Balkan and Black Sea Petroleum Association

15th of August – 15th of September 2017

BBSPA Monthly Bulletin

Summary

Oil and Gas Prices

Spot Prices: Between 15 August 2017 and 15 September 2017 US WTI spot crude oil price fluctuated around $47/bbl; Henry Hub spot gas price fluctuated around $112/1000 cbm (GCV at 0°C). In Europe, at Central European Gas Hub, the average day ahead gas price was $230/1000 cbm (€17.3/Mwh, ECB exchange rates).

Romanian fuel prices started increasing after the government decided to increase excise duties.

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

EU: The Adriatic LNG terminal, off the cost of Rovigo in Italy, has received its first cargo from the United States.

Turkey: Botas is planning to install two new FSRU's in İskenderun with a 6.6 bcm/y regasification capacity.

Bulgarian Energy Ministry said that the new entry-exit gas transportation tariff system, which is planned to be implemented from 1 October, will increase the end user price by 2%.* According to government officials Romania is interested to supply gas to Bulgaria from the offshore Black Sea gas fields. A compressor station in Romania will be finished by the end of the year, which will allow gas flow to Bulgaria through the interconnection Romania-Bulgaria to be increased to 1.5 bcm/y.

Romanian Commodities Exchange gas forward contracts are ready for launch. The clearing solution is provided by KELER CCP.

Croatia: LNG Croatia has opened a tender for engineering and construction works for its planned FSRU off the island of Krk. * Gazprom has signed a 10-year deal with Croatia's Prvo Plinarsko Drustvo to supply it with 1 bcm of gas per year.

Ukraine: Russia recently stated that it can preserve some quantities of gas to be transported through Ukraine, instead through Turkish Stream. * Ukrgazvydobuvannia has signed contracts with Xinjiang Beiken Energy Engineering Co. to drill 24 new wells in Poltava and Kharkiv regions. The company plans to boost gas production from 14.5 bcm in 2015 and 2016, to 20.1 bcm in 2020. * Gas transit through Ukraine rose 23.4% on a yearly basis, while imports of natural gas from the EU countries rose by 95.8% in January-August 2017. Ukraine has not been importing natural gas under the contract with Gazprom since November 2015, purchasing resources exclusively on its western border. * Uktransgaz reported that Gazprom failed to supply the expected volumes of gas for transit to European consumers, with volumes 3-7% lower than the amount ordered.

Lithuania received its first spot LNG shipment from the United States. The LNG is for clients in Lithuania, Latvia and Estonia.

Electricity Production

The Egyptian government has approved contracts to build nuclear power plant with assistance from Russia's Rosatom.

Poland: President Andrzej Duda signed a law that stipulates that generators of renewable electricity will no longer receive fixed tariffs for the electricity they produce but that their revenues will be linked to the average price for green certificates.

Legal and Regulatory Framework

EU: European lawmakers approved a solidarity principle in case of supply disruptions. It builds on common rules on energy deals with third countries, which was the first piece of Energy Union legislation to be adopted by the Parliament.

Romania: Excise duties on fuels in Romania will be increased in two stages in order to avoid a shock for consumers.

Ukraine: The Ministry of Energy and Coal Industry of Ukraine has published the text of the Energy Strategy of Ukraine until 2035. The strategy includes the liquidation of the state-owned wholesale coal buyer and 50% share of the country's electricity generation by nuclear power plants. Further Ukraine sets a goal to transfer the point of acceptation and transmission of transit gas volumes from the western to the eastern border, but it doubts that Russian gas transit will continue after 2019. * The Energy Community Secretariat, together with the World Bank, has submitted to the Ukrainian authorities a new draft public service obligation act on natural gas market participants. The lack of unbundling of the transmission system operator allows for maintaining a monopoly position of the incumbent gas suppliers. Naftogaz buys gas at a fixed price from its subsidiary Ukrgazvobycha and transfers it for realization to a clearly defined list of gas distribution companies. This position reinforces the position of monopolists – regional gas distribution companies.

Upstream

Lebanese government has extended the deadline for submission of bids in the country's first offshore oil and gas licensing round.

Israel: An Israeli partnership, including Modiin Energy decided to return two expiring exploration offshore licenses to the state due to a lack of investors' interest.

Cyprus: ExxonMobil plans to start drilling at two sites off the south coast of Cyprus in the second half of 2018. *According to Cyprus's energy ministry the exploration by Total/Eni consortium offshore Cyprus discovered a small, not commercially viable, gas deposit of less than 500 billion cubic feet reserves.

The Greek government announced the locations of the three blocks set to be tendered for eight years exploration licenses – two of them of the coast of Crete and the third one in the Ionian Sea. * Energean said it had secured a 25-year production concession to develop the Kataloko field in Western Greece. * Total expects to search for oil and gas in the Ionian Sea. The ratification of the agreement by Greece's parliament by the end of the year will allow Total to start work.

OMV Petrom has started drilling in the Black Sea, offshore Romania, using GSP's Uranus jack-up drilling rig.

Nafta: Slovakia's Nafta wants to become a participant, investor and operator of the (PSA) for the Yuzivske gas field. The company is ready to take liabilities that previously Shell took, before deciding to leave the project later.

Pipelines Projects and Supply Options

Shah Deniz Stage 2: Implementation of the Shah Deniz Stage 2 project continued in 1H17. The project has been over 95 percent completed in terms of engineering, procurement and construction, and the first gas will be obtained in 2018.

Turkish Stream: Gazprom has reportedly laid some 170 kilometers of the Turkish Stream pipeline. * Petrofac has been awarded an EPC contract, valued at approximately 340 million euros, with South Stream Transport B.V for the development of onshore pipelines and a gas receiving terminal near Kıyıköy in Turkey. The facility will receive 31.5 bcm of gas annually.

The Trans-Atlantic Pipeline is 50% complete, according to its builder.

BRUA: Romania confirmed that the first phase of BRUA will be completed by 2019.

Eastring: Eustream has signed a contract on the Feasibility Study for the Eastring with Hungarian company Euroil.

Nord Stream 2: Gazprom said that the newly imposed sanctions by the United States did not bar the company from borrowing abroad. The latest set of U.S. punitive measures include sanctions on foreign companies investing in or helping Russian energy exploration, and cut the period for which U.S.-based entities can provide finance to Russian energy firms from 90 to 60 days. According to Gazprom the legislation was vague and could be broadly interpreted.

Companies

Azerbaijan: BP and its partners in the Azeri Chirag fields and the Deep Water Portion of the Gunashli Field have signed the amended and restated agreement with the state of Azerbaijan on the joint development and production sharing until the end of 2049. The co-venturers will pay a bonus of $3.6bn to the State Oil Fund of the Republic of Azerbaijan, and SOCAR will increase its equity share in the ACG PSA from 11.65% to 25%, thus the new ACG participating interests will be: BP 30.37%; AzACG (SOCAR) 25.00%; Chevron 9.57%; INPEX 9.31%; Statoil 7.27%; ExxonMobil 6.79%; TP 5.73%; ITOCHU 3.65%; and ONGC Videsh Limited (OVL) 2.31%.

DESFA: Six international consortiums expressed an interest in DESFA earlier: Macquarie Infrastructure and Real Assets (UK); a consortium of Italy's Snam, Belgium's Fluxys, Dutch-based Gasunie and Spain's Enagas; Romanian state-owned Transgaz with France's GRTgaz; Spain's Regasificadora del Noroeste; Integrated Utility Services (USA); and PowerGlobe LLC (Qatar).

Hellenic Petroleum reported a 46 % rise in second-quarter core profit as rising fuel prices lifted its margins. Sales rose 19 percent in Q2.

PPC: The European Commission has rejected Greece's proposal to implement the bailout commitment by letting go of 40 % of PPC's lignite-powered capacity, while the Energy Minister admitted there are pressures for the involvement of the hydroelectrics in the process.

