PETFORM OIL & GAS BULLETIN

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Turkey sacks head of BOTAS company

Date : 14.10.2009
Source: Reuters
http://in.reuters.com/article/oilRpt/idINLE19755020091014?sp=true

The Turkish government has sacked the head of pipeline operator BOTAS, a partner in the $11,8 billion Nabucco natural gas pipeline project, according to the Official Gazette on Wednesday.

The state-run newspaper did not provide a reason for Saltuk Düzyol’s dismissal, but a BOTAS source said that Turkey and BOTAS’ commitments were firm to the 31 billion cubic metre pipeline, conceived to ease Europe’s dependence on Russian gas.

“The removal of the Botas general manager will in no way impact Turkey’s stance concerning Nabucco,” a source at BOTAS said on condition his name not be used. *“Turkey considers Nabucco a major project in the field of energy. Turkey is determined to fulfil all commitments it has undertaken with the July 13 accord,”* the source said.

Düzyol became general manager and chairman at BOTAS in December 2007 after serving as deputy chairman from 2004. He served through a rocky period in the Nabucco project when Turkey was demanding 15 percent of the line’s throughput for domestic use or re-export, which caused major rifts among the Nabucco consortium members. The demand was subsequently dropped.

Analysts said his dismissal reflected splits over domestic policy. *“He was not in line with the administration’s policies. Regarding certain issues, he was a setback for the ministry,”* said independent energy analyst Haluk Direskeneli. *“He wanted to keep BOTAS a powerful player in the (domestic) market and he was against the administration’s policy of unbundling of BOTAS and selling contracts to private gas companies,”* he added.

BOTAS, which imports almost all of Turkey’s natural gas from Russia, Iran and Azerbaijan and most of its oil, has struggled to recoup some 10 billion lira ($6,9 billion) it is owed, almost all from state-owned power plants.

Iraqi Kurds stop oil exports in dispute with Baghdad

Date : 14.10.2009

Source: Hürriyet Daily News (AFP)

http://www.hurriyetdailynews.com/n.php?n=iraqi-kurds-stop-oil-exports-in-dispute-with-baghdad-2009-10-14

The Baghdad government and the regional government in Northern Iraq find themselves in a new row over the oil revenues as Kurds say they are halting oil exports due to a payment disagreement with the central government.

The foreign firms operating in the region have not been paid for their exports because the oil revenues go directly to Baghdad, a senior Kurdish official says. *"Oil exports from Northern Iraq have been stopped until an agreement is reached with the Iraqi oil ministry for mechanisms to pay the dues of the oil companies working in the region,"* Ashti al-Hawrami, Natural Resources Minister of the region, told AFP.

Hawrami said in a letter posted on the regional government's website that Norway's DNO and Turkey's Genel Enerji had not been paid for their exports because the oil sale revenues went directly to Baghdad. The oil ministry in Baghdad, however, said that as it had not approved the contracts with the firms operating in Northern Iraq, it would only give the Kurdish region its allotted share of central government revenues.

"The Iraqi government and the ministry did not sign any contracts with these companies and have not seen the details of the contracts agreed by the region," said a senior ministry source, speaking on condition of anonymity. *"The agreement with the region is for the proceeds of oil exported from Northern Iraq to be deposited in the central government budget, and the region gets its share of the central budget"* he added.

Around 17 percent of federal spending is allotted to the Kurdish region. Ministry spokesman Assem Jihad said the ministry's responsibility was to *"export Iraqi oil ... and then deposit the revenues with the central government."*

Baghdad has repeatedly said it is opposed to the Kurds signing their own contracts, a position which Kurdish officials have largely disregarded by signing dozens of agreements with foreign firms. However, the central government in May gave its approval for the regional government to begin exporting oil extracted by the companies, which had signed deals with Arbil, the region's capital.

Iraq and Turkey set for gas deal

Date : 15.10.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article195872.ece

Turkey's Prime Minister Recep Tayyip Erdogan and a government delegation are set to meet Iraq's Prime Minister Nuri al-Maliki and other government officials in Baghdad later today, a Reuters report said.

