

## Baku approves TANAP gas pipeline with Turkey

Today's Zaman, 20.11.2012



The Azerbaijani parliament ratified an agreement on the construction of a gas pipeline to transport Caspian gas to Europe via Turkey.

The ratified Trans-Anatolian gas pipeline (TANAP) between the governments of Azerbaijan and Turkey now expects the approval of the Turkish side in the following weeks. "There is a need for new projects to transport Azerbaijani gas to the European market. A new gas pipeline will be constructed based on already held negotiations," the deputy speaker of the Azerbaijani parliament, Valeh Alesgerov, told his parliament.

## Erdogan warns of sectarian conflict in Iraq

Today's Zaman, 21.11.2012



Prime Minister Recep Tayyip Erdogan has said Turkey is concerned over sectarian clashes in war-torn Iraq amidst escalating tensions between the central Iraqi government and the Kurdish Regional Government (KRG).

"We always had concerns that, God forbid, this [conflict] may turn into a sectarian clash. Now our fears are slowly becoming real. This gives us reason to be concerned," Erdogan said during a press conference in Ankara. Referring to the recent clashes between the Iraqi army and the peshmerga forces of the KRG, Erdogan accused the central government of trying to turn the conflict into a civil war.

Turkey's relations with the central Iraqi government have soured significantly in the recent past due to oil agreements it signed with the KRG without the consent of the Iraqi government. Turkey separately imports oil from Iraq through a twin pipeline running from Kirkuk to the Mediterranean oil terminal of Ceyhan. Baghdad has warned Turkey that its separate deal in the region could damage trade relations between Iraq and Turkey. "At the same time, this conflict might be a war for oil. Why? Because the central government wants to show its displeasure with the KRG exporting oil without the knowledge of the Iraqi government," Erdogan said.



Tensions in Iraq rose further when 12 Iraqi troops were killed late on Monday in clashes near the Iraqi city of Tikrit between the Iraqi army and the peshmerga forces of the KRG -- putting neighboring Turkey in a difficult position on how to best respond. On Wednesday, Kurdish commander Mahmoud Sankawi said he has dispatched fighters to the disputed Khanaqin area. The move came a day after the Iraqi government sent tanks and armored personnel carriers to the Kirkuk area, which is also claimed by both sides.

Though Turkey has not openly taken sides in the conflict in Iraq, Yunus Demirer, the Turkish ambassador to Iraq, has visited both Iraqi President Jalal Talabani and the leader of the autonomous Kurdish region, Massoud Barzani. Relations between Ankara and Baghdad have also been tense due to what Turkey perceives as the Iraqi Shiite-led government's attempt to monopolize power at the expense of other groups in the country. Since the last US troops left the country in December, Iraq has been mired in political infighting among the Shiite, Sunni and Kurdish political blocs that constitute its fragile power-sharing central government.

“Currently, the central government is deeply in trouble. The possible solidarity among Kurds, Turkmens and Arabs in Iraq will be a problem for the Iraqi government,” said Erdogan. Turkey’s strained relations with Iraqi Prime Minister Nouri al-Maliki crystallized after Turkey supported Ayad Allawi, the Sunni leader of the Iraqi election-winning Iraqiya party bloc, in the 2010 Iraqi elections. Erdoğan and his Iraqi counterpart, Maliki, have traded tit-for-tat criticisms and accusations several times this year. Erdoğan last month accused Maliki of fanning tensions between Shiite Muslims, Sunni Muslims and Kurds in Iraq through ‘self-centered’ behavior.

Maliki quickly responded that Turkey was becoming a “hostile state” with a sectarian agenda, saying it was meddling in Iraqi affairs, due to Turkey's support for Tariq al-Hashemi, Iraq's Sunni vice president, who was sentenced to death in absentia.

“Unfortunately, the Maliki government broke off its relations with Turkey in a very inappropriate manner. Moreover, at times, by means of threats, it adopted a negative approach towards Turkish businessmen in Iraq. This is something improper. This is something that doesn’t befit fair governments. You are signing an agreement with these men, and then you are turning these men adrift. What nonsense is this?” asked Erdogan.

