Energy Intelligence

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# INTERNATIONAL OIL DAILY®



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In Brief



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## Qatar Signs 27-Year LNG Supply Deal with Sinopec

QatarEnergy has entered a 27-year LNG supply deal with China's Sinopec, marking the longest gas supply agreement in the industry's history and also matching the duration of Qatar's equity partnerships for its major LNG capacity expansion.

Under the sale and purchase agreement (SPA), Qatar will supply China with 4 million tons per year of LNG from its North Field East (NFE) expansion project. The volumes will be delivered to Sinopec's receiving terminals in China.

Qatar is the world's number two LNG exporter so far this year, while China is the world's number two LNG importer, according to Kpler.

Qatar's LNG exports to China have hit 13.6 million tons in 2022, already shattering the previous high of 9.6 million tons in 2021, Kpler data shows.

As the world faces an LNG supply crunch coupled with price volatility, Qatar has been in ongoing talks with European and Asian customers to sign long-term supply deals.

**Stakes Sold**

The agreement with Sinopec is the first supply deal announced for NFE after QatarEnergy finalized equity partnerships for both phases of its giant LNG expansion — NFE and North Field South (NFS).

The final stake of the NFS expansion was awarded last month to ConocoPhillips (6.25%) following a round of awards that kicked off in June this year.

All the equity partnerships will last 27 years from the start of production, expiring in 2054.

The long-awaited lineup for both phases of the North Field LNG expansion was announced this year after many delays and went exclusively to western major companies.

Phase 1 of the expansion — the 32 million ton NFE project — was awarded to TotalEnergies (6.25%), Exxon Mobil (6.25%), Shell (6.25%), Eni (3.125%) and ConocoPhillips (3.125%).

Phase 2 — the 16 million ton NFS project — was awarded to TotalEnergies (9.375%), Shell (9.375%) and ConocoPhillips (6.25%). Total capacity from both phases of the expansion add up to 48 million tons/yr.

NFE and NFS are expected to come online in 2026 and 2027, respectively. It is worth noting the absence of Asian players, as there was an expectation that one or more Asian companies would be awarded a stake in the mega expansion. This makes the landmark supply agreement with Sinopec — which is not an equity investor in the North Field expansion — all the more interesting.

**Partnership with China**

Qatar has signed a number of supply deals with China including an agreement with Sinopec in March last year.

The earlier SPA is for 2 million tons/yr of LNG over 10 years, starting this year — a substantial increase from what Sinopec had sought in an initial tender in 2020 in which it had invited sellers to compete for a 10-year, 1 million ton/yr LNG contract.

Speaking at the signing ceremony, Qatar Energy Minister and QatarEnergy CEO Saad Al-Kaabi praised the partnership with China, saying the deal will further strengthen the emirate's relationship with China, helping it meet its growing energy needs.

He also hailed the partnership with Sinopec which he expects to "grow and expand into the 2050s."

**Yousra Samaha, Dubai**

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# COP27 Ends With Patchy Deal, Divisions

The COP27 climate conference in Egypt ended on Sunday with a deal that made progress on compensation for developing countries, but failed to make significant advances in other areas.

The agreement — which disappointed European and other advocates of stronger action — became bogged down over the weekend in wrangling over a tightening of the language from last year's conference in Glasgow, particularly over fossil fuels. The summit's biggest legacy will likely be the creation of a landmark "loss and damage" fund to provide financial compensation to countries hit by adverse impacts from climate change.

The issue was not even on the original agenda going into the talks, and earlier in the week, sources had not expected anything to come of it until 2023-24. The breakthrough came when the EU warmed up to the concept.

Amid lengthy haggling that sent Saturday's negotiations into Sunday morning, negotiators ultimately omitted several items that would have sent a stronger signal on tackling climate change. That included stronger language on limiting global warming to 1.5°C and on "phasing down" all fossil fuels.

Europe, in particular, had pushed for these in return for its concession on loss and damage. But proposals to expand last year's language on phasing down coal use to all fossil fuels were resisted by large oil and gas producers. The text ended up using identical wording to Glasgow's COP26 conference.

German Foreign Minister Annalena Baerbock, a member of the Green Party, said it was "more than frustrating to see overdue steps on mitigation and the phaseout of fossil energies being stonewalled by a number of large emitters and oil producers." However, Carbon Tracker founder Mark Campanale noted that proposed tougher language saw "greater support than ever before, sending an unequivocal message to investors."

UK climate negotiator Alok Sharma expressed strong disappointment with the overall agreement in closing remarks. "Emissions peaking before 2025 as the science tells us to do? Not in this text. Clear follow-through on the phase-down of coal? Not in this text. A clear commitment to phase out fossil fuels? Not in this text," he said "The pulse of 1.5°C was weak, and unfortunately it remains on life support."

A new clause on energy was also amended at the last moment to add "low-emission" energy to renewables as a pathway to reducing $CO_2$ emissions, a move interpreted as creating space for lower-carbon oil and gas, as advocated by Mideast Gulf producers.

Sharma, who led the COP26 summit, complained that the energy text was "weakened in the final minutes."

**Highlights of the Deal**

Select takeaways from the agreement:

• A "loss and damage" fund was created. This will focus on developing countries that are "particularly vulnerable to the adverse effects of climate change" — addressing concerns by some parties that a vaguer focus on "developing countries" could have been interpreted loosely. The EU attempted to include wealthier developing nations such as China and Saudi Arabia as funders, but these were limited to voluntary contributions. A committee will work on details of the fund and report to next year's COP28 meeting in the United Arab Emirates (UAE).

• Wording on fossil fuels was limited to "accelerating efforts towards the phase-down of unabated coal power and phaseout of inefficient fossil fuel subsidies." This did not include a commitment to reduce consumption of oil and gas as some had advocated, but it withstood proposals to water down the language on subsidies.

