OIL

Mehmet Uysal: Turkey is likely to become a net exporter

Date : 02.07.2008
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=146400

A leading UK business daily has highlighted the expansion plans of Turkish Petroleum Corporation (TPAO), quoting the company's chief executive as saying that Turkey is likely to become a net exporter.

"The find is also likely to affect Turkey's oil suppliers in the Caspian Sea and Middle East regions. Mr. Uysal estimates that, once at full capacity, the new field will turn Turkey from a large oil importer - imports last year topped 33m tones - to a net exporter," David O'Byrne wrote in his article published in the Financial Times.

Privatization may have ended the era of the state-owned national oil company in Europe, but someone forgot to tell Mehmet Uysal, chief executive of Turkey's government-owned upstream operator TPAO, the article said.

The Turkish Petroleum International Company Ltd. (TPIC), established in 1988 as a TPAO subsidiary to operate in all branches of the oil industry, is one of few companies with a good knowledge of Iraq's geological particularities, as TPAO has been researching hydrocarbon exploration and production opportunities in Iraq since 1994. The daily also underlined TPAO's recently planned partnership with Shell to rebuild Iraq's gas sector, saying this partnership has *"assured a role for TPAO in Iraq."*

TPAO aims to exploit the find in partnership with Petrobras of Brazil, with which it has a five-year exploration agreement for two blocks on Turkey's western Black Sea coast, the daily said, asserting that TPAO's windfall is a blow for Chevron and BP, which abandoned a drilling venture with TPAO on Turkey's eastern Black Sea coast, convinced the region held no exploitable reserves.

GAS

Iran and Turkey discussing new gas pipeline project

Date : 01.07.2008
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=146286

The new pipeline would reach Iran's border province of Bazargan from the country's South Pars oil fields, the National Iranian Gas Company (NIGC) said, citing Iranian Oil Minister Qolam Hosain Nozari.

Turkey and Iran have also been holding separate talks for the construction and operation of two natural gas extraction facilities in the South Pars region. Nozari has also said that Iran is planning to sell Turkey more natural gas this winter.

He said they were conducting negotiations with Turkish officials to increase the amount of gas being exported to the Turkish side. Iran had to stop gas delivery to Turkey in the last two winters, saying domestic consumption had skyrocketed due to harsh winter conditions.

GAS

Bulgaria and Hungary urge faster work on Nabucco

Date : 28.06.2008
Source : Rigzone (AFX News Limited)
http://www.rigzone.com/news/article.asp?a_id=63531

The European Union has made the 7.9 billion euro ($12.43 billion) pipeline a priority but senior Bulgarian and Hungarian officials said stronger commitment was needed for the plan to materialize.

"We believe there is a certain slowdown in the activities on the project. It is very important to spur political support for it," Bulgarian Economy and Energy Minister Petar Dimitrov said after meeting Hungarian coordinator for Nabucco Mihaly Bayer. Dimitrov said the European Commission should play a more active role and proposed a high-level meeting between gas supplying, transiting and consuming nations in Sofia to pave out differences and speed up work on Nabucco.

OIL

Iraq opens 6 oil fields for bidding

Date : 01.07.2008
Source : Today's Zaman (AP)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=146289

The Iraqi government opened six oil fields for bidding from international firms that included several majors. The potential participation of big companies like Shell, BP, Exxon Mobil and Total has been criticized following published reports that several were close to signing no-bid contracts with the Iraqi government.

Those contracts were expected to be announced Monday, but Iraqi Oil Minister Hussain al-Shahristani instead named 35 companies that would be qualified to bid on service contracts for the oil fields of Rumeila, Zubair, Qurna West, Maysan, Kirkuk and Bay Hassan. *"These fields were chosen because their production can be raised in a short time and at a low cost,"* said al-Shahristani.

All of the fields are currently producing oil, and al-Shahristani said the new contracts would raise Iraq's production by 1.5 million barrels per day. Iraq currently produces 2.5 million barrels per day and hopes to raise that to 4.5 million by 2013.

Al-Shahristani said Monday that the country would also open up the natural gas fields of Akkaz and Mansouriyah for bidding. The deadline for the oil and gas bids is the end of March, and preliminary contracts will be signed next June. Every company involved in the bidding process must have an Iraqi partner and must give 25 percent of the value of the contract to Iraqi companies, said al-Shahristani.

Debate over the issue reignited about two weeks ago when The New York Times reported that Royal Dutch Shell, BP, Exxon Mobil, Chevron and Total were close to signing short-term oil service contracts with Iraq on a no-bid basis. The deals, which were widely expected to be announced Monday, were reportedly designed as an interim way to boost Iraq's oil output until the country could agree on a new oil law.

