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Turkey to renew pipeline agreement with Iraq

Today's Zaman, *07.09.2010*

Energy and Natural Resources Minister Taner Yildiz has said Turkey will be renewing the agreement with Iraq for the Kirkuk-Yumurtalık crude oil pipeline on September 19.

The pipeline's functioning was halted soon after the US invasion in 2003, with some oil exports only partially resuming the following year. The very limited flow has continued to decrease over the last few years. Yildiz noted that the pipeline has a capacity of 70 million tons per year but that the initial flow of oil will be half that in the first three years.

Following the US withdrawal of combat forces from Iraq, Turkey and Iraq are now looking to boost the amount of oil to be transported from Kirkuk in Northern Iraq to Yumurtalik in the Ceyhan region of Turkey's southern province of Adana. Yildiz said a draft has been prepared and that the final agreement is expected to be signed in Baghdad on September 19.

"This is the continuation of a project that will be beneficial for both the Ceyhan and Adana regions as well as for Turkey. At the same time, Iraq needs to export the oil and natural gas it produces, so this is a project that will support Iraq's path to normalization. In addition to that, it will also be beneficial for increasing the revenue of both Turkey and Iraq. We are renewing the agreement for the Kirkuk-Yumurtalik crude oil pipeline, which has served us for many years. As you know this pipeline has a larger capacity than Baku-Tbilisi-Ceyhan (BTC). As a result of this agreement we anticipate 70 million tons of oil per year will eventually be carried through the pipeline -- although the initial flow of oil will be half this for the next three years. I believe that as Iraq normalizes it will come to a level where it will increase the flow to full capacity and that this will be achieved by its exports via Ceyhan. I believe this will be beneficial for both countries," Yildiz said.

According to state-owned Turkish Pipeline Corporation (BOTAS) data, the Kirkuk-Yumurtalik pipeline carried 36.7 million tons of oil in 2001. The following year, in 2002, Iraq exported another 28 billion tons of oil but the pipeline was closed in 2003 when the US attacked Iraq. Following the war, the exports restarted in 2004 with only 6 million tons but the volume of petroleum flow declined over subsequent years. The volume of annual oil exports from the Kirkuk-Yumurtalik pipeline was recorded as around 2 billion tons for 2005, 2006, and 2007. Last year, the flow of oil reached 26.6 million tons as normalization in Iraq continued to gain momentum.

Turkey may face huge bill for unused natural gas at year-end

Today's Zaman (Ismail Altunsoy), *15.09.2010*

Turkey's consumption of natural gas fell short of meeting anticipatedvolume by some 2.5 bcm in the first seven months of this year, signaling that the country may be obliged to pay a huge economic bill by the end of 2010 for the amount of unused natural gas under estimated levels of annual consumption.

An 80 percent increase applied to the price of natural gas in 2008 is still in effect. According to data from the Turkish Pipeline Corporation (BOTAS), Turkey only consumed 17.7 bcm of natural gas in the period from January through July, while it had agreed with suppliers to buy 20.2 bcm.

Turkey used 21.5 bcm of natural gas in the first seven months of 2008, but this amount fell below 18.8 billion in the same period last year. If this declining trend continues, experts say, the amount Turkey will have to pay for the unused natural gas at the end of this year may be as high as $1.5 billion. The country paid $704 million and $600 million for unused natural gas in 2008 and 2009, respectively.

In 2008, relying on Treasury and Finance Ministry forecasts, BOTAS imposed natural gas price hikes ranging between 75 and 80 percent on both industrial and residential customers. The increases, made during harsh winter conditions, sparked public outrage at the time. As the pressure of this price boost endured through 2009 and up until now, national consumption has shown a sharp dive.

Linking the drop in consumption to the economic crisis, BOTAS developed a campaign for its industrial clients and made a 2 percent reduction in prices for them. This strategy, however, seems to have remained ineffective in alleviating the rate of drop in aggregate consumption. According to its 2010 program, BOTAS will sell only about 15 percent of its natural gas to industrial users. Last year, the Union of Natural Gas Importers and Exporters (DIVID) issued a statement that heavily criticized BOTAS for not acting for 'too long' despite suppliers cutting their prices in 2009. The statement said BOTAŞ policies caused a 'lack of confidence' among consumers vis-a-vis the corporation.

