PETFORM
OIL & GAS BULLETIN
06.02.2009

GAS

Natural gas consumption expected to decline in 2009

Date : 02.02.2009
Source : Hürriyet Daily News (AA)
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10904552

Dropping consumption in industry and households causes an overall decline in natural gas consumption. According to the Energy Market Regulatory Authority (EPDK), annual consumption increased only 4.2% last year, compared to 2007.

EPDK forecasted an annual consumption of 35 bcm of natural gas for this year. The annual natural gas consumption used to show an increase of around 15 percent from year to year in the previous years. However, the annual natural gas consumption in the country rose only 4.2 percent last year compared to 2007.

The natural gas consumption in the country this year is expected to be 35 billion cubic meters, or in other words 372 billion kilowatts per hour. The predications on the natural gas consumption for this year are expected to be published on the Official Gazette in the upcoming days.

Nearly 36.9 bcm of natural gas have been consumed in Turkey last year. According to the sectoral distribution of the natural gas sold by BOTAS, some 53.9 percent of that figure was used for electricity, and some 0.1 percent was used for fertilizer. Households consumed 21.5 percent of that total amount, while industry sectors consumed 21.2 percent.

According to that data, some 19.9 bcm of natural gas was used to generate electricity last year, while 26.6 million cubic meters of natural gas was used for the fertilizer sector. Household consumption of natural gas rose 2.9 percent last year compared to a year earlier and reached 7.9 bcm. Industry's consumption of natural gas has also increased 2.7 percent to reach 7.8 bcm.

Back in 2007, total of 35.4 bcm of natural gas was consumed. Some 19.1 bcm of natural gas was used to generate electricity, while 7.7 billion cubic meters of natural gas was consumed buy households. Industry had also consumed a total of 7.6 bcm of natural gas in 2007.

GAS

Turkish government cuts gas prices by %17

Date : 31.01.2009
Source : Hürriyet Daily News
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10898643

Turkey cuts natural gas prices 17 percent for residences and 18 percent for industry, Prime Minister Tayyip Erdogan said on Saturday. Erdogan said the reduction came after the falls in energy prices in the global markets.

Earlier media reports suggested the Turkish Energy Ministry plans to reduce natural gas prices by 10 percent as of Sunday. BOTAS has increased the gas prices by 22 percent in November. The huge increases in the gas costs caused residents to use coal for heating and eventually caused air pollution throughout the country. The fall in dollar's value against Turkish lira currency and the crude prices prompted the officials to work on a planning to cut the gas prices.

GAS

Central Bank: Natural gas price cut to reduce CPI 0.3 percent

Date : 04.02.2009
Source : Hürriyet Daily News
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10926030

The Turkish Central Bank said it expected the gradual fall in inflation to continue in the coming period, and forecast that the recent natural gas price cut would lower the consumer price index by 0.3 percent in February.

The Turkish consumer price index registered 9.5 percent year-on-year in January, hitting single digits for the first time since April in 2008, as the annual producer price index rate fell to 7.90 percent according to the figures released on Tuesday.

"The February price cut in natural gas is expected to lower consumer price inflation by 0.3 points and the fall in annual energy price inflation is expected to continue," the bank said in its monthly price developments report for January. *"The gradual declining trend in annual service price inflation is predicted to continue in the coming period,"* the statement also said.

GAS

Toreador agrees to revised terms for farm-out of Black Sea assets

Date : 03.02.2009
Source : Rigzone
http://www.rigzone.com/news/article.asp?a_id=72501

Toreador has agreed to revised terms for the sale to Petrol Ofisi of a 26.75% interest in the South Akcakoca Sub-Basin project and associated licenses (SASB) located in the Black Sea offshore Turkey in the amount of US $55 million.

Following the closing, which is expected before the end of March 2009, Toreador will retain a 10% interest in the SASB. Mr. Craig McKenzie, interim CEO of Toreador, said, *"As we will lay out in more detail in the coming weeks, we are taking actions to recapitalize the company in the very near-term and focus our operations on our core areas of France and Hungary. We are pressing forward in Turkey where the revised agreement with Petrol Ofisi and pending closing of that deal will be an important milestone in the restructuring of the corporation for the improved benefit of our shareholders."*

The assignment of interest has already been approved by the Ministry of Energy and Natural Resources of Turkey, and Toreador is currently seeking a waiver of pre-emptive rights held by its partners in the SASB.

GAS

Mitschek: If Turkey withdraws, Nabucco will fail

Date : 05.02.2009
Source : Hürriyet Daily News
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10926030

Reinhard Mitschek, Managing Director of Nabucco Gas Pipeline International, said that the countries the pipeline ran through in the project that aims to bring gas from the Caspian to Europe through Turkey and the project itself were interdependent.

"There is only Plan A, which is Nabucco Turkey needs Nabucco and Nabucco needs Turkey. If Turkey withdraws, the project will fail," Mitschek said. Europe consumes 500 bcm of gas a year but produces only 200 bcm a year, the rest it has to import.

