

## Turkish 'powership' sails to Iraq

Hürriyet Daily News, 04.04.2010



A former freighter equipped with an onboard power plant left Turkey for Iraq to help plug an electricity shortfall in the southern city of Basra. With an output of 144 megawatts, the ship will supply power to the Umm Qasr port, where it will dock and transfer the surplus energy into Basra's power grid.

A ceremony was held in Istanbul on Saturday to send away the energy vessel 'Karadeniz Powership Dogan Bey', the world's first floating power plant. Turkish Energy & Natural Resources Minister Taner Yildiz and Iraqi Electricity Minister Karim Wahid al-Hasan attended the ceremony held to mark the first journey of the powership.

Speaking at the ceremony, Yildiz pointed to the projects developed in Iraq and said, "energy will be the trigger of peace in the region, not wars. This is what this ship will do." Dogan Karadeniz, member of the executive board of the Karadeniz Holding, said that the company has four ships with a total energy capacity of 675 megawatts. "Their value is more than \$500 million. Three of them were built in Istanbul's Tuzla Shipyard while the fourth one was built in Singapore. We are planning to build three more ships with a capacity of 450 megawatts," he added.

The 'Power of Friendship Project' developed by the Karadeniz Energy Group aims at meeting electricity requirement of countries with energy ships. Under the project, more than ten countries in the Middle East, northern Africa and southern Asia will be provided with electricity from ten different ships by the end of 2010.

## Otto Energy cheers Edirne first gas

Upstream Online, 09.04.2010



Australian explorer Otto Energy said first gas had been delivered from the Edirne project in western Turkey following tie-in to the domestic gas grid. Otto said gas was now flowing from the project's gas plant into the BOTAS national gas grid. It said commissioning and optimisation work was continuing, with plant expected to deliver gas at a stabilised rate of between 10 million and 14 million cubic feet per day. Otto holds a 35% stake in the licence, which is operated by TransAtlantic Petroleum and Petraco, with 55% and 10% stakes respectively. Otto does not hold a stake in the gas plant and pays fee for processing of its share of production.

# Russia keen to join EU in revamping Ukraine's pipelines

EurActiv, 07.04.2010



Vladimir Chizhov, Russian Ambassador to the EU, told EurActiv on April 6 that his country welcomed recent proposals by the new government in Kiev for a 'three-sided' plan to modernise Ukraine's gas pipeline network, with Moscow's involvement.

"Russia has been in favour of such cooperation all along," Chizhov said, welcoming the fact that the new statements from Kiev appeared to reverse a March 2009 agreement signed between the European Commission and then Ukrainian Prime Minister Yulia Tymoshenko, which excluded Moscow.

This 'botched' declaration, as Chizhov called it, had seen the light despite the fact that the idea of creating a tripartite consortium between Ukraine, Russia and Germany to revamp the Ukrainian gas transit system had already been floating around for several years, he said. "Now if it is Ukraine, Russia and the EU, so much the better," Chizhov said. Planning any large-scale projects in this area requires the cooperation of all the parties involved, Russian diplomat added.

"When last March this declaration was signed between the Commission and the then government of Ukraine for the modernisation of the gas transit system of Ukraine, without any Russian participation: that produced many questions. The intention was to increase the capacity, but nobody asked Russia if Russia had the gas. Nobody asked the consumers in Europe whether they needed the gas. This was quite an artificial endeavour," Chizhov declared.

Asked if projects designed to circumvent Ukraine, such as the Gazprom-favoured South Stream gas pipeline, were losing importance in the context of improved relations between Moscow and Kiev, Chizhov denied that Russia had been pushing forward projects intended to bypass Ukraine. "No projects have been designed to circumvent Ukraine. Nobody in Russia said that the gas transportation system of Ukraine should be shut off or dismantled. On the contrary, we proceeded on a long-term prognosis of an increase in gas consumption in the Western part of Europe," he said.

"In Europe, nothing can compete with pipeline gas. You can talk endlessly about LNG, but in Europe, pipeline gas will always be cheaper," the Russian ambassador said. Chizhov appeared to dismiss the potential for shale gas, which is currently being developed in the USA, to bring down gas prices. "There was speculation about the so-called 'discovery' of shale gas, particularly in the US. But there was not much to discover, because shale gas was there all along, and the technology was there. The news is that with the higher prices of gas, it has become an economically viable option, also responding to the desire of the US to limit its dependence on imported energy," the ambassador commented.

# A floating alternative to Nabucco undercuts potential disruptions to EU energy supplies

Enerji Vadisi (Yossef Bodansky), 08.04.2010



In late February 2010, Romania, Azerbaijan and Georgia finalized an agreement on the direct export of Azerbaijani natural gas to Romania. This has profound ramifications for halting Turkey's ability to hold the EU hostage to energy supplies via Turkey, and offers far more rapid easing of European energy pressures.

