Balkan and Black Sea Petroleum Association

15th of March – 15th of April 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 March 2017 and 15 April 2017 US WTI spot crude oil price fluctuated between $48/bbl and $53/bbl; Henry Hub spot gas price fluctuated between $108/1000 cbm and $123/1000 cbm (GCV at 0°C). In Europe, at Central European Gas Hub, the day ahead gas price fluctuated around $200/1000 cbm.

Romanian gas price on the regulated market was 60 lei per MWh, while on the free market - between 72 and 80 lei per MWh. Federation of Associations of Energy Utility Companies (ACUE) opposed quick deregulation in the gas market which will result in an immediate increase of the cost for the free market * The gas price for household consumers will increase by 1-2% as of April 1.

Ukrainian average import gas price for 2016 from nine Western and Central European countries was between $239 and $249 per 1000 cbm. * The price of natural gas bought by Naftogaz from European suppliers, which is to be delivered in May 2017, is $25-30 per 1,000 cubic meters lower than the price agreed in a contract with Gazprom. Naftogaz bought gas from leading European companies for May, using a loan from international banks against a World Bank guarantee at an interest rate of 3%.* Naftogaz will cut the price of gas sold to industrial consumers on a prepayment basis by 10.3% from April 1, 2017.

Belarus and Gazprom signed a protocol on the pricing procedure for natural gas supplied to Belarus for 2018–2019. The pricing will be based on a price formula linked to the price of gas in the Yamal-Nenets Autonomous Area in Russia.

Georgia: Gazprom will supply 5% of Georgian demand in 2017 at a price of $185/1000 cbm.

Bulgarian energy regulator increased the electricity price by 1% after increasing Q2 2017 gas price by 29%.

Oil and Gas Production, Supply and Trade

Azerbaijan: Total and Socar signed an agreement for the sale of gas to the domestic market from the first development phase of the Absheron gas and condensate field.

Slovenia: Ascent Resources reported that commercial production has begun from its Petišovci gas field in Slovenia.

Uzbekistan and Gazprom have agreed on the terms for Uzbek natural gas sales to the company for the next five years.

Legal and Regulatory Framework

EU: The European Parliament and the Council of the EU have adopted new rules for increasing the transparency and compliance with EU law of intergovernmental agreements (IGAs). Parliament and the Council have now decided that IGAs with non-EU countries in the gas and oil sectors must be submitted to the Commission before they are signed. * Gazprom submitted to the European Commission commitments proposal to address the Commission's competition concerns about gas markets in Central and Eastern Europe.

Romania: According to a recent study of Deloitte, Romanian oil and gas royalties have increased from 16.9% in 2015 to 17.5% in 2016, while average European royalties stay at around 10%.

Ukrainian Prime Minister Volodymyr Groysman has said that gas royalty should be reduced to the level of 12% from 2018 for all producers. Another approach for boosting gas production is deregulation. At present gas royalties are set at 14-20% depending on the depth of wells.

Upstream

EU: Members of European Parliament have rejected a proposal saying that the EU should work for a total ban on oil drilling in the Arctic.

Cyprus's cabinet approved contracts with France's Total, Italy's Eni, Exxon Mobil and Qatar Petroleum to explore for oil and gas in offshore areas. * ExxonMobil and Qatar Petroleum plan to drill in Cuprus waters in 2018, currently they perform a seismic acquisition program.

Turkish energy minister said that Turkey will foster exploration for oil and gas and will buy a drilling ship to drill in Mediterranean and Black Sea. Turkey believes a part of Cyprus's EEZ – Block 6 – belongs to Turkey, and that it could unilaterally begin exploration there.

Energean has filed a field development plan for the West Katakolo offshore block near the Peloponnese peninsula with estimated 10 million barrels of oil recoverable reserves.

Black Sea Oil and Gas signed a contract with GSP for the drilling of two exploration wells with the Uranius drilling platform in its Midia block, where the Ana and Doina discoveries are. The fields' development plans await approvals from NAMR and ANRE, environmental and construction approvals and authorizations from local and national authorities, an approval from Transgaz, as well as shareholder and partner approvals.

Pipelines Projects and Supply Options

TAP: Italy's top administrative court, said TAP's environmental impact permit, awarded in 2014, met all the conditions needed.

EastMed Project: Israeli and European officials signed a joint declaration to promote construction of the world's longest subsea natural-gas pipeline. This is going to be the longest and deepest subsea gas pipeline in the world, linking Israeli and Cypriot gas to the shores of Greece and Italy. The European Commission co-financed the project's feasibility study which indicated the project is technically possible. The study was conducted by gas infrastructure developer IGI Poseidon – a 50-50 joint venture of Edison and the DEPA.

Turkish Stream: On the Russian stretch of Turkish Stream the drilling of the first section of the micro tunnel has been completed.

Nord Stream 2: European Union has offered to negotiate with Russia on behalf of its member countries about the Nord Stream 2 gas pipeline.

Companies

Energean agreed to farm out 60% of two of its onshore blocks in Greece to Repsol.

PPC trade unions objected the sale of parts of the company claiming that workers have shares in the company through social insurance contributions. PPC unpaid debts to contractors have already reached 900 million euros, while the corporation also owes some 700 million euros to its subsidiaries, the Hellenic Electricity Distribution Network Operator (DEDDIE) and the Independent Power Transmission Operator (ADMIE).

Albgaz: DESFA and the Albanian company ALBGAZ, signed a Memorandum of Understanding to jointly establish a company for the operation and maintenance of the TAP gas pipeline segment crossing Albanian territory.

Romgaz recently announced a 70% discovery rate.

Enel announced that it has paid EUR 401 million following a decision of the International Court of Arbitration for 13.5% of the former Electrica Muntenia Sud. Initially Enel wanted to pay 250 million while the Romania state asked for 500 million EUR.

Naftogaz: A working group to reform Naftogaz Ukrainy has drawn up a scheme for transferring property from Ukrtransgaz to Trunk Gas Pipelines of Ukraine. * Naftogaz Ukrainy has invited interested companies to use available gas transport capacity booked by Naftogaz at Budince. Naftogaz will reserve the right to accept or reject any capacity request prior to concluding an agreement as well as to cancel the application procedure at any time with no liability towards applicants. * Naftogaz announced a net profit of $984 million, which was mainly achieved through profit from its transit operations, while wholesale gas sales delivered losses of $108 million, 2016 results show.

Ukrnafta intends to revise some joint operations projects, to better control the implementation of the investment program and distribute funds in a more transparent way.

Yuzgaz B.V was unlawfully bared from participating in the product sharing agreement (PSA) on the Yuzivska field and the company's application should be reconsidered, Kyiv's district administrative court has ruled. Ukrainian government objected court ruling and filed a counterclaim.

Rosneft has signed a deal to supply 10 LNG cargoes to the Egyptian Natural Gas Holding Company. The company declined to comment on the sourcing of the cargoes for Egypt.

