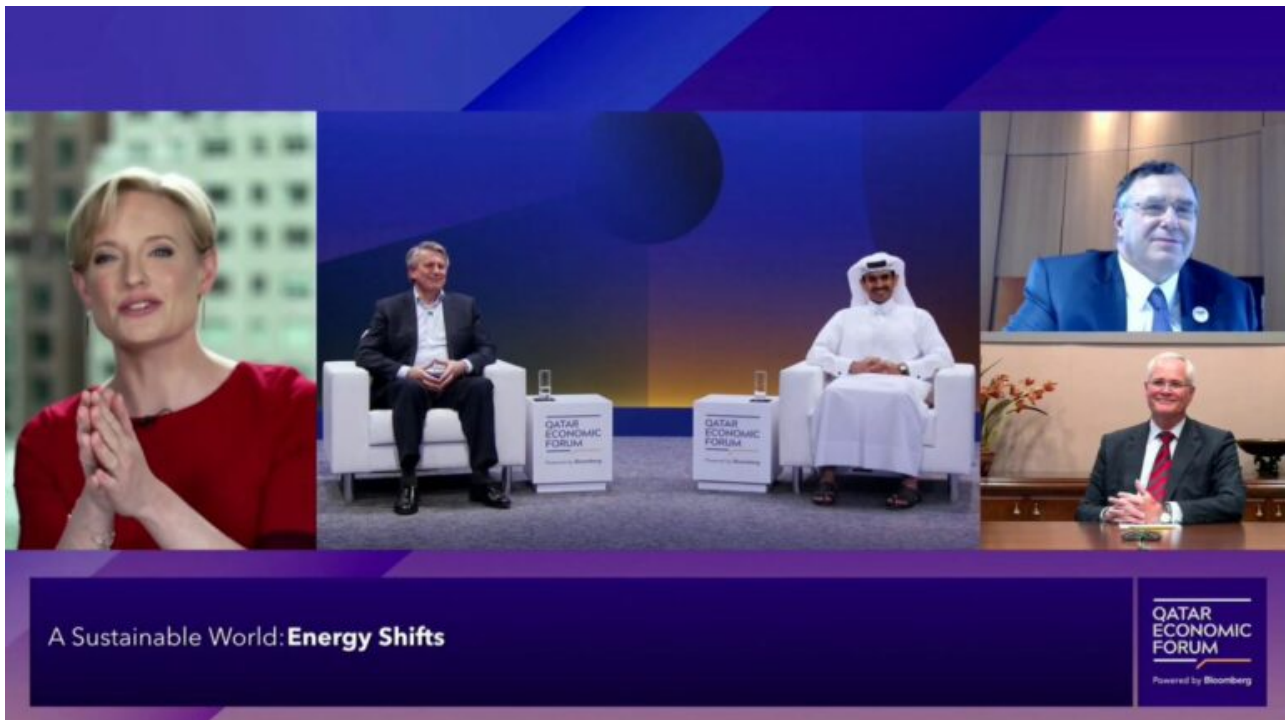


QP received offers for double the amount of equity available in NFE project: Kaabi



Tribune News Network
Doha

Minister of State for Energy Affairs and Qatar Petroleum President and CEO HE Saad Sherida Al Kaabi said that Qatar Petroleum has received offers for double the equity available to potential partners in the bidding process for the North Field East project.

Speaking at the Qatar Economic Forum (QEF), Kaabi stated that Qatar Petroleum was in the process of evaluating commercial offers received for participation in the largest LNG development in the world with a capacity of 32 million tonnes per annum of LNG, and that Qatar Petroleum had received offers that cover double the offered equity stake.

As part of the same process, Kaabi said, Qatar Petroleum had received offtake commitments, sales and purchase agreements

for double the 32 million tonnes per annum volume on offer. The NFE project is unique in the LNG world because of its advanced environmental characters, including significant carbon capture and sequestration capacity.

