Balkan and Black Sea Petroleum Association

15th of September – 15th of October 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 September 2017 and 15 October 2017 US WTI spot crude oil price decreased from $50/bbl to $43/bbl; Henry Hub spot gas price decreased from $114/1000 cbm to $109/1000 (GCV at 0°C). In Europe, at Central European Gas Hub, the average day ahead gas price was $238/1000 cbm (€18/Mwh, ECB average monthly exchange rate).

The Bulgarian energy regulator decided to reduce the gas price for Q4 2017 by 7.29%.

Romania: ANRE postponed the decision to increase the gas prices for household as there will be changes that will have a major impact on the final price, such as storage services deregulation and changes in mandatory stock exchange quotas for producers. Previously ANRE announced that the gas price for households will increase on average by 6% in the fourth quarter.

OMV's refining margin rose to $7.04 per barrel in the third quarter from $6.03 in the previous quarter and from $3.69 a year earlier.

OMV Petrom increased its refining margin in the third quarter to USD 8.75 per barrel, up 46.8% from the refining margin of USD 5.96 per barrel in the same period last year.

Gas Demand, Supply and Trade

Attica Gas Corporation: In response to the high cost of heating oil, the Attica Gas Corporation has revised its original target of 12,000 new households for 2017 to 20,000 up to the end of the year.

Turkey: Qatargas signed a medium-term sales and purchase agreement with Turkey's Botaş to deliver 1.5 million tons of LNG each year for three years to either the Egegaz LNG Terminal, the Marmara LNG Terminal or the Etki LNG terminal in Turkey.

Romania: ANRE has approved the functioning of the spot gas market on Romania's OPCOM market. The market participants have the opportunity to trade products on short-term (1 day) basis. * The European Commission has sent to the Romanian authorities a letter warning that a new stage may be taken in the infringement procedure initiated against Romania for blocking gas exports if Parliament approves the obligation for 70% of gas to be traded on the stock exchange.

Hungary: Gazprom has increased gas supply to Hungary by 1.2 Bcm for the first nine months of 2017, compared with the same period last year.

Ukraine: Naftogaz Ukrainy purchased 29.8%, more gas in January-August than in the same period in 2016. Naftogaz has bought gas from 12 European suppliers, with none of the companies delivered more than 30%. All volumes of imported gas came from the European direction and almost all was received through Slovakia.

Electricity Production & Consumption

Greece does not accept the proposal by the EC to sell power plants owned by PPC. Instead of the designated plants that have longer life of operation, the government insisted on plants projected to have a shorter operational lifespan.

Legal and Regulatory Framework

Lebanon's parliament approved a petroleum tax law, a cornerstone for prospective bidders in the planned auction of rights to five offshore areas. Authorities extended the bidding deadline to give companies more time to understand the tax law and organize their bids.

Ukraine is working on proposals to cut royalties for new gas wells to stimulate production.

DEPA: Geece's creditors recently insisted on DEPA's withdrawal as a shareholder in two gas distribution companies, where it holds 51%, for being in conflict with the principles of competitive markets, while keeping at the same time a dominant position in gas wholesale market and supply.

LUKOIL Romania was recently approached by Romanian prosecution office for tax evasion.

Upstream

Lebanon: Two consortiums submitted bids for the first licensing round for oil exploration in Lebanon.

Egyptian Natural Gas Holding is planning an oil and gas exploration tender covering Egypt's western Mediterranean acreage.

Greece: Eni is interested in exploration activities offshore Greece.

Romania: OMV Petrom and Exxon Mobil are expected to announce a decision over a Black Sea offshore gas investment in early 2018 * Black Sea Oil&Gas plans to start production from the Black Sea wells in 2019. * *Romgaz* stated that they are planning to drill new wells adjacent to their gas discovery in the Trident offshore block. * NIS has reported 'encouraging' testing results for oil and gas in the Pannonian Basin of Western Romania.

Pipelines Projects and Supply Options

Shah Deniz 2: The production and risers (PR) platform topsides unit has sailed away to the Shah Deniz contract area to support the Shah Deniz Stage 2 project completion with first gas delivery expected next year, according to BP.

Kirkuk-Ceyhan Oil Pipeline: The Iraqi Kurdish Regional Government's non-binding referendum may make Turkey stop the oil flow through Kirkuk-Ceyhan oil pipeline.

Turkish Stream: Gazprom approved the formation of a joint venture with Botaş for the construction of the onshore section of the TurkStream. * Gazprom and Bulgaria recently discussed the gas supplies in the context of Turkish Stream project. * Turkey's president said Serbia can start imports of natural gas through the Turkish Stream pipeline in 2019.

Gas Interconnector Greece-Bulgaria: Tenders for the construction of the Gas Interconnector Greece-Bulgaria (ICGB) and for the supply of line pipes will be launched in November and a public procurement contract for a consultant engineer for the ICGB project is expected to be awarded in October.

Gastrade: DEPA signed a cooperation agreement with Gastrade to participate in the development of a liquified natural gas terminal in Alexanropolis.

Opal Pipeline: German court confirmed it had rejected a request by PGniG for an injunction to block Gazprom from increasing its use of the Opal pipeline in eastern Germany.

Nord Stream 2: EU Council legal experts issued an opinion on Nord Stream 2, which rejects the Commission's request for a mandate. * Denmark is considering passing a law that could block Nord Stream 2. The new law, which could take effect on 1 January 2018, allows Denmark to evaluate if projects passing through its territorial waters are compatible with the nation's foreign policy, security and defense interests.

Yamal LNG Project: The Russian Yamal LNG project will ship its first two cargoes of liquefied natural gas in November.

Companies

Gazprom: The European Commission wants Gazprom to make more concessions in order to end a six-year long antitrust investigation. The concessions were market tested among rivals and customers.

Total: Topaz has secured a new contract with Total to service one work-over and one development well in the Absheron offshore field.

BP: SOCAR plans to sign a production-sharing agreement with BP to jointly explore prospects in a new block in the North Absheron basin of the Caspian Sea.

Frontera announced it is starting testing gas bearing intervals in its well onshore Block 12 in Georgia. If the results will be positive, the company will prepare for monetizing the gas.

DESFA: Regasificadora del Noroeste and the consortium of Snam, Enagas Internacional, Fluxys and NV Nederlandse Gasunie are short-listed for the second round of the tender for DESFA.

LUKOIL: Turkey-based Palmali has lodged a claim worth almost $2 billion against Litasco, the trading arm of Russian oil producer Lukoil, due to alleged failure by Litasco to provide contractual quantities of cargo under long-term contract. Lukoil has been considering selling its Swiss unit Litasco because new U.S. sanctions on Russia that will make it harder for the trader to raise new funds.

Naftogaz: All independent members of the supervisory board of Naftogaz Ukrainy want to resign over political pressure and rolling back reforms by the government. The EBRD has said the planned splitting of Naftogaz's production, transport and sales businesses is taking too long.

