Balkan and Black Sea Petroleum Association

15th of June – 15th of July 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 June 2017 and 15 July 2017 US WTI spot crude oil price fluctuated between $42/bbl and $46/bbl; Henry Hub spot gas price fluctuated between $109/1000 cbm and $117/1000 cbm (GCV at 0°C). In Europe, at Central European Gas Hub, the average day ahead gas price was $207/1000 cbm

Urals Crude Oil Differentials. The OPEC-led output cuts and increasing production of light barrels in Libya and Nigeria are expected to support Urals differentials in the near future and weigh on lighter grades.

Ukraine: Naftogaz Ukrainy from July 1, 2017 will reduce the price of gas for industrial consumers (prepayment basis) by 3%. The price for other buyers next month will decrease by 2.9%. * Ukrainian import gas price in June 2017 was $213.7 per 1000 cbm.

Romanian gas imports from Gazprom were cheaper this winter than stored gas which affected negatively gas storage business.

Electricity Prices

Romania: The electricity price for household consumers will increase by 8% as of July 1. The electricity final price for household consumers will consist of a tariff regulated by ANRE, which has a share of 10% of the total price, and of a component reflecting the price of the free market, which has a share of 90%. According to ANRE, the regulated component will fall by 5.16% and the one of free market will increase by 8.53%.

Oil and Gas Production and Supply

Rompetrol: Kazmunaigaz plans to replace expensive Urals crude with cheaper Mediterranean grades for its refineries in Romania.

Turkey: Botas has invited companies to prequalify to bid for a contract to expand the Lake Tuz underground gas storage project.

Israel: Energean has submitted the Field Development Plan for the Karish and Tanin natural gas fields, offshore Israel, to the Israeli Petroleum Commissioner. Karish Main Development envisages drilling three wells, using a new floating production storage and offloading (FPSO) unit that will be installed approximately 90 km away from shore. * Delek Drilling has set up a company that will take over a 9.25 percent stake in the Tamar natural gas field and list on the Tel Aviv Stock Exchange. Delek must sell its entire 31.25 percent stake in Tamar under government plans to open the market to competition. * REM Energy partnership issued a prospectus for an offering on the Tel Aviv Stock Exchange to raise money to advance the country's largest shale oil project.

Ukraine: CEZ, ENGIE and PGNiG have been prequalified for participating in tenders to sell gas to NJSC Naftogaz Ukrainy using funds to be lent by EBRD. * Naftogaz is ready to renew gas supplies from Gazprom after the implementation of the decision of the Arbitration Institute of the Stockholm Chamber of Commerce. The decision refers to the take-or-pay clause in the gas supply contract of 2009 and is in favour of Naftogaz, which now will not be obliged to pay for the gas, which was contracted but not used under the take-or-pay clause. * Ukraine was reported to have issued 244 licenses for gas supply, the last being issued to MET, 60% owned by MOL.* Ukraine reported that switching from gas to other fuels caused increase of emissions in 2016.

Hungary and Croatia signed a declaration of intent to enable reverse gas flows between the two countries. Hungary is expected to be able to buy natural gas from Croatia from the first quarter of 2019. * Gazprom and the Hungarian Ministry of Foreign Affairs and Trade signed a roadmap to implement a number of measures aimed at developing Hungary’s gas transmission system. Gazprom and Hungarian Gas Trade signed a Memorandum of Understanding, reflecting the intent of the parties to continue long-term cooperation.

Electricity Production & Consumption

Greece: The money which PPC collected from the sale of its transmission operator will go in first place to cover the debt towards renewable producers in Greece.

Turkey: Rosatom agreed to sell a 49 percent stake in the Akkuyu nuclear project to the three Turkish companies Cengiz, Kolin and Kalyon.

Romania: General Electric has won a large contract to supply gas power equipment for a new 430 megawatt Romanian power plant being built in Iernut Romelectro for Romgaz.

Legal and Regulatory Framework

Romanian Petroleum Exploration and Production Companies Association (ROPEPCA) stated that the increased tax for Romanian gas producers from 60% to 80% and the obligation to sell the gas on the energy exchange puts them in unequal position compared with Gazprom.

Upstream

Israel: The Ministry of Energy of Israel announced a new date for submitting bids for the 1st Israeli Offshore bid round that was launched in November 2016 – 15 November 2017 instead of 10 July 2017.

Cyprus: Total is ready to start drilling in Block 11 offshore Cyprus. The 'West Capella' drilling vessel contracted by France's Total and Italy's ENI is ready to start exploring for gas off Cyprus. The drilling work would run from July 10 until early October and is expected to reach a maximum depth of around 4.25 kilometres or 1.6 kilometres beneath the sea bed.

Lebanon: Indian energy company ONGC Videsh will bid in an upcoming auction for gas fields off the coast of Lebanon.

Greece approved applications submitted by a consortium of Total, ExxonMobil and Hellenic Petroleum for oil and gas exploration and drilling off the island of Crete. The ministry also approved an application submitted by Energean Oil for offshore drilling in western Greece.

Bulgaria: Noble's Globetrotter II will drill its second well in the Black Sea offshore Bulgaria this autumn under a contract with Total.

Iran: NIOC is planning to tender 14 oil and gas blocks for exploration in the next two to three months.

Pipelines Projects and Supply Options

Azerbaijan: BP has installed the Shah Deniz Phase 2 Quarters and Utilities (QU) topsides in the Caspian Sea.

TANAP was reported to be 77% complete and is expected to start working in 2018.

Turkish Stream: The Russian president has symbolically launched the process connecting the shallow and deepwater sections of the TurkStream from aboard the Pioneering Spirit. The vessel can lay five kilometers of pipelines a day at depth of two kilometers. * Gazprom and BOTAS have agreed on the financial terms for the natural gas pipeline through Turkey, which extends from Turkish Stream, without disclosing on the share of each company. * Serbia expects a second branch of the Turkish Stream gas pipeline to go through its territory.

Israel-Turkey Gas Pipeline Project: Turkey's energy minister plans to visit Israel by the end of this year to conclude an agreement for the building of a natural gas pipeline from Israel to Turkey.

Alexandroupolis LNG Terminal: Wood Group has secured a new front end engineering design (FEED) contract with Gastrade SA for the Alexandroupolis Independent Natural Gas System (INGS) offshore Greece to develop a floating LNG receiving, storage and regasification unit (FSRU). The contract will support the final investment decision for the project, planned for late 2017. Gastrade is looking for more partners in Alexandroupolis LNG project. Currently the project company is 80% held by Kapelouzos and 20% by GasLog.

Bulgaria-Serbia Gas Interconnection: Hungary and Gazprom signed an agreement on extending a branch of the pipeline through Bulgaria and Serbia to Hungary, considered as a continuation of Turkish Stream towards Europe.

Krk LNG Terminal: LNG Croatia, the company developing the liquefied natural gas project on the island of Krk, will make a final investment decision in early 2018 as open season unveils a strong interest in the project. According to the project development schedule, FSRU to serve the project will be procured by the end of the current year with an expected delivery by the end of 2019.

North-South Corridor: Gaz System and Plinacro signed an agreement to accelerate work on their North-South Gas Corridor link. The deal was signed during the Three Seas Summit held in Warsaw and is designed to boost the liquefied natural gas market in central Europe.

Nord Stream 2: OMV recently stated that each of the partners in Nord Stream 2 has its own preferred financial model, but a common model will be agreed by the end of the year so that construction should start next year. *According to Nord Stream 2 AG, a Gazprom-owned operator of the Baltic Sea gas pipeline project, currently 39,000 pipes are already at a specially prepared storage area, while contractor Wasco is engaged in concrete weight coating.

