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KUZEY ARAP PLAKASI PETROL ve GAZ ZİRVESİ

NORTHERN ARABIAN PLATE OIL & GAS SUMMIT

Exploration, Production, Transportation, Service and Business Opportunities


Onursal Başkanlığı'nda
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Düzenleyen
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8 October

09.30 Opening Session

“Strengthening Neighbourhood in Energy Trade”

❖ **Dr. M.Hilmi Güler**

(Minister of Energy and Natural Resources – Republic of Turkey)

- We spent many years by discussing whether we have oil and gas reserves, or not. Now I want to make a call to geologists: Review your modellings and data on Turkey’s oil reserves and clarify Turkey’s hydrocarbon potential. If we have no oil, we can tend towards renewable energy sources.
- TPAO – Petrobras venture will start drilling in the Black Sea at the end of 2009. We have great expectations from this project.
- I want to correct a misunderstanding about BOTAS: This company is one of the most succesful and also profitable state-owned economic enterprises in Turkey.

❖ **Dr. Hussain Al-Shahristani**

(Minister of Oil – Republic of Iraq)

- Iraq’s oil and gas potential is higher than present data. The reserve data are based on researches of 1980’s. Our expectation is to reach 4.5 mbopd and 50 bcm of gas in 5 years, 6 mbopd and 70 bcm of gas in 10 years.
- We want to diversify our gates to international markets. In this context, we want to export gas not only to Turkey, but also to the European Union through Turkey.

❖ **Dr. Dario Chello**

(Director for Energy Efficiency and Investment – Energy Charter Secretariat)

- The main problem for the EU countries is that they have no access to gas reserves of the Middle East and Nigeria.
- Qatar, Iran and Russian Federation are the only 3 countries which have capability to export gas over long distances having biggest R/P ratio with proved reserves more than 10 tcm.

13.00 Keynote Address

“Assessing the Performance of NOCs: Why It Matters and How to Do It?”

❖ **Prof.Dr. Paul J. Stevens**

(Senior Research Fellow – Chatham House)

- NOCs have control over 72% of world oil reserves by 2006 and increasing their share day by day.
- NOCs are mostly known as ‘poor performers’ but there are some challenges to measure their performance. Because NOCs have an important item on their agenda entitled ‘national mission’.
- The keys to improve NOCs’ performance are to expose them to competition and to follow a commercialization strategy rather than privatization.

13.30 Session – I

“Leading Role of NOCs”

❖ **Dr. Volkan Ediger**

(Energy Advisor to the President – Republic of Turkey)

- Nowadays we are in a transition period from fossil fuels era to hydrogen era. Natural gas is the best fit fuel for this period.
- NOCs are operating considering geopolitical concerns rather than IOCs’ commercial concerns.

❖ **Mehmet Uysal**

(President and CEO – TPAO)

- TPAO’s current production is over 90,000 bpod. We have invested more than 3.7 billion USD in last 5 years in order to exceed 100,000 bpod threshold.
- Our target is to turn into an integrated oil company from exploration to marketing. Therefore we plan to expand our retail chain.
- Our drilling activities in 2008 includes 45 onshore and 1 offshore wells, 119,400 meters in total.

❖ **Ahmed Al Arbeed**

(Executive Director – Dana Gas Company)

- A new entrepreneurial class is rising in the Middle East. Region's private sector has a bright future. I believe that many regional countries will encourage their private sector to invest at home and abroad.
- This trend will reflect to E&P investments in the region. Private sector's share in total investments will raise in the coming years with support of governments.

❖ **Tim Marchant**

(Vice President for Middle East Exploration and Production – BP)

- The role of IOCs has changed in previous decade. IOCs now focus on energy efficiency, technology, know-how, resource development and risk management.
- The dynamics of the new frontier are global growth (in population and GDP), energy markets (security of supply, demand growth, record prices), resources and technology (enhanced oil recovery –EOR–, difficult and unconventional hydrocarbons), cleaner energy (renewables), players (NOCs, IOCs, INOCs, regional oil companies, hybrids, service companies) and geopolitics (resource nationalism).

15.30 Keynote Address

“The 19th World Petroleum Congress: From Oil Price to Climate Change”

❖ **Dr. Randall Gossen**

(President – World Petroleum Congress)

- The 19th World Petroleum Congress was held on June 29 – July 3, 2008 in Madrid, Spain with participation of 14,500 exhibition attendees and 590 speakers.
- The non-technical topics of the congress were including oil prices, peak oil, IOCs – NOCs, energy security, access to acreage, cooperation between oil producers and service companies. The technical topics were including EOR, unconventional oil and gas, refinery optimization, climate change, biofuels, renewables, GTL and LNG.

16.00 Session – II

“Opportunities and Challenges in Exploration and Sustaining and Increasing Production”

❖ **Omer Sahintürk**

(Exploration Manager – TPAO)

- TPAO owns 56 of 191 licences in total but produces most of total indigenous crude oil.
- Oil production in Turkey peaked in 1991 but afterwards tend to decrease due to aging of oil fields.
- TPAO performs EOR projects such as carbondioxide injection, steam injection, polymer gel injection, water injection in various oil fields.