• A new section on low-carbon energy was added. It states that "the unprecedented global energy crisis underlines the urgency to rapidly transform energy systems" and calls for "accelerating clean and just transitions to renewable energy during this critical decade of action." The final text stressed "the importance of enhancing a clean energy mix, including low-emission and renewable energy, at all levels as part of diversifying energy mixes and systems, in line with national circumstances."

• Language to advance carbon markets and help ensure validation and legitimacy of credits was agreed under Article 6 of the Paris Agreement, which allows for countries to work together to achieve emissions goals.

• A section on climate finance urged financial institutions like multilateral development banks to "scale up funding" and "ensure simplified access" to climate finance.

• Although high-ambition players like the EU had urged a clear and strong call to limit global warming to 1.5ºC, the final wording was more of an acknowledgement than a call to action. It "reiterates that the impacts of climate change will be much lower at the temperature increase of 1.5ºC compared with 2ºC" and "resolves to pursue further efforts to limit the temperature increase to 1.5ºC."

**Different Agendas**

Despite a lackluster formal concluding agreement, dialogue over the two-week event suggested that the low-carbon transition continues to advance despite pressures resulting from the energy crisis.

Conversations indicated that policymakers and many companies have deepened and accelerated long-term planning, and that issues of energy security and price volatility raised by the crisis are reinforcing calls to step up investment in low-carbon energy.

Multiple hydrogen deals were announced at COP — despite some skepticism about its role in the future energy mix — alongside a series of other clean energy deals. A number of countries also emphasized carbon capture technology as a driver.

The formal agreement indicated that relations between developed and developing countries on climate change have taken some steps forward, but that significant differences remain between producers and consumers. The summit started off on a positive note, with multiple producers emphasizing their climate credentials, but tensions came to the fore in the final stage of agreeing a text.

Oil and gas producers found themselves on the backfoot at last year's COP26 conference and had positioned themselves for a more central role at this event, helped by its location in Egypt. Gulf producers rolled out climate change initiatives while insisting on a role for cleaner hydrocarbons, arguing that the energy crisis shows that fossil fuels cannot be phased out too quickly.

In the final negotiations, Saudi Arabia and Russia reportedly opposed attempts to expand the final communique from phasing down coal to include unabated oil and gas (production without carbon capture). Other producers such as Canada had previously expressed opposition to this too.

Key consumer India originally proposed the expansion and the EU threw itself behind the idea. "We support the phase-down of fossil fuels, if it is on top of [what we agreed in Glasgow], not as an alternative to what we agreed in Glasgow," EU Climate Action Commissioner Frans Timmermans told Energy Intelligence.

The US also supported the failed proposal, alongside Colombia, Australia and others, according to reports.

Still, veteran COP attendees noted that the conference was more inclusive than earlier summits, which were marked by anti-industry rhetoric and a stronger activist presence. The UAE has promised a similar "big-tent" approach at COP28 next year.

China aligned itself with the statements of the G77 group of developing countries during the talks, but was otherwise noticeably quiet, especially compared with India's vocal presence. An agreement between the US and China to resume talks on important issues, including climate change, was considered a breakthrough.

**Carbon Markets Boost**

The new language to boost carbon markets received fairly widespread support, and could be significant for companies seeking access to carbon offsets as a way to meet emissions targets.

In closing remarks, a spokeswoman for the Umbrella negotiating group — which includes the US — applauded the progress, arguing that cooperative carbon trading can "unlock emissions reductions beyond what countries can do on their own."

COP27 also saw a landmark agreement between Switzerland and Ghana under Article 6 of the Paris Agreement for the purchase of carbon credits underpinned by a major sustainable rice project in the West African country.

Next year's COP28 in the UAE will be a "stocktaking" conference, where progress toward the Paris climate goals will be in focus. This could dial up pressure on policymakers to take stronger action, observers say.

**Lauren Craft, Washington and Ronan Kavanagh, London and Rafiq Latta, Nicosia**

# Producers Shape COP27 Outcome, Set Stage for UAE

The COP27 climate conference's concluding agreement was seen as a success by Mideast and African oil and gas producers, who blocked efforts to expand a commitment to reduce consumption of coal to oil and gas, and got "low-emission" energy inserted as a pathway for curbing greenhouse gases alongside renewables.

The COP process requires agreements to be supported by all participating nations, creating ample opportunity for countries to thwart or weaken attempts to tighten global climate ambitions.

Going into the summit, Mideast Gulf producers were keen to take a more central role — after feeling largely excluded from last year's COP26 gathering in Glasgow — and to try to shift the focus toward emissions rather than fossil fuels.

They viewed the location of this year's COP in Egypt, and next year's COP28 in the United Arab Emirates, as an opportunity to emphasize the potential for lower-carbon fossil fuels alongside investment in renewables.

The wording on fossil fuels in the final communique, thrashed out over the weekend, was limited to a "phasedown of unabated coal power and phase-out of inefficient fossil fuel subsidies."

It made no mention of oil and gas, as a number of participants — including the EU and last year's host the UK — had advocated. But it also withstood proposals to water down the language on subsidies.

The agreement included a new energy section which stated that the Ukraine crisis should not be allowed to slow progress on decarbonization. The wording was amended to include "low-emission" as well as renewable energy.

"The inclusion in the final text of 'low-emission' energy can be seen as a win for natural gas development in Africa," NJ Ayuk, who heads the African Energy Chamber, told Energy Intelligence.

"Egypt really put the focus on decarbonization," noted a former Tunisian energy minister who attended the conference.

Some Mideast countries privately bristle at the single-minded focus on renewables of some EU and US officials at the UN climate talks. They say this does not address the question of energy affordability.

For some delegates, however, the Ukraine crisis has reinforced the importance of a transition to renewables, with attendees citing elevated security of supply and price volatility concerns around fossil fuels.

While not denying the need for a low-carbon energy transition, the Gulf producers also wanted to stress that they are uniquely placed to develop the cleaner oil and gas they say will be needed to meet the world's future energy requirements.

