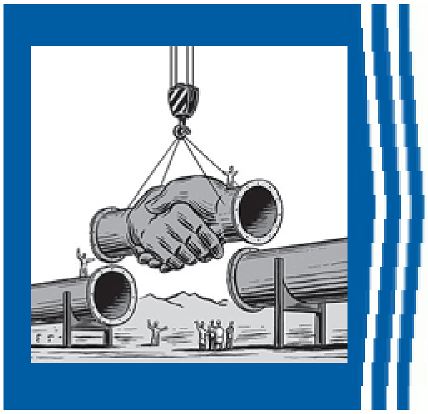
PETFORM OIL & GAS BULLETIN

05.02.2010



Bulgaria and Turkey agree on natural gas projects

Date : 31.01.2010

Source: Reuters

http://uk.reuters.com/article/idUKLDE60U08M20100131?pageNumber=1&virtualBrandChannel=0

Bulgaria and Turkey have agreed to improve gas links, Bulgarian energy minister Traicho Traikov said on Sunday, as Sofia aims to reduce its reliance on Russian gas.

Sofia and Ankara have signed a memorandum to make the existing gas pipeline between the two neighbouring countries reversible and build a new gas link, Traikov said. European Union member Bulgaria has stepped up efforts to reduce its almost complete dependence on Russian gas by diversifying routes and supplies after a dispute between Russia and Ukraine last January left it without gas for weeks.

A lack of separate gas links with neighbouring countries and the inability to reverse gas flows in the opposite direction in pipelines that bring Russian gas to Greece and Turkey, worsened the gas crisis for Bulgaria. *"In case of a necessity, when the gas stops flowing from north to south (from Bulgaria to Turkey), it can flow from south to north,"* Traikov told.

Traikov said the Bulgarian state gas company Bulgargaz and Turkey's BOTAS have signed an agreement that will allow Bulgaria to import gas from Turkey using the reversible link. Traikov and his Turkish counterpart, Taner Yildiz, also agreed on Bulgarian participation in LNG terminals on the Turkish Aegean coast, he said. He did not elaborate. A new gas link and involvement in LNG terminals can allow Bulagria to import Azeri gas, as well as supplies from Egypt and Turkmenistan, industry officials said.

Bulgaria ratifies Nabucco pipeline deal

Date : 19.01.2010
Source: Itar-Tass
http://www.itar-tass.com/eng/level2.html?NewsID=14732239&PageNum=0

The Bulgarian parliament formally gave its blessing Wednesday to the European Union’s flagship Nabucco gas pipeline, aimed at reducing Europe's reliance on Russian gas.

Five countries -Austria, Bulgaria, Hungary, Romania and Turkey- all signed an agreement last July to go ahead with the 7.9 billion euros ($11.1 billion) pipeline that will pump 31 billion cubic metres of gas each year from the Caspian Sea to Europe, starting in 2014. But the deal also needs formal ratification by parliament and Bulgaria is the second country after Hungary to give it.

The Bulgarian parliament voted unanimously in favour of the deal in a vote on Wednesday, with deputies saying Nabucco would enable Bulgaria to reduce its almost total dependence on Russian gas supplies and diversify its energy sources.

Ukraine pays up Russian gas bill

Date : 04.02.2010
Source: Upstream Online (Reuters)
http://www.upstreamonline.com/live/article205347.ece

Ukraine has paid on time and in full for its January imports of Russian natural gas, the Ukrainian state oil and gas company Naftogaz said today. “*We have paid in full for 2.55 billion cubic metres,*” Naftogaz spokesman Valentyn Zemlyansky told.

Ukraine’s late payments in previous years have caused rows with Moscow and in January 2009 Russia cut off gas supplies for almost three weeks, affecting millions in the EU. Earlier this week, Fuel and Energy Minister Yuri Prodan put the January bill at $780 million. According to a 10-year contract between Naftogaz and Russian state energy giant, Gazprom, the former Soviet republic must pay for its gas imports not later than the 7th of the month following gas deliveries.

Greek firm Metka to build power plant in Samsun

Date : 25.01.2010

Source: Hürriyet Daily News

http://www.hurriyetdailynews.com/n.php?n=greek-metka-to-build-thermal-power-plant-in-samsun-2010-02-04

Borasco, a subsidiary of Austrian power giant OMV, and Greek energy firm Metka announced plans Thursday to build a power plant in Samsun, on Turkey's Black Sea coast.

The agreement includes construction work as well as supplying most of the equipment for the 870-megawatt power plant. Metka will invest some 199.9 million euros and an option of $172.3 million in the project, while its subsidiary in Turkey, Power Projects, invests 142.4 million euros with an option for $10.8 million.

