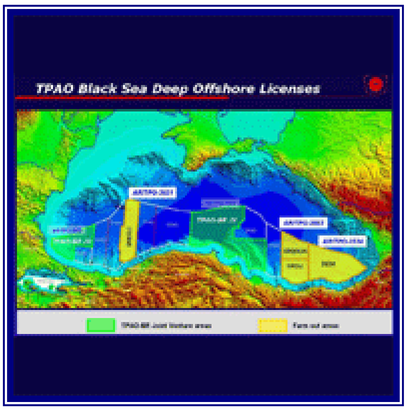
PETFORM OIL & GAS BULLETIN
28.12.2007

OIL



Uysal: Black Sea reserves to save Turkey from oil bills

Date : 27.12.2007
Source : Today's Zaman (İsmail Altunsoy)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130174

The hope of finding enough oil and natural gas resources have risen as the Turkish Petroleum Corporation (TPAO) has arrived at the final phase of its exploration in the Black Sea region. According to company plans, a number of spots thought to have oil and gas resources as an extension of the Caspian Basin in the eastern parts of the Black Sea will be drilled by 2009.

If the quantity and quality of deposits found beneath the earth persuade the company that it is worth continuing the work, it will start production by 2015. With planned further drills and capacity increases, the amount of oil and gas extracted from the Black Sea will be enough to cover all the needs of the country by 2023.

TPAO Deputy General Manager Mehmet Uysal said that the Caspian region's oil system stretches to Romania beneath the Black Sea and that the amount of these reserves are large enough that they may rescue Turkey from its dependence on foreign oil. The studies so far have shown that in the western parts of the Black Sea lie natural gas deposits whereas in the east, there are abundant oil reserves. The company has spent $150 million in cooperation with British oil giant BP to search for oil reserves in the Black Sea region and has *"reached very positive results from prospecting activities."*

TPAO currently produces 90,000 barrels of oil per day in areas inside Turkey and abroad. Turkey's daily oil consumption, on the other hand, is around 600,000 barrels per day. That means Turkey imports 85 percent of its total oil needs from abroad, paying billions of dollars. Moreover, soaring oil prices further increase its oil import expenditures. Uysal said the total amount of money to be paid for oil imports by Turkey will exceed $450 billion in 15 years if prices remain the same in real terms.

Current oil production is mainly conducted through a line that runs between the cities of Diyarbakır and Adıyaman in southeastern Anatolia. Uysal notes the oil extracted from those fields is important and is sufficient for the needs of the military, but falls short of being able to satisfy the needs of the entire nation.

Uysal stipulates the major business areas the TPAO needs to get more involved in to reach this goal of becoming a major international player are prospecting, production, distribution and refinery, like world giants BP, Shell and Exxon. *"Take BP as an example,"* he said. *"They operate in exploration and production. They are a refinery business. They are in transportation as well as in pipelines and distribution. You can buy your gas from BP stations in any part of the world."* Uysal said TPAO is aiming to have such a complex business structure as well.

He does not hope to handle these high prospects alone, however. For Uysal, the road to becoming a world actor can be undertaken with private partnerships, too. His only intention is to transform the TPAO into a national company with a global scope and capacity. Handling all these businesses alone is too costly, he said, adding that a merger of TPAO and the state-owned Turkish Pipeline Company (BOTAŞ) to form a single integrated company must be supported in that sense.

He emphasizes the pros of being an integrated company by giving the example of TPAO's former situation: *"Until 1983, drilling, production, refinery, transportation and distribution were all under a single roof of TPAO, and it was ranked 63rd on Fortune's Global 500 list that year."*

Meanwhile, TPAO is preparing to enter the refinery business, with the first refinery envisioned for Adana's Ceyhan district. Uysal said they are engaged in talks with some national and foreign companies interested in a partnership that will amount to a 10 to 20 percent share.

GAS

Güler: We have to see the big picture to understand the new global energy order

Date : 28.12.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130256

Minister of Energy and Natural Resources Hilmi Güler said the energy supply had become a more comprehensive issue and that it was no longer dependent on the relationship between electricity and natural gas price hikes.

