Oil & Gas Bulletin
► 16.03.2012

Turkey, Iran set for gas price arbitration case

Hürriyet Daily News, *15.03.2012*

Turkey will not wait to open an arbitration case against Iran over a natural gas price dispute following an end to negotiations, Turkey's energy minister has said.

Yildiz and his Iranian counterpart, Petroleum Minister Rostam Qasemi, held a final bilateral discussion about the price dispute on the sidelines of the 13th International Energy Forum in Kuwait. Noting that this was the last discussion before Turkey could open a case, Yildiz said Iranian officials had not been receptive to negotiations. The government will soon open the case it has been preparing as there is nothing further to negotiate about between the parties, said Yildiz.

"They said there were legal justifications rather than discussing whether the price was reasonable. Iran is Turkey's second largest natural gas supplier and there is a price difference between Russian and Iranian gas," he said. The arbitration process will not have an adverse effect on the relations between the two countries, Yildiz said. "Friendship is one thing, business is another. We are trying to solve a trade problem without affecting the trade itself."

He said there was a "serious" difference between the price of Iranian gas and the market price. "I cannot say the Iranians are ill-intentioned, that is why our relations are not badly affected. ... The Iranians also believe that we are well-intentioned," he said, citing a previous natural gas price dispute between Turkey and Azerbaijan that had resulted in Turkey paying the price difference. Iranian natural gas has been overpriced since the end of 2010 due to an agreed formulation to calculate the gas price.

Meanwhile, Qasemi slammed the use of the vital commodity as a political tool by "big countries" against producers, warning that sanctions would jeopardize supplies. "Unfortunately, some big countries who are among the major energy consumers view oil as one of the basic constituents in their military, security and political strategies and use it as a political tool against oil-producing countries," he said.

Sanction-hit Iran's oil exports are forecast to fall by 800,000 barrels per day (bpd) after the middle of the year, the International Energy Agency said in its monthly oil report. The IEA said Iranian oil exports would decline to around 1 million bdp as global demand for oil grows by 800,000 bpd to 89.9 million bpd.

Israeli gas deal tied to resolution of Mavi Marmara dispute

Today's Zaman (Ilyas Koc), *11.02.2012*

Energy and Natural Resources Minister Taner Yildiz has said Turkey can facilitate the transportation of natural gas Greek Cyprus and Israel are currently working to extract in the eastern Mediterranean to northwestern markets only if and when Israel agrees to Turkey's demands regarding the killing of nine of its citizens onboard an aid ship two years ago.

"All the feasibility studies conducted are now pointing to Turkey as the most suitable transportation route. If we did not have the Mavi Marmara issue with Israel, there could have been many joint projects. Yet that natural gas pipeline is not worthy of nine lives we lost," he said.

"There is only one way to transport this natural gas. The seabed of the Mediterranean is not ideal for a pipeline. Turkey, on the other hand, has a pipeline infrastructure. Why should it not be used for that purpose? Should we receive an offer, we can speak of such a partnership only when the political foundation is strengthened for it. Energy cannot carry the burden of politics," Yildiz said.

Turkey cuts Syrian oil imports

Hürriyet Daily News, *12.02.2012*

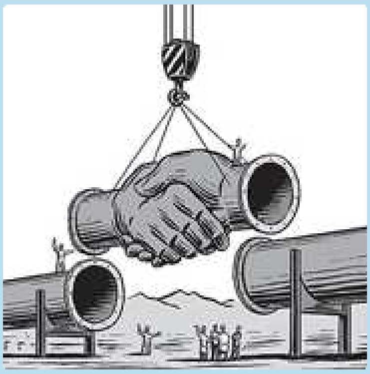
The Turkey has silently stopped buying oil from Syria as part of sanctions aimed at stepping up pressure on the Bashar al-Assad regime to end its bloody crackdown on the opposition.

The imports were cut last November, an energy ministry official said, adding that Turkey had bought Syrian oil worth about $200 million in 2011, before the decision was made. "The amount was not much, so the impact of cutting the imports will not be of much significance," he said. In the meantime, Turkey is continuing to sell electricity to Syria, he added.

Also in November, Ankara announced that the Turkish Petroleum Corporation (TPAO) had suspended joint work with its Syrian counterpart at six wells in Syria as part of a bilateral oil exploration project.