Turkey eyes gas from Petronas

Upstream Online, *16.09.2010*

Turkey may seek to buy all 5.5 bcm of natural gas output at a Turkmen site operated by Malaysian company Petronas. This gas could be converted to compressed or liquefied natural gas or shipped via a pipeline, and could be destined for Turkey's domestic market of re-exported, Energy Minister Taner Yildiz told after holding talks with his Turkmen and Azeri counterparts.

"There is 5 to 5.5 bcm where Petronas is now working. We expressed to the Turkmen minister that we may like this gas," Yildiz said. "We do not see an obstacle to sending this gas to Turkey or via Turkey to other countries."

Turkey and its partners in the Nabucco gas pipeline project are seeking suppliers for the link. Territorial disputes among the Caspian Sea's littoral states have hampered efforts to develop the basin. Russia, Iran, Turkmenistan, Azerbaijan and Kazakhstan have argued about the delimitation of the sea since the breakup of the Soviet Union. "There are places where the borders are not disputed," said Yildiz. "We could seek natural gas that is from areas that have no problems with the border or the status that is being extracted offshore from Turkmenistan."

Transneft top manager says Samsun - Ceyhan pipeline project halted

Today's Zaman, *16.09.2010*

Nikolai Tokarev, the head of Russia's state-owned pipeline corporation Transneft, has said talks with Turkey on building the Samsun-Ceyhan oil link between the Black Sea and the Mediterranean have stalled.

Tokarev said in an interview with Reuters that a rival project, the trans-Balkan pipeline, now looked more attractive than the Samsun-Ceyhan pipeline. "Of course, the trans-Balkan pipeline is more suitable. We have accomplished many things in this project. We have carried out a feasibility study and we can even start construction this year," Tokarev was quoted as saying.

He said there were many question marks left about the project, including transport costs, adding that costs proposed by Turkey were higher than the transport fees for the Turkish straits. Russian Prime Minister Vladimir Putin, in his response to a question by a Turkish reporter last week, said they promised the Turkish prime minister that they would construct a pipeline together with Turkey. The Turkish side takes Putin's remarks as a reference and Turkish officials say they have not been informed about allegations that talks over the Samsun-Ceyhan oil pipeline between Turkey and Russia have stalled.

Azerbaijan, Georgia and Romania sign deal on gas transit route

Hürriyet Daily News (AFP), *14.09.2010*

Azerbaijan, Georgia and Romania signed a deal to create a transit corridor to ship natural gas from the Caspian Sea to Europe. The project will see the three countries participate in the construction of LNG terminals in Georgia and Romania, allowing gas to be shipped through pipelines from Azerbaijan to Georgia, then by tankers across the Black Sea to Romania.

The deal was signed by the three countries' energy ministers during visits by Georgian President Mikhail Saakashvili and Romanian President Traian Basescu to the Azerbaijani capital Baku, Azerbaijani state energy firm SOCAR said in a statement.

SOCAR, the Georgian Oil and Gas Corporation and Romania's Romgaz will each hold a 33 percent stake in the venture, which is expected to cost two to four billion euros ($2.6-5.1 billion). Called the Azerbaijan-Georgia-Romania Interconnector, or AGRI, the project is expected to supply up to eight billion cubic meters of gas to Europe per year. An initial memorandum of understanding on the project was signed in Bucharest in April.

Officials have described the AGRI project as complementary to the EU's flagship Nabucco pipeline project, the key component in the bloc's Southern Corridor plan to bypass Russia in bringing Caspian Sea gas to Europe.

Turkish gasoline sellers looking for deal despite coming deadline

Hürriyet Daily News (Radikal), *14.09.2010*

With only a few days left for gasoline-sale licensees to renew distribution agreements, smaller companies, especially in Anatolia, are eyeing new contracts. Licensees waiting until the last day of the transition period to renew agreements are expecting to negotiate better contractual conditions, according to Kemal Güven, owner of Benzinlikler.com, a website that mediates sales between oil dealers.

In March last year, the Competition Board decided to reduce the length of time distribution licenses remained valid from 20 years to 5, while allowing a window of 3 months for current licensees to negotiate new agreements with distributors.