LNG Supplies: Lithuanian gas trader (LDT) signed a deal to buy (LNG) directly from the United States for the first time. The deal is with a unit of Cheniere Energy and the delivery is expected in the second half of August. * US president announced that Poland will receive more gas from US after the first LNG shipment and will further contribute to the diversification of gas supplies.

Companies

Socar reported it turned to profit in 2016 versus a loss in 2015.

DESFA: Greece relaunched a tender for the sale of a majority stake in its natural gas grid operator DESFA. Greece expects potential investors will offer at least 400 million euros for a majority stake.

Hellenic Petroleum had a pretax profit of 246 million euros in the five months to May 2017, a 93.7 percent annual rise.

Naftogaz: EBRD stated that delays in the implementation of the plan for the unbundling of Naftogaz could lead to the suspension of financing by EBRD for gas purchases.

Ukrgazvydobuvannia has announced a tender to carry out 40 more hydraulic fracturing projects.

Ukrnafta announced that in two or three years it would almost leave the market if its licenses are not extended. The company continues to lose licenses over tax debts owed to the State Agency for Geology and Deposits.

Gazprom is expected to leave the Turkish market and will concentrate on gas sales to Turkey. According to Gazprom Deputy Chairman Aleksandr Medvedev the Turkish market is "unpredictable" and loses attractiveness due to the weakening of the lira and regulated tariffs. * Gazprom Neft will create a joint venture with Spanish energy company Repsol in Russia. * Gazprom commented that potential new U.S. sanctions against Moscow may delay some of Gazprom's projects, including Nord Stream 2 and Turkish Stream gas pipelines, but also deep water, Arctic, offshore or shale projects.

Rosneft: would sell LNG gas to markets where Gazprom is not present and where U.S. LNG is imported.

LUKoil said it supported WB initiative for zero routine APG flaring by 2030.

Total and the National Iranian Oil Company have signed a contract for the development and production of phase 11 of South Pars with a production capacity of 2 billion cubic feet per day or 400,000 barrels of oil equivalent per day including condensate. The produced gas will supply the Iranian domestic market starting in 2021.

Contents

Azebaijan

Shah Deniz 2

Oil major BP has installed the Shah Deniz Phase 2 Quarters and Utilities (QU) topsides in the Caspian Sea.

BP said that the float-over operations for the Shah Deniz 2 Quarters and Utilities (QU) topside started by the STB-1 transportation barge moving into the jacket slot. The float-over operation for the very first Shah Deniz 2 topsides was completed with full load transfer onto the jacket at 15:00 on Monday.

The British oil company added that the first residents of the new platform, the platform manager and the initial hook-up and commissioning (HUC) team, transferred to the platform after the float-over to begin HUC operations.

Ewan Drummond, BP's Vice President of projects, said: "This is very good news with the QU deck float over operation successfully completed. And it is great to see it was executed safely.

"I would like to thank everyone who has contributed to this milestone through all phases of project preparation and execution."

Offshore Energy Today reported last month that BP had sent the Shah Deniz Stage 2 QU topsides to its offshore location in the Caspian Sea.

The QU topsides unit weighs about 12,400 tonnes and is 100 meters long by 60 meters wide. It contains 100-person living quarters, four main power generators totaling 60MW, ten direct electrical heating modules and a range of subsea production equipment.

Shah Deniz Stage 2 is a project that will add a further 16 billion cubic meters per year (bcma) of gas production to the approximately nine bcma produced by Shah Deniz Stage 1. The Shah Deniz Stage 2 includes two new bridge-linked offshore platforms and a total of 26 gas production wells to be drilled with two semi-submersible rigs. Around 500 km of subsea pipelines will link the wells with the onshore terminal. The project will also include an upgrade of the offshore construction vessels, and expansion of the Sangachal terminal to accommodate the new gas processing and compression facilities.

First gas is targeted in late 2018, with supplies to Georgia and Turkey. Gas deliveries to Europe are expected just over a year after first gas.

Source: Offshore energy today

Socar

Azeri state energy company SOCAR made a net profit of 350 million manats ($206 million) last year, which compared with a net loss of 1.584 billion manats in 2015, the company said on Friday.

Revenue rose to 51.905 billion manats from 33.103 billion manats, while its assets rose to 53.007 billion manats from 39.954 billion manats.

SOCAR's liabilities rose to 35.303 billion manats from 25.306 billion manats.

SOCAR said it had obtained new long-term loans of 1.238 billion manats from local and international banks and a short-term loan of 140 million manats.

The company did not specify the terms of the loans.

Source: Reuters

Bulgaria

Upstream Activities

Offshore driller Noble Corporation has been awarded a contract for one of its drill ships with the French oil major Total.

In its latest fleet status report on Thursday, Noble said that the 2013-built drillship Noble Globetrotter II has been contracted by Total to work in the Black Sea offshore Bulgaria.

The contract is for one well with an estimated 100-day primary term. It will last from late September 2017 to late December 2017.

The rig's dayrate has not been disclosed. However, in addition to dayrate for this contract, the rig will also continue to receive the $185,000 per day idle rate throughout the duration of this well and up to 730 days, as part of previously announced contract amendment with Shell for the rig.

To remind, Shell late last year exercised its right to idle the Noble Globetrotter II, which was operating under 10-year term contract, for a period of up to 730 days, starting January 2017. It was agreed for Shell to pay the rate of $185,000 per day during that idle period.

This is not Noble Globetrotter II's first drilling campaign for Total. Namely, the drillship in May 2016 worked for Total on the first exploration well campaign on the Khan Asparuh Block in the Black Sea. Months later, Total revealed that the well had been an oil discovery.

Source: Offshore Energy Today

Croatia

Krk LNG Terminal

LNG Croatia, the company developing the liquefied natural gas project on the island of Krk, expects to make a final investment decision in early 2018 as open season unveils a strong interest in the project.

The company expects to sign terminal user agreements in the first quarter of 2018, noting in its latest report that the final results of the open season will significantly move the project forward towards the final investment decision, expected to be made in the same period.

LNG Croatia further noted that more information on the open season procedure will be released on Friday, June 23.

The proposed project will include the design, building and operating of the infrastructure necessary for receiving, storing and regasification of liquefied natural gas.

At the beginning of LNG terminal Krk operations, the terminal's capacity will be limited by the capacity of the transmission system which should amount to 300,000 Nm3/hour or 2.6 bcm of natural gas per annum, which is the amount offered to market participants in the open season.

Croatian transmission system operator Plinacro is planning additional pipeline and compressor investments which would increase the maximum capacity of the Transmission System to 800,000Nm3/hour after 2020.

According to the project development schedule, FSRU to serve the project will be procured by the end of the current year with an expected delivery by the end of 2019.

Source: LNG World News

Cyprus

Upstream Activities

The 'West Capella' drilling vessel contracted by France's Total and Italy's ENI moved into position to start exploring for gas off Cyprus on Wednesday, the island's energy ministry said.

The drilling work, which is a contractual obligation between Total and Cyprus, comes days after the acrimonious collapse of talks to reunify the divided island nation, split between ethnic Greek and Turkish Cypriots.

Turkey, which invaded Cyprus's north in 1974 in response to a brief Greek inspired coup, says the island's internationally recognised government has no jurisdiction to explore for hydrocarbons.

The 'Onesiphoros West 1' well is estimated to be completed within approximately 75 days, Cyprus's energy ministry said in a statement.

