GAS

BOTAS to give Nabucco nod to RWE

Date : 06.12.2007
Source : Upstream Online
http://www.upstreamonline.com/live/article145394.ece

BOTAS is expected to approve German utility RWE as the sixth partner for the Nabucco project, a senior official at Turkey's Energy Ministry said. Yesterday, Romanian partner Transgaz said four of the five companies backing the project had given their approval for RWE to join and they were only waiting for Turkey's go-ahead.

The long-delayed gas pipeline project, worth about €4.6 billion ($6.7 billion), has been further held up as BOTAS selects a third board member, which it must do before it can officially approve a sixth Nabucco partner. A third member is expected to be selected shortly and RWE would be approved immediately afterwards. *"Turkey's approval of RWE will not be put off until 2008 and this approval is expected to go through by the end of December,"* the official told Reuters.

The consortium made up of Austria's OMV, Hungary's MOL, Bulgaria's Bulgargaz, Romania's Transgaz and Turkey's BOTAS is still trying to find gas for the 31 billion cubic metre pipeline. Bringing RWE on board as a sixth partner will also help move along other aspects of the pipeline, the official said, without giving details. *"The approval of RWE as a partner will also facilitate other necessary work related to the pipeline,"* he said.

Although only gas from Azerbaijan has been secured so far, Nabucco players also see Kazakhstan, Turkmenistan, Iran, Egypt and even Iraq as possible suppliers for the pipeline. The consortium has long been in discussions with both RWE and Gaz de France to select a sixth partner for the project.

OIL

Injaz expects to close Petkim deal next month

Date : 07.12.2007
Source : Turkish Daily News (Bloomberg)
http://www.turkishdailynews.com.tr/article.php?enewsid=90638

Injaz Projects Company Ltd., the Saudi Arabia-based developer that's part of a group buying chemical maker Pektim for $2.04 billion, said it expects to close the deal next month. Injaz is 'optimistic' the acquisition will close at the end of January, Ameen Killidar, CEO, said.

"Turkey's petrochemical sector could be worth as much as $12 billion annually by 2015, so we are keen to get into the market now." Turkey's asset-sales agency on Nov. 22 said it approved Petkim's sale to Injaz with partners Turcas Petroleum and State Oil Co. of the Azerbaijan Republic.

Turkey in October chose the Injaz-led group to get a 51 percent Petkim stake, even though rival Russian-Kazakh group TransCentralAsia made a higher bid. Turcas and Socar in July won approval to build a $4 billion oil refinery at Turkey's Ceyhan port to process crude arriving from Azerbaijan. Turcas holds a 25 percent stake in the bidding group and Socar 26 percent. The remaining 49 percent is owned by Injaz, Turcas has said.

GAS

Russia, Turkmenistan hasten Caspian Gas Pipeline work

Date : 03.12.2007
Source : Oil & Gas Journal (Eric Watkins)
http://www.ogj.com/display_article/313597/120/ARTCL/none/Trasp/1/Russia,-Turkmenistan-hasten-Caspian-pipeline-work/

Russia and Turkmenistan have agreed to accelerate development of the proposed Caspian Gas Pipeline project following talks between OAO Gazprom Chief Executive Officer Alexei Miller, Turkmen President Gurbanguly Berdymukhammedov, and Deputy Prime Minister Tachberdy Tagyyev.

"Turkmenistan can start the implementation of the project earlier than it was initially scheduled," said Berdymukhammedov, referring to a declaration on the construction of pipeline signed May 12 by the Russian, Kazakh, and Turkmen presidents. On completion in 2012, the pipeline will extend 510 km along the coast of the Caspian Sea—360 km via Turkmenistan and another 150 km through Kazakhstan—and connect with the existing Central Asia-Center gas pipeline network on the Russian-Kazakh border.

The decision to accelerate construction of the line followed reports that Gazprom on Nov. 27 signed a contract amendment for the supply of gas from Turkmenistan. Under the amendment, the price of gas in first half 2008 will be $130/1,000 cu m and will rise to $150 in the second half. Starting Jan. 1, 2008, the rate will be determined by a price formula based on market principles. Earlier Russia and Turkmenistan had agreed on $100/1,000 cu m for the period ending in 2009.

