Oil & Gas Bulletin

▶ *11.03.2011*

Iraq – Turkey pipeline repairs to take up to 5 days

Today's Zaman (Reuters), *10.03.2011*

Repairs to the Iraq-Turkey pipeline will take up to five days after a bomb attack in Iraq's Nineveh province halted the flow of oil, a spokesman for Iraq's oil ministry said on Thursday. The pipeline, which carries a quarter of Iraq's crude exports, was shut down after the attack on Tuesday night in al-Hadhar, a district south of Mosul, 280 km north of Baghdad.

"We (the oil ministry) have put a 5-day timeframe to fix it, starting from yesterday. We are trying to shorten this time," spokesman Asim Jihad told Reuters. "Everybody knows that the oil sector is a target as it is a way to stop the economic cycle of Iraq," he said.

The pipeline from Iraq's northern Kirkuk oilfield to the Turkish port of Ceyhan has been repeatedly attacked. It has a capacity of 1.6 million barrels per day (bpd) and typically pumps 500,000 bpd. An official at Iraq's North Oil Company said repairs after Tuesday's blast were expected to take 3 to 4 days. "After checking with our crew, it appears that a bomb attack by saboteurs damaged the 46-inch export pipeline in the area of Hadhar in Mosul, causing ruptures and halting exports early on Wednesday morning. After assessing the damage, we think we need 3 to 4 days to repair the damaged part."

Nineveh, on the frontline of a potentially explosive dispute over oil, land and power between Kurds in their semi-autonomous northern enclave and Iraq's majority Arabs, remains a stronghold of activity by insurgents, including al Qaeda. On Feb. 26, militants attacked Iraq's largest oil refinery, killing four workers and detonating bombs that caused a blaze and shut down the plant.

Babacan: Turkey's economy hurt by oil price hike

Hürriyet Daily News, *11.03.2011*

Every $10 hike in the price of a barrel of oil increases Turkey's annual inflation rate by 0.5 percentage points and widens the current account deficit by $4 billion, Deputy Prime Minister Ali Babacan said.

Babacan touched upon the current Libyan turmoil and said rising oil prices depend entirely on political developments, adding that he cannot predict when this rise will come to an end. "Turkey's economy will be negatively affected by the current oil price hikes, especially in the context of inflation and the current account deficit," Babacan said.

The trouble in the Middle East and North Africa, which sparked a sharp pullback in global stocks early last week and worries over violence spreading to the world's biggest oil-producing country, Saudi Arabia, increased benchmark crude for April delivery by 37 cents to $104.75 a barrel in electronic trading on the New York Mercantile Exchange on Thursday. In London, Brent crude for April delivery was up 16 cents to $116.10 a barrel on the ICE Futures exchange.

Commenting on criticism that tax rates on fuel prices are high, the deputy prime minister underlined that the pump price of a liter of fuel depends on factors such as the barrel price of oil, the value of the US dollar against the Turkish lira, the profit margin of fuel distributors and taxes on fuel. "In the last one year we haven't changed the tax rates on fuel. The reason why prices are high is raising oil prices in the international market, the depreciation of the lira against the US dollar and the increasing profit margins of fuel distributors," he noted.

"The Energy Ministry and the Energy Market Regulatory Agency (EPDK) are carefully following the fuel distributors," Babacan said, referring to the fact that the state has the required expertise to measure whether fuel distributors equitably reflect price movement in the oil market on pump prices. "If we find any irregularity, we will take the required steps." However, Babacan said it is not the best solution for the state to interfere in the private sector. He added that state interference is not likely to occur in sectors where competition is doing well.

Separately, in response to a question inquiring whether there will be an increase in export subsidies, Babacan said his government would like to give more support to companies; however, it also needs to move forward with tight fiscal discipline. "You can see many politicians who promise many things just ahead of the general elections to be held in June. But the Justice and Development Party will not be involved in populist spending to win the hearts of the voters without considering the budget deficit. I did not get involved in any similar engagements in our eight-year-long term in office."

Turkish gasoline prices up by Kr 8 amid Libyan turmoil

Today's Zaman, *09.03.2011*

The Turkish Petroleum Refineries Corporation (TUPRAS) increased the price of 95 and 97 octane gasoline by TL 0.08 on Monday. In line with this latest price hike, Petrol Ofisi's 95 octane gasoline pump price per liter in Ankara rose from TL 4.08 per liter to TL 4.16, while the price of a liter of gasoline in Istanbul, Izmir and the eastern province of Van increased to TL 4.15, TL 4.15 and TL 4.25, respectively.