Ukrnafta: The tax debt of Ukrnafta has expanded to UAH 15.7 billion.

Rosneft: CEFC China Energy has obtained preliminary state approval for its proposed $9.1 billion investment in Rosneft. CEFC will buy a 14.16 percent stake in Rosneft from a consortium of Glencore and the Qatar Investment Authority. * Rosneft plans to boost oil supplies to China at the expense of export cuts to Europe.

Oberbank of Austria is the first European lender to sign a lending agreement with Iran since sanctions were eased 2015. The bank's resources will be allocated to finance authorised state and private infrastructure and production projects.

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Azebaijan

BP

Azeri state energy company SOCAR plans to sign a production-sharing agreement with BP to jointly explore prospects in a new block, D-230, in the North Absheron basin of the Caspian Sea before the end of 2017, a source at SOCAR said on Thursday.

BP and SOCAR signed a memorandum of understanding on joint exploration of this block in May 2016 in a move that reflected efforts by SOCAR and foreign companies to make new discoveries in the oil-rich country.

"Participants of the deal will each have 50 percent of shares in the agreement," the source, who did not want to be named, told Reuters.

Block D-230 covers areas in a water depth of up to 300 metres, with a reservoir depth of 3,000-5,000 metres.

BP is a main investor and operator of two major projects in Azerbaijan - the Azeri-Chirag-Guneshli (ACG) oilfields, which account for most of Azerbaijan's output, and the Shah Deniz offshore gas field, which is estimated to contain 1.2-1.5 trillion cubic metres of gas.

Source: Reuters

Total

UAE’s Topaz Energy and Marin has secured a new contract with the French oil and gas company Total to support its operations in the Azerbaijani market.

Topaz will supply its anchor-handling vessel Topaz Triumph to TEPAb to service one work-over and one development well in the Absheron offshore field.

The work is estimated to take more than one year. First discovered in 2011, the Absheron Field is being developed under an early production scheme, reflected in the development programme agreed by State Oil Company of the Republic of Azerbaijan (“SOCAR”) and contractor parties.

TOTAL E&P Absheron (TEPAb) is operating on behalf of JOCAP, Joined Operating Company for Absheron Project, a joint venture between SOCAR (50%) and Total (50%)

René Kofod-Olsen, CEO, Topaz Energy and Marine, said: “This is a significant contract for Topaz and we are humbled that Total and SOCAR have trusted us to support them in such an important development. Our record of providing solutions with focus on safety and value across our operations has helped us secure this nomination and we look forward to delivering our consistent and world-class service for the development of the Absheron field.”

Source: Offshore Energy Today

Bulgaria

Gas Price

7.29% decrease in the prices of gas in the fourth quarter of the year, the Energy and Water Regulatory Commission today decided. However, there will be no change in the price of heating, Ivan Ivanov, chairman of the KEVR, said Darik.

The reason for this is the new tariff model for gas transmission that affects TPPs. In fact, the fall in gas for district heating will be within 3-4%. If it was over 5%, then the service would have been cheaper, KEVR explained.

Ivanov, however, has not taken a stand on whether or not the prices of heating will rise again next year.

After today's decision, domestic consumers of gas will also use cheaper raw materials, he assured.

Source: Novinite

Egypt

Upstream Activities

Egyptian Natural Gas Holding Co. is planning an oil and gas exploration tender covering Egypt's western Mediterranean acreage, local press reports quote Chief Executive Osama el-Bakly as saying. The round will be held before a planned seismic survey scheduled for the 2017-2018 financial year.

Source: Interfax

Georgia

Frontera Resources

Frontera Resources Corporation the European focused oil and gas exploration and production company, is pleased to provide an update on progress of its workover operations at Ud-2 well, situated inside the 950 km2 Mtsare Khevi Gas Complex area, located in onshore Block 12 in Georgia.

Well testing operations will commence in October. The service company, which has been contracted to perforate gas-bearing intervals in the Ud-2 well, will mobilise on site in the first week of October.

Refurbishment of the separation equipment is completed. The final technical design of the 18km gas pipeline connecting Ud-2 well with the Mtare Khevi gas processing facility (this facility is connected to Georgia's natural gas distribution grid) will be completed by October 1.

Zaza Mamulaishvili, President and Chief Executive Officer, commented:

"We are pleased that workover operations are progressing as anticipated. Three gas-bearing intervals of Oligocene-aged, Lower Miocene-aged and Middle Miocene-aged rocks will be tested, starting in early October.

"Based on the Netherland, Sewell & Associates resource estimate, the Gareji (Middle Miocene-aged) and the Maykop (Oligocene and Lower Miocene-aged) reservoirs of the Mtsare Khevi Gas Complex are estimated to contain 8.3 Trillion Cubic Feet (TCF) of Gas in Place (OGIP) with 5.8 TCF considered recoverable.

"If the well completes successfully, we will start working on connecting it to Georgia's gas distribution grid and hope that the Company could start monetising the gas as soon as the end of the year. I look forward to keeping shareholders updated on our progress."

Source: Oil Voice

Greece

Desfa

State sell-off fund TAIPED on Friday short-listed two bidders for the second round of the tender for 66 percent of gas transmission network operator DESFA.

They are Regasificadora del Noroeste and the consortium of Snam, Enagas Internacional, Fluxys and NV Nederlandse Gasunie.

It followed consultation of TAIPED with Hellenic Petroleum, that controls 35 percent of DESFA and part of the stake up for sale belongs to Athens-listed oil company.

Source: Ekathimerini

DEPA

The huge gap between the positions of the government and the creditors’ technical staff on the issue of the Public Gas Corporation (DEPA) and its retail activity will have to be resolved at the political level, according to sources.

The Greek side entered talks with three alternative scenarios regarding DEPA’s withdrawal from the retail gas market, where it controls 51 percent of the gas providers of Attica and of Thessaloniki-Thessaly. The creditors’ demand to that effect had simply been put on hold during the previous bailout review and it was known it would return to the table now.

What Athens did not expect was that the creditors would be adamant about the immediate withdrawal of DEPA, and without any compensation, which has generated the first obstacle in negotiations to date and is seen as one of the main stumbling blocks in the overall talks for the third review.

The three Greek proposals were rejected as insufficient, as the creditors are insisting that DEPA cannot – in the context of a new, liberalized market – be a wholesaler, a local provider stakeholder and an autonomous retail supplier at the same time.

Source: Ekathimerini

Gastrade

Greece's state controlled natural gas firm DEPA signed a cooperation agreement on Thursday with natural gas company Gastrade to participate in the development of a liquified natural gas terminal in northern Greece, DEPA said.

Greece currently has one LNG terminal on an islet off Athens. Gastrade, part of Greek energy group Copelouzos, is planning a second LNG terminal near the northern city of Alexandroupolis.

The project has been described as a 'project of common interest' by the European Union.

Gastrade will hold at least 20 percent stake in the scheme, a source close to the matter said, with LNG carrier operator GasLog another 20 percent.