These remarks were made during a Qatar Economic Forum session on 'Energy Shifts' in which Kaabi was a panellist along with Royal Dutch Shell CEO Ben van Beurden, TotalEnergies Chairman and CEO Patrick Pouyanne and ExxonMobil Chairman and CEO Darren Woods.

The session, which was also broadcast on Bloomberg TV and its media platforms focused on the energy transition and the underlying climate change concerns driving net zero emissions targets.

Discussing the ongoing energy transition, Kaabi said, "We see natural gas and the energy transition joined at the hip. Gas and LNG is part of the solution for a longer-term transition. We are investing the majority of our capex in LNG, but we are also investing in renewables such as solar, here in Qatar and also worldwide."

Kaabi, however, raised concerns about underinvestment in oil and gas projects, given the focus on energy transition.

"Gas and LNG are important for the energy transition. However, there is a lack of investment in oil and gas projects that could drive energy prices higher. It could cause a significant shortage in gas between 2025 and 2030 that, in turn, could cause a spike in the gas market," he said.

On carbon capture and sequestration, Kaabi highlighted the fact that Qatar started decarbonising its LNG a while ago and that it currently captures and sequesters two million tonnes per annum of CO₂, which will grow to 9 million tonnes by 2030.

"We are doing it very responsibly and we will be part of the solution for the long term," Kaabi said.

The panellists warned that energy transition is not only about the producers, but also about end-users and their consuming behaviours.

Kaabi also highlighted the fact that the energy transition

needs to take into consideration the requirements of the developing world, including the 0.8-1.0 billion people who are deprived of electricity and basic fuels today to ensure a balanced approach that takes human development and economic growth in these developing nations into account, and that actions taken need to be responsible for the collective wellbeing of all of humanity.

Kaabi said that in the effort to put policies in place to reduce CO2 level, there is a challenge represented by the bill that has to be paid to bridge that gap, and called for collective work for a carbon pricing mechanism that is fair and equitable and that can be applied seamlessly on a global basis.

The Qatar Economic Forum, Powered by Bloomberg, brings together some of the world's leaders and the most influential thinkers, executives, and policymakers to prepare a blueprint for the next stage of global growth. Discussion themes during the Qatar Economic Forum cover issues such as leadership in a post-pandemic world changes to the human-technology nexus, a more sustainable global economy, markets and investing, power and trade flows, and the future of commerce.

Empty oil tanks at key storage hub show speedy demand rebound



Crude storage tanks that were brimming a year ago when the pandemic grounded flights and kept drivers at home are beginning to empty in the main U.S. distribution hub, the latest sign of strengthening demand in the world's biggest oil-consuming country.

For the first time since before the pandemic, empty tanks are being offered for lease at Cushing, Oklahoma, the delivery point for West Texas Intermediate oil futures. At least 1.4 million barrels of storage is up for rental starting in July, for roughly 12 cents per barrel a month, said Steven Barsamian, chief operating officer at storage brokerage Tank Tiger. That's a stark contrast to at least 60 cents charged when there was little space left about a year ago.

Americans are taking to the roads and skies at increasing numbers as the summer nears and the country emerges from months of lockdowns, with oil refiners speeding up fuel making to meet the rising demand. This week, California, America's most populous state, re-opened its economy, while New York ended most of its curbs.

It's a dramatic turnaround from a market crash that saw traders storing unwanted crude in tankers at sea, and U.S. producers at one point having to pay for customers to take their oil last year.

Meanwhile, shale producers are sticking to their pledges to focus on balancing their books and boosting returns to shareholders, rather than increasing output. U.S. production is 15% below its peak last year, limiting flows to the storage center.

So, traders are rapidly draining their storage tanks to supply refineries with every barrel of crude feedstock they need.

Empty tanks are typical of a market where demand is outpacing supplies and traders are getting a premium on the nearest deliveries, making it unprofitable to keep oil in storage – a pattern known as backwardation.

A year ago, when traders were storing as much oil as possible to wait for better prices, the nearest deliveries for WTI were selling at a discount to longer-dated ones. That structure is known as contango.

These patterns affect especially the commercial storages used in speculative trading, such as the ones in Cushing.

