



## Medvedev: Israel, Russia, Turkey to meet soon for Blue Stream II

Date : 10.10.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-189460-gazprom-israel-russia-turkey-to-meet-soon-for-blue-stream-ii.html>

Trilateral meetings between Israel, Russia and Turkey concerning a natural gas pipeline project called Blue Stream II are expected to start shortly, the Deputy CEO of Gazprom has said.

“In a short time, trilateral meetings involving Turkey, Russia and Israel will start. With the Blue Stream II pipeline, natural gas will be delivered to Turkey and the Middle East market. The region is important politically, not only economically,” Alexander Medvedev, who also leads Gazprom’s export arm Gazprom Export, said in a speech delivered on Thursday at the 24th World Gas Conference in Buenos Aires.

The Blue Stream pipeline presently runs from Russia to Turkey under the Black Sea. The proposed Blue Stream II is expected to expand output capacity by 10 bcm per year. Last month, Gazprom’s Medvedev said that although a consensus on Blue Stream II had been reached at the political level, this project was still in its initial phases and that the two sides would soon commence detailed negotiations.

During a visit to Israel last month, Deputy Prime Minister Viktor Zubkov, also chairman of the Board of Gazprom, said the Greek Cypriot Administration and some other countries might be included so that the project could become more productive.



## TPAO spuds Bati Ayazli-I

Date : 07.10.2009

Source: Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=81145](http://www.rigzone.com/news/article.asp?a_id=81145)

Stratic Energy noted that operator Turkish Petroleum Corporation (TPAO) commenced drilling operations on the Bati Ayazli-I exploration well in the South Akcakoca Sub basin located in the Black Sea, offshore Turkey.

The well commenced operations with the Grup Servicii Petroliere 'Saturn rig' on October 6, 2009. Stratic has a 12.25 percent interest in this well. The Bati Ayazli-I exploration well is located to the west of the currently producing Ayazli gas field. This exploration well is targeting on trend additional potential at the reservoir level seen at the Ayazli field and is also targeting a deeper exploration objective. Operations to total depth are estimated to take approximately 49 days.

Dr. Mark Bilsland, Chief Operating Officer, commented, "We are looking forward to the results of this exploration well which is designed to test two stratigraphically separate levels. The deeper stratigraphic target has not been tested before in this area and the results will aid our understanding of the deeper potential in this area. The shallower target, if successful, will provide incremental gas production and will be tied back to the existing Ayazli field facility."



## DNO to restart operations in Northern Iraq

Date : 06.10.2009

Source: Rigzone (DNO International)

[http://www.rigzone.com/news/article.asp?a\\_id=81083](http://www.rigzone.com/news/article.asp?a_id=81083)

Reference is made to DNO's Stock Exchange Notice dated September 21, 2009 in relation to the notice of the same date from the Regional Government and the attached letter from the Ministry of Natural Resources (MNR) dated October 5, 2009.

DNO has been in continuous discussions with the Regional Government over the past weeks to address the issues raised in the notice. Based on these discussions, the company has sent the following two letters on behalf of the Board of Directors of DNO International ASA; one letter to distinguished leaders in the Region and Iraq, and one letter to MNR, Region.

As a result of the attached letter from MNR, DNO's rights to its production sharing contracts are reinstated with immediate effect. DNO can thereby resume the role of operator without any restrictions. Until a future payment mechanism for crude exports is in place, DNO will focus on local sales.

All issues with respect to the notice from Regional Government have now been resolved and DNO is looking forward to continuing its successful cooperation with the Regional Government to the benefit of the Region and all people of Iraq.



## Zorlu Enerji discovers new geothermal field

Date : 05.10.2009

Source: Hürriyet Daily News (Enis Tayman)

<http://www.hurriyetdailynews.com/n.php?n=zorlu-finds-new-geothermal-field-2009-10-05>

Zorlu Enerji, which own a power plant in the southwestern city of Denizli atop the country's largest known geothermal field, has discovered a new 60 MW field as a result of its feasibility studies.

The company, which currently owns a 17,4 MW plant on a field where it has held operation rights since September 1, 2008, can establish another 60 MW plant. If the drillings confirm the feasibility study, then the Kizildere geothermal power plant's total output will reach 77,4 MW.

The power plant will be able to generate electricity for 50,000 houses annually after reaching this power level. In the long run, investments will allow for the construction of a greenhouse, dry-ice production and other thermal facilities, with a chance to use the water at all heat levels.

