**National**

**GAIL eyes new geographies to scale up international trade**

A diversified supply base, the lure of fat margin, and the confidence earned with some recent overseas deals have boosted ambition at state-run GAIL, which is now preparing to up its game in the international trade. “We are transforming from a domestic to an international player,” said Gajendra Singh, director (marketing) at GAIL, citing the company’s 15 million tonne of liquefied natural gas (LNG) portfolio, its eight rank globally in handling gas volume, and a supply base ranging from Qatar to Russia, Australia and the US. GAIL’s gas marketing portfolio, including the locallyproduced gas, is set to expand to 97 million metric standard cubic meter a day (mmscmd) in 2018-19 from 86 mmscmd in 2017-18, aided by overseas LNG supply. Of the 97 mmscmd, locally-produced gas comprises about 51mmscmd. Nearly a quarter of the balance 46 mmscmd of LNG supply has been tied up for sale to international customers with the remainder planned to be shipped to India. “Our focus is now to reach new geographies. A diverse supply base enables us today to serve customers in diverse regions,” said Singh, adding that the shift would help mitigate risk that comes with total dependence on the domestic market. GAIL is also contemplating setting up an office in Europe to be close to customers—it already has offices in Singapore and Houston. It is planning to beef up its LNG trading desk, sharpen its hedging tools, and build a team of analysts to develop better insight into the international LNG market. “There is a scope for much better margins in the international market. There are risks too,” he said, adding that once the company makes a name for itself in the international market, more business opportunity and better terms may come its way. After doing some free on board deals for its US gas, GAIL recently did its maiden ex ship (DES) deal with a customer in Europe, which means delivering gas to the customer’s port and is more profitable, Singh said. It aims to similarly tap the Latin American market. Just two years ago, GAIL faced big uncertainties as oil rates had collapsed and its long-term LNG contracts in which gas prices are linked to crude had begun looking unviable. Customers were refusing supplies and GAIL didn’t know what to do. Its US LNG contract, linked to Henry Hub price index, too felt like a liability as spot rates had crashed, and there were no back-to back contracts with customers. As the delivery schedule approached, GAIL hurriedly undertook some time and destination swaps, not all of which were very profitable.

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/gail-eyes-new-geographies-to-scale-up-international-trade/65650954>

**GAIL India to set up battery charging stations for e-vehicles**

GAIL also wants to carry on the business of manufacture, import, distribution, and marketing of appliances relating to gas marketing and distribution, such as gas meter and CNG kits.

GAIL India, the country's largest gas transportation and marketing company, plans to set up battery charging stations for electric vehicles as well as build solar plants as it looks to be "future ready" for emerging businesses, a senior company official said.

It also wants to explore the business opportunity in waste-water treatment plants, water distribution, large water pipeline laying as an early mover.

"We have the country's biggest network of pipelines? and gas marketing infrastructure. We want to leverage for emerging business opportunities," he said. "We want to be future ready."

It is looking at possibilities of setting up battery charging stations for e-vehicles at CNG dispensing stations in a bid to diversify its portfolio beyond gas and petrochemicals.

"It is all at drawing board stage. A lot will depend on norms. For example, we don't know if rules permit a battery charging facility at a petrol pump or a CNG station. We don't know at what price we can sell that battery charge," he said. ? GAIL wants to insert six new sections in the main objects clause of the memorandum of association of the company to foray into new business.

According to a shareholder notice, it wants to invest in "start-ups in core business areas (of natural gas, petrochemicals, and energy) and non-core areas (like health, social and environment, safety, and security) either directly or indirectly."

"The investment can be made through special purpose vehicle (SPV), alternative investment fund (AIF), fund of funds (FoF) and trust," it said.

The official said there is a necessity to adopt new and different pathways to provide clean, cost-effective and efficient mobility services that are safe, reduce dependence on oil imports and achieve more efficient land-use in cities with the least environmental footprints and impacts on human health.

With the objective in mind, the firm wants to set up "battery charging stations and provide charging services" to electric vehicles.

With the government planning to make a major shift to electric vehicles by 2030, GAIL feels that charging infrastructure for electric vehicles in India has not been fully developed yet.

GAIL with its "pan-India presence through the natural gas network is deep-pocketed and has the capability of setting up charging infrastructure at a faster pace," he said.

The 34th annual general meeting of the company is scheduled for September 11.

With depletion of groundwater and monsoons becoming less predictable and unreliable, availability and utilisation of water are becoming key issues in modern India. Many cities are sourcing the fresh water through long-distance transport ranging from 50-200 km. ? Stating that with growing population and industrialisation, the effluent water discharged has increased significantly, GAIL in the notice said the treatment of the effluent water and maintaining of the freshwater table is a big challenge and a business opportunity.

It is also looking to "harness solar power potential available at its various sites and installations which can be connected to grid for sale or for own use at other installations through wheeling of power."