"Typically, in a backwardated market, it's the storage that isn't being used for operational purpose like the ones in Cushing, Oklahoma, that get emptied out first," Barsamian said. "Storage at most other locations such as in Houston and Midland in Texas are used for operational purposes and get emptied out later."

Traders might see more of the bottom of tanks across America in the coming months. Global oil demand is expected to recover to pre-pandemic levels late next year, according to the International Energy Agency. The agency sees a supply shortfall starting from the second half of this year, with

OPEC and its allies still keeping part of their production capacity offline.

OPEC sticks to forecast of oil demand surge in second half of 2021



LONDON- OPEC stuck to its prediction of a strong world oil demand recovery in 2021 led by the United States and China, although it cited uncertainties around the path of the pandemic.

In a monthly report on Thursday, the Organization of the Petroleum Exporting Countries said demand would rise by 5.95 million barrels per day (bpd) this year, or 6.6%. The forecast

was unchanged for a second consecutive month.

The report's forecast comes even after a slower-than-expected recovery in the first half of this year, and as it warns of "significant uncertainties," around the pandemic, such as the potential emergence of new variants.

"Global economic recovery has been delayed due to the resurgence of COVID-19 infections and renewed lockdowns in key economies, including the Eurozone, Japan and India," OPEC said in its monthly report.

"Overall, the recovery in global economic growth, and hence oil demand, are expected to gain momentum in the second half," it said.

OPEC sees 2021 world economic growth at 5.5%, unchanged from last month, assuming the impact of the pandemic will have been "largely contained" by the beginning of the second half.

Oil was trading above \$72 a barrel before the report was released. The price has gained 39% this year on rising demand and supply cuts by OPEC and its allies, known as OPEC+.

OPEC+ agreed in April to gradually ease oil output cuts from May to July and confirmed the decision at a meeting on June 1. Most of its output cuts will remain after July.

The efforts of OPEC+ have "have substantially led the way towards a market rebalance," OPEC said.

The report showed higher OPEC oil output, reflecting the decision to pump more and gains from Iran, exempt from making voluntary cuts due to U.S. sanctions. Output in May rose 390,000 bpd to 25.46 million bpd, OPEC said.

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Aramco raises \$6bn with debut global sukuk to fund dividend



Saudi Arabian oil giant Aramco locked in another \$6bn yesterday to help fund a large dividend as it returned to the international debt markets with its first USdollar-denominated sukuk sale, a document showed.

The debt issuance, which will help fund a \$75bn dividend commitment that will mostly go to the government, comprises tranches of three, five and 10 years, a document from one of the banks arranging the deal and seen by Reuters showed.

Aramco sold \$1bn in the three-year tranche at 65 basis points (bps) over US Treasuries (UST), \$2bn in the five-year portion at 85 bps over UST and \$3bn in 10-year paper at 120 bps over UST.

Initial price guidance was around 105 bps over UST for the three-year bonds, around 125 bps over UST for the five-year notes and around 160 bps over UST for the 10-year tranche.

The spreads were tightened after the deal attracted combined

orders of more than \$60bn.

Aramco last year maintained its promised \$75bn annual dividend to shareholders despite lower oil prices, and is expected to shoulder significant domestic investments in Saudi Arabia's plans to transform the economy.

Fitch assigned Aramco's sukuk issuance programme an A1 rating with a negative outlook, in line with the negative outlook on existing Aramco ratings and tracking a change in Saudi Arabia's sovereign outlook to negative in May last year.

"The company has displayed a strong commitment to pay \$75bn in annual dividends, which in Moody's view is not sustainable should oil prices fall and remains significantly below \$60/bbl," Fitch said.

"Interlinkages between Saudi Arabia and the company imply that any change in rating outlook on the government of Saudi Arabia would be mirrored on SaudiAramco's rating outlook."

The company chose to issue Islamic bonds over conventional ones due to high demand for the instrument as a result of the low number of dollar sukuk sales in the Gulf this year, a source told Reuters on Monday.

