BOTAS becoming a global energy company with explorations overseas

Date : 29.09.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-188315-botas-becoming-a-global-company-with-explorations-overseas.html

The Energy Ministry has launched studies to reorganize BOTAS in order to allow the company to have a place in production, too.

The ministry is preparing to make some legal amendments in the Natural Gas Market Law in order to allow BOTAS to explore and extract natural gas. In this way the company will get to operate as a sale, transmission, delivery, exploration and production company of natural gas.

Talking to Today's Zaman about the proposed law, which is expected to be enacted in October, Energy and Natural Resources Minister Taner Yildiz said their aim is to develop BOTAS as a company engaging in large projects in foreign markets. Noting that Turkey will better benefit from the energy opportunities in the region, most energy pundits have also asserted that Turkey can become a producer and exporter of natural gas, although it does not have any resources.

Another amendment proposed in the law is related to the transfer of contracts. According to the law in effect, BOTAS should have completed the transfer of its existing natural gas purchase and sale contracts by 2009. In order to enable BOTAS to continue its natural gas purchase contracts, the company will be divided in two parts and two companies, named GAZTAS (Natural Gas Trade and Commitment) and DOTAS (Natural Gas Transmission).

In an assessment over the proposed amendments, Yildiz noted that their aim is to provide natural gas to customers for low prices in the domestic market, while developing BOTAS as a company involved in large projects in foreign markets. To achieve this, Yildiz said, the ministry is working to reorganize the company. Related to the proposed amendment on the transfer of contracts, Yildiz asserted that there should be a transition period before the state leaves the market to prevent any possible prices hikes in the short term. The state should remain in the market to ensure low gas prices for a bit while, he stressed.

Toreador to exit Turkey and Hungary

Date : 01.10.2009

Source: Oil&Gas Journal – Rigzone

http://www.ogj.com/index/article-display/3689531127/s-articles/s-oil-gas-journal/s-general-interest-2/s-companies/s-2009/s-10/s-toreador-to_exit_turkey.html

Toreador Resources Corp. has entered into two definitive agreements to sell separately its Turkish subsidiary, Toreador Turkey Ltd., and its Hungarian subsidiary, Toreador Hungary Ltd.

The company's Turkish unit will be purchased by private Norwegian energy company Tiway Oil for a total consideration of $10,6 million paid at closing, plus exploration success payments of up to $40 million plus contingent future net profit payments.

Toreador's Hungarian unit, meanwhile, will be acquired by private Austrian company Rohol-Aufsuchungs AG for $5,8 million plus a contingent payment of $2,9 million to be paid upon post-transaction completion of agreements relating to certain assets of Toreador Hungary.

The Toreador Turkey transaction is expected to close on Oct. 7 and the Toreador Hungary deal has closed on Sept. 30. Total combined cash proceeds upon closing of both deals will be $16,4 million (which excludes contingent future payments). Both transactions are subject to standard post-closing purchase price adjustments.

Sale of Turkish Subsidiary

The closing of this transaction will mark Toreador's complete exit from Turkey. The aggregate consideration for the transaction comprises:

- A purchase price of $10.6 million to be paid at the time of closing for 100% of the stock of Toreador Turkey Ltd.;
- Exploration success payments dependent upon certain future commercial discoveries as provided in the agreement, up to a maximum aggregate consideration of $40 million; and
- Quarterly 10% pre-tax net profit interest payments if a field goes into production that was discovered by an exploration well drilled within four years of closing on certain of the licenses then still held by Tiway.

The transaction results in a gain of approximately $21.2 million, which will be recorded in the third quarter of 2009

Gazprom reluctant to ease ‘take or pay’ condition on gas

Date : 29.09.2009

Source: Today’s Zaman

http://www.todayszaman.com/tz-web/news-188318-gazprom-reluctant-to-ease-buy-or-pay-condition-on-gas.html

Russian gas company Gazprom is reluctant to ease its ‘take or pay’ condition as requested by most European countries and insists on receiving compensation from the contracting companies.