Romanian state owned companies, including Conpet, Romgaz and Transgaz were recently asked by the government to pay special dividends to the state for the construction of a highway in partnership with the World Bank. Romanian prime minister explained that this is an advanced payment for future projects.

Black Sea Oil & Gas: EBRD is considering a $23.4 million equity investment in Black Sea Oil & Gas.

Kazmunaigas has nearly completed a deal to sell a 51% stake in its Romania-based subsidiary to China Energy Co.

Ukrnafta's debt to the Ukrainian budget totaled UAH 13.2 billion.

Gazprom has already built 45 percent of the length of the Power of Siberia gas pipeline. * Gazprom said LNG supplies to Europe are possible, but will be diverted by more expensive Asian markets. * Gazprom and Japan Bank for International Cooperation signed a Memorandum of Understanding aimed at advancing cooperation between the two companies.

ExxonMobil signed an out-of-court settlement agreement regarding a legal dispute over the Sakhalin-1 oil and gas project.

LUKOIL and Iraq discussed development of projects in Iraq and prospects for cooperation.

Schlumberger: The acquisition of a 51 percent stake in Russia's Eurasia Drilling Co by U.S. oilfield services giant Schlumberger is widely seen as testing the state of relations between Russia and the United States.

Contents

EU

Legal and Regulatory Framework

European lawmakers approved on Tuesday (12 September) a new security of gas regulation, which includes a solidarity principle in case of supply disruptions and will make it more difficult for other countries to “blackmail” the EU’s members.

Member states that are hit by gas supply crises will now be able to count on the aid of neighbouring countries, after MEPs adopted a report on the issue during Tuesday’s plenary session in Strasbourg.

It builds on common rules on energy deals with third countries, which the Parliament also supported back in March and which was the first piece of Energy Union legislation to be adopted by the Parliament.

As well as introducing a new spirit of solidarity, the legislation will also enhance the regional aspect of the Energy Union, as member states will now be banded into seven new regional blocs, specially created for the purposes of energy security, in order to better respond to crises.

However, not all MEPs were as enthusiastic about the new measures. Polish lawmaker Krzysztof Hetman (EPP) raised the issue of Nord Stream 2, a controversial gas pipeline project that would link Russia to Germany, branding it a “threat to energy security”.

Nicola Caputo (S&D group) also insisted that EU policy should promote renewable energies, not fossil fuels, while UKIP MEP Bill Etheridge (EFDD) said there should be more research done into nuclear and fracking technologies, which he called “the fuels of the future”.

This is not the first time the Union has tried to shield itself from energy crises. After spats between Russia and Ukraine in 2006 and 2009 saw gas supplies cut off to many parts of Europe, the EU adopted the first security of gas regulation in 2010.

Various Commission stress tests and checks have shown that parts of the bloc still remain vulnerable and the agreement reached today was a direct response to that threat. The adopted text will now be published in the Official Journal of the EU and will enter into force 20 days after publication.

Source: Euroactiv

LNG

The Adriatic LNG terminal, off the cost of Rovigo in Italy, has received its first cargo from the United States, the operating company said in a note on Tuesday.

The tanker delivering the cargo left the Sabine Pass plant on 22 August.

"Adriatic LNG continues to expand its LNG supply sources, allowing Italy to further diversify its sources," the company said.

The terminal – 70.7%-owned by ExxonMobil – relies on long-term contracts and expects to have a utilization rate of 90% between 2017 and 2019.

Source: Interfax

Azebaijan

Azer-Chirag-Gunashli

BP and its partners in the Azeri, Chirag fields and the Deep Water Portion of the Gunashli Field (ACG) in the Azerbaijan sector of the Caspian Sea have with the state of Azerbaijan signed the amended and restated agreement on the joint development and production sharing which will be effective until the end of 2049.

The contract is now subject to ratification by the Parliament of the Republic of Azerbaijan. BP will remain the operator in accordance with the amended and restated ACG PSA.

As part of the contract, the international co-venturers will pay a bonus of $3.6bn to the State Oil Fund of the Republic of Azerbaijan, and SOCAR will increase its equity share in the ACG PSA from 11.65 per cent to 25 per cent. During the next 32 years, there is the potential for more than $40bn capital to be invested in the ACG oil field.

Following completion of the contract, the new ACG participating interests will be as follows: BP, 30.37 per cent; AzACG (SOCAR), 25.00 per cent; Chevron, 9.57 per cent; INPEX, 9.31 per cent; Statoil, 7.27 per cent; ExxonMobil, 6.79 per cent; TP, 5.73 per cent; ITOCHU, 3.65 per cent; and ONGC Videsh Limited (OVL), 2.31 per cent.

Subsequent to this contract, SOCAR and its co-venturers have also agreed to progress engineering development work to evaluate an additional production platform in the ACG contract area.

Rovnag Abdullayev, SOCAR President, said: “Today is a significant day for Azerbaijan. It brings back the days, when we signed “The Contract of the Century”. Despite the challenging political and economic conditions of that time, thanks to the intense effort by our national leader Heydar Aliyev the first ACG contract was signed, laying the foundation of the future economic development of Azerbaijan. Since the signing of the first PSA in 1994, ACG has benefited from $33bn of investment, producing around 440 million tonnes of oil, and delivering directly more than $125bn of net profit to our country.

“Finalizing the negotiation process between SOCAR and the partner companies today, we have signed the new contract on the ACG project on agreed terms. The new contract is effective until the end of 2049. The terms of the new contract will take effect following their ratification by the Parliament (Milli Majlis) of the Republic of Azerbaijan, which will enable us to maximize the economic benefits for our country from ACG over the next 32 years. The terms of the new contract reflect the growing financial and technological potential of Azerbaijan and SOCAR. They also demonstrate the confidence of our foreign partners in the Azerbaijani economy, taking our effective partnership to a new level.”

Bob Dudley, Group Chief Executive of BP, said: “Over the past 23 years the Contract of the Century has truly transformed Azerbaijan, energy supplies to Europe and all of us who have worked so hard to make it a success. Today’s contract is perhaps an even more important milestone in the history of Azerbaijan as it ensures that over the next 32 years we will continue to work together to unlock the long-term development potential of ACG through new investments, new technologies and new joint efforts to maximise recovery. In light of that, I think it is fair to call this the Contract of the New Century."

Source: Offshore Energy Today

Bulgaria

Gas Supply

Bulgarian and Romanian electricity operators will discuss a deal on providing mutual emergency assistance to secure their energy systems. This was agreed by Minister of Energy Temenujka Petkova and her Romanian counterpart, Toma-Florin Petcu, at a meeting of the joint working group in the field of energy between the two countries held on Tuesday. Petkova has reported good cooperation in the energy sector and has outlined the security of energy supply as the main priority of the Bulgarian government. They have put the commissioning of the gas interconnector between Bulgaria and Romania as an excellent example of the implementation of the objectives of the European Energy Union, diversification of the sources and routes for natural gas supply and the development of the natural gas market in the region. Romanian Minister Petcu informed that at the end of the year, the Podisor compressor station will be completed in the territory of our northern neighbor, which will allow to increase the gas import capacity in Bulgaria and the operation of the project in its entirety.

During the Bulgarian-Romanian workshop, information was exchanged on the progress of the exploration of oil and gas in the Black Sea waters. The Romanian side has been interested in supplying natural gas quantities from local mining in the Romanian Black Sea blocks to the Bulgarian gas transmission system. The two sides have also welcomed the possibility of uniting electricity markets and Petkova has indicated that Bulgaria and Romania will take a common position with the European Commission so as to allow the continued operation of coal-fired power plants following the adoption of tougher environmental requirements for large combustion plants.

Source: Novinite.com

Gas Transmission

"The increase in the final price of natural gas will be below 2% because of the implementation of the new entry-exit tariff system for gas transportation in Bulgaria" This was announced by the Minister of Energy Temenuzhka Petkova at a briefing in the Council of Ministers, reported BGNES.

