



## BOTAS plan to reduce gas prices draws ire of private dealers

Date : 17.09.2009

Source: Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/news-187362-botas-plan-to-reduce-gas-prices-draws-ire-of-private-dealers.html>

Following recent discounts in wholesale natural gas prices for certain customers by BOTAS, private natural gas importing firms have raised concerns that they could lose customers.

The Turkish Pipeline Corporation (BOTAS)'s decision to discount natural gas prices for customers who commit to purchasing a certain amount of gas from the corporation in a specified time period has created unease among private dealers and has gradually turned into a crisis. The Energy Ministry has summoned concerned parties to a meeting in Ankara, seeking ways to solve the current impasse. The meeting is due take place on Friday.

As stated in the natural gas purchase contract between the two countries in July 2003, the state-owned BOTAS must buy at least 6.8 bcm of natural gas from Iran annually, meaning Turkey must pay Iran a specified amount of money whether or not it buys the natural gas. Energy Ministry sources have recently said Turkey may have to pay Iran up to \$2 billion for unused natural gas this year. Despite such problem, BOTAS recently announced that they had introduced discounts in wholesale natural gas prices, drawing the ire of private gas importers.

Natural Gas Exporters and Importers Union (DIVID) Chairman Fatih Baltaci criticized BOTAS for intervening in the free market. Underlining that it is not acceptable for a public institution to compete with the private sector, Baltaci said: "If BOTAS makes discounts then only one option is left for us. We will also discount the price of our natural gas, even if this will lead to our collapse."

The adverse impact of an ongoing global financial crisis along with large increases in natural gas prices for both household and industrial use last year has led to a noteworthy drop in Turkey's gas consumption. BOTAS' natural gas sales in the first seven months of the year shrank by 2.8 bcm over the same period of 2008.

In an attempt to increase sales and minimize the unused gas share, BOTAS decided to initiate the new discount promotion. Private gas dealers, however, say the discounts could in the long run be reflected as hikes on household use. Baltaci said they were not against discounts in natural gas but that BOTAS should make clear how they plan to compensate for the loss in revenue resulting from the discount. “We are afraid that this discount will shortly return as new price hikes in natural gas prices for households.”

Baltaci noted that such a fact could turn away a large number of customers and that, this time, the private firms would have to bear the burden of unused gas expenditure. The private companies have also signed a natural gas purchase contract, and they have to buy a specified amount of gas annually as well. “If this problem is not solved, we will sink altogether,” Baltaci asserted.

Underlining that BOTAS is introducing the discounts without making a healthy assessment of the costs, Baltaci, also the head of Enerco Enerji, said the corporation will have to knock on the Treasury’s door to ask for an extra allocation. “The discounts they currently make will cost the corporation an estimated \$2.5 billion extra, and they will need to compensate for such a loss. In the end the burden will be put on the state, which means a price hike is on the way.”

Asked whether households could benefit from the BOTAS discount, Baltaci said this was not possible: “BOTAS will make the discount for customers provided that they commit to purchasing a certain amount of gas in a specified time period. Such a scheme is not valid for households since demand and consumption in a household changes from time to time.”



## Miller: Turkey will not be able to re-export Russian gas

Date : 12.09.2009

Source: Ria Novosti

<http://en.rian.ru/business/20090912/156105103.html>

Gazprom is planning new contracts for gas supplies to Turkey that would forbid re-export, Alexei Miller, the head of the Russian energy giant said on Saturday.

“Turkey will not be able to re-export Russian gas, and further contracts will be drawn up on this principle,” Miller told international scholars and academics from the Valdai Discussion Club.

The Gazprom head expressed surprise over a recent contract between Turkey's BOTAS for gas supplies to Greece's Dera. Turkey does not have its own gas resources. "The question here is - what gas" he said. "We suspect this could be Russian gas. If anyone wants to re-export, then this can only be done with permission."



