



## Natural gas prices to be revised after Azerbaijani adjustment

Date : 05.11.2009

Source: Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/news-192021-natural-gas-prices-to-be-revised-after-azerbaijani-adjustment.html>

The Turkish Pipeline Corporation (BOTAS), in accordance with the Treasury's estimates, will revise natural gas prices for 2010 due to cost pressures from Azerbaijan and Iran.

BOTAS revealed that needs to re-determine natural gas prices due to an increase in payments made to both Iran and Azerbaijan. The previous estimate of pricing for 2010 revealed a price hike of nearly 50 percent for the new year in line with the increase in crude oil prices and the exchange rate. The revision notes, however, that due to the price adjustment for natural gas from Azerbaijan, pricing needs to be reconsidered.

Energy and Natural Resources Minister Taner Yildiz, at the 11th International Energy Arena organized by the Strategic Technical Economic Research Center (STEAM), explained that the price difference paid for Azerbaijani natural gas was part of an April 2008 revision requested by Azerbaijan to the original agreement signed by both parties. He noted that this revision required Turkey to pay a price difference for natural gas bought after August 2007 and also noted that this difference will be paid from BOTAS' own budget.

Alongside this, \$704 million was paid to Iran for unbought gas in 2008 due to decreased demand stemming from price hikes which reached 75 percent. In the case that natural gas consumption does not increase this year, BOTAS expects to pay an additional \$2 billion for unbought natural gas.

Yildiz noted that these new payments will be reflected in higher per-unit natural gas prices. Moreover, he stated that these increased payments will also be a significant cost pressure regarding the Treasury's goal of achieving a surplus in the new year.



## Putin warns EU of possible gas disruption over row with Ukraine

Date : 03.11.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/news-191809-putin-warns-eu-of-possible-gas-disruption-over-row-with-ukraine.html>

Russia has warned EU president Sweden of possible disruption to natural gas supplies to European consumers because of problems with main transit nation Ukraine over energy payments.

“Swedish Prime Minister Fredrik Reinfeldt, representing the Swedish Presidency, spoke on the telephone with Russian Prime Minister Vladimir Putin this evening about the fact that Ukraine risks not being able to meet its payment commitments to the company Gazprom,” EU president Sweden said late on Sunday. “Prime Minister Reinfeldt stated that both the Swedish and the Czech Presidency had followed this issue closely and that we will continue to do so.”

Quoting Putin's press service, Russia's Interfax news agency said during the telephone talk that “Putin drew the attention of the EU leadership to signals, including those received via official channels from Kiev, of possible problems with payments for Russian gas supplies.” “As Putin stressed, as a result of all this, ‘problems with Russian gas transits across Ukraine's territory aimed for European consumers could arise’.”



## Ukraine vows to pay for Russian gas on time

Date : 05.11.2009

Source: Rigzone (Xinhua News Agency)

[http://www.rigzone.com/news/article.asp?a\\_id=82155](http://www.rigzone.com/news/article.asp?a_id=82155)

Naftogaz will pay for Russian gas on time, Energy Minister Yuri Prodan said. Russia recently warned of new gas crisis with Ukraine and urged the European Union to lend Kiev money.

“Of course we will be paying on time. At the moment Naftogaz is putting together the resources to pay up for gas by the deadlines foreseen in the contract,” Prodan told a news conference. He said the October bill, which must be settled by Nov. 7, amounted to 460 million U.S. dollars and that Naftogaz had various financial resources including “its domestic activities and also domestic bonds” that could be sold to the central bank.



## Eni signs initial pact to develop Iraq's Zubair Field

Date : 02.11.2009

Source: Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=82000&hmpn=1](http://www.rigzone.com/news/article.asp?a_id=82000&hmpn=1)

A consortium led by Italian energy giant Eni signed an initial 20-year agreement with Iraq to develop the giant Zubair oil field in southern Iraq, an Iraqi oil ministry official said.

The agreement, which was signed in the oil ministry in Baghdad, will be sent to the Iraqi Council of Ministers for approval before being a final deal that can be signed, the official told. Under the terms of the deal, Eni and its partners Occidental Petroleum and Korea Gas Corp. will be paid \$2 for each extra barrel of oil it extracts on top of current production at the field, but will be liable for a 35% tax on its profits.

Eni has said the development of the field would require investments of about \$10 billion in the first six years to raise output from the field to 1,125 million barrels a day from 195,000 barrels of oil a day now. However, Iraq's Oil Minister Hussein al-Shahristani, who was present at the signing, said Monday the field, in total and along the duration of the contract, would require an investment of \$20 billion.