Bulgarian Energy Holding and Cheniere Energy, a U.S-based LNG exporter, have also expressed interest in the project.

The facility, with an estimated annual capacity of 6.1 billion cubic metres (bcm), will seek to supply gas to southeastern Europe via another natural gas pipeline scheme that will cross through Greece, the Interconnector Greece-Bulgaria (IGB).

The IGB and the LNG terminal would fit with the Trans-Adriatic Pipeline (TAP) which has been under construction and will transport Caspian gas to European markets.

The Alexandroupolis terminal is expected to cost about 370 million euros ($438.01 million).

Source: Rigzone

Attica Gas Corporation

Athenians are turning to natural gas in response to the high cost of heating oil, as data released by the Attica Gas Corporation showed that 17,500 households chose to join the gas network in the capital in the first nine months of the year, beating the annual target of the company by 45 percent.

The gas supplier has now revised its original target of 12,000 new households for 2017 to 20,000 up to the end of the year. It also announced the termination of the subsidy program on October 9 due to the exhaustion of the funds set aside and the fact that the construction schedule is fully booked for the next four months.

The corporation will soon announce a new subsidy program for connections to be implemented next year.

This year’s program, whose implementation started in early April, had a total budget of 4.7 million euros, with subsidies ranging from 1,500 to 3,000 euros for a block of apartments and from 360 to 760 euros for individual customers.

Source: Ekathimerini

Eni

Kathimerini spoke to officials who confirmed ENI’s interest, saying that there is also interest in this direction by other oil companies as well, ahead of the start of two tenders for the concession of specific blocks, triggered by the consortium of Hellenic Petroleum, Total and Edison and by Energean Oil & Gas.

The above consortium is interested in the block off the coast of Crete and south of the Peloponnese, while Energean is eyeing the area southwest of Corfu and west of Lefkada. The former block is an extension of the Herodotus Basin that accounts for the large gas reserves of Israel, while in the Ionian Sea belongs to the broader Periadriatic Zone, which is geologically related to the regions of Montenegro, Croatia and Albania that are about to be explored and developed.

ENI's interest appears to be focused on the area near Crete, which means there will be some strong competition with the Hellenic Petroleum-Total-Edison consortium that is eyeing the same region. This would strengthen Greece's negotiating position ahead of the signing of concession contracts.

The tenders, expected to begin soon, will be a fast-track process as the law dictates, lasting up to 90 days.

The market's picture appears completely different to 2014, when only Total and Edison among the multinationals showed an interest in block tenders. This change comes thanks to the discovery of the Zohr reserve, according to Yiannis Bassias, the head of the Hellenic Hydrocarbons Resources Management.

"That discovery has sent positive signals to the market about the existence of a second oil system that has indications of being extensive in the Mediterranean. Western Greece and the area south of Crete are part of this, so the oil industry has also turned to Greece," says Bassias, who expects the first new drillings to begin within two years if bureaucracy is overcome.

Source: Kathimerin

PPC

The Energy Ministry has chosen to prolong its negotiations with the European Commission regarding the list of Public Power Corporation units that should go on sale, due to an ongoing disagreement.

While the bailout program's timetable is putting great pressure on Athens, the Greek side has not yet responded to the Directorate General for Competition (DGComp) in Brussels about the list proposed to Greece, which includes the two power units at Megalopoli in the Peloponnese and the two at Meliti, near Florina in western Macedonia.

Sources say that minister Giorgos Stathakis is not prepared to accept the DGComp proposal and is insisting on the sale of the two plants at Amyntaio, western Macedonia, instead of the units at Megalopoli. This position is leading to the talks being prolonged, with obvious consequences for the process of reducing the PPC share in the country's production capacity, and in the procedure for the completion of the third bailout review.

Stathakis has called a meeting on Friday at the ministry for the assessment of conditions so far and to formulate a response to the Commission.

It is noted that DGComp has rejected the proposal for the sale of the Amyntaio units because they will have to be withdrawn from production in 2020 and until then they will have to operate limited hours. The Megalopoli plants will operate until 2025.

Source: Ekathimerini

Hungary

Gas Supply

A working meeting between Alexey Miller, Chairman of the Gazprom Management Committee, and Peter Szijjarto, Minister of Foreign Affairs and Trade of Hungary, took place today at the Energy Efficiency and Energy Development International Forum 'Russian Energy Week' in Moscow.

The meeting addressed bilateral cooperation, including Russian gas exports to Hungary and gas transit to third countries. It was noted that in the first nine months of 2017 Gazprom had supplied to Hungary 5.5 billion cubic meters of gas, an increase of 26.9 per cent, or 1.2 billion cubic meters, against the January-September period of 2016.

In addition, the parties discussed the plans of Hungarian operators for developing the national gas transmission system.

Source: Gazprom

Iran

Investment Projects

Austria's Oberbank signed a credit deal with Tehran to boost exports to Iran, the first European lender to do so since sanctions were eased following a 2015 nuclear pact with world powers.

Oberbank said the framework agreement will finance Austrian investment projects in Iran's infrastructure, healthcare and plant construction sectors.

"We are proud to be the first European bank to have reached this framework agreement after a year and a half of intense negotiations," Franz Gasselsberger, the director general of the regional bank in Upper Austria, said in a statement.

The deal was "highly anticipated by Austrian exporters", he said.

"Our clients have numerous projects in the pipeline, which can now be implemented."

According to Iran's central bank, the contract is worth one billion euro ($1.2 billion) and will benefit 14 Iranian banks.

"The Austrian bank's resources will be allocated to finance authorised state and private infrastructure and production projects," the Tehran-based central bank said in a statement published on its website.

Oberbank, which continued to maintain relations with Iran even while international sanctions were in place, said it was "prepared" in case the US pulled out of the landmark nuclear deal - something US President Donald Trump has threatened to do.

Under the deal signed between Tehran and six world powers, Iran agreed to curb its nuclear programme in exchange for the relief of crippling economic sanctions.

But Trump has called the pact negotiated under his predecessor Barack Obama the "worst deal in history", and threatened to pull out if Iran does not face greater controls on its missile and nuclear programs.

Many European banks have remained wary of penalties from Washington for resuming business with Iran.

Oberbank increased its net profit by 8.9 percent to 181 million euros in 2016, with total assets worth 19.16 billion.

It owns a 26-percent stake in the Italian UniCredit bank.

Source: alaraby.co.uk

Lebanon

Upstream Activity

Lebanon's Energy Minister Cesar Abi Khalil on Thursday said a tender had closed on a first round of offshore energy blocks, and told local media that two consortiums had submitted bids.

It will take years for revenue from any of the blocks to start flowing to the country, he said in a televised news conference.

"The first licensing round for oil exploration closed," he said. The country's petroleum authority and the cabinet will evaluate the bids, he added.

The local English-language Daily Star reported that Abi Khalil told it that two bids were submitted and that there were French, Italian and Russian companies involved in those bids.

Lebanon relaunched the licensing round for five offshore blocks (1, 4, 8, 9 and 10) in January after a three-year delay due to political paralysis. It extended the bid deadline in September.

