

Turkey strikes oil and gas deal with Shell

Hürriyet Daily News, 23.11.2011



Turkish Petroleum Corporation (TPAO) moves forward in oil exploration efforts in the Mediterranean, signing a deal with Shell. The duo will also drill for oil in the southeast.

Turkey has signed a deal with Royal Dutch Shell for energy exploration and production sharing in the Mediterranean and southeastern Anatolia. Energy and Natural Resources Minister Taner Yildiz rejected suggestions that the deal was a response in retaliation to Greek Cypriot and Israeli oil exploration off the coast of Cyprus. "The deal is a result of technical work and has nothing to do with international speculation," Yildiz said.

The agreement, which covers seismic research off the Mediterranean province of Antalya as well as onshore drilling work near the southeastern province of Diyarbakir, was signed between the state-run TPAO and Shell. Seismic research will be conducted off Antalya until 2014, after which exploratory drilling will begin. Shell and TPAO will share output equally if oil or gas is found, TPAO general manager Mehmet Uysal said. Shell's Exploration and Production Chairman Malcolm Brinded said after identifying soil formation in Turkey's southeastern Anatolian region they would initially open five wells and could expand to more than 10 wells in the future.

Greek Cyprus signed a deal with the U.S. energy company Noble for exploratory drilling off the south coast of the island. Turkey retaliated by sending a ship to explore for gas in the Mediterranean after signing an accord with the Turkish Republic of Northern Cyprus. The Greek Cypriot government angered Turkey further by seeking to extend cooperation with Israel in the exploration and export of natural gas. Yildiz said the projects Israel and Greek Cyprus are maintaining in the eastern Mediterranean are against international law and all Cypriots should benefit from energy projects.

PKK kills three in oil field attack in southeastern Turkey

Hürriyet Daily News (Reuters), 24.11.2011



Alleged members of the outlawed Kurdistan Workers' Party (PKK) killed three people in an attack on an oil field in southeast Turkey overnight, security officials said.

PKK militants shot dead two security personnel and an electrician as they got out of their vehicle at the Selmo oil field at Kozluk in Batman province, the officials said. The Canadian firm Transatlantic Petroleum Ltd. operates the Selmo field and describes it as the second largest in Turkey. Transatlantic said in a statement it was working with local authorities to investigate the incident.

No business retreat after deadly attacks

Hürriyet Daily News, 18.11.2011



Turkey's plan to explore and produce oil in the country's southeast will continue undeterred by recent terror attacks, said Energy Minister Taner Yildiz said.

"Turkey will continue its investments in the country's southeastern and eastern region with determination," Yildiz told. His remarks came a day after the country's state-run Turkish Petroleum Corporation (TPAO) signed a deal with Royal Dutch Shell to conduct oil exploration in Southeast Anatolia and the outlawed Kurdistan Workers' Party (PKK) killed three at an existing oilfield in the southeast.

"This is not just an attack targeting oil fields and natural gas lines in the country, but also Turkey's development," said Yildiz. "In total Turkey produces nearly 3,000 barrels of oil per day from 82 wells and hundreds of locals work in field operation," said Yildiz, adding that the attacks also targeted Kurdish people living and working in the region. "The ones killed are locals, from Elazig and Batman, eastern provinces of Turkey; they are quarreling at the cost of locals' livelihoods," he said.

In 1993 and 1994, some firms stopped operations in the region due to security reasons after terrorist attacks in the area, Yildiz said. "We will increase the security measures and our investments in the region," he added. "I do not think the matter is that complicated," said Yildiz on the juxtaposition of the attack and Turkey's deal with Shell.

Kurdish oil puts Turkish firm on London bourse

Hürriyet Daily News, 20.11.2011



Genel Energy, an oil company active in northern Iraqi oil fields, is scheduled to enter the FTSE 100 index, becoming the first Turkey-based firm on the London bourse. The company has big plans over disputed Iraqi oil.

