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PETFORM

OMV halts plan to buy Petrol Ofisi shares

Date : 19.11.2009

Source: Hürriyet Daily News

 $\underline{http://www.hurriyetdailynews.com/n.php?n=omv-halts-plan-to-buy-petrol-ofisi-shares-plan-to$

2009-11-19

OMV and Dogan Holding agreed to continue their stable relationship in Petrol Ofisi, Turkey's largest fuel retailer, the Vienna-based company said in a statement Thursday.

OMV said in August it was in talks with Dogan to buy its 54 percent stake in Istanbul-based Petrol Ofisi, in which OMV already holds 42 percent. Chief Executive Officer Wolfgang Ruttenstorfer said last month that OMV would not make a decision on the acquisition until a tax dispute between Dogan and the Turkish government is resolved.

Dogan Media Group faces a tax levy of 4.8 billion Turkish Liras (\$3.22 billion) demanded by the tax office for alleged back-taxes, fines and interest dating back to between 2005 and 2007. The country's biggest media group said it will prove that it does not owe any back-taxes when it meets with the tax office on Nov. 24.

"Without the control over Petrol Ofisi, we see it highly questionable whether OMV will still be able to enter Turkey's expanding downstream business as initially planned," said Philipp Chladek, an analyst at Raiffeisen Centrobank in Vienna. "We therefore see the news negative for the group's Turkey aspirations, which are intended to be the main source of growth for the downstream segment in the coming years."

This is the third time in four years that OMV's acquisition plans have proved unsuccessful. In 2006, it scrapped the idea of merging with Verbund, Austria's biggest utility, in a deal valued at 13.1 billion euros (\$19.6 billion), because of mounting political opposition.

Last year it abandoned a 2.8 trillion-forint (\$1.57 billion) hostile takeover bid for Mol, Hungary's largest refiner, after the European Union expressed competition concerns. In March, OMV sold its stake in Mol to Russia's Surgutneftegaz for 1.4 billion euros.



Gazprom: We don't intervene in domestic gas prices

Date : 17.11.2009

Source: Today's Zaman (Ismail Altunsoy)

http://www.todayszaman.com/tz-web/news-193147-gazprom-we-dont-intervene-in-

domestic-gas-prices.html

Gazprom never intervenes in countries' domestic natural gas prices, Sergei Komlev, said, referring to the discounted price competition between BOTAS and several private gas firms operating in Turkey.

The 75 percent increase in natural gas prices last year had a negative effect on consumption, and BOTAS was obliged to pay for unused gas. In order to boost consumption, BOTAS has introduced new campaigns, discounting the wholesale price by 2 percent, causing harsh reactions from four firms which recently entered the market, claiming that the discounts were causing unfair competition. Komlev said "Gazprom did not and never would intervene in the process of deciding gas prices."

Fours firms in the natural gas sector apart from BOTAS –Enerco Enerji, BosphorusGaz, Avrasya Gaz, and Shell Enerji- are currently buying natural gas from the Russian firm Gazprom. The contraction in the sector due to price hikes reaching 75 percent in 2008 created risks, as the contracts require payment even if natural gas goes unused.

Responding to questions from Zaman about whether they can apply different pricing schemes to different distributors, Komlev said they would be acting as a monopoly if they did so. When asked whether giving discounts to smaller firms would be viable, Komlev mentioned that giving discounts to bigger firms would make more sense but that they would still be acting as a monopoly.

According to Komlev, the price that BOTAS presents to its distributors is determined by their margin on top of Gazprom's price and that Gazprom has no say in this pricing. Moreover, Komlev noted that natural gas prices are connected to oil prices with a specified formula, and that even if oil prices were low enough to cause losses for Gazprom, they would not change the pricing formula. Komlev revealed that he thinks the reason for the increase in natural gas prices is American speculators in the sector. Regarding next year's gas price, Komlev said there would be no significant increases or decreases in price.

The cost to Gazprom of the January 2009 dispute between Ukraine and Russia, caused mainly by Ukraine's debt to Russia from the natural gas it imported from Russia, was \$2 billion, Komlev said. He added that despite the natural gas crisis not stemming from Russia, Gazprom has still lost a great deal of money.

