Oil & Gas Bulletin

▸ 13.01.2012

Turkey says not bound by US sanctions against Iran

Today's Zaman, *12.01.2012*

Turkey, a US ally that relies on Iranian oil and gas imports, signaled it will not comply with American sanctions against Iran regarding its nuclear program.

Turkey indicated that it will only enforce sanctions that have been approved by the United Nations, and its announcement is a setback to US sanctions aimed at halting what Western governments say is Iran's effort to develop nuclear weapons. Those penalties, targeting Iran's oil industry, would bar financial institutions from the US market if they do business with Iran's central bank.

US Treasury Secretary Timothy Geithner secured the support of Japan which pledged to buy less Iranian oil, a day after China reacted coolly to the US effort. Japan imports about 10 percent of its oil from Iran, while Turkey imports about 30 percent from Iran. "Turkey does not feel it is bound by any sanctions taken unilaterally or as a group, other than those imposed by the United Nations," Turkish Foreign Ministry spokesman Selcuk Unal told a news conference, which followed a meeting between Foreign Minister Ahmet Davutoglu and Iran's parliamentary speaker, Ali Larijani.

US Deputy Secretary of State William Burns, who visited Turkey earlier this week, said the United States and Turkey share a broad strategic concern about the possibility of Iran developing a nuclear weapon. "I think both of our countries agree strongly that this would be a very dangerous and destabilizing development for the entire region," Burns told. "While it is true we sometimes differ over tactics, I think we share that strategic concern, which is very important." Ankara has agreed to host NATO's early warning radar as part of NATO's missile defense system, which is capable of countering ballistic missile threats from Iran. Turkey insists the shield doesn't target a specific country, but Tehran says the radar is meant to protect Israel from Iranian missile attacks if a war breaks out with the United States and or Israel.

The Jewish state, which views Tehran as a threat, has warned of a possible strike on Iran's nuclear program. Iran, which insists its nuclear program is for peaceful purposes, has threatened to respond to sanctions by shutting the Strait of Hormuz, a transit route for a fifth of the world's oil. China has criticized US sanctions against Iran, approved by President Barack Obama on New Year's Eve, as improper and ineffective. Beijing supported UN sanctions on Iran's nuclear program, but says such action should be multilateral. China, the world's biggest energy consumer, depends on Iran for 11 percent of its oil imports.

Turkey said it would evaluate the content of the US sanctions, but Turkey's biggest crude oil importer Tüpras already has renewed a contract to continue to import crude oil from Iran in 2012. "Right now, our import is continuing and as of today there is no change to our plans," Energy Minister Taner Yildiz said.

TransAtlantic provides operational update

Natural Gas Europe, *10.01.2012*

TransAtlantic Petroleum has provided an operational update, including a fracking program in the Thrace Basin in Turkey.

TranAtlantic says that it had not achieved previous year-end production targets due to operational performance and delays which have pushed some of these targets into early 2012 instead of the end of 2011 as planned. With the delays, TransAtlantic ended the year with production levels of 5,651 net barrels of oil equivalent (boe) per day, including approx. 18.7 million cubic feet of natural gas per day (MMcf/d) and approx. 2,530 barrels of oil per day (bbl/d).

The company also says it continues to be encouraged by its progress with a frack (hydraulic fracture) program in the Thrace Basin, together with partners Valeura Energy and Pinnacle Turkey. In 2011, the trio completed the fracking of five wells, with initial production rates averaging 2.0 MMcf/d. The company is this year preparing and initiating a number of new wells, including the Pancarkoy-1 well in the Thrace Basin which is currently being prepared and the Suleymaniye-2 exploration well which is being drilled currently.

In Bulgaria, the company has just completed drilling of the Peshtene R-11 well, which yesterday partner LNG Energy announced had shown a number of positive gas shows. TransAtlantic also plans to complete the Deventci R-2 well later this year. "We are very encouraged with our recent results in the Thrace Basin," chairman and chief executive Malone Mitchell said. "While still early in the program, we believe we are making progress in unlocking a natural gas resource play with meaningful running room for both production and reserve growth.

