Oil & Gas Bulletin
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PETFORM

PM Erdogan: Natural gas price hike unavoidable before winter

Hürriyet Daily News, *21.09.2012*

Speaking on a TV program, Prime Minister Recep Tayyip Erdogan said they had no other choice but to charge people more for natural gas, which has become more expensive for the government because of the upwards pressure increasing oil prices have exerted on natural gas prices.

"Look, we have to make this price increase. If not, we would have to pay for the difference from state coffers, which is what pushed our neighbors into their current situation," he said, in an apparent reference to the financial crisis which the Greeks dived deep into, partly due to a mismanagement of public funds. "We do not want to end up like them," he added.

Officials from the Ministry of Finance told that the ministry and the Prime Ministry had discussed a 10-15 percent hike in natural gas prices during the past weeks. Such a move would effectively increase electricity prices as well since half of the electricity which Turkey consumes every year is produced from natural gas, spelling even more trouble for the people of the country. One official from the ministry suggested to the news agency that the hike would help the state-owned Turkish Pipeline Corporation (BOTAS) shore up its losses on natural gas, which the official said "is, at the current price, being sold at a loss by BOTAS."

BOTAS posted roughly $1 billion in losses in 2011, and the official estimated that it would incur a similar loss this year. "It has come to the point where an adjustment is unavoidable," he was quoted by Reuters as saying.

According to data from the Ministry of Energy and Natural Resources, the failure to import natural gas that was fixed by the 'take-or-pay' condition amid falling demand has cost Turkey almost TL 3 billion ($1.68 billion) over the past three years. Ankara has to pay suppliers Russia, Azerbaijan and Iran a specified amount of money irrespective of whether it actually imported all the natural gas it agreed to purchase. Of the TL 2.9 billion paid for unused gas between 2009 and 2011, the largest share went to Russia at TL 1.4 billion, while Tehran received TL 1.3 billion and Baku TL 186 million.

BOTAS has similar take-or-pay deals with Algeria and Nigeria, which ship liquefied natural gas (LNG) to Turkish ports. The natural gas price hike decision, which Erdogan said would take effect soon, comes in the wake of a previous wave of increased taxes last week which seek to raise annual state revenues by $8.5-9 billion annually. The government approved a 6 to 10 percent increase on fuel as part of the measures, drawing the ire of consumers as well as major opposition parties' criticism and judicial scrutiny.

Private gas firms to up shares

Hürriyet Daily News (AA), *26.09.2012*

The amount of natural gas Turkish private energy importer companies will be allowed to buy from Russia is set to rise by 4 billion cubic meters to 10 billion cubic meters, Energy Minister Taner Yildiz said.

Speaking at a meeting organized by the Strategic Technical Economic Researches Center (STEAM), Yildiz said the ministry was also considering allowing some 4 billion cm to be sold to the Turkish private companies directly by private natural gas importers, an issue that will be brought to the table at the beginning of 2013. A draft code on electricity and oil will be submitted to Parliament after Oct. 1, he said.

"We want to carry forward pipeline projects with Russia, Azerbaijan, Iran and other countries that we will establish new energy ties with," he said. Turkey sees its energy policies as a cause for peace, rather than a reason for tension and dissociation, he also said. "We may not be completely in agreement with Russia on Syria, but we leave that aside for energy relations. We are also continuing energy deals with Iran and there may be some new agreements in the future with Iran," he said. Speaking at the same meeting, the head of the energy regulator EPDK, Hasan Köktas, said 13 private companies had applied to import natural gas from Russia. Nearly 20 percent of the total 51 billion cm natural gas import is estimated to be conducted by the private sector in 2013, he said.

Turkish energy stakeholders define EPIAS and unbundling aims

ICIS Heren, *27.09.2012*

Electricity and natural gas trading on Turkey's much-anticipated energy exchange EPIAS could become reality within the next two years, according to documents presented at the third Istanbul traders' meeting.

Electricity spot trading on EPIAS will start as early as January 2013, and will be followed by the launch of the derivatives market three months later, according to the presentations made at the meeting chaired by Metin Kilci, undersecretary of the Turkish Ministry of Energy and Natural Resources. The next step would be the launch of a traded gas, carbon and renewables market in the second quarter of 2014.