Aramco has been widely expected to become a regular bond issuer after its debut \$12bn issuance in 2019 was followed by an \$8bn, five-part transaction in November last year, also used to fund its dividend.

A source had told Reuters that Aramco was expected to raise up to \$5bn with the deal, which had 29 active and passive bookrunners working on it.

Active bookrunners on the deal included Citi, HSBC, JPMorgan, NCB Capital and Standard Chartered Bank.

Iran plans oil output hike as it sees nuclear talks progress



Bloomberg / Tehran

Iran said it's preparing to hike oil production even as talks with world powers over how to lift sanctions curbing the nation's crude exports have so far failed to clinch an agreement.

Parties to the 2015 nuclear deal, led by the European Union, are attempting to fully restore the landmark accord that all but collapsed after then-President Donald Trump withdrew three years ago. The negotiations in Vienna aim to ease US sanctions on the Islamic Republic's economy and scale back a significant expansion of its atomic activities.

In Tehran, President Hassan Rouhani's chief of staff, Mahmoud Vaezi, said that while there had been "great progress" on some economic issues, the fate of oil sanctions hadn't yet been resolved, according to the semi-official Iranian Students' News Agency.

The comments, and an industry report showing another fall in US crude inventories, saw crude extend its gains.

Iran's national oil company, though, laid out plans to revive oil production in the event that US sanctions are removed, starting with an output hike to 3.3mn barrels a day within one month of the penalties being lifted, the official Shana news agency reported.

In a gesture to Iran's leaders, Washington's top diplomat to the International Atomic Energy Agency acknowledged late Tuesday that trust needs to be rebuilt after the damage caused by Trump's policies and appealed to Iran to accept a "mutual return" to the agreement.

Iran's lead negotiator in the talks, Abbas Araghchi, said yesterday that diplomats are set to reconvene in the Austrian capital at some point from Saturday, without giving further details.

"The negotiations are at a point where some key issues still remain outstanding and decisions need to be made regarding those," Araghchi told reporters after briefing lawmakers in Tehran.

The talks coincide with Iran's fast-approaching June 18 presidential election that is widely expected to replace President Hassan Rouhani – a champion of the nuclear deal – with a hardliner who's been very critical of the accord.

Oil markets are closely watching the talks as the removal of sanctions could trigger a flood of Iranian oil onto markets as the Opec founder-member seeks to reclaim the market share it had before the Trump era.

Libya Oil Production Picks Up After Pipeline Leak Fixed



(Bloomberg) – Libya has cut crude production by nearly 20% due to maintenance at its largest oil field and leaks on pipelines linking other desert deposits to the Mediterranean coast.

The OPEC producer began reducing output at fields operated by the Waha Oil Co. over the last two days because of leaks, Mustafa Sanalla, chairman of the country's National Oil Co., said in an online conference. Production has also dropped at its biggest field, Sharara, over the past two weeks, he said. The outages total more than 200,000 barrels a day, according to people with knowledge of the matter.

Libya holds Africa's largest crude reserves, but it's struggled to pump a fraction of the oil it produced under late dictator Moammar Qaddafi. Fighting between rival factions has put the country's oil fields, ports and workers in the firing line, and faltering sales have starved the nation of the income needed to rebuild its infrastructure. Freeing up access to investment would help expand the country's output beyond previous levels, Sanalla said.

"The NOC is facing tremendous challenges in the rehabilitation and restoration of oil installations," Sanalla said. "The lack of funds needed for the projects" and the country's fragile security situation hurt its ability to complete needed work and upgrades, he said.

That means the country is missing out on taking full advantage of oil prices that have surged by 40% this year. Production cuts by the Organization of Petroleum Exporting Countries and partners like Russia have pushed crude to about \$70 a barrel as economies exit coronavirus-linked lockdowns and energy demand recovers.

Production Capacity

Libya pumped 1.14 million barrels a day in May, according to data compiled by Bloomberg. The country wants to boost production capacity to 2.1 million barrels a day over the next few years but faces enormous obstacles to that aim, Sanalla said. Analysts surveyed by Bloomberg estimate the country can pump at most 1.3 million barrels daily.

