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Japan's LNG Imports Reach a Record in First Half 2010 on Economic Rebound

Japan, the world's biggest importer of liquefied natural gas, boosted purchases of the fuel by about 9.5 percent to a record in the first half because of the global recovery, according to calculations based on official data.

Purchases of the cleaner-burning fuel rose to 34.68 million metric tons in the six months through June from 31.65 million tons a year earlier, according to data from the Ministry of Finance. Imports fell about 8.7 percent in the first half of 2009 from the previous year because of the global recession.Prices for delivered LNG fell 8.6 percent to 49,692 yen ($574) a ton in June from a month earlier, the first decline in a year, according to the data. That's equivalent to about $10.90 per million British thermal units, more than twice the price of U.S. benchmark gas futures at Henry Hub, according to Bloomberg data.Asian LNG imports may increase 8 percent this year after declining 3 percent in 2009 as the world recovers from the worst recession since World War II, Facts Global Energy said in a report in July.

Imports climbed in June by 9 percent to 5.6 million tons, according to the data. Prices rose 38 percent in the month from a year earlier on higher crude oil prices. Japan didn't buy spot cargoes from the Atlantic Ocean area in June while a year earlier it bought two from Equatorial Guinea.Crude oil futures in New York more than doubled in the 12 months to March 2010 to $83.76 a barrel. Oil for September delivery traded at $79.12 a barrel at 1:08 p.m. Singapore time. Natural gas for September traded at $4.979 per million British thermal units in New York. LNG is natural gas that's been chilled to liquid form, reducing it to one-six-hundredth of its original volume at minus 161 degrees Celsius (minus 259 Fahrenheit), for transportation by ship to destinations not connected by pipeline.

Exxon Mobil's earnings more than double

Rise in oil prices feeds profit at world's largest publicly traded oil company

NEW YORK - Exxon Mobil Corp. said Thursday its second quarter income nearly doubled to $7.56 billion as oil prices increased from last year.

It's Exxon's highest quarterly profit since the $7.82 billion earned in the last three months of 2008. Exxon set a record for quarterly earnings in the U.S. of $14.83 billion in the third quarter of 2008 after oil prices spiked to near $150 per barrel that summer. Oil prices dropped dramatically as the global recession took hold, and Exxon's profits followed, hitting a six-year low in the second quarter of 2009.The world's largest publicly traded oil company said earnings rose to $1.60 per share in this year's second quarter, from $3.95 billion, or 81 cents per share, in the year-ago period.Revenue increased 24 percent to $92.5 billion.Analysts had expected quarterly earnings of $1.46 per share on revenue of $98.5 billion. Unlike rivals BP PLC and Shell Oil, Exxon Mobil has a relatively small portion of its global business in the Gulf of Mexico, where BP's giant oil spill has halted deepwater exploration. Exxon earned the majority of its income from exploration and production operations in foreign waters, particularly in Africa, Asia and the Middle East. Exxon's results showed a jump in profits across its exploration and production, refining and chemicals businesses.

BP reported a quarterly loss of $17 billion, including a $32.2 billion charge for the spill, and Shell reported a $56 million charge from idling rigs in the Gulf, though its quarterly profits were up 15 percent to $4.39 billion.Shell and BP also want to cast off a variety of assets. Shell plans to sell $7-8 billion of assets next year, and BP said it would shed $30 billion of assets in the next 18 months.Despite its small footprint in the Gulf, Exxon is taking the lead in an industry effort to handle future oil spills in U.S. waters. It announced plans to build a $1 billion network of emergency responders that can fix offshore oil spills in water as deep as 10,000 feet.The Irving, Texas, oil company increased production of oil and natural gas by 8 percent as prices for each rose. The price of West Texas Intermediate crude oil, the industry benchmark, jumped 31 percent in the second quarter to a daily average of $78.16 per barrel. Natural gas prices rose 14 percent to an average of $4.35 per million Btu.During the period, Exxon completed the acquisition of natural gas producer XTO Energy. The deal, valued at $29 billion, immediately makes Exxon the largest natural gas company in the U.S.