Turkey agrees to transport Iraqi gas

Trend, *15.03.2012*



Turkey is ready to provide its territory and any assistance necessary to transport Iraqi natural gas to Europe, Minister of Energy and Natural Resources Taner Yildiz told journalists.

Yildiz noted that, Iraq and Turkey are currently negotiating the implementation of the project. “Iraq can take advantage of Turkey’s extensive experience in gas export. In the case of this project’s delivery, the Iraqi gas will come to the world market in the near future” Yildiz said. The minister also said negotiations between Turkey and Qatar for the purchase of liquefied natural gas has recently intensified and the parties have agreed on almost all key issues under the agreement.

Turkey to drill off gas in Cyprus

Hürriyet Daily News, *13.03.2012*

Turkey will begin drilling for oil or gas off Turkish Cyprus towards the end of March, having carried out seismic studies, Mehmet Uysal, chief executive of Turkish Petroleum Corporation (TPAO), said. Greek Cyprus started exploring for gas south of the island in September 2011, angering Turkey.

In reaction, Turkey and the Turkish Cypriot administration signed a pact paving the way for exploration, and dispatched its seismic research vessel to search for potential reserves. “We’re starting drilling in northern Cyprus in the coming days... We have started shipping our equipment there,” Uysal told, adding that drilling would start before the end of March.

Meanwhile, Turkish Cypriot President Dervis Eroglu is set to pay a visit to Ankara on the invitation of his Turkish counterpart Abdullah Gül. Eroglu is expected to discuss the Cyprus process with Gul. He will be accompanied by Foreign Minister and his special representative Kudret Ozersay.

Ecuador offers Turkey partnership in $12 bln oil refinery project

Today's Zaman, *16.03.2012*

The South American country of Ecuador has offered Turkey the opportunity to work together to build its largest oil refinery, which is expected to cost $12 billion.

"I have seen in Turkey, which I last visited as a penniless student in 1980s -- a country that is surprising people with its growth potential and dynamism. This country is seeking prosperity," said President Correa Delgado, speaking at the Turkey-Ecuador Trade and Investment Forum. "We are going to build an oil refinery campus that is going to be worth six times as much as our biggest project so far, at $12 billion. Let us work together for this project," he added.

According to Turkish Statistics Institute (TurkStat) figures, Turkey's imports from Ecuador totaled $102 million last year, up from $75 million in 2010, whereas its exports to the country located on the northwestern shore of the South American continent were worth $50 million in 2011, up from $35 million a year earlier. Turkish Economy Minister Zafer Caglayan, who also addressed participants at the forum, said the present trade volume between the two countries, albeit a much increased one compared to past years, is not enough.

The smallest among the 12 economies within the Organization of the Petroleum Exporting Countries (OPEC), Ecuador also has a nascent mining industry. Its government expects $7 billion in mining investments over the next seven years. Earlier this month, it signed the country's first ever large-scale mining contract, which calls for Chinese-owned Ecuacorriente to invest $1.4 billion in the El Mirador copper project. The Chinese company will pay 52 percent of its revenue to the government, including royalties, value-added taxes, income tax and other duties. The government is also negotiating with the Canadian Kinross Gold for the operation of the Fruta del Norte gold mine located in the southeast of the country.

Also speaking at the same event, Ecuadorean Minister Coordinator of Strategic Sectors Jorge Glas Espinel said: "We can give priority to [Turkish] investors for purchases of oil. We have special incentives in the field of taxes and duties. We also have a legal framework and tax relief for such projects. We now have billions of dollars worth of projects [yet to be undertaken by companies]," urging Turkish businesspeople to seek trade and investment opportunities in his country.

CNOOC shows interest in Cyprus offshore gas field

Rigzone, *13.03.2012*

CNOOC is among several firms showing interest in investing in Cyprus' offshore natural gas field, the island's interior minister said. Neoklis Sylikiotis didn't elaborate on what kind of investment CNOOC is looking to make. But the firm is looking to be a major player in building the infrastructure that would bring the gas to shore and process it for export and to possibly secure quantities of gas to feed China's growing energy demand.

Sylikiotis' remarks came days after Finance Minister Kikis Kazamias said an Asian investor is interested in buying around $665 million worth of Cypriot bonds.

Iraq to put out final draft contracts for new oil round April 20

Bloomberg, *14.03.2012*

Iraq's Oil Ministry will issue the final draft contracts for the next round of energy-exploration rights on April 20, the director-general of the licensing department said.

