Oil & Gas Bulletin

▸ *08.06.2012*

TPAO wins Iraq oil exploration tender

Today's Zaman, *31.05.2012*

The state-owned Turkish Petroleum Corporation (TPAO) has won a tender to search for oil in southern Iraq. Together with Kuwait Energy and the UAE's Dragon Oil, the TPAO won the rights to explore a 900-square-kilometer area in the oil-rich Basra province. The consortium will be paid $6.24 for each barrel of oil equivalent it finds.

The latest tender yielded the fifth contract for the Turkish company in Iraq. On the first day of the sale, the only successful bid was made by TPAO's consortium as four proposed deals found no bidders and a fifth was withdrawn after a British-led group refused to accept the Iraqi government's price.

More than a year in the making, the current licensing round was touted by Iraqi Oil Minister Abdul-Karim Elaibi as a key step to boosting Iraq's energy sector. In his opening remarks on Wednesday, Elaibi said his ministry will "spare no efforts to help and support the companies as partners in achieving our common interests."

Tüpras 2011 exports champ

Hürriyet Daily News, *29.05.2012*

Turkey's oil refiner is awarded as the exports champion of 2011. Carmakers Ford and local Renault follow. The country needs to innovation and high value added products to boost exports, economy minister says.

Tüpras was crowned as Turkey's largest exports firm, while car makers dominated the top 10 list of exporter companies. The company exported 5.2 million tons of petroleum products last year. An award ceremony was held to announce the top exporters, attended by Prime Minister Recep Tayyip Erdogan, Economy Minister Zafer Caglayan and Turkey's Exporter's Assembly President Mehmet Büyükeksi.

Pipeline explosion suspends Azerbaijani gas flow to Turkey

Today's Zaman, *30.05.2012*

The supply of Azerbaijani gas to Turkey via the South Caucasus pipeline (Baku-Tbilisi-Erzurum) has been halted due to an explosion along the pipeline in Kars' Sarikamis district on Tuesday.

The explosion, which sparked a fire, happened near Sarikamis' Catak village on Tuesday at around 8:30 p.m. A huge cloud of smoke curled into the sky after the incident, causing fear among nearby residents that their homes might catch fire as well. The fire was contained late into the night, however, and no casualties have been reported.

Although the cause of the explosion is not yet known, Sarikamis district head Turan Ermis said technical work was being carried out along the section of the gas pipeline around Sarikamis during the day that could have led to the subsequent explosion. "We are investigating the incident to determine the exact cause of the explosion," Ermis told reporters.

Turkey imports 6.6 billion cubic meters of gas per year from Azerbaijan via this pipeline, around 16 percent of its total gas consumption. Prior to the suspension of service, the pipeline provided an average of around 12 million cubic meters of gas per day. Although the gas flow via the South Caucasus Pipeline has been temporarily halted, there are no problems with the crude oil flow via the Baku-Tbilisi-Ceyhan oil pipeline.

SOCAR to invest $10 bln more in Turkey

Hürriyet Daily News, *08.06.2012*

The State Oil Company of Azerbaijan (SOCAR) intends to invest about $10 billion in projects in Turkey in the next seven or eight years, the company's vice president said.

"In view of the Trans-Anatolian Gas Pipeline (TANAP) construction project, the total amount of investments in Turkey may exceed $17 billion," Süleyman Gasimov said in Baku. Azerbaijan and Turkey signed a memorandum of understanding to establish the consortium that will build the TANAP. BOTAS has a 20 percent stake in the TANAP and the rest is owned by SOCAR.

Genel's new well results inconclusive

Today's Zaman, *29.05.2012*

Gulf Keystone Petroleum and the Anglo-Turkish Genel Energy said results from the first exploration well on the Ber Bahr block in Northern Iraq were inconclusive, and the companies could not say whether it was commercially viable.

The well will be temporarily suspended while a work over rig is moved to the location to conduct an extended well test, the British oil companies said. "Although this is an initially disappointing result, it would seem that Genel would like to re-assess its options for this well," Seymour Pierce analyst Dougie Youngson said.

