Balkan and Black Sea Petroleum Association

15th of February – 15th March 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 February 2017 and 15 March 2017 US WTI spot crude oil price decreased from \$53/bbl - \$48/bbl; Henry Hub spot gas price fluctuated between \$111/1000 cbm and \$93/1000 cbm (GCV at 0°C). In Europe, at Central European Gas Hub, the day ahead gas price decreased from \$231/1000 cbm to \$202/1000 cbm.

Romanian competitive authority will investigate why Romanian pre-tax fuel prices are higher than the average in Europe, although the country has its own production.* Romanian household gas prices will increase by 5% in Q2 2017, while production gas price will not be regulated starting from 1 April.

Ukraine: Average Ukrainian import gas price in February was \$247 per 1000 cubic meters.

Gazprom: The price range of Gazprom's export gas contracts will be \$180 to \$190 per 1,000 cubic meters in 2017, while the average export price in 2016 was \$167 per 1,000 cubic meters. * The estimated price for Gazprom's gas sales outside of the CIS was \$204/1000 cbm in March.

Oil and Gas Production, Supply, Transit, Demand and Trade

EU: The Baltic states' gas transmission system operators (TSOs) have agreed on a so-called implicit capacity allocation model, for the integration of the gas markets in Lithuania, Latvia and Estonia, which means that short-term cross-border transmission capacities will be allocated on the gas exchange platform simultaneously with the quantities of gas traded on the Baltic states' markets through the gas exchange.

Azerbaijan cut oil production to 776,400 barrels per day in February, sticking to its pledge to reduce output as part of a global deal.

Israel started exporting gas to Jordan from the offshore Tamar gas field with expectations Leviathan gas field to join the export in 2019.

Greece: Gazprom exported 2.68 Bcm of gas to Greece in 2016, up by 35% from 2015.

Romanian energy minister recently emphasized on the role Romania will play as a gas hub when gas will start to be extracted from the offshore Domino field and BRUA pipeline will be built to transport the gas to Austria. An interministerial team will be formed to help technically offshore projects development in anticipation of final investment decision.

Ukraine imported 10.90 Bcm of gas for $2.191 billion in 2016, but it did not import any gas from Russia. * Naftogaz will pay for 1.1 Bcm gas to be imported in April from European suppliers following a loan agreement with Citi and Deutsche Bank, secured by the World Bank. The suppliers will be selected through a bidding procedure organised by the World Bank. * Ukrtranshafta announced that is ready to transport Azeri crude oil to the Kremenchuk Ukrtatnafta refinery according to the contract for supply of at least 1.3 million tonnes.

Electricity Production & Consumption

Greece plans to set an electricity exchange which will be based on a day-ahead, an intraday, a forward and a balancing markets. * International creditors proposed to Greece to sell 40% of PPC’s lignite and hydroelectric plants on a tight schedule by July 2018.

Legal and Regulatory Framework

EU: The European Commission decided on funding energy projects under Connected Europe Facility, which includes 101 mln EUR grant for KrK LNG terminal and 107 mln EUR for Poland-Slovakia gas pipeline interconnection. Among the studies, which received funds, are the Bulgarian Gas Hub and Eastring. * The European Commission published Gazprom’s commitments following a five-year anti-trust case concerning Central and Eastern European Countries. The commitments refer to lifting restrictions on free flow of gas on the interconnection points, possibilities for renegotiation of prices and guaranteeing that no advantages will be pursued in connection with using infrastructure.

Romania: Lower royalties for high risk projects will be on the agenda of the talks between Romanian oil and gas companies and the government.

Upstream

Cyprus: Eni has finalized a farm-in agreement with Total to acquire 50% participating interest in Block 11 Offshore Cyprus, which is near the “super giant” Zohr discovery offshore Egypt.

Bulgaria: Shell completed the seismic acquisition programme of its block offshore Bulgaria.

Romania: NAMR said that since two years it is ready to start a new licensing round in Romania, but is still waiting for the amendment of the legal framework.

Montenegro: Energean Oil & Gas has signed an exploration and production concession contract with Montenegro covering offshore blocks 4219-26 and 4218-30. Total investment over seven years will be US$ 19 million, including the funding of a new 3D seismic survey, geophysical and geological studies, and the drilling of one well. The two blocks are located offshore at a water depth of 50 to 100 meters.

Iran has postponed the launching of the first licensing round because of fears of deterioration the relations with the United States.

Pipelines Projects and Supply Options

Turkish Stream: Gazprom and Swiss contractor Allseas Group signed a contract to build the second string of the TurkStream pipeline.

Leviathan Gas Project: Delek Group, signed loan agreements with a consortium of more than 20 Israeli and international financial institutions for the development of the Leviathan gas field. The agreements replaced a commitment with HSBC and JP Morgan on the last day of its validity. According to the commitment Noble Energy had to decide positively on the development of the field. The new loan was signed under the same condition that Noble will finally make a positive decision concerning the development of the field, which the company finally did. * Wood Group has completed the front end engineering design for Noble Energy's Leviathan gas field development project and has started detailed engineering work for the platform, including the topsides and jacket. * Noble Energy will drill a second well on the Leviathan gas field. The cost of the second well will be $71 million with a subsurface section 5100 m deep, drilled beneath 1600m of sea.

Zohr Gas Project: Egypt's offshore Zohr will start gas production in December, according to an investor presentation held in Milan by Eni.

BRUA Pipeline: The works on BRUA (Bulgaria – Romania – Hungary – Austria) gas interconnector will begin later this year and its completion is mandatory by the end of December 2019. The pipeline will be operational in 2020, when ExxonMobil and OMV Petrom will start natural gas extraction from the Black Sea.

Poseidon Gas Pipeline Project: Gazprom, Italy's Edison and Greece's DEPA are concluding discussions on the Poseidon pipeline.

Poland-Ukraine Gas Pipeline Project: Gaz-System S.A., the operator of the Polish gas transportation system, has selected PGNiG Technologie S.A. as a contractor for building the Strahocina-Germanovichi gas pipeline.

Opal Gas Pipeline: Dusseldorf court has ruled to continue the ban on new capacity auctions for the OPAL gas pipeline until March/April 2018.

Nord Stream 2: European Commission stated that Nord Stream 2 is not a project of common interest.

Companies

Total plans to make a final investment decision on the development of South Pars gas field in Iran, but the decision hinges on the renewal of U.S. sanctions waivers.

BP recently stated that the company is focusing on gas as the power generation feedstock of choice and a flexible back-up for renewables. Renewables would grow globally on average by a 7% a year out to 2035, but even then will provide only one-tenth of world energy needs.

