



BOTAS may sue Iran over 'take or pay' conditions

Date : 12.02.2010

Source: Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/news-201291-botas-may-sue-iran-over-take-or-pay-conditions.html>

The much disputed 'take or pay' natural gas procurement agreements Turkey signed with Iran are currently being disputed between the two parties and the battle may end up in court if a resolution is not reached.

The state-owned Turkish Pipeline Corporation (BOTAS) sued Iran over the price of natural gas in 2004 in the International Court of Arbitration (ICC) and also requested compensation for the unstable flow of natural gas in to Turkey and the below par quality of the gas. Turkey won the case, but the court stated that the insufficient quality and the instability in the flow should be left for another case. Turkey is now thinking of suing Iran again in the ICC for the 'take or pay' conditions.

Turkey requests that Iran is more flexible in its conditions, asking it to be less strict about when the natural gas is delivered. Energy and Natural Resources Minister Taner Yildiz is currently in talks with the Iranian government to ease these restrictions, but BOTAS may take Iran to court if the issue is not resolved. BOTAS needs to purchase a minimum of 8 billion cubic meters (bcm) of natural gas from Iran this year although it has been unable to purchase over five bcm these past two years.

Increases in consumer natural gas prices reaching as much as 75 percent decreased consumption significantly and Turkey was forced to pay Iran \$704 million for undelivered natural gas. An additional \$700 million is expected to be paid this year for not meeting the minimum procurement requirements.

Although the payments can be used in lieu of natural gas acquired in the future, there is a five year limit after which the amount paid cannot be used to obtain natural gas. Since a spike in natural gas consumption has not occurred yet, BOTAS is wondering whether it will be able to consume the natural gas for which it has paid \$704 million.



Turkey to pay 150 percent more, \$300 for Azerbaijani natural gas

Date : 08.02.2010

Source: Today's Zaman (Mahir Zeynalov)

<http://www.todayszaman.com/tz-web/news-200923-turkey-to-pay-150-percent-more-300-for-azerbaijani-natural-gas.html>

Lengthy negotiations between Turkish and Azerbaijani officials on gas prices have finally come to an end as Turkey has agreed to buy Azerbaijani gas at \$300 per thousand cubic meters.

Energy Minister Taner Yildiz informed reporters following his meeting with the Iranian Foreign Minister Manouchehr Mottaki last week. Although no official deal has yet been inked on a gas price agreement between the two countries, the Turkish side says the new price is satisfactory.

According to the informal agreement, Turkey will pay \$1.8 billion to Azerbaijan in exchange for 6 bcm of gas in 2010. Previously, Turkey was paying \$720 million annually for gas imported from Azerbaijan, when the price was \$120 per thousand cubic meters. Azerbaijan had said several times that a price hike was inevitable considering world gas prices, which are hovering at around \$400.

When Azerbaijan announced it was going to increase gas prices, Turkey didn't lose time in seeking to negotiate. Turkey appreciated Azerbaijan's wish to adjust its natural gas prices to a more plausible level compared to global prices but still hoped to continue purchasing gas at a better price than it gets from Russia and Iran. As a result of the negotiations, Turkey also agreed to pay an additional \$1.7 billion for amounts outstanding that arose from price differences since the previous agreement ended last year. Turkey was continuing to purchase a thousand cubic meters of Azerbaijani natural gas at \$120.

President Ilham Aliyev had reiterated several times over the past year that there was no logical explanation for exporting gas to Turkey at one-third of the world gas price. Some analysts attempted to link strained Turkish-Azerbaijani relations due to Turkey's growing relations with Armenia with the gas price increase, but Aliyev rejects the claims, asserting that the current gas price of \$120 is preventing Azerbaijan from exporting its gas to European markets.



Russian Ambassador assuages concerns on energy dependency

Date : 08.02.2010

Source: Hürriyet Daily News (Merve Erdil)

<http://www.hurriyetdailynews.com/n.php?n=ambassador-relieves-concerns-on-energy-dependency-2010-02-08>

In response to Turkey's rising concerns regarding energy dependency, Russia's Ambassador to Ankara Vladimir Ivanovskiy reveals an assuring tone.