Gazprom does not want to make any adjustments in the contract which includes the ‘take or pay’ condition, obligating the companies from contracting countries to pay for at least a certain amount of natural gas regardless of whether they actually buy it or not. If the companies fail to buy that amount, the companies are obliged to pay $2,8 billion in compensation to Gazprom. The Turkish Pipeline Corporation (BOTAS), Italian company Eni and German company E.ON had previously requested that Gazprom ease this condition.

The report also covered the remarks of Turkish Energy Minister Taner Yildiz, who was reported as saying Turkey’s natural gas consumption would be reduced by 5,4 percent and that Turkey has purchased 25 percent less natural gas from Russia in the first six months of 2009 compared to the same period last year.

The daily stated that similar drops in consumption have been experienced by other European countries such as Germany, Italy and France. As a consequence, Russia’s sales of natural gas decreased by 29 percent. Since this downward trend has continued throughout the year, the contracting countries will have to pay the compensation determined in the contract.

Baskent Dogalgaz sale slated for year’s end

Date : 01.10.2009

Source: Today’s Zaman

http://www.todayszaman.com/tz-web/news-188499-baskent-dogalgaz-sale-slated-for-years-end.html

A tender to privatize the remaining 20 percent of Baskent Dogalgaz, Ankara’s natural gas distribution company, will be held soon, Energy and Natural Resources Minister Taner Yildiz said.

Speaking at a reception given to celebrate Libya's national day, Yildiz noted that the privatization of Baskent Dogalgaz will be finalized by the end of this year. A tender will be held within one-and-a-half to two months, the minister stated.

Following the completion of the privatization, the revenue garnered will first be used to pay off the company's debt to the Turkish Pipeline Corporation (BOTAS), Yildiz said, adding that the remaining revenue would be given to the Ankara Metropolitan Municipality. The privatization of 80 percent of Baskent Dogalgaz was completed earlier this year.

Noting that there is a plan to restructure BOTAS in order to minimize the company's receivables, Yildiz recalled that the debt owed to BOTAS by municipality-owned institutions has increased over the last few years. *"For this reason I believe it would benefit both the Ankara Metropolitan Municipality and BOTAS,"* he said.

Tekfen sale to SOCAR delayed until uncertainties cleared

Date : 01.10.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-188500-tekfen-sale-delayed-until-uncertainties-cleared.html

Turkey's Tekfen Holding announced that no progress has been achieved so far on an agreement for the sale of 50 percent of its construction firm, Tekfen Construction, for $520 million to the State Oil Company of Azerbaijan (SOCAR).

In a written note to the Public Disclosure Platform of the Istanbul Stock Exchange (IMKB), Tekfen said the reason behind the suspension of the deal was demand-side uncertainties originating from the global financial situation, especially regarding energy and oil markets.

After shaking hands to proceed on the talks for the sale of the Turkish company to SOCAR on Sept. 5 of last year, the two companies decided in January to postpone until September the signing of the final contact, which is to include the acquisition of Tekfen Construction by SOCAR. According to the terms of the sale, SOCAR is to create a new company for the stake it is purchasing from Tekfen. Tekfen in the note expressed its hopes that the final contract will be signed in the coming period as uncertainties surrounding the global markets disappear.

Iraq bans Sinopec from 2nd licensing round

Date : 30.09.2009

Source: Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?a_id=80892

Iraq has decided to ban China Petroleum & Chemical Corp. (Sinopec) from its second oil and gas bidding round because the Chinese state firm has yet to abandon a contract in Northern Iraq inherited from its purchase of Addax Petroleum.

"I think yes," Iraq's Deputy Oil Minister Abdul Kareem al-Leaby said when asked if his ministry would bar Sinopec from taking part in the country's second licensing auction expected to take place later this year. *"Sinopec is blacklisted unless it changes its position and withdraw from these (Kurdish) contracts,"* Abdul Manhdy al-Ameedi, deputy head of the ministry's petroleum contracts and licensing directorate, told.