Rompetrol refinery reported an increase in oil processing by 9% in 2016 and decreased profit of 23%.

Black Sea Oil and Gas announced that the discovered gas reserves amount to 10 – 20 Bcm, which will provide 10% of Romanian annual gas consumption.

OMV Petrom invests almost EUR 60 million in a new unit, which will allow the conversion of LPG components into gasoline and middle distillates.

OMV bought 25% of Yuzhno-Russkoe gas field from Uniper. The field is considered a major supplier for Nord Stream. * OMV has announced the sale of its Turkish subsidiary Petrol Ofisi to Swiss oil trading giant Vitol for 1.368 billion euros. Saudi Aramco and the State Oil Company of Azerbaijan (SOCAR) had also placed bids for Petrol Ofisi.

Gazprom: Kyiv's business court of appeals upheld the decision of the court of a lower instance to collect a fine of UAH 172 billion from Russia's Gazprom for abuse of monopoly.* Gazprom has postponed the launch of its Baltic LNG plant in the Leningrad region until 2022-2023.

LUKoil: Current oil prices above $50 per barrel were satisfactory for the markets, Vagit Alekperov, the head of LUKoil said. * LukOil successfully tested upgraded hydrofracking equipment.

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EU

Connected Europe Facility

EU member states agreed February 17 on the European Commission's proposal to invest €444mn in key European energy infrastructure projects, of which just under half on two strategic gas projects. Money for the chosen projects comes from the Connecting Europe Facility (CEF).

Of the 18 projects selected for funding: ten are for gas projects (EU support €228mn), seven for electricity (€176mn), and one for smart grids (€40mn).

The two largest grants to the gas sector involve: construction of the Krk offshore LNG terminal in Croatia (EU support: €101.4mn) which will diversify supplies into a region dominated by Russian imports, plus the Poland-Slovakia gas interconnector (EU support: €107.7mn). Beneficiaries are respectively LNG Hrvatska and Eustream.

Artist's impression of how the Krk LNG FSRU, and a berthed LNG tanker unloading alongside, will look (Credit: LNG Hrvatska)

Strategic partners are being sought for the Krk LNG terminal, expected to become operational in 2019, the total value of which is €363mn. Croatian Prime Minister Andrej Plenkovic told reporters February 17 the news was "very encouraging" and expressed confidence the project would be implemented. He said that on February 16 he had met with representatives of the LNG Hrvatska company and potential partners, a consortium comprising Spain's Enagas, Luxembourg-based Marguerite Fund and Lithuania's Klaipedos Nafta, which he said were willing to invest.

Most remaining gas grants are smaller, and typically for studies, including for the Eastring pipe project (€1mn). However €14mn of EU support will go on archaeological rescue work ahead of building the Trans-Adriatic Pipeline’s construction.

Source: Natural gas World

Baltic Gas Market

The Baltic states' gas transmission system operators (TSOs) have concurred on a so-called implicit capacity allocation model, which when implemented, will lead to the integration of the gas markets in Lithuania, Latvia and Estonia.

“The implicit capacity allocation method means that short-term cross-border transmission capacities will be allocated on the gas exchange platform simultaneously with the quantities of gas traded on the Baltic states' markets through the gas exchange,” Lithuania’s TSO Amber Grid said after signing the co-operation agreement with Latvia’s Conexus Baltic Grid and Estonia’s Elering.

The model will improve competition in the Baltic gas market and help ensure optimal prices for consumers and gas flows between the Baltic countries, says Amber Grid's chief strategist Danas

Janulionis. “This would be the first step toward the integration of the Baltic gas markets," he said. The new model will be implemented by next summer.

The three countries have very small demand and rivalries have so far hindered co-operation, especially in the area of LNG imports. The import terminal in Klaipeda, Lithuania (pictured below), has not been used anything like as much as is needed in order to cover the cost of it.

The three Baltic states' prime ministers signed a declaration on the development of a single regional gas market last December. In the development process, Amber Grid and the other Baltic gas transmission system operators will coordinate the principles and rules of balancing and trade, as well as other principles and rules important for the wholesale market. A single Baltic gas market is expected to become operational in 2020.

Source: Natural Gas World

Gazprom

The Commission published Gazprom’s commitments on Monday (13 March) to end a five-year antitrust case and avoid heavy fines. As part of the package, Gazprom agreed not to seek any damages from its Bulgarian partners following the termination of South Stream.

In what appears to be a huge deal reached behind closed doors, the Commission agreed with the Russian gas export monopoly to remove restrictions for EU countries from Southern and Eastern Europe to re-sell Russian gas across borders.

Until now, bilateral contracts didn’t allow such trade, and in the case of Bulgaria, the implementation of the gas interconnector with Greece was hampered by certain provisions of the Gazprom contracts with both countries.

Source: Euractive

Azebaijan

Oil Production

Azerbaijan cut oil production to 776,400 barrels per day (bpd) in February, sticking to its pledge to reduce output as part of a global deal, Energy Ministry said on Monday.

Oil putput in Azerbaijan has been on a steady decline: production decreased to 793,900 bpd in January from 829,100 bpd the country produced "before the agreement" with the Organization of the Petroleum Exporting Countries and other leading global oil producers reached on Dec. 10.

The ministry said the country exported 604,100 bpd of crude oil, 50,000 bdp of gas condensate and 26,800 bpd of oil products last month.

Source: Reuters

Bulgaria

Shell

Oil giant Shell has completed a stage of oil and gas exploration in the Silistar offshore block, in Bulgaria's Black Sea zone.

Shell Exploration & Development will analyze the result of seismic studies to decide whether or not to drill into the seabed, Capital.bg reports.

Progress in the neighbouring block in Turkish waters, where Shell is looking for gas together with Turkish Petroleum, is a source of optimism after a sucessful drilling.

With a surface of 7000 square kilometers, Silistar is available to Shell for exploration for a period of five years, with the option of two extensions by two years each.

Last year, Total announced oil had been found in the nearby Khan Asparuh block, where the French company is looking for fossil fuels alongside OMV and Repsol.

Source: Novinite.com

Cyprus

Eni

Eni announces that has finalized a farm-in agreement with Total to acquire 50% Participating Interest of Block 11 Offshore Cyprus.

The agreement, by which Total remains the Operator of the Block, has been approved by the Council of Ministers of the Republic of Cyprus. With this transaction Eni further reinforces its own position in the Country, acquiring the right of exploring an area of 2,215 square kilometers, nearby the “super giant” Zohr discovery in the Egyptian offshore.

