



# NEFTE COMPASS

A Weekly Publication on Oil and Gas in Russia, the Caspian, Central Asia and Eastern Europe

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## Russia Must Face Up To Alternative Energy — Khodorkovsky

Russia has yet to find its place in the future world of energy as more alternative fuel sources come into play, Mikhail Khodorkovsky, the former head of Yukos, says in an interview from his jail cell in Moscow, where he awaits trial on new charges.

In many ways, Russia is similar to Canada, with its wide open spaces and abundant raw materials. “A place in the world similar to Canada’s doesn’t suit us,” Khodorkovsky says. “More likely, some speculate, Russia will take on a role similar to Germany.” He admires Germany’s “integrated approach ... the development of technologies for energy conservation and the use of new sources of energy.”

But he warns that “Russia could wind up like Namibia” if it continues to rely on raw materials and South Korean-style chaebol conglomerates.

Khodorkovsky, if he were to be released, sees a future for himself working in alternative energy.

“Ultimately, new forms of energy will become a technological and economic reality,” he says in an interview with *Nefte Compass* (see p5). “This will result in fundamental changes across the globe, perhaps even preserving human civilization.”

Khodorkovsky could be released in 2011 but faces another 22 years in jail on charges of stealing Yukos’ oil production currently being heard in a Moscow court. The accusations are widely decried as “absurd” and there are hopes that the new Kremlin leadership of President Dmitry Medvedev could bring an end to a confinement that was instigated by the old-guard grouping around Prime Minister Vladimir Putin.

Russia’s human rights record is coming under more intense scrutiny following the death in custody last week of Sergei Magnitsky, a lawyer for Hermitage Capital Management, once one of the biggest investors in Russia (NC Oct.15,p5).

Khodorkovsky says Russia needs to recognize that the landscape is changing and that alternative energy has a major role to play.

“There is no question that a sociopolitical decision to break free from energy dependence has been  
(see *Russia*, page 2)

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## Turkmenistan Keeps Suitors Waiting

Turkmenistan has found itself the focus of a beauty contest in which all the international majors are lining up with proposals to develop its massive onshore gas reserves. But the Central Asian republic, which by the end of the year is due to pump its first volumes of gas east to China, is in no hurry to respond to the majors’ overtures and has made it clear that its priority is to find companies to develop the much riskier offshore acreage.

“All the companies have made their pitches,” a Western oil executive said on the sidelines of an oil and gas exhibition in Ashkhabad last week. “Now they have to wait and be patient.”

The likes of Chevron, Total and Royal Dutch Shell have submitted proposals to the Turkmen authorities to tap fields such as the supergiant South Yolotan/Osman reservoir, which, according to UK auditors Gaffney, Cline and Associates, has potential gas reserves of up to 14 trillion cubic meters. But the State Agency for the Management and Utilization of Hydrocarbons — the body set up by Turkmen President Gurbanguly Berdimuhamedov to negotiate with the companies — does not appear to be interested.

What the majors are looking for is a long-term technical service contract that would guarantee a reasonable rate of return and, crucially, enable them to put the reserves on their books. But a source at one of the majors says the best the Turkmen are prepared to offer so far is a one-year service contract for oil companies wishing to invest in Turkmenistan.

It is becoming increasingly clear to the majors that a production sharing contract along the lines of the 30-year  
(see *Turkmenistan*, page 2)

## Russia

*(continued from page 1)*

made in the US and parts of Western Europe,” he says.

“In practical terms, nobody is going to stop using hydrocarbons, but the task of sharply reducing dependence on one supplier, or a group of politically associated suppliers, has been set and will be resolved. A substantial increase in the share of alternative energy is playing a role in those changes.”

Khodorkovsky, under whose leadership Yukos grew into Russia's biggest oil company before it was broken up and auctioned off, also replied to questions asked by *Nefte Compass* on general issues facing the Russian industry.

**Q: What do you think about the potential for oil and gas production growth in Russia?**

A: Russia is capable of producing 10 million-11 million barrels per day of oil and 600 billion-650 billion cubic meters of gas per year consistently over the next 10 years. If this level is significantly exceeded, that will raise the question of sufficiency of reserves.

**Q: Is it too early for Russia to start preparing for the day when oil and gas exports decline?**

A: Right now it's impossible to say if the production plateau will continue for 10 years or 20, but what is clear is that it certainly won't be 50. It's likewise obvious that Arctic production is not going to bring in as much profit compared to alternative sources.

**Q: Will the Russian oil and gas industries be dominated by state enterprises 10 years from now?**

A: I'm ideologically opposed to state companies, because I consider that the influence of government officials and political obstacles makes them work less efficiently. Will this inefficiency be a critical fact in the next 10 years? I don't know.

**Q: Do you think there is a danger of Russia becoming too reliant on the Chinese market?**

A: The dominance of China as a consumer of Eastern Siberian resources is an extremely likely scenario — one that is not without its dangers. China has its own commercial interests and will no doubt pursue them. The supplier

— Russia — may be put into a tough situation because it is interested in changing the structure of its exports — although for now at least, this interest is more a matter of words than deeds.

**See the full interview on page 5.**

## Turkmenistan

*(continued from page 1)*

deal that the agency awarded in 2007 to China National Petroleum Corp. (CNPC) to develop the Bagtiyarluk contract area in the east is a one-off that will not be repeated. In the case of the Chinese PSA, it is clearly stated that all the gas produced from the site, which is earmarked at 13 billion cubic meters per year, will be pumped via the 40 Bcm/yr pipeline to China that was recently completed (NC Nov.18,p1). It is a good deal for Turkmenistan, as China provides a new market and enables the republic to loosen its dependence on Russia.

Unless Turkmenistan changes its approach towards its onshore riches, which it regards as its “crown jewels,” then the majors run the risk of being left out in the cold. Some of the companies, especially Shell, which has maintained an on-off presence in Ashkhabad since the mid-1990s when it was negotiating an onshore PSA, know the value of patience and are prepared to bide their time. Others that are newer to the country are more impatient. What the companies are trying to convey to the Turkmens, in the most diplomatic of terms, is that they could be missing out on a great opportunity to work alongside the cream of the oil industry. But the Turkmens, who have historically shown a preference for dealing with smaller companies, appear to view the situation differently.

Where the majors may have some traction with the Turkmens lies in the fact that world-class deposits such as South Yolotan and the smaller but still huge Yashlar

field are high-pressure reservoirs with large amounts of deadly hydrogen sulfide gas (H<sub>2</sub>S). Companies like Shell have years of experience in handling sulfur, a by-product of H<sub>2</sub>S which is difficult to market and poses environmental risks, and have offered to help Turkmenistan tackle the problem on a long-term basis. The problem for the majors is that CNPC, which has drilled several wells at South Yolotan, has already got in on the act by agreeing to build a 10 Bcm/yr desulfurization plant at the field. Iran, which is due to increase imports of Turkmen gas via a new pipeline at the end of the year, has also offered its services.

Turkmen sources say it will still take at least two years to carry out a full appraisal of South Yolotan/Osman, where four additional wells have been drilled since Gaffney, Cline revealed its reserve estimates more than a year ago. Speaking at the conference, Gaffney, Cline's head of business development, Jim Gillett, said additional appraisal work at the site had backed up the estimates, which were questioned in a recent report in a Russian newspaper. A recent discovery at the Minara well on the northwestern fringe of South Yolotan/Osman gave further encouragement. “If it hadn't flowed gas, it would have been bad news,” Gillett said.

**Paul Sampson, Ashkhabad**

### Note to Subscribers

*Nefte Compass* is published one day early this week owing to the US Thanksgiving holiday.

## Oil Production Hits New Record

Russian crude and gas condensate production reached a record 10.068 million b/d (42.58 million metric tons) in October, up a slim 0.26% from the previous month, according to the latest energy ministry data (see page 9).

The final data contradicted the ministry's preliminary data issued earlier which put October output 0.1% lower than in September (NC Nov.5,p5).

Year-on-year growth in October stood at 2.1%. Production in the first 10 months of the year averaged 9.896 million b/d, a hike of 1.1% from the same period of 2008.

The ministry's final data showed higher numbers for Russneft, small independent producers and production sharing agreement (PSA) projects.

Russneft's output in October rose to 254,600 b/d, according to the latest statistics, although it was still 11% lower than a year ago as the company waits for its ownership issue to be resolved (NC Nov.19,p3).

PSA projects yielded 317,100 b/d last month, a jump of 12.3% from October of 2008. Total's Kharyaga output reached 25,600 b/d up from 19,200 b/d a year ago, while Gazprom-led Sakhalin-2 produced 144,900 b/d, up from 68,100 b/d in October of 2008.

## Russia Redefines Exploration Strategy

Russia's Natural Resources Ministry has drawn up a document outlining strategies for developing the exploration business out to 2030 that it will hand over to the government in April 2010.

The aim is to ensure stable development and enhance Russia's position on the global energy stage, Deputy Natural Resources Minister Sergei Donskoy said during parliamentary hearings last week. Observers suggest the document will need refining before it becomes reality.

The plan is to set up a new holding company, Rosgeologiya, to

bring together the various state-owned exploration units. The company will have three roles: classifying resources and drawing up licenses; financing geological data acquisition; and carrying out exploration on the state's behalf.

On the business side, the aim is to cut the red tape involved in obtaining exploration licenses, exempt exploration expenses from income tax and provide free access to geological data within two years.

According to a draft copy of the document obtained by *Nefte Compass*, government participation in oil and gas exploration is to be limited, and companies will be given the right to carry out detailed studies and drilling themselves. The document also envisages some legislative changes, including alterations to the mineral extraction tax and oil export duties.

## Surgut Waits For Dust To Settle On Mol

Nine months after snapping up 21.1% in Hungary's Mol, Russia's Surgutneftegas is still meeting resistance from the Hungarian firm.