Metka and Power Projects, the project contractors, aim to have the power plant up and running by the summer of 2012. The contract covers the supply of the majority of equipment and construction work for an 870-megawatt natural-gas-fueled power plant, consisting of two single shaft units provided by General Electric.

The news follows Metka's announcement in October of another power plant in Turkey. Along with German power giant RWE and Turcas, the Greek firm agreed to construct a thermoelectric power plant near Denizli, in southwest Turkey. The budget for the project stands at 450 million euros and an option of 40 million euros.

Gazprom sees Europe gas use up 70 bcm by 2020

Date : 04.02.2010

Source: Reuters

http://www.reuters.com/article/idUSLDE61304P20100204

Russia's gas export monopoly Gazprom expects Europe's natural gas consumption to rise by 70 billion cubic metres by 2020, an executive said on Thursday.

"We are not that pessimistic about gas demand in Europe," Sergei Komlev, head of contract strategy at Gazprom Export told the Troika Dialog Forum. He also said Gazprom expects European gas demand to increase by another 40 bcm by 2030.

Northern Iraq in Nabucco supply talks

Date : 03.02.2010
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=86801

Iraq's Kurdish Regional Government is in talks with three companies to supply natural gas to the Nabucco pipeline, Ashti Hawrami, the region's Oil Minister said.

Speaking to reporters, Hawrami said *"it is our right to negotiate the use of gas from the region"*, adding *"the revenue is for Iraq"*. The minister wouldn't disclose the companies involved, but Austria's OMV and Hungary's MOL are both investors in both the KRG and the Nabucco consortium.

Eni presents gas pipelines proposal to EU Commission

Date : 04.02.2010
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=87026

Eni has formally presented to the Directorate General for Competition of the European Commission a set of structural remedies related to some international gas pipelines.

With prior agreement from its partners, Eni has committed to dispose of its interests in both the German Tenp gas pipeline and in Switzerland's Transitgas pipeline. Given the strategic importance of the Austrian Tag pipeline, which transports gas from Russia to Italy, Eni has negotiated a solution with the Commission which calls for the transfer of its stake into an entity controlled by the Italian State.

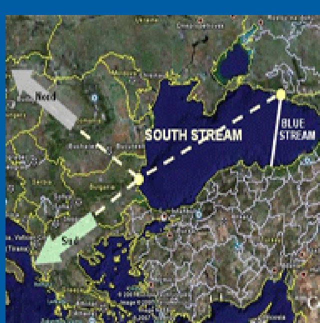
The remedies negotiated with the Commission do not affect Eni's contractual gas transport rights. The issue, which will be concluded today with the endorsement of the Directorate General for Competition of the European Commission, started in May, 2006, following an inquiry into alleged infringement of antitrust regulations which involved the main players in European gas, among which E.ON, GDFSuez and RWE. Eni received a statement of objections from the European Commission which alleged that during the period 2000-2005, Eni was responsible for limiting the access of third parties to the gas pipelines TAG, TENP and Transitgas, thus restricting gas availability in Italy.

Dubai discovers new oil field

Date : 05.02.2010
Source: Today's Zaman (AP)
http://www.todayszaman.com/tz-web/news-200625-dubai-discovers-new-oil-field.html

Dubai's government said Thursday the emirate has discovered a new offshore oil field the first such discovery by the city-state in several years. The media office of the sheikdom's ruler did not provide details such as the size of the field or preliminary estimates of its production capacity.

A statement from the office said the find is located east of the existing Rashid oil field. Dubai's ruler Sheikh Mohammed bin Rashid Al Maktoum *"brought the good news of a new oil discovery in Dubai to the people of United Arab Emirates, stressing that the new field will boost the economic capabilities of the state,"* the statement said. The UAE as a whole is the world's third-largest oil exporter, although the vast majority of the nation's reserves are held by the federal capital Abu Dhabi. Dubai's own reserves have been shrinking for years. The announcement said the new field will increase the emirate's total output, though it did not say where production stands now or how much potential the new field offers.



Hungary and Gazprom team up for South Stream Pipeline

Date : 02.02.2010
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=86740

The state-owned Hungarian Development Bank set up a joint venture with the Russian energy giant Gazprom in Budapest on Friday, laying the groundwork for the construction of the local stretch of the planned South Stream gas pipeline.

Hungarian Prime Minister Gordon Bajnai and Russia's first Deputy Prime Minister Viktor Zubkov of Russia witnessed the signing of the contract. The new firm South Stream Hungary, a 50-50 joint venture, will first prepare a feasibility study for the Hungarian stretch of South Stream, Gazprom said in a statement.