Other fuel distributors such as OPET and BP also increased their pump prices in line with the rise in international oil prices as a result of ongoing turmoil in Libya. Both fuel distributors increased the price of 95 octane gasoline to TL 4.16 a liter in Ankara and Istanbul.

Turkey strikes oil in Diyarbakir

Hürriyet Daily News, *10.03.2011*

Turkey struck oil with a gravity of 22 degrees near the town of Cinar in the southeastern province of Diyarbakir. Güney Yildizi Oil Production Company teams struck oil at 1,500 meters after starting to drill in the region of Altunakar, 5 kilometers from the town, two months ago.

Tests revealed that that the oil had a gravity of 28 degrees. The API scale was designed so that most values would fall between 10 and 70 API gravity degrees. Medium oil is defined as having API gravity between 22.3 degrees API and 31.1 degrees API..

Libya crisis risks oil shortages, record prices

Hürriyet Daily News (AFP), *09.03.2011*

Escalating violence in Libya risks widespread disruption to global oil supplies that could send crude prices to record highs above $200, according to analysts.

Libya's air force stepped up air strikes and heavy shelling was heard on the front line, as the revolt against Gadhafi's regime entered its third week amid mounting calls for a no-fly zone. "As the violence rages in Libya, there are mounting fears that the country's supply disruptions will be prolonged and that other producers in the immediate vicinity will suffer similar outages due to political unrest," analysts at Barclays Capital wrote in a research note this week.

"The foreign companies that have evacuated their employees and halted their operations may be reluctant to restart production if the political and security environment in Libya remains unsettled," they warned. The International Energy Agency has said that up to two-thirds of Libya's oil production is not making it to market as the country continues to be rocked by the uprising.

The IEA, which represents the interests of industrialised oil-consuming nations, said that up to one million barrels per day out of a total of 1.6 mbd of Libyan oil production is shut-in. Libya is the fourth biggest oil exporter in Africa after Nigeria, Algeria and Angola. The bulk of its production is exported to Europe, according to the International Energy Agency.

Saudi Oil Minister Ali Naimi has meanwhile downplayed market fears about shortages, saying that his kingdom has extra output capacity of 3.5 million barrels per day. "Current supplies in the market are very adequate, and there is an extra output capacity that could be used it needed," he was quoted by state news agency SPA as saying Tuesday. Naimi said the OPEC kingpin had "developed a special mix of crude oil that resembles the quality of supplies that are in shortage," in a clear allusion to Libya's output -- a light, sweet crude that is highly prized by the market. "Recent crude prices do not reflect the fundamentals of supply and demand in the oil market as much as they are caused by financial speculation," he added.

World oil prices slid following Naimi's comments, with New York's main contract, light sweet crude for delivery in April, shedding $1.12 to $104.32 a barrel, one day after soaring to $106.95 -- the highest level for 2.5 years. "Even if circumstances return to normal the medium term legacy effect limits the oil price downside, and if there is another producer interruption or even threat of one, prices will zip past $150 a barrel very rapidly," said David Hufton at brokers PVM. "A Saudi shock is of course worth a lot more than that."

Nomura bank has forecast that prices could even hit as high as $220 if supply disruptions occur in OPEC member Algeria, which is experiencing social unrest. Barclays Capital warned that the biggest risk of another major supply disruption could come from Nigeria. “The fact that the largest oil producer in Africa is poised to hold elections on April 9 has seemingly slipped under the radar. Nigerian elections have been accompanied by considerable violence, particularly in the oil region.”

And although the United States, the world’s biggest oil consumer, is well-supplied with crude, stocks in Europe were at a six-year low by the end of January, according to the Centre for Global Energy Studies in London. Barclays Capital concluded: “In oil market terms, this is the year of living dangerously.”

Azerbaijan to start oil sales in Americas

Reuters, *05.03.2011*

Azerbaijan plans to foray into markets in the Americas this spring as a part of a swap-deal between it, Belarus and Venezuela. According to a deal brokered last year, Azerbaijan will supply crude oil to Belarus on behalf of Venezuela and, in return, the Latin American country will provide its Santa Barbara oil to meet Azerbaijan’s export commitments to the Americas markets.

