Tüpras full-year profit rises 88 percent

Date : 09.03.2010
Source: Hürriyet Daily News (Bloomberg)
http://www.hurriyetdailynews.com/n.php?n=tupras-full-year-profit-rose-88-pct-on-oil-price-lira-2010-03-09

Tüpras, Turkey's sole oil refiner, said profits in 2009 had surged up 88 percent -a number far higher than analysts predicted- as oil prices gained and the Turkish Lira held steady against the dollar.

Net income rose to 811.3 million liras, up from 432.2 million liras in 2008, the Kocaeli-based company owned by Koc Holding said in a filing with the Istanbul Stock Exchange on Monday. Tüpras was expected to earn 770.2 million liras, according to the average estimate of 24 analysts surveyed by Bloomberg.

Non-operational financial expenses fell 77 percent last year to 252.5 million liras, Tüpras said in the filing. The company had $655 million in cash at the end of the year compared to a debt of $215 million in 2008. Sales dropped an annual 33 percent to 20.3 billion liras and refining margins fell to $2.29 from $4.57 at the end of 2008, Tüpras said.

The company's earnings grew after rising oil prices and a stable lira boosted profits in the fourth quarter, reversing a loss from the previous year, according to Mert Bostanoglu, an analyst at Ata Invest. The price of crude oil climbed to $79 a barrel at the end of 2009 from $71 on September 30. The lira fell less than 0.1 percent against the dollar in that period.

Tüpras expects 22.9 million tons of refined oil sales this year, using 76 percent of its capacity compared with 69 percent in 2009, according to an e-mailed statement Tuesday. The company will increase production by 2 million tons in 2010 because exports are expected to rise in the second half, it said.

Meanwhile, Aygaz, the Turkish distributor of liquefied petroleum gas, said its full-year profits surged with the decline of financial expenses. Net income was 314.6 million liras in 2009 compared with just 25.8 million liras the previous year, Aygaz said. The company was expected to earn 299.3 million liras, according to the average estimate of 10 analysts surveyed by Bloomberg.

Azerbaijan doubles gas sales to Russia

Date : 11.03.2010
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=azerbaijan-doubles-gas-sales-to-russia-2010-03-11

Azerbaijan has more than doubled its natural-gas exports to Russia, shipping up to 3 million cubic meters of gas per day to its northern neighbor as of March 5, Gazprom announced.

"Our cooperation with Azerbaijan is gaining pace," Gazprom CEO Aleksei Miller was quoted as saying by the RIA Novosti agency. *"We are happy about this and we want to reaffirm that Gazprom is ready to purchase all the gas Azerbaijan supplies in the future."* Gazprom and its Azerbaijani partner SOCAR, the State Oil Company of the Azerbaijani Republic, signed a deal last year. In January, Gazprom said it would purchase up to 1 billion cubic meters of Azerbaijani gas in 2010, and double the amount in the following year.

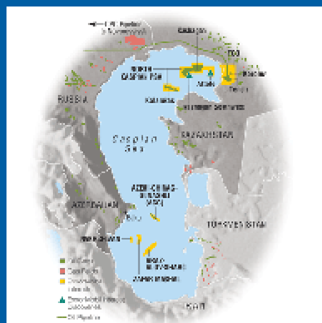
Scaroni pitches Nabucco – South Stream merger

Date : 10.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article208298.ece

Eni's CEO Paolo Scaroni suggested that the competing Nabucco and South Stream pipelines would benefit by merging for at least part of their route.

"What we have here is what investment bankers would call a strategic fit," Scaroni said at the IHS Cera Week conference in Houston. *"Should all partners decide to merge the two pipelines for part of the route, we would reduce investments, operational costs and increase overall returns."* Scaroni explained that the two projects have complementary strengths and weaknesses.

Scaroni said merging at least a portion of the two projects would still allow Europe achieve its goal of diversifying supplies. *"They would bring together Europe's major actual and potential suppliers and its major consumers – the gas and the market for gas. And they would still meet their strategic objective of diversifying supply sources and transit routes."*



New Azerbaijani oil platform gets go-ahead

Date : 10.03.2010

Source: Hürriyet Daily News

http://www.hurriyetdailynews.com/n.php?n=new-azerbaijani-oil-platform-gets-go-ahead-2010-03-10

Azerbaijan's State Oil Company SOCAR and BP-Azerbaijan have authorized the start of construction as part of the Chirag Oil Project, the News.az news agency reported.

The relevant document was signed by SOCAR President Rovnag Abdullayev and BP-Azerbaijan President Rashid Javanshir, Interfax-Azerbaijan reported. It was noted during the ceremony that the steering committee on the development of the Azeri-Chirag-Guneshli (ACG) fields had given the go-ahead to construction on the Chirag Oil Project.