Speaking at the Turkish Industrialists and Businessmen's Association's (TÜSİAD) *"Supply Security in Energy: Policies and Proposals"* conference yesterday, Güler emphasized that they have to see the big picture clearly in order to understand the new paradigms in the global energy order.

Güler said Turkey had recognized its renewable energy potential very recently and had begun to initiate new projects to make use of it. He said Turkey will focus on geothermal power more next year and that Turkey was the first in Europe and seventh in the world in terms of geothermal potential.

On oil and natural gas exploration, Güler said exploration efforts had increased in recent years, so much so that enough drillers could not be found for ongoing projects. Energy shapes foreign policy and energy management, says Güler, pointing to an energy law that is at the top of the agenda. He also said investment opportunities amounting to around $90 billion exist and that interest in Turkey's energy sector over the last one-and-a-half years appeared promising. *"We are dealing with giant foreign companies,"* he said.

GAS

Nabucco pipeline may transport gas from Iran in 2017

Date : 27.12.2007
Source : Rigzone
http://www.rigzone.com/news/article.asp?a_id=54478

The Nabucco gas pipeline may transport gas from Iran from 2017, said Nabucco Gas Pipeline GmbH consortium head Reinhard Mitschek in an interview with Handelsblatt. The 5 billion euro EU-backed project is aimed at securing the EU's gas supply by diversifying routes and suppliers away from Russia.

"Later we could add gas from Turkmenistan and Kazakhstan through the trans-Caspian pipeline," Mitschek told the newspaper. *"In a next step, around 2017, deliveries from Iran, Iraq and Egypt cannot be ruled out."* The founding members of the Nabucco consortium which is to build the pipeline are Austria's OMV AG, Hungry's MOL, BOTAS of Turkey, Transgas of Romania, and Bulgaria's Bulgargaz.

OIL

TPAO to begin drilling for oil in Niğde

Date : 24.12.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=129909

The Mineral Research and Exploration Institute (MTA) General Directorate, which previously found possible oil reserves while conducting research in the central Anatolian province of Niğde, has assigned the task of drilling for oil to the state-controlled Turkish Petroleum Corporation (TPAO).

TPAO plans to start operations in the first quarter of 2008 and it is expected to drill to a depth of between 3,000 and 4,000 meters. According to MTA data, the projected duration of the exploration will be five months. If oil reserves of the desired quality and quantity are discovered within this period, extraction operations will be initiated. Data concerning the quality and amount of the reserves are expected to be released after the completion of the drilling.

OIL

IEA lifts 2008 world oil demand forecast

Date : 15.12.2007
Source : Today's Zaman (Reuters)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=129469

World oil demand will grow more quickly than expected next year fuelled by the Middle East and proving resilient to record-high prices, the International Energy Agency said. The IEA said in its monthly Oil Market Report that demand will rise by 2.1 million barrels per day next year, up 200,000 bpd from its previous forecast.

"A lot of this demand is in the non-OECD countries, where we don't have any downgrades in economic growth forecasts" said Lawrence Eagles, head of the IEA's Oil Industry and Markets division.

The report comes as economic growth in the United States, the world's top consumer, is slowing. But many of the world's fast-growing economies cap fuel prices, helping to insulate consumers from costly oil. For much of this year, the IEA has been urging the Organization of the Petroleum Exporting Countries (OPEC) to raise supply to allow consumers to build up inventories and lower prices.

Stocks in member-countries of the Organization for Economic Cooperation and Development (OECD) fell by 22.4 million barrels in October to equal 52.6 days of demand, just below the five-year average, the IEA said. Oil extended an earlier gain after the IEA report was released and was up $1.07 a barrel at $93.32 as of 1008 GMT. It hit a record of $99.29 late last month. While lifting the demand outlook for next year, the Paris-based IEA also trimmed its forecast for growth in oil demand in the last quarter of 2007.

