



Turkey and EU countries sign landmark gas pipeline deal

Date : 13.07.2009

Source: Hürriyet Daily News

<http://www.hurriyetdailynews.com/n.php?n=turkey-eu-countries-gather-to-sign-landmark-gas-pipeline-deal-2009-07-13>

Turkish Prime Minister Tayyip Erdogan and his counterparts from Austria, Bulgaria, Hungary and Romania signed the Intergovernmental Agreement to allow Nabucco pipeline to cross their territory.

Erdogan hailed the deal as a 'historic moment,' but added, "The job is not done with the signing – on the contrary it just begins" at the ceremony in Ankara. He said the legal framework for the construction of the pipeline would be completed once the Nabucco consortium signs separate agreements with all five participant countries within a targeted period of six months. "The more steps we take [on realizing the project], the more the interest of supplier countries will grow," he said.

The project, long delayed by lack of commitment from suppliers, is planned to become operational in 2014 at an estimated cost of 7.9 billion euros (\$10.9 billion), and a capacity to pump 31 billion cubic meters of gas from the Caspian Sea to Austria via Turkey and the Balkans, bypassing Russia.

In a sign of the importance attached to the project, European Commission Chief Jose Manuel Barroso, Prime Minister Nouri al-Maliki of potential supplier Iraq, and U.S. special envoy for Eurasian energy Richard Morningstar also attended the gathering.

"We have started to confound the skeptics, the unbelievers. Now that we have an agreement, I believe that this pipeline is inevitable rather than just probable," Barroso said. "Nabucco will provide energy security to Turkey, to southeast Europe and to Central Europe. Nabucco is thus a truly European project," he added. "Turkey and the EU have tackled together a common challenge: the security and diversification of their energy supplies."

The project, however, still has no guaranteed supply of gas. Iraq, Egypt and Syria say they are ready to provide gas to the project. Turkmenistan said Friday that it is prepared to provide natural gas to the project, while Azerbaijan signaled a possible contribution, raising hopes of securing enough suppliers to make the pipeline viable.

Erdogan said Turkey wants Iranian gas to be carried to Europe through the Nabucco pipeline when set conditions are met, and added he believes that in the future Russian gas would also pass through the 3,300-kilometer pipeline to reach the European market. He also thanked Iraqi authorities for their support and contribution to the process as a supplier country.

Maliki said during the gathering that Europe could receive 15 bcm of Iraqi gas via Turkey, Reuters reported. But it was not immediately clear if the sale of 15 bcm of Iraqi gas was for Nabucco. U.S. officials told reporters prior to the landmark summit that the United States does not object to Russia's participation in the project.

Morningstar was quoted by Associated Press as saying that the United States is trying to engage with Russia in the field of energy. Morningstar, however, added that Washington opposes Iran's participation in the project until the country normalizes ties with the West.

U.S. State Department spokesman Ian Kelly hailed the deal in a statement released later on Monday, saying "this agreement is a significant milestone in achieving our shared vision of opening a new energy corridor that will bring Caspian gas to Europe."

Erdogan said the pipeline "will elevate Turkey to a significant position" in the European energy security and help boost his country's struggling EU membership bid. "Even if you make an assessment only from the perspective of energy, it is clear that Turkey should be a member of European Union," the candidate country's prime minister also said.

Barroso praised Turkey's role, saying the project "could open the door to a new era in relations between Turkey and the EU, and beyond." "What we are witnessing today is a powerful illustration of the strategic bonds between Turkey and the EU," he said.



Yildiz: Turkey to access European gas under Nabucco

Date : 13.07.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-180747-turkey-to-access-european-gas-under-nabucco.html>

Turkey will have access to European gas under the Nabucco pipeline deal and has abandoned its demand for 15 percent of the gas, Energy and Natural Resources Minister Taner Yildiz has said.

The pipeline is to be built so gas can flow in a west-east direction, as well as east-west as planned, to allow Turkey access, he said in an interview. His remarks came just ahead of signing ceremony in Ankara of an Intergovernmental Agreement.

“An article in the intergovernmental agreements states that the six partner countries in the project will be given 50 percent of the gas if they want. This is an important article,” Yildiz was quoted as saying in an interview with Reuters. “We had negotiated 15 percent of the gas in transit, or 4.5 billion cubic meters. Now we are looking for the gas we will take from the 50 percent, not 15 percent,” he was also quoted as saying.