Sinopec in a reply letter to the ministry said that 'it would correct its position' but their answer isn't convincing enough to the ministry, he said. By acquiring contracts in Northern Iraq which are not approved by the federal government in Baghdad, the company has violated the ministry's laws, he added.

Meanwhile, an Iraqi oil official said the ministry had sent a letter to Sinopec earlier this month warning if the company doesn't abandon the Kurdish contract, it would be blacklisted. *"We still hope that Sinopec would give up its Kurdish contract,"* the official said. He said the ministry would hold a workshop Oct. 18-19 in Istanbul to discuss the second bidding round, which offers some 15 oil and gas fields, including some of Iraq's largest. It is likely Sinopec would be prevented from taking part in that meeting, he said.

Nabucco boss names the date of first gas flow

Date : 01.10.2009

Source: Upstream Online

http://www.upstreamonline.com/live/article194231.ece

The Nabucco pipeline's first gas - most likely sourced from Iraq - will flow in the fourth quarter of 2014, the pipeline consortium's boss Reinhard Mitschek said today, adding the pipeline may carry Azeri gas in 2015 or 2016.

"We believe that we will start up in 2014 and that the gas will be ready from Iraq," Reuters quoted Mitschek as telling reporters in a briefing. He said the focus had shifted to Iraq from Azerbaijan to supply the first gas because taks with Iraqi suppliers had progressed further than those with Azeri producers.

The first full year of gas deliveries will be 2015 when the consortium expects 8 bcm of gas to be pumped from Northern Iraq, he said. *"During 2015, 2016, we should have a further 8 bcm from Azerbaijan,"* he added. This would give a total of around 16 bcm by 2016. More gas would then come from Iraq, Azerbaijan and Turkmenistan, he added.

Mitschek told reporters that Nabucco's open season process is now due to start in the first half of next year and last four to six months. He also said Nabucco could cost less than the €7.9 billion ($11.5 billion) expected because steel prices have dropped. But Mitschek added that the consortium was unwilling to give a new budget until it had made some of its first big construction orders. By the end of this year about €40 million will have been invested in the project since its conception.

Shell exits Greek downstream business

Date : 26.09.2009

Source: Oil & Gas Journal (Uchenna Izundu)

http://www.ogj.com/index/article-display/6480433875/s-articles/s-oil-gas-journal/s-general-interest-2/s-companies/s-2009/s-09/s-shell-exits_greek.html

Motor Oil (Hellas) Corinth Refineries SA has agreed to buy Royal Dutch Shell's downstream assets in Greece for €245.6 million.

It will acquire Shell's shares in Shell Hellas A.E. and Shell Gas AEBEY. The agreement includes the sale of Shell's retail, commercial fuels, bitumen, chemicals, supply and distribution, and LPG businesses, as well as a lubricants oil blending plant. The retail network, as well as a new aviation joint venture, will carry the shell brand through trademark licensing agreements.

Motor Oil will gain 137,000 cu m of storage depot capacity; namely Kalohori, Amfilohia, Perama, Chania, Alexandroupoli, and Rhodes. The deal requires the approval of the competition authorities before it can be finalized.

Gazprom launches North America natural gas business

Date : 01.10.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=80947

Gazprom Marketing & Trading USA, Inc. has begun trading and marketing of natural gas in North America, marking the first entry by a Gazprom Group company in the United States.

"The development of new markets and products is key to Gazprom Group's global energy strategy. We have now achieved our goal of bringing the world's largest gas company into the world's largest gas market," said Vitaly Vasiliev, Chief Executive Officer of Gazprom Marketing and Trading Limited in the United Kingdom. *"Our U.S. affiliate is now off and running, and we look forward to significant growth and profitability from our expanding geographical base."*

Gazprom Marketing & Trading USA has acquired physical gas supplies from counterparties at designated pipeline hubs across North America by executing a number of innovative, long-term gas swap transactions that have allowed it to quickly gain a substantial physical gas supply position in North America.