In line with its strategy to promote the use of green fuel, it is contemplating to promote gas appliances in households to increase gas usage and minimise electric usage in housing equipment and appliances such as gas boiler, gas-based air conditioner and bathroom heater.

Operating nearly 14,000-km of natural gas and LPG pipeline and executing more than 4,500 km of new lines, GAIL feels it can provide services such as engineering, procurement and construction (EPC), engineering, procurement, construction management (EPCM) and project management consultancy (PMC) in the field of hydrocarbon pipelines.

"GAIL also has adequate experienced manpower and infrastructure for providing these services," the notice said.

It also wants to "carry on the business of manufacture, import, distribution, and marketing of appliances relating to gas marketing and distribution, such as gas meter and CNG kits".

<http://www.newindianexpress.com/business/2018/sep/03/gail-india-to-set-up-battery-charging-stations-for-e-vehicles-1866926.html>

**Piped gas supply to reach more cities**

Nine districts in Tamil Nadu and Puducherry have been covered in the 9th CGD round

Piped Natural Gas is expected to become the order of the day in the next few years with the Petroleum and Natural Gas Regulatory Authority (PNGRA) issuing Letters of Intent (LoI) to 10 successful bidders across 30 geographical areas (GAs) in the 9th CGD (City Gas Distribution) bidding round.

This is expected to cover 20 per cent of the country’s populace (as per 2011 census) and 11 per cent of its geographical area.

Coverage so far

With the completion of the 9th CGD bidding round, CGD would be available in 178 GAs comprising 280 districts spread over 26 States and Union Territories covering more than 50 per cent of India’s population and 35 per cent of its GA.

Nine districts in Tamil Nadu and Puducherry have been covered in the 9th CGD round. Incidentally, the bids for Coimbatore and Salem districts in TN have gone to State-owned oil and gas company Indian Oil Corporation Ltd (IOCL).

Indane market share

R Sitharthan, Executive Director and State Head, IOC (TN and Puducherry), who was in the city to formally launch the 5-kg LPG cylinder fuelled iron boxes, told this correspondent on the sidelines of the event that the proposed investment towards pipeline expansion, construction of POL terminals, captive jetty, additional facilities for handling of petrol and diesel products has been estimated at ₹7,112 crore.

“This is for TN and over the next three years,” he added.

He claimed that Indane, IOCL’s LPG brand, continued to lead the second LPG revolution in the country, with a market share of 82-83 per cent on the domestic front. “We are hoping to achieve 100 per cent of the market by looking at other applications for LPG. And this 5-kg LPG cylinder is expected to fuel the change and transform lives,” he added.

“We are now focusing on the health of workers involved in ironing business, particularly those that are using charcoal as fuel,” he said, introducing two young women, who recently migrated to LPG-powered iron.

A survey by the company revealed that the ironing (isthriwalla) business is highly unorganised and a majority of them suffered various ailments due to exposure to enormous heat, emission of gases like carbon-dioxide and carbon monoxide.

<https://www.thehindubusinessline.com/news/piped-gas-supply-set-to-undergo-majorfor-overhaulto-reach-more-cities/article24849318.ece>