“That’s to say, if they want, the partner countries have a right to take a share from 15 billion cubic meters, which is half of the total 31 billion cubic meters of gas flowing through the pipeline. This is a privilege of the partner countries,” Yildiz told Anatolia News Agency. Nabucco gas will enter Turkey at three border points, and Yildiz told Reuters that there would be no obstacle for other countries to join the project.

“In the later stages of the project, Russia can join the project if it sees this as profitable. There is no obstacle to this,” the minister said, while denying that there was any impact on Nabucco’s financing due to the global economic crisis. “It is true that the global crisis created anxiety, but I do not believe that money will be a problem for a project like Nabucco with buyers of the gas lining up,” Yildiz said. Turkey is still seeking to raise its gas imports from Azerbaijan to from 6 billion cubic meters to 14 bcm, he said.



New tender on its way for Ankara’s natural gas firm

Date : 07.07.2009

Source: Today’s Zaman (Mehmet Kuru)

<http://www.todayszaman.com/tz-web/news-180164-new-tender-on-its-way-for-ankara-natural-gas-firm-baskent-dogalgaz.html>

Energy and Natural Resources Minister Taner Yildiz said a tender would be held within the next six or seven months to privatize 80 percent of Baskent Dogalgaz Dagitim A.S., Ankara’s natural gas distribution company.

The Supreme Privatization Board (OYK) has authorized the Privatization Administration (OIB) to sell 80 percent of the company. In an auction in March 2008, Global-Energaz tendered the highest bid for the privatization of Baskent Dogalgaz at \$1.6 billion. Elektromed submitted the second-highest bid, with Calik Holding coming in third.

Elektromed lost the tender after submitting a bid of \$1.55 billion on March 14, 2008, while Global-Energaz offered \$1.61 billion for one of the most valuable assets offered in Turkey's privatization program. The Ankara Metropolitan Municipality had attempted to cash in the Global-Energaz consortium's \$50 million deposit after the winning bidder failed to submit a surety bond on time. However, this move was blocked by the Commercial Court of First Instance in Beyoglu, Istanbul, leaving that tender process in limbo. The gas network is still run by the Ankara Metropolitan Municipality.



Turkmenistan signs deal with Nabucco partner RWE

Date : 17.07.2009

Source: Hürriyet Daily News (AFP)

<http://www.hurriyetdailynews.com/n.php?n=turkmenistan-signs-deal-with-nabucco-partner-2009-07-17>

Turkmenistan has signed a landmark deal granting Caspian Sea gas exploration and extraction rights to a member of the Nabucco pipeline consortium, state media reported Friday.

Turkmenistan signed the contract with German firm RWE, a member of the Nabucco project which is seeking to build a pipeline to transport Central Asian gas to Europe on a route which bypasses Russia. The two sides signed a memorandum regarding the deal in April, which the freshly-inked contract cements.

“The contract was signed in the seaside city of Turkmenbashi in the presence of the president of Turkmenistan, Gurbanguly Berdymukhamedov,” the Neutral Turkmenistan state-run daily reported. “(RWE) received a license for exploration work on block 23 for a length of six years. Upon detection of hydrocarbons in the block a license for industrial extraction for a period of 25 years will be given to the operator.”

The announcement comes one week after Berdymukhamedov said his country was prepared to pump gas into the proposed Nabucco project - a rival to Russia's South Stream project. Nabucco is aimed at breaking Kremlin's monopoly on Caspian energy exports.



Turkey witnesses spike in oil exploration licenses

Date : 09.07.2009

Source: Today's Zaman (Ercan Yavuz)

<http://www.todayszaman.com/tz-web/news-180367-turkey-witnesses-spike-in-oil-exploration-licenses.html>

Recent years have seen a boom in the number of companies applying for licenses permitting the exploration and drilling for oil.

According to data provided by the Ministry of Energy and Natural Resources General Directorate of Petroleum Affairs (PIGM), while 19 companies received licenses to explore for oil in 2007, the number increased to 48 in 2008, when 201 applications were filed. The first five months of 2009 saw only three applications approved. There are currently 431 companies in Turkey which hold a license to drill for oil.

