



Available via subscription, the PTI Intelligence Report is a monthly publication focusing on new field discoveries, quality changes for established crudes, production rates and producer updates. General interest items related to the oil industry are also highlighted.

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Africa

BLOCK 1 - OBO (Joint Development Zone)

Chevron Corporation has announced its discovery of hydrocarbons at the Obo-1 well in Block 1 of the Joint Development Zone (JDZ). Results from this first well have not yet been declared commercial.

IN AMENAS (Algeria)

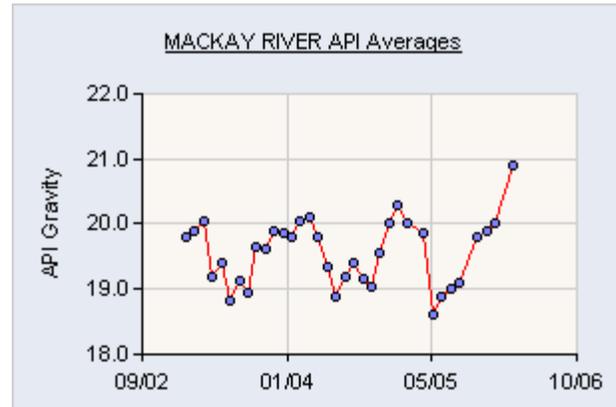
The In Amenas Gas Project has started production. In 2007, In Amenas is anticipated to produce 9 Bcm/yr of natural gas, 60 kBD of condensate, and 50 kBD of NGL. Currently, the In Amenas project is composed of output from four fields - Tiguentourine, Hassi Farida, Ouan Taredet and Hassi Ouan Abecheu.

UGE (Nigeria)

ExxonMobil has announced the discovery of a new Nigerian oil field. Located offshore in OPL 214, further evaluation of the deepwater Uge field is being completed to determine development options. Uge is the first discovery on the license.

Canada

MACKAY RIVER (Alberta)



The MacKay River oil sands facility began operating in Nov 2002. Recent MacKay River quality data (20.9 API) indicates that this grade is becoming lighter. Since Jun 2005 (18.6 API), the gravity of MacKay River has increased by 2.3 API.

With recoverable reserves estimated up to 300 million barrels, MacKay River uses steam-assisted gravity drainage (SAGD) technology to extract bitumen.

Europe

ATLANTIC (United Kingdom)

Initial production has begun at BG Group and Hess' jointly developed Atlantic and Cromarty gas fields in the Outer Moray Firth - northeast of the St. Fergus gas terminal in Scotland. Combined output is expected to reach 220 MM cf/d. Gross recoverable gas reserves are estimated at 118 Bcf for Atlantic and 106 Bcf for Cromarty.

CYGNUS (United Kingdom)

Operator Gaz de France has announced its discovery of the Cygnus gas field in the UK North Sea. Cygnus is located northwest of the Hawksley gas field. If declared commercial by the end of this year, drilling at Cygnus is scheduled to begin 1Q 2008 and field startup is expected by mid-2008.

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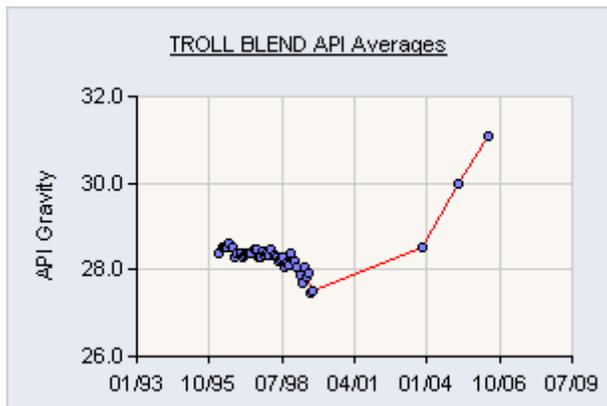
NORNE (Norway)

With the introduction of Urd into Norne (32.9 API / 0.19 wt% Sulfur), the crude quality of Norne has changed. Current whole crude properties of this waxy crude indicate a heavier, more sour crude (30.8 API / 0.22 wt% Sulfur).

SHAMROCK (United Kingdom)

Royal Dutch Shell, 100% owner and operator, has announced its plan to bring two new gasfields online in 2008. Shamrock North (also known as Smallfoot) and Shamrock South (also known as Lucy) have an estimated reserve total of 3 Bcm of gas. Output is expected to be sent to the Bacton Gas Plant for processing.