"First of all, the increase in the transmission and access fees is with a decision of the European Commission, which is in force since 2011. According to this decision, each of the operators should change their tariff policy", she explained.

Source: Novinite.com

Croatia

Gas Supply

Russian gas giant Gazprom has signed a 10-year deal with Croatia’s Prvo Plinarsko Drustvo (PPD) to supply it with 1 billion cubic meters (bcm) of gas per year, Gazprom Export said on Friday.

The deal expires in 2027 and Gazprom will supply 0.25 bcm of gas in the fourth quarter this year, the company said.

Source: Reuters

Krk LNG Terminal

LNG Croatia has opened a tender for engineering and construction works for its planned FSRU off the island of Krk, the company said in a statement on Friday.

Works consist of the design and construction of a jetty, a connecting gas pipeline and high-pressure installations.

The deadline for submission of applications is 29 September.

LNG Croatia started seabed drilling and geological surveys in August. The terminal will have a send-out capacity of 2 billion cubic metres per year.

Source: Interfax

Cyprus

Upstream Activities

Cyprus’s energy minister says exploratory drilling off the island’s southern coast has discovered a small gas deposit that contains “less than” 0.5 trillion cubic feet of the hydrocarbon, not enough to make it commercially viable.

But Yiorgos Lakkotrypis said Tuesday the fact that gas was discovered in an area whose geological make-up is similar to that off Egypt where a huge discovery was made recently offers “encouraging signs” that more could be found.

Drilling was conducted by a consortium made up of French energy company Total and Italy’s Eni. Other major hydrocarbons companies including ExxonMobil are also licensed to carry out exploratory drilling in eight areas south of Cyprus.

In earlier drilling, Texas-based Noble Energy discovered a field off Cyprus estimated to contain over 4 trillion cubic feet in reserves.

Source: Ekathimerini

ExxonMobil

US giant ExxonMobil said Wednesday it plans to start drilling at two sites in the second half of 2018 to explore for energy reserves off the south coast of Cyprus.

Preparations to support the drilling operations are already underway, the company´s vice president Tristan Aspray said at a presentation in Nicosia.

He said the operations would take place back-to-back and begin in the second half of 2018.

ExxonMobil with Qatar Petroleum has signed a licence agreement with the Cyprus government to explore block 10 for oil and gas as part of a third licensing round to exploit new offshore plots.

Block 10 is close to where ENI made a huge find in Egypt´s offshore "Zohr" field, raising hopes in Cyprus of more untapped wealth.

US firm Noble Energy made the first find off southeast Cyprus in 2011 in the Aphrodite field (Block 12), estimated to contain 127.4 billion cubic metres (4.54 trillion cubic feet) of gas.

Israeli firms Delek and Avner have a 30-percent stake in the venture. Noble has handed over a 35 percent share to the UK's BG International.

Italian-South Korean venture ENI-Kogas has so far failed to discover any exploitable gas reserves in deep-sea drilling off the island.

Block 12 has been declared commercially viable but an action plan on the next steps has yet to be finalised.

Italy´s ENI and France´s Total, which have equal shares in block 11, have been conducting exploratory drilling off the south coast since July.

Cyprus needs to find more gas reserves to make a planned onshore terminal financially viable as it seeks to become a regional energy player.

It had planned to build a liquefied natural gas plant that would allow exports by ship to Asia and Europe, but the reserves confirmed so far are insufficient to make that feasible.

Cyprus and energy-starved Egypt are looking into the possibility of transferring gas from the Aphrodite field to Egypt via an undersea pipeline. The island hopes to begin exporting gas, and maybe oil, by 2022.

Source: Dailymail.co.uk

Egypt

Power Production

The Egyptian government has approved contracts to build the El Dabaa nuclear power plant with assistance from Russia's Rosatom, according to a local news channel citing comments made by Egypt's Prime Minister Sherif Ismail.

The plant will comprise four 1.2 GW units and is scheduled to start up in 2024.

Source: Interfax

Greece

Upstream Activities

The government on Wednesday provided the locations of the three blocks – two off the coast of Crete and one in the Ionian Sea – that will be tendered for hydrocarbon exploration.

The block to be tendered for exploration in the Ionian Sea covers 6,671.13 square kilometers and is located north of the island of Cephalonia and west of Lefkada and Corfu islands.

The tender for Crete concerns an area southwest of the island covering an expanse of 19,868.37 square kilometers and another one off the west coast of 20,058.4 square kilometers.

The Energy Ministry launched the process after a consortium comprising Total, ExxonMobil and Hellenic Petroleum expressed an interest in June to explore for oil and gas beneath the seabed off Crete.

The tender process will be launched in September, allowing 90 days for bids to be submitted and another 60 for them to be evaluated. The contract is due to signed within 60 days after the process is completed.

Under the terms of the lease agreements, the exploration phase will last up to eight years with the possibility of an extension.

Source: Ekathimerini

DESFA

The executive board of Greece's privatization agency, the Hellenic Republic Asset Development Fund (TAIPED), is set to approve a short list of candidates for the acquisition of a 66 percent stake in natural gas transmission system operator DESFA.

The six international consortiums that expressed an interest in DESFA earlier this month are: Macquarie Infrastructure and Real Assets (UK); a consortium of Italy's Snam, Belgium's Fluxys, Dutch-based Gasunie and Spain's Enagas; Romanian state-owned Transgaz with France's GRTgaz; Spain's Regasificadora del Noroeste; Integrated Utility Services (USA); and PowerGlobe LLC (Qatar).

It is considered certain that at least three of the investors, those from Europe, will pass to the next round of the privatization process. Sources suggested that the chance of the other three consortiums also gaining approval is very slim due to a number of legal complications.

The favorite to win the tender appears to be the consortium involving Snam, Fluxys, Enagas and Gasunie. All four had shown interest in DESFA in the past and have now joined forces to enter the process. The first three companies are also shareholders in the Trans Adriatic Pipeline (TAP) and are interested in the geopolitical synergies that DESFA, especially its Revithoussa LNG terminal, offers.

The other European consortium, comprising Transgaz and GRTgaz, is also in a strong position. GRTgaz is considered a European leader in gas transmission and Transgaz is playing a key role in linking networks in Central and Southeastern Europe.

Regasificadora del Noroeste is an outsider but looks set to make it into the next round.

The other three investors that have expressed an interest, all from outside Europe, will be able to team up with any of the consortiums that do qualify for the next stage if they are excluded themselves.

Once the TAIPED board approves the short list, the investors will be obliged to sign a confidentiality agreement and go through due diligence, after which they will be able to make binding offers. A preferred bidder will then have be chosen within the next 12 weeks.

Source: Ekathimerinit

Energean

Energean, Greece's sole oil producer, said on Friday it had secured approval to develop the Kataloko field in Western Greece, its third such project in the eastern Mediterranean.

The $50 million development plan is targeting 11 million barrels of oil equivalent (boe) discovered in the early 1980s by the state-owned Public Petroleum Corporation but which has remained undeveloped since.

"Energean is now unlocking the value of this very important project for the country as well as revealing the potential for wider exploration of the East Adriatic region," Energean Chief Executive Mathios Rigas said.

Energean has secured a 25-year exploitation concession for Katakolo which involves developing the field through extended reach wells from an onshore location in the area.

It plans to develop Katakolo alongside its two other current development projects, the Prinos Oil Field offshore northeastern Greece and the Karish and Tanin gas fields offshore Israel.

Energean said it planned to take a final investment decision on the project in 2018 and drill the first wells in 2019, with first oil expected in 2020.

Source: Rigzone

Hellenic Petroleum

Greece's biggest oil refiner Hellenic Petroleum reported a 46 percent rise in second-quarter core profit Thursday as a combination of lower crude prices and rising fuel prices lifted its margins.

The company said it also benefited from a rebound in tourism, which pushed up demand for aviation fuel, and from strong demand for bunker fuel.

Sales rose 19 percent in Q2 to 2 billion euros.

