

## Oil and gas discovered at more than 100 wells in 2010

Hürriyet Daily News (AA), 04.05.2011



Oil and gas exploration activities conducted in 102 wells in Turkey yielded positive results last year. Of the total 205 wells opened in 2010, crude oil was found at 57 exploration wells, natural gas was discovered at 44 locations, while both oil and natural gas were found at 1 well, a report released by the Directorate General for Petroleum Affairs said.

The authority said 74 wells turned out to be dry, adding that studies would continue at 29 wells this year. The report also said 17.3 million barrels of crude oil was produced at 128 oil fields in 2010, while 725.98 million cubic meters of natural gas was obtained from 65 sites.

Last year, 25 national and 22 foreign companies conducted exploration and production activities in Turkey. Investments will increase by 10 percent every year, crude oil production will increase by 1 percent and gas production will increase by 5 percent until the end of 2013, the report added.

## Public offering in limbo for Turkey's NOC

Rigzone (Asia Pulse), 02.05.2011



Prospects of public offering of the Turkish Petroleum Company (TPAO) went uncertain after a Turkish court ruled to reestablish stakes of a former shareholder.

Social Security Institution (SGK) has won a lawsuit and re-claimed its 6 percent share in the company, nationalized back in 1983 by a government decree, which the court said unlawfully seized stakes of several shareholders. "There can be no public offering in a company in which the partnership structure is unknown," a TPAO official told.

More such court rulings were likely to follow as Turkey's Is Bankasi has also filed a similar lawsuit to take back its three per cent share and the dividends it failed to receive since 1983. Around 20 individual shareholders also own shares in the TPAO. "We do not know if those individual shareholders are still alive or who their lawful heirs are. We do not know where they live," the official said.

# Turkey and Iran sign agreements to boost cooperation in energy field

Business Turkey, 04.05.2011



Turkey and Iran have signed three agreements over the past three weeks to boost their relationship in almost all fields amid growing pressure from the United States on Ankara to halt ties with its neighbor. Energy ministers from both sides announced the completion of what they called a 'road map' detailing their investment projects in the energy field.

"It brings us great joy that the road map will be approved and signed by both sides today," Iranian Electricity Minister Macit Namcu told reporters late Tuesday at a joint press conference with Energy Minister Taner Yildiz.

The other two agreements were signed by the foreign and state ministries of both countries. The foreign ministries have agreed to open three more border gates and to create a trilateral mechanism that includes Azerbaijan to increase regional cooperation. State Minister Hayati Yazici meanwhile inked a protocol on cooperation in the field of public administration that brings about an exchange of public personnel.

The Turkey-Iran road map envisions forming a technical committee that will look into potential investments in both countries and guide private companies. This committee will create the opportunity to set up renewable energy plants and other energy-related facilities in Tehran, Yildiz said. The road map foresees increasing the 500-megawatt energy-exchange capacity between the two countries to more than 1,000 megawatts, Namcu said. In addition, the plan will allow for investments in setting up heat stations and energy power plants. "We especially wanted to focus on renewable energy sources," the Iranian minister said.

Turkey and Iran have failed in recent years to finalize a comprehensive energy draft agreement due to Washington's pressure on Ankara. Relations between Turkey and the United States have deteriorated since then Ankara distanced itself from Washington over Tehran's controversial nuclear program.

Ignoring the U.S. criticisms, Turkish government members have emphasized that Turkey is committed to developing relations with its neighbor. "Iran and Turkey are both brother and neighboring countries. Iran is the second-largest provider of natural gas to Turkey after the Russian Federation. Of course the energy sector is not only limited to this. There will be other initiatives related to meeting Turkey's growing needs," Yildiz told reporters, noting that both countries' economies are growing. "Iran has one of the largest natural gas and oil reserves in the world," Yildiz said. "It is thus my opinion that cooperation in different fields could take place related to developing these. Our efforts are a part of this."

## Turkish inflation may accelerate on oil prices, consumer demand

Bloomberg, 02.05.2011



Turkey's inflation rate probably climbed for the first month in seven in April after oil prices increased and consumer confidence rose to the highest level this year.

Inflation may accelerate to 4.4 percent from 4 percent in March, a four-decade low, according to the median estimate of seven economists in a Bloomberg survey. Predictions ranged from 4 percent to 4.7 percent. Turkey's central bank is seeking to control demand for goods by increasing bank reserve requirements to deter lending rather than raising interest rates.