TROLL BLEND (Norway)



With the introduction of Fram West in Oct 2003 and the Kvitebjorn gas field in late 2004, the quality of the resultant Troll Blend has become lighter (31.1 API). The sulfur content continues to be low (0.21 wt%). Fram East, another component of Troll Blend, is expected to start producing later this year.

Far East

BANGORA (Bangladesh)

Tullow Oil's Bangora gas field started initial production at 50 MM cf/d on 09-May-06. Additional seismic testing and drilling is planned at Bangora. If results continue to be positive, it is anticipated that Bangora will be declared commercial - probably by the end of 2006. Bangora output is expected to provide gas to the local domestic market in Bangladesh.

NWS CONDENSATE (Australia)

Although North West Shelf has been producing LNG since 1989, the first LNG shipment - of 125,000 cu m - to China arrived at the end of May 2006 at China's first LNG receiving terminal at Guangdong. In Oct 2002, CNOOC signed a 25-year deal with NWS for the delivery of 3.3 million t/yr.

PUFFIN (Australia)

Expected to startup early next year, AED Oil Ltd's Puffin oil field is anticipated to produce 15-35 kBD, when both stages of development are completed. The first well successfully tested at 9.7 kBD. Puffin is expected to yield a light (45 API), sweet oil.

Former Soviet Union

AZERI LIGHT (Azerbaijan)

It has taken just over one year and 10 million barrels of crude oil to fill the BTC (Baku-Tbilisi-Ceyhan) pipeline. First oil from the 1100-mile BTC pipeline reached Ceyhan in late May 2006. The first cargo of Azeri Light crude (700 kB) via this route was sold to ExxonMobil. Two additional cargoes will load over the next month. Output from the pipeline is expected to rise from the current 150 kBD to 500 kBD by the end of 2006 and ultimately to 1 MM BD.

Current Azeri Light production (430 kBD) consists of output from the Chirag (1997), Central Azeri (2005), and West Azeri (Dec 2005) fields. East Azeri (2007) and Guneshli (2009) will eventually contribute to the Azeri Light blend. Within three years, other fields (including the Kashagan field due to startup in 2009/2010 and Tengiz), will be exported via the BTC pipeline route - which will require an expansion of the pipeline.

SHAKH DENIZ (Azerbaijan)

BP has begun to fill the 425-mile South Caucasus Gas Pipeline (SCP), which will transport Shah Deniz gas from Azerbaijan to Erzurum in Turkey. This pipeline runs parallel to the BTC (Baku-Tbilisi-Ceyhan) crude oil pipeline. Shah Deniz gas is expected to reach the Georgian-Turkish border by the end of Sept 2006.

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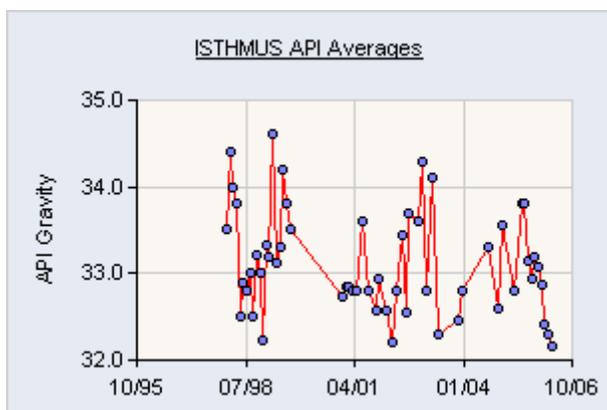


Latin America

FRADE (Brazil)

Chevron Corp has announced its decision to proceed with the development of the heavy Frade (19 API) oil field in Brazil. With recoverable reserves estimated at 250 million barrels of oil, production is expected to peak at 100 kBD. The quality of Frade is anticipated to be similar to that of Marlim (19.9 API / 0.75 wt% sulfur). Frade startup is scheduled for early 2009.

ISTHMUS (Mexico)



Although variable over time, recent cargo data for Isthmus indicates that the average gravity has declined to 32.2 API.