**India's first biofuel flight: This team flew jets on seed oil, next stop is the kitchen**

For eight years, a team of 20 scientists worked to convert the small black seeds of the jatropha plant into fuel to fire the engines of a jet plane. On August 27, their work at the verdant campus of Indian Institute of Petroleum (IIP) in Dehradun paid off. Three hundred and thirty kilos of bio-jet fuel developed from jatropha a hardy plant with nearly 40% oil content — was partially used to propel a 45-minute SpiceJet flight from Dehradun to Delhi The IIP team took four days to extract this quantity of oil, which was used in the right engine of the plane. “Since this was a test flight, only 25% of bio-jet fuel was used and the rest was conventional aviation turbine fuel (ATF). International standards cap the use of bio-jet fuel at 50% in each engine,” says Dr Anjan Ray, director, CSIR-IIP. Feedstock for bio-jet fuel can be obtained from 400 types of plant seeds. This initiative relied on jatropha as it was readily available from the Chhattisgarh Biofuel Development Authority. “Around 500 farmers from Maoisthit villages grow this crop. It’s transforming their lives,” says Ray. Planes use kerosene-based fuels, which are polluting. According to the Intergovernmental Panel on Climate Change (IPCC) and World Meteorological Organisation (WMO), air transport contributes to 4.9% of climate change. Burning biofuel also leads to emissions but they’re less toxic. “Any hydrocarbon fuel will generate about 3.15 tons of CO2 per ton of fuel combusted. But when we burn fuel that’s been obtained from a plant, its carbon emission is balanced by the carbon the plant absorbs from the atmosphere. Using 100% bio-jet fuel on a flight can bring down its carbon footprint by 50-80% depending on feed stock, supply chain and process of production,” explains Ray. Another benefit is reduced air pollution. “Conventional aviation fuel contains 3,000 parts per million of sulphur that leads to emission of sulphur dioxide. Biojet fuel contains less than 10 parts per million sulphur.” The IIP is also working on ways to turn used cooking oil into biofuel for both jets and automobiles. A litre of used cooking oil can yield 850-950ml of biodiesel. India’s Food Safety and Standards Authority (FSSAI) has introduced regulations from July 1 that bar commercial eateries from reusing cooking oil, and instead encourages them to pass it on to biofuel developers. “Annually, about 23 million tonnes of cooking oil is consumed in India,” says an FSSAI communication. “The conventional jet fuel demand in India is 6-7 million tonnes, up to half of that can be technical substituted by bio-jet fuel, and about a third of this half can be obtained from used cooking oil,” says Ray. If biofuels have benefits, why are cars and planes still powered by petrol and kerosene? It’s the cost and the difficulty of manufacturing it on an industrial scale. Globally, bio-jet fuel is 60-70% more expensive than conventional fuel. Sceptics say developing biofuels is not a sustainable and long-term solution to climate change. But Dr Ray says that the low cost of feedstock and used cooking oil in India could make bio-jet fuel quite competitive with ATF. Another argument levelled against biojet fuel is that growing feedstock for it could compromise food production. “Fuel crops should never replace food crops, but be planted in a planned manner on non-competing land to supplement farmer income,” says Ray in defence of greener fuel. Despite the criticism, the team at IIP has moved ahead. They are shopping for a suitable commercial partner to scale up production of biofuel.

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/indias-first-biofuel-flight-this-team-flew-jets-on-seed-oil-next-stop-is-the-kitchen-/65651221>

**Maruti, IOC join hands for biofuel blend, engine efficiency**

With consumers demanding cost-effective and fuel-efficient vehicles, and the government pushing for cleaner fuel as well as reducing import dependence, the onus is now on auto makers and oil refiners to offer such products.

In keeping with this demand, auto makers, including Maruti Suzuki India and refiners, including public sector giant Indian Oil Corporation (IOC), have joined forces to offer the best.

Tests are happening at various levels at the IndianOil Research & Development Centre and other places to work on various specifications of blending biofuel — ethanol blended petrol/diesel and engine configuration that could help save fuel and lead to better mileage.

R&D partners

While approving the National Policy on Biofuels. the government had observed that it would not only reduce import dependence but also help create a cleaner environment. Sources at Maruti Suzuki said that the company was not only working with IndianOil, but also with NITI Aayog and Automotive Research Association of India (ARAI) for testing of the engines at various levels, and design.

CV Raman, Senior Executive Director (Engineering), Maruti Suzuki, told BusinessLine that “Methanol blended fuel is a very different fuel as compared to current fuel. In order to understand the impact of the fuel on engines and vehicles in terms of material, emission, efficiency and driving behaviour, a comprehensive check is required. Based on this, proper design changes can be implemented to make vehicles compliant. Maruti Suzuki is actively working with NITI Aayog for conducting this evaluation.”

Work is also happening on taking e10 (10 per cent blending) to e20 (20 per cent).

According to industry sources, ethanol-blended petrol costs may not be expensive because the current procurement price of ethanol in India is lower than the international price of petrol.

GST boost

Reduction of GST on ethanol in July from 18 per cent to 5 per cent has also helped ethanol-blending programme. In e10 and e20 blends of petrol, ethanol component will be higher and this will impact petrol price positively, oil refiners argue.

SSV Ramakumar, Director (R&D), IndianOil said, “Currently, for Maruti Suzuki, we are using different blends to further fine-tune the engine."

He said that IndianOil R&D, Indian Institute of Petroleum at Dehradun and Society of Indian Automobile Manufacturers (SIAM) conduct a joint study for such purposes. “There are extensive discussions among all stakeholders before formalising the specifications,” he said adding that “among various issues deliberated flexi-engines is one subject. It has to happen sometime, but it is for the car makers to decide.” Ramakumar also said that the draft of e20 specifications have been circulated among stakeholders and field evaluations are underway.

It is based on the suggestions made and the draft formalised that BIS notifies them, he added.

Crude impact

According to industry experts, world over, industries are looking at alternatives to fossil fuels, including electric vehicles as the price of crude oil has been fluctuating in the world market and has increased significantly in the recent past.

Such unforeseen escalations in crude oil prices are severely straining economies the world over, particularly those of the developing countries.

The National Policy on Biofuels has also noted that India’s energy security would remain vulnerable until alternative fuels to substitute/ supplement petro-based fuels are developed based on indigenously produced renewable feedstocks.

In biofuels, the country has a ray of hope in providing energy security. Biofuels are environment-friendly fuels and their utilisation would address global concerns about containment of carbon emissions.