The project envisages production of 360m barrels of oil, Abdullayev said, and will require investments of $6bn. The Azerbaijan International Operating Company (AIOC) -the operator of the ACG development- plans to begin drilling advance wells as part of the Chirag Oil Project in the third quarter of 2010.

First oil production as part of the Chirag Oil Project should begin in the fourth quarter of 2013. The Chirag Oil Project, the next phase of development of the ACG fields, will produce oil from the western part of the Chirag field. The project envisages the construction of a new offshore oil and gas platform - West Chirag Production, Drilling and Quarters platform -between the existing Chirag-1 and Deepwater Guneshli platforms- the installation of infield pipelines offshore to connect the new platform to the existing ACG sub sea oil and gas pipelines; and the installation of infield pipelines for the transfer of produced water and injection water from the new platform to the nearby Deep Water Guneshli facilities.

Daily oil production from the West Chirag platform is expected to be 183,000 barrels and will help maintain overall ACG production at one million barrels per day. The project will be carried out within the existing agreement on the ACG development.

The contract to develop the ACG was signed on 20 September 1994 and entered into force on 12 December the same year. The participants in the project are: BP (34.1367% - operator), Chevron (10.2814%), ExxonMobil (8.0006%), Devon Energy (5.6262%) and Amerada Hess (2.7213 %), SOCAR (10%), Japanese Inpex Corr. (10%), and I Oil (3.9205%), Norway's Statoil (8.5633%), and Turkish TPAO (6/75%).

OPEC revises 2010 oil outlook

Date : 10.03.2010
Source: Oil & Gas Journal (Marilyn Radler)
http://www.ogj.com/index/article-display/6036278029/articles/oil-gas-journal/general-interest-2/economics-markets/2010/03/opec-revises_2010.html

OPEC, in its latest monthly Oil Market Report, expects worldwide oil demand to grow by 900,000 b/d in 2010. This is an upward revision of 100,000 b/d from OPEC's previous assessment. In 2009, oil demand contracted by 1.4 million b/d.

Oil demand in member countries of the Organization for Economic Cooperation and Development this year is expected to decline by 150,000 b/d, while non-OECD demand is projected to grow by 1 million b/d, driven by China and the Middle East. Oil demand has been highly dependent on the pace of the global economic recovery, OPEC said, and the forecast for worldwide economic growth sits at 3.4% for 2010, following a contraction of 0.9% in 2009.

"The global economy continues to be mostly supported by the governmental-led stimulus. Concerns remain regarding the level of public debt in almost all OECD regions, record-high unemployment levels across the globe, and the ability of China to avoid an overheating," OPEC said.

Non-OPEC oil supply is projected to increase by 410,000 b/d this year to average 51.43 million b/d, compared to growth of 610,000 b/d in 2009. The 2010 figure represents a small upward adjustment from OPEC's previous assessment, due to revisions to the estimates of processing gains as well as various historical data updates.

OPEC natural gas liquids and unconventional oils are expected to average 4.87 million b/d in 2010, an increase of 510,000 b/d over last year. Demand for OPEC crude this year is expected to average 28.9 million b/d, around 200,000 b/d higher than in the previous assessment and a decline of 40,000 b/d from a year earlier. Demand for OPEC crude in 2009 is estimated at 29 million b/d, which is 200,000 b/d higher than in the previous report. This is a decline of 2.2 million b/d from 2008.

Heading toward the lower-demand season, OPEC sees oil market weakness continuing in the second quarter of 2010 from the first quarter. *"Product demand will not be supportive of the market as the winter season is coming to an end. Weather-driven demand for middle distillates has dissipated, and there is little sign of an improvement in the diesel market. Additionally, with the continued rise in US gasoline stocks and surging ethanol volumes in the gasoline pool as well as ample idle refinery capacity, any seasonal upward movement in the gasoline market is likely to be limited,"* OPEC said.

BP to buy assets from Devon Energy for $7 billion

Date : 11.03.2010

Source: Oil & Gas Journal

http://www.ogj.com/index/article-display/2803044311/articles/oil-gas-journal/general-interest-2/companies/2010/03/bp-to_buy_assets_from.html

BP announced plans to buy Devon Energy Corp.'s assets in the deepwater Gulf of Mexico, Brazil and Azerbaijan for $7 billion, and to form a joint venture to develop Kirby oil sands leases in Alberta.

In Brazil, BP is gaining access to deepwater exploration in eight blocks in the Campos and Camumu-Almada basins as well as two onshore licenses in the Parnaiba basin. In Azerbaijan, BP is acquiring Devon's 5.63% stake in the BP-operated Azeri-Chirag-Gunashli development to bring BP's interest in the fields to 39.77%.

Tony Hayward, BP group chief executive officer, said the transaction brings BP *"significant additional long-term growth potential with an emphasis on high-margin oil."* Andy Inglis, BP chief executive of exploration and production, said BP is gaining a major position in Brazil's deepwater. The deepwater exploration acreages include assets in 330-9,100 ft of water.