Analysts say the Kremlin-friendly oil producer is waiting for a less hostile atmosphere before deciding what to do with the stake, which it probably didn't want in the first place.

Mol said Surgut is one of seven shareholders that have more than 5% voting rights in the firm. But industry sources say Russia's fourth-largest oil producer plays a marginal role in Mol's business.

A Mol representative told *Nefte Compass* that the Hungarian firm still considers Surgut to be "a financial investor" (NC Jun.11,p9).

Analysts suggest that Surgut came under political pressure in

## Finnish Trader Wins Maiden Espo Tender

Finnish trading company IPP has won the tender to lift the first 100,000 metric ton cargo of Espo crude from Russia's new Pacific port of Kozmino at the end of December.

IPP offered a maximum premium of 50¢ per barrel to the Dubai oil price. According to state-controlled Rosneft, the seller of the crude, the premium to Brent will amount to \$1.70/bbl.

Rosneft said 15 companies took part in the tender. The price of Espo "during the pilot sales" will be determined as an average of the Dubai crude price for the month plus the premium or discount offered by the bidder.

Market sources claim IPP was not the only bidder willing to pay a premium for the Espo crude, despite the lack of data about the grade's quality or refining yield.

Trading company Gunvor, the offtaker of the bulk of Rosneft's oil exports, had been widely predicted to win the tender — and the forecasts were not far off. IPP — which usually lifts output from Surgutneftegas' Kirishi refinery out of St. Petersburg and Tallinn — was set up by Gunvor

co-owner Gennady Timchenko.

Rosneft has recently preferred to deal with Gunvor affiliates, rather than Gunvor itself, to avoid possible legal complications arising from suits filed abroad by former Yukos managers who claim Rosneft owes them money (NC Sep.17,p5). Since they regard Gunvor as a Rosneft affiliate, Gunvor has for the past three months disappeared from the list of Rosneft offtakers, to be replaced by affiliate Waterway Petroleum.

TNK-BP and Surgutneftegas, which both have 150,000 ton allocations for export from Kozmino in the fourth quarter, do not want to sell from the port until tariffs are set for deliveries to the outlet and zero export duties are introduced on East Siberian exports. Both issues are expected to be resolved next month, with the zero export duty expected to be extended to 18 fields from the 13 first proposed.

Insiders say TNK-BP does not plan to export more than one 100,000 ton cargo a month from Kozmino next year, while Surgut could sell two. Rosneft will supply oil by pipeline and rail to China (NC Nov.19,p1).

Russia to use its huge cash pile to buy the Mol stake after state gas giant Gazprom failed to buy it jointly with Austrian OMV (NC Apr.8'08,p8).

The strained relations sparked rumors that Surgut had offered to exchange some of its Mol shares for a stake in Croatian unit Ina, where the Hungarian firm took control in June. Mol Chief Executive Gyorgy Mosonyi said Mol is not planning a swap, and a spokesman for Surgut declined to comment.

## TNK-BP Confirms Barsky As CEO From 2011

TNK-BP has finally confirmed that Maxim Barsky will be its next chief executive, ending a 14-month search for a successor for the ousted Robert Dudley (NC Oct.29,p1).

But Barsky will not take the reins of Russia's third-largest oil company until Jan. 1, 2011 to give him more time "to deepen his international and industry knowledge," the joint venture's Russian and British shareholders, the Alfa-Access-Renova (AAR) consortium and BP, said.

Barsky, 36, the former head of small oil producer West Siberian Resources, will spend the first five months of 2010 working in upstream businesses at BP and BP's head office in London, returning to Moscow in June to join the TNK-BP management team.

In the meantime, Mikhail Fridman, a major shareholder in TNK-BP and chairman of its board, will continue as interim CEO.

Insiders say that German Khan, a TNK-BP shareholder and executive vice president, will continue to wield significant influence and power, as he did during Dudley's reign, when the two clashed over BP's longer-term view versus AAR's short- to medium-term outlook.

"We are all agreed that Maxim Barsky has the capabilities to lead the company into its next phase of development, and confident that the further experience he gains in the coming year will fully equip him for the task of CEO," BP Chief Executive Tony Hayward said.

Barsky's appointment has prompted Fitch ratings agency to improve the rating of TNK-BP to stable from negative and reaffirmed its BBB-long-term default rating in both foreign and national currencies and its unsecured rating in foreign currency.

## Lukoil Shifts Strategy Focus To Cash Flow

Faced with the challenges of global economic downturn, lower demand for hydrocarbons and market uncertainties, Lukoil has decided to shift its strategy focus from increasing production to the growth of free cash flow.

The new priorities were determined in Lukoil's revised 10-year

development program approved by the company's board of directors last week.

Production growth remains number two on the agenda, although the targets are lower than before (NC Nov. 19,p.4). Other objectives include 100% reserves replacement, geographical diversification of production, divestment of low-efficiency upstream assets, monetization of gas reserves, including associated gas utilization, refinery upgrades and increase of light products yield, and retail network growth in priority regions.

Some analysts see the shift to cash flow generation as a logical move for Lukoil in its effort to increase the attractiveness of its shares as an effective instrument for investors.

## Transneft Buries Druzhba-Adria Plans

Russia seems to have abandoned proposals for a planned Druzhba-Adria pipeline to ship Russian crude oil to world markets from Croatia's deepwater port of Omisalj on the Adriatic Sea.

A spokesman for Russian oil pipeline monopoly Transneft told *Nefte Compass* that no progress is being made. Although a statement has yet to be issued, unofficially the project is dead.

In 2002, Russia, Belarus, Ukraine, Slovakia, Hungary and Croatia signed an intergovernmental memorandum on the 100,000 b/d pipeline.

Croatia later withdrew its support because of environmental concerns, but early this year hinted that the project might have a second chance when its said it would complete "the necessary analyses" with Moscow by the end of September to make a final decision (NC Feb.26,p8).

The Adria pipeline currently pumps crude inland from Omisalj to refineries in Croatia and Hungary.

By reversing its flow, and hooking up with Russia's Druzhba pipeline to Eastern Europe, the proposed Druzhba-Adria line was seen as one of several options for Russia to get its crude to the Mediterranean without having to go through Turkey's congested Bosphorus Strait

that connects it with the Black Sea.

But it seems to have been killed off as Russia swings its support for a Bosphorus bypass pipeline behind Turkey's Samsun-Ceyhan option. This week, Kazakhstan also voiced its support for Samsun-Ceyhan.

Moscow had previously championed the Bourgas-Alexandroupolis route from Bulgaria to Greece but has turned to the Samsun-Ceyhan pipeline after Turkey agreed to allow Russia's proposed South Stream gas pipeline to Europe to cross its Black Sea waters (NC Nov.12,p5).

Separately, Russia's efforts to persuade Austria to join the South Stream project have forced Moscow to support OMV's move to build an oil pipeline from Slovakia to the Schwechat refinery near Vienna, linking the plant for the first time with Russia's 3,000 kilometer Druzhba line (NC Oct.22,p7).

Traders welcomed Moscow's support to extend the Druzhba line as a signal that Russia is not planning to stop crude supplies via the southern leg of the pipeline to Europe. Transneft head Nikolai Tokarev earlier warned that supplies could be halted because of Ukraine's moves to tap into the Druzhba network by pumping crude from the Black Sea in its Odessa-Brody pipeline.

## Russia Needs To Determine World Role — Khodorkovsky

*In this interview for Nefte Compass, Mikhail Khodorkovsky, who built Yukos into Russia's biggest oil company before he was jailed and the company was broken up, sets out his views on issues related to alternative energy and the future of the Russian oil and gas industries (see p1).*

**Q: What are the most promising alternative or “new” energy technologies that you see becoming commercially viable over the next 10 years?**

A: In the next 10 years, wind power generation, solar, geothermal and nuclear will remain commercially promising. I look skeptically at the prospects of big hydro-energy, because the attendant environmental problems are cause for concern. Bio-fuels give too low an energy advantage, although they will play a role in the matter of waste recovery and as an alternative energy carrier for motor vehicles. But that's as an energy carrier, not an energy source. At the same time, the prospects for geothermal power generation are obviously underrated. Even relatively shallow wells in many places of the world will create long-lasting sources of “clean” energy.

Also underestimated is the potential for the comprehensive and broad-scale creation of “solar fields” in deserts and semi-deserts. The advantage could be quite serious indeed, including for agriculture and the extractive industries.

**Q: Considering the various solar options, which do you regard as most promising — and do they represent centralized or decentralized systems?**

A: An obvious and acute problem of centralized energy sources are the losses from getting the energy to the consumer beyond 2,000-3,000 kilometers. Without a satisfactory solution to this problem, we are going to have to either use decentralized sources, which have much lower production efficiency, or take the path of moving industrial potential to the place of the possible production of “clean” energy.

**Q: Which of these technologies do you think will be the most efficient sources of energy to meet Russia's needs? Which will technologies be most timely in terms of their development?**

A: The question of substitution of hydrocarbon sources is not acute for Russia. Alternatives to cheap gas are without prospects for now. Investments in energy conservation, whose potential could be realized to a significant degree over a 10-year period, appear more attractive.

However, if you look at it in a different way, associated with meeting social challenges like enhancing the quality of life in population centers far removed from the main trunk lines, for example, then alternative energy could become a serious factor. And here I'm referring to wind, solar installations, and, to a lesser degree, mini-hydroelectric stations and bio-sources. Now, if you are looking at it from a long-term perspective — 20 years and more — then moving up to first place for Russia is nuclear energy as an alternative to hydrocarbon sources whose prices are increasing. Expanded coal use may appear as a competitor for nuclear power stations. World trends — I have in mind the US, Europe, China, India, Africa — will differ. If I had to predict, Canada will most likely have long-term methods of solving the energy problem that are similar to Russia's.