Gazprom has filed a counterclaim against a ruling of Kyiv's business court of appeals ordering the collecting of UAH 172 billion of a fine and penalty for abuse of dominant position. * *Gazprom* and National Iranian Oil Company signed a Memorandum of Understanding, according to which the parties will examine the avenues for cooperation in the field of hydrocarbon prospecting, exploration and production within Iran. * Gazprom Export has concluded a framework agreements for access to pipeline systems with Slovakian TSO Eustream and Czech TSO Net4Gas.

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EU

IGA

The European Parliament and the Council of the EU have adopted new rules for increasing the transparency and compliance with EU law of intergovernmental agreements (IGAs) in the field of energy that EU countries sign with non-EU countries. These rules closely follow a proposal made by the European Commission in February 2016.

Rules about energy-related IGAs were first established in 2012. Since then, EU countries have been required to submit these IGAs concluded with non-EU countries to the Commission after signing them. The Commission then checks whether they are compliant with EU law. However, in the current system, if an IGA is found by the Commission to be not compliant with EU law, it may not be possible to renegotiate the IGA, for both legal and political reasons.

To avoid this, the Parliament and the Council have now decided that IGAs with non-EU countries in the gas and oil sectors must be submitted to the Commission before they are signed, so that they can be checked for compliance with EU law. IGAs concerning electricity will also have to be submitted to the Commission, but only after signing, as is the case now.

The new rules are in accordance with the EU's Energy Union strategy. It aims to deliver a more integrated and better functioning internal energy market that can ensure security of supply and a successful transition to clean energy while promoting investment, growth and jobs.

Source: EU

Exploration in Arctic Waters

MEPs have rejected a proposal saying that the EU should work for a total ban on oil drilling in the Arctic.

The proposal was part of the European Parliament's report on an integrated EU policy for the Arctic, which was voted on Thursday (16 March).

MEPs voted to remove parts of the report that called for a future total ban on oil drilling and extraction of Arctic oil and gas, and that the EU should pressure international partners to put an end to offshore drilling in Arctic waters.

They let through, however, a paragraph supporting a ban on oil drilling in the icy Arctic waters of the EU and the EEA, a proposal without larger effect as Norway already bans drilling of icy waters.

The Arctic is estimated to hold 22 percent of the world's undiscovered oil and gas resources. The melting of Arctic ice is unlocking new opportunities in the form of shipping routes and gas and oil stocks, which could further hurt the environment.

The parliament's position is non-binding, but Norway has taken it very seriously nonetheless.

In the last few weeks, Norwegian MPs have travelled to Brussels in a bid to persuade MEPs to remove the controversial references.

Eirik Sivertsen, chair of the Norwegian parliament's delegation for Arctic cooperation, has furthermore sent a letter to MEPs saying that climate change “cannot be solved by symbolic actions.”

“The problems of climate change were not created in the Arctic and cannot be solved in the Arctic alone," he said.

There have also been calls for the Norwegian EU minister, Frank Bakke-Jensen, to resign over his handling of the situation.

Norway was the first industrial country in the world to ratify the 2015 climate Paris agreement, but all parties are committed to continue Arctic oil drilling.

Green pressure groups have taken legal action against the Norwegian government in an attempt to force it to stop offering new drilling licenses for the Barents Sea.

The European Parliament debated the report on Wednesday evening.

Estonian liberal, Urmas Paet, a co-rapporteur, reminded MEPs that the EU is dependent on Norway if the bloc wants to reduce its dependence on Russian oil and gas. He argued that there is a need to respect international law, in reference to the law of the sea, which states that coastal states are sovereign to enjoy resources on the continental shelf.

Finnish centre-right MEP Sirpa Pietikainen, the other author of the report, told EUobserver that the centre-right EPP group didn't back the ban on Arctic drilling.

Pietikainen said it was nonetheless problematic that "anyone is drilling for more fossil fuels anywhere in the world, and in such sensitive areas as the Arctic in particular".

She argued that there was also a "carbon bubble", the idea that it's economically futile to invest in fossil fuels when most of the existing oil and gas reserves have to stay in the ground if we are to survive as a civilisation.

Pietikainen added that even if the report was non-binding, it was important because it could feed into EU legislation at a later stage, and this was what had made Norway nervous.

The parliament, in its final report, asked to step up cooperation between Arctic members so as to better protect the unique ecosystem. It spoke of the importance of listening to indigenous people, such as the Sami, and calls for the creation of a research centre - financed by the EU.

The Arctic's temperature has increased steadily over the years, around twice as fast as the global average. Sea ice has shrunk significantly - there is around 40 percent less than the amount in summer 35 years ago.

Source: EuObserver

Gazprom’s Commitments Proposed

The European Commission invites comments from all interested parties on commitments submitted by Gazprom to address the Commission's competition concerns as regards gas markets in Central and Eastern Europe. The commitments will enable cross-border gas flows at competitive prices.

Commissioner in charge of competition policy, Margrethe Vestager, said: "We believe that Gazprom's commitments will enable the free flow of gas in Central and Eastern Europe at competitive prices. They address our competition concerns and provide a forward looking solution in line with EU rules. In fact, they help to better integrate gas markets in the region.

This matters to millions of Europeans that rely on gas to heat their homes and fuel their businesses.

We now want to hear the views of customers and other stakeholders and will carefully consider them before taking any decision."

Gazprom is the dominant gas supplier in a number of Central and Eastern European countries. In April 2015, the Commission sent a Statement of Objections expressing its preliminary view that Gazprom had been breaking EU antitrust rules by pursuing an overall strategy to partition Central and Eastern European gas markets.

In the Commission's view, the commitments offered by Gazprom cover its competition concerns. They help to better integrate Central and Eastern European gas markets, facilitating cross-border gas flows at competitive prices.

In particular, the Commission considers that Gazprom's commitments meet its objectives regarding each of the competition concerns, namely by ensuring that: restrictions to re-sell gas cross-border are removed once and for all and facilitating such cross-border flow of gas in Central and Eastern European gas markets; gas prices in Central and Eastern Europe reflect competitive price benchmarks; and

Gazprom cannot act on any advantages concerning gas infrastructure, which it obtained from customers by having leveraged its market position in gas supply.

The Commission now invites all stakeholders to submit their views on the commitments within seven weeks of their publication in the Official Journal. Taking into account all comments received, the Commission will then take a final view as to whether the commitments are a satisfactory way of addressing the Commission's competition concerns.

If this is the case, the Commission may adopt a decision making the commitments legally binding on Gazprom (under Article 9 of the EU's antitrust Regulation 1/2003). If a company breaks such commitments, the Commission can impose a fine of up to 10% of the company's worldwide turnover, without having to prove an infringement of the EU antitrust rules.

More generally, effective competition in Central and Eastern European gas markets does not only depend on the enforcement of EU competition rules but also on investment in gas supply diversification, well-targeted European and national energy legislation and their proper implementation. This is why it is a key priority of the Commission to build a European Energy Union.

Source: EU

Albania

Albgaz

Hellenic Gas Transmission System Operator (DESFA) SA and the Albanian company ALBGAZ sh.a, signed yesterday, April 12, in Tirana, Albania, a Memorandum of Understanding (MoU). As the MoU serves, DESFA and ALBGAZ will jointly establish a company for the operation and maintenance of the TAP gas pipeline segment crossing Albanian territory, as well as the provision of expertize and training by DESFA to the new joint venture.