The rights on Block 11 were assigned by the Republic of Cyprus to Total back in 2013 at the conclusion of the second international bid round held by the Country. The exploration well is expected to be drilled in the Block within 2017.

This agreement is part of Eni’s strategy aimed at increasing its own exploration portfolio in the strategic area of Eastern Mediterranean Sea.

Eni has been present in Cyprus since 2013 through its subsidiary Eni Cyprus Ltd and holds exploration rights on Blocks 9, 3,2 (Eni 80% Op., Kogas 20%) awarded in the second round. Eni has also been chosen, in the third competitive bid round, as selected bidder for Block 6 (Eni 50% Op.,Total 50%) and Block 8 (Eni 100% Op.).

Source: Eni

Greece

Gas Import

Gazprom exported 2.68 billion cubic metres of gas to Greece in 2016, up by 35.0% from 2015.

Source: Interfax

Power Exchange

Greece plans to launch a power trading exchange next year to reform its electricity market in line with European plans for an interconnected energy grid which will help cut costs and improve energy security, it said on Tuesday.

Greece's wholesale electricity market is currently based on a mandatory pool system.

Power producers may enter into bilateral contracts but those are constrained within the pool.

The trading exchange would help boost competition, secure transparency in power sales and eventually lower prices for households and businesses, Energy Minister Giorgos Stathakis told a news conference.

"We are hopeful that the transition to the new model will take place... in mid-2018," he said.

Greece and the European Commission have been preparing a study, expected to be ready by the end of the year, on how the new market will operate, he said.

The country's market operator (LAGIE) and the Athens Stock Exchange agreed last week to jointly help set up the exchange, which will be based on a day-ahead, an intraday, a forward and a balancing market.

Initially, they plan to set up a clearing house.

LAGIE's chief executive officer, Michalis Filippou, said the aim was also to boost liquidity for businesses which would be siphoned into investments.

Source: Reuters

PPC

A proposal presented to the Greek government by its international creditors for opening up the electricity market provides for the sale of 40 percent of Public Power Corporation's lignite and hydroelectric plants, on a tight schedule that sees a consultant being hired by August and completion of the process by July 2018.

The proposal is included in a draft memorandum of understanding sent by Greece's creditors as an alternative measure for opening up the field of energy if the set target is not met through power auctions. An assessment of the power auction's efficiency is being recommended for June, though not by the Regulatory Authority of Energy (as the bailout agreement provides) but by the creditors themselves, in cooperation with the Greek authorities.

Source: Ekathimerini

Iran

Oil Exports

Iran's crude oil exports hit a record 3 million barrels per day in the Iranian month of Esfand (late February to late March), the Islamic Republic News Agency (IRNA) reported on Tuesday, citing the oil minister.

Iranian Oil Minister Bijan Namdar Zanganeh credited Iran's nuclear agreement with Western powers in 2015, which removed a number of sanctions in exchange for curbs on the Islamic Republic's nuclear program, for the boost in exports.

"Before the [nuclear agreement] we struggled to export one million barrels per day," IRNA quoted Zanganeh as saying.

Iran's oil exports have, on average, more than doubled since that time, Zanganeh said.

Source: Reuters

Upstream Tenders

National Iranian Oil Co. (NIOC) has pushed back plans for its first licensing round since sanctions against Iran were lifted. In the meantime the country is trying to maintain IOC interest in the tender process, despite the signing of bilateral agreements and fears of deteriorating relations with the United States.

NIOC had planned to invite bids from IOCs on 31 January, but Managing Director Ali Kardor has said the company would postpone the invitation to 15 February. However, NIOC has yet to launch the process.

NIOC now plans to invite bids by the end of the Iranian year. “Before 21 March a number of these tenders will be issued,” Amir Hossein Zamaninia, deputy minister of trade and international affairs at Iran’s Ministry of Petroleum, told Interfax Natural Gas Daily on the sidelines of CWC’s Iran LNG & Gas Partnerships Summit in Frankfurt on Wednesday.

Source: Interfax

Total

Iran's oil minister said that the first of its new contracts would be finalized with Total within two months, according to the Mehr News agency.

Bijan Zanganeh said that a contract was still being pursued with Total but noted recent comments from the chief executive of the French company indicated it was awaiting feedback from the United States.

"From the information I have the policy of the European Union is not subordinate to the United States," Zanganeh told Mehr News.

"We will take the necessary steps to go ahead with the contract. But we also have a complaint as to why these things are being said."

Total plans to make a final investment decision on a $2 billion gas project in Iran by the summer, but the decision hinges on the renewal of U.S. sanctions waivers, Chief Executive Patrick Pouyanne said earlier this month.

Total was the first Western energy company to sign a major deal with Tehran since the lifting of international sanctions against Iran. Its project aims to develop South Pars 11, which is part of the world's largest gas field.

Zanganeh said that there has been no decision to stop the signing of new contracts but that some contracts have not been finalised because it is a time consuming process.

Source: Reuters

Israel

Gas Export

An Israeli company said on March 2 it has started exporting gas from an offshore field to Jordan, marking the country's first ever exports of natural gas.

The exports to Jordan began in January, Delek Drilling -- part of a consortium leading the development of Israel's offshore gas reserves -- told AFP.

There was no formal announcement at the time but it is the first time Israel has ever exported natural gas, a company spokeswoman said.

Jordanian firms Arab Potash and Jordan Bromine signed a deal in 2014 to import 2 billion cubic meters (around 70 billion cubic feet) of gas from Israel's Tamar field over 15 years.

At the time reports said the deal was worth $771 million.

Jordan is one of only two Arab countries to have a peace deal with Israel but the 1994 agreement is unpopular among Jordanians -- almost half of whom are of Palestinian origin.

Detractors of the gas deal, including Jordan's main opposition Islamist party, reject any cooperation with a country they regard as an enemy.

However, the resource-poor Arab country has few alternatives to tackle shortages.

Israel historically had few natural resources but has discovered a series of offshore gas fields in recent years.

In September 2016, a larger deal worth an estimated $10 billion was signed to export gas from the Leviathan offshore field to Jordan.

In the face of protests, Jordanian Information Minister Mohamed Momani defended the deal, telling state television it would cut $600 million a year from the state's energy bill.

Deliveries from Leviathan are expected to begin in 2019.

Source: Hurriyet Daily

Leviathan Gas Project

Delek Drilling and Avner, the two entities controlled by Delek Group, signed February 20 loan agreements for up to $2.5bn with a consortium of more than 20 Israeli and international financial institutions. The money is to facilitate the development of the Leviathan gas field offshore Israel. The two entities hold 45% in the project.