President Stresses Iran's Capabilities in Oil Industry

TEHRAN (FNA)- Iranian President Mahmoud Ahmadinejad on Monday underlined the country's high technological and scientific capabilities in area of oil industries, saying that the country is now able to satiate its needs in the oil sector. Addressing senior Iranian oil officials and managers here in Tehran , Ahmadinejad pointed to the existence of external and internal factors that prevent oil producing countries from enjoying the benefits of their produced oil, and said, "We want to remove both internal and external factors because there is no part in the oil industry that we cannot produce inside the country."Ahmadinejad underscored that western resolutions against Iran have not left a negative impact on the country's oil industry and rather caused a move towards self-reliance and self-sufficiency.

He also reminded that a number of foreign companies and countries gain large revenues through the supply of the spare parts and equipments needed for the oil industry to the oil producing countries, and stressed, "We should produce all (oil industry) spare parts inside the country within the next three or four years."

The president further stated that nationalization of the oil industry which took place over 100 years ago in Iran has not yet ended because all the interests of the oil industry should be under Iranian control.

President Ahmadinejad further added that Iran's efforts to make progress in the oil and gas industries are aimed at restoring justice in the world's economic ties and relations.The remarks by the Iranian president came days after 27 EU member states adopted new sanctions targeting Iran's foreign trade, banking and energy sectors. They include a ban on dealing with Iranian banks and insurance companies, as well as steps to prevent investment in Tehran's oil and gas sector.In reply, Iran condemned the European Union's decision and said that the decision will harm the European companies because these companies cannot abide by the sanctions and will, thus, be isolated by their states.

Iran, which sits on the world's second largest reserves of both oil and gas, is facing US sanctions over its civilian nuclear program.Iranian officials have dismissed US sanctions as inefficient, saying that they are finding Asian partners instead. Tehran has also always stressed that western sanctions merely strengthen the Iranians' national resolve.

Nigeria Oil Reforms to Be Passed in 4-5 Weeks

Nigeria's parliament will pass wide-ranging legislation to reform its energy industry within weeks, redefining the OPEC member's relationship with its foreign oil partners, the oil minister said on Thursday.

Deziani Allison-Madueke told CNN she was confident the Petroleum Industry Bill (PIB), repeatedly delayed by revisions and disagreement, would be made law within the next four to five weeks. Uncertainty over the legislation, which will alter the fiscal terms for foreign oil firms including Royal Dutch Shell, ExxonMobil and Chevron, has put billion of dollars of investment on hold, oil executives say.

'I am ensuring that within the next four to five weeks, with the major assistance of the National Assembly of Nigeria, we shall in fact be promulgating it into law,' Allison-Madueke said. The Senate is on summer recess until Sept. 21 and the House of Representatives until Oct. 12 and Allison-Madueke did not clarify how the bill would pass before then

Africa's most populous nation is due to hold presidential and parliamentary polls in January, and there have been questions as to whether parliament will have time to pass the legislation before the current presidential term ends. Government says the far-reaching bill will resolve many of the sector's problems, including the persistent inability of state oil firm NNPC -- which operates joint ventures with foreign partners -- to fund projects on time.

Under the bill, NNPC would be broken up into profit-driven units able to tap international capital markets for funding. The move could bring some of the biggest financing deals of their kind ever taken in Africa. The bill also aims to encourage more new investment in Africa's biggest oil and gas industry, promote greater involvement of local oil companies and increase gas supplies to the dilapidated domestic market.

But Nigeria's existing oil partners are worried the bill will impose higher taxes and royalties while failing to address key issues of underfunding, corruption and security. Royal Dutch Shell told Reuters last month it had some $40 billion worth of potential investment in deepwater oil projects on hold amid uncertainty over the planned reforms.

The PIB has been through so many amendments and revisions, as it was debated in parliament and as oil companies gave their input, that industry insiders say the final bill will bear little resemblance to the original. Government and industry have continued to negotiate over the terms of the legislation in recent months and Allison-Madueke gave no details on what the final bill would look like.

Industry executives say privately that seeking to change so many parts of the industry at the same time -- from new rules on local content in oil projects to a different fiscal framework - will be virtually impossible to implement immediately.