It says the reserve requirements, which it's raised four times since December, will start to curb loan growth in the second quarter. The bank cut the benchmark one-week repo lending rate by a total of 75 basis points in December and January to a record low of 6.25 percent in an effort to weaken the lira and support exports.

"Creeping inflation, because of persistently high energy prices, unfavorable base effect, demand-push factors and higher administrated prices after the general elections might strain the central bank's existing policy mix," Sinan Göksen, head of equity research at broker Ekspres Invest in Istanbul, said in an e-mailed report to clients today. Prime Minister Recep Tayyip Erdogan is seeking re-election for a third term on June 12. Prices on a monthly basis probably rose 0.99 percent in April compared with 0.42 percent in March, the survey showed.

## SOCAR will invest \$17 billion in Turkey

Bloomberg, 02.05.2011



SOCAR, Azerbaijan's state oil company, plans to invest \$17 billion in Turkey in seven years, Dünya reported, citing Sakit Samadov, sales manager at SOCAR's Turkish unit Petkim Petrokimya Holding.

The investments will include an oil refinery, petrochemicals plants and a port at the site of Petkim near the western town of Aliaga, Samadov said, according to the newspaper. SOCAR and Turcas Petrol, a Turkish fuel and energy company, own 51 percent of Petkim.

## Nabucco ready to begin construction in Turkey

Hürriyet Daily News, 01.05.2011



The Nabucco Pipeline Company has finalized arrangements for the physical surroundings for the part of the pipeline that will be situated in Turkey, spokesman Christian Dolezal said. The largest portion of the pipeline project lies on Turkish soil. Some 4 billion euros will be invested in the Turkish portion of the project, Dolezal said.

“Shareholders of Nabucco decided to locate the feeding station on the Iraq-Jordan border instead of Iran, he said. “This was a crucial decision. Due to sanctions on Iran it has become impossible to invest in pipelines there.”

Everything was progressing according to schedule in the project, the spokesman said. “We believe we can start the construction work and capacity bookings after the final decisions [by the involved countries] are made. The date we determined is the end of 2012. The construction will start simultaneously in all countries and the lines would be connected later. Before starting we need guarantees from the supplier countries,” Dolezal said. Besides Iraq and Azerbaijan, Turkmenistan was also willing to provide natural gas for the project, the spokesman said.

## Iraqi Kurds get first payment under new oil deal

AP, 05.05.2011



Iraq’s northern Kurdish region says it has received the first payment from the central government for oil exported from its region. The payments are part of an effort to resolve a dispute triggered by the Kurds’ unilateral deals with oil companies.

Baghdad argues that oil should be under central government control. Under a tentative deal reach last year, the central government sells the oil and transfers some of the revenue to the regional government, which is responsible for paying the companies involved in production. The statement says the first payment amounted to nearly half of the \$243 million in revenues generated from exporting over 5 million barrels between February and March 27.

# Crude oil leaks into city's water main in southeastern Turkey

Hürriyet Daily News, 05.05.2011



Crude oil mixed into tap water when a water pipe passing under a waste containment pit owned by the Turkish Petroleum Corporation, or TPAO, was cut in the southeastern province of Adiyaman on Thursday.

Residents using water coming from the Kirkgöz distribution line alerted the authorities when they noticed the smell of petroleum and the change of color in tap water, broadcaster NTV reported on its website. Municipal inspectors found the cut in the water pipe under TPAO's Adiyaman-1 facility, where a leak occurred.

Adiyaman Mayor Necip Büyükarıslan said they stopped the flow of water into the system and started emptying a 1,000-ton water tank that held contaminated water. Announcements were made through municipality's public-address system asking residents not to use tap water and to keep water running to flush out the contaminated water left in the pipes. "We are distributing clean water to citizens with fire trucks and water tankers," he said.

TPAO district manager Murat Demir said they were going to fix the leak and added that the location where the leak happened was not an oil extraction well. "This is an injection well that we use to pump salt water that comes with petroleum during extraction back to the underground. A liter of petroleum can cause thousands of liters of water to smell," Demir said. Adiyaman Gov. Ramazan Sodan said the police was investigating the incident and were trying to understand whether it was an accident or an act of sabotage.

## President Gül says Turkey best energy route for EU

Hürriyet Daily News, 03.05.2011



Turkish President Abdullah Gül said Turkey is the best route for Europe to reach safe energy resources, during his visit to Austria on Tuesday in Vienna. “Turkey has been a member of the Customs Union for 16 years. “And Turkey’s industry has the power to compete with Europe’s most important industries. Also, Turkey has become one of a few countries which succeeded in catching Maastricht criteria,” said Gül.