The transportation sector has been identified as a major polluting sector. Use of biofuels has therefore become compelling in view of the tightening automotive vehicle emission standards to curb air pollution, it noted.

Therefore, a company like Maruti Suzuki, which is also the largest car manufacturer in the country, has to look at such alternatives. The company has more than 50 variants of vehicles right now and needs to pull up its socks to offer alternative fuel options. It already has CNG-run vehicles and will be launching an electric car by 2020.

<https://www.thehindubusinessline.com/news/maruti-indianoilioc-join-forceslook-join-hands-for-to-get-perfect-blend-of-biofuel-blend-and-engine-efficiency/article24849175.ece>

**Fuel prices set new record on fall in rupee, surge in global crude oil**

Petrol and diesel prices have set a new record, pushed by a combination of the dramatic fall in rupee and a sharp rise in crude oil, resurrecting the demand for lowering of duties on the fuel. Petrol reached a peak of Rs 86.25 a litre in Mumbai and Rs 78.84 in Delhi on Sunday. Diesel rose to its highest levels of Rs 75.12 in Mumbai and Rs 70.76 a litre in Delhi. Fuel prices vary from state to state due to local levies. State oil companies barely import petrol or diesel for the local market but charge customers prices based on the international rates. They also factor in the exchange rate and taxes before determining the final price. The exchange rate has fallen to a record Rs 71 to a dollar, depreciating Rs 2.5 in a month. Crude oil has gained $7 a barrel in a fortnight, driven by fears that the US sanctions on Iran will likely contract supplies although the price rise has still been limited due to the hope the increased production by Saudi Arabia, Russia and the US will make up for much of the shortfall. A strong oil demand predicted for the rest of the year is expected to keep prices higher. The appreciation of dollar against rupee has also pushed up rates for compressed natural gas (CNG) as well as piped natural gas (PNG) since the price of gas procured by city distributors is mostly dollar-denominated. Indraprastha Gas raised the prices of CNG by 63 paise per kg and Rs 1.11 per standard cubic meter in Delhi on Saturday. Local natural gas prices, due for revision at month-end, is also expected to rise by about 14%. This would further raise CNG and PNG rates. Higher fuel prices stoke broader inflation in the economy, prompting the central bank to raise interest rates to fight inflation, and trigger public demand for tax cuts by the government, reducing resources for social spending. Fuel prices have been setting new records every now and then in 2018 but the central government has refused to cut taxes to lower prices.

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/fuel-prices-set-new-record-on-fall-in-rupee-surge-in-global-crude-oil/65651222>

**External factors behind fuel price rise: Pradhan**

Union Petroleum and Natural Gas Minister [Dharmendra Pradhan](https://energy.economictimes.indiatimes.com/tag/dharmendra%2Bpradhan)Sunday blamed "external factors" for the rise in domestic prices of petrol and diesel, but said the increase is temporary. Talking to reporters on the sidelines of a conclave organised in Surat, Pradhan said the factors responsible for drop in production of crude oil have caused a spike in fuel prices in India. "I would like to mention two points, and both these subjects are external. OPEC (Organisation of the Petroleum Exporting Countries) had promised that it will raise production by one million barrels per day, which was not raised.
"Apart from that, crises in countries like Venezuela and Iran are increasing. There is a pressure on oil prices due to decrease in production. Secondly, global currencies have weakened against the US dollar," he said. Pradhan was in Surat to inaugurate a textile and plastic investors conclave, where he addressed entrepreneurs, industry stake-holders and professionals from the plastic and textile industry.
The conclave showcased opportunities in textile, polymer and downstream sectors in Odisha and eastern India. "This is a matter of concern for the world economy, and the Indian economy is also affected. But considering these factors, the Indian government is planning to put diplomatic pressure.
"A high-level American delegation is visiting India, and India's two senior representatives - defence minister and external affairs minister - will talk to them. All these factors will be discussed. I consider this period (of high petrol, diesel prices) temporary," he said, referring to the 2+2 dialogue between the two countries in Delhi this week. Fuel prices have been on the rise since August 16 after the rupee dipped to its lowest value against the US dollar. Petrol and diesel prices had gone up by almost a rupee per litre within a fortnight last month. Later tweeting about the event, Pradhan said, "Surat, today, is one of the largest man-made fibre clusters in India, processing more than two crore metres of fabric a day. The entrepreneurial spirit of the people of Surat has developed the city into a thriving economy based on textile and various other industrial clusters". "It fills me with great pride that people from my home state of Odisha have played a key role in this economic transformation journey and a huge number of karigars in Surat today belong to Odisha. "Government's decision to increase import duty on polyster fibre and yarn will further give impetus to domestic producers," he said in another tweet. "Odisha provides an excellent investment opportunity, being close to the demand pockets of eastern UP and West Bengal with unique coastal position to caret export demand," the minister tweeted. KA NSK ABH ABH ABH

