Oil & Gas Bulletin
► 01.04.2011

Gov't asks private sector to replace it in gas deal with Russia

Today's Zaman (Ismail Altunsoy), *31.03.2011*

The Turkish government is not willing to renew a natural gas agreement with Russia, preferring that private companies make an agreement with the country and increase their share in the Turkish natural gas market, Energy and Natural Resources Minister Taner Yildiz has said.

Yildiz noted that private companies can buy natural gas from Russia for less and thus have the ability to sell it at lower prices in Turkey. He stated that the government is not going to renew its natural gas agreement with Russia, which expires at the end of this year.

The current agreement for natural gas was signed on Feb. 14, 1986 by Turkey and the Union of Soviet Socialist Republics (USSR), the former name of the current Russian state. According to the agreement, Russia would sell 6 bcm of natural gas to Turkey annually for 25 years. The agreement will expire on Dec. 31, 2011; however, it will continue for another five years unless one of the two countries does not want to abolish it. When questions were raised, such as who will sign a new agreement and which articles will it include, Yildiz introduced this new offer.

"Turkish private energy firms import natural gas at lower prices than the state-owned Turkish Pipeline Corporation (BOTAS) does. The Turkish government wants a new agreement to be signed by Turkish private firms, instead of the government," Yildiz told Today's Zaman, adding, "The government wants the private energy sector's share in the energy market to increase. I hope [Turkish private energy firms] get natural gas for even lower prices and they sell to [the Turkish market] more because providing natural gas at a good price is important for Turkey and it is not important who imports the gas." He also stated that the Turkish government told Deputy Prime Minister Igor Sechin that BOTAS will not renew the current agreement with Russia's Gazprom.

Yildiz: Turkey to OK South Stream when conditions met

Today's Zaman (Abdullah Bozkurt), *26.03.2011*

Energy Minister Taner Yildiz said Turkey would still abide by the terms of a 2009 agreement with Russia over a proposed underwater pipeline that will carry natural gas to Europe bypassing Ukraine.

South Stream, controlled by Russian Gazprom and Italian Eni, is planned to carry Russian natural gas under the Black Sea to Bulgaria and on to Europe via Italy and Austria. Yildiz reaffirmed the Turkish position on the $21.5 billion pipeline project called South Stream, saying nothing had changed on the Turkish side.

"We are still waiting for the environmental impact studies, as well as feasibility studies, on South Stream to see if the required criteria demanded by Turkey are met. If met, there is no question we would give our approval to the project," he said. Yildiz, who is also co-chairman of the Turkey-Russia Joint Economic Commission, emphasized that the relations with Russia have never been as friendly and constructive as they are today. "We are working very closely with our Russian partners in developing joint economic interests," he said, dismissing claims of a rift over competing pipeline projects.

Last week, Russian Prime Minister Vladimir Putin toured Eastern and Central European capitals to secure transit agreements for the South Stream pipeline project and tried to allay concerns over the future of South Stream. He also said he does not expect any opposition from Turkey to the proposed pipeline that will pass through Turkish territorial waters. Turkey has not formally approved the pipeline and is waiting to see the environmental impact studies. South Stream will transport up to 63 billion cubic meters of gas when it opens in 2015.

Turkey is a partner to South Stream's competition, $10.8 billion European Union-sponsored Nabucco project, which aims to ship Caspian and Middle Eastern gas to Europe. During the interview, Yildiz dismissed the idea that the pipelines are competing with each other but rather said it was normal to have different pipeline proposals to carry natural gas to Europe. "The main idea is to transport the gas to European markets that need this supply. Both pipelines have European partners. Big projects like these always have problems everywhere. It had happened touring the construction of Baku-Ceyhan oil pipeline. These are natural," he explained.

The energy minister also stressed that the government still wants to go ahead with the proposed plan to build Turkey's first nuclear power plant for $20 billion. The plant will be built in the southern province of Mersin by Russia on the Mediterranean coast. A similar deal was struck with Japan for the country's second nuclear plant near Sinop on the Black Sea is still being negotiated. The government announced its third power plant project, but the site has not yet been determined.

Yildiz said they would review the security and safety measures in light of the Fukushima Daiichi disaster in Japan but said: “We are determined to have nuclear power plants to diversify our energy portfolio and to meet the growing demand for electricity. If all nuclear power plants in the world, numbering around 442, ceased operation, we would be willing to give up on our nuclear power plants as well,” he explained. He noted that since the Chernobyl accident, 140 nuclear power plants have been built around the world.

The energy minister said the government would vigorously review the site feasibility studies of whether or not the plant would be susceptible to earthquake. “The Mersin plant will be built 100 kilometers from a fault line. We will make sure the plant is sturdy enough to withstand heavy damage either by quake, plane crashes or terrorism,” he underlined. Yildiz said the government expects to have three nuclear power stations with 12 units by 2023, when Turkey will celebrate the centennial of the establishment of the republic.

