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TPAO gets 2nd oil agreement in Iraq

Hürriyet Daily News, *18.05.2010*

The Turkish Petroleum Corporation, or TPAO's, winning of a second oil-producing tender in Iraq will have a positive impact on the relations between the two countries, Iraq's Minister of Oil Husayn al-Shahristani said Tuesday.

Shahristani said TPAO and its Chinese partner, CNOOC International Limited, had signed an agreement Monday with the Iraqi Ministry of Oil to extract oil in the southern province of Misan. "We will do all we can to assist TPAO and its partners. We are now preparing a tender for the development of natural-gas fields in Iraq.

TPAO is well qualified to participate in the tenders involving natural gas," Shahristani said. "By winning two tenders, TPAO plans to produce 100,000 barrels of oil per day over the next three years in Iraq," said Mehmet Uysal, the director-general of TPAO and president of its executive board.

The deal covers the fields of Buzurgan, Fekke and Abu Ghraib. The project in Misan is worth $16 billion and involves opening around 350 oil wells. The consortium plans to increase the fields' output to 450,000 barrels a day in six years from Missan's current daily production of nearly 100,000 barrels. The Missan cluster has a reserve of more than 2.6 billion barrels of oil. It was among eight oil and gas fields Iraq offered last June during the first bidding round in the three decades since Saddam Hussein nationalized the oil sector.

Iraq gives go-ahead to Kurdish oil exports

Rigzone (Dow Jones), *18.05.2010*

The Iraqi federal government Tuesday approved a deal that would allow oil exports from oil fields in the semi-autonomous region in Northern Iraq, which have been on hold for the last seven months over a payment row with Baghdad, a cabinet spokesman said.

"The cabinet has approved a request submitted by the oil ministry to execute an agreement reached with the Regional Government that stipulates the resumption of crude oil exports produced by the region," Ali al-Dabbagh said in a statement emailed to Dow Jones Newswires after the cabinet's weekly meeting.

Oil ministry spokesman Assem Jihad said that according to the new deal the federal government in Baghdad would pay foreign oil firms operating in Northern Iraq their expenses, but not profit. The Regional Government suspended exports of 40,000-60,000 barrels a day in October last year from Tawke and Taq Taq oil fields after a brief trial because the federal government refused to compensate oil companies for costs incurred during exploration and production.

Analysts in Baghdad said the move could be a signal from the Shiite-led outgoing government to try to forge a coalition government with Kurds after the country's March parliamentary elections. However, the new deal doesn't mean that the country's federal Oil Minister Hussein al-Shahristani has accepted scores of production-sharing contracts that the Regional Government signed with international oil companies, Jihad said.

The Baghdad-based federal government, which grants all oil-exports licenses, has been at odds with the Kurds since 2007 over several oil and gas contracts the Regional Government signed with foreign companies. Baghdad argues it has neither seen them or been consulted on these deals. Shahristani had said a solution to these contracts would take a longer time, but said resumption of exports had no connection to the dispute. The Regional Government said it had already sent two contracts to Baghdad signed independently with Norway's DNO and Genel Enerji of Turkey to develop Tawke and Taq Taq oil fields respectively.

Dabbagh said the exports would be handled by the State Oil Marketing Organization, an affiliate of the federal oil ministry, and that revenues from oil sales would go the federal fund. The cabinet spokesman also said that the cabinet has instructed the federal finance ministry to issue a letter addressed to the Regional Government "guaranteeing payment of costs incurred by [international oil] companies" which developed the region's fields.

Azerbaijan, Georgia and Romania sign protocol on gas exports

Hürriyet Daily News, *13.05.2010*

The energy ministers of Azerbaijan, Georgia, and Romania signed a protocol in Tbilisi Wednesday on forming a joint venture to export LNG to Europe.

Azerbaijani Energy Minister Natiq Aliyev said the protocol envisages the construction of new Black Sea coast terminals in Romania and Georgia that will be linked to pipelines. "It is a new corridor for Azerbaijan," Aliyev said. "This corridor will enable us to independently deliver our gas to Romania and also to Ukraine and Bulgaria. At the same time, we can cross to the Mediterranean Sea."

