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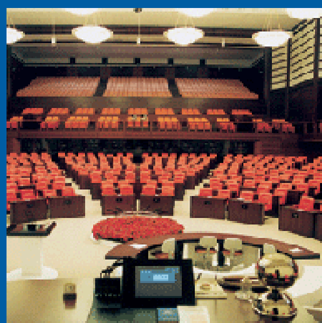


Turkey ratified Nabucco pipeline deal

Date : 05.03.2010
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=turkey-ratifies-nabucco-pipeline-deal-2010-03-05

Turkish Grand National Assembly ratified an accord on Thursday by a vote of 229 to 12 to build the European Union's flagship Nabucco gas pipeline.

Last month, a spokesman for the consortium developing the project said 2010 would be crucial for securing the financing to build the pipeline. The Bulgarian and Hungarian parliaments have also ratified the accord.

TPIC to sign deal to drill 45 wells in Iraq

Date : 02.03.2010
Source: Hürriyet Daily News (Bloomberg)
http://www.hurriyetdailynews.com/n.php?n=turkey-to-sign-deal-to-drill-45-wells-in-iraq-2010-03-02

The Turkish Petroleum International Company (TPIC), TPAO's subsidiary, is in talks with the Iraqi South Oil Company to drill 45 oil wells at the Rumaila field for $318 million.

TPIC expects to sign an accord with Iraqi South Oil in six months to drill the field 'if all goes well', TPAO's CEO Mehmet Uysal said. BP and China National Petroleum Corp. agreed in December to invest roughly $15 billion over 20 years to boost output in Rumaila, Iraq's largest oil field, to 2.85 million barrels a day from the current level of 1.07 million barrels a day.

TPAO has a 10-percent stake in a consortium that agreed in a December deal with the Iraqi government to develop the Badra oilfield with an investment of at least $2 billion. Other members of the group include OAO Gazprom Neft, Korea Gas Corp. and Malaysia's Petronas.

Kremlin urges status quo in Ukraine

Date : 04.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article207990.ece

Kremlin said Ukraine should stick to existing gas deals with Russia, drawing a line on a divisive issue expected to be in focus during Viktor Yanukovich's first visit to Moscow as Ukraine's president.

While it marks a fresh start in political ties that soured under Yanukovich's pro-Western predecessor, the visit may be dominated by economic issues such as cash-strapped Ukraine's bills for Russian natural gas. Yanukovich, inaugurated last week, comes to Russia days after his first foreign trip as head of state, to Brussels, where he pledged to keep Ukraine on the reform path and ensure it remains a reliable gas transit route.

Europe, which gets a fifth of its gas needs from Russia via Ukraine, is hoping Yanukovich's more pro-Russian stance can guarantee he will avoid repeating the price disputes which led to supply cuts to Europe in recent years. But many analysts believe Kiev's desperate public finances mean Yanukovich must change a long-term gas deal signed last year by his election rival, former Prime Minister Yulia Tymoshenko, which made Russian gas more expensive for Ukraine than for most European countries, according to a Reuters report.

"The Russian side proceeds from the need to rigorously implement all existing agreements and contracts in this (gas) sphere, taking into account the task of ensuring uninterrupted Russian gas supplies to European customers," the Kremlin said in a statement today. Yanukovich has pleased Russia by making clear he opposes Ukraine joining Nato, as his predecessor Viktor Yushchenko hoped it would, saying Kiev would continue only partnership programs with the Western military alliance.

"The question of our joining NATO is not on the agenda. The depth of our cooperation is enough to ensure partner-like relations with NATO" Yanukovich said in an interview aired today on state-run Rossiya-24 television. But analysts have said Yanukovich would have to offer Moscow bigger incentives -such as a deal for the Russian Black Sea Fleet to stay in Ukraine's port of Sevastopol beyond the official withdrawal deadline of 2017- to win a lower gas price deal.

Naftogaz CEO has resigned

Date : 03.03.2010

Source: Wall Street Journal (Dow Jones)

http://online.wsj.com/article/BT-CO-20100303-703986.html?mod=WSJ_World_MIDDLEHeadlinesAsia

Oleg Dubina, chief executive of Ukraine’s state natural gas company Naftogaz has resigned, an official told. He confirmed an earlier report, quoting Ukraine’s Minister of Fuel and Energy Yuriy Prodan, who said that Dubina had asked the government to let him resign.

Dubina was appointed the head of the company in December 2007 with the support of Yulia Tymoshenko, Ukraine’s prime minister, who was defeated by Viktor Yanukovych in a run-off for the presidency Feb. 7.