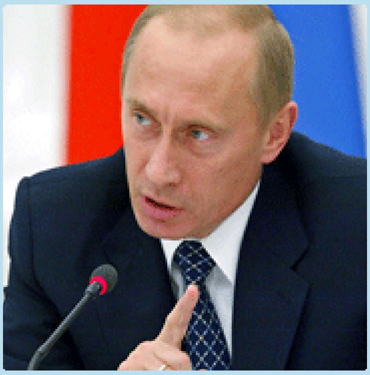
Rovnag Abdullayev, the head of SOCAR, did not go into details, although SOCAR’s other official told Reuters the deal would be discussed at the meeting between representatives of Azerbaijan, Belarus and Venezuela on March 6-7 in Minsk.

Azerbaijan would supply Belarus and receive oil from Venezuela, delivering it to Americas markets on tankers. The oil destined for Belarus would be sent through Ukraine via the pipeline from Odessa on the Black Sea to Brody. “We are talking about total deliveries of 4-10 million tonnes of oil per year,” an official, who did not want to be named, told Reuters. “Sides will discuss price issues... Issues of volumes will be discussed every month and I think we are talking about monthly volumes of 5-6 aframax cargoes,” he added.

During a visit to Minsk last October, Venezuelan President Hugo Chavez agreed to supply the former Soviet republic with 30 million tonnes of oil over three years starting from 2011 in a deal worth as much as $19.4 billion.

Russia considers LNG alternative to South Stream

Rigzone, *10.03.2011*



Russian Prime Minister Vladimir Putin ordered an investigation into the possibility of building an LNG plant on the Black Sea coast, casting fresh doubts over the viability of Russia's South Stream gas pipeline.

Putin has backed the $21.5 billion South Stream link to transport up to 63 bcm of gas to Europe. Russia plans to launch the pipeline in 2015 while the LNG option has never been discussed. "Please, review as a possible part of South Stream implementation the construction of a liquefied natural gas plant in the Russian Federation's southern region of the Black Sea," Putin told Energy Minister Sergei Shmatko.

A standard LNG plant has the processing capacity of about 12 bcm of natural gas per year, which may cover initial export demand from Southern and Central Europe. This in turn may reduce the need for the South Stream pipeline, which some analysts have said does not make economic sense and serves mainly political purposes. "A Black Sea LNG project may be used as an excuse to postpone the South Stream project and eventually abandon it," said Mikhail Korchemkin of East European Gas Analysis, pointing out that currently there was no shortage of pipeline capacity.

Demand for Russian gas in Europe was crushed by the economic crisis, while relations with Ukraine have warmed under President Viktor Yanukovich who is insisting Russia should stick to its old transit route through Ukraine. Analysts have said low demand for gas, good relations with Ukraine, emerging LNG opportunities and the high cost of the project may force gas export monopoly Gazprom and the government to rethink South Stream. Russia has sought to diversify energy exports during energy transit wars with neighbours Ukraine and Belarus, embarking on expensive underwater pipelines such as Nord Stream now under construction and South Stream. Gas export monopoly Gazprom and the Energy Ministry declined to comment on a possible delay to South Stream's construction. Putin's spokesman Dmitry Peskov could not be reached for comment.

Korchemkin said one possible risk for the Black Sea LNG construction was congestion in the Bosphorus Straits. The Bosphorus is controlled by Turkey, which will not allow the use of large LNG tankers, therefore increasing likely transportation costs. Shmatko told Putin that the idea to build LNG on the Black Sea coast was proposed by the European Commission during recent talks in Brussels. Russia is due to make a South Stream presentation to the Commission in April.

Putin asked Shmatko to calculate the profitability of Black Sea LNG exports to Europe and report back within a week. He also asked him to discuss construction of LNG infrastructure in Europe to receive liquefied gas deliveries. The request came one week after Putin oversaw a signing of a deal between France's Total and Russia's Novatek to develop LNG in the Arctic, suggesting that Putin's interest in the super-cooled fuel is growing.

Gaddafi forces bombard Libya oil town Ras Lanuf

Today's Zaman (Reuters), *10.03.2011*

Muammar Gaddafi's forces launched a fresh bombardment on the eastern Libyan oil town of Ras Lanuf, a day after warplanes were reported to have struck another oil port, rebels and witnesses said.