**Q: Are safe nuclear power and “clean coal” technologies good transitional options? With respect to nuclear power, will existing — but aging — plants be replaced, or upgraded?**

A: If one examines the environmental consequences of obtaining energy at modern-day nuclear

power stations through the entire production cycle — from the mining of the uranium through the disposal of the station's fixtures — then it, apparently, will turn out to be comparable with coal-fired thermal power stations. However, the level of the potential consequences of an accident or a terrorist act is higher, without a doubt.

On the other hand, kind-hearted declarations about unlimited reserves of coal on earth won't be borne out. Coal, as a source of energy, is environmentally worse than oil or gas, on account of the large percentage of sulfur content in the coal mined from many fields.

**Q: What impact will increased reliance on “new” energy sources have on the Russian economy, environment, and the energy supply system, including the cost of energy, reliability, energy capacity and distribution/transmission capabilities?**

A: I assume that the Russian economy isn't going to be relying on alternative sources of energy for a long time. Yet, at the same time, the socio-cultural advantages of using alternative sources to improve the quality of life of people living in remote population centers can't be questioned.

**Q: Which “new” energy sources and technologies will be the most important for Russia's domestic requirements versus its export opportunities? Will the technologies and sources be the same or will they be different?**

A: The only source of energy in Russia that is comparable with export flows is, of course, nuclear energy. I am not convinced that it is sufficiently inexpensive enough — if you factor in the entire cycle — or environmentally safe, but for Russia, with our wide open spaces and reserves of uranium, the option is promising and must be considered. The main problems remain those tied to safety and environment protection. When and if Russia is able to prove that it can solve these problems, then and only then will the

industry's potential to export energy to countries capable of paying radically change.

**Q: What are the implications for the resource-dependent Russian economy of increased global reliance on "new" forms of energy? How will Russia's place in the world change as "new" energy replaces oil and gas?**

A: There is no question that a socio-political decision to break free from energy dependence has been made in the US and parts of Western Europe. I assume that very noticeable changes in energy use are going to be achieved over the course of the next decade.

In practical terms, nobody is going to stop using hydrocarbons, but the task of sharply reducing dependence on one supplier or a group of politically associated suppliers has been set and will be resolved. A substantial increase in the share of alternative energy is playing a role in those changes.

What does this mean for Russia? Well, first off, Russia will need to diversify deliveries, including the construction of plants for the liquefaction or processing of gas given cooperation with China. Second, Russia will need to open up new sales markets, including in the US. Third, I believe there will be few prospects for Russia to increase its market share in Western Europe without a substantial improvement in political relations. And last, but extremely important, Russia may very well experience an obvious reduction in the role of rents from the realization of hydrocarbons in the country's budget. Russia needs to diversify its economy given the competitive challenges posed by a growing China, and, in the future, India.

Let's be clear, Russia hasn't yet chosen its place in the world. There is vacillation between the "desired" position of a country with an innovative economy and a developed industry. A place in the world similar to Canada's

doesn't suit us. More likely, some speculate, Russia will take on a role similar to Germany. In contrast, Russia could wind up like Namibia if it continues to emphasize raw materials and chaebols or conglomerates.

One way or another, by choice or default, Russia's place in the world will be determined by 2015 when about 70% of the nation's Soviet-era industrial and educational capacities will be exhausted.

**Q: Who do you admire that's in the vanguard of developing commercially viable "new" energy sources?**

A: Well, if one speaks of an integrated approach and of the development of technologies for energy conservation and the use of new sources of energy, then I'd have to say Germany, although boldness in the use of nuclear power stations, without a doubt, is manifested to a greater degree by France. Then again, there's the large-scale introduction of wind turbines in Holland and the successes of the Scandinavian countries are also hard not to notice.

I'm intrigued by Sweden's plans by the year 2020 to abandon the import of hydrocarbons. That's impressive. I do not know whether they remain committed to these plans at the present time.

President Barack Obama's ambitious programs, coupled with opportunities rising amid the recovery, will allow the US' economy to surge ahead, especially if that country makes changing the energy paradigm a top priority.

Personally, I think that America will see the gradual substitution of hydrocarbon imports as having a military-economic dimension, and even a values dimension, given the country's role as a democratic leader and what you might consider the last colonial empire.

As for Israel, it's difficult to overestimate the significance of and opportunities for energy independence for this country. Problems of scale pose an undeniable obstacle. However, they

are solvable. Unexpected opportunities can be opened by cooperation with China, which is extremely interesting from a geopolitical point of view as well.

**Q: Where do you see "new" energy resources first becoming dominant? Western Europe? The US? Asia?**

A: The question of dominance depends on a multiple of factors — economic, geopolitical, environmental, and the role of large, long-term capital investment. I don't see any new energy sources becoming dominant in a wider region of the world for the next one or two decades. Local "breakthroughs" in individual countries are possible, of course, most likely along the lines of Sweden and Israel, rather than in large countries like Germany or China.

As for implementation of new alternative energy systems, I tend to believe the US will likely take the lead. They need this, and they are able to pull it off. I also assume that there will be discernible movement by China over the next five years or so.

Europe has excellent opportunities, but as a community, Europe is reluctant to make large-scale, innovative decisions, and such decisions would have to be made if new energy systems are to be pursued.

**Q: In addition to energy providers, what roles should vehicle manufacturers and road transportation users play in lessening fossil fuel consumption and promoting the development of "new" fuel resources?**

A: I am convinced that for the next 40 years — and, perhaps even longer — there won't be a problem with providing hydrocarbon fuel for motor vehicles. Oil, gas, biodiesel, coal hydrogenation products — any problems on that front were successfully resolved long ago. Yet steps still need to be taken, perhaps through tax policy, to encourage automakers to seek out greater fuel efficiency and cost-efficient technologies.

## Urals Energy Repays Sberbank Loan

Russia's Urals Energy said it has handed its main upstream assets to state Sberbank and now hopes to develop its remaining fields.

The mid-sized producer has transferred its 35.3% stake in Taas-Yuriakh Neftegasdobycha, which holds the license to East Siberia's Sredne-Botuobinskoye field, to Sberbank subsidiary Sberbank Capital, in full repayment of a \$500 million loan it raised in 2007. It has already handed over its Dulisma field to repay a \$130 million loan.

A spokesman for Urals told *Nefte Compass* that the bank would now release shares pledged by the company's owner, Leonid Dyachenko, in connection with the financing.

Once the transfer is completed in the next few days, Urals said it hopes belatedly to publish its annual report, hold its annual general meeting and resume trading on London's junior Alternative Investment Market by the end of the year. Trading was suspended on Jun. 30 (NC Nov.19,p3).

"With all the Sberbank debt now cleared, Urals can return to focus on delivering shareholder growth via our two producing oil assets," CEO Alexei Maximov said. These are Sakhalin-based Petrosakh and Arcticneft, in the far north of Russia.

## Rosneft Profits Seen Slipping 60%

Russia's top crude producer Rosneft reveals its third-quarter earnings on Nov. 25, with a poll of analysts pointing to a net profit decline of 60% despite increased production.

The state firm's net income was seen slipping to around \$1.38 billion for the July-September period, down from \$3.47 billion a year earlier in the days of record-high oil prices and \$1.612 billion in the second quarter (NC Dec.4,p7).

The consensus for revenues

was around \$13 billion, down from \$20.69 billion in the third quarter of 2008, while earnings before interest, taxes, depreciation and amortization (Ebitda) was put at around \$3.63 billion.

"We expect the results to be dominated by impressive production statistics ... but a more moderate performance in terms of profitability," wrote analysts at Russian investment bank Renaissance Capital. Rosneft said on Nov. 23 it had just chalked up 100 million metric tons (733 million bbl) in oil output so far this year, confirming its target of producing over 112 million tons of liquids in 2009, up

from 106.1 million tons in 2008.

But the increase in output, thanks in no small part to the launch of the giant Vankor field, may prove a mixed blessing for now. Alfa-Bank analyst Chirvani Abdoullaev said it had been a "transitional quarter" for Rosneft due to start-up and operating costs at the 3.8 billion bbl field.

Other analysts said its profits would be hit by a catch-up in lagged export duties, from which Vankor is not yet exempt, as the pace of oil's rally slowed, and by further foreign exchange losses as the ruble continued its recovery against the dollar.

## Equities

### Share Prices Closing On Nov. 23, 2009 (\$/Share)

Locally Traded Shares	Closing Price	Chg. From Nov. 17, 2009	12 Months		Market Cap (\$mill.)
			High	Low	
Bashneft	22.63	1.88	NA	NA	3,616.1
Gazprom	6.58	0.21	6.81	3.04	149,143.1
Lukoil	61.20	-0.95	66.46	28.66	52,479.8
Rosneft	8.85	0.03	9.09	2.97	94,323.8
Megionneftegas	17.50	0.00	NA	NA	1,591.6
TNK-BP Holding	1.77	-0.02	1.92	0.52	28,639.0
Gazprom Neft	5.48	0.23	5.91	1.80	24,891.8
Surgutneftegas	0.95	0.00	1.00	0.41	33,582.4
Surgutneftegas pref.	0.47	-0.01	0.50	0.17	3,619.9
Tatneft	5.04	0.05	5.11	1.49	11,046.0
<b>ADRs</b>					
Gazprom	24.92	-0.63	27.30	12.26	NA
Lukoil	61.30	-1.10	66.40	27.81	NA
Gazprom Neft	27.64	0.84	29.69	8.95	NA
Surgutneftegas	9.65	0.13	10.07	4.07	NA
Tatneft	32.15	1.21	60.90	10.50	NA
<b>Indices</b>					
RTS	1,466.77	-5.99	1,476.06	498.20	

RTS prices are given for companies listed on the exchange. Market capitalization updated weekly.