"These gas swaps have given us a strong supply foundation to build our marketing and trading operations," said John Hattenberger, President of Gazprom Marketing & Trading USA. *"We have already signed deals giving us more than 350 million cubic feet per day of physical supplies at several different locations all across the U.S., for the next three to seven years. Our goal now is to grow from that position rapidly and expand into all major North American markets."*

Gazprom Marketing & Trading USA will also market liquefied natural gas (LNG) exported to North America by its Gazprom Group affiliates. In May 2009, the company signed long-term agreements enabling it to buy LNG from the Sakhalin-2 LNG plant, off Russia's Pacific coast, which started production in 1Q 2009, regasify the LNG in a facility in Baja California, Mexico, transport it by pipeline to southern California, and sell natural gas into southwestern U.S. markets. The company also plans to import LNG into the USA from the giant Shtokman LNG projects in the Arctic.

Ukraine breaks IMF gas price deal

Date : 01.10.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article194248.ece

Ukraine failed to raise domestic gas prices as of 1 October despite promising the International Monetary Fund (IMF) and the European Union it would do so in exchange for loans and to help its own budget.

The government said it would raise household gas prices on 1 September and utility prices on 1 October, both by 20%. That had been a condition of the IMF's $16.4 billion bailout package and under an EU-brokered $1.7 billion gas infrastructure loan, a Reuters report said.

Commentators warned that Prime Minister Yulia Tymoshenko's government would be unwilling to raise gas prices ahead of a 17 January presidential election in a nation where heavily subsidised energy prices dating from the Soviet days is treated as a right. Tymoshenko, her rival President Viktor Yushchenko and opposition leader Viktor Yanukovich are set to run in the vote.

"No one will raise any price before the election," Vasyly Yurchyshyn, analyst at the Razumkov think tank told Reuters. *"It will have a negative impact on the government's ratings and that means on the ratings of one of the main presidential candidates,"* he said.

Former Prime Minister Viktor Yanukovich lies in front in polls for the vote with about 24% to 25%. Although Tymoshenko lies 10% behind, analysts say it will be a close run race in a second round of voting. Yushchenko looks set for a crushing defeat with support of just 4%.

The IMF and the EU wanted Ukraine to raise domestic prices to help state energy company Naftogaz, whose finances have been wrecked in recent years by importing Russian gas at increasingly expensive prices and selling it on at far lower rates at home. A spokeswoman at the state energy regulator said today the prices for utilities have remained the same, at just over $100 per 1,000 cubic metres, because a government decision had not yet come into force due to 'legal problems'.

The government failed to raise household prices on 1 September because its decision had been challenged in court by trades union. The spokeswoman said the court case continues and prices remain the same. Naftogaz has been buying gas from Russia at average price of $228 per 1000 cubic metres this year - far lower than the $100 per Mcm utilities pay to Naftogaz.

Utilities are also Naftogaz' biggest debtors, owing about 3 billion hryvnias ($375 million). Naftogaz's inability to cope with such a shortfall is costing the government billions, at a time when it is trying to cope with a deep economic recession, a falling hryvnia currency and a destabilised banking sector.

The energy company was declared to have gone into restricted default on its $500 million Eurobond after its failure to redeem it on its 30 September maturity. An IMF mission to assess Ukraine's progress as part of its standby programme and decide whether to release a fourth tranche of $3.8 billion is due to arrive by the end of October. It was not immediately available for comment.

Iran and China sign major deal to develop South Azadegan

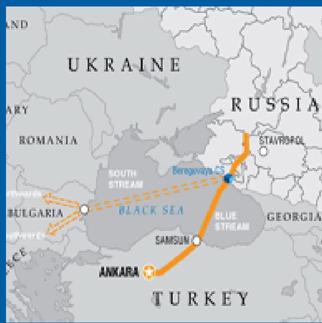
Date : 29.09.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=80845

China National Petroleum Corp. (CNPC) has signed a contract with National Iranian Oil Company (NIOC) for the development of Iran's South Azadegan oil field.