The two companies have licensing rights over the block, which lies about 6 km away from Zohr, a massive offshore Egyptian gas find made by ENI in 2015.

Last month Cyprus issued a Navtex advisory to inform shipping in the area that drilling work would run from July 10 until early October.

The drilling is expected to reach a maximum depth of around 4.25 kilometres (2.6 miles) below mean sea level, or 1.6 kilometres beneath the sea bed, the energy ministry said.

Source: Rigzone

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Total’s services base in Limassol is ready for use, meaning the French major can now start exploring Block 11 offshore Cyprus. EDT Offshore, which won the contract to set up the onshore facility, expects to officially hand over the completed works on Friday. Total will be able to start work within weeks, EDT Offshore Operations Manager Mike Socratous told Interfax Natural Gas Daily.

Total’s plan to explore Block 11 has faced many hurdles. Firstly, the government faced public opposition when it tried to build a services hub at Larnaca, forcing a relocation to Limassol.

Total signed a contract with EDT for its base in Limassol in October 2016, but the contract was immediately contested by two companies that hold contracts to operate the port.

Source: Interfax

Greece

Upstream activities

Greece approved applications submitted by a consortium of Total, ExxonMobil and Hellenic Petroleum for oil and gas exploration and drilling off the island of Crete, its energy ministry said on Friday.

The ministry also approved an application submitted by Greece's sole oil producer Energean Oil for offshore drilling in western Greece, the ministry said.

Greece's oil and gas resources management company will launch a tender for licences to drill in the respective blocs by the end of next month, aiming to conclude the procedure by the end of the year. (Reporting by Angeliki Koutantou)

Source: Reuters

Desfa

Greece on Monday relaunched a tender for the sale of a majority stake in its natural gas grid operator DESFA, the country's privatization agency said.

Under its latest international bailout, Greece has agreed to sell state assets including a 66 percent stake in DESFA.

It aims to conclude the divestment by the end of the year. Italy's SNAM has said it was interested in buying the stake.

A previous 400-million-euro deal to sell the stake to Azerbaijan's Socar fell through last November after Athens raised DESFA's tariffs by less than Socar had expected and Socar demanded a lower price.

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Greece expects potential investors will offer at least 400 million euros for a majority stake in its gas grid operator DESFA, Energy Minister George Stathakis said in an interview with Naftemporiki newspaper.

Greece, under pressure by EU lenders to conclude the sale as it has earmarked about 180 million euros of the proceeds in this year's budget, relaunched the tender in June after a 400 million euro deal with Azerbaijan state oil company SOCAR fell through over gas tariffs among other issues.

"We anticipate that the price will be the same or even bigger (compared with the previous tender)," Stathakis said in the interview published on Monday.

It has set a July 24 deadline for potential investors to submit initial expressions of interest.

Greece's privatization agency HRADF owns 65 percent of DESFA and the country's biggest oil refiner Hellenic Petroleum the rest.

Source: Reuters

Hellenic Petroleum

Greece's biggest oil refiner Hellenic Petroleum had a pretax profit of 246 million euros ($274.8 million) in the five months to May 2017, a 93.7 percent annual rise, its chairman Efstathios Tsotsoros said on Friday.

Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 40.4 percent to 386 million euros, he said in a statement, adding that the refiner aims at 700 million euros annual EBITDA by 2021.

Source: Reuters

PPC

The 622 million euros that Public Power Corporation (PPC) has collected from the sale of the Independent Power Transmission Operator (ADMIE) will not remain in its coffers for long, since its total obligations to suppliers, contractors, market entities and others exceed 1.8 billion euros.

Its creditors are already queuing up, with the renewable energy source (RES) producers first in line waiting for PPC to start covering at least part of its debts to ADMIE and the Hellenic Electricity Distribution Network Operator (DEDDIE), so that the former PPC subsidiaries can in turn pay off their 800-million-euro debt to the Electricity Market Operator (LAGIE), destined for the accounts of RES producers.

In April and May LAGIE filed lawsuits seeking the payment of 655 million euros in expired debts, of which 512 million concern funds – destined for the RES producers – that consumers have not paid. LAGIE is also seeking expired debts of 130 million.

Court documents show that the 800 million owed to RES producers connected to the grid are due to the nonpayment of dues from November 2016 to April 2017, while part of the October 2016 payment is also due.

Source: Ekathimerini

Hungary

Gas Supplies

Hungary and Croatia signed a declaration of intent Tuesday to enable reverse gas flows between the two countries, Hungarian news agency MTI reported. Minister of Foreign Affairs and Trade Péter Szijjártó called the document strategically important, arguing that it was crucial for Hungary's energy security to have access to gas from the south as well.

Szijjártó added that the development of gas infrastructure in the south "seriously lags behind" the development of infrastructure in the north, noting that Hungary currently has no access to gas from the south. The minister noted that both the Hungarian-Croatian and Hungarian-Romanian interconnectors only supply gas in one direction, from Hungary to Croatia and Romania, respectively.

The declaration of intent signed on Tuesday covers the timeline for Croatia to enable reverse gas flows through its interconnector with Hungary, while Hungary is expected to be able to buy natural gas from Croatia from the first quarter of 2019, the minister said.

The letter of intent was signed by András Aradszki, minister of state for energy affairs at the Ministry of National Development, and Mario Šiljeg, Croatian state secretary for energy affairs.

Source: Bbj.hu

Gazprom

Gazprom and the Hungarian Ministry of Foreign Affairs and Trade have agreed to advance cooperation.

The parties discussed gas supplies to, and gas storage in, Hungary, as well as gas transit to other countries. The meeting addressed, among other things, the development prospects of gas transmission capacities in the territory of Hungary, Gazprom revealed.

In the course of the meeting, the parties signed a roadmap to implement a number of measures aimed at developing Hungary's gas transmission system.

In addition, Gazprom Export and Hungarian Gas Trade Ltd signed a Memorandum of Understanding, reflecting the intent of the parties to continue long-term cooperation with regard to Russian gas supplies to Hungary.

Source: Rigzone.com

Iran

Upstream Activities

Iran is readying its first round of oil and gas exploration tenders since the easing of economic sanctions, hoping to attract the likes of BP and Gazprom, an Iranian energy official said on Monday.

Sitting on some of the world's biggest energy reserves, Iran has already been working on deals to develop existing fields such as South Pars, South Azadegan, Yadavaran, West Karoon, Mansuri and Abe-Timur.

France's Total last week became the first major to sign a post-sanctions development deal with Iran. Russia's Lukoil and Denmark's Maersk are also potential investors.

Next on the horizon is the search for new oil, with the state national oil company (NIOC) planning to tender 14 oil and gas blocks for exploration in the next two to three months, NIOC's deputy director for exploration blocks, Rahim Nematollahi, said on the sidelines of an energy industry conference in Istanbul.

Most of the new exploration blocks are in the Zagros, Koppet Dagh and the Middle Eastern Gulf region and would require minimum exploration expenditure of between 14 million euros ($16 million) and 80 million euros.

The biggest exploration expenses are expected for blocks Parsa and Bamdad in the Gulf, amounting to 80 million euros and 75 million euros respectively.

Nematollahi also said that BP, Austria's OMV, Gazprom, Lukoil as well as Italy's Edison and Malaysia's Petronas have expressed interest in new exploration blocks

Source: Reuters

Israel

Upstream

The Petroleum Commissioner announced the updated timeframe for the 1st Israeli Offshore bid round that was launched in November 2016.