## Currencies

US Dollar Exchange Rates	Nov.24 '09	Nov.18 '09	Eastern Europe	Nov.24 '09	Nov.18 '09
<b>Former Soviet Union</b>			Albanian lek	92.61	92.59
Russian ruble	28.80	28.72	Bulgarian lev	1.31	1.31
Armenian dram	387.50	388.50	Croatian kuna	4.89	4.90
Azerbaijani manat	0.80	0.80	Czech koruna	17.40	17.05
Belarussian ruble	2,742	2,729	Hungarian forint	179.04	178.44
Estonian kroon	10.45	10.46	Macedonian denar	41.30	41.37
Georgian lari	1.68	1.69	Polish zloty	2.75	2.75
Kazak tenge	148.94	149.04	Romanian leu	2.85	2.86
Kyrgyz som	43.81	43.84	Slovakian koruna *	...	...
Latvian lat	0.47	0.47	<b>Ruble exchange rates</b>		
Lithuanian lit	2.31	2.31	US Dollar	28.80	28.72
Moldovan lei	11.17	11.16	Euro	43.08	42.89
Ukrainian hryvna	8.14	8.22	Pound Sterling	47.79	48.30
Uzbek som	1,521.00	1,521.50	Japanese Yen	0.323	0.322

\* Slovakia became a euro country Jan.1'09

## Zarubezhneft Takes Control of Itera Turkmen Block

Independent gas producer Itera has brought in Russian state Zarubezhneft to help it develop Block 21 in the Turkmen sector of the Caspian Sea. They will set up a joint venture owned 51% by Zarubezhneft and 49% by Itera.

Florida-based Itera became the first Russian company to make inroads in Turkmenistan after signing a production sharing agreement in September (NC Sep.17,p1).

According to Zarubezhneft, the venture will start geological surveys in 2010 or 2011. These will last seven years and include 3-D seismic, with the first appraisal well to be drilled within three years.

The work will cost a minimum of \$150 million, with total investment at as much as \$6 billion, depending on results. Preliminary estimates suggest the block could hold around 1.1 billion bbl of oil and 60 Bcm of associated gas.

Itera and Zarubezhneft, which has gained offshore experience in Vietnam, are part of a Russian consortium, Zarit, active in Central Asia (NC Apr.2,p8).

## Mittal Lacks Mettle For Kazakh Block

Indian steel magnate Lakshmi Mittal has pulled out of a joint-venture oil and gas exploration project offshore Kazakhstan just 10 months after farming in.

Mittal Investment and Indian state Oil and Natural Gas Corp. (ONGC) were together handed a 25% interest in the Satpayev Block in the North Caspian under a heads of agreement signed with Kazakh state Kazmunaigas (KMG) in January (NC Jan.29,p7).

But Mittal Investment has now told ONGC it will not participate, leaving ONGC, which expects the Kazakh government to soon approve the Satpayev exploration and production contract, as KMG's sole partner.

UK-based billionaire Mittal has also been looking to offload his 50% stake in Kazakh upstream firm

Caspian Investments Resources, which he bought from Russian independent Lukoil in 2007.

## Ukraine Gets Out Of Another Fine Mess

Officials from Ukrainian state Naftogaz were in Moscow Nov. 24 to thrash out the new terms of a gas supply deal with Gazprom that will formalize Russian Prime Minister Vladimir Putin's stated intention not to fine Kiev for reduced imports and stipulate more feasible volumes (NC Sep.3,p3).

Naftogaz CEO Oleg Dubina said Ukraine would import only around 25

billion cubic meters of the 40 Bcm it was supposed to this year. In 2010, Ukraine estimates it will need to buy 27-29 Bcm from Russia, way below the originally stipulated volume of 52 Bcm.

Dubina also wants the option to buy an extra 20% of gas if Ukraine's economic performance beats expectations next year, meaning it could be given a "take-or-pay" contract for around 34 Bcm, with 27 Bcm, or 80%, the minimum volume to be purchased.

Russia has no plans to extend the 20% discount Ukraine receives on European prices into 2010. Likewise, the transit fees Russia pays Ukraine will increase 60% from the current \$1.70/Mcm per 100 km next year.

## Timely Turnaround Eases Kazakh Fuel Pinch

Shortages on Kazakhstan's domestic fuel market have been eased with the early completion of maintenance work at the country's southern Shymkent refinery.

"On Nov. 17, 2009, crude oil was accepted for processing and on Nov. 18 the crude distillation unit was started up," plant operator PetroKazakhstan said.

The 111,000 b/d refinery was due to be shut down until Nov. 20 but PetroKazakhstan said it had made "maximum efforts to resolve the current tense situation with fuel supplies to the regions." The Kazakh government has hiked the export duty on fuel products this year to encourage sellers to supply

the domestic market instead.

Overall, Kazakh refining activity was down sharply in October on the back of the Shymkent shutdown, falling by over 40,000 b/d from September to 253,000 b/d. But this was still an increase of over 25% on 200,000 b/d for the same month a year earlier (NC Nov.26,p8).

Shymkent processed 290,000 metric tons (111,000 b/d to Oct. 19), apparently running at full capacity prior to the closure. This was 150,000 tons less than September, while activity at the Atyrau plant on the Caspian was little changed and processing at northern Pavlodar fell by a modest 1,600 b/d to 96,900 b/d for the month.

### Kazakh Refinery Activity, October 2009

('000 metric tons or '000 b/d)	Processing							
	— Year To Date —		— October —		— September —		— Chg. —	
	b/d	tons	b/d	tons	b/d	tons	b/d	tons
Pavlodar	76.0	3,150.1	96.9	409.9	98.5	403.1	-1.6	6.9
PetroKazakhstan Oil Products	81.8	3,391.9	68.6	290.0	107.5	440.0	-38.9	-150.0
Atyrau	77.3	3,203.9	87.5	370.0	87.4	357.7	0.1	12.3
<b>Total</b>	<b>235.0</b>	<b>9,745.8</b>	<b>253.0</b>	<b>1,069.9</b>	<b>293.4</b>	<b>1,200.7</b>	<b>-40.4</b>	<b>-130.8</b>
	October Output							
	— Mazut —		— Gas Oil —		— Gasoline —		— Jet Fuel —	
	b/d	tons	b/d	tons	b/d	tons	b/d	tons
Pavlodar	18.8	87.8	31.3	130.0	34.7	126.4	3.1	12.2
PetroKazakhstan Oil Products	13.3	61.9	20.8	86.3	16.7	60.8	5.6	21.8
Atyrau	34.4	160.4	23.3	97.0	9.1	33.0	1.8	7.1
<b>Total</b>	<b>66.4</b>	<b>310.2</b>	<b>75.4</b>	<b>313.3</b>	<b>60.5</b>	<b>220.3</b>	<b>10.6</b>	<b>41.1</b>

Table is based on the following factors for conversion to barrels: Crude - 7.33; Mazut - 6.64; Gas Oil - 7.46; Gasoline - 8.51; Jet Fuel - 8.00. Data for the previous month were revised.