The loan agreements were signed on the last day before the expiration of the letter of commitment signed between Delek Group and HSBC and JP Morgan last November. Since then Delek and analysts in Israel expected a positive final investment decision (FID) from Noble Energy, a 39.6% shareholder in Leviathan and the field's operator. However, despite positive pronouncements from its top brass last week when the company released its 2016 annual report, so far it has not issued a positive FID, though the company promised it will do so during this quarter.

Delek Group cannot exercise the loan agreement until certain milestones have been passed. The first tranche of $750mn may be drawn down only at FID and the next three tranches will follow once the partnership can show GSAs with minimum undisclosed quantities of gas sales. The additional $750 tranche is also preconditioned by further GSAs.

So far Leviathan has only one anchor customer: Jordan's National Power Company Nepco, which signed a GSA to purchase 45bn m^3 over 15 years, worth $10bn. However, Israel and Jordan are still to sign a bilateral agreement that will enable the consummation of this SGA and will cover security and other risks to contract performance.

The Leviathan partners are also negotiating with Turkish and Egyptian companies for gas supply. However, those initiatives are costly and hindered by geopolitical hurdles. Currently, it seems unlikely that those negotiations will lead to GSAs in the short or medium term.

The loan principal will be repaid in one installment 48 months from signing the agreement that is 20 February 2021, more than a year after the planned first gas. The interest would be paid every quarter indexed to a gradual margin.

Despite signing the loan agreement without Noble's FID, Delek felt confident enough to do it, claiming that Noble will take the FID in the next few weeks and that there are enough GSAs to satisfy the lenders. Delek would not have signed the loan agreement without being sure those terms are met, an executive at Delek who was not allowed to talk publicly, told NGW. If now Delek will not draw the funds, it will be liable to pay millions of dollars.

Source: Natural Gas World

Montenegro

Energean

Energean Oil & Gas (“Energean") is pleased to announce that it has signed an exploration and production Concession Contract with the State of Montenegro covering offshore blocks 4219-26 and 4218-30, following approval from the Parliament of Montenegro. The contract was signed by Mrs Dragica Sekulic, Montenegro’s Minister of Economy, and Mathios Rigas, Chairman and CEO of Energean Group, at a ceremony held earlier today in Podgorica.

Total investment over an exploration period of seven years will be US$ 19 million, including the funding of a new 3D seismic survey, geophysical and geological studies, and the drilling of one well. The two blocks are located offshore at a water depth of 50-100 meters, close to the Montenegrin coast in the vicinity of the town of Bar. Energean plans to begin the 3D seismic acquisition during the first quarter of 2018.

Source: Business Wire

Romania

Gas Prices

The natural gas prices will increase by 5-6% as of April 1 for household consumers, which will be protected during the year from potential unexpected increases of prices on the open market, said on Thursday the President of the Energy Regulatory Authority (ANRE) Niculae Havrileţ, who attended a debate on energy issues.

“As of April 1, according to Emergency Ordinance 64 (2016), which is being debated in Parliament and we believe it will be approved, is to start the procedure for total liberalization of the gas market in Romania, with reference to household consumers. As of April 1 there will not be a regulated price for the gas production and only other elements of the final price will remain regulated: network tariffs, supply fees and elements that are considered natural monopolies,” Havrileţ said.

“In our forecast, in line with the developments in international prices which are at the same level or very close to the gas price from domestic production, we consider an increase of a few RON per MWh, i.e. an increase of 5 to 6% per thousand cubic meters,” the ANRE president said.

Source: The Romania Journal

Fuel Market

The Competition Council has launched a sectoral inquiry on the fuel market, to analyze why the fuel prices without taxes in Romania are higher than the EU average.

“The prices are rather similar throughout Europe and this is what we expected whereas the fact that we have resources is less important. The problem is not: we have resources, why don’t we have a lower price? The question is why for a year the price is higher than the EU average? We are looking for an explanation because, traditionally, the price in Romania was a little bit below the average. Sometime early last year has gone above average, we are talking about the price without taxes. The prices with taxes are below the average, the Romanian state charges less than other states. The prices without taxes are where the companies get involved. It is a relatively new development that we do not understand entirely, so we have launched an investigation. They will receive a series of questions they are required to answer legally. We want to understand exactly what changes have led to this surprising development,” Bogdan Chiriţoiu, president of the Competition Council, said on Monday, digi24.ro informs.

The fuel market in Romania is competitive and the prices in our country are among the lowest in Europe, OMV Petrom CEO Mariana Gheorghe said last Thursday.

She noted that the data on the website of the European Commission on fuel prices in different countries are not always comparable, as they contain different elements.

“Currently we have the lowest prices in Europe, second or third position from the bottom. The data we use from the European Commission are not always comparable. Each country can report different elements. (…) There are also other differences; although the price from the European community is a good reference, it is not an accurate reflection of comparability one on one,” Gheorghe said.

Source: The Romania Journal

Romanian Gas Hub

Romania could become a gas hub by 2020, when the gas pipeline that will connect the grids of Bulgaria, Romania, Hungary and Austria (Brua) is scheduled to be completed. The announcement was made by Romanian Energy Minister Toma Petcu in a national radio broadcast. According to government plans, work on the pipeline will begin in the fourth quarter of 2017 and should be compulsorily completed in December 2019. "As of 2020, ExxonMobil and OMV Petrom will begin extraction of natural gas from the Black Sea," the minister added, stressing that the Brua pipeline is "very important, and that the companies engaged in gas extraction in the Black Sea will be fully connected". The Black Sea has in fact been at the centre of international attention for some years now, a veritable treasure trove of valuable energy resources, tempting to everyone to some degree, from the US to Russia. Discovered in 2012 by technicians and engineers of the OMV Petrom HQ, Bucharest, this huge offshore natural gas field immediately showed its potential. Today, the construction project to transport this great wealth from the Black Sea to Austria, to Brua, will lead to the redrawing of the European energy map. Within the context of the completion of these projects - the minister for energy explained, "greater stability will be guaranteed and Romania could become a hub and a major player in the gas market". Work on the project, explained Bucharest's Energy Minister, will involve 11 Romanian provinces; the new pipeline will be 550 km long and will have a total capacity of 1.5 billion cubic meters of gas per year towards Bulgaria and 4.4 billion cubic meters towards Hungary. The total cost of the pipeline should exceed 500 million euros. A third of the funds will be granted by the EU Commission: The energy ministers of 12 EU countries recently signed a general cooperation agreement to build the Romanian part of the pipeline, which will be 528 km long.

