Oil & Gas Bulletin

► *18.02.2011*

Three killed in explosion at Turkish oil field

Hürriyet Daily News (AA), *17.02.2011*

Three people died Thursday in an explosion in a natural gas production well in the southeastern province of Batman's Kozluk district. News agencies reported the explosion was caused by trapped gas in the Southern Selmo Natural Gas Well, which belongs to the Turkish Petroleum Corporation, or TPAO, the country's largest state oil and natural gas corporation.

Sabahattin Sönük, Ibrahim Celik and Hasan Hüseyin Demir died immediately. Meanwhile, the fire that broke out after the explosion was extinguished by fire teams belonging to the Kozluk and Batman metropolitan municipalities.

The Batman regional gendarmerie commander, Gen. Vahdettin Bereceli, Police Chief Hasan Ali Bilim and Gov. Ahmet Turhan went to the explosion site to begin inspections. The governor received information on the explosion from TPAO Regional Director Süleyman Calik. Due to fears of other possible explosions in the facilities, strict security measures were taken in the area and health teams were brought to the site.

RWE to invest 900 million euros in East Europe, Turkey

Hürriyet Daily News (Bloomberg), *17.02.2011*

RWE, the German power generator and distributor, plans to invest 900 million euros in Central and Eastern Europe including Turkey by 2013, said Andreas Radmacher, chief executive of the company's Turkey unit.

The figure includes 500 million euros RWE is spending for its first investment in Denizli, Turkey to build a 775-megawatt gas-fired power plant with Istanbul-based Turcas Petrol, which is envisaged to come on stream at the end of 2012, Radmacher said at a news conference in Istanbul Wednesday. RWE has 70 percent stake and Turcas 30 percent in the joint venture, he said.

"Turkey is not only a bridge between energy producing Caspian and consumers in Europe but also it itself is a growth market," Radmacher said. "We are open to other partnerships because our partnership with Turcas isn't exclusive," he said.

Essen, Germany-based RWE will also start an electricity sales business in Turkey 'soon', Radmacher said. Plans to build an imported coal-fired power plant with Turcas at the site of Petkim Petrokimya Holding AS, Turkey's biggest petrochemicals manufacturer part owned by Turcas in western Izmir, is still under consideration, Radmacher said. RWE, the second largest utility in Germany, is also interested to expand investments with Turcas or other partners in power plants running on coal, gas or hydro resources, Radmacher said.

Turkey's asset sales agency will start announcing auctions to sell power plants which have a total capacity of 16,000 megawatts, head of the agency Ahmet Aksu said on Jan. 13. The first power plant to be sold is a 1,120 megawatt gas-fired plant at Hamitabat in northwestern Thrace region, he said. RWE will "absolutely look into the state asset sales," Radmacher said. The company may also buy privately held power plants in Turkey should there be opportunities, he said.

Turkey mulls merging two major natural gas pipelines

Today's Zaman, *18.02.2011*

Energy and Natural Resources Minister Taner Yildiz has said parties involved in the Nabucco Pipeline Project and its smaller Italian rival ITGI are having talks regarding the merger of the two strategic gas pipelines.

Yildiz received Richard Morningstar, special envoy of the United States secretary of state for Eurasian energy, on Thursday in his office. Yildiz said they assessed current energy developments in the Eurasian region and the world. During a press conference after the meeting with Morningstar, Yildiz touched upon the recent issue of the two major natural gas pipeline projects being integrated.

"Representatives from both parties (Nabucco and ITGI) had several talks. Both views were espoused that a merger could take place and that it would be better to keep it as is. Whether a merger takes place or not, we believe Turkey could contribute to the European Union's natural gas security. Again, in both cases, Turkey will play an active role in this issue," Yildiz said. Morningstar also said the US supports the integration of the Nabucco and ITGI natural gas pipelines, adding that he also participated in other talks on the merger issue. "But the final decision will be made by the consortiums," he said. According to Reuters, industry and EU sources said European Union officials are also pushing for a merger of the two strategic natural gas pipeline projects to help secure the supply from Azerbaijan to Europe.

Iraq to hold new exploration bid round

Rigzone (Dow Jones Newswires), *15.02.2011*

The Iraqi government plans to hold a new oil and gas licensing auction later this year as it seeks a major push to increase oil output and to capture natural gas for electricity generation, a senior Iraqi oil official said.