The new timeframe is as follows:

1. Deadline for submitting questions as per the OBR – 15/10/2017.

2. Deadline for referring to the Peroleum Commissioner regarding the Concentration Law (according to paragraph 10 of the CFB) – 15/10/2017.

3. Deadline for publishing answers to the questions, the final CFB and commencement of bid submission – 29/10/2017 (instead of 29/05/2017).

4. Closing date for bid submission – 15/11/2017 (instead of 10/07/2017).

5. Bid bond should be valid until 15/07/2018.

Source: Ministry of energy of Israel

Shale Oil

Israel's REM Energy partnership issued a prospectus on Wednesday for an offering on the Tel Aviv Stock Exchange to raise 25 million shekels ($7.1 million) to advance the country's largest shale oil project.

The partnership, controlled by Northwood Exploration Israel, plans to build a plant in southern Israel to produce oil and electricity from oil shale.

Established in 2011, Northwood is owned by Australia's Casella family, owners of Casella Wines.

The company's license has an estimated 245 million tonnes of shale oil for the production of 135 million barrels of oil. The partnership plans to produce 800,000-900,000 barrels of oil a year and generate 15 megawatts of electricity for use by the company as well as to sell to external customers.

To date 11 million shekels have been invested in planning the project.

The oil shale will be mixed with plastic waste for the enrichment of oil production and as an environmental solution for landfilling of non-biodegradable municipal waste.

Source: Reuters

Delek

Israeli oil company Delek Drilling has set up a company that will take over a 9.25 percent stake in the Tamar natural gas field and list on the Tel Aviv Stock Exchange.

Delek must sell its entire 31.25 percent stake in Tamar, a large offshore field that is Israel's main gas supply, by 2021 under government plans to open the market to competition.

It has not yet announced plans for selling the rest of the stake.

To begin the process, Delek Drilling established Tamar Petroleum, which will buy the 9.25 percent stake in the field through a $650 million bond offering planned for July, followed by an initial public offering, according to a document filed via the stock exchange.

"After examining several alternatives and in view of the interest of foreign and Israeli investors, we decided to establish a corporation which will allow investors optimal direct exposure to the Tamar reservoir," Chief Executive Yossi Abu told Reuters.

Texas-based Noble Energy sold off a 3 percent stake of Tamar last year in a deal valuing the field at $12.3 billion. Using a similar value, Tamar Petroleum could look to raise more than $500 million in its IPO.

JP Morgan and HSBC are handling the public offering in the international market, according to people with knowledge of the plan.

Delek Drilling is a subsidiary of conglomerate Delek Group.

Source: Rigzone

Energean

Greek oil company Energean Oil & Gas has submitted the Field Development Plan (FDP) for the Karish and Tanin natural gas fields, offshore Israel, to the Israeli Petroleum Commissioner.

Energean's subsidiary, Energean Israel, holds 100% of Karish and Tanin, which combined have 2.7 TCF of natural gas and 41 million barrels of oil equivalent (mmboe) of light hydrocarbon liquids, totaling 531 mmboe 2C resources.

The Greek company said on Tuesday that the Karish Main Development envisages drilling three wells, using a new floating production storage and offloading (FPSO) unit that will be installed approximately 90 km away from shore, with 400 mmscf/day capacity. The development through an FPSO will enable Energean to maximize the recovery of reserves and minimize environmental impact. It will also allow light hydrocarbons liquid to be safely processed, stored and offloaded away from the coast, with minimal onshore installations needed, the company added.

Source: Offshore energy today

Lebanon

Upstream Developments

Indian energy company ONGC Videsh will bid in an upcoming auction to explore and develop gas fields off the coast of Lebanon, India's oil minister said on Monday.

ONGC Videsh, the overseas investment arm of India's top explorer Oil and Natural Gas Corp, is among several companies prequalified to bid for offshore exploration and production licences from the Middle Eastern nation.

Indian oil minister Dharmendra Pradhan, leading a delegation at the World Petroleum Congress in Istanbul, made the comment in a Tweet after meeting with Lebanese Energy and Water Minister Cesar Abou Khalil.

"The meeting was important in the context of ONGC Videsh's participation in the upcoming bid round for offshore gas fields in Lebanon," Pradhan said.

Source: Reuters

Poland

LNG

Poland expects to sign a long-term deal for liquefied natural gas (LNG) supplies from the U.S. to reduce its reliance on Russian gas, the country's President Andrzej Duda said after meeting U.S. president Donald Trump.

Poland imports most of the 16 billion cubic metres of gas it consumes a year from Russia, on the basis of a long-term deal with Gazprom which expires in 2022.

Warsaw plans to replace the Russian gas after then with supplies from Norway via a planned pipeline as well as with more LNG from the U.S. coming to its terminal at the Baltic Sea.

Duda spoke to Trump, who is visiting Warsaw, about Poland's security and gas supplies.

"Let's hope for more supplies and further diversification of supplies of this commodity to Poland," Duda said at a joint news conference with Trump adding that he expects a long term contract with the U.S. to be signed "soon" and expressing hopes Poland may become a hub for U.S. deliveries for the region.

Trump confirmed that "many more" U.S. LNG shipments will be coming to Poland, but said the price might rise.

"Maybe we get your price up a little bit, but that's ok, tough negotiations," the U.S. president said.

"We are sitting on massive energy, we are now exporters of energy. Whenever you need energy, just give us a call," Trump said.

Poland received its first and only LNG shipment from the U.S. in June and its state-run firm PGNiG is in talks over more deliveries.

Poland's ambition is to resell gas in future, especially to Ukraine, but also to southern Europe. Once it completes the pipeline to Norway and expands its LNG terminal it will be able to import more gas than it consumes.

"America stands ready to help Poland and other European nations diversify their energy supplies, so that you can never be held hostage to a single supplier," Trump said, referring to Russia.

Duda said that Poland wants to make sure no countries from the region fall victim to any gas "blackmailing" in the future. He also expressed support for a plan to build a gas link between Poland's LNG terminal and Croatia.

Source: Reuters

Romania

Electricity Prices

The electricity price for household consumers will increase by 8% as of July 1, according to the decision made by the Regulatory Committee of the National Authority for Regulation in Energy (ANRE) on Thursday, the representatives of the institution said.

As of July 1, the electricity final price for household consumers consists of a tariff regulated by ANRE, which has a share of 10% of the total price, and of a component reflecting the price of the free market, which has a share of 90%. According to ANRE, the regulated component will fall by 5.16% and the one of free market will increase by 8.53%.

“In the field of electricity, the ANRE Regulatory Committee has approved the Order no. 50/2017 on electricity regulated tariffs applied by the suppliers of the last resort (FUI) to household consumers which have not taken advantage of their eligibility rights, by which it was decided to decrease by 5.16% the regulated tariffs applied by FUI to household consumers, as of July 1, 2017 until the end of the year. Electric power supplied on regulated tariffs represents 10% of the total electricity to household consumers,” the release reads.

Furthermore, ANRE informs that the electricity price has increased by 24% on the free market for the household consumers. Although FUI proposed price increases of 25%, ANRE believes an 8.53% price increase on the free market is justified.

In February, ANRE president Nicolae Havrilet said the price of electric power could increase by 1-2% as of July 1, following the very high prices on the energy stock exchange market registered in January.

Source: The Romania Journal

Gas Taxation

The over-taxation of the Romanian gas producers for the profit obtained from the liberalization of the market is huge discrimination because the Russians from Gazprom do not have pay these taxes or to sell the entire quantity of gas on the stock exchange, Harald Kraft, president of the Romanian Petroleum Exploration and Production Companies Association (ROPEPCA) said on Tuesday.

