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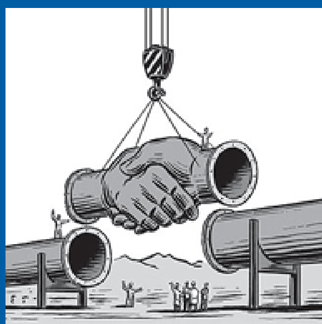


Gazprom and BOTAS agree on pricing and volumes for 2010 gas supplies

Date : 03.01.2010
Source: Hürriyet Daily News (Bloomberg)
http://www.hurriyetdailynews.com/n.php?n=gazprom-turkey-agree-on-pricing-volumes-for-2010-gas-supplies-2010-01-03

Gazprom and BOTAS have agreed on pricing and volumes for Turkey's gas imports from Russia next year, Gazprom said.

"The sides agreed on the 'take-or-pay' terms of the contract and on pricing, which is based on a basket of oil-product prices," Gazprom said Thursday in an e-mailed statement which did not specify volumes or tariffs. Alexander Medvedev, Gazprom's deputy chief executive officer, and Mehmet Konuk, acting chief executive officer of state-run BOTAS held talks in Ankara on Thursday, according to the Russian company.

Yildiz enthusiastic about Black Sea exploration

Date : 01.01.2010
Source: Hürriyet Daily News (AA)
http://www.hurriyetdailynews.com/n.php?n=turkey-enthusiastic-about-black-sea-exploration-2010-01-02

Turkey, currently an energy importer, should be able to meet its needs with domestic resources Turkish Energy Minister Taner Yildiz said on Saturday.

Speaking at a press conference regarding the oil exploration process to be initiated in the Black Sea with the cooperation of TPAO and Brazilian state oil company Petrobras, Yildiz said that "*the only way to prevent this is to carry out activities in oil and natural gas exploration in order to develop domestic resources.*" Noting that the cooperation between TPAO and Petrobras started nearly 4 years ago, he said TPAO would become a company that drills oil and reaches natural gas by the year 2020.

When questioned about the expected contribution of the oil drilling to Turkey's economy, he said, *"This is an exploration process and we may not reach oil or gas in the end. However, the data provided so far indicates that we need to carry out such a study. If we reach these resources, it will amount to at least 20 percent of Turkey's imports."*

In April 2009, TPAO and Petrobras, signed an agreement for the exploration of oil in the Black Sea. The deep-water platform 'Leiv Eiriksson', which set off from Norway months ago, travelled through the Bosphorus Strait and reached the Black Sea province of Sinop on Saturday. The platform will stay in the region for five years and drilling of the Sinop 1 well is scheduled to begin in the first quarter of 2010.

Turkish officials are very hopeful about drilling operations in the Black Sea, which is believed to have huge underwater oil and natural gas reserves. Recent seismic researches estimate a 10-billion barrel oil reserve in the Black Sea.

Turkey's energy import costs fall amid 2009 economic crisis

Date : 08.01.2010
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-197893-turkeys-energy-import-costs-fall-amid-2009-economic-crisis.html

Vital imports such as energy did not go untouched by the economic crisis in Turkey, as petroleum imports took a hard 47.1 percent hit as consumers and businesses tightened their wallets in 2009.

According to the latest trade figures released by the Turkish Statistics Institute (TurkStat), imports of petroleum and petroleum products fell from $26.1 billion in the first 11 months of 2008 to $13.8 billion in the same period of 2009, a 47.1 percent decrease. Imports of raw materials, also hit as consumer demand and thus production dropped during the crisis, fell 38.1 percent, from $143.9 billion between January and November 2008 to $89.3 billion in the same period of 2009.

Natural gas imports, a topic of contention as the state-owned Turkish Pipeline Corporation (BOTAS) provided natural gas discounts throughout 2009 after a 75 percent price increase in 2008 that left it with a hefty $740 million fine from Iran for unconsumed natural gas, also decreased by 29.8 percent in the first 11 months, from 3.3 billion to 2.3 billion. Electricity imports, another vital source of energy, increased by 10 percent in the first 11 months of 2009 amid the abovementioned decreases in other energy imports.

Price hikes coming to 'cheap' Azerbaijani gas as well in 2010

Date : 05.01.2010
Source: Today's Zaman (Ismail Altunsoy)
http://www.todayszaman.com/tz-web/news-197575-price-hikes-coming-to-cheap-azerbaijani-gas-as-well-in-2010.html

BOTAS is to issue a new list of natural gas prices in accordance with Treasury forecasts for 2010 which means an initial price hike for consumers should arrive in February.

