Balkan and Black Sea Petroleum Association

15th of April – 15th of May 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 April 2017 and 15 May 2017 US WTI spot crude oil price fluctuated between $45/bbl and $53/bbl; Henry Hub spot gas price fluctuated between $114/1000 cbm and $124/1000 cbm (GCV at 0°C). In Europe, at Central European Gas Hub, the average day ahead gas price was $205/1000 cbm.

Belarus: From 2018 the price for Russian gas for Belarus will be less than $130 per cbm.

Legal and Regulatory Framework

EU: The Council of the European Union and the European Parliament have reached an agreement on the security of gas supply regulation. According to the agreement, in the event of a severe gas crisis, neighbouring Member States will help out to ensure gas supply to households and essential social services.

Bulgaria was quoted to view positively the proposals of Gazprom for commitments on the EC anti-trust case. The country insists on preserving its role as a transit country and on an option to review the supply contracts and prices every six months.

Ukrainian gas producers were quoted to have not been placed in an equal position with the gas importers after Ukrainian regulator decided to increase the transportation tariff for gas producers.

Romania: Constantin Gheorghe was appointed president of the Romanian Competent Authority for Regulating the Offshore Oil Operations at the Black Sea.

Gas Production, Supply, Transit, Demand and Trade

Azerbaijan: Absheron first phase gas production will be 1.57 Bcm/y. *Azerbaijan and the Asian Development Bank signed a $500 million loan agreement for the financing of the second stage of the Shah Deniz project.

Egypt: A Swiss court has rejected an appeal by Egyptian energy companies to pay $2 billion in compensation to state-owned Israel Electric Corp (IEC). Egypt sold gas to Israel under a 20-

year agreement that collapsed in 2012 after months of repeated attacks by insurgents on a pipeline serving Israel in Egypt's remote Sinai Peninsula. * BP started production from two gas fields in Egypt with plans to expand to cover one third of current domestic production. Egypt state-owned EGAS plans to decrease LNG imports as surging domestic gas production squeezes out demand for costly foreign imports.

Romania: Natural gas imports jumped 323% for the first two months compared with the same period last year. * Romania plans export gas after 2020 when BRUA gas pipeline will be built and production of gas will start from the Black Sea.

Ukraine tripled its gas imports from Slovakia in May, while imports from Hungary and Poland decreased. * In January-April 2017 Ukraine increased natural gas transit through its gas transportation system by 22.5%.

Electricity Production & Consumption

Greece: PPC is moving rapidly with the plan for the sale of lignite-powered units.

Romania: Renewable energy has provided 42.29% of national electricity production last year, with hydro energy having the largest share - 29.88%, wind energy provided 11.07% and photovoltaic – 1.18%.

Upstream

Azerbaijan is preparing to sign contracts to develop the Umid and Babek gas fields, Umid's gas production is intended for Azerbaijan's market, while Babek's production is expected to be exported. For the first time Azerbaijan would not be awarding contracts in the form of PSAs, but instead contracts would resemble Iran's “payback” contractual model.

Lebanon parliament is expected to adopt an updated petroleum tax law, which will allow a closing of the first licensing round and signing contracts with IOCs.

Cyprus: Turkey restated its objection to the planned exploration in block 6 offshore Cyprus claiming that a part of the block belongs to Turkey. Cyprus said that will continue to reject the claims.

Turkey started its seismic energy exploration in eastern Mediterranean on April 21 using the Barbaros Hayrettin Paşa, a seismic vessel that was acquired late in 2012.

Ukraine: Ukrgazvydobuvannia plans to increase drilling by 1.6 times in 2017.

Pipelines Projects and Supply Options

Kashagan Oil Field: Caspian oil pipeline will boost its capacity this year by 47% thanks to new oilfields in the region including the giant Kashagan. Oil exports via the CPC are expected to grow to almost 65 million tonnes this year.

Southern Gas Corridor: BP said Georgian part of Southern Gas Corridor will be ready by the middle of 2018. There are two compressors there, one of which is almost completed and the other one is half completed.

Israel-Turkey gas Pipeline Project: Turkey and Israel have been in talks about the commercial details of building a pipeline to carry Israeli gas to Europe via Turkey, The Israeli government is considering three routes to carry natural gas to Europe: The Turkish route, the eastern route and the route through LNG terminals in Egypt.

SNAM Reverse-Flow Project: SNAM plans a reverse-flow project in the Alps in 2018 to allow gas exports of 13 Bcm/y to Ukraine and the Balkans.

Turkish Stream: Gazprom said Allseas' vessel Audacia had started laying the pipes for the Turkish Stream pipeline on the Russian shore of Black Sea.

Bulgaria-Serbia gas pipeline: Serbian prime minister recently prioritized the gas interconnection Bulgaria-Serbia which can bring gas from Russia, deemed as the only available source, to Serbia after transit through Ukraine will be replaced by Turkish Stream.

LNG: Poland will receive its first liquefied natural gas supplies from the United States in mid-June as a result of a deal Polish gas firm PGNiG signed with Cheniere Energy.

Nord Stream 2: Shell, Engie, OMV, Uniper and Wintershall have signed financing agreements with Nord Stream 2 AG, each committed to provide financing and guarantees for up to 10% of the total cost of the project. *The prime ministers of the Baltic states and Poland announced that Nord Stream is a political project and will be harmful for the development of the gas market in EU. They supported the legal proceedings of Poland against the European Commission for increasing Gazprom's quota in Opal pipeline. *Ukraine continued insisting that Norway should not allow the construction of Nord stream 2 as it will threaten security of Ukraine and Europe as a whole. *Gazprom recently completed a study revealing the environmental benefits of using piped gas from Nord Stream 2, instead of LNG supplies from United States, Australia, Algeria or Qatar.

Companies

Delek Group intends to sell up to a 10 percent stake in the large offshore field Tamar.

ExxonMobil is expected to sign an agreement with Hellenic Petroleum, indicating interest in Greek offshore exploration blocks.

CEZ: Romanian Electrica submitted an offer for acquiring a Bulgarian electricity distribution company owned by CEZ.

Oil Terminal: The Romanian company Oil Terminal was reported to be the most profitable company listed on the Romanian stock exchange's main segment, which doubled the investors' money in four months.

OMV Petrom plans to increase investments in 2017 by 83% versus 2016, mainly in upstream – 91% of the budget. * OMV Petrom Group has posted a RON 618 million net profit in the first quarter of 2017, due to significantly higher oil prices and increased gas and power sales volumes.

Rompetrol Rafinare’s gross turnover for the first quarter was 15% higher than for the same period of last year, supported by the gross refining margin, which is 16% higher than in the same period of last year.