## Putin: Turkey could replace Ukraine in gas transport to Europe

Date : 15.09.2009

Source: Today's Zaman (Faruk Akkan)

<http://www.todayszaman.com/tz-web/news-187084-putin-turkey-could-replace-ukraine-in-gas-transport-to-europe.html>

Russia's Prime Minister Vladimir Putin has said Turkey could replace Ukraine as the main energy transport corridor for Russian gas to Europe.

During a gathering with academics and reporters from the Valdai Discussion Club, a group consisting of international academics and leading experts who meet annually to discuss Russia's position in the world, Putin said they could consider transporting natural gas to Europe via Turkey, bypassing Ukraine, The Moscow Times reported.

Putin's remarks came on the heels of a recent meeting with Prime Minister Recep Tayyip Erdogan in Ankara in August during which the two prime ministers discussed a number of issues, in particular energy. Erdogan and his Russian counterpart signed a deal in Ankara for the construction of part of the South Stream pipeline through Turkish territorial waters in the Black Sea, weeks after Turkey signed a preliminary agreement with European Union countries to launch construction of the Nabucco pipeline.

Some 80 percent of Russia's natural gas supply to Europe runs through Ukraine. Having faced difficulties in its gas transportation to Europe due to political and economic problems with Ukraine, Russia has sought ways to diversify its energy routes since early 2009. Expecting to reach out to Northern Europe with a North Stream pipeline project, the natural gas-rich country has also accelerated efforts to commence construction of a South Stream pipeline.

Meanwhile, the Kommersant daily has said Putin's meeting with the Valdai group took longer than expected since the Russian prime minister had also spoken to Erdogan on the phone during the meeting, which lasted for two-and-a-half hours.



## Biden calls on Iraq to lower sights in oil bidding

Date : 17.09.2009

Source: Rigzone (Dow Jones Newswires)

[http://www.rigzone.com/news/article.asp?a\\_id=80431](http://www.rigzone.com/news/article.asp?a_id=80431)

U.S. Vice President Joe Biden has urged Iraq to offer more generous terms at its next auction for oil concessions in the oil-rich country, a senior American official said Thursday.

Biden, who arrived in Iraq Tuesday, “made clear that the next round of bidding on oil concessions should be made on more generous terms to attract more outside interest,” the official said, declining to be named. “Only one of eight deals up for bidding earlier this year was taken,” he said, referring to Iraq’s first tender offer in four decades last June that saw investors snub all but one of the contracts on offer.

The official said that “even one other deal would mean 50 to 60 billion dollars in additional investment in Iraq, 600 million dollars in additional annual revenue, and tens of thousands of additional jobs. Ultimately, in our judgment, it’s in the interest of every Iraqi to accept a smaller piece of a much bigger pie.”

The official said Biden had also pushed for an early vote on a new Iraqi oil law amid disputes over shares between officials in Baghdad and the Kurdish region of northern Iraq. The vice president was to deliver the same message when he meets Kurdish leaders, stressing that a new law was “in the best interest of the country” as whole. The second round of bidding for Iraq’s oil contracts is due to take place in the first half of December ahead of parliamentary elections scheduled for the following month.



## OPEC worried non-OPEC may capture demand rise

Date : 17.09.2009

Source: Nasdaq (Dow Jones Newswires)

<http://www.nasdaq.com/asp/stock-market-news-story.aspx?storyid=200909161211dowjonesdjonline000546&title=opec-worried-non-opec-may-capture-demand-rise-iran-opec-gov>

The Organization of Petroleum Exporting Countries is worried that non-OPEC oil producers could capture an expected rise in crude demand next year, Iran’s OPEC governor said Wednesday.

Though he didn't comment what OPEC may decide in the future, the concern indicates OPEC might consider an output increase when demand rebounds to avoid losing market share to non members.

Mohamed Ali Khatibi told Dow Jones Newswires: "there is no doubt" oil demand will rebound next year, based on forecasts by OPEC and the International Energy Agency. Asked if that meant oil prices would continue rising, he said "our concern is non-OPEC [oil production]." "We don't know whether incremental demand will be absorbed by OPEC or by non- OPEC," Khatibi said.