Consumption in the fourth quarter will to rise by 1.3 million bpd, 200,000 bpd less than previously expected, the IEA said. *"Overall, winter prospects have clearly improved,"* the IEA said. *"But $90-a-barrel oil makes clear that the market is still on edge and is unlikely to relax until the peak weather risks have subsided."*

OPEC at a meeting earlier this month decided leave oil supply unchanged, rebuffing consumer calls for more oil. But the group is expected to pump more oil anyway, the IEA said. *"There are early indications of further OPEC supply gains in December,"* the report said. Last month, production from the 10 OPEC members that agree to limit supply, all except Iraq, Angola and Ecuador, averaged 27.1 million bpd, the IEA said. That fell short of OPEC's target of 27.25 million bpd as field maintenance in the United Arab Emirates offset increases from Saudi Arabia and other members.

GAS

Ankara's natural gas distributor to be privatized

Date : 26.12.2007
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130087

The Ankara Metropolitan Municipality has put all of its shares in the city's gas distribution company up for sale. A statement from the company Başkent Doğal Gaz A.Ş. announcing the sale was published in yesterday's edition of the Official Gazette, noting that 100% of the company will be privatized by the block sale method.

The participants will have to deposit $90 million as a provisional bond to be eligible for the tender of the company, which has YTL 700 million in registered capital. The tender will be held on Feb. 26, 2008, at 2:00 p.m. in Ankara. The first bids will be received in closed envelopes and after that, privatization officials will conduct a bargaining session with the participants to have them raise their bids. The participant that submits the highest bid at the end of the process will become the owner of the company. This plan may change, however, if the commission authorized for the sale process decides to utilize the open auction method instead of bargaining.

Any company wishing to take part in the tender must sign a contract of confidentiality, promising not to disclose any information pertaining to the company or the tender process. In addition, they will have to buy tender specifications and a package of materials prepared for the promotion of the company. These materials will be available in the Directorate of Financial Services Office of the Ankara Municipality starting on Dec. 28. The deadline to apply for access to information is Feb. 19.

GAS

Greece proposes Libyan gas pipeline

Date : 14.12.2007
Source : Oil & Gas Journal (Uchenna Izundu)
http://www.ogj.com/display_article/314724/7/ONART/none/Trasp/1/Greece-proposes-Libyan-gas-pipeline/

Greece is interested in having a new gas pipeline from Libya to the island of Crete, according to media reports. Details have not yet been released, but the two nations are in consultation regarding the project.

Senior Greek business officials, led by Greek Deputy Minister for Foreign Affairs Petros Dukas, are visiting Libya to strengthen relationships on several fronts, including energy, transport, telecoms, and tourism. Greece is a major consumer of Libyan oil and petroleum products, with trade estimated at about $1.2 billion in 2007.

OIL

Iraq eyes first oil field tenders early 2008

Date : 18.12.2007
Source : Rigzone (Dow Jones)
http://www.rigzone.com/news/article.asp?a_id=54149

Iraq hopes to call the first open tenders to develop its vast oil fields at the beginning of 2008, the country's deputy oil minister said. The ministry is preparing contract models for the first group of oil fields, Ahmad al-Shammaa told. *"There are efforts to issue the first round of tenders as soon as possible, hopefully at the beginning of 2008,"* he said.

He didn't say, however, how many oil fields would be included in the first round of tenders. An Iraqi oil expert familiar with the Iraqi oil industry said the first round of tenders would concentrate on the redevelopment of the currently producing oil fields. Among these fields, he said, are: Rumeila South, Rumeila North, Subba/Luhais, Zubair, and Missan in southern Iraq, Kirkuk in northern Iraq, and West Baghdad.

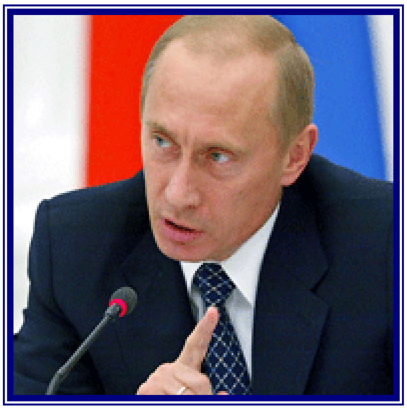
Shammaa said Akkaz gas field in Anbar province, northwest of Baghdad was also on the list. Akkaz currently could produce up to 50 million cubic feet of a gas a day. He said the field could produce between 350 million and 500 million cubic feet of gas if developed. Before the U.S.-led war Iraq signed a preliminary agreement with Syria to supply it with 50 million cubic feet of gas a day from Akkaz gas field, he said. *"The Syrians want to revive that agreement,"* Shammaa said. Both countries need first to set up a gas pipeline connecting a Syrian gas plant with Akkaz, he said.

