NIOC, Local Companies Sign $7bn MoU for Azadegan Oil Field Development

TEHRAN (Shana) -- **National Iranian Oil Company (NIOC) and Iranian banks and E&P companies have signed a $7 billion memorandum of understanding (MoU) to develop the giant Azadegan oil field.**

President Ebrahim Raisi, overseeing the signing ceremony, said investing in production, benefiting from local technical capacity and investment would contribute to economic growth and national progress. Minister of Petroleum Javad Owji also said that development of the Azadegan field, which Iran shares with Iraq, would earn the country more than $115 billion in revenue. He said Azadegan's output would reach 570,000 b/d over seven years.

The Azadegan oil field lies in Abadan Plain, about 80 km west of the city of Ahvaz and along the Iran-Iraq border, covering a total area of 1,500 square km. It is known to be Iran's largest joint oil field with about 32 billion barrels of oil in place. Azadegan is also ranked the 10th largest oil field in the world. It is Iran's most important greenfield with high capacity for oil output hike. The Iraqi side of this giant field is named Majnoon.

The MOU for Azadegan's development was signed with six Iranian and as many E&P companies. Bank Melli Iran, Bank Mellat, Bank Tejarat, Bank Parsian, Bank Pasargad and Bank Shahr are to provide necessary investment for the project that would be developed by the "Khatam al-Anbia Construction Headquarters", Persia Oil and Gas Industry Development Company, MAPNA Oil and Gas Development Company, Sina Energy Development Company, Petropars and Oil Industries and Engineering Construction Company (OIEC).

Owji said Azadegan, divided into North Azadegan and South Azadegan, is currently supplying 190,000 b/d.

One of the reasons that led the Petroleum Ministry to sign this MOU with a consortium consisting of banks and Iranian E&P companies was the issue of financing because due to sanctions Iran is facing restrictions in attracting international capital. It has been decided to finance the project by Iranian banks and major economic holdings.

With an investment of nearly $7 billion, the production capacity of this field will reach 220,000 b/d in the second year of its development, thereby bringing output to 570,000 b/d in the next seven years. That would also strengthen Iran's position within the Organization of the Petroleum Exporting Countries (OPEC). Iran's oil production capacity is now nearly 4 mb/d.

Owji has said that with an oil barrel at $80, Azadegan would yield Iran over $115 billion in revenue over a 20-year period, let alone create 24,000 job opportunities.

The integrated development of the Azadegan field would require drilling more than 420 production and injection wells, building five manifolds and laying 315,000 to 320,000 km of pipeline, which would be entirely handled by local contractors and manufacturers.

Raisi said achieving an 8% economic growth rate required attracting investment in the production sector. He said the MOU signed for the development of the Azadegan field would mean that top companies would team up for a big project.

He said implementation of the Azadegan development project would mean mobilizing internal capacity and enhancing private sector investors' confidence to contribute to such big projects.

Minister Owji said investment was the main element in the development of the petroleum industry.

"One of the first measures taken by the Petroleum Ministry was drawing up an investment plan which showed that we would need at least $160 billion in investment in the petroleum industry over eight years," he said.

IME Weekly Trade Tops $464 Million

TEHRAN – **The Iran Mercantile Exchange (IME) on Saturday reported that over 1,977,505 tonnes of commodities with a total trading value of more than $464 million were traded on its physical market in the last week.**

The IME's report said that, on its metals and minerals trading floor trade of 1,654,000 tonnes of commodities including, 1,127,146 tonnes of cement, 90,000 tonnes of iron ore, 304,284 tonnes of steel, 103,500 tonnes of sponge iron, 24,945 tonnes of zinc, 10,010 tonnes of aluminum, 5,200 tonnes of copper, 200 tonnes of molybdenum concentrate and 25 kg of gold bars with the value of $274 million were traded on its trading halls.

It also added that, over 309,826 tonnes of oil and petrochemical commodities including, 95,246 tonnes of polymeric products, 43,680 tonnes of vacuum bottom, 25,000 tonnes of lube cut, 34,499 tonnes of chemicals, 1,000 tonnes of sulfur, 4,083 tonnes of base oil, 1,050 tonnes of insulation and 105,099 tonnes of bitumen with total value of $181 million were traded on exporting and domestic halls in the last week.

The IME also traded within the same week 13,284 tonnes of commodities on its side market.

Report: FDI in Iran Back to Positive Trend

TEHRAN, IRNA – **United Nations Conference on Trade and Development (UNCTAD) has reported that the foreign direct investment (FDI) in Iran registered a positive growth last year after it was negative for three consecutive years.**

The report suggested that FDI in Iran has grown over the first year of President Ebrahim Raisi's administration while it had declined to a two-decade low during the previous Iranian government.

Last year's foreign direct investment in Iran totaled $1.3 billion which was unprecedentedly low for the past twenty years.

FDI in Iran saw a 6% growth over the past Iranian calendar year to March 20.

Iran-SCO Non-Oil Trade Grows 31%

TEHRAN - **The spokesman for Iran's Customs Administration (IRICA) Rouhollah Latifi on Saturday said that the country's non-oil trade with 11 members of Shanghai Cooperation Organization (SCO) has experienced 31% growth in the last five months.**

Latifi said that $17,056,000,000 worth of 21,415,000 tons of products have been exchanged between Iran and SCO member states in the first five months of the current Iranian calendar year (March 21-August 22, 2022).

