Qatargas achieves major milestone with North Field Bravo Living Quarters Expansion project

Qatargas has achieved a major milestone with its North Field Bravo (NFB) Living Quarters Expansion (LQX) Project as it safely and successfully completed the onshore fabrication of the living quarters' structure locally, a first in the country.

The fabrication was done by Nakilat-Keppel Offshore Marine (N-KOM) at the Erhama Bin Jaber Al Jalahma Shipyard. The project is significant for Qatar as it is for the first time that a major offshore living quarter's structure has been entirely fabricated at a local yard in the country.

Qatargas organised a ceremony to mark the sail-away of the jacket and topside of the structure at Ras Laffan. The event was attended by Qatargas' shareholders and senior executives, N-KOM, and the project's contractor, Rosetti Marino.

“This project is a historic milestone for Qatar as it highlights a new and important capability. This achievement showcases the capabilities, skills and resources which are available locally at the Erhama Bin Jaber Al Jalahma Shipyard for the fabrication of large and complex offshore structures,” said Khalid bin Khalifa al-Thani, chief executive, Qatargas.

Qatargas had awarded the engineering procurement and construction contract for the LQX project to Rosetti Marino that undertook engineering designs in Italy. All the fabrication work was undertaken by N-KOM at the Erhama Bin Jaber Al Jalahma Shipyard at Ras Laffan Port.

The project provides for additional living quarters which will increase the capacity of the NFB Offshore living quarters by 90 personnel on board. When fully installed, this will allow for the catering of additional operational requirements.

The project work scope includes the construction of a four-legged jacket and piles weighing about 2,200 tonnes. This will support the new living accommodation platform weighing around 2,800 tonnes and consisting of five decks, a fully equipped helideck, six bridge links to existing living quarters, services and utilities.

The project has recently achieved 2.5mn safe man-hours without any lost time incidents with a peak manpower rate of over 900 people. The next major milestone of the project is the safe transportation and installation of the 5,000 tonnes of structure to offshore NFB this month. The load out, sail away and installation activities will be carried out by subcontractor Heerema using their heavy lift vessel ‘Aegir’.

“This project is not only a milestone achievement for Qatar but also an excellent testament to N-KOM’s experience in handling offshore fabrication projects,” according to Nakilat chief executive Abdullah Fadhalah al-Sulaiti.

The original NFB accommodation, installed in 1995, was designed for the operational needs of Qatargas Trains 1 and 2. The offshore accommodation expansion project was initiated to cater to the changes in the operational requirements following various expansion projects. Brownfield modifications will also be done on the existing living quarters and platform to properly integrate the new additional living quarters.

Global gas prices are set to rebound

A glut of liquefied nat- ural gas that has sent global prices toward historic lows could be erased as soon as a year from now, accord- ing to Charif Souki, co-founder of LNG- terminal developer Tellurian Inc, reports Bloomberg. While gas prices are too low across the globe to justify build- ing new export termi- nals, more facilities are needed to meet rising demand, according to Souki. Given building terminals takes a long time, and limited new capacity is slated to come online in the next five years, LNG prices may be set for a rebound, he said. “They cannot crash any more than they already have,” Souki said in an interview last week, referring to LNG prices. “You cannot justify building anything at these current levels, it’s not sustainable. We are go- ing to be short of LNG” in the next 12 months, he said. Several new projects were greenlit last year.

Oil Off To Slowest Start Since 1991 With Virus Fear Spreading

Oil is off to the worst begin to a yr since 1991, tumbling 16% in January on concern that the unfold of coronavirus will curb demand for transportation fuels.

Futures fell 1.1% in New York on Friday, capping the worst month since May as traders have been rattled by the concern of demand destruction after the World Health Organization declared the outbreak a world well being emergency. The U.S. Centers for Disease Control and Prevention referred to as the virus an unprecedented public well being risk.

“People are wanting on the continued rise in circumstances and the way that’s impacting jet gasoline and has made these demand fears worse,” Leo Mariani, vitality analyst at KeyBanc Capital Markets Inc. “It’s going to take the virus not being a persistent occasion and for international demand to indicate indicators of enchancment so as to stabilize.”

China, the world’s second largest financial system and key driver of oil demand, resorted to unprecedented measures to sluggish the outbreak, together with extending the Lunar New Year vacation and a lock-down within the nation’s main cities and provinces. At least two-thirds of China’s financial system will keep shut subsequent week, as residents are being advised to not return to work or college, or to keep away from congregating in public locations.

