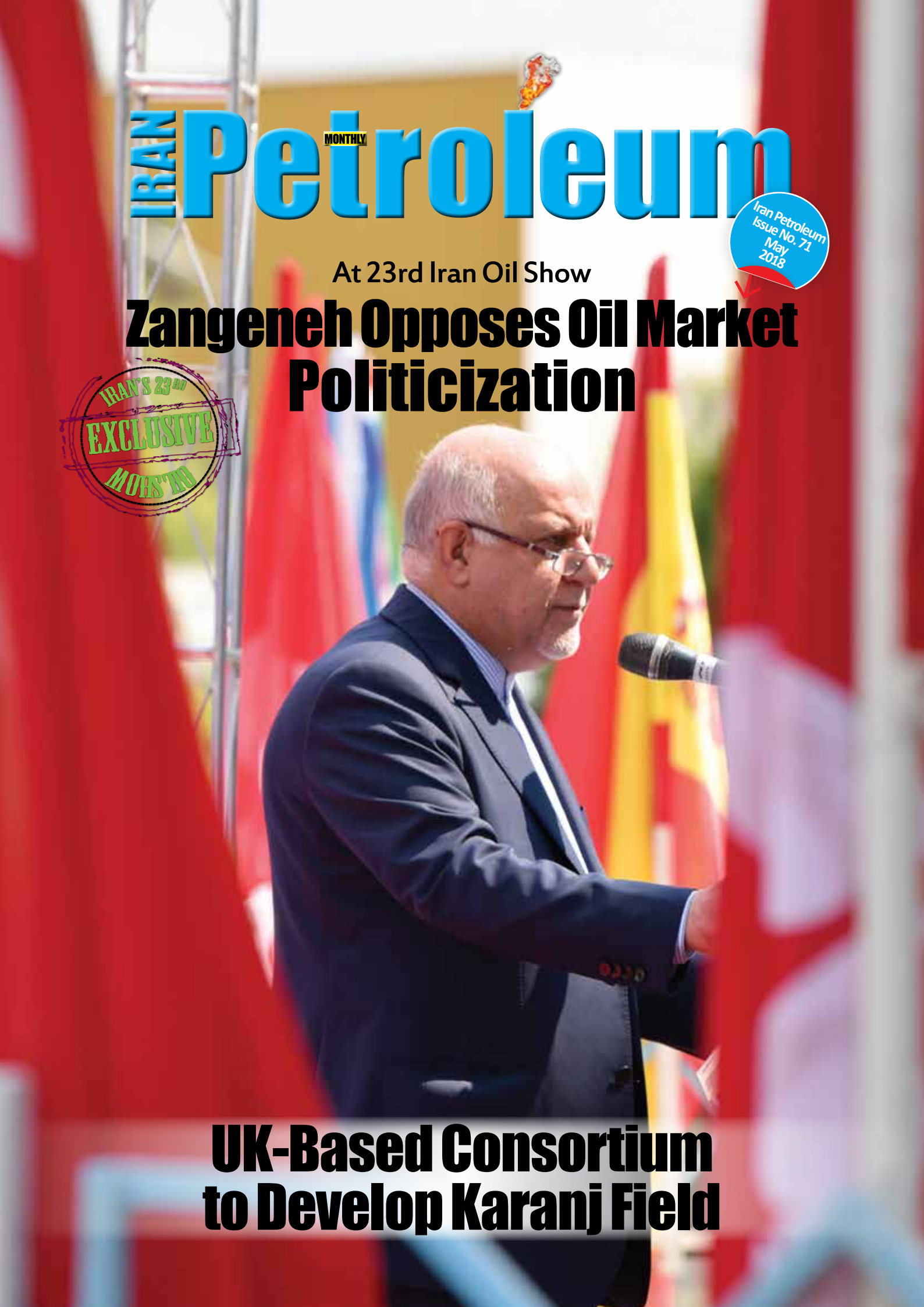

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At 23rd Iran Oil Show

Zangeneh Opposes Oil Market Politicization

IRAN'S 23RD EXCLUSIVE MOHS'ZO

UK-Based Consortium to Develop Karanj Field

Iran Petroleum

If you have any comments regarding the articles in this magazine, please feel free to contact us through e-mail. Your views are appreciated

Petroleum Ministry - Public Relations

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Welfare and Peace for All

Kasra Nouri
Director General of Public Relations

US President Donald Trump's withdrawal from the 2015 Iran nuclear deal was one of the most challenging news which hit international headlines in recent weeks. But Tump's decision was not controversial just for his threat to reimpose sanctions, which sent shock waves through oil market. Rather, the way Trump administration treated an internationally recognized agreement, which called into question the legality of international treaties, was important.

Pulling out of the deal formally known as Joint Comprehensive Plan of Action (JCPOA), US politicians started a new period of international public relations under which understanding and interaction give way to hostility, and international pacts lose their validity.

The international community would be spared any harm from the catastrophe, created by the Trump administration, only if the world exercises unity against this unlawful and illogical approach.

As far as Iran's petroleum industry is concerned, the Trump administration would fail to achieve any of its anti-Iran targets.

Restoration of sanctions may bring about bottlenecks in Iran's oil exports trend; however, it would not be considered a serious challenge to Iran's oil industry development. Furthermore, the oil market is not able to disregard Iran's crude oil and gas production.

Iran's oil has been exposed to US unlawful and unilateral sanctions since the 1979 Islamic Revolution; however, Iran has transformed every threat into a new opportunity by relying on manpower, industrial innovation and creativity.

Now after four decades of sanctions, Iran's oil industry has reached a high level in management and engineering to remain safe from Trump's threats.

The consequences of Trump's unilateral sanctions will not be limited to oil price hikes, endangered supply security for consuming nations and market shock. These consequences will impact all energy sector players.

The Trump administration's decisions will have negative consequences for the entire world with the American companies being at the receiving end of the fallout from this decision. Iran's petroleum industry is thoroughly ready to counter possible sanctions, but it maintains that unilateralism and disregard of international diplomacy will benefit nobody, as it will jeopardize global energy security, and both producers and consumers would be harmed. Our responsibility vis-à-vis people and future generations will consist of upgrading cooperation level and developing an atmosphere in which cooperation will bring about welfare and peace to the entire world.

Ministry of Petroleum Islamic Republic of Iran

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UK-Based Consortium to Develop Karanj Field

The National Iranian South Oil Company (NISOC) and the UK-led Pergas consortium signed a $1.167 billion upstream deal for the development of the onshore Karanj oil field. The heads of agreement (HOA) was signed between CEO of NISOC Bijan Alipour and Manager of Pergas Colin Rowley. The signing ceremony was overseen by Iran's Minister of Petroleum Bijan Zangeneh and British Ambassador to Tehran Rob Macaire. The Karanj Field which holds 11 billion barrels of oil in place, is located in Khuzestan province, and now produces 127,000 b/d. The production is expected to gradually reach 200,000 b/d and over a 10-year period, total output would reach 655 million barrels, with direct and indirect capital expenditure standing at $1.3 billion.

Addressing the signing ceremony, Zangeneh said the HOA was the outline agreement for a new model of oil contract "which I hope would be signed in two months."

The minister said the Karanj field was under operation, adding: "Since equipment has been installed and the field is already producing, signature of this agreement is of high sensitivity."

"By taking this important step we will be able to benefit from foreign capital and technology for developing this field," said Zangeneh.

No Contract Type Limitations

Zangeneh said: "We never restrict ourselves to a certain form of contract for developing a field. Meantime, today's HOA was a branch of IPC deals, whose recoupment depends on the performance of the field."

"Under this HOA, accumulated production from the Karanj field will be 655 million barrels over ten years. In case this field is not developed, Iran will earn $18 billion less in revenue," he said.

Zangeneh said the signature of NISOC-developed HOA was a strong point for the Petroleum Ministry.

"This issue causes flexibility and capability for us in negotiations. Furthermore, such contracts are not in contradiction with each other, rather they complement one another," said the minister.

Zangeneh added: "Of course, signing oil contracts will not be limited to these methods and we also sign buyback deals."

Pergas Promises Financing, Equipment

Zangeneh said the Pergas consortium had shown satisfactory performance over this time.

"Through my talks with Pergas managers, I asked them whether they were ready to develop this field under Iran's current circumstances by financing and supplying equipment. They promised to accomplish the job," he added.

Zangeneh also appreciated the British ambassador for his presence at the signing ceremony, saying: "We expect the British government and European nations to support European companies willing to conclude their contracts."

Iran Integral Part of Energy Market

Zangeneh said Iran could not be removed from world energy market even now that US President Donald Trump has pulled out of the 2015 landmark nuclear deal between Iran and six world powers.

"Iran may not be set aside and eliminated from the world energy market. Nations always face ups and downs and they never follow the same trend," he added. "Some of our neighbors who owe Iran relish with the present conditions. They must know that this situation will also pass by, as we have already got past tougher conditions," said Zangeneh.

Iran Respects Obligations

The minister said Iran would never break its promises as it had always been a peaceful nation. "We remain faithful to contracts and pacts, and we respect them. We are a resilient nation and we want to develop our own nation. Therefore, we see the solution in negotiations and we remain faithful and committed to whatever we sign," said Zangeneh. Touching on oil sector, he said: "We will do our utmost to have no problems in oil production and exports." He added that Iran expected the other signatories to the Iran nuclear deal to "compensate for US unfaithfulness". "Big companies are likely to face problems for investment, but small and medium-sized companies will not have such problems," said Zangeneh.

CNPC to Take over If Total Quits

Zangeneh said France's energy major Total had announced it would pull out of the South Pars Phase 11 development project in case it fails to win a US waiver. "Under the terms of contract, if Total fails to receive a US sanctions waiver the China National Petroleum Corporation (CNPC) will replace this French company and [Total's] shares will be transferred to the Chinese firm," he said. Asked if Total would have to pay penalties in case of its possible pullout, Zangeneh said: "It's not the question of penalties, but Total will not be reimbursed for what it has so far spent in this phase." Asked if CNPC and Petropars were technically qualified to develop SP11, he said: "These companies can handle gas production and undoubtedly the work will not stop."

Iraq Thirsty for Gas

In response to how political upheavals in Iraq would affect Iran's gas exports to its western neighbor, Zangeneh said: "Any government coming to power in Iraq will need gas because it will be in the interest of this country."

"This country is currently consuming a large amount of oil and gas at high price (50 cents), while it is purchasing Iran's gas at 20 cents," he said. Zangeneh also said that operation for swapping Iraq's Kirkuk Province oil had yet to start, noting that it would benefit both nations.

Oil Price Hike in US Interests

Zangeneh said oil price hikes would benefit the US and some other countries. "The US claims not favoring high oil prices, while it supports high oil prices because of taxation and economical production of shale oil." According to the minister, OPEC members favor $60 to $65 a barrel as a suitable price for oil.

UK Favoring Iran Trade

British Ambassador Macaire said his country was in favor of increased trade cooperation between Tehran and London. He noted that the Pergas-NISOC deal showed Britain's commitment to trade cooperation with Iran. Macaire said that his country had underscored the need for the parties to the Iran nuclear deal, officially dubbed the Joint Comprehensive Plan of Action (JCPOA), to remain committed to the terms of the agreement. He said the signature of agreement for the development of the Karanj field was occurring at the right time, noting that Pergas manager had travelled to Tehran specifically for signing this agreement. The Pergas consortium is comprised of 11 companies, including Norway's AGR, UAE-based SPEC, Dubai-based Oilserv, UK's Looby, the Philippines' PNOC, the UK's Standard Handson and Iran's Sharif University of Technology. Macaire said Britain was seeking a solution to guarantee Iran's interests under the JCPOA. He, however, noted that the US and European governments were divided on the nuclear deal.

The British diplomat said that UK companies were planning to make more investment in Iran. He said that some private companies were already in talks in Iran with a view to clinching deals.

18 MOUs Signed

Alipour said the project was estimated to cost $1.2 billion, adding: "By signing and implementing the contractor for the development of the Karanj field within the framework of the new format of contract by NISOC, a total of 655 million barrels of oil will be produced by this field over ten years."

He said that NISOC had signed 18 MOUs with Iranian and foreign companies for the Shadegan, Karanj, Rag Sefid and Parsi fields. Pergas CEO Rowley said the HOA signature was indicative of firm determination from both parties to cooperate. He said that Pergas has brought together many investors, managers and experts to reach agreement on the Karanj development. The Karanj field, where oil was discovered in 1963, holds 11 billion barrels of oil in place in the Asmari and Pabedeh reservoirs. Oil production from Karanj started in 1964. The Pergas consortium submitted the result of its studies on the field in October 2017. The move followed a memorandum of understanding signed by Pergas in November 2016 to study Karanj and the Shadegan oil field. It is not clear what Pergas would do regarding Shadegan.

Iranian companies Mapna and Pasargad Energy had also signed agreements with NISOC to study Karanj.

GECF Protects Members' 'Sovereign' Rights

The Forum is not regulating any prices. Price policy is sovereign and exclusive responsibility and sovereign right of our member countries. It means the GECF does not interfere with price policy and we don't regulate any prices

Secretary-General of the Gas Exporting Countries Forum (GECF) Yury Sentyurin says the Forum protects the sovereign rights of its members against foreign interference. In an interview with "Iran Petroleum", Sentyurin said the GECF was not a price regulator. Here is a rough translation of the interview he gave to "Iran Petroleum" during the annual Oil Show in Tehran.

Hamidreza shakerirad

You have been recently appointed as the GECF secretary general. Would you please tell us about your future plans?

First of all, I would like to say that for the time being the GECF is equipped with LTS, i.e. long-term strategy. So this document was elaborated particularly in order to be accomplished within the framework of the GECF, and the document was adopted on the ministerial level. That's why we have got, defined priority objectives and tasks in front of us, and we have got long-term working plan. For example, all countries possessing and exporting natural gas are keenly interested in having more revenues. To that effect, one of our priority objectives is to find some means and instruments on how to make that happen. That is why we arrange on a regular basis international workshops and roundtables for the exchange of views, best practices. This is, I can say, our essential and inherent duty as an international organization. Furthermore, I'd like to say that one of our functions and responsibilities is to keep the permanent dialogue with our member countries and between our member countries in order to encourage them to work more efficiently on regional and global gas markets. Another opportunity, which I would like to develop, is to keep permanent dialogue between exporters and consuming countries. For the time being some consuming countries are doing their best to reduce prices for energy resources being supplied to them. For example, India has recently put forward an initiative to set up an international coalition including Japan, China and other consuming countries in order to make some changes in terms of supplement contracts. The consumers are trying to extract some clauses from the gas supply contracts, i.e. clauses regarding destination. That is aimed to reduce drastically the consumers' expenditures for buying energy resources. That's why we are required to keep permanent dialogue with the mentioned countries. Furthermore, we are required to focus on the developments in energy and gas markets. We are using GECF global gas model and we issue global gas outlooks on regular basis. The first outlook was published last year, 2017. This November, at the GECF ministerial meeting planned to be held in Trinidad and Tobago we are to submit the updated global outlook containing our forecast until 2040 for approval. Another thing in connection with the aforementioned outlook for the time being is that three leading international organizations related to energy matters, namely, OPEC, the International Energy Agency (IEA) and the International Energy Forum (IEF), are dealing with their own outlooks. Last year we were invited by the three parties to join the dialogue that involves the three aforesaid international organs. These were a few first steps that were taken since the start of my tenure as GECF secretary general.

one of our responsibilities is to ensure a platform basis for international dialogue of all concerned parties and countries to discuss matters of mutual concern for the security of supply, energy efficiency, and environmental protection related to natural gas.

Has the GECF managed to bring about coordination among its member countries with regard to gas pricing? Russia, Iran and Qatar, which are all gas producers, do not seem to be in agreement on the gas price. Has the GECF managed to give rise to unanimity among its members and act like OPEC? If not, what should it do for that purpose?

From the very beginning of GECF establishment, there were such kind of, I can say, opinions that our entity is like OPEC. Some experts were afraid of the GECF being a regulator, in particular as regards to gas prices. From the very start, the community of GECF countries made it clear that the GECF was quite different from OPEC. The Forum is not regulating any prices. Price policy is sovereign and exclusive responsibility and sovereign right of our member countries. It means the GECF does not interfere with price policy and we don't regulate any prices. Our principal responsibility is monitoring developments in energy and gas markets. We are studying markets and suggesting some means and instruments for our member countries to use the best market patterns. I'd like to highlight specifically that we don't regulate markets. As I said one of our responsibilities is to ensure a platform basis for international dialogue of all concerned parties and countries to discuss matters of mutual concern for the security of supply, energy efficiency, and

GECF Chief:

We are studying markets and suggesting some means and instruments for our member countries to use the best market patterns. I'd like to highlight specifically that we don't regulate markets

environmental protection related to natural gas.

