Oil & Gas Bulletin
► 30.03.2012

Turkey won't back down from taking Iran to court

Today's Zaman, *29.03.2012*

There is no reason for Turkey to back down on its decision to seek international arbitration over gas imports from Iran that were below the promised levels, Turkey's Energy and Natural Resources Minister Taner Yildiz has said. Turkey took Iran to the International Arbitration Court on Jan. 16 over gas imports due to the inadequate amount of natural gas the country exported to Turkey. There have also been pricing issues on natural gas between the two countries.

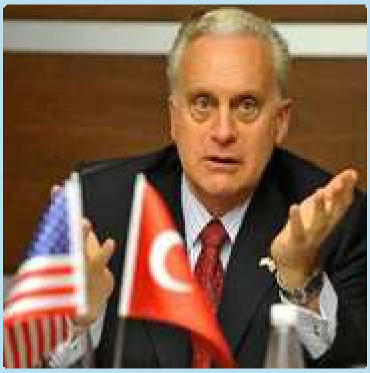
Yildiz, who is currently in Iran on an official visit, accompanying Prime Minister Recep Tayyip Erdogan, spoke to journalists at Tehran's Sadabat Palace.

The energy minister offered a statement on the possibility of the US creating a blacklist of countries that continue to import oil from Iran. He said no such list has been prepared officially, but said Turkey would never be on such a list. "Turkey's experience and relations developed over time will never allow such a thing to happen, both in terms of our ties with the US and with Iran." He said Turkey was not an ordinary country. "Turkey can't conclude any process about oil or natural gas unless it satisfies its supply needs first."

He said it was unfair that small importers of Iranian oil, such as Greece, England and France, were making it appear as if were making a huge sacrifice by cutting off purchases. "This is something very obvious. Some countries need to stop being cunning here. The conditions are not equal. France's zero percent purchases, down from 2 percent, is not the same as ours, as we import 53 percent of our gas from Iran. The two countries are not in the same position," he noted. Yildiz also noted that Turkey did not have any interest in sharing any know-how or technical information on nuclear technology with Iran.

US expects Turkey to reduce Iran oil imports

Hürriyet Daily News, *30.03.2012*



The United States has announced a list of countries that have taken steps to reduce oil imports significantly from Iran, adding that it expects other countries, including Turkey, to do so in the near future. U.S. ambassador to Turkey Francis J. Ricciardone also said that military intervention in Syria was the last resort and an undesirable one.

Ambassador Ricardione said the U.S. remained in conversation with the Turkish government on reducing oil imports from Iran. "We certainly hope Turkey will reduce its oil imports from Iran, but we have not come to a conclusion about Turkey's decision in this regard," Ricciardione said.

Riccardione added that his clear understanding from speaking with Turkish colleagues was that they shared the same goal with Turkey about Iran's nuclear program, while at the same time Turkish Prime Minister Recep Tayyip Erdogan was at a meeting with Iranian President Mahmoud Ahmadinejad in Tehran. "We cannot find a way out by playing scratch cards. We do not want empty words, we want a solution," Riccardione said, regarding Iran's nuclear program. "Turkey does not wish to see Iran as a nuclear state and neither does the U.S. We want to prevent Iran from becoming a nuclear weapon state".

Ricciardione also touched on Turkish–Israeli relations, saying both were friends of the U.S. and important countries in the region. "The ties between the two allied countries should continue to contribute to the prosperity in the region. We want Turkey and Israel to overcome the difficulties soon," Ricciardione said. Riccardione also said the "dangerous, unstable, morally unacceptable situation and killing in Syria has to stop," but added "military intervention [was] not necessarily needed now." "Together we will think through how we will deal with this dreadful situation. Military force is absolutely the last resort and an undesirable one. This is a situation in which there are no easy answers, no simple answers, no magic can be produced but we are working on it together," Riccardione said.

