



## GAS



## Consumers hit by hike in natural gas prices

Date : 02.06.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=143620>

BOTAS increased natural gas prices by 7.4 percent for home consumption and by 8.3 percent for industrial consumption. An official said the price hike was necessary in order to offset the surging crude oil and fuel prices in global markets.

However, the rate hike decision drew negative reactions from several groups. Bursa Industrialists and Businessmen Association (BUSIAD) President Mehmet Arif Özer said in a written statement that the 8.3 percent increase in natural gas prices for industry would have a devastating effect on industrialists, adding that there will also be a hike in electricity prices on July 1 which will compound the effect.

## OIL



## Otto Energy flows gas from second well in Edirne

Date : 04.06.2008

Source : Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=62641](http://www.rigzone.com/news/article.asp?a_id=62641)

Otto Energy announced that the Kuzey Arpaci-1 well has tested at excellent flow rates. The well flowed dry gas at a rate of 1.15 MMscf/d over the interval 462.8m to 467.5m at a stabilized rate of 1.15 MMscf/d through a 1/2 inch choke.

Another, shallower reservoir section is also present in this well and will be available for future production. This is the second confirmed commercial flow rate from the Edirne discovery wells. Following the shut in period additional perforations will be added and the well will be flowed again and prepared as a future production well.

The rig will then move to test the Arpaci 1 well, which was drilled in January 2006, before the 3D seismic was available. The partners in the Edirne Gas project are Otto Energy with 35% and Joint Operators Incremental Petroleum (55%) and Petraco Energy (10%).



## Kazakh oil to flow into Turkey after historic deal

Date : 31.05.2008

Source : Today's Zaman (Faruk Akkan)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=143477>

A new energy agreement signed between Azerbaijan and Kazakhstan linking a planned oil pipeline to Azerbaijan's Baku was ratified by Kazakh President Nursultan Nazarbayev yesterday.

Under the agreement, Kazakhstan will transport oil through the new Eksene-Kuruk pipeline, to be constructed, and also via tankers, to Baku, the starting point of the Baku-Tbilisi-Ceyhan (BTC) pipeline, which passes through Georgia and terminates in Turkey. Kazakhstan's KazMunai Gaz and Azerbaijan's state-owned oil company have been negotiating since 2002 for ways to make possible the integration of Kazakh oil to the BTC.

The agreement was finalized on May 26, when the Kazakh parliament ratified the deal. The agreement entered into force with Nazarbayev's final approval yesterday. Under the new deal, a new 730-kilometer pipeline running from Kazakhstan's Eskene region to Kuruk will be constructed. Oil will be transported from the Kuruk port to Baku via tanker. Once pumped into the BTC there, Kazakh oil will then go to Ceyhan in Turkey, increasing the amount of oil arriving in Ceyhan to 75 million tons a year -- up 50 percent from the current 50 million.

The BTC, which began operating in 2006, is 1,767 kilometers long, with 443 kilometers of it passing through Azeri land, 248 through Georgia and 1,076 through Turkey. The Eskene-Kuruk-Baku pipeline, expected to be completed in 2013, will have a pumping capacity of 1.6 million barrels a day, compared to the BTC's current capacity (as of May 28) of 1 million barrels per day. The pipeline has been operating for two years.

The BTC is owned by BP, 30.1 percent; Azerbaijan BTC, 25 percent; Chevron, 8.9 percent; Statoil, 8.71 percent; the Turkish Petroleum Corporation (TPAO), 6.53 percent; ENI, 5 percent; Total, 5 percent; Itocuahu, 3.4 percent; INPEX, 2.5 percent; ConocoPhillips, 2.5 percent; and Hess, 2.36 percent. Russia sees the new pipeline as an attempt to weaken its regional influence.



## Future of gas discussed at the STEAM 8th Energy Arena

Date : 31.05.2008

Source : Turkish Daily News

<http://www.turkishdailynews.com.tr/article.php?enewsid=106015>

Nabucco is a project we have started and thus we will be covering our share of whatever costs arise, said Energy Minister Hilmi Güler at the STEAM 8th Energy Arena, “The Nabucco project has been picking up speed,” he added.