Iraq has held three bidding rounds in the last few years to auction off 15 of the country's most prized oil and gas fields. However, the oil-rich nation's proven reserves, estimated at 143 billion barrels, could fall sharply within a few years if the country doesn't get serious now about exploring for more oil, said Abdul Mahdy al-Ameedi, head of the country's petroleum contracts office, an oil ministry affiliate.

The Iraqi central government has begun 'serious preparations' to hold a fourth bidding round in the final quarter of the year, Ameedi told. Iraq also needs to boost its gas production and build more gas-fired power plants to increase its power output, currently at 6,500 megawatts, which is less than half the country's needs, he said. Officials said Iraq could increase oil output up to 8 million barrels a day in 2018, though oil analysts say that target would take longer to achieve. Ameedi said oil output from three major oil fields being developed by some of the world's majors would increase output by nearly 500,000 barrels a day by the end of this year, bringing total output to 3 million barrels a day.

BP has increased output at Rumaila oil field to 1.275 million barrels a day from 1.06 million barrels a day and is expected to grow output further to 1.3 million barrels a day in 2011, he said. Italy-based Eni has boosted output at Zubair to 270,000 barrels a day from 148,000 barrels a day and has plans to reach 300,000 barrels a day this year. Exxon Mobil is expected to increase output at West Qurna-1 in April to 280,000 barrels a day from current output of 230,000 barrels a day, Ameedi said.

Ameedi said the ministry wants to offer 12 exploration blocks in this latest auction. "The number could be more, or less," he said. The ministry will also prequalify international firms that were unsuccessful in previous bidding rounds. "We will ask prequalified companies that didn't win contracts in the previous bidding rounds to update their legal and financial data," he said. Those companies would need to submit additional data, including programs on health and work hazards, as well as training.

Iraq prequalified some 48 international companies to take part in the three previous auctions, but less than half of them won deals in Iraq. The exploration blocks will be covering areas in western, northern, and southern Iraq, Ameedi said. "We are gathering information about these blocks in order to include them in the data package that we will hand to interested companies." Although international companies would prefer production-sharing contracts for exploration blocks, Ameedi said the deals would be based on a service contract. But it would be slightly different from the 20-year service contract offered in the previous three bidding rounds.

EU pushes pipeline merger in Southern gas corridor

EurActiv, *18.02.2011*

EU officials are pushing for a merger of two strategic pipeline projects to help secure gas supplies from Azerbaijan to Europe. The European Commission later confirmed it was encouraging projects in the 'Southern Gas Corridor' to cooperate.

Officials at the European Commission are urging ITGI and Nabucco to enter into talks about merging their operations. One option is to start off with the low-cost ITGI pipeline plan, estimated to cost €2.5 billion compared to Nabucco's €7.9 billion price tag, and then expand at a later date, one industry source told on condition of anonymity.

That implies down scaling the project - with only a low level of gas imports at the beginning - but the parties are also mulling ways to increase the size of a planned pipeline across Turkey and then share it, to keep costs down. The project might be launched in two phases: 'Southern Corridor Phase I' would carry gas to Greece and onwards to Italy; then later, 'Southern Corridor Phase II' would create a spur from the main pipeline and follow Nabucco's original planned route northwards to Austria, an industry source said.

A senior executive at ITGI shareholder Edison suggested that his project might be able to work together with Nabucco, but did not give precise details. The Trans-Adriatic Pipeline (TAP), the lowest cost option at 1.5 billion euros, is not currently involved in any possible Nabucco merger scenarios. A European Commission spokesperson admitted that the EU executive had advised the different players competing under the brand name 'Southern Gas Corridor' to "explore options for beneficial cooperation".

"The Commission would welcome any cooperation which contributes to the achievement of the objectives of the Southern Gas Corridor […] Energy Commissioner [Günther] Oettinger has been encouraging existing Southern Gas Corridor projects for stronger cooperation," the spokesperson said. But Nabucco spokesperson Chistian Dolezal denied that any discussions between Nabucco and ITGI about any potential cooperation had ever taken place within the consortium (see Positions). "Nabucco is being developed as a stand-alone pipeline and will be a crucial link between the Caspian region and Middle East region and Europe," Dolezal said. EurActiv spoke to representatives of ITGI, but they declined to comment publicly.