Government officials and industry members gathered in Istanbul to define their vision and priorities for the launch of the cross-commodity exchange, which aims to establish itself as the benchmark for all energy commodity transactions in Turkey and the surrounding region. Stakeholders also discussed the liberalization of the country's electricity and natural gas markets, which is expected to rake in as much as Turkish lira (TL) 42bn (€18bn) to the wider Turkish economy by 2019.

EPIAS aims to ensure security of electricity and gas supplies and send signals for long-term investments, as well as offer a risk management tool. Participants on the new exchange can range from energy suppliers and municipal utilities to system operators for grid balancing, energy trading companies and industrial and financial entities. "Energy is the backbone of every economy and creating a liquid energy market for power and gas is a crucial factor," said EnerjiSA Electricity and Wholesale Trading CEO Kiran Madisetti - a member of the board of the Turkish Energy Traders' Association (ETD), one of the associations that has been spearheading the creation of EPIAS and the liberalization of the electricity and natural gas sectors in Turkey.

"Together with the government, we created an implementation concept for the Turkish Energy Exchange," said Batu Aksoy, CEO of Turkish energy company Turcas and ETD board member. "Of course, the final decision on the shape of the exchange needs to be made by the Turkish government. But we are convinced that the proposal supports the Turkish government's goal of creating a liquid and competitive market."

The launch and full operation of EPIAS is now envisaged over five stages, starting from September 2012 and unfolding over the next two years. The first stage will be the legal establishment of EPIAS by laying the foundation for the shareholder and organizational structure and implementing the necessary infrastructure. According to existing proposals, EPIAS could function under the umbrella of a newly-created entity - Istanbul Exchange - that would act as a holding company for Turkey's other exchanges, TurkDEX and the Istanbul Stock Exchanges.

However, EPIAS supporters insist that the exchange be granted special status, to recognize the peculiarities of energy products and in particular electricity - seen as a commodity that is generated and consumed instantly, and therefore has a requirement for special treatment. ICIS understands that under existing proposals, the Istanbul Exchange could hold a 30% share, while another 30% would be allocated to the grid operator TEIAS. The remaining 40% would be split, with 20% going to Germany-based exchange EEX, which has already signed a memorandum of understanding (MoU) with TEIAS to collaborate on best practice models for EPIAS. The remaining 20% could be split among market players active on the platform.

The EPIAS infrastructure aims to be compatible with existing systems developed by market participants to minimize additional investment - as well as international marketplaces - in order to facilitate easy entry of new players, and can be scaled up in order to accommodate a regional market. The second stage, to run from January to June next year, will include the actual implementation of the Day-ahead and Intra-day markets. The launch of the Day-ahead market will require secondary legislation, and the regulatory proposals relate to:

- revising system operation tariffs/fees
- introducing transparency regulation to cover data collection and publishing issues and related communiqués and market participant agreements
- revising the current balancing system regulations by the regulator EMRA to fit the current design into EPIAS.

Meanwhile, the intra-day market will offer standardized features facilitating integration with neighboring markets, including the European markets. The platform will also boast cross-border functionalities. The third phase runs from April 2013 to February 2014, and will launch the derivatives market. Turkey's financial regulatory and supervisory agency, the Capital Markets Board, will define the issuance of permits to operate on this market. Furthermore, it will establish the duties, obligations and basic operating principles of the exchange, establishing a link between itself and the exchange for surveillance purposes. The products offered on this market will be defined by EPIAŞ. The fourth phase, running for the larger part of 2013, will establish the exchange's clearing process. Turkey's clearing house, Takasbank, will ensure that existing clients have a link to the Turkish market and can maintain a position at lower transaction costs.

The clearing process will include transaction registration, settlement prices, trade and position management, handling physical delivery, payments organization, clearing fees and invoices, margin requirements, collateral, risk control, treasury management, admission services, regulatory reporting and the systems and help desk.

The fifth stage will cover the implementation of the gas, emissions and renewable markets. However, the development of such a market depends on the Turkish government's steps towards liberalizing the gas sector and introducing a traded emissions scheme to Turkey. "Investments need to be increased to develop the infrastructure for gas, transport and competition must be ensured through the establishment of a level playing field for all market participants," said Arif Aktürk, board member of the Petroleum Platform Association (PETFORM) and managing director of NaturGaz. "Turkey should make use of its unique strategic location - close to the world's biggest proven gas reserves - to ensure security of gas supply, lower the prices for natural gas and finally become the energy hub for central, southeast Europe and the near east regions," he added. Under objectives outlined by the Turkish government, the Turkish gas sector will develop according to three priorities:

- Security of supply through attracting gas resources around Turkey (central Asia and the Middle East) to create a gas hub
- The implementation of infrastructure and best-class equipment for transport, storage and generation, to support security of supply and increase the attraction of a Turkish gas hub
- Market prices for gas and power to compete in a global gas market.