Turkish officials said the two countries also planned to sign deals extending an agreement over an Iraq-Turkey oil pipeline as well as an accord to complete new power lines and boost the capacity of existing cross-border lines.

It was not immediately clear whether the gas intended for export to Europe would pass through the planned €7.9 billion ($11.7 billion) Nabucco pipeline project, which has been conceived to cut Europe's dependence on Russian gas. Maliki has said that Iraq could supply some 15 billion cubic metres of gas through the Nabucco.

DOF secures inspection contract for Blue Stream pipelines

Date : 12.10.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=81299

DOF ASA's subsidiary DOF Subsea Norway has been awarded a pipeline inspection contract by Blue Stream Pipeline Company BV to execute two external pipeline inspection campaigns of the Blue Stream Pipelines located in the Black Sea.

The work will be carried out onboard the company's vessel Geosund and will utilise its Ultra Heavy Duty Schilling work ROV. The project will be split into two stages, the first of which will commence during the first quarter of 2010 and will last for approximately 1-2 months. The second stage will be completed during 2012.

DOF Subsea Norway's General Manager, Duncan MacPherson, said, *"This is a strategic win for our team and allows us to demonstrate our project delivery capability to a new client on an exciting project in a challenging geographic location."*

Russia resumes flow to Europe

Date : 15.10.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article195855.ece

Russia resumed oil supplies to Europe via the Druzhba pipeline late yesterday after a halt from a power outage in Ukraine, Russia's pipeline monopoly Transneft said. *"We restored crude shipments on Wednesday at 2200 (1800 GMT),"* Transneft spokesman Igor Dyomin told Reuters.

A power outage in western Ukraine halted supplies of Russian oil to Europe via the southern spur of the Druzhba pipeline early yesterday, Reuters reported.

Iraq signs oil security pact with Britain

Date : 14.10.2009
Source: Oil & Gas Journal (Eric Watkins)
http://www.ogj.com/index/article-display/7834156911/articles/oil-gas-journal/general-interest-2/2009/10/iraq-signs_oil_security.html

Iraq's parliament signed an agreement allowing as many as 100 British Royal Navy Trainers to return for up to a year to help Iraq protect its vital southern oil export terminals.

"The parliament passed the Iraqi-British security pact," said Abbas al-Bayati, a member of parliament's security and defense committee. Without explanation, he said a bloc of politicians withdrew from the vote. The British security pact failed to pass during parliamentary sessions in July because of opposition from some politicians, particularly those loyal to Shia cleric Moqtada al-Sadr, who reject any foreign troop presence in Iraq. In August, Iraq's South Oil Co. let a project management contract to AOC Holdings subsidiary Japan Oil Engineering (JOE) for front-end engineering and design to restore and upgrade southern Iraq's Fao export oil terminal.

Under the contract valued at ¥3 billion, JOE and Yachiyo Engineering Co. will help South Oil Co. design pipelines to connect a land-based oil storage facility with two sea-based shipping terminals 50 km off Basra in the Persian Gulf. Most of Iraq's 2 million b/d of oil exports are shipped through the two oil terminals off Basra, where Iraq also faces problems with oil smugglers, border disputes with Iran, and a host of other security issues.

Genel Energy and Heritage Oil working on merger

Date : 12.10.2009

Source: Hürriyet Daily News (Bloomberg)

http://www.hurriyetdailynews.com/n.php?n=heritage-genel-working-on-merger-2009-10-12

Heritage Oil and Genel Energy International are still working on a merger after the plan was delayed amid an investigation by U.K. regulators, Genel's General Manager Orhan Duran said.