The future of world energy is said to be tied to gas. How do you analyze the current situation of gas market compared with oil market? How do you see the gas market outlook?

Last year the GECF issued its own global gas outlook. In accordance with that outlook prepared on the basis of global gas model (a set of utilities, hardware and software) we forecast that the share of natural gas in global energy mix will grow steadily.

For the time being we are witnessing the energy demand growth approximately at 1.1% per annum, meanwhile the annual growth in natural gas demand is more than the mentioned figure, approximately 1.6% per annum. It means that in 2040 the share of natural gas will be practically the same as the share of oil: 29 [percent for oil] versus 26 for natural gas. The share of renewables is also growing very quickly, but the share of renewables will be 17 percent (without hydro), which is less than the share of natural gas. So in accordance with GECF gas outlook, global energy mix of 2040 will be as follows: Oil: 29%; natural gas: 26%; coal: 20%; renewables: 17%.

It means that natural gas has got a prosperous future. Due to that gas sector is worth investing. On the other hand, for the time being some experts stipulate that we will face an oversupply of natural gas. We in the GECF don't share such estimates. We can see for the time being balanced situation in gas markets for a few years. Moreover, for reasons of serious natural gas demand (due to its known credentials), driven by the growth of national economies in OECD and non-OECD countries (including Asian, Middle East and African countries), we think that oversupply or glut of natural gas is not inevitable. That's why future for this sector of energy is expected to be promising.

The US recently imposed sanctions on senior Russian figures, including CEO of Gazprom. The US president has also withdrawn from the Iran nuclear deal before reimposing sanctions on Iran. How would the GECF react to the US's hostility against Iran and Russia, as two top gas producers?

I can't say that sanctions don't impact on economies and upon some specific companies, but from my point of view, major stakeholders from the GECF member countries, against which sanctions unilaterally imposed are learning how to behave, how to conduct.

For example, I would like to mention about Russian Gazprom that last year obtained records in natural gas exports to Europe, and this chain of records is still ongoing. Saying in general, I think that we in GECF are to protect the sovereign rights of our member countries, to advocate natural gas against political decisions. I'd like to specify a point. The GECF is not a political organization; the GECF is 100% economic organization. That is why we are doing our outmost to protect market rules and regulations against any political influence and interference in the market mechanisms and procedures. We are calling for strict obedience to international trade regulations and trade procedures, and we are calling for fair competition between energy suppliers. So we support market approaches completely and we do believe that no political and administrative measures are needed in the market economy.

Iran plans to export gas to neighbouring countries including Pakistan, India and Oman. Iran has already started supplying gas to Iraq. The Pakistan project has been halted and India is yet to decide. Meantime, Russia has its own gas export projects for East Asia countries. Will the GECF support Iran, Russia or any other member's gas export plans in the face of obstructionism by Western governments?

The GECF supports comprehensively gas projects initiated by our member countries like the ones connecting [Persian] Gulf countries, specifically Iran, and consumers in India and Pakistan. From my point of view, from the angle of benefits and profits of consumers, these projects and these ideas are completely positive and completely efficient. Even when we speak about the interests of producing and exporting countries, and the complicated situation in the region, such projects are quite positive because these projects give local societies and communities new jobs, new revenues and new opportunities. In the end, natural gas is commonly considered to be abundant, environmentally friendly and flexible fuel. Gas prices are quite competitive as compared with other energy sources. That is why the GECF activity is not a voluntary thing it is a reasonable work. However, in global competition, competitors are using different instruments struggling for market share. That's why the GECF, from our point of view, is a very convenient platform to find some remedies and methods how to defend markets in face of threats of different types and how to protect the interests and rights of our member countries in this global competition, on the basis of exclusively market rules and procedures.

Does the GECF plan to take in new members?

For the time being, the GECF has got 19 member and observer countries. The total number of countries exporting gas worldwide is around 35. It means that there's some room for the further growth of our Forum. And of course I am trying in my capacity at the GECF to communicate with non-GECF countries, but attracting new countries is not priority number one of the GECF.

From our point of view, much more important issue is the amount of gas resources controlled by our member countries. For the time being, practically 70% of proved natural gas reserves are under the sovereignty of GECF member countries. The GECF countries ensure 63% of gas pipeline trade and 58% of global LNG trade. So you can see that the GECF has great potential from this point of view, and that's why we don't force other gas exporting countries to be with us. We try to prove our reasons, to demonstrate GECF abilities to work efficiently on energy markets protecting sovereign rights of our members. Through such activities we hope that new countries will join us.

EU Determined to Save JCPOA

After the United States unilaterally pulled out of the 2015 Iran nuclear deal, EU leaders met with Iran's Foreign Minister Mohammad Javad Zarif in Bulgaria's capital Sofia.

Then, EU energy chief Miguel Arias Canete travelled to Iran and met with Iran's Minister of Petroleum Bijan Zangeneh.

After the meeting, Zangeneh said: "The European Union energy commissioner was carrying the Union's message of [determination to] safeguard the JCPOA (Iran's nuclear deal with six world powers." He said that negotiations were held between Petroleum Ministry directors and EU energy experts on oil, gas and petrochemical matters.

Zangeneh said Iran and the EU agreed to discuss details of issues, adding that talks would continue between Iran and EU energy officials.

"The EU energy commissioner made it clear in the meeting that the talks held in a joint bid to find solutions to issues related to oil, gas and petrochemical affairs," he added.

Iran-EU Share Political Will on JCPOA

Iran's Deputy Minister of Petroleum for International Affairs and Commerce Amir-Hossein Zamani-Nia said Tehran and the European Union had preserved their political will for saving the Iran nuclear agreement.

"The [mutual] political will between Iran and the EU has been preserved and these countries are working out mechanisms to block US sanctions," he said.Zamani-Nia said EU states wanted their business ties with Iran not be harmed following the US withdrawal from the nuclear deal, known as the Joint Comprehensive Plan of Action (JCPOA)."These ties were back to normal to some extent post-JCPOA and only some banking problems remain to be solved," he added. Zamani-Nia said that the 28-member EU had notified Iran of its political will and these countries intended to block US extraterritorial sanctions against European firms.

Oil Cooperation with Bulgaria, Turkmenistan

Iran's Minister of Petroleum Bijan Zangeneh met separately with Bulgarian Minister of Economy Emil Karanikolov and Turkmenistan's Foreign Minister Rashid Meredov, during which Iran's broader oil cooperation with the two governments was discussed. "Cooperation between the two countries is to continue in light of insistence by the Iranian and Turkmen presidents," Zangeneh said after his meeting with Meredov. "Expert-level talks between Iranian and Turkmen delegates will continue so that we can develop our relations in all sectors," he said. Zangeneh recalled the resumption of Turkmenistan-Azerbaijan gas swap via Iran, saying: "Iran is ready to cooperate with Turkmenistan in different sectors of energy."

He said that Iran and Turkmenistan could take big strides in favor of broad cooperation between the two nations.

Oil Exports Cross 2.75 mb/d

The National Iranian Oil Company (NIOC) exported more than 2.75 mb/d of oil and gas condensate to Asian and European buyers during the Iranian month of Ordibehesht(ended on May 21, 2018).

Crude oil constituted 2.45 mb/d of the monthly exports with the rest going to gas condensate.

Europe received one-third of Iran's oil during the period while China and India remained major buyers of Iran's oil.

France's energy major Total, Italy's Eni and Greece's Hellenic Petroleum were among European buyers of Iran's oil.

The Iranian government spokesman, Mohammad-Baqer Nobakht, gave a positive assessment of Iran's oil revenue, saying: "Iran's petrodollars increased 99% in the month Iranian month of Farvardin (started on March 21) year-on-year."

Austria's OMV Stands by Iran Project

Austrian energy group OMV is continuing with planned Iranian energy projects despite the United States' withdrawal from a nuclear pact with Tehran, but said it had made no investments there yet. European firms doing business in Iran face U.S. sanctions after President Donald Trump withdrew from a deal between the U.S., France, Germany, Britain, Russia, China and Iran, which lifted sanctions in exchange for Tehran limiting its nuclear program. The other signatories have indicated that they hope to salvage the deal.

French finance minister Bruno Le Maire brought up the idea that the European Union could compensate European companies that might face U.S. sanctions.

OMV was monitoring political developments in the U.S. and the European Union very closely, OMV's upstream chief Johann Pleininger told its annual shareholder meeting in Vienna, Reuters reported.

JCPOA Could Sustain Iran Oil Exports

Iran's Minister of Petroleum Bijan Zangeneh said Iran's oil exports would remain unchanged if the nuclear deal was saved.

"We believe that if the EU helps us and remains committed to its remarks, the level of Iran's oil exports will not change and this issue could not cause any change in the decision we have already taken," he added.

He also said that talks had been held with major buyers of Iran's crude oil and "we received no negative response".

Asked if the US withdrawal from the JCPOA would spell an end to OPEC's cuts quota agreement, Zangeneh said: "Any new decision within this Organization needs unanimity."

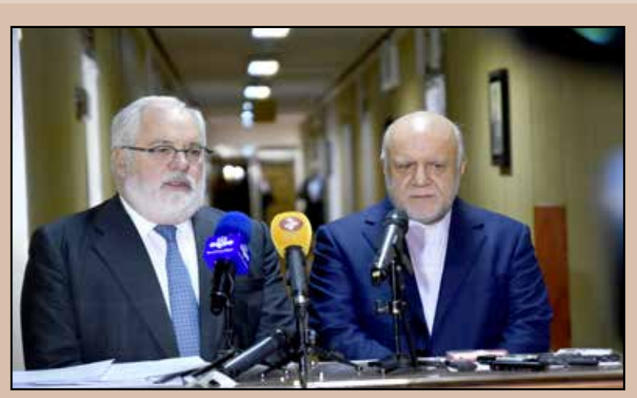
Iran Oil/Gas Trade Must Be Saved

Arias Canete said the EU would do its utmost to sustain the current level of Iran's oil and gas trade.

"We have to preserve this agreement so we don't need to negotiate a new agreement," he said. "Our message is very clear. This is a nuclear agreement that works."

Arias Canete said the EU would draw up regulations to protect European companies facing sanctions for doing business with Iran through "Blocking Statute".

He said that necessary financing instruments would be provided for investment in and financial transactions with Iran via the European Investment Bank.



Canete said that Iran's petroleum minister had set out all elements which had to be taken into consideration by the European bloc, including financing, transportation, insurance and storage.

Iran-EU Working Group

Canete said Iran and the EU would establish an oil trading working group in order to help Iran preserve its oil market.

He said that the EU felt committed to supporting Iran in its oil trading. Canete said the European bloc was making every effort to save the JCPOA. He said that his visit to Tehran came immediately after the EU summit in Sofia. He added that talks were being held with banking federations, insurance agencies, financing services and big companies, noting that the UE wielded legal tools for that purpose.

Indonesia Still in Talks over Mansouri Oil Field Deal

A deal between Indonesia's state-owned oil and gas firm Pertamina and its Iranian partner to develop the latter's oil field will continue despite the United States' recent call for a tighter agreement on Iran's nuclear program, the Indonesian Energy and Mineral Resources Ministry has announced.

The Iranian government has given Pertamina a deadline to seal a deal for developing Iran's Mansouri oil field, in which the company is expected to control an 80 percent stake. The rest will be owned by an Iranian partner.

The deal has not been cancelled because the Indonesian government is still in talks about the matter with relevant stakeholders, the Energy and Mineral Resources Ministry's oil and gas director general, Ego Syahrial, said.

"We have yet to decide whether to go on [with the project] or stop at this point. So far, it is still going on," he said in Jakarta, echoing a recent statement made by Energy and Mineral Resources Deputy Minister Arcandra Tahar revealing that the government was still calculating the impact of the US' decision on Iran.

Pertamina upstream director Syamsu Alam said the company was still communicating with its Iranian counterpart, the government-owned National Iranian Oil Company, while waiting for updates on related political issues.

Pertamina is estimated to spend around US$6 billion to develop the field over a 20-year period.

PUT, Austria University to Hold Joint Workshops

Iran's Petroleum University of Technology plans to hold joint workshops with Austria's university Montanuniversität Leoben. The Iranian and the Austrian universities had earlier signed a memorandum of cooperation for implementing the technological development of Gachsaran oil field. PUT has chosen Montanuniversität Leoben as its partner to go ahead with its planned oil recovery enhancement in the Gachsaran oil field and transfer in state-of-the-art technologies. The president of the reservoir engineering department of Montanuniversität Leoben headed a delegation to Ahvaz Petroleum University and discussed grounds for cooperation in oil field-related projects, development of refineries, improving materials taught to students, professional training and implementation of the MOU signed between the two universities. An MOU was also signed for the establishment of a recovery enhancement center with the focus being on fractured reservoirs. The Montanuniversität Leoben is a member of TU Austria, an association of three Austrian universities of technology and offers education and conducts research in the fields of mining, metallurgy and materials science.

SRP Pumps Indigenized

The National Iranian South Oil Company (NISOC) and Chamran University have manufactured downhole sucker rod pumps (SRP), which constitute one of 10 petroleum industry strategic items.

Bijan Alipour, CEO of NISOC, attended a ceremony to install the first SRP on the drilling rig of Well No. 50 of Ab Teymour field. "This pump has been manufactured with a capacity of lifting on average 800,000 b/d of oil," he added. "As far as boosting oil production capacity is concerned, self-reliance in manufacturing petroleum industry basic commodities is the main issue," said Alipour. "The project for domestic manufacturing of these pumps for the purpose of artificial lifting of oil started in 2014 by NISOC in cooperation with Shahid Chamran University and today the first manufactured pump has come online," he said. "The Chinese brought SRPs to Iran and under an agreement, installation of this model of pumps in 38 wells was given to the Chinese," said Alipour. "We used to purchase SRPs of lower quality from European, Chinese and Russian companies, but thanks to the good performance of this model, we have placed order for 10 more pumps with Chamran University for artificial lifting in other NISOC wells," he added.

Gas Supply to Baghdad to Double

Iran is set to double natural gas exports to the Iraqi capital Baghdad in June, as part of a plan formulated between the two sides last year, a senior energy official said. "As per the agreement, gas exports to the neighboring country's capital initially averaged 6 million cubic meters per day ... The amount currently stands at 8.5-9 mcm/d and will reach 14 mcm/d next month," Behzad Babazadeh, the National Iranian Gas Company's director for international affairs, said.

"Gas exports to Baghdad is progressing well and expected to reach the final volume of 30-35 mcm/d," he added.

Baghdad started taking in Iranian gas on 21 June 2017under an agreement signed by the Iraqi Ministry of Electricity. The agreement was signed in 2013 and originally scheduled for a mid-2014 launch, but faced repeated delays over the volatile security situation in Iraq.

Iran-Iraq gas export contract is currently a six-year deal, but it can be extended.

Babazadeh said Iraq's gas supply was meant for power plants, industries and households respectively in terms of priority.

"Due to weather conditions in Iraq, power plants need more gas from Iran to generate more electricity," he said.

Petchem Exports Fetch $1.1bn

Iran's National Petrochemical Company (NPC) said production of petrochemical plants reached 4.7 million tonnes during the Iranian month ending on April 20, 2018, with exports earning the country $1.167 billion for 1.99 million tonnes.

The NPC said that the nominal capacity of 57 petrochemical plants was about 62 million tonnes, 60 million tonnes of which was being supplied.

During the same month, 20 petrochemical plants located in Mahshahr produced 1.733 million tonnes of products while 16 plants in Assaluyeh supplied 2.038 million tonnes. A total of 21 other petrochemical plants located across Iran produced 935,000 tonnes of petrochemicals.

Domestic sales of petrochemicals, which amounted to 1.325 million tonnes, produced more than IRR 34.59 billion in revenue.

The best performance was recorded in the Khuzestan, Ehtemam Jam, Khorasan, Arya Sasol, Bistoun, Shimi Baft, Nouri, Polymer Kermanshah and Shiraz petrochemical plants.