“Over-taxation was introduced in 2013 as a temporary measure for the economic crisis. Now, in 2017, the tax has been increased (from 60%) to 80%, indefinitely. It is a penalizing measure against the domestic producers, as compared to Gazprom. Gazprom is, even more so, not forced to sell 100% of imports on the stock market. This is an extraordinary discrimination against Romanian producers which compete with foreign producers,” Kraft said during a conference on the importance of natural gas.

Regarding the authorities' intention to eliminate the gas suppliers' obligation to make stocks for the winter, the ROPEPCA official showed that gas storage has become a loss-making operation in Romania.

“In Western countries, storage is voluntary, because it is profitable or, at least, it will not result in a loss for those who have stored gas; in Romania it is the reverse, for example, last year, if you stored, you lost a lot of money. Everybody wants security in supply, energy security, but no one wants to pay for it,” he said

Also on Thursday, prior to this statement, the President of the National Regulatory Authority for Energy (ANRE), Niculae Havrilet, said that gas suppliers may no longer be obliged to make deposits for the future cold season, as the price of imported gas will be lower in winter than the stored gas.

According to Havrilet, the right thing would be to have a strategic stock and a free stock.

“There is a legislative initiative to have, as of this year, a strategic stock. The law will determine who will operate it, it could even be State Reserves,” the ANRE president said.

Havrilet also said that next winter will be the first one when imports will be cheaper than the stored domestic gas.

The Chamber of Deputies, as decisional body, adopted on June 13, by a majority vote, the Law for the approval of government ordinance 7/2013 on the introduction of the tax on the extra revenues obtained as a result of the deregulation of natural gas prices. A voted amendment provides higher tax for prices above RON 85/MWh.

Thus, for prices below RON 85/MWh, the tax remains 60%, as stipulated by GO 7/2013, and for prices higher than RON 85/MWh, the tax will be 80% of the additional revenues.

Oil companies are unhappy with the form in which this law was adopted.

Source: The Romanian Journal

Romgaz

General Electric has won a large contract to supply gas power equipment for a new 430 megawatt Romanian power plant, the first major deal in the region to result from its $10.6 billion 2015 acquisition of Alstom's power business.

GE will supply all the core technology for the 268 million- euro ($299 million) combined-cycle plant being built in Iernut by Duro Felguera and Romelectro for state gas producer Romgaz.

Before the Alstom acquisition, GE would have simply supplied the gas turbines and walked away. With Alstom, it acquired steam technology as well as the ability to supply all the peripheral equipment needed to build a complete power plant.

GE told Reuters on Friday the plant would generate enough power to supply 1 million Romanian households, making it southeast Europe's biggest gas project in five years.

GE will supply four 6F gas turbines, two steam turbines and four heat-recovery steam generators for the plant, where building will start later this year and which is scheduled to be completed in 2019, replacing an existing plant at the same site.

U.S.-based GE has been present in Romania since 1984.

Source: Reuters

Rompetrol

Kazakh state oil company Kazmunaigaz plans to replace expensive Urals crude with cheaper Mediterranean grades for its refineries in Romania, traders said.

Usually, KMG ships all its share of Urals from Novorossiisk to its majority-owned subsidiary Rompetrol Rafinare, which owns the Petromidia refinery, Vega refinery and Rompetrol Petrochemicals.

A general shortage of sulphur grades due to the OPEC-led output cuts and increasing production of light barrels in Libya and Nigeria is expected to support Urals differentials in the near future and weigh on lighter grades.

CPC Blend trades at a discount to Urals despite its higher quality characteristics.

The high Urals differentials forced Kazmunaigaz to change feedstock basket for Rompetrol, traders said.

Over the last couple of months the company has increased purchases of CPC Blend, Azeri BTC and Siberian Light, according to an industry source familiar with supplies to Rompetrol refinery and shipping data.

"It looks like the refineries don't need that much Urals anymore," one source said.

In addition to light barrels Rompetrol needs some medium-sour replacements for Urals, which is why Rompetrol bought its first cargo of Kurdish crude oil Kirkuk at the end of June and will likely buy more this summer, shipping data showed and trading sources said.

Source: Reuters

Serbia

Gazprom

A working meeting between Alexey Miller, Chairman of the Gazprom Management Committee, and Aleksandar Vucic, President of the Republic of Serbia, took place in Belgrade today.

The parties expressed deep appreciation for their bilateral relations, noting the continuously developing partnership in a number of areas, including gas storage. In early June 2017, a memorandum was signed to expand the Banatski Dvor UGS facility. The facility's capacities will be increased from 450 to 750 million cubic meters.

The meeting also touched upon the persistently growing demand for Russian gas in Serbia. According to estimates, Gazprom’s gas exports to the country between January 1 and June 26, 2017, added 47.7 per cent against the same period of 2016.

In light of the increasing gas demand, the parties discussed the development prospects for Serbia’s gas transmission capacities. As part of the meeting, Alexey Miller and Aleksandar Antic, Minister of Mining and Energy of the Republic of Serbia, inked a roadmap in the presence of Serbian President Aleksandar Vucic. The document provides for a number of measures to implement a plan aimed at expanding the Serbian gas transmission system.

Source: Gazprom

Turkey

Gas Storage

Turkey will increase its annual natural gas storage capacity to 11 billion cubic meters (bcm) by 2023, Energy and Natural Resources Minister Berat Albayrak said on July 10 in Istanbul.

Source: Hurriyet Daily News

Botas

Turkish state-run oil and gas pipeline company Botas has invited companies to prequalify to bid for a contract to expand the Lake Tuz underground gas storage project.

Source: Intefax

Gazprom

Russian gas monopoly Gazprom is expected to leave the Turkish market and will concentrate on gas sales to Turkey, reports business daily Kommersant.

Gazprombank is completing the withdrawal from Promak, a company which owns a 60 percent stake in the two importers of Russian gas to Turkey - Enerco and Avrasya, the newspaper writes.

Gazprom Deputy Chairman Aleksandr Medvedev said the company plans to sell another Turkish asset - Bosphorus Gaz.

According to Medvedev, the Turkish market is "unpredictable" and loses attractiveness due to the weakening of the lira and regulated tariffs. Kommersant’s sources in the industry said Bosphorus lost about €100 million in 2016.

Gazprom owns 71 percent of Bosphorus Gaz. The company will sell its share to the local Sen Group, which owns the remaining 29 percent, the newspaper says.

Leaving the market may strengthen Gazprom's negotiating position in export prices, as the company will no longer have a direct interest in maintaining the profitability of the sales business within Turkey, experts say. Gazprom has been suing Turkish state corporation Botas and private companies in a price dispute.

However, no final decision to leave the market has been made, the newspaper added.

Last month, Gazprom began constructing the Turkish Stream natural gas pipeline off the Russian Black Sea coast.

The project, with an estimated cost of €11.4 billion ($12.7 billion) was announced in December 2014. However, it was put on hold after the downing of a Russian plane in Syria by a Turkish jet in November 2015.

The pipeline could extend from Turkey to Europe, but Russia needs solid guarantees from Brussels the project will not be scrapped like the South Stream pipeline project, said Foreign Minister Sergey Lavrov last October.

Source: Rt.com

Akkuyu nuclear project

Russia's state-owned nuclear energy conglomerate Rosatom agreed to sell a 49 percent stake in a giant nuclear project in southern Turkey to Turkish investors in a preliminary agreement on June 19 on the sidelines of a nuclear conference in Moscow.

