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Yildiz dismisses claims of 50 pct natural gas hike

Date : 25.12.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-196546-minister-dismisses-claims-of-50-pct-natural-gas-hike.html

Speaking to reporters in the Syrian capital of Damascus, Energy and Natural Resources Minister Taner Yildiz said that recent claims of a 50 percent hike in natural gas prices were not true.

Main opposition Republican People's Party (CHP) leader Deniz Baykal recently claimed that the government was preparing to introduce a 50 percent net hike in natural gas prices in January. Yildiz said the government will make the necessary announcements when the time comes, adding that people should not be misled by 'speculative news'. "*Some people speak so assuredly about the price hikes for natural gas, but we have not said the final word yet. So, nothing is certain yet,*" the minister said.

Yildiz said it was impossible to mention any certain price hike yet as he noted that natural gas prices are set by an automatic pricing mechanism which was put into action in June 2008. Asked whether the government may decide to not increase natural gas prices, the minister said such an option was still on the table. With regards to anticipated energy deals with Syria, he said the government expected to sign three separate energy deals with the country.

Private sector worried due to state monopoly in gas

Date : 21.12.2009
Source: Hürriyet Daily News (Begüm Gürsoy)
http://www.hurriyetdailynews.com/n.php?n=private-sector-worried-due-to-state-monopoly-in-gas-2009-12-21

Turkey has been trying to liberalize its natural gas market since 2001, but now the government is returning to a 'monopolist mentality' with a radical policy change.

According to the Natural Gas Market Law, the country aimed to reduce the share of the state-owned Petroleum Pipeline Corporation (BOTAS) to 20 percent by the end of this year. However, as this goal was not attained, there are now efforts to bestow unlimited freedom to BOTAS, as a draft removes the ban on its signing new purchase contracts. In fact, BOTAS has excess gas that would cover at least four to five years.

Four private sector companies, apart from BOTAS, were previously granted the right to import natural gas. If the draft becomes a law in its current form, these companies will have almost no chance to enter the import market.

The law's current form envisaged BOTAS' transfer of natural gas import contracts for Russia, Iran, Azerbaijan, Nigeria and Algeria through contract transfer or amount transfer to the private sector, as well as reduction of its market share to 20 percent by the end of the year. However, this goal disappeared due to lack of necessary permits from supplier countries. The Ministry of Energy and Natural Resources aimed to expose suppliers in the private sector through full import freedom initially, but with this draft, the ministry seems to have abandoned this plan, drafting articles that would strengthen BOTAS' dominant position.

According to the draft, BOTAS will not make natural gas purchase contracts apart from LNG after 2015. With this article, BOTAS is authorized to supply gas rapidly from the spot market in case of urgency. But it also grants the right to make new import contracts with a Cabinet decision in case of a situation that threatens supply security after 2015. Besides, it also removes the ban on BOTAŞ to sign new purchase agreements with countries it already has an agreement with.

In the draft, the ministry grounded the removal of the articles regarding the restrictions for BOTAS' authorizations in the import market on supply security. By granting this authority to the Cabinet, it will secure the indisputability of the decision. However, according to energy projections, Turkey will not have a natural gas deficit for the upcoming five years.

Turkey, whose industrial consumption dropped 20 percent because of the economic crisis, is expected to reach 2008 consumption levels only in 2010. Due to the drop in demand, Turkey is faced with a 'take or pay' bill to countries it imports from, which means natural gas supply will be above demand for the upcoming years. BOTAS will face a 'take or pay' liability worth $14-$15 billion on average for the upcoming four to five years. Despite this, the private sector is kept distant from the market on grounds of supply security, spurring reaction among market players.

If this draft becomes law, the first debate will be on the agreement with Russia. The term of the contract for the 6 billion cubic meters of natural gas BOTAS obtains from Russia via the Western Line will end in 2011. Many private sector companies aim to bring gas after this date, but according to the draft, BOTAS will have the authority to renew the agreement. Private sector representatives expect that the draft will not be issued in its current form. The Energy Market Regulatory Agency is reported to have disaffirmed the articles that strengthen BOTAS' monopoly in the import market.