A spokeswoman for the TAP said that the project had always been open to cooperation and it would welcome additional shareholders. Any cooperation would have to be commercially realistic, she added. Moreover, any decision on selling an initial 10 bcm of Azeri gas to European companies would ultimately be taken by the Shah Deniz consortium, which owns the gas, she insisted.

Statoil and BP operate the Shah Deniz gas field in Azerbaijan and are the largest shareholders in the Shah Deniz consortium, each holding 25.5%. TAP's shareholders are Statoil of Norway, EGL of Switzerland and E.ON Ruhrgas of Germany. The consortium's decision will primarily be based on tariffs and the technical viability of the project, and this is where the TAP project would appear to be stronger than its competitors when viewed on a level playing field, the TAP spokeswoman added.

Turkey and Afghanistan to cooperate in energy

Today's Zaman, *18.02.2011*

Turkey and Afghanistan on Thursday signed a memorandum of understanding (MoU) concerning cooperation in energy and mineral resources, the first of its kind Afghanistan has signed with another country in the field of mining.

The agreement was signed in Ankara by Turkish Energy and Natural Resources Minister Taner Yildiz and Afghan Minister of Mines Wanidullah Shahrani. Speaking at the signing ceremony, Yildiz said the MoU aims to train Afghan officials in energy legislation and that the two countries would establish a working group on energy to seek opportunities for cooperation between the two nations.

Turkish and Afghan officials also discussed what kind of contribution Turkey could make regarding the vast mineral reserves in Afghanistan. "A structure that will enable private sector engagement in the vast mineral riches of Afghanistan will be built," Yildiz said. Shahrani said the Afghan government was willing to take advantage of Turkey's experience in the management of resources, adding that the agreement would pave the way for fresh Turkish investment in his country. Shahrani said the MoU covered both hydrocarbon reserves and mineral reserves.

"There are five major fields of hydrocarbon reserves in Afghanistan. Exploration activity was completed in two of the fields, and a total of 5 trillion cubic meters of natural gas reserves and 3.5 billion barrels of crude oil have been discovered," he said. "We will soon start a bidding process for hydrocarbon fields. I would like to invite Turkish firms to join this process," he added.

Noble Energy: Good chance of large gas find off Cyprus

Hürriyet Daily News, *16.02.2011*

Noble Energy said that seismic data indicate a strong chance of a sizable natural gas find off the southeastern coast of Cyprus. "We don't have an exact number on the amount of resources available, but the structure that we can tell from seismic data looks very favorable to be a sizable quantity," Terry Gerhart, vice president, said after talks with Greek Cypriot President Dimitris Christofias.

Gerhart said Noble Energy's confidence is boosted by its discovery of large natural gas fields in Israeli waters close to Block 12, an 800,000-acre area that Greek Cyprus licensed the U.S. firm to explore in 2007.

One of the recently discovered Israeli fields, dubbed Leviathan, contains more than 450 billion cubic meters of natural gas. "We're working very diligently to accelerate the process to get a well drilled and certainly, hopefully, start it in the fourth quarter of 2011," said Gerhart, adding that procedural delays could push the start date back to the first quarter of 2012. Noble Energy is jointly exploiting the Israeli gas fields with Israeli energy company Delek and Gerhart said Nobel would welcome working with Delek in the Cypriot fields, "if approved." Turkey last month slammed a maritime border accord between Greek Cyprus and Israel, saying it was "null and void" because it disregards the rights and jurisdiction of Turkish Cypriots on the island.

ExxonMobil pairs up for Ukraine shale

Upstream Online, *18.02.2011*

Ukraine's state-run energy company Naftogaz and ExxonMobil have signed a memorandum on cooperation to explore for shale gas deposits in Ukraine, Naftogaz said. The company said the memorandum had been signed this week and ExxonMobil would also help Ukraine to look for methane gas deposits in coal mines.

Russia's third largest oil company, TNK-BP, said last month it planned to start a shale gas exploration project in Ukraine in the first half of this year. In October, TNK-BP and the Ukrainian government signed a memorandum saying the company would explore shale gas in Donetsk region.

Gazprom chief calls shale gas a 'bubble'

Financial Times, *18.02.2011*

The surge in US 'unconventional' gas production is a 'bubble', and the country's gas prices will rise sharply in the next few years, Alexander Medvedev, deputy chief executive of Gazprom has said. Medvedev likened the shale gas boom to the internet bubble, "which first blew up enormously and then flattened itself out to some rational and logical size".