"The UAE's oil and gas are among the least carbon-intensive in the world. We will continue to reduce emissions in this vital sector," UAE President Sheikh Mohammed bin Zayed al-Nahyan told delegates at the start of the conference.

**Sympathetic Venue**

Perhaps most important was the fact that this year's conference — hosted by Egypt, a fellow producer and strong regional ally — offered the Gulf producers a far better venue for pushing their message, publicizing their strategies for achieving net-zero emissions, and influencing the concluding agreement.

However, the outcome also sets the stage for a more intense debate in the UAE next year, testing the host's ability to navigate an outcome that satisfies both oil producers and those seeking a faster transition.

"Geopolitical issues gave the oil and gas industry a break for now, but there is no doubt that there's a big push to phase down all kinds of fossil fuels. There is going to be even more of a battle on this going into COP28 in the UAE," said the African Energy Chamber's Ayuk.

Some observers are already starting to wonder if the host nation will try to negotiate a compromise, allow differences to stall agreement again, or side with other oil producers such as Saudi Arabia and Russia.

COP28 will also be a more important event than this year's conference, as a "stocktaking" meeting of countries' progress on reducing their emissions — creating more pressure on the UAE to facilitate a successful outcome.

Responding to criticism of Egypt's handling of this year's conference, the UN has said it will aim to make next year's event more streamlined and effective.

**Simon Martelli, London and Amena Bakr, Dubai**

# Idemitsu Plans Further Cuts in Refining Capacity

Japan's second-largest refiner Idemitsu Kosan is eyeing a big reduction in its refining capacity by 2030 and will also expand output of low-carbon fuels in the coming years.

Its refining capacity could fall by 300,000 barrels per day by the end of this decade from the current level of 950,000 b/d.

The company says it also plans to invest in the production of ammonia, hydrogen and sustainable aviation fuel (SAF).

Idemitsu is targeting a 46% reduction in its Scope 1 and 2 carbon emissions by 2030 (versus a base year of 2013) as an interim step toward carbon neutrality by 2050.

For the next three fiscal years starting Apr. 1, 2023, the company has allocated 190 billion yen ($1 billion) for SAF and ammonia production facilities in Japan and an expansion of wood pellet production overseas.

Idemitsu had previously announced plans to acquire complete ownership of its Seibu Oil affiliate and close down its 120,000 b/d Yamaguchi refinery by March 2024.

Under its business plan for the next three fiscal years, Idemitsu said it will adjust its refining capacity to bring it into line with Japanese demand for petroleum products, which is expected to fall 20% from current levels by 2030.

The company said it is considering a further reduction of 180,000 b/d in its refining capacity which would reduce its total capacity to 650,000 b/d by 2030.

**Hydrogen, Ammonia and SAF**

Idemitsu plans to make green hydrogen and synthetic fuels at its Hokkaido refinery.

It also plans to establish hydrogen supply chains in the Kanto and Chubu regions — where it operates four refineries — to take advantage of demand from chemical plants, iron mills and power plants.

An ammonia supply chain is planned in the Chugoku region — home to the company's Tokuyama refinery — to meet demand from power plants. Production of SAF, biodiesel and biochemicals is planned in the Kanto, Chubu and Chugoku regions.

Idemitsu plans to start SAF production from a small facility at its Chiba refinery from 2026, targeting output of 500,000 kiloliters per year (8,600 b/d) by 2030.

The company plans to procure bioethanol to make SAF with the ethanol dehydration method and then blend it with conventional jet fuel.

Outside Japan, Idemitsu is building its first commercial plant for the production of wood pellets, which can be burned with coal in power plants or used to replace coal.

The plant at Binh Dinh province in Vietnam has a capacity of 120,000 tons per year. Idemitsu also plans to build similar plants in Malaysia and Indonesia, with the goal of raising production capacity to 3 million tons/yr by 2030.

**Clara Tan, Singapore**

# UAE Increases Exports to China Faster Than Russia

China has continued to import high volumes of Russian crude, with official inflows up significantly so far this year from the same period of last year.

But China's October imports of crude from the United Arab Emirates (UAE) hit their highest level in nearly a year, with volumes for the year to date rising at an even faster clip than those from Russia.

China's total crude imports from all countries rose by 367,000 barrels per day versus September to 10.2 million b/d in October — their highest level in five months.

Chinese refiners' appetite for crude has been robust over the last two months. Their September crude runs surged by 1.2 million b/d from August and they held more or less steady in October, dipping by just 20,000 b/d to 13.86 million b/d.

However, November crude flows into the country appear to be outpacing refineries' demand for feedstock, with more crude flowing into inventories than has been withdrawn from stocks for processing.

Refiners' crude runs therefore might not grow much in November, if at all.

**Russian Imports Stay High**

China landed 1.82 million b/d of Russian crude in October, up just 1,000 b/d from September. But compared to October 2021, imports spiked by 253,000 b/d.

Over the first 10 months of this year China imported an average of 1.74 million b/d of Russian crude, which was 151,000 b/d higher than in the same period of last year.

In a sign that at least some Chinese refiners are shrugging off the G7/EU restrictions that kick in on Dec.5, Chinese players dominated the buying of spot cargoes of Russia's East Siberia-Pacific Ocean (Espo) crude to be loaded in December.

Espo spot price differentials even rose considerably from the previous month, at least for cargoes sold to independent refiners.

**UAE Crude Imports Surge**

Chinese imports of crude from the UAE also surged by 569,000 b/d from September's unusually low volumes to hit 997,000 b/d in October — their highest level since November of 2021.

That increase is likely to have been driven by Abu Dhabi crude, which dominates exports of Emirati crude.

Among Abu Dhabi grades, medium sour Upper Zakum crude is the closest to the kind of medium and heavy grades popular among many of China's more sophisticated refineries.