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/external-factors-behind-fuel-price-rise-pradhan/65650929>

**HPCL to finalise 10 licensors this week for Rajasthan oil refinery**

ONGCowned state-run oil marketer Hindustan Petroleum (HPCL) will award the licensor agreements this week to 10 of the 12 vendors it needs for the upcoming Rs 43,130-crore project Barmer refinery in Rajasthan. Prime Minister Narendra Modi had laid the foundation stone for the 9-million tonne or 1.8 lakh bpd greenfield refinery at Pachpadra village in Barmer district of Rajasthan being set up in a 75:25 joint venture with the state administration. It is slated to be completed by end-2020. The foundation stone for the project was first laid in September 2013 by the then president of ruling Congress Sonia Gandhi. But the project remained a non-starter as the state, which voted in a BJP government, reworked the project and changed incentive structure including an interest-free loan of 16,845 crore toHPCL to be paid back in 15 years from the commissioning of the project. The company, taken over by upstream energy major ONGC this January for a tad over Rs 36,915 crore as part of the governments divestment process, has around 24.8 million tonne (mt) refining capacity now. It has plans to ramp this up to 60 mt by 2030 and brownfield expansion to achieve the target is afoot with work. Currently, HPCL is expanding the capacity at its flagship Mumbai refinery from 6.5 mt to 9.5 mtpa at a cost of over Rs 5,000 crore, and the Visakhapatnam refinery from 8.3 mt to 15 mt at a cost of around Rs 21,000 crore. That apart, it also has a 9 mt facility at Bathinda in Punjab in a 49 per cent equal joint venture Mittal Energy of LN Mittal which will be doubled in a few years. "We are working to award the licensor agreements to 10 of the 12 vendors we need for the Barmer refinery this week. Already a lot civil work is progressing. Since the foundation stone was laid in January, weve invested close to Rs 6,000 crore in civil work. "A water reservoir is almost complete and so are many other basic civil structures," M K Surana, chairman and managing director, said here over the weekend. He declined to name the licensors citing confidentiality agreements and the sensitivity of the work they will perform for the third largest state-run oil marketer. At the AGM last Thursday, Surana had announced a Rs 75,000 crore capital expansion for the next five years, most of which will go into capacity ramp up. For the current fiscal the company has a capex plan of Rs 8,425 crore, most of which will go into the ongoing brownfield expansion at Vizag and Mumbai. Giving a break-up of the Rs 75,000 crore capex, Surana said of this, Rs 33,300 crore is earmarked for refinery expansion, Rs 29,550 crore for marketing, around Rs 770 crore for renewables and R&D, and Rs 12,000 crore for joint ventures. He also said the company is focused on enhancing refinery footprint to increase self-sufficiency (it buys a lot of fuel from other refiners as it sells much more than (36.9 mt last fiscal) what it refines (24.8 mt), diversify into profitable segments like petrochemicals, expand refining and marketing businesses into new geographies and also enter the high margin natural gas distribution. HPCL will also have 12.5 per cent consideration in the proposed 60 mt Ratnagiri refinery in Maharashtra if it materialises. Additionally, Surana said the company is in discussions with the parent ONGC and Mangalore Refinery & Petrochemicals (which is majority owned by ONGC) for a merger. HPCL owns 17 per cent stake in MRPL while ONGC holds a majority 71.63 per cent. "Eventually it makes no sense for ONGC to run two separate companies in the same business. A merger can bring greater synergy and economies of scale to us, while we have a little over 15,000 fuel outlets, MRPL has just six of them. "The way it has been set up makes it difficult for them to open more retail outlets as well," Surana said. He further said that with MRPL, they can unload crude at Mangalore and get freight advantage. "We have a large R&D facility in Mangalore set up at a cost of Rs 3,000 crore. We have refinery in Vizag on the East Coast, Mumbai on the West Coast, Bathinda in the North and Mangalore in the South. If we merge we can integrate facilities and create lots of synergies," he added But he refused to offer a timeline for the merger, saying "three boards are involved. We are in discussions with ONGC and we are progressing well." The Barmer refinery at Pachpadra will be able to process local crude from Vedantas Barmer oil field, apart from imported crude oil. Of the 9 mt capacity, 2 mt will house a petrochemicals complex. The state has allotted 4,800 acre for the refinery, which was conceived by the Manmohan Singh government in late 2012. Surana said the Barmer refinery project is on course will be able to commission it as planned2022-22. When asked about fund raising for the project, finance director J Ramaswamy told PTI that the project will have Rs 28,000 crore of debt on their book, which will be raised from next fiscal. "We will have financial closure by next fiscal when we will need the money," he said. India's annual refining capacity today stands at 235 mt. Of this, 194 mt are consumed domestically. The country is in the process of increasing the refining capacity to around 310 mt by 2023 tobecome a refinery hub. The market leader Indian Oil alone will have 140 mt tonne capacity by then when domestic demand for petrol and diesel is expected to go up by two-thirds to 170 billion litres.