In addition, BP and Devon agreed to form a heavy oil joint venture to develop BP's Kirby oil sands leases in Alberta. To set up the oil sands joint venture, Devon will acquire 50% of BP's interest in the Kirby oil sands leases. Devon will pay BP $500 million and commit to fund an additional $150 million of capital costs on BP's behalf.

KazMunaiGas posts 2009 reserves

Date : 11.03.2010

Source: Rigzone

http://www.rigzone.com/news/article.asp?a_id=89308

KazMunaiGas E&P announced results of the annual reserves audit, as at December 31, 2009. According to a report by the independent energy consulting firm Gaffney, Cline & Associates, proved plus probable (2P) reserves were 234,415 thousand tonnes (1,725 million barrels), covering interests in Uzen and Emba fields.

The reserves replacement ratio was 25% i.e. 2.2 million tonnes (16 million barrels) were added against production of nearly 9 million tonnes (66 million barrels). The reserves replacement ratio over the last three years was 212% i.e. 59 million tonnes (436 million barrels) were added against production of 28 million tonnes (206 million barrels). The reserves-to-production ratio at the end of 2009 was 26 years.

Proved oil reserves (1P) are 87,874 thousand tonnes (646 million barrels). Proved, probable and possible (3P) reserves stand at 270,468 thousand tonnes (1,989 million barrels).

Nord Stream team closes in on loan

Date : 12.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article208617.ece

The Nord Stream gas pipeline group and banks are in the process of signing documentation for a €3.9 billion financing. Signing on a deal to back Nord Stream, which will pipe Siberian gas to Europe under the Baltic Sea, will complete on Tuesday.

The total financing will be provided by 27 banks. It includes a €3.1 billion 16-year facility covered by export credit agencies Hermes and Sace, as well as by the Federal Republic of Germany under its Untied Loan Guarantee Programme called 'UFK' which covers political and commercial risk similar to Hermes.

The covered loan is split between a €1.6 billion Hermes loan, a €1 billion UFK loan and a €500 million Sace facility. There is also an €800 million, 10-year uncovered commercial loan. The debt covers 70% of the project cost, while the shareholders will provide the remaining 30%, the Nord Stream consortium said on its website.

The Nord Stream consortium, which involves Russian gas export giant Gazprom, Germany's E.ON and Dutch Gasunie, aims to have the twin pipeline up and running in 2011 and 2012, bringing 55 billion cubic metres of Russian gas to Germany and further to other EU countries each year.

IEA looks into gas security

Date : 11.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article208354.ece

The world's big industrialised nations have agreed on the need to address the issue of natural gas supply security, but are not yet agreed that government-owned strategic stocks are the answer, the the International Energy Agency (IEA) said.

The revelation that Asian, European and US governments have asked the IEA to focus on how to safeguard gas supplies is not surprising after several years of threatened and real disruptions in the flow of Russian gas to Europe, and the growth of the liquefied natural gas market. But the fact that it is gathering views on the suitability of a government-owned strategic reserve - potentially akin to the 1.5 billion barrels of oil reserves that it coordinates on behalf of member nations - suggests it may be more advanced in thinking about how to address the challenge.

"Our ministers have asked us to do more work on gas supply security," Nobuo Tanaka, executive director of the Paris-based IEA, which advises 28 industrialised nations on their energy policy, told. *"In the short term, there may be a glut, but in the long-term, we are asking what kind of emergency measures may need to be taken."*

Although stockpiling natural gas is more costly than oil, and many nations do not have the geological endowment of underground caverns that make it feasible, the idea is getting more thought from big consumers. *"Some private companies are already doing this for seasonal purposes, but the cost is very high and there's not yet a consensus that governments need to do it,"* he said. *"There is a consensus that we have to do something."* Nobuo said while strategic stocks helped cushion the impact of supply disruptions in eastern Europe in 2009, it wouldn't be feasible for all countries to hold stocks.

The formation of the Gas Exporting Countries Forum (GECF) -often seen as an OPEC for the gas market- has only heightened unease in Europe, although it has yet to grow beyond a consultative group and experts say it would have difficult exerting an OPEC-like control on prices.

The question has become a distinctly European one over the past two years, as the revelation of vast shale gas resources in the United States has given the world's biggest consumer - which was on the verge of becoming a significant importer just years ago - decades of self-sufficiency. *"It's not a US problem, it's a problem of Europe,"* he said. The issue goes to the heart of the IEA's mandate.

Russia eyes ONGC partnership

Date : 11.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article208407.ece

Russia is considering inviting India's state-run Oil and Natural Gas Corporation (ONGC) to develop oil and gas fields in Russia, the government said today, ahead of Prime Minister Vladimir Putin's visit to India.