The new company will have its headquarters in Tirana, Albania. Further details regarding the final corporate structure and partnership will be determined in due time by the Working Group set up for this purpose.

The memorandum was signed on behalf of DESFA by the President and Chief Executive Officer, Mr. Sotirios Nikas and Mr. Klodian Graded, Chief Executive Officer of ALBGAZ.

Source: DESFA

Azebaijan

Total

Total and SOCAR, the national oil company of Azerbaijan, have signed an agreement establishing the contractual and commercial terms for a first phase of production of the Absheron gas and condensate field, located in the Caspian Sea and discovered by Total in 2011.

"I'm delighted with this agreement, which we sign on the occasion of the 20th anniversary of Total's presence in Azerbaijan, and which represents an important step to monetize the Absheron discovery made by Total in 2011" said Patrick Pouyanné, Chairman and CEO of Total. "This agreement was made possible by the close cooperation between Total and SOCAR, which has allowed us to design a cost-competitive development scheme by tying the field to existing infrastructure in order to deliver gas at a competitive price".

The development involves the drilling of one well at a water depth of 450 meters. Production from this high pressure field will be around 35 thousand barrels of oil equivalent per day, including a significant portion of condensate. The produced gas will supply Azerbaijan's domestic market.

This first phase of production will also enable a dynamic appraisal of the field for future phases.

Total is the operator of Absheron with a 40% interest alongside SOCAR (40%) and ENGIE (20%).

Source: Total

Belarus

Gas Price

Alexey Miller, Chairman of the Gazprom Management Committee, and Vladimir Semashko, Deputy Prime Minister of the Republic of Belarus, signed today in Moscow the Protocol between Gazprom and the Government of the Republic of Belarus on the pricing procedure for natural gas supplied to Belarus.

The Protocol defines the pricing procedure for 2018–2019. Pursuant to the document, the pricing will be based on a price formula linked to the price of gas in the Yamal-Nenets Autonomous Area.

Over the course of 2017, gas will be supplied under the existing contract.

The Belarusian party fully paid off its overdue debt of USD 726.2 million for the Russian gas supplied by Gazprom in 2016–2017.

Source: Gazprom

Bulgaria

Gas Price

The household electricity price in Bulgaria will rise by nearly 1 per cent, effective April 1, 2017. The increase, varying by electricity distribution company, was discussed by the Energy and Water Regulatory Commission (EWRC) meeting behind closed doors on Thursday, according to BNR.

For the customers of CEZ Bulgaria, the day rate will be 0.96% higher, or 0.17384 leva/kWh, and the night rate 0.99% higher, or 0.10021 leva/kWh.

Business customers will also pay a higher price for electricity, due to a nearly 3.5 % increase in the public obligation component, from 35.77 leva/MWh to 37.02 leva/MWh.

The extraordinary rise of electricity prices was necessitated by a 29% appreciation of natural gas as from April 1 which, in turn, affects the price of cogenerated electricity.

The EWRC will meet behind closed doors on March 31 to adopt a decision on an increase of the price of natural gas. Several days later, the regulatory commission will also consider the proposals for more expensive heat power.

EWRC Chairman Ivan Ivanov said that the hike of the natural gas price cannot be avoided and postponed until May, when Bulgaria should present a position on the changes in the contracts with Gazprom proposed by the European Commission.

Ivanov also said that water in Sofia will appreciate by 18% as from April 1

Source: Novinite.com

Cyprus

Upstream Activities

Cyprus's cabinet on Friday approved contracts with France's Total, Italy's Eni, Exxon Mobil and Qatar Petroleum to explore for oil and gas in offshore areas south of the island, officials said.

Exploring the Mediterranean's Levant Basin has become more attractive since Eni discovered Egypt's offshore Zohr field in 2015, the biggest gas field in the Mediterranean and estimated to contain 850 billion cubic meters of gas.

The Cypriot concessions cover exploration rights for three offshore blocks off the south and southwestern coast and contracts would be signed on April 5 and 6, Energy Minister Giorgos Lakkotrypis said.

Eni and Total are in a consortium for one of the blocks and Exxon Mobil and Qatar have joined up for another.

Eni will be on its own in a third block.

The blocks were offered in the third licensing round held by Cyprus.

Total, which won rights for another block in a previous licensing round, planned to conduct drilling this year in Block 11, which borders the Zohr discovery, Lakkotrypis said.

Eni said last week said it had finalized a deal with Total to buy a 50 percent interest in Block 11, with Total remaining the operator. The Italian firm planned to drill twice this year, Lakkotrypis said.

"Precisely what block has not yet been defined, that will be ascertained with greater clarity by seismic data," he added.

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Qatar Petroleum (QP) and ExxonMobil will start drilling for oil and gas off the southern coast of Cyprus in 2018, the Qatari firm said after signing an exploration and production sharing contract with the Mediterranean island.

Exploring the Mediterranean's Levant Basin has become more attractive since Eni discovered Egypt's offshore Zohr field in 2015, the biggest gas field in the Mediterranean and estimated to contain 850 billion cubic metres of gas.

State-owned Qatar Petroleum and ExxonMobil were among bidders last year for a contract for Cyprus's offshore Block 10.

"A 3D seismic survey is already underway, as the consortium partners prepare to begin exploration drilling in 2018," QP said in a statement.

To maintain its dominance over competitors in the United States and Australia, QP is cutting costs at its domestic operations and seeking to expand overseas through joint ventures with international oil firms, QP said in February.

Source: Reuters

Georgia

Gas Supplies

Georgian Energy Minister and Deputy Prime Minister Kakha Kaladze said that Georgia's agreement with will allow the country to not depend on Russian gas and instead buy gas from Azerbaijan using transit fees for gas supplied to Armenia.

"By the end of the year all the necessary natural gas will be acquired from Azerbaijan," he told journalists on Wednesday, commenting on changes introduced by the Energy Ministry in its forecast balance of gas for 2017.

He said that Georgia had the possibility of buying gas from both Azerbaijan and Iran. "As of now, we have decided to fully take on natural gas from Azerbaijan," the minister said.

He said that Georgia will have tougher positions at the end of the two-year agreement with Gazprom, since gas storage facilities will be built by this time allowing the country to decrease its dependence on Russian gas.

In January-March, Georgia received a total of 100 million cubic meters of gas from Russia, including 70 million cubic meters in February. The new agreement between Georgia and Gazprom Export on gas transit conditions to Armenia envisages switching to a monetary form of payment for transit costs.

The company guarantees it will pay Georgia for transporting 2 bcm-2.2 bcm per of gas per year through the country for 2017-2018, as well as supply gas to Georgia "on flexible conditions, at a price of $30 less per thousand cubic meter compared to 2016," in other words $185. The price for gas transit has not been revealed and is considered a commercial secret.

According to the agreement, Gazprom will pay for gas transit in 2017 according to a mixed system, partly paying with money and partly through gas, and in 2018 it will only pay in monetary form.

Georgia plans to receive 2.457 bcm in 2017, of which 2.347 billion, or 95.5%, will come from Azerbaijan.