The stake in the Akkuyu nuclear project was sold for an undisclosed sum to the three Turkish companies Cengiz, Kolin and Kalyon, dubbed CKK as a consortium, which are quite active in construction and energy sectors. Each of these companies will have an equal stake.

The shareholders' agreement will be signed by the end of the year, the consortium said in a follow-up press release. The sum of the deal is then expected to be revealed, according to the press release.

Turkey and Russia signed an intergovernmental agreement to build and operate a nuclear power plant in the southern province of Mersin's Akkuyu in 2010. According to the agreement, Russian companies would own a minimum of 51 percent of stake in the nuclear power plant, marking a first in Turkey.

The respective parties are planning to start construction this year.

Meanwhile, Turkey's energy watchdog has given a power generation license to Akkuyu Nuclear JSC for a 49-year period starting as of June 15.

Source: Hurriyet daily News

Ukraine

Gas Price

Naftogaz Ukrainy from July 1, 2017 will reduce the price of gas for industrial consumers (prepayment basis) by 3% (by UAH 222), to UAH 7,208 per 1,000 cubic meters (including VAT).

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

The price for other buyers next month will decrease by 2.9% (by UAH 241.20), to UAH 8,009 per 1,000 cubic meters (including VAT).

As reported, in January 2017 the price of gas for industrial consumers (on prepayment basis and without debts to Naftogaz) was set at the level of UAH 7,552, in February at UAH 9,215, in March at UAH 8,554, in April at UAH 7,675, in May at UAH 7,457 and in June at UAH 7,430.

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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Ukrainian enterprises in May 2017 imported gas at an average price of UAH 5,507 or $208.38 per 1,000 cubic meters, or 10.2% less than the price in April, according to the website of the Ministry of Economic Development and Trade.

In January 2017 the price of gas imports was $229.51 (UAH 6,033), in February some $246.88 (UAH 6,682), in March some $248.13 (UAH 6,669) and in April some $232.17 (UAH 6,235).

Earlier Naftogaz Ukrainy CFO Yuriy Vitrenko noted that the average customs value of imported gas published by the Ministry of Economic Development and Trade is not representative.

In addition, according to the ministry, the actual price of oil and condensate, which is used in calculating royalties, in May 2017 was UAH 9,916 per tonne.

In January 2017 the actual price of oil and gas condensate was UAH 10,507 per tonne, in February some UAH 10,616 per tonne, in March some UAH 9,803 per tonne and in April it was UAH 9,916.

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Ukrainian enterprises in June 2017 imported gas at an average price of UAH 5,566 or $213.7 per 1,000 cubic meters, according to the website of the Ministry of Economic Development and Trade.

In January-2017, according to the Ministry of Economic Development and Trade, the price of gas imports amounted to $229.51 per 1,000 cubic meters (UAH 6,033), in February some $246.88 (UAH 6,682), in March some $248.13 (UAH 6,669), in April some $232.17 (UAH 6,235), and in May some $208.38 (UAH 5,507).

Earlier, Naftogaz Ukrainy Chief Commercial Officer Yuriy Vitrenko noted the average customs value of imported gas published by the Ministry of Economic Development and Trade is not representative.

Source: Interfax

Gas Supply

CEZ A.S. of the Czech Republic, ENGIE SA of France and Polskie Gornictwo Naftowe I Gazownictwo Spolka Akcyjna (PGNiG) of Poland have been prequalified for participating in tenders to sell gas to NJSC Naftogaz Ukrainy for funds to be lent by the European Bank for Reconstruction and Development (EBRD), Naftogaz said with reference to an EBRD announcement.

Eleven companies passed the prequalification stage of preparations for the disbursement of a third tranche of up to $300 million revolving loan.

Among them are Axpo Trading AG (Switzerland), EDF Trading Limited (the United Kingdom), Eni Trading & Shipping S.p.A (Italy), Handen SP.z.o.o, (Poland), VNG Slovakia s.r.o and Slovensky Plyarensky Priemysel s.a. (both from Slovakia), RWE Supply & Trading GmbH, Uniper Global Commodities SE, PGNiG Supply and Trading (all three from Germany).

A combined bid is from Hungarian Gas Trade Ltd (Hungary) and MFGK Slovakia s.r.o (Slovakia).

The prequalified companies will have to comply with additional requirements, which they should meet within the deadline set by the bank.

Thirteen companies underwent prequalification in 2016.

The EBRD's $300 million gas purchase facility became available in October 2015. It is designed for the purchase of gas on the western border of Ukraine. The EBRD's loan is a revolving three-year credit facility. During this period, Naftogaz may repay and again borrow funds within the said limit to finance forward gas purchases.

One of the conditions for the loan was the Ukrainian government's action plan to reform corporate management at Naftogaz.

During the first round of the use of the EBRD's loan funds, Naftogaz bought 1.7 billion cubic meters of gas for the 2015-2016 heating season. During the second round, it bought 1.8 billion cubic meters of gas during the 2016-2017 heating season.

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National joint-stock company Naftogaz Ukrainy will be ready to resume gas purchases from Russia's Gazprom after the implementation of the decision of the Arbitration Institute of the Stockholm Chamber of Commerce on the relevant contract signed by the two companies, Naftogaz Head Adnriy Kobolev said at a press conference in Brussels on Thursday.

"After the first separate ruling of the Stockholm Arbitration on the supply case the price should be revised, and as soon as Gazprom complies with the decision of the tribunal we are prepared to start buying gas from them," he said.

Kobolev said that the company does not know for sure how long it would take for Gazprom to execute the decision of the tribunal, and Naftogaz does not expect that gas purchases would resume this year.

Source: Interfax

Gas Trade

The National Commission for Energy, Housing and Utilities Services Regulation (NCER) has issued a license for natural gas supply to MET Ukraine LLC (Kyiv).

The state regulator made the corresponding decision at a meeting on July 6.

Swiss-based MET Holding AG, which conducts trading operations in the markets of oil, gas and electricity in Central and Eastern Europe, owns 100% of MET Ukraine.

Hungarian MOL owns 40% of MET Holding, another 60% are distributed among four individuals (Benjamin Lakatos, Gyorgy Nagy, Istvan Garancsi and Illia Trubnikov).

MET Gas and Energy Marketing (Switzerland) in 2016 was one of the counterparties of Naftogaz Ukrainy (the contract until February 2021).

As reported, in mid-June 2017 Trafigura Ukraine LLC, the subsidiary of Trafigura large world commodity trader, obtained a license for gas supply in Ukraine.

As of June 30, 2017 the NCER had issued 244 licenses for gas supply in Ukraine.

Source: Interfax

Gas Consumption

The volume of emissions by enterprises in 2016 grew by 7.7%, and one of the reasons of it is the switch from natural gas to other types of fuel, Ecology and Natural Resources Minister Ostap Semerak said at a briefing in Kyiv on Tuesday.

"In 2014, emission totaled 3.35 million tonnes, in 2015 – 2.857 million tonnes and in 2016 – 3.078 million tonnes. It is likely that the upward trend is linked to the increase in the number of enterprises and the replacement of natural gas by other types of fuel," he said, presenting top 100 polluter companies.

Source: Interfax

Naftogaz

Delays in the implementation of the plan for unbundling of Naftogaz Ukrainy could lead to the suspension of financing by the European Bank for Reconstruction and Development (EBRD) used for gas purchases, Naftogaz Head Andriy Kobolev has said.