The plunge in oil costs has prompted a push led by Saudi Arabia for the Organization of Petroleum Exporting Countries and its allies to carry an emergency session in February, with Russia signaling for the primary time on Friday it was open to holding the assembly earlier.

The coalition is contemplating a proposal to deepen present manufacturing curbs by about 500,000 barrels a day, although there’s no consensus on the concept but, in keeping with marketing consultant Energy Aspects Ltd. As the oil producer group and its companions, a 23-nation coalition referred to as OPEC+, have already made steep cutbacks not too long ago, analysts have been skeptical on how far more they’re keen to do.

“This virus is requiring extra out of the group because the demand image will get weaker,” mentioned Rebecca Babin, a senior fairness dealer at CIBC Private Wealth Management.

West Texas Intermediate crude for March supply fell 58 cents to settle at $51.56 a barrel on the New York Mercantile Exchange, after sliding as a lot as 2.2% throughout the session.

Brent for March supply, which expired Friday, misplaced 13 cents to $58.16 a barrel on the London-based ICE Futures Europe change, and sank 12% in January. The extra lively April contract slid 71 cents to $56.62 a barrel. April Brent was $four.94 a barrel above WTI for a similar month.

In addition to the drop in outright costs, the market’s construction confirmed additional indicators of the market malaise. April Brent’s premium over May contracts falling by about greater than one-third to simply 20 cents a barrel. The December 2020-December 2021 unfold, a intently watched indicator of the market’s power, shrank 70 cents a barrel, the bottom because the finish of October. On Jan. 6, it closed at $four.05.

Opec’s January oil output plunges on new cuts and Libyan unrest

LONDON (Reuters) — OPEC oil output plunged in January to a multi-year low as top exporter Saudi Arabia and other Gulf members overdelivered on a new production-limiting accord and Libyan supply dropped due to a blockade of ports and oilfields, a Reuters survey found.

On average, the 13-member Organization of the Petroleum Exporting Countries pumped 28.35 million barrels per day (bpd) this month, according to the survey. That is down 640,000 bpd from December's revised figure.

Despite the drop in supply, crude prices have slipped to below $60 a barrel on concern that the coronavirus outbreak could cut China's oil demand. This has prompted OPEC and its allies to discuss holding an early meeting and taking further steps to support the market.

OPEC, Russia and other allies, known as OPEC+, agreed to deepen an existing supply cut by 500,000 bpd from Jan. 1 2020. OPEC's share of the new reduction is about 1.17 million bpd, to be made by 10 members, all except Iran, Libya and Venezuela.

The 10 OPEC members bound by the agreement easily exceeded the pledged cuts in January thanks to Saudi Arabia and its Gulf allies cutting more than called for to support the market.

OPEC complied with 133% of the pledged cuts in January, the survey found. In December, the group implemented 158% of the promised curbs.

January’s output was the lowest by OPEC since 2009, the year in which the group implemented its biggest-ever supply cut due to the financial crisis, excluding membership changes that have taken place since then, according to Reuters surveys.

LIBYAN PLUNGE

Oil output in Libya has plunged since Jan. 18 due to a blockade of ports and fields by groups loyal to eastern-based commander Khalifa Haftar.

Production in Libya averaged 760,000 bpd during the month, the survey found, down from 1.15 million bpd in December.

Saudi Arabia trimmed supply from December’s rate, voluntarily going beyond the reduction it is required to make under the OPEC+ accord. Gulf ally the United Arab Emirates also overdelivered, sources in the survey said.

The January survey suggests Nigeria and Iraq, both laggards in making cuts in 2019, achieved some progress. Both countries reduced output although they have more to do in later months.

Among countries pumping more, Venezuela, which is contending with U.S. sanctions imposed on state oil firm PDVSA and a long-term decline in output, managed a small boost to supply with exports increasing in January.

Production from the other exempt producer Iran, under U.S. sanctions, was steady.

Ecuador left OPEC at the end of 2019, lowering OPEC production by about 500,000 bpd. The country has been removed from December’s total to compare more easily production by remaining members.

The Reuters survey aims to track supply to the market and is based on shipping data provided by external sources, Refinitiv Eikon flows data and information provided by sources at oil companies, OPEC and consultants.