Source: Interfax

Greece

PPC

Just as the Greek government is negotiating with its creditors about the future of the Public Power Corporation, PPC is teetering on the brink of financial collapse, as its liquidity shrinks by the day and new financing of 200 million euros that the power giant is negotiating with the banks has not yet been secured.

In end-April, meanwhile, PPC will have to pay off one more bond worth 200 million euros, having already repaid another of the same value on February 28. If the banks do not approve the new loan by that date, the company will be forced to try averting a default by withholding funds from the electricity market, having already loaded it with unpaid debts in excess of 800 million euros.

In a bid to tackle its liquidity problem, the management of PPC is prioritizing the payment of its obligations. Unpaid debts to contractors have already reached 900 million euros, while the corporation also owes some 700 million euros to its subsidiaries, the Hellenic Electricity Distribution Network Operator (DEDDIE) and the Independent Power Transmission Operator (ADMIE).

At the same time, unpaid electricity bills are adding up to around 2.6 billion euros.

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Workers at Greece's main power utility, Public Power Corp (PPC), will file an appeal to Europe's top human rights court on Tuesday, aiming to block the sale of some company assets and seeking recognition they own a stake in the business.

Part of the state-controlled PPC is due to be sold under Greece's multi-billion euro bailout. But the GENOP-DEH union is opposed to the plan and said on Monday staff should have a greater say, claiming they have a stake in the company from social security contributions accumulated from 1966 to 1999.

"We will file an appeal with the European Court of Human Rights on Tuesday, seeking that our holdings in the company are recognized," said George Adamidis, head of the union representing 18,000 PPC workers.

An earlier attempt to have their claim recognized was rejected by Greece's Council of State, the country's top administrative court.

The state controls 51 percent of PPC, which commands about 90 percent of Greece's retail power market and 60 percent of its wholesale market.

Under an international bailout signed in 2015, Athens agreed to cut both shares to below 50 percent by 2020, mainly via power sales to alternative producers.

But its lenders from the European Union and the International Monetary Fund say that plan has not been effective and they now want the country to also sell up to 40 percent of its coal-fired units.

The issue has been an obstacle in talks to unlock new loans for the cash-strapped country.

GENOP-DEH has accused the government of trying to hold a fire-sale of parts of PPC and has warned of labour action if Athens moves ahead with the plan.

PPC operates 14 coal-fired units in Greece, accounting for about half of the company's total production.

Energy Minister George Stathakis told Athens News Agency on Sunday the government would safeguard jobs at PPC and support every effort to keep its assets under state control.

Stathakis said lenders were pushing Greece to sell PPC assets after a European court ruled last year that PPC had abused its dominant position in the country's coal market.

Greece, PPC and its lenders will hold talks until autumn to specify which coal-fired units will be sold, he added.

Sources: Kathimerini, Reuters

Energean

Energean Oil and Gas, a Greek energy company, has filed a field development plan for the West Katakolo offshore block near the Peloponnese peninsula.

According to Energean, the West Katokolo is the first field ever to enter an exploitation phase in Western Greece.

The info has been shared by the company via social media channels. According to the update released on Tuesday, drilling is expected to start in 2019, with the first oil expected in 2020. To remind, it has been reported previously that the company would start extended-reach drilling from an onshore location to the offshore reservoir in 2018.

Offshore Energy Today has reached out to Energean seeking more info on the development concept.

In an e-mail sent to Offshore Energy Today, the company’s spokesperson explained that the drilling start-up in 2019 takes into account the time needed to implement the Environmental Study Impact Assessment (ESIA) and approval after public consultation.

“It is also likely that drilling will be avoided during the summer months in order to minimize any inconvenience to tourist activity,” the spokesperson added.

The investment needed is estimated to be 50-60 million dollars. It is estimated that West Katakolo oil field (proven field, as oil and gas tested in the ‘80s) has circa 10 million barrels of oil recoverable reserves (2C).

The spokesperson pointed out that, although it is a relatively small field, oil production from West Katakolo should be significant for the hydrocarbon sector in Greece, as it would be the first field producing in the western part of the country and only the 2nd in the North Aegean area, where oil (Prinos, North Prinos) and gas (South Kavala) has been producing since 1981.

The Final Investment Decision for the project is expected after the approval of the ESIA.

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Energean Oil & Gas has agreed to farm out a 60 percent interest in its Ioannina and Aitoloakarnania blocks, onshore Western Greece, to Repsol.

The Spanish oil and gas firm, which will become the operator for both blocks, plans to acquire a 2D seismic survey over the Ioannina block in 2017/2018, and an FTG and a 2D seismic survey over the Aitoloakarnania block in 2018/2019.

The agreement is subject to the approval of the Greek Government and the signing of the Aitoloakarnania License Agreement between Energean and the Greek Government.

“We are delighted that Repsol has agreed to farm into Energean’s Ioannina and Aitoloakarnania blocks, which represents a significant step forward for the development of the Greek oil and gas sector,” Mathios Rigas, chairman and CEO of Energean Group, said in a company statement.

“Repsol’s expertise and Energean’s knowledge of the area’s geology will undoubtedly drive forward the possibility of making new discoveries in Western Greece, and developing this region as a significant new oil and gas province,” he added.

Sources: Offshoreenergytoday.com, Rigzone

Romania

Gas Price

Romania's gas market is not ready for a sudden price liberalization planned for next month, as the final price for households could jump, the Federation of Associations of Energy Utility Companies, ACUE, said on Friday, quoted by seenews.com.

Although it fully supports the liberalization of the gas market in Romania, ACUE thinks the process should be carried out gradually, it said in a press release.

The Romanian natural gas market has been gradually liberalised from 2001 to July 1st 2007, when it was fully opened for all customers who are now able to choose their own supplier. Also, from 2007 to 2015, the market has been liberalised for non-household customers but the process has been postponed several times for household consumers.

One of the main reasons why ACUE is in favour of postponing this change in the gas market, which is to take place on April 1, is that it will lead to a price increase for households and for heating energy producers which are currently benefiting from a purchase price of gas set by the government.

The natural gas price on the regulated market currently is 60 lei ($14/13 euro) per MWh. Deregulation will result in an immediate increase of the cost for the free market, which currently stands between 72 and 80 lei per MWh, ACUE said.

For winter 2017-2018, ACUE forecasts an increase in the cost of natural gas, which is expected to reach 100 lei per MWh in the third quarter and 104 lei/MWh in the last quarter.

This will happen in the absence of a fair price for gas from domestic production, experts said.

The federation pointed out that there is a very high probability that domestic producers will set their selling prices at a value close to the price of imported natural gas, which is likely to affect the continuity and safety of gas supply and lead some market participants to bankruptcy, primarily heating energy producers but also some natural gas suppliers.

On the other hand, the experts believe that the gradual deregulation of natural gas purchases does not hamper increased competition given that any customer, including households, can change its natural gas supplier. "This does not currently happen in a meaningful manner precisely because the natural gas market in Romania lacks mechanisms to generate adequate liquidity and thus create customer requirements so that consumers have more options regarding the choice of supplier," ACUE argued.