Lebanon sits on the Levant Basin in the eastern Mediterranean along with Cyprus, Egypt, Israel and Syria. A number of gas fields have been discovered there since 2009, such as the Leviathan and Tamar fields.

A total of 52 companies qualified earlier in the year to bid in this round.

When the process was first launched in 2013, 46 companies qualified to take part in bidding, 12 of them as operators, including Chevron Corp, Total SA and Exxon Mobil Corp.

Source: Rigzone

Petroleum Tax

Lebanon’s parliament approved a law to tax revenue from oil operations, weeks before its first sale of offshore energy exploration rights to interested companies like Total SA and Exxon Mobil Corp.

Lawmakers approved the petroleum tax law in a vote on Tuesday, the state National News Agency reported. The law is a cornerstone for prospective bidders in the planned auction of rights to five offshore areas, Wissam Zahabi, a member of the Lebanese Petroleum Administration, said earlier this month.

Authorities extended the bidding deadline to Oct. 12 from Sept. 15 to give companies more time to understand the tax law and organize their bids, Zahabi said then. The draft law called for a 20 percent income tax, along with a stamp-duty fee fixed at 5 million Lebanese pounds ($3,311). NNA didn’t specify if parliament amended the draft law before adopting it.

Lebanon is seeking to develop its energy assets after lagging behind Cyprus, Egypt and Israel in exploring for oil and natural gas in the eastern Mediterranean. Exxon Mobil, Chevron Corp., Royal Dutch Shell Plc and Eni SpA are among 46 companies that qualified in 2013 to bid to operate blocks. Suncor Energy Inc., Rosneft PJSC and Qatar Petroleum are among others that qualified to bid as non-operators, according to the energy ministry’s website.

Lebanon, which is struggling with power shortages and hosting more than a million refugees, needs revenue to reduce its public debt. The energy auctions have been delayed due to internal political disputes since 2013.

Source: Bloomberg

Romania

Gas Price

The National Authority for Energy Regulation (ANRE) postponed the decision to increase the gas prices for household consumers until the approval in Parliament, by law of EO 64/2016, ANRE President Niculae Havrilet stated.

The change in the final price is due to enter into force on 1 November.

”We have postponed the decision on gas prices (…) as there will be changes that will have a major impact on the final price too. It’s about the fact that the storage service will be deregulated and the mandatory stock exchange quotas for the producers will be also changed,” Havrilet explained.

According to EO 64/2016, gas producers will have to sell 70 percent of the production through the stock exchange and at the same time, OPCOM will become the only natural gas wholesale exchange recognized by law.

Havrilet also said that he has received assurances that the ordinance will be adopted in Parliament this month so that ANRE can decide on a new final gas price to come into force on November 1 and to take into account the amendments made by the ordinance.

Emil Calota, ANRE Vice-president, announced a week ago that the gas price for households will increase on average by 6 percent in the fourth quarter of the year as of October 1.

Havrilet pointed out that the final prices for electricity and natural gas for households, set by ANRE, reflect the exchange rates.

This comes after PSD President Liviu Dragnea said on Monday that the successive increases in energy and gas prices are not justified and the culprits will be identified by the parliamentary inquiry commission for ANRE’s activity.

Source: The Romania Journal

Gas Export

ANRE official pointed out that the European Commission has sent to the Romanian authorities a letter warning that a new stage may be taken in the infringement procedure initiated against Romania for blocking gas exports if Parliament approves the obligation for 70 percent of gas to be traded on the stock exchange

The European Commission sent the Romanian authorities a letter to warn that the infringement procedure against Romania for blocking gas exports could move to a new stage if Parliament approves the mandatory trading of 70 percent of gas volumes on the exchange, president of the National Energy Regulatory Authority (ANRE) Niculae Havrilet said on Thursday during hearings in the parliamentary committee inquiring into ANRE's activity.

This follows the positive opinion issued on October 4 by the Chamber of Deputies' Industry and Services Committee on the bill approving OUG No. 64/2016, with one of the adopted amendments requiring 70 percent of gas volumes to be traded on the OPCOM energy exchange.

"There is a letter the transport operator unofficially presented us, stating that certain elements in Ordinance 64 approved at the commission's Oct. 4 meeting run counter to an obligation according to which member states must participate in the internal market by facilitating cross-border trade. Establishing a certain coefficient, which they consider to be high at 70 percent for mandatory trading, would render cross-border trading impossible, and practically hinders export," Havrilet said in reply to a question by Liberal deputy Lucian Bode.

He mentioned that the European Commission has already started infringement proceedings against Romania on this subject.

"Romania already has a case before the European Court of Justice and this letter mentions that if Romania does not switch to another solution – because the development of the gas market is very important and there is a proposal, namely to use the virtual trading point for title transfers, which would be a better solution than setting a percentage, which is a process somewhat outside experience boundaries – this letter cautions that the infringement procedure could move to the next stage," said the ANRE president.

At Thursday's hearings, Havrilet was also asked by Lucian Bode why he believes that after four years during which ANRE's activity reports were not only approved but also lauded by Parliament, this year's report was rejected.

Havrilet explained that the moment that triggered disagreements between the regulator and the lawmakers was the complete liberalization of the gas market on April 1, 2017 and another cause that triggered the Parliament's dissatisfaction was ANRE's not agreeing with certain provisions of Ordinance No. 64.

"This is the first year when ANRE no longer sets the gas purchase prices, but only checks whether gas purchase costs are in line with the market price, ie they if they are based on weighted average prices," the ANRE official said.

Whereas before April 1 the gas purchase price was 60 lei per MWh, at the moment of liberalization it increased to 67 lei in summer and to 71-72 lei per MWh for gas delivered in winter.

Havrilet showed that the price rise would have been even steeper had the liberalization not taken place: "If the market had not been liberalized on April 1, the calendar showed that the price should have been 78 lei per MWh by now."

This led to a increase by 4 – 6 percent of the price for the end consumer in the gas year 2017-2018, Havrilet said.

At the end of September ANRE vice president Emil Calota said the final gas price for households should increase by 6 percent in Q4 this year as a result of market conditions. Havrilet later said that the decision will be taken towards the end of October, and that the price increase will come into force on November 1.

Source: The Romania journal, nineoclock.ro

Gas Exchange

The National Regulatory Authority for Energy (ANRE) has approved the functioning of the spot gas market on the OPCOM market, a press release informs on Wednesday.

“Today, September 20, 2017, the meeting of the ANRE Regulatory Committee took place, during which the procedures for making operational the Natural Gas Market for the Next Day (PZU-GN) under OPCOM administration. By using this new trading product, the market participants have the opportunity to trade products on short-term (1 day), an important step in diversifying the products needed for the development of the natural gas sector in Romania,” the document reads.

The set of approved documents is based on the new Regulation regarding the organization of trading on the centralized natural gas market administered by the Operator of the Electricity and Natural Gas Market OPCOM, approved by ANRE in June 2017 as a result of the OPCOM request to include PZU-GN among products available on the market.