"Taking into account that the price of natural gas increased to \$400 during the dispute for 1,000 cubic meters from around \$200, the magnitude of the Gazprom loss can be better understood." They never intended to hurt their customers, but since the parties stubbornly resisted each other's demands, eventually European consumers were hit, he said. According to Komlev the main reason the dispute took place between the two countries was because Gazprom stopped subsidizing Ukraine in terms of natural gas prices. Komlev added that Ukraine should adapt to normal market process.



Russia and Ukraine reach gas compromise

Date : 20.11.2009

Source: Hürriyet Daily News

http://www.hurriyetdailynews.com/n.php?n=russia-ukraine-reach-gas-compromise-

2009-11-20

Russian Prime Minister Vladimir Putin and his Ukrainian counterpart Yulia Tymoshenko announced a compromise deal between Russia and Ukraine on the thorny issue of gas supply.

The agreement is expected to lessen the threat of multibillion-dollar fines that might cripple Ukraine's economy or disrupt Russian supplies to Europe. "I sincerely hope that all the agreements that have been previously reached will be implemented," Putin said. "It would be good to meet the new year without any calamities." Tymoshenko played down the prospect of gas disruptions, saying: "We will very carefully and precisely carry out our functions of transit of Russian gas. Ukraine pays, and will pay, on time for Russian gas."

In January, a row between the two countries resulted in Russian gas to much of Europe being cut for two weeks amid freezing temperatures. Earlier this week, Ukrainian President Viktor Yushchenko warned that Russian gas supplies to Europe were under threat again. He said in a letter to Russian President Dmitry Medvedev that current gas contracts between Moscow and Kiev had to be revised.

"Both, you and we, are fulfilling the agreement and it is very important that you, as a strong power, come halfway to meet Ukraine during the crisis to make sure that gas contracts are implemented," Tymoshenko said. Russia will not be enforcing penalties against Ukraine for lower-than-expected natural-gas imports this year due to the 'special' relationship between the two countries, Putin said. "Taking into account conditions that our economies are going through, and first of all in Ukraine, we perfectly understand that the level of gas consumption has dropped," the Russian prime minister said. "Since we have special way of our relations, we have decided not to enforce the penalties."

Ukraine originally pledged to import 42 bcm of gas in 2009, but will probably import only 25 billion cubic meters as the severe economic crisis had reduced gas consumption steeply. The country also pledged to import at least 52 bcm annually during the next nine years, while Tymoshenko indicated earlier that Ukraine will probably import about 32 bcm in 2010. Ukraine could have faced potentially crippling multibillion-dollar fines if it did not pay for all the gas it had contracted.

The two countries further agreed to boost the tariffs Russia pays for the transit of Russian gas to Europe through Ukraine by 60 percent starting next year. "Beginning Jan. 1, 2010, Ukraine will for the first time receive a market price for transit of Russian gas through Ukraine to Europe and, accordingly, Naftogaz Ukrainy will receive billions of dollars in revenue," Tymoshenko said, referring to the Ukrainian state energy firm. "Payment for gas transit will increase approximately 60 percent," Putin said. "We are doing that because it is stipulated in the contract and Gazprom openly agreed to that."



Russia and EU agree on energy warning system

Date : 17.11.2009 Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-193164-russia-eu-agree-on-energy-warning-custom http://

system.html

The European Union and Russia agreed to an 'early warning' mechanism to shield Europe from potential supply cuts and protect consumers in the event of a repeat of Russia-Ukraine gas dispute.

The agreement requires both sides to notify the other of any likely disruption to supplies of oil, natural gas or electricity and to work together to resolve the problem. Third parties would also be allowed to participate, the European Commission said. "An energy crisis like the one the EU suffered in January is harmful for supply, transit and consuming countries alike," EU Energy Commissioner Andris Piebalgs said after signing the agreement with Russian Energy Minister Sergei Shmatko.

"We need to do everything necessary to make sure that such a situation never happens again," he said in a statement. Russian gas supplies to Europe via Ukraine were halted for more than two weeks in January due to a quarrel between Moscow and Kiev. Concerns are growing that the dispute could be repeated this January, when Ukraine holds presidential elections.