❖ **Dr. Mohammed Reza Kamali**

(Director – Center for E&P Research Institute of Iranian Petroleum Industry)

- Persian Gulf countries have 32% share in world’s total oil production and we, as Iran, believe that this region’s potential is much higher.
- The NW – SE trending Zagros fold-thrust belt in SW Iran is a part of the Alpine – Himalayan system.

❖ **Ahmed N. Rahuma**

(E&P Director – Tanganyika Oil Co. Ltd.)

- Tanganyika is a Canadian based E&P company operating in 3 blocks in Syria. In these blocks there are 2 giant heavy oil fields having over 27 billion barrels heavy OOIP.
- The company doubled the production by EOR projects.

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09.00 Session – III

“Oil and Gas Transportation in Reaching Regional and World Markets”

❖ **H.Saltuk Düzyol**

(General Manager and Chairman of the Board – BOTAS)

- BOTAS’ long term strategy’s items are: Diversification of supplies, securing additional volumes from potential supplies, reducing future import bill, gaining significant revenues, using the idle capacities in its existing network, following new export opportunities.
- In Nabucco project, Turkey never intended to ‘resale’ gas. Nabucco is a transportation project and Turkey will earn only transit fees.

❖ **Sean Rooney**

(Vice President of Middle East and South Asia Exploration – Shell)

- 70% of proven gas reserves resides in current producing fields in undeveloped deeper reservoirs. The most potential yet-to-find gas reserves are in Saudi Arabia, Iran and Iraq.
- Natural gas is now a commodity in international markets.

❖ **Jeremy Ellis**

(Head of Business Development – RWE)

- Europe’s indigenous gas production is declining and demand is growing. 91% of EU gas imports today come from 3 countries: Russian Federation, Norway and Algeria. On the other hand, EU is the highest priced gas market available for Caspian and Middle East countries. These are the reasons to put the Nabucco project on the table.
- Nabucco’s construction is expected to begin in 2010 and first operation in 2013 (Phase – I in 2013 with 8 bcm capacity, Phase – II in 2018 with 18 bcm capacity and Phase – III in 2019 with 25 bcm capacity).
- So far it was contacted with 54 potential shippers and 16 potential shippers answered. Market demand is 100% higher than the offered capacity.

11.00 Session – IV

“Country Focus: Iran Panel”

❖ **Akbar Turkan**

(Deputy Oil Minister – Islamic Republic of Iran)

- We will construct a new pipeline named ‘Persian Pipeline’ which will not link to Iranian domestic line, but also exclusively for exportation. Gas produced in South Pars will be exported by this pipeline following the route of Turkey, Greece, Italy, Switzerland, Austria and Germany. This Project is not rival to Nabucco or any other Russian projects.
- We also export our gas to India, Pakistan and China by expanding the IPI (Iran – Pakistan – India) Pipeline project to China.

❖ **Philippe Hochart**

(Vice President for Caspian Iran Department – GDFSuez)

- Azerbaijan seems the best commercial alternative but they do not have enough gas reserves to meet the EU’s future demand. On the other hand, Turkmenistan’s gas production target seems not possible because of the need of huge investments.
- Iran has 3 challenges to export gas to the EU: They have to manage the domestic gas consumption which is very sensitive to weather conditions; they have to manage domestic gas prices which is mostly subsidized by the state; and they have to manage huge LNG projects financially and operationally.

❖ **Dr. Manouchehr Takin**

(Senior Petroleum Upstream Analyst – Center for Global Energy Studies)

- Iranian hydrocarbon industry suffered from the disruptions during the Revolution (1979) and Iran – Iraq War (1980 – 1988).
- Iran’s oil production was around 6 mbopd in 1973, then fell to 2 mbopd during the war, and since 1988 to date around 4 mbopd.
- There is a rampant and unsustainable growth in domestic gas consumption. Iran has been importing up to 200,000 bopd gasoline and they experience some gas shortages every winter peak demand. This peak demand is because of low prices. The government’s subsidies are around 90 billion USD per year. On the other hand these subsidies can not be lifted instantly because of its risk to increase inflation.

❖ ***Necdet Pamir***

(Advisor to the President – Attila Dogan Construction)

- Iran's revenues from oil exports reached to 57 billion USD in 2007. There is a need for 25 – 35 billion USD investment in order to reach their target for 2010 around 5 mbopd, and 5.8 mbopd for 2015.
- Iran's domestic gas consumption was 111,8 bcm in 2007. They have to manage this consumption.

13.30 Keynote Address

“The Coming of Oil Supply Crunch”

❖ ***Prof.Dr. Paul J. Stevens***

(Senior Research Fellow – Chatham House)

- There are some similarities and differences between the oil shocks in 70s and today. Similarities: High prices, security of supply as a major issue, the presence of resource nationalism, a strong outbreak of the obsolescing bargain. Differences: No recession –yet–, oil matters less in world economy, monetary authorities smarter, price increases much slower than 70s, environmental concerns today.
- Three steps must be taken to overcome this crisis today: Increase investments, reduce oil demand growth and increase the availability of other fuels.