"To date we have tested structures in just two of our Thrace Basin licenses, and have identified approx. 38,500 acres that we believe have the right structure and depositional factors in place to support a successful resource development program. We intend to continue testing structures across our entire Thrace Basin acreage position and are optimistic that we can increase our drilling inventory as we climb the learning curve. It is also important to note that we have only performed single-stage stimulations.

"We expect the stacked pays of the Thrace Basin to support multi-stage completions, which we expect to commence testing during the first quarter of 2012. We also expect to test the blanket Mezardere sands off-structure which, if successful, could add more of our approximately 800,000 net acres in the Thrace Basin to our future unconventional drilling portfolio."

Hawrami: ExxonMobil - KRG deal 'on track'

Upstream Online, *12.01.2012*

ExxonMobil's deal with Iraq's semi-autonomous Kurdish Regional Government (KRG) to develop six exploration blocks is on track and there are no obstacles to it proceeding, the region's Natural Resources Minister Ashti Hawrami said.

The US company became the first oil major to move into the region in mid-October when it signed an agreement with the KRG. The Iraqi oil ministry then said the deal was illegal and could result in termination of the supermajor's contract to develop the major West Qurna Phase One oilfield in the south. Iraqi officials later said they were considering sanctions, although they have since remained largely silent.

"The deal was signed on October 18. It is binding and everybody is working towards that. It's normal, just like any other contract we have with any other company," Hawrami told Reuters in an interview in Arbil. "In the field of exploration, there is a lot of work to be done in the planning and preparation and so on. It only happened very recently so it is early days," he told. "There is nothing standing in the way of this."

ExxonMobil has not commented publicly on the agreement and Iraqi oil officials say the company has not responded to their requests for an explanation. The deal heightened tensions between Baghdad and Arbil, which have long-running disputes over oil and land, as US troops pulled out of Iraq. Territories disputed by the Kurds and the Arab-led government in Baghdad are considered a potential flashpoint in Iraq.

As well as the deal with ExxonMobil, the KRG was in talks with other oil majors and expected further such deals to be agreed in the next few months, according to Reuters. "If you're talking about the supermajors and majors we have some of them like Marathon, Repsol, OMV etc. working here already. More recently Exxon Mobil came in," Hawrami told. "If you're talking this size companies, then yes, we are talking to a number of them and we think the next few months will lead to some further deals," he said. "But also some of these companies are looking at acquisitions and consolidations. The market is very buoyant ... we are talking to oil companies and they are also talking to each other, so the situation is very dynamic." Confidentiality agreements prevented the ministry disclosing which companies were involved in the talks, but, Hawrami said: "When the deal happens we will announce it."

At least one of the six blocks assigned to ExxonMobil lies outside the present formal borders of the KRG, in areas whose control has yet to be agreed by Arbil and Baghdad. As far as the Kurds are concerned, the areas are not disputed but are under KRG control and the Baghdad government should agree to hold a referendum in those areas, delayed since 2007, to resolve the issue. In any case, Hawrami said, any revenues from the blocks would be shared with the central government, so it should not be an issue. Production is expected to reach 1 million barrels per day by 2015, he told Reuters.

Shell CEO: Shale potential 'limited' in Europe

Natural Gas Europe, *11.01.2012*

Chief Executive Officer of Royal Dutch Shell, Peter Voser, has said that he sees limited potential for the development and recovery of shale gas in Europe, due to a number of restrictions.

Speaking to the company's Shell Venester magazine, Mr. Voser said that, despite shale gas's importance and viability in other areas, it was not easily excavated in Europe. "Unconventional gas is an important part of our business," he said."We anticipate developments in shale and tight gas in North America, China, Australia."