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The Prime Minister Sorin Grindeanu talked on Monday, February 27th, during a meeting held with a delegation from the consortium consisting of ExxonMobil and OMV Petrom, about forming an interministerial team, that will ensure the necessary technical support, to help new energy projects with potential development in the Romanian side of the Black Sea, according to a press release from the Government’s press office, energynomics.ro reads.

“The investors have in the governmental team a serious partner, that understands its responsibilities: ensuring the legal stability and predictability and an equitable taxation, both for the economic environment and for the state budget”, said Grindeanu.

Representatives of the two companies, the vicepresident of ExxonMobil Development Company, David Cochrane, and the CEO of OMV Petrom, Mariana Gheorghe, presented during the meeting held at Victoria Palace, the draft of the deep resource exploration of natural gas in anticipation of the investment final decision, it is shown in the release.

In his turn, Minister of Economy Mihai Tudose, showed that the magnitude of projects, such as the one presented by ExxonMobil and OMV Petrom, can help transform Romania into a regional industrial hub for offshore projects.

Government officials and representatives of the two companies also discussed about the opportunities in the energy sector on short, medium and long term, in the context of global challenges, reads the release.

The meeting was also attended by the Secretary General of the Government, Mihai Busuioc, the Secretary of State in the Ministry of Public Finance Ionut Misa, the State Councilor Marius Nica and the chairman of the board of Transgaz, Ion Sterian.

Source: Abo.net, Actmedia.ro

Upstream Licensing Round

Romania has significant reserves of natural gas in areas of huge depth, both at sea and on land, and another big company is interested in the Romanian sector of the Black Sea, said on Monday Sorin Gal, Director general of the General Directorate for Management, Assessment and Concession of Resources/Oil Reserves of the National Agency for Mineral Resources (ANMR).

According to him, besides ExxonMobil, OMV Petrom, Lukoil and Romgaz, which have so far invested huge amounts in exploration in the Black Sea, another large company is interested in this sector.

He added that ANRM is waiting for two years already for the amendments to the legal framework in order to launch a new round of auctions for blocks.

“I have taken over the office in 2015 and I wanted that in six months to launch the packages for the new round. I have concluded them at the end of 2015 and ever since I’ve been waiting,” the ANMR official said.

The past round of auctions for concessions launched by ANMR, the tenth, started in 2009 and was concluded in 2010.

Source: The Romania Journal

Oil Royalties

Prime Minister Sorin Grindeanu has received on Monday a delegation of the consortium made up by ExxonMobil and OMV Petrom, led by David Cochrane, Vice-President of ExxonMobil Development Company and by Mariana Gheorghe, CEO of OMV Petrom. The three have discussed the project for exploration of natural gas in the Black Sea and the Prime Minister has promised support to the two multinationals, hotnews.ro informs.

The Prime Minister proposed “the setting up of an inter-ministerial team to provide the technical support needed for new energy projects with development potential in the Romanian Black Sea area,” a release from the Government reads.

We remind our readers that Romania has to make a decision on royalties for hydrocarbons exploitations. Exxon and OMV Petrom and other companies having projects in the Black Sea, campaign for lower levels of royalties for high risk projects.

Source: The Romania Journal

Black Sea Oil and Gas

The company Black Sea Oil and Gas (BSOG) has discovered in the Romanian shelf of the Black Sea between 10 and 20 billion cubic meters of natural gas and the investments aiming to start production in 2019 could reach USD 500 million, said Mark Beacom, general manager.

He estimates the project will produce about 10% of Romania’s consumption for five years.

Mark Beacom said the total investments in this concession stand currently at about USD 200 million. He added it is difficult to estimate the total amount to be invested until the entry into production because it could include further investments due to future discoveries. The total amount could possibly reach USD 500 million, Agerpres informs.

He also said that total gas reserves depend on future drilling results, which could be added to the resources already identified at Ana and Doina blocks, and the total could range between 10 billion and 20 billion cubic meters.

He stressed that the project depends on the actions of the Government and the National Authority for Energy Regulation (ANRE).

On Wednesday Niculae Havrileţ, President of the Energy Regulatory Authority (ANRE), said the company Black Sea Oil & Gas will start the gas production in the Black Sea at the middle of next year, and Romania will become gas exporter.

“As of next year, a new important source of natural gas, 4 billion cubic meters per year, will be available, it is about the structure of gas discovered in the Black Sea. The operators and investors in the area showed us that, as of next year, on July 1, a new structure will go into production. So basically, from that moment, Romania will also become an exporter, because this structure adds gas to the normal demand in Romania,” Havrileţ said.

Source: The Romania Journal

Rompetrol

In 2016, the quantity of raw material processed by the Petromidia refinery amounted to 15,700 tones/day, higher by 9 percent as compared to 2015. The production of car gas increased to 1.25

million tonnes, while the Diesel gas production amounted to 2.52 million tonnes in 2016, thus marking historical production records for these categories of products.

The Vega refinery registered a historical record both in terms of the produced quantity of bitumen, and that of ecological solvents, of over 40 thousand tones, in 2016. The Vega Refinery registered a historical cost in the decrease of the processing cost, which reached the level of USD 39.7 / mt. Also in 2016, the hexane yield increased to 55 percent, the equivalent of 83,000 production tones.

KMG International's biggest company exported last year, through the refinery and petrochemistry divisions, a total quantity of products of 2.5 million tonnes, higher by 3.7 percent as compared to 2015, mainly to the partners in the Black Sea region. The company is the biggest exporter of oil products of Romania and the second exporter at a national level.

The net consolidated profit made by Rompetrol Rafinare in 2016 reached the level of USD 49.8 million, indicator negatively influenced by the evolution of international quotations for oil products, marking a decrease 23 percent.

"Rompetrol Rafinare continued to be an important taxpayer to the Romanian state budget, paying more than USD 1.277 billion for 2016 and the value of the contribution to the state budget exceeding USD 12.5 billion in the 2007 – 2016 period," the release also reads.

The Romania Journal

OMV Petrom

OMV Petrom, the largest oil and gas producer in Southeastern Europe, invests almost EUR 60 million in a new unit to be built in the Petrobrazi refinery, based on innovative Polyfuels technology developed by French company Axens.

According to a press release, the new unit, expected to become fully operational at the beginning of 2019, allows the conversion of LPG components into gasoline and middle distillates, using a catalytic process.