We will act as a one-stop-shop

The pipeline in Turkey may start from the Ahiboz region of Ankara and rent the existing pipelines of BOTAS. Equally, it might start from eastern Anatolia, Mitschek said. *“We have not started discussions on this subject, but both alternatives are acceptable.”* Mitschek said natural gas was destined for the Baumgarten gas station in Austria and it could be transferred in the other direction as well. *“We will act as a one-stop-shop, shipping and transportation costs will be met by a single actor,”* he said. *“Construction will begin in 2011, the year for making final investment decisions,”* Mitschek said.

BOTAS needs to invest in the 1,800 kilometer pipeline to pass through Turkey and each company will participate equally by contributing the same amount of money to the project, he said.

“Turkey is also a beneficiary of the project just like the other partners.” BOTAS will benefit in terms of operating and pipeline maintenance, Mitschek added. Projected costs amount to 8 billion euros, 30 percent of which will be met from the capital stock of participating companies, he said. *“This means 400 million euros from each of the six companies to construct the pipeline, provide capacity and market it.”* The Nabucco company is not structured for profit, Mitschek said.

Blue Stream can feed Nabucco

The Blue Stream pipeline that carries natural gas from Russia to Turkey under the Black Sea is not a rival to the Nabucco pipeline Mitschek added. *“Blue Stream can feed the Nabucco,”* he said. Mitschek said they would not exclude any countries from the project. *“Any country that can supply gas could become a part of this project. But we have not received any requests at a shareholder level.”*

The South Stream, a rival pipeline project to carry gas from Russia to Italy through Bulgaria and Greece, and to Austria through Serbia and Hungary, has not yet undertaken feasibility studies, whereas Nabucco’s feasibility had been completed, Mitschek said. *“We are used to working together on one project and being rivals on another, in Europe’s free gas market. But this will not create any negative effects,”* he said.

“The European Commission is ready to provide support and has spared 250 million euros in grants for the project,” Mitschek said. The commission is backing the intergovernmental agreements that are expected to take final shape in April and May. *“We must take reserves in Azerbaijan and Turkmenistan into consideration. Gas companies in those countries, and Europe and Turkey have started negotiations. We will start with 8 to 10 bcm per year in 2014, which can increase to 30 bcm a year by 2019. Russia has ample reserves, but comparatively the richest zones in natural gas are in Central Asia and the Middle East,”* Mitschek said.

OIL

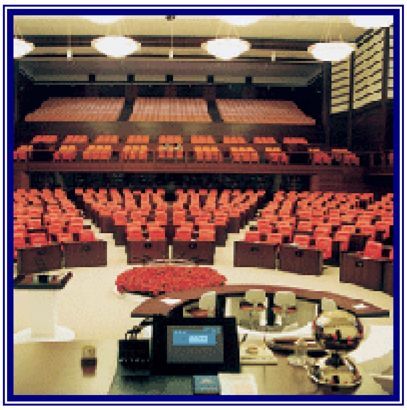
Lukoil to invest $400 million in Turkey within 10 years

Date : 04.02.2009
Source : Hürriyet Daily News (AA)
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10927919

Russian Lukoil plans to make a $400 million investment in Turkey in the coming decade, the company's chairman Vakit Alekperov told. "*We are planning to develop our oil network in Turkey and raise our market share to 10 percent,*" he added.

Alekperov signed an agreement with owners of Turkey's Akpet oil company in July 2008 to acquire the Turkish company. He also said that Russian gas company Gazprom has promised to supply Lukoil with natural gas for transportation and distribution to Turkey. Lukoil was planning to invest $8 billion globally in 2009, he added. With around 1.3 percent of global oil reserves and 2.3 percent of global oil production, Lukoil is one of the world's leading vertically integrated oil and gas companies.

GAS



Turkish parliament approves Kyoto Protocol

Date : 05.02.2009
Source : Hürriyet Daily News
http://arama.hurriyet.com.tr/arsivnews.aspx?id=10937219

Turkey's parliament approved the Kyoto Protocol on cutting greenhouse gas emissions. The protocol was passed with a parliamentary vote of 243 in favor, with just three votes against. Six deputies abstained.

Turkey had announced in June its intention to sign the accord, which was first agreed by world governments in 1997. The government had postponed signing it for more than a decade, saying it needed to complete its industrial development first.

The Kyoto protocol requires signatory countries to reduce or stabilize their emissions of six greenhouse gases blamed for heating up the planet, the principal of which is carbon dioxide. The protocol expires in 2012. On average it requires nations to reduce their emissions 5.2 percent below their 1990 level between 2008 and 2012. This would represent a 29 percent cut in overall emissions compared to levels expected by 2010.

OIL

BP pushes cost cutting as oil prices fall

Date : 04.02.2009
Source : Oil & Gas Journal (Uchenna Izundu)
http://www.ogj.com/display_article/352292/120/ARTCL/none/GenIn/1/BP-pushes-cost-cutting-as-oil-prices-fall/

BP will continue to focus on reducing costs to improve the company's efficiency, said Chief Executive Tony Hayward, as he reported a $2.6 billion replacement cost profit in the fourth quarter, a fall of 24% from a year ago.