Of 53 companies which received a license in the last one-and-a-half years, 29 are local companies, while the remaining 24 are foreign. As a result of high demand coming from the private sector, 96 oil wells were sunk in 2008: 57 of the wells were drilled in the Marmara region, 26 in the Southeast, eight in Central Anatolia and the Mediterranean region, three in the Black Sea region and two in the Aegean region.

With the price of oil increasing worldwide since 2005, Turkey's oil resources have become a focus of attention. Local and foreign companies started to compete in exploring for oil after oil prices surpassed \$147 a barrel in 2008. The increasing demand is a boon for the Ministry of Energy and Natural Resources, which cannot sufficiently engage in oil exploration due to budgetary limitations. The ministry thinks efforts of the private sector will leave no area in Turkey that has not been drilled for oil.

Competition is fierce in oil exploration since major companies, including Dogan Holding, Calik Holding, Kiler Holding, Koc Holding, Park Teknik, Hema Holding, Cukurova Holding, Sanko Holding and Zorlu Holding, are also among companies exploring for oil along with a number of Brazilian, American and European companies holding licenses to drill for oil.

Many companies that applied for licenses to drill for oil hope to explore land surrounding the Turkish-Syrian border, currently filled with land mines, a situation that has led to heated debates in Turkey as to how to demine these fields. The PIGM has so far rejected all such applications.

The directorate wants to ensure that the state explores these regions for oil, in accordance with the Petroleum Law and the Mine Clearance Law. According to the new Mine Clearance Law, the Turkish Petroleum Corporation (TPAO) has the authority to drill for oil in the region.

According to the Petroleum Law, even if a company has a license to drill for oil, it should seek specific permission from the Ministry of Energy and Natural Resources to explore for oil along Turkey's borders. The ministry estimates that Turkey's oil reserves along the Turkey-Syria border amount to 561 million barrels. According to a TPAO report released in 2008, Turkey's total oil reserves are 1.2 billion barrels.



TPAO to explore oil off Turkish waters in Mediterranean

Date : 17.07.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-181154-tpao-to-explore-oil-off-turkish-waters-in-mediterranean.html>

The government has given the go-ahead to the state-owned Turkish Petroleum Corporation (TPAO) to explore for oil in international waters in the Mediterranean Sea for one year.

Ankara's move in the eastern Mediterranean, off the coast of Cyprus, is likely to stir up the waters since it will probably be interpreted by many as a show of its determination to protect its rights and interests in the region when faced with a unilateral Greek Cypriot move vis-à-vis the exploration.

A governmental decree authorizing the TPAO to explore for oil beyond Turkish territorial waters in the Mediterranean went into effect on Thursday after publication in the Official Gazette. According to the decree, published after Cabinet approval, the regions where the TPAO will launch geological surveys are four separate areas, two in the Antalya Basin and two in the Mugla Basin. The four blocs in total comprise more than 2 million hectares of area.

Last month, Greek Cyprus stated that it would press on with offshore oil exploration, despite strong objections from Turkey, and would open new fields for hydrocarbon research by early next year. Only a few days after this statement, it raised the stakes in the dispute, saying Turkey's objection would further impede its regional rival's effort to join the European Union.

The first exploration deal by Greek Cyprus was clinched with US company Noble Energy, which has already found a large gas reservoir off the coast of nearby Israel. In response, Ankara urged third parties to use 'common sense' in avoiding becoming party to actions that might be harmful to ongoing reunification talks between Greek and Turkish Cypriot leaders, while also expressing determination in protecting its rights in the Mediterranean Sea.

"The Turkish Cypriot people have rights there [in the eastern Mediterranean]. You cannot ignore this. Turkey also has rights and interests there. Our intention to protect them is known by everyone," Foreign Ministry spokesman Burak Ozügergin told reporters last month, when he also labeled Greek Cypriot actions on this issue as 'in a word -- adventurous.' In 2007, Greek Cyprus launched its first licensing round for hydrocarbons in 11 offshore blocs, most in deepwater locations, despite objections from Turkey.



