OIL

Düzyol: BOTAŞ and TPAO should merge as Turkey needs energy giant

Date : 05.11.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=126297

There is no longer any chance of survival for small firms in the energy sector, according to the general manager of the state-owned Turkish Pipeline Corporation (BOTAŞ), Saltuk Düzyol. He said energy firms all over the world were merging in order to be global players.

"That is why we believe that BOTAŞ and the Turkish Petroleum Co. [TPAO] should merge," he said. In an interview with the Anatolia news agency, Düzyol said current regulations would lead to BOTAŞ's division into three different companies, corresponding to the functions of storage, transportation and delivery. Storage and delivery would be privatized, leaving only transportation under state control. He said this was what the EU recommends for competitiveness but that the actual practice of firms in Europe was entirely contrary to this. *"Practically all energy companies are merging, growing further and becoming energy giants,"* he said.

Düzyol said, dividing an existing company into three and following such a privatization policy would definitely be the wrong action. *"There is no official statement for this, but we believe BOTAŞ and TPAO should merge. There is no chance of life for small firms,"* he said, adding that if you do not want to play the game according to others' rules, you should be powerful enough to determine the rules or at least to affect them. *"And to achieve this you need larger and stronger companies."*

Düzyol said if Turkey wants to be an energy hub, it must have a big gas and oil company. He emphasized that BOTAŞ was only a general directorate under the Energy Ministry when it was established. *"And now it is a company with $11 billion in annual turnover,"* he said, adding that TPAO's annual turnover was around $3 billion. *"Besides, the incredible growing values of the Turkish Petroleum Refineries Co. (TÜPRAŞ), petrochemicals producer Petkim and Petrol Ofisi (PO) are obvious today,"* he said and added that if they would have been kept integrated under TPAO, it would become a global giant. *"Brazil has Petrobras, Italy has ENI, France has Gaz de France. Turkey should not be out of the running; it must have a company that will be effective in the global energy market,"* he said.

Düzyol said their call for the merging of BOTAŞ and TPAO should not be understood as a return to a state-dominant economy or as against a free market economy. *"But Turkey needs an energy giant. Turkey should even look for possible acquisitions of energy firms all across the world, aside from the merging of BOTAŞ and TPAO,"* he said.

GAS

Turkey eyes larger Shah Deniz take

Date : 08.11.2007
Source : Upstream Online
http://www.upstreamonline.com/live/article143788.ece

Ankara may increase the amount of gas it plans to consume from a pipeline running through Turkey from the Shah Deniz gas fields in Azerbaijan to Greece, a senior energy ministry official said. Turkey has been promised 15% of the gas when the pipeline starts operation.

"The priority is that the gas taken through this pipeline will be used to meet domestic demand. It was initially planned that (Turkey) would take 15% of the gas from this pipeline, but this may be increased," the energy ministry official told Reuters. Ministers from Turkey, Greece and Italy signed an agreement in July on construction of the pipeline that will connect Azerbaijan's Shah Deniz gas to Italy and is expected to cost €400 million ($549 million).

The South European gas pipeline deal, under which Turkey will sell gas, is the second major agreement the country has signed recently to secure its role as a regional energy hub and natural gas trader. An increase in gas supplies is more likely if more of the pipeline's capacity is used.

"The current capacity of the pipeline is (between) 20 billion (and) 22 billion cubic metres, while the amount which is taken through it is 6.6 Bcm," the official said. The second, $10 billion phase of Shah Deniz, Azerbaijan's biggest gas field, has been delayed by one year to 2013 as the project faces development problems. *"Turkmen and Kazakh natural gas may be transported to Europe through this pipeline. In addition, Azeri gas may be transported to the West through this line in the second phase of Shah Deniz,"* he said.