Shell signed an understanding of cooperation in Ukraine in September of last year to further the company's shale gas extraction in the country, with an investment of $800 million (USD) to be used to further shale gas discovery and development in the country. Despite this, Mr. Voser said, and while Shell continues to look at shale in Europe, options were limited on the continent. "We are looking at further opportunities in Europe but the development of shale gas will be reduced there as a result of regulation, legislation, the high population density and the challenge of obtaining permits in Europe."

EU expected to meet on Iran oil embargo on Jan. 23

Today's Zaman (Reuters), *09.01.2012*

The European Union is expected to bring forward a meeting of foreign ministers due to decide on an oil embargo on Iran by one week to January 23, EU diplomats said.

They said a final decision would be taken by a meeting of EU ambassadors in Brussels, and the aim would be to avoid overshadowing a summit of EU leaders set for Jan. 30. "It looks likely it will be brought forward to the 23rd," one of the diplomats said.

Oil sinks on EU's revised Iran plan

Upstream Online, *12.02.2012*

Oil prices tumbled on Thursday in a late sell-off sparked by a report that a proposed EU ban on imports of Iranian crude would be phased in over six months. EU diplomats had said a consensus was emerging to grant a grace period before banning new deals with Iran – six months for crude oil purchases and three months for petrochemicals.

The embargo adds to pressure from the West to curb Iran's nuclear programme. Having traded higher for most of the day, oil prices dropped soon following a Bloomberg report, citing an unidentified EU official with knowledge of the matter, that the embargo would be delayed or phased in over six months.

"It's not surprising to me that the European Union would delay the Iranian embargo as doing it now would have come at the worst possible time, amid austerity measures being taken as they have a lot of economic problems," said Peter Beutel, president of trading consultants Cameronhanover.com in New Canaan, Connecticut. In London, ICE Brent crude for February delivery settled down $0.98 at $111.26 per barrel, well off the day's peak of $115.12, the highest level since 9 November. US February crude oil settled at $99.10, falling $1.77, off the session high of $102.98.

In post-settlement trading, the contract further dropped to a session low of $98.50, the lowest since 30 December with selling picking up steam after prices dropped below $100. "Selling was accentuated by technical factors as support at the $100 level for (US oil) was violated," said Jim Ritterbusch, president of Ritterbusch & Associates in Galena, Illinois, Reuters reported. Turnover was heavy. Brent's trading volume shot up 54% from its 30-day average while US volume jumped 44% from its 30-day average, according to Reuters data.

Oil had risen well over 2% in earlier trade and held on to gains for most of the day after the main oil union of OPEC member Nigeria threatened to shut output on Sunday as Africa's biggest oil producer entered its fourth day of nation-wide protests over the loss of fuel subsidies. Oil prices have been on the rise for weeks due to Iran's threat to shut down the vital Strait of Hormuz oil shipping lane, in response to sanctions over its nuclear programme.

US allies in Asia and Europe said they would support Washington's campaign to cut Iran's oil exports. However, fear of self-inflicted economic pain is tempering enthusiasm for such an addition. Firms in Iran's three biggest EU oil customers, Italy, Spain and Greece, all suffering acute economic discomfort, have lately extended purchase deals in the hope at least to delay the impact of any embargo for months, traders told Reuters.

‘Problems will occur if conflict happens in Strait of Hormuz’

Rigzone, *09.02.2012*

INSIGHT, a top international provider of supply chain planning solutions for the world’s foremost companies, believes that substantial supply chain problems will result if conflict breaks out in the Strait of Hormuz, through which 20 percent - 30 percent of the world’s oil supply passes on a daily basis.

Of more immediate concern to supply chain managers is the impact on global oil markets. While the consequences of military action in the Strait would be severe, even the threat of conflict has resulted in significant crude oil price increases in the past few weeks.