The draft will cover the regulation gap concerning transit crossing, for which the EU has criticized Turkey on Nabucco. According to the draft, first BOTAS' transmission and distribution activities will be separated, with DOTAS to be responsible for transmission and GAZTAS to be responsible for management. Each year, 15 percent of the gas to be imported for transit crossing will be stored in national depots to be used in national consumption to secure supply security. Unless a change occurs, other partners of Nabucco are likely to react to this article in the draft.

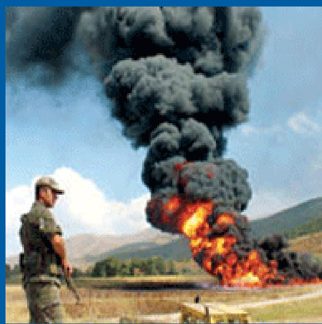
Yildiz: I don't see any obstacle blocking gas talks with Azerbaijan

Date : 23.12.2009
Source: Reuters
http://www.reuters.com/article/idUSTRE5BM18Q20091223

Turkey expects to sign an agreement with the Azeri government on procuring additional 8 billion cubic meters of Azeri gas and Turkey expects the continuing negotiations to yield an agreement Energy Minister Taner Yildiz said.

Talks between the two sides have lagged over the price Azerbaijan wants to charge for the extra gas, some of which will be used by Turkey while the rest will be shipped on to Europe. Turkey now buys 6 bcm of gas annually from Azerbaijan's Shakh Deniz basin at a discount that is about half of what it pays Russia and Iran, its main suppliers of the fuel. Azeri Foreign Minister Elmar Mahmadyarov is scheduled to visit Ankara on Friday for bilateral talks that are expected to include energy.

"From a technical perspective, I don't see any obstacle blocking the gas talks with Azerbaijan. I can't say that we have reached the final point on the transport rates, but I don't see any serious problems," Yildiz said. *"We've reached agreements with many countries, our Azeri brothers won't be exceptions."* he added.



Iraq resumes oil exports after pipeline sabotage

Date : 24.12.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=84681

Oil exports from northern Iraq resumed Thursday after a temporary halt due to the weekend sabotage of the pipeline to the Turkish port of Ceyhan, the oil ministry said.

"The pumping of oil to Ceyhan resumed today with a total of 250,000 to 300,000 barrels per day after repairs were carried out on the sabotaged pipeline and we hope that within hours it will reach its full capacity of 600,000 barrels per day," ministry spokesman Assem Jihad told. The attack on Sunday took place around 325 kilometers north of Baghdad. The pipeline usually transports between 420,000 and 450,000 barrels per day of oil, according to Jihad. Total Iraqi oil exports stand at around 2 million barrels per day, and all its exports from the north flow through the pipeline to Ceyhan.

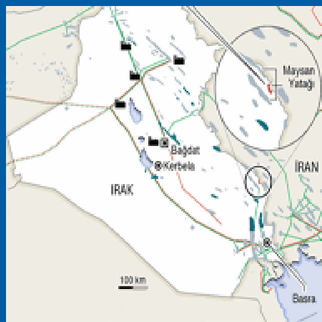
Shell ink initial deal on Majnoon oilfield

Date : 21.12.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-196163-iraq-shell-ink-initial-deal-on-majnoon-oilfield.html

A group led by Royal Dutch Shell signed an initial deal to develop the supergiant Majnoon oilfield. Shell, along with Petronas, won the rights in an energy auction earlier this month for the field.

Mounir Bouaziz, a senior Shell executive, and Abdul-Mahdy al-Ameedi, deputy director of the Oil Ministry's licensing office, signed the initial agreement in downtown Baghdad. It must now be sent to the cabinet for approval.

Majnoon has reserves of 12.6 billion barrels. Iraq is hoping a host of deals in the works will turn the country into a major global energy player and increase output capacity to 12 million bpd in six or seven years, hard on the heels of global leader Saudi Arabia. For Majnoon, the Shell group proposed a per-barrel remuneration fee of $1.39 and pledged to increase output to 1.8 million bpd from a current production level of 45,900 bpd. Shell has a 60 percent stake in the consortium, while Petronas holds 40 percent.