Shahristani: 2nd round to see competitive bids

Date : 16.11.2009 Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-193063-iraq-2nd-round-to-see-competitive-

bids.html

Iraq's oil minister expects 'good competitive offers' from international oil companies in a second round of bidding due to be held next month on the country's lucrative oil fields.

Hussain al-Shahristani said Sunday the per-barrel-produced fee will be studied carefully to reach a 'fair price' to develop 15 oil fields offered in 10 projects. Iraq's first postwar auction in June flopped after most foreign oil companies rejected Baghdad's terms. Only one contract was awarded out of eight oil and gas fields on offer. Two international consortiums have since revised their bids and were awarded two contracts, which still need the government's final approval.



Azerbaijani gas to Bulgaria marks easing of dependence on Russia

Date : 16.11.2009 Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-193059-azerbaijani-gas-to-bulgaria-marks-

easing-of-dependence-on-russia.html

Bulgaria and Azerbaijan signed a deal for the delivery of Caspian gas, which will mark the first easing of Bulgaria's dependence on Russia.

The agreement, which provides for annual supplies of over 1 bcm of gas starting in 2011 or 2012 was signed in Sofia during a brief visit by Azerbaijani President Ilkham Aliyev. No financial details were released.

"Supplying gas from Azerbaijan to Bulgaria makes us an energy partner of the EU, and we hope that this partnership will develop further," Aliyev told. Bulgarian Energy Minister Traicho Traikov said Azeri gas will be transported to Bulgaria through a future link to the Interconnector Turkey-Greece-Italy (ITGI) pipeline, which is planned to carry Caspian gas via Turkey and Greece to Italy. The new pipeline has been strongly supported by the United States as a way to give countries an alternative to Russian gas. The Greek-Turkish section of the pipeline was inaugurated in late 2007.



Turkmenistan seen as top gas supplier for Nabucco

Date : 20.11.2009 Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-193453-turkmenistan-seen-as-top-gas-

supplier-for-nabucco.html

Turkmenistan could become a top supplier to fill a Western-backed natural gas pipeline aimed at reducing Europe's dependency on Russian gas, a top executive on the project said Thursday.

"We hope and expect Turkmenistan to be one of the main suppliers of gas to various markets through Nabucco," consortium Vice President Johann Gallistl told an investors conference in the Turkmen capital, Ashgabat. Gallistl said alternative options included moving gas through Iran, liquefying it, and then transporting it by sea. He also suggested it might be possible to deliver gas from offshore Turkmen fields to Azerbaijan, which lies across the Caspian from Turkmenistan. Other potential suppliers for Nabucco could include Azerbaijan, Iran and Iraq, Gallistl said.



Azeris may send gas to Asia as EU's Caspian pipe plans languish

Date : 19.11.2009

Source: Hürriyet Daily News

http://www.hurriyetdailynews.com/n.php?n=azeris-may-send-gas-to-asia-as-eus-

caspian-pipe-plans-languish-2009-11-19

While EU relies on Azerbaijan to provide the initial gas for planned pipelines, China is set to open a gas link to Turkmenistan, across the Caspian from Azerbaijan, giving it a four-year lead over Europe.

"If Europe takes too long putting together a solution, then all the gas in the Caspian will go to Asia," said Elshad Nassirov, a vice president at SOCAR. "It's more serious than it seems." At stake may be Europe's ability to tap Caspian resources directly and reduce dependence on Russia. The EU is relying on Azerbaijan to provide the initial gas to fill planned pipelines from the Shah Deniz field and to provide a route to Turkmenistan, holder of the world's biggest gas reserves after Russia, Iran and Qatar.

China is set to open a gas link next month to Turkmenistan, across the Caspian from Azerbaijan, giving it a four-year lead over Europe. The EU's planned pipelines to the region, including Nabucco, have yet to reach the investment stage.

"It has much more of an impact to say that Caspian gas will go to China instead of saying: 'We will send it to you, but through Russia instead'," Julian Lee, a senior energy analyst at the Center for Global Energy Studies, said in London. European sales remain a priority for Socar, Nassirov said in an interview with Bloomberg during a conference in Baku in September.