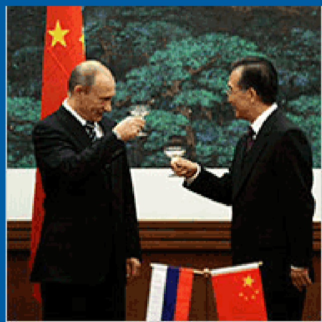
The companies, which would form the biggest oil producer in northern Iraq after their merger, haven't set a new target date, Duran said. Heritage announced the merger plan in June and said it would be completed by the end of September. The delay hasn't affected operations, he added.

Heritage said on Aug. 28 that the Financial Services Authority is carrying out a probe that may prevent some of Genel's managers from taking roles in the merged company. Duran declined to comment on the investigation or say why the merger has been delayed.

Genel expects to have the capacity to produce 60,000 barrels of oil a day from the Taq-Taq field in northern Iraq by the end of this year, and is 'moving ahead faster' with plans to build a refinery there, after delays caused by the global economic crisis, Duran said. The refinery would have an initial capacity of 40,000 barrels a day. Duran also said that Genel and Heritage are working on plans to extend the Kirkuk pipeline, the main export route for northern Iraqi crude, to Taq Taq. They're currently carrying the oil about 115 kilometers (70 miles) by truck. Taq Taq may eventually produce 180,000 barrels a day, Duran said.

Details of who would build and own the pipeline extension won't be resolved until Iraq passes a new oil law, Duran said. The legislation, which would establish how oil revenue is shared between the central government and provincial administrations including that of the Iraqi Kurds, has been held up in the Baghdad parliament as the country prepares for January elections.

"That should be the first issue for any Iraqi government," Duran said. *"It's important to attract investment. There are a lot of companies interested, but they're skeptical so long as there's no legal framework."* The legal vacuum means that Genel, which started exports from Taq Taq in June, hasn't yet been paid, Duran said. Duran declined to comment on Genel's acquisition of shares in Norway's DNO International, conducted via the Kurdish administration.



Gazprom strikes preliminary gas deal with China

Date : 13.10.2009

Source: The New York Times

http://www.nytimes.com/aponline/2009/10/13/business/AP-AS-China-Russia.html?_r=1

China and Russia signed a framework agreement Tuesday that could see a steady flow of natural gas to energy-hungry China from its resource-rich neighbor.

The deal between Russia's state-run natural gas monopoly Gazprom and China National Petroleum Corp. calls for the supply of about 70 billion cubic meters of gas a year, but a price had not been set and no contract signed, said Gazprom's chief executive Alexei Miller. Chinese media reports have said the agreement was expected to be a gas-for-loans deal similar to a $25 billion oil-for-loans deal completed earlier this year.

The gas framework agreement was formally signed in the presence of Putin and Chinese Premier Wen Jiabao. Putin said Russian-Chinese cooperation was one of the most important elements to ensure global stability. *"Our consolidated view on certain issues, our ability to coordinate our stance on key international developments often help calm the situation and play a stabilizing role,"* he earlier told a group of Chinese reporters.

Miller said the gas contract will include a price formula based on Gazprom's experience in gas exports and principles of international trade. *"Gazprom will independently build gas transportation facilities on the Russian territory,"* he said when asked if China could invest in building gas pipelines. He added Gazprom may welcome Chinese investments in building gas-processing facilities. He also said an agreement was possible on supplying liquefied natural gas to China from Sakhalin Island in Russia's far east but did not elaborate. *"We also have agreed to conduct talks on possible deliveries of LNG to China. We are looking into the possibility of starting LNG supplies to China already next year."*

Miller said the gas agreement envisages two possible routes for supplying China -- one from fields in western Siberia and another from fields in eastern Siberia and Sakhalin. The western route can be put in place 'very quickly' as Gazprom has ready-to-tap gas fields and all the necessary infrastructure there, Miller said.

The eastern route would require the creation of gas-processing facilities since the gas in the region contains precious chemicals that need to be extracted first, he said. That would require further negotiations on jointly creating the facilities and selling those products in other markets.