Source: The Romania Journal

Ukraine

Gas Price

Ukrainian enterprises in February 2017 imported gas at an average price of UAH 6,681.88, or $246.88 per 1,000 cubic meters, the Ukrainian Ministry of Economic Development and Trade reported on its website.

In January the price of imported gas was $229.51 (UAH 6,032.85).

The price of imported gas In January 2016 was $231.41 (UAH 5,542.82), $200.39 (UAH 5,352.03) in February, $198.57 (UAH 5,292.39) in March, $188.08 (UAH 4,795.87) in April, $181.5 (UAH 4,595.1) in May, $184.3 (UAH 4,595.21) in June, $210.88 (UAH 5,233.264) in July, $199.1 (UAH 4,981.339) in August, $199.61 (UAH 5,255.29) in September, $180.55 (UAH 4,652.17) in October, $188.93 (UAH 4,866.34) in November, $230.01 (UAH 6,006.66) in December.

Source: Interfax

Gas Import

The first fifteen letters of credit have been issued by Naftogaz under the loan agreement with Citi and Deutsche Bank secured by the World Bank.

The letters of credit totaling more than EUR 220 million will be used this March to purchase natural gas from the European suppliers selected through the World Bank’s biddings. It is planned to buy up to 1.1 bcm of gas. The suppliers will be receiving cash under the letters of credit during April upon completion of the relevant gas deliveries to Ukraine.

Naftogaz shall repay the loan within 12 months following the lending. The loan facility secured by the World Bank totals the equivalent of USD 500 million.

The rest of the loan facility will be used for gas purchases based on the current market conditions.

Source: Naftogaz

Gas Supply

Ukraine in 2016 imported 10.905 billion cubic meters (bcm) of gas for $2.191 billion, the State Statistics Service has said.

In 2016, Ukraine imported 3.216 bcm of gas worth $654.806 million from suppliers in Switzerland, 2.548 bcm worth $507.426 million from Germany, 1.992 bcm worth $397.06 million from France, 792.189 mcm worth $166.702 million from Britain, 751.376 mcm worth $147.347 million from Poland, 580.345 mcm worth $117.5 million from Italy, 479.559 mcm worth $91.094 million from Austria, 195.936 mcm worth $42.176 million from Luxembourg, 170.173 mcm worth $31.584

million from Hungary, 151.77 mcm worth $29.089 million from the Czech Republic, 16.397 mcm worth $3.877 million from Slovakia, 7.409 mcm worth $1.489 million from Norway and 3.524 mcm worth $675,000 from Malta.

In December 2016, Ukraine imported 1.654 bcm of gas for $368.424 million. Average price in December was $228.80 per 1,000 cubic meters.

In December, Ukraine imported 570.766 mcm of gas worth $130.589 million from suppliers in Switzerland (average price - $228.20/tcm), 456.46 mcm worth $99.002 million from Germany ($216.90/tcm), 288.824 mcm worth $62.923 million from France ($217.90/tcm), 164.382 mcm worth $36.557 million from Britain ($222.40/tcm), 94.538 mcm worth $21.457 million from Poland ($227/tcm), 28.919 mcm worth $6.734 million from Austria ($232.90/tcm), 15.281 mcm worth $3.244 million from Luxembourg ($212.30/tcm), 13.326 mcm worth $3.14 million from Slovakia ($235.60/tcm), 10.602 mcm worth $2.563 million from Hungary ($241.70/tcm) and 10.587 mcm worth $2.22 million from Italy ($209.70/tcm).

Ukraine did not import gas from Russia in 2016.

Source: Interfax

Oil Import

Public joint-stock company Ukrtransnafta will be ready to start pumping Azeri oil to Kremenchuk oil refinery (public joint-stock company Ukrtatnafta) from March 10, Ukrtransnafta First Deputy Director General Andriy Pasishnyk has told Interfax-Ukraine.

"Some 17,000 tonnes of Urals left to remove. It will take three days. We are ready to accept Azeri Light on March 10," he said.

Pasishnyk said that today 193,000 tonnes out of 210,000 tonnes of Urals oil has been removed.

Ukrtransnafta and Ukrtatnafta on November 3, 2016 signed a contract on supply of at least 1.3 million tonnes of Azeri Light oil a year to Kremenchuk oil refinery from 2017. The document envisages the resumption of the Odesa-Kremenchuk oil pipeline section that was idle for around five years.

Under the contract Ukrtransnafta arranged pumping of Urals oil from the Odesa-Kremenchuk oil pipeline to railway tankers and eventually pump it to the second line of the Druzhba oil pipeline.

Pasishnyk said that the contract with Ukrtatnafta on transportation of Azeri oil has guarantees: if the volumes of transportation decrease Kremenchuk oil refinery will compensate all expenses for replacement of Urals oil to Azeri Light to Ukrtransnafta.

Source: Interfax

Gazprom

Kyiv's business court of appeals upheld the decision of the court of a lower instance to collect a fine of UAH 172 billion from Russia's Gazprom for abuse of monopoly.

An Interfax-Ukraine correspondent has reported that the decision was made on Wednesday.

"The counterclaim of Gazprom is dismissed, and the court ruling is upheld," Judge Karolina Tarasenko said.

In turn, Ukraine's Antimonopoly Committee said that the court ruling must be urgently executed.

"The decision of Kyiv's business court made on December 5, 2016 took effect today and is to be executed. Thus, Gazprom is obliged to pay UAH 171.9 billion to the Ukrainian national budget and abate infringements," the press service of the committee said.

Earlier Kyiv's business court satisfied the claim of the committee against Gazprom seeking to collect UAH 172 billion from the company.

Source: Interfax-Ukraine

Pipelines and Supply Options

Turkish Stream

Russia's gas export monopoly Gazprom and Swiss contractor Allseas Group signed February 20 a contract to build the second string of the TurkStream gas pipeline project's Black Sea section. The document was signed as part of the option included in the construction contract for the pipeline's first string, signed last December.

In a similar fashion to the construction of TurkStream's first string, Allseas plans to use Pioneering Spirit, the world's largest construction vessel, to lay more than 900 km of pipes across the seabed for the second string of the pipeline, Gazprom said. The vessel was used last summer to decommission the Yme topsides offshore Norway.

TurkStream is the project for the construction of a transit-free export gas pipeline stretching across the Black Sea from Russia to Turkey and further to Turkey's border with neighbouring countries.

The first string of the gas pipeline is intended for Turkish consumers, while the second string will deliver gas to southern and southeastern Europe. Each string of TurkStream will have the throughput capacity of 15.75bn m^3/year.