Iran says 'misunderstanding' caused oil well incident

Date : 23.12.2009
Source: Gulf News
http://gulfnews.com/news/region/iran/iran-says-misunderstanding-caused-oil-well-incident-1.556827

Iran described a border incident with Iraq, which caused oil prices to rise, as a 'misunderstanding' and called for experts from both countries to look into border demarcation issues.

The statement came two days after Iraqi officials said Iranian troops had withdrawn partially from a disputed oil area claimed by both Tehran and Baghdad, possibly defusing a border feud straining the two neighbours' ties.

"Our stance has been crystal clear ... it was a misunderstanding," Iranian Foreign Ministry spokesman Ramin Mehmanparast told. Saying the two countries' foreign ministers had reached an 'understanding' in a phone conversation on Saturday, he added a committee should be formed to look into border demarcation issues between Iran and Iraq, which fought a 1980-88 war. *"We think it is a technical and expert issue and the experts of both sides should sit down and look into ... specifying the border areas between the two countries so that such misunderstandings are removed,"* he said.

On Sunday, Iraq's government spokesman said a group of Iranian troops who had taken over an oil well in a remote region along the Iran-Iraq border last week were no longer in control of the well, which Iraq considers part of its Al Fakkah oilfield. A border official in Iran was quoted on the same day as saying Iranian forces had returned to their original position after dismantling a barricade built by Iraqi soldiers near the disputed oil well.

TOTAL seeks ties with CNPC on South Pars development

Date : 22.12.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article202176.ece

TOTAL is looking at working with China National Petroleum Company (CNPC) on Iran's South Pars Phase 11 gas development and a joint bid for an oil block in Venezuela's Carabobo region, according to chief executive, Christophe de Margerie.

The French major favours an integrated development including extraction, liquefaction and export of the final LNG outputs at South Pars. However, Iran and CNPC prefer to separate the upstream from LNG, which de Margerie said is 'not [TOTAL's] cup of tea'.

Any deal with CNPC will require Iranian government's approval, but Tehran, for the time being, has stopped discussing LNG, according to de Margerie. The TOTAL chief said talks must continue with Tehran despite international pressure on the French major because energy investments are long-term and politics must change.

TOTAL also aims to make a joint bid with CNPC to develop a heavy-oil block in Venezuela's Carabobo region, de Margerie said but declined to comment on the timing or investment. Several heavy-oil blocks are expected to be auctioned next year in the eastern Orinoco region of Venezuela, with each block costing as much as $10 billion to $20 billion, according to Wall Street Journal.

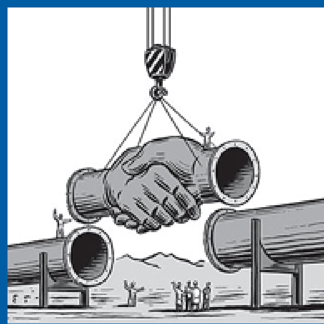
CNPC gets exclusive operating rights for China - Burma pipeline

Date : 22.12.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=84583

China National Petroleum Corp (CNPC) has signed an agreement with Myanmar's Energy Ministry to receive exclusive rights to build and operate the China-Myanmar crude oil pipeline.

The deal has granted operating concession of the pipeline to the CNPC controlled South-East Asia Crude Oil Pipeline Ltd., said CNPC. The agreement stipulates the Myanmar government should guarantee the company's ownership and exclusive operating rights, as well as the safety of the pipeline.

In June, CNPC and the Myanmar government signed a memorandum of understanding, agreeing that CNPC would be responsible for the design, construction, and operation of the pipeline, the statement said. The 771-kilometer pipeline, extending from Maday Island, in western Myanmar, to Ruili, in the southwestern Chinese province of Yunnan, is expected to carry 12 million tonnes of oil a year initially. CNPC in late October started construction of a port in western Myanmar as part of the China-Myanmar Crude Pipeline project, said the company.



Russia and Turkmenistan to resume gas supplies

Date : 22.12.2009
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=russia-turkmenistan-to-resume-gas-supplies-2009-12-22

Turkmenistan and Russia on Tuesday agreed to resume Turkmen gas supplies to Russia after an eight month interruption that raised questions on Moscow's sway in the energy-rich state.