According to calculations, in parallel to increased prices for unrefined oil and also rises in exchange rates, a price hike of around 50 percent is on its way. There is another important dimension to the changes in store for 2010, natural gas from Azerbaijan, bought last year because of its low price, will also become more expensive.

The Azerbaijanis are insisting on the implementation of the price difference in the new year. According to revised BOTAS figures, the Azerbaijani gas purchased in the first quarter of last year for its economical pricing will end up costing $399 per cubic meter. This figure is going to have a serious impact upon BOTAS' budget, but the firm has not issued any statements regarding Azerbaijani natural gas or pipeline capacity.

The decrease in recent years in natural gas consumption has been expensive for Turkey. Turkey has to pay for gas that it agreed to purchase even if domestic demand is insufficient to meet the amounts of gas specified in trade agreements.

Under pressure from the Treasury and Finance Ministry, BOTAS hiked natural gas prices by 73-75 percent for domestic and industrial use last year. Consumers tightened their belts, using heaters at home less, and with reductions in industrial use as well, gas sales slowed and the pledged amount of gas was not purchased. In 2008, Turkey paid Iran $704 million for gas it did not use.

As natural gas usage did not rise in 2009, it has emerged that Turkey will spend another $1.5-2 billion in this way. BOTAS must either use the gas or pay for it with its Iranian agreement, and is also tied to Azerbaijani gas for its cheaper price. Energy and Natural Resources Minister Taner Yildiz had previously said in an announcement with regard to Azerbaijani gas that an extra $600 million was at risk with regard to Iranian gas.

Energy mergers in Turkey decline in number in 2009

Date : 04.01.2010
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=energy-mergers-decline-in-number-in-2009-2010-01-04

Mergers and acquisitions in Turkish energy market totaled $1.7 billion last year, posting a serious decline in terms of transaction value, according to a survey conducted by PriceWaterhouseCoopers.

Even though 2009 was not the scene of some high-value ‘mega mergers’ and acquisition activities, significant interest in the Turkish energy market was sustained in terms of deal activity, with a total of 19 deals, according to the ‘Energy Deals 2009 Annual Review’. The highest transaction of 2009 was the privatization of the Osmangazi Power Distribution Company, which was worth $485 million.

After a record increase in 2008, a serious drop was seen in terms of transaction value, even though the number of M&As stayed at the 2008 level, the survey noted. The total transaction value, however, has declined to $1.7 billion from $5 billion. *“Despite the contraction in 2009, it is expected the sector will reaccelerate this year. Some positive expectations are being preserved with expected privatizations in natural gas and electricity distribution and electricity generation sectors in 2010,”* read the survey results.

Difficulties in the credit markets have caused the slowdown in M&As, said Faruk Sabuncu, PwC Turkey’s energy sector leader. *“The energy demand is expected to recover in the domestic market,”* he said. *“Turkey’s growing energy role in its region … shows that a reacceleration in M&As will be seen.”*

Petkim to ready $3.5 billion refinery in 2014

Date : 06.01.2010
Source: Hürriyet Daily News (Referans)
http://www.hurriyetdailynews.com/n.php?n=petkim-to-ready-3.5-billion-refinery-in-2014-2010-01-06

SOCAR & Turcas Refining, a 100 percent subsidiary of SOCAR & Turcas Energy, aims to ready its refinery project at the Petkim Aliaga Complex of the Aegean port city of Izmir by 2014.

As the company received the approval of the Environmental Impact Assessment Report, it sped up its activities for the refinery project to be established on a land of 13,750 acres. Engineering and detailed studies will be conducted this year for the refinery, referred to as the largest investment of the last 40 years. With an investment cost of around $3.5 billion, the refinery is expected to be complete by 2014.