Bombs or missiles were landing a few miles from Ras Lanuf oil refinery and close to a building of the Libyan Emirates Oil Referiny Company (LERCO) building. "One bomb landed on a civilian house in Ras Lanuf," rebel fighter Izeddine Sheikhy told. He said the bombardment seemed to have come from the direction of the sea. This could not be confirmed. A warplane was circling over Ras Lanuf, the witness said.

Eurogas: EU 27 gas consumption rises 7.2% in 2010

Oil & Gas Journal (Doris Leblond), *09.03.2011*

Preliminary figures from Eurogas indicate that total gas consumption for the EU 27 and Switzerland increased by 7.2% to 522 bcm in 2010 vs. 2009. In 2009, the economic crisis had pulled down consumption to its lowest level since 2002.

The growth was due to a combination of severe weather conditions, which strongly pushed up demand from the residential sector, and economic recovery illustrated by the 1.8% real GDP growth and the 6.6% increase in the EU 27 average production index for 2010. Higher electricity demand due to economic recovery combined with the switch to gas from other fuels for electric power generation.

Indigenous gas production fell by 4% to 176 bcm in 2010, mainly because of the decline in mature production basins. However, with a 34% share, it is still the largest source of gas for the EU 27. Main external sources were Russia, 23%; Norway, 19%; Algeria, 10%; and Qatar, 6%. The UK was the largest gas consumer in 2010 with 99.8 bcm. Luxembourg was the smallest with 1.4 bcm of gas consumed. Other countries' gas consumption numbers were: Germany 87 bcm, Italy 81.1 bcm, France 50.7 bcm, the Netherlands 46.8 bcm, Spain 37 bcm and Switzerland 3.2 bcm.

U.S. could tap strategic oil reserves as gasoline price surges

Reuters, *07.03.2011*

The U.S. government reiterated that it could tap its strategic oil reserves in order to safeguard economic growth as surging gasoline prices increase pressure for action.

While longstanding U.S. policy is to release reserves only in the event of a significant and immediate supply shortage, some analysts say the Obama administration may feel compelled to try to tamp down prices that are being fueled both by outages in Libya and concern unrest could spread in the Middle East. Reflecting market worries over unrest, crude futures prices were trading in Asia on Monday around their highest levels in more than two years.

Echoing comments made by a number of Obama officials over the past week, White House Chief of Staff William Daley told NBC television's 'Meet the Press' on Sunday: "We are looking at the options. The issue of the reserves is one we are considering. It is something that only is done -- has been done -- in very rare occasions. There's a bunch of factors that have to be looked at and it is just not the price," he said. "All matters have to be on the table when you go through -- when you see the difficulty coming out of this economic crisis we're in and the fragility of it."

He spoke just before a survey showed the second-largest two-week rise in gasoline pump prices ever. The national average for a gallon of self-serve, regular gas was $3.50 on March 4, according to the influential Lundberg Survey of about 2,500 gas stations, up 32.7 cents from the February 18. Congress has pressured the Obama administration to look to the emergency oil supplies as an option to ease consumers' fears over rising U.S. gasoline prices, which are nearing the all-time high of $4.1124 per gallon hit on July 11, 2008, according to the Lundberg Survey. Higher oil prices could undermine the fragile U.S. economic recovery and damage President Barack Obama politically as he moves toward a 2012 re-election bid.

The U.S. Strategic Petroleum Reserve holds 727 million barrels of oil, or about 38 days of consumption, and has only been tapped a handful of times since it was created in the mid-1970s after the Arab oil embargo. It was last used in 2005 following Hurricane Katrina. Thus far the International Energy Agency (IEA) -- which coordinates reserves policy among the world's major energy consuming countries -- has made clear it will rely first on OPEC to fill the void left by the violence in Libya, which has cut off an estimated 1 million barrels per day of output.

IEA members South Korea and Japan, among the world's top 5 crude oil importers, have no immediate plans to tap into strategic reserves, sources said. "There is no concern at all over supply shortages," said an official with Japan's Trade Ministry, which is in charge of the country's strategic oil reserves.

Despite longstanding U.S. policy on the SPR, there are reasons to believe the reserves could be used more liberally now. Unlike in 2008, when oil prices shot to nearly $150 a barrel in a demand-led rally, the rise this year is driven by a loss of supply -- a distinction that could give Obama more latitude to tap the reserves, even though Libya ships only a fraction of its oil to the United States. In addition, the global economy is in a more precarious state than was generally believed at the start of 2008, prior to the financial crisis.

