Council of State stalls Turkey's nuclear power plans

Date : 10.11.2009
Source: Reuters
http://uk.reuters.com/article/idUKLA64918720091110

The Council of State has stalled the government's plans to build its first nuclear power plant by ruling as invalid several parts of a tender for the project, the industrial body said on Tuesday.

Russia's Inter RAO and Atomstroiexport and Turkey's Park Teknik won the tender last year to construct and operate the plant, but the consortium has been in protracted negotiations with the government over electricity pricing. "*The Council of State has decided to suspend three articles in the tender process,*" said Mehmet Soganci, chairman of the Union of Chambers of Turkish Engineers and Architects (TMMOB).

The tender process, in which the Russian consortium was the only bidder, had been criticised for lack of transparency. Soganci said the Council of State, the country's highest court on matters of state policy, had found the tender invalid. It was unclear what the next step would be, or whether the government or consortium would appeal against the ruling.

Turkey's Energy Minister Taner Yildiz said it was premature to say whether the tender would be cancelled. "*We are still looking into it from a legal point of view,*" Yildiz told reporters. The Russian consortium could try to sweeten the deal to persuade the Turkish government to overcome the court's objections, said energy analyst Haluk Direskeneli. "*The decision will help the government gain some benefits in negotiations, whether those will be in the form of oil or power prices,*" said Direskeneli.

Turkey and Russia have greatly strengthened their cooperation in energy. The site for the plant is near the town of Akkuyu in the eastern Mediterranean. Turkey aims to build at least two more plants, with potential sites near the city of Sinop on the Black Sea, as it seeks to cover a looming electricity shortage and cut dependence on imported fuel. The government wants nuclear energy to meet 20 percent of Turkey's power needs within 20 years.

BOTAS doubles expected profits

Date : 09.11.2009
Source: Today's Zaman (Ismail Altunsoy)
http://www.todayszaman.com/tz-web/news-192385-botas-doubles-expected-profits.html

A 75 percent increase in natural gas prices this year has led the Turkish Pipeline Corporation (BOTAS) to post profits more than double those expected this year. Already surpassing its 2009 earnings goal of TL 1,4 billion, BOTAS posted more than TL 3 billion in profits in the first 10 months of the year.

The company, which was struggling to pay for natural gas bought from Russia and Iran while repaying its debt to banks, was able to overcome its budgetary problems. The slow reflection of falling petroleum prices in BOTAS prices and the abnormally high 75 percent increase in natural gas prices this year led to the unexpectedly high profit levels.

BOTAS was also able to make tax payments on time and is expected to pay off its past outstanding tax debt. According to information from BOTAS and the Treasury, the company's profit level for 2010 is expected to be TL 3,5 billion, with a 40 to 50 percent hike in natural gas prices planned. This hike, however, is expected to be adjusted based on a price revision in the natural gas agreement with Azerbaijan.

Key oil figures were distorted by US pressure, says whistleblower

Date : 09.11.2009
Source: The Guardian
http://www.guardian.co.uk/environment/2009/nov/09/peak-oil-international-energy-agency

According to a whistleblower at the International Energy Agency (IEA) who claims it has been deliberately underplaying a looming shortage for fear of triggering panic buying.

The senior official claims the US has played an influential role in encouraging the watchdog to underplay the rate of decline from existing oil fields while overplaying the chances of finding new reserves. The allegations raise serious questions about the accuracy of the organisation's latest World Energy Outlook on oil demand and supply to be published tomorrow – which is used by the British and many other governments to help guide their wider energy and climate change policies.

In particular they question the prediction in the last World Economic Outlook, believed to be repeated again this year, that oil production can be raised from its current level of 83m barrels a day to 105m barrels. External critics have frequently argued that this cannot be substantiated by firm evidence and say the world has already passed its peak in oil production.