Hayward attributed this to a 'dramatic fall' in global oil prices, which peaked at $147/bbl in July 2008 and have since plummeted more than 70%, and to other incidents, which also contributed to a $900 million net adverse effect. These included a rise in taxes, a TNK-BP loss of $700 million arising from excise duty lags and impairments, and foreign exchange losses in the downstream business.

A protracted and bitter disagreement between BP and its Russian joint venture partners was resolved in September when Robert Dudley decided to quit his leadership of TNK-BP. However, over 2008, BP's income was $25.6 billion, which was a 39% increase compared with the same period a year before. Analysts were disappointed with the results as they had been expecting $26.7 billion, and some blamed the high tax rate.

Hayward stressed that BP was 'continuing to show powerful recovery' from the operational problems it suffered in 2007, such as refining issues and health and safety. It has since addressed refining capacity at its Texas City and Whiting sites. Excluding production-sharing agreements, BP produced 3.84 million b/d in 2008—5% ahead of 2007.

The company's capital spending this year will be $20–22 billion. Hayward said that it is using $50–60/bbl as a base for its projections, suggesting that this is the figure at which industry could break even. BP's priorities will be *"to invest in safe and reliable operations, pay the dividend, and invest to grow our upstream business,"* added Hayward.

OIL

Pan-European Oil Pipeline in doubt

Date : 04.02.2009
Source : Rigzone (AFX News Limited)
http://www.rigzone.com/news/article.asp?a_id=72519

An oil pipeline intended to link the Caspian basin and Italy appears to be in doubt due to a lack of clear commitment from the partners, the head of Croatian oil pipeline operator Janaf said on Wednesday.

Croatia, Romania, Serbia, Slovenia and Italy signed an agreement in 2007 on building the Pan-European Oil Pipeline (PEOP) to bring crude from the Caspian basin via the Romanian Black Sea port of Constanta to Trieste in Italy. First projections said it could become operational in 2012.

"Croatia has done its part, in financial and organisational terms in this preparatory phase, but it seems that at this moment there is a lack of sufficient will for that project," Ante Markov, Janaf's chief executive, told a news conference.

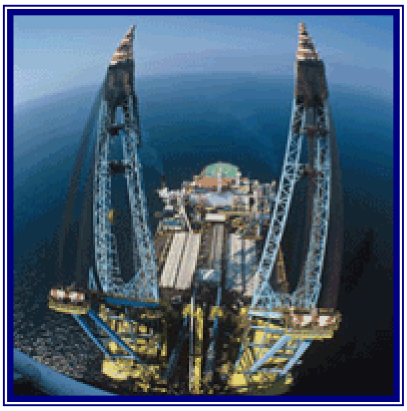
The PEOP's costs are estimated at between $2 billion and $3.5 billion. Some Croatian industry sources said earlier this year that the 1,400-km (870 mile) pipeline was unlikely to become operational before 2015 or even later, if at all.

"Italy has not yet formally confirmed its participation in the project. Without Italy and the markets it serves, it doesn't make sense to build the pipeline," Markov said. Industry sources say Slovenia has voiced concern in talks with its potential partners about environmental protection of its sensitive karst terrain, through which the PEOP would run. Markov said that those interested in Caspian crude had shifted their focus to other pipeline projects.

PEOP's envisaged annual capacity is 1.2-1.8 million barrels per day. Janaf, which is 75-percent owned by the state, its energy companies and other agencies, has a big portion of the Croatian transport facilities for PEOP already in place.

Citing environmental concerns, Croatia all but dropped the Druzhba-Adria pipeline project which was meant to connect Russian oilfields with Croatia's northern Adriatic deep sea port of Omisalj a few years ago. Markov said Croatian and Russian energy officials and experts would meet in Moscow next week and will discuss potential projects involving trade and supply of oil.

OIL



Study sees continued deepwater expenditure growth

Date : 05.02.2009
Source : Oil & Gas Journal
http://www.ogj.com/display_article/352568/120/ARTCL/none/GenIn/1/Study-sees-continued-deepwater-expenditure-growth/

Despite lower expected expenditures during 2009 and 2010 relative to 2008, a study forecasts that the petroleum industry's deepwater expenditures will trend upward and reach $35 billion by 2013.

In addition, the Douglas-Westwood study, The World Deepwater Market Report 2009–13, expects deepwater project expenditures to total $162 billion in the 2009–13 period. Most of the study's foreseen expenditures relate to pipelines, drilling and completion of development wells, and platforms. It breaks down the spending during the period analyzed as:

- $57.7 billion for satellite fields and deepwater hubs as companies develop reserves further from the coast
- $53.8 billion for drilling and completing subsea development wells
- $38.2 billion for 86 deepwater floating production platforms

Its breakdown for four regions is $60 billion off Africa, $29.3 billion off North America (mostly in the US Gulf of Mexico), $29 billion off Latin America (mostly off Brazil), and $14.6 billion off Asia.

PETFORM ANNOUNCEMENTS & REPORTS

❖ Energy Policies of IEA Countries – The Netherlands

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=339