

Yildiz announces oil exploration in Northern Cyprus to begin in 2 months

Today's Zaman, 09.12.2011



Energy and Natural Resources Minister Taner Yıldız announced on Friday that oil exploration will start on and offshore in Gazimagusa, a province in the Turkish Republic of Northern Cyprus (KKTC), in two months.

He told reporters following a meeting in Kayseri that the direction for oil exploration is shifting from the Black Sea to the Mediterranean region and that the results from on and offshore seismic searches near Gazimagusa were combined and are being evaluated. He noted that in addition to new oil companies, the Royal Dutch Shell Oil Company will also be included in a deal to find and produce oil in Gazimagusa.

Yıldız had announced in November that the Turkish Petroleum Corporation (TPAO) had signed a joint deal with Royal Dutch Shell for the exploration and joint production of oil and natural gas off Turkey's Mediterranean shores as well as onshore in Turkey's southeastern region. He said the joint deal with Shell in the Mediterranean would only include drilling off Antalya's coast. However, the drilling in Gazimagusa could also include a partnership with Shell, according to his speech on Friday.

Explosion on Syrian oil pipeline

Hürriyet Daily News, 08.12.2011



Syrian activists say there has been an explosion on an oil pipeline near the restive central city of Homs. No casualties were immediately reported.

The British-based Syrian Observatory for Human Rights says the pipeline was 'bombed'. The state-run news agency says it was an attack and blamed 'an armed terrorist group'. The reports could not be independently confirmed. Syria is trying to crush a 9-month-old uprising, but the conflict is turning more violent as once-peaceful protesters take up arms. EU aimed at squeezing the ailing Syrian economy and forcing the regime to halt the bloodshed.



Iraq won't cancel ExxonMobil West Qurna field deal

Rigzone (Dow Jones), 09.12.2011



Iraqi Prime Minister Nouri al-Maliki said Friday that Baghdad wouldn't terminate ExxonMobil's contract to develop the West Qurna-1 oil field in southern Iraq as punishment for signing a deal with the country's semi-autonomous Kurdish region, with whom Baghdad has a long-running dispute over land and the sharing of oil resources.

"We haven't cancelled its contract in the south," said Maliki in an interview with the Wall Street Journal ahead of a scheduled state visit to Washington. "We are looking for a way for its other contracts in any area to be within the legal contexts, but as for cancelling its contract in the south, no."

Maliki also said that Exxon has "frozen" its controversial contract with the KRG, which was announced in November, and suggested that his government was willing to find a way to ultimately make the deal work if negotiations were restarted with the involvement of the Ministry of Oil. "It [the contract] has a legal violation, it doesn't work unless Exxon comes back and negotiates with the Ministry of Oil in the presence of a representative of the region, then possible," Maliki said. "Even Exxon I think has frozen the project, now the contract is frozen and we will try to find a formula to remedy it."

It wasn't immediately clear if Maliki's comments were motivated by an eagerness to avoid any potentially protracted legal battle with oil major, which could cast a shadow over Iraq's existing deals with other energy giants and its hugely ambitious plans to quadruple production to 12 million barrels a day by 2017.

Exxon is currently producing 370,000 barrels a day at West Qurna-1 under a central government service contract. The government had warned the company that it could lose its contract to develop the field, which has proven reserves of about 8.7 billion barrels, for signing the deal for six exploration blocks in the north with KRG.

Some of those blocks are in a hotly contested oil-rich territory claimed by both the KRG and the central government, stretching from the Iranian border to the east to the Syrian border in the northwest. An Exxon Mobil media officer in the U.S. declined to comment. So far the company has said nothing about the deal.

Bulgaria scraps oil pipeline with Russia and Greece

Today's Zaman, 07.12.2011



Bulgaria dealt a blow to Moscow's plans to expand its energy sales in Europe. It would scrap a \$1.34 billion pipeline deal to carry Russian oil to Greece due to financial reasons.

Finance Minister Simeon Dyankov said the government has decided to withdraw from the project because it cannot be executed under the financial conditions of the 2007 agreement. Bulgaria is proposing to Russia and Greece that the trilateral agreement for the oil pipeline be canceled by mutual consent, Dyankov told after the Cabinet meeting.