The ambassador said he would be proud if he was a Turkish citizen, as Turkey was hosting the opposition factions of Syria to freely hold talks. "My expectation from the meeting this Sunday is to bring together Turkish and American wisdom with our Arab and European friends. We are coming together to offer more effective support for the Syrian people. Many have chosen this free place to come together, as a lot of different Syrians factions cannot come together in their own country. If I were a Turk I would be very proud that my country was able to host people who cannot talk freely in their own country; it is very exciting. But I do not expect an instant solution on Monday morning," Riccardione said. Nevertheless Riccardione opposed the idea of arming the opponent powers in Syria, "The UN is working hard to stop the violence, but putting in more arms would make the situation worse."

Turkey cuts Iran oil purchases by 20 percent

Hürriyet Daily News (AFP), *30.03.2012*

Turkey's oil refinery Tüpras said it had cut its purchases of oil from neighbouring Iran by 20 percent as western nations tighten sanctions against Tehran over its nuclear programme.

"Given the situation, it was decided following an evaluation to reduce by 20 percent crude purchases from Iran," the company said in a statement. Turkey, which imports a third of its oil from Iran, is seeking to obtain an exemption from new US sanctions against Iran. Earlier this month Washington granted financial institutions from Japan and 10 EU nations exemptions, praising the countries for reducing dependency on oil from the Islamic republic.

Turkish officials said they would seek a similar exemption. Turkish Energy Minister Taner Yildaz said the country would try to make up for lower imports from Iran by buying more crude from Libya.

Genel Energy eyes take-overs in N.Iraq

Hürriyet Daily News, *30.03.2012*

Genel Energy is actively looking to acquire companies in the region, predominantly focusing on the Northern Iraq region, Tony Hayward, the company's chief executive said.

Genel Energy may work with the consortium responsible for oil and gas explorations in Lebanon, which is expected to be announced this year, Hayward said, adding that it was too early to tell which consortium that would be. "We are working on expanding our business in northern Iraq and using those new opportunities. We are also looking for opportunities in the Middle East and Africa. But our main focus is that region, where we have a competitive edge," he said.

Hayward and Genel's chairman Mehmet Sepil met with 80 Turkish investors March 28 to discuss investment opportunities "to expand Genel's individual and corporate investor base." "We bought the Chia Surkh region from Longford Energy, which was in effect buying out the company, as it was the company's sole holding. We are seeking such opportunities in the region, as it is very clear that a consolidation is going to happen there," Hayward said.

Gas price nears 5 liras due to third hike in a month

Platts, *20.03.2012*

With a third gas price hike in one month, Turkey's gas prices have seen an 8.5 jump year-to-date. The price hikes could raise natural gas and electricity prices.

Gas prices in Turkey were hiked for the third time in just one month, resulting in about an 8.5 percent price jump for the year to date, as oil prices rise due to changes in lira to dollar exchange rates, political uncertainties and instabilities in the Middle East. Tüpras, which controls all of the country's refinery capacity, increased the price of one liter of gas by 8 to 10 kurus, raising the price to between 4.69 and 4.72 Turkish Liras for 95 octane gas in Istanbul.

Average gas prices were between 4.69 and 4.72 liras per liter in Turkey's three largest cities, Istanbul, Ankara and Izmir, before the hike. According to prices compiled from oil distributors prices now range between 4.79 and 4.82, the agency said.

The gas price was at 4.33 liras per liter on December 23, 2011. The first rise of the year was a 7-kurus hike on February 21. On March 10 the price was raised by about another 10 kurus, and then March 20 gas prices again rose between 8 and 10 kurus. The cost of filling a gas tank went up about 20 liras to 258 liras, from 238 liras in the first days of this year, the daily Milliyet said yesterday. Diesel gas prices also saw a 3.08 percent rise on March 15, to more than 4 liras per liter.

