

June 23, 2016

Dow Jones Resources Coverage

EXCLUSIVE ANALYSIS AND NEWS BEATS

In This Issue:

- Exclusive news: **Libya's** oil production saw a jump, **Japan's Tepco** in discussions to buy **LNG assets**; and more
- Unique analysis on **Japan's** new strategy in the market for **LNG**, farm belt **banks** tightening credit to farmers
- Comprehensive coverage of **OPEC's** Biannual Meeting in Vienna

Exclusive News

Gas Consortium Issues First Major Tender

A consortium planning to build new gas pipelines across Europe took the next step by issuing its first major tender for laying the pipes, we reported on June 8. The Nord Stream-2 consortium plans to build two natural gas pipelines with a combined capacity of 55 billion cubic meters a year of gas that will run some 1,200 kilometers from Russia across the Baltic Sea to Germany.

- The pipelines could double supplies of Russian pipeline gas across the Baltic Sea to Western Europe.

Libya's Oil Output Jumps by About a Third

Libya's oil production jumped by about a third in two weeks, the head of the country's main National Oil Co. said after an agreement to unify with a rival entity led to the reopening of a major port, we reported June 2.

- In an interview on the side of the meeting of the Organization of the Petroleum Exporting Countries, NOC Chairman Mustafa Sanallah said Libya's oil production had risen to 313,000 barrels a day from 225,000 barrels a day in two weeks.

Tepco Eyes Stake in LNG Assets

We were first to report that an affiliate of Japan's Tepco is in discussions to buy a stake in the liquefied natural gas assets of Malaysia's Petronas for about \$200 million. The deal in which Jera Co. (a Tepco joint venture with Chubu Electric, also of Japan) will buy Petronas's LNG assets in Malaysia's Sarawak state could be signed as early as June, according to sources.

- Tepco, Japan's biggest power utility by revenue, is looking to diversify its income base by expanding overseas as domestic electricity demand softens and competition intensifies.

Indonesia's Pertamina Seeks Majority Stake in Refinery

State-owned Indonesia oil company PT Pertamina hopes to take a majority share in a near-\$14 billion Indonesia-refinery venture with OAO Rosneft, we reported May 26. Pertamina seeks a 51% stake in the venture to build a crude-oil refinery and petrochemical plants in eastern Java, with Russian state-controlled oil major Rosneft taking the remainder.

- The refinery will be capable of processing 320,000 barrels of oil a day, and the complex will require \$13 billion to \$14 billion in investment.

Tanzania, Uganda \$4 Billion Oil-Pipeline Timetable Slips

We were first to report on June 20 that the Ugandan and Tanzanian governments are trying to fast-track a \$4 billion oil pipeline that would connect landlocked Uganda to foreign markets even though construction won't start in August as they originally indicated.

Uranium Provides New Clue on Iran's Past Nuclear Arms Work

The Obama administration has concluded that uranium particles discovered last year at a secretive Iranian military base likely were tied to the country's past covert nuclear weapons program, we reported on June 19, citing current and former officials. The finding contradicts Tehran's longstanding denials that it was pursuing a bomb

OPEC Members Revive Idea of Production Ceiling

OPEC members were reviving the idea of a ceiling on production during closed-door talks ahead of their official meeting in Vienna, we reported on June 1. Saudi Arabia was considering backing a ceiling on the group's collective production, according to Organization of the Petroleum Exporting Countries delegates that had gathered for the meeting.

More Exclusive News

Read about additional DJ scoops at <http://djhubs.dowjones.net/scoops>.

- May 27: Brazil's sweeping corruption investigation could extend to next year as authorities expand the probe to include more of state oil company Petr leo Brasileiro SA's suppliers, according to a person involved in the investigation.
- June 7: Islamic Republic of Iran Shipping Lines and Iranian Offshore Oil Co. have reached preliminary deals with South Korean shipyards for orders worth around \$2.4 billion.

Unique Analysis

Japan Bids to Reshape LNG Market

On June 20 we took an in-depth look at Japan's new strategy in the market for liquefied natural gas. The nation's giant utilities are renegotiating contracts, questioning practices such as linking LNG and crude-oil prices and pushing back on restrictions that prevent them from reselling surplus cargoes.

- The moves are part of government-backed efforts to crack open an opaque, rigid market in which Asian buyers pay higher prices and to establish Japan as an LNG trading hub so the island nation has more influence over a key source of fuel.

Farm Belt Banks Tighten Lending

Banks are tightening credit for U.S. farmers amid a rise in delinquencies, forcing some growers to turn to alternative sources of loans, we reported May 27. With the farm slump moving into its third year, banks have become pickier, requiring some growers to cough up more collateral and denying financing outright to some customers who need it to pay for seeds, crop chemicals and rent.

- With traditional bank loans harder to come by, farmers are turning to sources like CHS Inc., a large farmer-owned cooperative in the U.S., which operates grain elevators and retail stores across the Midwest. CHS said its loans to farmers increased 48% in both number and volume in the 12 months to March and have more than doubled since 2014.

Oil Drillers Have a Few Sweet Spots Left

U.S. oil and gas producers are still finding places where they can prosper even at today's lower prices, we reported June 6. Companies are refocusing their drilling efforts on the Permian Basin in Texas and New Mexico and rushing into a part of Oklahoma known as the Stack where they can claim solid returns.

- Wells in the Permian and the Stack are racking up between 10% and 30% returns based on oil priced at \$45 a barrel, operators say.

Comprehensive Coverage

OPEC Biannual Meeting Coverage Via Market Talks

Market Talk snippets from OPEC's biannual meeting in Vienna and beyond covered every angle before during and after the closely followed June 2 meeting.

- The day before the meeting we published numerous "OPEC Market Talks" offering up insights about expectations for the meeting and the market's pre-meeting reaction to those expectations. Among the views we reported was that an OPEC output cut was unlikely.
- On the day of the meeting, we reported news from key players, including Saudi Arabia's energy minister. "We will be listening to what they [Iran] bring to the table today and we will come up with a consensus. OPEC has always managed to come up with a consensus," he said.
- We also reported a wealth of viewpoints from analysts, including from Olivier Jakob of Petromatrix, who said the outcome of the OPEC meeting was unlikely to change global supplies. He cited expectations that Iran would keep ramping up and Nigeria's output is constrained by an uptick in attacks on oil facilities.

About This Newsletter

This weekly newsletter covers Central Banks, Deals, Resources and Technology topics on a rotating basis. Next week: Technology.

If you have questions about Dow Jones and The Wall Street Journal, visit us online or email service@dowjones.com.

If you have questions about the content of this newsletter, email Jacques van Wersch at jacques.vanwersch@dowjones.com.