According to the contract, Eni and its partners would pay the ministry \$300 million as a refundable five-year loan instead of paying a signature bonus. The initial agreement was signed by representatives from Eni, Occidental Petroleum and Kogas and by Abdul Mahdy al-Ameedi, the deputy head of the Iraqi oil ministry's Petroleum Contracts and Licensing Directorate.

Shahristani also said three consortia had accepted the ministry's fee of \$1.90 a barrel to develop the giant West Qurna-1 oilfield which was not awarded in the first auction held in Baghdad last June. Already, competition is hotting up for rights to develop West Qurna-1 after three consortia out of four original bidders submitted revised offers for the giant field in southern Iraq, Shahristani said.

Of the original four separate consortia led by Russia's oil giant Lukoil and ExxonMobil of the U.S. have submitted revised offers. But it is not clear whether the third offer comes from the consortia led by France's Total or China's CNPC.

"We will announce some more details [about West Qurna-1] in few days", the minister said. Iraq is also negotiating Nassiriyah oil field with a Japanese consortium led by Nippon Corp. We are finalizing [contract] details with Nippon, he added. Iraq is also planning to auction 10 groups of oil and gas field on Dec. 11 and 12 this year.



## ExxonMobil and Shell sign initial pact for West Qurna-1 Field

Date : 05.11.2009

Source: Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=82149&hmpn=1](http://www.rigzone.com/news/article.asp?a_id=82149&hmpn=1)

A consortium led by U.S. oil major ExxonMobil and Royal Dutch Shell signed an initial 20-year agreement with Iraq to develop the West Qurna-1 oil field, an Iraqi oil official said.

The Exxon-Shell team beat two rival consortia to win the license, one led by Russia's Lukoil, the other led by China National Petroleum Corp. (CNPC). The initial agreement signed Thursday will be sent to the Iraqi Council of Ministers for approval before being finalized, the official said.

West Qurna-1, with estimated proven oil reserves of 8,6 billion barrels, was one of eight oil and gas fields that was put up for auction in June this year. At the time, only one license was awarded. That was for Rumaila, Iraq's largest producing oil field.



## Bulgaria to give Nabucco Pipeline priority over South Stream

Date : 02.11.2009

Source: Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=81996](http://www.rigzone.com/news/article.asp?a_id=81996)

Bulgaria will give priority to the European Union's Nabucco gas pipeline project over Moscow's rival plan in order to diversify sources and reduce dependency on Russia, Foreign Minister Rumjana Zheleva said at an energy conference in Sofia.

Zheleva stressed that Bulgaria, an EU member since 2007, currently acquires virtually all of its gas from Russia. A row between Russia and Ukraine last winter forced a part of Bulgaria's industry to shut down and has left many households without heating.

Bulgaria's conservative Prime Minister Boyko Borisov, who took over after elections in July, had said earlier that Bulgaria would remain partnered with Russia in pipeline projects. Apart from South Stream, Sofia agreed with Moscow to build a pipeline to transport Russian gas between the Bulgarian Black Sea port Burgas with the terminal in Alexandroupolis, in northeastern Greece.



## EU carbon tax on Commission's agenda early next year

Date : 04.11.2009

Source: EurActiv

<http://www.euractiv.com/en/climate-change/eu-carbon-tax-new-commission-agenda-early-year/article-187029>

The new European Commission will start work at the beginning of next year on a revision of EU energy taxation, designed to introduce CO<sub>2</sub> as a fiscal element, a high-ranking EU official said.

Proposing a revision of the 2003 Energy Taxation Directive will be on the agenda of the new Commission, Thomas Carroll, head of unit at the Commission's directorate-general for taxation and the customs union, told a roundtable organised by the Association of Chartered Certified Accountants (ACCA).

The outgoing Commission had hoped to see the proposal adopted already, but it became clear that member states had no appetite for controversial tax proposals when ratifying the Lisbon Treaty was the highest priority. "We were told that anything that might jeopardise the right results should be kept back," Carroll said.

The revised directive will seek to bring current energy taxation in line with the EU's climate objectives by obliging member states to levy a CO<sub>2</sub> tax on heating and motor fuels that do not feature in carbon trading, a draft shows. In addition, it seeks to iron out any overlaps with the EU's emissions trading scheme to avoid double-charging industries.

But Carroll stressed that EU countries would be free to choose a higher level of taxation than the minimum set by the EU. "We are simply trying to create a level playing field and provide the tools in a Community framework," he said. Carroll said that the Commission was currently working on the assumption that the carbon-related component would not increase the total level of energy taxation. Rather, the draft simply recasts the minimum tax rates for two components, one based on CO<sub>2</sub> and the other on energy content.