Now the 'peak oil' theory is gaining support at the heart of the global energy establishment. *"The IEA in 2005 was predicting oil supplies could rise as high as 120m barrels a day by 2030 although it was forced to reduce this gradually to 116m and then 105m last year,"* said the IEA source, who was unwilling to be identified for fear of reprisals inside the industry. *"The 120m figure always was nonsense but even today's number is much higher than can be justified and the IEA knows this."*

"Many inside the organisation believe that maintaining oil supplies at even 90m to 95m barrels a day would be impossible but there are fears that panic could spread on the financial markets if the figures were brought down further. And the Americans fear the end of oil supremacy because it would threaten their power over access to oil resources," he added.

A second senior IEA source, who has now left but was also unwilling to give his name, said a key rule at the organisation was that it was "imperative not to anger the Americans" but the fact was that there was not as much oil in the world as had been admitted. *"We have [already] entered the 'peak oil' zone. I think that the situation is really bad,"* he added.

The IEA acknowledges the importance of its own figures, boasting on its website: *"The IEA governments and industry from all across the globe have come to rely on the World Energy Outlook to provide a consistent basis on which they can formulate policies and design business plans."* The British government, among others, always uses the IEA statistics rather than any of its own to argue that there is little threat to long-term oil supplies. The IEA said tonight that peak oil critics had often wrongly questioned the accuracy of its figures.

The IEA was established in 1974 after the oil crisis in an attempt to try to safeguard energy supplies to the west. The World Energy Outlook is produced annually under the control of the IEA's chief economist, Fatih Birol, who has defended the projections from earlier outside attack. Peak oil critics have often questioned the IEA figures. But now IEA sources who have contacted the Guardian say that Birol has increasingly been facing questions about the figures inside the organisation.

Big oil fish finds benefits in Turkey's small pond

Date : 09.11.2009
Source: Hürriyet Daily News
http://www.hurriyetdailynews.com/n.php?n=benefiting-from-being-a-big-fish-in-a-small-pond-2009-11-09

TransAtlantic Petroleum, controlled by Malone Mitchell, is bringing a little West Texas twang to the oil fields of Turkey, reported The Houston Chronicle.

TransAtlantic Petroleum, which last year acquired 27 producing wells in fields near the Iraqi and Syrian borders in southeastern Turkey, is planning to open 30 more wells next year, topping 100 by 2011. The wells currently produce 1,600 barrels a day, a trickle by Texas standards, but enough to make TransAtlantic one of Turkey's largest producers. Mitchell a few years ago bought a 60 percent stake in TransAtlantic to adapt the same strategy internationally.

"We really thought a better opportunity would be to go international and try to replicate what we did," the Houston Chronicle quoted Mitchell as saying from TransAtlantic's headquarters in Turkey. Mitchell, who serves as TransAtlantic's chairman, is betting he can bolster production from Turkey's under-drilled fields using seismic technology and other enhanced recovery techniques developed in the United States.

TransAtlantic, which trades over the counter and on the Toronto Stock Exchange, holds about 9 million acres in Turkey, Morocco and Romania, countries that aren't typically considered hot oil and natural gas plays. As a result, TransAtlantic gets a higher price for its production than it would in the states. It sells its natural gas, for example, for about $8,50 per million British thermal units, Mitchell said, compared with a U.S. spot market price of $4,595 as of Friday.

The biggest curb to new drilling in Turkey is the expense for services. Well logging, for example, costs about 16 times what it does for his private company drilling in Oklahoma, Mitchell said. *"It's a real chicken-or-egg situation,"* he said. *"Costs are high because there's not much activity, and there's not much activity because costs are high."*

That's why TransAtlantic is building its own rigs and equipment and importing them. *"That's the key to the success behind TransAtlantic,"* said Neal Dingmann with Wunderlich Securities in Houston. By bringing in his own equipment, Mitchell is keeping drilling costs down, he said. Though the company isn't making money yet, Mitchell believes his strategy will pay off in Turkey, just as it did in his home state. *"Working in Turkey to me is like working in Texas,"* he said.

