

Iranian refinery to issue \$250m in bonds

TEHRAN (Reuters) — Iran's largest refinery will start issuing bonds today worth a total of 2.5 trillion rials (about \$250 million) to help finance expansion of gasoline production, state broadcaster IRIB reported on Saturday.

Iran's Bank Tejarat will sell the bonds issued by state-owned Abadan refinery, IRIB said, making clear they would be rial-denominated debt paper.

The four-year bonds would pay an annual interest of 15.5 percent, IRIB said, citing the managing director of the company advising Abadan on the issue, Amin Capital Procurement Company. Abadan is located in the country's southwest by the Persian Gulf.

Amin managing director Mohammad Aran also said the aim was to raise Abadan's gasoline output by six million liters per day, without giving details or comparisons.

Iran has earlier announced plans to issue bonds to help fund development of its all-important energy sector, including of the South Pars natural gas field in the Persian Gulf.

Last Tuesday, it said it temporarily boosted gasoline output by about 30 percent to 58.5 million liters per day to show the West it can cope with any sanctions targeting its fuel imports.



Domestic consumption stands at 66.5 million liters.

Oil Minister Massoud Mirkazemi said last week work was under way to boost

gasoline production capacity at existing refineries by 33.5 million liters per day by 2013. A new refinery to be completed by 2014 would produce 35 million liters.

Iran has taken steps to reduce consumption of subsidized fuel, including launching a rationing scheme in mid-2007 and a government plan to end energy subsidies over five years.

For years it has struggled to develop its huge gas and oil reserves, with Western firms wary of investing in the country for fear of U.S. and UN sanctions.

Last month, the Iranian government approved a plan to issue bonds worth up to 1.5 billion euros on international markets to help finance priority development projects.

China has no plan to cut oil imports from Iran

China says it has no plan to decrease its oil imports from Iran, the world's fifth largest crude exporter.

Wang Tianpu, president of top refiner Sinopec Corp, says China's oil imports from Iran will remain at the current level of around 400,000 barrels per day (bpd).

The comment came as China announced that it will increase its oil imports from Saudi Arabia by about 12 percent from this year to top one million barrels a day.

"We have to secure other supplies as the OPEC cuts may affect grades that our plants really need," Reuters quoted a Sinopec trader as saying.

Iran is the No.3 oil supplier of China, the world's No.2 oil user.

Chinese oil companies are also set to secure next year's supplies with other leading exporters in the Middle East and Africa.

(Source: Press TV)

Austria, Russia discuss South Stream pipeline

Austrian officials are in Moscow to negotiate an intergovernmental agreement linked to the South Stream natural gas pipeline project.

Russia presented South Stream in 2007 as an alternative route around Ukraine and Belarus, which it portrayed as unreliable partners.

Austrian Economics Ministry spokeswoman Waltraud Kaserer said Friday that the aim of the negotiations is to "create the possibility of becoming a member of South Stream."

Last week, Russian Prime Minister Vladimir Putin said after talks with Austrian Chancellor Werner Faymann that the two men agreed to draft a cooperation agreement.

(Source: The Associated Press)

Shell in talks to buy 10% of Essar Oil

MUMBAI (Reuters) — Royal Dutch Shell is in talks to buy 10 percent of India's Essar Oil as part of a deal where it would sell three European refineries to the Indian firm, the Economic Times reported on Saturday, citing people with knowledge of the plans.

At current market prices, the stake would be worth \$364 million, the financial daily said.

Besides the stake sale, Essar is also looking at raising \$1.5 billion in debt as working capital for the three refineries, it said.

"We are in exclusive discussions with Shell. It is not our policy to comment on our negotiations and timelines," an Essar group spokesman told Reuters.

Shell put the plants at Stanlow in northwest England and at Heide and Hamburg in Germany on the market earlier this year and media reports have valued them at between 1 billion-1.5 billion pounds.

Tight margins and falling fuel demand have prompted many big oil companies to offload European refineries and Shell's chief executive Peter Voser said last month it was a challenging time to sell refineries.

Essar, which runs a 280,000 barrels-per-day refinery in western India and owns a 50 percent stake in a Kenyan refinery, is pursuing the deal as part of plans to have a refining capacity of 1 million barrels a day.

Turkey scraps nuclear power plant tender

ANKARA (AFP) — Turkey on Friday scrapped a 2008 tender won by a Russian-led consortium to build the country's first nuclear power plant -- a process that had been under threat of being invalidated by a court decision.

In a brief statement, the state-run electricity wholesaler TETAS said its board of directors decided "unanimously" to cancel the tender, citing an article in the bid specification that gave it the authority to scrap the process without any liability.

A consortium led by Atomstroyexport, Russia's state nuclear giant, had been the only bidder in the tender to build four nuclear reactors with a total capacity of 4,800-megawatts at Akkuyu, in the Mediterranean province of Mersin.

TETAS's decision comes ten days after a top administrative court suspended parts of the regulation governing the tender before moving on to review a demand by a civil society of engineers to cancel the process.



Energy Minister Taner Yildiz had said at the time that his ministry would not appeal against the court's decision.

He had also added that his ministry would open a new tender for a nuclear reactor at Akkuyu and another at the Black Sea city of Sinop if the current tender was cancelled.

The tender process had been under fire since it emerged that only one consortium had bid for the project and offered an above-market price for supplying electricity to the Turkish grid.

The consortium, which also includes Russia's Inter RAO and Turkey's park Teknik, later revised its unit price of 21.16 cents per kilowatt per hour down to about 15 cents, but Ankara said the new offer was also high.