Analysis: India Looks to Shale Gas to Meet Future Energy Needs

The Indian government and Indian energy companies are setting their sights on shale gas development to meet its growing domestic energy needs.Preliminary figures on shale gas reserves in India are not available as the Indian government has only started preliminary studies on the nation's shale gas resources. However, the Indian government is establishing policy guidelines for shale gas exploration and plans to begin offering acreage for oil shale exploration in 2012.Reports suggest that shales in the Gondwana in eastern onshore India, in the Cambay basin in Gujarat state and in Assam-Arakan in northeast India are being studied for shale gas potential and that the initial results are quite positive. Earlier this year, ONGC approved a research and development project for exploration of shale gas at coalbed methane blocks at Raniganj and North Karanpura in the Damodar Basin at a cost of Rs. 128 Crore (US $27.1 million)."The challenges that need to be overcome for shale gas are many. The immediate challenge is locating where prospective areas for shale gas are located - this will involve testing different rock types and carrying out various geophysical surveys over the next couple of years," said Thomas Greider, Asia Pacific energy analyst with IHS World Markets Energy. "Once prospective areas have been identified and reserves drawn up, establishing a regulatory environment for the sector, which is conducive to private investment is the next challenge."Technology poses another challenge for extracting shale gas. In an effort to gain insight into shale gas drilling techniques, Reliance Industries, has been seeking to broaden its portfolio with shale gas investments. The company has reportedly is in talks to buy an interest Quicksilver Resources' Horn River gas project in British Columbia. Quicksilver officials reported in May that joint venture discussions had been held regarding the upstream and midstream/downstream parts of its Horn River project.The buyout would be Reliance's third shale gas investment this year. Reliance already has acquired a 45 percent stake in Pioneer Natural Resources' Eagle Ford shale gas assets in South Texas for $1.315 billion and formed a joint venture with Atlas Energy, which has interests in shale in the U.S. Northeast. These investments will allow Reliance to learn about shale drilling while tapping into the growing U.S. shale market.The Indian government has also reached out to the U.S. for cooperation in developing energy resources. Last November, the U.S. and Indian governments signed a memorandum of understanding (MoU) to enhance cooperation on energy security, efficiency, clean energy and climate change. U.S. Agencies involved in the MoU include Department of State, Department of Energy, USAID, Commerce, U.S. Trade Development Agency, Overseas Private Investment Corporation, and Export-Import Bank.Traditional Oil, Gas Exploration Still Needed Despite the launch of production from Cairn India's Rajasthan fields, which is estimated to hold 6.5 billion BOE of oil in place, India's oil production is still far below consumption and the country remains highly dependent on oil imports, Greider noted. This situation will likely continue due to huge consumption as a result of oil product subsidies and population growth.Gas production is more balanced with demand, largely due to the launch of production from large fields in the D6 block in the Krishna-Godavari (KG) basin and because a dearth of transmission infrastructure means the domestic market remains supply constrained.For both crude oil and gas demand the future is growth. "India has a huge refining base but some new facilities are in the planning stages, while automobile sales are on the way up. The power and fertiliser sectors are both in need of gas as is the petrochemical sector and India is pushing investment into developing new large fields in the KG basin and expanding LNG receiving capacity," Greider noted.Apart from some areas in the KG basin, interest in India's bidding round from the major International Oil Companies (IOCs) has not been that high. Deterrents to interest by IOCs include low resource potential in a number of blocks and a lot of block recycling, and the tendency of state oil companies to club together and put in bids, which private investors can't match. The financial crisis during the last bidding round also hit hardest the smaller companies, which India mainly relies upon to put in bids, Greider said.The NELP IX is due to commence in the third quarter of 2010 but over the longer term the government wants to move towards an Open Acreage Licensing Policy (OALP) - which would be more flexible - enabling bids all the year round on blocks, which can be accessed using a National Data Repository currently in the process of being established.The Indian government also has supported ONGC's attempts to conduct large-scale work on some of India's largest oilfields like Mumbai High to sustain output over the longer term. The government is encouraging exploration in new areas like the Andaman Sea to boost gas reserves too and pushing exploration of the KG basin more thoroughly. There are ongoing assessments of regulatory terms to try and make them more attractive for investors, Greider said.The government also has tried to encourage investment in liquefied natural gas (LNG) receiving capacity by allowing foreign companies to take 100% stakes in new terminals, allowing investors freedom to choose terminal locations and by not placing ceilings on imported supplies."There was a hold back in new LNG receiving capacity in the build up to the launch of production from D6, but I think suppliers are now confident that there is still demand for LNG in the market, which will start to push forward new projects," Greider said.