"The two countries have not encountered any problems for 25 years in terms of natural gas and oil supply", Ivanovskiy says. "We would like to develop our relations with Turkey. Even some of my colleagues defend the thesis that Turkey's dependency on Russia for energy is rising, urging the country to consider its balances with Russia," he said. "This is completely up to Turkey. I would like to stress that we have been selling natural gas and oil to Turkey continuously for the last 25 years. We have not encountered any problems to date."

Russia wants to foster its cooperation with Turkey in energy, said Ivanovskiy, adding, "For us, Turkey is both a very interesting and beneficial country." Turkey-Russia energy relations have been advancing under three main projects, the construction of the Mersin Akkuyu nuclear power plant, the Samsun-Ceyhan pipeline and South Stream, a proposed pipeline to transport Russian natural gas from the Black Sea to Bulgaria, and on to Italy and Austria. "We have expressed all of our proposals openly to Turkey," Ivanovskiy said. "The rest is up to Turkey."

The ambassador also commented on the importance Russia attaches to the South Stream project. "We have resources and pipelines, and there is a market in Europe," he said. "The Turkish government has granted us the permit to conduct our studies in the Black Sea. We launched feasibility studies December 4, 2009. I should note that Turkey's permit has been very important. Maybe the Black Sea will be the future route of South Stream."

"This year, we are starting a new North Line, which we will finish within two years. We plan to supply approximately 60 bcm of natural gas to Europe," the ambassador added. "We cannot sell more [to Europe] as Russia, China, Japan and South Korea also need gas."

Commenting on Nabucco, a proposed natural-gas pipeline from Turkey that is expected to help diversify the current natural-gas suppliers and delivery routes for Europe, Ivanovskiy said it is a commercial project, and one that Russia will certainly assess. "There are two problems here: financial resource and supply," he said, adding that Russia had also proposed Blue Stream 2 to Turkey. "If you need, we will reach an agreement. We would like to work in this field."



EPDK expects TL 5 billion of energy investments in 2010

Date : 08.02.2010

Source: Today's Zaman (AA)

<http://www.todayszaman.com/tz-web/news-200911-epdk-expects-tl-5-billion-of-investments-in-energy-by-private-sector-in-2010.html>

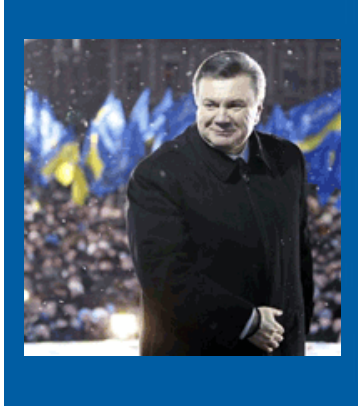
The Energy Market Regulatory Authority (EPDK) has completed its study of private sector projects that are scheduled to be completed for this year. The study was prepared utilizing energy companies' progress reports.

Assessing the study's findings in an interview, Hasan Köktas, the President of the Authority, began by providing information regarding projects invested in during 2009. The energy capacity of the facilities constructed last year was 2,833 megawatts, nearly half of which was in natural gas. Around 1,000 megawatts of capacity was derived from investments in renewable energy, whereas the remainder was on other fuel resources such as coal. "This figure was the highest in seven years, but we expect it will be even higher in 2010," Köktas asserted.

The renewables sector will account for a larger portion of total energy investments this year, some TL 3.5 billion. Around TL 1.4 billion will be invested in plants that will turn natural gas into electricity. These facilities will have 3,400 megawatts of electricity production capacity, which is almost equal to 21 billion kilowatt-hours.

Köktas also said his institution aims to smooth the process to make it easier for licensed projects to get completed. "The second phase of our initiative to investigate energy investments on site, which we had started in 2009, will start by April of this year. We will see the construction sites for hydroelectricity, wind and natural gas projects with members of the agency to determine the problems at first hand and later produce solutions," he said.

Additionally, Köktas said the EPDK would continue its tough stance against companies who had obtained construction licenses for energy projects but had failed to start them. The agency will cancel these companies' licenses to ensure the country's resources are in the best hands, he added.



Yanukovich wins tight Ukraine vote

Date : 08.02.2010

Source: Hürriyet Daily News (AFP)

<http://www.hurriyetedailynews.com/n.php?n=pro-russia-yanukovich-wins-tight-ukraine-vote-2010-02-08>

Ukraine's pro-Russian opposition leader Viktor Yanukovich narrowly wins the presidential elections according to the official results.