Iraqi government spokesman Ali al-Dabbagh denied the country had ever considered a no-bid process, saying *"there was never any intention to award the contracts without a tender."* Al-Dabbagh denied American influence on the Iraqi government's oil decisions, saying *"politics does not come into this." "There is no preferential treatment for anyone, no matter who,"* said al-Dabbagh.

OIL

Oil investors lose money in perfect year for prices

Date : 01.07.2008
Source : Turkish Daily News (Bloomberg)
http://www.turkishdailynews.com.tr/article.php?enewsid=108595

Exxon Mobil, Royal Dutch Shell and BP investors are losing money in the best year for oil prices as they cede control of production to state-owned energy companies. Exxon fell 7.6 percent this year after Venezuela forced the Irving, Texas-based producer out of South America's largest oil fields.

Shell lost 4.6 percent in London trading as Russia seized control of the $22 billion Sakhalin–2 venture. BP dropped 8.1 percent this year after the Russian government said it intends to take over the Kovykta gas deposit in Siberia owned by BP's Russian venture, TNK-BP. Oil company shares are suffering even as crude rallied 46 percent to a record $142.99 a barrel and natural gas appreciated 76 percent in New York on rising demand from emerging economies. OPEC members from Saudi Arabia to Venezuela will earn more than $1 trillion this year from oil exports, the U.S. Energy Department estimates.

"Oil companies are competing with each other and with national oil companies as well for access" to reserves, said Ivor Pether, who helps oversee about $17 billion at Royal London Asset Management. *"It's a lot tougher for BP and Shell to win development rights,"* because state-owned companies have access to cash and better technology, he said.

The struggle for new fields contributed to record oil prices by restraining supplies from nations outside of the Organization of Petroleum Exporting Countries at a time of increasing demand. Last year, production declined at Exxon and Shell, the world's two largest oil companies, and BP, Europe's second-largest oil company, after a decade of expansion.

Shell CEO Jeroen van der Veer said in January that new projects are delayed because governments *"negotiate longer than in the past."* Shell suffered a setback last year when Russian state-run gas company Gazprom bought a majority stake in the Sakhalin–2 venture, cutting Shell's holding in half, to 27.5 percent. Exxon lost 425 million barrels of proved reserves when Venezuela gained control of four heavy-crude oil ventures operated by foreign companies, including Exxon's Cerro Negro project. Gazprom is trying to buy TNK-BP's 63 percent stake in the Kovykta natural gas field, large enough to supply Asia for five years.

GAS

Miller: Europe will pay $500 for natural gas by year-end

Date : 04.07.2008
Source : Today's Zaman (AP)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=146587

"By the end of the year, we forecast that Russian gas will be sold in Europe for more than $500 per thousand cubic meters," which is over a fifth more than what it pays now, Gazprom chief Alexei Miller told reporters in Baku, Azerbaijan.

His comments came just weeks after he predicted oil would push through $250 per barrel next year, which analysts said looked like an attempt to put pressure on European buyers of gas to pay more. Gas prices lag oil prices by six to nine months. Miller added that if oil reaches $250 per barrel, gas could soar beyond $1,000 per thousand cubic meters. Oil surged through a record $145 per barrel Thursday. At the end of June, Miller said European customers were paying an average of $410 per thousand cubic meters, 50 percent more than the price they paid last year.

OIL

Crude price climbs above $144

Date : 02.07.2008
Source : Oil & Gas Journal (Sam Fletcher)
http://www.ogj.com/display_article/333516/120/ARTCL/none/GenIn/1/MARKET-WATCH:-Crude-price-climbs-above-$144/bbl/

Oil continued its bullish trajectory, with two data points helping to drive crude above the $144/bbl mark for the first time. News that the European Central Bank is set to raise its benchmark rate sent US investors looking for a hedge against the weakening US dollar.

In addition, Department of Energy reported that crude inventories fell for the sixth time in the last 7 weeks, said analysts in the Houston office of Raymond James. The same government report showed that an increase in refining activity to 89.2% of capacity continued to build gasoline supplies as demand declined just prior the July 4 US Independence holiday, which usually is a peak demand period. The DOE's Energy Information Administration reported commercial US crude inventories fell 2 million bbl to 299.8 million bbl in the week ended June 27, the lowest level since January and exceeding the Wall Street consensus of a 400,000 bbl draw.

GAS

Medvedev aims at Caspian gas lockup as Europe seeks supplies

Date : 04.07.2008
Source : Turkish Daily News (Bloomberg)
http://www.turkishdailynews.com.tr/article.php?enewsid=108972

Russian President Dmitry Medvedev plans to lock up rights to ship natural gas from three Caspian Sea nations that control 3.3 percent of the world's reserves as competition for the fuel from Europe and the U.S. increases.

Medvedev, the former chairman of state-run gas exporter OAO Gazprom who took over from Vladimir Putin two months ago, traveled yesterday to Azerbaijan, Turkmenistan and Kazakhstan to review supplies as contracts come up for renewal and Azerbaijan steps up output from its offshore field.