While this transition period is set to end Saturday, there are still more than 1,000 licensees in the fuel-oil sector, in which nearly 13,000 licenses are currently active, which have not renewed their agreements. If they do not renew their contracts they will be obliged to halt sales and possibly be closed down, said Tulug Ilem Yesilbag, secretary general of the Turkish Fuel Stations, Oil and Gas Company Employers' Union, or TABGIS.

Nonetheless, there has been no particular problem with TABGIS members renewing their agreements, Yesilbag said. "The number of licensees who have still not renewed their agreements only constitutes 10 percent of total dealers. These dealers represent a small volume of oil sales," he said.

According to gasoline distributors, the value of licensees' selling rights vary according to the amount of fuel sold at their stations, Güven said, adding that distribution offers generally oscillated between $500,000 and $2.5 million.

Local brands in the sector designated as operating in the so-called 'B League' have begun to negotiate more stridently to obtain better conditions in the last few days before the end of the transition period. In order to retain stable negotiating positions, many Anatolian-based distributors, such as Mersin's Starpet, Ankara's Termopet and Izmir's Teco, are reportedly driving hard bargains with licensees who have not yet renewed their agreements.

Negotiations between distribution companies and licensees frequently result in competition in the sector, said Mehmet Aslan, a board member at Gaziantep-based Euroil. "Licensees sign agreements with distribution companies that offer the best conditions. Growing the dealer network is an aim of the distribution companies but it also accelerates the competition," Aslan said

Giant platform to look for oil off Turkish Black Sea coast

Hürriyet Daily News (AA), *12.09.2010*

ExxonMobil will begin searching for oil off Turkey's Black Sea coast in early 2011 once a massive oil platform currently under construction in South Korea is completed and delivered, according to Yelda Güven, deputy managing director of Exxonmobil Exploration and Production BV.

"The Deepwater Champion platform will start looking for oil in the Black Sea in the first half of 2011," Güven said. "Currently, we are looking for oil in two Black Sea locations, near Samsun and Kastamonu. We are joint partners with TPAO and are drilling at a 2,000-meter depth."

The giant platform will be able to pass under the Bosphorus Bridge and could be transported in two pieces if necessary. The platform is able to drill more than 12.1 kilometers down in waters that are as deep as 3.6 kilometers. The platform can also travel in a stable manner on the open sea, even under harsh conditions such as waves reaching heights of nine meters and winds of up to 110 kilometers per hour.

Gazprom ready to buy BTC pipeline

The Messenger Outline, *07.09.2010*

Gazprom head Alexei Miller has expressed the readiness of the company to buy some shares from BP in the Baku-Tbilisi-Ceyhan oil pipeline. BP is the operator of this oil pipeline that pumps 35 million tonnes oil annually.

It is interesting that only Gazprom's leader has expressed a desire to buy BP's shares, even though the Russian Deputy PM, Igor Sechin stated on September 1 in Krasnoyarsk that the Russian government is ready to support the initiative of Russian companies to purchase some of BP's assets. He stressed BP's current financial problems created by the recent oil leak in the Mexican Gulf.

BP says multiple companies to blame for Macondo spill

Platts (Richard Swann), *08.09.2010*

BP blamed a 'sequence of failures' by more than one company for the Macondo blowout in the Gulf of Mexico, but said rig-owner Transocean was to blame for a number of key failures which contributed to the disaster.

In an internal accident investigation report, BP said it and Transocean failed to notice that the cement used within the well had failed to contain the oil and gas. But BP said Transocean had missed further danger signs and may have reduced the time to respond to the accident by diverting escaping hydrocarbons to an onboard mud gas separator rather than overboard.

BP also faults oilfield service giant Halliburton for its cement, the contents of which may have prevented it fully sealing the well. "It is evident that a series of complex events, rather than a single mistake or failure, led to the tragedy," said the company's outgoing chief executive Tony Hayward, who has announced his resignation as a result of the accident. "Multiple parties, including BP, Halliburton and Transocean, were involved," he said.

Hayward said BP's design of the well, which has come under scrutiny since the incident happened on April 20, was not likely to have contributed to the blowout. "Based on the report, it would appear unlikely that the well design contributed to the incident, as the investigation found that the hydrocarbons flowed up the production casing through the bottom of the well," he said. "To put it simply, there was a bad cement job and a failure of the shoe track barrier at the bottom of the well, which let hydrocarbons from the reservoir into the production casing," Hayward said.