Source: Ekathimerini

Total

Total expects approval from the Greek parliament by the end of the year to explore for oil off the western coast of Greece, the French company's chief executive told a Greek newspaper.

Greece and a consortium made up of Total, Italy's Edison and Hellenic Petroleum have signed a lease agreement to search for oil and gas in the Ionian Sea.

"We expect ratification of the agreement by Greece's parliament by the end of the year to start work," Chief Executive Officer Patrick Pouyanne told Ta Nea newspaper.

Source: Reuters

PPC

Facing pressure from Brussels for the sale of some of Public Power Corporation's most precious electricity plants, the Greek government is hoping that a market test later this fall will be successful enough to avert the concession of hydroelectric units.

The European Commission has definitively rejected Greece's proposal to implement the bailout commitment to let go of 40 percent of PPC's lignite-powered capacity. This proposal included the two units at Amyntaio and the two at Meliti. The rejection has triggered a clash between Athens and Brussels on which units should be put up for sale, with a top European official branding the Greek proposal "trash."

If Energy Minister Giorgos Stathakis insists on a list of units that would minimize the negative effects on PPC, then it would run the risk of failing the market test to sound out investors interested in buying coal-fired plants and mines owned by PPC.

If it fails the market test, then that would inevitably lead to the irreversible sale of hydroelectric plants too. In an interview with state TV, Stathakis admitted "there obviously are pressures for the involvement of the hydroelectrics in the process."

Therefore the government's priority now lies in the success of the attempt to sell off lignite units; it will need to make concessions regarding the lignite plants the Commission will propose for sale, but try and keep off the list the plants of Aghios Dimitrios and of Megalopoli.

Source: Ekathimerini

Israel

Upstream Activities

An Israeli partnership has decided to return the Daniel East and Daniel West offshore oil and gas exploration licenses to the Israeli Government due to a lack of investors, among other reasons.

In Sunday's statement, Modiin Energy, one of the companies in the joint venture, said the license operator recommended that the licensees return all rights in the Daniel licenses, located in the Mediterranean, to the state.

According to the company, the proposition was considered during a joint operating committee meeting of the JV.

The operator of the two licenses, Isramco Negev, made its recommendation based on its assessment regarding the level of geological risk, prospects identified in the area of the licenses, and the difficulties anticipated in the commercialization of the gas if and when it is discovered in the field.

Also, one of the reasons for returning the licenses to the Government was a "lack of responsiveness" of new investors to join the licensees as well as the fact that the licenses cannot be extended.

Modiin said that the licenses and the work plan would expire in April 2018, seven years after they were originally awarded on April 13, 2011.

The partners in the joint venture are Isramco, as the operator, Modiin Energy, Israel Oil Corporation, ATP Oil & Gas Corporation, and PSH which hold 65, 15, 10, 5 and 5 percent interest, respectively

Source: Upstreamonline

Lebanon

Upstream Activities

Lebanese government has extended a deadline for the submission of bids in the country's first offshore oil and gas licensing round by four weeks.

Lebanon's Minister of Energy and Water, Cesar Abi Khalil, issued the decision last week, extending the applications submission deadline from September 15 to October 12, 2017.

The decision to extend the deadline was based on the recommendation of the Lebanese Petroleum Administration (LPA), a regulatory body in charge of managing the petroleum sector in Lebanon.

In January this year, Lebanon approved two decrees that were crucial for the completion of the first offshore licensing round, stalled since 2013 due to a political turmoil. The decrees outlined conditions related to the licensing round and the exploration and production model agreement. As part of the round, the country offered five offshore blocks for bidding for oil and gas exploration. The blocks included in the round were Block 1, 4, 8, 9, and 10.

After the pre-qualified companies submit their bids on the open blocks, the evaluation of the bids and the signature of the exploration and production agreements (EPAs) will follow on November 15, 2017.

Source: Offshore Energy Today

Lithuania

Gas Supply

Lithuania received its first spot shipment of liquefied natural gas (LNG) from the United States on Monday, the result of a deal aimed at reducing dependence on Russia and consolidating relations with Washington amid increased tension in the region.

Russia's annexation of Crimea in 2014 has spooked the Baltic states, once ruled

The government estimates it will import half of its gas consumption in 2017 as LNG, mostly from Norway's Statoil. The rest will be imported via a gas pipeline from Russia.

In June, Lithuanian state-owned trader Lietuvos Duju Tiekimas signed a deal with a unit of U.S. firm Cheniere Energy, its first direct import of LNG from the United States.

The LNG tanker from Sabine Pass in the United States moored in Klaipeda port on Monday.

The United States government was not involved in the deal between Cheniere and the Lithuanian trader, Howard Solomon, Deputy Chief of Mission at the U.S. Embassy in Lithuania, said.

The LNG is for clients in Lithuania, Latvia and Estonia.

More LNG supplies to Lithuania from Cheniere are expected next year, Lietuvos Duju Tiekimas CEO Mantas Mikalajunas said.

"We are happy to reach a point where importing gas from U.S. is not only politically desirable but also commercially viable," Energy Minister Zygimantas Vaiciunas said.

Gas prices in Lithuania dipped in 2014 as it opened the LNG terminal, ending the gas supply monopoly of Russia's Gazprom.

Source; Reuters

Poland

Renewable Energy

Changes to Poland’s renewables law mean many operators of existing wind farms will struggle to make a profit, potentially stunting the growth of clean energy in the coal reliant country.

Polish President Andrzej Duda signed a law on 14 August that amended the Act on Renewable Energy Sources. The new law stipulates that generators of renewable electricity – mostly wind farms – will no longer receive fixed tariffs for the electricity they produce but that their revenues will be linked to the average price for green certificates.

Source: Interfax

Romania

Fuel Prices

Friday, September 15, is the first day set by the government to increase the excise duties for petrol and diesel fuel by RON 0.16, it is to be followed by another similar step on October 1.

On August 30 the Government approved the ordinance to amend the Tax Code and to increase the excise duties for petrol and diesel fuel in two steps: September 15 and October 1 by RON 0.16 per litre, in force until 2022.

Friday morning the fuel prices at the gas stations were by RON 0.10 higher.

The transporters in Romania, mainly UNTRR, have asked the executive not to increase the excise duty, warning they might refuel abroad and could stage protests.

The Government assured the transporters the fuel prices will not increase after implementing the higher excise duties, otherwise it would review the over-excise redemption scheme.

The SMEs association warned on September 5 the prices have already grown

Romanian Commercial Bank (BCR) Chief Economist Horia Braun warned in late August that the increase of the excise duty for fuels could boost the inflation rate by about 0.4 percentage points and could bring along the risk of further increases of tariffs for electric power.

In the latest period, the international oil price has increased on the markets from USD 49.53 per barrel (August 30) to USD 53.63 per barrel (September 13).

Source: The Romania Journal

Fuel Market

Finance Ministry Ionut Misa, announced this Wednesday at the beginning of the Government meeting, that the excises on fuels will be increased in two stages, on September 15 and October 1, by RON 0.6 per liter of fuel on each occasion.

Misa explained that the terms set are September 15 and October 1 and in each of these stages, the excise for all the three categories of fuels, leaded gasoline, unleaded gasoline and and Diesel fuel will increase.

The minister added that the excise will go up in stages in order to avoid a shock at consumer level that can generate price increases.

Source: Business-review.eu

Gas Exchange

Romanian Commodities Exchange (BRM) gas forward contracts with central clearing services are ready for launch. Therefore, the onboarding of clients and utilization of the new trading facility is ready to start.

Thus, BRM and Budapest-based KELER CCP have reached a significant milestone by completing successfully the IT development and test phase of the project during the past months, a press release informs.

For now, both the trading and clearing systems are ready and well-prepared to open their doors to the participants for end-to-end market tests. The new clearing service will provide more efficient and safe operation for the participants by reducing credit and market risk.