"This is Gulf Keystone's first real disappointment in Northern Iraq ... we do expect the market to see this news negative for both Gulf Keystone and Genel today." The well encountered a 300 meter oil column and two drill stem tests over the interval failed to flow, with evidence of perforations plugged with heavy oil. "While the presence of a significant oil column is encouraging, further evaluation with the right flow test equipment is required before we can determine whether this discovery is commercially viable," said Tony Hayward, chief executive of Genel Energy co-owned by billionaires Mehmet Emin Karamehmet and Mehmet Sepil as well as British investors. Genel is the operator of the Ber Bahr block. Gulf Keystone and Genel each hold a 40 percent working interest in the block.

Yildiz praises court's nuclear plant decision

Hürriyet Daily News, *04.06.2012*

The constitutional court's recent decision not to cancel a law permitting the construction of a nuclear plant in the south of Turkey is an important response to opposition criticism on the issue, according to Energy Minister Taner Yildiz.

"This is a good example of Turkey's development being supported not only by the government and the Parliament, but also by the judiciary," Yildiz said. With the decision, nuclear plants have become a state policy and the attitude will not change with shifts in government, he added, while thanking the Supreme Court for the decision.

Responding to a question on there being no change in the country's oil refiner TUPRAS's prices, despite a sharp fall in global crude prices, Yıldız said this derived from the U.S. dollar's gain against the Turkish Lira.

Drop in gasoline prices brings relief to consumers

Today's Zaman, *07.06.2012*

The price of gasoline decreased by Kr 8 on Thursday, bringing minor relief to consumers. Following this reduction, the price at the pump of a liter of 95-octane unleaded gasoline in Istanbul went down to TL 4.26 from TL 4.34 while it declined to TL 4.27 from TL 4.35 in Ankara. After the Kr 8 reduction, 97-octane unleaded gasoline was being sold for TL 4.33 per liter.

The decision of the Energy Market Regulatory Authority (EPDK) was announced by Energy and Natural Resources Minister Taner Yildiz on Tuesday following a fall in diesel prices by Kr 9-10 on the same day.

"It's not just the fall in the price of crude oil. It's also the need to bring the drop in the price of gasoline in line with the fall in diesel," Yildiz stated of the decision to drop gasoline prices. Explaining why Turkish prices have not eased further while global crude oil has reached its lowest prices in eight months, Yildiz cited a strong dollar as the reason why the EPDK, which sets energy prices in Turkey, has not decreased fuel prices further. Turkey's current account deficit (CAD) is driven by the country's ballooning demand for energy from abroad, which leaves energy prices in Turkey highly dependent on foreign currency prices. Analysts estimate that every $10 increase in crude prices costs the Turkish economy an additional $4 billion per year.

Expectations of gas price hike soften

ICIS Heren, *28.05.2012*

Turkish energy companies expect an average 7% increase in the price of natural gas from July. The rise should be accompanied by a 7.5% hike in the price of electricity from July, according to the latest ICIS survey.

While most respondents are bracing themselves for a 7% rise, a handful of sources said the government was unlikely to operate any more changes in the current price of gas following the 20% mark-up in April. The wholesale average price for gas paid by independent power plants now stands at Turkish lira (TL) 643.00/thousand cubic meters (€279/Km³).

The BOTAS May price is €1.135/MWh higher than the ICIS Dutch TTF May average pegged at €24.504/MWh. Last month, the Turkish market signaled it was expecting a 9.75% hike in the price of gas from July. However, the bullishness is now becoming more temperate as the effects of the 20% increase in April are fading. In fact, four out of 11 respondents to the May survey do not expect the value of gas to increase at all until the end of the year. And one of them suggested that electricity, rather than gas, values should be raised in order to plug a widening spread between the cost of gas and margins received from electricity generation. Electricity tariffs tend to increase in lockstep with gas prices and any mark-ups are generally half of those operated on the gas side.