BTC pipeline capacity increases by 20 percent

Date : 13.11.2009

Source: Today's Zaman

http://www.todayszaman.com/tz-web/news-192777-baku-tbilisi-ceyhan-pipeline-capacity-increases-by-20-pct.html

The capacity of the Baku-Tbilisi-Ceyhan (BTC) pipeline has been raised from 1 million barrels to 1,2 million barrels per day thanks to the investments made by BP.

Speaking in Ankara, BP Turkey President Can Suphi said the demand for crude oil is expected to increase all around the world by the end of 2010, attributing this rise to the recovery from the global financial crisis. BP has managed to increase its production by 7 percent in the third quarter of this year over the same period of last year as a result of a restructuring process in last two years, he noted.

Suphi stated that he does not see the Samsun-Ceyhan oil pipeline as a rival to the BTC. The Samsun-Ceyhan oil pipeline will reduce traffic in Bosporus, he said, adding: *"One percent of the world's oil demand is supplied by the BTC. Four percent of the world's oil demand is transferred through Turkey. So, 3 percent of total demand is being transported through the Bosporus, which is a significant amount. So I find the Samsun-Ceyhan pipeline beneficial in this regard."*

IEA: Recession lowers global energy outlook to 2030

Date : 10.11.2009

Source: Oil & Gas Journal (Marilyn Radler)

http://www.ogj.com/index/article-display/6781857051/articles/oil-gas-journal/general-interest-2/economics-markets/2009/11/iea_-recession_lowers.html

In its 2009 World Energy Outlook (WEO), the International Energy Agency (IEA) projects in its reference scenario that global energy demand will climb 40% between 2007 and 2030.

The agency says that the world's energy resources are adequate to meet this projected demand increase through 2030 and well beyond. In last year's WEO, IEA projected that worldwide energy demand would expand by 45% between then and 2030. In the current reference scenario, IEA assumes that government policies will go unchanged throughout the period.

Fossil fuels remain the dominant sources of energy worldwide, accounting for 77% of the demand increase to 2030. By far, coal will see the largest increase in demand over the forecast period, followed by gas and oil. But oil will remain the single-largest fuel in the energy mix in 2030, even though its share falls to 30% from 34% now, according to the WEO.

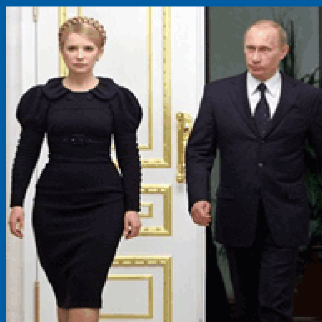
Electric power generation, set to climb at a rate of 2.5%/year over the forecast period, will drive gas and coal demand. More than 80% of this growth will take place in countries outside the Organization for Economic Cooperation and Development (OECD), according to the WEO, as additions to power generation capacity total 4,800 Gw by 2030 worldwide. The largest additions are set to occur in China.

Southeast Asia's energy demand expands by 76% between 2007 and 2030 in IEA's reference scenario. Collectively, non-OECD countries will account for more than 90% of the increase, their share of global energy demand rising to 63% from 52%. China and India represent more than 53% of incremental demand to 2030. Outside of Asia, the Middle East will see the fastest growth rate, contributing 10% to incremental demand, according to IEA projections.

The WEO identifies higher oil prices and the downturn in oil investment as serious threats to the world economy. As a result of the current financial crisis, IEA says that investment in upstream oil and gas has already been cut by more than $90 billion this year compared with 2008. While demand for oil has dropped sharply, in the agency's reference scenario oil demand starts recovering in 2010, reaching 88 million b/d in 2015, and then 105 million b/d in 2030.

Worldwide natural gas demand between 2007 and 2030 is forecast to climb by 41% in the reference case, but only by 17% in the 450 Scenario due to more efficient use, lower electricity demand, and increased switching to nonfossil energy sources. IEA expects the boom in North American unconventional gas production together with the recession's impact on demand to prolong the glut of gas supply for the next few years.