Yildiz said he understood the difficulties Japan was facing with the crisis at Fukushima plant and that that would set back the talks currently going on between Turkey and Japan. “I see people with whom I had spoken during my visit to Japan on TV trying to manage the crisis there. We’ll give them some time, and then we plan to resume our talks,” he said, expressing condolences for the deaths in Japan. Asked what would happen to the nuclear waste generated at the power plants and where it would be stored, Yildiz said the Russian company could sell it overseas. “The power plant extracts only 6 percent of the energy in used fuel. The contractor has the responsibility for the used fuel, and it may decide to export it overseas for storage or to make profits on it using new technologies.”

Statoil and KazMunaiGas team up in Caspian Sea

Rigzone, *30.03.2011*

Statoil and KazMunaiGas have signed the Heads of Agreement on the Abay block in the Kazakhstani sector of the Caspian Sea. Under the agreement, the parties plan to evaluate the hydrocarbon potential of the Abay block in the northern section of the Caspian Sea. Statoil and KazMunaiGas will jointly establish a company that will serve as operator of the project.

The exploration work program includes seismic surveys, data acquisition and drilling of one exploration well. The Abay block is located 40 miles (65 kilometers) from the shore at a water depth of 26 to 33 feet (8 to 10 meters).

Trans Adriatic Pipeline identifies optimal pipeline route in Greece

TAP, *28.03.2011*

TAP finalizes route refinement study of the pipeline section between Thessaloniki and the Greek-Albanian border. More than 50 national and international experts conducted comprehensive and detailed studies of a 50 km wide corridor. Three extensive field missions were organised in northern Greece to identify geological, environmental and cultural heritage constraints as well as safety and social concerns.

In 63 meetings with authorities at all levels, local companies and NGOs, TAP engaged with more than 400 people to obtain their feedback on the various pipeline alternatives and guidance on the preferred routing.

As a result, TAP identified a preferred 2 km wide corridor that has the least impact on the environment, local communities and cultural heritage sites. This route can be constructed and is in full compliance with the highest safety standards. The survey work was led by world class engineering experts from E.ON, one of the shareholders in the TAP project, with participation of national and international consultants from Exergia, ERM and ILF.

In April, TAP will engage with authorities in Greece and organise local workshops to validate the selected corridor and agree on additional studies to be conducted in the context of the Environmental and Social Impact Assessment (ESIA). This process is in line with the strict performance requirements of the European Bank for Reconstruction and Development (EBRD), and the ESIA report is to be officially submitted to Greek authorities in the second half of this year. TAP's proposed routing in Greece will be 190 km in length - the pipeline will start in Nea Mesimvria near Thessaloniki and extend to the Greek-Albanian border north of the town of Dipotamia.

Hans-Juergen Biewendt, TAP's Technical Director in-charge of onshore pipeline development, said: "TAP has now completed its route refinement process in all three transit countries, including Greece. The route refinement will form part of the ESIA report, which will soon be submitted to authorities, lenders and the public for review. Our comprehensive studies and engagement with stakeholders in all three countries suggest that the selected route has the least impacts and is acceptable to authorities, communities and society in general. We are very proud to have earned the trust and support of all stakeholders through this process."

The TAP project will be a significant source of foreign direct investment for Greece. It is expected to boost the economy, generate significant revenue and create many local opportunities through construction contracts as well as procurement of goods and services. "The project provides significant strategic value to Greece as it promotes the country's role as energy hub in the South Eastern Europe." said Michael Hoffmann, External Affairs and Communications Director at TAP.

Oil falters on EIA report

Rigzone (Matthew Veazey), *30.03.2011*

Crude oil for May delivery edged downward Wednesday after the U.S. Department of Energy reported that oil inventories at Cushing, Okla., hit an all-time high last week.

May crude ended the day at $104.27 a barrel, a 52-cent decline from Tuesday, after the DOE's Energy Information Administration announced that inventories at the NYMEX delivery point rose by 1.7 million barrels to reach 41.9 million barrels for the week ending March 25. According to EIA, total U.S. commercial crude inventories hit 355.7 million barrels last week the fifth consecutive week-on-week increase.

Last week's 2.9 million-barrel build exceeded analysts' expectations. For instance, Platts reported that analysts queried for its survey expected a relatively modest 2.2 million-barrel gain for the week. Oil traded within a range from $103.44 to $105.15 Wednesday. Although temperatures in the northeastern U.S. have become milder in recent days, the region is bracing for yet another bout with winter weather and will likely need to crank up their furnaces. The prospect of more wintry weather in a region that has already endured a particularly cold winter drove natural gas futures to $4.355 per thousand cubic feet during the midweek session --a 9.5-cent gain from Tuesday.