The agreement calls for transporting the Azerbaijani gas via pipelines to the Kulevi terminal on the Georgian coast. The liquified gas will be shipped across the Black Sea to new terminals in the Romanian port of Constanta, then the gas will be distributed through the Romanian pipeline system.

"In five years' time, Romania will become an energy hub in its geographical region thanks to this project," predicted Tudor Serban, the Secretary of State for Romania's Ministry of Economy, Commerce and Business Milieu. This agreement is aimed primarily at ameliorating Romania's near-total dependence on natural gas delivered by the pipeline from Russia via Ukraine.

The present agreement between Romania, Azerbaijan and Georgia covers the transportation of between seven and 20 bcm of gas a year depending on Romania's own market needs. Initially, Nabucco is expected to transport 15 bcm a year, and, if the second-phase upgrade is implemented, Nabucco's maximal capacity will hit 31 bcm per year. If properly expanded, the Azerbaijan-Georgia-Romania route can thus become a viable replacement for the failing Nabucco: that is, a major source of natural gas transported into the EU outside Russian control. This factor the diversification of suppliers and routes has always been the sole purpose for Nabucco and the intense support it enjoys from the US. Since Azerbaijan was to be the primary source of natural gas for Nabucco, this project actually returns to the original alternate supplies as envisaged by the US.

The new trans-Black Sea shipping route provides potential for a viable substitute to Nabucco. The gas pipeline from Baku to the Kulevi Black Sea port can be covered by the current understandings between Azerbaijan and Russia because Azerbaijan owns the terminal facilities. Significantly, these understandings already withstood the August 2008 war.

On the other side of the Black Sea, natural gas can be shipped from Constanta via existing pipelines into the original system envisioned for Nabucco, as well as be shipped by barges up the Danube and into Europe's canal-and-river system. A barge-based transportation system can go into operation far faster than pipeline construction, thus enhancing Europe's energy security and diversifying suppliers more rapidly than originally anticipated.

Moreover, Azerbaijan is ready to commit the gas originally earmarked for Nabucco, and Turkmenistan is willing to reconsider support for and future export via a TCP. The expansion of the Azerbaijan-Georgia-Romania natural gas transportation route meets the primary precondition which prompted the original US support for, and sponsorship of, Nabucco: namely, natural gas transportation system free of Russian control. At the same time, this route does not suffer from any of the debilitating shortcoming of the proposed Nabucco pipeline. Therefore, the Azerbaijan-Georgia-Romania route should be considered the viable, faster and cheaper alternative to Nabucco.

## Borusan Mannesmann seeks to supply pipes for Nabucco

Hürriyet Daily News (Bloomberg), 05.04.2010



Borusan Mannesmann, a Turkish producer of steel and plastic pipes, aims to supply one-third of the pipes for the Nabucco project. The Istanbul-based company will invest \$90 million to more than double its steel pipe-making capacity to 450,000 tons in order to bid for pipeline projects in Turkey and abroad, its chairman Bülent Demircioglu said in an interview.

“We want to take a significant part in big oil and gas pipeline projects like Nabucco,” which will need 1.3 million tons of steel pipes, Demircioglu said. “We want to provide as much as 500,000 tons of it, or at least one-third.”

Borusan Mannesmann produced a third of the pipes for the Turkey section of the 1,700-kilometer Baku-Tbilisi-Ceyhan oil pipeline. The company aims to increase its total pipe production by 15 percent to 750,000 tons this year, and raise exports to 220,000 tons from 160,000 tons, Demircioglu said. “Our aim is to reach 1.05 million tons of production by 2015,” he said. “We want to be the biggest producer in the Mediterranean basin.”

The company last year sold \$255 million-worth of pipes to U.S. gas producer El Paso for its Elba Express pipeline project in Texas. Borusan Mannesmann has a ‘good chance’ to increase sales to the U.S., which needs 2 million tons of steel pipes a year, because U.S. authorities have begun an anti-dumping inquiry into Chinese pipe sales, he added. The company also has orders for 100,000 tons from Algeria, Hungary and the U.S., and is pursuing a 150,000-ton contract in Nigeria, he said.

# Russia launches Nord Stream after 5-year battle

Rigzone, 07.04.2010



After five years of tough wrangling, Russia is now launching Europe's largest-ever energy project, the Baltic Sea gas pipeline Nord Stream. Tuesday evening, Gazprom disclosed that the first pipes had already begun to be laid.

On April 9, ceremonies in Wyborg will officially launch construction work on the 1,220-kilometer pipeline running under the Baltic Sea and connecting with Lubmin, near the north-eastern German town of Greifswald. It will be an occasion for Russian Prime Minister Vladimir Putin to meet with his old pal, former German Chancellor Gerhard Schroeder, to celebrate.