In the Pars Special Economic Energy Zone (PSEEZ), more than 999,000 tonnes of products were exported for $574.738 million while in Mahshahr exports stood at 638,000 tonnes for more than $334 million. Over the same period, other petrochemical plants exported more than 341,000 tonnes of products for $258 million.

At PSEEZ, in terms of weight, Zagros Petrochemical Plant stood first with 245,000 tonnes and in terms of value, Nouri Petrochemical Plant ranked first with $114 million worth of exports up to the end of the last calendar year on March 20.

At Special Economic Petrochemical Zone, Bandar Imam Petrochemical Plant exported 206,000 tonnes, worth $106 million, to stand first.

In other areas, Kharg Petrochemical Plant exported more than $41 million worth of 102,000 tonnes of petrochemical products to claim the top spot.

IRAN'S 23RD EXCLUSIVE MOHS'TIO

At 23rd Iran Oil Show

Zangeneh Opposes Oil Market Politicization

Iran's annual 23rd International Oil, Gas, Refining and Petrochemical Exhibition was held in Tehran from May 6 to 9 with more than 4,000 Iranian and foreign companies putting their products on exhibit. Iran's Minister of Petroleum Bijan Zangeneh, Secretary General of the Gas Exporting Countries Forum (GECF) Yury Sentyurin, Croatia's Deputy Prime Minister and Economy Minister Martina Dalić, Iranian MPs, foreign ambassadors, petroleum industry managers and representatives of international companies were in attendance at the inauguration ceremony.The Iran Oil Show claims the top spot in the Middle East and is ranked the fifth at the international level in terms of area and number of participants.

Addressing the inaugural, Minister Zangeneh highlighted three major oil contracts signed in the last Iranian calendar year to March under the newly developed format known as IPC. He also underscored the need for non-politicization of oil market.

"Iran has been instrumental in global energy markets for nearly 110 years. Over this time, it has always safeguarded freedom in energy transactions and security in global markets and non-politicization of (oil) sector," said Zangeneh.

He said that politicization of energy market through imposing financial, commercial and technological restrictions will harm both producers and major consumers. "The energy market must be administered apolitically so that the trend of development, transactions and cooperation would not be disturbed," said the minister.

High Prices Unfavorable

Zangeneh said Iran preferred "reasonable" prices for oil which "would encourage producers to supply more oil and at the same time would head off any harm to global economic growth."

"Oil prices must not be such that the oil market would regularly see price volatility," he added. "Under the present circumstances we do not favor high oil prices. Currently, crude oil prices have increased under the impact of manufactured tensions, but the point is that fundamental factors have not had any role," said the minister.

Zangeneh also referred to Iran's hydrocarbon reserves, saying Iran could not be ignored in global energy markets. "Of course, there might be attempts to delay the development of Iran's petroleum industry, but we will proceed with our own plan by relying on our domestic capabilities," he said. "We favor no restrictions and in our cooperation with international companies we prioritize transfer of technology," said the minister.

Oil Contract Finalization Talks

Zangeneh said Iran's petroleum industry would need $200 billion under national development plan, which would be largely provided by foreign sources.

"The idea behind ordering petroleum industry development commodities to foreign companies is to attract resources and transfer technology with a view to enhancing oil recovery," he added. Zangeneh said three IPC-style contracts were signed in the last calendar year; contract for developing Phase 11 of South Pars gas field, contract for development of Aban and West Paydar oil fields and contract for the development of Sepehr and Jofair fields. "More than 70% of job, in terms of value, is expected to be assigned to Iranian companies. In the meantime, talks are under way to finalize several contracts," said the minister.

$6bn Package

Zangeneh said a $6 billion package of oil projects would be soon approved by Iran's Economic Council. The package would include 34 projects to be operated by Iranian companies, which would create a large number of job opportunities. "The tender bid for these projects started late last [calendar] year and I hope that successful bidders would be designated soon," he said, adding that the Iranian Ministry of Petroleum would provide necessary finance for the start of work. These projects, he said, would create 50,000 direct jobs in oil-rich areas of southern Iran. "Of course, renovation and reconstruction of the petroleum industry constitute a must for job creation. In these projects, Iranian companies would be required to use Iranian-manufactured equipment," he said.

Technology Deal with Spain

Zangeneh said 10 groups of petroleum industry commodities had been designated to be manufactured by Iranian companies.

Among other achievements in the last calendar year was the €556 million deal with a Spanish-Iranian consortium to manufacture corrosion-resistant alloy (CRA) pipes, he said, describing the deal as the largest in terms of technology transfer. The minister said that a total of 55 contracts had been signed with domestic manufacturers for completing downhole completion strings, wellhead and downhole equipment and pumps, drills and drilling pipes.

Petrochemical Feedstock Supply Up 13%

Supplying feedstock to petrochemical plants increased last calendar year as new phases of South Pars came online, said Zangeneh, adding that feeding ethane to petrochemical plants would grow as new phases of South Pars were to become operational. "In the downstream petrochemical sector, all problems have not been resolved; however, in the [calendar] year 1395 (to March 2017), these units were consuming 5.5 million tonnes of feedstock, which grew to 6.2 million tonnes a year later. It indicates a 13% growth," he said.

Iran's 23rd Exclusive Mohsen

President Rouhani at Oil Show:

Petroleum Ministry to Use Cutting Edge Technology

Iranian President Hassan Rouhani visited the 23rd Tehran Oil and Gas Show on May 8.Addressing a group of representatives of equipment manufacturing companies, E&P companies, as well as universities cooperating with petroleum industry and senior oil managers, Rouhani stressed the importance of sustained oil production in Iran. He referred to the use of state-of-the-art technology in the petroleum industry, saying: "Using state-of-the-art experience, knowhow and technology tops the Ministry of Petroleum agenda. Of course we will push ahead with the project in sectors where we are experienced. But in sensitive sector we have to work with reliable companies." Rouhani said Iran's petroleum industry was instrumental for national authority and Iran's security and diplomacy.

Rouhani underscored the need for boosting oil production and said: "Productivity and proper management must be taken into consideration. Proper planning and management would be more valuable than any technology and soft power." He said the petroleum industry's privileges were attractive to investors.

Strategic Industry

Rouhani said the petroleum industry- upstream and downstream sectors- was a fully strategic one.

"Oil has never been a pure economic issue. Firstly, petroleum industry is a political issue before covering economic and social aspects," he said.

"Although other industries in Iran are also valuable, Iran's petroleum industry enjoys a special status and is instrumental in people's life," he added.

Rouhani said he was happy with the level of cooperation between E&P companies, manufacturers and knowledge-based companies with the Iranian Ministry of Petroleum.

"It is very important to establish proper relationship between companies and government," said the president.

Risk Hedging

Rouhani said technology and manufacturing were important for the petroleum industry, saying: "The petroleum industry pertains to both people's life and national assets. It would be highly significant to provide suitable services and technologies."

"I don't intend to say that we should not rely on domestic technology or we should not risk," he said. "But we have to keep in mind that wherever a small capital is concentrated it would be more acceptable to accept risks. Therefore, benefiting from state-of-the-art experience, knowhow and technology and finally reaching independence is a short-cut. That tops the agenda of Ministry of Petroleum." "We have to rely on domestic companies and the government and executive bodies are required to stop buying equipment from abroad wherever they are assured of domestic manufacturing," Rouhani said.

Sustained Production in South Pars

Rouhani said work in the West Karoun area and South Pars gas field needs to pick up speed. "I hope that we will complete South Pars project during the tenure of the 12th administration," he said. "The next step is to reach sustained production at this field." Rouhani highlighted the importance of developing the Jask area, saying financing was instrumental in the petroleum industry. He also touched on downstream projects, saying gas supply under his administration had served the environment, and continued as saying "We hope to supply gas to 5,000 more villages". Rouhani also said that Iran and Azerbaijan had signed an agreement for joint work in the Caspian Sea. "For the first time, we plan to carry out joint work in an offshore reservoir. In the future we may sign such agreement with Turkmenistan," said the president

Constructive Interaction

Rouhani said his administration had always sought "constructive interaction" under "win-win conditions" with the world. Rouhani said the government was expected to provide conditions conducive to the activity of oil industrialists. "If we don't have good relations with our neighbors and don't have desirable relations with the world what should we do with money and technology?" asked the president. "Exceptional conditions are likely to occur from time to time and a special figure comes to power somewhere in the world to impose special conditions; however, such conditions are short-lived and will end and we will leave the problems behind," Rouhani said during a visit to the Iran Oil and Gas Show. Rouhani's remarks came on the same day the US president finally decided to withdraw from the Iran nuclear deal, officially known as the Joint Comprehensive Plan of Action (JCPOA).

Efficient Oil Recovery
Rouhani underscored the need for boosting oil production and said: "Productivity and proper management must be taken into consideration. Proper planning and management would be more valuable than any technology and soft power."

Italy Hopes for Continued Iran Presence

Italian companies were present at the 23rd Oil Show in Tehran in a pavilion despite some restrictions. Fabio Casiraghi, chief executive officer of FCE Group, told Iran Petroleum that Italian companies favored continued presence in Iran's projects. Casiraghi, who was chief organizer of Italian exhibitors, said the Italian Ministry of Economy was also present in the exhibition in a sign of support for cooperation with Iran's oil and gas sector. The following is the full text of the interview Casiraghi gave to "Iran Petroleum":

German companies risked too much and they made arrangements even before they learnt about rents. The German government firmly supports its companies, but we are not guaranteed by the Italian government for costs.

How do you assess the presence of Italian companies in this round of Iran Oil and Gas Show?

If you remember well I told you in my interview with your magazine that the Italian companies would come more strongly this time. This year, 61 Italian companies took part in the Oil Show, which indicates a small decline compared to the year before, which is to blame on some restrictions including delayed registration process for international firms. This year, the Department of Trade Development affiliated with the Italian Ministry of Economy is present on behalf of the Italian government.

Were all Italian companies willing to attend the Oil Show come here?

There was no problem with space, but many Italian companies failed to attend as they did not know about the rent of booths. There are some political restrictions and obstacles to foreign companies, but Italian companies were not affected too much because they have been working in Iran for years and so they are accustomed to tough conditions. In Italy, like across Europe, planning for international exhibitions is made before Christmas, while in Iran everything is finalized after Christmas. That is why some Italian companies attended exhibitions in other countries.

How come German companies are more numerous this year?

German companies risked too much and they made arrangements even before they learnt about rents. The German government firmly supports its companies, but we are not guaranteed by the Italian government for costs.

You said that the representative of the Italian government is in attendance here. How come there has been no support?

The Italian government representative is present in this exhibition to tell Italian and Iranian companies that it supports them. The conduct of the Italian government is different from that of German government.

How do you compare the 23rd Oil Show with the previous ones in terms of quality?

Based on what I heard from the Italian companies, they are cautiously in talks with Iranian companies.

What sectors are Italian exhibitors involved in this year?

They are active in both upstream and downstream oil sector. EPC and equipment manufacturing companies are present. This time Italian companies are putting their technical knowhow on exhibit and the Italian government's presence was instrumental. But if arrangements for participation start sooner next year we may see more Italian companies attend the exhibition.

Have any companies present here been operating any projects in Iran?

I think that 70% of Italian companies present here are working in Iran. Many of companies that attended in last year's exhibition are present this year in Iran's market for operation. Aside from international scenarios, Italian companies will continue to attend Iran's annual oil exhibition and continue to work with Iran's petroleum industry.

Has any MOU or agreement been signed with Iranian companies this year?

Many MOUs were signed between Iranian and Italian companies this year, and based on rounds of talks held in booths I think there will be many of them. For foreign companies, such exhibition is not a venue to sell equipment, but they come here to follow up on talks for long-term cooperation.

Moment of Truth for French Firms

Agnès Hagyak led French companies to the annual Iran Oil Show for the fourth year in a row. The 23rd Iran Oil Show coincided with US President Donald Trump's decision to withdraw from the Iran nuclear deal and re-impose sanctions on Iran. Hagyak talked to "Iran Petroleum" just on the day Trump was set to announce his decision. She said she could not predict what would happen to French companies doing business with Iran in case sanctions were to be imposed anew. However, she said many French companies had found local partners and were negotiating talks for joint work. Here is an interview Hagyak gave to "Iran Petroleum" at the French pavilion in the Oil Show.

The interesting thing is that last year and the years before we had some companies that came here to explore the market. But this year we have only companies that have either Iranian partners or projects [in Iran].

Last year, you said that 35 French companies were present at the Oil Show, including 17 first-time participants. What's it like in the present exhibition?

This year, there are 31 in the pavilion, and about 15 outside the pavilion. They are those companies that have Iranian partners. In terms of number of companies, there is no difference between last year and this year.

How do you compare this year's show with last year's?

This year's show is a bit calmer and everyone is talking about the May 12 announcement [by US President Donald Trump]. There is some sort of anxiety and everyone is waiting to see what would happen.

Over the past year, have the 17 French companies that made their first experience in Iran last year had any negotiations on partnership with Iranian firms?

Yes, sure! The interesting thing is that last year and the years before we had some companies that came here to explore the market. But this year we have only companies that have either Iranian partners or projects [in Iran].

What sector are these French companies mainly involved in?

They are mainly involved in the oil and gas sector, maintenance, renovation, new material, engineering, etc. But the interesting point is that all these French companies are here to really work in Iran because they have Iranian partners. So, they are not here only to sell equipment; rather, they are here to work in partnership. That is the interesting point.

In case President Trump decides to pull out of the 2015 Iran nuclear agreement, will it impact the presence of French companies in Iran?

It will depend on the companies. That will be a moment of truth for the companies doing big business with the US. It becomes complicated. Being present here means they want to say they are willing to work with Iran.

Last year Iran signed an agreement with France's energy major Total for the development of South Pars gas field. Has this agreement encouraged other French companies to seek partnership with Total in the South Pars project?

Yes, sure!

What if the US resumes imposing sanctions on Iran?

It will totally depend on Total's position. It's very difficult to say what would happen. Like you, we are also waiting to see what would happen. We are hearing from Iranian and French sides about it. It's totally impossible now to know what would happen.

Are the French companies in attendance this year mainly involved in upstream or downstream sector?

Both of them, they are active in upstream and downstream sectors, including production, offshore engineering, offshore maintenance services, etc. We have each and every specialty of upstream and downstream sectors. Heat exchanger, electric actuator, valves manufacturing, piping, terminal support services and logging are among them.

Are the French societies with Iranian partnership planning to transfer technology to Iran?

There will be cooperation in such fields as maintenance and training. They have already sold equipment and now the equipment needs follow-up. Now, maintenance, repair and training are needed. The local partner will be in charge of all this. Then, there will be assembly in Iran. Some parts will be manufactured in Iran to be integrated into parts made in France. The Iranian party will be also charged with installation.

The German and Italian governments have financed the presence of their companies at the Oil Show. What about France? Has the French government been of help?

Sure! Because Business France is a state-run body affiliated with the Ministry of Finance and the Ministry of Foreign Affairs. Therefore, we financially help French companies attend this show. It's a national pavilion and supported by the French government.

Have all French companies volunteering to participate in this Oil Show been lucky enough to attend the show?

All of them did not need to show up here. Exhibition is a platform for those looking to show off. Some companies do not need to have any booth and they participate in the show as visitors, as they have local partners.

Have you planned any talks with a view to finalizing agreements with Iranian companies?

There are some companies currently in talks to finalize agreements.

Are these talks under way with Iranian Petroleum Ministry officials?

No, the talks are under way with Iranian companies for the establishment of representative offices and setting up plants.

But all this depends on Trump's decision, doesn't it?

We don't know what would happen if Trump makes a bad decision.

Do you have anything else to add?

We hope to be here again next year. We have been here for four years now.

They have already sold equipment and now the equipment needs follow-up. Now, maintenance, repair and training are needed. The local partner will be in charge of all this

Foreign Firms Show Eagerness for Investment in Iran

Iran's annual 23rd Oil and Gas Show drew 109 Iranian and 572 foreign companies representing 35 countries. They included major companies involved in oil and gas extraction, manufacturing equipment for production, refining and distribution, instruments and electrical devices. The massive presence of foreign companies at Iran's annual show and bilateral talks held throughout the event were all owing to Iran's 2015 landmark deal with six world powers, officially dubbed the Joint Comprehensive Plan of Action (JCPOA).
Iran's oil and gas market is so attractive that some companies continue to seek opportunities for investment despite threats of sanctions by the United States.