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/hpcl-to-finalise-10-licensors-this-week-for-rajasthan-oil-refinery/65647192>

**HPCL plans to invest Rs 1,000 crore for LPG cavern in Mangaluru**

HPCL may set up the LPG underground storage facility in Mangaluru with France’s Total SA, or may venture alone, says CMD M.K. Surana

State-run oil marketing company Hindustan Petroleum Corp. Ltd (HPCL) is planning to build an underground liquefied petroleum gas (LPG) storage facility in Mangaluru, said a top company executive. “We are reviewing the proposal and seriously thinking of setting up a facility. An announcement will be made soon,” said M.K. Surana, chairman and managing director at HPCL.

It may set up the facility with France’s Total SA, or may venture alone, added Surana. The cavern, will be second such facility in India, to be set up at about ₹ 1,000 crore. Total SA and HPCL both have an LPG import facility in Mangaluru.

HPCL and Total SA, through their joint venture, South Asia LPG (SALPG), operate a 60,000-tonne capacity underground LPG storage facility in Visakhapatnam, in Andhra Pradesh. The facility was commissioned in 2007 at an investment of ₹ 333 crore. The Mangaluru facility may have a capacity of over 60,000 tonne.

“In LPG sales, HPCL continued to be the second largest marketer in India with sales growth of 8.5%. It also maintained market leadership in non-domestic bulk LPG segment with over 48% market share,” the company said in its annual report.

In 2017-18, SALPG cavern received 1.686 million metric tonnes (MMT) of LPG, compared to 1.627MMT in the previous fiscal year, registering growth of 3.63%. It earned revenue of ₹ 228.38 crore and recorded profit after tax of ₹ 118.21 crore in 2017-18.

HPCL and Total SA’s facility at Visakhapatnam has been dug in rock to store LPG. It is made up of two caverns of 19 metres in height, 20 metres base width and 160 metres in length, with interconnections.

Besides being safe from natural calamities and hazards such as sabotage and aerial bombings, the caverns are leak and fireproof.

Total SA operates in the lubricants and LPG segments in India. Last week, it sold its 26% stake in the Hazira LNG terminal in Gujarat to Shell Gas BV, a subsidiary of Royal Dutch Shell Plc.

According to a senior HPCL executive, the growing demand for LPG in India is prompting the company to finalise the contours of a new cavern. “The Ujjwala scheme has brought about an unprecedented expansion for LPG. This is an encouraging trend and our plan corresponds to this,” the executive said, requesting anonymity.

According to HPCL’s annual report for 2017-18, LPG consumption increased 8% following the implementation of various government schemes such as the Ujjwala Yojana.

<https://www.livemint.com/Companies/P7uHpNMvzTEPypFbhsuxSP/HPCL-plansto-invest--1000-crore-for-LPG-cavern-in-Mangalu.html>

**International**

**Japan to halt Iran oil imports under US pressure**

Japan's major oil wholesalers are preparing to suspend crude oil imports from Iran in October, amid fears Washington will sanction countries importing Iranian crude, local media reported. US President Donald Trump in May pulled out of a 2015 nuclear deal with Iran and last month began reimposing sanctions that block other countries from trading with Iran. A second phase of sanctions targeting Iran's crucial oil industry and banking sector will be reinstated on November 5. Japan has been seeking a waiver that would allow it to continue importing Iranian oil, but it appears unlikely to win one, Jiji Press agency and other local media reported in recent days. As a result, Japanese oil companies are preparing to halt imports of Iranian crude and researching ways to increase imports from elsewhere to make up the shortfall, the reports said. A trade ministry official on Monday confirmed Japan had raised the issue of a waiver in talks with the US but declined to comment further. Oil importers declined to confirm they were contingency planning for a halt in Iranian imports. "We've been saying we will observe a government decision (on Iranian oil imports), but we can't comment further as we don't disclose information on individual trades," a spokeswoman for wholesaler Showa Shell Sekiyu told AFP on Monday. Wholesaler JXTG also declined to confirm the report. Resource-pour Japan relies heavily on imports of oil from the Middle East, though crude from Iran accounted for just 5.3 percent of the country's total imports last year.

<https://energy.economictimes.indiatimes.com/news/oil-and-gas/japan-to-halt-iran-oil-imports-under-us-pressure-reports/65651265>

**Qatar plans to invest billions of dollars in Germany**

Qatar plans to invest billions of dollars more in Germany and will broaden its focus to the country’s medium-sized companies, business newspaper Handelsblatt said in a report due to be published on Monday.