Turkmen leader culls energy officials

Date : 13.10.2009
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=turkmen-leader-culls-energy-officials-2009-10-13

Turkmenistan's president fired almost all the country's top oil and gas officials, accusing them of waste and inefficiency in extracting the Central Asian nation's large oil and natural gas resources.

Revelations about trouble in the former Soviet state's energy sector could reawaken concerns about Turkmenistan's ability to meet all its ambitious export targets. President Gurbanguli Berdymukhamedov said operations in the oil and gas sector, which accounts for most of the country's economy, were being poorly carried out.

"As a result of the irresponsible attitude toward their work shown by some industry leaders, our government has not received the expected result," Berdymukhamedov told government officials in a televised meeting.

Officials dismissed in the industry shake-up included Mineral Resources Minister Annaguly Deryayev; head of state gas company Turkmengaz, Dovlet Mommayev; and state oil company chairman Orazdurdy Khadzhimuradov. All were expected to address international investors at an oil and gas conference in the Turkmen capital, Ashgabat, next month.

The large-scale reshuffle is reminiscent of Berdymukhamedov's eccentric predecessor, who routinely dismissed high-level officials while subjecting them to humiliating televised scoldings. Berdymukhamedov reserved particularly sharp criticism for the fall in oil production and the failure to extend the gas network to several residential areas across the country.

"Instead of oil production going up, it is in constant decline," he said. *"Foreign companies that work in our country under the same conditions, but that use modern technology and equipment, operate twice as efficiently as (state oil company) Turkmenneft."*

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 Soviet collapse in 1991. But Berdymukhamedov has carefully opened up to courtship by the West and China since he came to power after the death of longtime autocratic leader Saparmurat Niyazov in December 2006.

Crude oil jumps above $75 a barrel

Date : 14.10.2009
Source: Hürriyet Daily News (Bloomberg)
http://www.hurriyetdailynews.com/n.php?n=crude-oil-jumps-above-75-a-barrel-2009-10-14

Crude oil topped $75 a barrel in New York Mercantile Exchange (NYMEX), its highest price in a year, on growing confidence that the global economic recovery is taking shape.

Oil climbed for a fifth day as the dollar declined and equities advanced around the world. Crude imports by China, the fastest-growing energy user, were 15 percent higher in September than a year ago, data showed Wednesday. OPEC raised its 2010 global demand forecast Tuesday on expansion in emerging economies.

"People are now getting a semblance that the recovery they've been talking about is actually taking place," said Amrita Sen, an analyst with Barclays Capital in London. *"It's very much a demand-led rally. China's crude imports have been very strong, and it's positive on a macro level as well."* Crude oil for November delivery rose as much as $1, or 1.4 percent, to $75.15 a barrel in electronic trading on the NYMEX. That's the highest since Oct. 21, 2008. The contract traded at $74.71 on Wednesday.

Futures have gained 68 percent this year as the dollar's decline bolsters the investment appeal of commodities including crude and gold, which hit a record for a second day. The U.S. currency touched $1.4905 per euro, the weakest since August 2008. Gold for immediate delivery gained as much as 0.6 percent to $1,070.90 an ounce.

OPEC sees 2010 oil demand up almost 1 percent

Date : 13.10.2009
Source: Business Week (Tarek El-Tablawy)
http://www.businessweek.com/ap/financialnews/D9BA6Q9O2.htm

A rebounding global economy spurred on mainly by China and other developing nations is expected to boost world oil demand by slightly under 1 percent next year, OPEC said while cautioning that the pace of recovery remains far from certain.

In its October Monthly Oil Market Report, the 12-nation group that supplies over 35 percent of the world's crude said demand was expected to grow by a daily 700,000 barrels to average 84,9 million barrels per day. That represents a 200,000 barrel per day upward revision from the OPEC's September report.

"Given the recent improvement in the economic performance of OECD and China, oil demand is expected to be better than earlier forecast," OPEC said, referring to the Organization for Economic Cooperation and Development, a rich nations club. It added, however, that the economic recovery in 2010 will be 'slow and weak.'