## Russia

## Russian Crude Oil And Gas Condensate Production/Exports, October 2009

	Year To Date		Oct		Chg.		Oct. Exports*		% of Oct. output exported
	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	
<b>Lukoil</b>	<b>1,856.6</b>	<b>77,001.0</b>	<b>1,834.3</b>	<b>7,757.4</b>	<b>-8.9</b>	<b>213.9</b>	<b>454.6</b>	<b>1,922.7</b>	<b>25%</b>
Lukoil-West Siberia	968.0	40,148.3	947.6	4,007.8	-1.7	122.3	225.2	952.4	24%
Aksaitovneft	1.9	80.2	1.9	8.1	0.0	0.2	0.0	0.0	0%
Bitran	13.5	559.6	13.3	56.3	0.1	2.4	0.0	0.0	0%
Volgodeminoil	8.9	370.9	8.9	37.8	0.0	1.2	3.4	14.5	38%
Kama-Oil	0.1	3.8	0.4	1.6	0.1	0.4	0.0	0.0	0%
Lukoil-AIK	55.2	2,290.6	54.9	232.2	0.1	8.0	0.0	0.0	0%
Lukoil-Volgogradneftgas	57.9	2,401.8	53.5	226.4	1.3	12.8	2.8	12.0	5%
NMNG-MNA	0.7	28.0	0.6	2.5	0.0	0.1	0.0	0.0	0%
Permtotneft	3.2	133.2	3.3	13.8	0.0	0.3	1.3	5.3	39%
Tursunt	2.9	122.1	2.9	12.2	0.0	0.4	1.2	5.0	41%
YaNTK	0.2	9.3	0.3	1.1	0.0	0.0	0.0	0.0	0%
Lukoil-Kaliningradmorneft	26.6	1,102.5	26.3	111.4	-0.4	2.0	0.0	0.0	0%
Lukoil-Komi	270.8	11,229.6	257.8	1,090.5	-9.6	-4.1	156.8	663.1	61%
Lukoil-Perm	224.6	9,313.7	228.3	965.5	0.7	33.8	49.0	207.4	21%
Uraloil	12.8	532.3	12.5	52.8	0.2	2.5	0.0	0.0	0%
Naryanmarneftgas	150.2	6,228.5	162.8	688.6	0.6	24.6	0.0	0.0	0%
Ritek	59.0	2,446.7	58.8	248.9	-0.3	6.8	14.9	63.1	25%
<b>Rosneft</b>	<b>2,316.9</b>	<b>96,091.7</b>	<b>2,414.4</b>	<b>10,211.0</b>	<b>11.4</b>	<b>376.1</b>	<b>923.1</b>	<b>3,904.1</b>	<b>38%</b>
Vankorneft	49.2	2,042.1	160.1	676.9	11.9	70.4	154.0	651.4	96%
Rosneft-Dagneft	3.4	139.7	3.4	14.3	-0.3	-0.7	2.6	11.0	77%
Dagneftgas	0.6	24.8	0.6	2.5	0.0	0.1	0.0	0.0	0%
NK Rosneft	31.5	1,307.5	29.9	126.3	0.4	5.6	39.0	165.0	131%
Rosneft-Malaninskaya Group	2.0	81.9	1.9	7.9	0.0	0.2	0.0	0.0	0%
Sakhalinmorneftgas	33.1	1,372.6	31.9	134.9	-0.6	2.0	0.0	0.0	0%
Stavropolneftgas	20.1	835.2	20.5	86.8	-0.1	2.3	0.0	0.0	0%
East Siberian Oil and Gas Co.	0.9	38.7	0.8	3.5	0.0	0.0	0.0	0.0	0%
Krasnodarneftgas	21.4	887.9	20.3	85.9	-0.4	0.9	0.0	0.0	0%
Purneftgas	158.0	6,551.1	158.1	668.5	1.1	25.9	0.0	0.0	0%
Polar Lights	18.8	778.5	17.2	72.7	-1.2	-2.5	6.7	28.4	39%
Samaraneftgas	200.2	8,303.9	203.8	862.1	0.7	30.5	0.0	0.0	0%
Northern Oil	96.7	4,009.8	90.6	383.3	-0.8	9.2	0.0	0.0	0%
Tomskneft	211.2	8,758.2	206.4	872.8	-1.0	24.0	0.0	0.0	0%
Tomsk-Petroleum-Und-Gas	8.4	347.5	7.5	31.8	-0.1	0.6	0.0	0.0	0%
Udmurtneft	127.6	5,290.7	127.9	541.0	0.1	18.0	45.9	194.0	36%
Yuganskneftgas	1,333.9	55,321.5	1,333.5	5,639.7	1.9	189.6	0.0	0.0	0%
<b>Gazprom Neft</b>	<b>599.8</b>	<b>24,875.4</b>	<b>607.3</b>	<b>2,568.4</b>	<b>-2.3</b>	<b>73.4</b>	<b>190.0</b>	<b>803.4</b>	<b>31%</b>
Archinskoye	9.4	390.1	9.0	38.2	-1.4	-4.5	0.0	0.0	0%
Shinginskoye	3.8	158.1	4.6	19.6	-0.7	-2.0	0.0	0.0	0%
Zapolyarneft	81.9	3,397.4	86.0	363.9	0.9	15.3	20.4	86.2	24%
Gazprom Neft	36.4	1,508.6	32.8	138.5	-0.5	2.3	12.6	53.5	39%
Gazprom Neft-Khantos	4.0	166.7	5.4	22.7	0.5	2.8	0.0	0.0	0%
Gazprom-NNG	299.9	12,438.6	288.3	1,219.4	-2.5	29.2	72.6	307.2	25%
Sibneft-Yugra	164.3	6,815.9	181.1	766.0	1.4	30.5	84.0	355.4	46%
<b>Surgutneftgas</b>	<b>1,198.6</b>	<b>49,710.2</b>	<b>1,196.2</b>	<b>5,058.8</b>	<b>-2.0</b>	<b>155.2</b>	<b>528.9</b>	<b>2,228.2</b>	<b>44%</b>
Surgutneftgas	1,164.7	48,302.6	1,156.2	4,889.8	-2.0	149.7	526.9	2,228.2	46%
Lenaneftgas	33.9	1,407.7	40.0	169.0	0.0	5.5	0.0	0.0	0%
<b>TNK-BP Holding</b>	<b>1,407.3</b>	<b>58,364.9</b>	<b>1,436.5</b>	<b>6,075.3</b>	<b>1.4</b>	<b>201.8</b>	<b>538.5</b>	<b>2,277.4</b>	<b>37%</b>
Vanyoganneft	35.8	1,484.5	34.8	147.1	-0.6	2.4	0.0	0.0	0%
Varyoganneftgas	58.7	2,434.0	56.0	236.7	-0.8	4.2	33.1	140.0	59%
Novosibirskneftgas	38.5	1,596.7	34.0	143.8	-1.6	-1.8	14.2	60.0	42%
TNK-Nizhnevartovsk	155.4	6,444.3	147.1	622.3	-1.2	15.2	33.1	140.0	22%
Buguruslanneft	29.1	1,206.6	29.4	124.5	-0.3	2.9	16.5	69.9	56%
Nizhnevartovsk Oil and Gas	79.7	3,306.9	75.4	318.9	-1.6	3.9	60.1	254.3	80%
Samotlornneftgas	427.2	17,718.0	422.8	1,788.2	0.0	57.7	167.4	707.8	40%
TNK-Nyagan	123.4	5,116.9	134.1	567.3	1.8	25.8	22.5	95.0	17%
Tarkhovskoye	5.7	237.3	7.9	33.6	-0.2	0.1	0.0	0.0	0%
Tyumenneftgas	42.0	1,742.9	39.7	167.7	-0.3	4.2	6.1	26.0	15%
TNK-BP Technologies	2.4	101.5	2.3	9.7	0.0	0.2	0.0	0.0	0%
TNK-Uvat	35.7	1,481.4	53.3	225.5	4.3	24.8	0.0	0.0	0%
Orenburgneft	337.6	14,001.3	351.6	1,487.2	0.5	49.8	178.4	754.4	51%
Verkhnechonskneftgas	21.4	887.4	34.7	146.7	2.0	12.7	0.0	0.0	0%
Severnoyenneftgas	3.8	157.8	3.1	13.2	-0.1	-0.1	0.0	0.0	0%
Yugraneft Corp.	10.8	447.5	10.2	42.9	-0.4	-0.2	7.1	30.0	70%
<b>Slavneft</b>	<b>380.2</b>	<b>15,768.2</b>	<b>380.0</b>	<b>1,806.9</b>	<b>-1.7</b>	<b>45.0</b>	<b>170.6</b>	<b>721.6</b>	<b>45%</b>
Megionneftgas	243.0	10,076.8	236.0	998.1	-1.9	24.4	129.5	547.6	55%
Megionneftgasgeologia	23.8	988.3	21.5	90.7	-0.9	-0.6	5.7	24.0	26%
Obneftgasgeologia	41.6	1,725.4	52.3	221.2	1.1	11.8	13.0	55.0	25%
Obneftegeologia	17.4	721.0	15.5	65.5	-0.8	-1.2	3.5	15.0	23%
NK Slavneft	27.1	1,124.5	26.5	112.2	0.1	4.1	12.3	52.0	46%
Krasnoyarskneftgas	0.6	23.5	0.7	2.8	0.3	1.3	0.0	0.0	0%
Sobol	5.7	238.5	5.3	22.3	0.2	1.6	1.9	8.0	36%
Slavneft-Nizhnevartovsk	21.0	870.3	22.3	94.1	0.2	3.7	4.7	20.0	21%
<b>Russneft</b>	<b>256.0</b>	<b>10,617.6</b>	<b>254.6</b>	<b>1,076.7</b>	<b>1.3</b>	<b>39.9</b>	<b>92.3</b>	<b>390.3</b>	<b>36%</b>
Aki-Otyr	20.2	839.5	27.6	116.6	1.3	9.0	1.6	6.7	6%
Aganeftegasgeologia	22.2	920.8	17.2	72.5	-0.3	1.3	0.0	0.0	0%
Archneftegeologia	2.4	97.6	2.2	9.5	0.0	0.3	0.0	0.0	0%
Belkamneft	45.3	1,880.7	45.8	193.9	0.3	7.6	28.6	120.7	62%
White Nights	19.4	802.6	20.8	88.2	0.8	6.1	6.6	28.1	32%
Varyoganneft	26.0	1,078.1	25.2	106.7	0.0	3.3	11.2	47.4	44%
Goloi	6.5	268.1	5.5	23.3	-0.4	-0.8	3.2	13.5	58%
Grushovoye	0.3	13.6	0.4	1.7	0.0	0.2	0.0	0.0	0%
Duklinskoye	0.5	20.0	0.5	2.1	0.0	0.0	0.0	0.0	0%
Zapadno-Malobalykskoye	31.0	1,287.0	26.8	113.2	-0.6	1.3	17.2	72.7	64%
Nafta-Ulyanovsk	4.1	168.8	3.9	16.4	0.0	0.7	0.0	0.0	0%
Mokhtikneft	10.0	416.1	11.3	47.9	0.1	2.0	0.1	0.5	1%
Penzaneft	3.1	128.0	3.7	15.8	0.6	3.2	0.0	0.0	0%
Regional Oil Consortium	20.8	863.7	20.2	85.6	-0.4	1.3	12.0	50.9	59%
Saratov-Bureniye	2.7	110.2	2.0	8.4	-0.6	-2.1	0.0	0.0	0%
Saratovneftgas	18.7	775.6	18.0	76.1	0.0	2.3	0.0	0.0	0%
Sobolinoye	0.7	27.7	0.6	2.6	0.0	0.0	0.0	0.0	0%
Stolbovoye	0.9	38.5	0.9	3.7	-0.1	-0.1	0.0	0.0	0%
Tomskaya Neft	1.3	54.3	1.3	5.4	0.0	0.1	0.0	0.0	0%
Udmurtgeologia	2.7	112.9	2.7	11.4	0.0	0.5	1.8	7.7	68%
Udmurt National Oil Co.	2.7	111.5	2.6	11.0	0.0	0.4	1.3	5.6	51%
Udmurt Oil Co.	3.1	127.4	3.3	14.1	0.3	1.8	1.4	6.0	43%
Ulyanovskneft	7.0	290.4	7.7	32.4	0.0	1.1	6.3	26.7	82%
Uralskaya Neft	1.0	40.0	0.8	3.3	0.0	0.0	0.7	3.0	91%
Fedyushinskoye	0.1	2.8	0.2	0.7	0.0	0.0	0.0	0.0	0%
Chernogorskoye	2.7	110.3	2.4	9.9	-0.1	-0.2	0.0	0.0	0%
Vayuninskoye	0.7	27.0	0.7	3.1	0.1	0.5	0.0	0.0	0%