During a visit to Ankara in August, Russian Prime Minister Vladimir Putin argued the price was below international market levels as he signed a series of energy cooperation deals with Turkey.

Turkey, on the other hand, had said the state could take as much as a 25 percent-stake in the project if the consortium lowered its price further, triggering criticism that such a move would amount to unfair competition.

The tender was held in September, amid global financial market turbulence, with Ankara rejecting requests by interested companies for a postponement.

AECL of Canada, Vinci Construction Grand Projects of France, Itochu Corp. of Japan, China Nuclear Power Components and Germany's RWE were among the companies that had initially picked up bid specifications.

Turkey plans to build three nuclear power plants in hopes of preventing a possible energy shortage and reducing dependence on foreign supplies but the project is fiercely opposed by environmentalists.

Ankara scrapped an earlier plan to build a nuclear plant at Akkuyu in 2000 amid a severe financial crisis and protests from environmentalists in Turkey, Greece and Cyprus.

Critics say Akkuyu is close to a seismic faultline, pointing at a powerful earthquake that killed more than 140 people in the neighboring province of Adana in 1998.

Iran seeks one billion dollars 'advance' for LNG supplies

Iran has sought at least a billion dollars as advance money from India for supply of 5 million tons a year of liquefied natural gas (LNG) from 2012, a demand which is unlikely to find favors with New Delhi.

Iran LNG Co, a subsidiary of state-run National Iranian Oil Company, has asked Oil and Natural Gas Corp (ONGC) and its partner Hinduja Group to pay the advance so that it can complete a \$4.35 billion plant that will liquefy the natural gas produced from fields in the Persian Gulf, a source said.

The demand for advance money came when ONGC-Hinduja were negotiating for a stake in the development of the Phase-12 of the giant South Pars field. South Pars Phase-12 is to feed gas to the LNG plant being built by Iran LNG at Tombak Port by 2011.

The source, however, said the demand is unlikely to be met as there was no present dispensation under which advance money can be paid for purchase of oil or gas at a future date.

The joint venture has not yet said a formal no to the proposal but will in due course convey the same, he said.

The joint venture of ONGC Videsh - the overseas arm of state-run ONGC, and Hinduja Group firm Ashok Leyland Project Services Ltd was formed to acquire rights for developing the South Azadegan oil field in Iran and South Pars Phase-12.



said.

With U.S. technology not coming the Iranian way because of sanctions, the Iran LNG plant that will turn natural gas into liquid state will use technology from Statoil-Linde of Europe.

The two trains will produce almost 8.5 million tons per annum of LNG from gas piped in from the Phase 12 development of the giant South Pars gas field. The designated capacity is below the 10.5 million tons a year target cited in recent years by Iranian officials.

(Source: Indiajournal.com)

Mexico oil output rises in October from September

MEXICO CITY (Reuters) — Mexican oil production increased slightly in October from the previous month, lending credence to the government's argument that a steep decline in output appears to be stabilizing.

Mexico produced 2.602 million barrels per day of crude oil in October, state oil monopoly Pemex said on Friday.

That was a decline of 5.6 percent from a year earlier but was a hair above the 2.599 million bpd produced in September. It was the second straight month showing a slight increase.

Mexican oil production is down by about a quarter from a 2004 peak because its once-largest field, Cantarell, is declining.

Energy Minister Georgina Kessel told Reuters in an interview in October that she was confident Mexican oil produc-

tion would not fall below 2.5 million bpd over the coming years as a rapid decline in yields at the aging Cantarell field had slowed.

In October, Cantarell's output fell to 638,979 bpd from 642,371 bpd in September. Production in the Chicontepec field fell to 29,755 bpd from 29,907 bpd in September.

Pemex said total oil exports averaged 1.238 million bpd in October, down 13.7 percent from a year earlier. Gasoline imports fell to 523,800 bpd in October from 413,200 bpd a year earlier.

Mexico produced an average 2.607 million barrels per day of crude oil over the first 10 months of 2009, down 7.1 percent from the same period last year. Exports averaged 1.22 million bpd over the same period, down 13 percent from a year ago.

South Africa plans new nuclear power station by 2020

PRETORIA (Reuters) — South Africa, plagued by chronic power shortages, plans to have the country's new nuclear power plant up and running by 2020, Energy Minister Dipuo Peters told a nuclear conference on Friday.

State-owned power utility Eskom, which operates Africa's sole nuclear power plant with a total capacity of 1,800 MW, cancelled plans to build a new facility at the end of last year, citing financial constraints.

The government has since taken the lead in developing the next power station, saying it wants to develop a local nuclear industry in partnership with a technology firm rather than adopt a commercial bidding process used by Eskom.

Peters said the new nuclear plant would produce about 20,000 megawatts. "It's a huge project, and in any project situation you plan with the end in sight, so we are looking at 2020," she said.

Delays

Peters said she was concerned by news of delays that could affect two of Eskom's coal-fired power stations, Kusile and Medupi, being built to help plug a power deficit in Africa's biggest economy, which suffered a near-collapse of its power grid in January last year, denting economic growth.

"We are not oblivious to the fact that should there be any delay in commissioning these two plants, consequences will be



current and future energy requirements of our country," Peters said.

"We need to decide whether to build coal fired or nuclear power stations... Coal has clearly become a difficult option as carbon taxes could be imposed going forward."

Eskom has been rationing electricity since early last year after the national grid nearly collapsed forcing mines and smelters to shut for days and affecting industrial production, costing the economy billions of dollars.

Eskom has launched an ambitious expansion program but still needs to raise parts of the 385 billion rand (\$51.13 billion) required to supply fast-rising demand in the country.