Turkey and Russia engage in nuclear waltz

Hürriyet Daily News (AA), *03.05.2010*

Turkey and Russia have signed a deal that would enable Russian company Atomstroyexport to build a nuclear power plant in Turkey's south. The $20 billion deal envisages the completion of the plant within seven years, putting Turkey among nations that utilize nuclear energy.

During Russian President Dmitry Medvedev's visit to Ankara, the two countries also sign agreements that could lead to billions of dollars in bilateral investments. The day Medvedev came to Ankara on a historic visit, Turkey and its Black Sea neighbor signed a landmark deal to build a nuclear power plant on Turkish soil.

Russian company Atomstroyexport signed an agreement to build a power plant with four nuclear reactors on Turkey's southern coast at a cost of as much as $20 billion after more than a year of negotiations, Bloomberg reported Wednesday. Prime Minister Recep Tayyip Erdogan told reporters that the construction of the plant in Akkuyu, Mersin, will take seven years.

"This will be the first case in which Russia not only builds a power plant, as we have in Iran and India, but will also own it," Sergei Kiriyenko, head of Russian state nuclear holding company Rosatom, told reporters in Ankara. Atomstroyexport, Russia's reactor builder, will own 100 percent of the project, and may later sell as much as 49 percent to investors, Kiriyenko said. "Turkish investors are interested. We're also holding talks with European investors," he said, but declined to name potential buyers.

Russian Energy Minister Sergei Shmatko said in February 2009 that a group of companies led by Atomstroyexport had bid for the Turkish power plant contract. Turkish authorities had delayed awarding the contract since the September 2008 tender after Russia had submitted the only bid. Currently, a total of 438 nuclear power plants are operative in 30 countries, while 42 are being built, according to data from the International Atomic Energy Agency, or IAEA. "For Turkey, which is just starting to develop nuclear energy, this is a smart move, since they don't have to pay anything up front, just provide the site," Bloomberg quoted Kiriyenko as saying. "Russia will bear all the costs and recoup them through guaranteed electricity sales" at a fixed price, he said.

Medvedev also said the two countries signed agreements that would lead to more than $25 billion in investments. The Russian leader said Moscow wishes to expand enery exports across Turkey. Russia plans to expand gas pipelines under the Black Sea to boost deliveries to Europe and other countries he said. "The major projects we have worked on and will continue to work on are Blue Stream-2 and South Stream," Bloomberg quoted Medvedev as saying. "We will actively develop the Samsun-Ceyhan oil pipeline, with the possible construction of a refinery and joint sales of oil products."

BP collecting 3,000 b/d of oil, 14 MMscfd of gas from gulf spill

Oil & Gas Journal (Paula Dittrick), *20.05.2010*

A riser insertion tool is collecting an estimated 3,000 b/d of oil and 14 MMscfd of gas, diverting those hydrocarbons from contributing to the oil spill in the Gulf of Mexico off Louisiana, BP said May 20. The total volume of the oil leak on the seabed is estimated at 5,000 b/d.

The oil is being stored and gas is being flared on Transocean Ltd.'s Discoverer Enterprise drillship on the surface 5,000 ft above. These efforts are being carried out in conjunction with governmental authorities and other industry experts. The riser insertion tool is a 4-in. steel pipe inserted about 5 ft into a 21-in. damaged riser on the seabed.

The end of the damaged riser is about 600 ft from the runaway Macondo well on Mississippi Canyon Block 252. A blowout resulted in a fire and explosion on Transocean's Deepwater Horizon semisubmersible rig on Apr. 20, leaving 11 crew members missing and presumed dead. BP operates the block. Louisiana Gov. Bobby Jindal called for federal authorities to accelerate the approval process so that oil spill response crews can build emergency sand barriers. Jindal said oil has polluted wetlands along Pass a Loutre near the mouth of the Mississippi River.

Meanwhile, BP continues work to develop a "top kill" procedure in which heavy drilling fluids will be injected into the well to stem the flow of oil and gas. Cement then will be injected into the well to kill the flow. Most of this equipment already is on site, and BP spokesmen estimate that the procedure could start on May 23-24 pending a final decision to try this approach. The US Minerals Management Service is reviewing plans for the top kill, said Lars Herbst, MMS Gulf of Mexico regional director.