Gazprom already supplies gas under the Black Sea to Turkey, through the 16bn m^3/yr Blue Stream which opened 14 years ago, which starts and ends in different places from the projected route of TurkStream. That was its first export route to avoid Ukraine as a transit country.

Source: Gas Natural World

Leviathan Gas Project

Noble Energy has confirmed it has sanctioned the first phase of the Leviathan gas field development offshore Israel.

The confirmation comes only hours after Noble's Israeli partners in the field, Delek and Avner, said they had made the final investment decision for the project.

The U.S. company said the first gas from the field located in the Mediterranean Sea was targeted for the end of 2019. The giant gas deposit was discovered in 2010.

David L. Stover, Noble Energy's Chairman, President and CEO, said Leviathan marked the company's third major natural gas development offshore Israel. Noble has previously developed the Mari B and Tamar fields.

Stover said that bringing Leviathan in production would expand Israel's supply of natural gas, further support the State's commitment to convert coal-fired power generation facilities to cleaner burning gas, and provide affordable energy resources to Israeli citizens and neighboring countries in the undersupplied region."

Leviathan will provide a second source of natural gas for Israel through a separate tie-in location in northern Israel.

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Wood Group announced Thursday that it has completed a seven month front end engineering design (FEED) development for Noble Energy's leviathan field development project in the Eastern Mediterranean Sea.

The company also revealed that it has started detailed engineering work for the platform, including the topsides and jacket. The FEED and detail design has a total contract value of approximately $95 million.

The estimated 30,000 ton fixed platform is being initially designed to process 1.2 billion cubic feet of gas per day, expandable to 2.1 Bcfpd to accommodate future production.

"Wood Group's global engineering experience in delivering large-scale offshore gas production facilities and proven ability to deliver safe, cost-effective and efficient solutions will help Noble Energy and its partners meet the high standards, cost requirements and delivery schedule of the Leviathan field development," Robin Watson, chief executive of Wood Group, said.

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The operator of the giant Leviathan gas field offshore Israel, Noble Energy, will drill another development and production well at the field, the Leviathan-7.

The statement explained that, by drilling the Leviathan-7 well in a batch wih the Leviathan-5 well, it will be possible to streamline and reduce the cost of the drilling of these two wells.

The Leviathan-7 will be drilled as a development well and later connected as a production well to the Leviathan project's production system.

The well will be drilled with the Atwood Oceanics-owned drillship Atwood Advantage, which is currently working on the Tamar-8 development and production well. The drillship, which is under a fixed term with Noble until August 2017, started operations on the Tamar field last October. The Tamar-8 well is expected to be completed, including completion and connection to the production system, in the coming weeks.

Since the Leviathan-7 will be drilled in a batch with the Leviathan-5, the two wells will be drilled in the following order: at the first stage, the upper part of the Leviathan-7 well will be drilled to a depth of approx. 2,900 meters below sea level; at the second stage, the drilling rig will be moved to the Leviathan-5 well site, where it will drill this well to a final depth of approx. 5,200 meters below sea level; at the third stage, the drilling rig will be returned to the Leviathan-7 well site, where it will drill the lower part of this well to a final depth of approx. 5,100 meters below sea level.

Both of these wells will be completed and connected to the production system on another date. The drilling is expected to start immediately after completion of the Tamar-8 well, and to take approximately seven months in the aggregate, excluding their completion and connection to the production system.

The Leviathan-7 well will target the Oligo-Miocene layers. Water depth at the site is 1,630 meters and the final depth planned for the well is approx. 5,100 meters below sea level.

The cost of the well, which is included in the budget for development of the Leviathan project, is $71 million, excluding the cost of completion and connection to the production system of the Leviathan reservoir.

As previously reported by Noble, completion activity for all four producer wells, including two previously drilled, is anticipated in 2018.

Source: Offshoreenergytoday.com, Rigzone

Zohr Gas Project

Zohr will start gas production in December, according to an investor presentation held in Milan today by Eni.

The Zohr discovery, which was made in August 2015, is believed to hold 5.5 billion barrels of oil equivalent, according to Eni's website. A December production commencement date would mark a 2.3 year timespan from discovery to output start-up.

Source: Rigzone

Poseidon Gas Pipeline Project

Gazprom, Italy's Edison and Greece's DEPA are concluding discussions on the Poseidon pipeline.

Source: Interfax

BRUA Pipeline Project

The works on BRUA (Bulgaria – Romania – Hungary – Austria) gas interconnector will begin later this year, and the pipeline will be operational in 2020, when ExxonMobil and OMV Petrom will start natural gas extraction from the Black Sea, the Energy Minister, Toma Petcu stated at the public broadcaster Radio Romania Actualitati.

"According to the schedule assumed by Transgaz, the works will kick off in the fourth quarter of 2017 and it is mandatory to be ready at end-December 2019. So, in 2020, it (ed. note the pipeline) must be operational. Also in 2020, Exxon and Petrom will finish in their turn the gas adduction works from the Black Sea offshore," Petcu said.

According to him, BRUA pipeline is essential to start extracting gas from the Black Sea by Exxon and Petrom.

At the same time, the minister asked Romgaz – the biggest national producer and supplier of natural gas of Romania – to carry out feasibility studies for the development of new gas deposits near the pipeline, and not only, to store gases at a low price during the summer and sell them for exportation in the winter, when the prices are higher.

In this context, it creates a great stability and Romania can become a hub, a major player in the gas market.

“We want to become an important pillar and BRUA creates for us this facility,” Petcu pointed out.

He reminded that a gas hub exists in Austria wherein Romania could capitalise its resources at very good prices.

Source: Romaniajournal

Poland-Ukraine Gas Pipeline Project

Gaz-System S.A., the operator of the Polish gas transportation system, has selected PGNiG Technologie S.A. as a contractor for building the Strahocina-Germanovichi gas pipeline, according to Gaz-System's website.

According to the report, the pipeline with a length of 72 km will be part of the eastern branch of the North-South corridor and is important for integration of the gas transportation systems of Poland, Slovakia and Ukraine.

It is planned within the project to reconstruct the Germanovichi point, from which in future it is planned to build the Germanovichi (Poland)-Bilche-Volytsia (Ukraine) interconnector.

It is planned to complete building the Strakonice-Germanovichi gas pipeline in 2019, the project cost is PLN 288 million (nearly UAH 2 billion).

Source: Interfax

Opal Gas Pipeline

Following a suit filed by PGNiG Supply & Trading, a Dusseldorf court has ruled to continue the ban on new capacity auctions for the OPAL gas pipeline until March/April 2018.