The killing of the 12 Iraqi troops came after a comparatively minor incident on Friday in which two people were killed and 10 were wounded in a clash in Tuz Khormato, another city in the part of the country facing disputes between Kurdish peshmerga forces and government troops. The clash was said to have erupted when Iraqi soldiers wanted to search a house belonging to a member of the Patriotic Union of Kurdistan (PUK), whose current leader is Talabani.

Iraq’s central government and the country’s autonomous Kurdish region have each sent troops to reinforce their internal border as tension builds between them in a feud over land and oil. Tensions have been steadily building this week over the formation of a new command center for Iraqi forces to operate in an area over which both Baghdad and the KRG claim jurisdiction. After establishing the military unit called the Tigris Operational Command in 2012, the Iraqi central government, under Maliki, has stepped up efforts to take these provinces under the authority of the Iraqi central government through troop deployments to Kirkuk, a step harshly criticized by the KRG a couple of months ago.

## Eni, EU hold talks on row with Turkey

Hürriyet Daily News, 17.11.2012



Eni, one of the four companies that Turkey has warned over offshore gas search cooperation with Greek Cyprus, is in talks with its government and the EU over the issue, says a senior executive. The company, which also has large investments in Turkey, is doing 'what is legitimize,' the exec says. The basin's oil reserves are estimated at more than 1 billion barrels.

Eni has been in touch with the European Union as well as Rome concerning Turkey's recent warning to review the Italian energy firm's investments in the country if it goes ahead with plans to explore for natural gas in Greek Cyprus.

"We are always doing what is legitimate according to EU law," said Leonardi Bellodi, Eni's senior vice president of public affairs. Turkey has recently warned the company against exploring for natural gas off the coast of the divided island of Cyprus. Turkish Energy Minister Taner Yildiz has warned that the government will review Eni's investments in Turkey if it goes ahead with plans in Greek Cyprus. Bellodi, who was in Istanbul to attend the Atlantic Council Energy and Economic Summit, said, "We are a corporation and we always act within state's jurisdiction?" In response to questions on Turkey's attitude, Bellodi described Turkey's statement as a "mild reaction, raising the issue."

"We are in touch with the European Union and with our government about this issue," Bellodi said. "Eni is a corporation, and borders between states are not a matter that our company can decide. We will comply with any government agreement." Greek Cyprus approved licenses at the end of last month for the exploratory drilling of oil and gas deposits in four blocks off its shores, also announcing that it would negotiate a partnership with Eni, South Korea's KOGAS, Italy's Total and Russia's Novatec.

Turkey is strongly opposed to the Greek Cypriot explorations in the Eastern Mediterranean, saying this violated the rights of Turkish Cypriots. "Those companies cooperating with the [Greek Cyprus] will not be allowed to take part in new energy projects in Turkey," the Turkish Foreign Ministry said. However, Eni has been the only company mentioned in name by Turkish officials. Eni is also a partner to the Blue Stream, a transport system running beneath the Black Sea that supplies Russian natural gas to Turkey. With a transport capacity of 16 billion cubic meters annually, it is the main Russian natural gas link to Turkey and owned and operated by Blue Stream Pipeline Company BV (BSPC), a joint venture between Eni and Russian Gazprom.

## Turkish – Greek Cypriot disputes to grow next year

Hürriyet Daily News, 19.11.2012



Probable new natural gas exploration in the Mediterranean basin of Cyprus in 2013 is likely to lead to disputes between Turkey and Greek Cyprus, the director of the PRIO Research Center in Southern Cyprus has said.

“There is a big possibility of new exploration activities in 2013 in Greek Cyprus in the offshore blocks 2, 3, 9 and 11, which are contiguous to block 12,” said Harry Tzimitras, also an expert on the gas and energy issues of the island, during a recent interview. “In these cases, the chance of future disputes is larger than the chance of conciliation with Turkey,” he said.

Greek Cyprus approved licenses a couple of weeks ago for exploratory drilling to exploit offshore oil and gas deposits in four blocks off its shores. The U.S. firm Noble Energy had already been awarded Block 12 and announced last year that it had discovered gas reserves of up to 8 trillion cubic feet (226.5 billion cubic meters), which has an estimated value of 100 billion euros (\$129 billion). Turkey has recently warned that energy companies cooperating with the Greek Cypriot offshore drilling plans will be banned from participating in new oil and gas projects in Turkey.