"The price formula that will come into force in 2009 will define the price of supplies under a long-term contract up to 2028," said Gazprom's Miller. *"The Turkmen side expressed the readiness to increase the volume of gas supply to Gazprom, compared with the volume of the current year."* Following the announced price increase, Viktor Chernomyrdin, Russia's ambassador to Ukraine, said the increase will be passed on to customers in that country, the main recipient of Turkmen gas via Russia. *"Naturally, the gas price for Ukraine will also be changed. We do not know yet what price they agreed upon,"* said Chernomyrdin, who expressed surprise at the new rate.

GAS

Turkey puts gas pipeline plan on Ashgabat table

Date **:** 06.12.2007
Source **:** Upstream Online
http://www.upstreamonline.com/live/article145396.ece

Turkey has offered to revive the idea of building a pipeline to deliver gas from Turkmenistan via Iran, Turkish Energy Minister Hilmi Guler said today. Guler said Turkish President Abdullah Gul made the offer during talks with Turkmen President Kurbanguly Berdymukhamedov in the Turkmen capital, Ashgabat.

"They are going to discuss the project to build a Turkmenistan-Iran-Turkey gas pipeline with capacity of 16 billion cubic metres per year," Guler, who is travelling with Gul's delegation, told Reuters. Turkish government sources told Reuters yesterday that Ankara also planned to propose a joint venture with Turkmenistan to operate the ex-Soviet state's abundant natural gas and oilfields.

Turkmenistan, which currently exports most of its gas through Russia, is also working on a separate pipeline to China. Some analysts have questioned the country's ability to go ahead with so many projects at once, but Turkmenistan says it has enough gas reserves for everyone.

OIL

OPEC

OPEC to keep production steady

Date **:** 06.12.2007
Source **:** Today's Zaman (AP)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=128754

OPEC decided Wednesday to keep output ceilings steady for now, in a move that briefly propelled crude prices above $90. But plans to meet again Feb. 1 for a review of that decision were expected to keep price swings relatively restrained at least until that gathering reaches a decision.

The decision by the 13-nation Organization of Petroleum Exporting Countries appeared to reflect OPEC concerns that it would be counterproductive to raise overall production quotas at a time when prices have retreated about 10 percent from recent record highs. It also seemed to suggest that OPEC now views prices near or above $90 as acceptable.

A final communique from OPEC's oil ministers' meeting in Abu Dhabi said the group would leave output unchanged for the time being, because the world was 'well supplied' and crude reserves at comfortable levels. *"We have enough stocks in the market. There is no reason for prices to go (to) $100 a barrel,"* OPEC Secretary-General Abdalla Salem el-Badri said.

OIL

Syria 2008 oil output to fall to 360,000 b/d

Date : 03.12.2007
Source : Rigzone (Dow Jones)
http://www.rigzone.com/news/article.asp?a_id=53533

Syria's oil production is expected to drop by as much as 20,000 barrels a day to a daily output level of 360,000 barrels a day in 2008, the country's oil minister said Saturday. *"We are producing 380,000 barrels a day now. This will fall to 360,000-365,000 barrels a day next year,"* Sufian Al Alao told in an interview in Doha.

Syria hopes to stem the decline at its oil fields with the award of new exploration and production deals to international oil firms. Bids were submitted Nov. 29 under the country's latest offshore concession round, Al Alao said. *"DNO, Petro Canada and Anazon are among the bidders,"* he said, adding that contract awards are due within three months. Separate contract awards for onshore concessions that were tendered earlier in the year are due to be announced within three weeks, Al Alao said.

Speaking on the sidelines of an Organization of Arab Petroleum Exporting Countries, or OAPEC, meeting in Qatar's capital, Al Alao said Syria was also going ahead with plans for three new refineries. Syria hopes to conclude talks with China National Petroleum Corp., or CNPC, for a 100,000-barrel a day refinery at Deir Ezzor in eastern Syria by year-end, according to Al Alao. *"The refinery will be 85% owned by CNPC,"* the minister said.

Plans are also proceeding on another refinery at Deir Ezzor, which is set to be developed jointly with Kuwait's Noor Investment Group, Al Alao said. The Kuwaiti firm is presently undertaking a feasibility study with Wood MacKenzie into the 140,000-barrel-a-day facility, 51% of which may be offered to the private sector, he added.