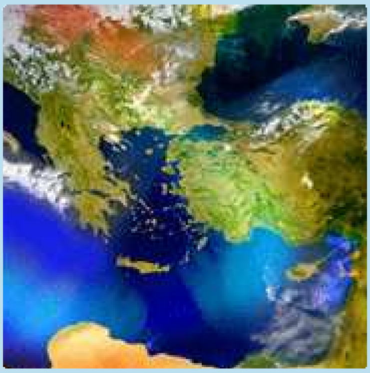
"Turkey imposes the highest tax on gasoline, with a 1.04 euro per-liter tax," the Petroleum Industry Foundation of Turkey said in a March 2 statement. The country follows England and Sweden for the amount of tax imposed on diesel fuel. Brent crude oil prices have risen more than 17 percent year to date, according to ycharts.com. The price was at about $111 per barrel on January 3, and traded at about $124. Meanwhile, the price hikes are expected to affect natural gas prices and consequently electricity prices as well, according to an electricity sector professional.

Turkey generates 51 percent of its electricity from gas, and gas prices change based on Brent crude oil, Onder Karaduman, the head of the Electricity Producers Association, said yesterday, according to the Anatolia news agency. Noting that political developments in Syria, Iran and other countries in the Middle East could tilt oil prices upward at any time, he said, "After all the rise in oil prices will inevitably be reflected in natural gas prices, and this will cause electricity prices to rise."

"It is out of the question for oil prices to go down. They will always go up," Volkan Ediger, a professor specializing in energy issues at Kadir Has University told the Daily News yesterday, adding that the annual average price of oil has been at $100 per barrel. "International and national oil prices are not parallel, they do not match up with each other 100 percent," he said, noting that prices should reflect supply and demand, not interventionist policies.

Greece, Israel and Greek Cyprus eye gas exports in future

Today's Zaman, *28.03.2012*



Energy Ministers from Greece, Israel and Greek Cyprus promised Wednesday to increase cooperation to exploit natural gas, but warned that exports could take a decade.

Greece hopes to eventually start its own gas production and act as a transit point for supplies from Israel and Greek Cyprus. It has no plans, however, to abandon more advanced gas projects it is involved with in Azerbaijan and Russia. At a meeting near Athens, Greek Cypriot Industry Minister Neoklis Sylikiotis said the three countries were more likely to share gas-produced electricity, using undersea cables, before exports were possible.

"With the most modest calculations, a period of eight years or more is required (for exports)," Sylikiotis told an energy conference at this seaside resort. "Undersea (gas) pipelines are a more difficult process, but of course laying undersea electricity cables is easier."

On the sidelines of the conference, Greece and Israel signed a water management cooperation agreement. Greek energy ministry officials said talks for a planned energy cooperation deal between Greece, Israel and Greek Cyprus were close to completion.

In 2007, Greece and Turkey inaugurated a pipeline that provided the EU with its first natural gas from the Caspian region, bypassing Russia and the Middle East. Greece receives two-thirds of its natural gas from Russia and has expressed interest in being connected to a new pipeline, the proposed South Stream project, which would transport Russian natural gas to Europe under the Black Sea.

Cooperation with Greek Cyprus and Israel would help lighten the region's dependence on Russia. "The geopolitical conversation has changed: We are not only taking about the Russian corridor and the corridor that brings Azeri gas. In the coming years, we will have third corridor, from the proven deposits of Israel and Greek Cyprus as well as the ones we hope to find in Greece," Greece's Energy Minister George Papaconstantinou said. "The crisis must be met with initiatives."

Israel's Energy Minister Uzi Landau said its discovery of offshore natural gas has major implications for its long term security, given ongoing bloody revolts in the Middle East. "At the moment two major natural gas fields have been identified ... both of them will suffice for Israel's needs for 50-60, some say 70, years," Landau said.

Greece natural gas shale gets interest

Rigzone (Dow Jones), *27.03.2012*

Greece has received expressions of interest from more than five companies about the sale of state-owned gas company DEPA and natural gas grid operator DESFA, a deal the government sees as a one of the jewels in its ambitious, but long-delayed privatization plan.

An official from Greece's privatizations agency, Hellenic Republic Asset Development Fund, said Tuesday the final number of companies that show interest in the asset sale may change before the end-March deadline for potential bidders to tender expressions of interest.