Iraq's Finance Minister Bayan Jabor said in Damascus recently that Iraq would soon buy pipes and other equipment to build the pipeline. He didn't say how much it would cost and when work would start. Shammaa said that Iraq wants to link Akkaz with Europe via Syria in order to export gas to European countries. The Akkaz exploration block in the Western Desert is one of the most promising fields in Anbar province, U.S. media and officials have reported.

The deputy minister said that recently Syria also suggested to Iraq that they restore the crude oil pipeline between Kirkuk oil fields and Syria's Mediterranean terminal of Banias. Before the U.S.-led war in 2003 Iraq used to pump around 150,000 barrels a day via that pipeline although this was done illegally as the country was under U.N. sanctions. The line hasn't worked since the war when one of its pumping stations in Haditha was heavily bombed.

Shammaa said Syria recommended a Russian company called Stroytransgaz to Iraq a few months ago to survey the pipeline to assess what repairs were needed and the costs. *"So far the Russian company hasn't done any thing."* He attributed the delay to the bad security situation along the pipeline. The pipeline could pump up to 250,000 barrels a day if repaired, he added.

GAS



Russia, Kazakhstan and Turkmenistan ink pipe deal

Date : 20.12.2007
Source : Rigzone (Dow Jones)
http://www.rigzone.com/news/article.asp?a_id=54270

Russia, Kazakhstan and Turkmenistan signed a landmark agreement Thursday to build a natural gas pipeline along the Caspian Sea coast that would strengthen Moscow's monopoly on energy exports from the resource-rich region.

The deal, which follows a preliminary agreement reached in May, ended months of tense arguments over the price of gas supplies. It reaffirms Russia's monopoly on gas supplies from Central Asia and deals a strong blow to Western hopes of securing alternate energy export routes.

"We have just signed an extremely important agreement between Russia, Kazakhstan and Turkmenistan on building the Caspian pipeline," President Vladimir Putin said. Late last month, Russia's state-controlled monopoly OAO Gazprom (GAZP.RS) gave in to Turkmen price demands and agreed to pay $130 per 1,000 cubic meters of natural gas in the first half of 2008 and $150 in the second half. The agreement will likely disappoint the U.S. and the European Union, which have been lobbying for a rival pipeline to be built under the Caspian Sea, bypassing Russia.

Kazakh President Nursultan Nazarbayev and Turkmen President Gurbanguli Berdymukhamedov have expressed interest in undersea pipelines and voiced support for multiple export routes. However, prospects for pipelines under the Caspian have been clouded by high costs, environmental concerns and disputes over ownership of the sea resources.

Russia controls existing export pipeline for gas from Turkmenistan, which has the largest reserves in the former Soviet Union after Russia. The pipeline has an annual capacity of 50 billion cubic meters. The new pipeline would have an initial annual capacity of 20 billion cubic meters, and it could grow significantly in the future. Russia's Industry and Energy Minister Viktor Khristenko said the new pipeline would be built by 2010.

OIL

Russia, Bulgaria, Greece proceed with Burgas oil pipeline deal

Date : 18.12.2007
Source : Platts
http://www.platts.com/Oil/News/8428783.xml?p=Oil/News&sub=Oil

Russia, Greece and Bulgaria have signed an agreement to set up an operating company to build the new Burgas-Alexandroupolis oil pipeline through which Russian oil will be exported bypassing the congested Turkish Straits, Russia's Transneft said Tuesday. The company, dubbed The International Project Company, will be registered in the Netherlands, Transneft said in a statement.

The move is in line with the initial schedule, despite 'a few weeks delay' in negotiations indicated by the Greek side last month. Transneft was not immediately available to comment. The Burgas-Alexandroupolis project, which has been under discussion for 14 years--mainly due to doubts over its profitability--envisages shipping oil from Russia's port of Novorossiisk across the Black Sea to Burgas in Bulgaria, and then building a 35 million mt/year (700,000 b/d) pipeline to transport it to the Greek Aegean Sea port of Alexandroupolis.