“Sovereign debt issues need time and growth to resolve. High oil prices threaten that outcome. No leader will want to preside over a recession that they had the tools to avert,” said Lawrence Eagles, head of oil research at JP Morgan. His outlook calls for a possible SPR release if Brent crude pushes materially above $120 a barrel.

It traded above $117 a barrel on Monday, up more than 14 percent in the last two weeks. Last week, the price hit its highest level since 2008. U.S. crude futures rose to more than $106 a barrel on Monday, also their highest level since 2008. U.S. federal law allows the government to tap the reserve during a national energy supply shortage that raises petroleum prices and could damage the economy. The president has the authority to determine such an emergency.

U.S. Treasury Secretary Timothy Geithner last week played down risks to oil supply, but also reminded lawmakers of the emergency stockpile. “If necessary, those reserves could be mobilized to help mitigate the effect of a severe, sustained supply disruption,” Geithner told the U.S. Senate Foreign Relations Committee. But there has been growing support among Senate Democrats for tapping America’s emergency oil supply. U.S. Energy Secretary Steven Chu on Wednesday had ruled out releasing oil from the reserve, saying ramped-up oil production in Saudi Arabia should lower the crude price. “We’re hoping market forces will take care of this,” he added.

OPEC production jumps in February

Rigzone (Platts), *09.03.2011*

The Organization of the Petroleum Exporting Countries’ (OPEC) crude oil production output jumped to an average 29.8 million barrels per day in February, as Saudi Arabia continued to boost production. This is up 230,000 b/d from an estimated 29.57 million b/d in January.

The increase more than offset the drop in Libyan supplies, estimated to have averaged 190,000 b/d over the month. Excluding Iraq, which does not participate in OPEC output agreements, the 11 members bound by quotas (OPEC-11) pumped an average 27.1 million b/d in February, 190,000 b/d more than January’s 26.91 million b/d.

Libyan output is estimated to have dropped to around 1.39 million b/d from January's 1.58 million b/d following the withdrawal of foreign oil company staff and consequent production shut-ins. The International Energy Agency last Friday estimated that the volume of shut-in production had now reached 1 million b/d. "The key questions now center on how much more production loss we'll see from Libya for March likely to be at least one million barrels per day, if not more and OPEC's response to that," said John Kingston, Platts global director of news. "All signs point to there being a one-for-one substitution so far in terms of barrels, but even so, that doesn't take into account the market impact from a reduction in the quality of those substituted barrels, as well as a fear premium."

Saudi Arabia boosted production by 300,000 b/d to 8.7 million b/d, nearly 700,000 b/d more than its assumed OPEC quota. Saudi oil minister Ali Naimi told the official Saudi Press Agency on Tuesday that the kingdom had met all incremental demand from its customers and was storing additional quantities of crude at various locations to meet any further call on its production. Naimi said the kingdom currently had 3.5 million b/d of spare crude production capacity readily available that could help offset any supply shortfall. His remarks suggest that Saudi Arabia, which says it has total production capacity of 12.5 million b/d, has now boosted production to around 9 million b/d.

Platts reported Tuesday that Saudi Arabia had started to shift barrels of mainly lighter grades from its eastern ports to the Red Sea to position itself for additional shipments into Europe, where most Libyan crude is sold. Other increases came from the United Arab Emirates (UAE), Iraq, Iran, Kuwait and Ecuador, while Angolan and Nigerian production dipped by 10,000 b/d and 20,000 b/d respectively. The survey showed that the OPEC-11 exceeded their notional 24.845 million b/d output target by 2.255 million b/d, reducing their level of compliance with the 4.2 million b/d of output cuts agreed in late 2008 to 46.3% from 50.8%. Iraq's 40,000-barrels-per-day increase took its production to 2.7 million b/d in February, a new post-2003 high.

OPEC production has been on the increase in recent months alongside rising oil prices, which early this year climbed above $100 per barrel (p/b) for the first time in two years and continued to climb as political unrest spread across North Africa and the Middle East. On February 24, North Sea Brent hit a 30-month high of $119.79/b, but prices have since fallen back to around $114/b for Brent and $105/b for U.S. light crude futures.