A pipeline rupture in April abruptly decreased Turkmen natural gas supplies to Russia, slashing its income from gas exports. Ties with Russia then soured, with Turkmenistan seeking closer relations with China and Iran. But on his second visit to Turkmenistan since September, Russian President Dmitry Medvedev said that the year was now ending on a 'high note' with the new gas agreement. "*Those decisions that we have taken today will serve as a solid basis for our energy cooperation*," he said. "*We call relations with Russia 'strategic partnership,'*" Turkmen President Gurbanguly Berdymukhamedov added.

The deputy chief executive of Gazprom Alexander Medvedev said Turkmenistan was planning to resume supplies to Russia 'from Jan. 1, 2010 but no later than Jan. 10'. "*For the first time in the history of Russian-Turkmen relations, gas supplies will be determined on the basis of a price formula, which is in full agreement with the conditions of the European gas market. It's a first-class contract,*" he added.

Russian Prime Minister Vladimir Putin's influential deputy and energy supreme Igor Sechin added: "*There is confidence in mutual interest, in building long-term work, in trusting relations between the partners, in the need to obtain synergy.*" The pipeline blast in April virtually halted Turkmen gas exports to Russia at a time when Moscow was seeking to purchase less gas from Ashgabat owing to lower demand in Europe. Turkmenistan blamed Gazprom for causing the explosion by unexpectedly cutting its imports of natural gas, causing a pressure build-up. Alexander Medvedev said Gazprom would now buy up to 30 bcm of gas a year from Turkmenistan, Russia's main source of natural gas in Central Asia.

He did not specify whether those volumes would be purchased over the next few years, saying Russia and Turkmenistan had a long-term contract through 2028 that was signed back in 2003. Russian media reported in the run up to the Kremlin chief's trip that Gazprom planned to slash its Turkmen gas purchases four-fold, buying just 10 or 11 billion cubic metres of gas a year between 2010 and 2012.

OPEC keeps output goals, seeks quota discipline

Date : 22.12.2009
Source: Forbes
http://www.forbes.com/feeds/reuters/2009/12/22/2009-12-22T180110Z_01_LDE5BL09K_RTRIDST_0_OPEC-UPDATE-9.html

OPEC agreed to keep supply curbs unchanged but faces a battle to crack down on those in its ranks who are failing to comply with quota restrictions if it wants to drain bulging global fuel inventories.

The 12-member Organization of the Petroleum Exporting Countries has seen crude prices almost double since the start of the year after it sliced output when recession hit fuel demand. Oil prices traded just below $73 a barrel on Tuesday for U.S. crude, near the centre of the $70-$80 range that many in OPEC say they prefer. *"At between $70 and $80, everyone is happy,"* Saudi Oil Minister Ali al-Naimi said. *"The current price is good for consumers, producers and investors."*

OPEC's biggest producer, Saudi Arabia has made clear that it does not want to risk letting fuel prices get out of hand for fear of stunting a fragile recovery in world economic growth. But Naimi expressed concern over the poor discipline shown by some OPEC members in observing quota restrictions. This has pushed up inventories in industrialised consumer nations to 60 days worth of demand.

Stricter adherence to the 4.2 million barrels-a-day (bpd) of reductions in force throughout 2009 would skim inventories to levels more acceptable to producers. Asked for his opinion on compliance, Naimi said: "*We expect more.*" OPEC's official communique read: *"Member countries repeated their commitment to their individually agreed production allocations."* But it has little in its armoury to ensure that happens other than an appeal to self-interest. *"We always ask them to at least try to implement the decision that has been taken,"* said OPEC Secretary-General Abdullah al-Badri said. *"We can't really force countries to adhere 100 percent, but we always encourage them to comply."*

OPEC estimates show that Saudi and its Gulf allies Kuwait and the UAE are at or near full compliance with output cuts. But Angola, Nigeria and Iran have made little or no contribution. Compliance peaked in February at about 80 percent but has since slipped to 60 percent, adding about 800,000 bpd or 3 percent to OPEC supplies over the past nine months. Some market analysts think OPEC may need to tighten supply if it wants to keep prices above $70 a barrel going into 2010.

❖ EMRA's Resolution on Average Electricity Wholesale Price

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/yeni.html