The 193-page report on the incident, which caused the largest oil spill in US history, was compiled by a team of BP investigators led by Mark Bly, BP's head of safety and operations. BP's report on the incident precedes probes by the Justice Department and other US agencies, which are expected to center on whether BP or its rig partners were grossly negligent in their role in the disaster. Some US politicians have suggested that cost-cutting moves by BP may have played a role in the accident, something BP denies.

BP hopes to avoid the key legal measure of gross negligence, a ruling which would likely make it liable for some $20 billion of fines over the US Clean Water Act. Indeed, BP has denied gross negligence on its part, saying that the accident was a complex event that involved various companies' decisions. Transocean, the owner of the rig that was hired by BP to drill Macondo, has denied wrongdoing, claiming that its blowout preventer had been tested and was not faulty.

Halliburton has also said its cement work wasn't to blame for what for the well blowout. In its report, BP said its testing had identified faults with the composition of the cement slurry used by Halliburton. The tests showed that it was not possible for the slurry to stabilize if it had a nitrogen content of more than 50%, while the slurry used in the Macondo well had a nitrogen content of 55-60%, making it 'likely unstable,' BP said. "Improved engineering rigor, cement testing and communication of risk by Halliburton could have identified the low probability of the cement to achieve zonal isolation," it said.

Transocean may have contributed to the scale of the disaster due to a failure by its rig workers to notice and act on hydrocarbons flows into the well bore, BP said. "The results of the negative pressure test were incorrectly accepted by BP and Transocean," BP conceded. But later, "Over a 40-minute period, the Transocean rig crew failed to recognize and act on the influx of hydrocarbons into the well until the hydrocarbons were in the riser and rapidly flowing to the surface," BP said.

BP said rig workers decided to divert fluids exiting the well overboard rather than the Deepwater Horizon's mud gas separator system, there may have been more time to respond, reducing the consequences of the accident. "Transocean's shut-in protocols did not fully address how to respond in high flow emergency situations after well control has been lost. Well control actions taken prior to the explosion suggest the rig crew was not sufficiently prepared to manage an escalating well control situation," BP said.

Once the gas reached the rig and exploded, the blowout preventer on the seabed should have activated automatically and sealed the well, but this did not happen. BP said this was "probably because critical components were not working," also preventing the BOP being triggered manually. BP said an examination of the BOP control pods following the accident revealed that there was a fault in a critical solenoid valve in the yellow control pod and that the blue control pod batteries had insufficient charge; faults which 'likely' existed at the time of the accident.

BP said also said the investigation team found indications of potential weaknesses in the testing regime and maintenance management system for theBOP. "The condition of critical components in the yellow and blue pods and theuse of a non-OEM part, which were discovered after the pods were recovered, suggest the lack of a robust Transocean maintenance management system for Deepwater Horizon BOP," BP said.

Trans Adriatic Pipeline to tap into Azeri gas

EurActiv, *15.09.2010*

The Trans-Adriatic Pipeline (TAP) announced that the Shah Deniz II natural gas field in Azerbaijan is the initial target of gas intended for the project, designed to offer the shortest and most-cost-effective gas supply to Italy and European markets.

In a joint statement, TAP shareholders EGL, Statoil and E.ON Ruhrgas said their planned pipeline was designed to cater for the volumes of gas from Shah Deniz that will be exported beyond Turkey to Europe. Recently, Azerbaijan and Turkey signed a deal to ship 11 bcm of Azeri gas per year to Turkey. Shipments will start in 2017.

TAP shareholders consider Caspian gas to be the initial source of supplies to fill the pipeline, which has an initial capacity of 10 bcm per year. “The TAP pipeline will be ready when Shah Deniz Phase 2 starts production.” Kjetil Tungland, managing director of the Trans-Adriatic Pipeline project, is quoted as saying. According to the Statoil website, Phase 2 of Shah Deniz gas production is expected to start in 2016. One of TAP’s partners, Norway’s Statoil, has a 25.5% ownership share in the Shah Deniz gas field.