The attempt, orchestrated by the new Western partners of Genel Energy, seems like a plan broader than meeting Turkish demand, but a part of efforts to carry the rich Iraqi resource to Europe. Still, no short-term settlement of disputes between the central Iraqi government and the Regional Government (KRG) in the north is seen on the horizon, painting an obscure picture for investors.

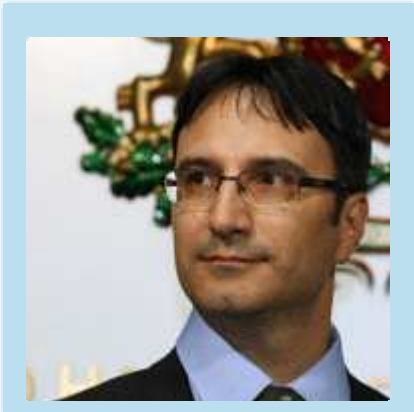
The merger process between Genel, the Turkish company owned by Mehmet Emin Karamehmet and Vallares, a fund founded by former BP chief executive Tony Hayward, British financier Nat Rothschild, banker Julian Metherell and investment manager Tom Daniel, has been finalized, Genel sources have told the Hürriyet Daily News. The new-born Ankara-based Genel Energy Plc is scheduled to be listed on London's FTSE 100 index today.

The Western partners have raised \$2.5 million in cash to date for the company whose total capital was pronounced at \$5 billion. The company will also become the third largest oil exploration and production company on the bourse. Genel has already been operating on the Taq Taq and Takwet oil fields in Northern Iraq. Even before the official finalization of the merger process, the parties cooperated in developing the Iraqi business as the company has been gradually increasing its production from 100,000 barrels per day (bpd) in February this year. Genel sources say the year-end target is 200,000 bpd. The company projects to produce 300,000 bpd by next year and 1 million bpd by the end of 2015.

Hayward, who was forced out of BP last year after a disaster that killed 11 rig workers and caused an environmental catastrophe, has already told the press that his company plans to spend \$725 million to develop six fields in northern Iraq. Genel also confirmed that it eyes to develop the existing oil pipeline that reaches Turkey's Yumurtalik, connecting its field in Iraq. Still, the lucrative business and promising plans may face local difficulties as the current technical services agreement, the sole existing consensus between the Kurdish administration and the central government, permits exploration but bans any sales. Arbil needs a broader product sharing agreement.

Bulgaria and Turkey to sign gas deal

Hürriyet Daily News (Reuters), 20.11.2011



Bulgaria and Turkey will sign a political accord to back the construction of a pipeline aimed to link the gas systems of the two neighbours and allow Caspian natural gas flows to Europe, Bulgarian energy minister said on Nov.19.

Bulgaria is trying to diversify both suppliers and routes by building gas links with its Balkan neighbours Turkey, Greece, Romania and Serbia. "Bulgaria and Turkey will sign a political accord...which will state that the project is of strategic importance for both countries," Energy Minister Traikov said after meeting his Turkish counterpart Taner Yildiz in Istanbul.

"Bulgarian-Turkish gas link, along with the interconnector gas link with Greece, will allow Caspian gas supplies to our country and the region as well as cheaper shipments from a liquefied natural gas terminal," he said. The planned 77-kilometers link will have a capacity to transport up to 3 bcm a year, with an option to double it, Traikov said in a statement.

Sofia has said it is stepping up building gas links to neighbouring countries after a gas dispute between Moscow and Kiev left it without gas for over a week in the winter of 2009. Traikov said earlier this week the gas link with Greece will become operational first and could be used to transport Azeri natural gas to Bulgaria from 2014.

Turkmenistan to increase China gas supply plan by 25 bcm

Reuters, 23.11.2011



Turkmenistan will increase its planned supply of gas to China by 25 bcm of natural gas, to a total of 65 bcm a year, Turkmenistan's president said.

Kurbanguly Berdimukhamedov made the comments to reporters in Beijing. He did not say when the supply of gas would begin. One of the least developed Soviet republics when the Soviet Union collapsed two decades ago, Turkmenistan is now among the world's fastest-growing economies and is pinning hopes of future prosperity on its huge hydrocarbon reserves.