The two had agreed on the Nord Stream project back in 2005 and then managed to push it through, despite criticism from the Baltic states and Poland. Germany, as well as the European Union as a whole, expects the 7.4 billion euro project to provide more energy security. Russia expects to earn big money in quenching the rising energy needs of the EU.

Financing to the tune of 3.9 billion euros is coming from 26 banks, led by Commerzbank in Germany. The steel pipes to be laid down in the Baltic will come primarily from a steelworks in Germany's industrial town of Muelheim an der Ruhr. Planned are two pipelines, combining for a throughput of 55 bcm of gas per year, or the energy needs of some 26 million households. That would mean that Nord Stream would be covering up to 11 percent of the EU's total energy requirements.

That calculation is based on projections that in the year 2030, EU's demand for gas will reach 516 billion cubic meters, from the current 200 bcm. Besides the 1,220-kilometer pipeline stretch between Wyborg and Greifswald, three further pipelines will be necessary: one of 917 kilometers in Russia -- linking the gas fields with Wyborg, and two others in Germany, totalling 850 kilometers to connect with the European network.

Trouble is looming in Germany for the project. The environmental groups BUND and WWF have filed suits against construction permits for a 50-kilometer offshore section of the pipelines connecting with the station onshore. The groups, citing concerns for marine, animal and plant life, are demanding that pipelines must actually be placed below, and not atop, the seabed in the shallow waters offshore Greifswald. Nord Stream is planning to start work after the upcoming hering breeding season. "We are confident to start up work on May 15, out in the water," company spokesman Steffen Ebert said.

## Syria puts 8 onshore blocks on the table

Rigzone (Dow Jones), 05.04.2010



Syria has invited international oil companies to explore, develop and produce hydrocarbon from eight blocks, the Syrian ministry of petroleum and mineral resources said in an announcement. The ministry is offering production-sharing contracts to explore blocks 3, 4, 5, 7, 12, 14, 16 and 18 located mostly on the eastern and northern parts of the country.

The closing date for receiving offers is September 15 and companies should submit qualification documents by June 1. Companies are also invited to refer to the ministry's General Petroleum Corporation, or GPC, for further information, basic technical data on the blocks and tender book.

The announcement coincides with a Syrian government organized international oil and gas exhibition being held in Damascus where some 250 foreign firms are showcasing their products and services. Syria aims to boost its crude oil production which has declined from 590,000 barrels a day in 2006 to 380,000 barrels a day currently. Its natural gas production stands at 25 million cubic meters a day.

The Syrian government recently extended an earlier deadline for bids to develop seven separate oil areas believed to be discovered fields containing heavy oil. The deadline for the seven areas was extended to June 20 from May 19, 2010, the ministry's announcement said. The bidding will be for two groups of areas in the Raqqa province: Group 1 is made of West Tureb, Halima and Dohal, while Group 2 consists of Jaadeen, Tal Asfar, Zenati and al-Haloul.

The government is offering these seven areas to international companies on the basis of production-sharing agreements. The fields are located in mature producing areas but need heavy investment in steam injection to rehabilitate them

They will be capable of producing 'significant volumes' using enhanced oil recovery techniques, according to Syrian officials. International oil companies such as Royal Dutch Shell, Total, CNPC, U.K.-incorporated energy company Gulfsands Petroleum, Russia's Tatneft and India's ONGC Videsh are already working on oil and gas projects in the country.

# European Commission to outline new energy action plan

EurActiv, 06.04.2010



European Commission will present the priorities of its 2010-2014 energy action plan during a meeting of energy ministers at the end of May.

The EU executive will inform ministers next month about the long-awaited plan, Energy Commissioner Günther Oettinger's spokesperson confirmed. Originally intended to take effect this year, it has already been delayed and the EU executive is now expected to adopt the plan at the beginning of 2011. The plan represents the follow-up to the 2007-2009 blueprint approved by European leaders in 2007, which launched a common European energy policy.

It resulted in the adoption of the energy and climate package, which turned the EU's '20-20-20' goals into legislation, and the third energy market package, which sought to further liberalise the bloc's energy market. Spain, which holds the EU's six-month rotating presidency, had pushed for the plan to be adopted at the spring summit in March, with no success.

Madrid presented a report outlining the priorities of the energy action plan for 2010-2014 at an informal meeting of energy ministers in February, taking the EU's Second Strategic Energy Review as the basis of the future strategy. While the 2007-2009 plan concentrated on sustainability and the internal market, the new roadmap would focus on security of supply issues and technology development, Spain said, noting that it would also include long-term priorities and a strategic analysis of the energy sector of 2030-2050.