A significant increase in Upper Zakum production capacity last year could be one of the reasons for China's higher imports of UAE crude this year.

Upper Zakum's production capacity was raised from 750,000 b/d to 1 million b/d late last year.

China imported an average of 790,000 b/d of UAE crude in the first 10 months of this year, an increase of 217,000 b/d versus the same period of last year.

## CHINA'S MAJOR CRUDE SUPPLIERS

| ('000 b/d) | Oct '22 | Sep '22 | Vol.Chg. | Oct '21 | Vol.Chg. | Jan-Oct '22 |
|---|---|---|---|---|---|---|
| Saudi Arabia | 1,874 | 1,840 | 34 | 1,677 | 197 | 1,779 |
| Russia | 1,824 | 1,823 | 1 | 1,571 | 253 | 1,735 |
| Iraq | 1,159 | 1,259 | -100 | 1,090 | 69 | 1,079 |
| UAE | 997 | 427 | 569 | 479 | 518 | 790 |
| Malaysia | 833 | 991 | -157 | 419 | 415 | 612 |
| Kuwait | 713 | 579 | 134 | 566 | 147 | 669 |
| Oman | 712 | 804 | -92 | 811 | -99 | 792 |
| Angola | 478 | 488 | -10 | 718 | -240 | 615 |
| Brazil | 354 | 460 | -107 | 359 | -5 | 412 |
| Qatar | 200 | 65 | 135 | 126 | 74 | 158 |
| Others | 1,055 | 1,095 | -40 | 1,121 | -66 | 1,331 |
| **Total** | **10,200** | **9,832** | **367** | **8,937** | **1,262** | **9,972** |

Energy Intelligence calculations of data from China's General Administration of Customs. Figures have been rounded.

**Freddie Yap, Singapore**

# Election in Kazakhstan Seen Preserving Status Quo

Western investors in Kazakhstan are breathing a sigh of relief after President Kassym-Zhomart Tokayev secured another seven years in office after winning snap elections with slightly more than 80% of the vote, according to preliminary results.

Tokayev's victory, while widely predicted, comes at a critical time as the former Soviet republic looks to loosen ties with its northern neighbor Russia and develop closer relations with Europe and China.

It is keen to reduce its dependence on Russian oil export infrastructure and in particular its dependence on the Caspian Pipeline Consortium (CPC) pipeline and marine terminal, which have been plagued by a series of disruptions this year.

The International Energy Agency (IEA) estimates that Kazakhstan's production of crude oil and condensate has recently been running at around 2 million barrels per day, picking up from 1.62 million b/d in October.

The presidential election was also held shortly before the long-awaited initial public offering of shares in national oil company Kazmunaigas.

Tokayev — a former foreign minister and prime minister who succeeded his long-serving predecessor Nursultan Nazarbayev in 2019 — called early elections in September to consolidate his power and push through political and economic reforms.

Earlier in the year, Kazakhstan's parliament approved changes to the constitution that lengthened the president's term from five to seven years, but barred incumbents from seeking re-election.

**Status Quo Preserved**

Western business people in Kazakhstan seek Tokayev offering continuity and stability, and do not expect him to try to renegotiate long-term contracts or interfere with the operations of international oil majors, such as Chevron, Shell, Eni or Exxon Mobil.

"This was no surprise at all. Everyone knew he would be re-elected," said a veteran oil executive in Kazakhstan.

"Tokayev won't do anything too dramatic. He will let the oil companies operate as before and try to persuade them to invest more money in renewables. He knows how important they are to the Kazakh economy."

Kazakhstan hopes to increase oil output beyond the 2 million b/d mark in the next two years via expansion of the giant Tengiz onshore field, which is operated by Chevron and currently produces some 650,000 b/d.

If all goes to plan, Tengiz will be producing an additional 240,000 b/d from 2024, when the project is due for completion. Chevron holds a 50% stake in the Tengizchevroil joint venture, alongside Exxon (25%), Kazmunaigas (20%) and Russia's Lukoil 5%.

Another giant oilfield that is set to increase output in the coming years is Kashagan, which currently produces around 400,000 b/d of crude and is being developed by a seven-member consortium known as the North Caspian Operating Co.

The consortium — whose members include Exxon, Shell, Eni and TotalEnergies — plans to increase production towards the 500,000 b/d mark in the coming years by debottlenecking existing facilities and increasing the reinjection of gas.

**Renewable Energy**

Tokayev is also putting greater emphasis on renewable energy, in line with Kazakhstan's commitment to achieve net zero emissions by 2060.

Although renewables still make up a tiny portion of the country's overall energy mix, several wind and solar projects are under development, with Eni and Total among the investors involved.

Looking further ahead, Kazakhstan wants to become a regional hub for production of green hydrogen.

Swedish-German firm Svevind Energy signed an agreement with the government last month to build a big new green hydrogen complex in Kazakhstan's western region of Mangistau.