Established in May 2012, ACUE Federation has 30 members, including powerful groups in the electricity and gas sectors: E.ON România, ENGIE România, ENEL România, CEZ România, C.N.T.E.E. Transelectrica SA, Societatea Energetic? Electrica SA, WIEE, WIROM GAS, GAZ EST, with a total of about 27,000 employees and an aggregate annual turnover of over 5.5 billion euro ($5.83 billion).

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The final tariff of gas for household consumers will increase by 1-2% as of April 1, when the price of domestic gas will be liberalized, said on Tuesday, Niculae Havrileţ, Chairman of the National Energy Regulatory Authority (ANRE), during a debate on the topic.

“ANRE will continue to set the final gas price for household consumers. The price will be determined annually, following that any differences are to be recovered in the following year,” Havrileţ said.

He noted that in the following days ANRE will issue an order to approve a final regulated price that suppliers on the regulated market will have to comply with.

“Basically, in regard to the final price, as of April 1 will be a modest 1-2% adjustment for household consumers for the entire natural gas year from now until April 1, 2018. If during this period there will be differences against the price set now, we will discuss at that time whether a new adjustment is needed, but not less than 5%. We do not get involved unless there are differences larger than 5% above this price,” Havrilet said.

Havrileţ said that ANRE will calculate the final price as of April 1 starting from the current price of RON 60 per MWh for domestic gas, but in the future the authority will not be able to set reference prices.

He also explained that, if during the next natural gas year, i.e. April 2017-April 2018, there will be large differences between the market price and the one considered by ANRE, it is to be taken into account the possibility of adjustments on quarterly or half-year basis. “This will happen if the differences exceed 5%. If the differences are not larger than 5%, we will work in this way and see next year what is to be done,” Havrileţ added.

Sources: Actmedia, Romaniajournal.ro

Tax Regime

The actual average rate of royalties and other similar taxes increased from 15% in 2014 to 15.7% in the first half of 2015 and to 16.9% at the end of 2015, reaching 17.5% in 2016, according to a study by consulting firm Deloitte, at the request of the Romanian Petroleum Exploration and Production Companies Association (ROPEPCA).

Deloitte calculated an average tax rate of 10% across Europe in 2015, but did not provide data for last year.

The actual tax rate in Romania was calculated as average of royalties and similar taxes paid (royalties from oil and gas, additional taxes and taxes on special constructions – pole tax), against the revenues of the main players on the Romanian market, respectively ROMGAZ (22.5% – the actual tax rate in 2015 and 21.8% in 2016) and OMV Petrom (14.7% – the actual tax rate in 2015 and 15.9% in 2016).

“Despite the general downward trend observed in European countries (average royalties and other specific tax fell to 10% in 2015 against 11.7% in 2014), the actual tax in Romania in the sector upstream has increased,” the survey reveals.

The nominal rate of the tax on constructions fell from 1.5% to 1% since 2015.

In Romania there are more than 400 oil fields and more than 13,000 operating wells. However, Romania has one of the lowest production rates per well as compared to other European countries (21 boe/well/day as compared to 2,350 barrels/day in Norway, 964 in Denmark, 363 in the UK and 271 in Italy).

The oil fields have a high degree of fragmentation and the identifying of new reserves often requires deep drills.

Deloitte says that, according to statistics on the energy industry in the European Union, the upstream oil and gas in Romania has the largest number of employees compared to other EU countries (25,600 employees out of a total of 77,900 employees in all European countries).

Source: The Romania Journal

Black Sea Oil and Gas

lack Sea Oil & Gas SRL (“BSOG”) together with its co-venture partners announces the awarding of a contract for the drilling of two offshore exploration wells located in the XV Midia Shallow Block, Romanian Black Sea continental shelf, to the local offshore drilling services provider GSP Offshore SRL (“GSP”).

The cantilever-type jack-up drilling rig “GSP Uranus” has been contracted by BSOG for the drilling of the two exploration wells in water depths up to 100m scheduled to commence in Q4 2017. Auxiliary services such as aviation, logistics and offshore service vessels to support the drilling operations have also been contracted with GSP.

Mark Beacom, BSOG Chief Executive Officer, commented: “The Midia Block Concession Holders are targeting prospects that not only could add to the resource base of the Concession Holders but, more importantly, could feed the Midia Gas Development Project currently consisting of the Ana and Doina discoveries that is currently heading towards development approval”.

BSOG is currently obtaining all the approvals required to develop the Midia Gas Development Project. These approvals include NAMR and ANRE approvals, environmental and construction approvals and authorizations from local and national authorities, Transgaz approval as well as shareholder and partner approvals. Although there are many regulatory challenges ahead the partner group is targeting obtaining these approvals in 2017. Once this has been achieved then it will take a further 2 years to build the offshore platform, drill the development wells, lay the offshore and onshore pipelines and construct the Gas treatment plant.

Black Sea Oil & Gas SRL, wholly owned by Carlyle International Energy Partners, is a Romanian based independent oil and gas company, targeting exploration and development of conventional oil & gas resources. The company's current portfolio is made up of XV Midia Shallow Block and XIII Pelican Block concession in the Romanian Black Sea where it is the operator and holds a 65% interest.

Source: Black Sea Oil and Gas

Enel

Enel officials announced the completion of the transaction by which the Romanian state has received EUR 401 million. The amount represents the takeover of 13.5% of the former Electrica Muntenia Sud.

Enel had to pay the Romanian state the amount of EUR 401 million following a decision of the International Court of Arbitration in Paris made in February, according to Economica.net.

Enel and the Romanian state, represented by SAPE (the Society for Energy Ownership Management) had a lawsuit regarding a provision in the privatization contract of Electrica Muntenia Sud, the largest electricity distribution company, sold to the Italian company in 2007. The state requested the Italian company the amount of EUR 500 million for 13.57% of the shares, according to the privatisation contract.

Initially, Enel wanted to terminate the conflict before it reached the international arbitration, and had offered the state EUR 250 million. The Energy Ministry, led at the time by Răzvan Nicolescu, did not agree, and steps were initiated in 2014 according to the law against the Italian company. The state demanded EUR 520 million in court.

After the Court's decision, Enel said it will not challenge the decision and will pay the Romanian state all the money in one instalment.

Source: The Romania Journal

Romgaz

For Virgil Metea, general manager of Romgaz, the liberalization is a challenge. “From a personal point of view, the liberalization is a challenge, perhaps because we have to answer some questions, about how prepared we are, regarding what competition means, what monitoring means and what tax regime means”, said Metea, quoted by Agerpres

Virgil Metea, general manager of Romgaz said that the rate of discovery of the company is over 70%, which is very good and stimulating for the market. “Now we, whenever we had such success, we announced it. For example, we had discoveries at Cris, and in Moldova, somewhere in Frasin, in northern Muntenia, at Caragele, and have been communicated. That includes the discovery at the Black Sea, where we are partners with Lukoil, and given that we had positive results, we wanted to bring into attention the fact that we had a breakthrough there”, said Metea.