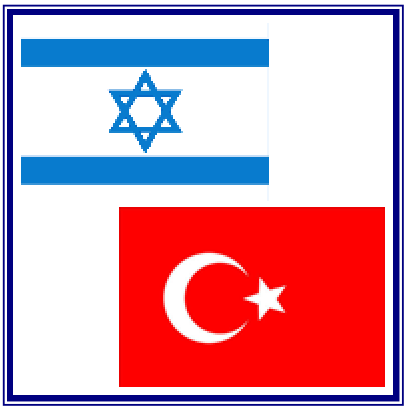
OIL

TPAO: Adıyaman produces 2.7 mln barrels of oil

Date : 05.11.2007
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=87708

Turkish Petroleum Corporation (TPAO) announced that the Adıyaman province produced 2.75 million barrels of crude oil in the last 10 months in 22 production zones. Drilling works in six wells are also complete, said TPAO Adıyaman Regional Director Besim Şişman. Adıyaman provides 30 percent of nation-wide crude oil production.

GAS



Turkey, Israel proceed with pipeline

Date : 09.11.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=126606

National Infrastructures Minister Binyamin Ben-Eliezer has appointed a team of experts to advance the negotiations for an undersea infrastructure corridor to ship oil, natural gas, water and electricity from Turkey to Israel.

"Energy security for the State of Israel is a prime target and the Infrastructures Ministry is working vigorously to achieve this target for the future of the State of Israel, the country's economy and its citizens," said Ben-Eliezer. Last month he met Turkish Energy and Natural Resources Minister Hilmi Güler to discuss the preliminary feasibility study over the proposed Israel-Turkey infrastructure corridor, which would run from Turkey's Mediterranean port of Ceyhan to the port of Haifa. Both agreed to set up a team of exports on both sides for the technical evaluation of the project and the advancement of a memorandum of understanding.

OIL

Annual energy imports to exceed $30 billion in 2007

Date : 08.11.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=126567

Turkey's import of energy including crude oil, fuel, natural gas, LPG and coal reached $23.3 billion, one-fifth the country's total imports, in the first nine-month period of 2007. Total energy imports for 2007 are expected to be between $31 and $32 billion within total imports, which are anticipated to reach $166 billion.

According to Turkish Statistics Institute data, last year's energy imports were equal to 19.3 percent of total imports, which were worth $139.5 billion; this constitutes one-fifth of Turkey's total imports. Energy's share in the overall import figures has rapidly increased in recent years. Energy accounted for a total of 16.7 percent of total imports in 2003, when prices were relatively low.

This amount decreased to 14.8 percent in 2004, but then increased to 18.2 percent in 2006 and 20.7 percent in 2007. Imports to Turkey totaled $69.3 billion, $97.5 billion and $116.7 billion in 2003, 2004 and 2005, respectively; energy imports were equal to $11.5 billion, $14.4 billion and $21.2 billion in the same years. Turkey's energy exports, worth $2.6 billion in the first nine-month period of 2006, mounted to $3.3 billion in 2007. Thus, Turkey's net energy imports rose from $18.6 billion to $19.6 billion, constituting 44.1 percent of the total foreign trade deficit within the same period.

OIL

Kurdistan Regional Government sign seven new oil contracts

Date : 08.11.2007
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=87985

Kurdish Regional Government (KRG) has defiantly signed seven new foreign oil deals in a move sure to anger Baghdad, which opposes the unilateral sell-off of crude blocks in the absence of a national oil law. KRG said in a statement that two production sharing contracts have been signed with OMV Petroleum Exploration.

The deals relate to the Mala Omar and Shorish blocks in the province of Arbil, the statement said. Separately, the Akre-Bijeel block in the Dohuk province has been awarded to Kalegran Ltd, a wholly-owned subsidiary of MOL Hungarian Oil and Gas Plc and Gulf Keystone Petroleum Ltd, a subsidiary of Britain's Gulf Keystone.

The Shaikan block, also in Dohuk, has been awarded to Gulf Keystone, Texas Keystone and Kalegran. The Rovi and Sarta blocks were granted to India's Reliance Energy Ltd, it said, without specifying where the blocks are located. Another block in Dohuk province has been awarded to a Western company, the statement said without giving any further details.