Jordan inks $1.8B shale oil deal with British firm

Rigzone, *10.03.2011*

Jordan's Natural Resources Authority has signed a landmark US $1.8 billion shale oil deal with Karak International Oil, wholly owned by British firm Jordan Energy and Mining Ltd. The oil shale surface retort concession agreement in Al-Lajjun area in the southern governorate of Karak was signed between the NRA and KIO representatives.

Over a period of 5-7 years the production is planned to reach 15,000 bpd, after which it may be increased to 60,000 bpd in phased expansions. Additional by-products will include sulfur and electrical power some of which will be fed into the national grid.

The agreement also includes comprehensive environmental terms including compliance with prescribed environmental standards and monitoring of performance through an emission control system. Moreover, it covers aspects relating to the optimal use of water. The deal defines a major non-conventional oil venture to be completed in the Al- Lajjun area with a capital investment of US $1.8 billion and will put Jordan on track for self-sufficiency in liquid hydrocarbons. The project will be based on surface mining of oil shale followed by the application of modern Canadian technology provided by the Thyssenkrupp Group of Germany utilizing thermal cracking and retorting methods.

Polysuis AG will be the sponsor of the project, a subsidiary of tHyssenKrupp Group. Which will prepare the designs, install the equipment and maintain it, as well as keeping the flow of its work. On completion of the project and with oil prices remaining high the government will receive more than 65 percent of net operating profits and if oil prices reached the very high levels of 2008 the government will receive some $10 billion of revenues over the projected 30 year project life. It should also be noted that this project will recruit some 700 people in direct jobs, and an estimated 2,500 indirect jobs in construction and support services.

According to the Natural Resources Authority data, the Kingdom has more than 40 billion tons of oil shale; this quantity is capable, if were exploited using cutting-edge technology, to meet the oil needs of the Kingdom estimated at 110,000 bpd and even may allow export of additional quantities over a span of hundreds of years.

Eni ups output forecast with eye on Libya

Upstream Online, *10.03.2011*

Eni has raised its oil and natural gas production growth forecast for the next four years but warned that growth depended on stoppages in Libya being short-lived.

Eni, the biggest foreign oil operator in Libya, has seen its output there cut to one-third of capacity because of the uprising against Muammar Gaddafi, chief executive Paolo Scaroni told analysts while presenting the company's 2011-2014 business plan. Before the crisis Eni was producing around 280,000 barrels of equity oil equivalent per day in Libya, which had an overall production of some 1.6 million barrels per day.

Eni will stop all oil production in Libya shortly, but shutting off gas would create problems for local users. "(Oil production) will come to an end fairly soon; I am talking of days," Scaroni said, adding that Eni has not loaded any crude cargoes from Libya this week. Eni's infrastructure in Libya has not suffered any damage to date and can restart as soon as the crisis is resolved, he said. "Our investments in North Africa are pretty stable. We are not planning major growth there. Most of our growth will come from sub-Saharan Africa," Scaroni told.

Eni's oil and gas production will grow on average by more than 3% a year to 2014, Eni said in its business plan. That compares with a previous production target for growth of more than 2.5% from 2010 to 2013, with the Brent crude price at $65 per barrel. The company plans to invest 53.3 billion euros ($74.1 million) to 2014, up from its previous plan's forecast of 52.8 billion euros. More than 70% of that will be related to upstream activities, Eni said, with a particular focus on developing projects such as Zubair in Iraq, Junin 5 and Perla in Venezuela, Goliat in Norway's Barents Sea waters and Block 15/06 in Angola.

China oil demand on the rise

Upstream Online, *11.03.2011*

China's oil demand surged ahead with double-digit growth for the third consecutive month in February. Implied oil demand in the country increased 10.3% from a year earlier to 9.54 million barrel per day last month, only second to the record high in December. Implied demand, a combination of crude throughput and net imports of refined oil products, grew 13.8% on year to 9.15 million bpd in January.

The International Energy Agency (IEA) forecast China would account for 40% of global oil demand growth of 1.4 million bpd in 2011. A Reuters poll suggested that China's oil consumption may grow 5%-7%, or an incremental 450,000 to 550,000 bpd this year.

China brought in 5.2 million bpd, the third highest on record. Traders said some of the strong crude imports, following an 18% growth last year that registered the record annual incremental imports, may have been channeled into the country's expanding emergency stockpiles. A senior government official told local media this week that China has enough oil in its strategic reserves to cover one month's consumption and that crude makes up three-quarters of the stockpile. China's crude output rose 5.3% from a year earlier to 126 million barrels in February and increased 5.5% on year in the first two months of this year, the statistics bureau data showed.