Russia oil output rises as new Opec+ quota excludes condensate

Bloomberg/Moscow

Russia’s oil production increased to a five-month high in January following an agreement with the Opec+ alliance to exclude condensate from its quota.

The nation pumped 47.72mn tonnes of crude and condensate – a light oil extracted from natural gas – last month, Interfax reported, citing preliminary data from the Energy Ministry’s CDU-TEK unit. The figure, which may be rounded, equates to about 11.28mn barrels a day on average, based on the standard 7.33 barrels-per-tonne conversion ratio.

The CDU-TEK data usually doesn’t provide a separate figure for crude production, so it can’t be used to gauge Russia’s compliance with promised output cuts. In December, the country successfully lobbied the Organisation of Petroleum Exporting Countries and its allies to exclude condensate from its quota.

Energy Minister Alexander Novak has insisted the exclusion isn’t a loophole, and that Russia will be transparent about its oil production. Last month, the ministry published December figures that showed how Russia may disclose its compliance. While the statement was less detailed than the CDU-TEK data, it split output cuts into crude and condensate, compared with the respective October 2018 baselines.

Russia has pledged to cut its crude-only output by 298,000 barrels a day this quarter, from a baseline of 10.626mn barrels a day. The nation was not far from meeting that target in December, the Energy Ministry said, reporting crude-only cuts of 234,000 barrels a day.

Russia largely failed to meet its obligations in 2019 under the previous Opec+ deal. It attributed that failure to challenging weather and geological conditions in winter, the temporary shutdown of the Druzhba oil pipeline and growing condensate output at gas projects. Russia’s main gas producers Novatek PJSC and Gazprom PJSC have been bringing new fields online and expanding existing projects to ramp up exports to markets in Europe and Asia.

BP pulls out of Iraq’s Kirkuk field as expansion plans stall

LONDON — BP has pulled out of Iraq’s giant Kirkuk oilfield after its $100 million exploration contract expired with no agreement on the field’s expansion, dealing a fresh blow to Iraq’s hopes to increase its oil output, three sources told Reuters.

The move came as Western energy companies are reassessing operations in Iraq amid political turmoil following months of anti-government protests and a flare-up in tensions between the United States and Iran in the country.

BP informed Iraqi authorities in December that it was removing its staff from the oilfield in the north of the country after its 2013 service contract expired at the end of 2019, the sources familiar with the matter said.

A senior source at Iraq’s North Oil Company (NOC), which oversees the Kirkuk operations, confirmed BP’s withdrawal.

“The results of its field study for Kirkuk oilfield development have been handed over to the North Oil Company and unfortunately it was below expectations… at least for us,” the official said.

“It’s very obvious study results were not encouraging for BP to extend its operations,” he added.

The Iraqi government did not reply to a request for comment.

BP confirmed it had completed field work and studies and said it gave its recommendations for the development of the field to the NOC. The London-based company did not comment on staff movements.

“In 2013, BP signed a letter of intent with the North Oil Company of the Iraqi Ministry of Oil to support field activity studies in Kirkuk. As planned, in December 2019 BP completed field work, studies and recommendations,” it said.

Another senior NOC engineer said BP staff members left their laptops with the NOC after completing the survey and technical study of the field.

Iraq was hoping BP would help it triple output from the field to 1 million barrels per day (bpd) — more than one-fifth of Iraq’s current production and 1% of global output.

BP’s contract was put on hold in 2014 when the Iraqi Army collapsed in the face of Islamic State’s sweeping advance in northern and western Iraq, allowing the Kurdish regional government (KRG) to take control of the Kirkuk region.

Baghdad regained full control of the deposit from the regional government in 2017 after a failed Kurdish independence referendum, at which point BP resumed its studies on the field.

Kirkuk, where oil was discovered in 1927, is the birthplace of Iraq’s oil industry. BP and Iraq’s Oil Ministry signed in 2013 a letter of intent to study the development of the field with a planned spending of $100 million.

BP’s work included a 3D seismic study of the field’s reservoir to expand on the existing 2D data.

Kirkuk is estimated to contain about 9 billion barrels of recoverable oil, BP said.

Most of Iraq’s crude is produced from areas managed by the central government of Baghdad, in the south, and exported from southern ports on the Gulf. The KRG exports about 300,000 bpd of crude from northern Iraq through a pipeline across Turkey.