NOXAL (Mexico)

Two months ago, Pemex announced the discovery of its first deepwater well - known as Noxal. Originally reported as a huge super light oil find, Pemex has now revealed the detection of a large gas deposit at Noxal - which flowed at 900 MM cf/d. However, due to the current shortage of rigs, drilling may be delayed until 2008.

Middle East

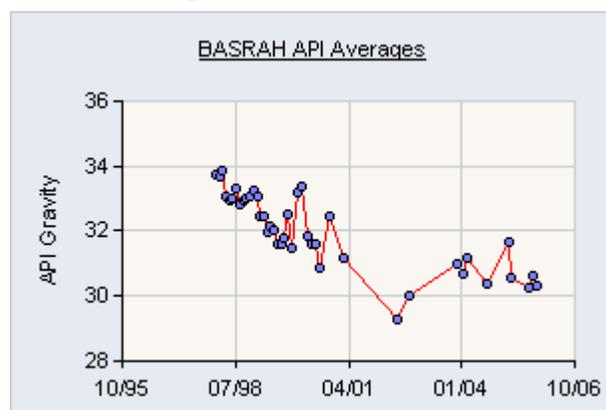
ANARAN (Iran)

The Azar field component of the Anaran Block has been declared commercial by its operator, Norsk Hydro. Oil reserves are estimated at 2 billion barrels. The Anaran Block includes the Azar, Shangule (Changuleh), Dehloran and Musia (Musiyani) structures.

AZADEGAN (Iran)

Azadegan (32 API) was discovered in 1999 and anticipated to start producing in 2001. However, with Inpex Holding waiting for Iran to remove land mines in the area, little field development progress has been made since Feb 2004. Iran has stated that if significant work at Azadegan has not been completed by Sept 2006, Inpex's contract will be terminated and Iran will develop this oil field on its own. However, Inpex reports that it still plans to have Azadegan startup at 150 kBD in 2008.

BASRAH (Iraq)



Due to the depletion of the Rumaila oilfield, Basrah Light has been blended with heavier crudes from the Buzurgan, Halfaya, Majnoon, Mishrif and West Qurna fields - resulting in a gravity decrease. Data indicates that Basrah gravity of 33-34 API (in the late 1990's) continues to decline. Although most current cargo information in Nov 2005 was recorded at 30.3 API, it has recently been reported that the gravity has declined further to 28-29 API.

NORTH FIELD COND (Qatar)

In early Jun 2006, the Oryx GTL plant at Ras Lafa Industrial City in Qatar was inaugurated, with first products anticipated to be marketed in Sep 2006. This QP (51%) and Sasol (49%) joint venture is expected to convert 330 MM cf/d of gas from North Field into 34 kBD of ultra low sulfur diesel, 24 kBD of diesel, and 9 kBD of naphtha as well as 1 kBD of LPG. Completion of Phase 2 will increase the GTL plant to 100 kBD, and possibly 130 kBD with a future enhancement. This is the first facility to convert gas to liquid fuel on a commercial scale.

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SOROUGH (Iran)

Finding it difficult to sell Soroush (18 API / 3.4 wt% Sulfur) and Nowruz (19 API / 3.5 wt% Sulfur), output from the two fields is being stored offshore in VLCCs. In an effort to make the heavy, sour, acidic Soroush/Nowruz crudes marketable, the National Iranian Oil Refining & Distribution Company (NIORDC) has decided to blend the crudes with South Pars Condensate (56.6 API) and Bahregansar (29.8 API / 1.2 wt% Sulfur). The resultant blend (nominally a 29.5 API / 1.86 wt% Sulfur mix) has been successfully processed at the 220 kBD Bandar Abbas Refinery in southern Iran.

A proposal has been submitted for the construction of a 120 kBD refinery specifically designed to process oil from Soroush and Nowruz. If approved, the facility is expected to be operational in 2009.

SOUTH PARS (Iran)

Iran and Pakistan have agreed on the construction of a 1655-mile gas pipeline which would deliver gas from Iran's South Pars field to Pakistan and India. The capacity of the pipeline will be 150 MM cm/d -- 50 MM cm/d to be purchased by Pakistan and 100 MM cm/d to be purchased by India. With construction expected to begin in 2007, a completion date for the Iran-Pakistan-India pipeline has not been announced.