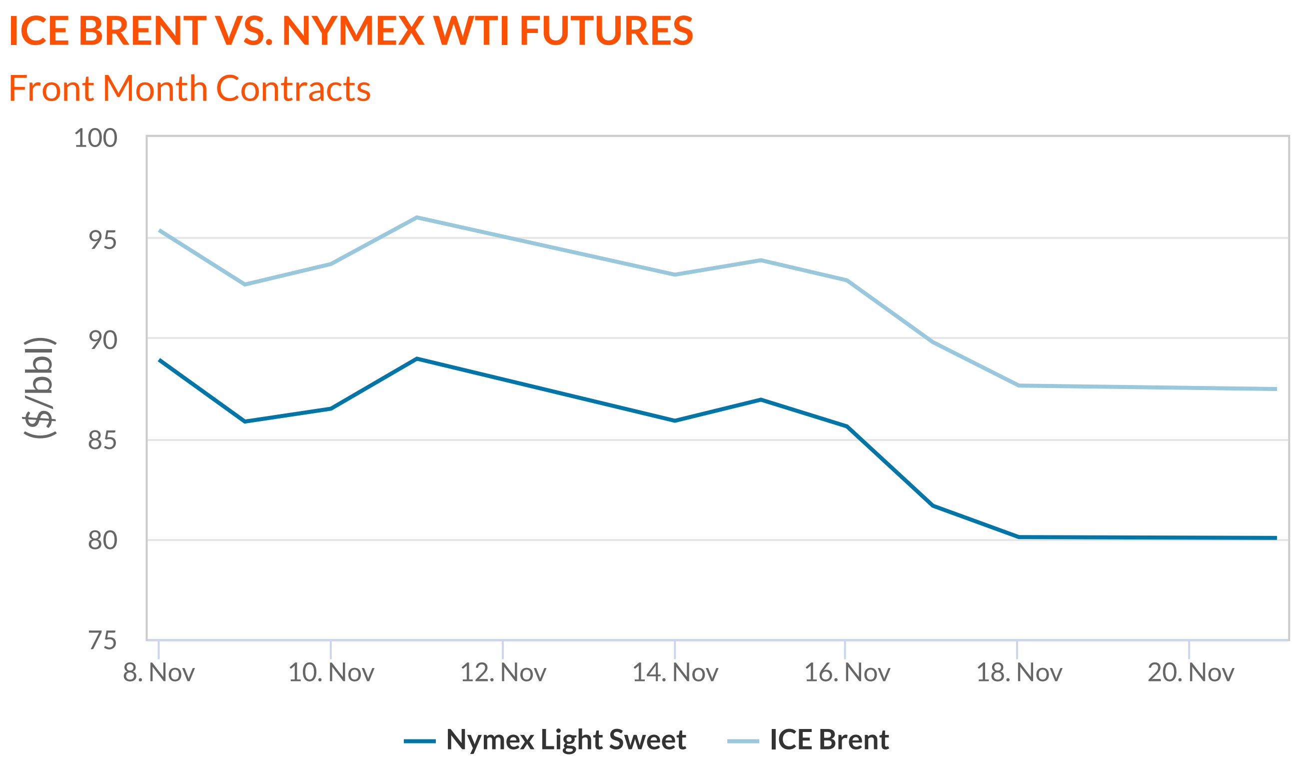
**Paul Sampson, London**

# Oil Futures Recover After Saudis Deny Supply Increase

Crude futures closed slightly down on Monday, reversing heavy early-session selling after Saudi Arabia shot down a rumor that Opec and its allies would boost supply.

In London, Brent crude for January delivery settled 17¢ lower at $87.45 per barrel after trading as low as $82.31/bbl earlier in the session.

In New York, December West Texas Intermediate (WTI) expired down 35¢ at $79.73/bbl, while the more heavily traded January contract finished down 7¢ at $80.04/bbl.




**Opec Whiplash**

A report from the *Wall Street Journal* that Saudi Arabia and some other members of the Opec-plus coalition were mulling a production hike of 500,000 barrels per day spooked the oil market in early trading, prompting a wave of selling.

However, Saudi Arabian energy minister Prince Abdulaziz bin Salman denied the report midway through official trading hours and said that the coalition's 2 million b/d production cut will remain in effect through next year.

The market quickly backtracked from the morning's losses, although indications of overall softness remain. Backwardation in both Brent and WTI is ebbing, with the front months' premiums to later dated contracts narrowing. In addition, dated Brent's premium to the derivative futures contract on London's Intercontinental Exchange (ICE) is less than $1.

**China Concerns**

The Covid-19 pandemic is not over, as rising caseloads in China and three recent Covid-19 deaths in the country attest. In Beijing, health officials say the situation is "its most complex and severe" since the pandemic began.

Strict quarantine protocols in densely populated areas weigh on oil demand from the perspective of both travel and industry.

"This Covid wave is troubling as it nears some of the more populous districts and that is forcing Beijing to tighten its rules. … It seems the zero-Covid policy is not going away anytime soon and that will definitely weigh on global growth," said Edward Moya of Oanda. He added that as risk appetite flees the market, traders are bidding up safe haven assets such as the US dollar.

**Greenback Gains**

The US dollar was up sharply against a basket of other currencies Monday morning, a dynamic analysts say tends to weigh on demand as it renders crude, which is priced in dollars, more expensive.

Adding to the dollar's strength is a sense that "[interest] rate increases are not yet pausing in the US," said Fawad Razaqzada of StoneX. "Among the [Federal Reserve] officials who spoke last week, their message has all been similar — i.e., that their fight against inflation continues and more rate increases are on the way."

**Frans Koster, New York**

# IN BRIEF

## Mideast Refinery Projects Delayed

Timelines for two long-delayed Mideast Gulf refinery projects have slipped again.

In Oman the 230,000 barrel per day Duqm refinery — which had been expected to start up at the end of the first quarter of 2023 — is now targeting a late 2023 start.

Duqm — a joint venture between Oman's OQ and Kuwait Petroleum International (KPI) is 95% complete — KPI CEO Shafi al-Ajmi told Kuwait's Kuna news agency.

In Bahrain the expansion of the 270,000 b/d Bahrain Petroleum Co (Bapco) refinery to 380,000 b/d will not be completed in time for it to start up by the end of this year as previously targeted, according to a Bahraini official.

The official told Energy Intelligence at the recent COP27 conference in Egypt that this was attributable to Covid-19-related delays.

On a more positive note, Kuwait has announced the loading of a first export shipment — a naphtha cargo bound for China — at its new 615,000 b/d al-Zour refinery, which recently started commercial operations.

And the first shipments from Iraq's new 140,000 b/d Karbala refinery are expected during the first quarter of 2023.

**Rafiq Latta, Nicosia**

## Russian Pipeline Blast Looks Like Accident

Russia is investigating a big explosion on Nov. 19 at a gas pipeline near the city of St. Petersburg, but it appears to have been accidental rather than an act of sabotage linked to the war in Ukraine.