One company disagreed, insisting that the government might bring in another 25-30% increase in gas price from July or August, in order to allow gas incumbent BOTAS to recover losses incurred during a 32-month period when tariffs were kept unchanged. “This is not my view - this is BOTAS’s view. And their intention is to bring in a cost-reflective gas price from the second quarter of 2013,” the source said.

Cost-reflective prices would allow private gas companies to gain a foothold in a market dominated by BOTAS. This would create an incentive for private players to bid in a tender for an annual 4 billion cubic meters (Gm^3) of gas. The volumes had been imported by the incumbent as part of a $6Gm^3$/year contract signed with Gazprom in 1986. The agreement expired in December 2011, and BOTAS said it would not renew it. Cost-reflective prices would also open up greater opportunities in the LNG market.

Turkey is currently in talks with Qatar for the supply of up to $5Gm^3$/year from 2015. ICIS understands that the $4Gm^3$/year is expected to be snapped up by private companies, while the remaining $2Gm^3$/year will be negotiated by BOTAS as a buffer reserve for critical winter demand. ICIS further understands that the Turkish government is currently working on amendments to the Natural Gas Law that could lead to the splitting of BOTAS into a pipeline operator and a trading company. There are plans to move some of the powers currently held by regulator EMRA to the Council of Ministers.

Six respondents, who are expecting a gas price hike later this year, agree that it should become effective from July. However, their underlying explanation for choosing the date differed. Some said electricity consumption was likely to spike over the summer. This meant that an increase in gas prices might push Baseload power values up to TL200.00/MWh, allowing generators to recover costs. Others took a completely opposite view, insisting that Peak consumption could drop over the Ramadan period, which starts on 20 July. This means that power generation might work at full throttle only during off-peak hours, when it is cooler and producers would therefore not have to consume expensive gas.

One respondent argued against both views, saying that the rise should become effective from October. The Turkish government had previously announced a 15% gas price increase in October 2011. Only two respondents said they were expecting a further increase next year, with one suggesting it should be less than 10% and enforced in January. Another thought the government might put gas prices up in the second half of 2013. Most participants, however, agreed that an increase was unlikely from next year, as Turkey is to hold local elections in 2013.

Oil plunges to $87.82, a 7-month low

The Wall Street Journal, *30.05.2012*

Oil prices dropped below $90 a barrel, hitting a seven-month low amid concerns that Europe's problems could drag down the global economy and cut demand for energy.

Since hitting a 52-week high in late February, prices have fallen 20%, the traditional definition of a bear market. Oil hasn't fallen that much that fast since it plummeted 24% from July to October of last year, amid concerns about European and U.S. debt problems. Oil prices settled down $2.94, or 3.2%, to $87.82 a barrel on the New York Mercantile Exchange.

U.S. oil prices hit a high of $109.77 on Feb. 24, at a time when tensions over Iran's nuclear program were running high. Weak oil demand in the U.S., easing tensions between Western powers and Iran, and strong output from Middle East producers such as Saudi Arabia and Libya are all playing a role in the recent selloff. But the overriding factor recently, according to traders and analysts, has been fear that other countries could feel the effects of a slowdown in Europe if leaders there cannot contain the Continent's problems. "It's all about Europe, this down move," said Peter Donovan, vice president at Vantage Trading. "This Spanish thing looks like a mess, and certainly Greece too."

Brent crude, the European benchmark, also dropped on Wednesday, down $3.21, or 3%, to $103.47. It is down 18% from its peak for the year in March. Investors are continuing to flee the euro, the European common currency, in favor of the U.S. dollar. A stronger dollar tends to weigh on prices of oil and other dollar-denominated commodities by making them more expensive for holders of other currencies.

Cheaper oil is typically a boon to the U.S. economy, and oil's recent slide has helped push down average gasoline prices across the country. Gasoline futures on Wednesday fell 4.83 cents, or 1.7%, to $2.8582 a gallon, down 10% this month. On Monday, the Energy Information Administration said prices at the pump for regular gasoline were $3.669 a gallon on average, a 4.5-cent decline from the prior week and the eighth consecutive week-over-week drop, the longest such streak since 2009.