Tzimitras said the Greek Cypriot government will receive around 200 million euros as an advance payment by the companies in the consortium by the end of 2012. “The government in Greek Cyprus is desperately trying not to sign the bailout memorandum with the EU Troika. So this is one of the ultimate aims of the offshore drilling plans,” Tzimitras said.

He also said oil and gas in the Mediterranean basin of Cyprus could also serve as an enabler for the reconciliation between Greek Cypriots and Turkey. “When the companies extract the gas, the cheapest thing to bring it to the market would be a pipeline through Turkey. According to estimates, the cost of the construction of a pipeline from Cyprus to Turkey would be only around 1.5 to 2 billion euros.”



# Deloitte: International shale development will take longer than in US

Deloitte, 14.11.2012



Vast shale plays worldwide are going to be explored and developed although it's going to take more than a decade before another country outside the US or Canada can duplicate the current US shale boom, speakers told.

Chad C. Deaton, Baker Hughes Inc. executive chairman, told some 600 conference attendees that there will be competition from countries abroad to produce unconventional reserves, which he said means that the US needs to retain its leadership role and expertise. To do this, industry needs to better educate the public and government about the merits of hydraulic fracturing to ensure that unconventional reserves can be tapped aggressively in the future, Deaton said.

"It's up to us," Deaton said of industry. "We have to let the government and the public know we are good citizens, we are protectors of the environment and we do create jobs." He expects to see shale gas production eventually coming from China, Poland, Mexico, and Saudi Arabia. Saudi Aramco is working with major service companies to bring in hydraulic fracturing equipment, Deaton said, noting that Saudi officials want to use unconventional gas to replace oil to fuel power generation and desalination projects.

Noting projected growing world energy demand, Deaton called upon governments to implement "reasonable regulation" and also called upon industry to continue to improve technology and reduce production costs. "We have to figure out technically how we can do this differently," he said. "Technology is the answer." Peter J. Robertson, independent senior oil and gas advisor for Deloitte LLP, called US shale development and production "a stimulus program to beat all stimulus programs."

During a media briefing before the Deloitte conference, Robertson said he believes "it's going to take a long time" for international shale development and production to become significant because other countries do not have the pipeline systems or the unconventional expertise of US oil and gas companies. "Even 10 years from now, China unconventional production is not going to be that high," Robertson suggested. Logistics also are more complicated in some other countries than in the US because of water shortages, land ownership issues, and because some shale reserves are located in populated areas. When asked by reporters about public concerns regarding hydraulic fracturing, Robertson said, "It's incumbent on industry to do things very, very well" to ensure that government regulations do not hinder future US unconventional production. He said shale plays are generation jobs for the energy, manufacturing, and petrochemical industries. Robertson formerly was vice-chairman of Chevron Corp.

Deloitte conducted a survey in October of more than 250 oil and gas executives. When asked about regulations, 49% said they believe regulations related to fracking are “just right” or at least on the right track. Meanwhile, 39% of those surveyed said there is “too much regulation.” Another 5% said there was “too little regulation” and 7% said they were unsure. When asked about shale gas estimates, 51% said current industry estimates are “pretty much on target.”

## Lukoil in farm-out off Romania

Upstream Online, 23.11.2012



Russia’s Lukoil has signed a farm-out agreement for a pair of exploration blocks in Romania’s sector of the Black Sea that will see national gas company Romgaz coming onboard as a partner.

Romgaz is set to gain a 10% stake in the Est Rapsodia and Trident tracts, including 8% assigned by Lukoil and 2% in a separate deal with partner Vanco International. The blocks, covering about 2000 square kilometres and in a water depth ranging from 90 to 1000 metres, were awarded to Lukoil and Vanco in 2010 and concession agreements were ratified by the Romanian government in October last year.

The farm-out deals will leave Lukoil with a 72% stake and Vanco on 18%, with Romgaz holding the remainder.

## Iran starts building gas pipeline to Syria

Today’s Zaman, 19.11.2012



An Iranian semi-official news agency says the country has started building a \$10 billion natural gas pipeline to Syria as part of efforts to boost its energy sector that has been battered by international sanctions.