It added that four strategic blocks in Sulaimaniyah and Arbil provinces were granted to the "Kurdistan Exploration and Production Company," a government-owned firm. The regional administration said that 85 percent of the returns from the foreign deals would be for Iraq and the rest would go to the contractor.

The KRG's minister for natural resources Ashti Hawrami said with the signing of the latest contracts, 20 international oil companies are now working in the region. *"A further 24 blocks in the region are the subject of intense interest from international companies. There will be more announcements soon,"* he added.

OIL

PetroChina becomes world's largest listed company

Date : 05.11.2007
Source : Rigzone
http://www.rigzone.com/news/article.asp?a_id=52450

PetroChina, China's largest oil and gas producer, replaced Exxon Mobil as the world's largest listed company by market value on Monday as its share price surged 163% to close at 43.96 yuan on its first day of trading on the Shanghai Stock Exchange.

The company's market value on the Shanghai bourse swelled to above the one-trillion-dollar mark, surging past Exxon Mobil, valued at US$487.7 billion. It is the first time a company has been valued at one trillion dollars.

PetroChina is the first of the country's three petrochemical giants, including Sinopec and the China National Offshore Oil Corp., to be listed on overseas stock markets. The company raised 66.8 billion yuan (US$8.9 billion) in Shanghai by selling four billion A shares, or 2.18% of its expanded share capital, in the world's biggest initial public offering (IPO) so far this year.

OIL

OPEC calls for tighter regulation of oil market

Date : 08.11.2007
Source : Khaleej Times
http://www.khaleejtimes.com/DisplayArticleNew.asp?xfile=data/business/2007/November/business_November230.xml&section=business&col=

OPEC's secretary-general called for tighter regulation of oil markets to reduce the speculative investment the exporter group blames for driving prices to nearly $100 a barrel. Oil markets have spun out of control, the group says, because of financial investors, combined with the impact of a weak U.S. dollar and rising political tensions.

"Right now it is funds and speculators who invest in oil and financial markets interfere with the oil market," said Abdullah al-Badri, adding there was a need for more regulation. *"Oil is driven by speculation and has become a financial investment that leads to exaggerated prices,"* he added.

Prices on Wednesday hit a record of $98.62 for U.S. crude and were trading just below $97 early on Thursday. Some analysts and industry executives have also said speculators had fueled the latest price surge, saying a global credit squeeze and U.S. dollar weakness have lured some financial players away from equities and bonds. Others say increasingly tight oil supplies are behind the rally.

OPEC's secretary-general was speaking ahead of a summit of an OPEC heads of state in Riyadh next week. The 12-member group is under pressure from consumer nations to increase supply to try to calm prices, but it is not expected to make a formal output decision until a conference of the Organization of the Petroleum Exporting Countries in December. *"There is definitely no shortage of crude oil, the market is well supplied,"* Badri told an industry conference in Vienna, reiterating the view of the exporter group. *"On December 5 we will discuss the market situation and OPEC is ready to interfere and help if it has to do with fundamentals. There is currently no interruption."*

GAS

Nord Stream's construction delayed by 6 months

Date : 06.11.2007
Source : Rigzone
http://www.rigzone.com/news/article.asp?a_id=52516

The Nord Stream gas pipeline between Russia and Germany has been delayed by 6 months, said the technical director Sergei Serdukov. Construction of the pipeline will begin in June 2009 and the gas will be delivered on November 2010, two months later than initially planned.

He put the delays down to the process of getting approval for the project from countries in the Baltic. State-controlled Gazprom owns a 51% stake in the Nord Stream project, which envisages construction of a 1,200-kilometer pipeline beneath the Baltic Sea to supply 55 billion cubic meters of Russian gas a year to Germany.