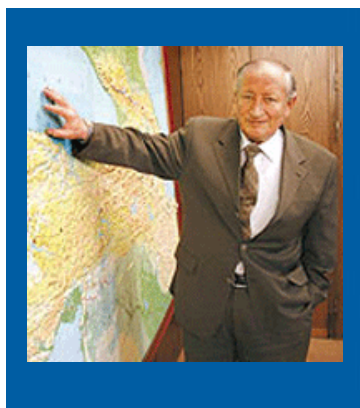
Zorlu purchased the field due to speculation that it would yield richer resources and launched scientific studies with that aim, said Ali Kindap, deputy managing director of the company. "These studies took time but eventually we obtained results concerning a certain part of the field. In line with the results, we have planned for an additional 60 MW facility." The drilling project will start next month, Kindap said. "Around 20 wells will be drilled and we will reach a depth of 3,000 meters." There is a plan to begin operations of the new facility by August 2012.

Noting that the drilling budget of the project is around \$50 million to \$60 million, Kindap said the plant's total expenditure, including rehabilitation of the existing plant, will total \$250 million. The company aims to see the return on investment in 10 years, he said. "We have used a substantial part of the 22 million Turkish lira budget for the rehabilitation of the existing facility. The basic reason for this expenditure is that we regard the reservoir as a sustainable resource."

Informing on the rehabilitation of the reservoir, he said that a marble and limestone blockage was removed. Thus, the capacity, which had fallen to 6 MW due to the blockage, was raised to 17.44 MW again. The company has also developed a system to inject the wastewater back into the reservoir. "We are making improvements to bring into the system the geothermal water that was previously discharged into the Menderes River," he said.

Commenting on the Renewable Energy Law, which is still awaiting the approval of Parliament, Kindap said that a pricing survey to cover all of Turkey's geothermal resources should be conducted. A price of 9 eurocents per KW would be appropriate for the electricity to be obtained from fields such as Kizildere or Germencik, he said.

The world's electricity generation from geothermal energy is around 80 billion KWH. The top five countries include the United States, Philippines, Mexico, Indonesia and Italy. Although Turkey ranks seventh with its geothermal resource potential, it does not have the ability to compete with fossil-fuel resources, as 93 percent of these fields are at low and medium temperatures. But these fields are appropriate for houses, greenhouses and thermal tourism. For these applications, Turkey ranks fifth after China, Japan, the United States and Iceland.



## TPAO to drill Black Sea in January

Date : 05.10.2009

Source: Hürriyet Daily News

<http://www.hurriyetdailynews.com/n.php?n=turkish-state-firm-to-drill-black-sea-in-january-2009-10-05>

Turkish Petroleum Corporation (TPAO) will start drilling for crude oil in the Black Sea in January 2010, Chief Executive Officer Mehmet Uysal said last week.

The company has invested \$5 billion in the past 10 years to explore the Black Sea and has identified 10 drilling prospects with capacity to cover Turkey's consumption for 40 years, Uysal said in an interview in Bucharest. TPAO has Black Sea exploration agreements with Petrobras, and signed a joint operation accord with ExxonMobil in November. "The Black Sea has huge reserves, which will be the main supplier of Europe within 10 or 15 years," Uysal said. "Our modest estimates for those prospects are 10 billion barrels of recoverable oil and 1,5 trillion to 2 trillion cubic meters of gas."

Once the 10 drilling prospects are proven as oil or gas bearing, TPAO will start production studies, which will take about five to seven years, and by 2017 or 2020 it will start production in those fields, he said. "Our first aim is to fulfill Turkey's energy demand," Uysal said. "Then we will make more investment to expand the fields' capacity to export to Europe." In the next 10 or 15 years Turkey will become a vital energy hub for Europe as an alternative to Russia, from which the European Union now gets a quarter of its natural gas, Uysal said. There are many oil and gas pipeline projects passing through Turkey and "very soon Turkey's territory will start looking like a spaghetti plate," he said.



## Ankara courts EU over Nabucco gas supplies

Date : 06.10.2009

Source: EurActiv

<http://www.euractiv.com/en/energy/ankara-courts-eu-nabucco-gas-supplies/article-186094>

Turkey wants to help the EU to realise the Nabucco pipeline project by acting as a broker for securing natural gas supplies from Iraq and Qatar as well as Iran at a later stage, Turkish Foreign Minister, told.

Ahmet Davutoglu said his country is actively trying to solve tensions around Iran, which stands accused by the international community of developing a secret nuclear weapons programme. He stressed Ankara was not doing this only for the sake of regional or world security but also for energy security considerations. “We need Iran back to the energy market. This is one of the best ways to counterbalance Russia’s monopoly,” Davutoglu said on Friday.