With the latest problems, production at Sharara is down by about 50,000 barrels a day, Sanalla said, without saying when output might be restored.

Fields operated by Waha Oil have cut production to about 140,000 barrels a day from normal output of 300,000 barrels, according to two people with knowledge of the situation who asked not to be identified discussing operational matters.

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Engine No. 1 converts tiny ExxonMobil stake into big win



NEW YORK: ExxonMobil has spent more than two decades sparring with activists over climate change, turning back virtually every shareholder challenge at its annual meeting each spring.

But late last month, the oil giant, which has shunned renewable energy investments embraced by some rivals, suffered a landmark defeat when upstart investment fund Engine No.1 successfully won election of three of its four board candidates, overcoming fierce campaigning from management.

A newly formed San Francisco-based investment group, Engine No.1 is a relative minnow in the world of finance, but now stands poised to steer the iconic US petroleum heavyweight in a new direction.

Its victory points to the increased vulnerability of incumbent energy players to insurgent investors as public concern mounts over climate change.

Engine No. 1's stake in ExxonMobil amounts to 0.02 percent of total shares, a pittance that may have led the Texas company to underestimate the broader investor frustration it faces after it was kicked out of the prestigious Dow index last year.

“It’s ironic that an entity with such a small stake was able to effect such change,” said CFRA Research analyst Stewart Glickman, who noted that BlackRock and other funds with large stakes sided with Engine No.1 and played a critical role in its victory.

“They used institutional investors that are more climate change-focused to get this done,” Glickman added.

Andrew Logan, a veteran of shareholder campaigns at ExxonMobil as director of the oil and gas program at activist investor group Ceres, said Engine No.1 ‘s newness was an advantage.

“With Exxon, everyone has a history,” Logan said. “Having a new face without that baggage led them to open doors.”

Engine No. 1’s board nominees were not environmentalists, but longtime corporate executives with energy industry experience. The group was skillful in tying ExxonMobil’s carbon policy to a broader corporate strategy that struck investors as out-of-touch, Logan said.

Engine No. 1 “struck a powerful balance of nodding to climate change, but they focused on the core issue of Exxon’s capital plan and its strategy,” he said.

– Arguing for diversification –

Named for San Francisco’s first firehouse, Engine No. 1 was founded last year by Christopher James, a wealthy technology investor.

Another key player in the ExxonMobil campaign was Charlie Penner, a former partner with activist hedge fund Janus who is well known to key asset managers.

The firm currently has \$240 million under management and just 22 employees, according to a securities filing.

Neither James nor Penner were available for an interview, but

Engine No. 1 pointed AFP to earlier statements that criticized ExxonMobil's investments on low-return petroleum projects and its lack of a plan in case government climate mitigation policies are accelerated.

ExxonMobil should "seriously explore opportunities to profitably diversify... with the assistance of new directors with notable track records of agile and adaptative innovation in energy," Engine No. 1 said in its initial letter to the company.

The three nominees elected by ExxonMobil shareholders are Gregory Goff, the former chief executive of refiner Andeavor; Kaisa Hietala, a former Neste executive who oversaw the company's expansion into renewable fuel; and Alexander Karsner, a strategist at Alphabet's X innovation lab and a former US assistant energy secretary.

Anders Runevad, former chief executive of Vestas Wind Systems, was not elected.

ExxonMobil deemed that none of Engine No. 1's nominees "meet the standards or needs of the company's board," according to a securities document. The board named two other candidates, who were elected last week by shareholders, along with the three Engine No. 1 candidates and seven other incumbents.

Engine No. 1 noted during the campaign that ExxonMobil did not meet with its nominees, and said the company's picks lack a "diverse track record of success in the energy industry who can position the company for success in a changing world."

– What will change? –

ExxonMobil has changed its tone since Engine No. 1's victories, saying, "We welcome the new directors to the board and look forward to working with them constructively and collectively to benefit all shareholders."