Equal Chances for All

European companies still pin hope on Iran's oil and gas industry. The chairman of Czech SIWATE gave a positive assessment of Iran's oil and gas industry. He said that Iran would have a bigger chance of growth if market conditions are stabilized. He said SIWATE was attending the annual Oil and Gas show for the 10th time. He said his company was looking for ways to increase its cooperation with Iran through supplying its products there. He said that investment security was instrumental for his company which has already been offering products in India, Russia and China. He said Iran was a big nation which had to solidify its infrastructure by seizing on big moments. Noting that there is chance for all companies to work, he said Iran's gas and oil industry had a positive perspective. He said the main challenge to cooperation with Iran was payment. He noted that unlike many European countries, the Czech Republic was ready to cooperate with Iran as its companies had been in Iran in the pre-sanctions years, too.

Accumulated Investment Opportunities

The manager of the Iran branch of Austria's OMV, Kurt Wagner, said the Iran Oil and Gas Show was an attractive business opportunity. OMV has been in Iran since 2015 and has since signed an MOU. "We had earlier explored [hydrocarbons] in Iran, but we failed to develop them. We are now in talks with the National Iranian Oil Company," he said.

"When we can talk about IPC we will develop our job and we will meet with Iranian companies," he said. "Therefore, it is very important to us to know which companies are ready for cooperation."

"The most important advantage with investment in Iran is that it sits atop one of the largest oil and gas deposits in the world and it has many opportunities for investment. We are in Iran for investment. That is why it is important to increase production," said Wagner.

Cooperation with Iran to Continue

PROGNOST Systems GmbH which has been operating oil and gas projects for 30 years now, was another German company present at the Oil Show. It has provided monitoring systems to Amir Kabir, Laleh and Kurdestan petrochemical plants, Bakhtar Holding and Bandar Abbas oil refinery. Alexander Harenkamp, regional sales manager of PROGNOST, said the main advantage with investment in Iran is its growing market and construction of new plants which provide many chances to foreign companies. When asked about the impact of US President Donald Trump's decision to pull out of the 2015 nuclear accord between Iran and six world powers, he said: "We have had close cooperation with our Iranian clients for more than 20 years despite tough sanctions." "We will continue to cooperate with the Iranian side as long as the German government authorizes us," he said.

Iran, Source of Income for Foreigners

Saft is an old company which has long been involved in Iran's oil and gas industry.

Olivier Amiel, sales manager of Saft, described Iran as a suitable market for the activities of his company. "We have partners in Iran who support us," he said. "Due to numerous opportunities, our activities are not limited to oil and gas industry and we are active in different production units in Iran." Amiel said the Middle East was the major source of income for his company, saying Iran was highly lucrative. With a 100-year history, Saft has been operating in Iran for more than three decades in the Middle East and particularly in Iran. Amiel said that the annual Iran Oil and Gas Show was a good place for business activities.

Iran Oil Sector to Keep Growing

Indonesia's state oil company PT Pertamina is willing to invest in Iran's projects. A representative of the company at the Oil Show told Iran Petroleum that cooperation with Iranian companies was in Pertamina's interest because of local knowledge. He said that Iranian and Indonesian companies would be able to share experience and knowhow. He said that Pertamina was planning to start cooperation with Iran in 2016, but chances of cooperation emerged in 2017. Pertamina has signed a memorandum of understanding (MOU) with the National Iranian Oil Company (NIOC) for cooperation. The Indonesian firm is looking for chances of investment in upstream and downstream sectors, he said, adding Pertamina was seeking "production asset" in Iran. He said that Pertamina was required under the terms of new oil contracts in Iran to have an Iranian partner for operating projects in Iran. The Indonesian firm has chosen shortlisted five companies to choose the best one for partnership. Iran's hydrocarbon reserves always represent a "hotspot" for foreign companies like Pertamina, saying the growth of Iran's petroleum industry is set to continue.

German Firms Enjoy State Support

Germany has always shown a remarkable presence in Iran's oil and gas industry. A large number of German firms attended last year's Oil Show. This year, there were more than 70 German companies at their pavilion. Manfred Tilz, director of Middle East and Africa at Germany Trade & Investment (GTAI), said the German companies present at the Iran Oil and Gas Show were active in the manufacturing of electronic equipment and specialized devices designed for oil and gas sector. Some of them have representative offices in Tehran. He touched on German firms' interest in activity in Iran, saying there were ideal opportunities for the Germans to cooperate with Iranian companies. Tilz said the German Ministry of Economy was supportive of the German firms' presence at the Oil Show, which he said, provided a good opportunity for enhancing cooperation level. Jürgen Schulz, CEO of Oil Dynamics GmbH, said projects' pacing in Iran had to be accelerated. Active in Iran's projects for 12 years, Schulz said he had good knowledge of the Iranian market. Meantime, he said, Iran's oil and gas industry is very active with many opportunities for growth. He said that in case sufficient investment is made in Iran's oil and gas industry it would reach a proper level in four to five years.

Norway Firms Interested in Iran

Foreign officials and diplomats visited the 23rd Oil Show. Norwegian Ambassador to Tehran Lars Nordrum attended the inauguration ceremony of the exhibition. He expressed happiness with the return of Norwegian companies to Iran post-JCPOA, saying: "We have always been strongly present in Iran's upstream industry and a large number of our companies have been in Iran since the 1990s and 2000."

He said that Norwegian companies were determined to push ahead with their presence in Iran and expand cooperation in the country.

"We will also focus our effort on boosting ties in favor of Norwegian companies," said Nordrum.

Japan 'Constructive' Ties

Japan is among countries interested in investing in Iran's oil and gas. Kenichi Saito, a senior manager of Japan's ISC and chief organizer of Japanese exhibitors, said leading Japanese manufacturers Sumitomo Corporation, Mitsubishi Chemical and Mitsui were attending the annual Oil Show for the third time in a row. "These companies are involved in granting technology license and manufacturing of parts and equipment for upstream and downstream industries," he said. Saito said: "Talks have been held now and companies like Mitsubishi Chemical have made arrangements for signing memorandum of cooperation with top Iranian companies." He said that any MOU between Iranian and Japanese companies would involve training Iranian engineers and transfer of technology to Iran. Saito said the US threat to re-impose sanctions on Iran may prompt some companies to leave Iran, but "our company is not so active in the US market; therefore, it can have constructive ties with the Iranian side under any circumstances."

Spain Supports Iran

General Director for Europe, America and Caspian Sea Neighboring Countries in Iran's Oil Ministry Hossein Esmaeili Shahmirzadi and Deputy Director General of Commerce Policies for Africa and Middle East at the Spanish Secretariat of State for Trade Maria Mercedes Higuero signed a cooperation document on the sidelines of a meeting of the Iran-Spain joint workgroup. Ms Higuero was heading a Spanish delegation to Iran to attend the Tehran Oil and Gas Show. The MoU is aimed at encouraging the two sides' companies to develop cooperation in such fields as upstream and downstream oil sectors, supply of equipment, transfer of technology and technical knowhow, IOR (improved oil recovery) and EOR (enhanced oil recovery). Separately, the chief organizer of Spanish companies attending the 23rd Oil and Gas Show in Tehran says Iranian engineers have developed a high level of technical capability. Francisco Núñez, who is also head of the Industrial Technology Department of ICEX, told Iran Petroleum that Spanish companies were willing to form partnership with Iranian companies. "The main strength of Iran is its vast experience in extracting oil. Engineering staff is high level," he said in English. Núñez said the Spanish firms present at the 23rd International Oil, Gas, Petrochemical and Refining Exhibition had come to seek cooperation with Iranian companies despite feared international restrictions against Iran. He was speaking to "Iran Petroleum" before US President Donald Trump announced his decision to pull out of the 2015 Iran nuclear agreement. Núñez said the main achievement of last year's presence of Spanish firms at the Oil Show was Iran's signature of the $615 million contract with Spain's Tubacex to buy corrosion resistant alloy (CRA) pipes for its oil industry. Núñez described the contract as "very important" as negotiations for contracts often "take a long time" to come to fruition. The contract was signed with Iran's Isfahan Steel Mill which will take over production of the pipes completely within three years. The deal will lead to the production of 600 kilometers of pipe. Núñez said Spanish companies had opened their representative offices in Tehran to follow up on future projects and partnership. However, he added that there were fewer companies at this year's Oil Show mainly due to currency problems. "This is still a good number," he said. Núñez said the Spanish companies at the Oil Show were mainly involved in manufacturing valves, pumps and tubes for upstream, mid-stream and downstream industries. The pavilion under Núñez's management hosted 11 companies whose activities included all sectors of oil and gas industry. He said a private entity in Spain, which had "special relations" with the Spanish government, had made arrangements for the participation of Spanish firms at the Iranian oil show. Núñez said Iran's market was attractive, adding: "The companies are here because they have profits in the Iranian market." He added that there were possibilities for partnership despite threats of US sanctions.

Núñez also underlined the significance of the memorandum of understanding (MoU) inked in Tehran on the promotion of cooperation between Iran and Spain in the oil and gas industries.

Iran, South Korea Mutually Dependent

South Korea was among the first countries to accelerate its presence in Iran's oil and gas industry immediately after the JCPOA was signed in 2015. After forming various working groups and carrying out studies, South Korea prepared itself to come into Iran's market.

A senior diplomat with the commercial section of the South Korean Embassy in Tehran said the main idea was to develop commercial cooperation between Iran and South Korea. He said small and medium-sized South Korean companies were being helped to come to Iran and boost their trade.

Referring to South Korea's need for natural resources including oil and gas and Iran's need for technology, he said: "I believe that South Korea and Iran are mutually dependent. That is why many South Korean companies are interested in the Iran market not only in automobile and electronics sector, but also in oil and gas equipment."

Dutch Firms Seek Broader Ties

The Netherlands has been a regular player in Iran's oil and gas industry. The Dutch pavilion was present in the 23rd Oil Show.

The director of a Dutch advisory group said agreements worth millions of dollars are expected to be signed between oil and gas companies from Iran and the Netherlands.

Pierre M.G. Bartholomeus, the director of PMG Advisory, said talks are under way between Iranian and Dutch companies for cooperation in oil and gas projects.

"Now that sanctions are removed against Iran, it's time for us (the Dutch companies) to strengthen our ties with Iran", he said.

Iran Long-Term Oil Contracts Renewed

CEO of Iran's state-run oil firm NIOC Ali Kardor says Iran proceeds with its plans to raise its oil production rate in the current calendar year which started on March 21. "Iran's oil exports hit a record 2.6 mb/d in April," he said during a press conference on the sidelines of the annual Iran Oil Show. "Furthermore, long-term contracts for selling Iran's crude oil have been extended," said Kardor, which is also deputy minister of petroleum for oil affairs. The following is excerpts from Kardor's remarks on a variety of issues:

Iran's current oil production capacity stands at 4 mb/d. In the Iranian calendar year 1396, nearly 3.9 mb/d was being produced

Interaction, Best Approach

"Holding rich reserves and low costs of oil production in Iran are among the most significant advantages of investment in Iran, and due to this Iran may not be eliminated from energy markets. Naturally we would not like to be bullied. Interaction will be the best approach; therefore, we seek dialogue based on logic as we made good achievements through interaction within the framework of the Joint Comprehensive Plan of Action.

Oil Exports at 2.17mb/d

Iran's current oil production capacity stands at 4 mb/d. In the Iranian calendar year 1396, nearly 3.9 mb/d was being produced. Also in the same year, Iran's average oil exports hit 2.17 mb/d. In April, Iran's crude oil exports registered a record 2.6 mb/d. Some foreign news agencies claimed that Iran's March crude oil exports had declined, but we have to say that such news and analyses lacked any legal and accurate standing. We have problem neither in our traditional markets nor the sectors which are buying oil from Iran. Making efforts in rivalry with competitors with a view to safeguarding and boosting presence in the market is natural and evident, and we are not worried at all. We have made necessary arrangements to deal with any decline in demand for crude oil on the part of European nations.

'Pars' Oil on Global Markets

East Asia is interested in the Bahregansar heavy crude oil and the Karoun ultra-heavy crude oil. These countries blend our heavy crude oil with gas condensate, which would be cost-effective for them. The heavy crude oil extracted from Iran's West Karoun area is being supplied under high-quality "Pars oil" on global markets.

Oil Exports to Russia at 1mn Barrels

Iran has so far exported a total one million barrels of oil to Russia. As far as oil sales are concerned, we act based on requests. Letters of credit and oil sales mechanisms are clear and we face no obstacle in sales. Currently no sum from Iran's oil money is frozen anywhere, and we totally receive revenue from oil sales. For instance, a Germany-based bank working for us is 100% Iranian-owned and sanction makes no sense in this regard unless the entire banking network is blocked, which is unlikely to occur.

Oil Price

The oil price must be at economical range for both producers and consumers, while not harming production. Minister of Petroleum Bijan Zangeneh is making efforts towards that purpose within the OPEC in order to avoid sharp fluctuations in prices and let investors work under more secure conditions. We have no long-term oil contract with South Korea. When Iran was under tough UN sanctions, South Korea was a buyer of Iran's oil, but we had problems in terms of money transfer and money transfer was always delayed. Now, most long-term oil contracts have been renewed. Major IOCs do not enter into an agreement impulsively and they must have a strategy.

South Azadegan Output up 50,000 b/d

In the Iranian calendar year 1396(ended in March 2011), we saw our oil production increase 120,000 b/d y-on-y, and West Karoun jointly owned oil fields accounted for a major volume of that. In 1396, production from the Azar field reached 30,000 b/d, while the South Azadegan production increased 70,000 b/d. I hope the South Azadegan output rate would increase 50,000 b/d this year. In 1396, for the first time, oil was recovered from the South Pars Oil Layer.

Completion of South Pars Phases

The production capacity of South Pars gas field now stands at more than 550 mcm/d of rich gas. The onshore and offshore sectors of the remaining phases of South Pars, except for Phase 11 and part of Phase 14, would be completed and come online this year. Currently, 660,000 b/d of gas condensate is being recovered from South Pars, 240,000 b/d of which will be fed into the Persian Gulf Star Refinery. By earmarking gas condensate for domestic consumption (Persian Gulf Star Refinery and petrochemical plants), an important step has been taken to avoid selling of unprocessed hydrocarbons. We are currently exporting about 300,000 b/d of gas condensate, which would decline when the Siraf gas refineries come on-stream.

Azadegan, Yadavaran Development under Way

Iran has never abandoned its efforts to develop fields. Development activities in major oil fields like Azadegan and Yadavaran are continuing; however, we would need state-of-the-art technology in order to enhance recovery from these fields. Regarding Yadavaran, we are in talks with the former developer of the field. We are expecting foreign companies, particularly European and East Asian ones, to get involved in Iran's petroleum industry for enhancing the recovery of oil fields. Foreign companies which are not active in the US are firm on continuing cooperation with Iran. They are doing their utmost to invest in and develop Iran's petroleum industry.

$90mn Spending in SP11

According to the agreement for the development of Phase 11 of South Pars and clauses therein, if a partner pulls out of the contract its shares will entirely go to the next partner without being compensated. There is not full consensus on such sectors as hiring domestic companies and using domestically manufactured equipment.

Iran has never abandoned its efforts to develop fields. Development activities in major oil fields like Azadegan and Yadavaran are continuing; however, we would need state-of-the-art technology in order to enhance recovery from these fields

Oil Contracts Flexible

Amir-Hossein Zamani-Nia, deputy minister of petroleum for international affairs and commerce, said the National Iranian Oil Company (NIOC) had worked out effective mechanisms to sell its oil during four decades of sanctions. He told reporters on the sidelines of the annual Iran Oil Show that the newly developed model of contract – IPC – was flexible. He said any shortcomings in the contracts could be overcome through negotiations between parties. The following is excerpts from his remarks to reporters:

Iran has so far experienced three successful models of oil contracts. The new oil contracts offer fully flexible conditions for negotiations with foreign firms

OPEC Decisions Backed

"Now, any country with a higher oil production capacity will have more power, too. Therefore, if Saudi Arabia in league with the US plans to seize Iran's oil market share they will naturally be able to cause problems in Iran's oil market. However, the Directorate for International Affairs of NIOC has managed during four decades of sanctions to develop effective methods and mechanisms to preserve its crude oil markets.

The Saudi-US effort in the oil sector to seize Iran's markets is an oil war, which will be most probably discussed during the next ministerial meeting of the Organization of the Petroleum Exporting Countries (OPEC).