Romgaz announced that the newly discovered Caragele gas field is the biggest find for the last three decades.

Hidroelectrica’s profit for the first quarter of 2017 was RON 482 million, the highest quarterly profit recorded so far.

Chernomorneftegaz is preparing for international proceedings against Russia after it lost access to its production facilities on the Black Sea shelf.

Naftogaz: Ukraine's Cabinet of Ministers announced a tender to select an independent member of the supervisory board of Naftogaz Ukrainy. On March 29 the government decided to expand the supervisory board of Naftogaz Ukrainy from five to seven members, adding an independent member and a member from the state.

Ukrnafta: Ukraine's State Service for Geology and Deposits said Ukrnafta has to pay a tax debt of UAH 12.5 billion.

Yuzgaz: Kyiv's administrative court of appeals confirmed the ruling of the lower instance that declared invalid the refusal of the Ukrainian government to allow Yuzgaz to participate in the product sharing agreement (PSA) on the Yuzivska field.

Gazprom is considering holding more gas auctions this year in order to cement its market share in Central and Eastern Europe.

Contents

EU

Security of Supply

Council and the European Parliament have reached an agreement on the new security of gas supply regulation which aims at preventing gas supply crises.

The new rules ensure a regionally coordinated and common approach to security of supply measures among EU Member States. This will put the EU in a better position to prepare for and manage gas shortages if a crisis occurs. For the first time, the solidarity principle will apply. Member States will have to help their neighbours out in the event of a serious crisis so that European households do not stay in the cold. Securing energy supplies to European consumers is one of the cornerstones of the Energy Union, a key priority of this Juncker Commission.

European Commission Vice-President for the Energy Union Maroš Šefčovič said: "We have made important progress in improving energy security, one of the Energy Union's main objectives. The new rules are built upon solidarity and cooperation among the Member States. While the national conditions and specificities of the Member States are an important building block, the EU-wide framework of regional groups makes coordinated actions possible. Thus, Europe becomes better equipped to avoid and cope with eventual crises."

Commissioner for Climate Action and Energy Miguel Arias Cañete said: "With this agreement between the Parliament and the Council, we take another big step forward towards strengthening the EU's energy security. The new regulation paves the way for better coordinated crisis prevention and handling of potential gas crises by combining standards set at EU level with regional cooperation and solidarity. This increases our effectiveness and reduces costs for EU consumers."

Main improvements

Introduction of a solidarity principle: in the event of a severe gas crisis, neighbouring Member States will help out to ensure gas supply to households and essential social services.

Closer regional cooperation: regional groups facilitate the joint assessment of common security of supply risks and the development of an agreement on joint preventive and emergency measures.

Greater transparency: Natural gas companies will have to notify long-term contracts that are relevant for security of supply (28% of the annual gas consumption in the Member State).

Source: EC

Azebaijan

Absheron Project

Expected production levels from first phase production at the Total-operated Absheron gas field project, offshore Azerbaijan, have been disclosed. Initial production there will reach 1.57bn m3/yr of gas plus 17,000 b/d condensate, said sources during a visit last week to a Caspian offshore platform.

Source: Natural Gas World

Umid and Babek Gas Fields

Azerbaijan is preparing to sign major contracts with multinational oil companies seeking to develop the Umid and Babek gas fields. The news was confirmed by Vagif Aliyev, head of Socar’s investments department.

Aliyev, speaking to Natural Gas Europe, highlighted that for the first time Azerbaijan would not be awarding contracts in the form of PSAs (production sharing agreements), but instead contracts would resemble Iran’s “payback” contractual model. No information was provided as to the exact value of the contracts.

The Umid gas-condensate field was discovered in 2010 on the back of Socar’s deepwater exploratory drilling in the Caspian Sea in 2009. The results of the first exploration discovered that Umid’s reserves were over 200bn cubic meters of gas and some 40 million metric tons of condensate.

Socar was able to begin gas production from Umid in September 2012, at 1.5 million cubic meters a day, but this quickly decreased by more than 50% in 2014 due to what Socar described as complex geological structures. Babes has yet to enter production, however initial reports suggest that the field may contain some 400 billion cubic meters of gas and 80 million metric tons of condensate.

Socar’s vice-president Khoshbakht Yusifzaheh stated in 2015 that the company would be announcing a tender for the fields’ development and that the cost of drilling operations and other aspects of the operations would be taken into the contract.

Umid’s gas production is intended for Azerbaijan’s market, while Babek’s production is expected to be exported to western markets.

Source: Getenergy-intel.com

Shah Deniz

Azerbaijan and the Asian Development Bank (ADB) signed a loan agreement of $ 500 million to support the second stage of the Shah Deniz development project on Sunday, the Finance Ministry told Trend.

The agreement was signed by the Azerbaijani Minister of Finance Samir Sharifov and the head of ADB Takehiko Nakao on the margins of the annual meeting of the Bank's Board of Governors in Yokohama, Japan.

The strategic importance of the Southern Gas Corridor (SGC) project was noted at the signing ceremony. The aim of the project is to ensure the energy security of Europe and diversify the sources of gas supplies. In addition to ADB, the World Bank, the Asian Bank for Infrastructure Investments and a number of other international financial institutions will also participate in the project financing.

ADB President Takehiko Nakao said that Azerbaijan is a valuable partner and an important member of the bank, and expressed interest in further expanding of cooperation in the future.

The Southern Gas Corridor is one of the priority energy projects for the EU. It envisages the transportation of gas from the Caspian region to the European countries through Georgia and Turkey.

At the initial stage, the gas to be produced as part of the Stage 2 of development of Azerbaijan's Shah Deniz field is considered as the main source for the Southern Gas Corridor projects. Other sources can also connect to this project at a later stage.

As part of the Stage 2 of the Shah Deniz development, the gas will be exported to Turkey and European markets by expanding the South Caucasus Pipeline and the construction of Trans Anatolian Natural Gas Pipeline and Trans Adriatic Pipeline.

Source: azernews.az

Belarus

Gas Price

Belarus will pay less than $130 per 1,000 cubic metres of Russian gas that it imports starting from 2018, Interfax news agency quoted Russian Deputy Prime Minister Arkady Dvorkovich as saying on Thursday.

Source: Reuters

Bulgaria

Gazprom

Bulgaria may need more time to respond to concessions proposed by Russian gas giant Gazprom in an EU antitrust case, its energy minister said on Monday, adding that while Sofia saw the concessions as positive it would like to see them expanded.

A provisional agreement announced last month would see Gazprom avoid a fine of up to 10 percent of its global turnover over EU charges it abused its dominant market position and overcharged clients in eight eastern European nations.