In October, Syria signed a contract with Iran, Venezuela and Malaysia to build a third refinery, an estimated $2.6 billion plant, in central Syria, which will have capacity to process 140,000 barrels a day of crude, Al Alao said. The project will be financed by each country according to its share. Venezuela will own 33%, Iran and Malaysia will hold 26% each, while Syria will own 15%, Al Alao said. Syria is moving ahead with its refinery plans in attempt to reduce its dependence on imports for refined products such as gasoline.

At the same time, the country is pushing ahead with plans to boost gas output with the construction of three gas treatment plants, Al Alao said. The facilities, to be completed by 2010, are set to increase gas output by 15 million cubic meters a day to 37 million cubic meters a day. Gas demand in Syria is rising amid a growing population, increased industrial requirements and the need to inject gas into oil fields to maintain or boost output.

GAS

EU energy liberalisation plans run into opposition

Date : 03.12.2007
Source : EUObserver (Renata Goldirova)
http://euobserver.com/9/25260

A group of nine EU states is continuing to oppose the new energy liberalisation rules recently drafted by the European Commission. *"It was a quite intensive council"*, said EU energy commissioner Andris Piebalgs, after all energy ministers had discussed a report on where member states stood on the controversial issue.

Austria, Bulgaria, Cyprus, France, Germany, Greece, Latvia, Luxembourg and Slovakia are firmly against the core of Brussels proposal, known as full ownership unbundling. This means splitting up energy firms' production and transmission wings. The same group of countries has also been reluctant to give the green light to an alternative scenario which would see the setting up of an independent system operator (ISO).

Under this proposal, big energy companies would hand managing control over transmission networks to an entirely separate operator, but retain ownership of their network assets. According to the report - seen by EUobserver - the group of nine states *"questions the proportionality of the proposed provisions for ownership unbundling or ISO that they see as infringing property rights"*.

"They call for the acceptance of another alternative ensuring a more effective unbundling without interfering with property rights and in line with the European Council conclusions", the paper continues. Berlin and Paris - home to energy giants EDF and E.ON, which both supply energy and control transmission networks - have already been working on the third alternative, one EU diplomat said. This is expected to be tabled in early 2008.

"No one's going to invest in a grid he's going to sell in the near future", Joachim Wuermeling from German ministry of economy was cited as saying by Reuters, adding *"why are we so willing to take this risk? Do we want to stop people from investing in the grids at the very time when we need a high level of investment?"*

Mr Piebalgs, for his part, said that he was 'ready to discuss with those who still have doubts'. But he added that any alternative should bring a 'real structural change similar to that proposed by the European Commission'.

The EU's executive body is hoping for a broad political agreement between all three institutions - the commission, the parliament and the council, representing the member states - by the end of Slovenian EU presidency in June.

"The commission has no intention of withdrawing the proposal", commissioner Piebalgs said of Brussels' flagship draft legislation. The asset break-up is seen in Brussels as key to introducing competition and cutting prices in the energy sector, as control of both supply and transmission makes it harder for new companies to enter into the market.

OIL

Astana lays down Kashagan terms

Date : 07.12.2007
Source : Upstream Online
http://www.upstreamonline.com/live/article145606.ece

Kazakhstan will demand either cash compensation or a bigger state stake in the AgipKCO consortium developing Kashagan, but Eni will stay in place as the field's operator, Kazakh President Nursultan Nazarbayev said this morning.

The country has accused AgipKCO of various violations, including environmental damage, and has blamed its management for allowing costs to spiral and delaying the start of production. *"Our government is holding talks with everyone to achieve a solution and come to an agreement peacefully,"* Nazarbayev told Reuters. *"We are not talking about abandoning the contract... There is no discussion about changing the operator,"* he added.

"There are different ways (of settling) the matter: either (paying) the sum we have set ... or Kazakhstan raises its participation... We will solve this matter in a way all sides can be happy," he added. A source close to the talks told the news agency last week that Kazakhstan was seeking more than $7 billion in compensation for the delays.