"Unless such arrangement is reached, Bulgaria will withdraw unilaterally after the lapse of a 12-month period," he said. Bulgaria will present its position at a meeting of the international project company on Dec. 14. Under the 2007 deal, the three countries had set up a joint venture company, the Trans-Balkan Pipeline, in which Russia holds 51 percent and Bulgaria and Greece each have 24.5 percent. After it took office in July 2009, Prime Minister Boiko Borisov's center-right government said it was going to reconsider the country's participation in large-scale energy projects with dominant Russian participation in an attempt to reduce Bulgaria's almost total dependence on Russian energy sources.

Tüpras terminates oil purchases from Syria

Today's Zaman, 05.12.2011

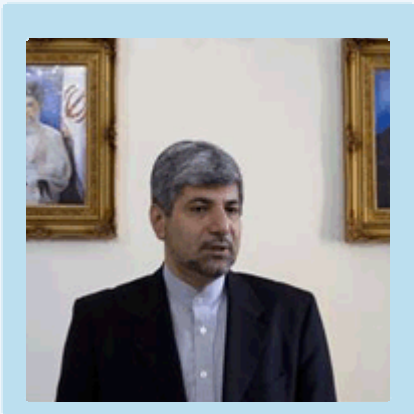


Turkish oil refiner Tüpras has terminated an oil purchase contract with Syria due to the unrest there, Tüpras CEO Yavuz Erkut told reporters on Monday. "We terminated the contract due to the unrest there," Erkut said, adding that Syria supplied only a small fraction of the company's needs. "The 320,000 tonnes of oil we bought from Syria is a very small amount in our total oil import of 20 million tonnes."

Turkey imposed economic sanctions on Syria last week, joining Arab and Western countries putting pressure on President Bashar al-Assad. Those sanctions did not specifically mention oil.

Iran says oil would go over \$250 if exports banned

Reuters, 04.12.2011



Iran warned the West any move to block its oil exports would more than double crude prices with devastating consequences on a fragile global economy. “As soon as such an issue is raised seriously the oil price would soar to above \$250 a barrel,” Foreign Ministry spokesman Ramin Mehmanparast said.

The comments come as Iran strives to contain international reaction to the storming of the British embassy last week, a move which drew immediate condemnation from around the world and may galvanize support for tougher action against Tehran.

Washington and EU countries were already discussing measures to restrict oil exports after the United Nations nuclear watchdog issued a report in November with what it said was evidence that Tehran had worked on designing an atom bomb. Iran says its nuclear program is entirely peaceful.

The U.S. Senate voted to penalize foreign financial institutions that do business with Iran’s central bank which takes payment for the 2.6 million barrels Iran exports a day. The European Union is considering a ban already in place in the United States on Iranian oil imports. So far neither Washington nor Brussels has finalized its move against the oil trade or the central bank amid fears of the possible impact on the global economy of restricting oil flows from the world’s fifth biggest exporter. But the British embassy attack dragged relations with Europe to a long-time low and Iran is now facing rising rhetoric about a direct hit on its main source of foreign earnings.

Until recently, Iran had dismissed as ineffective mounting sanctions aimed at forcing it to halt its nuclear activities. Mehmanparast’s comments show a more defensive stance. “No one welcomes the sanctions, we know that sanctions create obstacles, but we want to say we will overcome these obstacles,” Mehmanparast told Sharq daily. “Imposing sanctions on oil and gas is among the sanctions that, if one wants to do that, the consequences should be fully considered before taking any action,” he said. “I do not think the situation in the world and especially in the West today is prepared enough to raise such discussions.”

Britain’s embassy in Tehran was ransacked after London announced unilateral sanctions on Iran’s central bank. London evacuated staff, closed the embassy and the biggest EU states withdrew their ambassadors in protests. Rising tensions were enough to push up crude prices with ICE Brent January crude up 95 cents on Friday to settle at \$109.94 a barrel. Mehmanparast warned the EU to avoid tying itself to British interests.

