, boosting its investment in the autonomous region to \$3.5 billion despite Baghdad's military action sparked by a Kurdish vote for independence.

The move appears to be part of a strategy by President Vladimir Putin to boost Moscow's Middle Eastern political and economic influence, which was weakened by the collapse of the Soviet Union.

Rosneft's investment comes amid a crisis in Kurdistan's relations with the central government in Baghdad since the region held an independence referendum last month, which angered neighbors Iran and Turkey.

The United States called the referendum a provocation but Moscow has effectively supported the vote, saying it understood Kurdish aspirations for independence.

Rosneft said it would own 60 percent of the pipeline, with current operator KAR Group retaining 40 percent. Sources familiar with the deal said Rosneft's investment in the project was expected to total about \$1.8 billion.

That comes on top of \$1.2 billion that the Russian firm, which has struggled to raise Western loans due to U.S. sanctions, lent Kurdistan earlier this year to help fill holes in its budget. Rosneft also agreed to invest another \$400 million in five exploration blocks.

"I plead with you not to forget Kurdistan," the region's resources minister Ashti Hawrami told an industry conference in Verona, Italy, on Thursday, hours before signing the pipeline deal with Rosneft boss Igor Sechin, one of Putin's top allies.

Sechin called on Baghdad and Erbil to settle their differences.

But with Rosneft effectively becoming a controlling stakeholder in Kurdish oil infrastructure, the move should help shield Erbil from pressure from Baghdad and its neighbors.

"The calculation here is that the presence of Rosneft and the Kremlin will boost the sense of security," one industry source close to Erbil said. "Having fought and defeated Islamic State, Erbil felt abandoned and threatened by Iran."

The most prominent Iranian figure in Iraq, Major General Qassem Soleimani, the commander of foreign operations for Iran's elite Revolutionary Guards, is believed to have helped coordinate Iraq's military operation in Kurdistan in recent days.

Kurdish oil exports face the worst disruption in months and are running at only a third of capacity, threatening repayments to Rosneft and other major creditors, including top trading houses such as Glencore (GLEN.L) and Vitol.

Kurdistan has borrowed around \$4 billion from Rosneft, traders and Turkey, guaranteed by future oil sales.

As exports have dropped to around 200,000 barrels per day (bpd) this week from usual volumes of 600,000 bpd, traders have become jittery about the billions of dollars at stake.

"We are monitoring the situation as there could be payment delays," Glencore Chief Executive Ivan Glasenberg said on Thursday.

Exports were disrupted after the Iraqi military took over the oil-rich Kirkuk area from Kurdish Peshmerga forces this week, resulting in production disruptions from local fields.

Baghdad has also threatened to re-route a big chunk of oil flows towards an old oil pipeline, which has been out of operation for several years since Kurdistan built its own infrastructure to the Turkish Mediterranean port of Ceyhan.

Industry experts have said the plan was unrealistic as the pipeline was old and rusty and needed major investments.

Baghdad also asked oil major BP to return to Kirkuk and help it revive production there, signaling it was determined to deprive Erbil of a big chunk of revenues. It also cut off air and banking ties to Erbil with the help of Turkey and Iran.

Rosneft will be investing in expanding Erbil's independent pipeline, which Baghdad has targeted, hoping to boost its capacity by a third to 950,000 bpd. That is the equivalent of about 1 percent of global supply.

Source: Reuters

Yamal LNG

Russia's Yamal LNG, set to be the world's biggest Arctic producer of liquefied natural gas, plans to send its debut cargo to China as thanks for its support.

The first recipient of the plant's super-chilled fuel will be China National Petroleum Corp. as this "is obviously a very symbolic point," Mark Gyetvay, deputy chief executive officer of Moscow-based Novatek PJSC, the project's main shareholder, said Thursday on a conference call. He didn't give a date for the shipment.

"It is our view that the first LNG tanker should be offloaded by CNPC in recognition for their overall contribution to the project and the importance that the Asian-Pacific market represents as a key consuming region," Gyetvay said.

The \$27 billion Yamal development has advanced despite concerns it would be hurt by U.S. sanctions levied against Novatek in 2014 after Russia annexed Crimea. Chinese lenders agreed to provide \$12 billion to the project last year after CNPC bought a 20 percent stake in the venture. China's Silk Road Fund holds 9.9 percent.

With Chinese LNG demand booming, Asian spot LNG prices reached the highest level since January on Oct. 19. Spot cargoes in north Asia fell 0.4 percent to \$8.85 per million British thermal units on Thursday, according to a Singapore Exchange Ltd. assessment.

The Arctic plant, which is building three main LNG production lines with a fourth planned, is expected to reach full output capacity of at least 16.5 million tons a year in 2019. Novatek owns 50.1 percent of the project, and Paris-based Total SA has the remaining 20 percent stake.

Source: Rigzone

Companies

Gazprom

Deputy Chairman of the Gazprom Management Committee, and Amir Hossein Zamaninia, Iran's Deputy Minister of Petroleum, signed a Memorandum of Understanding for strategic cooperation.

In accordance with the document, the parties will look into the prospects of joining efforts in developing Iranian gas fields with subsequent gas transportation and monetization, including through liquefaction and petrochemical production.

Gazprom and National Iranian Oil Company (NIOC) inked a Memorandum of Understanding to collaborate on the construction project for the Iran – Pakistan – India gas pipeline.

The Memorandum is based on the Memorandum of Understanding signed by the Russian Energy Ministry and the Iranian Petroleum Ministry as part of the state support for the pipeline construction project.

Thanks to the Memorandum, Gazprom and NIOC will, inter alia, start developing a feasibility study for the design, construction and operation of the Iran – Pakistan – India gas pipeline.