Fuel prices burn a hole in everyone's pockets

Date : 16.07.2009

Source: Hürriyet Daily News

<http://www.hurriyetdailynews.com/n.php?n=fuel-price-burns-a-whole-in-everyone8217s-pocket-2009-07-16>

Turkey's government has increased the private consumption tax (OTV) on fuel and restaurant meals as it seeks to compensate for a decline in tax revenue elsewhere.

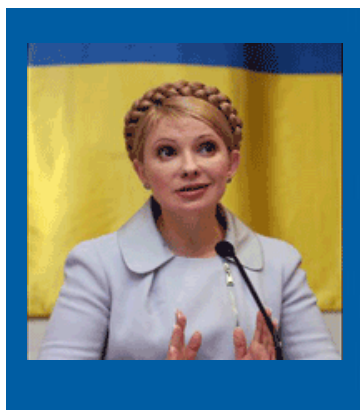
Ankara raised the OTV on fuel by between 10 and 15 percent, and upped the sales tax on meals in first-class restaurants and hotels with more than three stars from 8 percent to 18 percent, according to a directive published in the official gazette in Ankara on Wednesday.

The OTV tax on gasoline rose an average of 13.4 percent, increasing prices from 1.49 Turkish Liras per liter to 1.69 liras per liter, according to business daily Referans. The change was reflected in a 7 percent boost in prices at the pump, which went up from 2.93 liras to 3.16 liras per liter. The price of diesel oil was increased 15 percent, to 1.15 liras per liter, causing the price at the pump to rise from 2.35 liras to 2.53 liras per liter. Currently, OTV makes up 53.4 percent of gas prices.

The decision came as budget figures for the first six months of the year showed government spending jumping 22 percent, even as the global recession reduced tax income by 4 percent over the same period last year.

“The only way the government can ramp up revenues, at least in the short term, is to raise indirect taxes,” Tevfik Aksoy, an economist for Morgan Stanley & Co. in London, said in an e-mail, the contents of which were reported by Bloomberg. “Efforts to improve fiscal data via indirect taxes (rather than curbing expenditures) result in outright inflation.”

According to the International Energy Agency, or IEA, data, the taxes implemented on one liter of gasoline amount to nearly \$1.53 in Turkey. In comparison, the tax implemented on the same amount of fuel in the United States is \$0.133; in Hungary, \$0.9; in Spain, \$0.87; and in Italy, \$1.19. Turkey also implements \$1.03 in taxes on a liter of diesel fuel compared to \$0.92 in Denmark, \$0.85 in Switzerland, \$0.8 in Brussels and \$0.14 in the United States.



Ukraine boosts Russian gas imports to help ensure winter supply

Date : 13.07.2009

Source: Hürriyet Daily News (Bloomberg)

<http://www.hurriyetdailynews.com/n.php?n=ukraine-boosts-russian-gas-imports-to-help-ensure-winter-supply-2009-07-13>

Ukraine increased natural gas imports from Russia fourfold this month as Prime Minister Yulia Tymoshenko pledged to store enough fuel to ensure stable supplies during the winter.

NAK Naftogaz Ukrainy is purchasing about 120 million cubic meters of gas a day this month, in comparison with 33 million cubic meters in June, Dmytro Marunych, a spokesman for the state-run energy company, said by telephone from Kiev on July 8.

Ukraine, which relies on Russia for about 70 percent of its energy needs, is seeking to increase the amount of gas in its underground storage facilities after a dispute with Russia led to a Jan. 1 supply cut that affected Europe. As much as 100 million cubic meters shipped by Gazprom is currently being stored, Marunych said.

Naftogaz had 19.3 bcm of gas in storage at the end of June and wants to increase this to 27 billion by mid- October, Bohdan Sokolovskiyi, President Viktor Yushchenko’s energy aide, had said earlier on June 25. That will be enough to secure stable supplies to Europe in winter, he said. Naftogaz said on July 6 that it paid \$300 million for gas it bought in June.



Mitschek: Nabucco will not exclude any supplier

Date : 15.07.2009

Source: Today's Zaman (Emine Kart)

<http://www.todayszaman.com/tz-web/news-180955-nabucco-will-not-exclude-any-supplier-says-top-executive.html>

Reinhard Mitschek, Managing Director of Nabucco Gas Pipeline Int., has said that Nabucco will be open for the transportation of any gas from every potential gas supplier, including Iran and Russia.