The statements come after OPEC switched Russian production estimates from a stagnation to an increase in 2009 and its secretary general expressed disappointment at the country's cooperation record. Khatibi said "we expect more cooperation" from non-OPEC, though he didn't mention any particular country. Though not an OPEC member, Russia said in December it may cut its production to coordinate with OPEC's pledge to reduce its output by 4.2 million barrels a day.



## Petrobras CEO: Oil firm to freeze foreign investments

Date : 09.09.2009

Source: Oil & Gas Journal (Sam Fletcher)

[http://www.ogj.com/index/article-display/5133684247/s-articles/s-oil-gas-journal/s-general-interest-2/s-2009/s-09/s-pwc\\_oil\\_gas\\_industry.html](http://www.ogj.com/index/article-display/5133684247/s-articles/s-oil-gas-journal/s-general-interest-2/s-2009/s-09/s-pwc_oil_gas_industry.html)

Petrobras' Chief Executive Officer, Jose Gabrielli said that Petrobras will freeze overseas investments as the state-run oil firm zeroes in on developing recently discovered offshore oil reserves.

Citing Gabrielli during a presentation in Paris, Brazil's Estado news agency reported that Petrobras will maintain its \$174.4 billion strategic plan for 2009-2013, but would freeze international investments "because the volume of opportunities in Brazil is so large."

According to Petrobras' strategic investment plan announced in January, the company will invest \$15.9 billion for international operations, singling out \$12.6 billion for exploration and production. By 2013, Petrobras sees its international output rising to 341,000 barrels of oil equivalent. As of August 2009, Petrobras pumped 146,900 barrels of crude oil and 14.8 million cubic meters of natural gas outside of Brazil.



## Gazprom sees Ukraine gas 'risk' next year

Date : 12.09.2009

Source: AFP

<http://www.google.com/hostednews/afp/article/ALeqM5ifO8zD89a4wduQIjsEmwqYP6B Cfw>

Ukraine is ensuring smooth transit of Russian gas supplies to Europe but there is a risk of disruption next year due to uncertainty on payments, the head of Russian gas giant Gazprom said Saturday.

Gazprom chief executive Alexei Miller, speaking in a meeting with foreign research and media specialists on Russia, hailed the 'remarkable' current cooperation between Russian and Ukrainian state gas firms. But he cautioned that "there is a political risk" and a measure of uncertainty about next year that could negatively impact that relationship as it has in the past.

A dispute on gas pricing between the Russian and Ukrainian gas companies at the start of this year led to a shut-off of Russian supply to Ukraine which in turn triggered shortages to European clients further downstream. The bulk of Russian gas supplies to Europe are piped through Ukraine and the relationship on gas between Moscow and Kiev has direct implications for the energy supplies of many third-party countries in Europe.

Miller's general tone was upbeat and he reiterated assertions that Gazprom would remain a reliable supplier of natural gas to countries in Europe and other international customers. "There are no problems. They are fulfilling all aspects of the contract, including transit," Miller said of Ukraine's state-run natural gas company Naftogaz. He said Gazprom anticipated no gas payment problems with Ukraine for at least the remainder of this year. Miller cautioned however that beyond that the situation was less clear.

"Without doubt there will be no problem with payment before the end of the year. But when we ask our Ukrainian partners about 2010, their response is 'we don't know'. So there is a risk of problems next year," he said.

In a meeting with President Dmitry Medvedev last Monday, Miller said Ukraine was seeking to alter the terms of Russia's payment to Ukraine of fees for the transit of Russian gas to Europe. When Miller told Medvedev that this was not permitted under the current gas contract between the two countries, Medvedev replied: "Then don't pay! There's a need to act in accordance with the contract that has been signed."