Shah Deniz is located in the Caspian Sea southeast of Baku and is Azerbaijan’s largest gas field. While peak production from Shah Deniz Phase 1 is projected at 8.6-9 bcm, gas production will be increased by another 16 bcm per year during Phase 2. “The pipeline will not transport any Iranian gas under the current political circumstances,” the TAP consortium adds.

Similarly, the Nabucco consortium recently ordered engineering work for two feeder lines from Turkey to Iraq and Georgia, while a third planned feeder line from Turkey to Iran has been put on the back-burner due to political considerations. For its initial stage, Nabucco is also planning to carry Azeri gas. The volumes of gas from Shah Deniz II are apparently not unlimited, so the competing projects will seemingly have to bid for the country’s gas.

Russia has repeatedly warned its European counterparts that different plans to bring gas from Turkmenistan or Azerbaijan are doomed to fail, claiming that the resources of the two Central Asian countries are insufficient. Russia is also proposing to buy all Azeri gas at attractive prices.

Burgas - Alexandroupolis pipeline blocked

New Europe, *12.09.2010*

The fate of the Burgas-Alexandroupolis oil pipeline was discussed in Moscow on 8-9 September by Russian and Bulgarian officials in yet another attempt to jumpstart the construction of the long-delayed project - one of two planned to take most oil tankers out of the congested Bosphorus.

But Bulgaria's Deputy Prime Minister and Minister of Finance Simeon Djankov, who over the past several months has become the person responsible for the Bulgarian participation in Burgas-Alexandroupolis, did not attend the negotiations, the Finance Ministry confirmed on 10th September.

Representatives of the Bulgarian and Russian shareholders in Burgas-Alexandroupolis discussed a proposal for funding the project made by the Russian company Transneft, Rumen Porodzhanov, one of the Bulgarian members of the Supervisory Board of Trans-Balkan Pipeline, was quoted as saying in a statement by the Bulgarian Finance Ministry. A Bulgarian diplomat in Sofia told that Sofia's objections to the project related particularly to the environment and the social impact assessment, not just the financial aspect. He said that Sofia has "certain reservations, but again we have never said there is a final decision to let it go."

After it took office in July 2009, the government of Prime Minister Boyko Borisov, under US pressure, made it clear it was going to reconsider the Bulgaria's participation in the three Russian-backed projects – South Stream gas pipeline, Belene nuclear power plant, and Burgas-Alexandroupolis.

Bulgaria's stated objection to Burgas-Alexandroupolis is because of environmental concerns. "In reality, its objection has more to do with the government's wish not to increase economic ties with Russia as it looks to build stronger ties with the EU," Chris Weafer, chief strategist at Moscow's Uralsib bank, wrote in an e-mail on 6 September. He accessed that Moscow has a better chance of pushing forward with the by-pass pipeline now than at any time in the past. "The economic crisis across the EU and the solvency problems in Eastern Europe in particular, has reduced the possibility of the latter while making the former economic pragmatism," Weafer wrote. "In mid 2009, the Bulgarian delegation wouldn't have even considered coming to Moscow."

Earlier, Greek officials told that Athens really doubts that environmental safety is the real motive of Bulgaria for stalling the project. But the Bulgarian energy diplomat on 8 September said he did not expect that one EU country will challenge another EU country's decisions. "On the contrary such environmental and social impact assessment is envisioned as collaborative effort," he told New Europe. Meanwhile, Russia has also agreed to supply oil to a second Bosphorus by-pass pipeline, which has been described as the major competitor of Burgas-Alexandroupolis.

Nabucco to receive 4 bln euro loan, be functional by 2015

Today's Zaman, *08.09.2010*

Three leading international financial institutions are preparing to loan a potential 4 billion euros to the Nabucco pipeline project.

Officials from the European Union, the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) met in Brussels where they signed a letter of authorization for the large loans. According to the agreement secured on Monday, the EIB, the EBRD and the IFC will provide loans to the project of up to 2 billion euros, 1.2 billion euros and 800 million euros, respectively.

Speaking at a press conference held in the EU administrative center following a ceremony to formalize the signing, Reinhard Mitschek, managing director of Nabucco Gas Pipeline International, said an important step had been taken. He added that he expected the loans to be approved next year and that he hoped the pipeline would be able to carry 18 bcm of Azerbaijani and Iraqi natural gas to Europe by late 2014 or early 2015.