Security raised in Malacca Strait after terror warning

Date : 05.03.2010

Source: Reuters

http://www.reuters.com/article/idUSTRE62335120100304

Malaysia and Indonesia said they are stepping up security in the Strait of Malacca, one of the world’s busiest shipping lanes, following the Singapore navy’s warning of possible attacks on oil tankers.

“The Singapore navy has received indication a terrorist group is planning attacks on oil tankers in the Malacca Strait,” the Singapore Shipping Association said in an advisory. *“The terrorists’ intent is probably to achieve widespread publicity and showcase that it remains a viable group.”* Indonesia is intensifying patrols there, Defense Minister Purnomo Yusgiantoro told Reuters. *“We will increase the security and step up patrols in that area. Oil tankers can pass, but we will increase our readiness.”*

The 900-km long (550 miles) Malacca Strait links Asia with the Middle East and Europe, carrying about 40 percent of the world’s trade. More than 50,000 merchant ships ply the waterway every year. An attack that closed the Strait of Malacca or the Singapore port even temporarily could have a disproportionate impact on global trade, since Singapore is the world's top container shipping port and biggest ship refueling hub. The strait is only 1.7 miles wide at its narrowest point, which creates a natural bottleneck and makes it vulnerable to terrorist attack.

Croatia joins South Stream pipeline project

Date : 04.03.2010
Source: Today's Zaman
http://www.todayszaman.com/tz-web/news-203245-croatia-joins-kremlin-backed-south-stream-pipeline-project.html

Croatia on Tuesday joined the Russia-backed South Stream pipeline project that will run under the Black Sea to supply a handful of south European countries.

Russian Prime Minister Vladimir Putin and his visiting Croatian counterpart, Jadranka Kosor, oversaw Tuesday's signing ceremony in Moscow. Croatia imports 40 percent of its gas from Russia. South Stream is funded chiefly by Russia's Gazprom and Italy's Eni. Construction of the pipeline is expected to start this year and be completed by 2015, carrying natural gas to Central and Western Europe while bypassing Ukraine. Serbia, Hungary, Slovenia, Bulgaria, Greece and Italy have also signed onto the deal. Gazprom has said it expects Austria to sign up as well.

Russia and China eye new Arctic oil route

Date : 04.03.2010
Source: Oil & Gas Journal (Eric Watkins)
http://www.ogj.com/index/article-display/5854375770/articles/oil-gas-journal/transportation-2/2010/03/russians_-chinese.html

Russia's Sovcomflot oil line will undertake a trial shipment of oil to Japan this summer, reported to be the first shipment ever to sail the entire Northern Sea Route from northwest Russia to Asia.

The decision by Sovcomflot follows earlier plans by China and Russia to begin shipping oil through the Arctic Circle, aiming to decrease sailing time and avoid piracy and terrorism along the main existing routes from Hormuz through the Straits of Malacca.

The Northern Sea route normally is open fewer than 2 months in the late summer when the ice is at its minimum. But opportunities for sailing the route are increasing due to climate changes that are melting ice for longer periods of time. The Sovcomflot trial will begin at the Varandey loading terminal in the Barents Sea, 22 km offshore, operated by Lukoil subsidiary Varandey Terminal Co.

Lukoil and ConocoPhillips in 2008 completed construction of the Varandey facility, which includes an onshore tank farm, two 24 km offshore pipelines to a loading structure located in 17.5 m depth of water. Varandey has the capacity to export up to 240,000 b/d, most of it from the Yuzhno-Khylchuyu field, 100% owned by Naryanmarneftegas (NMNG), a joint venture company established in 2005 between Lukoil (70%) and ConocoPhillips (30%).

Oil from the Yuzhno-Khylchuyu field is processed at a central facility, then transported along a 162 km pipeline to the Varandey terminal where it is loaded into three 500,000 bbl ice-resistant double-hull Arctic 'Class 6' shuttle tankers, owned by Sovcomflot. Last year, Lukoil announced plans to build a crude pipeline from its Kharyaginskoye oil field in the northern Russian region of Timan-Pechora to Varandey. At the time, Lukoil said the new line would enable it to maximize the terminal's capacity and avoid using Russia's pipeline network to export its crude.

This week's Sovcomflot announcement coincides with a new analyst report that claims China also is preparing for the Arctic being navigable during summer months. *"China is slowly but steadily recognizing the commercial and strategic opportunities that will arise from an ice-free Arctic,"* said Linda Jakobson, author of the report funded by the Norwegian government and published by Stockholm International Peace Research Institute (SIPRI).