"KELER CCP, the first EMIR compliant clearing house in the region, is excited to showcase its knowledge and experience through successful system launch and operation. It was an adventurous journey to shape our services for the BRM Forward Gas Market, but we are ready and I am confident that this will be a huge step forward for BRM and the Romanian market," Károly Mátrai, CEO of KELER CCP stated.

The launch of the new BRM Forward Gas Market with the clearing solution provided by KELER CCP will foster the development of a competitive, transparent and reliable gas market for Romania operating on a non-discriminatory basis and boosting natural gas trading in the entire region on the long-run.

"Our overall strategic goal is to make our market place more attractive by creating a secure and standardized trading system, which is very close to hand now. During the test period we monitored our clients' needs and the demand of the market and fine tuned with KELER CCP. The new system will enable BRM to set up a modern, highly developed, Europe focused market environment," Gabriel Purice, President General Director of BRM, also said.

During September and October the training and onboarding of market participants will be completed so that the trading operations of CCP cleared forward gas contracts could start in November.

Source: The Romania Journal

State-owned Companies

The Economy Ministry has asked Transgaz to convene an ordinary shareholders general meeting in order to approve the payment of dividends worth RON 171 million from the current amounts, a document sent to the Bucharest Stock exchange (BVB) informs.

Transelectrica has also been requested to pay dividends worth RON 170.7 million, whereas Hidroelectrica to pay RON 655 million as dividends, sources close to the state companies say. Hidroelectrica is owned by the state in s share of 80% and 20% belongs to Proprietatea Fund.

Transgaz, the technical national transmission network operator, was the third listed company, after Conpet and Romgaz, announcing that the Government has asked for money to the state budget as dividends, ziare.com informs.

Conpet was the second company after Romgaz to announce that the Energy Ministry has asked it to pay money to the state budget as special dividends. Conpet informed investors on Monday that it would convene the Shareholders General Meeting to approve the request of the Ministry in the coming period.

In its turn, Romgaz must approve quickly, at the request of the Energy Ministry, the distribution of RON 750 million as dividends. Romgaz issued a release last Friday to convene the Shareholders Meeting in order to discuss a request from the Energy Ministry to pay RON 750 million as dividends. Of this amount, the state would collect RON 525 million, the rest is to be collected by minority shareholders. Romgaz said it is a special dividend, as this year it has paid already RON 925 million out of a RON 1 billion profit for 2016.

These demands appear shortly after the former ANAF head, Gelu Stefan Diaconu, had accused Finance Minister Ionut Misa of “phoning the heads of state companies personally to get hundreds of millions of RON.”

On Tuesday, PM Mihai Tudose said that all state companies will pay in advance dividends to the state budget, upon the Government request, to support future projects.

“Dividends are paid to the shareholders. Nobody has robbed them, nothing is taken from their rights. We are taking the money now, because we need them. We want to start some large projects such as the Brasov-Ploiesti (highway – our note). It is to be done with our money and we want to prove we have the money to start the project so that the World Bank becomes our partner in the project,” PM Tudose said.

He added that the decision will not influence the companies’ operations.

“If the dividends were paid to the state now or in six months, from their point of view it is the same thing. All companies have been contacted and the necessary funds until year end is considered and for the first months next year. All companies have found a solution: where the money is not involved (in projects) or if the forecasts did not reveal the need for it, the money is to be paid now,” the head of the government said.

The World Bank has played down PM Tudose’s enthusiasm regarding the Ploiesti-Brasov highway, saying that for the time being talks are being conducted.

The WB says the talks with PM Tudose aimed at identifying the fields of cooperation with Romania, adding that a team led by Tatiana Proskuryakova, country manager for Romania, had a first meeting with PM Mihai Tudose.

The meeting was an opportunity to discuss the current partnership between the World Bank and Romania and to reiterate the bank’s support for the social-economic development priorities in the context of the strategy for country partnership during 2018-2023. PM Tudose has requested the WB support to complete the Ploiesti-Brasov highway. The means and specific sectors of cooperation are subject to ongoing discussions and are to be defined in partnership with the Romanian authorities in the near future, the World Bank informs.

Source: The Romania Journal

Kazmunaigas

Kazmunaigas has nearly completed a deal to sell a 51% stake in its Romania-based subsidiary to China Energy Co., Kazmunaigas Chief Executive Sauat Mynbayev said on Thursday.

“The deal is nearly complete. We have received all required approvals from the other side,” he told journalists on the sidelines of the Kazenergy Forum in Astana, Kazakhstan.

“We are not discussing any commercial issues. There are only some formalities that need to be finalised,” he added.

Source; Interfax

Turkey

LNG Supplies

Sharper peaks in Turkey's seasonal gas demand, combined with the expiry of long-term pipeline supply contracts, are prompting Ankara to boost the country's regasification capacity.

Following the inauguration of Turkey's first FSRU – the Etki LNG unit – in December 2016, state-owned Botas is now planning to bring two new floating units online in 2018.

The two facilities – each with a regasification capacity of 6.6 billion cubic metres per year – will be installed in İskenderun.

Source: Interfax

Ukraine

Gas Production

PJSC Ukrgazvydobuvannia has signed contracts with Xinjiang Beiken Energy Engineering Co. (China) to drill 24 new wells in Poltava and Kharkiv regions, the company's press service reported.

The drilling operations will begin in the fourth quarter of 2017.

The total value of the signed contracts is UAH 1.934 billion (including VAT).

As reported, Ukrgazvydobuvannia in late October 2016 announced a tender to attract external contractors for drilling operations in Kharkiv and Poltava regions with a total expected value of up to UAH 13.036 billion (VAT included).

As of September 7, it had selected the winners for 11 out of 15 lots of the tender. At the same time, 3 out of the 15 lots (Nos.11, 13 and 15) were canceled, as the company rejected all bids of the companies participating in the tender.

Ukrgazvydobuvannia has not yet decided on lot No. 2. Initially, the company named Poltava Services (renamed Exalo Drilling Ukraine, a subsidiary of PGNIG) as the winner of the lot, but later canceled the decision. Currently, only one bid - that from Croatia's Crosco Integrated Drilling & Well Services for UAH 480.98 million - it waiting for the company's decision.

The contracts have already been signed with OOO Spetsmekhservis (lot No.1, May 29), Crosco (lots Nos. 8 and 10, June 7 and July 12) and Xinjiang Beiken (lots Nos. 4, 5, 7, 12, September 5).

Contracts with Poltava Services (lots No. 3, 6, 9, 14) are expected to be signed.

Ukrgazvydobuvannia plans to boost gas production from 14.5 billion cubic meters (bcm) in 2015 and 2016, to 15.2 bcm in 2017, 16.5 bcm in 2018, 18.3 bcm in 2019, 20.1 bcm in 2020.

Its investment in drilling and purchase of new equipment in 2017 will be UAH 30 billion. In 2017, it is to drill about 100 new wells and repair 500 existing wells.

Source: Interfax Ukraine

Gas Transit

Russia is prepared to keep shipping some gas via Ukraine if it turns out to be more advantageous than doing so via the new Turkish Stream and Nord Stream 2 pipelines, Energy Minister Alexander Novak said in an interview with RBC-TV.

“Our position is that this issue [of preserving transit] can be discussed. It can be discussed if the conditions will be far more advantageous than transport via new infrastructure that is being built.

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Public joint-stock company Ukrtransgaz provided for transit of 61.95 billion cubic meters (bcm) of natural gas in January-August 2017, and this was 23.4% more than a year ago. This is the highest figure since 2011.

The company reported on Friday, referring to information from the central dispatch department, imports of natural gas from the EU countries rose by 95.8% in January-August 2017 year-over-year, to 9.4 bcm.

Ukrtransgaz said that 7.1 bcm was imported from Slovakia, 1.5 bcm from Hungary and 0.8 bcm from Poland. Ukraine has not been importing natural gas under the contract with PJSC Gazprom since November 26, 2015, purchasing resources exclusively on its western border.

