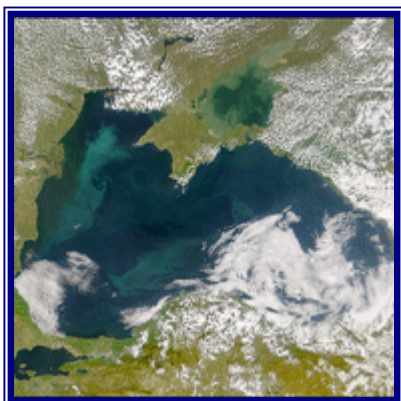




OIL



TPAO and ExxonMobil near Black Sea oil search deal

Date : 25.09.2008

Source : Upstream Online

<http://www.upstreamonline.com/live/article163769.ece>

TPAO and U.S. company ExxonMobil are close to a deal on exploring for oil in the Black Sea. Ankara is also holding talks with Germany's RWE AG and U.S. Chevron on conducting oil exploration in the region and a source from TPAO said those talks were progressing positively.

"The talks with Exxon Mobil on oil exploration are on the verge of being completed with an agreement," a source at TPAO told Reuters, although the source declined to say when an accord might be signed. "At the end of 2009 or start of 2010 drilling will start as planned. We have high expectations for this drilling," said another source at the Turkish Energy Ministry. Both sources declined to be named.

TPAO aims to launch production in 2015-2016 if drilling is carried out by 2010. Mehmet Uysal, general director of TPAO, has said that \$500 million has so far been invested in oil exploration in the Black Sea, where officials estimate the volume of reserves at 10 billion barrels. The company is also working on plans for oil exploration in the Black Sea with Brazil's Petrobras.

GAS



Aygaz to buy StatoilHydro stakes in Koc Statoil

Date : 23.09.2008

Source : Turkish Daily News (Bloomberg)

<http://www.turkishdailynews.com.tr/article.php?enewsid=116040>

Aygaz will pay StatoilHydro YTL 17 million (\$14 million) to increase its stake in two local gas units to 94 percent. Aygaz increased its holdings in Koc Statoil Gaz Toptan Satis, a wholesale gas company, and Koc Statoil Gaz Iletim, a gas transmission company, from 44 percent.



Turk-Azerbaijani deadlock over Baku-Tblisi-Erzurum pipeline

Date : 24.09.2008

Source : Turkish Daily News (Fulya Ozerkan)

<http://www.turkishdailynews.com.tr/article.php?enewsid=116134>

Negotiations are continuing between Turkey and Azerbaijan over the price and volume of natural gas coming from the Baku-Tbilisi-Erzurum pipeline, but no agreement has been reached yet. Turkey's contract for the western corridor expires in 2011, prompting Turks to seek additional supplies.

One option is the BTE pipeline, also known as the Shah Deniz pipeline, which has been pumping natural gas from the Azerbaijani sector of the Caspian Sea to Turkey since 2007. Under the current circumstances the Azerbaijanis are not willing to supply Turkey with additional gas from the BTE pipeline because of the low prices being offered by Ankara, according to senior energy analyst at the Center for Eurasian Strategic Studies Mete Göknel.

If the Azerbaijanis did agree to provide Turkey with additional gas from the BTE in return for lower prices, Baku would have to turn to more expensive Russian gas to meet its increasing domestic energy needs, which was not a preferable option, he said. Turkey, on the other hand, argues the price of BTE gas should be lower because the natural gas is directly transferred to Turkey after passing through a single territory, namely Georgia. Göknel said BP, the technical operator of the BTE pipeline, also objected to the current prices offered by Turkey and were pressing Azerbaijan to keep them higher.

The BTE route passes through the territories of Turkey, Azerbaijan and Georgia and aims to transport and sell Azerbaijan's natural gas to Europe. The gas flow from the Caspian Sea to the West will be sustained with the extension of the pipeline to Italy by 2011, a project supported by the United States. The BTE is already linked with the Turkey-Greece inter-connector as a first step to provide Europe with natural gas.

News reports recently revealed that Greece had agreed with Azerbaijan to directly transfer the BTE gas to Europe and analysts said Turkey could only be confined to a transit fee at that time. Turkey has the right to an annual supply of 6.6 billion cubic meters of natural gas from the BTE route.



Consumers to see dual hikes in natural gas in next 2 months

Date : 20.09.2008

Source : Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=153744>

Turkish consumers will be faced with two hikes in the price of natural gas before the end of the year, an official from the Ministry of Energy and Natural Resources has said. The official told that the first price hike will come in October and in November.

Declining to state the exact rate of increase in prices, the official hinted that the first increase will be a single-digit percentage whereas the second will be over 10 percent. These hikes will be the second and third seen in natural gas this year.