Companies that were preselected to bid in the two-day May 30 licensing round have until tomorrow to comment on the preliminary drafts, Abdul Mahdy al-Ameedi said in an interview in Baghdad. The licensing round has been repeatedly delayed to allow more time for companies to make remarks and changes so that the agreements are more attractive for investments.

Iraq has awarded 15 oil and natural-gas licenses to foreign companies since the U.S.-led invasion that ousted President Saddam Hussein in 2003. The Arab nation is the third-largest oil producer in OPEC and seeks to develop natural gas to help generate electricity. Iraq is auctioning 12 exploration areas, seven for oil and five for gas, according to the ministry. They contain 29 billion cubic meters of gas and 10 billion barrels of crude, Oil Minister Abdul Kareem al-Luaibi said in March. Forty-six companies have qualified for the bidding, including Royal Dutch Shell, BP and Total.

ExxonMobil freezes Kurd deal

Upstream Online, *16.03.2012*

Iraq's government has received a letter from ExxonMobil saying the US supermajor had frozen its deal with the country's semi-autonomous Kurdish region, Iraq's oil minister Abdul Kareem Luaibi said.

The US giant had angered Baghdad by signing an exploration deal with the regional government (KRG), which the central government considers illegal. "We received a letter from Exxon on March 5 saying they are freezing the contract with the Kurds," Luaibi told Reuters on the sidelines of a news conference.

He said the Iraqi government had not yet reversed its intention to exclude ExxonMobil from its next oil-bidding round. When asked whether it had done so, he replied: "Until now, no." "But maybe in a few days" Baghdad could change its position, if ExxonMobil gave more clarification of its decision, he told the news wire.

Iraq earlier this month set a deadline of a few days for ExxonMobil to explain its position on oil agreements signed with the KRG, a government spokesman said at the time. The KRG announced in November the signing of a deal for six exploration blocks with ExxonMobil, the first major oil company to deal in northern Iraq. Iraq's central government has said that deal could jeopardize ExxonMobil's contract to develop the super-giant West Qurna-1 oil field in southern Iraq. A spokesman for ExxonMobil declined to comment, Reuters said. ExxonMobil chief executive Rex Tillerson told Wall Street analysts earlier this month that his company is committed to exploring in Northern Iraq, as well as to expanding its West Qurna output in southern Iraq.

Asked in the news conference to comment on the stance of France's Total, which said in February it was considering possible investments in Northern Iraq, Luaibi said: "The situation is clear: we do not accept, we cannot authorize companies to sign bilateral agreements with the regional authorities." Luaibi also said Iraq would reach oil output of 3.4 million barrels per day by the end of this year, just days after the country's oil production exceeded 3 million bpd for the first time in more than three decades. "By the end of the year we will manage to produce 3.4 million and to export 2.6 million barrels per day," he said, adding output by the end of 2017 could reach 10 million bpd.

Ukraine plans to break Gazprom's monopoly

EurActiv, *13.03.2012*

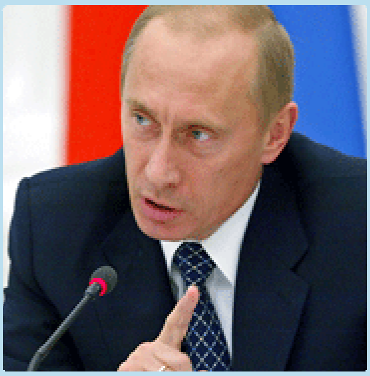
Ukraine plans to sign a contract with Germany's RWE energy company to import gas through Slovakia using reverse-flow technology. Although relatively small, the project is the first attempt by Ukraine to reduce its dependence on imports from Russia's Gazprom monopoly. Ukraine wants to purchase three million cubic meters of gas from RWE per day.

"NaftogazUkraine plans to sign a short-term contract with Germany's RWE to deliver spot gas, bought in Europe, through Slovak pipelines to Ukraine. The signing is likely to happen in the nearest future," says the report.

According to the draft contract seen by Zerkalo Nedeli and to comments by specialists, the agreement is seen as "balanced" and unlike similar deals with Russia, it does not contain "excessive" conditions. Also, Ukraine held talks with Turkey and Bulgaria to deliver liquefied natural gas from Turkish storage facilities through the Bulgarian gas transportation system. Turkey and Bulgaria see no objection to the scheme, the report says. Bulgaria has reportedly laid down a parallel gas pipeline to the one used to bring Russian gas, which could allow reverse flows to Romania. Ukraine and Romania would have to agree on pipeline route to serve the Ukrainian market.