He predicted that US gas prices would reach $6-$8 per million BTU within five years, up from about $4 today. He also suggested that, unlike other international oil and gas companies from Europe and Asia, Gazprom had no interest in investing in US gasfields.

The rapid growth in US production of unconventional gas from shale and other sources that were previously uneconomic has transformed the industry, to Gazprom's disadvantage. Weak US prices have put Gazprom's hopes of exporting to the US on hold and forced it to sell about 7 per cent of its gas at prices linked to the European spot market, which for most of last year were lower than the oil-linked formula that it uses for most of its sales.

Medvedev predicted that, as with the internet bubble, many shale gas companies would be forced out of the industry. "The massive production of shale gas is impossible against a price which is below $6-$8 per million BTU," he said. "Therefore we do not see in the development of shale gas any threat to us." Futures market prices suggest that investors believe that he is overconfident about the outlook. US benchmark gas futures do not stay above $6 per million BTU until 2016-17. However, some analysts suggest that his forecast might not be too wide of the mark.

Jen Snyder of Wood Mackenzie, the consultancy, said the pressure on uneconomic gas producers to drop out of the market, and the rising price of coal, which competes with gas as a fuel for power generation, could push gas prices to $5.50-$6.50 per million BTU by the end of next year. Medvedev said investment bankers had proposed to Gazprom that it should buy US shale gas assets, but it already had much more attractive reserves in Russia.

In 2009 Gazprom predicted that it would supply 10 per cent of the US gas market by 2020, in part with deliveries of liquefied natural gas from its Shtokman project in the Arctic waters off Russia's northern coast. Mr Medvedev said he expected higher US gas prices to make that commercially viable. Shtokman is technically challenging and there have been reports in Moscow that it faces further delays following a series of postponements in recent years. However, Medvedev said Gazprom was sticking with the target of first LNG deliveries in 2017.

Gazprom cuts gas prices for some European clients

Reuters (Vladimir Soldatkin), *14.02.2011*

Gazprom said that it agreed to cut gas prices in its long-term contracts for some European clients last year on the back of sagging demand and low spot prices. A deluge of LNG in Europe over the past two years, at a time of weak demand, has often driven spot gas prices well below Gazprom's long-term contract prices, making Russian gas unattractive and unprofitable for its customers.

Gazprom did not say by how much it cut the prices, although, according to its own estimates released last week overall average prices for its gas in Europe in 2011 will be increased by some 15 percent to $352 per 1,000 cubic metres.

The company also said it agreed to include a spot price element into its long-term contracts with some European clients, while raising take-or-pay obligations on some who received concessions. Gazprom long-term contracts are subject to review every three years. The company said in its quarterly report, to Russian Accounting Standards, that it is still in talks with other European clients on potential price cuts, including Czech's RWE Transgas and Slovak dominant gas provider SPP.

It said that after talks with its exporting arm, Gazpromexport, the Russian company cut prices for Italy's Eni, and that the same agreements were reached with Austrian companies GWH Gashandel and EconGas, the leading gas trader in the country. Prices were also cut last year for Swiss EGL as well as for Sinergie Italiane and ERG. Gazprom included a spot price element in its contract with French GDF Suez. Gazprom's prices in long-term contracts with European customers are pegged to oil prices, which have recently shot above $100 per barrel to reach two year-highs. After talks in 2009, Gazprom included a spot price element in its agreement with Germany's E.ON Ruhrgas.

Exxon struggles to find new oil

The Wall Street Journal, *07.01.2011*

Exxon Mobil Corp. is struggling to find more oil. In its closely watched annual financial report released Tuesday, the company said that for every 100 barrels it has pumped out of the earth over the past decade, it has replaced only 95.

It's a conundrum shared by most of the other large Western oil-producing companies, which are finding most accessible oil fields were tapped long ago, while promising new regions are proving technologically and politically challenging. Exxon said in the report that it more than made up for the shortfall in oil by stocking up on natural gas, mostly through its acquisition of XTO Energy Inc. last year.

But the shift toward gas is troubling some investors, because gas sells for less than the equivalent amount of oil. Many observers feel the move toward gas -a trend across the oil industry- is dictated more by shrinking access to oil fields than by a strong desire to emphasize gas production. "The good old days are gone and not to be repeated," says Fadel Gheit, an analyst with Oppenheimer and Co. Bringing additional reserves from gas "is not going to give you the same punch" that oil would, he said.