Iran threatened to stop the flow of oil through the Strait of Hormuz if foreign sanctions were imposed on its crude exports because of its nuclear ambitions, a move that would almost certainly trigger military conflict. Many analysts believe that such threats are baseless, and that closing the Strait would be economically and politically damaging, not only to relations with the West, but also with such powerful neighbors as Saudi Arabia and the UAE.

Nevertheless, recent Iranian military activity in the area, a test of a new missile, and warnings to the US Navy that its carriers must stay out of the Gulf, have ratcheted up tensions significantly. “The last thing that the world’s fragile economy needs is a new confrontation in the Middle East,” said Dr. Jeff Karrenbauer, president of INSIGHT. “In the last week, we have seen tensions increase dramatically between Iran and the West. Open conflict in the Strait of Hormuz would be a nightmare for supply chains throughout the world, raising the cost of raw materials, manufacturing, transportation, warehousing, inventory... essentially every component of a supply chain.”

Karrenbauer goes on to note the significant disruptions caused by the Japanese earthquake and tsunami and, more recently, the severe flooding in Thailand. Industries such as automobile and electronics have yet to recover. “The evidence is overwhelming that disruption, whether random acts of nature or pre-meditated actions by intelligent adversaries, can have severe economic consequences. In some instances the enterprise itself can be at risk. Nevertheless, we still find that the majority of companies have spent little or no time planning for such contingencies. That is astounding, troubling and frankly, a significant management failure.”

Japan to reduce Iran oil imports, supporting US

Today's Zaman, *12.01.2012*

Japan gave a boost to the US campaign to sanction Iran over its nuclear program, pledging to buy less Iranian oil, a day after China reacted coolly to the US effort.

Iran's "nuclear development problem can't be ignored by the world, so from that perspective we understand the US actions," Finance Minister Jun Azumi told reporters after meeting with US Treasury Secretary Timothy Geithner, who was visiting Tokyo after two days in Beijing. Japan imports about 10 percent of its oil from Iran, Azumi said. "We plan to start reducing this 10 percent share at soon as possible in a planned manner," he said.

Japan's quick agreement contrasts with China's public silence on the matter during Geithner's visit there. A diplomat who briefed reporters about an upcoming Middle East trip by Premier Wen Jiabao repeated earlier government statements rejecting sanctions as a way to resolve the dispute with Iran. Geithner's trip to Asia's two largest economies is part of a global lobbying effort to win support for the sanctions aimed at halting what Western governments say is Iran's effort to develop nuclear weapons. The sanctions, targeting the oil industry, would bar financial institutions from the US market if they do business with Iran's central bank.

Experts said Tokyo's move to reduce imports from Iran would likely have limited negative impact on Japan's economy as the country would probably be able to increase imports from other major oil producers such as Saudi Arabia and the United Arab Emirates. But the sanctions and accompanying geopolitical tension could raise global oil prices and undermine the world economy. "We're more concerned about the risk of the Iran problem becoming bigger and possibly leading to global economic instability through a possible increase in oil prices," said Hiromichi Shirakawa, chief economist for Japan at Credit Suisse in Tokyo.

The timing is also bad for Japan as the country is already facing an energy crunch. Most of its 54 nuclear power plants are offline because of routine inspections, mechanical problems or stress tests in the wake of last March's nuclear crisis at the Fukushima Dai-ichi nuclear power plant. Azumi said working out a plan for non-oil imports would take more time. Japan also imports natural gas from Iran.

China, the world's biggest energy consumer, depends on Iran for 11 percent of its oil imports. China bought about 600,000 barrels of Iranian crude per day in November, nearly one-third of Iran's daily exports of 2.2 million barrels, making Chinese cooperation key to the success of sanctions. "If the Chinese and maybe the Indians are not going to be abiding by US pressure, then I don't think there will be a major impact on oil prices," said Koichiro Tanaka, director of the JIME Center at the Institute of Energy Economics Japan in Tokyo.