Noting that prior to the privatization, SOCAR & Turcas had a project to build a refinery in Ceyhan, said Kenan Yavuz, CEO of SOCAR & Turcas Energy and board member of Petkim. *"We have delayed this project, and prioritized the refinery to be built on Petkim's land. It is a very important development that we have obtained the Environmental Impact Assessment Report. We will conduct engineering and detailed studies this year. Construction is the easiest part. We want to ready the project by the beginning of 2014."*

The refinery is expected to process around 10 million tons of crude oil annually, providing additional employment for approximately 1,500 to 2,000 people. Regarding the technical details of the investment, Yavuz said, *"The fact that the refinery is built on Petkim land [with infrastructure] will bring an advantage of around 30 percent in investment cost. This investment will bring raw material security and enable the common use of the existing infrastructure and form refinery-petrochemicals integration. The establishment of an oil refinery constitutes the first step to be taken on the path of our goal to make Petkim a regional power."*

Following SOCAR & Turcas' takeover of Petkim on May 30, 2008, the firm faced turmoil, Yavuz said. *"Feeling the signals of the crisis, Petkim launched crisis management on Sept. 9, 2008. We pursued first sale and then production strategy. We minimized our stocks rapidly. Undergoing a controlled period during the final quarter of 2008, we have become Europe's most rapid petrochemicals firms to overcome the crisis."*

As of February 2009, the firm has worked with a capacity over 90 percent, becoming one of the petrochemical firms with the top capacity utilization in Europe and the United States, he said. *"We closed the year 2009 with a better financial performance compared to our rivals. Our market share, which stood at 22 percent prior to the crisis, climbed to 30 percent during the crisis,"* he added. Deeming overvalued Turkish Liras as the top risk for the year, Yavuz said, *"The dollar price should not drop below 1.50 liras. I hope it will close the year at 1.60 liras."* Oil prices may drop below $60-70 for a certain period, according to Yavuz, who expressed an average price level of $70-80.

Yavuz also said that the firm planned to invest $60 million this year. *"We will maximize our capacity. There will be cost-reducing investments. All of our plants are shifting to the automatic control system."* The firm also keeps working on port projects. *"We are working to make the port the largest logistics base of the Aegean region."*

Russian oil flowing to EU despite Belarus dispute

Date : 05.01.2010

Source: EurActiv (Reuters)

http://www.euractiv.com/en/energy/russian-oil-flowing-eu-despite-belarus-dispute/article-188545

Russia said it had resumed flows of crude to refineries in Belarus which had raised fears that oil supplies to European Union countries might be blocked.

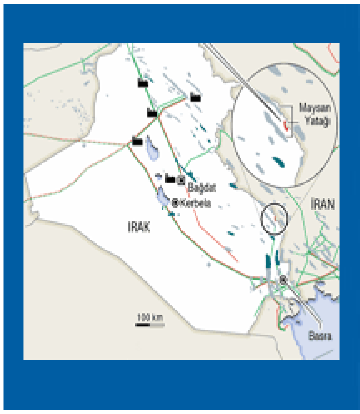
Russia's foremost energy official, Igor Sechin, told Prime Minister Vladimir Putin on 4 January their country had restarted supplying refineries in neighbouring ex-Soviet Belarus on 3 January, but there were still 'no signed agreements' with Minsk. In a transcript of the Moscow meeting, published on the government website, Putin told Deputy Prime Minister Sechin he hoped an agreement over oil deliveries to Belarus for 2010 and beyond would be reached 'sometime soon'.

Moscow had halted oil supplies to Belarussian refineries after failing to agree terms for this year. Minsk earlier on Monday warned it may cut electricity supplies to Russia. The spat has raised the spectre of another winter of supply disruptions for EU customers such as Germany, which buys 15% of its oil from the arm of the Druzhba pipeline that goes to Europe through Belarus.

Sechin on Monday said European customers were unaffected by the dispute, and a spokeswoman for Belarus state oil company Belneftekhim said Russian crude was flowing normally through the Druzhba pipeline. She said refineries were working normally. But Belarus' state power company said the lack of a proper agreement governing electricity supply meant it might have to be cut to the Russian enclave of Kaliningrad on the Baltic Sea.

Russia has repeatedly clashed with its neighbours. Now the focus has shifted to Belarus, which is in dispute with Moscow over how much export duty it should pay to Russia for supplies which are then refined and exported to the West, a pillar of the $50 billion Belarussian economy.

Russia wants Belarus to pay tax on oil supplies that it does not consume domestically. Of the 20 million tonnes of crude (400,000 bpd) that Belarus receives annually from Russia, six million tonnes (120,000 bpd) are used domestically. The rest is refined by Naftan and Mozyr refineries in Belarus for re-export to the West. Only a small portion of refined products actually stay within Belarus. Minsk wants all 20 million tonnes received annually at a discounted export duty, as it had before 1 January this year.



Iraq and Iran agree to solve dispute over border oil field

Date : 07.01.2010
Source: Rigzone (Dow Jones Newswires)
http://www.rigzone.com/news/article.asp?a_id=85146

Iraqi and Iranian officials will meet next week to try to solve their border issues, including the dispute over a southern Iraqi oil well which Iranian forces occupied last month, foreign ministers of the two neighboring countries said Thursday.