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

Ukrtransgaz, fully owned by Naftogaz Ukrainy, operates a system of trunk gas pipelines and 12 underground gas storage facilities in the country.

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Applications of European consumers for transportation of Russian gas across the Ukrainian gas transport system via the Slovakia's pipeline early week this grew to 206-215 million cubic meters (mcm) a day compared to average 170-180 mcm a day in August 2017, the press service of public joint-stock company Uktransgaz reported on Thursday.

The company said that Gazprom failed to supply the expected volumes of gas for transit to European consumers, sending the revised applications for transportation of gas via the Slovakia's pipeline in the amount of 192-200 mcm a day to the central dispatch department of Uktransgaz. This is 3-7% lower than the amount ordered at the Velke Kapusany gas distribution station.

Uktransgaz recalled that the company's transit capacities for the Slovakian route in the Uzhgorod exit point total 282 mcm a day, which is larger than current demand of European consumers.

"Ukraine is ready to ensure stable transportation of the volumes of natural gas expected by European customers to the fullest. Moreover, the technical capacity of the Ukrainian gas transportation system allows reliably transiting Russian gas to the EU countries in a volume of more than 400-450 mcm per day by Slovak, Hungarian, Polish and Romanian gas transport corridors," the press service said.

Uktransgaz also said that Russia has not yet fulfilled its technical obligations under the contract with Naftogaz Ukrainy for transit of gas with respect to compliance with contractual gas pressures in trunk gas pipelines at entry points located on the Russian-Ukrainian border (Sudzha and Pisarevka gas compressor stations).

Source: Interfax, Interfax Ukraine

Energy Strategy

The Ministry of Energy and Coal Industry of Ukraine has published the text of the Energy Strategy of Ukraine until 2035 "Safety, Energy Efficiency, Competitiveness" on its website along with the publication of the Cabinet of Ministers resolution No. 605 on the approval of this strategy in the Uriadovy Kurier government's newspaper.

As for the development of the coal sector, the strategy involves the liquidation of the state-owned wholesale coal buyer and the introduction of trade in coal products on exchanges.

According to the document, nuclear power plants must provide 50% of the country's electricity generation until 2035. The share of renewable sources is to increase to 12.8%, and that for large hydroelectric power plants - up to 6.7%. The remaining volumes will be produced by thermal power plants (TPPs).

According to the authors of the document, Ukraine needs to transform its gas transportation infrastructure for more active integration with the European one.

The energy strategy also says that Ukraine sets a goal to transfer the point of acceptation and transmission of transit gas volumes from the western to the eastern border. At the same time, the authors of the document doubt that Russian gas transit will continue after 2019.

Source: Interfax Ukraine

Regulatory Framework

The Energy Community Secretariat, together with the World Bank, has submitted to the Ukrainian authorities a new draft public service obligation act on natural gas market participants aimed at assisting the country in reforming the existing non-compliant scheme and the swift closure of Energy Community dispute settlement Case ECS-2/17.

Together with the lack of unbundling of the transmission system operator, the country’s current public service obligation scheme presents the biggest obstacle to gas market reform in Ukraine by maintaining a monopoly position of the incumbent gas suppliers. The new draft public service obligation, which was drafted jointly by experts of the Secretariat and the World Bank and sent in the form of a draft resolution along with an explanatory note to the Ukrainian authorities, is aimed at securing natural gas supplies to the most vulnerable categories of customers, whilst enhancing competition on the gas market and ensuring customers can practice their supplier switching right in line with the Energy Community gas acquis.

The Secretariat initiated Case ECS-2/17 on 22 August 2017. In its Opening Letter, the Secretariat took the preliminary view that public service obligations imposed on subjects on the natural gas market by Resolution No 187 of the Cabinet of Ministers of Ukraine of 22 March 2017 do not comply with the Energy Community acquis communautaire on natural gas.

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In an interview with DW by the representative of the Energy Community Secretariat Dirk Busle said:

"This is unacceptable when, under the guise of social protection measures, concentration is fixed in the market,". He emphasized that regional gas distribution companies are monopolies in local gas markets in Ukraine, and the owner of the majority of these compnies through offshore companies is the oligarch Dmitry Firtash.

Naftogaz buys gas of Ukrainian production at a fixed price from its subsidiary Ukrgazvobycha and transfers it for realization to a clearly defined list of gas distribution companies. "This position reinforces the position of monopolists – regional gas distribution companies." Fixed prices distort the idea of a free market and block the attraction of international companies, "said Dirk Buschle.

Sources: Energy Community, Epravda.com.ua

Ukrnafta

The debt of Ukrnafta to the national budget as of June 30, 2017 totaled UAH 13.2 billion, the company's press service has reported.

"Ukrnafta continues fulfilling current tax liabilities, and the sum of the "historic" tax debt has not changed since the beginning of the year. As of June 30, 2017, the debt to the budget was UAH 13.2 billion," the company said.

As reported, Head of the Large Taxpayers Office Yevhen Bambizov said early March 2017 that the company's debt to the national budget was UAH 12.8 billion (including UAH 1.5 billion of profit tax and UAH 400 million of VAT).

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 Ukraine

Nafta

Slovakia's Nafta, a leading oil and gas company in the country with storage facilities of 2.74 billion cubic meters (bcm) of natural gas exploring fossil fuel fields on the Slovak-Ukrainian border, has said that the company wants to become a participant, investor and operator of the product sharing agreement (PSA) for the Yuzivske gas field (Kharkiv and Donetsk regions).

"Nafta is ready to become a participant in Yuzgaz as soon as the Cabinet of Ministers approves the assignment of rights and obligations from Nadra Yuzivska LLC to Yuzgaz and become the operator," Deputy Director of the exploration and production department of Nafta and CEO of CNG LLC (Vovkove,Uzhgorod district) Martin Slovak said at a meeting of the interagency commission for PSA at the end of last week in Kyiv.

Slovak said that the previous week Nafta Board Chairman, the key owner of Czech energy group EPH (Energeticky a prumyslovy holding), Daniel Kretinsky met with Ukrainian Prime Minister of Ukraine Volodymyr Groysman.

Nafta wants to become an additional investor in Yuzgaz B.V. and the operator, which will implement the project, Slovak said.

He said that the company is ready to take liabilities that previously Shell company took. Shell decided to leave the project later.

"We plan to carry out all the works that Shell wanted to do in the first five years, but more effectively," he said.

He said that some economic and financial conditions require revision, in particular, over the decline in the prices of hydrocarbons in the period after 2012-2013, or the project would be loss-making.

Slovak said that Nafta hired leading consultants and lawyers in Ukraine and the company is ready to invest in the near future.

He recalled that in summer 2016, Nafta acquired 50% in the Yuzhgorod gas field from U.S. Cub Energy Inc. and has invested EUR 100 million in exploration works and conducted the seismic tests.

The co-founder of Yuzgaz from Canada Jaroslav Kinach, who once headed Ukraine Country office of the European Bank for Reconstruction and Development (EBRD), said that the second beneficiary via Emerstone Energy and Emerstone Capital Partners is his Canadian friend.

He said that the ultimate beneficiaries held talks with strategic investors in the past several months. The company arrived with its own strategic investor and wants to start negotiations with the Ukrainian commission, he said.

As reported, in July 2016 Yuzgaz won the tender to attract investors for the implementation of the PSA for production of hydrocarbons within Yuzivska deposit, but the Cabinet of Ministers on November 2 of the same year refused the company participation in the PSA.

Yuzgaz successfully contested the cabinet resolution in court.

Source: Interfax Ukraine

Pipelines and Supply Options

Shah Deniz 2

Implementation of the Shah Deniz Stage 2 project continued successfully in 1H17, says a BP report on its activity in Azerbaijan, issued Aug. 17.

BP is the Shah Deniz field's operator.

According to the report, the project has been completed by over 95 percent in terms of engineering, procurement and construction, and the first gas from Shah Deniz Stage 2 will be obtained in 2018.