Works continues to collect and disperse oil on the surface. US Coast Guard Rear Adm. Mary Landry said calm weather and calm seas this week enabled the use of controlled burns on open water. Doug Suttles, chief operating officer of BP Exploration & Production, told reporters during a May 19 news conference from Robert, La., that three burns were done in 1 day this week, and that one burn lasted up to 2 hr compared with the usual 1-hr burns.

The National Oceanic and Atmospheric Administration said May 19 that a small portion of the oil slick has reached the Loop Current in the form of light to very light sheens. The Loop Current could take the oil to the Florida Straits and the eastern coast of Florida. "However, the oil may get caught in a clockwise eddy in the middle of the gulf and not be carried to the Florida Straits at all," NOAA scientists said in a news release. If the oil were to reach the Florida shore, it probably would appear as tar balls in isolated locations, they said.

Kazakhstan rests $1.3bn BG-Eni case

Upstream Online, *20.05.2010*

Kazakhstan has closed a $1.3 billion cost overstatement case against the BG and Eni-led KPO consortium developing the Karachaganak field, the financial police said today. "The criminal case opened on charges of fraud has been cancelled by prosecutors," spokesman Murat Zumanbai told.

KPO, which includes US supermajor Chevron and Russia's Lukoil, operates the field under a production-sharing agreement with Kazakhstan. Zumanbai said a separate case in which the consortium stands accused of illegally earning $708 million in 2008 by producing more oil and gas than originally agreed with the state was still being investigated.

Sources close to the talks between the consortium and the Kazakh government earlier told Reuters that Kazakhstan was seeking a stake in the consortium, while analysts suggested the state was hoping to acquire the stake without paying. The Karachaganak developments mirror the case of Kashagan, another oil field developed by foreign energy majors, where the government acquired a stake after accusing the consortium of environmental violations, delays and cost overruns. Last month, Kazakhstan accused KPO of violating immigration laws. The consortium said previously it acted in accordance with Kazakh laws and agreements it has with the Kazakh government.

Tüpras returns to profit as fuel sales rise

Hürriyet Daily News (Bloomberg), *13.05.2010*

Tüpras, Turkey's only oil refiner, returned to profit in the first quarter as sales jumped. The company posted net income of 101.2 million Turkish Liras ($66.3 million), compared with a net loss of 37.4 million liras a year earlier. Profit missed the 111.8 million-lira average estimate of six analysts surveyed by Bloomberg. Sales rose 47 percent to 5.09 billion liras.

While Tüpras' overall results were below forecasts, they beat estimates "on the operational side," said Mert Bostanoglu, an analyst at Ata Invest in Istanbul. The company's non-operational financial expenses dropped by more than half to 139.5 million liras, Tüpras said in the statement.

Yildiz: Oil shale no obstacle for Nabucco project

Today's Zaman, *14.05.2010*

Minister of Energy and Natural Resources Taner Yildiz said the increasing importance of unconventional energy resources in Turkey such as oil shale would not negatively affect the planned Nabucco project, intended to supply gas from the Caspian Sea region to Europe.

Yildiz was speaking to reporters following his meeting with Romanian Minister of Economy, Trade and the Business Environment Adriean Videanu in Istanbul. The minister said unconventional energy resources would instead have a positive influence on the natural gas supply to the domestic market and that Nabucco is not to be affected by this.

"It will have a positive impact on countries like Turkey which are heavily dependent on foreign energy resources. We have said many times that big projects like Nabucco should be thought of in the long term. Nabucco is an important project for the security of the gas supply in Europe," he explained. Yildiz noted that Romania and Turkey were planning to form a joint team that will convene in Istanbul, Bucharest and Constanza next month to assess opportunities to boost relations. Guest minister Videanu said Romania was willing to develop joint policies with Turkey, noting that a political roadmap should be devised.

Medvedev to address energy alliance on Ukraine visit

Hürriyet Daily News, *17.05.2010*

Russian President Dmitry Medvedev arrived in Ukraine's capital on Monday for a two-day state visit both sides hope will accelerate the breathtakingly fast rapprochement in ties seen over the past months.

Since Russia-friendly President Viktor Yanukovych ousted the leaders of the pro-Western Orange Revolution in February's elections, he has unhesitatingly moved to repair ties that had slumped to a post-Soviet low in past years. The developments mark a complete change from the previous presidency of Viktor Yushchenko, who irritated Moscow so much the Kremlin refused to talk to him.