Gazprom has offered to buy all of Azerbaijan's gas, potentially scuttling independent routes from former Soviet republics. The Moscow-based company, which supplies a quarter of Europe's gas, plans to build the South Stream pipeline to the EU. Azerbaijan's inability to agree transit and supply with Turkey, its biggest gas market and most direct route to Europe, has hindered progress on Nabucco and other links. Nassirov's message to the EU is that the so-called southern corridor to the Caspian region may be lost if Turkey doesn't act like a 'responsible transit nation', Lee said.

Nabucco's partners plan to buy 8 bcm of gas a year from Shah Deniz and 8 bcm from northern Iraq by 2015, more than half the pipe's planned 31 bcm capacity. The link may also get 10 billion cubic meters from Turkmenistan, Stefan Judisch, chief executive officer of supply and trading at project partner RWE, said in July. Azerbaijan has been Europe's closest Caspian energy partner since 1994 when it signed the so-called Contract of the Century, an accord with foreign companies, including BP and Statoil, to develop the Azeri-Chirag-Gunashli oil fields.

As one option, Azerbaijan is considering building a plant and shipping 1 billion cubic meters a year of compressed natural gas by tanker through the Black Sea to Bulgaria, Vagif Aliyev, general manager of SOCAR's investment division, said yesterday. Europe's only access to Turkmen gas is through Russia. Border disputes around the Caspian have delayed plans to build a pipeline across the sea, while Russia is opposed on ecological grounds. Iran remains unviable amid tensions over its nuclear program.

Azerbaijan is unlikely to choose Asia over Europe, which would damage its hopes of becoming a Western gateway to the region, Ed Chow, a senior fellow at the Center for Strategic & International Studies and a former Chevron Corp. executive, said by e-mail. Socar can't offer sufficient supplies for both markets, he said. "Azerbaijan will forgo its geographic advantage to Turkmenistan?" Chow said. "Empty threat."

The Shah Deniz-II project partners are committed to European markets, said Kristian Hausken, head of Statoil's local division. Statoil and China haven't held supply talks, he said. It's better to sell gas at Asian prices than be unable to send it to Europe at western prices, Nassirov said. "It's impossible to get gas there."



TOTAL says Shtokman natural gas start delayed 2 years

Date : 19.11.2009

Source: Rigzone (The Wall Street Journal) http://www.rigzone.com/news/article.asp?a_id=82625

Shtokman, a natural gas field in Russia's Arctic waters that is one of the world's largest gas deposits, will start producing two years later than Gazprom's planned launch date, according to one of the partners in the megaproject.

Jean-Jacques Mosconi, head of strategy at French oil company TOTAL, said the first gas from Shtokman would begin flowing into export pipelines in 2015, with liquefied natural gas production starting up a year later. The reason for the delay is the 'numerous technical issues' Shtokman presented, he said. Gazprom's original timetable, which envisaged the development coming on stream in 2013, was 'impossible', he added.

The hold-up reflects the escalating costs, vast logistical challenges and uncertain outlook for gas now facing the Shtokman partners -Gazprom, TOTAL and Statoil. Spot gas prices have slumped as recession demolished demand and new supplies swamped the market from new LNG projects and the shale gas fields of North America. TOTAL's chief executive, Christophe de Margerie, said last month that Shtokman won't be profitable with gas prices at their current level. He said a final investment decision on Shtokman will be made at the end of 2010 -months later than originally flagged.

Shtokman would not be the first megaproject Gazprom has delayed. Last summer, it said it was postponing the launch of Bovanenkovo, a huge field in the northern Yamal Peninsula, by a year to 2012. The delays are important because Bovanenkovo and Shtokman are key to Gazprom's growth ambitions. The company wants to increase its market share in Europe from 25% now to a third by 2020. But its mature Siberian fields are in decline, and it needs to develop its reserves fast to avoid steep falls in output.

Located under the iceberg-strewn Arctic waters of the Barents Sea, Shtokman has reserves of 3.8 trillion cubic meters, enough to meet the world's demand for gas for more than a year. Gazprom initially said it would develop the field on its own, but later tapped Total and Statoil to help. The three formed Shtokman Development AG to carry out the first phase of the project. Gazprom owns 51%, TOTAL 25% and Statoil 24%. The Russian company retains ownership of all the gas Shtokman will produce.