As a result, PETFORM suggests attracting further investments in the infrastructure and creating conditions that set incentives for domestic and foreign investors. The association believes that the creation of an energy hub would unleash a wave of private investments if the necessary market structure and regulatory framework are attractive. Together with ETD, PETFORM will be setting up five working groups to propose action plans regarding key issues:

- The unbundling of the pipeline operator BOTAS, the implementation of third-party access to the system and the enactment of balancing, nomination and surveillance
- Infrastructure improvement through transit and transport, as well as entry and exit points, storage capacity, interconnectors, capacity planning and utilization of LNG terminal and congestion management
- Trading financial gas contracts on the Turkish Energy Exchange (EPIAS), and integration into the trading system of EPIAS
- Standardization of trading contracts, products, over-the-counter market
- Establishing a "transitional recovery mechanism" to address existing take-or-pay obligations.

TANAP gets incentive

News.Az, *28.09.2012*

TANAP, part of which will go through Turkey, within the framework of large-scale investment incentive will benefit from various stimulus.

In the new incentive package announced in April by Prime Minister Recep Tayyip Erdogan, one of the 12 sectors identified as major project investments was "Transit pipeline transportation services". TANAP within the framework of a large-scale investment incentive will benefit from various stimulus. Energy and finance ministries have started to work on this issue. TANAP's benefit tax and insurance premium support will differ by region.

Turkey and Azerbaijan's giant Trans-Anatolian pipeline will be designed to take 31bn cubic meters of gas per year to Europe. The project will cost USD 7bn. The construction of the pipeline which will reach Europe from Azerbaijan via Georgia and Turkey will be launched not later than the end of 2013. A senior official of the Ministry of Energy and Natural Resources, while speaking about the benefit of TANAP from the incentive package stated that "this issue was discussed with the Ministry of Finance. The types of incentives will be formulated. Officials of the Ministry of Economy within the scope of large-scale investments consider important the regions that the pipeline will pass through." Authorities said that TANAP will be provided with incentive of VAT exception and exemption from customs duty in the supply of domestic and imported equipments. Investment location will be determined by the Ministry of Finance.

OMV also eyes Azeri gas project

Hürriyet Daily News (Reuters), *22.09.2012*

OMV, the Austrian energy firm, is seeking to be a part of the Trans Anatolian Pipeline (TANAP), the $7 billion project to carry Azerbaijani natural gas to Turkey's east, according to Turkish Economy Minister Zafer Caglayan.

"OMV has demanded [an opportunity] to join the TANAP project. I will pass this demand on to Energy Minister Taner Yildiz," Caglayan said in response to journalists' questions after a meeting in Ankara on Sept. 21. Caglayan was in Austria earlier this week for official talks.

Iraq OKs three exploration deals, delays decision on one with TPAO

Rigzone (Dow Jones), *25.09.2012*

The Iraqi cabinet Tuesday approved exploration deals with an OAO Lukoil Holdings-led group, an OAO Bashneft-led group and Pakistan Petroleum, and delayed making a decision on a contract with a Kuwait Energy-led consortium, a government spokesman said.

Earlier this year, Baghdad awarded four exploration blocks, out of 12 that had been put up for auction, to: Lukoil and partner Inpex Corp. of Japan; OAO Bashneft and U.K.-based Premier Oil PLC; Pakistan Petroleum; and Kuwait Energy and partners state-owned Turkish Petroleum Corp., and United Arab Emirates-based Dragon Oil PLC.

“The cabinet has approved service contracts for blocks number 8, 10 and 12, while it delayed decision on block 9 until the oil ministry completes certain procedures related to it,” Ali Al Dabbagh said in an emailed statement. Lukoil’s overseas arm and Inpex were awarded block 10 located 120 kilometers west of the southern Basra governorate. Bashneft and Premier Oil were awarded block 12 located between Muthanna and Dhiqar governorate in southern Iraq. Pakistan Petroleum won block 8 located in Diyala and Wasit provinces in central Iraq. The Kuwait Energy-leg group was awarded block 9 located near the Iranian border. Baghdad has already signed initial deals with these companies, but following the cabinet’s approval final signatures are required.