"At the moment, this is just a working hypothesis," Carroll said. "Whether that will be the position of the new Commission, I don't know." The official pointed out that the EU executive had wanted to avoid creating headlines in member states accusing the EU of being about to impose yet another new tax on citizens. But the European Environmental Bureau (EEB) criticised the low rates, saying that they would not have the desired effect of persuading consumers to switch to more energy-efficient fuels. The Commission estimates that a carbon price of €39 per tonne of CO<sub>2</sub> will be necessary to reach the EU's binding 2020 emission reduction target.

Catherine Pearce, a policy officer at the EEB, stressed that taxation is still a 'dirty word' for consumers and companies and appropriately informing them about any changes to the current framework will be crucial. "How such a measure is communicated is key, and I think it's where many member states have failed in the past," she said.

The EU executive has a bad track record of getting tax proposals through as member states refuse to relinquish their exclusive competency in the area. Carroll noted that although a previous proposal to tax CO2 emissions from cars failed in 2005, many member states had put in place similar national schemes since then.

"The message got through. Unfortunately it's been done in an uncoordinated manner," the EU official said. He added that even within the Commission, it is difficult to get a taxation proposal out as commissioners from the less prosperous new member states are always looking at the impact of taxes on their societies.



## OPEC oil output falls in October

Date : 30.10.2009

Source: Reuters

<http://www.reuters.com/article/GCA-Oil/idUSTRE5A11MK20091102>

The Organization of the Petroleum Exporting Countries (OPEC) oil supply fell in October, the first decline since April, due to lower output from Saudi Arabia, Iraq and Nigeria, a Reuters survey showed on Monday.

Supply from the 11 members of the organization bound by output targets fell to 26,38 million barrels per day (bpd) from 26,40 million bpd in September, according to the survey of oil firms, OPEC officials and analysts. Oil prices extended an earlier gain after the survey was released. U.S. crude was up 99 cents at \$77,99. OPEC has agreed to reduce supply by a total of 4,2 million bpd since September 2008.

Supply was 1,54 million bpd higher in October than the implied target for the OPEC 11 of 24,84 million bpd, meaning the group lowered output by 2,66 million bpd of the promised curbs. That gave a 63 percent compliance rate, unchanged from September. Iraqi output slipped because of a one-week shutdown of Iraq's pipeline to Turkey.



## Eni ties up Kazakhstan deal

Date : 06.11.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article198188.ece>

Italian Eni has signed a cooperation agreement with Kazakhstan's state oil company KazMunayGas on exploration and production activities. Under the agreement, Eni and KazMunayGas will jointly study the Isatay and Shagala exploration areas located in the Caspian Sea, said Eni.

The agreement also includes the optimisation of gas usage in Kazakhstan and a number of industrial initiatives including a gas sweetening plant, a gas turbine power plant, a drydock shipyard and the upgrading of the Pavlodar refinery.

The agreement follows a preliminary Memorandum of Understanding signed in July 2009. Eni said it expects to further strengthen its presence in Kazakhstan, where it is co-operator in the Karachaganak field and equity partner in the Kashagan field.



## Romania to launch international auction to lease 30 oil fields

Date : 02.11.2009

Source: Rigzone (Dow Jones Newswires)

[http://www.rigzone.com/news/article.asp?a\\_id=82035](http://www.rigzone.com/news/article.asp?a_id=82035)

Romania's mineral resources agency ANRM will launch in December an international auction to lease 30 oil fields, news agency Mediafax reports, citing ANRM's President Alexandru Patrauti.

The oil fields stretch over a surface of nearly 30,000 square meters, Patrauti said Monday. He added that the bid announcement will be published in the EU's Official Journal mid-December, but he didn't say when the auction will take place. According to ANRM data, 12 of the 30 fields are located near Romania's border with Hungary.

The remaining 18 fields are in the Black Sea, within the 9,700 square meters area Romania won after a protracted battle with neighbor Ukraine that was settled by the International Court of Justice in the Hague.

❖ PETDER Sector Report (Jan – Sep 09)

Source : Turkish Petroleum Industry Association

Weblink : [http://www.petder.org.tr/admin/my\\_documents/my\\_files/B7A\\_PETDERSectorRaporu2009Q3.pdf](http://www.petder.org.tr/admin/my_documents/my_files/B7A_PETDERSectorRaporu2009Q3.pdf)