Under plans for the first stage, Shtokman was supposed to start producing pipeline gas for Europe in 2013, with production of liquefied natural gas for export to the U.S. beginning the following year. In total, the first phase would produce 23.7 billion cubic meters of gas a year -just under 5% of the Europe's current consumption. But Gazprom warned recently that the steep fall-off in gas demand in Europe could prompt it to review Shtokman's timetable.

The first phase of Shtokman will use a huge floating production unit connected to several subsea wells. The gas will be pumped ashore through a 550-kilometer pipeline to a terminal at Teriberka, where an LNG liquefaction plant will be built. The production unit will be moored on a turret that can be moved up and down to avoid the Barents Sea's biggest threat - stray icebergs



PetroChina to start operation of gas pipeline in Northwestern China

Date: 18.11.2009 Source: Rigzone

http://www.rigzone.com/news/article.asp?a_id=82589

PetroChina said that the Sebei-Xi 'ning-Lanzhou natural gas pipeline is to start formal operation of a new parallel line in mid-December with a total transportation capacity of 6 bcma.

The old Sebei-Xi'ning-Lanzhou natural gas pipeline, a single line with a total length of 953 kilometers, remains in operation. It was completed in late 2001 with a designed transportation capacity of 3 bcma. The new pipeline, built in parallel with the old pipeline with investment of 3.678 billion yuan, links gas fields in Sebei with Qinghai province's capital city Xi'ning and Lanzhou, its counterpart in Gansu province.

Hu Wanzhi, a PetroChina official in charge of the pipeline, said the streaming of the 945-kilometer-long gas pipeline would provide an outlet to pipe out the Qaidam Basin's abundant natural gas reserves, of which an estimated 230 billion cubic meters is recoverable. He said the pipeline would also serve as reliable source for the West-to-East natural gas pipeline to fulfill fast-growing downstream demand. It will also secure the gas supply to Qinghai and Gansu provinces in the northwestern China.



TNK-BP chief names new executive officer

Date : 19.11.2009 Source: Oil&Gas Journal

http://www.ogj.com/index/article-display/7756315252/articles/oil-gas-journal/general-

interest-2/people/2009/11/tnk-bp-names new chief.html

BP and its Russian partners in TNK-BP have named Maxim Barsky as the new chief executive officer for the joint venture, but have delayed his appointment until 2011 so he can gain more experience.

Currently TNK-BP's executive vice-president for strategy and business development, Barsky will become the firm's chief executive effective Jan. 1, 2011, according to BP and the Russian shareholders. "I am pleased that the shareholders of TNK-BP have agreed this plan," said BP Chief Executive Officer Tony Hayward. "We are all agreed that Maxim Barsky has the capabilities to lead the company into its next phase of development, and confident that the further experience he gains in the coming year will fully equip him for the task of CEO."

TNK-BP said that Barsky will spend the first 5 months of 2010 working in various upstream businesses at BP and BP's head office in London before returning to TNK-BP in June to take up a senior executive role. The firm's former chief executive officer, Robert Dudley, stepped down in December, following months of wrangling between the company's shareholders -BP and Alfa Access-Renova (AAR)- over control of the company.

AAR had accused Dudley of malpractice and of favoring BP. In September 2008, the shareholders signed a memorandum of understanding to reorganize management and dismiss Dudley. When Dudley stepped down, Tim Summers, formerly the firm's chief operating officer, became acting chief executive officer. Fridman, ranked Russia's fourth-richest businessman by Forbes, was appointed interim chief executive officer in May.

Barsky's rival for the position was Pavel Skitovich, a former executive at Polyus Gold and currently TNK-BP's executive vice-president responsible for planning and performance management. Barsky and Skitovich were appointed in May with the intention of picking one as chief executive. TNK-BP is jointly owned 50% by BP and 50% by AAR, a group of Russian billionaires who include Fridman and Viktor Vekselberg.



❖ Draft Regulation Regarding the Amendment in the Natural Gas Market License Regulation

Source : Energy Market Regulatory Authority

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