"The analysis of WEO 2009 shows that the annual underutilization of interregional pipeline and LNG capacity could rise from around 60 billion cu m in 2007 to 200 billion cu m by 2015. This glut could have far-reaching consequences for the structure of gas markets, with suppliers to Europe and Asia-Pacific coming under pressure to modify pricing terms under long-term contracts, to delink gas prices from oil prices, (to) sell more gas on a spot basis, and to cut prices to stimulate demand," IEA said.



Putin warns Ukraine over transit gas

Date : 11.11.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article198512.ece

Russian Prime Minister Vladimir Putin said Russia would reduce gas transit to Europe if Ukraine were to start syphoning off gas from transit pipelines, while Ukraine's Prime Minister reassured G8 members that the two countries had come to an agreement on new gas deals for next year.

Russia has been stepping up pressure on Kiev over gas issues in recent weeks, but this was the first time Putin has mentioned cuts to gas transit to Europe after a pricing dispute with Ukraine left the continent short of gas last January. Separately, Ukraine's Prime Minister Yulia Tymoshenko said Russia will not impose fines on Ukraine for buying less gas than it had promised at the start of the year and has agreed to the volumes to be bought next year.

"We have adjusted the volumes of gas for Ukraine and today we have Russia's solid position that there will be no fines," Tymoshenko told a meeting of ambassadors of G8 nations. She said such co-operation will allow Ukraine to guarantee both payment for Russian gas and the transit of gas to the EU.

Shell sees fall in global investment

Date : 11.11.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article198482.ece

Shell expects investments in global projects to fall to $28 billion next year from $30 to $32 billion in 2009, chief executive Peter Voser said on the sidelines of a signing ceremony for the joint venture agreement with Qatar Petroleum International.

This was due to lower prices in the market, he told Reuters. He added that demand for oil is slowly improving. *"The slow demand movement is coming back (up) in 2010. It will take some time for demand to come back up,"* he said.

Gazprom’s profits cut in half in first half of 2009

Date : 10.11.2009
Source: Today’s Zaman
http://www.todayszaman.com/tz-web/news-192475-gazproms-profits-cut-in-half-in-first-half-of-2009.html

Russian gas company Gazprom saw profit cut in half in the first six months of the year as the cost of natural gas it buys from Central Asia soared and demand plummetted in Europe.

The world’s largest producer of natural gas on Monday reported net profit of 305.8 billion rubles ($10.6 billion) for the period, down from 609.3 billion rubles, according to financial results calculated to international standards.

The state-controlled company’s total sales for the period fell slightly to 1.639 trillion rubles from 1.755 trillion, but the bottom line was hit by a 67 percent increase in the cost of gas it buys from Central Asian neighbors such as Turkmenistan. The volume of gas sales to Europe, which buys around 20 percent of gas from Gazprom, meanwhile fell 24 percent as the global financial crisis slashed demand from large industrial consumers, the company said in a statement.

Medvedev calls on Russia to break oil habit

Date : 12.11.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article198738.ece

Russian President Dmitry Medvedev renewed his demand for economic modernisation and an end to Russia’s ‘humiliating’ dependence on commodities even as rising oil prices eased the steepest contraction on record.

“We shouldn’t look for the guilty only outside the country,” Bloomberg quoted Medvedev as saying in his annual state-of-the-union address in the Kremlin today. *“We haven’t freed ourselves from the primitive structure of the economy. It’s a question of our country’s survival in the modern world.”* Medvedev warned against complacency after the price of Urals crude oil and natural gas, which account for about 30% of output and 70% of export revenue rebounded from the start of the year. *“The habit of living off exports is still hindering our innovative development,”* he said.