"Today we've received "a yellow card" from the EBRD - if the financial plan of Naftogaz is not approved by the end of July and the performance of the supervisory board is not adopted, then there could not be another tranche for gas purchases," he said at a round table entitled "The key role of Ukraine in the energy security of Europe" at the Verkhovna Rada.

Source: Interfax

Ukrgazvydobuvannia

Public joint-stock company Ukrgazvydobuvannia has announced a tender to carry out 40 more hydraulic fracturing projects for the total cost of up to UAH 195 million (VAT included).

Ukrgazvydobuvannia said in the ProZorro e-procurement system that the tender is divided into two lots 20 hydraulic fracturing projects each for one year each with the expected cost of up to UAH 97.5 million.

Bids can be submitted by July 20.

Hydraulic fracturing will be conducted at the gas and gas condensate wells of Shebelynka and Poltava gas divisions in the depths of 2,800-5,000 meters.

Source: Interfax

Ukrnafta

Public joint-stock company Ukrnafta would almost leave the market in 2019 if the company continues losing deposit use licenses, Ukrnafta Head Mark Rollins said at a roundtable in Kyiv on Tuesday.

"In two or three years Ukrnafta would almost leave the market [if the licenses are not extended]," he said.

Rollins said that if in 2016 company annual production totaled 1.518 million tonnes, with the loss of licenses in 2019 only 271,000 tonnes a year will be produced.

He recalled the position of Ukrnafta that the practice of non-extending the company's licenses over tax debts by the State Agency for Geology and Deposits and is unlawful.

Ukrnafta is the country's largest oil producer. Naftogaz Ukrainy owns a 50% plus one share stake in Ukrnafta. A group of companies associated with the former shareholders of PrivatBank holds about 42% of the shares.

Source: Interfax

Pipelines and Supply Options

TANAP

The construction of TANAP is 77% complete and startup is scheduled for 2018, Azerbaijani President Ilham Aliyev has said.

Source: Interfax

Israel-Turkey Gas Pipeline Project

Turkey’s Energy Minister Berat Albayrak is set to visit Israel by the end of this year to conclude an agreement for the building of a natural gas pipeline from the Jewish state to Turkey, the Israeli energy minister said on yesterday (12 July).

A visit by Albayrak, son-in-law of Turkish President Recep Tayyip Erdoğan and a key member of his inner circle, would be a significant diplomatic move by Ankara after a rapprochement deal last year between the two countries mended a long-standing rift.

The crisis was triggered by Israel’s deadly storming in 2010 of a Gaza-bound ship which left 10 Turkish activists dead. But the two countries normalised ties in June last year and rapidly began discussing the gas pipeline project.

Source: Euroactiv

Alexandroupolis LNG Terminal

Wood Group has secured a new front end engineering design (FEED) contract with Gastrade SA for the Alexandroupolis Independent Natural Gas System (INGS) offshore Greece.

The project, to develop a floating liquefied natural gas (LNG) receiving, storage and regasification unit (FSRU), will create a new natural gas gateway to the markets of south eastern and central Europe.

Wood Group’s subsea team will perform the design and engineering definition of the Alexandroupolis FSRU and its subsystems which will support the final investment decision for the project, planned for late 2017.

Bob MacDonald, CEO of Wood Group’s Specialist Technical Solutions business, comments: "This contract brings our global expertise and technical solutions to a new client and we look forward to working with Gastrade S.A. as the main engineering contractor developing this FEED.

"Our subsea capabilities combined with the engineering proficiency of our people and cost effective technical solutions, position us well to deliver this milestone European project.”

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The developer behind a planned LNG terminal in northern Greece is facing a battle to secure the investment it needs to take an FID.

Gastrade, part of Greek energy group Copelouzos and the would-be operator of Alexandroupolis LNG, told Interfax Natural Gas Daily it is looking to increase its number of shareholders from the two it has at present to five. Copelouzos controls 80% of Gastrade, with the remaining 20% held by LNG carrier specialist GasLog.

A Gastrade spokesman said the company was confident of investment from Greece’s public gas supply corporation DEPA and state-owned Bulgarian Energy Holding (BEH), both of which are "in advanced discussions with [Gastrade’s] management".

Sources: Subseauk.com, Interfax

Turkish Stream

Russian president Vladimir Putin has symbolically launched the process connecting the shallow and deepwater sections of the TurkStream pipeline in the Black Sea.

According to the Kremlin statement on Friday, Putin launched the process from aboard the Pioneering Spirit, the world’s largest offshore construction vessel, in the presence of Alexey Miller, Gazprom CEO.

After the launching, Putin was taken on a tour of the giant vessel, after which he held a working meeting with Miller, where they talked about the technical specs of the pipeline.

The Pioneering Spirit will install two, 900 kilometer long pipelines on the seabed in water depth of 2200 meters.

The twin-hulled, 382 meters long and 124 meters wide vessel was awarded a contract to lay the first line of the TurkStream offshore gas pipeline in the Black Sea, with an option for laying the second line, in December 2016.

Then in February Allseas also inked a deal to build the second string of the TurkStream gas pipeline’s offshore section.

The offshore pipeline which will carry Russian gas to Turkey, will consist of four parallel pipelines running through the Black Sea.

The pipelines will enter the water near Anapa, on the Russian coast, and come ashore on the Turkish coast some 100 kilometers west of Istanbul, near the village of Kiyikoy.

Pioneering Spirit – one of the largest ships in the world – can lay five kilometers of pipelines a day at a depth of two kilometers.

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Serbia expects a second branch of the Turkish Stream gas pipeline to go through its territory and through the Western Balkans, Serbian President Aleksandar Vucic said Monday at the 22nd World Petroleum Congress (WPC) in Istanbul, titled "Bridges To Our Energy Security".

Considering the fact that the Turkish Stream pipeline is currently under construction, Serbia expects an agreement under which one branch will go through the territories of Serbia and Western Balkan countries - of course, that option is in the interest of Serbia and other countries in the region, Vucic said addressing the WPC.

Russian energy major Gazprom and Turkey’s state-owned BOTAS have reached financial terms for the natural gas pipeline through Turkey, according to BOTAS General Director Burhan Ozcan.

“We have already agreed with Gazprom on this issue, but I cannot disclose the figures, in what percentage share we will do it,” he told RIA-Novosti on the sidelines of the 22nd World Petroleum Congress.

The gas pipeline project, known as Turkish Stream will consist of two branches. The first with a maximum capacity of 15.75 billion cubic meters is expected to be finished in 2018 and deliver Russian natural gas directly to Turkey. The second branch is supposed to deliver gas to European customers through Turkey.

Ozcan added that work on getting approval for the construction of the second branch was “going smoothly, without any hidden dangers.”

Russia and Turkey officially agreed on the project in October 2016, with an estimated cost of €11.4 billion ($12.9 billion).

Earlier this month, Gazprom signed an agreement with Hungary to deliver gas via the pipeline. Hungary’s Foreign Minister Peter Szijjarto said the Turkish Stream branch to Hungary would be completed by the end of 2019. He added that Budapest sees it as the best option, as other routes through Romania and Croatia are less well advanced.

Sources: Offshore energy today, Tanjug, Rt.com

Bulgaraia-Serbia Gas Interconnection

Serbia looks increasingly likely to be included in the route of the Turkish Stream gas pipeline after the Hungarian authorities and Russia's Gazprom signed an agreement on extending a branch of the pipeline through Bulgaria and Serbia to Hungary.