DAVOS-Oil industry in Davos: torn between Greta and Trump

Oil majors are at the sharp end of the climate debate and face a bewildering balancing act to secure their futures.

It’s a Catch-22 situation: to meet ambitious emissions targets by investing in low-carbon technologies, they will have to rely on revenue from expanding their businesses in oil and gas, for which there is still growing global demand.

On one hand, they must satisfy the big investors who are rewarding companies with progressive climate policies and dumping heavy polluters; yet on the other, they can’t risk cutting the generous dividends that keep shareholders sweet.

How energy companies navigate this maze could determine the winners and losers in a lower-carbon future, and help govern whether the world can rein in warming. So no pressure, then.

The confusion has been thrown into stark relief this week at the World Economic Forum in the Swiss ski resort of Davos, where oil majors, state oil giants and ministers have been debating behind closed doors in their biggest gathering of the year.

While climate activists, notably Greta Thunberg, have called for all fossil fuel production to be halted to avert catastrophe, U.S President Donald Trump has decried “prophets of doom” and hailed the economic importance of oil and gas.

“It feels like we are at the epicentre of this debate. We sit right there between energy needs and climate change,” said Al Cook, executive vice-president of Norway’s energy giant Equinor.

“If you listen to Davos speeches, you’ve got some people who say only economic growth and energy matter. Others ask to stop oil and gas immediately. We need to find a way to balance this but the challenge is that you cannot always be popular with either side,” Cook told Reuters.

CLEAN ENERGY: FRACTION OF CAPEX
Repsol is at the vanguard of an industry climate drive, announcing this year that it plans to become carbon neutral by 2050. As a result, Norway’s wealth fund has doubled its stake in the Spanish energy firm.

Equinor has meanwhile launched a target to reduce emissions to near zero in Norwegian offshore production by 2050, and is co-investing in a $10 billion wind farm in Britain, the world’s largest.

French oil major Total this year announced investments into one of the world’s largest solar power plants, in Qatar. It also plans to open 20,000 power charging points in the Netherlands and invest in planting millions of trees in Peru.

Europe’s top oil firms have all set carbon reduction goals of various breadth. Shell has set out an “ambition” to halve “Scope 3” emissions by 2050 from fuels and products sold to customers rather than from its own operations.

Reuters reported this week that BP is also looking to significantly broaden its targets.

Companies might tout green credentials to satisfy sustainable investors and activists, but how can they pay the bill?

Fatih Birol the head of the International Energy Agency, the energy watchdog for industrialised nations, said the reality was that industry investments in clean energy represented a small fraction of their spending.

"Last year only 1% of total capex went into clean technologies. But those investments will grow as companies have to balance their short-term profit goals with long-term social licence," he said.

"Some companies won't need to borrow more, some companies may need to borrow more, but no company will stay unaffected by the energy transition."

He said the industry would focus in coming years on reducing methane emissions from their own operations, which constitute 15% of all global greenhouse emissions.

"This part can be done relatively inexpensively," he added. "The more expensive part will include carbon capture and storage, offshore wind and increased use of hydrogen."

THE TRUMP EFFECT

Another major challenge to climate action is a lack of a global consensus.

In the United States, where Trump is encouraging oil and gas production and has exited the Paris climate deal, oil majors lag their European rivals on emissions goals. Chevron has set limited reduction targets while ExxonMobil has no targets.

A U.S. energy boom has helped make the country one of the world's biggest gas flarers.

"No-one has been able to fill the previous political leadership role on climate change that was played by the U.S. in the past," said Majid Jafar, chief executive of UAE-based

Crescent Petroleum.

Jafar argues that if the world replaced all coal with gas, it would achieve the Paris climate target of by keeping global warming to well below 2 degrees Celsius. The problem is that the biggest coal consumers, China and India, will not be able to do that for years if not decades, he said.