Source: The Romania Journal

Romgaz

Romgaz and its partners in the oil block Trident analyse the possibility of drilling new wells after the exploitation wells made until now have shown there is potential for new discoveries of gas in the area, stated on Friday Vlad Pavlovschi, manager of business development in Romgaz during the conference on energy issues.

‘As regards the area Trident, the programme of works of phase I, three years, compulsory and the phase II, two years, was carried out and at present, there is the next period undergoing with extension of the phase II. This extension was necessary with a view to supplementary works of reprocessing, complex analyses and reinterpretation and integration of the geological data available until now’ the Romgaz official said.

In the Trident area two wells were drilled, out of which Lira 1X revealed a gas discovery of 30 billion cubic metres according to Pavlovschi.

‘The evaluation and integration of the results, such as the calculation of the economic feasibility confirmed there is potential beyond the volume of gas in the domain of Lira. Thus, the members of the association plan the possible drilling of new wells of exploitation and evaluation with a view to opening several prospects, similar to the discovery of Lira and if the results are positive there could be offered several opportunities for exploitation in EX-30

Trident. Similarly, there are attempts to ensure the volumes of resources for next stages, which should make sure the options of development and production' the Romgaz manager said.

He also said that, in Q1 of 2017 the total production of gas of Romgaz was 2.56 billion cubic metres, plus 16.5% against the same period of last year and with 3.7% higher against the budget. In Q2 the production was higher with 49% against the similar period of 2016.

'The good performance of this year is due to the increase of demand of gas which allowed the optimisation of the putting to value the gas and a good management of the stocks' Pavlovschi said.

After a decrease of 24% of the production in 2016 which was a special year thanks to the severe conditions on the market, the framework of regulation for the constitution of minimum stocks of gas, the fiscal framework, which was unfavourable to the producers, high temperature and relatively big quantities of gas stored at the end of the winter 2015 – 2016, said the representative of Romgaz.

Source: Actmedia

LUKoil

Prosecutors with the Bacau Local Office of the Directorate for Investigating Organised Crime and Terrorism (DIICOT) have conducted searches in Bucharest City and six Romanian counties in a tax evasion case with a damage in excess of 9 million lei in which the legal representative of SC Lukoil Romania SRL is also involved.

It is about four organised crime groups for the purpose of committing repeated tax evasion by creating a fictitious circuit for the acquisition and delivery of bitumen from Vaza LTD Bulgaria and Lukoil Neftochim Bourgas AD Bulgaria, in the sense of replacing traders in writing documents to evade this way the payment of the related VAT and profit tax," reads a press statement released by DIICOT on Friday.

The members of the group were allegedly aided in their criminal pursuit by SC Lukoil Romania SRL, through its legal representative, which interposed in the merchant shipping circuit a UK trading company.

First estimates put the damage incurred on the national budget is at 9,139,242 lei, representing the VAT on payments and profit taxes.

Source: Actmedia

East-West Petroleum

Canada's East West Petroleum Corp said that its joint venture partner and operator in Romania, Serbian oil and gas group NIS, has reported 'encouraging' testing results for oil and gas in the Pannonian Basin of Western Romania.

Naftna Industrija Srbije (NIS) has reported that testing of multiple intervals on the first well in EX-7 Periam block has been completed with encouraging results for oil and natural gas, East West Petroleum said in a press release on Wednesday.

"The operator has advised that the initial results obtained during workover and testing will be analysed in NIS Scientific Center in Serbia, which will decide if the well is to be declared commercial and what would be the next steps to follow," the Canadian company said.

NIS will be funding 100% and fully carrying East West through the minimum work programme of the exploration phase in return for earning an 85% interest in the blocks.

"We are pleased to have results from our first JV well showing oil and gas indications. NIS was able to drill this conventional well with no environmental issues and strong community relations," East West CEO David Sidoo said.

East West Petroleum Corp. is a TSX Venture Exchange listed company established in 2010 to invest in international oil and gas opportunities with primary focus on two key areas: New Zealand and Romania.

Source: Seenews

ExxonMobil/OMV

Romania's top oil and gas group OMV Petrom and Exxon Mobil are expected to announce a decision over a Black Sea offshore gas investment in early 2018, Energy Minister Toma Petcu said on Thursday.

“I understand they'll unveil their decision early next year,” Petcu said. (Reporting by Luiza Ilie, writing by Radu Marinas)

Source: Reuters

Turkey

Gas Import

State-run Qatargas, the world's largest producer of liquefied natural gas (LNG), said on Sept. 20 that it had signed a medium-term sales and purchase agreement with Turkey's Botaş to deliver 1.5 million tons of LNG each year for three years.

Qatargas said it would supply the LNG from Qatargas 2 to either the Egegaz LNG Terminal, the Marmara LNG Terminal or the Etki LNG terminal in Turkey.

"We are very pleased to announce this new agreement with Botas which will further strengthen our relationship with our friends in Turkey," said Qatargas President and Chief Executive Officer Saad Sherida al-Kaabi.

Qatargas has previously supplied Turkish state pipeline operator Botas with spot cargoes.

The agreement comes as the worst rift in years among some of the most powerful states in the Arab world continues to simmer.

Saudi Arabia, Egypt, the United Arab Emirates and Bahrain severed their ties with Qatar in June, accusing it of supporting terrorism, a charge which Doha denies.

Qatargas has said its LNG supply to the world's largest LNG importer Japan would not be affected by the economic, diplomatic and transport boycott.

It has also since signed an agreement with Shell for the delivery of up to 1.1 million tons of LNG per year for five years.

Source: Hurriyet Daily

Ukraine

Gas Import

NJSC Naftogaz Ukrainy purchased 15.6 billion cubic meters of gas in January-August of 2017, which is 3.5 billion cubic meters, or 29.8%, more than in the same period in 2016, the company has said.

According to its data, imports from the European market grew by 2.9 billion cubic meters, or 83%, to 6.4 billion cubic meters of gas.

"This year Naftogaz has bought gas from 12 European suppliers. None of the companies delivered more than 30% of imported gas," Naftogaz said.

Almost all this gas was received from the Slovak direction, while supplies from the Hungarian sector amounted to a mere 100 million cubic meters.

The company noted supplies of imported gas to Ukraine from the Russian Federation both in 2016 and in 2017 were not implemented, all volumes of imported gas came from the European direction.

Source: Interfax

Gas Production Royalties

The Finance Ministry of Ukraine is working on proposals to cut royalties for new gas wells, Minister Oleksandr Danyliuk said in parliament on Friday.

"Under the order of the prime minister we are working on a tool to stimulate production at new wells. I think that we will be ready to consider the amendments [to the budget] at second reading. We would have the position on the issue," he said.

As reported, earlier Ukrainian Prime Minister Volodymyr Groysman supported the idea of cutting the royalty for new gas wells at the end of 2016. However, the parliamentary committee for tax policy rejected the initiative.