KKTC to outline new gas exploration plan

Today’s Zaman (Reuters), *26.09.2012*

President of the Turkish Republic of Northern Cyprus (KKTC) Dervis Eroglu said he would present a new plan to the U.N. secretary-general for gas explorations surrounding the divided island, resources that could change its economic landscape.

“I am planning to present a plan to the secretary-general, a proposal, a new one on the gas exploration and exploitation of hydrocarbon reserves,” Eroglu said in meeting with Ban Ki-moon. KKTC signed an agreement with state-run Turkish Petroleum Corporation in April to launch onshore exploratory drilling.

In the next five or six months, TPAO is expected to start drilling offshore to see if it can find gas deep in the eastern Mediterranean, said Eroglu. “I have already warned Mr. Christofias at the table that if you start your drilling activities, then we will engage in our own drilling activities in the waters around Cyprus,” Eroglu said.

Greek and Turkish Cypriots agree in principle on reuniting the island as a federation but differ on how it would work. Their lack of progress forced the U.N.’s Ban to scrap plans in April for an international conference on the island. Eroglu’s intention to bring a gas exploration plan to Ban is aimed at reviving negotiations. Eroglu said he proposed using whatever is earned from any gas or oil to finance a reunification settlement. “That under the secretary-general’s direction there should be an escrow fund for collecting this revenue so that it could be used for financing the settlement,” Erogu said.

Direct talks between the leaders of the Greek and Turkish sides have been on hold for several months, partly because of a Greek Cypriot poll in 2013 to elect a new president and their EU presidency. Christofias, who is the EU’s only communist head of state, said in May he would not seek re-election citing the lack of progress toward reunification.

Arbil seeks Turkey as bridge to EU gas market

Hürriyet Daily News, *25.09.2012*

The Kurdish Regional Government (KRG) has plans to sell its gas to Europe via Turkey and for a new crude pipeline project, according to Ashti Hawrami, the energy minister of the KRG said.

KRG also aims at supplying 15 billion cubic meters of natural gas to Turkey gradually, the minister as said in Istanbul, where he attended an energy meeting. “Later we will consider two options, building a pipeline or an LNG facility in Turkey’s Ceyhan to send additional gas to Europe,” Hawrami said. “Iraq needs a new pipeline to Turkey to carry the oil produced by both northern Iraq and the central government.”

Following a recent deal between Baghdad and Arbil, the payments to foreign companies operating in Northern Iraq are to start being approved, he said. The deal, which takes effect next month, would allow the KRG to reach its 1 million barrels per day (bpd) target for 2015, he said. Iraq pumps crude to Ceyhan, a southern spot currently fed by two pipelines. Iraq needs the third line to reach its exports target of 6 million to 7 million bpd, Hawrami said. Separately, the Turkish Economy Ministry said in a statement yesterday that the Iraqi Trade Ministry has restarted registering new companies to operate in the county. The halt, which covered all foreign companies in the country, was due to technical requirements of the Iraqi ministry the statement read.

Kazakh energy giant mulls Turkey fuel distribution deals

Today's Zaman, *27.09.2012*

KazMunayGas (KMG), the state-owned Kazakh oil and gas company, is currently in talks with local fuel distributors to enter the Turkish market as part of plans to consolidate their position in Europe, its officials said in Bucharest on Tuesday.

Senior officials from KMG's Romanian affiliate, Rompetrol, met reporters in Bucharest on Tuesday to discuss the company's goals and current energy market outlook. KMG operates in 12 countries, including Spain, France, Switzerland, Libya, the Netherlands, Georgia, Romania, Bulgaria, Moldova, Ukraine and Turkey. The Rompetrol in Romania is fully owned by KMG and remains a critical bridge for the Kazakh company to deliver oil to European markets.

KMG boasts a wide distribution network of 1,100 points inside Europe and the company made an overall turnover of $8.9 billion last year. Rompetrol has an 8 percent share of KMG's overall revenue. Titov Buzescu from Rompetrol told Today's Zaman that they have increased sales at a rate of 4-5 percent year-on-year though the Romanian market has been shrinking. Rompetrol has an annual refinery capacity of 5 million tons of oil per year.