In light of the current circumstances, we still have to wait to learn about Iran's position vis-à-vis OPEC. Under normal conditions, we support OPEC decisions; however; we always prioritize our oil sales.

NIOC-SOCAR Cooperation

Iran and Azerbaijan, in April, signed a memorandum of understanding (MOU) for developing two oil fields they share in the Caspian Sea. Signing an MOU is of high significance as the Caspian Sea legal status is yet to be finalized.

Details of implementing the MOU signed in Azerbaijan are being studied jointly by NIOC and Azerbaijan's SOCAR.

Some fields are planned to be developed jointly. Meantime, the two countries are in talks about modalities.

As far as sanctions snap-back on Iran's petroleum industry is concerned, I have to say that at worst case Iran's petroleum industry will be back to the 2013 condition. Even in 2013, NIOC was doing its job well.

Flexibility in Contract Terms

Iran has so far experienced three successful models of oil contracts. The new oil contracts offer fully flexible conditions for negotiations with foreign firms. If these contracts do not satisfy a company, we can overcome discrepancies through negotiations.

Regarding Iran's use of the idle capacity of Oman's LNG plant, during a recent visit to Oman of Iran's Minister of Petroleum Bijan Zangeneh, the two sides discussed tolling issues.

Iran's petroleum minister has in recent years taken effective steps about the project on carrying Iran's gas to Oman. The project is expected to be finalized by the end of July.

Foreign companies are highly interested in the Iran-Oman gas project, but the first step would be signing a final contract between the two countries.

JCPOA Effective

The JCPOA (Joint Comprehensive Plan of Action) will be effective in the petroleum industry as long as we can sell our oil and preserve our market, receive our oil money without any problem, purchase our necessary equipment for petroleum industry and we are able to finance our projects.

Unlike many other petro-states, Iran is a stable country for investment in oil and gas projects.

Abundant oil and gas reserves, skilled manpower, and low oil production costs in Iran are among advantages for investment. Iran's R/P ratio is very low; therefore, the petroleum industry enjoys many opportunities for profitable investment.

Iraq Oil Swap Due

Operations are set to start for Iraq to swap Iran's oil. Some logistic problems have delayed implementation of the project.

As far as Iran's oil exports to Russia is concerned, the country has so far received two oil cargoes from Iran and is willing to get more. We welcome such decision."

Abundant oil and gas reserves, skilled manpower, and low oil production costs in Iran are among advantages for investment. Iran's R/P ratio is very low; therefore, the petroleum industry enjoys many opportunities for profitable investment

200mcm/d Gas Export Eyed

CEO of the National Iranian Gas Company (NIGC) Hamid-Reza Araqi said Iran's 6th five-year national development plan required 200 mcm/d gas exports. He told reporters at the Iran Oil and Gas Show that domestic gas consumption would stand at 800 mcm/d. "Gas production will reach 1 bcm/d, while our priority for Iran's gas exports will be neighboring countries," he said. The following is excerpts from Araqi's remarks:

We are currently exporting on average 30 mcm/d of gas to Turkey. However, there might be some fluctuations in the rate. Gas exports to Baghdad are also under way based on the terms of contract

As far as Iran's gas export is concerned, natural gas, LNG (liquefied natural gas) and gas products must be among NIGC strategies

International Cooperation

"According to the 6th Five-Year Development Plan, we assume that we can reach this objective by relying on effective factors like international interactions. International interactions are among the most important factors affecting gas export contracts.

Construction of Iran Gas Trunkline 6 (IGAT6) and Iran Gas Trunkline 9 (IGAT9) are among the most important factors contributing to Iran's gas exports growth in the markets of Turkey, Iraq, Afghanistan, Pakistan and Iran's southern neighbors. Iran's gas export growth requires preparation of the ground and agreement on gas prices, in which international issues have a role to play.

Political and Regional Clout

Iran's gas exports increase Iran's political and economic strength both in the regional and international level. Since Iran sits atop the world's largest gas deposits, it can play a significant role in international gas trade by benefiting from this economic advantage. Naturally, after we manage to establish energy security in the country we will be able to exercise our role in the region by benefiting from this relative advantage.The more we can engage ourselves in global gas trading, the more we will benefit in terms of political and economic strength. On this basis, cooperation with neighboring countries and presence in joint gas markets is on our agenda.

Average Gas Exports

We are currently exporting on average 30 mcm/d of gas to Turkey. However, there might be some fluctuations in the rate. Gas exports to Baghdad are also under way based on the terms of contract. In the first year, we will be exporting 7 mcm/d of gas to Baghdad, which will reach 12 mcm/d in the second year and 25 mcm/d in the following years. The average gas exports to Baghdad currently stand at 10 mcm/d. Arrangements have been made for gas exports to Baghdad and we forecast gas exports to Basra to start in the first half of Iranian calendar year 1397(started on 21 March 2018).

Our average gas exports to Armenia stand at 1 mcm/d, in exchange for which we receive electricity. Over recent days, the Armenians have demanded more gas; therefore, we have raised daily gas exports to Armenia. Currently, there are two types of gas exports to Azerbaijan under way. Either we swap around 1mmc/d of gas from Azerbaijan to Nakhchivan or an Iranian company buys gas in Turkmenistan to sell it in Azerbaijan at the rate of 6 mcm/d.

LNG Exports, NIGC Core Strategy

As far as Iran's gas export is concerned, natural gas, LNG (liquefied natural gas) and gas products must be among NIGC strategies. At the moment, the National Iranian Oil Company is intending to take measures in line with constructing LNG facilities. We hope that this task would be assigned to NIGC in the future. That would help us become active in the LNG sector and establish suitable communications with investors, particularly in the Chabahar area. It is also noteworthy that we are currently exporting three to five million tonnes a day of LPG (liquefied petroleum gas).

Annual Exports at 12 bcm

In the Iranian calendar year 1396(ended on 20 March 2018), gas supply to power plants stood at 67 bcm, which will exceed 70 bcm in the year 1397. Gas supply to industries and petrochemical plants was 50 bcm and to households and commercial centers was 51 bcm in 1396 when Iran exported a total of 12 bcm of gas. Energy consumption management and energy intensity reduction are among NIGC plans. In other words, if we can save on more gas we would be able to export more gas and earn the country more foreign currency.

Sustained Gas Supply

One of important missions of NIGC is sustained gas supply because assuring people about household gas consumption, assuring industrialists for national development, assuring foreign customers for gas export and assuring the government for foreign currency generation, financial resources, taxes and subsidy reforms are among our major tasks. One of our objectives is assisting and instructing all NIGC affiliates to move to produce natural gas with the focus on security of supply and protection of the environment through sustained, safe and clean gas production.

$40bn IPC Contracts Due

Gholam-Reza Manouchehri, deputy CEO of National Iranian Oil Company (NIOC) for engineering and development affairs, said a prosperous year was awaiting the state-run firm. Addressing reporters on the sidelines of the annual Iran Oil Show, he said that seven contracts, based on the terms of the newly developed Iran Petroleum Contract, would be signed by September or October. The contracts, he said would be valued at $40 billion for developing 15 hydrocarbon fields. "Negotiations are also under way for agreement on ten fields, which we hope would be concluded by" the end of the current calendar year in March 2019. "I have to note that these negotiations are under way in light of existing challenges." The following is the excerpts from Manouchehri's remarks

Negotiations are under way for the development of Farzad B. The agreement for this field is expected to be signed with India's ONGC in five months

The law on obligation of NIOC for a 51% domestic manufacturing quota is of high significance. The planned indigenization of 10 groups of oil commodities has made good progress, indicating capacity building in the domestic manufacturing of oil equipment

35 Projects in $6bn Package

"NIOC envisages 35 projects in a $6 billion package regarding production sustainability and enhancing recovery from oil fields administered by the National Iranian South Oil Company (NISOC), Iranian Offshore Oil Company (IOOC) and the Iranian Central Oil Fields Company (ICOFC). Necessary finances have been provided for these projects. Since bidding rounds have started from these projects we hope that we would sign agreements for most of these projects by September.

400,000b/d Oil Output Hike

After the implementation of oil production preservation and enhancement projects, more than 400,000 b/d of oil will be added to Iran's daily oil production capacity from a total of 30 fields. For instance, at IOOC, four projects pertain to the Reshadat, Resalat, Siri and Forouzan fields, which will be developed under this package to boost the production capacity of the company.

100 Rigs Operational

Massive work is under way with the implementation of production sustainability and recovery enhancement at oil fields. The number of rigs to be used simultaneously in this project will reach 100. Necessary commodities for Iran's petroleum industry would be supplied domestically as much as domestic manufacturers can provide; however, we will purchase from abroad other commodities which need sophisticated technology and of course those items that domestic manufacturers could not afford.

Implementation of this policy will also create tens of thousands of jobs in Iran's petroleum industry and rejuvenate Iranian companies and manufacturers. Activities will culminate in one year. According to estimates, these projects are to become operational in two years starting from the day of agreement.

200,000 b/d Condensate Production Capacity

With the completion of projects in South Pars, including hydrocarbon and non-hydrocarbon projects, phases 13, 22-24 and 14 – a total of five phases – will come online for production this year. Of course Section 1 of the offshore sector of Phase 14 of South Pars recently came on stream with a production capacity of 500 mcf/d, while Section 2 would become operational in four months. Therefore, by October, gas production from Phase 14 of South Pars would reach 1 bcf/d. By October, part of Phase 13 and parts of phases 22-24 would come online. They will be completed by the end of the current [calendar] year. These phases would add nearly 200,000 b/d to the country's gas condensate production capacity.

Agreement with India's ONGC

Negotiations are under way for the development of Farzad B. The agreement for this field is expected to be signed with India's ONGC in five months. As far as the project for gas exports from Iran to Oman is concerned, designing the Iran-Oman gas pipeline is going ahead smoothly and outline agreements have been made with the Oman government.

Meantime, negotiations have got under way with international companies for investment in this project.

51% Obligatory Quota

The law on obligation of NIOC for a 51% domestic manufacturing quota is of high significance. The planned indigenization of 10 groups of oil commodities has made good progress, indicating capacity building in the domestic manufacturing of oil equipment. Of course some companies may have inclination for foreign-made commodities; however, NIOC insists on this issue with a view to job creation and development of national capabilities. Our approach relies on maximum use of national capabilities.

Joint Work in Caspian Sea

Operation in the Caspian Sea has its own complications, particularly because of the depth of water in the Iranian sector. Therefore, the toughness of job and the need for huge investments have prevented development in this sector from reaching conclusion. Currently, this sector is considered more seriously. Furthermore, based on the document of cooperation signed between Iran and Azerbaijan we plan to work in partnership and under an international mechanism in the Caspian Sea. Of course, international companies have no inclination for working under buyback or IPC agreements in this sector. I hope to see development in the Caspian Sea in coming years.

Talks on Azadegan Go on

Given the complicated process of development of fields and lengthy talks needed for the signature of agreement on the development of a field, we are in talks with three groups for the development of the Azadegan field. The South Pars Oil Layer is a complex and highly sensitive project. Therefore, we insist that a qualified company be engaged in its development in order to realize the envisaged output which would be proportional to the field potential. We are also in talks on the development of the Kish gas field and we insist on signing an agreement with an international company".

Iran, Spain Move for Oil Cooperation

During the 23rd Oil and Gas Show in Tehran, Iran and Spain signed a memorandum of minutes (MOM) in order to encourage Iranian and Spanish companies for cooperation in upstream and downstream sectors, supply hi-tech equipment to Iran, increase cooperation in improved oil recovery (IOR) and enhanced oil recovery (EOR), cooperate in petrochemical and refining sectors and exchange technical knowhow. The MOM was signed between Hossein Esmaeili Shahmirzadi, director-general for Europe, America and Caspian Sea States Affairs at Iran's Ministry of Petroleum, and Deputy Director General of Commerce Policies for Africa and Middle East at the Spanish Secretariat of State for Trade Maria Mercedes Higuero, on the sidelines of an Iran-Spain Forum. Iran and Spain hope the MOM would pave the ground for increased cooperation between the two countries in Iran's petroleum industry. Back in February, a top Spanish delegation led by Foreign Minister Alfonso Dastis visited Iran and signed two memorandums of understanding on political, economic and industrial cooperation with the Islamic Republic. The Spanish Association of Manufacturers of Capital Goods (SERCOBE) is also represented in the working group. SERCOBE represents 120 companies and industrial groups, 4 collective members and 3 special groups, representing more than 400 Spanish companies. Mercedes Higuero said there was abundant potential for cooperation between Iran and Spain, noting that both sides had attractive proposals to offer. She said the 23rd Oil and Gas Show was a valuable opportunity for Iranian and Spanish companies to get familiar with each other and learn about one another's needs and capabilities. Mercedes Higuero said Europe would always support the 2015 Iran nuclear deal as Tehran has respected its commitments under the deal, officially known as the Joint Comprehensive Plan of Action (JCPOA). Therefore, she said, there is potential ground for massive economic cooperation between Iran and Spain.

Noting that Iran and Spain had already had cooperation in the petroleum industry, she noted that the level of education of graduates of disciplines related to petroleum industry was much higher than that of regional countries. She said the point was an encouraging factor for hiring Iranian graduates in petroleum industry projects.

Spain Serious for Iran Work

An agreement was signed in July 2017 between the National Iranian Oil Company (NIOC) and a consortium of Spain's Tubacex and Iran's Isfahan Steel Company for manufacturing corrosion-resistant alloy (CRA) pipes. The agreement required manufacturing of 600 kilometers of CRA pipes needed by the Pars Oil and Gas Company (POGC) in its projects. In addition to supplying petroleum industry needs, the agreement would have transferred in CRA pipe technology. After the expiry of the term of contract, Iran would become a leading manufacturer of this strategic commodity in the world. Ali Kardor, CEO of NIOC, who had met with CEO of Tubacex on the sidelines of the Oil Show, said the Spanish firm had delivered more than 50 kilometers of CRA pipes to NIOC. "Meantime, conditions are prepared for the transfer of technology" to Iran, he added. Amir-Hossein Zamani-Nia, deputy minister of petroleum for international affairs and commerce, said: "The presence of the Spanish with such seriousness indicates that they are willing to cooperate with Iran while being mindful of Iran's conditions. We don't think we would face any problems for continuing cooperation with Spanish and other European companies. " The Office of Deputy Minister of Petroleum for International Affairs and Commerce had earlier held expert-level meetings with the Spanish Embassy's Commercial Office in Tehran. During these meetings, grounds for cooperation in manufacturing and supplying equipment had been made clear. Giving a positive assessment of the Spanish companies' presence in Iran, Zamani-Nia referred to the CRA pipe manufacturing agreement, saying: "We told these companies that one of our points is partnership with Iranian companies and transfer of technology alongside cooperation.

We told them that we favored long-term cooperation and we would not cut cooperation after technology has been transferred in." "We made it clear to the Spanish side that the Iran market should not be limited to 80 million; rather this market can cover the entire countries in the region. These companies are aware of Iran's conditions and demands, and based on such knowledge they have voiced readiness for cooperation. He said Spanish companies were successful in downstream and midstream sectors, adding: "The Spaniards have held talks with several companies for financing projects in Iran. They have tried to choose companies that would be well aware of our terms of cooperation and challenges."

50 Iranian Firms Invited

The Office of Deputy Minister of Petroleum for International Affairs and commerce has invited 50 Iranian companies to negotiate with Spanish companies with a view to future cooperation. The next Iran-Spain forum is planned to be held in Spain in July 2019.

NIOC Unveils 14 Blocks

Foreign Firms to Bid for Exploration Blocks

Further to a decision made by the National Iranian Oil Company (NIOC) for holding licensing rounds for Iranian exploration blocks, 14 blocks covering more than 80,000 square kilometers in six sedimentary basins in Iran were introduced during the 23rd Iran Oil and Gas Show. The exploration blocks include those with high exploration potential located in mature sedimentary basins and those located in new sedimentary basins. Four of them are located in the Zagros area, one in Lorestan, one in Fars and two in Dezful and Abadan Plain. Three offshore blocks off Persian Gulf and three exploration blocks in Kappeh Dagh in northeastern Iran were also introduced.

An exploration block located in Moghan sedimentary basin in northwest Iran, whose hydrocarbon system has already been proven, an exploration block in central Iran and two exploration blocks – Taibad and Sistan – in eastern Iran were among others unveiled in the event. Using national capabilities and technical expertise of international companies in oil and gas exploration in Iran are among top priorities for NIOC and its Exploration Directorate. The NIOC Exploration Directorate plans to introduce more onshore and offshore exploration blocks in the future.

