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Yildiz: High fuel prices must be brought down

Date : 18.06.2009
Source: Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=178400

Speaking at a ceremony in Istanbul celebrating Turkish Akenerji's partnership with Czech power utility CEZ, Energy and Natural Resources Minister Taner Yildiz said fuel prices in Turkey were currently relatively higher than in global markets.

Yildiz stated that Energy Market Regulatory Authority (EPDK) was carrying out studies to specify a 'fair' base price for oil, adding the government officials were not involved in such studies. *"There are no Energy Ministry officials working with the EPDK on this issue, but the government is concerned with introducing oil at cheaper prices to Turkish consumers,"* he noted.

Turkey's fuel distribution companies have continued to raise the prices of gas, ignoring the warnings issued by the EPDK. The agency has long tried to convince distributors to charge favorable prices in line with falling oil prices in global markets. With the latest increase, the price of unleaded 95-octane gas rose to TL 3.23 from a previous TL 3.17 per liter, a 2.16 percent increase. The EPDK is currently working to put an end to arbitrary price changes in the market.

Genel Energy deal may spur new mergers in Iraq

Date : 13.06.2009
Source: Hürriyet Daily News (Bloomberg)
http://arama.hurriyet.com.tr/arsivnews.aspx?id=11848299

The move by Heritage Oil to merge with Turkey's Genel Energy, creating a new company under the name of HeritaGE, heralds new mergers and acquisitions between firms operating in northern Iraq, according to the Chief Executive of DNO.

DNO International, the first foreign company to produce oil in Iraq since 1972, said the start of crude exports from the country's north may spur more takeovers of companies operating in the region. Heritage Oil this week agreed to buy Turkey's Genel Energy for $2.5 billion, creating the biggest producer in Northern Iraq.

Addax Petroleum, the Geneva-based oil producer that also operates in the area, on June 8 said it was in talks with third parties on a 'potential transaction'. China Petroleum & Chemical Corp. declined to confirm or deny a report by South China Morning Post that it may bid $8 billion for Addax. China National Petroleum Corp. and China National Offshore are also interested, the paper said.

"We've seen a considerable increase in the focus on the area," Helge Eide, DNO's CEO, said. *"The Genel acquisition "could possibly be the beginning of several more"*, he added.

Hawrami: Oil companies will get paid

Date : 18.06.2009
Source: Upstream Online (Reuters)
http://www.upstreamonline.com/live/article181113.ece

Foreign oil companies that have signed contracts with Northern Iraq's Regional Government will be paid, and objections by the country's Oil Ministry are irrelevant, Ashti Hawrami, Regional Government's Natural Resources Minister said.

Hawrami said talks over who would pay Norway's DNO International, Toronto-listed Addax Petroleum and Turkey's Genel Energy concerned the Finance Ministry, not the Oil Ministry. Earlier this month, Iraqi Oil Minister Hussain al-Shahristani said his ministry would not compensate the companies 'under any circumstances'.

"Very simply ... Shahristani is not in charge of money. The money does not go to the Oil Ministry, it goes to the Finance Ministry. It's an academic comment, and he can make as many comments as he wishes," Hawrami told Reuters. *"I'm confident they will be paid, I can guarantee it. That's my simple answer. How we square that with the Finance Ministry and other people, that's a different matter,"* he added.

The Finance Ministry is unlikely to refuse to pay the companies a few hundred million dollars given the fields they developed provide billions of dollars in revenue, Hawrami said. DNO has linked future investments in Iraq to swift payment from Baghdad, and expects its first payment at the end of June.

Iraq court to question Oil Minister over deal

Date : 17.06.2009
Source: Today's Zaman (Reuters)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=178304

Iraq's parliament has called on the oil minister to answer questions about government plans to auction off service contracts in prized oil fields to foreign companies at the end of June, a lawmaker said on Tuesday.

Oil Minister Hussain al-Shahristani and senior executives from Iraq's South Oil Co and the Iraq Drilling Company will appear before the legislative chamber next Tuesday, said Shatha al-Musawi, a lawmaker with the ruling Shi'ite alliance. Musawi said oil experts had described the first round of fixed-fee service contracts, due to be handed out on June 29-30, as a waste of Iraqi money because they involved oil fields in which Iraq had been investing heavily since the 2003 US invasion.