## Russia

## Russian Crude Oil And Gas Condensate Production/Exports, October 2009 (cont.)

	Year To Date		Oct		Chg.		Oct. Exports*		% of Oct.
	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	output
									exported
Okunevskoye	0.1	4.5	0.3	1.1	0.0	0.1	0.2	0.8	72%
<b>Tatneft</b>	<b>524.2</b>	<b>21,741.4</b>	<b>525.0</b>	<b>2,220.3</b>	<b>-0.5</b>	<b>69.6</b>	<b>299.8</b>	<b>1,268.1</b>	<b>57%</b>
Ileknft	0.6	24.1	0.5	2.2	0.0	0.2	0.0	0.0	0%
Tatneft-Samara	4.5	185.2	4.4	18.4	0.3	1.7	1.5	6.3	34%
Tatneft-Severn	0.1	4.2	0.1	0.6	0.0	0.1	0.0	0.0	0%
Tatneft	519.1	21,527.9	520.0	2,199.1	-0.8	67.6	298.3	1,261.8	57%
<b>Bashneft</b>	<b>243.3</b>	<b>10,092.1</b>	<b>255.3</b>	<b>1,079.7</b>	<b>4.9</b>	<b>54.9</b>	<b>23.6</b>	<b>100.0</b>	<b>9%</b>
Bashneft	239.4	9,928.9	251.2	1,062.3	4.7	53.4	23.6	100.0	9%
Bashmineral	1.3	52.6	1.4	6.0	0.0	0.3	0.0	0.0	0%
Zirgan	0.1	6.1	0.1	0.6	0.0	0.0	0.0	0.0	0%
Geoneft	2.5	104.5	2.6	10.8	0.2	1.2	0.0	0.0	0%
<b>Russian Oil Company Total</b>	<b>8,783.0</b>	<b>364,262.7</b>	<b>8,903.5</b>	<b>37,654.5</b>	<b>3.7</b>	<b>1,229.8</b>	<b>3,219.5</b>	<b>13,615.9</b>	<b>36%</b>
<b>Gazprom</b>	<b>237.5</b>	<b>9,850.4</b>	<b>257.6</b>	<b>1,089.6</b>	<b>9.3</b>	<b>73.2</b>	<b>7.3</b>	<b>31.1</b>	<b>3%</b>
Northgas	8.3	344.1	8.5	36.1	1.2	6.1	0.0	0.0	0%
Serviceneftgas	0.3	10.9	0.4	1.5	0.1	0.3	0.0	0.0	0%
Stimul	11.2	462.5	11.5	48.6	-0.3	0.4	0.0	0.0	0%
Gazprom Production Astrakhan	64.8	2,687.1	68.8	290.9	4.2	26.5	0.0	0.0	0%
Gazprom Pererabotka	4.7	194.0	4.9	20.7	0.2	1.4	1.8	7.5	36%
Kubangazprom	3.5	145.3	3.5	14.8	-0.2	-0.2	0.0	0.0	0%
Gazprom Production Orenburg	7.7	318.7	8.6	36.2	1.2	6.0	0.0	0.0	0%
Gazprom Production Noyabrsk	1.3	54.5	1.3	5.5	0.0	0.1	0.0	0.0	0%
Tomskgazprom	9.7	403.9	13.5	57.2	-0.3	0.6	5.6	23.6	41%
Gazprom Production Urengoi	97.7	4,053.5	105.9	447.8	3.3	28.0	0.0	0.0	0%
Gazprom Production Yamburg	28.4	1,175.9	30.8	130.2	0.0	4.0	0.0	0.0	0%
<b>Novatek</b>	<b>65.2</b>	<b>2,703.1</b>	<b>70.5</b>	<b>298.2</b>	<b>4.2</b>	<b>26.6</b>	<b>1.3</b>	<b>5.6</b>	<b>2%</b>
Purneft	0.6	24.0	0.7	3.0	-0.1	-0.2	0.0	0.0	0%
PurNovogas	0.1	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0%
Tarkosalneftgas	30.9	1,280.4	31.8	134.6	0.6	6.7	1.3	5.6	4%
Yurkharovneftgas	33.6	1,394.0	38.0	160.5	3.6	20.1	0.0	0.0	0%
<b>Other Producers</b>	<b>517.3</b>	<b>21,453.0</b>	<b>519.2</b>	<b>2,196.0</b>	<b>1.5</b>	<b>77.0</b>	<b>172.9</b>	<b>731.1</b>	<b>33%</b>
Akmai	0.3	10.6	0.3	1.2	0.0	0.1	0.0	0.0	0%
Allianceneftgas	6.3	260.1	9.1	38.4	0.9	4.8	3.3	14.2	37%
Aloil	5.4	224.8	5.4	23.0	-0.1	0.5	2.1	9.0	39%
Alrosa-Gas	0.1	3.1	0.1	0.3	0.0	0.2	0.0	0.0	0%
Arcticmorneftgasrazvedka	0.6	24.5	0.6	2.5	0.0	0.1	0.0	0.0	0%
Bental	0.1	2.7	0.2	0.7	0.1	0.3	0.0	0.0	0%
Britex	3.0	124.2	4.0	16.9	0.4	2.1	2.4	10.3	61%
Blagodarov-Oil	1.7	72.2	2.2	9.1	0.1	0.7	0.9	3.6	40%
Bulgarnft	3.8	156.8	4.0	17.1	0.3	1.6	1.6	6.7	39%
CanBaikal Resources	2.8	114.4	2.6	10.8	-0.1	-0.3	0.8	3.4	32%
Carbon	0.05	2.0	0.04	0.2	0.0	0.0	0.0	0.0	0%
Carbon-Oil	0.7	31.1	0.8	3.2	0.0	0.1	0.3	1.2	39%
Chumpassneftedobycha	0.3	12.4	0.4	1.6	0.1	0.5	0.0	0.0	0%
Danilovo	0.4	15.8	0.0	0.0	0.0	0.0	0.0	0.0	0%
Diall Alliance	0.0002	0.01	0.0	0.0	0.0	0.0	0.0	0.0	0%
Dinyelneft	1.9	76.8	2.4	9.9	0.1	0.9	0.8	3.2	32%
Druzhbanft	0.4	17.5	0.4	1.8	0.0	0.0	0.4	1.8	100%
East Transnational Co.	8.3	343.7	7.5	31.8	-0.1	0.5	0.0	0.0	0%
Energy Co. RIF (Rifeco)	0.2	7.3	0.2	0.7	0.0	0.0	0.0	0.0	0%
Frolovskoye NGDU	0.3	14.2	0.3	1.2	0.0	-0.2	0.0	0.0	0%
Gazneftedobycha	0.1	4.8	0.4	1.6	0.0	0.0	0.0	0.0	0%
Geologia	4.1	171.8	4.0	16.8	0.0	0.4	1.6	6.8	40%
Geological Exploration Center	2.1	87.9	2.2	9.2	0.0	0.3	0.8	3.5	38%
Geoteks	0.1	3.4	0.04	0.2	0.0	0.0	0.0	0.0	0%
Geotex	3.0	123.5	2.9	12.3	0.0	0.4	1.1	4.8	39%
Ideloil	3.1	130.6	3.2	13.7	0.1	0.9	1.4	6.0	44%
Idzhat	0.03	1.3	0.1	0.2	0.0	0.0	0.0	0.0	0%
Inga	0.6	25.3	0.7	2.9	-0.1	-0.3	0.0	0.0	0%
Ingushneftgazprom	1.3	52.8	1.2	5.0	0.0	0.0	0.0	0.0	0%
Institute Rostek	0.04	1.8	0.04	0.2	0.0	-0.1	0.0	0.0	0%
Irelyakhneft	1.8	72.6	1.4	5.9	0.0	0.2	0.0	0.0	0%
Itaneft	0.01	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0%
Itera	0.1	6.1	0.1	0.6	0.0	0.0	0.0	0.0	0%
Kabbalkneftetoprom	0.1	2.1	0.1	0.2	0.0	0.0	0.0	0.0	0%
Kaliningradneft	0.4	17.1	0.4	1.6	0.0	0.0	0.0	0.0	0%
Kalmeastern	0.5	20.2	0.5	2.3	0.0	0.1	0.0	0.0	0%
Kalmneft	2.0	82.3	2.7	11.4	0.0	0.3	0.0	0.0	0%
Kalmpetrol	0.4	18.2	0.4	1.8	0.0	-0.1	0.0	0.0	0%
Kara-Altyn	9.6	396.9	10.0	42.4	0.3	2.5	3.9	16.4	39%
Khanty-Mansiisk Oil Co.	0.2	6.9	0.1	0.6	-0.1	-0.2	0.0	0.0	0%
Khit R	0.1	2.8	0.1	0.6	0.0	-0.1	0.0	0.0	0%
Khvoinoe	10.0	416.2	8.6	36.2	-0.4	-0.3	0.0	0.0	0%
Kolvaneft	10.0	413.2	10.0	42.5	0.0	1.4	4.2	17.7	42%
Kommunarskoye NGDU	0.9	35.8	0.9	3.8	0.0	0.2	0.0	0.0	0%
Komneda	11.0	457.9	11.7	49.4	0.7	4.4	4.6	19.3	39%
Kondurchaneft	1.3	54.7	1.3	5.6	0.0	0.1	0.5	2.2	39%
Kondurchaneft (Samara)	0.3	10.7	0.3	1.1	-0.1	-0.2	0.0	0.0	0%
Magma	6.0	246.8	5.8	24.6	0.0	0.8	2.3	9.8	40%
Makoi	0.4	15.3	0.4	1.5	0.0	0.1	0.0	0.0	0%
Matyushkinskaya Vertical	2.0	81.9	2.3	9.6	-0.2	-0.3	0.0	0.0	0%
Mellyaneft	2.0	82.8	2.4	10.2	0.2	1.4	0.0	0.0	0%
Meretoyakhneftgas	0.7	27.9	0.6	2.6	0.0	0.1	0.0	0.0	0%
MNKT	0.3	11.6	0.2	1.0	0.0	0.0	0.2	1.0	99%
Nazymyskaya NGRE	1.1	44.8	1.3	5.6	0.2	1.0	0.5	2.0	35%
Nedra-K	1.0	42.0	1.1	4.6	0.0	0.2	0.0	0.0	0%
Neft (Saratov region)	0.3	12.3	0.3	1.2	0.0	0.0	0.0	0.0	0%
Nefteburservice	0.03	1.4	0.0	0.0	0.0	-0.2	0.0	0.0	0%
Nefteservice	1.0	40.7	0.9	4.0	-0.1	-0.2	0.9	4.0	101%
Neftinvest	0.9	39.0	0.9	3.6	0.0	0.0	0.0	0.0	0%
Neftus	4.5	187.0	3.4	14.2	0.2	1.2	2.2	9.3	65%
Negusneft	13.3	550.8	13.0	54.8	0.3	2.8	4.5	19.2	35%
New Energy Co.	0.0004	0.02	0.0	0.0	0.0	0.0	0.0	0.0	0%
Nizhnevolzhskgeologia	2.1	87.2	1.8	7.7	-0.2	-0.7	0.0	0.0	0%
Nokratoil	0.1	5.0	0.1	0.5	0.0	0.0	0.1	0.2	43%
Nord Imperial	2.1	88.6	2.2	9.5	0.0	0.2	1.1	4.7	50%
Norilskgazprom	0.1	2.7	0.1	0.3	0.0	0.1	0.0	0.0	0%
Northern Lights	4.3	178.1	3.9	16.4	-0.2	-0.4	2.6	11.2	68%
Oilgaztet	0.6	24.1	0.6	2.4	0.0	-0.1	0.0	0.0	0%

