

## EnSCO signs deepwater rig contract for \$537m

EnSCO International Inc. said it signed a \$537 million construction contract with Singapore's Keppel FELS Ltd. Shipyard for a new ultra-deepwater rig.

The EnSCO 8505 is the sixth ultra-deepwater semi-submersible rig currently under construction for EnSCO, according to a statement today from the Dallas-based company. Delivery is expected in the first half of 2012.

EnSCO is spending more than \$2 billion to build rigs as record oil prices encourage producers such as Chevron Corp. and Brazil's Petroleo Brasileiro SA to drill in deepwater fields to secure new reserves.

Oil futures traded in New York have more than doubled in the past year, touching a record \$135.09 a barrel on May 22.

The EnSCO 8505, and the \$512 million 8504 that EnSCO contracted with Keppel FELS to build earlier this month, will be part of a seven-rig deepwater fleet capable of drilling in waters up to 8,500 feet (2,590 meters) deep.

Four of the ultra-deepwater rigs currently under construction for EnSCO are under contract upon delivery, the company said.

EnSCO rose 61 cents to \$71.83 in New York Stock Exchange composite trading. The stock has jumped 20 percent this year.

(Source: Bloomberg)

## Chevron cancels sale of Canadian gas storage asset

CALGARY, Alberta (Reuters) — Chevron Corp has canceled the planned sale of its gas storage operations in British Columbia, saying on Friday that bids came in shy of what the company believes the business is worth.

Chevron, the No. 2 U.S. oil company, said it received a number of offers for its Aitken Creek storage facility since it put the business on the block in November. However none was rich enough to convince the firm to part with the operation and the company canceled the sale last month.

"We had multiple bids and significant interest, but none that met our expectations," said Leif Sollid, a spokesman for the company. "So we're not looking to sell it at this time. It is still a valuable asset to us."

Some reports had pegged the value of the operation at more than \$1 billion, though Chevron has not said how much it believes it is worth.

Aitken Creek is the largest gas storage facility in British Columbia and connected to Spectra Energy Corp's pipeline to British Columbia and U.S. Pacific Northwest markets, and to the Alliance pipeline to the U.S. Midwest.

The facility has the capacity to hold 71 billion cubic feet of gas, and some reports have indicated that it could be potentially expanded to hold as much as 118 bcf.

Since the sale was announced, northeastern British Columbia has become one of the hottest gas-exploration regions on the continent, after producers announced massive unconventional gas discoveries trapped in the shale of the Horn River area.

# Iran to construct 7 new refineries

**Tehran Times Economic Desk**  
**TEHRAN — Construction of 7 new refineries through investing 15 million euros have been launched, National Iranian Oil Refining and Distribution Company (NIORDC) refineries managing director said here on Saturday.**

"These refineries when finalized will add 300,000 barrels to the country's refinery capacity," Aminollah Eskandari explained.

"Through launching the new capacities, 1.56 million barrels will

added to the country's refined crude oil and gas condensates capacity," he added.

"Hormoz refinery with a capacity of 300,000 bpd has reached 5 percent of completion and will become operational in 1390 (March 2011 to March 2012)," he said.

He also mentioned that the Shiraz Pars refinery will start its activity in the period between March 2010 to March 2011, and the Kermanshah Anahita refinery with 4 percent completion will

## OPEC: No need to raise output

**The research director of the Organization of Petroleum Exporting Countries says there is no need for OPEC to boost output this year.**

"I really don't see a need this year," Hasan Qabazard told reporters at an energy event in Dubai on Thursday, Reuters reported.

Qabazard said oil production was exceeding demand by 800,000 to 1 million barrels per day (bpd) as stocks were building in the second quarter of the year, adding that this was the case even before the recent 300,000 bpd increase in oil production by Saudi Arabia.

"Now, with the 300,000 bpd

from Saudi Arabia, stocks should build even more," the OPEC official said.

"I don't see any gas lines to justify \$130 oil," he said, adding the high oil prices have no relationship to market fundamentals.

Earlier, OPEC Secretary General Abdalla Salem El-Badri had said, "The turmoil in some global equity markets and the considerable depreciation of the dollar have encouraged investors to seek better returns in commodities, particularly in the crude oil futures market. This has driven prices higher".

(Source: PRESSTV)

## Nigeria to regulate oil, gas industry, President says

**Nigeria will increase control of its oil and gas industry, improve infrastructure and restore peace in the Niger Delta region, President Umaru Yar'Adua said.**

"All our plans are coming to fruition in almost all the critical sectors," Yar'Adua said in an interview broadcast live on state television last night to mark his first year in office.

Yar'Adua denied he has been slow in dealing with the country's problems and said he had secured funds from oil companies to finance social spending.

The government plans to end power shortages by renegotiating terms for natural gas exploration agreements with international oil companies to ensure supplies for the domestic market.

The president said gas export agreements already signed by oil and gas companies will have to be renegotiated over the next seven years to accommodate Nigeria's needs. The country "realizes the critical importance of gas to the national economy," he said.

### Back taxes

The government this month said it would take steps to recover \$1.9 billion in revenue and taxes it says is owed by Royal Dutch Shell Plc and Exxon Mobil Corp.

"We've just signed agreements with Shell, Exxon Mobil and Total to take care of cash call obligations," Yar'Adua said. "We'll release the funds to the education and social sectors."

Exxon Mobil reiterated that it "pays all its taxes and royalties in accordance with the law," Yemi Fakayejo, the company's spokesman in Nigeria said by phone today, commenting on Yar'Adua's remarks.