Lukoil head in Iraq to discuss reviving $3.7 billion oil deal

Date : 17.06.2009
Source: Rigzone (Dow Jones Newswires)
http://www.rigzone.com/news/article.asp?a_id=77332

Vagit Alekperov, the head of Lukoil, Russia's second-largest oil firm, met Iraqi Prime Minister Nouri al-Maliki Wednesday and discussed reviving a multi-billion-dollar deal to develop one of Iraq's largest oil fields.

"We welcome Russian companies to work in Iraq and above all Lukoil because it is very well qualified," al-Maliki told Alekperov. Lukoil hopes to be able to regain the $3.7 billion deal it struck with former Iraqi leader Saddam Hussein in 1997 to drill at the West Qurna-2 field, which is among the most promising in Iraq, with an estimated reserve capacity of over 4 billion barrels of oil. Saddam severed the contract in 2002.

Alekperov also told Maliki that Lukoil would submit bids for the first bidding round due to be held June 29 and 30, the statement said. The oil ministry is planning to hold an auction at the end of June to award six giant oil fields and two gas fields to international companies for the first time in 30 years.

European Commission demands new powers in gas crises

Date : 18.06.2009

Source: EurActiv (Reuters)

http://www.euractiv.com/en/energy/commission-demands-new-powers-gas-crises/article-183290

European Union countries should hand the European Commission powers to coordinate gas flows in the 27-member bloc in the event of a gas crisis, according to a draft Commission report.

The proposal is the EU's main policy response to the supply disruption that occurred in January following a pricing dispute between Russia and transit country Ukraine. Tension between Moscow and Kiev has mounted in recent weeks and many energy experts forecast a repeat in coming months.

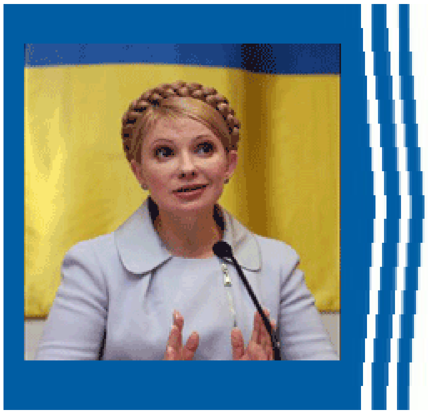
"In a European emergency, the Commission may require member states [...] to release gas from strategic gas storage," said the draft report, seen by Reuters on June 17. During such gas emergencies EU states would have to provide the Commission with daily updates of supply and demand forecasts for the following three days, with updates on withdrawals from stocks and the impact on their economies and power sectors.

EU states have asked the bloc's executive Commission for new rules to bolster energy security, but at the same time they have proved unwilling in recent negotiations to cede control of energy supplies.

Last week, EU energy ministers approved a similar proposal on oil stocks, having stripped it of its most important provisions - a move that Energy Commissioner Andris Piebalgs said he deeply regretted. EU states would also have to seek Commission approval before slowing gas flows to their neighbours during a crisis, as some countries were suspected of doing in January.

"The competent authority shall not introduce any measure restricting the flow of gas within the EU market at any time unless duly justified and authorised by the Commission," the draft said. The proposal, which will be fine-tuned and then put before member states and the European Parliament for approval in coming weeks, would also establish a permanent gas monitoring force composed of industry and Commission experts.

EU states would have to prepare national emergency plans, outlining the potential for cooperating with neighbouring countries and detailing different levels of alert. *"Increasing the security of gas supplies is something that was asked for by member states and parliament after the gas crisis, and we will have to wait to see how they react to this,"* said a Commission official.



Ukraine seeks gas billions from European banks

Date : 17.06.2009
Source: EurActiv (Reuters)
http://www.euractiv.com/en/energy/ukraine-seeks-gas-billions-european-banks/article-183232

Ukraine needs $4 billion in credits to buy Russian gas for its underground storage areas and hopes to raise the funds through European banks, Prime Minister Yulia Tymoshenko said on 16 June.

"We are talking about four billion dollars," Tymoshenko told a news conference after meeting EU officials in Luxembourg. *"We are today working on the idea of borrowing these credit resources in European banks and the European side is favouring this as well as the Russian side."* She said she believed Naftogaz was *"going to be able to have the credit resources necessary in order to do this operation"*.