"The agency will hold a board meeting April 4 and an announcement on the privatization is likely then," the official told Dow Jones Newswires. Greece is striving to raise EUR19 billion in state asset sales by 2015 that will go towards easing its massive debt load. Its initial privatization program pledged to raise EUR50 billion from state companies and property by 2015, but that was revised sharply downwards after the government made little progress in selling off assets over the past two years and the country struggled to find investors.

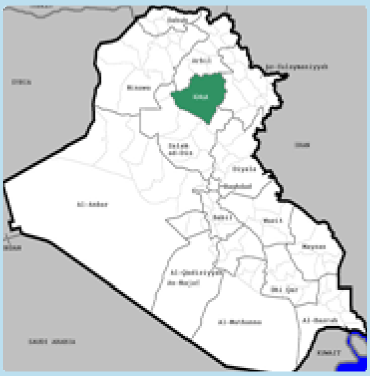
The sale may also be seen as a key test of investor appetite in the country after Athens recently completed an unprecedented bond swap plan, wiping off more than EUR100 billion from its debt load. The Greek government is considering selling the natural gas company--together with its wholesale, trading and gas supply operations--as well as DEPA's natural gas grid operator DESFA. DEPA's sale combined with the majority stake in DESFA could net EUR1.5 billion-EUR2 billion, according to analysts' estimates. The Greek budget estimates the value of DEPA alone at EUR991 million. "Some of the companies are interested in both assets, while others just want some part of what is being sold," the official said.

Earlier this month, Russian state-owned gas firm OAO Gazprom said it is considering taking part in the auction with its Greek gas infrastructure joint venture Prometey Gaz. The Hellenic Republic owns 65% of DEPA and the other 35% is owned by Hellenic Petroleum SA, which itself is partially owned by the Greek state. The two have agreed to jointly sell their respective stakes in DEPA Group.

The invitation for bids comes at a key moment for the country, which has recently agreed on a second bailout package worth EUR130 billion with euro zone countries and the International Monetary Fund. Along with recent steps to privatize its national lottery, Greece has announced plans to sell seafront properties on the tourist islands of Corfu and Rhodes, as well as the broadcasting center Greece built for the 2004 Olympic Games.

Iraq keeps BP in talks for Kirkuk oil development

Rigzone, *25.03.2012*



Iraq's oil ministry has confirmed that BP is in talks to develop the Kirkuk oilfield, as officials hope to arrest Kirkuk's long decline and pump an additional 300,000 barrels of oil per day.

The field neglected and has not received remedial attention since the 2003 invasion beyond ersatz repairs by North Oil Company workers. The 62 by 7 mile (100 by 12 kilometer) Kirkuk field was discovered in 1927 and at one point under the rule of Saddam Hussein produced 1.5 million bpd, albeit through ham-fisted injection methods which temporarily pushed production to 1.5 million bpd may have permanently damaged the field.

Today the field produces only around 280,000 bpd, and is thought to hold recoverable reserves of 8.7 billion barrels. The field was included in the first auction of field development contracts in 2009, but Baghdad's insistence on $2 fee-per-barrel terms drove away Shell, the sole bidder at over $5 a barrel. The oil ministry seems happy to make a power play for the development of the field over the heads of Kurdish politicians. The Kurdish Regional Government (KRG) opposes any deal with foreign oil companies in Kirkuk, while the status of the province is unresolved. The KRG has raised the stakes in its perennial spat with Baghdad over $1 billion of overdue oil revenue and a mismatch between the oil the region says it exports via Iraqi infrastructure and the amount Baghdad declares it has sold.

There are competing claims on whether Kirkuk is part of the Kurdish region of Iraq or not, complicated by sweeping changes to the region's demography during and after Saddam Hussein's Ba'athist regime. The Iraq constitution sets a framework for a referendum to decide the fate of Kirkuk, but the central government has stalled on the issue, which if mishandle d could give rise to intramural conflict in the country. Kurdish news service AK News had reported that a deal between the oil ministry and BP has already been signed, citing North Oil Company official Hussein Allam. According to Allam, an 'initial agreement' has been signed.