Hungarian FM Peter Szijjarto has said the new pipeline for conveying natural gas to Hungary should be completed by the end of 2019 and that Serbia and Bulgaria had already signed the agreements needed to initiate plans for the pipeline.

Source: Tanjug.rs

North-South Corridor

Polish gas pipeline operator Gaz System said on Friday it had signed an agreement with Croatian counterpart Plinacro to accelerate work on their North-South Gas Corridor link.

The deal was signed during the Three Seas Summit held in Warsaw and is designed to boost the liquefied natural gas (LNG) market in central Europe, the operators said.

Poland opened its first LNG terminal at the Baltic Sea port of Swinoujscie in 2016.

The country is looking to reduce its reliance on Russian gas imports.

Croatia aims to have its own LNG terminal operating on the northern Adriatic island of Krk by mid-2019.

The North-South Gas Corridor, expected to be completed in the next two to three years, will enable gas flows between the two terminals.

"Tightening cooperation between operators in Poland and Croatia will make the North-South Gas Corridor construction process more dynamic," Gaz System said in a statement.

Source: Rigzone

Nord Stream 2

Companies, participating in construction of the Nord Stream 2 gas pipeline will decide on the financing model before the year ends, CEO of Austrian OMV Rainer Seele told TASS on Friday.

"We must do it this year, and next year construction should begin," he said. "We are in the phase of agreeing with the European partners, so that to think over the steps and not to allow facing a situation, where we would have to revoke our agreements again."

"Every participant has a preferred model," he continued. "We should agree a common model, which is supported by the five potential European partners and Gazprom - but we do not have one as yet."

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According to Nord Stream 2 AG, a Gazprom-owned operator of the Baltic Sea gas pipeline project, currently 39,000 pipes are already at a specially prepared storage area after being transported there from the Europipe factory in Mülheim an der Ruhr beginning in October 2016.

Some 250 Wasco employees are engaged in concrete weight coating and logistics support in Mukran, where a portion of the finished pipes will be kept at an interim storage facility. The remainder of the finished pipes will be transported for storage in the Swedish port of Karlshamn. When construction begins in 2018, the pipes will be transported by the shortest route possible to the pipe-laying vessels.

In addition to Mukran, Germany, and Karlshamn, Sweden, Wasco is also using the Finnish ports of Kotka and Hanko as logistics hubs. Concrete weight coating already began in Kotka at the end of Marcg this year.

Offshore Energy Today

Source: tass.com, Offshore Energy Today

LNG

Lithuania's state-owned gas trader Lietuvos Duju Tiekimas (LDT) said on Monday it had signed a deal to buy liquefied natural gas (LNG) directly from the United States for the first time and expects to receive a delivery in the second half of August.

The deal is with a unit of Cheniere Energy and is part Lithuania's efforts to diversify its gas suppliers and reduce its reliance on Russia's Gazprom.

LDT, part of state-owned energy group Lietuvos Energija, signed a deal last year with Koch Supply & Trading for LNG supplies throughout 2017.

Cheniere Energy was expected to supply LNG from a U.S. field, an LDT spokesman told Reuters. "It will be the first time Lithuania imports gas from the U.S.," he said.

"We opted for delivery from Cheniere after evaluating several offers for LNG," the spokesman said.

The LNG terminal at the Klaipeda port broke Russia's Gazprom gas supply monopoly in the Baltic States when it came online in 2014 and now provides Lithuania with roughly half of its gas.

Gazprom supplies the rest, but can no longer charge monopoly prices.

State-run Polish gas firm PGNiG received its first U.S. spot delivery of LNG from Cheniere Energy this month.

Poland is hoping a visit from U.S. President Donald Trump next month will pave the way for more LNG deals with U.S. producers.

Lithuania will store the LNG gas at its Incukalns underground gas storage, LDT said.

Litgas, also owned by Lietuvos Energija, and Lithuanian fertilizer producer Achema import LNG through the terminal from Norway's Statoil.

Source: Reuters

Companies

Gazprom

Russia's oil producer Gazprom Neft said on Monday it would create a joint venture with Spanish energy company Repsol in Russia.

Gazprom Neft acquired a 25.02 percent stake with the right to increase it to 50 percent in Evrotek-Yugra, which is owned by Spain's Repsol and holds exploration and production rights to seven license blocks in West Siberia, Gazprom Neft said.

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Potential new U.S. sanctions against Moscow may delay some of Gazprom's projects, including Nord Stream 2 and Turkish Stream gas pipelines, the Russian gas monopoly said on Monday.

"The risk of the United States imposing sanctions... may result in delays, or otherwise impair or prevent the completion of the projects by the group," Gazprom said in a prospectus for an upcoming Eurobond issue.

"The group's export pipeline projects (including Nord Stream 2 and Turkish Stream) and deepwater, Arctic offshore or shale projects that have the potential to produce oil in the Russian Federation or elsewhere in the world may face difficulties."

Sources: Reuters, Rigzone

Rosneft

Russia's Rosneft, the world's top listed oil producer, wants to supply gas in parts of Europe where Gazprom is not present to avoid the risk of losing those markets to U.S. liquefied natural gas (LNG), a Rosneft executive said.

Gazprom, the leading global gas producer, enjoys monopoly rights on gas pipeline exports from Russia. It has lost its exclusive rights to ship seaborne LNG overseas to Rosneft and Novatek, Russia's largest non-state gas producer.

Rosneft Vice President Vlada Rusakova, a former Gazprom executive, said the company wants to conduct "an experiment" in supplying gas to new markets in coordination with Gazprom.

She said as part of the experiment, Rosneft could supply gas to markets where Gazprom is not present and where U.S. LNG could be imported. Rusakova did not identify any such European countries.

"Of course, this should be done in close coordination with Gazprom, in order to avoid competition between Russian gas suppliers."

Gazprom is targeting $32 billion to $34 billion in revenue from exporting more than 180 bcm to Europe and Turkey this year. Rosneft produced almost 70 bcm of gas last year, earning 208 billion roubles ($3.5 billion) from gas sales at home.

Source: Reuters

LUKoil

LUKOIL was the first oil company in Russia to endorse, with the support of the European Bank for Reconstruction and Development, the “Zero Routine Flaring by 2030” initiative. Announced by the World Bank in April of 2015, it aimed to join together the efforts of government authorities, oil companies and public organizations in the sphere of beneficiary utilization of APG.

In his letter to the heads of the World Bank and of the European Bank for Reconstruction and Development, LUKOIL President Vagit Alekperov wrote that the company’s strategic objectives were clearly in line with the principles proclaimed in the initiative, while the commitments and targets therein had the company’s full support.

“In its activities, LUKOIL is strongly committed to the principles of sustainable development, aiming to ensure a good balance between socio-economic and environmental development. In the last 12 years, LUKOIL has been particularly focused on reducing the flaring of APG. Its more effective utilization is a crucial element of our strategy”, Mr. Alekperov emphasized.

Source: LUKoil

Total

Total and the National Iranian Oil Company (NIOC) have signed a contract for the development and production of phase 11 of South Pars (SP11), the world's largest gas field.

The project will have a production capacity of 2 billion cubic feet per day or 400,000 barrels of oil equivalent per day including condensate. The produced gas will supply the Iranian domestic market starting in 2021.

“This is a major agreement for Total, which officially marks our return to Iran to open a new page in the history of our partnership with the country,” said Patrick Pouyanné, chairman and CEO of Total.

“We are proud and honored to be the first international company to sign an IPC, which offers an attractive commercial framework, following the 2015 international nuclear accord (JCPOA)

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