Tymoshenko and President Viktor Yushchenko have been at odds on how to finance state energy company Naftogaz, one of a long list of issues pitting the two former allies from the pro-Western Orange Revolution against each other. Yushchenko accuses Tymoshenko's government of pursuing policies that will bankrupt Naftogaz, including the use of credits to purchase imports of Russian gas. He said company credits to be repaid totalled 74 billion hryvnias ($9.7 billion) compared to 56 billion at the start of the year.

Tymoshenko says she is making every effort to make Naftogaz a viable company and has promised prompt payment for supplies to prevent any repetition of a January standoff with Russian giant Gazprom, which cut off supplies to Europe for more than two weeks.

In her comments to reporters, Tymoshenko said storage and continuous supplies of gas were important issues for all sides in the trade - Russia, Ukraine and the EU. She said she had told EU Commission President José Manuel Barroso that Ukraine had already started storing gas in April. *"We have always paid for the gas that we have received and are partners that can be counted on,"* she said. *"I would like to say that everything is going to happen in a very successful fashion and there is no reason to expect any difficulties for gas transit to EU countries for Russian natural gas."*

EU ministers agree on oil stocks

Date : 15.06.2009
Source: EurActiv
http://www.euractiv.com/en/energy/eu-ministers-agree-oil-stocks/article-183187

Energy ministers moved to address the EU's supply security on June 12 by reaching political agreement on minimum oil stocks of 90 days. The new directive on oil stocks seeks to update legislation dating from 1968 by aligning EU practice with that of the International Energy Agency (IEA).

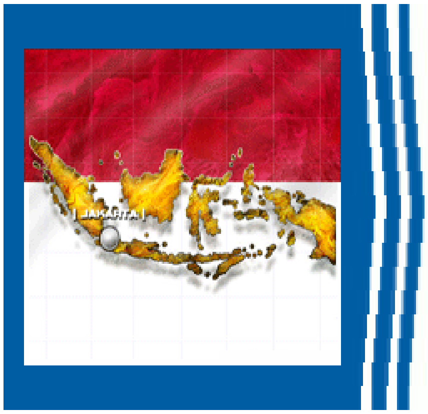
The European Commission proposed a directive on minimum crude oil and petroleum stocks as a part of its Second Strategic Review in November 2008, in an attempt to improve the bloc's security of supply. The Russia-Ukraine gas crisis in January sped up the legislative process after massive gas supply disruptions in the wake of the Russia-Ukraine dispute in January, which demonstrated the value of effective emergency strategies.

The new directive will not represent a huge departure from the IEA's current 90-day practice. However, it requires that at least 30 days' worth of the emergency stocks must be in the form of refined products, effectively forcing member states to vary their stocks according to national consumption patterns.

The original Commission proposal of November 2008 foresaw an obligation for governments to report on the level of commercial oil stocks on a weekly basis, but energy ministers softened this to a monthly obligation.

Member states also strongly opposed increasing the Commission's power over releasing stocks in emergency situations, upholding national sovereignty over such decisions. The EU executive wanted the right to require member states to release stocks in the event of an IEA decision, but can merely recommend them to do so.

"Whilst the Council did not retain some elements of our original proposal, I'm satisfied that the new legislation will bring the EU system of oil stocks closer to current international practices and strengthen the Community's capacity to use the stocks effectively, so as to minimise the negative effect on consumers in case of a supply crisis," said Energy Commissioner Andris Piebalgs.



Indonesia opens 24 oil and gas blocks for bidding

Date : 18.06.2009

Source: Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/index/article-display/2069247103/s-articles/s-oil-gas-journal/s-exploration-development/s-articles/s-indonesia-opens_24.html

The Indonesian government, seeking international investment to boost the country's falling output of oil, has released 24 new oil and gas blocks for exploration and production contracts.

Evita Legowo, Director General at Indonesia's Energy Ministry, said 17 of the blocks will be offered through tenders, while the remaining 7 blocks will be offered directly. Proposals for direct appointments will be accepted until July 30 and tender bids may be submitted until Oct. 13.