As Medvedev arrived, at least 100 activists from the Svoboda nationalist party held a protest in Kiev against the government's pro-Kremlin policies, shouting "shame to the lackeys" and "down with the authorities." Medvedev and Yanukovych stunned observers last month when they signed an agreement prolonging the stay of Russia's Black Sea Fleet in Ukraine's Crimean Peninsula for another quarter century, a deal which infuriated Ukrainian nationalists. Medvedev, on the other hand, said that prolonging the term of deployment of the fleet in Sevastopol was an important contribution to European security.

Another surprise was Russian Prime Minister Vladimir Putin's suggestion, on his recent visit to Kiev, the two countries form a nuclear energy holding company after Russia agreed to invest as much as $45 billion in Ukraine in fuel subsidies over the next decade. He also made an offer to merge the two countries' state gas companies, Russia's Gazprom and Ukraine's Naftogaz. But there have been signs that even Yanukovych wants to mark out limits for the cooperation, and he indicated last week that the merger between Ukraine's Naftogaz and Russia's far larger Gazprom could be a step too far for Kiev.

"It is impossible," Yanukovych told the BBC, saying Kiev would only consider the deal if it were a merger of equals, a condition that Russia would never accept, Agence France-Presse reported. "It's a joke and a tie-up under any other conditions would also be impossible," he added. In an interview with Ukrainian media ahead of the visit, Medvedev said the issue had yet to be discussed at a presidential level but a merger could make sense if it proved to be pragmatic.

"If we speak of any joint projects, joint ventures bringing together various gas and gas transporting assets not through the direct merger but the unification of, say, individual units, I believe it is quite possible and possible on a mutually-beneficial basis with due account to the wishes of the sides," he said in an interview with the Ukrainian media ahead of his visit, the Kyiv Post reported citing Interfax news agency.

Alliances "are not only possible, in some cases they are necessary," he said. Medvedev said he had not discussed the issue with Yanukovych. "There has been some talk on the subject, but it has not been discussed at the presidential level," he said. Kremlin chief of staff Sergei Naryshkin said the issue would be discussed between the presidents at the talks and the idea of a merger had to be looked at seriously.

Under pressure from pro-Western deputies, the Ukrainian government issued a report to parliament last week that revealed which documents would be signed by the two presidents Monday. They include agreements on demarcating the Russian-Ukrainian border, on the use of Russia's satellite navigation system GLONASS and on cooperation in banking, culture and education. But no mention was made of possible deals on energy. The border agreement is potentially controversial, with opposition leader Yulia Tymoshenko warning that it may lead to Ukraine giving up offshore oil and gas deposits.

OMV looks for Russia exit

Upstream Online, *20.05.2010*

OMV is in talks to sell exploration assets in Russia as it focuses on the Caspian region and the Middle East. "In Russia, all we have is exploration, but it isn't one of our core regions and we are mulling how to pull out," OMV boss Wolfgang Ruttenstorfer told journalists in Vienna.

OMV entered the Russian exploration market in 2006 through its OMV Petrom unit, which acquired a 74.9% stake of Ring Oil Holding & Trading. It has been exploring eight exploration blocks in the Saratov Region, about 1000 kilometres south-east of Moscow, and two in the Komi region, approximately 1200 kilometres north-east of Moscow.

Petrom in August announced that it had discovered oil and gas in the Lugovaya-1 exploration well. Tests showed flow rates of 2500 barrels a day of light sweet oil in one zone and two additional gas bearing formations, it said. The find may be as much as 80 million tonnes, or 586 million barrels, the Natural Resources Ministry said in October, without further classifying the reserves. According to Russian resource laws that define strategic deposits, the state has the right to take back licenses on discoveries exceeding 70 million tons of recoverable reserves. OMV aims to shift its focus in production and exploration to the Caspian region and the Middle East by 2015, the company said during its Capital Markets Day in Vienna today.

Announcements & Reports

► *OPEC Bulletin (May 2010)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OB052010.pdf

► *OPEC Oil Market Report (May 2010)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MR052010.pdf

► *Natural Gas Liquids – Supply Outlook 2008-2015*

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