But the U.S. economy also could be at risk from problems in Europe, particularly at a time when unemployment remains high and economic growth is tepid. The EIA said Wednesday that U.S. oil demand in the first quarter fell to its lowest level for that period in 15 years. Meanwhile, oil supplies remain ample, as Saudi Arabia, a member of the Organization of Petroleum Exporting Countries, keeps output elevated and production in Libya continues to rise. "There are bearish fundamentals with oil, with OPEC production coming in consistently higher in April and May than anyone thought," said Andy Lebow, senior vice president of energy futures at Jefferies Bache.

IEA: Shale gas boom at risk over environment failings

Rigzone (Dow Jones), *29.05.2012*

Global exploitation of shale gas reserves could transform the world's energy supply by lowering prices, improving security and even curbing forecast carbon dioxide emissions, but the industry might be stopped in its tracks if it doesn't work harder to resolve concerns over its environmental safety, the International Energy Agency said.

The IEA's report shows how the shale gas industry, which has already dramatically altered the energy landscape in the U.S., stands at a tipping point that will determine how it spreads across the rest of the world.

"If the social and environmental impacts aren't addressed properly, there is a very real possibility that public opposition...will halt the unconventional gas revolution in its tracks," resulting in the loss of an historic opportunity to provide cheaper and more secure energy to the some of the world's largest consumers, said IEA Executive Director Maria van der Hoeven. However, if the industry follows a set of "golden rules" recommended by the IEA it can win public support, the IEA said. For companies involved in the industry, this is an, "immediate issue...that could have global implications," said Fatih Birol, the IEA's chief economist.

Shale gas has only become a major energy source in recent years, as a process called hydraulic fracturing that releases the gas from the impermeable rock in which it is trapped has entered widespread use. It has already produced a boom in natural gas production in the U.S., driving prices to 10-year lows, but is only beginning to spread elsewhere. The industry's nascent international expansion has already attracted a significant level of opposition, notably in Europe, from groups concerned about the risks of water contamination, earth tremors or the release of greenhouse gases.

Hydraulic fracturing has been banned in France and Bulgaria and temporarily halted in the U.K. Opponents of shale gas drilling have legitimate concerns, but all of them can be dealt with adequately with existing technology and best practice, said Birol. The IEA's golden rules would only add around 7% to operating costs, he said. These include carefully choosing drilling sites to avoid earth tremors, using the highest standards of well design to avoid groundwater contamination, properly disposing of waste water and eliminating all emissions of polluting gases from the well head, the IEA said.

Environmental group Greenpeace, which opposes all exploitation of unconventional gas reserves, criticized the IEA for not proposing specific procedures for preventing many of these environmental hazards, particularly the venting of the potent greenhouse gas methane from wellheads. One past critic of the shale gas industry's methane emissions--Craig Mackenzie, head of sustainability at the GBP142 billion asset manager Scottish Widows Investment Partnership--said the IEA's rules would make a big difference if widely adopted.

“The whole industry hasn’t yet got behind this agenda,” he told reporters in London, but some companies such as Royal Dutch Shell PLC (RDSB) have already adopted best practice similar to the IEA’s new rules and are implementing them in China, which has the potential to be a major shale gas producer. If the shale gas industry follows its blueprint, the IEA said that between 2010 and 2035 natural gas could be by far the fastest growing fuel, with consumption increasing by 50% to overtake coal as the world’s second largest source of energy. Countries that were net importers of natural gas in 2010 are likely to be the biggest winners, as they increase domestic energy production and reduce the power of major exporting regions like Russia and the Middle East, the IEA said.