Source: Interfax

Naftogaz

All independent members of the supervisory board of national joint-stock company Naftogaz Ukrainy want to resign over political pressure, the press service of the company has reported.

"Today, on September 19, the last independent members of the supervisory board of Naftogaz Ukrainy informed the company that they want to resign. Paul Warwick and Marcus Richards link their decision with rolling back reforms by the government," the company said

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Ukraine’s financial and political backers urged the government on Wednesday to step up reforms of state-run Naftogaz, after the gas firm’s independent board resigned saying authorities were blocking changes.

The regional director of the European Bank for Reconstruction and Development (EBRD), whose loans help Naftogaz buy gas from Europe in winter, said the bank was disappointed by the government’s inaction.

“The government of Ukraine has not met the target of implementing bylaws on Naftogaz that enable the board to function properly. And it needs to be fixed,” Francis Malige told journalists in Brussels.

He joined calls from the United States and British embassies for the prompt appointment of a new, professional and independent board for Naftogaz.

“The fact remains Naftogaz is being hindered in realizing its potential as a profitable strategic asset,” the British embassy said in a statement.

The Ukrainian government has taken steps to improve Naftogaz’s finances and boost transparency in the graft-ridden energy sector.

A reform to bring Naftogaz’s prices in line with the market helped the firm to post profit in 2016 for the first time in five years.

But the EBRD and others say a planned ‘unbundling’ - splitting Naftogaz’s production, transport and sales businesses - is taking too long.

“All this is complicated, but with the proper political will it can be resolved,” the EBRD’s Malige said.

“Naftogaz should not remain a monopoly, should be very transparent and it has to have a governance that enables it to make the decisions that put it in the right direction,” he said.

Responding to the board’s resignation, Prime Minister Volodymyr Groysman told his cabinet on Wednesday that the Naftogaz reforms would not be derailed.

“I guarantee that the reforms will be continued and sped up,” he said, emphasizing that the government was committed to the unbundling process.

Source: Interfax, Reuters

Ukrnafta

The tax debt of public joint-stock company Ukrnafta has expanded to UAH 15.7 billion, the press service of the State Fiscal Service of Ukraine has reported.

"Ukrnafta's enterprises have UAH 15.7 billion of debt," the press service said.

As reported, the company said that as of June 30, 2017, its tax debt was UAH 13.2 billion.

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

Source: Interfax

Pipelines and Supply Options

Shah Deniz 2

BP said on Wednesday that the PR platform topsides unit, which was completed ahead of schedule, had sailed away to the Shah Deniz contract area from the Azfen fabrication yard in Bibi-Heybat on September 15.

Before the installation, the topside unit was jacked up onto the load-out frame at the quayside of the fabrication yard on August 6, 2017, and was transferred onto the STB-1 transportation barge on September 9 in preparation for sail away.

This follows the sail away and offshore installation of the quarters and utilities (QU) platform topsides in early June.

According to BP's Wednesday statement, the transportation, float-over, and installation activities on the PR platform took six days to complete. The unit now has been installed on top of the corresponding jacket which was already at its offshore location in a water depth of 94 meters waiting for the deck.

The platform topside unit weighs about 15,800 tonnes and is 100 meters long by 60 meters wide. It contains a 133-meter-long flare boom, ten flowline reception facilities, five production separators, two flash gas compressors, and three production export flowlines.

The construction of the PR topsides unit, which was built by the AMEC-Tekfen-Azfen (ATA) consortium at the Azfen fabrication yard, was fully undertaken in the country using local infrastructure and facilities. Over 5,000 people, including sub-contractors and specialist vendors, were involved in the construction works, more than 90 percent Azeri citizens.

Ewan Drummond, BP's VP of projects, said: "The PR platform topsides sail away and safe offshore installation is an extremely important project milestone as it finalizes our offshore facilities fabrication delivery.

"We are very pleased to deliver this final offshore installation activity safely and in time to support the giant Shah Deniz Stage 2 project completion and first gas delivery next year. I am pleased to say that the project is making good progress towards full completion on schedule and below the planned budget."

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

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

Source: Offshore Energy Today

Kirkuk-Ceyhan Oil Pipeline

The Iraqi Kurdish Regional Government’s (KRG) economic power, propelled by oil exports via Turkey, is potentially at risk if the autonomous administration in northern Iraq insists on independence considering Ankara’s objection to the referendum, an energy expert has said.

“Turkey holds important power in its hands: The oil trade is conducted through its territories. At a time when oil prices are getting close to $60 per barrel, Arbil gained economic independence from Baghdad with the help of this trade,” Volkan Özdemir, head of the Institute for Energy Markets and Policies (EPPEN) told Anadolu Agency in a recent interview.

“If Turkey is against this independence, it can stop oil transfers, but this won’t be easy. If stopped, the KRG will not have this economic power,” he said.

The non-binding referendum is expected to see residents in provinces controlled by the Iraqi regional government vote on independence from Baghdad on Sept. 25.

Özdemir said the oil revenue sharing deal between the central government in Baghdad and Arbil has already lost its validity. He said in the last three and a half years, Arbil has exported its oil to international markets through Turkey, independently from Baghdad’s central government.

Source: Turkish Daily News

Turkish Stream

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

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

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

The board of directors also ratified the sale of 50 shares of TurkAkım Gaz Taşıma A.Ş. at 1,000 Turkish Liras per share.

TurkStream will send Russian gas to Turkey with the first of its two lines. The second line of the project will carry Russian gas to southern and southeastern Europe. The total capacity of the dual pipeline system is set to be 31.5 billion cubic meters. More than 250 kilometers of the first line of TurkStream has already been constructed.

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A working meeting between Alexey Miller, Chairman of the Gazprom Management Committee, and Temenuzhka Petkova, Minister of Energy of the Republic of Bulgaria, took place today in Moscow on the margins of the meeting of the Working Group for Energy of the Russian-Bulgarian Intergovernmental Commission on Economic Cooperation.

The meeting addressed the current and emerging issues pertaining to bilateral cooperation, with an emphasis on Russian gas supplies to Bulgaria and gas transit across Bulgaria in the context of the TurkStream project.

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Turkey's president Recep Tayyip Erdogan has said Serbia can start imports of natural gas through the Turkish Stream pipeline in 2019, Serbian media reported. "This is a project which spreads across the Black Sea region and will open towards Europe. We will cooperate in the field of renewable energy and gas.

We want to deliver gas to Serbia as soon as possible," news agency Tanjug quoted Erdogan as saying during a news conference after a meeting with Serbian president Aleksandar Vucic in Belgrade on Tuesday. In July, Serbian infrastructure minister Zorana Mihajlovic said the country is interested in joining Russia's Turkish Stream gas pipeline project, as it needs a second route for gas imports to ensure the stability of its energy system. Serbia needs to take advantage of both the interconnector with Bulgaria and the possibility of joining Turkish Stream, Mihajlovic said back then. Landlocked Serbia imports 82% of the gas it needs from Russia through a pipeline crossing Hungary and Ukraine.

