



## GAS

**Güler: Iraqi gas could be an alternative source for Nabucco**

**Date** : 15.11.2007

**Source** : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=127119>

Iraq's natural gas could become an alternative resource for the Nabucco natural gas pipeline project if European Union countries demand it, according to Energy Minister Hilmi Güler, who also noted that the natural gas resources of Azerbaijan, Turkmenistan, Iran and Egypt are also possible resources for Nabucco.

As the leader of the project, Turkey is maintaining efforts for the extraction of natural gas in neighboring Iraq and sounding out the EU for purchase of the gas. However, the instability caused by the US invasion of Iraq seems to be the most significant obstacle facing investors, as the Iraqi Parliament has been unable to pass an oil bill that also foresees gas extraction.

Turkey and Iran recently signed a memorandum of understanding. On the issue, Güler clarified: *"Europe doesn't want to rely on one single resource and to diversify its natural gas resources. For this reason, it wants to buy gas from Iran and that's why Turkey stepped into this project. In other words, this is Europe's wish."* Saying that the issue of Iraqi gas is a different matter altogether, Güler added: *"We are still in negotiations for the extraction of Iraqi natural gas. However Europe should first ask for this gas and Iraq has to pass the oil bill. It means that, above all, we have to create a market."*

Güler also noted that there could be a natural gas pipeline built for Iraqi gas parallel to the current Kirkuk-Yumurtalık oil pipeline, emphasizing that Turkey's inclusion in all the projects is a good development.

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**BOTAŞ to decide on sixth partner in Nabucco**

**Date** : 13.11.2007

**Source** : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=126939>

After replacing empty seats on its executive board, the state-owned Turkish Pipeline Company (BOTAŞ) is expected to decide on the sixth partner of the EU-backed Nabucco natural gas pipeline project, which will transport Caspian and Middle Eastern natural gas to Europe via Turkey.

According to Energy Ministry officials, the consortium of five companies - BOTAS of Turkey, Bulgargaz of Bulgaria, Transgaz of Romania, MOL of Hungary and OMV Gas of Austria - that carries out the Nabucco project is in negotiations to decide the sixth partner of their consortium.

All the members of the consortium except BOTAS have reached a decision. BOTAS, which hasn't yet decided due to the absence of three of its board members, is expected to make a decision soon. An official from BOTAS stated yesterday that they will announce their decision as soon as the board can meet, adding: *"There are four companies currently interested in the Nabucco project. Two of them stand out. We have taken several steps with one of them in particular, but BOTAS's board will make a decision regarding this company."*

## OIL



## Iraq's oil flow to Ceyhan highest since April 2004

**Date** : 13.11.2007

**Source** : Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=52861](http://www.rigzone.com/news/article.asp?a_id=52861)

Iraq crude oil pipeline flows to the Turkish export port of Ceyhan from fields around Kirkuk rose to 395,000 barrels a day in October, their highest since the U.S. invasion of Iraq, the International Energy Agency (IEA) said. Total Iraqi oil supply in October reached 2.3 million barrels a day, its highest since April 2004.

*"There is official confidence that security on the northern export pipeline has improved to the extent that (state oil marketer) SOMO hopes to award 300,000 barrels a day worth of term export deals for a three-month period around mid-November,"* the IEA, the Paris-based watchdog for Organization for Economic Cooperation and Development nations, said.

It is unclear whether the high flow rates will continue. No Iraqi Kirkuk crude was flowing through the pipeline to Ceyhan at 12 p.m. local time Tuesday, a shipping agent said. No reason was given for the stoppage. Iraqi crude exports from storage at Ceyhan averaged 258,000 barrels a day in October, the IEA said.

Since September, SOMO has awarded tenders worth 26 million barrels of crude, with an estimated 4.7 million barrels lifted in September and 8 million barrels in October, the IEA said.

*"The impending award of a further 6 million-barrel tender would take potential Ceyhan exports for November to a recently unprecedented 19 million barrels, or 630,000 barrels a day,"* the IEA said, adding that substantial volumes will likely slip in December for logistical and tanker availability reasons.