Mitschek articulated the approach of the private consortium he manages. "Nabucco has never, ever excluded any source. Nabucco is not excluding any source. Bottom line, we have to buy the gas. The national gas companies will evaluate the political aspect, the commercial aspect, the technical aspect and then they will decide to buy gas from Azerbaijan, Turkmenistan, Iraq, Iran and Russia. For all these sources, we are open to transport the gas," he said.

Mitschek was hopeful about finding suppliers while drawing attention to the other side of the coin, the concerns on the part of suppliers. "I am sure that the Nabucco Intergovernmental Agreement will help secure agreements between buyers and suppliers. Up until now, suppliers have been a bit hesitant because they say they needed a stable, long-term and predictable legal framework and transparency in conditions. Now we can prove to them, and to all other stakeholders as well, that what they were demanding is now achieved," said Nabucco's top executive, adding that he also believes Monday's agreement will boost final investment decisions in supplier countries such as Azerbaijan, Turkmenistan, Iraq and elsewhere.

Talking about the financial feasibility of the project, Mitschek said he does not see any major obstacles there, either. 30 percent of the \$11 billion currently needed for construction will come as equity cash from shareholders. The other 70 percent will be in loans from banks, mainly from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) and export credit agencies in Europe, the US and Japan as well as from national banks in partner countries. The EU, on the other hand, has already granted 200 million euros in funding to the project.

Mitschek asked national governments of partner countries and the European Commission to continue to firmly back the project politically because, he said, with the signing of the Intergovernmental Agreement, an important phase was successfully wrapped up, but they are "not at the end, but at the beginning of the real work."



Turkey and Syria shake hands on electricity and gas deals

Date : 15.07.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-180971-turkey-syria-shake-hands-on-major-electricity-and-gas-sale-deals.html>

Energy and Natural Resources Minister Taner Yildiz said on Tuesday that when the 1,200-kilometer-long Arab gas pipeline and other pipelines are completed in the region, Turkey will sell its extra natural gas to neighboring countries.

Speaking to reporters in Ankara after his meeting with Syrian Oil and Mineral Resources Minister Sufian al-Alou in Ankara, Yildiz noted the increased levels of cooperation between the two countries, especially drawing attention to improved mutual relations on energy issues. Yildiz said that 1 bcm of gas will be transferred to Syria in four to five years. Syria is able to meet most of its gas demand using its own resources but must import the remainder.

The natural gas sale to Syria will also be beneficial to Turkey as it trims down its liabilities stemming from buy-or-pay agreements with its major gas providers Russia and Iran. Turkey has to pay these countries annually for a pre-specified amount of gas even if it does not need the gas.

Al-Alou also delivered a speech to assist in disclosing the details of the agreements between Turkey and Syria. He said his country's annual consumption of natural gas is 7 bcm and that it is already capable of meeting 6 bcm from its own resources. The remaining 1 bcm is largely satisfied by Egypt, Al-Alou said.

"Next year, we are projecting to increase natural gas production by 2 bcm but our needs will also rise. We will keep importing to meet our own needs despite this increase in production. According to our estimates, a balance between our demand and own supply will be reached in about six years. We hope the agreements on gas and electricity sales will give a momentum to the improvement of mutual relations with Turkey," he said.

Answering questions from reporters, the Turkish minister touched upon the possibility of Russia taking part in the Nabucco project. "We should not be very surprised to see Russia join Nabucco as one of the gas suppliers," Yildiz said. Al-Alou said Syria has no problem with regard to natural gas reserves and may rise as one of the major natural gas providers of Nabucco. He also added the construction of the Arab gas pipeline will probably be completed by 2010, rendering it possible to transfer Egyptian natural gas to pipelines in Turkey, too.



Turkey reluctant to change its bid for Azerbaijani gas

Date : 11.07.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-180586-turkey-reluctant-to-change-its-bid-for-azerbaijani-gas-minister-hints.html>

Energy and Natural Resources Minister Taner Yildiz has said Turkey had already submitted its price offer for Azerbaijani natural gas before the country shook hands with the Russian Federation on a gas purchase deal last month.