"The initial agreement is part of a high-level plan carried out by the Oil Ministry through the Northern Oil Company to develop the production of the northern fields through a partnership contract signed with BP," Allam, who has also described BP as the "most competent" firm to develop Kirkuk, told AK News. News of the signing has later been denied by officials, reports Iraqi journalist Kassakhoon. However, newswire service UPI describes BP as the 'top contender' for a development contract.

The terms of a development contract have not been disclosed, and the oil ministry is likely to receive political flak for failing to award the contract in a transparent forum. Baker Hughes and Schlumberger are also reported to be interested in developing the field. BP was not available for comment.

World oil import bill heading for record $2 trillion

Today's Zaman, *27.03.2012*

Oil consumer nations are set to pay a record $2 trillion this year for oil imports if crude prices do not fall, the International Energy Agency (IEA) said on Tuesday, undermining economic recovery.

Crude hit $128 a barrel this month, only $20 short of its 2008 peak, and is up more than 15 percent since January, largely because of sanctions against oil producer Iran. "For the first time the world will pay $2 trillion of oil import bills," the IEA's chief economist Fatih Birol told. Birol said the bill for importing nations had risen from $1.8 trillion in 2011 and $1.7 trillion in 2008.

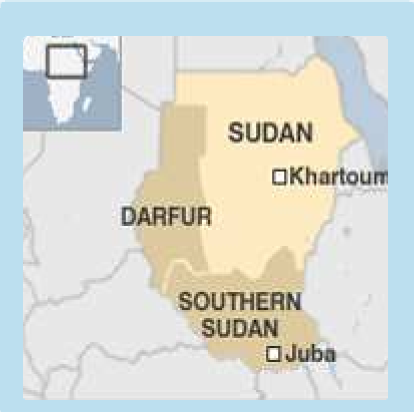
If crude were to stay at current levels for the rest of the year - about $125 a barrel for Brent and $107 for U.S. crude - oil import bills would cost 3.4 percent of GDP, up from 3.1 percent in 2011, Birol said. He said the European Union was the hardest-hit of industrialized regions on oil import costs because, when converted into euros, the average EU oil price this year was running higher than in 2008.

Dollar-denominated oil costs mean European consumers pay more when the euro weakens against the dollar. The euro has fallen from $1.49 in May at its peak in 2011 to $1.33 now. At current prices the bloc will pay $500 billion in 2012 up from $470 billion last year, Birol said. The EU also faced a 2012 gas bill of $120 billion, $20 billion higher than last year. The cost of oil imports to the United States in an election year would reach a record $426 billion this year, up from $380 in 2011. China would have to pay $250 billion this year, up $50 billion on 2011.

"If China's economy slows down as a result of high oil prices then it will have an impact on China but also the rest of the world," said Birol, noting that the world's second biggest oil consumer had helped pull the world out of the 2008 recession. Japan's bill would swell to $119 billion, up from $178 billion, and India's net import costs will rise to $118 billion, up from $105 billion, Birol said.

South Sudan says Sudan bombs oil fields in border region

Reuters, *27.03.2012*



The South Sudan said the Sudanese air force bombed key oil fields in a cross-border raid on Tuesday, one day after a rare direct confrontation between the two countries.

Clashes broke out on Monday in several places along the poorly-marked border in some of the worst fighting between the two armies since South Sudan became independent in July under a 2005 peace agreement. The violence prompted Sudan's President Omar Hassan al-Bashir to suspend a trip to Juba to meet his southern counterpart Salva Kiir to tackle a long list of disputes, according to Sudan's state radio.

The two countries have been at loggerheads since the South became independent, taking away three-quarters of the oil production -- the lifeline of both economies. Sharing oil wealth is at the heart of the bitter conflict. South Sudan accused Khartoum of sending Antonov warplanes to bomb the main oil fields in Unity state near the Sudan border. "This morning as you called I heard the Antonov hovering over Bentiu town because it has just dropped some bombs in the main Unity oil fields," Unity state Information Minister Gideon Gatpan told. "It has now gone back, possibly for refuelling, and may come back," he said by telephone.