The Supreme Planning Board (YPK) recently approved an automatic pricing system to adjust prices in accordance with inflation and changes in oil prices, the stock exchange and interest rates. The YPK had implemented the system in order to make price changes fairer and more transparent. The Turkish Treasury is responsible for coordination of the system, and the Turkish Energy Market Regulatory Authority (EPDK) will approve the new tariffs.

| Income share per 1,000 cubic meters of natural gas | | |
|--|--------|-----------|
| Institution | YTL | Share (%) |
| Botaş | 621.42 | 72.32 |
| İGDAŞ | 83.74 | 9.75 |
| VAT | 131.07 | 15.25 |
| ÖTV | 23 | 2.68 |
| Total | 859.23 | 100 |
| Source: İGDAŞ | | |

With the new pricing system, natural gas prices will be changed each month, and prices will fall if oil prices decrease. However, natural gas prices will not decrease in the next six months in Turkey, the official said, although oil prices dropped recently in global markets. A decrease in the price of natural gas is impossible in the short run despite the fact that oil prices have seen a significant drop recently, the official noted,

explaining that natural gas prices will remain high due to the fall in currency exchange rates.

Meanwhile, the Istanbul Gas Distribution Inc. (IGDAS) released a report yesterday noting that natural gas was the second cheapest energy source used in September. The report stated that the state-owned Turkish Pipeline Corporation (BOTAS) had the biggest share in natural gas revenue. If a fourth hike is introduced this year, the rate of increase will reach almost 50 percent.



Hungary's Nabucco envoy: Turkey cannot play hub role

Date : 20.09.2008

Source : Turkish Daily News (Fulya Ozerkan)

<http://www.turkishdailynews.com.tr/article.php?enewsid=115824>

Turkey and the EU are in dispute over the Turkish role in the Nabucco project. Hungary's Nabucco envoy, Mihaly Bayer, tells that a transit role will serve Turkish interests much more than a hub role since the country will acquire a 'very important strategic status' in the delivery of gas to the West.

"Nobody believes that Turkey can play a hub role, except for Turkey. Neither the source nor importing countries support this idea," Nabucco Ambassador Mihaly Bayer told in an exclusive interview. "We say that we would not like Turkey to play this role because it would complicate the whole issue and maybe increase the price of the gas," stressed the ambassador. He said the EU understood Turkey's energy concerns but underlined a transit role would serve Turkish interests much better than a hub role, because the country would acquire 'a very important strategic status' in the transfer and distribution of gas to the West.

Bayer's visit to Turkey comes as Hungary is set to host the first intergovernmental summit of Nabucco partner and potential source countries from January 26 to 27. He extended an invitation to Turkey, when he met Friday with Turkish officials from the Energy and Foreign Ministries and the state-owned pipeline company BOTAS.

A declaration from Budapest is expected to be released at the end of the intergovernmental summit, reflecting the highest-level political will to realize the long-awaited project. Independent from the declaration, an intergovernmental agreement – a legally binding document – is planned to be ready by the end of this month, which will include commitments to financing the project by governments and Nabucco shareholders.

The latest Caucasus crisis has triggered a European quest for alternative energy sources given the increasingly competitive environment in the Caspian, which has had both economic and political implications. "After the Russian-Georgian conflict, the environment for Nabucco is not becoming easier," said Bayer and added that though the war did not target existing energy routes, the current environment might still become risky for investors. "I see that the international community shall do its best to have Georgia maintain its status as a secure energy transit country. I think it can be achieved," he added.

Iran option closed for now

One of the major obstacles to the Nabucco project is finding alternative suppliers to fill the pipeline. Azerbaijan, Turkmenistan, Egypt and Iraq have all been invited to the January summit as potential suppliers. On the option of Iran as a source, Bayer said the original idea of Nabucco was to deliver primarily Iranian gas to Europe, but noted today Tehran's dispute with the West over its nuclear program had complicated that plan.

“I believe before progress is made in the nuclear row with Iran, it is very difficult to imagine that the EU puts forward an energy cooperation proposal to Iran,” said the ambassador. “I don't think it is timely now,” he said, reiterating the Sanctions Act, which enables the United States to impose embargoes against companies which invest more than \$20 million in the Iranian energy sector.