Putin says UK in talks to join Nord Stream

Bloomberg, *02.03.2012*



The U.K. may join the Russian-led Nord Stream gas pipeline under the Baltic Sea to Germany and beyond, Prime Minister Vladimir Putin said.

"We have begun negotiations that will allow Great Britain to join Nord Stream and gradually become a gas importer," Putin was cited as saying by the Russian news service. Putin didn't elaborate on U.K. participation in the project. Putin said economic relations between the U.K. and Russia are currently "bad," with just $16 billion in bilateral trade versus $72 billion with Germany.

Naftogaz says it paid Gazprom in full and on time for February gas

Natural Gas Europe, *09.03.2012*

Naftogaz has said that it has paid its debt in full and on time for gas delivered to it by Gazprom in February, after a tense month between the two companies.

Naftogaz says that it paid around $1.3 billion USD for its imports of gas last month from the Russian company at the agreed costs under its gas sale contract with Gazprom. The calculated price includes a $100 discount given to Naftogaz by Gazprom in April 2010, leaving the cost per 1,000 cubic metres of gas at $416 for the first quarter of 2012. "Naftogaz fulfills its obligations to Gazprom every month on time to pay for imported natural gas," a statement for Naftogaz said.

The statement made no referral to any extra gas taken by Naftogaz last month to deal with an unseasonably cold period, during which Gazprom alleged Ukraine had siphoned more than its fair share of gas, leaving other European customers short. Naftogaz denied the allegations saying it had only taken what was agreed contractually for that month and alleging that the shortfall had come on Gazprom's end, which it said had never sent the disputed gas volumes through the pipeline.

UK faces total winter LNG cut-off risk

Natural Gas Europe, *08.03.2012*

Britain risks a total cut-off in liquefied natural gas supply next winter as the world's biggest producer Qatar skirts Europe in favor of more lucrative exports to Asia, Merrill Lynch Bank of America analysts said in a research note.

With Asian demand surging, mass diversions could trigger severe gas shortages in the UK and set wholesale gas prices soaring some 25 percent to 90 pence per term, the analysts wrote. Britain's dependency on seaborne gas imports has grown in the past two years, making up about a quarter of total supply in 2011 as North Sea reserves declined by 10 percent year on year.

Noble ramps up Tamar development with $18b deal

Rigzone, *15.03.2012*

Noble Energy announced that it and its partners in the Tamar field have signed a gas sales agreement to sell natural gas from the Tamar field, offshore Israel, to Israel Electric Corporation Limited (IEC).

Under the 15-year agreement, IEC is expected to purchase approximately 2.7 trillion cubic feet (Tcf) of natural gas as fuel to provide electricity to the state of Israel and retains, under certain conditions, an option to expand the agreement quantity to approximately 3.5 Tcf.

Although actual revenue will be dependent upon purchased quantities and prices at the time of sale, the estimated total revenue for the 15-year period is $18 billion in the event IEC does not exercise its option and $23 billion if the option is exercised. The gas price formula includes a base price and is indexed mainly to the US Consumer Price Index. The agreement is subject to final government approval, which is expected.

“We look forward to the start-up of gas deliveries from the Tamar field to meet the needs of the state of Israel,” said Charles D. Davidson, Noble Energy’s Chairman and CEO. “This clean burning fuel will reduce emissions and lower the cost of power generation. Tamar is on schedule to begin commissioning late this year with initial gas deliveries expected in April 2013.”

As a result of this and previously announced agreements, the Tamar partners have sales agreements for natural gas quantities in the range of 3.9 to 4.7 Tcf with six different customers, resulting in estimated total revenues between $27 billion and $32 billion over a 15 to 17 year period. Noble Energy operates Tamar with a 36 percent working interest. Other owners are Isramco Negev 2 with 28.75 percent, Delek Drilling with 15.625 percent, Avner Oil Exploration with 15.625 percent, and Dor Gas Exploration with the remaining four percent.

Lukoil to invest nearly $2B in Iraq this year

Rigzone, *11.03.2012*

Lukoil plans to invest around $2 billion in Iraq this year, corporate newspaper for Lukoil Overseas, the group's international upstream operator, said recently.