Finding the equivalent, in either oil or natural gas, of a barrel in the earth for every one the company produces -a 100% reserve replacement rate- has become extraordinarily tough. Exxon boasted this was the 17th consecutive year of hitting this mark, but analysts agree that without the XTO deal, Exxon would have fallen far short this year. Investors look at these reserve figures as an important gauge of future profitability and business strength. Exxon now has more natural gas in reserve for future production than oil. And while the company has been very successful at finding or buying new natural gas, it has struggled to do the same with oil. For every 100 cubic feet of gas it has extracted it has found or bought an additional 158.

Company spokesman Alan Jeffers says the company's "focus is on resources and projects that add shareholder value." That can be accomplished by finding oil, he says, but value can also be delivered through a corporate acquisition. Exxon has become the largest U.S. company by market capitalization with a business model that stresses size and integration of assets. It has traditionally found crude oil, refined it into gasoline and other fuels and then sold these products. But the stock market has recently favored oil companies, such as ConocoPhillips, that are shedding assets to get smaller. Smaller oil and gas finds can have a material impact on slimmed down companies.

The shift toward gas -and troubles with finding oil- has emerged as a theme for the giant Western oil companies. Royal Dutch Shell PLC's chief executive said last month the European company will produce more gas than oil next year for the first time in its 104-year history.

In the past few years, new technologies have unlocked vast resources of natural gas, depressing prices in North America and raising the possibility of falling prices in other regions also. Meanwhile, growing demand from emerging economies has sent crude-oil prices up strongly since prices cratered in 2008 during the worst of the recession. Natural gas prices closed today at $3.98 per million British thermal units, down 25% from a year ago, whereas a barrel of West Texas crude is up about 9.5% over that time, closing at $84.32 in trading on the NYMEX Tuesday.

Big oil companies are having trouble cashing in on the strong prices for crude oil. They have limited ability to drill in many oil-prone regions, such as Russia and part of the Middle East, due to politics. And even in promising Iraq, where many Western companies have won contracts, much infrastructure must be rebuilt. Exxon and others have also flocked to the oil-rich sands of Northern Alberta, Canada, but digging out the oil across vast swathes of forest comes at relatively high cost and generates concerns about the environmental impact.

One place where Western oil companies have found open doors is in deep-water exploration, because state-backed oil companies in Russia, China and the Middle East have little experience drilling these tricky wells. This has given Western companies access to new opportunities, such as Exxon's recent deal with Russian oil giant OAO Rosneft to explore the Black Sea.

The hunt for oil explains why these companies are so keen to restart work in the Gulf of Mexico, after a halt imposed by the Obama administration following the Deepwater Horizon spill. Some companies also are seeking permission to drill exploratory wells above the Arctic Circle. The Arctic remains one of the few unexplored regions of the world and the region above Alaska and western Canada is believed to be oil rich.

But deep-water projects take a long time to turn from a prospect that a geologist has identified into a producing asset. Chevron Corp.'s chief executive said last week that he expects to add new barrels of oil to its reserves from "several major deep-water projects" in future years. In 2010, he warned that Chevron added only one new barrel for every four it produced.

Given the difficulties these companies are facing, some investors have begun to wonder if Exxon bought XTO last year to "mask the extent of their replacement problem," said R. Blair Thomas, chief executive of EIG Global Energy Partners, an energy asset-management firm. The market didn't like Exxon's announcement, sending the bellwether stock down 2.3% to $82.97 in 4 p.m. trading Tuesday on the New York Stock Exchange.

EU 'low-carbon roadmap' aims for 25% cuts by 2020

EurActiv, *16.02.2011*

Energy savings could slash greenhouse gas emissions by 25% by as early as 2020, according to a draft copy of the EU's long-awaited 'roadmap for moving to a low-carbon economy in 2050'. The EU's current goals for 2020 involve reducing emissions by 20% on 1990 levels, increasing the share of renewables in the bloc's energy mix by 20% and improving energy efficiency by 20%.

But in a twist to the debate over whether the economic crisis has made a 30% emissions reduction more realisable, the document says implementing the EU's stalling energy savings goals would reduce emissions by a further 5%.