The deal is subject to feedback from EU states and market players that should be sent by May 4 and could still be amended or even abandoned.

Bulgaria, which is almost completely reliant on Russian natural gas supplies, needs more clarity on the concessions and will send questions to Brussels later on Monday, interim energy minister Nikolai Pavlov told reporters.

"We see the proposals as positive but we want them to be expanded," Pavlov said after a meeting with politicians from the election winning GERB party which is expected to form a coalition government in early May.

"There are quite a few ambiguities on the proposed commitments ... If we do not get answers on time we will ask for the deadline to be extended, because the information is not sufficient," he said without elaborating.

Gazprom's offer would see it scrap contract terms that bar clients from exporting its gas to other countries and tie deals to investments in pipelines. The company would also link its prices to benchmarks such as European gas market hub prices, rather than oil, and allow clients to renegotiate prices every two years.

Pavlov said he expected the Bulgarian position to be agreed after a debate in parliament by the end of the week.

He said current contracts with Gazprom allowed Bulgaria to export Russian gas and that Gazprom's proposal not to seek damages from Bulgarian partners over the cancelled South Stream gas pipeline project had been arranged back in 2012.

A source, familiar with the matter said Bulgaria would need more details on the exact future benchmark for gas prices and would also seek guarantees it would be a natural gas transit country. Currently, Russia transports about 14-15 billion cubic metres of gas per year to Greece and Turkey through Bulgaria.

"It is important to uphold the position of Bulgaria as a transit gas centre and defend the interests of the country through the possibility for following talks with Gazprom to renegotiate much better conditions and much better prices for gas supplies," said GERB party official and former energy minister Temenuzhka Petkova.

……………..

Sofia will hold a conference call with the European Commission today (28 April) to make known its positions concerning a proposal to end a five-year antitrust case with Gazprom. The Bulgarian press has unveiled some of the country's concerns.

On 13 March, the Commission published Gazprom's commitments to end a five-year antitrust case and avoid heavy fines.

The case was opened after Lithuania blew the whistle on Gazprom's anti-competitive practices.

Suspicions about Gazprom's conduct led the EU executive to launch raids in Central and Eastern European states in September 2011, to investigate firms involved in the supply, transmission and storage of natural gas.

Almost six years later, the European Commission agreed with Gazprom to remove restrictions on member states in Southern and Eastern Europe reselling Russian gas across borders.

Until now, such trade was not allowed under bilateral contracts. Gazprom's contracts with Bulgaria and Greece hampered the implementation of the gas interconnector between the two countries.

The Russian exporter has also agreed to price review clauses to enable customers to request changes to their gas price every two years.

The deal needs to be approved in seven weeks' time and all interested parties – governments and companies – are invited to submit comments. Only then is the executive prepared to make the agreement binding. If Gazprom breaks its commitments, it can be fined up to 10% of its global turnover.

Bulgaria believes that the better way to solve the anti-monopoly dispute between Moscow and Brussels is to agree on new rules in relations, instead of fining Gazprom, the energy minister in the caretaker government Nikolay Pavlov explained.

A new government will take over on 4 May, the deadline for the eight countries of Central and Eastern Europe concerned to respond.

However, Bulgaria won't miss the deadline. A conference call will be held today (28 April) with the European Commission and Bulgaria will make known its position and ask for clarifications, the website Mediapool.bg has reported.

On pricing, Pavlov said that the Bulgarian side insists that the tariffs of the European gas distribution centres must be taken into account. According to Pavlov, in the Gazprom proposal the hubs in Belgium and the Netherlands, where the prices are the lowest, are not taken into account.

Another issue Bulgaria will raise is the entry points of gas into the country. The Gazprom proposal is unclear about whether the gas will enter from the north or the south, and what the transit taxes will be.

In the event that the Turkish Stream gas pipeline is implemented, Bulgaria may receive Russian gas from the south, rather than directing the Russian gas from the north to Turkey, as it is done now.

In the Gazprom proposal, it is indicated that gas will no longer arrive at the entry point Negru Voda in Romania, but the new entry point is not mentioned. Russia has repeatedly stated that it would not renew its contract with Ukraine which expires in 2019, which will also affect Bulgaria.

In its upcoming discussions with the European Commission, Bulgaria will ask for the safeguarding of the transit taxes it perceives for moving Russian gas to Turkey, Greece and Macedonia. These taxes are reported to amount to $100 million annually.

Bulgaria is also worried that with the change of the entry points, companies from Hungary, Slovakia and Poland will be able to trade on the Bulgarian market, while Bulgarian firms won't be able to do the same in their markets.

The Bulgarian side also plans to ask Gazprom to agree on quality parameters for the gas supplies, so that if at the entry points it turns out that the requirements are not reached, the supply can be refused.

As to the Gazprom proposal that the gas price be re-negotiated every two years, Bulgaria believes that this should be done every six months.

Sources: Rigzone, Euroactive

CEZ

Romanian company Electrica has submitted an offer to take over the shares owned by CEZ with the power companies in Bulgaria, Energy Minister Toma Petcu has announced In Tuesday in an interview for DC News. Contacted by hotnews.ro, the Electrica representatives said they would not comment on such information.

“From Electrica, we have submitted an offer for taking over the CEZ shares in Bulgaria. It is the company that supplies energy to Sofia and its surroundings, so we have 3 million customers, a rather large portfolio there. Electrica has filed an offer and we would very much like to buy this package of shares and become regional players,” Toma Petcu said.

Although it owns the most important stake in Electrica, the Ministry of Energy is not the major shareholder. After the listing in 2014, Electrica became a private company, the Romanian state, through the Ministry of Energy, holds 48.8% of the shares.

CEZ Group owns majority stakes in the distribution company CEZ Distribution Bulgaria AD, through CEZ Bulgaria EAD, of the CEZ Electro Bulgaria AD supplier and of CEZ Trade Bulgaria trader as well as 100% of producer TPP Varna EAD.

Source: The Romania Journal

Cyprus

Upstream Activities

Nicosia has reacted to objections from Turkey to planned hydrocarbon exploration in block 6, within the island’s exclusive economic zone (EEZ), that was recently licensed to a consortium of Italy's Eni and France's Total.

In a letter to the United Nations’ general assembly, Turkey’s permanent representative to the UN, Feridun Sinirlioglu, said the area “partially falls within the outer limits of Turkey’s continental shelf in the eastern Mediterranean” and described the licensing as a “provocative act.”

“Turkey is committed to protecting its sovereign rights emanating from international law and will not allow foreign companies to conduct unauthorized hydrocarbon exploration and exploitation activities on its continental shelf,” the letter said.