Source: Actmedia

Slovenia

Ascent

Colin Hutchinson, CEO of Ascent Resources reported that commercial production has commenced from well Pg 10. Today marks the Company's official shift from explorer to producer. Bringing Pg-10 into production is the first step in Ascent's development plan. They are moving to the recompletion of Pg-11A, which will begin later this month, and this will be followed by the commencement of export sales.

Ascent holds a 75% interest in the Petišovci Project with the remaining 25% held by its Joint Venture (“JV”) partner Geoenergo. The current concession was awarded to Geoenergo in 2002 and is due for renewal in 2022.

The field contains independently verified P50 contingent gas resources of 456 Bcf based on a report by RPS which was prepared in 2011 and updated in 2013.

Ascent has been involved in the project since 2007 on which over €43 million has been spent to the end of 2016. Ascent is liable for 100% of the costs and in return will receive 90% of the revenues until all costs are recovered.

The Company drilled two wells, Pg-10 and Pg-11 in 2010/2011 which demonstrated that gas could be flowed in commercial volumes from previously unproduced (Pg-10) and previously undiscovered (Pg-11A) reservoirs.

Since the wells were drilled the Company has been working to bring gas to market. Following agreements signed in July 2016 the expectations are to begin selling gas in Q1 2017. The development of the field is expected to take place in two phases.

Source: Ascent

Turkey

Upstream Activities

Supply security, the prioritization of national resources and a predictable market will be the centerpieces of Turkey's new national energy strategy, Energy Minister Berat Albayrak said at a press meeting on April 6.

He vowed that Turkey would focus its energy diversification efforts on local resources as part of a detailed plan that includes ambitious targets to decrease the country's dependence on foreign resources in energy and boost Turkey's capabilities in energy production and electricity infrastructure.

Turkey will conduct seismic studies for oil and gas drilling activities, he said, noting that exploration would occur in two areas in the Black Sea and two in the Mediterranean.

"We will open two wells for each in these seas with a drilling ship on an annual basis. We plan to buy this ship over the year. This will be a first for Turkey," he said.

Albayrak also said Turkey would produce a complete geophysical map of its territory to acquire a full picture of its natural resources.

"We aim to complete the map by 2018," he said.

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Tensions between Nicosia and Ankara could escalate next week as there are fears that Turkish plans to perform deep-sea drilling and seismic surveys for oil and natural gas resources in the Eastern Mediterranean could be carried out within Cyprus's exclusive economic zone (EEZ), where the island's government announced on Tuesday it will conduct its own research.

Turkish Energy and Natural Resources Minister Berat Albayrak has said that his country will launch exploration – as early as next week – in the Mediterranean and Black Sea, and that it will be conducting more active two- and three-dimensional seismic surveys in both locations.

Greek concerns stem from the fact that Turkey believes a part of Cyprus's EEZ – Plot 6 – belongs to its continental shelf, and that it could unilaterally begin exploration there.

Moreover, there could more tension in the first two weeks of July as French energy giant Total plans to drill in Plot 11 of Cyprus's EEZ.

The volatility is also fueled by the fact that Turkey believes Cyprus is unilaterally exploiting its gas reserves without the consent of the Turkish Cypriots, who live in the Turkish-occupied north of the island.

Disagreement over the exploitation of the island's energy reserves has also pervaded the UN-backed Cyprus peace talks between President Nicos Anastasiades and Turkish-Cypriot leader Mustafa Akinci, who insists that drilling for gas in the island's EEZ should be postponed until there is a settlement to the decades-long dispute. Anastasiades has responded saying that Cyprus's sovereign rights are not up for negotiation.

Sources: Ekathimerini, Hurriyet Daily News

Ukraine

Gas Price

Ukraine in 2016 imported 1.61 billion cubic meters (bcm) of natural gas for a total of $394 million.

Thus, according to the State Statistics Service, the average price of gas imported by the country in January was $244.6 per 1,000 cubic meters against $228.8 in December 2016.

Last year Ukraine from counterparties in Switzerland received 744.999 million cubic meters of gas for $182.928 million ($245.5), from Germany 455.018 million cubic meters for $112.961 million ($248.3), France 143.554 million cubic meters worth $35.699 million ($248.7), Poland 109.504 million cubic meters for $24.365 million ($222.5), the UK 95.993 million cubic meters for $23.471 million ($244.5), Slovakia 25.897 million cubic meters for $6.35 million ($245.2), Luxembourg 15.28 million cubic meters for $3.306 million ($216.4), Austria 14.37 million cubic meters for $3.515 million ($244.6), Hungary 5.875 million cubic meters for $1.405 million ($239.2).

As reported, with reference to the service, Ukraine in 2016 imported 10.905 billion cubic meters of natural gas for a total of $2.191 billion. All gas was imported from Europe.

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National joint-stock company Naftogaz Ukrainy from April 1, 2017 will cut the price of gas sold to industrial consumers on a prepayment basis by 10.3% or UAH 878.40, to UAH 7,675.20 per 1,000 cubic meters (VAT included).

According to a company press release, this price is relevant for consumers buying gas in the amount of more than 50,000 cubic meters per month and under the condition the companies have no debts to Naftogaz.

The price for other customers next month will fall by 9.8%, or UAH 922.80, to UAH 8,516.40 for 1,000 cubic meters (including VAT).

As reported, the price of gas for industrial consumers on a prepayment basis and without debts in January 2016 was set at the level of UAH 6,940. By May it dropped to UAH 5,910 and then in August for a short period rose to UAH 6,560. After that it was again lowered to UAH 6,040 in September. In October last year Naftogaz raised it to UAH 6,340, in November to UAH 7,380, and in the next two months it stood at UAH 7,750-7,780 (all including VAT).

In January 2017 the price for industrial consumers on a prepayment basis and without debts was set at UAH 7,551.60 per 1,000 cubic meters, in February – UAH 9,214.80 and March – UAH 8,553.60.

From October 1, 2015, the regulation of gas prices for all categories of consumers, apart from households and companies supplying heat to households, was annulled. Naftogaz now supplies gas to industrial consumers, budget-funded organizations and other economic entities as the market dictates.

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.

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The price of natural gas bought by NJSC Naftogaz Ukrainy from European suppliers, which is to be delivered in May 2017, is $25-30 per 1,000 cubic meters lower than the price stipulated in a contract with Gazprom, Naftogaz Chief Commercial Officer Yuriy Vitrenko said.

"We've completed buying planned volumes of imported gas in May. [It is] from Europe. The price of gas from Europe to be delivered in May was lower by $25-30 from the price under the contract with Gazprom in the second quarter of 2017," he wrote on Facebook on Thursday.

Vitrenko recalled that Naftogaz had not buying gas from Gazprom for more than 500 days.

He stressed that the terms of the purchase from Gazprom for Naftogaz are still unacceptable, because the Ukrainian company's payments can be used to set off "take-or-pay" liabilities without supplying gas.

Vitrenko added that Naftogaz bought gas from leading European companies for May, using a loan from international banks against a World Bank guarantee at an interest rate of 3%.

Source: Interfax Ukraine

Gas Royalties

Ukrainian Prime Minister Volodymyr Groysman has said that gas royalty should be reduced to the level of 12% from 2018 for all producers, he said in parliament on Friday.