The project, with an estimated cost of around Eur1 billion ($1.3 billion), is aimed at reducing the cost and time of transporting Russian oil from the Black Sea to Europe and the United States. Oil tankers currently have to negotiate the narrow Bosporus Straits, where increasing traffic has raised concerns over congestion. It will provide Russia with access to a deepwater port at Alexandroupolis, from where it will be able to export crude in 300,000 mt tankers.

The plan calls for the construction of the 285 km link to start in early 2008, with the route commissioning expected after 2010. The pipeline could be expanded to 1 million b/d after 2016. Under a trilateral intergovernmental agreement signed by Russia, Greece and Bulgaria in April 2007, Russia will hold a 51% interest in the project, with the national trunk pipeline monopoly Transneft and state-owned oil companies Rosneft and Gazprom Neft participating in the project from its side. Greece's share of 24.5% is to be held by Hellenic Petroleum and Thraki as well as the Greek government, which will hold 1% of that country's share. Bulgaria's Burgas-Alexandroupolis group will hold the remaining 24.5% in the project.

Russia is to guarantee sufficient crude supplies to fill the pipeline, while Greece and Bulgaria are to secure 'a favorable tax regime' for the IPC, according to the agreements. Crude coming from Kazakhstan to the Black Sea via the Caspian Pipeline Consortium's route may also be taken into the new pipeline.

When the agreement was signed in April, it was said that companies from other countries may take part if Bulgarian or Greek parties agreed to cede a part of their stakes. Russia indicated it would not reduce its stake in favor of other parties. Earlier this year, Bulgarian and Greek companies participating in the project were reported to be negotiating the possible sale of parts of their stakes in the project, in particular to Chevron and Kazakhstan's KazMunaiGaz. The two companies have confirmed their interest in the project.

GAS

Maghreb gas exports to EU could rival Russia's by 2020

Date : 19.12.2007
Source : Platts
http://www.platts.com/Natural%20Gas/News/8432158.xml?p=Natural%20Gas/News&sub=Natural%20Gas

The North African Maghreb region could rival Russia as a source of gas supply to the EU by 2020, EU energy commissioner Andris Piebalgs told a high level EuroMed ministerial conference in Cyprus December 18.

"If we combine the potential gas production of Algeria, Libya and Egypt, by 2020 gas exports from the Maghreb to Europe could reach the level of Russian gas exports," said Piebalgs. Ministers from North African and Middle Eastern countries around the Mediterranean Sea and the EU endorsed a 2008-2013 Euro-Mediterranean Energy action plan. The plan forsees the countries working together in three priority areas: harmonizing and integrating energy markets and laws across the region, promoting sustainable energy, and developing common interest initiatives.

Promoting sustainable energy includes cutting gas flaring as a priority, said Piebalgs, for example by encouraging producer countries to take part in the World Bank Global Gas Flaring Reduction partnership. And the plan lists example priority common interest infrastructure projects, including the Nabucco gas pipeline from the Caspian to the EU, the trans-Saharan gas pipeline linking Nigeria to Italy, and power interconnections between the EU and Algeria, Morocco and Tunisia.

This priority list *"would help to trigger financing by international financial institutions,"* said Piebalgs, and the European Commission would finance its share and help with the regional cooperation. The non-EU Mediterranean signatories to the plan were Algeria, Egypt, Israel, Jordan, Lebanon, Mauritania, Morocco, the Palestinian Authority, Syria and Tunisia. Ministers agreed to work together to integrate Libya into the Energy cooperation. The ministers suggested holding the next EuroMed ministerial conference in 2009 to review progress on the action plan.

GAS

Gazprom, BASF to operate 8 bcm gas storage in Europe

Date : 18.12.2007
Source : Platts
http://www.platts.com/Natural%20Gas/News/8428779.xml?p=Natural%20Gas/News&sub=Natural%20Gas

Russia's Gazprom and Germany's BASF plan to jointly operate up to 8 billion cubic meters of gas storage capacity in Europe as well as develop other joint projects, Gazprom CEO Alexei Miller said Tuesday.