14.00 Session – V

“Country Focus: Iraq Panel”

❖ ***Orhan Duran***

(General Manager – Genel Enerji)

- If Iraq really wants that IOCs to invest in country's oil and gas reserves efficiently, the Petroleum Law must be enacted immediately and contracts must be PSA-based rather than Service Agreements.
- TTOPCO is the oldest PSA owner and the biggest investor in Northern Iraq. Region's target for 2015 is 1mbopd. This oil exports must be done through Ceyhan rather than other possible routes.

❖ **Adnan A.M. Aqrawi**

(Business Development Manager – StatoilHydro E&P in Iraq)

- The stratigraphy of Iraq is still largely based on works done by Iraq Petroleum Company's geologists in 1970s.
- 80% of past Iraqi production come from 2 prolific reservoirs: Kirkuk and Rumaila fields.

16.00 Session – VI

“Country Focus: Syria Panel”

❖ **Jean Michel Larroque**

(Exploration Manager – Shell Syria)

- Shell exploration activities in Syria began in 1949. More than 8 billion USD invested and more than 2 billion barrels of oil produced so far.
- Shell was awarded exploration blocks 13 and 15 in early 2007. Drilling will start in 2009.

❖ **Richard Kupisz**

(Team Leader – Euro - Arab Mashreq Gas Co-operation Centre)

- The Euro - Arab Mashreq Gas Co-operation Centre was found in Damascus to contribute to integration of the gas markets of Egypt, Jordan, Lebanon and Syria in a view of creating a regional internal gas market to be integrated with the EU internal gas market.
- Egypt: Rapid growth in demand driven by electricity and industry; significant reserves around 2 tcm.
- Jordan: Egyptian gas through Arab Gas Pipeline project; plans for residential supply in Amman, Zarqa and Aqaba; government plans 80% electricity to be gas-fired by 2010.
- Lebanon: No supplies at present; Egyptian gas to flow via Arab Gas Pipeline by the end of 2008; gas demand estimates range from 1 – 3 bcma to 3 – 5 bcma.
- Syria: Priorities are to complete Arab Gas Pipeline and link to Iraq; rapid growth in demand driven by gas-fired generation; terms of PSCs unattractive for IOCs; significant subsidies on all energy prices.

❖ **Mahdi Saijad**

(Executive Director and President – Gulfsands Petroleum Plc)

- Gulfsands Petroleum, founded in 2002, plans to develop existing discoveries in Block 26 and to capture 2 more blocks in the core area within 18 months.
- The company so far drilled three wells named Soudieh North 1 (May 2006), Tigris 1 (February 2007) and khurbet East 1 (February 2007).

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09.00 Session – VII

“Country Focus: Turkey Panel”

❖ **Yurdal Oztas**

(Member of the Board and Vice President – TPAO)

- TPAO focused on the Northern Africa Plate which comes until Beydaglari, Isparta. We launched drilling activities along this plate by the first well named Yuvaköy 1.
- The new discovery made by a private company lead us to accelerate our activities on paleozoic structure.
- Black Sea is the extension of the Caspian Basin. We expect that the Black Sea region has a huge potential over 2 tcm of gas and 1 billion barrels of oil.

❖ **Atilla G. Kızılarlan**

(Head of the Middle East Department – Undersecretariat of Foreign Trade of Republic of Turkey)

- Turkey is the 15th largest economy in the world and 6th in Europe, 19th biggest importer and 22nd biggest exporter in the world.
- Due to the Customs Union with the EU, Turkey also has Free Trade Agreements with EFTA, Israel, Macedonia, Croatia, Bosnia Herzegovina, Morocco, Paletsine, Tunisia, Syria, Egypt and Albania.
- The priority of the Undersecretariat of Foreign Trade is to increase the trade volume with neighbouring countries.

❖ ***Sakir Arikan***

(Deputy General Manager – BOTAS)

- BOTAS has traded over 290 bcm of gas since 1987. The revenue in 2007 was around 12.5 billion USD, and is expected to reach 16 billion USD in 2008.
- The Natural Gas Market Law numbered 4646 sets the rules for the gas market, but it has not been fit the market conditions.
- We support the merger of BOTAS and TPAO. After this merger, we will tend to cooperate other NOCs.
- BOTAS' aims in short term: Give the priority to security of supply, extend the existing contracts, open the partial import for the piped gas, support new import entrants, focus on transit and trade, use the maximum LNG capacity.

❖ ***Mehmet Kul***

(Deputy Production Manager – TPAO)

- Storage / consumption rate in Turkey is now around 4.5% which is about 20% in the world.
- Kuzey Marmara storage facility's capacity will be increased to 3.2 bcm after 3 phases work according to protocols signed by BOTAS and TPAO.