



EAST TIMOR'S KITAN CONDENSATE NO LONGER AVAILABLE AS FIELD REACHES END OF LIFE

Singapore (Platts)--14 Dec 2015 4:47 am EST/9:47 GMT

East Timor's Kitan condensate will no longer be available in the spot market as the ultra-light oil field reached the end of its normal life, market sources said Monday.

"After January, there will be no more [Kitan cargoes]," a trade source at Eni, which holds a majority stake in the field, told Platts.

Production of the naphtha-rich grade, which has a gravity of 57 API and sulfur content of less than 0.1%, had fallen sharply from peak levels of near 42,000 b/d in 2013.

"[It reached the end of field life] faster than expected," the source added.

The Eni-operated Kitan light oil field is part of East Timor's Joint Petroleum Development Area in the Timor Sea and is located northwest of the existing Bayu Undan gas and condensate field. Eni first started production from the Kitan oil field in 2011.

The field, owned by a joint venture between Eni, Inpex and Talisman Energy with equity ratio of 40:35:25, have produced a total of around 60 million barrels.

Eni had been offering a 550,000-barrel cargo of the ultra-light grade once every two to three months so far this year.

Major outlets for the condensate had been North and Southeast Asia with South Korea's SK Innovation and Thailand's IRPC, regularly purchasing the condensate over the past several years.

Regional traders noted that supply of Middle Eastern and regional ultra-light crude appears very tight this month and the absence of Kitan condensate could further squeeze the market.

"We don't know the exact figures yet but the supply of light crude and condensates look very tight, so I expect most of the February [light crude and condensate] cargoes to trade in strong premiums," said a crude trader with a South Korean refining company.

Platts reported earlier this month a total of 1.95 million barrels of Australia's North West Shelf condensate is expected to be exported over February, down 25% from January's volume of 2.6 million barrels, while Qatar's low sulfur condensate was absent in state marketer Tasweeq's latest monthly spot tender.

Latest market talk indicated that pre-tender deals for Qatar's deodorized field condensate cargoes were likely concluded at premiums above \$5/b to Platts Dubai crude assessments, sharply higher than the premiums of around \$4-\$4.50/b that Tasweeq received for January DFC cargoes last month.

--Gawoon Philip Vahn, philip.vahn@platts.com

--Deborah Lee, deborah.lee@platts.com

--Edited by Irene Tang, irene.tang@platts.com