Source: Interfax

Nord Stream 2

The Nord Stream 2 gas pipeline which aims to bring Russian gas to Germany under the Baltic Sea is not a "project of common interest" to the EU, the European Union's competition commissioner said on Monday.

"On the legal side of things, it has become very clear that the Commission does not find that the Nord Stream 2 project will be a project of common interest," EU Competition Commissioner Margrethe Vestager told a news conference in Brussels.

She was repeating the Commission's view that the project does not serve the EU's efforts to reform the energy market in the bloc and reduce dependence on Russian gas. However, the executive has so far resisted attempts by some national governments which opposed the scheme to take a firm position on the legality of the pipeline under European law.

Source: Reuters

Companies

OMV

Austria’s OMV said on March 6 that it signed an agreement to acquire a 24.99% share in Russia’s Yuzhno Russkoye natural gas field located in Western Siberia from Uniper SE for $1,850 million (approximately €1,749 million) plus cash on the balance sheet per December 31, 2016. The transaction is anticipated to close by year-end and will be retroactively effective as of January 1, 2017, OMV said in a press release. The implementation of the transaction is subject to further conditions, including co-shareholder consent as well as merger control and foreign investment control clearance in Russia.

“The acquisition will build a new core area, Russia, in our upstream portfolio adding 100,000 barrels of oil equivalent per day to OMV’s production,” OMV CEO Rainer Seele said. “After closing, OMV will produce in total more than 400,000 barrels of oil equivalent per day. This transaction is fully compliant with the execution of our strategy and significantly reduces OMV’s production cost.”

The Yuzhno Russkoye field is one of the largest gas fields in Russia, situated in the Yamal-Nenets region. Current plateau production of the field amounts to 25 billion cubic metres per year (100%). The license will expire by the end of 2043. The gas from the field is the key resource for the Nord Stream pipeline, which supplies Germany directly with Russian gas.

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Austrian oil and gas group OMV has announced the sale of its Turkish subsidiary Petrol Ofisi to Swiss oil trading giant Vitol for 1.368 billion euros ($1.45 billion).

“This is a strong business in a growing market. We... greatly look forward to working with the Petrol Ofisi team to capitalize on Turkey’s strong economic performance and growing demand for energy products,” said Vitol Chief Executive Ian Taylor.

Saudi Aramco and the State Oil Company of Azerbaijan (SOCAR) had also placed bids for Petrol Ofisi, sources familiar with the matter said. OMV counted the Turkish petrol station chain as one of its non-core assets it is shedding to generate cash.

OMV had put its Turkish subsidiary up for sale a year ago in the context of plunging crude prices that depressed the global oil sector.

Like other OMV subsidiaries, Petrol Ofisi has suffered severe depreciations in recent years and has been hit by controls on oil profit margins by the Turkish regulator.

Turkey has some of the highest fuel prices in Europe but taxes and other regulations.

Source: Neweurope.eu, Hurriyet daily news

BP

The role gas needs to play in the transition can't be overstated," BP upstream chief Bernard Looney told the IP Week conference February 22.

Renewables would grow globally on average by around 7% a year out to 2035, but even then will provide only one-tenth of world energy needs, he said.

"Even on a faster than likely track to reduce emissions, oil and gas are still expected to provide around half of the energy mix by 2035. Demand for gas is growing faster than oil – we project 1.6% a year to 2035."

"Gas is a cleaner, lower carbon alternative to coal, and is abundant in supply. Gas is a growing proportion of BP's portfolio and six out of seven of our start-ups this year are gas projects," he told the morning session of the IP Week event in London.

BP had added to its gas position in Egypt, by last week completing its purchase of a 10% interest in the giant Zohr field. The UK major is also working with state China National Petroleum Corporation in China to explore for shale gas, had increased its interest in Oman, and now too has access to fields off Mauritania and Senegal operated by US partner Kosmos Energy with "enormous potential to produce significant volumes of gas very competitively."

"These are just some of the recent choices we've been making and we will be sharing more of our plans with the market next week when we deliver an update on our strategy," said Looney, referring to a presentation to investors on February 28.

Looney said that natural gas is the power generation feedstock of choice for many places and a flexible baseload back-up to renewables.

"The growth in LNG is increasing the accessibility of gas around the globe and leading us towards a more globally integrated gas market. The winners won't simply be the most efficient operators. They will be the ones who can assemble large-scale, long-term projects that take gas from where it can be most efficiently produced to where it is most urgently needed. In the last decade that has classically been within the US. We are also seeing demand ramp up in China and expect to see supply rise there too as Chinese shale becomes a major play. And of course, Europe is also hungry for gas."

Source: Natural Gas World

Gazprom

The price range of Gazprom's export gas contracts will be $180 to $190 per 1,000 cubic meters in 2017, the Russian gas giant's deputy CEO Alexander Medvedev said during a presentation for investors.

The average export price in 2016 was $167 per 1,000 cubic meters, he recalled.

Gazprom exported a record 179.3 billion cubic meters of gas to countries outside the CIS in 2016. This is equivalent to the combined gas consumption of Japan, Singapore, South Korea and Vietnam, a presentation for a meeting with Asia-Pacific investors in Singapore states.

The company had a 34% share of the European gas market in 2016 and intends to keep its share at up to 35% in the period to 2025, the presentation said.

"Unlike in sports, we set our records without the use of doping, without any subsidies, which are ultimately paid for by consumers," Medvedev said.

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The estimated price for Gazprom’s gas sales outside of the CIS was quoted at $204/Mcm in March.

Source: Interfax

LUKoil

Current oil prices above $50 per barrel were satisfactory for the markets, Vagit Alekperov, the head of Russia's No.2 oil producer Lukoil, said on Monday.

Speaking on the side lines of a conference in the Black Sea resort of Sochi, Alekperov told reporters that the prices were likely to stay at the current levels till the end of the year.

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LUKOIL-Western Siberia, a wholly owned LUKOIL subsidiary, has tested upgraded well completion assemblies for multi-stage hydrofracturing at Yugra fields.

Apart from a liner hanger and hydrofracturing equipment, the new assembly incorporates swelling packers with hybrid elastomers. Compared with conventional methods, the upgraded technology, tested at five wells of Imilorskoye and Tevlinsko-Russkinskoye fields under the technical supervision by TAM International, gives higher flow rates.

The hybrid elastomers guarantee a total isolation of the hydrofractured areas, ensure a much better timing of the assembly's trip down the well and secure from all possible technological risks due to their ability to swell in any well fluid.

Source: Reuters, LUKoil

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