Speaking to Cyprus News Agency, Cyprus’s permanent representative to the UN Cornelios Corneliou brushed aside objections from Ankara as a “repetition of Turkey’s position, which we certainly reject.”

“Our reactions will continue in every possible forum,” he said.

Source: Ekathimerini

Egypt

Gas Supply

BP has started gas production from two fields in its West Nile Delta development off Egypt's coast, the second of seven projects the oil and gas company plans to launch this year.

The Taurus and Libra fields, commissioned eight months ahead of schedule and under budget, are currently producing 700 million standard cubic feet of gas a day to the Egyptian national gas grid, BP said in a statement.

The West Nile Delta development includes five offshore gas fields which are planned to have in 2019 a combined production of up to almost 1.5 billion cubic feet a day (bcf/d), equivalent to about 30 per cent of Egypt's current gas production.

All the gas produced will be fed into the national gas grid.

London-based BP is set to start up seven projects this year, including in Oman, the North Sea and Azerbaijan, the largest number in a single year in BP's history. It hopes to add 800,000 barrels per day (bpd) of new production by the end of the decade.

……………..

Egypt is holding talks with its liquefied natural gas (LNG) suppliers to defer contracted shipments this year and aims to cut back on purchases in 2018, as surging domestic gas production squeezes out demand for costly foreign imports.

Cairo's desire for gas self-sufficiency by the end of 2018 bodes ill for traders having to reshuffle LNG out of the country amid concern over the impact on global gas prices if replacement markets for the world's eighth-biggest importer of the super-cooled fuel are not found fast enough.

State-run importer EGAS aims to defer dozens of liquefied natural gas (LNG) cargoes due this year, analyst, trade and industry sources say.

It is also scaling back LNG purchase plans for 2018 from 70 to as low as 30 cargoes, one Egyptian industry source added, signalling the withdrawal of one of the fastest-growing LNG importers from the global stage.

Sources: Reuters, Rigzone

Gas Export

A Swiss court has rejected an appeal by Egyptian energy companies after a French court last year ordered them to pay $2 billion in compensation to state-owned Israel Electric Corp (IEC), the Israeli utility said.

An IEC statement on Friday said that Egyptian Natural Gas (EGAS) and Egyptian General Petroleum Corporation (EGPC) were liable because they were unable to fulfill their commitment to provide it with natural gas for its power stations.

The Egyptian petroleum ministry was not immediately available for comment.

Egypt sold gas to Israel under a 20-year agreement that collapsed in 2012 after months of repeated attacks by insurgents on a pipeline serving Israel in Egypt's remote Sinai peninsula.

In 2015, an international arbitrator said Egypt should pay nearly $2 billion in compensation because of the halt in the gas supply, leading to tensions between the two neighbors.

The breakdown in supply had forced IEC to revert to using more expensive diesel and fuel oil to drive its generators, which also raised pollution levels in the country.

Source: Reuters

Greece

ExxonMobil

Senior ExxonMobil officials are expected to arrive in Athens in the next few days to sign an agreement with Hellenic Petroleum and France's Total regarding the hydrocarbon surveying work in Block 2 beneath the Ionian Sea, in western Greece.

Using Hellenic Petroleum as a vehicle, the US energy giant is strengthening its position in the broader region of the Southeastern Mediterranean – where the competition of the global oil industry has shifted to – six months after its arrival in Cyprus's Exclusive Economic Zone.

ExxonMobil's presence in Greece lends credence to indications about the existence of hydrocarbon reserves in the area. It is also expected to accelerate geopolitical developments in the region.

The Americans have been involved in discussions with Hellenic Petroleum for many months, concerning their possible participation in all six areas conceded for surveying by the Greek group (in the Gulf of Patra, blocks 1 and 2 in the Ionian, Block 10 in the Gulf of Kyparissia, and in the onshore regions of northwestern Peloponnese and Arta-Preveza). Talks are also said to have included new regions that ExxonMobil is interested in, such as Crete.

Source: Ekathimerini

PPC

PPC is proceeding rapidly to the implementation of the plan for the sale of lignite-powered units. Yesterday the corporation's governing board – heeding an order by its main stakeholder, the Finance Ministry – approved a recommendation for the appointment of a consultant who will propose which units should be put up for sale, and what method should be chosen for their sale.

Source: Ekathimerini

Israel

Delek

Israeli conglomerate Delek Group said on Tuesday it intends to sell up to a 10 percent stake in the large offshore field Tamar, Israel's main supply of natural gas.

Delek Group subsidiaries Delek Drilling and Avner Oil will each sell up to five percent of their stakes in Tamar, as well as the smaller field Dalit.

Delek said in a statement a new corporation will be set up that will sell securities, including bonds, on the Tel Aviv bourse, to raise money to buy the stake in the gas fields.

Source: Reuters

Lebanon

Upstream Activities

Lebanon's oil and gas authorities are hoping parliament will approve the country's updated petroleum tax law by the end of May, allowing Beirut to close its first round of licensing and sign contracts with IOCs by the end of the year.

The updated law was approved by Lebanon's cabinet in December 2016 and then passed by the Council of Ministers. The bill was cleared by the parliamentary committees on Monday and will now pass to the General Assembly for final approval, said Wissam Chbat, chairman and head of geology and geophysics at the Lebanese Petroleum Administration (LPA), speaking at the Lebanon International Oil & Gas Summit on Tuesday.

It is vital Lebanon sticks to its schedule, Minister of Energy and Water Cesar Abi Khalil said at the conference. "We rely on the investment [in oil and gas] to give a push to the Lebanese economy to meet the energy needs of our country," said Khalil.

Source: Interfax

Poland

LNG Supplies

Poland will receive its first liquefied natural gas supplies (LNG) from the United States in mid-June as a result of a deal Polish gas firm PGNiG signed with Cheniere Energy, state-run PGNiG said today (27 April).

Cheniere Energy will make the spot delivery at the Świnoujście terminal on the Baltic Sea.

Poland, which consumes around 15-16 billion cubic metres (bcm) of gas annually, built its first LNG terminal in Świnoujście as part of a bigger plan to reduce reliance on gas it imports from Russia's Gazprom.

The terminal, which started commercial operations in 2016, has a capacity of 5 bcm per year.

Since then it has been receiving LNG from Qatargas, which in March agreed to double deliveries to 2 million tonnes (3 bcm) per year. It also took one delivery on the spot market from Norway.

"This is a historical moment for PGNiG. We have won a new partner in the LNG trade," PGNiG Chief Executive Officer Piotr Wozniak said in a statement.

The ambition of Poland's conservative Law and Justice government is to replace the Russian deliveries with other supplies after 2022, when the long-term deal with Gazprom expires.