Azerbaijan, which imported Russian gas until last year, was Medvedev's first stop yesterday. Relations with Russia soured in December 2006 after Gazprom tried to double the price of gas it sold to the country. Azerbaijan refused, instead increasing production at the BP Plc-run Shah Deniz offshore field and becoming a gas exporter.

Gazprom Chief Executive Officer Alexei Miller offered to buy gas from Shah Deniz's second phase during a meeting with Azeri President Ilham Aliyev last month. The EU wants the fuel for its Nabucco pipeline project.

Turkmenistan, the largest gas producer in Central Asia, which Medvedev is due to visit, is opening to investors after 15 years of isolation. China has started building a gas pipeline to the east, and the EU and U.S. are urging Turkmen President Gurbanguly Berdymukhammedov to open an export route by building a subsea pipeline to Azerbaijan that connects to Nabucco.

Russia, which bought more than 60 percent of Turkmenistan's gas output last year, controls the country's gas exports to Europe through Soviet-era pipelines. Putin last year reached a deal to upgrade existing infrastructure and build a pipeline from Turkmenistan to Russia via Kazakhstan.

Kazakhstan, Russia's closest ally among the former Soviet Republics and the third stop on Medvedev's trip, is also seeking new export routes. The nation is the largest crude oil producer in Central Asia. Kazakhstan produced 1.49 million barrels of oil a day last year and 27.3 billion cubic meters of gas, according to BP. Russia and Kazakhstan in May signed a memorandum to more than double crude exports through the Chevron Corp.-led Caspian Pipeline Consortium.

OIL

International Energy Agency: Tight oil market until 2013

Date : 01.07.2008
Source : Rigzone (Xinhua News Agency)
http://www.rigzone.com/news/article.asp?a_id=63659

In its Medium-Term Oil Market Report, the energy adviser to 27 industrialised countries said global supply capacity will reach 95.33 million barrels per day (bpd) by 2012, 2.7 million bpd less than its previous forecast a year ago.

The outlook comes as supply concerns and robust demand in Asia and the Middle East have helped drive crude oil prices to record highs above $140 a barrel, adding a strain to the world economy. *"Structural demand growth in developing countries and ongoing supply constraints continue to paint a tight market picture over the medium term,"* the Paris-based IEA said.

High prices and slower economic growth are expected to weigh on world demand, although it is forecast to expand faster on average than additions to global supply in the next five years. Consumption will rise by an average 1.6 percent a year between 2008 and 2013, or some 1.5 million bpd on average, the IEA said. That is down from a previous medium term forecast of 2.2 percent. Annual supply growth will match or exceed that level through 2010 but slow to less than 1 million bpd from 2011 to 2013. Average total supply growth in the period stands at 1.15 million bpd a year.

The IEA also said additional global refining capacity over the next five years would lag expectations, adding to the challenge of meeting rising demand for diesel and other distillate fuels. Additions to capacity by 2012 are 1 million bpd less than last year's forecast. Accelerated declines at mature oilfields and long delays and cost overruns at new projects account for the lower supply growth forecast.

The IEA's previous medium term report said there was a risk of a supply crunch developing in the period to 2012. Output in 2012 from outside the OPEC is now expected to be 1.4 million bpd less than previously thought. Supply will rise to 51.1 million bpd in 2013 from 49.9 million bpd in 2008, the IEA said. Output of non-OPEC crude alone will remain flat or fall in the next five years. Production capacity in OPEC countries, also facing cost overruns and delays at new projects, is also expected to lag earlier expectations. OPEC usually holds part of its production capacity in reserve. That margin is expected to wane by the end of the period. The group's effective unused production will rise from 2.5 million bpd in 2008 to more than 4 million bpd in 2009, before declining again in 2013 to about 1 million bpd, the IEA said.

PETFORM ANNOUNCEMENTS & REPORTS

Regulation on Amendment in the Natural Gas Market Certificate Regulation

Source : EMRA
Weblink : http://www.epdk.org.tr/mevzuat/yonetmelik/dogalgaz/sertifika/sertifikadeg10.htm

Energy Balances of OECD Countries (2005 – 2006)

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=29

Energy Statistics of OECD Countries (2005 – 2006)

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=28

PETFORM UPCOMING EVENTS

CIPEE 2008

China International Petroleum Equipment & Technology Exhibition

Date : September 12 – 14, 2008
Place : Shandong – China
Website : www.cipee.com.cn
Contact : Beijing CEW Internatioal Fair Co. (+86 10 516 542 22)

IPE 2008

International Pipeline Exposition

Date : September 30 – October 2, 2008
Place : Calgary – Canada
Website : www.petroleumshow.com/intlpipeline/
Contact : Lesley Stevenson (+403 209 3555)