KMG currently sells refined oil and oil products to Turkey via Rompetrol refinery stations inside Romania. The fact that demand for energy is on the rise in Turkey but the company lacks fuel depots or distribution points inside Turkey seems to have compelled KMG officials to further focus on this market. "Our interest in the Turkish market is growing steadily and we are currently holding negotiations for different methods of investments inside the country. … [Possible] acquisitions or mergers with local firms for fuel distribution are on our agenda," KMG Vice President Timur Azimov said at Tuesday's meeting. Azimov reiterated that they place a heavy importance on increasing their refining capacity and broadening the retail network inside Europe and that Turkey could be a key player here.

Turkey's aspirations of becoming a major energy transfer center in the region have attracted many global players over the past few years. Heavy taxes on fuel, along with a strict government audit mechanism, however, make it even tougher to compete in Turkish fuel distribution markets. Allegations that some suppliers have tried to take advantage of surging oil prices and increased prices at the fuel pumps have caused the Turkish government to intervene to set ceiling prices for fuel in the past.

While they refrained from sharing further details regarding talks being held in Turkey, officials hinted at signing disclosure agreements with some parties in the country. "I have very little information but even if the top management has reached an agreement with a Turkish company, this will remain a secret until they decide to announce it," an anonymous KMG source told in Bucharest.

The official added that a deal would likely come in the form of a partnership with a local player instead of an acquisition of a Turkish company. The company funds new projects and investments from their coffers as well as different loan channels. Noting that pressure from the EU to adopt ‘Euro 5’ emission standards have led to KMG upgrading its refining quality, KMG senior Vice President Azamat Zhangulov says they are committed to following the environmentally friendly standards of the continent.

With regards to KMG’s aspirations for Turkey’s energy-rich neighbors, company officials confirmed their interest, particularly in Iraq. KMG Vice President Gavit Kurkimov just returned from Arbil to join the meeting in Bucharest. “We do not have operations inside Iraq as of yet but we are aware of the potential there. … We had talks both in Arbil and Baghdad to assess possible opportunities to commence investments in Iraq,” he said. The company has one representative office in Baghdad. The central Iraqi government and Arbil had earlier agreed to end their oil payment dispute. Turkish firms are set to capitalize on this deal, which is expected to cause a boom in oil production in Iraq. Observers do not rule out the option of partnerships between such regional players as KMG and Turks in Iraq.

TAP countries sign MoU for pipeline

Upstream Online, *28.09.2012*

The governments of Italy, Greece and Albania have signed a memorandum of understanding confirming their support for the Trans Adriatic Pipeline (TAP) project.

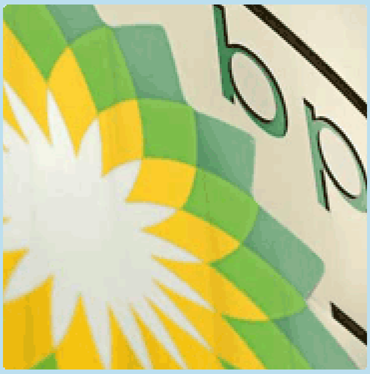
The accord was concluded as expected on the margins of the United Nations General Assembly meeting in New York. TAP managing director Kjetil Tungland said the signing represented “a very clear demonstration of political support for TAP” that was “another great step forward for the project”. Tungland said that securing regulatory approvals would be the next stage for the project.

Last month, TAP and the BP-led mega-project Shah Deniz 2 in Azerbaijan signed an agreement on funding work on its export pipeline proposal and arranging for an equity option of up to 50% in the line. The pipeline is intended to take gas from the development through Greece, Albania, the Adriatic Sea and southern Italy to Western Europe.

The total transport route of around 800 kilometres in length runs from the Greek-Turkish border at Komotini for 478 kilometres, then 204 kilometres across Albania and 105 kilometres of the offshore Adriatic Sea before linking up with the Italian natural gas distribution system five kilometres onshore Italy near San Foca. TAP’s shareholders are EGL of Switzerland (42.5%), Norway’s Statoil (42.5%) and E.ON Ruhrgas of Germany (15%).

BP will have to invest more in Azeri project

Hürriyet Daily News (AA), *24.09.2012*



BP will have to invest billions of dollars more than previously planned if it is to slow falling output at an Azeri oil project that is also that country's biggest economic resource.