The Turkish minister explained at length the geopolitics of energy flows. “When I was teaching in the university, I advised my students that in order to understand long-term transformations, long-term projections, it is better not to see the borders, the existing borders. Just try to understand the natural flow, natural geopolitics, natural geo-economics, natural geo-culture. Which country will develop which policy will depend on natural flows,” said Davutoglu, who is a university professor and a political scientist.

According to the Turkish Foreign Minister, there are two main areas for gas consumption in Eurasia -Europe and China- and two main supplier zones -Russia and the Gulf region- plus Iran.

“Being both a supplier and a transit country gives a big power to Russia. It means that Russia can control the price, it can control the use of energy in time,” Davutoglu said. He described the role of Turkey as a transit country vis-à-vis the EU as similar to that played by Pakistan vis-à-vis China. But Turkey has an advantage, he insisted. “Which country is the most stable for this natural flow? It is Turkey – stable in the domestic sense and trying to produce stability for the region,” the minister said.

Davutoglu said his country has big plans for Nabucco. It may have been a ‘big surprise’ when Ankara called the Nabucco intergovernmental meeting last July, he said. But he recalled the commitments made at the meeting by Iraqi Prime Minister Nuri al-Maliki, who promised to supply Nabucco with 15 billion cubic meters of gas per year, or half of the pipeline’s planned capacity.

Without directly mentioning Russian obstructions to the pipeline, Davutoglu said: “For Nabucco it was always said – there is no gas. Now for the first time there is a new perception that there will be enough gas.” “Also importantly, a third supplier, Qatar, which until now was exporting LNG, decided to have a gas pipeline from Qatar to Turkey,” Davutoglu stressed, adding that it will be connected to Nabucco too.

“So until recently there were questions whether there will be enough gas [to fill the pipeline]. Now he have Iraqi and Qatari planned, and if the nuclear issue is resolved with Iran, Iranian gas will be on board as well. This is what we are working for, and not imposing sanctions on Iran,” said the Turkish minister, insisting that in his country’s experience, such sanctions have always been counterproductive. All these connections will be leading to the EU, Davutoglu insisted. “That’s the main channel for energy security of the EU. Either, this gas would go to China,” he warned, adding that Iran in fact has such projects in store.

Turkey’s premier diplomat also recalled that one month after the Nabucco summit, on 6 August, Turkey signed another agreement with Russia, allowing Gazprom to make feasibility studies in the Turkish economic zone of the Black Sea. The studies are aimed at facilitating the Moscow-sponsored South Stream gas pipeline project.

“Many people see South Stream as an alternative to Nabucco. Not us,” Davutoglu said, adding that in his country’s perspective, the Russia-favoured project would in fact strengthen North-South exchanges. As part of the same strategy, he said Ankara had signed another agreement with Russia on the Samsun-Ceyhan oil pipeline, which will bypass the Bosphorus, and which Turkey hopes will carry Kazak oil as well.



## Putin’s China visit to bring \$5.5 billion in deals

Date : 10.10.2009

Source: Today’s Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-189479-putin-china-visit-to-bring-55-bln-in-deals.html>

Russian firms plan to sign over \$5.5 billion worth of deals with their Chinese partners during the visit of Prime Minister Vladimir Putin to Beijing next week, Deputy Prime Minister Alexander Zhukov told.

The 34 deals will range from a \$500 million loan agreement between China and Russia’s Development Banks to joint projects in transport, construction and mineral extraction. Russia’s trade with China soared to \$56 billion in 2008 from \$9.3 billion in 2002. The share of oil in Russia’s exports stands at 56 percent.



## Turkmenistan and Azerbaijan to talk on Caspian border

Date : 03.10.2009

Source: Today's Zaman (AP)

<http://www.todayszaman.com/tz-web/news-188789-turkmens-azerbaijanis-to-talk-on-caspian-border.html>

Turkmenistan is set to resume negotiations with Azerbaijan over a disputed sector of the energy-rich Caspian Sea, Turkmen President Gurbanguly Berdimuhammedov said Thursday in a statement.

Speaking at his first news conference with foreign media since coming to power in 2007, Berdimuhammedov hinted at the possible end to a long-standing territorial dispute that has blocked construction of Europe-bound energy pipelines from Central Asia. Turkmenistan and Azerbaijan began talks aimed at agreeing on ownership of subsea energy resources in July, but those negotiations collapsed in acrimony weeks later as the Turkmens threatened to take the dispute to the International Court of Arbitration.