The conference, focusing on ‘Tomorrow’s Strategy in Natural Gas’ brought together prominent private and public officials to discuss Turkey’s role in the growing natural gas market and the impact of regional players on global energy security.

Turkey will be one of Iraq’s most important energy partners, said Salah Aziz Karim of the Iraqi Oil Ministry and CEO of Oil Pipeline Company. “Iraq has two options on how to export its energy supply: Either transit to the EU through Turkey with consumption in Turkey, or transportation to the EU through Syria with consumption in Syria and Turkey,” he said adding, “Either way, Turkey will play an important role in the export of Iraqi gas.” When asked to elaborate on Turkish-Iraqi energy partnership, Karim told the Turkish Daily News, “There were discussions for an additional parallel pipeline in 1999, and while there are no concrete discussions right now, we are waiting for the security situation to clear up first.”

Meanwhile, Iran’s Deputy Minister for Natural Gas Seyed Reza Kasaeizadeh Mahabadi told of Iran’s plans to privatize its natural gas industry in order to form financially stable and transparent markets. But Iran’s opening up its private oil companies to foreign private investors was criticized by the United States.

The energy diplomat of the U.S. Embassy in Ankara, Rebecca H. Neff, said that while it was U.S. policy to foster global economic growth, which requires increasing energy security and regional cooperation, it was ‘not business as usual regarding Iran.’ She added that the United States was still seeking a diplomatic solution and did not wish to isolate Iran, but until it stopped posing a security risk to the region “Energy development in the region should progress without it until it decides to surrender its nuclear ambitions.”

Neff said the most important development in the region right now was the establishment of Azerbaijan’s Shah Deniz II gas field, adding that increased Turkish involvement with the project will only speed up completion of Shah Deniz II.



## EPDK fails to collect large portion of fines

Date : 05.06.2008

Source : Today's Zaman (Ercan Yavuz)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=143926>

The Energy Market Regulatory Agency (EPDK) was only able to collect YTL 9.5 million of YTL 1.97 billion of fines imposed on 3,128 real and legal entities in 2007, with the majority of these penalties imposed on gas stations.

Minister of Energy and Natural Resources Hilmi Güler yesterday responded to a written query from deputy Turan Cirkin. He acknowledged that the EPDK had largely failed to collect the fines from gas stations and other entities and was now filing lawsuits to recover the money. Of the total 3,128 fines, 2,480 were given to gas stations. The stations were mainly fined for lacking the required documentation or the absence of a sales license. In addition, 156 oil distributors were fined for delivering oil that did not meet technical criteria, the minister noted.

Furthermore, certain oil giants were among the firms penalized by the EPDK. The Petrol Ofisi had been fined YTL 498 million, and the same company's subsidiary, ERK Petrol, was fined YTL 100 million. OPET had been fined YTL 160 million last year, while Turkuaz had been fined YTL 213 million. Total Turkey saw penalties of YTL 62 million, while Shell and BP's Turkey-based companies were fined YTL 46 million and YTL 65 million, respectively. Meanwhile, the EPDK closed 2,100 gas stations across Turkey for selling unlicensed oil in 2007.

Güler noted that of those receiving fines, 45 stations had made shipments without recording them, while 63 stations had acquired gas from sources other than their main distributor. Another 20 stations had been fined for filling up cars directly from tankers or other sources outside of the station, and 55 stations had been involved in gas market operations outside of their licensing limits. Furthermore, 74 stations had sold fuel in rural areas without a license, while 13 stations had violated lube oil regulations and 40 stations had sold unregistered oil.



## Finance Ministry resists reduction in oil taxes

Date : 31.05.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=143471>

The Finance Ministry has denied a request from EPDK Chairman Hasan Köktas to reduce the tax on oil in order to lower fuel prices in Turkey. Köktas had previously said Turkey needed to change its tax policy on oil.

“Evidently we cannot affect global oil prices; thus we need to reconsider domestic oil prices,” he had said. Köktas requested that the tax on oil, which currently stands at 57 percent, be lowered, but this appeal was not welcomed by the Finance Ministry.