Citing diplomatic and company sources, the paper said that the Qatar Investment Authority (QIA) and private sector players would be looking at Germany’s “Mittelstand” manufacturing companies.

“We see Germany as a key player in the world economy and are looking at the German market with great optimism,” Handelsblatt quoted Qatar’s Minister of Finance Ali Sharif al-Emadi as saying.

“Our delegation will be announcing big new investments,” he said in an interview in the Handelsblatt report ahead of a Qatar Germany Business and Investment Forum in Berlin on Sept. 7.

Qatar, the world’s biggest exporter of liquefied natural gas (LNG), has shareholdings in companies including Volkswagen , Deutsche Bank, Siemens, Hochtief and SolarWorld.

Handelsblatt calculated that they jointly amounted to $20 billion.

Al-Emadi said Qatar was happy with its investments, despite having incurred some losses from Solarworld and Deutsche Bank engagements. “We have a lot of stamina, and that goes for all sectors,” he said.

<https://www.hellenicshippingnews.com/qatar-plans-to-invest-billions-of-dollars-in-germany-report/>

**China Oil Companies Report Strong First-Half Profits**

China’s state-owned oil giants struck black gold in the first half of 2018 as an uptick in global oil and gas prices pushed upstream profits skyward.China’s top oil producer, PetroChina Co. Ltd., chalked up the greatest gains out of China’s big three energy producers, with its profit more than doubling to nearly 17 billion yuan ($2.5 billion) in the second quarter, while revenue grew 17.4% to 566 billion yuan, according to a filing with the Hong Kong Stock Exchange on Thursday. Overall profits for the first half of the year were also strong, rising 113.7% on the same period a year earlier.China Petroleum and Chemical Corp. (Sinopec) also performed strongly, with its profits jumping 125% in the second quarter of this year to 23.6 billion yuan. Profits rose 53.60% on the same half-year period a year before. China National Offshore Oil Corp. (CNOOC) similarly saw its first-half profit rise by 56.8% in what was its best half-year net profit since 2015, with profits rising to 25.5 billion yuan. It did not release quarterly results for comparison. All three energy companies saw modest increases in their production. However, this is set to increase even further in the years ahead thanks to a renewed appetite for developing upstream energy sources that has been lacking in recent years, according to analysts.
In April, Sinopec announced that it will boost its annual capacity of natural gas supplies by importing and producing an extra 60 billion cubic meters (2.12 trillion cubic feet) by 2023. In July, CNOOC said it will ramp up its investment in Nigeria’s offshore oil and gas with another $3 billion, while in March, PetroChina announced its intention to boost its increase its acquisitions in support of the government’s Belt and Road Initiative, which aims to develop infrastructure projects overseas with Chinese companies’ support.All three companies are also heavily involved in the government’s push to develop liquefied natural gas capacity as part of an effort to reduce the country’s reliance on highly polluting coal for power. Sinopec intends to more than double its capacity to receive imported liquefied natural gas to 23 million metric tons per year by adding new facilities and expanding existing receiving facilities along China’s east coast, while CNOOC brought a new major terminal in Shenzhen online at the start of August.

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**GLOBAL LNG-Asian prices rise for 3rd week, boosted by North Asian demand**

Asian spot liquefied natural gas (LNG) prices this week rose for a third week, buoyed by firm demand from Japan and South Korea and by loading delays from Brunei that have now ended, industry sources said.

Spot prices for October LNG-AS delivery in Asia rose to $11.50 per million British thermal units (mmBtu) this week, up 10 cents from the week before, the sources said.

Japanese utilities bought spot cargoes for delivery in October, likely stocking up ahead of peak winter demand, the sources said.

Kyushu Electric bought a cargo for delivery in October at about $11.50 per mmBtu, an industry source said, though this could not immediately be confirmed. Kansai Electric was also seeking a cargo for delivery in October this week, the source said.

Kyushu’s demand came even though it restarted a nuclear reactor at its Sendai station this week, suggesting Japanese companies are likely building up inventory for winter, a second source said.

“This year’s summer was quite hot, so they were probably depleting their inventory then, which they are now building up,” the second source added.

All sources declined to be identified as they were not authorised to speak with media, while energy companies and utilities do not typically comment on commercial transactions.

Japan’s Saibu Gas is seeking one cargo every quarter for delivery over 2019 to early 2022, industry sources said. It is expected to award that in October, one of them said.

Project partners of the giant Ichthys project in Australia were last week looking for LNG cargoes for delivery in November and December, trade sources said. It was not immediately clear if they had bought the cargoes.

They are likely seeking the cargoes to fulfil term commitments, the sources said. The project has been delayed repeatedly and is now expected to start shipping condensate, LNG and liquefied petroleum gas (LPG) in that order from around end-September to end-December.

A South Korean buyer is also in the market looking for cargoes to be delivered over 5 to 10 years, two trade sources said.