Licensing Round Due in July

Saleh Hendi, director of NIOC Exploration Directorate, said the 14 exploration blocks would be put out to tender in July. He expressed hope for the signature of agreements for the blocks by March 2019 which marks the turn of Iranian calendar year. "Of the 14 exploration blocks, 6 blocks are expected to be attractive to foreign investors and for which development agreements would be signed," Saleh Hendi said. He said that Austria's OMV, Russia's Lukoil and China's CNPC had shown interest in the exploration blocks which were unveiled earlier in the day.

Hendi said seven blocks were located in the Zagros and Persian Gulf areas, including four commercial blocks.

The blocks cover more than 80,000 square kilometers and are located in six sedimentary basins in Iran.

Hendi said the investment rate of return in exploration blocks was higher than the rate on investment in developing fields, which makes blocks more attractive.

"Foreign companies have already spent more than $1.2 billion on exploration in Iran; however, future exploration potential in Iran requires investment of tens of billions of dollars in this sector," he added.

Hendi said the NIOC Exploration Directorate conducted two seismic testing projects last year, which were fruitful. "One of these projects was the Sepehr seismography project, which helped reduce uncertainty about Abadan Plain, and the other one was the Tandis seismography project which was carried out along the Iran-Iraq common border." "Of six exploration wells which the Exploration Directorate had on its agenda, four wells proved to be successful," he said.

Sanctions No Obstacle to Development

Gholam-Reza Manouchehri, deputy head of NIOC for development and engineering, highlighted Iran's major exploration opportunities, saying: "Such challenges as sanctions could not block development activities in Iran's petroleum industry. We will not be stopped."Manouchehri said that NIOC had plans to introduce more blocks in the future. He said that the Persian Gulf and the Caspian Sea contained rich hydrocarbon deposits.

He said NIOC planned to use the newly-developed model of oil contract known as IPC for developing its oil and gas fields."We predict that the number of IPC deals would increase in six months," said Manouchehri.

15 MOUs, Agreements Signed at 23rd Oil Show

Iran's annual oil and gas shows represent a good opportunity for domestic and foreign companies to hold talks and appraise one another with a view to signing memorandums and agreements. During the 23rd Oil and Gas Show held in Tehran, nearly 15 memorandums and agreements were signed between Iranian and foreign companies. In addition to these agreements, fruitful talks were held between companies for future cooperation. Some of these talks are expected to come to fruition in coming months.

Cooperation with UK

Iranian Oil Terminals Company (IOTC) signed four agreements and MOUs for renovating crude oil export installations at the Kharg Terminal. The UK-based Dunlop Oil & Marine Ltd signed an MOU with IOTC by Kambiz Zandiyeh, general manager of the British firm, and CEO of IOTC Pirouz Mousavi. As per the agreement, Dunlop will provide IOTC with a range of services: supplying floating and submarine hoses attached to single point moorings and the relevant technical support. Dunlop Oil & Marine is a world leader in the designing, manufacturing and supplying of hoses for the oil, gas and petrochemical industries, for both offshore and onshore operations. On the same day, IOTC concluded three other agreements with domestic firms for a gamut of activities, including technical services, as well as maintenance of oil and gas infrastructures in the oil-rich southern regions.

Petropars-Zarubezhneft Cooperation

Iran's Petropars and Russia's Zarubezhneft have agreed to carry out studies on several oil and gas fields in Iran, a Petropars official said.

"Based on negotiations conducted so far, the two companies will study several oil and gas fields to submit their proposals to the National Iranian Oil Company (NIOC)," said Abbas Taqipour, director of business development at Petropars. "Currently, conditions are suitable for the two companies to sign MOUs to study domestic fields," he said.

Taqipour said Petropars had signed an MOU with Germany's Wintershall to study development of Dehloran oil field. He, however, said that foreign companies could not be forced to stay in Iran if US President Donald Trump decides to pull out of the Iran nuclear deal and restore sanctions on Tehran.

MOU with Siemens

Iran's Persian Gulf Petrochemical Industries Company (PGPIC) and Germany's Siemens signed a letter of intent to broaden their cooperation. The memorandum aimed at upgrading the nature of their relationship from seller-buyer to trade partnership was signed by CEOs of the two companies on the venue of the annual Iran Oil and Gas Show in Tehran. "The message of this MOU is that our relationship with Siemens would no longer be bound to commodity purchase; rather the two companies would cooperate in such domains as maintenance and upgrading the quality of products," Jaafar Rabiei, CEO of PGPIC, said. "Iran's petrochemical industry will have long-term cooperation with Siemens. In the past, cooperation with Siemens was based on separate agreements and in case we needed identical products we had to go through the same lengthy process," he added.

MOU on Gasoline Vapor Recovery

The National Iranian Oil Products Distribution Company (NIOPDC) has signed a memorandum of understanding with Supplying Petrochemical Industries Part Equipment and Chemical Engineering Company (SPEC) for domestic manufacturing of equipment needed in a gasoline vapor recovery project. The MOU was signed between Farhad Abdollahpour, director of the gasoline vapor recovery project, on behalf of NIOPDC, and Jalil Sobhani, CEO of SPEC at the annual Iran Oil and Gas Show in Tehran. Noting that implementation of the project was an environmental obligation, he said: "Therefore we plan to indigenize and then implement the project in the country."

IOEC Signs Major Foreign Financing Deals

The Iranian Offshore Engineering and Construction Company (IOEC) has signed a number of letters of intent worth $400 million to $500 million with foreign financing firms for developing oil and gas fields, CEO of IOEC said. Abol-Qasem Rahmani said: "Under new oil contracts, foreign companies have to establish partnership with Iranian companies in the development of oil and gas fields. Therefore, we announce our financial readiness for such cooperation." "To that effect, we have signed several MOUs valued at around $500 million with foreign financers," he added. Rahmani said that IOEC had turned into an exploration and production (E&P) company in recent years.

Italian Firm Opening Tehran Office

Italian oil service company Boldrocchi is opening an office in Tehran in order to facilitate supply of its equipment to Iranian clients.

Marco Bailo, CEO of Boldrocchi, said it had been active in Iran since 1999, adding that Iran's oil market is becoming more attractive year by year.

He said his company was supplying equipment to oil projects, expressing hope for further cooperation.

Since its beginnings in 1909, Boldrocchi Group has become a world-renowned engineering, manufacturing and service firm with products in over 140 countries and offices in eight cities, including our headquarters near Milan, Italy.

RIPI, Germany's Raschig Strike NDA

Iran's Research Institute of Petroleum Industry and Germany's Raschig have signed a non-disclosure agreement about gas sweetening with amine solvent.

The agreement was signed at the Iran Oil and Gas Show in Tehran between Mansour Bazmi, deputy head of RIPI for international affairs, and the director for business development of Raschig in Iran.

"We intend to embark on joint projects about enhancing the capacity of distillation tower in oil and gas refineries," said Bazmi. "This is the first cooperation in gas sweetening towers, which will help gas refineries boost their capacity."

Caspian Sea Energy; Equations & Opportunities

The Caspian Sea region has long been known to be a rich source of energy. Despite being exposed to ups and downs due to political developments, the region has taken up added significance as a source of energy in the years following the 1991 collapse of the Union of Soviet Socialist Republics (USSR). In addition to Caspian Sea littoral states which depend on energy revenues, consuming nations have turned an eye on Caspian oil and gas deposits. Therefore, it would be important to survey Caspian resources and gauge their significance in global energy equations. Furthermore, it is important to assess rivalry for the transfer of Caspian oil and gas to consumers. Iran is instrumental in such equations.

Shuaib Bahman

Caspian Sea, Source of Energy

In the aftermath of the USSR collapse, numerous and often conflicting reports have emerged about the Caspian Sea's oil reserves. Initial estimates by Western sources claimed 200 billion barrels of oil and 279 tcm of gas in place, which put the Caspian Sea in second place behind the Persian Gulf in terms of hydrocarbon deposits. However, sometime later it came out that these estimates were filled with exaggeration. Since 1988 onwards, realistic data has been presented about Caspian Sea energy reserves. The figures provided in the following years with more realism were much lower than the figures initially bandied about in Western media.

According to the US Energy Information Administration (EIA), the Caspian Sea holds 19.6 billion barrels of oil and 106 tcf of gas in place. The coastal zones surrounding the Caspian Sea are estimated to contain 28.6 billion barrels of oil and 186 tcf of gas. Therefore, the onshore and offshore crude oil reserves of the Caspian Sea total 48.2 billion barrels, while the landlocked lake's natural gas deposits total 292 tcf. Therefore, the Caspian Sea contains 4% of global oil and 6% of its gas reserves.

As far as oil production in the Caspian Sea littoral states is concerned, more than $120 billion worth of oil and gas is recovered every year. Azerbaijan Republic and Turkmenistan depend on the Caspian Sea for the whole of their oil recovery with respectively 922,000 and 216,000 b/d output. A review of natural gas recovery from the Caspian Sea shows that Azerbaijan Republic fully depends on the Caspian Sea for its natural gas production which stands at 745 bcf.

Energy Equations

Although the Caspian Sea lies much distant from the Persian Gulf in terms of energy reserves and the former can never be viewed as a rival to the latter, to some extent it can contribute to diversification of oil and gas resources. That is why the Caspian Sea's energy reserves are important for consumers. The uncertain security situation in the Persian Gulf region, which is the most important supplier of energy, has pushed leading consumers like the United States, China and Europe to look at the Caspian Sea as a source of energy. Meantime, Persian Gulf oil wells will dry up in the near future while the significant economic growth of East and Southeast Asian nations will automatically drive energy demand up. The Caspian Sea is among alternatives. That is why regional and international rivalry has taken shape for access to Caspian Sea energy between littoral states and big powers.

Significance of Caspian Sea Energy

Littoral States Approach: The former Soviet Union collapsed and breakaway republics emerged around the Caspian Sea. These nations needed revenue to proceed with their development plans. The economically chaotic structure of these countries, which was a legacy of Communism, prompted the newly independent nations to consider Caspian Sea energy resources. For them, the Caspian Sea was a source of income to reinvigorate their economy and drive their economic development.

International Players Rivalry: Under the Soviet Union, Moscow held a monopoly over oil and gas exploration in the Caspian Sea. After the USSR collapsed, international players were faced with new geopolitical conditions which empowered them to directly have access to untapped energy sources in this region. That is why energy grew into a key factor in new decision-makings and rivalries in the Caspian Sea.

Pipeline Geopolitics

In addition to oil and gas recovery, pipeline-related geopolitical issues are important factors in the Caspian Sea. The biggest challenge the littoral states are still struggling with is how to carry oil and gas to world markets. In this regard, the Caspian Sea and the Persian Gulf are totally different because the oil and gas produced in or around the Caspian Sea is required to be carried via a third country to ports and main global markets. Therefore, locating a pipeline is geopolitically significant for the future of the region. Meantime, countries owning shares in the Caspian Sea have their own situation. For instance, Iran and Russia are able to supply their oil and gas to global markets without having to seek assistance of littoral states. But Kazakhstan and Turkmenistan would need to cut through the Iranian and Russian territories in order to export their energy to Europe. Add to this, foreign powers' specific ideas about the transfer of Caspian oil and gas. Some governments like the US remain opposed to the transfer of energy via the Iranian and Russian territories and some others like the European Union back energy transfer from the Caspian basin. Countries like India and China favor energy transfer to Asian markets and are opposed to West-proposed routes.

Iran Role in Caspian Sea

Amid tight rivalry for Caspian oil and gas, what can give rise to a bright perspective for energy production and export there, is enhanced cooperation between and convergence of littoral states.

Over recent years, Iran has sought to cooperate with its Caspian Sea neighbors. The signature of memorandum of understanding (MOU) between Russia's Lukoil and the National Iranian Oil Company (NIOC) for exploration studies in the Iranian sector of the Caspian Sea and the signature of memorandum of cooperation between Iran and Azerbaijan republic for joint operation in the Caspian Sea exploration blocks are among important measures Iran has taken with a view to broadening its energy cooperation with its northern neighbors. Iran is endowed with major potentialities to recover oil and gas from the Caspian Sea and contribute to the transfer of energy from the Caspian Sea region to consuming nations. Iran is the only country in the Caspian Sea region with capacity to transfer oil and gas from littoral states located along its northern borders to the Persian Gulf which is the main transit route for energy in the world. To that end, Iran enjoys both effective pipelines and swap capability.

For the following reasons, Iran's geographical location may be important:

Iran is a safe and stable country where no security threat or restriction can endanger pipelines.

Iran's experience in the petroleum industry, existing refineries and oil and gas pipelines provide Caspian Sea oil and gas exporters with a good chance. In other words, there is sufficient infrastructure required for oil and gas in Iran and the Caspian Sea energy may be processed at Iranian refineries fast and at favorable price to be supplied on global markets. The Persian Gulf is a good exit point for the Caspian Sea energy. Iran's southern Kharg terminal oil export capacity is around 8 mb/d.

Swap operation with Iran would guarantee maximum security for producers and brokers. The same amount of oil received from the Caspian Sea will be delivered to customers in the south. Iran may establish pipelines on the southern end of the Caspian Sea to transfer energy from Turkmenistan and Kazakhstan to Turkey and then to Europe. The Iran route would need less investment than other routes and it would become operational very soon. In other words, the Iran route would be the most logical for the transfer of oil and gas from Azerbaijan Republic, Kazakhstan and Turkmenistan.

First Oil Flows From Atlanta Offshore Brazil

QGEP Participações S.A. has produced first oil from the Atlanta field offshore Brazil.Located in block BS-4 in the Santos basin, Atlanta is a post-salt oil field situated 185 km (115 mi) from Rio de Janeiro, in water depths of approximately 1,500 m (4,921 ft).

Production from well 7-ATL-2HP-RJS is still in the stabilization phase. Production is expected to reach 20,000 b/d of oil later in 2Q from two wells. The oil is being produced to the FPSO Petrojarl I. Shell has contracted to purchase all the production from the Atlanta field's early production system (EPS).CEO Lincoln R. Guardado said: "We are pleased to announce the beginning of production in Atlanta, a field which we have been successfully overcoming technical challenges.

Drilling in Gabon Offshore Field

BW Energy and partner Panoro Energy have decided to drill an additional well to test one of various prospects mapped in the Ruche area of the Dussafu exclusive exploitation authorization offshore Gabon. Drilling of the Ruche North East prospect should start in mid-year following completion of the second production well DTM 3-H at the Tortue field, also in the Dussafu PSC.

Guidelines for UK Field Developments

Britain's Oil & Gas Authority (OGA) has issued updated guidance to help support the next wave of UK offshore oil and gas field developments. Currently 15 new projects are in progress across the UK continental shelf (UKCS), with estimated combined CAPEX of roughly £15 billion ($20.26 billion), and forecast production of 1.5 Bboe across the life of the fields. In addition, OGA is reviewing around 50 further projects that could progress to future development. The new "Requirements for the planning of and consent to UKCS field developments" guidance, developed with input from the industry, is designed to help operators achieve consistent delivery of successful high quality, high value projects, the OGA said.

Vietnam Block Gets New Well

Japan Drilling Co.'s semisubmersible Hakuryu-5 has spudded the LD-3P (Lan Do field) production well offshore Vietnam as part of the block 06.1. Operator Rosneft says the target depth along the wellbore is around 1,200 m (3,937 ft), in a water depth of 160 m (525 ft). The development involves installation of subsea facilities to connect the additional gas reserves to the Lan Tay platform. Processed gas and natural gas liquids are delivered from the platform to the shore via the two-phase, 370-km (230-mi) long Nam Con Son pipeline.

UK

Brazil

Gabon

Malay

Australia

VIEW

VIEW

VIEW

Australia Operators Approve Subsea Studies

Wood says the next phase is under way of an initiative to improve understanding of the reliability of subsea equipment applied offshore Australia.

The company is leading the Subsea Equipment Australian Reliability Joint Industry Project (SEAR JIP), which has support from operators including Chevron Australia, ConocoPhillips, Quadrant, and Woodside.

Their goals are to enhance subsea equipment design and reduce the requirement for costly and time-consuming interventions in the offshore warm water environment.

UK to Support Shale Gas Development

The British government announced measures to speed up planning applications to support development of the country's shale gas industry.