## Russian and Turkmen leaders fail to reach new gas deal

Date : 14.09.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-186985-russian-turkmen-leaders-fail-to-reach-new-gas-deal.html>

Russian and Turkmen leaders failed on Sunday to set a timeframe for the return of Turkmen gas flows to Russia, halted since April after a pipeline blast which left Turkmenistan short of revenues.

The meeting between Russia's president, Dmitry Medvedev, and Turkmen leader Kurbanguly Berdimukhamedov had been expected to generate a breakthrough, mending ties. Relations were hit after Turkmenistan accused Russia of suspending gas imports because Russia's gas export monopoly Gazprom faced reduced demand in Europe and has said it would now seek alternative gas export routes.

On Sunday, Kremlin foreign policy aide Sergei Prikhodko told reporters Russian and Turkmen gas firms would meet soon to finalize the timeframe and pricing. "Most technical issues, related to the usage of pipelines, have been solved... In the next weeks, Gazprom will contact Turkmen authorities to agree on the parameters to continue cooperation," said Prikhodko. When asked whether the date of supply resumption has been discussed, he said : "No such task has been set [ahead of talks]."

Turkmenistan wants a quick resumption since gas, alongside oil and cotton, represents the lion's share of its budget revenues and was worth up to \$1 billion a month. The pipeline blast and the current flow suspension came at a time when Gazprom was facing lower demand in Europe and at home due to the economic crisis. "As far as the liquidation of this accident is concerned, I would like to say that [Turkmen state firm] Turkmengas will take a time out with its contacts with Gazprom," Berdimukhamedov told Medvedev on Sunday.

Pipeline blasts are regular on former Soviet Union territory due to the equipment's age, but it rarely takes more than a week to restore flows. "I don't think we have outstanding questions... I think it is obvious that pricing will be done under a formula," Berdimukhamedov said.

On Saturday, Medvedev and Berdimukhamedov spent a day in a Kazakh Caspian Sea resort of Temberli and on Sunday attended a truck rally in the Turkmen desert. In spite of the failure to agree on gas flow resumption, both Medvedev and Berdimukhamedov hugged before and after the talks, with the Russian leader talking up bilateral ties. "Our trade and economic relations are not just good, but very good," said Medvedev.



## StatoilHydro: Shah Deniz gas sales is an 'open issue'

Date : 15.09.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-187087-statoil-open-on-shakh-deniz-gas-sales.html>

The president of StatoilHydro in Russia said on Monday gas sales from the second phase of the Shah Deniz project in Azerbaijan was an 'open issue.'

Shah Deniz has been courted by Russian gas giant Gazprom and an EU-sponsored consortium which is working on the Nabucco gas pipeline, which is expected to rival Russian plans to supply Europe with the fuel. "We are continuously exploring all options to commercialize the fields, so we will be selecting the solution which is giving the best commercial situation for the company," Bengt Lie Hansen told the Reuters Russia Investment Summit. Asked whether the Shah Deniz partners, which include BP, would sell gas from the project's second phase to Russia or to partners in the Nabucco pipeline project, he replied: "I can only say that we are looking for the best options and that means it is an open issue."

The second phase of Shah Deniz was delayed to 2016 due to the lack of progress on Nabucco transit agreements. In June the chief executive of Gazprom said the company was ready to start buying small volumes of Shah Deniz gas from as early as next year to supply volumes to Russia's southern regions. The Russian company also said it might use the gas to export it to Europe. StatoilHydro and BP control Shah Deniz, which produces around 15 million cubic meters of gas per day and has reserves of 1.2 trillion cubic meters. Azeri state energy company SOCAR is also a partner, along with Lukoil, TOTAL and Iranian and Turkish state firms.