The rest comes from domestic sources. The Turkish Stream pipeline project is meant to transport Russian gas across the Black Sea to consumers in Turkey and further to Turkey's border with neighbouring countries for delivery to southern and southeastern Europe. Erdogan is paying an official visit to Serbia on October 10 and 11.

Source: Hurriyet daily, Gazprom, Seenews

Gas Interconnector Greece-Bulgaria

Separate tenders for the construction of the Gas Interconnector Greece-Bulgaria (ICGB) and for the supply of line pipes will be launched in November, Bulgarian energy minister Temenuzhka Petkova said on Thursday.

Last week, Bulgaria issued the building permit for its section of the gas interconnection, while Greece has yet to grant a permit for the construction of its stretch of the gas link, Temenuzhka Petkova said in a statement, following a meeting of the Central East South Europe Gas Connectivity (CESEC) High Level Group in Bucharest.

A public procurement contract for a consultant engineer for the ICGB project is expected to be awarded in October, according to Petkova.

The IGB pipeline will connect the Greek gas transmission system in the area of Komotini to the Bulgarian gas transmission system in the area of Stara Zagora.

Source; Seenews

BRUA

An EU-backed natural gas pipeline to connect Bulgaria, Romania, Hungary and Austria and ease reliance on Russian gas will proceed as planned despite a recent setback, officials said on Thursday.

The pipeline, BRUA, will be able to carry 1.75 billion cubic metres of gas from Bulgaria and Romania to Austria by 2019 and 4.4 billion once the second stage is completed in 2022.

The project hit a setback in July when Hungary said it was not commercially viable to expand the pipeline into Austria, but European Commission officials and energy ministers from southeastern Europe agreed at a meeting on Thursday to get the project back on track.

"It was agreed in a memorandum signed today that there will be reverse flow interconnections in all four states, including Hungary and Austria," Romanian Energy Minister Toma Petcu told reporters after the meeting in Bucharest.

"For the second stage, all four states have committed to developing the project and finalising it as agreed."

Petcu said Romania aimed to start work on its portion of the pipeline in the spring of 2018 and finish it by 2020 at the latest. Romania will receive around 180 million euros from the European Commission to help finance the first stage of its portion of the pipeline.

EU energy commissioner Miguel Arias Canete told reporters that BRUA was one of the Commission's priority investment projects.

"For the Commission it is an important project that should materialize," Canete said.

"Pipelines are difficult to implement. The first phase has the financing and will go forward."

Unlike other countries in the region, Romania is almost entirely energy independent. It typically imports less than 10 percent of its gas needs from Russia, with the rest produced locally, mainly by state producer Romgaz and OMV Petrom, controlled by Austria's OMV.

Romania will produce more of its own gas from 2019 when Romgaz aims to start production at a new onshore gas field, its biggest find in three decades.

In the Black Sea, Russia's second-largest oil company Lukoil and a joint venture of OMV Petrom and ExxonMobil have both made important deepwater gas discoveries.

Petcu said Petrom and Exxon will announce a decision on whether they will invest in their offshore gas find early next year.

Black Sea Oil & Gas, controlled by private equity firm Carlyle Group LP, also discovered two wells holding an estimated 10 billion cubic metres of gas in the Black Sea and has said it aims to start production by 2019.

Source: Rigzone

Opal Pipeline

A German court on Friday confirmed it had rejected a request by Polish energy company PGniG and its German subsidiary for an injunction to block Russia's Gazprom from increasing its use of the Opal pipeline in eastern Germany.

The case is part of a long-running dispute over the routes for transporting Russian gas to Europe.

The Duesseldorf higher regional court said in a statement to Reuters that relevant applications had been rejected on Oct. 11, confirming an earlier statement from pipeline operator Opal Gastransport.

The court threw out detailed requests to stop or limit full capacity auctions on Opal, without elaborating on stakeholders or reasons.

An Opal Gastransport spokeswoman said: "I can confirm that these appeals were completely rejected and that Opal Gastransport can offer its capacity fully to the market."

Gazprom and PGNiG declined to comment on Friday.

The 36 billion cubic metre (bcm) per year Opal pipeline carries Russian gas arriving via the Nord Stream 1 pipeline across the Baltic Sea to continental European markets.

The gas goes into underground storage in northeastern Germany or travels down to the Czech Republic.

The Duesseldorf court in July ruled in favour of Gazprom after two Polish firms sought curbs on Gazprom's Opal use citing competition grounds.

The court at that stage said it had found no evidence of serious harm for the plaintiffs. Final, wider rulings are due from the Duesseldorf court and the Luxembourg-based EU General Court likely in 2018 and 2019.

In addition to the Opal pipeline, Poland is also concerned about Russian plans to double its gas export capacity to Germany via its Nord Stream 2 pipeline project, which bypasses Poland. Poland and also Ukraine fear this could reduce the amount of Russian gas transiting their countries.

The European Commission has also encouraged member states to curb their reliance on Russian energy in the wake of Moscow's annexation of Crimea in 2014.

Opal offers monthly and annual capacities on the PRISMA capacity auction websites, where the names of bidders or the size of their allocations are not identified.

Source: Rigzone

Nord Stream 2

The Nord Steam 2 planned pipeline is supposed to transport Russian gas directly to Germany under the Baltic Sea. Germany, Austria and others remain adamant that the pipeline is a commercial, not a geopolitical, project.

But Poland and other member states say the project is against the strategic interests of the EU and undermines its ambition to build an Energy Union. Even Council President Donald Tusk has taken a position against the pipeline.

In the legal battle over Nord Stream 2, Poland succeeded in convincing the Commission to ask the member states for a mandate to negotiate with Russia a “special legal framework” on the pipeline project.

In particular, legal certainty is needed regarding the off-shore section of the pipeline, given that part of it, including its only entry point, lies outside EU jurisdiction. The Commission’s legal services said internal market legislation does not apply to the offshore sections of the project.

But Council legal experts issued on 27 September an opinion which rejects the Commission’s request for a mandate, instead concluding that the EU executive has no legal base to interfere. The leaked opinion was first published by Politico.eu.

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Denmark is considering passing a law that could block a disputed Russian pipeline project which would run through the NATO member’s territory due to security concerns.

The bill, discussed in the Danish parliament on Thursday (12 October) and backed by a majority, poses a threat to the nearly €10 billion Nord Stream 2 project, which critics say would increase European dependence on Russian gas.

Denmark currently has no law that encompasses foreign, defence and security policy, Energy Supply and Climate Minister Lars Christian Lilleholt told members of the Danish parliament.

The new law, which could take effect on 1 January 2018, allows Denmark to evaluate if projects passing through its territorial waters are compatible with the nation’s foreign policy, security and defence interests.

The Ministry of Transport and Energy would no longer make decisions on its own and a veto by Danish authorities would offer limited opportunities of appeal.

Lawyers have argued that under present rules, Denmark cannot block Nord Stream 2.