"This is a very important agreement, favourable in financial terms," Prime Minister Beata Szydlo told public broadcaster TVP Info.

Poland also plans to build a gas pipeline to the Norwegian shelf via the Baltic Sea, designed to bring gas from the Norwegian shelf across Denmark to Poland.

Foreign Minister Witold Waszczykowski told Rzeczpospolita in an interview published on Thursday that the US could also participate in this project.

Source: Euroactiv

Romania

Gas Import

Romania imported in the first two months of 2017 an amount of usable natural gas of 481,100 tonnes of oil equivalent (toe), by 329.9 percent (369,200 toe) higher than the one imported in the same period of 2016, according to the National Institute of Statistics (INS).

During January-February 2017, the domestic natural gas output totalled 1.4 million toe, by 0.1 percent below the one in the first two months of the previous year.

Source: The Romania Journal

Gas Export

Romania will export half of the current national natural gas production after the completion of the BRUA (Bulgaria – Romania – Hungary – Austria) pipeline, in the context of the new discoveries in the Black Sea area, digi24.ro informs.

“In two years, we want to double the proven gas reserves. Today we produce 11 million cubic meters per day. There will be another 6-7 million cubic meters of the Black Sea, and, in my opinion, from the deep onshore,” Sorin Gal, General Director of the National Agency for Mineral Resources (ANRM) stated.

ANRM official said that most likely, the exports will start in the 2019-2020 period, when the BRUA pipeline should be ready. Sorin Gal also promises to change the current system of royalties.

Source: The Romania Journal

Oil Terminal

The Romanian company Oil Terminal was reported to be the most profitable company listed on the Romanian stock exchange’s main segment, which doubled the investors’ money in four months.

Source: Actmedia

Offshore Safety

Prime Minister Sorin Grindeanu appointed Constantin Gheorghe as president with the rank of Secretary of State of the Competent Authority for Regulating the Offshore Oil Operations at the Black Sea, according to a decision published in the Official Gazette, energynomics.ro informs. Gheorghe was appointed to this position for a five-year mandate.

Source: Actmedia

Renewable Production

Renewable energy has provided last year 42.29 percent of national electricity production, hydro energy having the largest share, a National Energy Regulatory Authority (ANRE) report on the electricity market in 2016 reads.

The hydro energy represented 29.88 percent of country's total electricity output, surpassing coal, which secured 24.37 percent of the total. At the same time, wind energy provided 11.07 percent, photovoltaic – 1.18 percent and biomass – 0.16 percent.

Nuclear sources accounted for 17.9 percent, gas – 15.18 percent and fuel oil – 0.26 percent of the total.

National electricity production was 61.80 TWh in 2016, down 1.3 percent from the previous year, while the national consumption increased by 2.08 percent to 52.89 TWh.

Residential customer consumption reached 12.05 TWh, up by 0.42 percent, while the competitive consumption was 33.34 percent, up by 3.39 percent.

On the competitive market, Electrica was the largest supplier, ANRE report shows, with a share of 15.98 percent, followed by Tinmar Energy – 9.10 percent, E.ON Energie Romania – 6.66 percent, Transenergo Com (insolvent since January 2017) – 5.06 percent, CEZ Vanzare – 4.79 percent.

Source: The Romania Journal

OMV Petrom

The Ordinary General Meeting of Shareholders approved the investment budget of OMV Petrom S.A. for 2017. OMV Petrom S.A. thereby estimates that investments for 2017 will amount to RON 4.56 bn, an increase of 83% against 2016 (RON 2.49 bn). The main investment focus continues to be on Upstream, for which investments of more than RON 4.15 bn have been budgeted (91% of the budget), followed by Downstream Oil, with an investment budget of RON 323 mn in 2017.

…………….

OMV Petrom Group has posted a RON 618 million net profit in the first quarter of 2017, up twofold (114%) against the results reported in the similar period last year of RON 288 million, the financial results released on Thursday informs.

Compared to Q1/16, sales increased by 27%, supported by significantly higher oil prices and increased gas and power sales volumes, which more than offset the slightly lower volumes of petroleum products sold and the decrease in gas prices. Downstream Oil represented 69% of total consolidated sales, while Downstream Gas accounted for 28% and Upstream for 2%

(sales in Upstream being largely intra-group sales rather than third-party sales), a company release informs.

"In Q1/17, we were able to convert improved market fundamentals into a solid operational and financial performance. We recorded a substantially improved operating cash flow of RON 1.3 bn, which together with CAPEX reduction led to a free cash flow of RON 646 mn. Increased oil prices and higher retail demand for fuels, coupled with our continued cost discipline, were reflected in a Clean CCS Operating Result of RON 767 mn, almost half of the entire 2016 figure. In Upstream, we further reduced production costs, while production decline was in line with our 2017 guidance, helped by the contribution from the Lebada Est NAG project. The Downstream Clean CCS Operating Result increased by 3% yoy, due to improved overall performance, strict cost management, and supported by strong refining margins. Our Q1/17 Operating Result was also supported by fiscal easing in Romania, in particular the elimination of the tax on special constructions starting January 2017.

Overall, our strong Q1/17 performance shows delivery in terms of operational excellence in all business segments, in line with our strategic objectives to enhance competitiveness in the existing portfolio," Mariana Gheorghe, CEO of OMV Petrom S.A. said

Sources: OMV Petrom, The Romania Journal

Rompetrol

Rompetrol Rafinare, a company member of the KMG International Group, earned a gross turnover of USD 821 million in the first quarter of 2017, 15% higher than the same period of last year according to the unaudited consolidated financial statements prepared in compliance with the International Financial Reporting Standards. EBITDA in the first quarter of this year remained at the similar level of the first quarter of 2016, namely USD 34 million, while the company's net result got closer to break-even.

The consolidated results of Rompetrol Rafinare were supported by the positive trend in the financial indicators recorded on the refining segment by operation of the refineries Petromidia Năvodari and Vega Ploiești. In the first quarter of 2017, the EBITDA of the two production units amounted to USD 27 million, 31% higher as compared to the same period of last year, the turnover was USD 698 million, 21% higher as than the first quarter of 2016, and the net result is 87% higher, reaching –USD 1.3 million.

"Covering more than 40% of Romania's production capacity, the two refineries, Petromidia and Vega, continued to implement the production process optimisation and operation streamlining programmes carried out by the company, as well as to increase the weight of white products such as gasoline, gas-oil and jet fuel within the total finished products. Also, the financial results of this year's first quarter were positively influenced by the gross refining margin, which is 16% higher than the same period of last year", according to Yedil Utekov, Chief Executive Officer of Rompetrol Rafinare.