The main projects for 2012 include production and exploration drilling (126,000 and 14,000 meters, respectively), design and survey work, the start of construction of a pipeline to the Tuba terminal, and involvement in the construction of shared facilities for sea-water supply. The company also plans to sign the necessary contracts for these projects.

According to the publication, during recent negotiations between Russian Special Presidential Envoy to the Middle East and Deputy Minister of Foreign Affairs Mikhail Bogdanov, Iraqi Prime Minister Nouri Al-Maliki and Oil Minister Abdul Karim al-Luaibi, in which Lukoil chief Vagit Alekperov also took part, a decision took place regarding actual options for boosting the project's economic efficiency.

It was earlier reported that Lukoil's capex for Iraq in 2011 came to $203 million, up from $172 million in the previous year. Lukoil completed demining operations at production sections, launched a Pilot Camp workers settlement housing 172 people, prepared contracts for the drilling of 23 production wells, built a gas-turbine electrical plant and a storage plant at the Tuba terminal.

In January 2010, Lukoil signed a contract for development and production at the West Qurna 2 field in southern Iraq. The contract's signees are Iraqi state-owned South Oil Company and a consortium of contractors consisting of Iraqi state-owned North Oil Company, Lukoil and Norway's Statoil. Lukoil has a 56.25% stake in the project. West Qurna 2 has recoverable oil reserves of around 12.9 billion barrels. Operation at West Qurna 2 is set to be launched by the beginning of 2014. Oil production was originally supposed to begin at the end of this year, but Lukoil later postponed it to the beginning of 2013.

In 2017, West Qurna 2 oil production will total 1.7 million barrels, or 94 million tons. Lukoil estimates that it will invest roughly $4.5 billion in the project over the next three years, and $27 billion as a whole. It is assumed that the Russian oil company will be able to place around 10 million tonnes of oil from West Qurna 2 on its balance sheet. Iraq is one of Lukoil's future points for growth. Recently, Lukoil's partner in the West Qurna 2 project, Statoil, informed the Russian company of its possible withdrawal from the project, in which the Norwegian company owns a 25% stake.

Iran says energy dialog has failed to depoliticize oil

Platts, *14.03.2012*

Dialog between producing and consuming countries has failed to de-politicize oil to the extent that had been expected, Iranian oil minister Rostam Ghasemi told the International Energy Forum in Kuwait.

Ghasemi said Iran had never used oil as a political weapon but that some major energy consumers viewed oil as a basic strategic tool. "Unfortunately, some big countries who are among the major energy consumers view oil as one of the basic constituents in their military, security and political strategies, and use it as a political tool against oil producers," he said.

He did not name specific countries. However, the Iranian minister was participating in a session that included US deputy energy secretary Daniel Poneman and Saudi Arabia's Ali Naimi. Washington is trying to persuade Iran's top customers in Asia to reduce their purchases of Iranian oil in exchange for waivers from sanctions that would otherwise bar their banks from the US financial system.

Iran has hoped to find homes in Asia for some 500,000 b/d of crude exports that will no longer be able to go to Europe when a European Union embargo on Iranian oil imports comes into force on July 1. "Undoubtedly, exerting unilateral economic constraints of political instigations is a threat, which jeopardizes free trade and continuity of oil supply in the world, and ultimately all the concerned groups in the oil market, including producers and consumers, will face various problems," he said. "Today, when the issue of dialog between producers and consumers is raised, the expectation is that there would be no huge gap between the views of the two sides. The expectation is that it would enhance our understanding of mutual interdependence and contribute to mutual trust, and pave the way for making national decisions and international cooperation more transparent," he said.

Iran, with a history of more than 100 years in the oil industry, "has never initiated using oil as a political tool," he said. "We are of the opinion that energy security may not be achieved through interference in the domestic affairs of countries, but the most important principle in the changing geopolitics of the world's energy is the free flow of capital, technology and goods in the market," he said. "Hence, we are of the opinion that unfortunately the trend of dialog between producers and consumers has not been successful in establishing an atmosphere of healthy cooperation, depoliticizing oil and energy industries, and eliminating sanctions, to the extent that producers and consumers expected. We hope to achieve the elevated objectives of the producer-consumer dialog and cooperation among producers and consumers more than ever."