Saudi Arabia's oil output nearing its capacity limit

Hürriyet Daily News, *12.01.2012*

Saudi Arabia will find it difficult to compensate shortages derived from sanctions on Iran. The kingdom is already close to its oil production capacity, sector professionals say. There is very little unused capacity in the Gulf, says an official.

Saudi Arabia is nearing its comfortable operational production limits and may struggle to do much to make up for shortages that arise from new sanctions imposed on Iran by the West. The kingdom, now pumping just under record rates of 10 million barrels per day, has poured billions of dollars into its vast oil fields, which on paper should ensure it has the ability to ramp up to 12.5 million bpd.

Long-standing oil policy by Riyadh, the heavyweight in the Organization of the Petroleum Exporting Countries (OPEC), sets aside some 1.5 million bpd as protective spare capacity. But industry sources said pumping anywhere near the declared production capacity might involve extracting heavy crudes the market might not want. It would also be difficult to sustain higher rates for lengthy periods. "There is very little unused capacity in the Gulf," said an oil official in the region. "Saudi Arabia could comfortably manage an extra 500,000 barrels a day or so and, if pushed, could go up to 11 million (barrels a day)."

A steady rate beyond 10 million bpd would offer immediate relief to world oil markets, but it would take the kingdom's production to untested levels. Saudi officials are confident, however, of achieving higher flows. "Saudi Arabia can easily make 1 million to 1.5 million (barrels per day) available," a Saudi source said about output beyond current volumes. Since June of last year, Saudi Arabia and its Gulf allies Kuwait and the United Arab Emirates have been cranking oil out after failing to convince Iran and other OPEC members to agree a coordinated increase to cover the supply disruption from Libya's civil war.

The trio has kept up the higher pace, despite the return of Libyan crude, to supply rising demand from Asia and in effort to bring oil prices below $100 a barrel to help nurture global economic growth. Increased deliveries have left Kuwait and the United Arab Emirates producing nearly flat out. That will make it a stretch to fill a sizeable gap left by any punitive cuts in Iran's oil exports of about 2.5 million bpd. After spending huge amounts on fortifying their production, the Gulf countries are now reluctant to push output to the very brink and leave them bereft of a supply cushion.

US officials to propose changes to onshore oil royalty rates

Rigzone (Dow Jones), *11.01.2012*

The Obama administration is close to proposing changes to the royalty rate it charges oil and natural-gas companies operating on federal lands, a top Interior Department official said Tuesday.

Such a move is expected to lead to higher royalty rates for energy companies and more revenue for the federal government. Speaking at a Platts Energy Podium event, Interior Deputy Secretary David Hayes said U.S. officials want "to make sure the American taxpayer is getting appropriate value for oil and gas development on our public lands."

The U.S. charges a lower royalty rate for oil and gas on federal land than on federal waters. The rate for onshore development is 12.5%, while offshore development is close to 19%, Hayes said. Hayes said his department is examining the royalty rates charged by state governments and private land owners who lease their land to oil and natural gas companies. In many cases, states and private landowners charge higher rates than the federal government. "It's not a trivial exercise, obviously, to identify what potential royalty rates might make sense," he said.

The American Petroleum Institute, a group that serves as the main lobbying arm for the oil and natural gas industry, said an increase to onshore royalty rates will hit smaller producers particularly hard. "Any increase in royalty rates is inevitably going to drive away new investment," Erik Milito, director of API's upstream operations, said.

The Interior Department also announced Tuesday it would hold 32 auctions for oil and gas leases on federal land in 2012. It will offer up parcels of land in California, Colorado, New Mexico and Wyoming, among others. In 2011, the department collected about $250 million from auctioning off onshore leases, up from about $210 million in the previous year.

Big oil and gas finds in Northern Europe

EurActiv, *12.01.2012*

Norway's Statoil has made a second big oil discovery in the Barents Sea in less than a year and predicted more discoveries to come in the region.