Source: kmginternational.com

Romgaz

Romanian state-owned gas producer Romgaz will start production in 2019 at a newly discovered gas field, its biggest find in three decades, the government said on Friday.

The 35 km-long Caragele field, in the central Romanian county of Buzau, has an estimated 25-27 billion cubic metres of gas, which could ensure the country's entire consumption for up to three years.

That estimate could rise with further exploration work and Romgaz has plans to drill six more wells this year, the government said. Production will require overall investment of 140 million euros ($153 million), with 40 million to be spent this year.

A Bulgarian-Romanian gas pipeline partially funded with European Union funds and linking the two states to Austria would also be finalised in 2019, the government said, meaning Romania could become a net gas exporter.

"The Caragele discovery is another step on Romania's road to ensuring energy independence and consolidating its status as a stability factor within the EU," Prime Minister Sorin Grindeanu said.

Source: Rigzone

Hidroelectrica

Romanian state-controlled hydropower producer Hidroelectrica ended the first quarter of 2017 with a gross profit of RON 482 million, the highest quarterly profit recorded so far by the company, by RON 100 million higher than the same period last year, profit.ro informs, quoting news.ro.

Hidroelectrica’s general manager, Ovidiu Agliceru, said the company has more than RON 2.7 billion (about EUR 600 million) of cash in banks.

For the first four months of this year, the company estimates a gross profit of RON 600 million. For the full year 2017, Hidroelectrica aims to achieve a gross profit of RON 1.2 billion, on revenue of RON 3.1 billion.

Source: The Romania Journal

Turkey

Upstream Activities

Turkey started its seismic energy exploration in eastern Mediterranean on April 21 in line with the government’s “National Energy and Mining Policy,” state-run Anadolu Agency has reported.

The Barbaros Hayrettin Paşa, a seismic vessel that was acquired late in 2012 for $130 million, started the exploration works. The ship will be in the area until May 31, according to sources from the Energy Ministry.

Source: Hurriyet Daily News

Ukraine

Gas Import

Ukraine from May 2017 tripled imports of natural gas from Slovakia compared with April, according to operational data from Ukrtransgaz.

If the average daily import from Slovakia during April was 10.375 million cubic meters, then on May 1 the figure was 31.247 million cubic meters. According to preliminary data from Eustream, on May 2 imports amounted to 31.249 million cubic meters, while the application for May 3 is 31.275 million cubic meters.

At the same time, gas imports from Hungary and Poland on May 1 amounted to 2.145 million cubic meters, which is 3.6 times less than in April from these directions (an average of 7.625 million cubic meters per day).

In general, on May 1 gas imports from Europe to Ukraine amounted to 33.4 million cubic meters, which is 1.9 times more than during April (an average of 18 million cubic meters per day).

In May Naftogaz will acquire gas using a loan from international banks under a World Bank guarantee with an interest rate of 3%.

Source: Interfax

Gas Transit

Ukraine in January-April 2017 increased transit of natural gas through its gas transportation system by 22.5% (5.602 billion cubic meters, bcm) compared to January-April 2016, to 30.53 bcm, according to live data from PJSC Ukrtransgaz.

Gas transit through Ukraine to Europe in the past four months amounted to 29.388 bcm and to Moldova – 1.142 bcm.

Transit in April 2017 grew by 31.9% or 1.776 bcm year-over-year, to 6.648 bcm. Gas transit through Ukraine to Europe last month was 7.215 bcm and to Moldova – 127 million cubic meters (mcm).

As reported, Ukraine in 2016 increased transit of natural gas through its gas transportation system by 22.5% (15.121 bcm) compared with 2015, to 82.2 bcm.

Source: Interfax

Drilling Activities

Public joint-stock company Ukrgazvydobuvannia plans to increase drilling by 1.6 times or 122,000 meters in 2017, to 320,000 meters, the company's press service reported on Friday.

The press service said that 240,000 meters will be drilled suing Ukrburgaz's equipment and 80,000 meters – with the help of external contractors.

Ukrgazvydobuvannia in 2017-2018 seeks to modernize 32 drilling rigs of Ukrburgaz, which would allow boosting their speed from 300 to 400-500 meters a month. The company also wants to buy around 30 drilling rigs by 2020.

"Last year with the help of our brand Ukrburgaz we drilled around 70 wells. Our 20/20 program envisages a large increase in own gas production in 2020. We need to increase drilling to implement the program, and this year we want to reach 100 wells," Ukrgazvydobuvannia Head Oleh Prokhorenko said.

Source: Interfax

Gas Transportation Tariff

Ukrainian gas producing companies will have to pay for gas transportation twice over the decisions made by the National Commission for Energy, Housing and Utilities Services Regulation (NCER), public joint-stock company Ukrnafta has said.

"Since April the company has to pay for gas transportation twice: under the tariffs that are in effect from January 1, 2017 and under new tariffs approved in resolution No. 348 [introduces the customer charge for gas distribution] that was left in effect for gas producers [it was annulled for other companies returning to the old tariff system]. Due to these steps by the regulator the monthly fee for transportation of own gas for Ukrnafta would reach around UAH 76 million instead of UAH 44 million," the company said.

Ukrnafta said that the double fee means additional expenses of UAH 289 million for the company in 2017. This damages competitive positions of Ukrainian gas producers compared to gas importers that pay only once for gas transportation.

Source: Interfax

Naftogaz

Ukraine's Cabinet of Ministers at a meeting on Wednesday announced a tender to select an independent member of the supervisory board of national joint-stock company Naftogaz Ukrainy.

The bids can be submitted during 45 days from the moment of the announcement of the tender.

The government annulled paragraph three of resolution No. 232 dated March 29, 2017, according to which the bids could be submitted during 14 days.

As reported, the government began the corporate governance reform in Naftogaz Ukrainy in 2015 according to OECD guidelines. In May 2016 the supervisory board was created consisting of British citizens Marcus Richards, Charles Proctor and Paul Warwick. First Deputy Economic Development and Trade Minister Yulia Kovaliv was a member appointed by the government and former energy and coal industry minister Volodymyr Demchyshyn was appointed by the Presidential Administration.

The government on March 29, 2017 decided to expand the supervisory board of Naftogaz Ukrainy from five to seven members, adding an independent member and a member from the state.

Early April three British citizens and Kovaliv said they are ready to resign if the government does not implement the corporate governance action plan. Kovaliv resigned on April 17.

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

Source: Interfax

Ukrnafta

Ukraine's State Service for Geology and Deposits has urged public joint-stock company Ukrnafta to pay a tax debt of UAH 12.5 billion for deposit use to the national budget.