The 17 blocks offered under regular tender include: Tomini Bay I-V; Gorontalo Tomini I-II; North Bone; Kolaka Lasusua; Kabena; Jampea; Buton III; Menui Asera; Morowali; Sula I-II, and Bird's Head. The 7 blocks offered directly include: Kubu; North East Ogan Komering, Offshore West Java; Blora; North Makassar strait, East Simenggaris; and Digul. According to Legowo, the government expects to earn at least $56.5 million in signing bonuses from the 24 new blocks, with a different minimum signing bonus for each block, depending on the size of potential reserves.

"If the early survey found the indication that the blocks have big reserves, then government sets a higher minimum signing bonus," said Legowo, who added that minimum signing bonuses range from $1 million to $5 million. The Tomini Bay I-V and Gorontalo Tomini I-II blocks stand out as the most expensive, with the highest minimum signing bonus of $5 million on each of them due to their potentially high reserves of oil or gas. *"We set the highest minimum signing bonus for these blocks, because the areas are very promising,"* Legowo said. *"We estimate the blocks contain huge reserves, especially gas reserves."*

According to analyst Global Insight, *"the [Indonesian] government recently put proven and probable reserves of oil and gas at 8.2 billion bbl and 170 tcf respectively, which suggests the results of exploration could be positive."* Most of the blocks offered are in the eastern part of Indonesia, and Legowo said the government asked for a lower production split for those blocks due to the higher costs involved.

"The split is 65% for the government and 35% for contractors," said Legowo, who noted that the government normally takes between 80-85%. The reduced government share should be seen as an incentive for oil and gas companies to operate in the more difficult conditions in eastern part of Indonesia, Legowo said.

According to Edy Hermantoro, director of oil and gas upstream watchdog BPMigas, the average drilling cost for a wildcat well offshore eastern Indonesia can reach $40-50 million, while in western Indonesia the cost is $7-8 million. Jakarta has set a production target of 960,000 b/d for this year, but as of April, production has been slightly lower at 956,000 b/d, Legowo said.

The 24 Blocks and their locations are: Kubu, off central Sumatra; Gorontalo Tomini I, off North Sulawesi; West Java, off West Java; Gorontalo Tomini II, off North Sulawesi; North East Ogan Komering, onshore South Sumatra; North Bone, off South Sulawesi; Blora Block, onshore Central Java; Kolaka Lususua, off South Sulawesi; North Makassar, off Makassar Strait; Kabena, off South Sulawesi; East Simenggaris, off East Kalimantan; Jampea, off South Sulawesi; Digul, onshore Papua Province; Buton III, off South Sulawesi; Tomini Bay I, off Tomini Bay; North Sulawesi Menui Asera, off South-East Sulawesi; Tomini Bay II, off Tomini Bay; North Sulawesi Morowali, off South-East Sulawesi; Tomini Bay III, off Tomini Bay; North Sulawesi Sula I, off Moluccas; Tomini Bay IV, off Tomini Bay; North Sulawesi Sula II, off Moluccas; Tomini Bay V, off Tomini Bay; and North Sulawesi Bird's Head, off West Papua Province.

WesternZagros drills ahead at Kurdamir-1 onshore Iraq

Date : 18.06.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=77415

WesternZagros announced that drilling of Kurdamir-1 has progressed to a current depth of 1,700 meters with no significant drilling issues encountered, and the 13 5/8” intermediate casing was set in the Lower Fars as planned.

Total depth for Kurdamir-1 is planned to be approximately 4,000 meters. Drilling is expected to be completed in October 2009 and, upon exploration success, testing operations would commence. Kurdamir-1 is targeting four potential reservoir zones -- the Oligocene and Pilaspi/Jaddala intervals in the Tertiary, and the Shiranish and upper Qamchuqa intervals in the Cretaceous. The top of the first reservoir in the well is expected at approximately 2,100 meters

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ANNOUNCEMENTS & REPORTS

❖ European Union Strategy for the Baltic Sea Region

Source : European Union
Weblink : http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/communication/com_baltic_en.pdf

❖ European Union Action Plan for the Baltic Sea Region

Source : European Union
Weblink : http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/communication/action2009.pdf

❖ OPEC Monthly Oil Market Report (June 2009)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR062009.pdf

❖ Introducing Energy Efficiency Standards and Labels for Appliances and Equipment (2009)

Source : Energy Charter
Weblink : http://www.encharter.org/fileadmin/user_upload/document/EE_Standards_and_Labels_2009_ENG.pdf