Putin signs order on pipeline access for independent oil producers

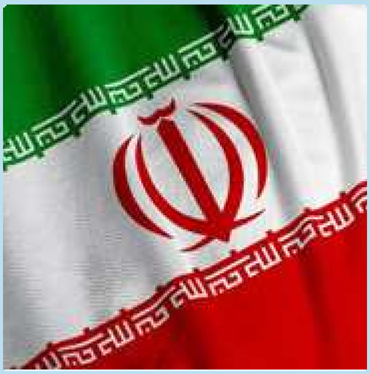
RiaNovosti, *25.03.2011*

Russian Prime Minister Vladimir Putin has signed an order granting unhindered and direct access to oil pipelines for independent producers, the government press service said. The new regulations will enter into force in a month.

The Energy Ministry has been instructed to decide on the documentation necessary for producers to receive indiscriminate access to oil transport services along Russia's main trunk lines. Under the new regulations, posted on the government website, independent oil producers will have the option of signing annual contracts with no limits placed on volumes of oil to be transported.

Iran to allocate $90B to South Pars gas field

Rigzone (Trend), *29.03.2011*



Iran will allocate the $90 billion-investment in the upstream and downstream sector of the South Pars gas field, IRNA reported Iran's Petroleum Minister Seyed Masoud Mirkazemi as saying.

Mirkazemi said that the $60 billion-investment will be allocated in the upstream sector and $30-billion to the downstream sector of the South Pars gas field. The South Pars gas field is jointly owned by Iran and Qatar and the gas field holds 8 percent of the world's total gas reserves, Mirkazemi added.

Referring to the petroleum ministry's plans to develop the remaining phases of the South Pars gas field for the next 35 months, he described the plan as a record in the world oil and gas industry. He called for the oil and gas contractors of the ministry and the private companies to try to materialize the record by recruiting experts and local forces.

Mirkazemi said that the process of developing the gas production projects in the South Pars Special Economic Energy Zone has been divided into 29 phases. At present, ten phases are under operation. All the remaining phases will come on stream during the fifth five year economic development plan (2011-1016), Mirkazemi added. Developing the upstream and downstream industries at the same time is essential in the region, Mirkazemi said.

Every phase of the South Pars gas field will produce 25 million cubic meters of natural gas and about 40,000 barrels of condensates per day, Mirkazemi said earlier. Iran will earn $110 billion annually after full launching of the remaining phases of the South Pars gas field, Mirkazemi stressed. "By launching all the South Pars gas field phases, Iran's annual revenue from the field will rise up to $110 billion based on oil prices worth $80 per barrel," Mirkazemi added.

Tullow in $2.9 bln Uganda deal with Total and CNOOC

Today's Zaman (Reuters), *31.03.2011*

British-based oil explorer Tullow Oil has agreed to sell stakes in its Ugandan operations to France's Total and China's CNOOC for $2.9 billion, bringing in big partners to develop the oil fields.

Tullow said it agreed to sell each company a one third interest in fields around Lake Albert, which Tullow estimates to contain 1 billion barrels of oil, and potentially as much as 3.5 billion barrels. Tullow will retain a third share. The deal leaves unresolved a massive tax dispute with the government.

Uganda's Energy Minster Hilary Onek said the country would receive a total of $472 million in taxes from the deal. Tullow said this figure was calculated incorrectly and that it believes the total liability to be 'significantly less' than the $141 million it has agreed to deposit with the government pending discussions on the matter. Tullow said up to $10 billion will be spent on new drilling and the construction of a small refinery and a pipeline to the East African coast for exports to world markets. Tullow said it expected production of around 20,000 barrels per day for the local market by 2015 and full scale production, possibly in excess of 200,000 bpd, after this date.

Shell expects to drill deepwater Gulf of Mexico well in April

Platts (Meghan Gordon), *31.03.2011*

Shell said it plans to start drilling an exploratory well in its Cardamom Deep discovery in the US Gulf of Mexico. The work represents the first new deepwater exploration to clear all regulatory hurdles since Deepwater Horizon disaster and subsequent drilling moratorium. Spokesman Bill Tanner said the Noble Jim Thompson semi-submersible rig is under contract and ready to move to the site sometime in April.

The US Bureau of Ocean Energy Management, Regulation and Enforcement approved Shell's permit to drill in Garden Banks Block 427 in 2,721 feet of water, about 140 miles south of Lafayette, Louisiana.

Announcements & Reports

► *Board Resolution on Revision of Tariffs of Electricity Distribution Companies in Accordance With the Cost Based Pricing Mechanism*

Source : Energy Market Regulatory Authority
Weblink : http://www2.epdk.org.tr/Belgeler/3135.zip

► *IEA Response System for Oil Supply Emergencies*

Source : International Energy Agency
Weblink : http://www.iea.org/publications/free_new_Desc.asp?PUBS_ID=1912

► *Energy Policies of IEA Countries – New Zealand*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=384

Upcoming Events

► *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

PETFORM

► *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)