Additional supplies from producer countries in the region, including Turkmenistan and Egypt, could also be transported in later years, Nabucco's top executive Mitschek also said. Also speaking to reporters, BOTAS General Director Fazil Senel elaborated on the significance of Monday's agreement and on the project's possible benefits to Turkey. He said Turkey was one of the masterminds of the Nabucco pipeline, also known as the Turkey-Austria gas pipeline.

"We are supporting every step necessary for the project's completion. Today's signatures provide proof of the contributions these three important financial institutions will make. It is an important step for the realization of the project. Seventy-five percent of the Nabucco pipeline will be on Turkish soil and it will make substantial contributions to the places it passes through. Our producers, industrialists and our people will benefit from the project," he said.

Gazprom revises up 2010 gas project investments to $29 billion

Platts (Nadia Rodova), *10.09.2010*

The board of Russia's Gazprom has revised up the company's investment program for 2010 to Rb905.23 billion ($29.32 billion), a nearly 13% rise from Rb802.4 billion approved in November 2009, the gas giant said late Thursday.

"The adjustment of the 2010 investment program was stipulated by a need to increase investments in key projects, in particular in the sphere of gas transportation and establishing new gas [production] centers in Russia's Far East," the company said in a statement.

The increase in the investment program indicates that Gazprom had recovered from the economic crisis despite that fact that gas demand is expected to return to pre-crisis level no sooner than in 2012, analysts with Finam investment company said in a note. "We view the increase in the investment program as a positive signal. It shows the company's recovery from the crisis and can help to renew earlier frozen projects," they said. They added that Gazprom's debt-to-capital ratio has reduced to 17% in 2010, a bit below an industry average, while the figure was as high as 29% last year.

Gazprom said it has increased investments in the development of the Kirinsky gas field offshore Sakhalin Island in Russia's Far East andZapolyarnoye gas field as well as in the projects to compensate for a decline in gas production at existing fields. According to the draft of the revised investment program for 2010, capital expenditure is set at Rb751.84 billion, up 13.3% from the previously planned Rb663.56 billion, including capital construction spending at Rb740.5 billion, Gazprom said.

Long-term financial investments are now set at Rb153.39 billion, up 10.5%, mainly on the construction of the North Stream gas pipeline acrossthe Baltic Sea to northern Europe, the South Stream gas pipeline across the Black Sea to southern Europe as well as work in Libya and Algeria. Drafts of the updated investment program as well as the budget for 2010 have been submitted to Gazprom's board of directors for final approval.

The company's amended budget for 2010 envisages a cut in total expenditure to Rb3.64 trillion, down 4% from the previous Rb3.79 trillion, Gazprom said. Liabilities, expenses and investments will amount to Rb3.78 trillion, a cut of Rb95.6 billion. Borrowings are remain unchanged at Rb90 billion. "The adjustment of the budget was stipulated by changes in volumes and prices of gas sales as well as macro-economic parameters," the company said without elaborating.

In the upstream, development of the Bovanenkovo gas field on the northern Yamal Peninsula and Shtokman in the Barents Sea remain a priority for the company, Gazprom said. Gazprom aims to launch gas production from Bovanenkovo, which is the biggest gas field in Yamal with reserves estimated at 4.9 trillion cubic meters, in late 2012. Production at Shtokman was postponed earlier this year to 2016 from the initially planned 2013 for natural gas production and to 2017 from 2014 for LNG production.

Among other priority projects are plans “to pre-develop the Apt-Albian deposits of the Nyda area of the Medvezhye gas and condensate field, the Zapadno-Pestsovaya area of the Urengoy oil, gas and condensate field, the Yamburg gas and condensate field including the Kharvutinskaya area, as well as the Zapolyarnoye, Urengoy and other fields,” Gazprom said. In East Siberia, funds are allocated for pre-development of the Kshukskoye and Nizhne-Kvakchikskoye fields, among other projects.

Azerbaijan seeks price agreement with Iran to boost gas supply

Hürriyet Daily News (Bloomberg), *16.09.2010*

Azerbaijan will be ready to boost supplies to Iran to 1 bcm a year once a pricing agreement is reached, an Azerbaijani Energy Ministry official said.