Loading delays at the Brunei LNG plant may have resolved, trade sources said. LNG tanker Amani, which had been anchored near Brunei port for a week, loaded from the plant on Thursday and has now left, shipping data on Thomson Reuters Eikon showed.

Delivery of term cargoes to term customers of Russia’s Sakhalin-2 LNG project may have been delayed after one of two production lines at the project were halted last week due to a problem, a third industry source said. But the issue is expected to be resolved soon.

Russia’s Yamal LNG plant has offered cargoes for delivery in winter to Asian customers, traders said. It was not clear if it had sold any yet.

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**U.S. drillers add oil rigs for the first time in three weeks-Baker Hughes**

U.S. energy companies added oil rigs for the first time in three weeks, energy services firm Baker Hughes reported on Friday, while the rig count inched up this month as drilling steadied over the last three months.

Drillers added two oil rigs in the week to Aug. 31, bringing the total count to 862, the General Electric Co unit said in its closely followed report.

The oil rig count rose by one in August after gaining three rigs in July and losing one in June.

U.S. crude futures were on track to post their second straight weekly gain on concerns about an expected fall in supply from Iran due to U.S. sanctions and Venezuela’s declining output.

For the month, prices were set to rise about 1.7 percent.

The U.S. rig count, an early indicator of future output, is much higher than a year ago when 759 rigs were active. Energy companies have been ramping up production in tandem with OPEC’s efforts over the past year-and-a-half to cut global output.

So far this year, U.S. oil futures have averaged $66.42 per barrel. That compares with averages of $50.85 in 2017 and $43.47 in 2016.

Looking ahead, crude futures were trading at $70 for the balance of 2018 and $67 for calendar 2019.

In anticipation of higher prices in 2018 than 2017, U.S. financial services firm Cowen & Co this week said the exploration and production (E&P) companies they track have provided guidance indicating a 18 percent increase this year in planned capital spending.

Cowen said those E&Ps expect to spend a total of $85.3 billion in 2018, up from an estimated $72.2 billion in 2017.

Analysts at Simmons & Co, energy specialists at U.S. investment bank Piper Jaffray, this week forecast average total oil and natural gas rig count would rise from 876 in 2017 to 1,031 in 2018, 1,092 in 2019 and 1,227 in 2020.

A total of 1,048 oil and gas rigs are currently in service.

So far this year, the total number of oil and gas rigs active in the United States has averaged 1,015. That keeps the total count for 2018 on track to be the highest since 2014, which averaged 1,862 rigs. Most rigs produce both oil and gas.

Texas oil production fell in June from a year earlier for the first time in 16 months, according to figures released on Thursday by the state’s energy regulator, a fresh sign that a lack of pipeline space in the nation’s largest shale field may be curbing production.

U.S. crude oil production in 2018 is expected to rise 1.31 million barrels per day (bpd) to 10.68 million bpd, lower than last month’s forecast of growth of 1.44 million bpd to 10.79 million, the U.S. Energy Information Administration said earlier this month.

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**Brent crude oil dips on rising Opec output; looming sanctions on Iran prevent bigger fall**

Brent crude oil prices dipped on Monday amid rising supply from Opec and the United States, although expectations of falling Iranian output once US sanctions bite from November provided some support. International Brent crude oil futures were at $77.59 per barrel at 0046 GMT, down 5 cents from their last close. US West Texas Intermediate (WTI) crude futures were at $69.81 per barrel, virtually unchanged from their last settlement. Output from the producer cartel of the Organization of the Petroleum Exporting Countries (Opec) rose by 220,000 barrels per day (bpd) between July and August, to a 2018- high of 32.79 million bpd, a Reuters survey found. Output was boosted by a recovery in Libyan production and as Iraq's southern exports hit a record. Meanwhile, US drillers added oil rigs for the first time in three weeks, energy services firm Baker Hughes reported on Friday, increasing the rig count by 2 units to 862. The high rig count has helped lift US crude oil production by more than 30 per cent since mid-2016, to 11 million bpd. Despite the dip, Stephen Innes, head of trading for AsiaPacific at futures brokerage OANDA said Brent was "supported by the notion that US sanctions on Iranian crude oil exports will eventually lead to constricted markets", which he said would likely push up prices. "Iranian production is already showing signs of decline, falling by 150,000 barrels per day (bpd) last month ... (as) importers of Iranian barrels will already be moving away from taking shipments," said Edward Bell, commodity analyst at Emirates NBD bank in Dubai. Many analysts have warned that an economic slowdown because of trade disputes between the United States and other major economies including China and the European Union would drag on oil demand. OANDA's Innes said it was too early to say whether this would happen. "While the analysts continue fretting that $200 billion in tariffs could drag down oil demand, it isn't at all clear that such type of economic headwinds will topple oil prices given ... the constant barrage of supply outages," he said.

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