"Recently at a meeting with Petro Poroshenko Bloc we discussed the creation of favorable conditions [for boosting gas production]. There are two most crucial conditions: gas royalty should be reduced from 2018 and the single royalty for all producers of 12% should be introduced. I think that this approach could be acceptable and we would be able to speed up production. The second approach is deregulation," the prime minister said.

As reported, at present gas royalty is set at 14-20% depending on the depth of wells.

At the end of 2016 parliament rejected a bill cutting royalty to 12%.

Source: Interfax

Ukrnafta

Public joint-stock company Ukrnafta intends to revise some joint operations projects, the press service of the company has reported, referring to Ukrnafta Head Mark Rollins.

"We are going to revise some joint operations agreement to better control the implementation of the investment program and distribute funds in a more transparent way," the press service said, citing him.

The company also said that negotiations with international companies on cooperation under new joint operations projects are being held. This could bring additional investment and modern technologies.

"The attraction of investment in three areas is being considered: exploration of fields (drilling of vertical and deflected wells, rat holes, horizontal wells with multi-stage hydraulic fracturing, water flooding, 3D seismic exploration works, modernization of gases draining-out networks at old wells), modernization of gas processing plants and upgrade of the drilling rig fleet," the press service said.

As reported, Naftogaz Ukrainy holds 50% plus one share in Ukrnafta, Privat Group holds about 42% of the shares.

Source: Interfax

Naftogaz

A working group to reform national joint-stock company Naftogaz Ukrainy has drawn up a scheme for transferring property from public joint-stock company Ukrtransgaz to public joint-stock company Trunk Gas Pipelines of Ukraine without tax liabilities and unbearable expenses for the new operator, Deputy Prime Minister Volodymyr Kistion has said.

"We have understanding how to transfer property to Trunk Gas Pipelines of Ukraine. The scheme we have selected will be thoroughly studied jointly with European partners from the Secretariat of the Energy Community. I hope that our decision will be analyzed and backed by the Secretariat and soon we would find a consolidated decision that we would implement into life," the press service of the Cabinet of Ministers reported, citing Kistion.

Along with the transfer of property to the new operator of the Ukrainian gas transport system, the working group also made a decision on financing it. The Energy and Coal Industry Ministry jointly with other interested ministries has drawn up a bill amending the law on the national budget for 2017, which will be presented to the government.

"We have proposed the optimal decision for the further implementation of the Naftogaz Ukrainy unbundling plan. I hope that our documents would be approved as soon as possible and we would switch to their practical introduction," he said.

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National joint-stock company Naftogaz Ukrainy has invited interested companies to use available gas transport capacity booked by Naftogaz at Budince interconnection point on the Ukrainian-Slovak border for April 2017.

Naftogaz said that this would ensure stable supply of natural gas to Ukraine and increase competition in the domestic gas market.

"All interested companies are welcome to discuss conditions for the use of available capacity. Naftogaz is offering gas suppliers a flexible cooperation framework depending on volumes and supply period," the company said.

The letters of the companies should specify the expected transmission volume and period, as well as the supplier's shipper code obtained from the Slovak transmission system operator Eustream, a.s.

If the requested capacity is available in the specified period, Naftogaz will provide the counterparty with the list of documents required for verification procedures and a standard confidentiality agreement. Upon the completion of the procedures, Naftogaz will send the counterparty a commercial offer.

"Available capacity will be awarded to the companies as the relevant agreements are concluded. Naftogaz reserves the right to accept or reject any capacity request prior to concluding an agreement as well as to cancel the application procedure at any time with no liability towards applicants," Naftogaz said.

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The company's press service said its audited financial statements as a separate non-consolidated legal entity indicated that "beginning in 2016, Naftogaz has turned from a recipient of budgetary assistance to a donor to the state budget."

"In 2016, Naftogaz received a net profit for the first time in five years. According to the results of 2016, Naftogaz received a net profit of 26.5 billion hryvnia ($984 million), which was mainly achieved through transit profit," the firm said.

Its plan to pay the Ukrainian government dividends of $492 million, or 50 percent of profits, is expected to be finalized by the Ukrainian cabinet by April 30.

Naftogaz posted losses of $929.5 million in 2015.

Natural gas transit proved to be the Ukrainian company's most profitable segment at over $1 billion, while wholesale gas sales delivered losses of $108 million.

Sources: Interfax, Sputniknews.com

Yuzgaz

Kyiv's district administrative court has declared unlawful the decision of Ukraine's Cabinet of Ministers not to allow Yuzgaz B.V. (the Netherlands) to participate in the product sharing agreement (PSA) on the Yuzivska field (Kharkiv and Donetsk regions) and obliged the government to resume the consideration of the company's application.

The court ruling was published in the unified court ruling register on March 20.

"The court established that Yuzgaz had invested funds to buy tender documents linked to PSA… The total investment exceeds $100,000. The company also paid $800,000 in advance for participation in the PSA. Article 6 of the agreement on promotion and reciprocal protection of investments between the Netherlands and Ukraine says that no agreement side would take measures depriving citizens of other side of the agreement of their investment. The court has come to the conclusion that the government after making this decision actually deprived the claimant of the right to fully use its investment potential," the court said.

As reported, on November 2, 2016, the government decided not to permit Yuzgaz B. V. to participate in the PSA for the Yuzivska field.

Yuzgaz founder is Emerstone Energy investment fund, part of Emerstone Capital Partners of businessman Jaroslav Kinach.

Source: Interfax

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Ukraine's Cabinet of Ministry has filed a counterclaim against a ruling of Kyiv's district administrative court declaring invalid the decision of Ukraine's Cabinet of Ministers not to allow Yuzgaz B.V. (the Netherlands) to participate in the product sharing agreement (PSA) on the Yuzivska field (Kharkiv and Donetsk regions).

The information has been posted on the Judicial Power of Ukraine portal.

The counterclaim was filed on March 30.

As reported, Kyiv's district administrative court on March 20 obliged the government to resume the consideration of the Yuzgaz's application for the Yuzivska field.

On November 2, 2016, the government decided not to permit Yuzgaz B. V. to participate in the PSA for the Yuzivska field.

Yuzgaz founder is Emerstone Energy investment fund, part of Emerstone Capital Partners of businessman Jaroslav Kinach.

Source: Interfax

Gazprom

Russia's PJSC Gazprom has filed a counterclaim against a ruling of Kyiv's business court of appeals ordered to collect UAH 172 billion of a fine and penalty for abuse of monopoly, Head of Ukraine's Antimonopoly Committee Yuriy Terentiev has said.

Source: Interfax

Uzbekistan

Gas Export

Uzbekistan and Russian energy company Gazprom have agreed terms for Uzbek natural gas supplies to Gazprom for five years, media report.

Miller, who visited Uzbekistan for talks with President Shavkat Mirziyoyev, said they had discussed a contract spelling out the terms of supplies, but provided no details.

Gazprom bought 6.2 billion cubic metres of gas from Uzbekistan last year.

President Mirziyoyev on March 29 received Deputy Chairman of the Board of Directors and Chairman of the Management Committee of Russian energy company Gazprom Aleksey Miller in Tashkent.