The country now ships about 1.2 million cubic meters of gas a day to Iran in swap deals, Eldar Shiriyev, deputy head of the oil and gas department at Azerbaijan’s Industry and Energy Ministry, said Wednesday. Azerbaijan, which plans to boost gas output 10 percent next year, is seeking to increase exports to tap growing demand as production from fields elsewhere decline. Gazprom last week agreed to double purchases of the fuel from Azerbaijan next year.

The nation plans to increase gas production to 30 bcm next year from 27 bcm this year, Kamal Abbasov, head of gas marketing for Socar, told. The expansion of the Shah Deniz gas development in Azerbaijan and other deposits will raise the country’s output to 55 bcm in 2020, he said. Shiriyev said Syria also seeks 1 bcm of Azeri gas a year, which can be exported via Turkey. It’s also a question of price, he said.

Russia and Canada in rivalry over Arctic resources

Today's Zaman (AP), *17.09.2010*

The foreign ministers of Russia and Canada both said they expect the United Nations to rule in favor of their nations' respective rival claims to Arctic resources. Russia, the US, Canada, Denmark and Norway have all been trying to assert jurisdiction over parts of the Arctic, which is believed to contain as much as a quarter of the Earth's undiscovered oil and gas.

Canada's Lawrence Cannon and Russia's Sergey Lavrov said that both nations claim the Lomonosov Ridge under the Arctic as an extension of their respective continental shelves.

The dispute has intensified amid growing evidence that global warming is shrinking polar ice, opening up new shipping lanes and new resource development opportunities. "We will submit our data on the Lomonosov Ridge and we are confident that our case will prevail backed by scientific evidence," Cannon said at a news conference after the talks.

Lavrov said Russia also is working to submit additional data that will persuade the UN of the validity of Moscow's claim. "They should provide a scientific proof that it's an extension of our continental shelf," he said. Moscow first submitted its claim in 2001 to the United Nations, but it was sent back for lack of evidence. Russia then dramatically staked its claim to the region by dropping a canister containing the Russian flag on the ocean floor from a small submarine at the North Pole in 2007.

An Arctic strategy paper signed by Russian President Dmitry Medvedev in 2008 said that by 2011 Russia must complete geological studies to prove its claim to Arctic resources and win international recognition of its Arctic borders. The document said that the polar region must become Russia's "top strategic resource base" by the year 2020. Lavrov said that a United Nations commission is to rule based on the available evidence.

"Everything must be based on scientifically proven facts that the commission will consider and decide who was right," Lavrov said. Lavrov said an agreement signed Wednesday by Russia and Norway to delineate their border in the energy-rich Barents Sea set an example for settling conflicting claims.

Russia and Norway sign Arctic border agreement

Rigzone (Dow Jones Newswires), *15.09.2010*

Russian and Norwegian leaders signed an accord Wednesday delineating the two countries' maritime border, ending a 40-year dispute over a region believed to contain vast oil and gas reserves.

The agreement was signed by Russian President Dmitry Medvedev and Norwegian Prime Minister Jens Stoltenberg during a televised ceremony in Russia's northern city of Murmansk, a Barents Sea port. "The establishment of clear borders of jurisdiction in the region where our interests intersect is doubtless very significant and a very important step forward," Medvedev said.

The deal will allow both Norway and Russia to chart the maritime depths of the ocean with the aim of discovering potential oil and natural gas. "I hope this accord will be able to strengthen the potential of our cooperation in the energy sphere," Medvedev said. "Primarily it is of course (about) energy, because unregulated questions of territorial demarcation and the delineation of the maritime space have not allowed us to carry out major energy projects."

The deal regulates energy resources in the region, requiring the two countries to jointly develop oil and gas deposits that cross over the borderline. The agreement will "effectively remove possible disagreements over the distribution of hydrocarbon resources," the Kremlin said in a statement. It also regulates fishing rights and "objectively narrows the likelihood of conflict situations in this sphere," the Kremlin said.

Since 1970 Norway has been in dispute with first the Soviet Union and then Russia over a 176,000-square-kilometer (67,950-square-mile) maritime area straddling their economic zones in the Barents Sea and the Arctic Ocean. Medvedev and Stoltenberg struck the deal in Oslo in April, agreeing a compromise in which the contested zone was to be divided almost equally between the two countries.