## TOTAL's CEO says oil prices could hit \$145 by 2014

Date : 11.09.2009

Source: Rigzone

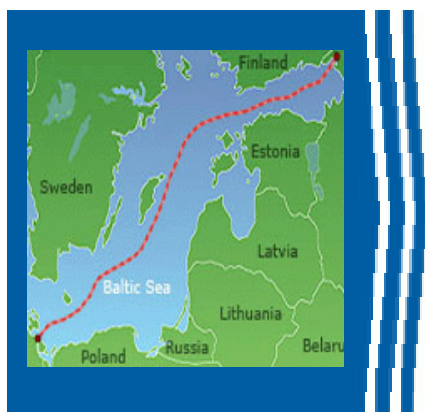
[http://rigzone.com/news/article.asp?a\\_id=80243&chmpn=1](http://rigzone.com/news/article.asp?a_id=80243&chmpn=1)

TOTAL Chief Executive Christophe de Margerie foresees the price per barrel of crude oil surpassing \$145 in the near future, reports Dow Jones Newswires.



In an interview with Le Parisien published Friday, the head of the French oil major said, “We risk to face a new oil crisis at a time when demand will surpass supply in 2014/15. It is urgent that we invest.”

Margerie revealed that TOTAL has bank accounts in ‘tax havens’, and should a decision be made at an international level, the company would be prepared to withdraw the money, Dow Jones reported.



## Gazprom: GDFSuez to take 9% Nord Stream stake by October

Date : 14.09.2009

Source: Wall Street Journal (Dow Jones Newswires)

<http://online.wsj.com/article/BT-CO-20090914-710384.html>

French energy company GDFSuez will become a shareholder in the Gazprom-led Nord Stream gas pipeline project by October, Gazprom’s Deputy Chief Executive Alexander Medvedev said.

GDFSuez is negotiating with Russia’s state-controlled Gazprom to take a 9% stake in the Nord Stream pipeline project through the Baltic Sea to secure supplies of Russian natural gas. GDFSuez’ accession can be expected in late September or October, when all decisions should be agreed, Medvedev said.

A GDFSuez spokesman declined to comment on when the company expects to join but said negotiations are “moving forward well and quickly.” GDFSuez wants its accord with Gazprom to join Nord Stream to be accompanied by an agreement for the Russian company to increase the volumes of gas it supplies to the Paris-based utility, the spokesman added. “We’re discussing the two subjects at the same time,” he said.

Gazprom’s German partners in the project -E.ON Ruhrgas and BASF subsidiary Wintershall- have agreed to cede part of their stake in Nord Stream, so the French company would have the same size stake as Dutch minor partner Nederlandse Gasunie NV, which owns 9%, Gazprom said. Wintershall and E.ON Ruhrgas currently hold 20% each, while the Russian gas monopoly has a 51% stake. The 1,220 kilometer pipeline will begin operations in 2011 with annual capacity of 27.5 billion cubic meters of gas, doubling to 55 billion cubic meters a year by 2012.



## Iran named OPEC Conference President for 2011

Date : 12.09.2009

Source: PressTv

<http://www.presstv.ir/detail.aspx?id=105948&sectionid=351020103>

During the 154th OPEC meeting in Vienna, Iran's new Oil Minister Masoud Mirkazemi has been elected as President of the organization's conference for 2011.

"The president and the alternate president of OPEC Conference are usually elected on an alphabetical basis annually and hence, Iran's Oil Minister will be the President of the OPEC Conference for 2011, while Iraq's Oil Minister will be the Alternate President," Alternate President Mohammad Ali Khatibi told Mehr News on Friday.

Respectively, Iran's Minister will be the Conference Alternate President for 2010, while Ecuador's Oil Minister will hold the Presidency title, he noted following the meeting that was held in Vienna, Austria, on the 9th and 10th of September.



## PetroChina to double gas supply to Beijing by 2015

Date : 16.09.2009

Source: Reuters

<http://www.reuters.com/article/rbssEnergyNews/idUSPEK28989720090916>

PetroChina will double the supply of pipelined natural gas to Beijing to 12 bcm by 2015 from an estimated 6 bcm this year, the China Petroleum Daily reported on Wednesday.

Gas consumption in the Chinese capital has been growing quickly in recent years, partly due to Beijing's efforts to increase clean energy usage to improve air quality in the run-up for last year's summer Olympics. There were still five suburban regions in Beijing without access to piped gas, the newspaper report said.