They discussed expansion of the mutually beneficial cooperation on development of the oil and gas complex in Uzbekistan, including in the framework of the programme on increasing extraction of hydrocarbons for 2017-2021.

Source: Akipress

Pipelines and Supply Options

TAP

Approval was given on 27 March by the Council of State, Italy's top administrative court, arbitrating cases concerning state administration and the government.

In its ruling, the top administrative court said TAP's environmental impact permit, awarded in 2014, met all the conditions needed.

TAP is a part of the Southern Gas Corridor which is one of the priority energy projects for the European Union.

But the next day, activists and police clashed during a protest against the construction of TAP in the Puglia region of southern Italy.

Some 300 people turned out in the village of Melendugno to denounce the removal of 211 olive trees. Protesters cite environmental concerns and fears of a detrimental impact to tourism in the area.

They have suggested that the line be moved further north to pass through the industrial city of Brindisi.

The conflict is not new. Last October, an official from SOCAR, the Azerbaijan state energy company, warned that TAP is at risk because of scepticism from the local society in southern Italy, and also probably political goals.

There is a risk for the realisation of the Trans-Adriatic pipeline (TAP), which is part of the Southern gas corridor, due to delays in issuing permits by the local authorities in the Italian region of Puglia, Vitaly Baylarbayov, deputy Vice President of SOCAR told EURACTIV in an exclusive interview.

He explained that the pipe arriving from the sea crosses the coast underground and reaches surface eight kilometres further. This would be done by digging a micro-tunnel with the most up-to-date equipment.

The SOCAR official stressed that TAP leaves no mark on the coast and that the company in charge of the project is ready for a "titanic effort" to dig up and move the olive trees. They would be moved, together with their roots and with the soil, with special machines, and planted at another site, under the supervision of Italian scientists.

The trees will spend two years in their temporary location, and then they will be returned back to their original one. The official insisted that the pipe will be underground.

Source: Euroactiv

EastMed Project

Aiming to transform the Eastern Mediterranean into a regional energy hub, Israeli and European officials signed a joint declaration on Monday to promote construction of the world's longest subsea natural-gas pipeline.

"This is the beginning of a wonderful friendship between four Mediterranean countries – Israel, Cyprus, Greece and Italy," National Infrastructure, Energy and Water Minister Yuval Steinitz said at a press conference in Tel Aviv. "This is going to be the longest and deepest subsea gas pipeline in the world. It's a very ambitious project."

The unprecedented $6-7 billion plan involves building a privately funded 2,200- km. deep-sea pipeline linking Israeli and Cypriot gas to the shores of Greece and Italy.

After a recent feasibility study indicated the daunting project is technically possible, the energy ministers of the four countries and the energy commissioner of the European Union came together Monday for their first quadrilateral meeting to promote the plans. If all proceeds as expected, the ministers hope to see gas flowing through the pipeline by 2025.

Cañete expressed his confidence that the plans would meet commission requirements and receive further financial backing for continued research but acknowledged that the European Commission cannot yet make definite commitments, Because the pipeline is considered an EU Project of Common Interest, the European Commission co-financed the project's feasibility study, which was conducted by gas infrastructure developer IGI Poseidon – a 50-50 joint venture of Italian energy company Edison and the Greek DEPA Group.

IGI Poseidon is open to potential new partners, though the company remains the project owner until a final investment decision occurs, he explained.

As both a transit country and gas producer for the potential pipeline, Cyprus also has much to gain from partaking in this ambitious project, according to Cypriot Energy, Commerce, Industry and Tourism Minister Yiorgos Lakkotrypis.

"We consider the Eastern Mediterranean pipeline as a manifestation of our efforts over the past few years," Lakkotrypis said. "We feel that this project can actually showcase the potential of the East Med to create another corridor into the European markets."

Despite the expensive and complicated nature of the project, the ministers expressed confidence that private companies such as IGI Poseidon would deem the plans an attractive investment.

After a recent trip to the US, which included meetings with representatives from several large investment banks, Steinitz recalled that many were interested in this project and other potential gas developments in Israel and Cyprus.

"Especially when they heard that the European energy commissioner was behind it [and] ready to give some assistance, that was very helpful," he said. "This is going to be a private business project, but, first, the four governments should agree on the basic terms and regulatory issues."

Describing the pipeline as a “top priority for the four countries,” Steinitz said the partners decided on Monday to order their directors- general to meet every 60 days with the goal of shaping a quadrilateral memorandum of understanding by the end of 2017.

“It’s going to be a wonderful and very beneficial Mediterranean partnership,” he added.

Source: The Jerusalem Post

Turkish Stream

Gazprom CEO Alexei Miller said in a statement on March 29 that the company aims to finish construction of the Turkish Stream gas pipeline by the end of 2019, Turkey’s state-run Anadolu Agency and Russia’s TASS have reported.

Gazprom plans to start laying Turkish Stream undersea pipes in the second half of this year, according to the statement.

It has also set up a branch of South Stream Transport B.V. in Istanbul to coordinate work on the Turkish Stream gas pipeline project in Turkey, Miller told reporters.

“All conditions have therefore been created to start laying the marine part of the gas pipeline,” he added.

“The drilling of the first section of the micro tunnel has been completed on the Russian stretch. The second micro tunnel is 98.5 percent ready. With the decision of the Board of Directors, the Stream Transport BV affiliate has been set up in Istanbul for the implementation of the project and coordination of work in Turkey, which is a very important decision,” Miller said.

Source: Hurriyet Daily

Nord Stream 2

The European Union has offered to negotiate with Russia on behalf of its member countries about the Nord Stream 2 gas pipeline, which aims to bring Russian gas to Germany under the Baltic Sea, Danish newspaper Politiken reported on Wednesday.

In a letter to the Danish government seen by the newspaper, the European Commission invites member countries to state their opinions about Nord Stream 2 and clarifies that the pipeline cannot be operated in a "legal vacuum".

Source: Reuters

Companies

Gazprom

Gazprom and National Iranian Oil Company signed a Memorandum of Understanding in Moscow today.

The signing ceremony took place in the presence of Vladimir Putin, President of the Russian Federation, and Hassan Rouhani, President of the Islamic Republic of Iran.

In accordance with the document, the parties will examine the avenues for cooperation in the field of hydrocarbon prospecting, exploration and production within Iran.

Source: Gazprom

Rosneft

A trading unit of top Russian oil producer Rosneft has signed a deal to supply 10 liquefied natural gas (LNG) cargoes to the Egyptian Natural Gas Holding Company this year.

The first delivery by Rosneft Trading SA (RTSA) is expected in May, Rosneft said.

"This agreement will help to further strengthen the strategic partnership between Rosneft and Egypt in an important area of energy security," the company said.

RTSA delivered three LNG cargoes to Egypt in 2016.

Once an energy exporter, Egypt has become a net importer because of declining oil and gas production and increasing consumption.

It is trying to speed up production at recent discoveries to fill its energy gap as soon as possible.

Rosneft does not produce its own LNG yet but plans to launch production jointly with ExxonMobil later this decade.

The company declined to comment on the sourcing of the LNG cargoes for Egypt.

Source: Rigzone

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