The new oil find, called Havis, may hold between 200 million and 300 million barrels of oil equivalent (boe). The new find combined with the previous and nearby discovery, Skrugard, could provide between 400 million and 600 million boe, Statoil said. "This is extremely positive," said John Olaisen, an analyst at the Carnegie investment banking firm in Oslo.

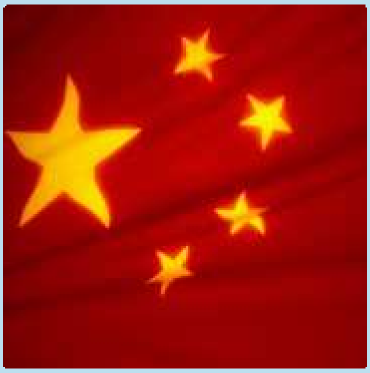
"This is an important strategic asset in a new oil region, so this is very good. One could expect more oil finds in the region after this." A Shell and ExxonMobil joint venture, Nam, has also announced what it says is the largest on-shore gas field discovery in the Netherlands since 1995. Production at the South Metslawier site, which is estimated to hold 4 billion cubic meters of reserves, is expected to begin in the summer, and last until 2015.

The Norwegian find in the Barents Sea, followed a carve-up of the territory in 2010 between Norway and Russia. The Arctic region holds 25% of the world's hydrocarbons, according to the US Geological Survey. Norway is the world's eighth-largest oil exporter and the second-largest for gas. It has seen declining oil output since 2001, but a string of offshore discoveries have been made over the past year. Finding oil in the Norwegian part of the Barents Sea had until recently proven to be very difficult. Over the past 30 years oil companies have drilled 92 exploration wells but only a handful have proven to be hits - Skrugard, Statoil's Snoehvit gas field, Eni's Goliat oilfield and Total's Norvarg discovery.

Statoil now expects to strike more oil in the region around Havis."We believe we now understand the geology and have cracked the code in this area," the company's chief executive Helge Lund said. "We think we will be able to make additional finds in this license in the future," he said. Production at Havis is expected to begin before the end of the decade. The partners in the latest oil find are Statoil (50%), Italy's Eni (30%) and Norwegian state-owned firm Petoro (20%).

China considers new 'super ministry' for energy in 2013

Hürriyet Daily News, *07.01.2012*



China is considering a proposal to create an energy "super-ministry" as part of a sweeping cabinet reshuffle in 2013, two sources said, a step that would help Beijing impose its will on an industry beset by bureaucratic infighting.

The new ministry would replace the National Energy Administration (NEA), China's main energy regulator, and would take on the energy-related duties scattered across other government bodies, said the sources, who spoke on condition of anonymity. The super ministry would also handle long-term planning and policy making for the sector.

"Various interest groups are now wrestling over the plan, but there is a need for an energy super-ministry," a source with ties to China's top leadership told. China, the world's biggest energy consumer, has been trying to draw up a long-term strategy for the sector that will address the security of overseas oil-and-gas supplies, rationalize pricing and taxation policies, boost new energy like nuclear and renewables and cut pollution and greenhouse gas. Ministries in China also often overlap as regulator.

Without a unified energy regulator, Beijing has struggled to achieve many of its priorities, including establishing a strategic petroleum reserve and reining in its perilous and chaotic coal industry. Among other changes, the proposal calls for giving the new ministry the power to set oil, gas, coal and electricity prices. Today, that work is handled by the powerful National Development and Reform Commission (NDRC). It is not clear if the move would abolish the National Energy Commission, a supervising body set up at the same time as the NEA and chaired by Premier Wen Jiabao.

China formed its first energy ministry in 1988 from the remnants of the old electricity, coal and oil bureaus, but dissolved it in 1993 after the regulator failed to control the powerful state-owned enterprises that dominate the sector. Its duties were eventually swallowed up by at least 13 other ministries and bureaus.