Medvedev and his predecessor, Prime Minister Vladimir Putin, are seeking alternative sources of growth after last year's 54% slump in oil prices pushed the economy into a 10.9% contraction in the second quarter. Both have said they aim to use the worst financial slump in a decade to overhaul infrastructure and pare back the state's role in the economy by selling stakes in companies. Output of the world's biggest energy exporter shrank 8.9% in the third quarter, the statistics office said today. The price of Urals crude has recovered about 80% since the start of the year.

IEA sees oil demand rebounding

Date : 12.11.2009

Source: Upstream Online

http://www.upstreamonline.com/live/article198522.ece

The International Energy Agency (IEA) today revised up its forecast for oil demand for both this year and next, on the back of surging demand in China and Saudi Arabia, as well higher than expected data for the US.

In its monthly Oil Market Report, the IEA forecast global oil demand to average 84.8 million barrels per day in 2009, up 1.7% year on year and 210,000 bpd higher than in its last report. In 2010 demand is expected to rise to 86.2 million bpd, up 1.6% compared to 2009 and and 140,000 bpd higher than previously expected.

"The pace of demand contraction is easing in OECD countries, while demand in non-OECD countries is exceeding expectations," the IEA said. *"This would suggest that global demand is well on track for resumed year-on-year growth in fourth quarter 2009, for the first time since second quarter 2008."* However, the agency warned that the recent price spike, if further extended, risks derailing the recovery. *"Not only that, but oil demand itself would rebound much more slowly were the price rally sustained into 2010,"* it said, adding that it estimated a downward drop of 700,000 bpd.

Crude oil prices rose to their highest levels in more than a year in October, with WTI and Brent futures up by an average of around $6 per barrel for the month, to $75.82 and $73.93, respectively. *"Growing expectations for fledgling economic recovery continued to put upward pressure on markets,"* the report said. On the supply side, the report said global oil supply in October rose by 635,000 bpd to 85.6 million bpd, with both non-Opec and Opec supplies rising month-on-month. Global production is still down 850,000 bpd from levels a year ago, with a steep fall in Opec supplies partially offset by higher non-Opec output.

CNPC to build Phase II Central Asia-China Gas Pipeline

Date : 12.11.2009
Source: Rigzone (Xinhua News Agency)
http://www.rigzone.com/news/article.asp?a_id=82367

China National Petroleum Corporation (CNPC) is conducting the preparatory work to build the second phase of the Central Asia-China natural gas pipeline from Kazakhstan's Beyneu to Shymmkent, said an official.

Speaking at the Asia Pipeline Summit 2009 in Beijing, the official said that cooperation partners from China and Kazakhstan are also having talks on financing, shares structure and other issues on the pipeline. Phase II of the natural gas pipeline will extend 1,480 kilometers and run in the north of the Aral Sea. It will be 1,016 mm in diameter and have a capacity of 5 to 10 billion cubic meters (bcm).

The official said that one of the two parallel 1,792-km gas pipelines from Turkmenistan to China's border port Horgos has just come on stream in November. The second pipeline is scheduled to come into operation at the end of 2010. The first phase of Central Asia-China natural gas pipeline is planned to increase its imports to China to 4.5 to 10 billion cubic meters by 2010, 17 bcm by 2011 and 30 bcm by 2012.

TOTAL's Chief: Iran embargo won't work

Date : 13.11.2009
Source: Upstream Online
http://www.upstreamonline.com/live/article198788.ece

"I am puzzled as to why we might think of using embargoes of petroleum products to Iran, first of all because they wouldn't work," TOTAL's chief Christophe de Margerie told a panel at Columbia University in New York.