Gül arrived in Vienna for a three-day formal visit. The president was accompanied by State Minister Faruk Celik, Minister for the European Union talks Egemen Bagis, deputies, academics, businessmen and journalists.

“Turkey became Europe’s fastest growing country in 2010 with a growth rate of 8.9 percent. I call on Austrian people to obtain more information about Turkey and not to miss out on Turkey’s opportunities,” Gül said. Referring to energy, Gül said: “Turkey is lacking oil and gas, but it has a great potential of alternate energy. Also, Turkey is one of the world’s most important countries in terms of pipelines. Turkey is the route for Europe to reach safe energy resources. Nabucco project is one of them.”

## Aramco finds little interest for its new oil blend

Hürriyet Daily News (Bloomberg), 06.05.2011



Saudi Aramco is finding little interest among buyers for the new, light-crude blend that it developed to replace Libyan supplies curtailed by an armed rebellion, five people with knowledge of the matter said.

European refiners that have been offered the crude declined to take additional cargoes because of its quality, said the people, who asked not to be identified. One of the people said bids from buyers didn’t meet the price expectations of Aramco. Saudi Oil Minister Ali al-Naimi said March 8 that Aramco had developed two light, low-sulfur blends with specifications that match crude normally supplied by Libya.

Exports from Libya slumped to 450,000 barrels a day in March, compared with 1.6 million barrels in January before the conflict began, according to the International Energy Agency. Aramco sold two cargoes of the grade in March. Aramco already shipped 1 million barrels of the blend, a mix of the company's Super Light and Light grades, to the Mediterranean Sea for potential sale to Europe and it has been stored on board the tanker Al Dawha off Egypt for the past month, the people said.

The company has been trying to sell the new blend for at least \$1 a barrel above the official selling price for its Arab Extra Light crude, one of the people said. Refiners that made counter offers didn't match that price, one of the people said. Crudes that are lighter and contain less sulfur are easier to refine, making them more valuable. The people said some European refiners found the grade too light, while others judged the sulfur content too high.

## Oil falls below \$113 after bin Laden killed

Today's Zaman, 02.05.2011



Oil prices eased off 2½ year highs to below \$113 a barrel Monday after President Barack Obama announced that al-Qaeda leader Osama bin Laden had been killed. Benchmark crude for June delivery was down \$1.56 at \$112.37 a barrel at late afternoon Singapore time in electronic trading on the New York Mercantile Exchange.

The contract rose \$1.07 to settle at \$113.93 on Friday and reached \$114.18 during in the session, the highest since September 2008. In London, Brent crude for June delivery was down \$1.43 to \$124.46 a barrel on the ICE Futures exchange.

Obama said bin Laden was killed Sunday by American Special Forces in Pakistan. Traders said the death of bin Laden could weaken al-Qaeda's ability to carry out attacks and destabilize the oil-rich Middle East. However, al-Qaeda operatives could also seek revenge for their leader's death, and political uprisings this year throughout the Middle East and North Africa that have threatened to disrupt crude supplies were not related to al-Qaeda. "The sentiment is that now that he's dead, al-Qaeda will lose a bit of its impact and some of that terror premium will come out of pricing," said Gerard Rigby, an analyst with Fuel First Consulting in Sydney. "There's also some profit-taking going on as we wait to see what the impact of this news is."

Investors will also be eyeing the latest US unemployment numbers from April later this week for signs the job market is still improving. A big increase in new jobs could help extend a 33 percent rally since mid-February. "You get the feeling the US economy is really turning around now," Rigby said. "Higher prices still haven't dented demand." Trading volume was light in Asia as markets in China, Hong Kong, Taiwan, Malaysia and Singapore will closed for international Labor Day. Markets in Japan were open Monday but will be closed the next three days for Golden Week holiday.



## BP agrees to \$25 mln penalty for 2006 Alaska spills

Yahoo! News, 03.05.2011



BP's subsidiary in Alaska will pay a \$25 million civil penalty under a settlement announced Tuesday that comes five years after more than 200,000 gallons (757,060 liters) of crude oil spilled from company pipelines on the North Slope.