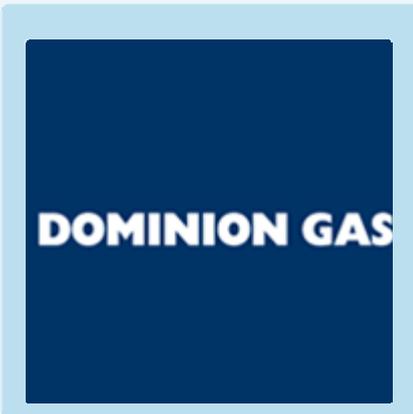
Some upcoming proposals have already been announced, including a revision of the EU's Energy Efficiency Action Plan. The new energy commissioner said he would present proposals at the beginning of next year, after the outgoing Commission had decided against presenting a draft. The EU executive is also considering presenting a new infrastructure package in November, which would seek to address the integration of renewable energies into the grid and the development of smart grids.

This spring, the Commission will publish a communication on the evaluation of the Trans-European Energy Networks, which rank energy infrastructure projects that are eligible for EU assistance. A new energy security and infrastructure instrument to replace TEN-E is due to be presented in June, according to sources.



## Dominion Gas tapped as Nord Stream supplier

Rigzone, 06.04.2010



Dominion Gas is to become the main supplier of industrial gas for the Nord Stream project in a deal worth upwards of €2million.

Dominion was awarded the work by the Italian oilfield services company Saipem. Saipem secured the contract for all pipelay activities worth more than €1billion in June 2008. The deal involves Dominion supplying all welding gases and equipment for construction of the pipeline. The company will operate from the Swedish project based in Norrköping as of April 2010 for a period of two years.

Doug Crighton managing director of Dominion Gas said, "As a result of this contract we have already begun investing in new equipment to meet the demands of the project. Dominion has now been the primary industrial gas supplier for two of the world's longest subsea pipelines an achievement which we are very proud of and our teams are looking forward to getting this project up and running." The Nord Stream gas pipeline links Russia and the European Union via the Baltic Sea and is expected to transport up to 55 billion cubic metres of gas each year enough to supply more than 26 million households.

## Chu: U.S. natural gas reserves may have doubled

Rigzone (Xinhua), 07.04.2010



U.S. natural gas reserves may have doubled thanks to new drilling technologies, U.S. Energy Secretary Steven Chu said. U.S. natural gas reserves have definitely gone up by about 30 percent and 'probably has doubled,' Chu said at a conference co-hosted by the Energy Information Administration (EIA) and Johns Hopkins University.

Proved reserves of U.S. natural gas were 244.7 tcf at the end of 2008. "That's a big deal because gas will be a transition fuel as we go to renewables," he said. The reserves that can be recovered from shale deposits using a drilling technique called hydraulic fracturing is 'yet to be proven,' he added.

## U.S. pitches shale gas studies overseas

Rigzone, 07.04.2010



The Obama administration has asked nearly a dozen countries, including China and India, if the U.S. can assess their potential shale gas resources, David Goldwyn, the State Department's International Energy Affairs Coordinator, said.

Goldwyn said that if the assessments confirm U.S. Geological Survey estimates for shale gas resources, the new fuel source could transform the nations' energy policies. He said if the countries consent to Washington's pitch for the USGS to conduct assessments, it could potentially help lower global greenhouse gas emissions and prove a profitable opportunity for U.S. companies.

Firms including Chesapeake Energy Corp. and XTO, recently bought by ExxonMobil, are planning to develop massive new domestic shale gas resources. Estimates for domestic natural gas resources have multiplied in recent years because of new shale gas discoveries and technology. Goldwyn said he expected the assessments if the countries consent could be completed by the end of 2011. China may give the go-ahead at an economic summit in May, he said.

## Eni starts up gas production in Adriatic Sea

Rigzone, 07.04.2010



Eni commenced production from the Annamaria B gas platform, which is flowing at a rate of 800,000 cm/d, but is expected to reach about 1.2 MMcm/d. The confirmed and estimated reserves of the field comprise 10 Bcm.

Gas is transported via an underwater pipeline to the Fano treatment plant, approximately 43 miles away, and is fed into the national distribution network. The Annamaria field lies in 197 feet of water and extends between Italy and Croatia, roughly 37 miles from the coast. Annamaria is the first cross-border field producing in the Adriatic Sea, and is considered the most important gas field to come onstream since 1998.

A twin platform, Annamaria A, is also located on the field and is producing roughly 800,000 cm/d. Eni is the operator of the field, owning a 90% interest.

## Indonesia to open tender for 35 blocks

Rigzone, 07.04.2010



The Indonesian government plans to offer 35 oil and gas concessions in tenders this year, Edy Hermantoro, Director of the upstream oil and gas development, said.

He said 19 blocks will be offered through regular tender and 16 blocks by direct offer under joint study scheme. Most of the concessions are located in the eastern regions of the country, Edy said. He said the government will study responses from prospective investors before announcing official offers.

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