OMV touts 60% pre-war level production in Libya

Rigzone, *12.01.2012*

OMV said its oil production in Libya now stands at 60% of the pre-war level, up from 30% in November. "At the moment production is 19,000 barrels a day, around 60% of the pre-war level," with output rising sharply in recent months as Libya recovers from the conflict that ousted Moammar Gadhafi, spokesman Sven Pusswald said.

The comment tallies with that of other Western companies extracting Libya's highly sought-after low-sulfur crude, with Italy's Eni SpA saying recently that output was now at 70% of pre-crisis levels.

OMV Chief Executive Gerhard Roiss had said in December that production levels would reach prewar levels in 12-15 months, a target that Pusswald said the firm was sticking to for now. In 2010, Libya's capacity was just short of 1.7 million barrels a day, according to the International Energy Agency. Oil Minister Abdel Rahman bin Yezza recently predicted production would be back to normal in the second half of 2012. OMV, which relies on Libya for around 10% of its oil output, recently sent its general manager for the country back to the North African state, but he is only staying there for a few days at a time for safety reasons. "The situation is still too unstable and is being constantly assessed," Pusswald said.

Climate negotiator Rende: Turkey ready to do its part on climate change

Today's Zaman, *08.01.2012*

Turkey is emerging in the UN as a country that is working for the common good of the world with regard to climate change and one that is interested in a positive agenda, Turkey's climate change chief negotiator Mithat Rende has said in an interview with Sunday's Zaman.

As he summed up Turkey's efforts within the UN to help reduce the adverse effects of climate change, he highlighted the country's role as a contributor to a new and legally binding agreement that would finally mobilize all parties signatory to it to take measures towards 'saving the earth.'

Speaking after the approval in Durban, South Africa, of a roadmap for a post--2012 climate change regime, Rende expressed hope that efforts would soon result in a document that would be legally binding on all parties to it. As a result, he hopes that the foreseeable adverse effects of climate change might be kept to a minimum, before it is too late. “Turkey knows the danger of the approaching change in our climate and is taking solid measures to reduce its greenhouse gas emissions [GHG],” Rende said as he declared that Turkey was among the countries which took climate change “very seriously,” due to it being situated in a highly vulnerable zone.

Although predictions point to a possible meltdown in the world ecosystem if anthropogenic interference with the world’s climate is not reduced immediately, Rende is optimistic that all parties would be legally bound by the new document to keep the average increase in global temperature below 2°C, after which the results of climate change might prove too catastrophic for the continuation of human existence on the planet.

“Turkey, through its own means and domestic resources, has reduced its GHG emissions by 20 percent since 1990,” Rende said of Turkey’s progress on the road to drastic reduction in the emissions of GHG, concentrations of which in the atmosphere are believed to be the main trigger of temperature increase on earth. On the other hand, Rende noted, Turkey has also invested $2 billion in forestry over the past few years, and the positive effects of that are not included in the country’s GHG reduction statistics. Although Turkey has only opened a few chapters in its EU accession process, climate is one of those few. This is a sign that the country is quite concerned with what the world might face in a matter of only a few decades.

The Durban meeting in November was the most recent addition to a long series of meetings held annually under the title of Conferences of the Parties (COP), which convenes as part of The United Nations Framework Convention on Climate Change (UNFCCC), an environmental treaty that was brought to life in 1992. “Climate change has evolved to the level of a global threat, with manmade causes and with results that will affect the whole of humanity,” Rende explained the start of the process back in 1992, which drew the world’s attention after the Kyoto Protocol fell short of creating the desired effects due to gaps in participation.

“The reason why the Kyoto agreements were not sufficient in tackling climate change was because the total emissions of the countries that made a commitment to the protocol were causing only 32 percent of the total damage,” Rende said, concluding that although Kyoto was well intended, “it would not do the job” without the participation of major emitters.