Only time will tell exactly how much the company shifts course and whether it will follow other oil majors into renewable energy, focus on executing long-discussed efforts at carbon capture, or go in a different direction.

The vote “means the status quo is no longer acceptable,” said Dan Pickering, founder of Pickering Energy Partners in Houston. “The net impact is more of their capital is directed at energy transition or carbon abatement of some sort and less goes to the oil and gas business.”

World's Top Oil Trader Vitol Sees OPEC+ Controlling Crude Market



(Bloomberg) – OPEC+ seems in charge of crude costs as U.S. manufacturing is lagging pre-pandemic ranges, in line with a senior govt on the world's greatest unbiased oil dealer, Vitol Group.

The decline in U.S. drilling and output leaves little competitors to efforts by the producers' group to handle markets, Mike Muller, Vitol's head of Asia, stated throughout an internet convention on Sunday. Brent crude closed above \$70 a barrel final week for the primary time in two years, as patrons demand extra oil than producers are pumping.

U.S. oil producers are nonetheless using solely half the rigs they used earlier than the coronavirus struck. Meanwhile OPEC+, because the group led by Saudi Arabia and Russia is thought, is easing barrels again on to the market as demand recovers.

"There's a perception in the market that control is with OPEC+," Muller stated on the occasion hosted by the consultancy Gulf Intelligence. "It will take a long time for U.S. oil to come back" to manufacturing ranges seen earlier than the coronavirus outbreak, he stated.

The Organization of Petroleum Exporting Countries and companions agreed final week to proceed easing manufacturing restraints in July however left markets guessing about what it should do for the remainder of the yr. After reducing manufacturing by some 10 million barrels a day, or a tenth of every day international demand, the group nonetheless has about 6 million barrels a day of idle capability.

China's economic system will proceed to develop, serving to bolster oil demand and bringing down crude stockpiles, Muller stated. Economic enlargement and regulatory adjustments there'll doubtless trigger home refineries to course of extra crude, he stated. "It doesn't pay to hold inventory at all," Muller stated. "De-stocking must continue from a purely

commercial perspective.”

More Iranian crude oil is more likely to hit markets this yr after an anticipated deal to restrict the nation’s nuclear program in return for the U.S. easing sanctions. Iran is restricted in how shortly it could actually carry oil again to the market since a variety of its saved barrels are condensate, a lightweight and sulfurous liquid which can be more durable to promote, he stated.

Given delays in negotiations final week, Muller stated it’s much less doubtless extra Iranian barrels will hit the market earlier than the fourth quarter.

More tales like this can be found on [bloomberg.com](https://www.bloomberg.com)

Canada’s Pembina agrees to buy rival Inter for \$6.9bn



Pembina Pipeline Corporation agreed to acquire Inter Pipeline for about C\$8.3 billion (\$6.9bn) in an all-stock deal that will create one of the largest energy companies in Canada.

The proposal from Pembina trumps a hostile takeover offer for Inter made by Brookfield Infrastructure Partners earlier this year. Inter spurned that approach and began a review of its options, which included a sale.

The Pembina-Inter combination is the largest Canadian energy transaction in four years. It continues a trend of consolidation in the sector in the face of low oil prices and regulatory uncertainty, highlighted by US President Joe Biden's cancellation of TC Energy's Keystone XL oil export pipeline in January.

Adding Inter will give Pembina additional pipeline infrastructure across Western Canada, connecting the region's oil sands and natural gas producers with domestic and foreign customers. Pembina, a major processor of natural gas liquids, will increase its ability to deliver condensate on Inter's system to the oil sands, where the product is used to dilute the thick bitumen that's dug out of the ground so that it can be transported by pipeline or rail.

The two Calgary-based pipeline companies said on Tuesday the takeover will lead to annual cost savings of as much as C\$200 million and create an operator with capacity to transport 6.2 million barrels a day of gas, oil and natural gas liquids throughout the region. The merged company will run by Pembina's senior executive team.