Natural gas prices would be around 30% lower in most major markets than they would otherwise have been, reducing the import bills of major consumers like the European Union and China by tens of billions of dollars, it said. None of these gains will occur if the lack of public acceptance stifles the industry at this early stage, the IEA said. In this scenario, global emissions of carbon dioxide would actually be 1.3% higher, because carbon-heavy coal would make up a greater share of global energy supplies. The IEA’s Birol said that despite the benefits of switching from coal to gas, energy efficiency, renewable energy and carbon capture and storage are still needed to prevent dangerous climate change.

Gazprom to give up South Stream offshore leg

Novinite, *25.05.2012*

Gazprom may give up on the construction of the offshore section of the South Stream gas pipeline to Austria. According to reports of Russian news agency the conduit will start at the Russian coast of the Black Sea near Anapa and end in the northeastern Italian city of Tarvisio.

South Stream’s first gas delivery is scheduled for the first quarter of 2016. The first section of the gas pipeline is to be launched by end-2015. The construction of the pipeline is to be wrapped up by 2019, allowing the conduit to function at its full capacity of 63 billion cubic meters.

The participants in the offshore stretch of the project are Russia’s Gazprom, France’s EDF, Italy’s Eni and Germany’s Wintershall. The companies plan to start building the offshore section in 2012. The conduit will cross the Black Sea seabed, Turkey’s exclusive economic zone and will surface on the Bulgarian coast near Varna, with branch-off lines via Serbia and Hungary to Slovenia and Austria and via Greece to Italy. Gazprom does not exclude the option of expanding the offshore section by including Macedonia. Two days ago, Russian President Vladimir Putin and Bulgarian Prime Minister Boyko Borisov discussed the construction of the Bulgarian section of the South Stream gas pipeline.

Gazprom offers field swap with China

Upstream Online, *07.06.2012*

Gazprom has proposed swapping production assets with China under a long-term deal to ship Russian gas to the world's fastest-growing energy consumer, which has been stalled over disagreements on price.

"Gazprom offered to let the Chinese participate in the development of fields on Russian territory on the condition that Gazprom could participate in the development of fields on Chinese territory," Energy Minister Alexander Novak told, in his first remarks to international media after his appointment to the government last month.

Novak said asset swaps should be considered in the price of Russian gas shipments to China. He was part of a delegation to China headed by Russian President Vladimir Putin. Russia is aiming to supply China with 68 billion cubic meters of gas a year starting from 2015 - almost a half of Gazprom's supply to Europe - as Beijing tries to secure more sources of gas supply, including from Turkmenistan, as gas demand in the world's top energy consumer is expected to quadruple by 2030.

The exports could be split with 30 Bcm per year coming from Gazprom's existing western Siberian fields and, possibly later, a further 38 Bcm per year from its far east. In addition to two pipeline routes previously under discussion - a western route from producing fields on the Arctic Yamal peninsula and an eastern route which could carry potential output from new east Siberian fields - China could buy LNG from a new plant, he said.

"We are looking at the western route, eastern route and construction of an LNG plant on the territory of (the Pacific coast city of) Vladivostok for long-term contract deliveries to China," Novak told. "What the final option will be is not yet clear," he told the news wire, adding that Russia and China have yet to come to an agreement over gas prices.

Gazprom planned to build the plant in partnership with a consortium of Japanese companies with a view to produce around 10 million tons of the frozen gas a year starting from 2016. Gazprom officials have recently said the plant annual capacity could be increased to 25 million tones.

Chevron: Shale gas outside US to hit markets slower than most expect

Rigzone, *06.06.2012*

Development of shale gas reserves outside the U.S. is likely to proceed more slowly than generally expected due to uncertainties about the size and quality of reserves and a lack of infrastructure to distribute the gas, Chevron Vice Chairman George Kirkland said.

The energy profile of the U.S. has been transformed in the past decade by a boom in the production of shale gas and shale oil due to new drilling technology, raising the prospect of a similar revolution in many other parts of the world. "The speed at what people speculate shale gas will be coming to market is faster than what reality will actually show," he said.