"The analysis shows that the cost-efficient pathway to the necessary reduction in 2050 requires a 25% domestic reduction in 2020," the paper reads. "It also shows, however, that the EU can produce this reduction if it delivers on its existing commitment to increase energy efficiency by 20% by 2020." The document is expected to be published shortly. Commission sources say they hope that it will be presented in a package with the energy efficiency plan drawn up by the energy department at the European Commission and a white paper on transport.

The environmental group Friends of the Earth hailed the news, but with caveats. "A 25% reduction represents little more than business as usual and is a clear step-down from the proposed 30%," said the group's climate and energy campaigner, Brook Riley. EU Climate Action Commissioner Connie Hedegaard, maintains that the offer to reduce emissions by 30%, agreed by EU leaders on the condition that other big polluting countries follow suit, is wholly unrelated to the roadmap. "We're proposing new exercises, models and energy efficiency measures to liven the debate up," a Commission source told. "We're being active and stepping up our policies and plans so that we're even more ambitious. The commissioner would never diminish her commitment to the 30% target."

Nonetheless, the 25% number will inevitably be viewed in the context of Brussels horse-trading, as it sits elusively between the 20% and 30% CO_2 reduction targets. And failure to reach it will most likely be blamed on the Commission's current inability to enforce binding energy savings goals.

The roadmap document, dated 9 February 2011, is mostly a cost-analysis of the various steps needed to reach the EU's goal of reducing greenhouse gas emissions by 80-95% on 1990 levels by 2050. It sets suggested targets for emissions reductions in 2020 (25%), 2030 (40%), 2040 (60%) and 2050 (80-95%). It also offers modelling and sectoral breakdowns of the most cost-efficient 'pathways' it sees for achieving these.

A ‘major and sustained investment’ is proposed for renewable energy, smart grids, carbon capture and storage (CCS), advanced industrial processes and electrification of transport over a 40-year period. The paper predicts that the increase in spending would amount to some €270 billion annually or an additional 1.5% of EU GDP per annum – on top of the 19% of GDP which is currently invested. An additional €50 billion in research and development will also be required over the next ten years. But over a 40-year period, savings from energy efficiency and renewables are expected to net reductions in the EU’s average fuel costs of between €175 billion and €320 billion per year, depending on the extent and speed at which climate action is taken.

Significantly perhaps, the roadmap proposes that should the electrification of the transport sector prove successful, “the demand for biofuels could stay at levels not much higher than in 2020,” i.e. probably around 10% of the energy mix. This would mostly involve powering heavy duty vehicles and aviation. Carbon capture and storage would also need to be deployed “on a broad scale after 2035” at an annual cost of €10 billion. The EU’s emissions trading scheme (EU ETS) “will need to be strengthened to drive a wide range of low- carbon technologies” and to this end both a “sufficiently strong carbon price signal and long-term predictability” will be needed, the paper says. Immediately, the roadmap proposes setting aside between 500-800 million allowances in the transition between Phase Two and Phase Three of the ETS, from 2013-2020 to offset excess allowance allocations during the Phase Two period.

Armenia and Iran to build fuel pipeline

Hürriyet Daily News (AFP), *16.02.2011*

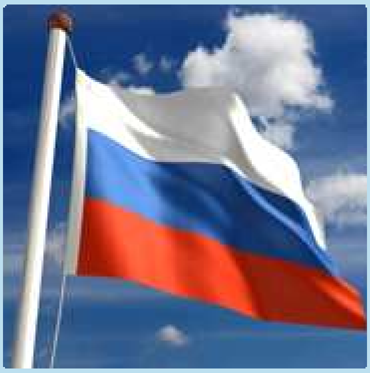
Construction will begin this year of a pipeline taking oil from Iran to Armenia, the Armenian energy minister has said. The 365-kilometer pipeline from the Iranian city of Tabriz to Eraskh in Armenia follows the opening of a gas pipeline from Iran and will provide the country with an alternative to Russian energy imports, which were disrupted by the Georgia-Russia war in 2008.

“The diversification of energy sources is a guarantee of our country’s energy security,” Minister Armen Movsisian told a news conference on Tuesday. “The pipeline will provide the country with stable fuel imports,” he said.