In addition, Vitaly Markelov and Mansour Moazami, Chairman of the Executive Board of Industrial Development & Renovation Organization of Iran, today signed a Memorandum of Understanding.

The document reflects the intent of the parties to explore the possibilities of joint gas liquefaction projects slated to be implemented in third countries, as well as projects in the field of advanced gas processing and petrochemistry in the territory of Iran.

Gazprom and NIOC also inked a Memorandum of Understanding, pursuant to which the two companies will develop a concept for a unified system of gas production, transmission and petrochemistry based in Iran.

“Today, we took a major step forward in Russian-Iranian cooperation in the gas sector. We signed a number of important documents, including the Memorandum for strategic cooperation between Gazprom and Iran's Petroleum Ministry. As a result, we established the organizational framework for further bilateral cooperation in a range of promising fields,” said Vitaly Markelov.

.....

The Arbitration Institute of the Stockholm Chamber of Commerce on November 9, 2017 postponed the deadline for issuing awards in cases Naftogaz Ukrainy versus Gazprom related to the gas supply and transit contracts for December 30, 2017 and February 28, 2018, national joint-stock company Naftogaz Ukrainy has reported.

The Ukrainian company said on Tuesday that the arbitration postponed the deadline due to the fact that Gazprom on November 7, 2017 filed counterclaims against an interim award of the tribunal dated May 31, 2017 related to the gas supply contract.

Earlier Naftogaz Chief Commercial Director Yuriy Vitrenko said that the Arbitration Institute of the Stockholm Chamber of Commerce on October 10 finished hearings in the lawsuit between Naftogaz Ukrainy and Gazprom. The award in the lawsuit was to be issued by late November 2017.

.....

In November, Gazprom and the Unicredit S.p.A. bank signed a five-year loan agreement worth EUR 700 million.

The loan will be used by Gazprom for corporate purposes.

Sources: Gazprom, Interfax

Novatek

Russian company Novatek has signed a cooperation agreement with the Kamchatka Territorial Government for the construction of an offshore LNG reloading terminal, the company said in a statement on Monday.

The facility will reload LNG from Arctic ice-class tankers to conventional LNG tankers on the east coast of the Kamchatka Peninsula.

The construction of a sea terminal facility for reloading operations will optimise the logistics of LNG supplies from the Arctic region, stimulate usage of the Northern Sea Route, and create a new LNG supply hub.

Source: Rigzone

Rosneft

Russian oil producer Rosneft and the National Iranian Oil Company have agreed an outline deal to work together on a number of “strategic” projects in Iran together worth up to \$30 billion, Rosneft’s head Igor Sechin said on Wednesday.

The potential collaboration with Iran would further strengthen Rosneft’s position in the Middle East, the company having already secured a number of deals in the region, including the acquisition of a majority stake in Iraqi Kurdistan’s main oil pipeline.

The recent deals appeared to be part of a strategy by President Vladimir Putin to boost Moscow’s political and economic influence in the region, which was weakened by the collapse of the Soviet Union.

The outline agreement on working with Iran was signed during Putin's visit to the country on Wednesday.

Sechin said the preliminary deal paved the way for legally-binding documents to be signed within a year. Output from the joint project is seen plateauing at 55 million tonnes per year (1.1 million barrels per day), he said.

"We are talking about several oil and gas fields, which we will develop with our partners," Sechin told reporters, adding that Rosneft has invited Iran to develop offshore and other projects in Russia.

It is not yet clear how the investments will be split between the two companies.

Russia and cash-strapped Iran have long been working on oil-for-goods deals worth up to \$20 billion.

Sechin said the preliminary agreement envisaged some swap deals, as well as oil and oil products deliveries.

Source: Reuters

Total

Total SA is in discussions about buying liquefied natural gas assets from former French gas monopoly Engie SA, the energy major's chief executive officer said.

Gas markets will grow in the future and Total is determined to expand its LNG business, CEO Patrick Pouyanne said Tuesday in a Bloomberg TV interview in Riyadh. His remarks confirmed a statement on Monday from Engie, which is seeking to sell parts of its LNG business as a glut of the fuel on global markets wipes out profitability.

"Total is a big player in LNG," Pouyanne said. "I can confirm we've discussed with Engie, like other companies, and we'll see if we can find an agreement. If not, we have other ideas, other opportunities, to develop the LNG business."

Total, which signed a contract with Iran in July to develop the country's giant South Pars gas field, will stay on course with the project in spite of U.S. President Donald Trump's opposition to the nuclear deal that made it possible, Pouyanne said. Iran holds the world's largest gas reserves, estimated by BP at 1,183 trillion cubic feet, or almost four times the amount held by the U.S.

.....

Total has signed an agreement with Engie to acquire its portfolio of upstream liquefied natural gas (LNG) assets for an overall enterprise value of \$1.49 billion. This portfolio includes participating interests in liquefaction plants, notably the interest in the Cameron LNG project in the US, long term LNG sales and purchase agreements, an LNG tanker fleet as well as

access to regasification capacities in Europe. Additional payments of up to \$ 550 million could be payable by Total in case of an improvement in the oil markets in the coming years.

Source: Rigzone, Oil Voice



Balkan and Black Sea Petroleum Association

Monthly Bulletin

15th of November 2017

Editor: Valentin Kunev; Ana Blagova

Office: 2 "Hristo Belchev" str., Sofia 1000 Bulgaria

Tel: 00359 2 986 06 85

Fax: 00359 2 980 15 49

E-mail: [bbbspetroleum@bbbspetroleum.com](mailto:bbspetroleum@bbbspetroleum.com); valentin.kunev@bbbspetroleum.com

Web site: www.bbspetroleum.com

Registered (Bulstat) No 121 446 156

Copyright 2010 Balkan and Black Sea Petroleum Association