But with his margin of victory of around just 2.5 percent according to a count of almost all the votes, his challenger Prime Minister Yulia Tymoshenko was showing no sign of conceding a poll that was much closer than forecast. Yanukovich, the loser in the 2004 elections when the Orange uprising led to the courts finding his side committed mass vote rigging, declared victory and promised to overcome Ukraine's economic crisis and divisions as president.

Based on a count from 97.6 percent of polling stations, Yanukovich had 48.49 percent of the vote while Tymoshenko - a veteran of the Orange Revolution and champion of EU integration - had 45.92 percent. Another 4.4 percent of ballots were cast 'against all' in Sunday's run-off poll, in a sign of the disillusionment five years after the Orange Revolution, the central election commission said. Some 1.2 percent of ballots were spoiled.

Volodymyr Shapoval, chairman of the election commission, said the final results would be announced in due course but declined to give any further comment. Turnout was 69 percent. The Orange Revolution swept Ukraine's old order from power and created hopes of a new beginning in the strategically-located state of 46 million people wedged between Russia and the European Union.

But the dreams crumbled amid political infighting and a dire economic crisis. The results pointed to a stunning comeback for Yanukovich, who had been poised to grab the presidency in 2004 before the Orange uprising swept him aside and brought pro-Western President Viktor Yushchenko to power. In a victory speech late Sunday, Yanukovich said the election had opened a 'new page' in Ukraine's history and said he would do everything to make sure all Ukrainians felt 'comfortable and safe'.

Ukraine is split between a Russian-speaking east, which is Yanukovich's stronghold, and the more nationalist Ukrainian-speaking west that backed Tymoshenko. Tymoshenko, who had repeatedly accused the Yanukovich camp of plotting to rig the vote, did not concede defeat as she appeared in front of reporters late Sunday. "So long as the last count is not made, it is impossible to talk about any kind of results," she said, adding that her backers were carrying out a 'parallel count' to the official tally.



Oil drilling in Black Sea postponed until February 25

Date : 11.02.2010

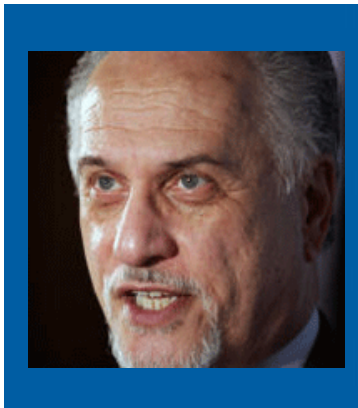
Source: Today's Zaman

<http://www.todayszaman.com/tz-web/news-201198-oil-drilling-in-black-sea-postponed-until-feb-25.html>

Oil drilling that was set to start yesterday in the Black Sea as part of a joint Turkish-Brazilian oil exploration project has been postponed until February 25 due to technical reasons.

Officials announced that the Norwegian oil exploration platform Leiv Eiriksson, which previously dropped anchor off the coast of Sinop, could not start drilling since preparations could not be completed as planned.

Energy Minister Taner Yildiz previously said joint exploration with Petrobras could last about two to three years and that it is expected to uncover significant oil reserves. Yildiz stated that the government was determined to continue its exploration in the Black Sea and projected investing a total of \$450 million.



Shahristani: Oil exports from Northern Iraq to resume soon

Date : 10.02.2010

Source: Rigzone

http://www.rigzone.com/news/article.asp?a_id=87295&hmpn=1

Oil exports from Northern Iraq region will resume 'in the near future', Iraqi Oil Minister Hussein al-Shahristani said Tuesday. "Oil belongs to all Iraqis and oil revenues are divided over all of the provinces," he added.

Exports from Northern Iraq had halted following a dispute between Baghdad and the Regional Government over the contracts with foreign companies to export the oil. The Iraqi government said that these agreements had been signed illegally, "without the knowledge of the federal government." Shahristani said that it would "take a long time" to find a solution to the question of those contracts, "but exporting oil will resume in the near future." The resumption of exports did not depend on a resolution to the dispute over the contracts, the minister said, saying the exports could be handled by Iraq's state oil company. "We need every barrel produced," Shahristani said, saying the Oil Ministry would work with the Regional Government 'in a positive spirit'.



Iraq sets up new oil player: Midland Oil Company

Date : 12.02.2010

Source: Upstream Online (AFP)

<http://www.upstreamonline.com/live/article206222.ece>

Iraq has launched a fourth state oil company, with the new outfit -the Midland Oil Company- overseeing development of fields in the country's central belt.