GAS



## Erdoğan and Karamanlis to inaugurate joint gas pipeline

Date : 14.11.2007

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=127051>

Turkish Prime Minister Recep Tayyip Erdoğan and his Greek counterpart, Costas Karamanlis, will on Sunday inaugurate a pipeline that will carry natural gas from the Caspian Sea basin, Central Asia and the Middle East to Europe.

Delivering a speech to deputies of his ruling Justice and Development Party (AKP) at a parliamentary group meeting yesterday, Erdoğan described the Turkey-Greece pipeline, which was completed in early August, as the fruit of 'a project of peace and friendship'. Following the ceremony on the border between Greece and Turkey, natural gas will begin flowing through the pipeline, which will eventually be extended to Italy from Greece.

OIL



## Shahrstani: Iraqi oil law 'months away'

Date : 15.11.2007

Source : Upstream Online

<http://www.upstreamonline.com/live/article144285.ece>

Final approval of a long-awaited Iraqi oil law is 'months away', Oil Minister Hussain Shahrstani said. *"The different factions in parliament need to resolve their differences and they haven't done that yet. This could take some time and could be months,"* he told reporters at an OPEC heads of state summit in the Saudi capital.

Iraq would try to find ways to work with international oil companies on its giant southern fields even without the oil law in place, Shahrstani said. *"We don't necessarily need a new law for that, we have the existing legislation in the country,"* he said, Reuters reported. *"We have started talking with oil majors on these fields and we'll find a way to co-operate and enhance production from these fields."*

Shahrstani reiterated that Baghdad would block companies that had signed deals with the Kurdish regional government in the north from contracts elsewhere in Iraq. *"Our position is that any company that signed such contracts will compromise their chances of getting any business in the future in Iraq and this message has been conveyed to the companies,"* Shahrstani said.

## GAS



### Düzyol: Turkey will not face energy crisis

Date : 12.11.2007

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=126820>

Turkish Pipeline Corporation (BOTAŞ) General Manager Saltuk Düzyol has said Turkey will not face any scarcity in natural gas this winter thanks to recently built natural gas storage facilities and new supplier countries, the Anatolia news agency reported.

Düzyol said they had more precautions in place than in previous years vis-à-vis natural gas consumption in the winter, including an underground storage facility in Silivri. *“Around 80 percent of total natural gas is consumed to the west of Ankara,”* Düzyol said, adding they had built new pipelines in the region west of Ankara and had begun to import gas from Azerbaijan. About the liberalization of energy markets, Düzyol said Turkey's energy markets still had potential for growth. Instead of reducing BOTAŞ's capacity, BOTAŞ's share must be reduced by allowing new players to gradually import energy, increasing the energy market's volume.

## OIL



### EIA Chief: Crude at \$100/barrel is not 'inevitable'

Date : 14.11.2007

Source : Platts

<http://www.platts.com/Oil/News/6591136.xml?p=Oil/News&sub=Oil>

A run-up in US light sweet crude oil prices to \$100/barrel is not inevitable, US Energy Information Administration chief Guy Caruso said. *“I don't see any inevitability,”* Caruso told reporters. *“We do think prices are going to trend down from where they are now.”*

Caruso added, however, that because of fear and speculation and the volatility of the market it is difficult to forecast where prices are going. Caruso also said the US had no immediate plans to revise downward its forecasts for demand growth because of high prices, even though the Paris-based International Energy Agency slashed its projection for fourth quarter global petroleum demand growth by 500,000 b/d, and its 2008 estimates by 300,000 b/d.

*“Compared with our numbers, they [IEA numbers] are now more in line with where we are,”* he said. IEA also dropped its call on OPEC crude for 2008 by 300,000 b/d based on the lower demand. Sustained strong prices are having an impact on demand, Caruso said, noting that it takes a number of months to get a definitive picture on demand. The rate of increase in US gasoline demand has “appeared to slow,” he said. *“Instead of 1.5% growth, we're seeing 1% growth,”* he said.