The minister said Turkey is still guarding its own position with its bid. Although nothing has been officially announced regarding Turkey's bid so far, experts estimate that Turkey's offer was at least \$250 per cubic meter of Azerbaijani gas. Yildiz spoke to the press in Ankara after receiving a delegation of Azerbaijani officials, headed by Rovnag Abdullayev, the President of SOCAR. In response to a question on whether the Azerbaijanis have asked Turkey to increase its bid for natural gas, the minister said the Azerbaijani administration is likely to submit a counteroffer on the price in the near future.

Answering another question asking if any change in Turkey's bid following Russia's lucrative offer for Azerbaijani gas -more than \$300 per cubic meter- might be expected, the minister said the following: "How much effect will this deal have on the prices, you should ask Mr. Abdullayev this. We offered our bid before the Azerbaijanis made their agreement with the Russians; we are still at the same point. Because, I easily assert that our bid is compatible with the feasibility of this project and that it is parallel with the interests of both nations." Turkey was seeking to obtain a 15 percent discount for natural gas it purchases from Azerbaijan starting from 2013.

In addition to these remarks, Yildiz also ruled out the option of applying to a court of arbitration in the case of a conflict between Turks and Azerbaijanis, saying that both sides fully understand each other and respect each other's interests. He said the core of talks with the Azerbaijani delegation was constituted of issues regarding the Shah Deniz 1 and Shah Deniz 2 projects as well as the transit passage of Azeri natural gas and oil to European markets via Turkey.

A great many topics were handled in discussions, the minister said, including price tariffs for transportation, price regulations for Shah Deniz 1 and quantities envisaged to be carried through Shah Deniz 2. Additionally, ideas for new natural gas connection lines between the two countries through 2016 were also among the subjects the two sides brainstormed on, Yildiz asserted.



EU orders measures to avert gas supply crises

Date : 16.07.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-181122-eu-orders-measures-to-avert-gas-supply-crisis.html>

European Union countries must bolster their gas networks to withstand future supply cuts of up to 60 days, the EU's executive arm said on Thursday as it overhauled energy security rules.

A pricing dispute between Russia and transit country Ukraine cut gas supplies to Europe during freezing weather last January and the EU will host talks with Kiev, Moscow and international lenders on Friday to try to avert another crisis. "Europe must learn the lessons of previous crises and make sure that European citizens are never again left in the cold," European Commission President Jose Manuel Barroso said.

EU Energy Commissioner Andris Piebalgs said Slovenia, Lithuania and other Baltic states had the most to do, and Denmark, Germany and Greece were among the best prepared. "Where are the biggest challenges? It's the Baltics," Piebalgs said. "The two countries where the biggest investments need to be made are Lithuania and Slovenia. The easiest steps are for Denmark, but Greece is also doing quite well," he added. "Germany is fine. Belgium is doing fine -- those countries that have decent storage capacity."

Under the new rules, the European Commission would declare a 'Community Emergency' if the EU lost more than 10 percent of its gas imports. EU countries would then have to help each other by ensuring unhindered flow of gas across their borders. The German government and industry group BDI said energy companies should take the lead in managing gas crises.

"Only in very exceptional cases should the Commission step in," said BDI Secretary General Werner Schnappauf. By the end of March 2014, member states will have to ensure their infrastructure is sufficiently diversified to deal with a cut of up to 60 days in freezing weather. Member states will be asked to draw up risk assessments and plans for responding to emergencies by the end of September 2010.

The proposal requires the approval of the European Parliament and member states, many of which are reluctant to cede control of energy supplies despite repeatedly calling on the Commission to help coordinate efforts. EU energy ministers approved a similar proposal on oil stocks last month after stripping it of its most important provisions. Piebalgs said EU states had been widely consulted on the new gas rules and were unlikely to weaken them. "I think we have sufficient support to say they will not be watered down, because we have proposed a text that is optimum," he said.



Turkmenistan and Azerbaijan discuss gas-rich sea border

Date : 17.07.2009

Source: Hürriyet Daily News (AP)

<http://www.hurriyetcailynews.com/n.php?n=turkmens-azerbaijan-discuss-gas-rich-sea-border-2009-07-17>

Turkmenistan and Azerbaijan have begun talks to agree on a border in the energy-rich Caspian Sea, the Turkmen foreign ministry said Thursday, a move that boosts prospects for Nabucco project.