Rosneft defends BP venture, tells TNK-BP to back off

Rigzone (Jacob Gronholt-Pederson), *11.03.2011*

Russian state-controlled oil producer Rosneft said it is committed to the deal it struck with BP on an Arctic development and isn't in talks with TNK-BP Ltd. about replacing the U.K. oil major as a partner.

Amid efforts by BP's Russian partners in TNK-BP to muscle their way into a $16 billion share swap and Arctic development deal with Rosneft, Rosneft said it will take 'all necessary measures' to protect its tie-up with BP. "TNK-BP was never considered as a possible participant in the alliance," Rosneft said in a statement.

“TNK-BP has never been considered a potential participant in the alliance due to its lack of required competence.” The move comes as TNK-BP’s board is scheduled to vote this Saturday on a proposal to replace BP in joint project with Rosneft. BP’s partners in TNK-BP --a group of Soviet-born businessmen known as the Alfa-Access-Renova consortium, or AAR-- are opposed to the alliance between BP and Rosneft, arguing that under the TNK-BP shareholder agreement, BP must use its joint venture as vehicle for all projects within Russia.

“Rosneft once again underscores that it did not conduct and is not conducting any negotiations with the AAR group or TNK-BP,” Rosneft said. “Any actions aimed at breaking the deal or inflicting damage on Rosneft will be analyzed and as a result all necessary measures will be taken to protect interests of its shareholders,” Rosneft continued. AAR won an injunction on the deal at a London arbitration tribunal in late January, and a ruling is expected in the beginning of April.

Iran and China to develop Iran’s oldest oil field

Rigzone (Trend News Agency), *07.03.2011*

The first phase of developing the project of the Iranian oldest oil field Masjid Soleiman will be operational by next spring, PANA reported quoting Iran’s Petroleum Engineering and Development Company Managing director Naji Sa’douni as saying.

Sa’douni said that the output of the Masjid Soleiman oil field will increase with cooperation of China National Petroleum Corporation (CNPC). “By developing this oil field, Iran’s capacity for oil production will increase by 25,000 barrels per day,” Sa’douni said.

According to the report, some 17 new wells should be drilled for implementing the project. Managing Director of the National Iranian South Oil Company (NISOC) Gholamreza Hassan-Beiglou said that at present about 5,000 barrels of crude oil are being produced from Masjid Soleiman oil field. During a period of over 100 years, when oil was first produced from the field, more than 1.1 billion barrels of oil have been produced from Masjid Soleiman oil field. Based on studies carried out by National Iranian Oil Company (NIOC), a total of 5 billion barrels of oil can be produced from this field. The development project of the oil field started in summer of 2007. It was expected to be completed in late February 2011.

Earlier, Iranian deputy minister of petroleum for planning and supervision on hydrocarbon resources Mohsen Khojastemehr said that 2,400 oil wells will be drilled over the Fifth Five Year Development Plan lasting until 2016. He also said that about $150 billion would be invested in the upstream sector. NIDC, as a subsidiary of NIOC in the upstream sector is in charge of 90 percent of all the drilling of oil and gas wells all over the county.

Announcements & Reports

► *TPAO's Announcement on Eastern Mediterranean Blocks*

Source : Turkish Petroleum Corporation
Weblink : http://www.tpao.gov.tr/v1.4/condocs/2011/EMEDAntalya.pdf

► *OPEC Monthly Oil Market Report (Mar 2011)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_March_2011.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/
Contact : Hale Corbaci (+90 212 291 8310)

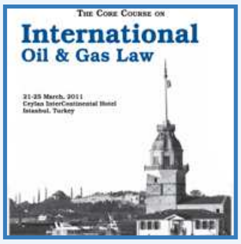
► *Gas Turkey Fair* *(in Turkey)*

LPG, CNG, LNG Exhibition 2011

Date : 17 – 20 March 2011
Place : Istanbul – Turkey
Website : http://www.gasturkey.eu/
Contact : Alemdar Sönmez (+90 212 224 68 78)

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

Date : 21 – 25 March 2011
Place : Istanbul – Turkey
Website : www.rmmlf.org
Contact : info@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/