BTC transporting less due to gas leak

Date : 22.09.2008

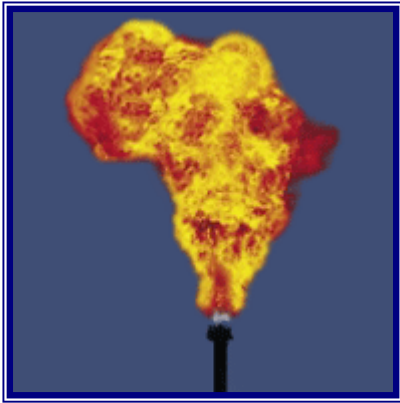
Source : Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/340235/120/ARTCL/none/Trasp/1/BTC-oil-line-transporting-less-due-to-gas-leak/

The Baku-Tbilisi-Ceyhan pipeline is transporting less oil because of a gas leak on Sept. 17 that has cut output from fields in the Caspian Sea. BTC oil throughput has been affected by the partial shutdown of the Azeri-Chirag-Gunashli field.

Two platforms on the ACG field were shutdown last week, cutting output from 850,000 b/d of oil to 350,000 b/d. A BP spokesperson said that the volumes though the BTC have been reduced and that they match production volumes. The spokesperson did not detail level of production at the fields or the amount of oil shipped through the pipeline. BP said it was investigating the gas leak at the ACG field and had no date set to restart output to normal.

Traders meanwhile said that oil loadings in Turkey from the BTC line in October will be delayed because of the partial shutdown, with cargoes scheduled to load during the first 10 days of October delayed by 7 days.



Africa and EU develop energy cooperation actions

Date : 22.09.2008

Source : Oil & Gas Journal (Doris Leblond)

http://www.ogj.com/display_article/340213/120/ARTCL/none/GenIn/1/Africa-EU-develop-energy-cooperation-actions/

On September 8 the African Union Commission and the European Commission jointly established an Africa-EU energy partnership that could attract more than €1 billion in EU funds for concrete energy investments in Africa.

At a high-level meeting in Addis Ababa, Ethiopia, African Commissioner for Infrastructure and Energy Elham Mahmoud Ahmed Ibrahim, EC Commissioner for Development and Humanitarian Aid Louis Michel, and EC Energy Commissioner Andris Piebalgs signed a joint statement on the Africa-EU partnership.

Developing energy interconnections between Africa and Europe, including identifying energy projects of common regional interest, was a high priority. This included revival of the Trans-Saharan gas pipeline project, which could become a key strategic structure and attract investments from EU companies. Piebalgs followed up with a visit to Nigeria Sept. 9 to discuss it further.

The proposed 4,300 km gasline, to cost more than €7 billion, would link Nigeria to Algeria. Its planned 20 billion cu m/year capacity, carrying Nigerian gas to the EU in 2015 via either Spain or Italy, could increase to 30 billion cu m/year in 2030. In time it could remedy the EU gas shortfall and simultaneously supply gas to north-central Nigeria, southern Algeria, and the Sahel countries of Niger, Burkina Faso, and Mali.

And, because Nigeria currently flares the world's largest volumes of gas, the Trans-Saharan gasline would enable it to cease flaring and transport part of its gas, another AUC-EC priority. The AUC and EC will participate in the 'Global gas flaring-reduction partnership' of oil and gas-producing countries and seek ways to implement small-scale associated gas utilization projects.

To make swift progress in implementing the AOC-EC partnership, a number of arrangements will be put into place. These include a high-level Africa-EU 'Energy Dialogue' meeting every 2 years, the first of which is scheduled for second-half 2009; an Africa-EU energy partnership forum involving civil society, research institutes, and private companies on both continents, also to be held every 2 years; and an informal joint experts group on energy to meet at least once/year to coordinate the various activities. The first meeting will be organized in October.

❖ **IEA Key World Energy Statistics – 2008**

Source : International Energy Agency
Weblink : http://www.iea.org/textbase/nppdf/free/2008/key_stats_2008.pdf

❖ **ADIPEC 2008**

12th Abu Dhabi International Petroleum Exhibition & Conference

Date : November 3 – 6, 2008
Place : Abu Dhabi – UAE
Website : www.adipec.com
Contact : Ashok Pillai (+971 (0) 2 4444 909)



❖ **Mangystau Oil & Gas 2008**

3rd Regional Mangystau Oil & Gas Exhibition

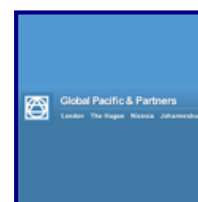
Date : November 5 – 7, 2008
Place : Aktau – Kazakhstan
Website : www.mangystau.oil-gas.kz
Contact : Olessya Makarenko (+7 3272 583434)



❖ **World Independents Forum 2008**

12th World Independents Forum

Date : November 18, 2008
Place : London – UK
Website : petro21.com/events/index.cfm?id=357
Contact : Duncan Clarke (+31 70 324 6154)



❖ **National Oil Companies 2008**

7th Annual National Oil Companies 2008

Date : November 19 – 20, 2008
Place : London – UK
Website : petro21.com/events/index.cfm?id=355
Contact : Duncan Clarke (+31 70 324 6154)