"As of April 1, 2017 the company has a debt for almost all permits under which the company is extracting fossil fuel… Despite the fact that Ukrnafta is a large deposit user, the obligation to pay royalties is mandatory, not selective," the authority said.

As reported, in early April Ukrnafta suspended extraction at Zavodivske field (Lviv region), as the State Service for Geology and Deposits decided not to extend the license for this field.

In 2017, nine licenses of Ukrnafta would expire. The company produces around 20% of oil a year using these licenses.

The authority refuses to extend the license, as the company has a tax debt.

Ukrnafta believes that the authority ignores a court ruling, according to which the tax debt is not a legal ground for refusal to issue or extend licenses. The company believes that this is unlawful, and Ukrnafta filed a lawsuit to court.

Source: Interfax

Yusgaz

Kyiv's administrative court of appeals has upheld a ruling of lower instance that declared invalid the refusal of the Ukrainian government to allow Yuzgaz B.V. (the Netherlands) to participate in the product sharing agreement (PSA) on the Yuzivska field (Kharkiv and Donetsk regions).
The ruling of the appeal court dated May 8, 2017 has been posted in the unified register of court rulings.

"The counterclaim of Ukraine's Energy and Coal Industry Ministry is left unsatisfied. The ruling of the Kyiv's district administrative court issued on March 20, 2017 is left unchanged," the court said.

As reported, on March 20, 2017, the Kyiv's district administrative court obliged the government to resume the consideration of the Yuzgaz's application for the Yuzivska field.

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

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

Source: Interfax

Chernomorneftegaz

The State Service for Geology and Deposits has suspended licenses of public joint-stock company Chornomornaftogaz for the Shtormove and Odeske fields over the debt for paying royalties in the amount of over UAH 23 million, the agency has said on its website.

"The State Fiscal Service asked to suspend the license over the royalty debts of Chornomornaftogaz. The State Service for Geology and Deposits was obliged to suspend the licenses," the agency said.

The authority said that they are not annulled, they are still valid.

As reported, late March 2017 Ukraine's Verkhovna Rada at first reading passed bill No. 5370 which will impose a moratorium on the collection of a debt from public joint-stock company Chornomornaftogaz until January 1, 2019.

In March 2014 after Russia occupied Crimea Chornomornaftogaz lost access to its production facilities and gas fields on the peninsula and Black Sea shelf.

At present, the company is registered in Kyiv. It is trying to resume operations. The company is restoring lost documents and creating the evidence base for international proceedings against Russia.

Source: Interfax

Pipelines and Supply Options

Kashagan Oil Field

The Caspian oil pipeline will boost its capacity this year by some 47 percent thanks to new oilfields in the region including the giant Kashagan deposit in Kazakhstan, the director general of the consortium that owns it, Nikolai Gorban, said on Friday.

The plans to boost the oil exports may undermine OPEC-led efforts to cut production of oil in order to reduce bloated global inventories and support sagging oil prices.

The Caspian Pipeline Consortium (CPC), the only private large oil pipeline in Kazakhstan and Russia, is wrapping up its $5.4 billion five-year expansion programme this autumn.

Oil exports via the CPC rose by 3.6 percent to 44.3 million tonnes in 2016 and are expected to grow to almost 65 million tonnes (1.3 million barrels per day) this year.

The pipeline connects the Tengiz field in Kazakhstan, and a number of other fields, to the sea terminal near Novorossiisk in Russia.

Source: Reuters

Southern Gas Corridor

BP plans to complete by mid-2018 the Georgian section of a $40-billion strategic pipeline bringing Caspian gas from Azerbaijan into Europe, the British energy company’s country manager for Georgia said.

“All of the project’s components are ... on schedule as far as their intended delivery day for when commercial operations are due to begin in the middle to the later part of the next year,” Chris Schlueter told Reuters, referring to the Georgian section.

The Georgian part of the project includes the construction of two compressor stations, a 65-km pipeline and a metering station near the Turkish border.

Schlueter said work on the pipeline had finished, with one compressor station 95 percent ready and the other compressor station 55 percent complete. Construction of the metering station was under way, he said, without giving specifics.

“Later this year we’ll start to introduce the gas to the pipeline in order to get it ready for operations,” he said.

Schlueter said the project’s capital expenditure in 2016 was $550 million. In the first quarter of this year the figure was around $100 million, slightly less than in the same quarter of 2016.

“Peak spending was last year and we will start to slow down (in terms of investment) this year,” he said.

Schlueter said peak production from the Shah Deniz II field was expected to occur several years after 2020.

Source: Reuters Africa

Israel-Turkey Gas Pipeline Project

Turkey and Israel have been in talks about the commercial details of building a pipeline to carry Israeli gas to Europe via Turkey, a top Israeli official has said, adding that he is optimistic about the process in which a final agreement may be reached soon.

In an interview with Turkey’s state-run Anadolu Agency, Shaul Meridor, Director General at the Israeli Ministry of National Infrastructures, Energy and Water Resources, said both sides should first agree on commercial details before progress can be made.

“We have already been talking on these details. We will hold many meetings in the next couple of months. I hope these meetings will give robust results in the next couple of months. I am optimistic about carrying Israeli gas via Turkey, as we have taken the whole process very seriously,” he said, as quoted by Anadolu Agency on May 2.

To carry natural gas to Europe, the Israeli government is considering three routes: The Turkish route, the eastern route and the route through LNG terminals in Egypt, Meridor said at an energy conference last week, adding that the Turkish option remains on the table.

He told Anadolu Agency that he could not give an exact date on clinching a deal, but the Israeli side wants to finalize everything on carrying its gas to Europe as soon as possible.

The Leviathan gas field in the Mediterranean Sea off the coast of Israel has an estimated 620 billion cubic meters of gas, according to previous reports.

Turkish and Israeli companies are currently discussing a possible gas pipeline to be built between Israel and Turkey to transport these gas supplies to Europe, and the both governments have backed the process, Meridor noted.

“Our talks have been going very well. I am sure we will reach a deal, which will be in the interests of Turkey as well,” he said, adding that Turkey would likely take 5-10 bcm of gas from this channel on an annual basis.

Regarding a deal between Israel, Greece, Greek Cyprus and Italy to build the East Mediterranean pipeline project in early April, Meridor said Israel does not see the project as a competitor of those with Turkey and Egypt.

He also said the Israeli side supported Turkey’s gas exploration works in the East Mediterranean off Cyprus.

On Oct. 13, 2016, Israel's energy minister visited Istanbul to attend the World Energy Congress 2016, marking the first visit by Israel after several years.