## OPEC cuts 2008 world oil demand forecast to 87 ml b/d



**Date** : 15.11.2007

**Source** : Platts

<http://www.platts.com/Oil/News/8360550.xml?p=Oil/News&sub=Oil>

OPEC Thursday said it produced an average of 30.998 million b/d of crude in October, up from an estimated 30.731 million b/d in September mainly on the back of higher volumes from Angola, Iraq and Saudi Arabia. OPEC said Saudi Arabia increased output to 8.73 million b/d last month from 8.62 million b/d in September.

Smaller increases of 46,700 b/d and 64,400 b/d were seen in October from Angola and Iraq respectively, OPEC said in its report, based on estimates of OPEC production by secondary sources. Output by the ten OPEC members bound by production accords excluding Angola and Iraq pumped an average of 27.015 million b/d last month, up from 26.85 million b/d in September and not far shy of their 27.253 million b/d target which became effective at the beginning of November.

The OPEC 10 agreed in mid-September to boost their combined production by 500,000 b/d from November 1. OPEC said it believed the increase, combined with an expected rise in volumes from Iraq and Angola, would help soothe world oil markets. *"The higher agreed OPEC production levels effective since November and expected output from Angola and Iraq should help to ease the perception of market tightness,"* it said in the report.

OPEC's current production is broadly in line with its estimate of the 'call' on its crude for 2007 of 31.07 million b/d. The call on OPEC is seen falling to 30.84 million b/d in 2008, OPEC said. For the time being oil demand has withstood the impact of record crude prices well, OPEC said, largely thanks to "booming non-OECD economies." Nonetheless, OPEC cut its estimate of world oil demand in 2008 to 87.01 million b/d, down 80,000 b/d from its previous monthly report. The expected level would represent an increase of 1.31 million b/d from this year's estimated 85.7 million b/d.

## TÜPRAŞ opens new unit



**Date** : 10.11.2007

**Source** : Turkish Daily News

<http://www.turkishdailynews.com.tr/article.php?newsid=88251>

TÜPRAŞ opened a \$390 million desulphurization and reformer unit today at its plant in İzmit to boost sales and meet European Union emissions standards. The unit will produce diesel with 10 grams of sulfur for every metric ton of fuel, in line with the EU's 'Euro 5' motor-fuel standards effective from 2009, TÜPRAŞ CEO Yavuz Erkut said at the opening ceremony.



## Eni's CEO: Europe runs risk of gas shortage

**Date** : 13.11.2007

**Source** : Oil & Gas Journal (Uchenna Izundu)

[http://www.ogj.com/display\\_article/311977/120/ARTCL/none/GenIn/1/WEC:-Eni's-Scaroni-says-Europe-runs-risk-of-gas-shortage/](http://www.ogj.com/display_article/311977/120/ARTCL/none/GenIn/1/WEC:-Eni's-Scaroni-says-Europe-runs-risk-of-gas-shortage/)

Paolo Scaroni, CEO of Eni, called for a reduction of natural gas in Europe's energy mix to ensure that Europe does not suffer a shortage. Scaroni's recommendation would mean building nuclear capacity of about 115 Gw by 2020 and a push for renewable energy sources.

Gas accounts for a quarter of all the energy used in Europe, and 60% of that is imported. Scaroni said cutting Europe's reliance on gas combined with energy efficiency and gas supply diversity would position Europe to compete with other countries for energy supplies. *"These are not alternative options. We need to do all three to avoid a gas shortage."*

Scaroni said use of Europe's plentiful coal resources requires technologies to avoid increasing carbon emissions. Gas imports in Europe are expected to double by 2030, but European gas production is expected to halve by 2020. With power generation set to be the key driver behind the growth of gas, *"Europe's total gas demand in 2020 could be 40% higher than it is today,"* Scaroni said. As international competition for gas supplies intensifies, pipeline gas and LNG supplies are crucial for diversity in Europe. Scaroni said a variety of transit routes would reduce transit risks. *"Here, new pipeline projects such as South Stream and Nord Stream can help by making it possible to deliver Russian gas directly into the European Union."*

According to Scaroni, Europe is vulnerable to a shortage because it has a small number of gas suppliers, namely Algeria and Russia, a point he also made in a press conference. It is important to develop good and cooperative relationships with suppliers, he said, calling for European Union member states to give Andris Pielbags, the EU energy commissioner, and Javier Solana, Europe's representative for Common Foreign and Security Policy, the right tools to carry out a European foreign energy policy. Europe could save as much as 100 billion cu m/year of gas in the housing consumption sector alone through energy efficiency, he said.