Greek Cyprus to expand energy search despite Turkey

Rigzone, 23.11.2011



Greek Cypriot Administration announced that it is forging ahead with a second round of licensing to exploit oil and gas deposits despite the strong objections of Turkey.

“The Commerce Minister [Praxaoula Antoniadou] has been authorized to take all the necessary steps to move ahead with official publication of the notice of the second round of licensing in respect of all research blocks in the Exclusive Economic Zone of Cyprus,” Stefanos Stefanou told. He said the launch of the tendering process would take about six weeks to prepare, with interested candidates then given three months to express an interest in exploiting the remaining 11 blocks inside the island’s delineated economic zone (EEZ).

After evaluation, a shortlist of candidates for exploration permits will be drawn up and submitted to the cabinet to decide who gets the final approval. U.S. Company Noble Energy is currently test drilling for possible reserves in Block 12, 180 kilometers (115 miles) off the island’s south coast. The firm secured the first exploration license issued in 2008. Ever since, Turkey has protested strongly against the government’s search, branding it ‘illegal’.

“With today’s decision, the government stresses, once again, its determination to exercise, always in accordance with international law, its sovereign rights in the EEZ of the Cyprus Republic,” Stefanou said.

A defiant Greek Cypriot President Demetris Christofias had said Monday that the island’s offshore oil and gas search would carry on regardless of the hostile reaction from Ankara. He made the vow after touring Noble’s Homer Ferrington platform for the first time since the Texas firm began exploratory drilling for gas at the end of September. Initial estimates by Noble Energy predict between 3 trillion and 9 trillion cubic feet (between 85 billion and 255 billion cubic meters) of gas locked under the sea bed--less than the preliminary estimate of 10 tcf. But even a find of less than 10 tcf would meet the island’s domestic gas needs for decades. Results from Noble’s test drilling are expected to be ready in mid-December. Media reports predict there could be greater riches, not only of gas but also of oil, in the blocks adjacent to Block 12.



Baghdad threatens ExxonMobil with sanctions

Hürriyet Daily News (Reuters), 23.11.2011



Iraq said it could slap sanctions on U.S. oil major ExxonMobil before the end of the year for signing a deal with Regional Government without approval from Baghdad or blessing from Washington.

At risk for Exxon is its contract to develop a huge oilfield in southern Iraq after it agreed to six exploration deals with the northern Iraq, who are in dispute with the Baghdad government over oil and land rights. "The Iraqi government is considering sanctions, and will inform the company before they make a public announcement," Deputy Prime Minister for Energy Hussain al-Shahristani said.

Baghdad has said any oil deals signed with the Regional Government are illegal. Exxon is the first oil major to test that. "The position of the U.S. government has been that they were unaware of it and if they had been asked, they would have obliged Exxon to get approval of the Iraqi government," Shahristani said.

The U.S. State Department, in its first comment on the deal, said it had warned Exxon and other firms of the risks of signing contracts in Iraq without nationwide approval. But it did not say whether it specifically talked with Exxon about the contract. "We have had conversations with Exxon, as we have with all of our firms, advising them to wait for national legislation," State Department spokeswoman Victoria Nuland told reporters.

Nuland said she could not speak to whether the U.S. government has had subsequent conversations with the company or the Iraqi government to try to resolve the matter. Iraq has yet to agree on a national oil law to decide such vital issues the role of federal and regional authorities in regulating oil and gas development as well as how to share the revenues from the energy sector.

West hits Tehran with sanctions on oil and finance

Hürriyet Daily News, 22.11.2011



Britain, Canada, and the US announce heavy sanctions against Iran's energy and finance sectors as the EU readies to implement more bans on the business sector after the UN nuclear watchdog declares a report on Iran.

The United States, Britain and Canada have announced new sanctions on Iran's energy and financial sectors after a United Nations report about Iran's nuclear program. Meanwhile, France has called on international partners to impose a freeze of Iran's Central Bank's assets and an oil embargo.