Increasing reliance on imported gas as Britain's domestic North Sea output declines is one of the driving forces behind government support for hydraulic fracturing, which involves extracting gas obtained from rocks broken up or fractured with water and chemicals at high pressure. However, it is impossible to know exactly how much shale gas might be underground - and, more importantly, how much can be extracted - until fracking has started in earnest.

Commercial production of shale gas in Britain is not expected for two years and developers complain that progress has been slowed by protests and regulatory processes. Recent decisions on shale exploration remain disappointingly slow, the secretary of state for business, energy and industrial strategy, Greg Clark, said in a written statement to Parliament.

The government, therefore, will introduce measures to streamline and improve the regulation process for shale gas planning applications so decisions are made more quickly. Shale gas developers say it can take up to three years to obtain permit to drill a test well in Britain, compared with only a month in the United States.

The government will also launch a new 1.6 million pound ($2.2 million) shale support fund over the next two years to build capacity and expertise in local authorities dealing with shale planning applications and set up a shale environmental regulator.

1

NEWS

Ukraine to Offer Gazprom Discounted Transit Fees

Ukraine will offer Gazprom discounted fees for natural gas transit to ensure a flow from Russia to Europe after 2020, European Commission Vice President for Energy Union Maros Sefcovic said Russia's Gazprom and five European companies, with German backing, plan to build the North Stream 2 gas pipeline on the Baltic seabed to connect Russia directly with Germany, bypassing Eastern Europe and limiting the flows via Ukraine. The pipeline will double Russia's gas export capacity to Germany but threatens to cost Ukraine valuable revenues, while increasing European Union reliance on Russian gas. "Ukraine is saying they want to maintain the transit of Russian natural gas to Europe and will seek solutions that would guarantee the higher the volume the cheaper for Gazprom," Sefcovic told Reuters at the Globsec security forum.

3

NEWS

Kenya Oil Production on Course

Kenya will start the small scale export of crude oil from its fields in the far northern county of Turkana in June after an agreement on how to share the revenue, averting delays, the presidency said. Tullow Oil and its partner Africa Oil discovered commercial reserves in the Lokichar basin in 2012. Total has since taken a 25 percent stake. A row had broken out after President Uhuru Kenyatta cut the share of the Turkana county government to 15 percent and that of the local community to 5 percent, leaving the rest to the national government. He then met officials from Turkana at State House in Nairobi to strike a new deal, which will raise the county government's share to 20 percent and cut the national government's share to 75 percent.

4

Russia Eyes Petrochemicals to Wean Economy off Oil

On a sprawling construction site in Western Siberia, about 20,000 workers are busy building what will be one of the world's five biggest petrochemical plants, part of a play by Russia to capture more of the value from the oil it produces. Russian energy companies, led by privately owned Sibur, have been increasingly shifting their focus to petrochemicals in a drive to capitalize on the fast-growing sector and offset the volatile market for crude oil exports. According to the EY consultancy, Russia accounts for about 1 percent of global petrochemical output, trailing not only the United States and Europe but also Thailand, Taiwan, Brazil, Iran and China.

That is set to change, with the Sibur plant due to come on stream, while gas giant Gazprom plans to invest $5 billion in a petrochemical plant on the Baltic Sea, and oil major Rosneft has said it will ramp up its petrochemical capacity in Russia's far eastern region.

The Sibur plant is taking shape near Tobolsk, birthplace of Dmitry Mendeleev, the inventor of the periodic table and one of the founders of modern chemistry. It is also close to many of the fields that produce crude oil, the raw material for much petrochemical production. Most of Russia's oil is exported as crude, a trade that has delivered diminishing returns as world oil prices have weakened over the past four years. Sibur is banking on growing domestic consumption of petrochemical products, which are used in construction, medicine, aviation, car making, clothes, bottling, packaging and many other sectors.

2

NEWS

Ghana to Award Nine New Oil Blocks

Ghana is set to award nine new upstream oil blocks for commercial exploration off its western coast beginning this year, the energy ministry said. The West African country plans to award six of the nine blocks this year while the remaining three will be given out next year through a mix of open competitive tender and direct negotiations, the ministry said in a statement. It said state oil company Ghana National Petroleum Corporation will acquire one of the blocks to explore in partnership with a strategic partner to develop its technical capacity and become an operator.Ghana, which began commercial crude production in late 2010, currently produces around 180,000 barrels per day mainly from three fields offshore the western coast, including its flagship Jubilee reserves operated by UK's Tullow Oil Plc.

5

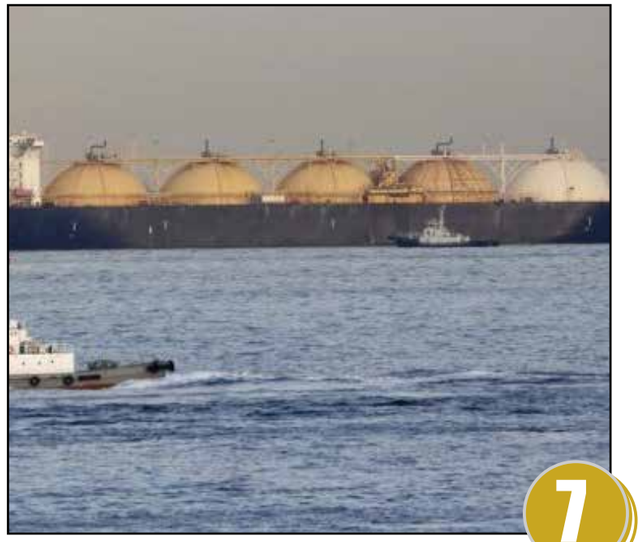
NEWS

Courts Partially Lift Seizures against PDVSA

Courts in Curacao and Bonaire have partially lifted attachments introduced by ConocoPhillips aiming to seize Venezuelan PDVSA's assets to satisfy a $2 billion arbitration ruling, according to a copy of the documents seen by Reuters. Conoco has aggressively moved to take over state-run oil firm PDVSA's inventories, cargoes and facilities following an award by the International Chamber of Commerce. The dispute has particularly affected the Caribbean, where PDVSA owns and operates refineries and terminals that supply several islands. "Both the court in Curacao and those in Bonaire have decided that the attachments must be lifted to the extent that this is necessary for the fuel and/or electricity supply on both islands," the Common Court of Justice said in a release.

6

UK LNG Importer Seeks to Broaden Supply



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Britain's busiest liquefied natural gas (LNG) import terminal, South Hook, is seeking to broaden its sources of supply as robust Asian demand diverts cargoes from Qatar - the world's biggest exporter and the terminal's majority shareholder. Volumes to the terminal, in which Qatar Petroleum owns a controlling stake, have halved so far this year from a year ago to 1.2 million cubic meters (mcm) and amount to just 15 percent of 2016 volumes for the same period. South Hook, in Wales, has been seeking to broaden the specification of its gas since January, a proposal that was approved by the Joint Office of Gas Transporters (JOGT), which administers the rules for transporting gas in Britain. The terminal received approval to raise oxygen limits within the gas it delivers to Britain's network, "allowing greater diversity of gas composition of future cargoes at South Hook LNG Terminal", according to its proposal document to the JOGT.

"The UKCS (UK continental shelf) decline, Groningen production cuts and the closure of Rough long-range storage facility are all resulting in an increase in GB's (Britain's) gas import dependency," it wrote, referring to falling regional supplies. "This modification supports this enhanced gas security of supply requirement."

The Dutch government said in March it will phase out gas production at the Groningen field, once Europe's largest, by 2030 as part of efforts to reduce the danger caused by small but damaging earthquakes.

NEWS

Oil Ships Facing New Restrictions

9

New rules coming into force from 2020 to curb pollution produced by the world's ships are worrying everyone from OPEC oil producers to bunker fuel sellers and shipping companies. The regulations will slash emissions of sulfur, which is blamed for causing respiratory diseases and is a component of acid rain that damages vegetation and wildlife. But the energy and shipping industries are ill-prepared, say analysts, with refiners likely to struggle to meet higher demand for cleaner fuel and few ships fitted with equipment to reduce sulfur emissions. This raises the risk of a chaotic shift when the new rules are implemented, alongside more volatility in the oil market.

"The reality is that the industry has already passed the date beyond the smooth transition," Neil Atkinson, head of the oil industry and market division at the International Energy Agency (IEA), said in April. The rules, drawn up by the U.N. International Maritime Organization (IMO), will ban ships using fuel with sulfur content higher than 0.5 percent, compared to 3.5 percent now, unless a vessel has equipment to clean up its sulfur emissions. Any vessels failing to comply will face fines, could find their insurance stops being valid and might be declared "unseaworthy" which would bar them from sailing.

The global shipping fleet now consumes about 4 million barrels per day (bpd) of high sulfur fuel oil, but about 3 million bpd of that demand will "disappear overnight", according to the average market forecast calculated by Norway's SEB Bank.

Russia-Germany Gas Pipeline Raises Intelligence Concerns

8

The planned Nord Stream 2 gas pipeline from Russia to Germany raises U.S. intelligence and military concerns since it would allow Moscow to place new listening and monitoring technology in the Baltic Sea, a senior U.S. official said. Sandra Oudkirk, Deputy Assistant Secretary of State for Energy Diplomacy, said in Berlin she would meet German officials to voice Washington's concerns about the subsea project. A consortium of western companies and Russia's Gazprom said it was starting preparatory work off Germany's Baltic coast.

Oudkirk told reporters the U.S. Congress had given the president new authority to impose sanctions against a variety of Russian pipeline projects. Any companies involved were in "an elevated position of sanctions risk", she said. However, she added that Washington was focused on using diplomatic means to halt Nord Stream 2, one of several Russian projects to export gas to Western Europe via routes avoiding Ukraine, with which Moscow is involved in a series of disputes. The U.S. push came a day before Chancellor Angela Merkel travels to Sochi to meet Russian President Vladimir Putin for talks that will touch on Nord Stream 2, as well as the U.S. decision to withdraw from the Iran nuclear deal. The German government's point man for Russia, Dirk Wiese, said it would continue to look for "islands of cooperation" with Russia, including a continued commitment to the Iranian nuclear accord, despite differences over Ukraine and EU sanctions.

NEWS

PetroChina Cuts Gas Supplies to Major Users

10

PetroChina, the country's top gas producer, has curbed supplies of the fuel to some industrial users in northern and western regions, in the first sign of emerging tightness only two months after China experienced one of its worst winter gas crunches.

To prevent another around of winter shortages, state-run PetroChina started from early May limiting gas supplies and hiking prices for major customers, including city gas distributors and inland gas liquefaction plants in some western provinces, four sources briefed on the matter said. They declined to be identified as they are not authorized to speak to the media. "Suppliers are managing the increases in demand, so that they won't be caught up in a serious supply crunch later in the year," said Chen Zhu, managing director of consultancy SIA Energy. China's natural gas consumption rose almost 14 percent in the first four months of the year to 71.1 million tonnes, according to Reuters calculations based on official data. That led to a surge in spot liquefied natural gas (LNG) imports in recent weeks and has lifted prices to a two-month high of $8.7 per million British thermal unit LNG-AS.

The expansion in demand, driven by an extension of Beijing's gasification drive and an improving economy, exceeds a 10-percent annual growth forecast by state energy giant CNPC early this year. PetroChina did not respond to a Reuters request for comment.

Global Oil and Asian Product Market, May

Mehdi Moeini

Dated Brent averaged US$77.00/bbl month-to-date, up by US$5.15/bbl m-o-m, primarily on the back of developments in Venezuela supply outage and President Trump's decision to re-impose sanctions on Iran. The Dated Brent/Dubai spread narrowed slightly m-o-m to US$2.9/bbl, as Dubai strengthened more on the expectations that the sanctions will tighten medium sour grades. The bull run has been driven by Venezuela's oil sector being given a motion of no confidence by the country's oil ministry. Oil output declines in the scale of 600 kb/d y-o-y is expected by the end of this year and should fall further to see output reach 1.0 mmb/d by the end of 2019.

It remains to be seen how much actual supply impact the renewed US sanctions against Iran will have. While up to 800 kb/d could theoretically disappear from the market over the next six months, there are many other factors which can change the outcome.

Higher prices should facilitate even higher US shale oil output going forward. In the current bullish environment, growth of around 1 million b/d y-o-y could continue into the next year. Contrastingly, declines in Venezuela are not likely to stop anytime soon.

Asian Product Markets

Light Distillates (gasoline, naphtha)

The last few weeks have seen naphtha cracks stabilize globally. European naphtha demand has had a strong start to the year, and economic fundamentals are poised to remain supportive for the time being. Elsewhere in the Atlantic Basin, USGC naphtha/ethylene cracks have come under further pressure amid weakening ethylene and strengthening feedstock costs. It would not be surprised to see demand there remain relatively weak. Together with the potential of a weaker-than-usual summer for gasoline cracks, the expectation is some (limited) downside in the Atlantic Basin for the weeks to come. Asian naphtha prices have consolidated near parity with Dubai, and the expectation is to hold on around this level for a bit longer yet. Most of the summer steam cracking maintenance has now been digested by the market, and the expectation is that crackers to run high for the rest of the year, providing support. A still -tight condensate market adds to the overall supportive picture in the immediate future. Nevertheless, some pressure from relative gasoline weakness may weigh.

Middle Distillates (gasoil, jet fuel)

Asian gas oil/diesel cracks continue to show remarkable strength after a clear upward trend over the last few weeks. The expectation is strong demand growth and low inventory levels to continue to provide ample support over the coming weeks. Indian diesel demand recorded its slowest growth in six months (+50,000 b/d in April) but a rebound over the coming months is expected. Even though higher exports out of China remain a wild card that could potentially provide some pressure, the pull on arb barrels from the West to keep cracks supported is expected.

Seasonally lengthening balances have been pressuring Asian jet/kero cracks over the past weeks. However, regards remain healthy as global market tightness remains a feature. We expect the pull on arb volumes from Europe and North America to remain firm, particularly as balances there are tightening seasonally and forward cover levels have remained low. However, higher exports from the Middle East due to resurgent crude runs there should provide competitive pressure.

Fuel Oil

Singapore fuel oil cracks are expected to recover from the lows seen in April as support comes from a tightening East of Suez balance, led by the Middle East. The May-August Middle Eastern fuel oil balance is seen tightening by around 110,000 b/d relative to the January-April period. However, The expectation is the upside in cracks to be limited given the backwardated market structure which should result in a more-or-less continuous shedding of stocks over the next few months. The Asian fuel oil balance also speaks in favour of a limited upside with the balance lengthening by 100,000 b/d in H2-2018 relative to H1. The 180/380cst viscosity spread is expected to remain wide. Exports of lower viscosity fuel oil out of the Middle East should wane on the back of stronger domestic demand, while inflows of higher viscosity material from the West are expected to be elevated in line with IMO-2020 preparations.

Tehran, Moscow Firm on Energy Ties

The Iran-Russia Joint Working Group was held in Tehran on May 8. The event was presided over by Iran's Deputy Minister of Petroleum for International Affairs and Commerce Amir-Hossein Zamani-Nia and Russian Ambassador to Tehran Levan Jagarian.

During the forum, cooperation between Iranian and Russian companies in Iran's petroleum industry projects was reviewed.

Zamani-Nia touched on the Russian companies' cutting edge technology and international experience in the oil sector, saying Russia could be instrumental in Iran's oil and gas sector.

Jagarian said Iran-Russia energy ties stood at the highest level.

The Iran-Russia forum was under way on the same day US President Donald Trump was poised to announce his country's withdrawal from the 2015 Iran nuclear deal.

Cooperation with Russian Firms Welcomed

Zamani-Nia said Iran and Russia had broadened their relations to a strategic level over recent years.

"Russia is a big country with state-of-the-art technology and international experience in the petroleum industry, which can play an effective role in developing Iran's oil and gas industry," he said.

Noting that Russia was not a stranger to Iran's oil and gas industry, he added that the Iranian and Russian oil sectors had yet to forge long-term relationship.

"Over recent years, this cooperation has entered a new phase, and it is expected that energy cooperation between the two countries would bring about economic and energy bonds between them," said Zamani-Nia.

He also played down US sanctions against Iran's oil sector, saying: "Iran's oil and gas industry has been faced with numerous problems throughout its 110-year history and it has learnt how to deal with the sanctions."

Zamani-Nia went on to say that Iran's oil and gas output was not proportionate with its huge hydrocarbon reserves.