Scaroni admitted that the outlook for renewable sources is "bleak" because Europe would have to install up to 15,000 wind turbines and solar panels covering the space of 50,000 football fields every year if it is to meet incremental electricity demand. *"It seems clear that alternative energy sources will not really be able to cover even just Europe's incremental electricity demand from here to 2020. Much of this growth will inevitably be satisfied by gas."*

Scaroni said Europe had been "sleepwalking" on its previous approach to gas policy because it had focused on "fine-tuning the internal gas market" without realizing that it had limited suppliers and faced transit route risks. Europe was shocked into a "rude awakening" when it suffered a shortfall in deliveries in 2006 when Russia cut off gas supplies to Ukraine, Scaroni said.



## EU energy companies 'fear Brussels more than Moscow'

Date : 13.11.2007

Source : Turkish Daily News (Agence France Presse)

<http://www.turkishdailynews.com.tr/article.php?newsid=88438>

The European Union's executive commission is a bigger threat to EU energy companies than Russia, the head of German energy giant EON was quoted yesterday as saying in a press report. *"You are always talking about Russia but the real threat is coming from the European Commission,"* EON chief executive Wulf Bernotat told the Financial Times.

Bernotat added however that he did not think commission plans to increase competition by breaking up big power groups through a process called unbundling would succeed because they were opposed by major EU members.

*"I am pretty sure unbundling is not coming,"* he said. *"Such processes in Brussels take time especially if important member states such as France and Germany are against it."*

Meanwhile, many in Europe have rung alarms over what they see as Russian intentions to dominate the European energy sector through investments by groups such as the state-controlled gas monopoly Gazprom.

EU officials want to increase competition in the energy sector by separating energy production and distribution activities, amid sharply rising prices that have sparked widespread debate in Germany. EON and rival RWE have a particularly dominant position in the country. Over the weekend, EU Competition Commissioner Neelie Kroes argued again for liberalisation measures, saying that *"in Germany, prices are higher than you might expect in a market that was fully competitive."*

She added that the commission's plan to break-up the two key activities of production and distribution was "indispensable" if consumers were to benefit from the lower prices for gas and electricity that an open market could provide.

Germany has backed its big energy groups in the stand-off with EU officials, but Berlin has said that position could change if power groups did not make a bigger effort to increase competition and transparency within their operations.

**+** **OPEC Monthly Oil Market Report (November 2007)**

Source : OPEC  
Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2007/pdf/MR112007.pdf>

**+** **OPEC Monthly Bulletin (November 2007)**

Source : OPEC  
Weblink : <http://www.opec.org/library/OPEC%20Bulletin/2007/pdf/OB112007.pdf>

**+** **Creating Value in European Oil Storage**

Date : November 26 – 27, 2007  
Place : Budapest – Hungary  
Website : <http://www.platts.com/Events/pc779/>  
Contact : Sophie Adams (+44 (0) 20 7176 66 58)



**+** **6th Annual Gas Storage Outlook**

Date : January 16 – 17, 2008  
Place : Houston – USA  
Website : <http://www.platts.com/Events/2008/pc806/>  
Contact : James Gillies (781 – 430 – 21 10)



**+** **2nd Annual European Gas Storage**

Date : February 11 – 12, 2008  
Place : Budapest – Hungary  
Website : <http://www.platts.com/Events/2008/pc862/>  
Contact : Sophie Adams (+44 (0) 20 7176 66 58)