## Russia

## Russian Crude Oil And Gas Condensate Production/Exports, October 2009 (cont.)

	Year To Date		Oct		Chg.		Oct Exports*		% of Oct output exported
	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	('000 b/d)	('000 metric tons)	
Okhtin-Oil	3.1	130.1	3.2	13.4	0.0	0.6	1.2	5.2	39%
Orenburgnefteotdacha	0.8	31.6	0.7	3.0	-0.1	-0.1	0.3	1.4	45%
Pechoraneft	4.1	170.8	4.0	16.8	-0.1	0.2	7.3	30.7	182%
Pechoraneftgas	6.1	254.8	6.0	25.5	-0.2	0.1	2.5	10.4	41%
Pechoraneftgp	0.1	3.4	0.1	0.3	0.0	0.1	0.0	0.0	0%
Pechorskaya Energy Co.	0.7	27.9	0.7	2.9	0.0	-0.1	0.0	0.0	0%
Preobrazhenskneft	3.1	129.8	3.9	16.3	0.0	0.6	0.0	0.0	0%
Promgeotek	0.2	8.6	0.2	0.7	0.0	0.0	0.0	0.1	20%
Quantum Oil	0.3	11.7	0.2	0.9	-0.1	-0.6	0.0	0.0	0%
Recher-Komi	2.7	112.4	2.4	10.2	0.0	0.2	1.1	4.4	44%
Region-Sirius	0.1	4.7	0.2	1.0	0.0	0.2	0.0	0.0	0%
RNK	0.5	19.8	0.5	2.1	0.0	0.1	0.0	0.0	0%
Rospan International	10.8	448.2	10.0	42.2	-4.1	-15.3	0.0	0.0	0%
R-Vnedreniye	1.4	58.1	1.4	6.0	0.0	0.2	0.5	2.2	37%
Salym Petroleum	152.5	6,325.7	148.9	629.7	3.7	35.6	41.8	176.9	28%
Samarainvestneft	2.9	121.4	2.9	12.2	0.0	0.3	1.0	4.1	34%
Samara-Nafta	37.1	1,540.2	39.3	166.2	-0.1	5.0	14.2	60.0	36%
Saneco	10.5	433.6	9.6	40.5	-0.2	0.6	1.9	7.9	20%
Saratovneftegeophysika	1.0	40.6	0.9	3.9	0.0	0.0	0.0	0.0	0%
Selena	0.1	3.1	0.1	0.4	0.0	0.1	0.0	0.0	0%
Selena-Perm	0.1	4.9	0.2	0.7	0.0	0.2	0.0	0.0	0%
Selengushneft	0.3	10.7	0.3	1.2	0.0	0.0	0.2	0.8	60%
Severneft	2.5	104.3	2.6	10.8	0.0	0.5	0.0	0.0	0%
Sevosetingazprom	0.03	1.1	0.03	0.1	0.0	0.0	0.0	0.0	0%
Sheshmaoil	8.1	336.7	8.2	34.6	0.0	1.1	3.2	13.4	39%
Sibinvestnafta	0.1	4.6	0.1	0.2	0.0	0.2	0.0	0.0	0%
SMP-Neftegaz	8.6	358.1	8.7	36.7	0.1	1.5	3.3	14.0	38%
Spetskrit	0.02	0.7	0.02	0.1	0.0	0.0	0.0	0.0	0%
Sredne-Vasyuganskoye	1.0	43.0	0.9	4.0	-0.1	-0.2	0.0	0.0	0%
STS-Service	2.1	85.7	1.9	8.1	0.0	0.1	0.0	0.0	0%
Taas-Yuryakh Neftegazdobycha	0.2	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0%
Taimyrgas	1.2	48.1	1.5	6.6	0.4	1.9	0.0	0.0	0%
Taks	0.02	0.7	0.02	0.1	0.0	0.0	0.0	0.0	0%
Tatex	9.0	372.7	8.9	37.7	-0.1	0.9	6.6	28.1	75%
Tatnefteotdacha	9.8	405.6	9.5	40.2	0.0	1.2	3.7	15.5	39%
Tatneftprom	6.0	247.3	6.2	26.1	0.0	0.9	8.3	35.2	135%
Tatneftprom-Zyuzeyvneft	8.0	333.7	8.0	33.7	-0.2	0.4	3.8	16.0	47%
Tatneft-Geologia	2.7	110.4	2.7	11.3	0.0	0.3	1.1	4.4	39%
Tatneft-MNKT	2.4	99.9	2.4	10.1	0.0	0.2	2.4	10.0	100%
Tatolgas	6.6	274.9	6.8	28.9	0.1	1.4	3.8	16.2	56%
Tebuk	0.1	3.8	0.2	0.6	0.0	0.0	0.0	0.0	0%
Tekhneftinvest	0.1	4.2	0.1	0.4	0.0	0.1	0.0	0.0	0%
Terrigen	0.01	0.5	0.02	0.1	0.0	0.0	0.0	0.0	0%
Timan-Pechora Exploration	0.3	11.7	0.2	1.0	0.0	-0.1	0.1	0.5	46%
TNGK-Razvitiye	4.8	199.6	4.9	20.9	0.0	0.5	4.9	20.8	100%
TNS-Razvitiye	1.5	62.0	1.4	6.1	-0.1	-0.1	0.0	0.0	0%
Tomsk Oil and Gas Co.	0.3	10.9	0.2	0.9	0.0	0.1	0.0	0.0	0%
Transoil	0.8	35.1	0.8	3.4	0.0	0.1	0.3	1.3	39%
Trans-oil	0.02	0.7	0.02	0.1	0.0	0.0	0.0	0.0	0%
Troitskneft	4.7	196.0	4.6	19.4	-0.2	-0.1	1.8	7.5	39%
Ulyanovskneftgas	0.3	12.6	0.3	1.1	0.0	-0.1	0.3	1.1	97%
Uralneftgazprom	1.4	58.8	2.0	8.3	0.6	2.9	0.0	0.0	0%
Uralskaya Oil Co.	1.0	40.5	0.9	3.7	0.0	0.1	0.7	3.0	80%
Ustkutneftgas	6.4	265.6	8.5	35.9	0.0	1.4	0.0	0.0	0%
Vinka	0.01	0.3	0.01	0.02	0.0	0.0	0.0	0.0	0%
Volnovskneft	0.4	16.7	0.4	1.9	0.0	-0.1	0.0	0.0	0%
VUMN	3.8	156.3	3.9	16.6	0.3	1.6	1.5	6.4	38%
Welloil	0.05	2.0	0.05	0.2	0.0	0.0	0.0	0.0	0%
Yakutgazprom	1.5	61.7	1.7	7.0	0.9	3.8	0.0	0.0	0%
Yangpur	3.7	154.6	3.2	13.3	-0.2	-0.4	0.0	0.0	0%
Yamal SPG	0.01	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0%
Yambuloil	0.1	3.9	0.2	0.7	0.1	0.3	0.0	0.0	0%
Yelabuganeft	0.4	15.0	0.4	1.5	0.0	0.0	0.2	1.0	66%
Yenisey	13.3	553.0	13.0	55.0	-0.3	0.7	5.2	21.9	40%
YuNG	6.5	269.2	6.8	28.6	-0.4	-0.6	0.0	0.0	0%
Yupiter-A	0.1	5.6	0.1	0.5	0.0	0.0	0.0	0.0	0%
Yuzhno-Aksyutino	0.04	1.6	0.03	0.1	0.0	0.0	0.0	0.0	0%
Yuzhno-Okhteurskoye	2.0	84.2	1.9	7.9	0.0	0.1	0.0	0.0	0%
Yuzhuralneft	0.2	7.9	0.2	0.9	0.0	0.0	0.0	0.0	0%
Zhivoi Istok	0.1	5.5	0.1	0.6	0.0	0.0	0.0	0.0	0%
Zarubezhneft	0.1	3.6	0.02	0.1	0.0	0.1	0.0	0.0	0%
Rusvietpetro	0.1	3.6	0.02	0.1	0.0	0.1	0.0	0.0	0%
Sinko	0.3	13.9	0.4	1.7	0.0	-0.1	0.0	0.0	0%
Sinko NNP	0.3	13.9	0.4	1.7	0.0	-0.1	0.0	0.0	0%
Utek	2.1	87.6	2.1	9.0	0.0	0.4	0.0	0.0	0%
Ryabovskoye	2.1	87.6	2.1	9.0	0.0	0.4	0.7	3.2	35%
Yukola-Neft	3.2	132.6	3.2	13.6	-0.1	0.2	1.7	7.1	52%
Bogorodskneft	2.5	104.4	2.7	11.5	0.1	0.7	1.4	5.9	51%
Povolzhskneft	0.7	28.1	0.5	2.2	-0.1	-0.4	0.3	1.2	56%
Urals Energy	7.4	308.9	8.6	36.3	-0.3	0.0	1.6	6.9	19%
Arcticneft	0.6	24.7	0.6	2.6	0.0	0.1	0.0	0.0	0%
Dinyu	2.7	113.5	2.8	12.0	-0.1	-0.1	1.2	4.9	41%
Dulisma	1.7	69.3	1.7	7.1	0.1	0.5	0.0	0.0	0%
Michayunneft	0.01	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0%
Nizhneomirinskaya Neft	0.3	12.2	0.3	1.4	0.0	0.1	0.1	0.5	38%
Petrosakh	1.8	72.7	1.7	7.1	-0.2	-0.4	0.0	0.0	0%
TsNPSEI	0.7	29.8	0.8	3.5	0.0	0.0	0.3	1.4	40%
Chepetskoye NGDU	0.6	23.1	0.7	2.9	0.0	0.1	0.0	0.0	0%
<b>PSA Operatorst</b>	<b>292.9</b>	<b>12,149.6</b>	<b>317.1</b>	<b>1,341.3</b>	<b>8.1</b>	<b>76.4</b>	<b>23.6</b>	<b>99.9</b>	<b>7%</b>
Total	20.2	836.8	25.6	108.3	4.0	19.7	23.6	99.9	92%
Sakhalin Energy	105.5	4,377.1	144.9	612.7	1.9	27.5	134.1	567.1	93%
Exxon Neftegaz (Sakhalin 1) including Foreign Participants	167.2	6,935.7	146.7	620.3	2.2	29.2	157.2	665.0	107%
Sakhalinmorneftgas-Shelf	133.8	5,548.5	117.3	496.2	1.8	23.4	NA	NA	NA
Rosneft-Astra	19.2	797.6	16.9	71.3	0.3	3.4	NA	NA	NA
	14.2	589.5	12.5	52.7	0.2	2.5	NA	NA	NA
<b>Russia Grand Total**</b>	<b>9,896.0</b>	<b>410,418.8</b>	<b>10,068.0</b>	<b>42,579.5</b>	<b>26.8</b>	<b>1,483.0</b>	<b>3,424.7</b>	<b>14,483.5</b>	<b>34%</b>