“A system that does not include the big emitters, mainly the US and China, naturally does not work, which brought us to the critical point where we need a common document that is legally binding on all parties to it, but that also recognizes differences in the responsibilities of countries,” Rende further elaborated on the new agreement that is scheduled to be finalized by the end of 2015 and put into effect by 2020. “The responsibilities of different countries are not the same: The duties that fall on, for instance, the US and Turkey should not be the same,” he said in the hope that the differentiated approach of the new system would succeed, since it would place varying obligations on each country according to its respective capabilities, meaning that what a big emitter has to do to uphold its obligations would not be the same as a smaller, or poorer, country.

“Climate negotiations have for too long been a battle between developed and developing countries, since the rich are the biggest emitters and also have a historical responsibility,” Rende said, clarifying that the new system would take into account details pertaining to each country, with some countries having been emitting GHGs since the 1850s, while others only for the last few decades. Developed countries will also be responsible for providing financial and technical support to developing countries in order to contribute to their “resilience,” since a low carbon economy would also mean that they will further fall behind competition in the global markets.

As countries implement measures to reduce their emission levels, they will also have to change the way they produce energy, as well as the way they use it, since a low-carbon economy will be the main goal of climate conscious countries, Rende explained. He also raised an issue regarding the potential of GHG reduction in drastically decreasing a country’s ability to compete in the global marketplace. “The moment you spell low carbon economy, it is also the moment you have think about developing a new energy policy, a sustainable development policy and new approaches in the way you handle forestry, agriculture and transportation,” he added, claiming that tackling climate change will also define the development paradigm of the new century.

Given the fact that a low carbon economy, although pricy for developing nations, would be beneficial for the world in every possible way, Rende suggested that all countries must be bound by the new system and that “wild” capitalism needs to be slowed down. “Producing fast and producing cheap are the main goals of the global powers, but the new system will make the polluter pay -- which means that there is a cost to the pollution that you create and that will inevitably end up raising the price of your goods,” he added.

However, Rende also voiced concern over the fact that many countries which subscribed to Kyoto were beginning to withdraw from the protocol before the start of its second term of commitment, due to begin in January 2013, in protest of the fact that major emitters are already absent from the agreement. “Canada, Russia and Japan have said they will break their commitment to Kyoto next year, which means that the 32 percent reduction Kyoto was able to maintain will now fall even lower,” he said. However, he expressed hope that countries might individually work to keep their emissions low, much like Turkey, also a non-Kyoto country.

“We were hoping that emission reduction would remain stable under Kyoto until 2020, but now all hopes have been deferred to that date when the new agreement will take effect,” Rende continued, expressing frustration that “such a burning matter” would have to wait until 2020. EU countries, on the other hand, have said that they would still abide by Kyoto for the next eight years.

The chief climate negotiator also noted that the EU was the most contributive element in the process, since European countries are in danger if the expected rise in sea levels occurs in 2050. This would result in the loss of all deltas, making food the rarest commodity on earth and diminishing energy security. “Many countries will be left under water if the sea level rises by one meter, and others will simply be rendered uninhabitable in many corners of the world,” Rende said, giving a glimpse of the major disaster scenarios predicted by experts unless immediate action is taken to prevent climate change.

Announcements & Reports

► *Azerbaijan Country Analysis Brief*

Source : U.S. Energy Information Administration
Weblink : http://www.eia.gov/countries/cab.cfm?fips=AJ

► *IEA Medium-Term Coal Market Report 2011*

Source : International Energy Agency
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► *Short-Term Energy Outlook (Jan 2012)*

Source : U.S. Energy Information Administration
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► *2011 Brief: Henry Hub natural gas spot prices fell about 9% in 2011*

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► *Energy Efficiency in Georgia*

Source : Energy Charter
Weblink : http://www.encharter.org/index.php?id=128&L=0

► *Energy Efficiency in Bosnia and Herzegovina*

Source : Energy Charter
Weblink : http://www.encharter.org/index.php?id=378&L=0

Upcoming Events

► *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/

► *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/