The Chinese company will buy a 70 percent share of the whole project, according to an agreement signed on September 27, in Lausanne, Switzerland between CNPC and NIOC's overseas investment subsidiary, Naftiran Intertrade Company (NICO) that covers a 90 percent stake in the project.

CNPC, which won a bid in January to develop the North Azadegan oil field, now holds a 70 percent share of the project with NICO holding 20 percent, and Inpex of Japan having the remaining 10 percent. The South Azadegan project is slated to produce 260,000 barrels of crude oil per day, and its development will cost around $2,5 billion dollars. The field holds reserves estimated at approximately 42 billion barrels of oil, one of the world's largest finds in the last 30 years.

Iran provides 14 percent of China's demand for oil. The deal is couched in buy-back terms, in which CNPC will hand over the operation of the field to NIOC after development and will receive payments from the oil production for a few years to cover its investment.



Gazprom and Eni discuss South Stream project

Date : 30.09.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=80907

Alexei Miller of Russia's Gazprom and Paolo Scaroni of Italian group Eni met Wednesday to discuss future funding, construction and management of the South Stream project.

The two CEOs also discussed problems of gas deliveries to Europe, given the gas consumption decline by foreign consumers and possible future exploration of Eni's gas fields. Initiated in June 2007 by the two companies, the South Stream project aims to transport Russian-produced gas to Europe while bypassing Ukraine, which so far is the biggest conduit for Russian gas supplies to European countries. The construction of the US $14.4 billion project is scheduled to start in November 2010 and to become operational by the end of 2015.

Perenco to acquire Marathon Oil Gabon

Date : 01.10.2009
Source: Oil&Gas Journal
http://www.ogj.com/index/article-display/9639277405/s-articles/s-oil-gas-journal/s-general-interest-2/s-companies/s-2009/s-10/s-perenco-to_acquire.html

Perenco strengthened its position in Gabon with the acquisition of Marathon Oil Gabon Ltd., the effective date of the transaction is Jan. 1 with completion anticipated during the fourth quarter.

Perenco holds a 56,25% working interest in three offshore production fields. Perenco's acquisition of Marathon's stakes in the Tchatamba Marin, Tchatamba South, and Tchatamba West fields will add about 15,000 bo/d gross production to the company's current 50,000 bo/d operated production in Gabon.

Perenco will now be the operator at these fields, from where production is processed on a single facility at Tchatamba Marin, with processed oil being transported through a pipeline to a nonoperated onshore facility. Tchatamba Marin field, which lies 15 miles offshore and 100 miles southeast of Port Gentil, was discovered in 1995 and began production in early 1998. Tchatamba South and West fields were discovered in 1997 and came on stream in 1999 and 2000, respectively.

EU mulls carbon tax to curb global warming

Date : 29.09.2009

Source: EurActive.com

http://www.euractiv.com/en/climate-change/eu-mulls-carbon-tax-curb-global-warming/article-185832

The European Commission is considering imposing an EU-wide tax on CO2 emissions on sectors, which are currently not covered by the bloc's cap-and-trade scheme for carbon dioxide.

The proposed amendment of the 2003 Energy Taxation Directive would oblige member states to levy a CO2 tax on fuels in order to cut emissions. The Commission reckons that the EU's policy framework has 'changed radically' since the adoption of the existing legislation, which it wants to bring in line with the bloc's ambitious climate goals.

The proposal has been on the Commission's agenda since last year but it got stuck in internal consultation. The EU executive is now re-addressing the issue after the Swedish EU Presidency put its weight behind it. Moreover, it hopes that this could give the EU the leverage to secure an ambitious outcome at the UN climate talks in December. The new CO2-related component is designed to complement a general tax on energy consumption, which allows member states to raise revenue. The extra dimension would create national CO2 taxes that could be set higher – but not lower – than the levels specified by the EU executive.