Berdimuhammedov added, however, that his nation will go to court in case of an impasse. "We will continue to conduct diplomatic dialogue. But if the parties fail to reach some compromise, then we will seek arbitration," he told reporters. The main point of contention between the two countries relates to a disputed oil field in the central area of the Caspian Sea shelf.



## Oil states say no talks on replacing dollar

Date : 06.10.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-189087-oil-states-say-no-talks-on-replacing-dollar.html>

Big oil producing nations denied the report that Gulf Arab states were in secret talks with Russia, China, Japan and France to replace the U.S. dollar with a basket of currencies in trading oil.

The dollar eased in response to the report, which was written by The Independent's Middle East correspondent Robert Fisk and cited unidentified sources in Gulf Arab states and Chinese banking sources in Hong Kong.

It said the proposal was for trade in crude oil to move over nine years to a basket of currencies including the Japanese yen, the Chinese yuan, the euro, gold and a new, unified currency planned for nations in the Gulf Cooperation Council, which includes Saudi Arabia and Kuwait.

The report comes amid a wider debate on the role of the dollar as the world's reserve currency, which has come under question. But top officials of Saudi Arabia and Russia, speaking on the sidelines of IMF meetings in Istanbul, denied there were such talks. Asked by reporters about the newspaper story, Saudi Arabia's central bank chief Muhammad al-Jasser said: "Absolutely incorrect."

Kuwait's oil minister made similar remarks, while Russia's deputy finance minister Dmitry Pankin said: "We did not discuss this at all." Algerian Finance Minister Karim Djoudi told Reuters: "Oil producing countries need to stabilise revenues but... I don't see a need for oil trade to be denominated differently." "But we are at the IMF conference where all sorts of subjects are raised and discussed," he added.

Russia has in the past publicly raised the idea of shifting its oil trade away from the dollar because of the weakness and volatility of the currency, which has been undermined by the U.S. trade and budget deficits. China, holder of the world's biggest foreign exchange reserves, has suggested that in the long term, the dollar should lose its role as the globe's top reserve currency.

However, analysts said that while individual countries would find it relatively easy to stop using the dollar in settling oil trades, as Iran has already done, replacing the currency in which oil is priced would require a massive effort. The newspaper story did not make clear how the change would work, and many analysts doubted it would occur any time soon.

"I don't think this is a likely scenario in the short to medium term," said Carsten Fritsch, oil analyst at Commerzbank. "Without Saudi Arabia's support it is difficult to imagine that the dollar will be replaced." And apart from the strong political links between Gulf nations and the United States, the lack of convertibility for many Gulf currencies and the yuan tops the list of practical hurdles to making such a shift. Saudi Arabia and some other Gulf states now peg their currencies to the dollar.

The Independent's story said: "Secret meetings have already been held by finance ministers and central bank governors in Russia, China, Japan and Brazil to work on the scheme, which will mean that oil will no longer be priced in dollars." France had also been involved in the talks, it said. The Independent said U.S. authorities were aware that the meetings had taken place but had not discovered the details and were "sure to fight this international cabal".





## Sarkozy inks key deals with Kazakhstan

Date : 06.10.2009

Source: Hürriyet Daily News

<http://www.hurriyetedailynews.com/n.php?n=sarkozy-inks-key-deals-with-kazakhstan-2009-10-06>

French President Nicolas Sarkozy on Tuesday praised the strategic importance of Kazakhstan as French firms signed a raft of key energy deals with the Central Asian state.

The visit is being touted as the culmination of a diplomatic push aimed at securing French companies a larger role in Central Asia's largest economy despite criticism of its rights record. The most significant deal was an agreement worth one billion euros between TOTAL and GDFSuez and the Kazakhstan state energy company to develop the Khvalynskoye gas field in the Caspian Sea.

The two French energy giants will take a total 25 percent stake in the gas field by buying half of the holding owned by Kazakh state energy firm Kazmunaigaz. The other 50 percent is owned by Russian energy giant Lukoil. The signing was attended by Sarkozy, making a lightning one-day visit, and his Kazakh counterpart President Nursultan Nazarbayev.

TOTAL chief executive Christophe de Margerie said on the sidelines of the signing ceremony that the field could produce 8-9 billion cubic metres of gas annually once it becomes operational from 2016. Spie Capag consortium, owned by construction giant Vinci, meanwhile signed memorandum with Kazakhstan worth an estimated 1,75-billion-dollars to build a pipeline for its massive Kashagan oil field.

Kazakhstan, ruled since its independence by strongman Nazarbayev, has long been courted by the West for its natural resource reserves and strategic position vis-a-vis neighbours China and Russia. "The best way to resolve problems - and there are problems and I have talked to the president - is not necessarily to come and give lessons," said Sarkozy at a news conference with Nazarbayev.