Shell's Nigeria spokesman Precious Okolobo couldn't be reached on his mobile phone when called by Bloomberg News today. London-based Shell spokeswoman Eurwen Thomas declined to comment on the company's gas production plans in Nigeria.

### Proposed meeting

The government plans to hold a meeting with

## Petrobras says 12 drill rigs to be built abroad

**RIO DE JANEIRO (Reuters) — Brazil's state oil company Petrobras said on Friday it found contractors abroad to build 12 new drilling rigs for ultra-deep waters, which should be ready by mid-2012 and will then be leased to the company.**

All but two new rigs will be owned by Brazilian companies, Petrobras said, without revealing the value of the contracts or the names of the firms.

Earlier this week, Petrobras launched a plan to contract 40 drilling ships and platforms to operate in deep and ultra-deep waters by 2017, saying the priority will be to build the units in Brazil. It acknowledged though the domestic market was not

ready to meet the demand in the short term.

"This first stage includes eight drillships and four semi-submersible rigs. Petrobras guarantees that it will lease them and companies agree to build them. Right now we cannot disclose the values," a Petrobras spokesman said.

Petrobras officials said on Monday a shortage of drilling rigs and looming relinquishment deadlines for its concessions have made it delay tests on potentially huge subsalt finds like Carioca and Bem-tevi and move the rigs to other blocks.

With oil prices chalking up record highs, oil exploration equipment is in short supply and becoming more



become operational within three years.

"The Caspian refinery which is located near the Caspian Sea will begin its production in the time

period between March 2013 to 2014.

He also noted that a refinery called Shahryar is to be soon constructed near Tabriz.

## Repsol chief calls for common EU energy policy

**MADRID (Reuters) — The head of Spanish oil company Repsol, Antonio Brufau, on Friday called for a common European energy policy and said oil prices would continue rising, but not as far as \$200 a barrel.**

"If we had (a common policy), we would have more sustainable, efficient and secure energy," Brufau said in remarks reported in Spanish media.

"We have to seek security for our supplies in Europe, and we won't get that by bilateral deals between Germany and Russia

or between (French President Nicolas Sarkozy and Libya, but only when Europe speaks with a single voice," Brufau said, according to Spanish news agency EFE.

The Repsol chief said he did not know how high oil prices would go, but that some of the recent rise was due to speculation, even if it was hard to say how much.

"The price will continue rising because, despite the economic slowdown, the demand pressure from emerging countries is too strong," he said.

## Russian oil output down 0.3% in Jan-Apr 08

**MOSCOW (RIA Novosti) - Production of oil and gas condensate in Russia dropped 0.3% year-on-year in January-April 2008, to 161 million metric tons (1.18 billion bbl), the economics ministry said on Friday.**

The decrease was mostly down to the depletion of oil fields and delays in the opening of new deposits, as well as high taxes amid soaring global oil prices.

Oil exports stood at 81.7 million metric tons in the first four months of 2008, down 4.9% against the same period last year.

The country exported 69.3 million metric tons in January-April 2008, down 4.5% year-on-year, while 12.4 million metric tons was sold to CIS countries, an association of former Soviet states, up 6% against the first four months of 2007. The increase in oil exports to former Soviet republics followed a hike in oil supplies to Belarus, with crude exports to Ukraine and Kazakhstan falling.

Russia is expected to increase oil production 1.8%, year-on-year, in 2008 to 500 million metric tons (3.68 billion bbl).

The Industry and Energy Ministry said oil output stood at around 491.5 million metric tons (3.61 billion bbl) last year, up 2.4% against 2006.

## Brazil Petrobras reduces net imports, sees surplus

**RIO DE JANEIRO (Reuters) — Brazil's state oil company Petrobras exported more crude oil and products in April than it imported, reducing its cumulative net imports so far this year by more than \$200 million to some \$550 million.**

Petrobras downstream director, Paulo Roberto Costa, said on Friday the company, which accounts for nearly all oil production and refining in Latin America's largest country, expected to return to net exports on the year in the next few months.

Last month, Petrobras exported a record 532,000 bpd of local heavy crudes with revenues reaching \$1.72 billion.

"We are exporting more oil and refining very well with high performance on capacity ... In two or three months we'll reverse the deficit situation, our expectation is to close the year with a positive result," he told reporters.

In the first quarter, imports of liquids by Petrobras exceeded exports by \$775 million in the first quarter of this year, after net exports of \$72 million or around 27.7 million barrels for the whole of 2007.

The company had to import more diesel fuel than usual as demand from the agriculture and transport sector rose, while one big refinery was halted for maintenance.

The accumulated net imports totaled 626,000 barrels in the first quarter, Petrobras said.

Brazil, which met its oil needs for the first time in 2006, exports gasoline, but it is short on diesel. While it exports some heavy oil, it has to import lighter, more expensive foreign crudes to mix with heavier local petroleum for processing at its refineries built decades ago.

The trade gap does not include natural gas imports. Brazil imports around 30 million cubic meters of natural gas from neighboring Bolivia.

## Jordan, France sign nuclear energy deal

**AMMAN, Jordan (AP) — Jordan and France signed an agreement on Friday to help the Arab kingdom develop its nuclear energy program.**

French Foreign Minister Bernard Kouchner and his Jordanian counterpart, Salaheddine al-Bashir, announced the deal in Amman. The agreement calls on France to help create nuclear reactors to be used for electricity production and desalination of sea water.

France will also train Jordanian nuclear scientists and help in uranium extraction, according to the agreement. Uranium is abundant in the desert country.