“Project activities continue at all offshore and onshore sites and fabrication yards of the country including the Sangachal Terminal, ATA (AMEC/Tekfen/Azfen) yard near Baku, Baku Deepwater Jackets Factory (BDJF) and along the pipeline route,” says the report.

In June, a significant milestone was achieved in the project with the sail away and installation of the Quarters and Utilities (QU) platform topsides unit – the first topsides unit built for the Shah Deniz Stage 2 platforms, says the report.

“The construction and commissioning of the subsea construction vessel (SCV) “Khankendi” are progressing well at the Baku Shipyard. The vessel is currently undergoing sea trials in the Caspian Sea which is a significant milestone on SD2 project delivery,” says the report. “At the peak of project activities, over 24,000 people were involved in construction works across all main contracts in Azerbaijan and over 80 percent of them were Azerbaijani nationals.”

As part of the Shah Deniz 2 project, gas production will increase from 9 to 25 billion cubic meters per year. The produced gas will be exported to Turkey and the European markets through the expansion of the South Caucasus Pipeline and the construction of the Trans-Anatolian (TANAP) and Trans-Adriatic (TAP) gas pipelines.

A contract for development of the Shah Deniz offshore field was signed on June 4, 1996. The field's reserve is estimated at 1.2 trillion cubic meters of gas.

The project shareholders are BP (28.8 percent), AzSD (10 percent), SGC Upstream (6.7 percent), Petronas (15.5 percent), Lukoil (10 percent), NICO (10 percent) and TPOC (19 percent).

Source:Hakimiyyet.az

Turkish Stream

Russian oil and gas company Gazprom has reportedly laid some 170 kilometers of the Turksih Stream, also known as TurkStream, pipeline in the Black Sea.

The operational update was shared by the Russian Energy minister Alexander Novak during his visit in Izmir, Turkey, last week.

"In May, the construction of the offshore section of the Turkish Stream gas pipeline began near the Russian Black Sea coast. As of today, about 170 km of the gas pipeline have been laid, while the length of the offshore section of the project will be about 940 km," Novak said.

As previously reported by Offshore Energy Today, the Allseas Audacia pipelayer had laid the shallow water section of the first string of the pipeline in May, after which the Allseas-owned Pioneering Spirit, the world's largest pipelay and construction vessel, took over late in June, to carry out the deepwater pipelaying operations at the first string of the project.

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Petrofac has been awarded an Engineering, Procurement and Construction (EPC) contract, valued at approximately 340 million euros, with South Stream Transport B.V., a wholly owned subsidiary of GAZPROM, for the development of onshore pipelines and a gas receiving terminal near Kıyıköy in Turkey.

Through its EPC business, Petrofac has been undertaking early works since April, which includes FEED verification, detailed design and procurement for the project which is associated with the offshore section of the TurkStream Gas Pipeline.

Under the contract, Petrofac will provide engineering, procurement and construction for the receiving terminal, which will be ready for commercial operations in December 2019. When completed, the facility will receive 31.5 billion cubic metres of gas annually from the TurkStream pipeline originating from the compressor station in Anapa, Russia.

Commenting on the award, Roberto Bertocco, Managing Director, EPC for Petrofac Engineering and Production Services said: "We're delighted to be working with South Stream Transport to help open up a vital gas export channel to Turkey and Southeast Europe.

"We have been working collaboratively and successfully with our client's team for the past five months to establish the project. We now look forward to progressing to the next phase where our focus is on achieving safe and effective delivery in line with South Stream Transport's goals and expectations."

Sources: Offshore Energy Today, Petrofac

TAP

The Trans Adriatic Pipeline (TAP) that will transport natural gas from the giant Shah Deniz II field in the Caspian Sea off Azerbaijan to Europe is 50 percent complete.

The 878-kilometer-long pipeline will connect with the Trans Anatolian Pipeline (TANAP) at the Turkish-Greek border at Kipoi, cross Greece and Albania and the Adriatic Sea, before coming ashore in Southern Italy.

The pipeline construction began 16 months ago the halfway mark includes all engineering, procurement, and construction scope.

To date, TAP's contractors have cleared approximately 70 percent of the project route in Greece and Albania, namely 539 kilometers out of 765 kilometers. Also, over 45 percent of welded steel pipes are already in the ground.

So far, 95 percent of the total 55,000 pipes to be used for the construction of the pipeline have been received in Greece, Albania, and Italy. According to TAP, the last shipment of offshore line pipes has been offloaded in Brindisi, Italy, on September 3-6, 2017.

The company said that more than 5,500 people had worked on the project across TAP's host countries, over 85 percent of which was staff employed locally.

TAP managing director, Luca Schieppati, said: "We are pleased that TAP continues to progress on time and on budget. We, therefore, remain on track to deliver the first Shah Deniz II gas in 2020, bringing a much-needed new source of energy into the European energy network.

"Our teams are working very carefully along our route to ensure that the land on which construction has been completed is returned to the owners or users in its original condition or better. We are also collaborating with local authorities and local stakeholders to ensure that the benefits of our project are tangible across all those communities crossed by the pipeline."

TAP is comprised of six shareholders. BP, SOCAR, and Snam hold 20 percent each, Fluxys holds 19 percent, Enagás has 16 percent, and Axpo holds the remaining five percent.

Source: Offshore Energy Today

BRUA

Romanian Energy Minister Toma Petcu and his Bulgarian counterpart Temenuzhka Petkova met on Tuesday in Sofia to discuss the establishment of a power contingency plan to be accessed by either state in critical situations, like that occurred in the previous winter, the Energy Ministry said in release on Wednesday.

As far as natural gas supplies are concerned, Minister Petcu reaffirmed Romania's interest in developing the BRUA gas pipeline project and told his Bulgarian counterpart that Romania will complete by 2019 all the works under the first phase of the project.

"BRUA is a project of common interest, so we consider that all the countries involved must have the works completed by the same time, to allow the interconnection at planned capacity and start preparations for the second phase. Romania intends to further the discussions on this subject and to advance the historical collaboration with Bulgaria. I think it's time for us to move on to the next step and I'd like us to do this together," Energy Minister Toma Petcu said.

In her turn, the Bulgarian Energy Minister said that Bulgaria supports any gas supply diversification project that guarantees the region's energy security.

Source: Actmedia

Eastring

The new phase of the Pan-European pipeline project Eastring has been initiated together with partners from Bulgaria, Rumania and Hungary

Slovak gas transmission system operator Eustream has signed the contract on the Feasibility Study for the Eastring – the Pan-European pipeline directly connecting Central and South Eastern European countries. The contract was awarded to Hungarian engineering and consultancy company Euroil. Following the signing of the contract in late August, the works on the Feasibility Study were initiated on Tuesday, 5 September 2017 in Bratislava. The first working meeting was held with representatives of Euroil as well as representatives of all Eastring project partners, i.e. Bulgarian TSO Bulgartransgaz EAD., Romanian Transgaz S.A., Hungarian FGSZ Zrt and Eustream (photo).

“We have launched the new important phase of the project which will improve energy security for customers in Central and South Eastern Europe. Eastring is the EU’s Project of Common Interest (PCI) and we are happy that we can make this important step with the direct financial support from the European Union,” said Eustream’s CEO Rastislav Ňukovič.

The main purpose of the Feasibility Study is to define all necessary technical, economical, financial and environmental details of the future pipeline including optimal routing as well as to carry on the in-depth market testing. The 50 percent of the eligible costs of the feasibility study will be funded by European Commission under the Connecting Europe Facility fund. The Feasibility Study will be completed in June 2018 and its outcomes will serve as the basis for next decisions on the project parameters.

Source; Eistream

Nord Stream 2

The $11 billion Nord Stream 2 project to add a second Russian trans-Baltic gas export pipeline will be implemented regardless of how new U.S. sanctions are interpreted, an official at Gazprom told a conference call on Wednesday.