"It's to come as a friend to try and find solutions," Sarkozy added. "I will not make concessions either on our economic interests or our values." Underlining their strategic alliance, the two countries also signed an agreement allowing France to transport supplies across Kazakhstan for its contingent in Afghanistan. "In the course of today's negotiations an agreement was signed on the transit of military hardware and personnel through the territory of Kazakhstan to support French forces in Afghanistan," Nazarbayev said after talks with Sarkozy.



## Russia to resume Turkmen gas flows

Date : 05.10.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article194862.ece>

Russia's Gazprom is likely to resume gas purchases from Turkmenistan, halted in April after a pipeline blast, either this month next month, according to reports.

The link has been repaired, but supplies were never restored as Moscow sought better terms for the purchases. "Gazprom expects to resume purchases of Turkmen gas in October-November this year, but does not have a clear view on 2010 volumes," Reuters cited VTB Capital Investment Bank analysts as writing in their note after a meeting with Gazprom management.

Before the pipeline blast Gazprom used to import about 50 billion cubic metres of Turkmen gas per year, but due to the economic downturn and subsequent drop in demand it was unlikely to return to this kind of level of volumes. A market source told Reuters Gazprom will likely buy up to 30 bcm of Turkmen gas next year. Gazprom declined to comment on the report.

Alexander Medvedev, the head of Gazprom's export unit, told Reuters last month, he expected the two countries to soon reach an agreement on the resumption of Turkmen gas flows. But soon after his comments Russian and Turkmen leaders failed to set a timeframe for the return of Turkmen gas supplies to Russia.



## Stratic spuds well on Jebel Nasrani prospect onshore Syria

Date : 08.10.2009

Source: Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=81198](http://www.rigzone.com/news/article.asp?a_id=81198)

Stratic Energy Corporation has commenced drilling operations at the Al Tayr-101 well on the Jebel Nasrani prospect located in Block XVII in the Palmyride Basin of southwest Syria.

The well was spudded with an AMAK rig on October 7, 2009. Stratic has a 35% percent interest in Block XVII and is operator of the block which covers an area of approximately 5050 square kilometers.

The Al Taysr-101 exploration well is targeting Triassic Kurrachine carbonates, which are the main gas bearing reservoirs in the gas fields to the north of this area. The well is estimated to take 80 days to drill to a total depth of approximately 3000 meters. The Jebel Nasrani prospect is one of eight prospects that have been identified in Block XVII from a seismic work program that included the acquisition of 1105 kilometers of new seismic data and the reprocessing of approximately 1500 kilometers of legacy seismic data.

Dr. Mark Bilsland, Chief Operating Officer, commented, "We are looking forward to the results of this exploration well which is designed to test the full sequence of the Kurrachine reservoirs at the Jebel Nasrani prospect. If successful, there is additional follow on potential in the 7 other mapped prospects at Kurrachine level."



## IEA increases oil demand forecast

Date : 10.10.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-189475-iea-increases-oil-demand-forecast.html>

World oil demand will recover at a faster pace than previously expected for the rest of this year and next as the economy picks up, the International Energy Agency (IEA) said on Friday.

In a monthly report, the agency, which advises 28 industrialized economies, increased its global oil demand growth estimate for 2010 to 1.42 million barrels per day (bpd), up 150,000 bpd from its previous projection.

The IEA joins the US government's Energy Information Administration (EIA) in raising oil demand forecasts this week amid signs the economic climate is improving. Expectations of recovery have helped drive oil prices to above \$71 a barrel, up 60 percent this year. "Demand is nudging higher," David Fyfe, head of the IEA's Oil Industry and Markets Division told. "On the assumption that we are not in a double-dip situation economically speaking, we would still expect a pick-up in demand next year."

World demand is expected to average 86.05 million bpd next year, the IEA said, partly reflecting brighter economic projections from the IMF. Oil use in 2009 is forecast to average 84.63 million bpd. The IEA also bumped up estimates for the rest of 2009, saying demand in the fourth quarter would average 85.2 million bpd, 530,000 bpd more than expected last month.

❖ EMRA Board Resolution on BOTAS Capacity Reservations

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/mevzuat/kurul/dogalgaz/2258/2258.doc>

❖ OPEC Oil Bulletin (Aug - Sep 2009)

Source : Organization of the Petroleum Exporting Countries

Weblink : [http://www.opec.org/library/OPEC%20Bulletin/2009/pdf/OB08\\_092009.pdf](http://www.opec.org/library/OPEC%20Bulletin/2009/pdf/OB08_092009.pdf)