The report says the 1,500 kilometer (750 mile) pipeline will pass through Iraq before reaching Syria. It says Iran begun construction of the first phase of the project involving a 225 kilometer (140 mile) stretch at an estimated cost of \$3 billion. Fars says the entire project is to be completed in the second half of 2013. The deal was signed between Iran, Iraq and Syria last July.

## BP plans 3.7 billion pound share buyback

Reuters, 17.11.2012



BP plans to spend up to 3.7 billion pounds (\$5.9 billion) buying back its shares after agreeing last week to pay record criminal penalties over the Deepwater Horizon disaster, is said in an unsourced report.

BP said on Thursday it would pay \$4.5 billion to resolve criminal and civil charges over the April 2010 rig explosion in the Gulf of Mexico that killed 11 workers and caused the worst-ever U.S. offshore oil spill. The settlement means BP will face no further U.S. federal criminal charges, but is expected to have to pay more to settle civil actions.

It could face a penalty of as much as \$21 billion if found guilty of gross negligence under U.S. clean water legislation in a trial starting in February, although the firm has earmarked only \$3.5 billion for the case. But the British oil company believes it could safely spend up to 3.7 billion pounds to revive its flagging shares, which are worth around a third less than before the disaster, adding the buyback could take place early next year.

A BP spokesman declined to comment on the report. BP will gain \$12.3 billion in cash from an agreement in October to sell its stake in TNK-BP to Russia's Rosneft, giving it headroom to return money to investors, although analysts have said that may have to wait until its oil spill litigation is settled. At the time of the Rosneft deal, BP said it would evaluate how the cash proceeds would be used, promising to offset any consequent dilution to its earnings per share and to continue with its "progressive dividend policy."

# LNG terminal set to redraw Poland's energy map

EurActiv, 15.11.2012



Poland took a decisive step towards building a liquefied natural gas (LNG) terminal on its Baltic coast, a project that could significantly reduce Central and Eastern Europe's reliance on Russian imports.

Polskie LNG S.A., a company established to construct and operate LNG terminal in Świnoujście, launched a review to assess demand for the technical expansion of the terminal and the provision of additional services. The objective of the facility is to diversify gas supply and improve energy security in the region, the company said in a statement.

The Świnoujście terminal is scheduled to begin operations in the second half of 2014. In the starting phase, the LNG terminal will have a capacity of 5 billion cubic meters of natural gas per year (bcm/y). Poland consumes 14.38 bcm/y and produces 2.97 bcm/y, a recent study shows. Of all gas consumed in Poland, 63% is Russian gas. Consequently, the LNG gas imports would reduce Russia's share in the country's gas imports. "We expect our terminal to play an important role not only on the energy map of Poland but also in the entire region of Central and Eastern Europe, offering the clients a wide range of business opportunities", said Rafał Wardziński, chief executive of Polskie LNG.

The European Bank for Reconstruction and Development provided a €75-million, 12-year loan to Polish gas grid operator Gaz-System to begin building the Świnoujście terminal. The rest of the financing for the total cost of €660 million will come from the European Commission via grants, the European Investment Bank and the company's own finances. The terminal will receive oil-indexed gas supplies from Qatar, but two-thirds of its import capacity will be reserved for gas imported on a spot basis from elsewhere, potentially opening the door to cheaper energy.



# UN report warns of widening climate gap

Today's Zaman, 21.11.2012



**A U.N. report on rising greenhouse gas emissions reminded world governments that their efforts to fight climate change are far from enough to meet their stated goal of limiting global warming to 2 degrees Celsius.**

**The report by the U.N. Environment Program said the concentration of greenhouse gases in the atmosphere is up about 20 percent since 2000. Scientists say those emissions are contributing to climate change and that failure to contain them could have dangerous consequences, including rising sea levels inundating coastal cities, dramatic shifts in rainfall disrupting agriculture and drinking water.**

Emissions levels, driven by the burning of fossil fuels, need to come down by 14 percent by 2020 for the world to reach a pathway that could keep the global temperature rise below 2 degrees Celsius, compared with pre-industrial levels, UNEP said. That's the stated goal of U.N. climate negotiations, which resume next week in Doha, Qatar. But it won't happen if countries don't come ahead with more ambitious plans to cut emissions than what's currently on the table.