"There is a huge difference between the U.S. and the rest of the world. There have been millions of wells drilled in the U.S. and you know a lot more about the actual geology, and the U.S. has the infrastructure to deliver gas. I don't know of any other place in the world that has such a well-developed gas infrastructure," he said. "If you find it in the U.S., you can develop it and move it. Elsewhere it is a different situation," he said. While Chevron is pushing ahead with shale-gas projects in many countries, a big chunk of the growth in its future energy output will come from conventional gas, particularly in Australia, where it is the operator of two huge liquefied natural gas projects. These are the $43 billion Gorgon development, which is expected to begin exporting in 2014, and the $29 billion Wheatstone venture, which should start exporting two years after that. Chevron is also expecting to start joint-venture LNG exports from Angola in the very near future.

Despite the boom in shale-gas development in the U.S., Chevron remains cautious about the prospects for LNG exports from the U.S., Mr. Kirkland said, due to questions about whether production and sales costs would enable a profitable investment given the time needed to bring export facilities online. "And a huge issue is, will you get the political approval to export the LNG? I don't say never. I will not say that, but there are issues," he said.

China, which by some estimates may hold shale reserves even greater than those of the U.S., has attracted the attention of many global energy majors. Chevron has already started to drill at shale prospects there in partnership with Sinopec Group, Mr. Kirkland said. In February, Chevron announced that it had signed an agreement to explore and assess shale-gas opportunities in China's Qiannan Basin. Exxon Mobil Corp. Chief Executive Rex Tillerson also warned that the pace of shale-gas development in countries such as China would be considerably slower than in the U.S., although the ultimate impact could be just as big. Chevron has also been active in Eastern Europe, where it has projects in Poland, Bulgaria, Romania and most recently in the Ukraine. "Most of the world's shale opportunities outside the U.S. and Canada are in an early stage. We have drilled the first well in Poland and have plans to drill probably up to four wells in Poland this year," Mr. Kirkland said.

Rosneft still on privatization list

Upstream Online, *07.06.2012*

Russia's top oil firm Rosneft is still due to be further privatized by 2016, Prime Minister Dmitry Medvedev has said.

Russia had planned to sell 15% in Rosneft this year for around 200 billion roubles ($6.2 billion) as part of a wider privatization program, but the plan was later scrapped due to a low share price amid volatile stock-market conditions. The appointment of former Deputy Prime Minister Igor Sechin, who advocates a strong state role in the economy, as Rosneft's new chief executive last month added to doubts the company was on track for sale.

But Medvedev, himself recently re-appointed as prime minister after a term as president, said at a government meeting on Thursday that Rosneft was still on the list of companies which the government aims to withdraw from direct state control by 2016. Its shares are almost 20% below their level in the company's 2006 IPO of $7.55 per Global Depository Receipt (GDR), an embarrassment to the state which wants to see Rosneft a leader on the global market. Rosneft is valued far below its international peers, trading at about five times historic earnings, below ExxonMobil at nearly 10 times and PetroChina at 11 times - a discount that reflects political risk and governance concerns specific to Russia. The company reported net profits of 112 billion roubles ($3.81 billion) for the first quarter of this year, down 8.9% on a year earlier but beating analyst forecasts of a larger drop.

BP considers selling its stake in TNK-BP

Yahoo! News (AP), *01.06.2012*

British oil giant BP said Friday it is considering selling its 50 percent stake in its Russian joint venture TNK-BP, in a deal that could fetch at least $15 billion.

TNK-BP is a joint venture between BP and AAR, a consortium of Russian billionaire shareholders. The company has been mired in a corporate dispute after AAR blocked BP's deal with another Russian oil company, Rosneft. BP said in a statement Friday that it has received "unsolicited indications of interest" for its share in TNK-BP and is looking to pursue a potential sale which is "consistent with BP's commitment to maximizing shareholder value."

TNK-BP represents 27 of BP’s reserves and 29 percent of its production, according to the British company’s latest annual report. BP’s spokesman in Russia, Vladimir Buyanov, told The Associated Press that the information about the potential buyer is confidential. He declined to specify whether the offer might have come from the Russian shareholders. Buyanov said the shareholders’ agreement between BP and AAR requires both parties to notify the other of offers to acquire their holdings.