The blast damaged a trunk pipeline about 20 kilometers from the center of Russia's second biggest city, causing a fire that was visible for miles.

Despite some speculation in foreign news media that it might be related to the war in Ukraine, it seems more likely that the explosion was caused by an undetected problem with the pipeline, possibly involving a breach of safety regulations.

Such incidents are not uncommon in Russia. There have been almost 50 cases of leaks, damage and explosions at pipelines in the country over the past three years.

As of the end of 2020, Gazprom operated gas pipelines with a combined length of 176,800 km. Of this total 117,900 km was built 30 or more years ago, including 55,100 km built 40 or more years ago.

A leak in the Tatarstan region region last year released 2.7 million cubic meters of gas — reportedly the world's largest methane leak in almost two years.

**Staff Reports**

# DATA SNAPSHOT

## Oil and Gas Prices, Nov. 21, 2022

All data are produced by Energy Intelligence in cooperation with Refinitiv.

## CRUDE OIL FUTURES

| ($/bbl) | Chg. | 1st Mth. | 2nd Mth. |
|---|---|---|---|
| ICE Brent | -0.17 | 87.45 | 87.09 |
| Nymex Light Sweet | -0.04 | 80.04 | 79.91 |
| DME Oman | -0.09 | 81.88 | 81.53 |
| ICE Murban | -0.47 | 86.31 | 84.78 |

## INTERNATIONAL SPOT CRUDES

| ($/bbl) | Chg. | Price | Prior Close |
|---|---|---|---|
| Brent (Dated) | -0.48 | 88.44 | 88.92 |
| Dubai | -3.15 | 81.20 | 84.35 |
| Forties | -5.72 | 84.30 | 90.02 |
| Bonny Light | -5.07 | 85.43 | 90.50 |
| Urals | -5.07 | 65.05 | 70.12 |
| Opec Basket* | | | 87.65 |

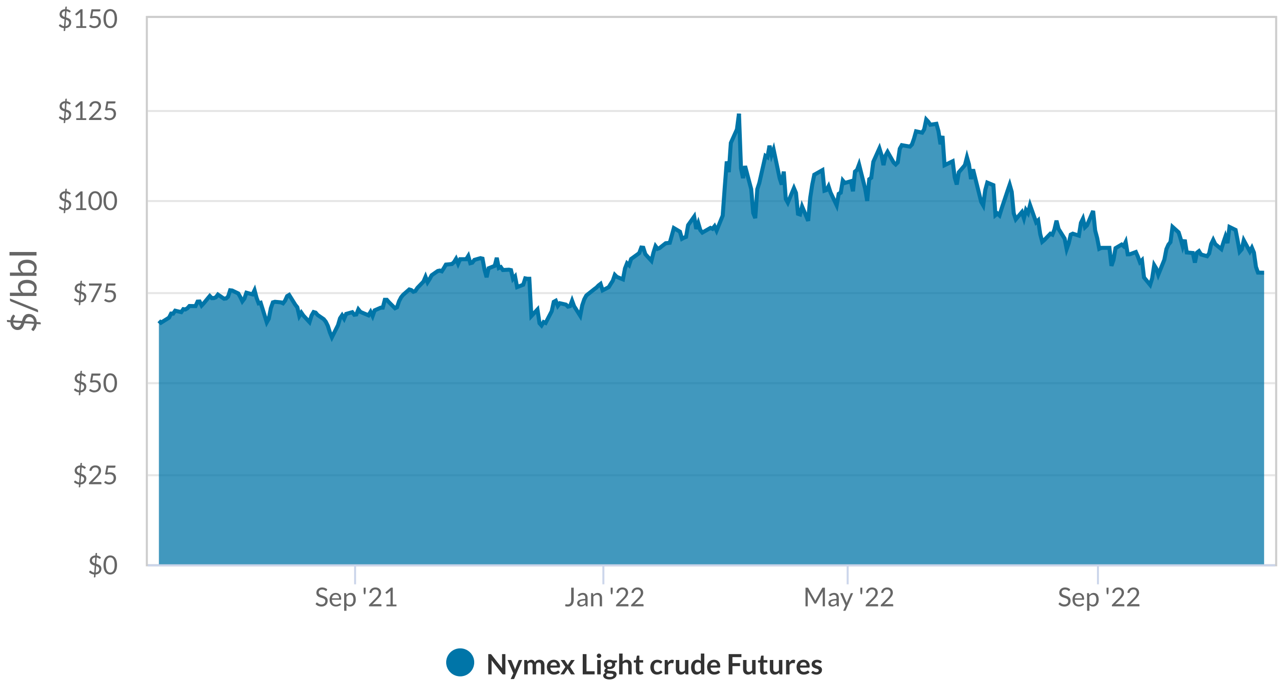
*Opec price assessed.

## NORTH AMERICAN SPOT CRUDES

| ($/bbl) | Chg. | Price | Prior Close |
|---|---|---|---|
| WTI (Cushing) | -0.33 | 79.74 | 80.07 |
| WTS (Midland) | -1.68 | 77.89 | 79.57 |
| LLS | -2.83 | 84.74 | 87.57 |
| Mars | -2.33 | 74.74 | 77.07 |
| Bakken | -0.33 | 84.54 | 84.87 |