TAQ TAQ (Iraq)

Initially drilled in 1960 and declared commercial in 1978, further appraisal wells were drilled in the 1990's and Taq Taq has been producing about 3 kBD of oil for several years. With a redevelopment plan now underway, output of 20 kBD is anticipated online by Nov 2006 for this field. Taq Taq, which produces light, sweet crude, is estimated to have oil reserves of 130 million barrels.

UMM NIGA (Kuwait)

Kuwait Oil Company (KOC) has announced the discovery of a new gas field - known as Umm Niga. Production is expected to begin by late next year. Umm Niga will produce 180 MM cf/d of gas and 50 kBD of condensate.

United States

CAESAR (U.S. Gulf Of Mexico)

Operator Kerr-McGee has announced a new oil discovery at Caesar, located in the deepwater Gulf of Mexico. One development option for Caesar is to tie its production back to Kerr-McGee's Constitution (32 API) spar - located 9 miles to the west. (Constitution started producing in Mar 2006 at an initial rate of 15 kBD of oil and 12 MM cf/d of gas.)

CLAYMORE (US Gulf) (U.S. Gulf Of Mexico)

Kerr-McGee has announced its new gas discovery of Claymore, located in the deepwater Gulf of Mexico in Atwater Valley Block 140. Claymore contains reserves estimated at 40-300 million barrels of oil equivalent.

RED HAWK (U.S. Gulf Of Mexico)

Shutdown during the summer of 2005 as a result of hurricane activity, production at Red Hawk resumed on 01-Jun-06. With pipeline repairs completed, Red Hawk is now producing at its "pre-storm" level of 120 MM cf/d of gas.

SHENZI (U.S. Gulf Of Mexico)

Operator BHP Biliton has announced its intention to develop the Shenzi oil and gas field, in the US Gulf. Shenzi is anticipated online by mid-2009 and is expected to yield 100 kBD of oil and 50 MM cf/d of gas. Reserves are estimated at 350-400 million boe. Oil and gas production will be exported via Ship Shoal 332.

TAHITI (U.S. Gulf Of Mexico)

Chevron has approved the construction of a 55 mile deepwater oil pipeline for Tahiti. The line will be expanded to handle 300 kBD of oil to accommodate additional discoveries in the Walker Ridge and Green Canyon areas. The line will be laid from the Tahiti platform to the existing Amberjack pipeline system. Equal shares will be owned by Chevron Pipe Line Co. and Shell Pipe Line Co. Tahiti is anticipated to start producing in 2008. Output is expected to reach 125 kBD of oil and 70 MM cf/d of gas. Recoverable reserves for Tahiti continue to be estimated at 400-500 MM Boe/D.

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General News

China

* For the first time, a 50/50 mix of crude oil from Aktobe, Kazakhstan and Russia's Caspian region was delivered to China - made possible via the Atasu-Alashankou pipeline. Initial capacity of this new 200 kBD pipeline is expected to double to 400 kBD. The line will eventually be extended across Kazakhstan and connect with Chinese-operated oilfields near the Caspian Sea.

Ecuador

* Occidental Petroleum's contract with PetroEcuador - for the operation of Block 15 - has been terminated by Ecuador's minister of energy. Block 15 includes two fields operated by Occidental (60%) - Eden-Yuturi and Limoncoche. The conflict between the US company and Ecuador's government dates back several years when Ecuador accused Occidental of breaching its contract by transferring a 40% equity interest in Block 15 to EnCana without prior government approval.

On 19-May-06, the government gave PetroEcuador 30 days to demonstrate that it could successfully operate Block 15. On 12-Jun-06, the government removed PetroEcuador from operating Block 15 and instead setup a temporary administration group to oversee daily field operations. Occidental has requested an international arbitration court hear its case.

In Ecuador, Occidental also holds 14.5% interest in the 310-mile, 450 kBD Heavy Crude Pipeline (OCP) which transports crude oil to Esmeraldas. On 23-May-06, it was reported that PetroEcuador will try to assume Occidental's stake in this pipeline. However, one day later, the Ecuadorian Energy Minister denied this report.

Iraq

* Due to a dispute involving payment, Turkey is continuing to withhold oil product exports to Iraq. Prior to the start of 2006, Turkey provided Iraq with 40% of its oil product domestic requirements.