The Midland Oil Company will join the North, South, and Maysan companies as the latest state-owned organisation tasked with boosting Iraq's oil production. "We decided to establish the Middle Oil Company which will be responsible for developing the oilfields in Baghdad and surrounding provinces," ministry spokesman Assem Jihad told.

"We took this decision following the country's recent decision to grant licences to foreign companies. The Middle Oil Company will supervise the new developments." The company, named Sharikat Naft Wasat, translates as Middle Oil Company in Arabic, but the oil ministry said it will be known as the Midland Oil Company in English. A previous Midland Oil Company existed under the rule of dictator Saddam Hussein, but it was amalgamated with the North Oil Company in the late 1980s.

A consortium of Russia's Gazprom (30%), Turkey's TPAO (7.5%), South Korea's Kogas (22.5%) and Malaysia's Petronas (15%) signed a deal to develop the 109-million-barrel Badra field, south-east of Baghdad, last month. The state-owned Iraqi Oil Exploration Company, which will be managed by the soon to be formed Midland Oil Company, has a 25% stake in the deal. The Midland Oil Company will also be responsible for managing oilfields in Anbar, Babil, Diyala, Diwaniyah, Karbala and Wasit provinces, according to the ministry.



Kremlin eyes oil export control

Date : 12.02.2010

Source: Upstream Online (Reuters)

<http://www.upstreamonline.com/live/article206437.ece>

Russia's top energy official, Deputy Premier Igor Sechin, wants the state to take full control of the country's exports of oil and refined products, a system which would resemble the oil export monopoly in place during the Soviet era.

A document obtained by Reuters showed Sechin held a meeting in early January with energy and transport ministers, officials from the state security agency the FSB - formerly known as the KGB- as well as customs officials to discuss new export regulations. The protocol of the meeting said officials involved should speed up works on proposals that would allow Russia's oil pipeline monopoly Transneft to take full control over export schedules for oil and refined products.

President Dmitry Medvedev will hold a meeting with oil officials later today and a government source told Reuters Sechin's proposals are likely to be discussed at the meeting. Transneft already coordinates exports of between 80% and 90% of Russian oil while the remaining volumes leave Russia via rail stations and ports which are not linked to Transneft's pipeline system.

Transneft also owns the system of refined products pipelines but those are responsible mainly for gasoil exports and account for less than 25% of Russia's overall refined products exports. The remaining refined products volumes leave the country mainly by rail and Transneft has no means to control the flows.

Sechin, a close ally of Russia's former president and current Prime Minister Vladimir Putin, is widely viewed as one of the main architects of the Kremlin's drive of the past decade to tighten the grip over energy resources. The Kremlin has since then increased its share in the Russian oil producing sector to 50% after reducing it to as low as 30% following the collapse of the Soviet Union and mass sell-offs of state property in the 1990s.



Iran discovers oil and gas fields

Date : 08.02.2010

Source: Rigzone (Benoit Faucon)

http://www.rigzone.com/news/article.asp?a_id=87210

Iran has discovered an oil field and a gas field, the Oil Ministry's news agency said. Petroleum Minister Masoud Mirkazemi as saying the gas field, called Halegan and located in the Fars province, has the capacity to yield 50 million cubic meters of gas a day for 20 years.

The Halegan development has the potential to generate more than \$80 billion in revenue for the country at current prices, he said. The Somar oil field, in the province of Kermanshah, has oil-in-place reserves estimated at 475 million barrels, 70 million of which could be recovered, the minister said.



French seek cooperation in Nabucco in Ankara

Date : 11.02.2010

Source: Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/news-201224-105-french-seek-cooperation-in-nabucco-in-ankara.html>

GdFSuez is expected to visit Ankara to discuss possible partnerships in a number of energy projects, including participation in the Nabucco pipeline project.

GdFSuez is particularly interested in natural gas distribution tenders for Istanbul and Ankara along with LNG distribution in other provinces. The government will request French support for Turkey's efforts to enter an EU Energy Community, studies for which started last year, in return for cooperation in energy projects in Turkey. The government will also seek French support in an anticipated energy chapter with the EU.