Zorlu Energy to build pilot plant for coal gasification

Date : 03.02.2010

Source: Hürriyet Daily News (AA)

http://www.hurriyetdailynews.com/n.php?n=zorlu-to-build-pilot-plant-for-coal-gasification-2010-02-03

Zorlu Energy, a subsidiary of Turkey's Zorlu Group, is involved in a project to build an electricity-generation pilot plant based on coal-gasification technology.

This project is an important step for the environment-friendly usage of domestic coal sources, said Gökmen Topuz, assistant general manager of investments department at Zorlu Energy. This pilot facility will be a model for future projects aimed at eliminating coal's environment damages and using energy more efficiently, Topuz said. The plant, the construction of which will launch at the end of this year, is expected to start operating by the end of 2011.

The Technology and Innovation Funding Programs Directorate, or TEYDEB, under the umbrella of the Scientific and Technical Research Council of Turkey, or TUBITAK, will provide funding to Zorlu Energy Electricity Generation of 1.5 million Turkish Liras. The support will be interest-free for the research and development, or R&D, studies, as the plant is expected to cost around 9 million liras total, according to the statement by Zorlu.

"By generating electricity via coal-gasification technology, the Zorlu Energy Group aims to minimize the destructive impacts of coal to the environment," the statement read. *"With the R&D studies to be conducted at the facility, coal will be converted to gas by partial burning. Toxins and particles will be held with the cleaning of the gas obtained through this process. Thus, the coal gas will become clean and non-hazardous to the environment, just like natural gas."*

A team of 24 people, including 15 from TUBITAK's Marmara Research Center, or MAM, and nine from Zorlu Energy, will conduct the studies at the 2-megawatts plant. Electricity generation through coal-gasification technology is utilized mainly in the United States, Germany, Japan, Austria, Denmark and the Netherlands, according to the statement.

Obama renews call for oil taxes in proposed 2011 budget

Date : 01.02.2010
Source: Oil & Gas Journal
http://www.ogj.com/index/article-display/5258198260/articles/oil-gas-journal/general-interest-2/government/2010/02/obama-renews_call.html

The Obama administration proposed $36.5 billion of new oil and gas taxes as it released its proposed fiscal 2011 budget.

The proposed levies -which it framed as removing tax preferences to help balance the federal budget and promote clean energy- were essentially the same as the ones it presented a year earlier. *"Oil and gas subsidies are costly to the American taxpayer and do little to incentivize production or reduce energy prices,"* the budget request said. The White House Office of Management and Budget (MOB) estimated that the $36.5 billion of new taxes over 10 years would represent about 1% of total projected domestic oil and gas revenue, it added.

Between Jan. 1, 2011, when they would take effect, and the end of 2020, OMB estimated that repealing the percentage depletion allowance would raise $10 billion, doing away with expensing of intangible drilling costs would generate $7.8 billion, and increasing independent producers' allowed geological and geophysical amortization would bring in $1.1 billion of new revenue.

The single biggest bite would be downstream, with the proposed repeal of the domestic manufacturing tax deduction for oil and gas companies. That would raise $17.3 billion over 10 years if enacted, OMB said. It also would make US refiners the only domestic business not covered by the manufacturing tax credit, which Congress enacted in response to foreign governments' subsidies of industries in their countries.

Other proposed oil and tax incentive repeals in the latest proposed budget include the exception to passive lost limitations for working interests in producing properties, which OMB said would generate $180 million over 10 years, and the deduction for tertiary injectants, which it said would bring in $67 million.

The White House also proposed repealing the enhanced oil recovery credit and the credit for production from marginal oil and gas wells, but did not project additional revenues from these moves.

The proposed budget also calls for termination of US Department of Energy oil and gas research and development programs, which the 2005 Energy Policy Act had authorized. OMB said in addition to promoting fossil fuels instead of clean energy, the R&D typically funds development of technologies that can be commercialized quickly, such as improved drill motors.

Eliminating the EPACT-mandated programs would reduce DOE fossil fuel outlays by $200 million over 10 years to $240 million, according to the proposed budget. In addition, said OMB, a recent Government Accountability Office report said DOE oil and gas programs are dwarfed by industry R&D ($20 billion for 1997-2006), and DOE has often conducted research in areas which already received private sector funding, especially for evolution advances and incremental improvements.

The White House also proposed ending the ultradeepwater research program at DOE, which it said would save $50 million from fiscal 2010 funding levels, and unconventional fossil technology R&D, which it estimated would save $20 million. It also recommended canceling the planned expansion of the Strategic Petroleum Reserve, which it said would save $71 million, and ending DOE's gas technology research support, which it said would save $18 million.

PETFORM ANNOUNCEMENTS & REPORTS

❖ Energy Policies of IEA Countries – Italy

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=385