Kuwait

* Some members of Kuwait's National Assembly are proposing the creation of a Kuwaiti company to carry out Project Kuwait. (Completion of Project Kuwait will increase production at Kuwait's northern oil fields (Rutga, Abdali, Raudatain, Sabriya and Bahra) to approximately 900 kBD.) International oil companies would be limited to a 40% equity share. At least 10% would be controlled by subsidiaries of Kuwait Petroleum Corporation (KPC). The remainder would be offered to the Kuwaiti public. The approval process for Project Kuwait has been stalled in Kuwait's parliament for several years and new political changes will likely further delay any progress for this project - until at least 2007.

Nigeria

* More than 500 kBD of Nigerian output remains offline due to civil unrest. However, recent startup of Erha (32.8 API / 0.21 wt% Sulfur) and production increases at Bonga (29 API / 0.25 wt% Sulfur) have mitigated the loss by 290 kBD. Ultimately, output from these two fields may be able to fully compensate for the production loss at the shut-in Nigerian fields.

As the result of an oil spill at the Nembe Creek trunkline in late May 2006, Shell has shut-in an additional 50 kBD of its Bonny Light Crude. Four flow stations (Nembe 1, 2, 3, and 4) have been closed.

OPEC

* The 01-Jun-06 OPEC meeting in Venezuela did not produce any significant change in production quotas. The official 28 MM BD output level - in place since July 2005 - remains unchanged. The topic of increased membership in OPEC was also raised - with Angola, Bolivia, Ecuador and Sudan being discussed as potential members.

USA

* Oil product marketers in the US have requested a delay to the 15-Oct-06 start of retail sales of 15 ppm ultra low sulfur diesel.



Company News

Aabar Petroleum

* After purchasing 48% interest in Jan 2006 and announcing its intention in Mar 2006 to acquire the remaining equity in Singapore's Pearl Energy, Aabar Petroleum has been successful in acquiring 97% of Pearl Energy's shares. Expected to obtain the remaining 3% interest, Aabar Petroleum is ready to complete its takeover and make Pearl Energy a wholly-owned subsidiary. With the acquisition, Aabar will secure control of licenses held in Thailand (Jasmine), Indonesia (Salawati and TBA) and the Philippines.

Apache Corporation

* With other partners opting to exercise their preemptive rights, Apache will not acquire as much of BP's US Gulf properties as originally reported. However, Apache will be guaranteed a minimum of 75% of the original reserves - and this percentage could rise to 83%.

Chevron Corporation

* Chevron will take a 22% interest in Galveston Bay Biodiesel, a company in the process of building a large-scale biodiesel plant in the US. The facility, being built in Galveston, Texas is scheduled to startup by late 2006. With initial production expected at 20 million gallons/year, the plant will have an expansion capacity of 100 million gallons/year.

Hess Corporation

* Hess has announced its intention to sell about 2.6 kBoED, representing nearly all of its onshore producing oil and gas assets along the Louisiana, Mississippi and Texas Gulf coasts to an undisclosed buyer. Retroactive to 01-Apr-06, this transaction is anticipated to be completed in Jun 2006.

Lundin Petroleum

* In an effort to increase its presence in Russia, a proposal has been offered by Sweden's Lundin Petroleum to merge Lundin with Valkyries Petroleum, its Canadian-based sister company. Valkyries Petroleum holds interests in several Caspian fields.

Marathon Oil

* Marathon Oil has announced its intention to sell its Russian exploration and production operations in the Khanty Mansiysk area of Western Siberia to Lukoil. With reserves estimated at 250 million barrels of crude, Marathon's oil production in the area is averaging 30 kBD. Pending government approval, the transaction is scheduled for completion in July 2006.

OMV

* It was reported in mid-May 2006 that OMV and power producer, Verbund, were to merge. The Austrian state, which holds 51% interest in Verbund and 31.5% of OMV, planned to retain at least a 25% share in the newly merged company.

However, at the end of May 2006, it was announced that the proposal to merge OMV and Verbund had not been approved by the Austrian Parliament. The 2/3 majority vote necessary to transfer the 51% interest of Verbund owned by the Austrian State to OMV was not achieved.

Petroandina

* PDVSA of Venezuela and YPF (Yacimientos Fiscales Bolivianos) of Bolivia have agreed to form a new company, Petroandina, which will be responsible for joint exploration, production and marketing of oil in Bolivia. The joint venture will be controlled 51% by YPF and 49% by PDVSA.