## ICE BRENT CRUDE FUTURES

## NYMEX LIGHT CRUDE FUTURES

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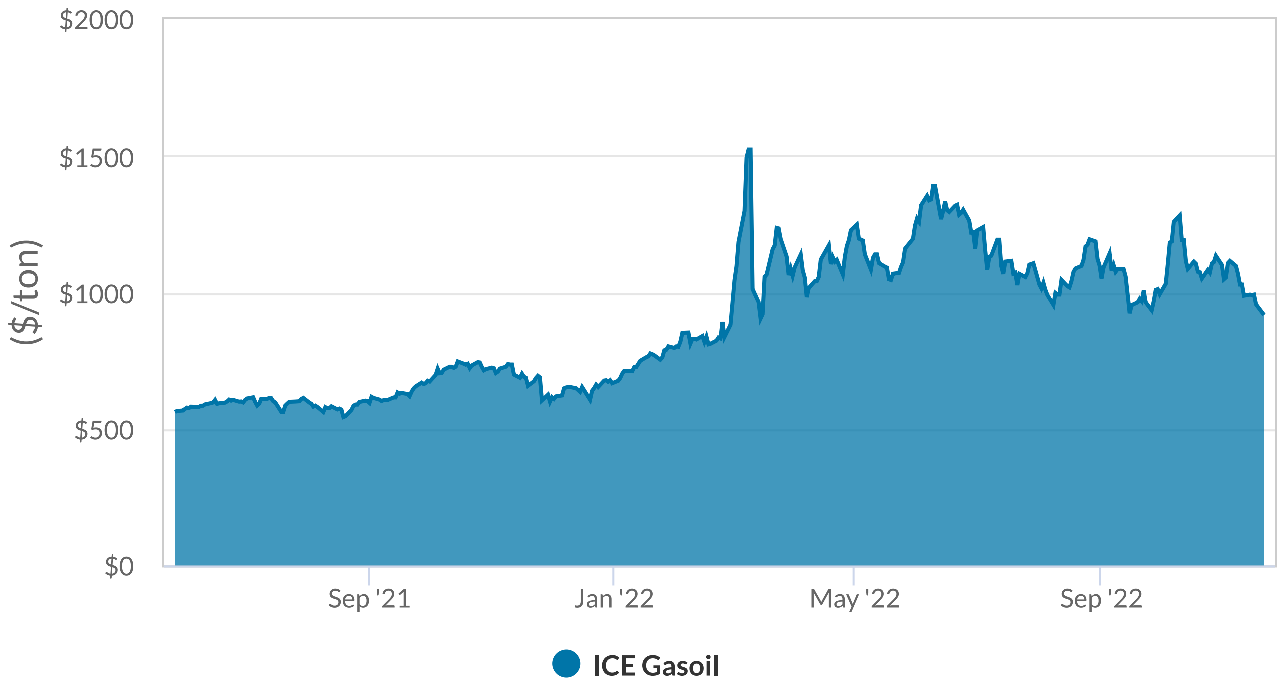
## REFINED PRODUCT FUTURES

| Nymex | Chg. | 1st Mth. | 2nd Mth. |
|---|---|---|---|
| Gasoline (¢/gal) | +1.63 | 243.71 | 236.46 |
| ULSD Diesel (¢/gal) | -2.08 | 349.73 | 337.87 |
| **ICE** | | | |
| Gasoil ($/ton) | -29.25 | 916.75 | 903.75 |
| Gasoil (¢/gal) | -9.34 | 292.59 | 288.44 |

## ICE GASOIL FUTURES



## NYMEX GASOLINE FUTURES


## US SPOT REFINED PRODUCTS

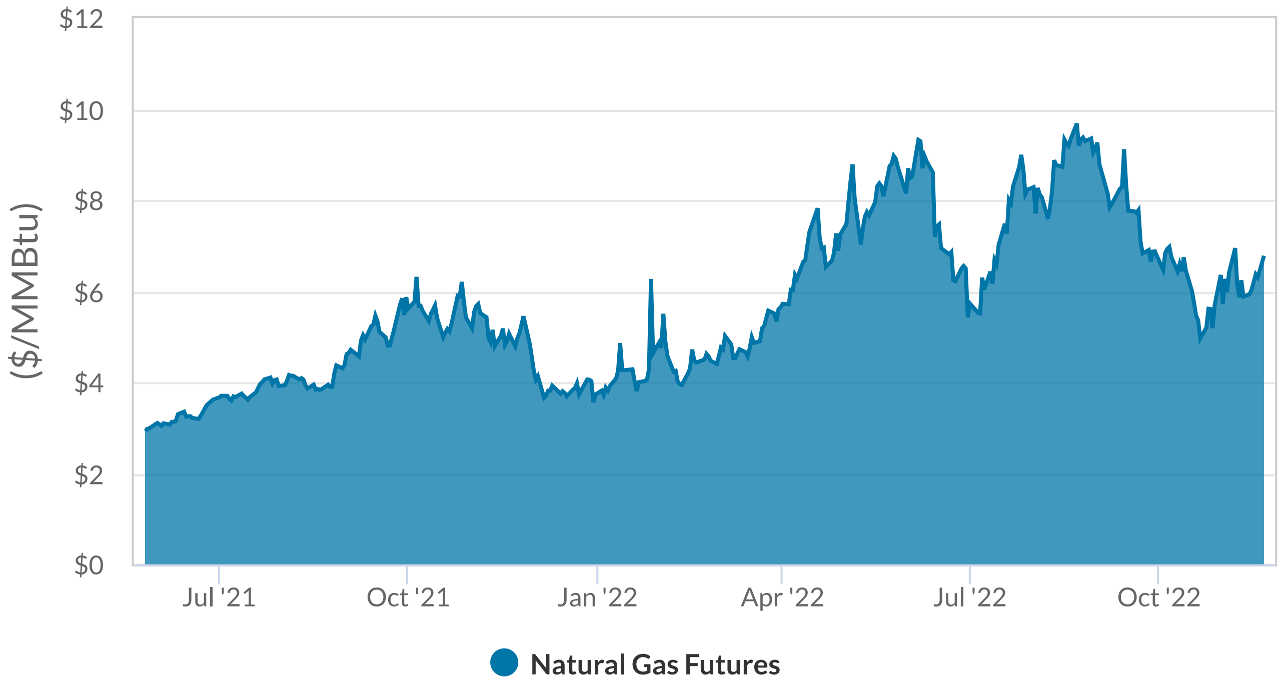
| New York (¢/gal) | Chg. | Price | Prior Close |
|---|---|---|---|
| Regular Gasoline | +2.05 | 271.23 | 269.18 |
| No.2 Heating Oil | -23.51 | 336.48 | 359.99 |
| No.2 ULSD Diesel | -23.76 | 357.98 | 381.74 |
| No.6 Oil 0.3% * | | | 87.93 |
| No.6 Oil 1% * | | | 76.99 |
| No.6 Oil 3% * | | | 65.29 |
| **Gulf Coast (¢/gal)** | | | |
| Regular Gasoline | | | 222.43 |
| No.2 ULSD Diesel | -3.01 | 319.23 | 322.24 |
| No.6 Oil 0.7% * | | | 75.09 |
| No.6 Oil 1% * | | | 75.09 |
| No.6 Oil 3% * | | | 60.84 |

