INSIDE U.S. OIL



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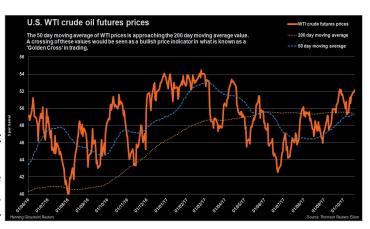
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TOP NEWS

ANALYSIS-Canada's oil sands survive, but can't thrive in a \$50 oil world

Canada's oil sands producers are stuck in a rut. The nation's oil firms are retrenching, with large producers planning little or no further expansion and some smaller

CHART OF THE DAY



projects struggling even to cover their operating costs. As the era of large new projects comes to a close, many mid-sized producers - those with fewer assets and producing less than 100,000 barrels of oil a day in the oil sands - have shelved expansion plans, unable to earn back the high start-up costs with crude at around \$50 per barrel. Larger Canadian producers, meanwhile, focus on projects that in the past were associated with smaller names.

China's CEFC eyes big league with Rosneft oil offtake deal

As part of its recent \$9.1 billion investment in Russian oil giant Rosneft, little-known CEFC China Energy will have access to up to 260,000 barrels per day (bpd) of Russian oil - giving it the sort of market clout to potentially challenge dominant Western oil traders like Vitol. For China, the world's top crude importer, having access to Russian oil would be a big step towards its ambition to create a globally integrated oil supply chain.

U.S. policy on Iran won't harm its oil industry - minister

U.S. President Donald Trump's revised hardline policy towards Iran will have little impact on Tehran's ambition to develop its vital oil industry and attract foreign investment, a senior Iranian official said on Tuesday. The Islamic Republic hopes to signs 10 new deals with foreign companies to develop oil and gas fields by March 2018, Amir Zamaninia, Iran's deputy oil minister for trade and international affairs, told the Oil & Money conference in London.

UAE energy minister sees oil market balance in 2018

The United Arab Emirates energy minister said on Wednesday international oil markets are heading towards balance as global inventories of crude oil drop. "This year we have reached \$59 with prices, we expect to reach a balanced market in 2018," Suhail al-Mazroui told the al-Khaleej newspaper.

Iraqi oil minister asks BP to develop Kirkuk oilfields, oil ministry says

Iraqi Oil Minister Jabar al-Luaibi has asked BP "to quickly make plans to develop the Kirkuk oifields," an oil ministry statement said on Wednesday. Iraqi government forces on Monday took control of the oil-rich region of Kirkuk from Kurdish peshmerga fighters who had occupied the area in 2-14, in the course of the war on Islamic State.



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Chevron says fire at El Segundo refinery extinguished

Chevron Corp said a fire at its El Segundo refinery in California was extinguished by late Tuesday and there were no injuries due to the incident. The fire at Chevron's largest refinery on the U.S. West Coast occurred at about 10:30 p.m. Pacific Daylight Time on Tuesday and was put out by 11:18 p.m., the company said.

S.Korea plan to ease oil-blending rules to take effect from Thurs

South Korea said on Wednesday that its plan to ease blending restrictions at oil storage terminals would come into effect on Thursday, as the government continues its push to boost international oil trading in the country. The world's fifth-largest oil importer in April approved legislation to loosen restrictions on companies blending refined fuels at oil terminals, but the exact start date was not released at that point.

Petrobras's fuel distribution unit swings to profit ahead of IPO

Brazil's state-run oil company Petroleo Brasileiro SA said on Tuesday its fuel distribution unit BR Distribuidora swung to a profit in the first nine months of the year, allaying investor concerns ahead of its initial public offering. A prospectus filed with Brazil's securities industry regulator on Tuesday showed the distribution unit posted net income of 620 million reais (\$196.36 million) in the first nine months of the year, compared to a 367 million loss in the same period in 2016.

Mexico's Pemex fires warehouse workers for oil theft

Mexican state oil company Petroleos Mexicanos (Pemex) said on Tuesday it would rescind contracts held by several workers at a warehouse and distribution center in the central state of Guanajuato as part of a strategy to combat oil theft. A Pemex official, who spoke on the condition of anonymity, said that four workers were let go for links to oil theft from the center in the city of Salamanca, where Pemex also has a refinery that can process 245,000 barrels per day of crude.

Nigerian lawmakers call state oil chief in for questions over licence

Nigerian lawmakers have summoned the head of the state oil company to face questions about an oil mining licence that they say was withdrawn from a private-sector producer and handed to a state firm without due process. The head of the Senate's committee on ethics, privileges and public petitions said licence OML 13, which had belonged to Shell, was revoked and then awarded to the Nigerian Petroleum Development Company (NPDC) "through an executive fiat" between February and March 2016.

MARKETS TODAY

<u>OIL</u>: Oil prices rose, lifted by a fall in U.S. crude inventories and concerns that tensions in the Middle East could disrupt supplies.

FOREX: The dollar edged higher, as markets awaited further news on the possible appointment of a hawk as Fed chair and progress on U.S. tax reforms.

Middle-East Weekly Oil Flows - Fuel oil flows plummet on the back of Iranian and UAE declines

Middle-East fuel oil exports plummeted last week, dropping to 865,000 MT, from a revised 1.32 million MT the week prior. The decline, while extremely steep, is not uncommon for fuel oil shipments out of the Gulf. The previous such sharp decline took place in the transitioning week between July and August, with volumes dropping from 1.37 million MT to 846,000 MT. To read more, click here.

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U.S. EVENTS SCHEDULED FOR THE DAY (ET)

0830 Building permits: number for Sep: Expected 1.245 mln; Prior 1.272 mln

0830 Build permits: change mm for Sep: Prior 3.4 pct

0830 Housing starts number mm for Sep: Expected 1.180 mln; Prior 1.180 mln

0830 House starts mm: change for Sep: Prior -0.8 pct

TECHNICAL CHARTS

NYMEX Crude | NYMEX RBOB Gasoline | NYMEX Heating Oil | ICE Brent Crude | ICE Gas Oil | ICE Heating Oil

(Inside U.S. Oil is compiled by Priyanka Paul in Bengaluru)

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