"This issue represents a good opportunity for foreign and Russian companies to invest in Iran's oil and gas industry," he said.

"The National Iranian Oil Company has held rounds of talks with Russian firms for their presence in [Iran's] upstream and downstream oil sector," he said, citing the March agreement signed between NIOC and Russia's Zarubezhneft for the development of the Aban and West Paydar oil fields.

He said Iran welcomed cooperation with top Russian companies.

"Iran and Russia are not rivals in the energy market; rather, they complement each other," he said.

Zamani-Nia said Iran's nuclear deal with six world powers – officially known as the Joint Comprehensive Plan of Action (JCPOA) – was a political agreement beyond economic issues.

"The JCPOA will remain in effect as long as we can sell our oil and preserve our market share, receive proceeds from selling oil without problem, purchase the equipment we need for petroleum industry and we can finance our projects," he said.

"We will by no means return to the pre-sanctions years," he said. "Of course we don't welcome problems, but we will overcome them."

Russia Won't Support Iran Sanctions

Jagarian said his country would not support US sanctions against Iran.

"Vladimir Putin, the president of Russia, has said time and again that this country will not support probable sanctions against Iran," he said. "Iran-Russia ties in the energy sector currently stand at their highest level."

Jagarian described talks between President Putin and President Hassan Rouhani as decisive, saying: "Various Russian companies including Gazprom, Zarubezhneft, Lukoil, Tatneft and Gazprom Neft are actively present in Iran."

He said Russian companies would not be scared by Trump's possible decision to walk away from the JCPOA.

"Russian companies are trying to be actively present in Iran's market, particularly its energy sector. The Russian government supports Russian companies for operation across the world including in Iran," said the top diplomat.

Jagarian said the Russian government would provide any kind of support for cooperation with Iranian companies, saying he expected the same from the Iranian government.

"We request Iranian and Russian companies to hammer out details of talks for petroleum industry projects in order to bring them to fruition as soon as possible," he said.

Readiness for Technology Transfer

Russia's commercial attaché Andrei Lugansky said Russian companies were ready to transfer technology to Iranian companies involved in oil and gas industry.

He said the main commonality of the two countries was their ownership of huge oil and gas reserves. "Russia's economic team is ready for cooperation with Iran in all economic sectors, particularly energy," said Lugansky. "The Russian government and its ambassador to Tehran Levan Jagarian support Russian companies' cooperation with Iran."

Naft Masjed Soleyman in Pro League

Masjed Soleyman is a petrocity, a city whose nostalgic firsts were extended to football. Several years after Iran's first oil well was drilled in this city, the first football team was created there. Residents of Masjed Soleyman had learnt football from British engineers and technicians. More than a century later, football remains alive in Masjed Soleyman where people cheer their team. Football fans are active anew in Masjed Soleyman as the Naft Masjed Soleyman football team has found its way into Iran Pro League. That is a big source of honor for the entire petroleum industry.The people of Khuzestan Province, where Masjed Soleyman is located, view football differently despite tough hardships they have been grappling with. From Abadan to Ahvaz, from Mahshahr to Omidieh and Masjed Soleyman, everyone is showing support for his desired football team. Their admiration of their football teams have so far proven effective.

Amir Sadeqi-Panah

Naft Masjed Soleyman had a strong performance in the First League. At the beginning, it was not taken very seriously; however, it brought tougher a group of local and veteran players and performed so remarkably that it was out of everyone's imagination. Victories in rapid succession were recorded for this team. In the middle of season, it had scored 13 points more than the second team in the group. Later on, some secondary issues reduced the difference, but thanks to the club manager's effective handling of affairs and owing to the capability of footballers and technical group the team was back to Pro League.

Two Veterans Instrumental

Two former national team players, who had been affiliated with Esteqlal, were instrumental in Naft Masjed Soleyman's ascension to Pro League. They were as head coach and captain of Naft Masjed Soleyman in the previous season. Mahmoud Fekri, who was sitting on the bench, showed an extraordinary performance in this season and by hiring veteran players who were mainly from Khuzestan completed what had remained incomplete in the previous years. The key role played by Milad Meydavoudi should not be forgotten either. After years of experience, he joined his hometown's team and hired young players who fared well on the pitch to pave the way for the return of Naft Masjed Soleyman to Pro League.

Hope in Future

A major challenge petroleum industry sport teams, particularly football teams, are faced with is the ban on financial support for Pro League teams. It was experienced in recent years by Naft Tehran, Naft Abadan and even Naft Masjed Soleyman. The same anxiety persists for the future of Naft Masjed Soleyman. The National Iranian Oil Company (NIOC) is looking for solutions to provide support to Naft Masjed Soleyman in a bid to keep in Pro League and prevent its descent into the First League. All football fans hope their desired team would go to Pro League, expecting officials to overcome challenges. Such challenges grip football teams in Pro League and the only way to remove them would be sponsoring. Meantime, people of Khuzestan pin hope on good news for their representative in Iran's 18th Pro League matches.

Exclusive Interview

Naft Masjed Soleyman Head Coach:

My Players Realized Breakthrough

Naft Masjed Soleyman's head coach Mahmoud Fekri was definitely instrumental in the recent success of the team. He was not experienced in serving as head coach, but his remarkable performance pushed the team to Pro League and brought smile to people's face in the city. He is happy to have recorded such honor; however, his conditions are not stable and he may fail to reach agreement with the club managers for the future season. Here is an interview with Mahmoud Fekri.

You left a season behind with ups and downs, but the end was filled with happiness.

First and foremost I am thankful to God for having empowered me to promote [Naft Masjed Soleyman] to Pro League and make people in Khuzestan and particularly in Masjed Soleyman happy. I am grateful to our fans who did not cease to support us under any circumstances. As you said we were facing ups and downs throughout the season, but we managed to reach Pro League. That could not have been achieved without the support of club managers, football fans and certainly footballers' efforts.

Your team experienced loss throughout the season and caused worries. What was the reason?

Periodical losses may happen to every team, but I hold a grudge against certain persons. Coincidentally they are involved in football, but they never hoped that Naft Masjed Soleyman would reach the Pro League stage and become champion. They sought to stonewall our efforts, but thanks to God, we succeeded. Our players showed to what extent they were fond of this team and they were not influenced by a negative campaign waged against us. Fortunately, I can now feel honored with my players who spared no effort and did their utmost.

Did you ever imagine at the start of season to see such success for Masjed Soleyman?

Our plan was to play for championship. We had made up the team for the purpose of achieving favorable results. Of course we did not show off. We went ahead in silence and thanks to God our plans were executed as we desired. We did a great job. If you look at the names of teams in the First League and their spending and then make a simple comparison you will realize the significance of what we did more accurately.

What are your plans for next season?

As a matter of fact nothing is clear yet. The Ministry of Petroleum is legally barred from sponsoring any team and any other sponsor will have to pay fully for the team costs. It is very difficult now because a minimum budget of IRR 100 billion is needed to cover team costs. The contracts signed with many footballers have expired and they need to be renewed for next season if the club has any intention of strong performance in Pro League.

Khorramabad,
Where History and Nature Meet

Khorramabad, the capital city of Lorestan Province, is the largest Lor-speaking city in Iran. Statistically speaking, it is the 23rd largest Iranian city.Monuments show that Khorramabad was one of strategic cities of Persia during the Sassanid period. Falak-ol-Aflak Castle dates from the Sassanid rule. Khorramabad was also an important city of the Hazaraspids and Al Hassanuyeh. Enjoying a mild weather, the city sees heavy rainfall during spring and summer. In addition to its fascinating nature, Khorramabad is home to numerous monuments, some of which are as follows:

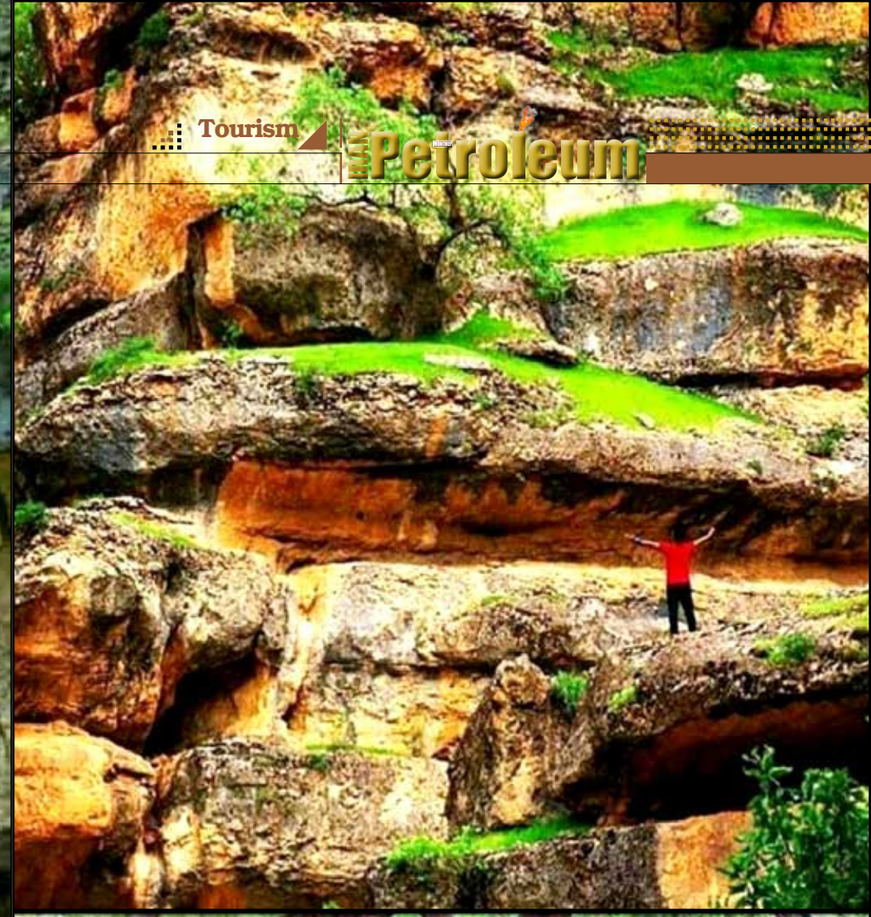
Falak-ol-Aflak Castle

Falak-ol-Aflak Castle is one of the most famous monuments in Khorramabad. Located on an ancient hill, it is estimated to have been built in the 3rd century AD when Shapour I of the Sassanid dynasty was in power. Standing on more than 5,300 square meters of built-up area, the castle has eight towers, 300 shelters and two floors built with such materials as stone, brick, clay, plaster and lime. Historical texts have also referred to Falak-ol-Aflak Castle as Shahpour Khast, Saber Khast, Dezbar and Khormabad.

Photo: Behrooz Moradi

Shirz Canyon

Shirz Canyon is a unique place to visit in Lorestan Province. It lies at the intersection of the provinces of Kermanshah, Ilam and Loretan. It is five kilometers long with a river snaking throughout it. This river joins Seymareh River at the entry of Shirz. Walls of 150m to 200m tall surround this canyon. Worn-out stones and rocks have created special landscapes in this zone.



Bisheh Waterfall

Bisheh Waterfall is most famous waterfall in Lorestan Province. It never dies up as it is sourced by the Zagros Mountains. The height of his beautiful waterfall is about 58 meters and is 20 meters wide. The water running through this waterfall flows into Sezar River.

Photo: Behrooz Moradi

Lorestan Gasoline Distribution at 1.2 ml/d

Distribution of fuel and petroleum products in Lorestan Province has always been a significant issue because of its location in the North-South Corridor. In this province, average daily consumption of gasoline is 1.2 million liters, which jump to 3.5 million liters during Persian Calendar New Year holidays. Payman Bahrami, director of the Lorestan zone of National Iranian Oil Products Distribution Company (NIOPDC), told Iran Petroleum that fuel distribution in Lorestan Province dated back to 1933.

There are seven distribution areas (Ali Goudarz, Azna, Boroujerd, Doroud, Markazi, Pol Dokhtar and Kuhdasht), 12 liquefied petroleum gas (LPG) facilities, three fuel storage facilities and an aviation fuel supply center in Lorestan Province to serve 11 counties.

The capacity of petroleum products storage in Lorestan Province stands at 230 million liters, said Bahrami. He added that 443 ml of gasoline, 536 ml of gasoil, 80 ml of kerosene and 6 ml of fuel oil were distributed in the province during last calendar year which ended on

March 20.

"The reason behind the decline in fuel oil distribution in this province was the expansion of gas supply. One of our plants which largely consume liquid fuel is Doroud cement plant. Thanks to increased gas production in southern Iran, fuel oil consumption in this plant has declined significantly," said Bahrami. He said that kerosene consumption had declined more than 14% year-on-year due to the extension of gas supply network to villages. At present, 74% of rural population in this province gas subscribers. Most industries there are also switching to natural gas. Gasoil is mainly used in development projects like dam construction, railroads and road building.

"Of the three petroleum products' storage facilities in Lorestan Province, the Khorramabad and Azna facilities are fed by pipes stretching from the south while the Boroujerd facility receives its fuel by tanker from Shazand oil refinery," said Bahrami. He added that the Lorestan zone of NIOPDC had supplied fuel to the provinces of Kermanshah, Kordestan, Hamedan and West Azarbaijan in the last calendar year. He said fuel distribution in Lorestan Province was handled by 80 filling stations, 50 CNG stations and 345 kerosene distribution stations. A total of 330 tankers are used for carrying oil products. Every day, more than 3.5 million liters of fuel is distributed across the province, including 150,000 to 200,000 liters a day of aviation fuel and 370,000 cubic meters of natural gas.

"Petrochemical infrastructure in this province and their proximity to downstream industries like polyethylene and butane, natural landscapes and tourism potentialities like Gahar Lake, numerous waterfalls, monuments, tax exemptions and proper ground for investment have created a favorable space for domestic and foreign investors," he said.

Call for Prequalification of Investors for

"Vapor Recovery Unit (VRU) for a Group of Oil Storage Tanks"

BOT Contract

Investee: National Iranian Oil Products Distribution Company (NIOPDC)

In a bid to reduce, carry, and transfer gasoline vapors, the National Iranian Oil Products Distribution Company (NIOPDC), hereinafter referred to as Investee, intends to build gasoline vapor gathering and recovery units for a group of oil tankers through Build-Operate-Transfer (BOT) mode of contract.

Purpose, Location and Duration of Project:

Financing, engineering studies, design, procurement, installation, commissioning, operation and maintenance of Vapor Recovery Units (VRU) along with procurement of loading levers to carry gasoline vapor into oil tankers in light of weather conditions of location of installation. The duration of implementation of project will be 12 months, return on investment (principal and interest) will take five years, and the maintenance period will be 10 years. Installation and Operation

Security Deposit:

The amount of security deposit required for the bidding round is IRR 5,720,000,000 for all the three oil storage tanks.

Project specifications:

Oil Storage Tanks, Group 1

Storage Facility Name	Initial Investment Estimate (IRR)	Gasoline Loaded Per Annum (Liters)
Tehran (Rey)	220,000,000,000	2,279,943,000
Qazvin		467,826,900
Qom		614,398,000

Contract Payments:

NIOPDC shall pay for recovery and delivery of gasoline per liter for the period of commercial operation (15 years) based on ratios agreed thereupon.

Investor(s)' Requirements:

- Sufficient financial capability for investment in this project (justified by prequalification documents)
- Enjoying appropriate organizational structure as well as proper managing and engineering capabilities to handle investment projects in energy sector
- Having experience in financing or attracting investment in other projects
- Winning the Investee's approval for the system and method of implementation in light of the importance of the project for compliance with environmental standards
- During the period of operation, the Investor is required to comply with the manufacturer's instructions in terms of maintenance and repair while the performance of the system must be kept within the standard limits.
- The Investor is required to provide adequate securities in favor of NIOPDC for the execution and operation of the project during contract period.

Deadline, Address for Submission of Identification Documents

Potential Investors may obtain Investors Prequalification Documents on www.monaghese.NIOPDC.ir or www.IETS.MPORG.ir within one week after the second publication of this call. Filled-out documents must be submitted in a signed and sealed envelope to e NIOPDC at KAHAB office, 12th floor, NIOPDC building, Corner of Shadab Street, North Iranshahr Street, Tehran, Iran, against receipt. Participants in this project can contact +98 (21) 84121294 and +98 (21) 84121472 for any further information.

Falak-ol-Aflak Castle
Photo: Behrouz Moradi