Sudanese army spokesman Sawarmi Khaled Saad could not be reached on his mobile phone but Asian oil group GNPOC - the Greater Nile Petroleum Operating Company, a consortium led by China's CNPC - confirmed the bombing.

"The warplanes are hovering everywhere ... One bomb actually just missed Unity base camp but anywhere else so far there is no information," said Vice President Chom Juaj. "They bombed the oil field but so far we are still waiting for the report from the field telling us if they are damaged or not," he said. Both sides blamed each other for having started the fighting on Monday. Events in the 1,800 km (1,100 miles) long border area are hard to verify as much of the territory is disputed and not accessible for journalists.

Sudan accused South Sudan of having attacked the Heglig border area where a large oil field is under Khartoum's control. The South said its army had only chased Sudanese ground forces there in self-defence after they had launched an attack on southern territory.

Shell scrambles to pay huge bill for Iran oil

Trend (Reuters), *26.03.2012*

Royal Dutch Shell is struggling to pay off $1 billion that it owes Iran for crude oil because European Union and U.S. financial sanctions now make it almost impossible to process payments, industry sources said, Reuters reported.

Four sources said the oil major owes a large sum to the National Iranian Oil Co (NIOC) for deliveries of crude, with one putting the figure at close to $1 billion. A debt of that size would equate to roughly four large tanker loads of Iranian crude or about 8 million barrels. "Shell is working hard to figure out a way to pay NIOC," said an industry source, who requested anonymity.

"It's very sensitive and very difficult. They want to stay on good terms with Iran, while abiding by sanctions." A Shell spokesman declined to comment. The European Union toughened financial sanctions and placed a ban on Iranian oil imports on January 23, but gave companies until July 1 to wind down their existing business. With daily contract volumes of 100,000 barrels, Shell ranked as Iran's second biggest corporate client - along with France's Total behind Turkey's Tüpras. Shell CEO Peter Voser said on March 7 the company would take its final deliveries of Iranian crude "within a matter of weeks".

Rigorous U.S. and European financial measures, aimed at punishing Iran for its nuclear programme have already come into force, making it increasingly difficult to pay for and ship crude from Iran, say oil executives. "There are big frustrations with the payment route - the U.S. pressure is really working," said a senior oil source. "It's now nearly impossible to use the banking system." Such financial restrictions were in part behind Total's decision to stop purchasing Iranian crude at the end of last year, industry sources say. Total also bought about 100,000 barrels per day from Tehran.

Industry sources say some of Iran's big customers may have been using the Dubai-based Noor Islamic Bank to channel payments to Iran. It is not known whether Shell was processing payments via Noor Islamic Bank. Diplomats say the bank bowed to pressure from Washington and cut ties with Iranian banks in the United Arab Emirates at the end of last year.

Given the outstanding amount owed in the face of sanctions, senior oil executives say the only way forward is for Shell to ask the British government to help settle the account with Iran. An approach was made by Shell, sources say, but the company was rebuffed. A small portion of the Shell debt could be written off through an outstanding payment NIOC owes the company for development of the offshore Soroush/Nowrooz oilfields, say industry sources.

Shell and European rivals such as Total and Italy's Eni have built longstanding relationships with Iran, OPEC's second largest exporter, through their work at the country's oilfields and years of crude oil purchases. But while they are loath to burn bridges with Tehran, they also cannot afford to put business in the United States and elsewhere in the West at risk.

BP sells North Sea gas assets to Perenco for $400 million

Bloomberg, *27.03.2012*

BP sold natural-gas assets in the U.K. North Sea to Perenco U.K. Ltd. for $400 million. BP offered the fields for sale more than a year ago as part of its $38 billion divestment plan to shore up finances after the 2010 Gulf of Mexico oil spill, the worst in U.S. history. The assets sold today produce the equivalent of about 25,000 barrels of oil a day and bring disposals to $23 billion, BP said in a statement.

BP fell 2.2 percent to 471.4 pence in London today. The Sunday Times newspaper reported on March 25 that the fields, which produce gas in the southern half of the North Sea and ship it to the U.K., could fetch $3.2 billion.