He added that 17,381,000 tons of Iranian goods evaluated at $9,078,000,000 were exported to SCO states.

He noted that Iran's imports from SCO members reached 4,034,000 tons in weight and $7,978,000,000 in value, showing 68% growth, compared to the same period last year.

China ($6,722m), India ($729m), Afghanistan ($641m), Pakistan ($475m), and Russia ($291m) stood at the first to fifth positions in Iran's export destinations list in this period, according to Latifi.

Oil Prices Rise Despite Economic Concerns

NEW YORK (Oil Price) - **Crude oil prices rose by 3% despite fears of a global recession which has pervaded the oil price narrative in recent weeks, weighing on prices.**

Oil price rise was precipitated not by bullish production or supply outages nor by any significant demand outlook increases.

It was trading up $2.54 per barrel (+3.04%) at $86.08. While more than 3% rise on the day, the U.S. benchmark was trading down nearly $2 per barrel from last week.

The Brent benchmark was trading up $2.60 per barrel at that time (+2.92%) at $91.69—a more than $2 decrease from last week.

One supporting oil prices is the general market belief that OPEC+ will defend a particular price point—likely near $90 Brent. For OPEC+, which has struggled to meet its production targets even as prices rose to uncomfortable levels, production cuts would be a logical solution to falling prices as recession fears persist and concerns linger regarding China's crude demand thanks to its restrictive zero-Covid policy.

This zero-Covid policy could trigger China's fuel consumption to actually fall by 380,000 bpd this year compared to last year, according to a new prediction by Energy Aspects released on Friday. If realized, it would be China's first drop in fuel consumption in two decades.

On Thursday, U.S. Secretary Jennifer Granholm suggested that the Biden Administration was considering further releases of the nation's crude oil stockpiles (SPR) past October, although a Department of Energy official later denied this.

U.S. Freight Railroads Prepare for Potential Strike Disruption

LOS ANGELES (Reuters) - **Major U.S. freight railroads have said they were preparing for a possible strike and service disruption a week before a deadline in protracted labor talks.**

BNSF, owned by Berkshire Hathaway, and CSX said they were taking necessary steps to secure the shipments of hazardous and security-sensitive materials in the event of a strike.

"While these preparations are necessary, it does not mean that a work stoppage is inevitable," BNSF said in a statement to Reuters.

Contract negotiations between railways including BNSF, Union Pacific, CSX and unions representing 115,000 workers hit an impasse this summer after more than two years of talks. Failure to reach a settlement before a cooling-off period expires on Sept. 16 could open the door to strikes, employer lockouts and congressional intervention.

Talks are "active and ongoing" a spokesperson for the Association of American Railroads said on Friday. Union Pacific and Railroad Workers United did not immediately respond to requests for comment outside business hours.

Last month, President Joe Biden appointed a presidential emergency board that made settlement recommendations to help avoid disruptions to food and fuel supplies and worsening inflation.

BNSF said the remaining unions and other railroads continue to work to reach voluntary agreements based on the board's recommendations to avoid interruption to rail service.

The largest U.S. trucking industry group on Friday urged Congress to be prepared to prevent railroad shutdowns if the negotiations fail to produce contracts by the deadline.

In the early 1990s, Congress required the two sides to engage in final and binding arbitration to prevent disruptions to shipping activities.

Unions and freight railroads have so far reached tentative agreements covering 21,000 workers represented by five of the 12 unions involved in the negotiations.

A railroad work stoppage would cost the U.S. economy $2 billion per day in output and require 467,000 long-haul trucks daily to handle shipments diverted from rail - exceeding supply, the railroad association said.

Russian Oil Flows to EU Via Hidden Maritime Routes – Nikkei

MOSCOW (RT) - **Over the past six months, dozens of vessels have made ship-to-ship transfers of oil off the coast of Greece with tankers that left Russia and later arrived at European ports, business daily Nikkei reported. Its analysis showed there was only one such vessel last year.**

"Transferring oil between ships at sea to hide its origin may continue even after the oil embargo takes effect," the newspaper said.

It further revealed that on August 24, it photographed the transfer of oil from one tanker to another in the Laconian Gulf near southern Greece. One tanker reportedly was the Greek-registered Sea Falcon, which left the Port of Ust-Luga in northwestern Russia on August 4. The other was the Indian-flagged Jag Lok, which departed from the Turkish Port of Aliaga, also on August 4. Small boats surrounded the tankers, assisting with the transfer, according to the report.

Over the six months through August 22, Nikkei has confirmed 175 transfers off the Greek coast involving tankers from Russia. There were only nine such transfers during the same period last year, it said. Refinitiv data shows that Russia exported 23.86 million barrels of oil for ship-to-ship transfers off Greece. During the same period last year, 4.34 million barrels were shipped for similar transfers.

Nikkei tracked the routes of the ships, confirming that 89 tankers arrived at ports, compared with only three such arrivals in 2021. Of those, 41 arrived at ports in Greece, Belgium, and elsewhere in Europe, it wrote, noting that two tankers made port calls in Britain.

The analysis highlighted the crucial role that the waters near Greece play as a hub for oil shipments between Russia and Europe.