"The bulk of the growth in next year's oil demand will take place in non-OECD, mainly China, the Middle East, India and Latin America." The report offers the latest hint of a silver lining in a market that spent much of the second half of last year on a steep downhill from crude's record peak of over the $147 per barrel reached in July 2008. The projections echo a report last week by the International Energy Agency, the Paris-based adviser to oil-consuming countries, which said global crude demand would reach 86,1 million barrels a day in 2010, up 1,7 percent from this year.

The growth is welcome news for OPEC, whose member states have seen their revenues take a pounding as the price of crude - their chief export - fell in tandem with the deepening of the world's worst recession in over six decades. Buoyed by a series of output cuts OPEC implemented through December and aimed at cutting its output by 4,2 million barrels per day from September 2008 levels, crude has climbed steadily since the start of this year.

Oil has hovered around the $70 per barrel mark for months, even as the producer bloc has refrained from instituting new production cuts during its last two meetings. The focus, instead, has been on enforcing quota compliance and avoiding jarring the market and, by extension, the global economic recovery.

But OPEC has also been grappling with overproduction by some of its members, as well as rising production from non-OPEC member Russia, which is expected to average output of roughly 9,89 million barrels per day in 2009. The report cited Nigeria and Angola as two of the main OPEC members behind the 43,000 barrel per day increase in the bloc's oil production in September -- the same month the group decided to again hold quotas steady and focus more on compliance.

Demand for OPEC crude next year is projected to average 28,4 million barrels per day, an upward revision of 300,000 barrels per day from the September forecast. That level, however, is still about 200,000 barrels a day lower than 2009 demand. The drop is linked to continuing declining demand in the first half of 2010, the report said.

OPEC revised up its forecast for world oil demand this year by 200,000 barrels per day, to show a decline of 1,4 million barrels per day. *“The risks to the forecast are seen on the upside,”* it said. *“Should the U.S. continue to show healthier oil demand levels, then world oil demand could increase by another 200,000 barrels per day before year’s end.”*

Non-OPEC oil supply to increase by 410,000 barrels per day this year -- an upward revision from earlier estimates based on growing supply from the U.S., Russia and the Caspian region. In 2010, non-OPEC supply is seen growing by 350,000 barrels per day, reflecting a minor 13,000 barrel per day downward revision from the previous month’s forecast, the report said.

Eni wins license for giant Iraqi oil field in first round

Date : 13.10.2009
Source: Rigzone
http://www.rigzone.com/news/article.asp?a_id=81360

An Eni-led consortium, consisting of the US Occidental Petroleum Corporation and Korea Gaz Corporation, has been awarded the license for the development of the Zubair giant field in Iraq, following a successful first round bid.

The Zubair field, one of the largest Iraqi oil fields, currently produces 195,000 barrels of oil per day. In the next seven years, under the field’s expansion program, production is expected to reach a plateau level of 1,125 million barrels of oil per day.

Moreover, the project includes the drilling of more than 200 wells, the construction of treatment facilities and the required collection network, as well as the refurbishment of the existing plants. The service contract will last 20 years and can be extended to 25. It also includes the participation of Iraqi State Company, Southern Oil, with a 25% share.

The award of the explorative licence for the Zubair field strengthens the long-term collaboration between Eni and Iraq, which dates back to the 1970s, and will allow Eni to further grow its production and reserves. Eni’s participation in the consortium, consisting of the US Occidental Petroleum Corporation and Korea Gaz Corporation, is 40% with possible minor adjustments in the next days.

PETFORM ANNOUNCEMENTS & REPORTS

❖ Draft Regulation Regarding to Amendment in the Natural Gas Market License Regulation

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/duyuru/dogalgaz/acil/dply/lisanyon.doc

❖ OPEC Monthly Oil Market Report (Oct 2009)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR102009.pdf

❖ IEA Scoreboard 2009 – 35 Key Energy Trends over 35 Years

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=372

❖ Implementing Energy Efficiency Policies: Are IEA Member Countries on Track?

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=368