ONGC has already agreed to co-operate with oil-to-telecoms group Sistema, which controls assets in the Russian republic of Bashkortostan, and may also gain access to lucrative oil and gas projects in Russia's far north, Reuters cited the government as saying. Russia aims to more than double trade with India to $20 billion by 2015. Putin is expected to preside over deals worth more than $10 billion, spanning defence, nuclear power and fertilisers, when he visits this week.

The government said talks would take place with a view to ONGC's participation in development of the Trebs and Titov oil and gas fields in northwest Russia and deposits on the Arctic peninsula of Yamal. Putin hosted the heads of foreign energy majors in Yamal in September, where he invited 'stable and long-term' partners to help develop a region with enough gas in the ground to satisfy world demand for five years.

The government also referred in the statement to a memorandum of understanding signed in December, during Indian Prime Minister Manmohan Singh's visit to Moscow, by ONGC and Sistema, controlled by billionaire Vladimir Yevtushenkov. The companies agreed to co-operate in oil and gas exploration and production. The government said co-operation could extend to "*the acquisition of assets in the oil and gas industry in Russia and other countries*".

ONGC already has a foothold in Russia after its acquisition of Imperial Energy in 2008. Sistema, whose main asset is top Russian mobile phone operator MTS, last year spent $2.5 billion buying control of Bashneft and five other energy companies in which it already owned blocking stakes of up to 30%. The company has offered to buy out minority shareholders.

Bashneft needs additional crude to feed its refineries, and Sistema has said it is looking for upstream assets. Sistema has applied to anti-trust authorities for permission to buy up to 49% of mid-sized oil company Russneft, whose ownership reverted back to founder Mikhail Gutseriyev after tycoon Oleg Deripaska reversed a deal concluded in 2007 to acquire the company.

LNG struggles with supply abundance and global recession

Date : 10.03.2010

Source: Oil&Gas Journal

http://www.ogj.com/index/article-display/9122475292/articles/oil-gas-journal/general-interest-2/economics-markets/2010/03/ceraweek_-lng_industry.html

Global LNG players are struggling with the current abundance of LNG capacity and the companion spike in supply from unconventional sources, mainly shale gas in North America.

At CERAWeek in Houston, a panel of LNG experts addressed the near and midterm effects of the surplus in natural gas supply. LNG specialist Rafael McDonald said the current glut of gas came about from an unexpected confluence of factors.

"Clearly, the industry could see greater LNG supply coming in 2009-10, based on final investment decisions taken 2004-06. Through 2008, LNG supply capacity evinced steady growth. But industry failed to foresee the growth in shale gas reserves or its speed, almost exclusively in North America, nor did anyone anticipate the global economic recession that hit in 2008, depressing gas demand worldwide."

"Combined increases in LNG and North American shale gas capacity in 2009 were an estimated 14 bcfd; demand, however, fell by an estimated 3.5 bcfd last year. The supply surge drove down prices in UK and US, while global gas prices followed after a brief period of staying on par with oil prices. Flows changed as Asian requirements for Atlantic Basin LNG were much lower, and LNG cargoes stayed away from North America as best they could."

McDonald sees no changes to supply in the future, noting it is nearly technically impossible for LNG producers to turn down their plants. *"Their financial incentives will push them to produce as much as they can. At the same time, pressures are beginning to mount in LNG producing countries to serve domestic needs, he said. Local suppliers, especially in Asia, face a dilemma of which market to serve: the more financially rewarding international one or the rapidly growing domestic one."*

Japan and Korea especially are recovering faster than most other economies. *"LNG demand,"* said McDonald, is *"GDP driven."* Low prices are also making it easier to find more buyers, as exemplified by the growing markets in India and China.

Libya eyes non-US energy partners

Date : 10.03.2010
Source: Upstream Online
http://www.upstreamonline.com/live/article208310.ece

Libya is considering giving priority to Chinese and Russian companies over US energy companies because of its diplomatic row with Washington, according to reports.

Libya demanded an apology and warned that US business interests could suffer after a State Department official made an acerbic comment about Libyan leader Muammar Gaddafi. The official apologised yesterday. The London-based Asharq al Awsat newspaper quoted Shokri Ghanem, head of Libya's NOC state energy company, as saying that the diplomatic row had prompted Libya to start looking for new energy partners.

"*We are considering giving priority to Chinese and Russian companies,*" the newspaper, which was monitored by Reuters in Rabat, quoted Ghanem as saying. The paper said Ghanem was speaking after he attended a meeting yesterday between Gaddafi and the ambassadors of China and Russia. That meeting took place before the State Department official apologised for his comments. Libyan officials have yet to say if they are satisfied by the apology.

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ANNOUNCEMENTS & REPORTS

❖ OPEC Monthly Oil Market Report (March 2010)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2010/pdf/MR032010.pdf