PetroChina plans huge gas storage

Date : 12.02.2010

Source: Upstream Online

<http://www.upstreamonline.com/live/article206433.ece>

PetroChina plans to build the country's largest gas storage facility in north China able to store 12 billion cubic metres of the clean fuel, China Chemical Industry News reported.

The paper, citing PetroChina's chairman Jiang Jiemin, said the storage will be built in the Changqing oil and gas field, one of the country's largest gas producing regions. It did not say when that storage will be built.

China's energy policymakers have recently urged expediting construction of gas storage as surging demand led by residential and power use often strains supplies, especially as harsh winter weather hits. At 12 bcm, it would be equivalent to more than 10% of China's total gas demand forecast for this year, according to Reuters. Changqing field, mostly in northern Shaanxi province, produced nearly 19 bcm gas last year, the paper said.



OPEC's oil output rises by 150,000 b/d from December

Date : 10.02.2010

Source: Rigzone

http://www.rigzone.com/news/article.asp?a_id=87328

Crude oil production from the OPEC continued its upward march in January with overall volumes rising by 150,000 barrels per day (b/d) to 29.25 million from 29.1 million b/d in December.

Production from the 11 members bound by quotas (OPEC-11) also rose by 150,000 b/d, to 26.76 million b/d in January from 26.61 million b/d the previous month, leaving the OPEC-11 overproducing their 24.845 million b/d target by 1.915 million b/d, the survey showed.

Algeria, Angola, Kuwait, Libya, Nigeria, Qatar and the United Arab Emirates showed increases ranging from 10,000 b/d and 80,000 b/d. Venezuelan productions dipped by 10,000 b/d to 2.21 million b/d. Volumes from Iraq, which does not participate in OPEC's quota system, were largely unchanged around 2.49 million b/d.

"The way things are shaping up, OPEC's March meeting appears aimed at yet another rollover of official quotas," said John Kingston, Platts Global Director of News. "Last week, secretary general Abdalla el-Badri said if conditions around the time of the March 17 meeting are the same as they are now, ministers will be reluctant to adjust the current output agreement. This means that the focus will be on compliance. But as these estimates show, actual production has been steadily increasing and compliance diminishing," he added.

A communiqué released after OPEC's December 17 meeting in Angola reaffirmed the commitment of member countries to their individual and yet to be published official quota levels. But the latest estimates for OPEC-11 supply show a further dip in compliance with the current output pact to 54.4% from 58% in December.

Compliance with the 4.2 million b/d of cuts agreed in late 2008 peaked at close to 82% in March last year but has been declining since last April alongside a broad firming of oil prices. Earlier Wednesday, OPEC raised its estimate of expected demand for its crude this year by 160,000 b/d to 28.75 million b/d.



Transneft may seek Chevron help to bypass Bosphorus

Date : 10.02.2010

Source: Hürriyet Daily News

<http://www.hurriyetaidailynews.com/n.php?n=transneft-may-seek-chevron-help-to-bypass-bosphorus-2010-02-10>

Russia's Transneft may seek to add Chevron to a group that will manage two pipelines designed to bypass Turkey's Bosphorus, said Nikolai Tokarev, chief executive officer of the oil pipeline operator.

"All interested parties may take part in the holding in question," Tokarev said in an interview with the corporate magazine posted on the company's website. Chevron, Bulgaria and Greece are possible partners, he said.

KazMunaiGaz National, Kazakhstan's state oil and gas producer, may also join the project, Tokarev said. Transneft expects some 'clarity' on the project by mid-year. Chevron was named as a possible partner in the Burgas-Alexandroupolis pipeline when Russia, Bulgaria and Greece were preparing their agreement, which was signed in 2007. There will be sufficient crude to fill both links, in part as the expansion of the Caspian Pipeline Consortium (CPC) link across Russia will allow Kazakhstan to boost exports, Tokarev said.

Chevron holds 15 percent of the CPC, and uses it to ship some of the crude produced at Kazakhstan's Tengiz field, which the San Ramon, California-based company operates, to a terminal at Novorossiysk on the Black Sea. The Burgas-Alexandroupolis project requires 'a clear position' from Bulgaria to proceed, he said.



❖ Regular Review of Energy Efficiency Policies of Croatia (2010)

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/document/Croatia_EE_rr_2010_ENG.pdf

❖ OPEC Oil Market Report (Feb 2010)

Source : Organization of the Petroleum Exporting Countries

Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2010/pdf/MR022010.pdf>