The feasibility of the Nabucco pipeline rests heavily on its ability to tap into the Caspian region's vast energy resources. A subsea pipeline under the Caspian linking Turkmenistan and Azerbaijan, which stand on its opposite shores, would be a massive boost to Nabucco but faces stiff opposition from Russia, which wants a monopoly on the supply of Central Asian gas to Europe.

The proposed Caspian pipeline has also been stalled by boundary disagreements among the five states bordering the sea, which also include Russia, Iran and Kazakhstan. Iran has insisted that each of the five coastal states get an equal portion of the seabed, while most other countries want the division based on shoreline, which would give Iran a smaller share. Talks on the sea border come just days after Turkmenistan's president said his country, which lies on the Caspian's eastern shore, was prepared to provide natural gas for the planned Nabucco pipeline.

Azerbaijan and Turkmenistan were until recently mired in a long-standing territorial dispute over claims to rich oil deposits located on the Caspian seabed. However, bilateral ties have been boosted since 2008 by shared interest in developing the trans-Caspian pipeline. Early last year, Azerbaijani state-owned oil company SOCAR hired U.S. firm KBR to conduct a feasibility study for the pipeline route. No findings of the study have yet been announced.

Last month, China signed a deal to buy 40 billion cubic meters of natural gas per year from Turkmenistan through a pipeline slated for completion this year. At the weekend, Turkmenistan also said it has agreed to build a new pipeline to supply natural gas to Iran from a field previously reserved for deliveries to Russia.

Turkmenistan said it planned to increase gas supplies to Iran to 14 billion cubic meters annually from 8 billion cubic meters currently by next year, the ministry said.

In addition to territorial issues, the talks that began Wednesday in the Azerbaijani capital, Baku, between the two countries' deputy foreign ministers are also expected to cover shipping, fishing and the environment, according to the Turkmen Foreign Ministry. Officials in Azerbaijan have made no comments.



BP and SOCAR sign agreement for Caspian Sea block

Date : 16.07.2009

Source: Oil & Gas Journal (Eric Watkins)

<http://www.ogj.com/index/article-display/8516307107/s-articles/s-oil-gas-journal/s-exploration-development/s-articles/s-bp-socar-sign-agreement.html>

BP and State Oil Company of the Azerbaijan Republic (SOCAR) said they have signed a Memorandum of Understanding (MOU) to jointly explore and develop the Shafag and Asiman structures in the Azeri section of the Caspian Sea.

The MOU was signed by SOCAR President Rovnag Abdullayev and Andy Inglis, BP chief executive of exploration and production, in the presence of Azerbaijan President Ilham Aliyev and UK Prime Minister Gordon Brown.

As part of Azerbaijan's plan to ensure that all of its waters are fully exploited, the MOU gives BP the exclusive right to negotiate a production-sharing agreement to explore and develop the block. The block, which covers 1,100 sq km of unexplored area, lies in a deepwater section of 650-800 m with reservoir depth of 7,000 m.



Jordan parliament approves Shell oil exploration deal

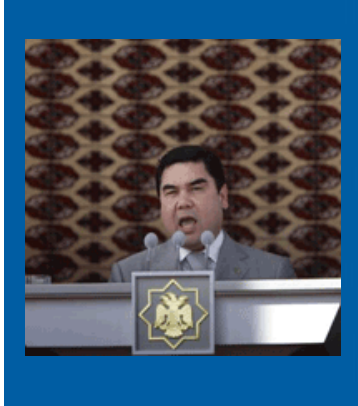
Date : 16.07.2009

Source: Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?a_id=78304

The Jordanian Parliament has approved a multibillion-dollar concession agreement with Royal Dutch Shell to explore oil from Jordan's vast oil shale resources, a source at the country's Natural Resources Authority said Thursday.

"The council of deputies has ratified the agreement during a session held Wednesday," the source told. Shell is expected to spend around \$500 million on exploration, assessment and designs on the project, Jordan's Energy Minister Khaldoun Qutishat told. Some \$150 million will be paid to the Jordanian government before the contracting company begins investing in the project, he added. Shell is expected to invest billions in the project over 20 years. The project would cover an area of 22,000 square kilometers and could produce thousands of barrels of oil from oil shale.