But Ghasemi asked rhetorically whether uncertainties about future oil supply and demand had been eliminated and whether the investment needs of producers in both the upstream and downstream sectors as well as the huge costs involved in maintaining and enhancing surplus production capacity had been addressed. He said energy security required “further cooperation among producers and consumers, efficient market performance, preventing tough price volatilities, and finally establishing transparent and stable relationships between the concerned parties.” The core of such cooperation, he said, “should be a logical link between reserves, investment, technology, and access to global markets without political barriers to assure security of energy supply and demand, and to guarantee the world’s sustainable development.”

ExxonMobil calls for hydraulic fracturing fluid disclosure in Europe

Natural Gas Europe, *09.03.2012*

ExxonMobil has called for the adoption of a systematic hydraulic fracturing fluid disclosure program in Europe to provide further information to communities, policymakers and regulators about natural gas development technologies.

“ExxonMobil believes that a comprehensive disclosure program allows citizens and communities to consider this technology with a strong factual foundation. We believe that will lead to open discussion about environmental protection and risk management, and the potential benefits of shale development in Europe, said Rex W. Tillerson, chairman and chief executive officer, in a speech at CERA Week in Houston.

“Natural gas from shale holds tremendous promise in many places in Europe due to its lower carbon intensity and suitability for power generation, but we want policymakers and the public to be confident that it can be produced safely and responsibly,” added Tillerson. ExxonMobil pointed to its commitment to disclosure of hydraulic fracturing fluids by working with U.S. state regulatory agencies to help create the FracFocus website, an online registry where companies submit data about chemicals used in the hydraulic fracturing of oil and natural gas wells.

By disclosing the specific content of the small amount of chemicals mixed with the water and sand for hydraulic fracturing, Tillerson said industry provided important information to those interested in shale development. FracFocus in the U.S. allows communities and policymakers in the area of a potential drilling site to understand the components of fracking fluids and to recognize that the majority of ingredients are safe and already widely used in many other applications, including consumer products. Tillerson said industry should share its experiences and knowledge in this area with policymakers, regulators and communities.

‘Scary oil’ *by Nouriel Roubini*

Today’s Zaman (Project Syndicate), *15.03.2012*

Today’s fragile global economy faces many risks: the risk of another flare-up of the Eurozone crisis; the risk of a worse-than-expected slowdown in China; and the risk that economic recovery in the United States will fizzle (yet again). But no risk is more serious than that posed by a further spike in oil prices.

The price of a barrel of Brent crude, which was well below $100 in 2011, recently peaked at $125. Gasoline prices in the US are approaching $4 a gallon, a damaging threshold for consumer confidence, and will increase further during the high-demand summer season.

The reason is fear. Not only are oil supplies plentiful, but demand in the US and Europe has been lower, owing to decreasing car use in the last few years and weak or negative GDP growth in the US and the Eurozone. Simply put, increasing worry about a military conflict between Israel and Iran has created a “fear premium.”

The last three global recessions (prior to 2008) were each caused by a geopolitical shock in the Middle East that led to a sharp spike in oil prices. The 1973 Yom Kippur war between Israel and the Arab states led to global stagflation (recession and inflation) in 1974-1975. The Iranian revolution in 1979 led to global stagflation in 1980-1982. And Iraq’s invasion of Kuwait in the summer of 1990 led to the global recession of 1990-1991.

Even the recent global recession, though triggered by a financial crisis, was exacerbated by spiking oil prices in 2008. With the barrel price reaching $145 in July of that year, oil-importing advanced economies and emerging markets alike faced a recessionary tipping point.

The risk that Israel’s threat to attack Iran’s nuclear installations will, in fact, lead to an outright military conflict may still be low, but it is growing. Israeli Prime Minister Binyamin Netanyahu’s recent visit to the US demonstrated that Israel’s fuse is much shorter than the Americans’. The current war of words is escalating, as is the covert war that Israel and the US are allegedly engaging in with Iran (including killings of nuclear scientists and use of cyber-warfare to damage nuclear facilities).

Iran, with its back to the wall as sanctions bite harder (especially the recent SWIFT and central bank restrictions, and Europe’s decision to stop importing Iranian oil), could react by increasing tensions in the Gulf. Eventually, it could easily sink a few ships to block the Strait of Hormuz, or unleash its proxies in the region, which include pro-Iranian Shia forces in Iraq, Bahrain, Kuwait, and Saudi Arabia, Hezbollah in Lebanon, and Hamas and Islamic Jihad in Gaza.