TOTAL sells gasoline to Iran now, but *"If there is a law that tells us to stop, then we will,"* de Margerie was cited by Reuters as saying. He added that Iran should someday be an important supplier to Europe. *"The gas of Iran will be very important to supply Europe,"* he said. *"Iran will be part of our system or we will have problems."*

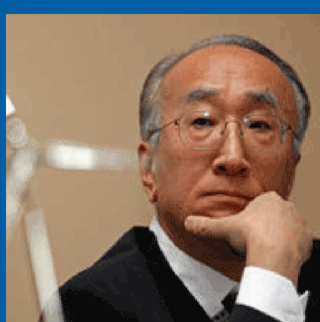
Medgaz pipeline delayed until June 2010

Date : 12.11.2009
Source: Oil & Gas Journal (Eric Watkins)
http://www.ogj.com/index/article-display/7513976041/articles/oil-gas-journal/transportation-2/pipelines/construction/2009/11/medgaz-pipeline_delayed.html

The launch of the 8 billion cu m/year Medgaz gas pipeline from Algeria to Spain has once again been delayed, this time until June 2010, according to a spokesman for the Medgaz consortium.

The spokesman gave no reason for the reschedule. The pipeline initially had been scheduled for start-up in this year's first half and later was delayed until yearend. In September, Nabila Metref-Benzine, exports director for natural gas and LNG at Algeria's state-owned Sonatrach, told a gas conference in Amsterdam that the expected start-up date was *"between December 2009 and March 2010."*

Earlier, in March, it was reported that Sonatrach is constructing two major gas pipelines to Europe, each with a capacity of 8 billion cu m/year. Medgaz and Galsi were then expected to be completed by yearend and in 2012 respectively. Medgaz is owned by a consortium of Sonatrach 36%, GDF Suez 12%, Cepsa 20%, Iberdrola 20%, and Endesa 12%.



Tanaka: Oil-gas price link could be ending

Date : 10.11.2009
Source: Upstream Online
http://www.upstreamonline.com/;jsessionid=6062E6D603C1B9E63B53AB254933F2A4.upstream.franc

An oversupply of natural gas and continuing pressure on oil supplies could break the link between gas and oil prices, the head of the International Energy Agency Nobuo Tanaka said.

Tanaka told Reuters in an interview the oversupply of natural gas looked likely to continue in the short to medium term. *"Demand for natural gas has been falling significantly, so the price of gas has been falling as well, but crude oil prices have been relatively high,"* Tanaka said. *"Historically, the price of natural gas and oil has been linked, but this link could be broken. This could be bad news for producers but good news for consuming countries."*

Most European natural gas supply contracts have been priced off refined oil products, such as fuel oil, since the 1970s when there were no organised gas markets and major consumers used to choose between the two fuels.

The contracts have been popular with big buyers and sellers because they guarantee long-term supplies at a predictable price, with oil price movements filtering through to their gas contracts months later. But a recession-driven gas glut and an unprecedented influx of liquefied natural gas has seen European spot market prices sag well below oil-linked levels in 2009, with little prospect of a sustained rebound in spot gas prices for at least a few years.

Sinopec to increase Saudi crude imports by nearly one-third

Date : 12.11.2009
Source: Rigzone (Xinhua News Agency)
http://www.rigzone.com/news/article.asp?a_id=82364

China Petroleum & Chemical Corporation (Sinopec) will increase crude oil imports from Saudi Arabia by about 30 percent next year, said Sinopec President Wang Tianpu on Wednesday.

Wang said Sinopec would import about 50 million tons of crude oil from Saudi Arabia, equivalent to 1 million barrels/day, which is about 30 percent more than the daily imports in the first three quarters of this year.

Wang added that the imports would be mainly processed by its new refineries like the 12-million-tons/year Fujian refinery and 10-million-tons/year Qingdao refinery. Besides import from Saudi Arabia, Sinopec will also import 20 million tons of crude oil from Iran, almost flat with this year, said Wang.

Wang said Sinopec has signed an agreement with Exxon Mobile to annually import 2 million tons of LNG from Papua New Guinea for supplying its Qingdao LNG terminal, but he refused to reveal when it will import the LNG.

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❖ IEA World Energy Outlook 2009

Source : International Energy Agency
Weblink : http://www.iea.org/W/bookshop/add.aspx?id=388

❖ OPEC Monthly Oil Market Report (Nov 2009)

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR112009.pdf