The penalty is the most ever levied per barrel by national regulators, and US Attorney for Alaska Karen Loeffler said it underlines the seriousness of BP's conduct. The settlement also calls for BP Exploration Alaska Inc. to install a system-wide pipeline integrity management program.

"This penalty should serve as a wake-up call to all pipeline operators that they will be held accountable for the safety of their operations and their compliance with the Clean Water Act, the Clean Air Act and the pipeline safety laws," Assistant U.S. Attorney Ignacia S. Moreno said in a conference call with reporters. U.S. Attorney for Alaska Karen Loeffler said the penalty underlines the seriousness of BP's conduct. She said BP Alaska admitted that it cut corners and failed to do what was required to adequately maintain its pipelines.

BP Alaska spokesman Steve Rinehart in e-mails acknowledged the settlement terms, including an independent contractor to monitor operations at the vast Prudhoe Bay field. He said the penalty was not a per-barrel assessment. "A penalty was agreed upon," he said. "We believe the terms of the agreement are fair."

A March 2006 leak in a transit line, also called a feeder line, between a gathering center and a pump station for the trans-Alaska oil pipeline in March accounted for most of the oil spilled, about 212,000 gallons. Oil from the spill reached a lake. BP four months later had begun inspecting pipelines with 'smart pigs,' devices inserted to detect abnormalities, when a second leak occurred. The tiny second leak allowed about 1,000 gallons more to spill from another transit line. With data in hand indicating 16 'anomalies,' or other possible corrosive spots, BP shut down part of the massive Prudhoe Bay field. The partial shutdown brought an economic chill throughout the state and led then-Gov. Frank Murkowski to temporarily freeze hiring until the effects of the interruption on the state budget would be known.

Cynthia Giles, assistant administrator for EPA's Office of Enforcement and Compliance Assurance, said BP in 2007 pleaded guilty to criminal charges related to the spills and was ordered to pay \$20 million, including \$12 million in criminal fines. Cynthia Quarterman, administrator for the Department of Transportation's Pipeline and Hazardous Materials Safety Administration, said her agency found serious safety problems relating to internal corrosion on the pipelines and ordered BP to correct those problems. BP had a year to address the problems but its willful failure to do so led to filing civil litigation against the company, she said.



The settlement requires BP Alaska to develop a system-wide program to manage pipeline integrity for the company's 1,600 miles of pipeline on the North Slope based on PHMSA's integrity management program. That cost is estimated at \$60 million. BP will be required to compile information on pipelines and what they carry, ranking them by highest risk. It will be required to provide an electric Web portal and post reports. The information will be public, Quarterman said.

BP's Rinehart said that since 2006, the company has made significant improvements in pipeline management. "This includes more staff, more spending, newer technology, more frequent inspections, and fewer leaks," he said. The company completely replaced Prudhoe Bay oil transit lines and added modern leak detection and anti-corrosion systems at a cost of about \$500 million by the end of 2008, he said. "We are renovating other pipelines to make them 'piggable'", he said.

Most of the compliance requirements that are enforceable under the consent decree are met under current BP practices, Rinehart said. BP operates the Prudhoe Bay field but it's co-owned with ConocoPhillips, Exxon Mobil and Chevron. The agreement was negotiated with the concurrence of the other working interest owners, Rinehart said, but he declined to discuss any financial arrangements with the other owners.

## Iran's Mahshahar in talks to build oil pipe plant in Iraq

Rigzone, 04.05.2011



Iran's Mahshahar is in talks with Iraq's Basra Investment Commission to build a factory and warehouses in Basra to provide the State Oil Company with custom-made oil pipes.

Head of the commission, Haidar Ali Fadhil, told that the Iranian firm had discussed building the factory and the warehouses. He expressed the commission's readiness to provide land and accelerate the license procedures. Fadhil said that both sides have agreed to hold an expanded meeting with the entrusted Iraqi companies; Southern Oil Company, Southern Gas Company, Oil Pipelines Company, and Southern Refineries Company in order to cooperate and coordinate and provide them with the needed pipes.

# Nord Stream lays last pipe of first gas pipeline through the Baltic Sea

Nord Stream AG, 04.05.2011



Nord Stream AG announced that all three sections of its first gas pipeline through the Baltic Sea have now been laid and will be joined together underwater off the coast of Finland and Sweden in the summer. The new pipeline will start transporting gas from Russia directly to the EU on schedule in the last quarter of 2011. Construction of the second of the twin pipelines is scheduled for completion in 2012.