PKN Orlen

* It has been reported that Yukos' 53.7% interest in Mazeikiu Nafta - which includes the 260 kBD refinery and the Butinge oil terminal - will be acquired by PKN Orlen and expected to close by early 2007.

The government of Lithuania is also preparing to sell part of its 40.7% equity in Mazeikiu Nafta (30.7% will be sold to PKN, with an option for PKN to eventually secure the government's remaining 10% interest - within the next 5 years). PKN will also offer to buy out the minority shareholders who currently hold the remaining 5.6% equity in Mazeikiu Nafta. Thus, it is expected that PKN will eventually own 100% of Mazeikiu Nafta.

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Plains All American

- * With the transaction expected to close at the end of Jun 2006, BP has agreed to sell its interest in several US Gulf Coast crude pipeline systems to Plains All American Pipeline.

It has also been reported that Plains has agreed to purchase Pacific Energy Partners LP. Plains will acquire Pacific Energy's crude and refined products pipelines in the US and Canada as well as storage tankage in the US.

Pogo Producing

- * Pogo Producing has sold 50% of its US Gulf of Mexico interests to Mitsui. Mitsui's 50% represents 8 kBD of oil and 24 MM cf/d of gas production as well as 143 Bcfe of proven reserves. Pogo will retain operatorship of the joint properties. Subject to approval, the transaction is expected to be finalized in June 2006.

Saudi Aramco

- * Saudi Aramco (35%) and Total (35%) have signed an agreement to build a new 400 kBD export refinery at Jubail, Saudi Arabia. Being designed to process Arabian Heavy crude oil, the plant is anticipated online in 2011.

A second agreement between Saudi Aramco (35%) and ConocoPhillips (35%) to construct a 400 kBD refinery at Yanbu, Saudi Arabia was signed on 23-May-06. This refinery will also be designed to process Arabian Heavy crude oil and startup is expected in 2011.

In both instances, the remaining 30% interest will be offered to the Saudi public. Most of the gasoline produced at these two facilities will be exported to the US.

Sibneft

- * Sibneft shareholders have agreed to change the company name to Gazprom Neft, reflecting Gazprom's Oct 2005 acquisition of a majority of Sibneft stock. Sibneft ownership is now held by Gazprom (75.7%), Yukos (20%) and minority interests (4.3%). Gazprom Neft will be kept a separate unit and be headquartered in St. Petersburg.

Stone Energy

- * In April 2006, Plains E&P announced its plans to acquire Stone Energy. With the transaction complete in 3Q 2006, Plains would have proved reserves estimated at 500 million boe, of which 80% would be oil. Combined assets will be located mainly in California, the Gulf of Mexico, Texas and the Rocky Mountains. Even though the boards of both Plains E&P and Stone Energy approved the proposed merger, another competing offer was made in late May 2006 by Energy Partners Ltd to purchase Stone Energy.

Talisman Energy

- * Endeavour International Corp of Houston, Texas will buy some of Talisman Energy's oil and gas properties in the UK North Sea. Assets include producing fields - Goldeneye (7.5%), Alba (2.25%), Bittern (2.42%), Caledonia (2.83%), Rob Roy, Ivanhoe and Hamish (23.46%), Renee (77.5%), Rubie (40.78%) and one non-producing field, Rochelle (55.62%). Endeavour will also become operator of the "R" block. Pending approvals, closing is expected during 4Q 2006.

Tupras

- * In May 2006, the Turkish high court officially rejected the request by oil workers to reverse the privatization sale of Tupras. The 51% control of Tupras had been legally transferred on 26-Jan-06 to a consortium composed of KOC Holding (98%) and Shell (2%).

XTO Energy

- * Independent XTO Energy will acquire Peak Energy Resources, with the deal anticipated to close at the end of June 2006. Completion of this transaction - which includes Texan properties in Hood, Parker, and Eastern Erath Counties - will increase XTO Energy's interest in the Barnett Shale natural gas area, where production is expected to reach 10 MM cf/d by the end of this year and rise further to 25 MM cf/d next year.

In related news, Chesapeake Energy will also acquire Barnett shale assets (with total reserves of 1.5 Tcf) from Four Sevens Oil Co. Ltd and Sinclair Oil Corp. This transaction is scheduled to close on 31-Jul-06.

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