Turkmenistan plans gas pipeline to Iran

Date : 13.07.2009

Source: Hürriyet Daily News (AP)

<http://www.hurriyetdailynews.com/n.php?n=turkmenistan-plans-gas-pipeline-to-iran-2009-07-13>

Turkmenistan has agreed to build a new pipeline to supply natural gas to Iran from a field previously reserved for deliveries to Russia, the Turkmen Foreign Ministry said in a statement Sunday.

Under the deal, Turkmenistan will increase its gas deliveries to Iran to 14 bcm a year, the ministry said. Iran currently buys up to 8 bcm annually from Turkmenistan under a 25-year contract dating back to 1997, when the 125-mile (200-kilometer) Korpje-Kurt Kui gas pipeline began operating.

Six bcm will be sourced from the Dauletabad field in southeastern Turkmenistan, which is currently earmarked for deliveries to Russia, the Foreign Ministry statement said. Turkmen authorities have said the new pipeline to Iran will be operational by the end of the year. Dauletabad has been used since Soviet times as the main source for gas deliveries to Russia through the Central Asia-Center pipeline. Russia exports much of the gas it gets from Turkmenistan to Europe.

Turkmen gas deliveries to Russia have been suspended since April as the countries bicker over a pipeline blast that damaged a major pipeline that transports Turkmen gas to Russia. The route has been repaired but supplies have not resumed amid mutual recriminations over the explosion. For the moment, the supply suspension seems to have provided some relief to Russia, which has been hit by low demand and prices on world markets and is seeking to decrease the price it pays Turkmenistan for the volume of gas it receives. But Turkmenistan has sent signals that it is stepping up efforts to diversify its exports, which could leave Russia in trouble if demand and prices pick up.

Last month, China secured a 30-year deal under which it will increase the volume of gas it buys from Turkmenistan annually to 40 bcm as of next year. Work on a 4,300-mile (7,000-kilometer) pipeline from Turkmenistan to China is expected to be finished by the end of the year. Turkmenistan has long exported nearly all its gas to Russia, with the exception being what it sent to Iran.

A high-level Iranian delegation visited Turkmenistan on Saturday to negotiate a pricing formula for gas sales, but Turkmen authorities did not disclose any specific information about the agreed price. Talks included consideration of eventually increasing supplies to Iran to 20 bcm annually, the Foreign Ministry said.



Chinese firms may bid for Iraqi oil fields

Date : 07.07.2009

Source: Hürriyet Daily News (AFP)

<http://www.hurriyetdailynews.com/n.php?n=chinese-firms-may-bid-for-iraqi-oil-fields-2009-07-07>

China's three largest oil companies may take part in Iraq's second auction of oil and gas fields, as the Asian giant seeks to strengthen its foothold in the oil-rich nation, state media said Tuesday.

The country's top oil producer China National Petroleum Corp. (CNPC), Asia's largest refiner Sinopec, and China National Offshore Oil Corp., all bid last week in Iraq's first auction of oil contracts since 2003, the China Daily said. Only CNPC, in a tie up with British energy giant BP, won a service contract to develop the Rumaila oil field, which was also the only contract awarded in the auction.

CNPC and Sinopec may take part in the second auction, reported to be scheduled for the end of this year, as they "cannot neglect the rich oil and gas reserves in Iraq" the China Daily said, citing an unnamed source.

Fu Chengyu, president of China National Offshore Oil Corp., has said that the company might participate in the second round of bidding as well, the report added. "Domestic oil companies will not miss this unprecedented opportunity," said the source, adding the firms may again join forces with foreign companies for the second round of bidding to reduce risk. Last year, CNPC signed a \$3 billion deal to develop the Al-Ahdab oil field, marking the first major oil development deal that a foreign firm has secured in Iraq since the fall of Saddam Hussein in 2003.

❖ OPEC Monthly Oil Market Report (July 2009)

Source : Organization of the Petroleum Exporting Countries

Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR072009.pdf>

❖ IEA Natural Gas in China

Source : International Energy Agency

Weblink : http://www.iea.org/Textbase/Papers/2009/nat_gas_china.pdf

❖ IEA Oil Information 2009

Source : International Energy Agency

Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=32>