\* Exports to non-CIS markets via Transneft pipeline system. † Total for exports for PSA Operators exclude Sakhalin Energy and Exxon Neftegaz which export crude bypassing Transneft pipeline system. \*\* Excluding exports for state needs, rail shipment, transit. Figures may not add due to rounding. Source: Energy Ministry

**Markets**

**Crude Oil — Futures Fail To Sustain Upward Momentum**

The ICE Brent futures may, for the time being at least, have given up on trading above \$80 per barrel on a sustainable basis because buying interest seems to evaporate at that level. However, a continuing weakness of the dollar appears to prevent it from sliding below \$75. During the six-day reporting period, the front-month January contract has traded a \$3.78 range from a \$79.79 high on Nov. 19 to a \$76.01 low on Nov. 24. At press time on Nov. 24, January Brent traded around \$76.70. Dated Brent was assessed at January ICE Brent minus 90¢.

While a weak dollar may have prevented Brent from sliding further, it and recovering equity markets should have helped push prices about \$3 higher than they are, according to some analysts. That they are not could be a function of thin-

nish futures markets ahead of the long US Thanksgiving weekend. However, it might also indicate that poor global fundamentals are making themselves felt.

Refining margins improved with the lower crude prices. An incremental barrel of Urals on Nov. 18 posted a \$1.30 profit in a simple Mediterranean refinery, up \$1.05 on the week, while an identical barrel in a neighboring cracker gained \$1.15 to yield a \$2.20 profit.

Urals differentials firmed, probably in reaction to another bomb-related disruption to supplies of Kirkuk. On Nov. 24, Urals was assessed at dated Brent minus 70¢ c.i.f. Italy, up 25¢. In Northwest Europe, the price was assessed unchanged at dated minus 90¢, up 15¢.

Exports from Novorossiysk in the Black Sea declined from 744,000

metric tons to 273,000 tons in four tankers, in part because bad weather disrupted operations. Seven ships were at anchor waiting to load 656,000 tons, while another five were due to arrive over the next five days for a total of 478,000 tons.

Exports out of the CPC terminal increased by 138,000 tons to 665,000 tons in six ships. A seventh was at anchor, waiting to load 85,000 tons and another 10 were scheduled for arrival by Nov. 29 for an additional 1.038 million tons. Odessa exported 165,000 tons in two cargoes.

Exports out of Primorsk in the Baltic Sea eased back by one cargo to 901,000 tons in nine tankers. Four ships were waiting to load 400,000 tons and another six were expected over the next two days for an additional 600,000 tons.

**Products — Gas Oil Pressured By Rising Offshore Storage**

European product markets remain a mixed bag, with gas oil still under pressure, and fuel oil faring better, although increased supplies of the latter could change that.

ICE gas oil futures were trading at around \$605.75 per metric ton for the front (December) contract at press time Tuesday, down by \$35.25/ton on the week.

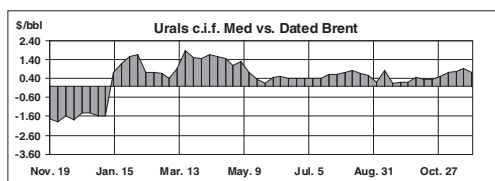
The heating season has gotten off to a fairly slow start, with average temperatures across Europe for the most part remaining above average. Demand as such has been lackluster from the region's key heating oil market, Germany. Even with a cold-

weather snap, the prospects for the market look bleak for the remainder of the year, due to high stock levels. The continued deep contango in the forward price structure has been encouraging storage of material. Traders suggest that total oil products in floating storage worldwide could come close to 100 million barrels by the end of the year — most of it gas oil offshore Europe — from under 80 million barrels at the end of October. But some support is coming from the closed arbitrage windows from both the US and Asia, which are expected to limit further flows to the European market for the remainder of the year.

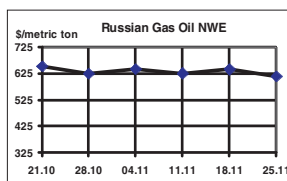
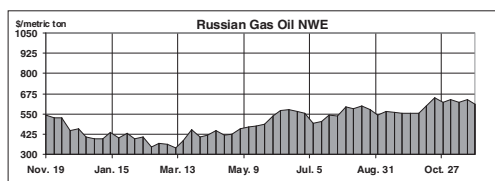
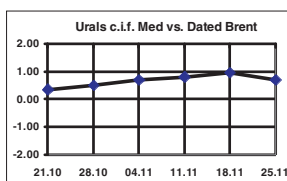
Fuel oil markets on the other hand, remain relatively robust. Bunker fuel demand remains strong overall, with supplies still tight, although increasing in Northwest Europe and also rising in the Mediterranean. An increase in availabilities of Russian fuel oil came with an expected pickup in exports ahead of the end of the river navigation season, although these are expected to ease back again in December. The closure of the arbitrage windows to both Asia and the US has meant that more of these barrels are remaining in Europe than in recent weeks.

**Marketplace**

12-Month View



1-Month View



**Spot Crude Oil Prices**

\$/barrel f.o.b. terminal, or c.i.f. destination	Nov.24'09	Nov.18'09	Chg.
Dated Brent f.o.b. (38 API)	75.80	78.50	-2.70
Russian Urals c.i.f. NWE (33 API)*	74.90	77.45	-2.55
UK Flotta (38 API)	74.70	77.45	-2.75
Russian Urals c.i.f. Med (33 API)**	75.10	77.55	-2.45
Libyan Es Sider f.o.b. (37 API)	76.05	78.45	-2.40
Siberian Light c.i.f. Med (36 API)**	76.05	78.90	-2.85
CPC Blend c.i.f. Med (47 API)**	75.75	78.30	-2.55

**Product Prices**

\$/ton, c.i.f. basis	Nov.24'09	Nov.18'09	Chg.
IPE Futures (front month)	605.75	640.00	-34.25
Russian 0.2% Gas Oil NWE	612.75	640.00	-27.25
Russian 0.2% Gas Oil Med	610.75	638.00	-27.25
0.1% Gas Oil NWE	609.75	637.00	-27.25
10 ppm Diesel NWE	624.75	651.00	-26.25
M-100 Cracked NWE	458.00	456.00	2.00