Pembina said its offer values Inter at C\$19.45 per share prior to the start of trading, while Brookfield's offer was C\$16.50. Brookfield declined to comment on Tuesday's merger announcement.

"Brookfield could easily come back at a \$19.50 to \$20 cash offer and probably still make the numbers work," Ryan Bushell,

a portfolio manager at Newhaven Asset Management, said. "We'll find out pretty shortly how badly Brookfield wanted this in the first place. But if I had to guess, I'd say they'd probably want to wash their hands of it."

Inter shares rose 8.8 per cent to C\$19.09 while Pembina fell 1.9 per cent to C\$38.15 at 12.26 pm in Toronto.

The Inter acquisition follows Pembina's purchase of a Canadian unit and pipeline assets from Kinder Morgan for about \$4.5bn in 2019 and its takeover of British Columbia pipeline operator Veresen for C\$5.8bn two years earlier. Pembina chief executive Michael Dilger said his company has tried to buy Inter on two previous occasions.

"Third time is lucky," he said on a conference call. "This is just the right time."

Pembina will also take on Inter's Heartland Petrochemical Complex, which is under construction in Alberta. Inter has been looking for a partner to help fund the C\$4.2bn construction cost while also trying to sign long-term sales contracts for 70 per cent of the plant's capacity.

Pembina previously suspended work on the petrochemical plant it was planning to build in Alberta in a venture with Kuwait's Petrochemical Industries. The odds of reviving that project "go up a lot now," Mr Dilger said. "If you can add another plant, you are amortising those costs by half."

Buying Inter gives Pembina energy terminals in Sweden and Denmark. Inter chief executive Christian Bayle had plans to sell the European assets, Mr Dilger said. "It looks like a good business," he added. "It is strategic. We will see."

Scotia Capital is Pembina's financial adviser, while TD Securities advised Inter. JPMorgan Chase & Co. is the financial adviser to the special committee of Inter's board and gave a fairness opinion.

Opec+ signs off on July increase at meet as oil market tightens



LONDON (BLOOMBERG) – The Opec group of oil producers and its allies, or Opec+, stuck to its plan to hike oil output next month, as Saudi Arabia's energy minister struck a bullish tone about the global recovery.

The group will press ahead with an increase of 841,000 barrels a day next month, following hikes in May and June, according to delegates.

As the market tightens, a more difficult decision looms for the group as it tackles the deficit that is set to emerge later this year.

“The demand picture has shown clear signs of improvement,” Saudi Energy Minister Abdulaziz bin Salman said as the meeting started.

Russian Energy Minister Alexander Novak also spoke of the “gradual economic recovery”.

The Organisation of Petroleum Exporting Countries (Opec) and its allies have spent more than a year rescuing prices from historic lows and only cautiously adding supply.

Now the story is shifting: Oil prices above US\$71 are fuelling inflation concerns and if Opec does not add more oil, there is a risk the market becomes too tight, undermining the global recovery.

But the cartel is also embracing caution. Prince Abdulaziz echoed the concerns of his fellow delegates when he said there are still “clouds” on the horizon. Iran’s potential return to international markets is one factor weighing on ministers’ decision-making. The impact of new variants of Covid-19 is another.

And while there is a wide deficit in the market to fill in the second half of the year, those two considerations could see some producers argue for a pause before further hikes.

“Covid-19 is a persistent and unpredictable foe and vicious mutations remain a threat,” Opec secretary-general Mohammad Barkindo said.

After next month, Opec+ is scheduled to hold supply until April 2022, according to the deal signed a year ago to rescue producers from a bitter price war.

While the agreement can be renegotiated – and there will be pressure to do so as demand continues to recover – it provides a fallback position for the group.

Tuesday’s meeting did not tackle the period after next month,

according to two delegates.

If the alliance does not boost output later this year, prices will face further upward pressure, International Energy Agency executive director Fatih Birol told Bloomberg Television earlier on Tuesday.

“One thing is clear: In the absence of changing the policies, with the strong growth coming from the United States, China, Europe, we will see a widening gap” between demand and supply, Mr Birol said.