Recent attacks on Israeli embassies around the world appear to signal Iran's reaction to the covert war being waged against it, and to the tightened sanctions, which are aggravating the effects of the regime's economic mismanagement. Likewise, the recent escalation in cross-border fighting between Israel and Gaza-based Palestinian militants could be a sign of things to come.

The next few weeks could bring a reduction in tensions, as the US, France, Germany, the United Kingdom, China, and Russia go through another round of attempts to prevent Iran from developing nuclear weapons or the capacity to produce them. But if this attempt fails, as is likely, one cannot rule out that, by summer, Israel and the US agree that, sooner rather than later, force will have be used to stop Iran.

Indeed, while Israel and the US still disagree on some points – Israel wants to strike this year, while the Obama administration is opposed to military action before facing the voters in November – the two sides are converging on aims and plans. Most importantly, the US is now clearly rejecting containment (accepting a nuclear Iran and using a deterrence strategy). So, if sanctions and negotiations don't credibly work, the US (a country that doesn't "bluff," according to Obama) will have to act militarily against Iran. The US is now providing bunker-buster bombs and refueling planes to Israel, while the two militaries are increasing joint military exercises in case an attack becomes necessary and unavoidable.

If the drums of war grow louder this summer, oil prices could rise in a way that will most likely cause a US and global growth slowdown, and even an outright recession if a military conflict erupts and sends oil prices soaring.

Moreover, broader geopolitical tensions in the Middle East are not fading, and might intensify. Aside from deep uncertainty regarding the course of events in Egypt and Libya, now Syria is on the verge of civil war, and radical forces may get the upper hand in Yemen, undermining security in Saudi Arabia. There is still concern about political tensions rising in Bahrain and Saudi Arabia's oil-rich Eastern Province, and potentially even in Kuwait and Jordan, all areas with substantial Shia populations or other restless groups.

Now that the US has left Iraq, rising tensions between Shia, Sunni, and Kurdish factions do not bode well for the country's ability to boost oil production soon. There is also the ongoing Israel-Palestine conflict, tension between Israel and Turkey, and hot spots – particularly Afghanistan and Pakistan – in the wider neighborhood.

Oil is already well above $100/barrel, despite weak economic growth in advanced countries and many emerging markets. The fear premium might push prices significantly higher, even if no military conflict ultimately takes place, and could trigger a global recession if one does.

Nouriel Roubini is Chairman of Roubini Global Economics, Professor of Economics at the Stern School of Business, New York University, and co-author of the book Crisis Economics. *Copyright: Project Syndicate, 2012. www.project-syndicate.org*

Announcements & Reports

► EMRA LPG Market Report (2011)

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/documents/10157/691b7360-24ba-4151-956d-34d6d32f0d2f

► OPEC Oil Market Report (Mar 2012)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_March_2012.pdf

Upcoming Events

► TUROGE 2012 (in Turkey)

Date : 21 – 22 March 2012
Place : Ankara - Turkey
Website : http://www.appexlondon.com/2012/index.cfm

► Iraq Energy Expo 2012

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

► LNG Export Forum North America

Date : 20 – 23 May 2012
Place : Houston - Texas
Website : http://www.lngexportna.com/

► 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

► Gas&Oil Expo & Conference

Date : 11 – 13 June 2012
Place : Alberta - Canada
Website : http://www.gasandoilexpo.com/

► CO2 Capture and Storage - Workshop *(in Turkey)*

Date : 13 – 14 June 2012
Place : Ankara - Turkey
Website : http://www.cgseurope.net/NewsData.aspx?IdNews=70&ViewType=Actual&IdType=478

► Global Petroleum Show

Date : 12 – 14 June 2012
Place : Alberta - Canada
Website : http://globalpetroleumshow.com/

► World Heavy Oil Congress

Date : 10 – 13 September 2012
Place : Aberdeen - Scotland
Website : http://www.worldheavyoilcongress.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/

► International Pipeline Exposition

Date : 25 – 27 September 2012
Place : Alberta - Canada
Website : http://internationalpipelineexposition.com/

► *Gastech 2012*

Date : 8 – 11 October 2012
Place : London – UK
Website : http://www.gastech.co.uk/

► *International Sustainable Energy Congress*

Date : 31 October – 1 November 2012
Place : Alberta - Canada
Website : http://sustainableenergycongress.com/

► *European Autumn Gas Conference*

Date : 13 – 15 November 2012
Place : Paris - France
Website : http://www.theeagc.com/