“We plan our joint underground gas storage capacity in Europe to reach 8 Bcm, including through new construction,” Miller said, commenting on his meeting with BASF chairman of board Jurgen Hambrecht Monday. Miller was speaking at an event in Moscow to mark the start up of gas production at West Siberian Yuzhno-Russkoye field, which Gazprom develops together with BASF.

The storage capacity target is likely to be achieved by 2010-12, Gazprom deputy CEO Alexander Medvedev told reporters at the same event. The 8 Bcm gas storage capacity will include existing facilities in Haidach in upper Austria and Rehden in Germany, as well as two new planned projects, one in Germany and one in the UK, Medvedev said.

The two companies participate in Haidach and Rehden through their joint venture Wingas, in which Gazprom holds 50% minus one share, with the remaining interest held by BASF's subsidiary Wintershall.

OIL

Kazakhstan seeks doubled stake in Kashagan

Date : 25.12.2007
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=92008

Kazakhstan’s state company Kazmunaigaz wants to double its stake in a oil consortium, Kazakh Energy Minister Sauat Mynbayev was quoted by Interfax news agency as saying yesterday. Kazmunaigaz currently owns 8.33 percent of the consortium led by ENI, which is developing Kashagan oil field in the Caspian Sea.

Mynbayev said negotiations were underway to raise that stake to 16 percent. *“Basically, we've agreed with everyone except ExxonMobil,”* Mynbayev said, adding that the deadline for negotiations had also been extended to January 15.

The Kazakh government has threatened it could force changes to the Kashagan contract if negotiations fall through with Western investors, because of delays and cost overruns in the project. ENI, Total, ExxonMobil and Shell each hold an 18.52-percent stake. ConocoPhillips, also of the US, owns 9.26 percent while Japan's Inpex and Kazakh state energy company Kazmunaigaz each hold 8.33 percent.

ENI said in a statement yesterday that the consortium had signed a memorandum of understanding with the Kazakhstan government that represented a ‘significant step forward in Kashagan negotiations.’ ENI said the deal would be finalized ‘by early 2008 at the latest.’

The Kashagan field is central to ex-Soviet Kazakhstan's hopes of tripling oil output by 2015, of becoming a major player in the global industry and of boosting the living standards of its 15 million people.The dispute over the project revolves around a delay in the start of production from 2005 until 2010 and a massive rise in the estimated overall cost, from $57 billion to $136 billion.

GAS

Iran signs $16 billion deal with Malaysia

Date : 27.12.2007
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=92235

Iran signed a multi-billion-dollar gas development contract with Malaysian group SKS, Oil Minister Gholamhossein Nozari said. The National Iranian Oil Company and SKS reached a preliminary $16 billion deal in January to develop the southern Golshan and Ferdows gas fields and build plants to produce LNG.

Nozari described yesterday's signing as one of the biggest investment deals in Iran's energy sector, coming less than three weeks after China's Sinopec agreed to develop the huge Yadavaran oil field. *"Our main approach is ... Asian countries which are the focus of attention because of their future vast energy markets,"* Nozari said.

Iranian media said the two sides signed a contract with a total value of $16 billion. But Nozari suggested in remarks broadcast on state television that it concerned only the upstream part, with foreign investment requirements of $6 billion. The part of the deal regarding LNG production, with investments estimated at $9-10 billion, would be ready for signing soon, he added.

Nozari said in January the contract would take 25 years to complete and that SKS would have 50 percent of the LNG, gas which has been cooled into liquid form, adding that the two fields contained 60 trillion cubic feet of gas.

PETFORM

ANNOUNCEMENTS & REPORTS

OPEC Monthly Oil Market Report (December 2007)

Source : OPEC
Weblink : http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2007/pdf/MR122007.pdf

PETFORM

UPCOMING EVENTS

6th Annual Gas Storage Outlook

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

2nd Annual European Gas Storage

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

GEO 2008 – 8th Middle East Geosciences Conference

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

Petrotech 2008 – 6th Middle East Refining & Petrochemicals Conference

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