Notably, the measures seek to limit the West's links with Iran's Central Bank, which has been a key player in funneling proceeds of energy sales to Iran's government. U.S. Secretary of State Hillary Clinton, unveiling what she called a "significant ratcheting up of pressure on Iran," said the United States was targeting Iran's energy sector directly for the first time. Sanctions will be on Iran's petrochemical industry, prohibiting U.S. companies from providing goods, services and technology to support Iran's production of petrochemicals, Associated Press reported. This industry represents Iran's second biggest export after crude oil.

Britain was the first to make the sanctions public early Nov. 21, with Finance Minister George Osborne saying London was cutting links with Iranian banks. In Ottawa, House Leader Peter Van Loan announced measures that would "block virtually all transactions with Iran, including those with the Central Bank." France went one step further, calling on international partners to impose a freeze of Iran's Central Bank's assets and an oil embargo, but did not announce sanctions.

The European Union is eyeing sanctions on some 200 Iranian firms and individuals, diplomatic sources said yesterday. "More than 200 names are to be added to a list" of Iranians already targeted by a visa ban and businesses facing an asset freeze, which would be announced by EU foreign ministers meeting in Brussels on Dec. 1, the sources said.

Iran dismissed a new wave of sanctions yesterday, saying the West's attempts to isolate its economy would only serve to unite Iranians behind their government's nuclear program. "Such measures are condemned by our people and will have no impact and be in vain," Foreign Ministry spokesman Ramin Mehmanparast said. Parliament Speaker Ali Larijani said Iran would hit back. "This will not go unanswered and we will review our ties with them ... there will be a tit-for-tat reaction," he said. Russia condemned what it said were "extraterritorial measures unacceptable and contradictory to international law." Meanwhile, Russia joined the U.S. and Britain yesterday in backing Israel's view that the Middle East cannot be turned into a nuclear arms-free zone without progress on regional peace.

UAE to bypass Straits of Hormuz with new pipeline

Reuters, 21.11.2011



The United Arab Emirates could soon start pumping oil via a key pipeline that will allow it to bypass the Straits of Hormuz and protect exports if Western powers resort to military action in a row over Iran's nuclear program.

The Abu Dhabi Crude Oil Pipeline project, a 480-km pipeline with a capacity of up to 2.5 million/bpd will allow the UAE to boost exports from its Fujairah terminal outside the Straits and on the Gulf of Oman. "There's a hurry to get this operational as the noises about an attack on Iran gets louder," an industry source with direct knowledge of the pipeline said.

"Oil could flow through the pipeline from end-December initially at 1 million bpd and gradually increase to 2 million bpd," he said, adding that the start-up of the pipeline would ease a serious bottleneck in the Gulf. Tension over Iran's nuclear program has increased since the International Atomic Energy Agency (IAEA) reported on Nov. 8 that Tehran appears to have worked on designing a nuclear bomb and may still be working.

The Strait of Hormuz is the most important oil transit channel in the world, with some 15.5 million barrels or about a third of all sea-borne oil passing through in 2009, according to the U.S. Energy Information Administration (EIA). U.S. warships patrol the area to ensure the safe passage. Even though some analysts believe an imminent military action against Iran rather unlikely, they think the pipeline is crucial for the sustainability of oil exports with political tensions in the region on the rise. "It is opening up an export channel that is invulnerable to any disruption in Hormuz," oil and gas analyst Saket Vemprala at Business Monitor International said. "I don't think the military action scenario is likely anytime soon but such routes are useful for the Gulf states. If you remember, the Iraqi crude pipeline through Saudi Arabia was very important during the Iran-Iraq war," he said.

Most of the crude exported from Saudi Arabia, Iran, the United Arab Emirates (UAE), Kuwait and Iraq -- together with nearly all the LNG from lead exporter Qatar must pass through a 6.4 kilometer wide shipping channel between Oman and Iran. "It is not big enough to get the most of Gulf Arab crude yet, but it enough for the bulk of the UAE's crude," Vemprala added. The pipeline would link state oil firm Abu Dhabi National Oil Company's Habshan oilfields to the port of Fujairah, one of the top three bunkering hubs and a major oil storage terminal.