*Price in $/bbl. Percentages refer to sulfur content.

## INTERNATIONAL SPOT REFINED PRODUCTS

| Rotterdam ($/ton) | Chg. | Price | Prior Close |
|---|---|---|---|
| Regular Gasoline | -53.00 | 748.00 | 801.00 |
| ULSD Diesel | -14.00 | 973.50 | 987.50 |
| **Singapore ($/bbl)** | | | |
| Gasoil | -3.14 | 112.66 | 115.80 |
| Jet/Kerosene | -2.03 | 117.03 | 119.06 |
| VLSFO Fuel Oil ($/ton) | -3.86 | 600.17 | 604.03 |
| HSFO Fuel Oil 180 ($/ton) | -9.14 | 397.89 | 407.03 |

## NYMEX NATURAL GAS FUTURES

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## NATURAL GAS PRICES

| ($/MMBtu) | Chg. | Price |
|---|---|---|
| Henry Hub, Nymex | +0.47 | 6.78 |
| Henry Hub, Spot | +0.17 | 6.25 |
| Transco Zone 6 - NY | -1.08 | 7.05 |
| Chicago Citygate | +0.21 | 6.19 |
| Rockies (Opal) | +0.85 | 8.85 |
| Southern Calif. Citygate | +0.85 | 9.45 |
| AECO Hub (Canada) | +0.51 | 5.13 |
| Dutch TTF (euro/MWh) | +13.20 | 113.20 |
| UK NBP Spot (p/th) | +7.50 | 111.50 |

US/Canada spot prices from Natural Gas Week

# Equity Markets, Nov. 21, 2022

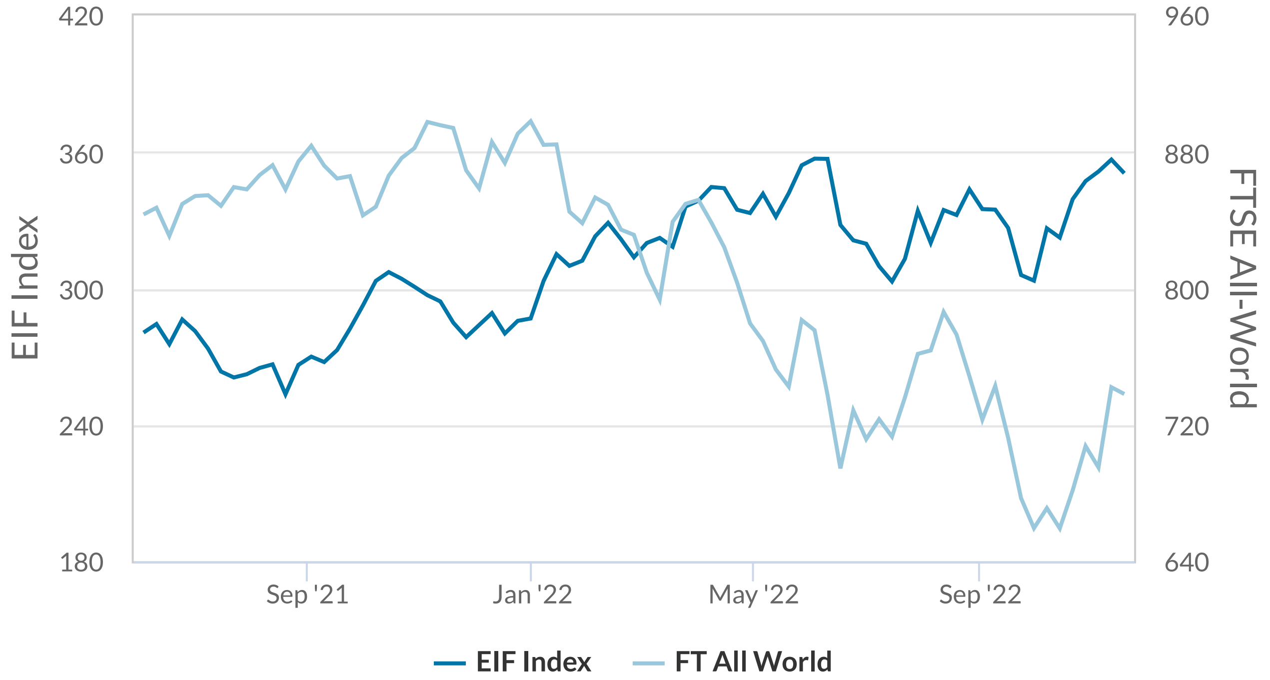
All data are produced by Energy Intelligence in cooperation with Reuters.

## EQUITY MARKET INDEXES

| | Chg. | Index | YTD %Chg. |
|---|---|---|---|
| EIF Global* | -2.45 | 350.61 | +22.26 |
| S&P 500 | -15.40 | 3,949.94 | -17.59 |
| FTSE All-World* | +4.57 | 738.11 | -18.10 |

*Index for previous day

## EIF INDEX




EIF Global Oil and Gas Index of 21 traded equities