“The price looks a little light, but this is a really small transaction for them,” said Stuart Joyner, an analyst at Investec Securities Ltd. “It’s good news that they’re edging forward on their disposal program.” BP produces more than 200,000 barrels of oil a day from the North Sea and, together with partners, has planned $10 billion of investment in the region over the next five years. The company received permission in October to develop the Clair Ridge project west of Scotland’s Shetland Islands.

“Perenco is committed to investing in and developing southern gas assets beyond BP’s plans, ultimately providing a longer-term future for the assets and the people who work there,” said Trevor Garlick, head of BP’s North Sea unit. “Actively managing our portfolio allows us to concentrate our people, capabilities and investment on sustaining BP’s business in the North Sea for the long term.”

Commission learns lessons from gas platform flare

EurActiv, *30.03.2012*

A high-pressure gas leak from a North Sea offshore platform operated by Total shows that the security of oil and gas operations is still a critical issue in Europe.

Total said it was looking at ways to extinguish a flare left burning less than 100 meters from where explosive natural gas was leaking from the company's Elgin North Sea platform for a sixth day. The company dismissed the risk of a blast at the platform, 240 km off the east coast of Scotland, and the British government said the flame had to remain burning to prevent excess gas pressure from building up.

But one energy industry consultant said Elgin could become "an explosion waiting to happen" if the oil major did not rapidly stop the leak which is above the water at the wellhead. Marlene Holzner, spokesperson to Energy Commissioner Günther Oettinger, said the Commission has been informed about the incident by British authorities and had been in contact with Total. She said the executive would learn from the case, leading to possible updates of a proposed a regulation on the safety of offshore drilling. The regulation sets higher standards than those applied by the most advanced safety regimes in the European Union. She said the regulation requires that companies inform the authorities about potential risks from drilling sites and outline their emergency preparedness plans.

In addition, independent verifiers would check the safety equipment, and the principle of the "polluter pays" would apply, which is not the case up to now, Holzner said. The draft regulation would cover installations up to 350 km from the shore. Current rules cover a 22-km zone, she said. The British energy ministry said Total was considering two options to plug the leak: drilling a relief well that would allow the flow of gas to be shut off, or blocking the well with heavy mud.

Total warned on Tuesday that it could take six months to halt the flow of gas in an accident that has thrown a spotlight on the safety record of energy production in the British sector of the North Sea. Analysts' estimates of the costs to Total of the Elgin leak ranged from €112 million to €2 billion, depending on how long the company takes to bring it under control. In the worst-case scenario of an explosion on the platform, however, the cost could soar to at least $7.5 billion, not including possible environmental fines, they said.

PetroChina surpasses Exxon in oil production

Yahoo! News (AP), *29.03.2012*

ExxonMobil is no longer the world's biggest publicly traded producer of oil. For the first time, that distinction belongs to a 13-year-old Chinese company called PetroChina. The Beijing company was created by the Chinese government to secure more oil for that nation's booming economy.

PetroChina announced that it pumped 2.4 million barrels a day last year, surpassing Exxon by 100,000. The company has grown rapidly over the last decade by squeezing more from China's aging oil fields and outspending Western companies to acquire more petroleum reserves in places like Canada, Iraq and Qatar.

It's motivated by a need to lock up as much oil as possible. The company's output increased 3.3 percent in 2011 while Exxon's fell 5 percent. Exxon's oil production also fell behind Rosneft, the Russian energy company. PetroChina's rise highlights a fundamental difference in how the largest petroleum companies plan to supply the world as new deposits become tougher to find and more expensive to produce.

Every major oil company has aggressively pursued new finds to replace their current wells. But analysts say Western oil firms like ExxonMobil have been more conservative than the Chinese, mindful of their bottom line and investor returns. With oil prices up 19 percent in 2011, they still made money without increasing production. PetroChina Co. Ltd. has a different mission. The Chinese government owns 86 percent of its stock and the nation uses nearly every drop of oil PetroChina pumps. Its appetite for gasoline and other petroleum products is projected to double between 2010 and 2035. "There's a lot of anxiety in China about the energy question," says energy historian Dan Yergin. "It's just growing so fast."