Iranian Foreign Minister Manouchehr Mottaki made the announcement after meeting his Iraqi counterpart, Hoshyar Zebari, in Baghdad. *"Everything will be solved,"* Mottaki told a joint news conference. *"Joint technical committees will start meetings in a week from now, and the borders between the two brotherly countries will be marked,"* he added. *"We have agreed to normalize the situation on the two countries' borders and bring it back to where it was standing before,"* Zebari said.

Iraqi officials said last month that Iranian forces occupied Well No. 4 on the al-Fakkah field, in Missan Province in southern Iraq, which straddles the two countries' frontier. The field has estimated reserves of 1.55 million barrels and is part of a cluster of fields Iraq unsuccessfully put up for auction last June. Iraqi officials said Iranian forces have since withdrawn 50 meters away from the well but they still control the area and are preventing Iraqi oil workers from reaching the well.

The row over the oil-well occupation has, over the last few days, triggered anti-Iranian demonstrations across Iraq and angry statements from politicians accusing the government in Baghdad of supporting Iran. Iraqi Prime Minister Nouri al-Maliki accused certain media of giving too much publicity to the incident in order to damage the 'close ties' between the two neighboring countries.

Iraqi and Iranian officials have frequently tussled over territory along their 1000-kilometer shared frontier, and brief incursions aren't uncommon. Oil officials recently traded accusations about oil theft from the shared field at the center of the dispute.

Iraq has accused Iran of siphoning crude oil from fields near the border, such as Abu Gharb and al-Fakkah, both located in Missan Province. Iraq also accused Iran last year of preventing Iraqi oil workers from developing the Abu Gharb field. *"Technical dialogue is being held between the two countries to invest jointly in these joint oil fields,"* Mottaki said. He gave no further details.

Turkmenistan and Iran open new gas route

Date : 06.01.2010
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=turkmenistan-iran-open-new-gas-route-2010-01-06

Turkmen and Iranian leaders inaugurate a new gas pipeline link to Iran from its energy-rich neighbor Turkmenistan, which will more than double supplies to Iran.

A new gas pipeline that will ensure a sharp increase in natural gas deliveries from Turkmenistan to neighboring Iran was inaugurated Wednesday in the Central Asian nation’s latest success at diversifying it export routes. The 30-kilometers pipeline is the second new route tapping into the region’s vast gas resources to begin operating in the space of a month.

Speaking at the inauguration ceremony, Iranian President Mahmoud Ahmadinejad said the route could have a global impact. *“This pipeline will be a good stimulus for energy cooperation between Turkmenistan and Iran, as well as for delivery of Turkmen gas to the Persian Gulf and the world market,”* Ahmadinejad said.

Drawing on the Daulatebad gas field, which has in the past been reserved for exports to Russia, the pipeline will eventually more than double current annual gas capacity between Turkmenistan and Iran to 20 billion cubic meters. Iran currently imports around 8 bcm of gas annually from Turkmenistan through the existing 200-kilometer KorpejeKordkuy pipeline under the terms of a 25-year deal reached in 1997.

Iraqi cabinet okays four key oil deals

Date : 05.01.2010
Source: Rigzone (Dow Jones Newswires)
http://www.rigzone.com/news/article.asp?a_id=85041

The Iraqi cabinet Tuesday approved oil deals with international companies to develop four oil fields including the supergiant Majnoon field in southern Iraq, a senior cabinet official said.

"The cabinet today approved deals to develop Majnoon, Garraf, Najmah and Qaiyarah oil fields," the official told. He said the cabinet approved the deals for these fields because the oil companies that won the contracts agreed to changes to these contracts for these projects made by the cabinet.

Last month, consortia comprising Royal Dutch Shell, Malaysia's Petronas, Japan Petroleum Exploration Co. and Angola's Sonangol signed initial deals to develop the fields. The companies must now sign final deals before they can begin development work, according to the oil ministry.

Five more major oil deals still need cabinet approval before they their final signature with the oil ministry, the official said. They include deals to develop Zubair, West Qurna Phase 1, West Qurna Phase 2, Halfaya and Badra. Asked why the cabinet didn't approve these five deals, the official said they haven't yet been prepared by the oil ministry.

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❖ EMRA's Announcement on Licensees' Monthly Tariff Notifications

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/tarife/dogalgaz/tarife.htm