The draft suggests that a minimum levy of €0.01 per kilogramme of CO2 could be added to the price of heating fuels like gasoil, kerosene and natural gas. Motor fuels would be taxed either €0.01 or €0.03 per kg/CO2, depending on where they are used. The EU executive reserves the right to propose higher rates in the event that the EU decides to up its emissions reduction target of 20% below 1990 levels by 2020. The EU has pledged to go to 30% in the event that other industrialised countries follow suit in the framework of a new climate treaty to be negotiated in December. Member states would have to apply the CO2 taxes starting from 2013, according to the draft document. Tax to mainly address transport and agriculture

The Commission hopes that the reform will eliminate any overlaps with the EU's emissions trading scheme (EU ETS), which is the bloc's main instrument to tackle climate change. It consequently plans to extend the scope of the revamped Energy Taxation Directive to energy products that fall under the ETS but exempt them from CO2-related taxation.

The amended directive would address two significant polluting sectors, transport and agriculture, which were originally exempted from having to pay for their emissions. The Commission hopes that taxing the CO2 content of fuels will provide an appropriate CO2 price signal in the transport field.

Carbon prices would be further strengthened under the directive as small installations excluded from emissions trading would have to pay for CO2 as part of their energy consumption. Biomass would be exempt from CO2 taxation under the directive because it is carbon neutral at end use, the Commission says. Moreover, businesses that make early investments in low-carbon technologies would get transitional exemptions, it added.

However, the industry is worried that a policy of promoting biofuels over all other fuels would disrupt the process of technological development and efficiency gains made in terms of fossil fuel use. Moreover, the simple assumption that biofuels do not produce CO2 is questioned by experts, who point to deforestation as a result of land use changes.

"We have to take care not to block the progress of existing alternative fuels," said Paul Voss, European policy advisor at the European LPG Association (AEGPL). He warned that a European directive promoting renewables would be more suitable after 2020 when these new energy sources are more developed. *"But in the next 10 years, LPG and natural gas are our best hope of cutting emissions in transport,"* Voss argued.

Many EU member states have woken up to the benefits carbon taxation could have in terms of raising revenue and helping them to meet their emissions targets. Finland and Sweden were the first to levy such a tax on fuels back in early 1990s, with encouraging results in slashing emissions.

Most recently, France outlined plans to set up a national carbon tax, starting at €17 per tonne of carbon. But the Commission says that while national CO2 taxes can fill in gaps or avoid overlap between the ETS and the current Energy Taxation Directive, they would not address distortions within the internal market. It therefore takes the view that a harmonised carbon tax is necessary.

Current rotating EU presidency holder Sweden has been pushing the issue, but some member states fear that such a tax would interfere with their budgetary discretion. Others are apprehensive of the impact of rising energy prices on their citizens and industries. The Commission's draft seeks to address member states' fears by allowing certain exemptions. National capitals could continue to exempt households from taxation as distributional impacts differ from one member state to another. Furthermore, Eastern European member states would be allowed to introduce carbon taxes at a slower pace, with a transitional period stretching until 2021.

Uzbeks suspend gas supplies to southern Kyrgyzstan

Date : 29.09.2009
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=uzbeks-suspend-gas-supplies-to-s-kyrgyzstan-2009-09-29

Uzbekistan has suspended its gas supply to the southern Kyrgyz cities. Osh Deputy Mayor Alymzhan Baygazakov said gas supplies were suspended recently to the southern Kyrgyz cities of Osh, Jalalabad, and Batken.

He added Osh owes some $2 million of Kyrgyzstan's overall $18 million gas debt to Uzbekistan. Salamat Aytikeev, the head of the KyrgyzGaz state energy company, traveled to Tashkent to conduct negotiations with his Uzbek counterparts on Sept. 24. Kyrgyz Prime Minister Igor Chudinov previously said Kyrgyzstan would hold negotiations with the Uzbek side in order to decrease the price of gas. Ties between the two have worsened over Kyrgyz plans to build hydroelectric power plants that might reduce the amount of water Uzbekistan would receive from Kyrgyzstan.

PETFORM ANNOUNCEMENTS & REPORTS

❖ Energy Policies of IEA Countries - Spain

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=359