EU could seek Iran sanctions

Upstream Online, 09.12.2011



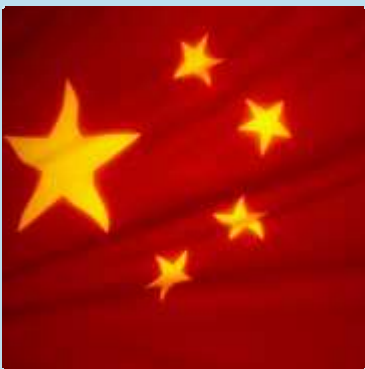
EU leaders will call for more sanctions against Iran at a summit in Brussels, in an effort to ratchet up pressure on Tehran over its nuclear program, draft conclusions of an EU summit showed.

They are not likely make an explicit call yet for an embargo on Iranian crude oil, which EU diplomats began discussing as a way to strengthen Europe's response to mounting Western concerns that the OPEC producer has worked to design a nuclear weapon. The International Atomic Energy Agency ignited such worries last month when it released new evidence on Iran's nuclear work.

An EU diplomat with knowledge of conclusions prepared for the summit of EU heads of state in Brussels on Thursday and Friday, said governments will reiterate plans to develop new sanctions in the coming weeks. EU leaders will call for preparations of sanctions to take place as "a matter of priority" and for them to be adopted by the next meeting of EU foreign ministers in January, the diplomat said. Last week, EU foreign ministers agreed to develop new sanctions on Iran's energy, transport and banking sectors. Diplomats said a ban on imports of Iranian oil into Europe was under discussion. France, backed by Germany and Britain, has led the push to ban Iranian crude, but some states, notably Greece, have expressed reservations.

China shale gas discoveries major boost to supply

Today's Zaman, 08.12.2011



China is reporting discoveries of major shale gas reserves in its western Sichuan region, a development that could drastically boost its domestic supplies of natural gas and temper demand for imports.

State-owned China National Petroleum Corp. has found shale gas reserves in at least 20 locations, with each able to produce over 10,000 cubic meters of gas per day, a company official confirmed. The official, who refused to allow his name to be cited because he said he is not a company spokesman, did not know what the future plans were for developing the reserves.



Technologies that make it possible to free oil and gas from shale formations deep underground at less expense than in the past are helping relieve energy scarcity. But they are also generating concerns over the potential environmental costs of such extraction processes, which involve blasting chemical-laced water and sand deep into the ground - a process known as hydraulic fracturing, or 'fracking'. Critics fear the drilling liquids, which can contain carcinogens, could contaminate water supplies, either below ground, by spills, or in disposed wastewater.

CNPC also reported in an online newsletter of the China Petroleum and Chemical Industry Federation, an industry group, that it had obtained good initial results in production from two exploratory shale gas wells. The wells are part of an effort to gauge the extent of suspected shale gas reserves in Sichuan that, if commercially feasible, could relieve pressure for increased imports to meet soaring energy demand. The CNPC official did not say if the shale gas it succeeded in tapping was found just in blocks being developed by the company alone or also in blocks being explored along with Shell.

China's economic planning agency, the National Development and Reform Commission, initially reported progress on shale gas drilling in July. China has awarded exploration rights for shale gas in the Sichuan Basin as part of efforts to launch use of the clean-burning fuel. China has so far not launched commercial shale gas operations but is partnering with Shell and other foreign companies seeking to improve its own technology. Chinese energy companies meanwhile have been investing in overseas reserves as part of their overall push to ensure access to crucial energy resources.

Announcements & Reports

► *EMRA Petroleum Market Report (Oct 2011)*

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/documents/10157/3300c124-c3b2-463e-8066-8379a71415cf>

► *The Outlook for Energy: A View to 2040*

Source : ExxonMobil

Weblink : http://www.exxonmobil.com/corporate/files/news_pub_eo2012.pdf

► *Model Agreements for Cross-Border Electricity Projects*

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/document/EMAs_-_ENG.pdf

► *Market and System Inter-Operability Agreement Guidelines*

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/document/GEMA_-_ENG.pdf



Upcoming Events

▶ *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/>