Gazprom's officials also said during a call with investors that the newly imposed sanctions by the United States did not bar the company from borrowing abroad.

The United States has introduced several rounds of sanctions against Russian companies and individuals for Moscow's involvement in the Ukraine crisis and for alleged interference in the U.S. presidential elections in 2016.

The latest set of U.S. punitive measures was imposed on Moscow this month. The legislation includes sanctions on foreign companies investing in or helping Russian energy exploration, and cut the period for which U.S.-based entities can provide finance to Russian energy firms from 90 to 60 days.

Alexander Ivannikov, a Gazprom official, said on the conference call that the legislation was vague and could be broadly interpreted.

"According to preliminary estimates, this does not diminish a possibility for Gazprom to borrow abroad," he said, adding that Gazprom and its partners were trying to obtain clarification about the sanctions.

"Even if there are risks ... the Nord Stream 2 project will be implemented regardless of lawyers and (U.S. Treasury) explanations," he said.

Earlier this year Uniper, Wintershall, Shell, OMV and Engie agreed to each loan 10 percent of the cost of the pipeline.

Gazprom will remain the sole shareholder in Nord Stream 2, shouldering 50 percent of the cost of the pipeline which will have a capacity to carry 55 billion cubic metres of gas a year into a terminal in Germany and is due to start operating in 2019.

Vsevolod Cherepanov, a Gazprom board member, said during the conference call the company hoped to produce over 460 bcm of gas this year, up from the previous forecast of more than 450 bcm.

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Italian engineering company Saipem has been assigned a contract by Nord Stream 2 for the construction of the final section of the pipeline and the shore approach in Greisswald,

Sources: Reuters, Interfax

Companies

Black Sea Oil & Gas

The European Bank for Reconstruction and Development (EBRD) said on Wednesday it is considering a $23.4 million (19.9 million euro) equity investment in Romania-based Black Sea Oil & Gas (BSOG), seenews.com informs. BSOG is the operator of the Romanian offshore Blocks Pelican XIII and Midia XV containing the Ana and Doina gas discoveries.

Source: Actmedia

OMV Petrom

OMV Petrom has started drilling operations in the Black Sea, offshore Romania, using GSP's Uranus jack-up drilling rig.

The news was shared by GSP who said the rig move had begun on August 19th, 17:00, with the jack-up reaching the work location the following day. The rig moving and positioning operations were carried out with the support of AHTS GSP Queen.

GSP Uranus is a three legs, self-elevating unit, cantilever type, Marathon Le Tourneau Class 116-C design drilling rig.

Later this year, the rig will go on a contract with Black Sea Oil and Gas, a wholly owned company of Carlyle International Energy Partners.

Source: Offshore Energy Today

Gazprom

Power of Siberia gas pipeline was ahead of schedule. As of today, about 979 kilometers of the pipeline are already built, which translates into 45 per cent of the length of the priority section stretching from the Chayandinskoye field to Blagoveshchensk. It is planned to have over 1,300 kilometers of the pipeline completed by the end of this year.

Works currently in progress at the Chayandinskoye field include development drilling of gas wells, construction of the comprehensive gas treatment unit and infrastructure facilities, and follow-up exploration of the oil rim. Gas production from the field will start simultaneously with the launch of the Power of Siberia gas trunkline.

It was stressed at the meeting that gas supplies to China via Power of Siberia would commence on December 20, 2019, strictly in accordance with the Supplementary Agreement to Gazprom and CNPC's Sales and Purchase Agreement for Russian gas to be supplied via the eastern route.

The meeting produced a number of instructions aimed at ensuring the timely implementation of the Power of Siberia construction project and the pre-development of the Chayandinskoye field.

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Russian gas giant Gazprom did not rule out an increase in liquefied natural gas flows to Europe from its rivals, though Asian markets are more attractive for the fuel due to higher prices, a company official said on Wednesday.

"There is possibility that there will be more LNG supplies to Europe... however because of more interesting pricing, LNG goes to other markets, to Asian markets," Mikhail Malgin from Gazprom Export said.

"There is a potential on the market, there is place for us and our rivals," he added.

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A working meeting between Alexey Miller, Chairman of the Gazprom Management Committee, and Tadashi Maeda, CEO and Executive Managing Director of Japan Bank for International Cooperation (JBIC), took place today at the Eastern Economic Forum 2017 in Vladivostok.

In addition, Alexey Miller and Tadashi Maeda signed a Memorandum of Understanding aimed at advancing cooperation between Gazprom and JBIC. The document spells out a number of provisions outlined in the Memorandum inked in December 2016.

Japan Bank for International Cooperation was set up in 1999 as a state-owned financial institution aimed at developing economic cooperation with foreign countries. The bank is focused on supporting international economic activities of Japanese companies.

Gazprom and JBIC have established a long-standing and fruitful cooperation. Specifically, JBIC participated in financing the Blue Stream gas pipeline construction project and the Sakhalin II project.

In December 2016, Gazprom and JBIC signed the Memorandum of Understanding outlining the basic principles of cooperation in securing financing for Gazprom's projects with the involvement of Japanese companies.

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Russia and U.S. oil major ExxonMobil have signed an out-of-court settlement agreement regarding a legal dispute over the Sakhalin-1 oil and gas project, Russia’s finance ministry said in a statement on Thursday.

“The sides have reached a mutually beneficial compromise,” the ministry said, adding that the agreement was signed on Sept. 12.

Russian President Vladimir Putin said on Sept. 7 that the dispute had been resolved.

Source: Gazprom, Reuters

LUKoil

Vagit Alekperov, PJSC LUKOIL President and CEO, and Jabbar Ali Hussein Al-Luiabi, the Oil Minister of Iraq, held a meeting in Moscow. The parties discussed the development of the Company's projects in Iraq and prospects for cooperation.

The discussion accentuated around West Qurna-2 project's economic efficiency and plans for the field's further development.

Among other things, PJSC LUKOIL's President also informed the Minister of Oil that the third exploration well at Block 10 was drilled successfully. Wellbore testing of the 1,956-meter well confirmed commercial discovery at the Eridu field.

Source: LUKoil

Schlumbrger

The acquisition of a 51 percent stake in Russia's Eurasia Drilling Co (EDC) by U.S. oilfield services giant Schlumberger "has big problems" in the current political situation, the head of Russia's competition watchdog said on Wednesday.

Schlumberger applied to the watchdog for approval to buy the stake in late July in a deal which is widely seen as testing the state of relations between Russia and the United States.

"I think this deal (with Schlumberger) will have big problems," Igor Artemyev, head of Russia's Federal Antimonopoly Service (FAS), told reporters.

No one at Schlumberger was immediately available for comment.

On Aug. 2, U.S. President Donald Trump grudgingly signed into law new sanctions against Russia, a move Moscow said amounted to a full-scale trade war and an end to hopes for better ties with the Trump administration.

Schlumberger needs a special approval by the U.S. Treasury, Artemyev said. "Do you believe the U.S. Treasury will issue such an approval in the current situation?"

The deal marks Schlumberger's second attempt to buy into EDC and the first U.S. stake in Russia's oil and gas industry since sanctions were imposed on Moscow after its 2014 annexation of Crimea.

In 2015 Schlumberger agreed to buy 45.65 percent of EDC for $1.7 billion but the deal fell through after FAS repeatedly postponed its approval.

That deal met with resistance in Russia where there were worries that Schlumberger might seize control of EDC, a senior government official said in 2015. EDC then delisted its shares on the London Stock Exchange.

"Nothing has changed since that time, plus (Russia's) Natural Resources Ministry has taken a tough stance. There are many different and not too good (things) happening in (the) relationship for this deal," Artemyev added.

Russia's Natural Resources Ministry said in early August that Russia should impose "limits" on the American company in this deal because the industry was of strategic importance for Russia.

Artemyev said that Russia would give consideration to the deal but U.S. Treasury approval was still needed.

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