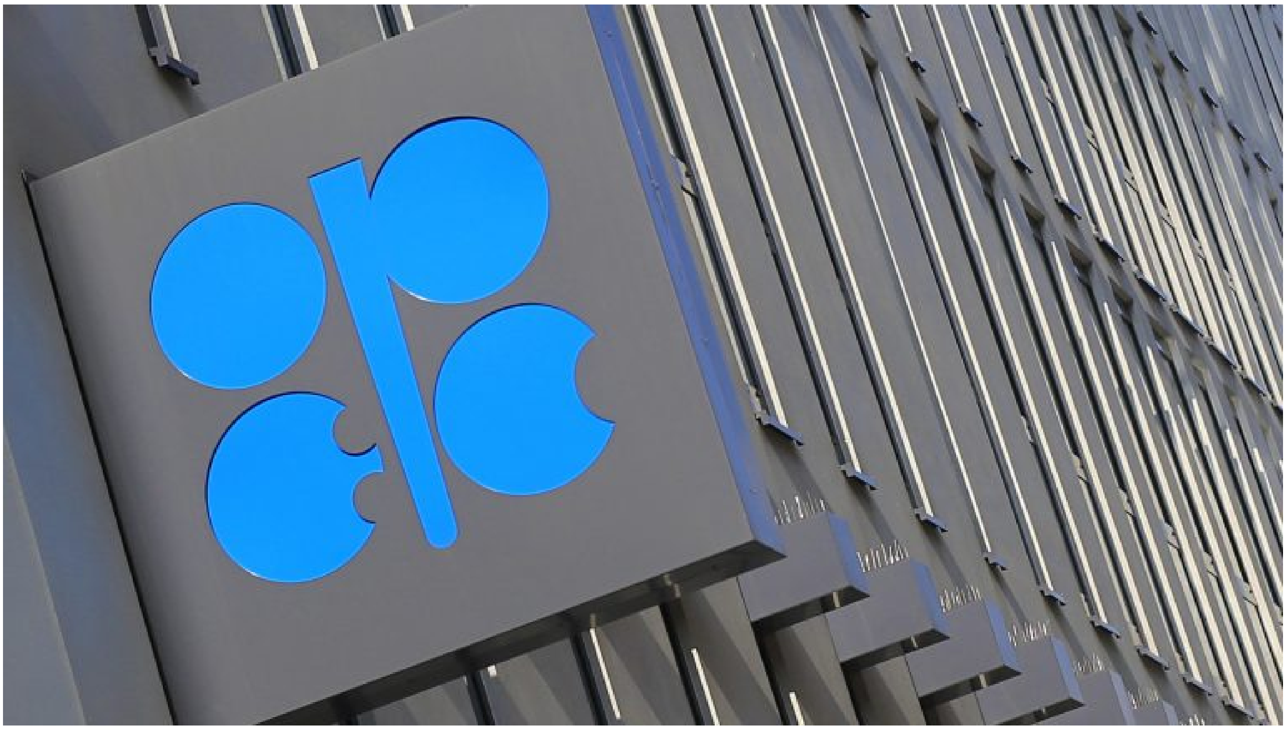
“The efforts of the West will be futile without bringing on board Asia and Africa, which are driving the growth in energy demand and emissions,” he added.

Richard Herrington, head of earth sciences at London’s National History Museum also said a speedy energy transition may simply be impossible.

“If the UK were to turn tomorrow all of its cars into electric ones, we would need twice the world annual cobalt and half of annual copper production,” he said. “You can imagine what happens if you scale it up to the whole world.”
Source: Reuters (Reporting by Dmitry Zhdannikov; Editing by Pravin Char)

Turkey, Greece brace for standoff over Cyprus gas drilling plans

OPEC sees growing supply threat from rivals beyond U.S. shale



LONDON (Bloomberg) — OPEC's latest forecasts suggested a weaker outlook for global oil markets this year as surging supplies from competitors from Norway to Guyana threaten the group's efforts to defend crude prices.

The organization and its allies — which together account for about half the world's oil output — are embarking on a fresh round of production cuts as another year of booming rival supplies threatens to unleash a new glut. OPEC's latest monthly report shows their challenge extends far beyond the shale patch of Texas and North Dakota.

The Organization of Petroleum Exporting Countries boosted forecasts for growth in output from non-members in 2020 by 180,000 barrels a day to 2.35 million a day, as offshore projects once seen unfeasible in an era of lower oil prices take off. While the outlook for the U.S. was lowered, America will still account for almost two thirds of the new output.

Although the group raised estimates for world demand, rival supplies will grow about twice as fast, potentially derailing the coalition's strategy to maintain oil revenues for its members. Crude futures are trading near $64 a barrel in London, close to the lowest in a month, even after flaring tensions between the U.S. and Iran rekindled fears of a major supply disruption.

OPEC and allies including Russia and Kazakhstan are deepening production cutbacks made last year in order to remove excess global inventories, pledging overall curbs of about 2.1 million barrels a day. This month’s report suggests those measures should be sufficient to deplete stockpiles during the first quarter, but that a surplus will probably return in the second.