Mitsubishi to aid LNG production in Iraq

Reuters, 21.11.2011



Mitsubishi Corp will be part of a LNG project in Iraq and start exporting LNG to Japan from as early as 2020. The Japanese conglomerate will form a joint venture with Iraq's state-owned South Gas and the Anglo-Dutch oil major Royal Dutch Shell to execute the project.

Mitsubishi will hold a 5 percent stake in the \$17.2 billion operation for a total investment of \$909.33 million. The project is expected to export about 4 million tons of LNG a year worldwide and Mitsubishi's share will be supplied to power and gas utilities in Japan, which is facing a dearth of Nuclear power after the March earthquake and tsunami.

The Japanese government will support Mitsubishi through trade insurance offered by the Nippon Export and Investment Insurance organization, the Nikkei added.

Russia in Belarus gas pact

Upstream Online, 25.11.2011



Gazprom is to take over ownership of Belarus' state-run gas pipeline operator Beltransgaz in a deal on gas supplies and transit agreed between the two countries. The Russian gas monopoly, which already owns half of Beltransgaz, will acquire the remaining 50% share for \$2.5 billion under the deal, which had earlier stalled on disagreement over the price of the stake.

Belarus has also agreed to buy 22.5 bcm of gas per year from Gazprom in 2012, rising to 23 bcm in 2013 and 2014, with a provision for adjusting the gas volumes. The transit tariff for pumping gas was set at \$2 per 100 kilometers initially and will be calculated monthly in 2013 and 2014.



Announcements & Reports

▶ *EMRA LPG Market Report (Sep 2011)*

Source : Energy Market Regulatory Authority
Weblink : <http://www.epdk.org.tr/documents/10157/62a34a1d-28a8-4a95-84b9-f0ae36b966aa>

▶ *Deploying Renewables*

Source : International Energy Agency
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=414>

▶ *World Energy Statistics 2011*

Source : International Energy Agency
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=582>

Upcoming Events

▶ *GeoPower Europe*

Date : 4 – 8 December 2011
Place : Doha – Qatar
Website : www.20wpc.com

▶ *2nd Unconventional Gas Asia Summit 2011*

Date : 5 – 9 December 2011
Place : Beijing – China
Website : <http://www.szwgroup.com/2011/unconventional>

▶ *20th World Petroleum Congress*

Date : 6 – 7 December 2011
Place : Milano – Italy
Website : <http://www.greenpowerconferences.com/>

▶ *APPEX 2012*

Date : 6 – 8 January 2012
Place : London – UK
Website : <http://www.appexlondon.com/2012/index.cfm>



► *European Gas Conference*

Date : 24 – 27 January 2012
Place : Vienna – Austria
Website : www.europeangas-conference.com

► *Global Tight Oil Summit*

Date : 31 January – 1 February 2012
Place : Houston – USA
Website : <http://www.theenergyexchange.co.uk/the-global-tight-oil-summit/s13/a314/>

► *6th Africa Economic Forum*

Date : 5 – 7 March 2012
Place : Cape Town – South Africa
Website : <http://www.petro21.com/events/?eventid=728>

► *Iraq Energy Expo 2012*

Date : 23 – 26 April 2012
Place : Baghdad – Iraq
Website : <http://www.iraqenergyexpo.com/2012/index.php>

► *Oil & Gas Pipelines in the Middle East 2012*

Date : 20 – 23 May 2012
Place : Abu Dhabi – UAE
Website : <http://www.theenergyexchange.co.uk/oil-and-gas-pipelines-in-the-middle-east-2012/s13/a170/>

► *4th African Gas – LNG*

Date : 21 – 24 May 2012
Place : London – UK
Website : <http://www.petro21.com/events/?eventid=735>

► *25th World Gas Conference 2012*

Date : 3 – 8 June 2012
Place : Kuala Lumpur – Malaysia
Website : www.wgc2012.com

► *Iraq Future Energy – 2012 (in Turkey)*

Date : 24 – 26 September 2012
Place : Istanbul – Turkey
Website : <http://www.theenergyexchange.co.uk/iraq-2012-future-energy/s13/a255/>