The Kashagan field is at the heart of Kazakhstan's ambition to triple oil output by 2017. It is now due to start pumping oil in 2010, instead of the original 2005 target. The dispute has been escalating for several months and talks hit a snag last week after Kazakhstan said ExxonMobil was against a settlement plan. Operator Eni, Shell and ExxonMobil have 18.52% in Kashagan each. Smaller stakes belong to ConocoPhillips, with 9.26%, and Japan's Inpex, with 8.33%. Kazakhstan has suggested the consortium members cut their shareholdings and significantly raise state oil company KazMunaiGaz' 8.3% stake in Kashagan.

GAS

LNG Summit: LNG key to meeting world demand to 2030

Date : 04.12.2007
Source : Oil & Gas Journal (Warren R.True)
http://www.ogj.com/display_article/313746/120/ARTCL/none/GenIn/1/LNG-Summit:-LNG-key-to-meeting-world-demand-to-2030/

LNG will lead pipeline supply as natural gas leads other forms of energy to meet growing global demand through 2030, according to Tom Cordano, President of ExxonMobil LNG Market Development. Cordano presented ExxonMobil's view of global energy to attendees of the 8th LNG Summit in Rome on Dec. 4.

World energy demand during 2005-30 will rise by 1.3%/year, or by about 120 million boe/d. Natural gas will increase at about 1.7%/year and faster than either coal or oil.

For natural gas, this is a slower than the 2.4%/year evident over 1985-2005. Asia and the Middle East lead the rest of the world's regions in that growth. While natural gas demand in Asia will continue to see the generally the same markets—Japan and South Korea especially—driving demand as in recent years, both North America (less Mexico) and Europe will see major advances in demand for pipeline and LNG-supplied natural gas.

North America, said Cordano, will see ‘rapid decline in supplies’ of domestically produced natural gas. Europe is seeing a ‘rapid deterioration in existing supplies from Russia and the North Sea.’ And, whereas in the past Europe was a relatively small player in natural gas demand, he said, it is becoming a major player.

So far as LNG is concerned in the global market, it will reach demand of about 500 million tonnes/year balanced among Asia, North America, and Europe in 2030 from a supply of a bit more than 100 million tonnes/year in 2005, with Asia dominating with about 75% of that amount.

Driving the growth of LNG, said Cordano, have been technology advances in each part of the LNG value chain: larger, more efficient trains; larger, more efficient LNG carriers; and larger designs of terminals.

But working against this growth in recent years have been rapidly rising costs of material and labor. Citing the Cambridge Energy Research Associates, Cordano noted the fly-up in project costs of nearly 80% 2004-07.

PETFORM ANNOUNCEMENTS & REPORTS

Law on Establishment and Operation of Nuclear Power Plants and Energy Sales

Source : EMRA
Weblink : http://www.epdk.org.tr/mevzuat/diger/nukleer/5710.htm

Russia Oil & Gas Report

Source : World Trade Executive
Weblink : http://www.wtexecutive.com/cms/content.jsp?id=com.tms.cms.section.Section_bookstore_russiaoilgas

Kazakhstan Oil & Gas Report

Source : World Trade Executive
Weblink : http://www.wtexecutive.com/cmspreview/content.jsp?id=com.tms.cms.section.Section_bookstore_kazakhstanoilgas

PETFORM

UPCOMING EVENTS

6th Annual Gas Storage Outlook

Date : January 16 – 17, 2008
Place : Houston – USA
Website : http://www.platts.com/Events/2008/pc806/
Contact : James Gillies (781 – 430 – 21 10)

2nd Annual European Gas Storage

Date : February 11 – 12, 2008
Place : Budapest – Hungary
Website : http://www.platts.com/Events/2008/pc862/
Contact : Sophie Adams (+44 (0) 20 7176 66 58)

GEO 2008 – 8th Middle East Geosciences Conference

GEO 2008

Date : March 3 – 5, 2008
Place : Bahrain – Bahrain
Website : http://www.aeminfo.com.bh/Geo2008/
Contact : Fawzi Al Shehabi (+973 17 55 00 33)

Petrotech 2008 – 6th Middle East Refining & Petrochemicals Conference

Middle East Petrotech 2008

Date : May 25 – 28, 2008
Place : Bahrain – Bahrain
Website : http://www.mepetrotech.com/
Contact : Fawzi Al Shehabi (+973 17 55 00 33)