► *Kuwait Summit&Exhibition 2011*

Date : 4 – 6 April 2011
Place : Hawally - Kuwait
Website : http://www.cwckuwait.com/
Contact : CWC (+44 0 20 7978 0000)

► *Colombia Oil & Gas Summit&Exhibition 2011*

Date : 5 – 7 April 2011
Place : Cartagena - Colombia
Website : http://www.cwccolombia.com/
Contact : CWC (+44 0 20 7978 0000)

► *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/
Contact : Marina Li (+7 727 258 3434)

► *Ghana Summit 2011*

Date : 12 – 14 April 2011
Place : Accna - Ghana
Website : http://www.cwcghana.com/
Contact : CWC (+44 0 20 7978 0000)

► *Rio Gas Forum 2011*

Date : 12 – 15 April 2011
Place : Rio de Janeiro - Brazil
Website : http://www.thecwcgroup.com/events/eventproduct/index.aspx?ID=156
Contact : CWC (+44 0 20 7978 0000)

► *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/
Contact : Ilyas Idigov (+44 0 207 596 5000)

► *IDOC'11*

2nd International Digital Oilfield Conference

Date : 16 – 18 May 2011
Place : Abu Dhabi – UAE
Website : http://www.idoc-uae.com/idoc11/
Contact : Dome Exhibitions (+97126744040)

► *OGU 2011*

15th Uzbekistan International Oil & Gas Exhibition & Conference

Date : 17 – 19 May 2011
Place : Tashkent – Uzbekistan
Website : http://www.oguzbekistan.com/2011/
Contact : Antanina Severdiajeva (+44 0 207 596 5233)

► *SEA 5 2011*

Algerian Energy Week

Date : 21 – 25 May 2011
Place : Oran – Algeria
Website : http://www.sea5-algeria.com/
Contact : Teresa Zargouni (+44 0 20 7596 5243)

► World LNG Series Americas Summit

15th Uzbekistan International Oil & Gas Exhibition & Conference

Date : 23 – 25 May 2011
Place : Texas – USA
Website : http://lngamericas.cwclng.com/
Contact : Tyler Forbes (+44 20 7978 0061)

► 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/
Contact : Siobhan Enright +44 0 20 7596 5116

► MIOGE 2011

11th Moscow International Oil & Gas Exhibition

Date : 21 – 23 June 2011
Place : Moscow – Russia
Website : http://www.mioge.com/2011/
Contact : Antanina Severdiajeva (+44 0 207 596 5233)

► RPGC 2011

The 9th Russian Petroleum Congress

Date : 21 – 24 June 2011
Place : Moscow – Russia
Website : http://www.mioge.com/RPGC-Conference/About-the-Conference.aspx
Contact : Antanina Severdiajeva (+44 0 207 596 5233)

► NOG Tech

Nigeria Oil and Gas Technology

Date : 7 – 9 June 2011
Place : Lagos – Nigeria
Website : http://www.cwcnogtech.com/
Contact : Alex Moulds (+ 44 20 7978 0340)

► OGE Asia 2011

Asia-Pacific International Offshore Oil & Gas Conference and Exhibition 2011

Date : 14 – 16 June 2011
Place : Krasnodar – Russia
Website : http://www.gas-russia.ru/about.aspx
Contact : ITE (7 495 935 7350)

► Gas Russia 2011

Date : 4 – 6 October 2011
Place : Lagos – Nigeria
Website : www.ogeasia.org
Contact : Alex Moulds (+ 44 20 7978 0340)

► KIOGE 2011

The 19th International Oil & Gas Exhibition and Conference

Date : 5 - 8 October 2011
Place : Almaty – Kazakhstan
Website : http://www.kioge.com/2011/
Contact : Antanina Severdiajeva (+44 0 20 7596 5233)

► OilTech Mangystau 2011

3rd Mangystau Regional Petroleum Technology Conference

Date : 1 - 2 November 2011
Place : Aktau – Kazakhstan
Website : http://www.oiltech-mangystau.com/2011/index.html
Contact : Marina Li (+7 727 258 3434)

► Mangystau Oil & Gas 2011

6th Mangystau Regional Oil, Gas and Infrastructure Exhibition

Date : 1 - 3 November 2011
Place : Aktau – Kazakhstan
Website : http://www.mangystauoilgas.com/2011/
Contact : Marina Li (+7 727 258 3434)