BP’s 50 percent stake in the Russian oil producer could fetch more than $15 billion as TNK-BP’s market capitalization, based on its share prices at the Russian MICEX stock exchange, hovered around $31.5 billion Friday afternoon. But in Moscow TNK-BP's shares at the MICEX slumped by 6 percent in afternoon trading. BP, however, stressed that “there can be no guarantee that any transaction will take place.”

BP’s announcement was welcomed by investors in London, who bid up the shares in the company by 1.57 percent to 401.1 pence in morning trading. AAR has previously indicated that it could be interested in raising its stake in TNK-BP. AAR’s spokesman in Moscow declined to comment any aspect of BP’s announcement.

TNK-BP’s CEO Mikhail Fridman, one of the members of AAR, unexpectedly stepped down on Monday. In an interview with the Russian daily Kommersant he cited tensions between the shareholders as a reason for his departure and said the parity ownership of TNK-BP no longer works. Fridman said in the interview that AAR could be interested in increasing its stake, but it would also consider selling some of its stake in exchange for BP shares.

Although one of Russia’s most lucrative oil assets, TNK-BP has been mired in boardroom disputes for most of its nine-year history.. At the height of the previous shareholder conflict in 2008, TNK-BP’s CEO Robert Dudley left Russia complaining of what he described as a campaign of ‘harassment.’ Fridman’s appointment as interim CEO in 2009 and a new shareholder agreement helped reconcile the two rival groups of shareholders.

But tensions resurfaced last year when AAR blocked a potentially huge agreement between BP and Russian state-owned oil company Rosneft. TNK-BP’s Russian shareholders claimed that such a deal should be pursued through the joint venture. Jonathan Jackson, head of equities at London-based Killik & Co., said it was difficult to put a price on BP’s stake. “At the time of the Rosneft/Arctic deal, BP is believed to have made a cash and joint offer (with Rosneft) of $27 billion for its 50 percent stake. However, AAR appears to have demanded $35 billion, and also asked for a 10 percent stake in BP and Rosneft, as well as cash,” he said. “As for potential buyers, clearly Rosneft stands out, although Gazprom, Russia's largest gas producer, may also have an interest.”

The venture has provided lofty dividends for both parties. Over the past years, TNK-BP’s output has accounted for more than a quarter of BP’s total global production. The British oil company drew some $3.7 billion in dividends from the venture last year alone, receiving a total of $19 billion since the company’s formation in 2003.In the company's annual report filed in March, BP chairman Carl-Henric Svanberg was bullish about Russian and the TNK-BP partnership. “Russia is particularly important for BP,” Svanberg wrote in the report. “This region still has excellent potential for BP and we remain committed to it.”

Announcements & Reports

► *EMRA Natural Gas Market Report (2011)*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.gov.tr/documents/dogalgaz/rapor_yayin/Dpd_Rapor_Yayin_Sektor_Raporu_2011_YML4K810nps7.pdf

► *TPAO Crude Oil & Natural Gas Sector Report (2011)*

Source : Turkish Petroleum Corporation
Weblink : http://www.tpao.gov.tr/tpfiles/userfiles/files/2011_Yili_Hampetrol_ve_Dogal_Gaz_Sektor_Raporu.pdf

► *Turkey in 2041: A look to the future*

Source : PwC
Weblink : http://www.pwc.com/tr_TR/tr/publications/arastirmalar/pdf/turkey-in-2041.pdf

► *Golden Rules for a Golden Age of Gas*

Source : International Energy Agency
Weblink : http://www.worldenergyoutlook.org/media/weowebsite/2012/goldenrules/WEO2012_GoldenRulesReport.pdf

► *Energy Policies of IEA Countries – The United Kingdom*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=424

► *IEA Medium-Term Gas Market Report (2012)*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=427

► *OPEC Oil Market Report (May 2012)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_May_2012.pdf

Upcoming Events

► 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

► 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/