Beijing, which consumed about 5.6 bcm of the fuel last year, is China's third-largest gas consumer after Sichuan and Jiangsu provinces. PetroChina produces more than 80 percent of China's natural gas and runs most of the country's gas pipeline networks. The top Chinese oil and gas company supplies gas to Beijing mostly via its two Shaanxi-to-Beijing gas pipelines.



## Turkmenistan and Russia's Itera sign oil and gas deal

Date : 14.09.2009

Source: CNBC (AP)

<http://www.cnbc.com/id/32839503>

Energy-rich Turkmenistan has signed a deal with independent Russian gas producer Itera to jointly develop an offshore field in the Caspian Sea, Turkmen state media reported Monday.

In a signing ceremony overseen by the presidents of Russia and Turkmenistan on Sunday, the sides agreed to begin work next year on developing the field, which is estimated to hold 160 million tons of recoverable oil and 60 bcm of natural gas. The production-sharing agreement could help soothe relations between the two former Soviet states, which have been strained by mutual recriminations over a gas pipeline explosion in April that halted deliveries of Turkmen gas to Russia.

In televised remarks at the signing ceremony, Turkmen President Gurbanguli Berdimukhamedov said the deal "marks an important new step in the development of economic relations between our two countries." According to preliminary estimates, annual production at the field on Turkmenistan's Caspian shelf -designated Block 21- could reach about 10 bcm of gas and around 20 million tons (140 million barrels) of oil, state newspaper Neutral Turkmenistan reported.

Itera, headed by Turkmen-born Russian businessman Igor Makarov, has been operating in Turkmenistan for 16 years, but the deal on Block 21 marks its first successful effort to secure an offshore concession in the country.

Earlier this year, German energy giant RWE also signed a deal with Turkmenistan to develop oil and gas fields off the Caspian shore, marking a breakthrough in European efforts to tap the country's lucrative energy resources. Turkmenistan is the largest gas producer in the former Soviet Union after Russia, which has had a lock on most of the reclusive desert nation's gas exports since the 1991 Soviet collapse.

However, natural gas supplies from Turkmenistan to Russia have been suspended since the pipeline blast, which Turkmenistan blames on the Russian gas monopoly Gazprom. The pipeline has been fixed, but deliveries have not resumed. In another development that could put pressure on Russia's hold on Turkmen gas exports, Ukrainian President Viktor Yushchenko is due to visit Turkmenistan this week for talks on buying gas directly from the Central Asian nation. Ukraine currently imports its gas from Russia, shipping it on to Western Europe.



## Ukrainians bid for Turkmen gas pipeline

Date : 17.09.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article189272.ece>

Companies from Ukraine have taken part in a tender to build a new gas pipeline in Turkmenistan estimated to cost about \$4 billion, according to reports.

The gas-rich Central Asian state plans to lay the 1000-kilometre long East-West pipeline from the South Iolotan gas field to the Caspian. It could use the link to supply both a planned pipeline through Russia and a proposed route to Azerbaijan which would connect with the European Union-backed Nabucco pipeline. Turkmenistan announced the tender in March but has not said when it would close or the cost.

“As for the East-West gas pipeline... Ukrainian companies are very interested in it,” Bogdan Sokolovsky, a presidential envoy for energy security issues, told Reuters. Asked how much the project could cost, he said: “About \$4 billion or more.” Sokolovsky said the final price tag would be discussed by the Turkmen government and the winner. A Turkmen government source said today that a total of more than 70 companies from the former Soviet Union, China and Western countries had applied.

❖ OPEC Monthly Oil Market Report (September 2009)

Source : Organization of the Petroleum Exporting Countries

Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR092009.pdf>

❖ Energy Technology Transitions for Industry - Strategies for the Next Industrial Revolution

Source : International Energy Agency

Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=354>

❖ Sectoral Approaches in Electricity - Building Bridges to a Safe Climate

Source : International Energy Agency

Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=370>