One of the top bureaucrats of the Finance Ministry said that there is a fixed private consumption tax (ÖTV) on oil which is not affected by changes in oil prices. The ministry official stated that taxes are of great importance in terms of providing the budget with stable revenue.

“You are talking about reducing taxes, but what does this mean, exactly? Oil prices in Turkey have increased parallel to the increasing global oil prices of the last five years, but we did not increase the ÖTV on oil. As a result, the tax load on gasoline and diesel fuel has already decreased proportionally. Why don't they demand a reduction of other taxes, too? This would decrease the revenue of the Finance Ministry. Then Turkey would have to borrow more money, which means Turkey would have to pay more interest on its debt. We all know what high interest rates do to Turkey,” stated the official.

According to Finance Ministry statistics, the highest tax rate is imposed on gasoline. The tax burden on unleaded gasoline is 42 percent, and this increases to 57 percent after adding ÖTV and value-added tax (KDV). Diesel fuel follows with a tax load of 46 percent, with 31 percent of this being ÖTV. In regards to fuel prices in Istanbul, YTL 2 of the YTL 3.48, which is the price of one liter of gasoline, is tax that goes to the Finance Ministry. The price of one liter of diesel is YTL 3.11, with YTL 1.4 of this being tax.



## OMV does not rule out Iranian gas for Nabucco

Date : 03.06.2008

Source : Turkish Daily News (Begüm Gürsoy - Referans)  
<http://www.turkishdailynews.com.tr/article.php?enewsid=106237>

There are many potential sources for natural gas to fill the Nabucco pipeline, said Werner Auli, CEO of OMV. He added that Azerbaijan will be the primary supplier for the project, which will carry 8 to 12 bcm of Azeri gas to Europe by 2013.

Auli said that in order to supply the needed gas, members of the project will need to make deals with Turkmenistan, Iran and Iraq, if future political conditions allow. "Especially after 2017, Iranian and Iraqi gas could be considered," he said, adding, "Even Russia could be one of the suppliers. We are not excluding anyone."

Auli said Russia's South Stream Project, which transfers Russian gas to southeastern Europe via Bulgaria and Greece, was not competition for the Nabucco project. "The objectives of these two projects are different," he said.

Russia is trying to diversify its routes to Europe, whereas Nabucco aims to supply the continent with new sources of natural gas, according to the OMV head. Auli also praised Turkey for its role in linking the source countries with the European market.

The Nabucco consortium is composed of Turkey's pipeline company, BOTAS, along with Hungarian company MOL, Bulgargaz from Bulgaria, Transgaz from Romania, German RWE Germany, and OMV, also a shareholder in Petrol Ofisi.

**✚ Energy Technology Perspectives – Scenarios and Strategies to 2050**

Source : International Energy Agency  
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=330>

**❖ GTA 2008**

Asian Gas Technology Exhibition

Date : June 11 – 13, 2008  
Place : Kuala Lumpur – Malaysia  
Website : [www.gastechnologyasia.com](http://www.gastechnologyasia.com)  
Contact : Malaysian Exhibition Services (+603 4041 0311)



**❖ Atlantic Canada 2008**

Atlantic Canada Petroleum Show

Date : June 18 – 19, 2008  
Place : St. John's Newfoundland – Canada  
Website : [www.petroleumshow.com/acps/](http://www.petroleumshow.com/acps/)  
Contact : Monte Sumner (+403 209 3552)



**❖ RPGC 2008**

6th Russian Petroleum Congress

Date : June 24 – 26, 2008  
Place : Moscow – Russia  
Website : [www.russianpetroleumcongress.com](http://www.russianpetroleumcongress.com)  
Contact : Veronica Zhuvagena (+44 (0) 207 596 5269)



**❖ WPC 2008**

19th World Petroleum Congress

Date : June 29 – July 3, 2008  
Place : Madrid – Spain  
Website : [www.19wpc.com](http://www.19wpc.com)  
Contact : Ivaylo Ivanov (+44 (0) 207 596 5136)