The U.N. agency said if no swift action is taken, emissions are likely to hit 58 gigatons in 2020 - 14 gigatons too much to have a chance of limiting warming to 2 degrees. The projected gap is now bigger than it was last year and in 2010. UNEP Executive Director Achim Steiner said that bridging the gap remains doable and that there are many "inspiring" actions at the national level on renewable energy, energy efficiency, protecting forests, and vehicle emissions standards. "Yet the sobering fact remains that a transition to a low-carbon, inclusive Green Economy is happening far too slowly and the opportunity for meeting the 44 Gt target is narrowing annually," Steiner said.

The report confirmed scientific observations that the concentration of greenhouse gases in the atmosphere is growing, not shrinking. On Tuesday the World Meteorological Organization reported that the amount of greenhouse gases in the atmosphere reached a record high last year.

Climate activists said the reports underscored the urgency in advancing clean technologies, such as wind and solar power. "The only way we are going achieve the necessary cuts in emissions is to move away from fossil fuels and towards a world of renewable energy," said Kaisa Kosonen, climate policy adviser at Greenpeace. The Kyoto Protocol, the only international agreement to reduce the emissions of greenhouse gases from industrial countries, expires this year. Talks in Doha will focus on extending it for another term while negotiators work on a more comprehensive climate pact that would also include developing countries, whose share of global emissions is growing.

# Announcements & Reports

## ► *Board Resolution on TPAO Silivri Storage Tariff*

**Source** : Energy Market Regulatory Authority

**Weblink** : [http://www.epdk.org.tr/documents/dogalgaz/mevzuat/kurul\\_karar/tarife/dpd\\_Krl\\_Tarife\\_4090.doc](http://www.epdk.org.tr/documents/dogalgaz/mevzuat/kurul_karar/tarife/dpd_Krl_Tarife_4090.doc)

## ► *Amendment in the Tariffs Regulation for BaskentGaz*

**Source** : Energy Market Regulatory Authority

**Weblink** : [http://www.epdk.org.tr/documents/dogalgaz/mevzuat/yonetmelik/tarife/Dpd\\_Ynt\\_Tarifeler\\_4113.doc](http://www.epdk.org.tr/documents/dogalgaz/mevzuat/yonetmelik/tarife/Dpd_Ynt_Tarifeler_4113.doc)

## ► *Energy Policies of IEA Countries – The Republic of Korea*

**Source** : International Energy Agency

**Weblink** : <http://www.iea.org/W/bookshop/add.aspx?id=442>

## ► *Energy Policies of IEA Countries – Australia*

**Source** : International Energy Agency

**Weblink** : <http://www.iea.org/W/bookshop/add.aspx?id=426>

## Upcoming Events

► *Energy Today & Tomorrow Conference* (in Turkey)

**Date** : 13 December 2012  
**Place** : İstanbul – Turkey  
**Website** : <http://turkeyenergy.net/>

► *6<sup>th</sup> Annual Gas Transport & Storage Forum 2013*

**Date** : 28 – 29 January 2013  
**Place** : Berlin – Germany  
**Website** : <http://www.gtsevent.com/?mc=EL>

► *3<sup>rd</sup> European Unconventional Gas Summit*

**Date** : 29 January – 1 February 2013  
**Place** : Vienna – Austria  
**Website** : <http://www.theenergyexchange.co.uk/european-unconventional-gas-summit-3rd-annual-meeting/s13/a274/>

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► *Tight and Shale Gas Summit 2013* (in Turkey)

**Date** : 27 – 28 February 2013  
**Place** : İstanbul – Turkey  
**Website** : <http://www.wplgroup.com/aci/conferences/eu-eug2.asp>



► *6<sup>th</sup> Annual Unconventional Gas Conference*

**Date** : 6 – 7 March 2013  
**Place** : London – UK  
**Website** : <http://www.smi-online.co.uk/energy/uk/unconventional-gas>

► *6<sup>th</sup> International Petroleum Technology Conference (IPTC)*

**Date** : 26 – 28 March 2013  
**Place** : Beijing – China  
**Website** : <http://www.iptcnet.org/2013/>

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► *All Energy Turkey* (in Turkey)

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