The investments required to cut the decline at the Azeri-Chirag-Gunashli (ACG) fields are so large that it may not even be commercially viable for the companies to spend the money unless they receive sweeteners from the government. The problems at ACG will affect international oil supplies and come as BP faces the possibility of paying out $17 billion more in fines related to the Gulf of Mexico oil spill than it has budgeted for.

ACG was supposed to produce more than 1 million barrels per day (bpd), after a third phase was completed in 2008. The prospect of so much non-OPEC crude ensured considerable western diplomatic support for the project and industry kudos for BP. ACG is so critical to Azerbaijan that the day of the signing of the Production Sharing Agreement covering the fields has been designated as "Oil Workers Day" and each year, public celebrations are held in Baku on this date. However, ACG has not lived up to expectations. After hitting 823,000 bpd in 2010, output has fallen.

Production averaged 684,000 bpd in the first half of this year and oil executives and diplomats said the challenge is now to keep output to around the 700,000 bpd mark. Officials at BP and state oil company Socar say the geology of the field has fallen short of original expectations, but have cited maintenance when explaining the falls of the past 18 months.

EIA: Iraqi crude oil production reached highest level in decades

Oil&Gas Journal, *27.09.2012*

Iraqi oil production surpassed an estimated 3 million bpd in July the highest level since the end of the Gulf War in 1990.

"Increased investment in Iraq's petroleum industry and export infrastructure underpin these production gains," EIA said. Many factors including pipeline bottlenecks, export capacity limitations, and security issues still may limit and constrain the Iraqi oil industry from reaching its full production potential.

"Alleviation of these constraints could enable Iraqi oil production and exports to reach record-high levels in the near future," EIA said. Iraqi oil production rebounded after 2005, the agency reported. In recent years, production in previously developed fields such as Rumaila and West Qurna has increased. New upstream investments, meanwhile, are boosting output further. In June, Halfaya oil field came online, increasing total Iraqi production by an estimated 70,000 b/d, with the potential to produce as much as 535,000 b/d. "With existing fields like Rumaila and West Qurna and new production coming online in Halfaya, Iraqi production has the potential to exceed 4 million b/d," EIA said.

Gazprom to increase supply to Asia through LNG and pipelines

Natural Gas Europe, *27.09.2012*

Gazprom will increase its supply of gas to Asia in the coming years through the construction of pipelines and supply of LNG, Deputy Chairman of Gazprom Alexander Medvedev has said.

Mr. Medvedev said that LNG and piped gas could open up the market for Gazprom's exports in the Asia-Pacific region. "An additional confirmation of the upcoming 'golden age' of natural gas has been received at the recent APEC Summit where all member countries recognized the priority of this type of fuel in further energy development," he said in a speech at the Sakhalin Oil and Gas 2012 conference,.

"And if we take into consideration that today these countries are considered to be the drivers of sustained economic growth, we are looking into the future of our export policy in the Asian markets with great optimism." LNG could become a particularly popular fuel in several Asian countries, Mr. Medvedev said, especially in relation to the fueling of vehicles in China, where CNG and LNG powered cars number 1.1 million this year.

Mr. Medvedev also told the attendees that gas trade to Asia was likely to more profitable than trade to Europe or the U.S., particularly given the population density of certain regions in Asia. "Asian countries' dense population and high industrial capacity predetermine excessive demand for natural gas in the decades to come," he said. "They are able to become Russian gas consumers comparable in volume with European ones. "So far, Asia-Pacific represents a premium market – it is ready to pay more for gas than in the trading platforms of the USA and Europe."

Gazprom may unbundle to escape EU claims

EurActiv, *24.09.2012*

Russia's Gazprom will split its European assets to meet requirements of EU's Third Energy Package and avoid anti-trust claims by the European Commission. The Commission said it had no comment on the reports.

The planned change implies the split of Gazprom into two entities, one selling natural gas to European customers, and another one transporting the gas. The change could help Gazprom avoid EU claims under the Commission's third package of energy liberalization measures that prohibit gas companies from operating both distribution and transport networks.

Gazprom sells gas to Europe through its subsidiary Gazpromexport. The latter owns 100% of Gazprom Germania GmbH, which owns the assets of Gazprom in European countries, including Britain Gazprom Marketing & Trading Limited, Gazprom Schweiz AG in Switzerland and shares in Wingas and Wintershall.