Source: Euractiv

Yamal LNG project

The Russian Yamal LNG project will ship the first two cargoes of liquefied natural gas in November, followed by another four in December, Russia's customs service said on Tuesday.

The Yamal LNG project is co-owned by local Russian gas producer Novatek, as well as France's Total, China's CNPC and the Silk Road Fund.

Source: Rigzone

Companies

Gazprom

The European Commission wants Russian gas giant Gazprom to make more concessions in order to end a six-year long antitrust investigation, the Commission said on Friday after another round of talks.

Gazprom said progress was made during the meeting.

The comments by the EU competition authority came after Gazprom deputy chief executive Alexander Medvedev met EU antitrust chief Margrethe Vestager to discuss the case in Brussels.

“Our exchanges with Gazprom continue and, on this basis, Gazprom will first have to submit an improved commitments proposal. So, there is still some work ahead,” a Commission spokesman said in an email.

The Russian state-controlled company is fighting allegations of overcharging customers and blocking East European rivals in contravention of EU rules. It denies the allegations.

Gazprom said it and the Commission had agreed to continue work on “seeking a mutually acceptable solution” in relation to the EU’s investigation into the company’s practices.

“We are satisfied about the outcome of today’s meeting, which was conducted in a constructive atmosphere,” Gazprom’s Medvedev said in a statement.

The EU antitrust authority has said Gazprom’s gas price formula, which is linked to the oil price, has led to consumers in Poland, Lithuania, Bulgaria, Estonia and Latvia paying excessive prices compared with Germany. Gazprom denies any wrongdoings.

Gazprom, which supplies a third of the EU’s gas, is facing fines of up to 10 percent of its global turnover.

To meet EU requests, Gazprom offered to let clients renegotiate decades-long, oil-indexed contracts, with prices linked to benchmarks such as European gas market hubs and border prices, including in Germany.

Gazprom’s concessions were market tested among rivals and customers. The proposals made during the “market test” were discussed during the Friday talks, Gazprom said.

Source: Reuters

OMV

OMV expects a third-quarter windfall of a 90 million euros ($106.6 million) due to a settlement reached with the Kurdish leadership in August, the Austrian energy company said on Friday.

OMV said its refining margin rose to $7.04 per barrel in the third quarter from $6.03 in the previous quarter and from $3.69 a year earlier.

Output was stable compared to the previous quarter at 341,000 barrels of oil equivalent per day and up from 301,000 a year earlier, it said.

Iraqi Kurdistan's regional government agreed in August it would pay $1 billion to UAE-based Dana Gas and its partners, including the Pearl consortium, to settle a long-running London court case.

OMV, which holds a 10 percent stake in Pearl alongside partners such as Germany's RWE, received approximately 60 percent of the 90 million euros as a dividend. Around 40 percent was put into an account for future investments in the Khor Mor field.

OMV releases full third-quarter results on Nov. 9.

Source: Rigzone

OMV Petrom

OMV Petrom, the largest oil and gas producer in Southeastern Europe, increased its refining margin in the third quarter to USD 8.75 per barrel, up 46.8 percent from the refining margin of USD 5.96 per barrel in the same period last year, according to an investor information sent through Bucharest Stock Exchange (BVB).

Compared with the second quarter of this year, OMV Petrom increased its refining margin by USD 0.24 per barrel, the last time the company recorded a higher margin in the third quarter of 2015 when it reported USD 9.87 per barrel.

OMV Petrom increased its electricity production compared to the first quarter by 0.75 TWh in the third quarter as a result of the commissioning of half of Brazi’s production capacity.

Therefore, the Brazi power plant generated a net electricity production of 0.16 TWh in the second quarter, 71 percent lower than in the same period of the previous year, of 0.48 TWh.

Source: The Romania Journal

LUKoil

Turkey-based Palmali, one of the biggest shippers in the Caspian region, said on Monday it had lodged a claim with the English High Court worth almost $2 billion against Litasco, the trading arm of Russian oil producer Lukoil.

"The claim concerns an alleged failure by Litasco S.A. to provide contractual quantities of cargo under long-term contract between the companies," Palmali said in a statement sent to Reuters.

Palmali, controlled by Azerbaijan-born businessman Mubariz Mansimov, said the case involved "breach of contract amounting to just under $2 billion plus interest and costs." It did not give further details about the contract.

Lukoil declined to make any immediate comment.

Lukoil has been considering selling its Swiss unit Litasco because new U.S. sanctions on Russia that will make it harder for the Geneva-based energy trader to raise new funds.

Source: Reuters

Rosneft

Privately-run conglomerate CEFC China Energy has obtained preliminary state approval for its proposed $9.1 billion investment in Russian oil major Rosneft three sources with knowledge of the matter told Reuters.

CEFC said earlier this month it will buy a 14.16 percent stake in Rosneft from a consortium of Glencore and the Qatar Investment Authority, strengthening energy ties between Moscow and Beijing.

The approval was received just about a week after the deal was announced, the sources said.

“It’s a preliminary approval from the NDRC which means the government gave the in-principle go-ahead for the deal,” said an industry executive with direct knowledge of the government decision. NDRC, or the National Development and Reform Commission, is China’s top economic planner.

“The preliminary approval means the government sees the strategic significance of this deal and shall lend its backing in financing.”

The government, including the State Council, or Cabinet, is expected to give final approval unless there are “material errors” during the process of proceeding with this transaction, said the executive and a second source briefed by CEFC on the matter.

Both NDRC and CEFC did not immediately comment.

CEFC China Energy has grown in recent years from a niche oil trader into a $25 billion sprawling energy and financial conglomerate with strong political ties and a rare contract to store part of China’s state oil reserve.

CEFC has long held overseas expansion ambitions and grabbed the spotlight in the Rosneft deal at a time when larger state-run peers like Sinopec Group have shifted gears from rapid expansion to divestment.

CEFC has tapped China Development Bank and Russian lender VTB to help fund the Rosneft deal, banking and company source said. CDB, a Chinese policy bank, has long supported CEFC and is its biggest lender.

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Russia's largest oil producer Rosneft wants to boost its supplies of oil to China through Kazakhstan to as much as 18 million tonnes (360,000 bpd) per year from around 10 million tonnes in 2017, three industry sources said on Friday.

Such a big increase may significantly drain flows of Urals blend to Europe at a time when Russian oil output has been reduced as part of a global pact to support prices.

"(Rosneft's head Igor) Sechin would like to boost oil supplies to China to 13 million tonnes per year with a possibility of further increase to 18 million tonnes," a source familiar with Rosneft's plans said, adding that there has been no decision yet at government level.

He didn't specify when the increase was likely to happen.

"This would mean significant oil supplies cuts to Europe," the source added.

Two other oil industry sources confirmed the plans.

Russian oil production has been steady, at around 10.9 million bpd due to a global pact to reduce total production by around 1.8 million bpd to support weak oil prices.

Rosneft did not respond to a request for comments.

Source: Reuters

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