As China's economy relies on foreign trade—with nearly half of its gross domestic product dependent on shipping—there could be much to gain if the shipping route from Shanghai to Hamburg is shortened by 6,000 km during the summer each year, the report said. "*With insurance costs on the traditional route via the Suez Canal having risen more than tenfold due to piracy, the Nordic countries could become China's new gateway to Europe,*" the SIPRI report said.

However, in June 2009, well ahead of the SIPRI report, Lukoil's international trading arm Litasco and Sinopec's trading firm Unipec Asia Co. signed a framework agreement for the supply of oil. Litasco said the agreement foresees the sale of 3 million tonnes of Russian export blend to be delivered from any Russian port or Yuzhno-Khylchuyu blend oil to be delivered by tankers from Varandey.

According to analyst IHS Global Insight, the total volumes under the supply deal, as well as the limited duration of the contract, are 'relatively minor.' However, the analyst notes that the signing of the agreement is important as it signals 'the growing profitability' of Russian oil exports to Chinese consumers, even before the East Siberia Pacific Ocean pipeline spur connecting the two countries goes into operation. The agreement between Lukoil and Sinopec underlines the growing importance of alternative trade lines to China, among them the projected ice-free sea route from northwest Russia to Asia.

Chinese companies expected to close on Iraqi oil deal

Date : 04.03.2010

Source: Rigzone

http://www.rigzone.com/news/article.asp?a_id=88789

A consortium led by CNOOC Ltd., the Hong Kong-listed unit of China National Offshore Oil Corp., is expected to be awarded Iraq's 2.5 billion-barrel Missan oil-field complex in southern Iraq after agreeing to Iraqi government proposals.

The Iraqi Oil Ministry has concluded talks with CNOOC and its partner, Sinochem International Corp., relating to the development of the three Missan fields and has submitted a draft contract to the cabinet for final approval, one official familiar with the talks told Dow Jones Newswires.

The CNOOC/Sinochem alliance made an unsuccessful bid for the complex in the country's first licensing auction in June last year. The two Chinese state-run firms initially offered a remuneration fee of $21.40 for each extra barrel of oil produced and suggested raising production from the Fakka, Buzurgan and Abu Ghirab fields to 450,000 barrels a day. They subsequently lowered the fee to $18.09 a barrel, but that was still much higher than Baghdad's proposed fee of $2.30 a barrel.

"They have accepted the ministry's proposed fee," Oil Ministry spokesman Assem Jihad told. Iraq has set a minimum production plateau target of 275,000 barrels a day from the fields, which are producing 100,000 barrels a day. CNOOC will hold a 60% stake in the venture; Sinochem will own 15% and an Iraqi state company will hold the remaining 25%.

If awarded, Missan would bring to 11 the number of deals signed with international companies from the first and second bidding rounds held last year. It would also make the Chinese oil companies the dominant foreign players in Iraq's promising oil sector, following three big development deals they signed this year and last year, including the one for the supergiant Rumaila oil field in partnership with BP.

The Chinese were the only companies that bid last year for Missan oil fields because other companies were discouraged from bidding for the fields because some of them are in a disputed area near the border with Iran. In December, Iranian troops occupied an Iraqi well in the Fakka field bordering Iran and caused a political and diplomatic row between the two countries. Last month the Baghdad government said that Iran withdrew its troops from the field but wanted negotiations to demarcate the borders.

BP targets $3 billion in restructuring gains

Date : 02.03.2010

Source: Rigzone

http://www.ogj.com/index/article-display/7711716429/articles/oil-gas-journal/processing-2/refining/operations/2010/02/french-workers_end.html

BP today outlined plans to further boost efficiency and reduce costs with the aim of improving its annual underlying pre-tax profitability by more than $3 billion over the next two to three years.

The company also extended its medium-term oil and gas production outlook, projecting that annual output would rise by 1-2 percent a year on average to 2015, at $60 per barrel from a 2008 base, and expressing increased confidence in further production growth out to 2020.

Previewing BP's annual strategy presentation to the financial community, Group Chief Executive Tony Hayward said the company had established strong momentum in its core businesses and had made great progress in reducing costs and improving absolute and relative financial performance in the past two years. But there was a lot more still to do, he added, announcing the start of what he called *"a new phase to realize the potential of the portfolio built over the past decade."*

"The challenge and the opportunity for us is that while our portfolio ranks amongst the best in the industry, our financial performance has yet fully to reflect this," said Hayward. *"There is now a real opportunity to make this portfolio work harder for us and we intend to do just that."* Hayward said there were more opportunities to improve operating and cost efficiency right across the company, from refineries and marketing operations in the downstream to procurement, drilling and project management in the upstream.