OIL

LUKOIL

Iraq confirms rejection of Russian Lukoil's contract

Date : 07.11.2007
Source : Rigzone
http://www.rigzone.com/news/article.asp?a_id=52609

Guided by U.S. legal advisers, the Iraqi government has canceled a controversial development contract with Lukoil for an oil field in Iraq's southern desert. In response, Russian authorities have threatened to revoke a 2004 deal among the Paris Club of creditor nations to forgive $13 billion in Iraqi debt.

The field, West Qurna, has estimated reserves of 11 billion barrels, the equivalent of the worldwide proven oil reserves of Exxon Mobil, the largest U.S. oil company. Hussain al-Shahristani, the Iraqi oil minister, said in an interview that the field would be opened to new bidders, perhaps as early as next year.

The contract, which had been signed and later canceled by Saddam Hussein's government, had been in legal limbo since the U.S. invasion. But the Kremlin remained hopeful it could be salvaged until September, when Shahristani traveled to Moscow to inform officials there that the decision to cancel it was final, he said.

OIL

Petrobras to discover 8 billion barrels of oil in offshore field

Date : 08.11.2007
Source : International Herald Tribune
http://www.iht.com/articles/ap/2007/11/08/business/LA-FIN-Brazil-Petrobras.php

Brazil's state oil company Petroleo Brasileiro SA (Petrobras) said Thursday that it has discovered as much as 8 billion barrels of light crude in an ultra-deep field off the coast of Rio de Janeiro, an amount that could help transform the country into a major world oil exporter.

Petroleo Brasileiro SA's announcement that the Tupi field has between 5 billion and 8 billion barrels of recoverable light oil sent Petrobras shares soaring 26 percent in New York, to close at a new 52-week high. The sheer magnitude of the find suggests Brazil could transform itself from a medium-level oil producer *"to another level, like Venezuela, Arab nations and others,"* said presidential chief of staff Dilma Rousseff.

The Tupi field lies under 2,140 meters (7,060 feet) of water, more than 3,000 meters (almost 10,000 feet) of sand and rocks, and then another 2,000-meter (6,600-foot) thick layer of salt. Getting that oil out of the Earth's crust is a formidable challenge, but Petrobras has become a global leader in ultra-deep offshore oil extraction.

OIL

International Energy Agency: World 'hooked' on fossils

Date : 08.11.2007
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=87989

In its annual World Energy Outlook, the International Energy Agency (IEA) predicted fossil fuels would account for 84 percent of the overall increase in energy demand between 2005 and 2030 when consumption will reach 17.7 billion tons of oil equivalent (toe), up from 11.4 billion toe in 2005.

Oil will remain the single largest source of fuel, but its share in primary global demand will fall from 35 percent to 32 percent. Continuing the spectacular growth of the past few years, coal sees the biggest increase in demand in absolute terms, jumping by 73 percent between 2005 and 2030 and pushing its share of total energy demand up from 25 percent to 28 percent. China and India will be responsible for much of this rise.

The share of natural gas, a much less polluting fuel than coal, rises more modestly from 21 to 22 percent and nuclear generation, which does not produce any emissions of carbon dioxide, is expected to shrink from 6 percent of the mix to 5 percent.

ANNOUNCEMENTS & REPORTS

World Energy Outlook 2007 – China and India Insights

Source : International Energy Agency
Weblink : http://www.worldenergyoutlook.org/

UPCOMING EVENTS

World Energy Congress

Date : November 11 – 15, 2007
Place : Rome – Italy
Website : www.rome2007.it
Contact : Erica La Venuta (+06 420 45423)

TIOGE 2007 (Turkmenistan Oil & Gas Conference)

Date : November 14 – 15, 2007
Place : Ashgabat – Turkmenistan
Website : www.tioge.com
Contact : ITE Group Plc. Turkey (212 – 291 83 10)

Creating Value in European Oil Storage

Date : November 26 – 27, 2007
Place : Budapest – Hungary
Website : http://www.platts.com/Events/pc779/
Contact : Sophie Adams (+44 (0) 20 7176 66 58)