Source: Hurriyet Daily News

SNAM Reverse-Flow Project

Italian transmission system operator (TSO) Snam is opening a new eastern supply route that will allow gas to transit Italy to reach the Balkan countries and, potentially, Ukraine.

Snam aims to complete a reverse-flow project in the Alps in 2018, which will allow Italy to export up to 13 billion cubic metres per year through three interconnection points.

The company will be able to export gas to France, Germany, Slovenia, Hungary and Austria as far as the Austrian-Slovakian border. From there it could be shipped to Ukraine through an existing bidirectional Slovakian pipeline.

Source: Interfax

Turkish Stream

Russia's Gazprom said on Sunday Switzerland's Allseas Group S.A. has begun constructing the first stage of the Turkish Stream pipeline.

The natural gas pipe will run from southern Russia across the Black Sea to Turkey, allowing the state-owned company to send gas direct to southern Europe while circumventing Ukraine.

Gazprom said Allseas' vessel Audacia had started laying pipes on the Russian shore of Black Sea.

In a statement, the company's Chief Executive Alexei Miller said the Turkish Stream project would be finished by the end of 2019.

Previously Gazprom said it would start laying pipes under the Black Sea for Turkish Stream in the second half of 2017.

Gazprom has for years sought a way to ship gas direct to southern Europe but had to scrap the previous project, South Stream, because of opposition from the European Union.

The cost of the project, announced in late 2014, was seen between $12 and $13 billion.

Source: Reuters

Bulgaria-Serbia Gas Pipeline

If we want to be an industrialised country, we have to boost our gas consumption from 2 to 4-5 bln cubic meters a year, and Russia is the only place we can get it from, Serbian PM

Aleksandar Vucic said in Beijing Monday, noting that building a gas interconnector with Bulgaria was important for that reason.

Speaking to reporters about late Sunday's discussions with Russian President Vladimir Putin, Vucic said they talked about several topics, including the situation in the Balkans and bilateral cooperation.

Source: Tanjug.rs

Nord Stream 2

Shell and four European companies – Engie, OMV, Uniper and Wintershall – have signed financing agreements with Nord Stream 2 AG, the company responsible for the planning, construction and future operation of the Nord Stream 2 pipeline.

The 1,220-kilometer pipeline will be able to transport a total capacity of 55 billion cubic meters of natural gas a year. It will run from the coast of Russia via the Baltic Sea to Greifswald in Germany, acting as a direct link between Russian reserves and European consumers.

According to a statement by Shell on Monday, the five energy companies have each committed to provide financing and guarantees for up to 10% of the total cost of the project, which is currently estimated to be €9.5 billion ($10.3 billion).

Shell said that each company will provide a long-term funding facility of €285 million ($309.8M) expected to be drawn down in 2017. In addition, funds of up to €665 million will be provided to cover a combination of short and long-term funding and guarantees.

The drawdown of the €665 million fund will depend on future decisions by Nord Stream 2 AG in respect of the overall financing of the project. Gazprom remains the sole shareholder of Nord Stream 2 AG.

Nord Stream 2 AG said on Monday that the financial commitment by the European companies underscores the Nord Stream 2 project's strategic importance for the European gas market, contributing to competitiveness as well as medium and long-term energy security especially against the background of expected declining European production.

Construction work will begin in 2018 and will be completed by the end of 2019.

…………….

The prime ministers of the three Baltic countries and Poland reiterated on Monday that the planned second Nord Stream gas pipeline under the Baltic Sea is a political project and underlined their opposition to the project.

The four prime ministers discussed the Nord Stream 2 project of Russia's Gazprom and its partners during their meeting in Tallinn.

"We believe that this is not just an economic, commercial project. This project can have a negative impact on the gas market of the European Union and I have reaffirmed the

Lithuanian position," Lithuanian Prime Minister Saulius Skvernelis said at a news conference in the Estonian capital.

"Lithuania has joined legal procedures regarding Opal. We support Poland in the legal proceedings against the European Commission," he said.

Polish Prime Minister Beata Szydlo said that Nord Stream 2 was a political project.

"We did speak about Nord Stream 2 and I took the opportunity to thank the prime ministers of Lithuania and Latvia for joining Poland in its claim in Opal. We always underline very strongly that it's a political project," she told the news conference.

Latvian Prime Minister Maris Kucinskis also said that Latvians "think that it's a political project, not an economic, commercial project".

His Estonian counterpart, Juri Ratas, said, "We believe that Nord Stream 2 does not meet the energy union strategic objectives and it is definitely harmful to our energy unity."

The European Commission last autumn approved an increase in Gazprom's quota for the use of Opal, a gas pipeline in Eastern Germany that is connected to the Nord Stream pipeline between Germany and Russia across the Baltic Sea. Critics say that increased use of Opal and Nord Stream may reduce gas transit flows via Poland and Ukraine

……………

Russia is using the environmental benefits of importing pipeline gas rather than LNG as a selling point to win public acceptance for the planned Nord Stream 2 pipeline.

A study commissioned by the Gazprom-owned Nord Stream 2 company highlighted the environmental benefits to Europe of receiving piped gas from Russia compared with long-distance LNG supplies – for example from the United States, Australia, Algeria or Qatar.

……………..

Chairman of Ukraine's Verkhovna Rada Andriy Parubiy and Head of the People's Front parliamentary faction Maksym Burbak during their visit to Norway have urged Norwegian parliamentarians to influence the termination of construction of the Nord Stream gas pipeline by Russia.

"At a meeting of the Ukrainian delegation with Storting President Olemic Thommessen Chairman of Verkhovna Rada Andriy Parubiy and Head of the People's Front parliamentary faction Maksym Burbak urged Norwegian parliamentarians to influence the termination of the Nord Stream gas pipeline construction, as this threatens security of Ukraine and the entire Europe," the press service of the Ukrainian parliament reported on Wednesday.

Source: Offshoreenergytoday.com, leta.lv, Interfax

Companies

Gazprom

Gazprom is considering holding more gas auctions this year as the Russian giant looks to further cement its market share in Central and Eastern Europe.

Speaking at the Flame conference in Amsterdam on Tuesday, Elena Burmistrova, chief executive of Gazprom Export, told delegates that new auctions “might be held in 2017”.

Source: Interfax

Balkan and Black Sea Petroleum Association
Monthly Bulletin
15th of May 2017

Editor: Valentin Kunev; Ana Blagova

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

Tel: 00359 2 986 06 85

Fax: 00359 2 980 15 49

E-mail: bbspetroleum@bbspetroleum.com; valentin.kunev@bbspetroleum.com

Web site: www.bbspetroleum.com

Registered (Bulstat) No 121 446 156