“Europe will soon have the security of the privately-financed, 7.4 billion euros Nord Stream project providing a fixed link between the European gas grid and some of the world’s largest gas reserves in Russia for at least 50 years,” said Nord Stream’s Managing Director Matthias Warnig.

“At a time when recent world events have led to increased concern about nuclear energy and energy imports from North Africa, our major new infrastructure project takes on more importance for both Europe and Russia,” he added. When both lines are completed in late 2012, Nord Stream will have the capacity to transport 55 bcm of gas per year from Russia to Europe, enough to supply 26 million homes. No other major new pipeline with a capacity over 10 bcm is expected to come on-stream before 2015.

Nord Stream was able to design its 1,224 kilometre pipeline to operate without an intermediate compressor station, but with three different design pressures and pipe wall thicknesses as the gas pressure drops over its long journey from Russia to landfall in Germany. The connection of these three pipeline sections will be carried out at the two offshore locations where the design pressure changes from 220 to 200 bar and from 200 to 170 bar respectively. The Gulf of Finland section and the Central section will be connected off the coast of Finland in spring at a sea depth of approximately 80 metres. The connection of the Central and the South Western section off the coast of Gotland, Sweden, in the summer, at a depth of approximately 110 metres, will mark the completion of construction of Line 1.

Each of the three sections is gauged and thoroughly pressure-tested before being joined together and linked to the landfalls in Russia and Germany. The pre-commissioning activities for Line 1 have started as planned. For the offshore sections 1 and 2, cleaning, gauging and pressure testing have already been successfully completed. The pressure test for section 3 will now follow the mechanical completion of pipe laying. On the site of the German landfall all piping has been completed and successfully pressure tested. For the Russian landfall site pressure testing is expected by the end of May after completion of all welding works. Further rigorous testing will be carried out on the whole system before it becomes operational in the last quarter of 2011.

# Act now on peak oil or curtail mobility, says Commission

EurActiv, 04.05.2011



The European Commission's director-general for transport and mobility policy has warned at a conference on peak oil that it would be a 'fatal mistake' for the EU to postpone measures to reduce oil dependency.

"If action is delayed, in the not-too-distant future we may be forced to drastically reduce all our mobility and import technological solutions from other part of the world," Marjeta Jager told a Green Party conference in the European Parliament. The European Commission's Transport White Paper famously said that "curbing social mobility is not an option".

Peak oil is the point at which half of the world's original oil reserves have been used up and production enters a period of terminal decline, characterised by soaring prices and supply disruptions. Despite being initially laughed off by the oil industry, a consensus now holds that the world is reaching –or has just reached– peak oil. Last week, the chief economist of the International Energy Agency, Fatih Birol, said that peak oil production was actually reached in 2006. "The existing [oil] fields are declining so sharply that in order to stay where we are in terms of production levels in the next 25 years, we have to find and develop four new Saudi Arabias," he said. Birol expected oil prices to rise by almost a third in the next three years as a result.

Since the Arab Spring began, oil prices have crashed though the \$100 a barrel price ceiling for the first time since the credit crash. But a lack of transparency among oil producers about the scale of their reserves has also fed a more systemic uncertainty. In February, leaked US cables revealed that Washington fears that oil reserves in Saudia Arabia, the world's largest crude oil exporter, have been over-estimated by around 40%.

Jeremy Leggett, the founder of Solar Century, the UK's largest solar solutions company, and a former renewables advisor to the British government, warned the Brussels conference that the peak oil risk paradigm closely resembled the credit bubble shortly before it burst in 2008. "Our worst-case fear is that this will be experienced as a form of energy famine that -in a 'just-in-time' delivery world- could descend surprisingly quickly," he said.

But Jan Panek, head of the coal and oil unit at the EU's energy directorate, said that 2009's Oil Stocks Directive, which obliged member states to maintain minimum stocks of oil products, had equipped Europe to deal with any immediate oil shortages. "We have not had many in the past but could have more in the future," he said. "There are uncertainties about the numbers on [oil] reserves and the availability of oil that are currently in the public domain." But he declined to comment on how far the official estimates of oil reserves held by Gulf countries, including Saudi Arabia, had informed EU models and contingency planning.



# Announcements & Reports

## ▶ *OPEC Bulletin (April 2011)*

**Source** : Organization of the Petroleum Exporting Countries

**Weblink** : [http://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/OB042011.pdf](http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OB042011.pdf)

# Upcoming Events

## ▶ *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/>