Saudi Arabia, the group’s biggest member and de facto leader, rushed to implement almost all of the additional reductions pledged before the new agreement even took effect, the report showed. The kingdom reduced output by 111,000 barrels a day in December to 9.762 million a day.

As a result, the organization’s total production fell to 29.44 million a day last month. If other nations implement just part of their pledged reductions, output should be near the average of 29.19 million a day needed in the first quarter. However, even full compliance won’t prevent stocks building up in the second quarter, when the requirement for OPEC’s crude drops to 28.56 million a day.

The full alliance is due to meet in early March, when the agreement is due to expire, to decide whether to continue with the strategy.

Oil prices likely to stay

around $65-$70 through 2024

LONDON (Reuters) – Long-term expectations about oil prices remain firmly anchored around $65-70 per barrel, according to the latest annual survey of energy professionals conducted by Reuters.

Plentiful supplies from U.S. shale plays and other sources outside the Organization of the Petroleum Exporting Countries are expected to keep prices close to their recent range for the indefinite future.

Fears about peaking oil supplies, common ten years ago, have disappeared; now there are some indications that expectations about peaking oil demand are taking hold.

Brent is forecast to average $65 per barrel in each of the next five years based on the median, or $67 this year rising slightly to $69 by 2024 based on the mean.

Most forecasters expect average prices to remain between $60 and $75 per barrel in each of the next five years, with only a very small number expecting them to dip below $50 or rise above $90.

The results are based on a questionnaire sent to over 9,000 energy market professionals, with responses received from 950 between Jan. 8 and Jan. 11 (tmsnrt.rs/2FNjC5J).

Price forecasts are very close to last year's survey and previous years, though in most cases the average has fallen by $1 or $2.

In earlier surveys, there was some slight upward drift in price expectations for the out years, but there is no sign of that this year.

Most respondents seem convinced there will be enough oil to meet conceivable demand at around $65 per barrel in the medium term.

Fewer than 5% thought oil prices would average $100 or more in 2024, prices that would signal pressure on production, which were once common between 2011 and 2014.

In contrast, nearly 16% of respondents thought prices would average less than $50, a possible a sign of softening consumption and market saturation as part of the transition away from an oil-based transportation system.

OIL INDUSTRY INSIDERS

Among survey respondents, 26% are involved directly in oil and gas production (exploration, drilling, production, refining, marketing and field services).

Most of the rest are involved in banking and finance (19%), research (11%), professional services (7%), hedge funds (7%), other energy industries (5%) and physical commodity trading (5%).

The results from respondents involved directly in the oil and gas industry were very similar to those in other sectors.

Oil and gas insiders and those outside the industry have more or less the same views about prices in 2020.

Insiders are marginally more bullish than outsiders for later years, perhaps predicting higher prices will be needed to ensure production growth, but the difference is just $2 per barrel in 2022, rising to less than $4 in 2024.

EXPECTATIONS ANCHOR

Last year's survey predicted Brent prices would average $63 per barrel in 2019, which proved remarkably close to the actual outturn of $64, based on daily closing prices.

In fact, the survey has been highly accurate since its inception in 2016, with the possible exception of 2018, when prices climbed a bit more than expected.

The main reason for the miss was probably the unexpected severity of U.S. sanctions on Iran, coupled with Saudi Arabia's restrictive output policy and an acceleration in global growth.

In this year's survey, as with previous versions, respondents exhibit more certainty about prices this year and next compared with the out-years, which is natural given that uncertainty tends to increase over longer time horizons.

Responses for 2020-2021 are tightly clustered, while expectations for 2023-24 exhibit more variation. Even so, very few respondents expect average prices to fall below $50 or rise above $90 at any point in the next five years.

Response clustering has been increasing in recent surveys, suggesting the anchoring of long-term expectations around the $65-70 per barrel level is becoming stronger.

The longer prices trade around the $65-70 level, with production and consumption roughly in balance, the more expectations are becoming cemented around this level.

Over the last 27 months, since the start of November 2017, Brent prices have closed between $60 and $75 per barrel on 74% of all trading days, with just 10% of closes below this level and $16% above it.

Overall, most respondents expect the oil market to remain comfortably supplied in the foreseeable future, with prices oscillating around the current level and relatively moderate volatility.