While PetroChina sits atop other publicly traded companies in oil production, it falls well short of national oil companies like Saudi Aramco, which produces nearly 8 million barrels a day. And Exxon is still the biggest publicly traded energy company when counting combined output of oil and natural gas. PetroChina ranks third behind Exxon and BP in total output of oil and natural gas.

"We must push ahead," PetroChina chairman Jiang Jiemin said in January. PetroChina has grown by pumping everything it can from reserves in China, estimated to contain more than 6.5 billion barrels. It drilled thousands of oil wells across vast stretches of the nation's northern grasslands. Some of those fields are ancient by industry standards, dating close to the beginning of China's communist government in the 1950s.

The commitment to aging fields distinguishes PetroChina from its biggest Western rivals. Exxon and other major oil companies typically sell their aging, low-performing fields, or they put them out of commission. PetroChina also has been on a buying spree, acquiring new reserves in Iraq, Australia, Africa, Qatar and Canada. Since 2010, its acquisitions have totaled $7 billion, about twice as much as Exxon, according to data provider Dealogic.

Several other Chinese companies have become deal makers around the globe as well. Total acquisitions by Chinese energy firms jumped from less than $2 billion between 2002 and 2003 to nearly $48 billion in 2009 and 2010, according to the International Energy Agency. More times than not, the companies are paying above the industry average to get those deals done.

In 2005, for example, CNOOC Ltd., a company mostly owned by the Chinese government tried to buy American oil producer Unocal. U.S. lawmakers worked to block the deal, asking President Bush to investigate the role the Chinese central government played in the process. Chevron Corp. eventually bought Unocal for $17.3 billion.

“There’s a resistance to Chinese investment in (U.S.) oil and gas,” Morningstar analyst Robert Bellinski says. “It’s like how Japan was to us in the 1980s. People think they’re going to take us over. They’re going to buy all of our resources.” That’s unlikely to happen. It doesn’t make economic sense to export oil away from the world’s largest oil consumer. But the Chinese could make it tougher for Big Oil to generate returns for their shareholders. China’s oil companies have been willing to outspend everyone and that drives up the price of fields and makes it more expensive for everyone to expand.

“You now have to outbid them,” says Argus Research analyst Phil Weiss. “If you can’t, you’re going to have access to fewer assets.” Longer term, Chinese expansion globally will bring benefits to the U.S. and other economies. By developing as many oil wells as possible --especially in Africa, Iraq and other politically unstable regions-- China will help expand supply. “Frankly, the more risk-hungry producers there are, the more oil will be on the market, and the cheaper prices are,” says Michael Levi, an energy policy expert at the Council on Foreign Relations.

Despite its swift expansion, PetroChina and other Chinese companies still have much to prove to investors, analysts say. PetroChina’s parent, China National Petroleum Corp., for example, has spent millions of dollars in Sudan to provide highways, medical facilities and shuttle buses for the elderly. Oil companies typically don’t do that. All of that increases the cost of business and minimizes the returns for shareholders.

In 2009 and 2010, PetroChina’s profit margins for its exploration and production business were only about two-thirds that of ExxonMobil’s. Its stock price has climbed less than 1 percent, in the past year, compared with a 3.7 percent rise in the stock of ExxonMobil Corp.

“You have to ask yourself: What is the purpose of PetroChina?” Bellinski says. “It is to fuel China. That’s it. Although they’re a public company, I’m very skeptical that they have any interest in shareholder value creation.”

Announcements & Reports

► *Board Resolution on Gas Importation from Iraq*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/documents/10157/d6af3b3c-370a-4ddf-b659-b66fe5f7a0b3

► *Electricity Price Tariffs (Apr – Jun 2012)*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/web/elektrik-piyasasi-dairesi/ulusal-tarifeler

► *Announcement on Natural Gas Distribution Tender of Mugla Province*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/documents/10157/5773f660-4bbd-4190-9ab5-606fde7e4c37

Upcoming Events

► *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 – USA
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/