After the pipeline is completed in 2013, Armenia will receive 1.5 million liters of Iranian petrol and diesel fuel a day for 25 years, the minister said. Each country is to bear the cost of building its section of the pipeline, with the Armenian section expected to cost $100 million. Landlocked Armenia has been seeking alternative import routes since the 2008 war delayed fuel cargos at ports in neighboring Georgia, causing shortages in the country. Yerevan has also been cultivating closer energy links with Tehran because of an economic blockade imposed by its other neighbors, Azerbaijan and Turkey, in retaliation for Yerevan’s role in the continuing conflict over the Nagorno-Karabakh region.

Russian Finance Ministry against dropping oil tax

Upstream Online, *18.02.2011*



Russia's Finance Ministry voiced its opposition to a proposed scrapping of an oil extraction tax for new deposits, saying state coffers would suffer if a new tax measure was introduced, business daily Vedomosti said on Friday.

Russia is enjoying petrodollars as crude prices have shot above $100 per barrel, and authorities are eager to capitalise on the bonanza at the same time as oil companies are lobbying for an ease of high taxation. Russia draws unfavourable comparisons from oil companies and analysts with other major emerging market countries, such as Brazil, for its heavy tax burden on the oil industry.

The business daily Vedomosti, citing a letter from deputy finance ministry Sergei Shatalov, said the Finance Ministry did not agree with proposals outlined by the Energy Ministry to annul the mineral extraction tax for greenfields and implement a profit-based tax instead. But it supported the idea of lowering oil export duty and setting equal fees for exporting light and heavy oil products. Starting from February, Russia increased its export fee for heavy oil products and cut it for light products, to stimulate output of higher grade products. But further steps to revamp the tax system are still under discussion.

Announcements & Reports

► *PETDER Petroleum Sector Report (2010)*

Source : Turkish Petroleum Industry Association (PETDER)
Weblink : http://www.petder.org.tr/admin/my_documents/my_files/9B7_PETDERSektorRaporu2010.pdf

► *Overseas Investments by Chinese National Oil Companies*

Source : International Energy Agency
Weblink : http://www.iea.org/papers/2011/overseas_china.pdf

Upcoming Events

► *TUROGE 2011* ***(in Turkey)***

10th Turkish International Oil & Gas Conference & Showcase

Date : 16 – 17 March 2011
Place : Ankara – Turkey
Website : http://www.turoge.com/

► *International Oil & Gas Law* ***(in Turkey)***

Date : 21 – 25 March 2011
Place : Istanbul – Turkey
Website : www.rmmlf.org

► *GIOGIE 2011*

10th Georgian International Oil, Gas, Energy and Infrastructure Conference

Date : 29 – 30 March 2011
Place : Tblisi – Georgia
Website : http://www.giogie.com/2011/

► *Atyrau Oil & Gas 2011*

10th North Caspian Regional Atyrau Oil, Gas and Infrastructure Exhibition

Date : 5 – 7 April 2011
Place : Atyrau – Kazakhstan
Website : http://www.atyrauoilgas.com/2011/

► *TGC 2011*

2nd Turkmenistan Gas Congress

Date : 13 – 14 April 2011
Place : Avaza – Turkmenistan
Website : http://www.summittradeevents.com/ourevents.php

► Oil & Gas Siberia 2011

7th International Specialized Exhibition of Equipment & Technologies for Extraction, Processing and Transportation of Energy Resources

Date : 27 – 29 April 2011
Place : Novosibirsk – Russia
Website : http://petroleum.sibfair.ru/eng/

► OGU 2011

15th Uzbekistan International Oil & Gas Exhibition & Conference

Date : 17 – 19 May 2011
Place : Tashkent – Uzbekistan
Website : http://www.oguzbekistan.com/2011/

► SEA 5 2011

Algerian Energy Week

Date : 21 – 25 May 2011
Place : Oran – Algeria
Website : http://www.sea5-algeria.com/

► Caspian Oil & Gas 2011

18th Caspian International Oil & Gas Exhibition & Conference Incorporating Refining & Petrochemicals

Date : 7 – 10 June 2011
Place : Baku – Azerbaijan
Website : http://www.caspianoil-gas.com/2011/

► MIOGE 2011

11th Moscow International Oil & Gas Exhibition

Date : 21 – 24 June 2011
Place : Moscow – Russia
Website : http://www.mioge.com/2011/

► International Electricity Summit *(in Turkey)*

Date : 14 – 16 September 2011
Place : Ankara – Turkey
Website : http://www.energy-congress.com/