The Commission is investigating whether Gazprom, the world's largest gas exporter, resorted to unfair competition and price-fixing in Central and Eastern Europe's natural gas markets. The probe is a response to allegations that Gazprom has divided European gas markets by hindering the free flow of gas across member states, has prevented the diversification of gas supply, and has imposed unfair prices on its customers by linking the price of gas to oil prices.

The EU gets 25% of its gas from Russia. Gazprom's reported reform, which the company declined to comment on, would create two subsidiaries Gazprom Storage & Transport for infrastructure and GMT Holding for trading. The RBK website reported that the subsidiaries will be registered in Switzerland. "It is unlikely that the restructuring of the company will satisfy the requirements of the third energy package," Oleg Semyonov from the consultancy "2K audit", is quoted as saying by Expert.ru. "Gazprom will remain the owner of all the assets, so in the long run nothing will change." Analyst Dmitry Lukashov from the consultancy Solid Financial House appeared to concur, calling the split a "psychological tool" to exert pressure over the discussion of long-term contracts. The European Commission declined to comment.

Sudan and South Sudan reach partial deal

Rigzone (Dow Jones), *26.09.2012*

Sudan and South Sudan reached agreements on a demilitarized border zone and oil production but made limited progress on contested areas, their officials said.

“There is agreement on some areas,” said South Sudan delegation spokesman Atif Kiir, while his Sudanese counterpart Badr el-din Abdullah Badr spoke of “progress on many issues,” with both saying a deal would be inked Thursday. The partial agreement was reached after four days of marathon negotiations between the former civil war foes, President Omar al-Bashir of Sudan and his Southern counterpart Salva Kiir, in Ethiopia’s capital.

While few details were released, both said a demilitarized border buffer zone -- where troops must withdraw 10 kilometers from the de facto line of control along the undemarcated frontier -- had been agreed. Economic agreements were also reportedly reached, building on an oil deal last month to ensure South Sudan’s stalled production would restart, after a stoppage that had damaged the economies of both nations. But they did not reach agreement on the contested flashpoint Abyei region or on a series of border zones claimed by both sides.

“The two countries failed to reach an agreement on two issues -- that of Abyei... (and) the second issue is that of the border,” Kiir told reporters after the talks ended late Wednesday. “The two countries have agreed to have another round of talks... mainly on the issue of the border, on the disputed and unclaimed areas,” he added.

His counterpart Abdullah said optimistically that the issues would be addressed in the future. “We have overcome many differences... but here are some differences on Abyei,” he said, adding also that resolving border areas claimed by both sides “is going take time”. No dates were given for a potential further round of talks. The protracted talks under African Union mediation began in the Ethiopian capital several months before South Sudan split in July 2011 following an independence vote after decades of war.

Announcements & Reports

► Shape of Power to Come

Source : PwC
Weblink : http://www.pwc.com/tr_TR/tr/publications/industrial/energy/assets/pwc-power-utilities-survey2012.pdf

► Gas Pricing and Regulation – China's Challenges and IEA Experience

Source : International Energy Agency
Weblink : http://www.iea.org/publications/freepublications/publication/ChinaGasReport_Final_WEB-1.pdf

Upcoming Events

► KIOGE 2012

Date : 2 – 5 October 2012
Place : Almaty – Kazakhstan
Website : http://www.kioge.com

► Gastech 2012

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

► Offshore Drilling Conference 2012

Date : 30 – 31 October 2012
Place : Stavanger – Norway
Website : http://www.informaglobalevents.com/FKA2293UPWL?

Supported by PETFORM

► CIS Oil & Gas Transportation 2012 (in Turkey)

Date : 30 October – 1 November 2012
Place : Istanbul – Turkey
Website : http://www.theenergyexchange.co.uk/cistrans

CIS OIL AND GAS TRANSPORTATION
14th Annual Meeting

► 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/

Supported by PETFORM

► Black Sea Energy and Economic Summit 2012 *(in Turkey)*

Date : 15 – 16 November 2012
Place : Istanbul – Turkey
Website : http://www.atlanticcouncilsummit.org/

Supported by PETFORM

► All Energy Turkey *(in Turkey)*

Date : 11 – 12 September 2013
Place : Istanbul – Turkey
Website : http://www.all-energy-turkey.com/?lang=tr