Canada, Denmark, Norway, Russia and the United States are at odds over how to divvy up the Arctic seabed, thought to hold 90 billion barrels of oil and 30% of the world's undiscovered gas resources, according to the U.S. Geological Survey.

Russia would need to spend seven to 10 years on prospecting and studying the Arctic shelf before beginning development of oil and gas deposits, Natural Resources Minister Yury Trutnev said in Murmansk, the RIA Novosti news agency reported. "The most optimistic time scale (to begin development) is 10-15 years," Trutnev said.

64% of new power to be renewable over next decade

EurActiv, *16.09.2010*

Renewable energy is set to make up nearly two-thirds of new electricity generation capacity installed in the EU over the next decade, according to new estimates by the European Commission.

The EU executive's update on its energy trends to 2030 report, published without any public announcement, projects that renewable electricity will account for 64% of new electricity generation capacity installed over the next decade up to 2020. Gas will make up 7%, coal 12%, nuclear 4% and oil 3%.

The new figures take into account the dramatic change in the economic context since the last 2007 scenario, as energy-intensive industries have had to deal with production drops while new legislation has been passed to encourage the deployment of renewable energies and energy-efficient technologies, it said. As a result, the EU's more ambitious scenario, which also reflects the agreed legally-binding targets on greenhouse gas emissions reduction and renewables, predicts that renewables will make up 36.1% of total electricity generation in 2030.

The Commission expects wind, including both onshore and offshore, to dominate the renewables market both in 2020 and 2030, followed by hydro power and biomass. As renewables conquer ground, fossil fuel generation contracts significantly. The market share for gas decreases to 17.8%, while coal and other solid fuels decrease to 21.1% of total electricity generation in 2030, the Commission says. While the share of nuclear power falls considerably, its production volumes are set to remain at current levels as some member states build new plants while others decommission them, either due to ageing or a phase-out, the report states.

The wind industry dismissed the estimates for new wind power in 2030 as unrealistic. Despite nearly doubling its expectations to 280 GW compared to its 2008 scenario, they were still far below the 400 GW that the industry itself expects to reach. The European Wind Energy Association (EWEA) took issue with the Commission's assumption that new wind power investments would slow from an annual average of 13.6 GW in the decade up to 2020 to 5.8 GW in the following decade.

"I find it unrealistic that after 20 years there would suddenly be a dramatic decline in wind power investments, especially given the new scenario's high expectations for offshore wind energy up to 2020," said Christian Kjaer, EWEA's chief executive officer.

PetroChina seeks bids for Iraq's Halfaya oil project

Rigzone (Dow Jones Newswires), *07.09.2010*

PetroChina has started issuing tenders for a multibillion project to develop Iraq's giant untapped Halfaya oil field in southern Iraq, Iraqi oil sources said Tuesday.

The first tender is an engineering, procurement and construction contract to build an oil storage and filling station, a person familiar with the project told Dow Jones Newswires. The other tenders call for the building acidizing stimulation service system, as well as the supply of dual-fuel generators, complete defense system, Toyota Land Cruiser and pickup cars. The company set September 26 and 27 deadlines for receiving bids for some of these tenders.

In December, a consortium led by PetroChina Co. won the right to develop the Halfaya oil field in Iraq under a 20-year contract in Baghdad. PetroChina has a 37.5% stake, while Total of France and Malaysia's Petronas have 18.75%. Iraq's state-owned Missan Oil Company holds the remaining 25%. PetroChina Co. said previously that it aims to boost production at the field to 535,000 barrels a day, from 3,100 barrels. Halfaya, one of Iraq's giant oil fields, has proven crude oil reserves of more than 4.1 billion barrels.

Announcements & Reports

► *EMRA Petroleum Market Report (January – June 2010)*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/yayin_rapor/petrol/2010/2010illkAltiAylik.pdf

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► *Announcement Regarding the Implementation of Storage Tariffs of LNG Facilities*

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Weblink : http://www.epdk.org.tr/duyuru/lpg/acil/lpgtarife.doc

► *Tables Forming Basis to 2011 Tariffs*

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Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMRSeptember2010.pdf

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