BP's Refining and Marketing segment has committed to further improve underlying profitability by over $2 billion over the next two to three years, and to ensure that refining operations can be profitable even in depressed conditions like those the industry faced in 2009. Hayward said BP's R&M business was well placed to compete because of the quality of its portfolio, featuring on average larger and more advantaged refineries than its competitors', and because it had already delivered a strong improvement in underlying performance and reduction in costs.

In Exploration and Production, a significant organizational restructuring is underway to centralize project management, improve cost efficiency and inject greater consistency into operations. In particular a Centralized Developments Organization is being established to manage all major projects in the portfolio.

He pointed to BP's successful track record of 17 years with a reported reserves replacement ratio of 100 percent or greater, and to its success in adding to its reserve and resource base over the past two years -- with 7.5 billion barrels of oil equivalent (boe) of new resources added, sufficient to replace five years of production. He also cited its five-year record of industry-leading discovery costs. BP's finding and development costs in 2009 were $12 per boe, the lowest in five years.

These factors underpinned the company's projection of 1-2 per cent average annual output increases, from a 2008 base at $60 per barrel, until 2015 and increased confidence in the potential to continue production growth through the end of the decade. BP produced 4 million boe per day in 2009, an increase of 4 per cent on 2008. In the next two years 24 new major projects will reach final investment decision.

BP intends to start up a total of 42 new major projects between 2010 and 2015, expected to contribute about 1.0 million to total production by 2015, more than offseting the decline from currently producing fields.

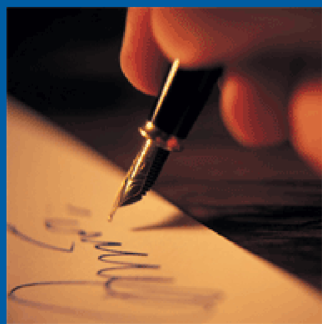
In addition to setting out BP's downstream and upstream plans, Hayward reaffirmed the company's commitment to investing in growing a focused portfolio of low-carbon businesses, comprising US onshore wind power, biofuels, solar power and carbon capture and sequestration. BP invested $1.3 billion in this portfolio in 2009 and a cumulative total of more than $4 billion since 2006.

U.S. Interior Department to release offshore drilling blueprint

Date : 03.03.2010
Source: Rigzone (Dow Jones Newswires)
http://www.rigzone.com/news/article.asp?a_id=88763

The U.S. federal government aims to release this month two separate plans for drilling in U.S. coastal waters that would cover the years through mid-2017, U.S. Interior Secretary Ken Salazar said.

Oil and gas companies have been pressing the Obama administration to issue the 2007-2012 blueprint, which was invalidated by a federal appeals court last year. The court said that the Bush administration hadn't conducted an adequate review of the environmental impact in the Beaufort, Bering and Chukchi seas off the Alaskan coast. The court later clarified its decision and said that sales in areas outside Alaska could move forward.



Iran to sign Gazprom deal on Azar oilfield

Date : 03.03.2010
Source: Today's Zaman (Reuters)
http://www.todayszaman.com/tz-web/news-203190-iran-to-sign-gazprom-deal-on-azar-oilfield.html

Iran is to sign a contract with Russia's Gazprom this month on developing the Azar oil field, the Iranian business daily Poul said on Tuesday.

"We will continue negotiating over the field's master development plan until the end of March," a Gazprom spokesman said. *"The contract on the development of Azar oil field will be signed later this (Iranian) month with an Iranian-Russian consortium,"* Iranian paper Poul quoted Bahman Soroushi, director of the Oil and Gas Control unit at the National Iranian Oil Company (NIOC) as saying.

"The contractual details on the development of this oil field were finalized in the course of negotiations between an Iranian NIOC delegation to Russia and Gazprom earlier this year." March 20 is the last day of the Iranian year. Gazprom signed a memorandum of understanding with NIOC in December to study development of two oilfields in Iran, Azar and Shangule.

PETFORM ANNOUNCEMENTS & REPORTS

❖ EMRA LPG Market Report – 2009

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/yayin_rapor/lpg/2009LPGsektorraporu.pdf

❖ OPEC Bulletin (Jan - Feb 2010)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/library/OPEC%20Bulletin/2010/pdf/OB01_022010.pdf