

Turkey seeks to reduce oil tanker traffic

Bloomberg, 25.06.2010



Turkey is seeking to clamp down on growing oil tanker traffic through the Bosphorus and Dardanelles straits from Russia and the Caspian by encouraging producers to use pipeline routes, following BP's Gulf of Mexico spill.

ExxonMobil, Chevron, Rosneft and BP are among 15 energy producers invited to a government meeting on July 1 to discuss possible measures needed to prevent accidents, Energy Minister Taner Yildiz said yesterday in a telephone interview. They will be joined by representatives from Russia and Kazakhstan as well as traders, he said.

"We will emphasize in the meeting that we can't afford any accidents in the straits, especially in Istanbul," Yildiz said. The straits transport 1.85 million barrels a day, equivalent to 2 percent of global oil demand, to western markets, according to Salih Orakci, head of Turkey's Directorate General of Coastal Safety. Passage is governed by the Montreaux Convention drawn up in 1936, long before the era of the tankers. It allows free transit to all commercial vessels of all nations.

Although Turkey doesn't want to revise the convention, it's keen to draw attention to the risks posed by tankers, Yildiz said, given any accident involving hazardous cargoes threatens the lives of Istanbul's 12 million inhabitants. Turkey wants producers to "seek alternative routes" of reaching Western markets on a "voluntary basis," Yildiz said. "We aren't making oil transport difficult. We are raising the threshold for passage."

Russia, Italy and Turkey agreed last year to build the \$2.5 billion Samsun – Ceyhan pipeline, which will carry as much as 1.5 million barrels of oil a day from the Turkish Black Sea port of Samsun to the Mediterranean port at Ceyhan. Rosneft, Russia's biggest oil company, and AK Transneft OAO signed up for the pipeline in October with Eni SpA of Italy and Turkey's Calik Enerji.

Another option is the proposed 285-kilometer (177-mile) pipeline from Bulgaria's Black Sea port of Burgas to Greece's Aegean port of Alexandroupolis, Yildiz said. "The best way to carry oil is pipelines and it is understandable that the government has called this meeting with oil companies to which we are also invited," Orakci said by phone.

A total of 145 million tons of hazardous substances passed through the straits in 2009, of which 92.4 million tons were crude, he said. Almost 300 incidents involving vessels that broke down while sailing through the Bosphorus occurred between 1988 and 2009, said Neslihan Gokdemir, head of the National Energy Forum, a think-tank based in Istanbul.

The number of accidents on the waterways has fallen since Turkey imposed a "one-way passage at a time" rule in 2005, according to Orakci. A contingency fund in the event of an accident, financed by oil producers and exporters, is a possibility in future. "But we won't consider this in next week's meeting," Yildiz said.

Natural gas consumption in Turkey falls 4.8 percent in 2009

Today's Zaman, 22.06.2010



The global financial crisis took a toll on natural gas consumption, with Turkey consuming 35.1 bcm last year, 4.8 percent less than a year before, while this amount is expected to rise only slightly to 37 bcm this year.

According to the Natural Gas Market Sector Report 2009 released by the Energy Market Regulatory Authority (EPDK) last week, natural gas consumption has been consistently growing since 1990, until last year. Of a total 35.1 bcm of natural gas consumed last year, 53 percent was used for electricity generation, 25 percent in the industrial sector and the remaining 22 percent in housing.

The EPDK estimated a slight increase in natural gas consumption this year as the aftereffects of the economic crisis are predicted to persist partly in 2010. The EPDK report revealed that there are currently 58 regions with access to natural gas, in contrast to six back in 2001. A total of TL 1.5 billion has been spent on the construction of natural gas distribution facilities since 2002, the report showed. Employing some 37,000 workers, the facilities distribute natural gas to more than 1.5 million houses, while the current network has the potential to reach 6.25 million houses. The government had allocated TL 6.8 million for the distribution facilities constructed before 2002. These facilities employ around 33,000 workers and have 6.95 million customers.

Yildiz: Security along oil pipelines increased against terror

Today's Zaman, 23.05.2010

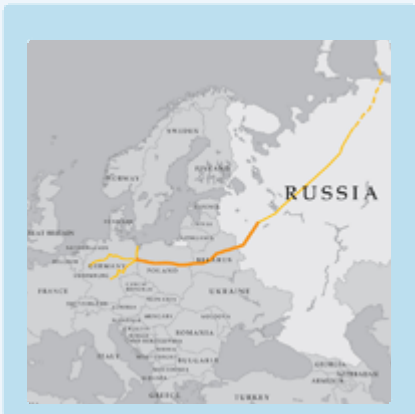


Energy Minister Taner Yildiz said security has been tightened against terrorist attacks along two major oil pipelines the Kirkuk-Yumurtalık and the Baku-Tbilisi-Ceyhan running from Iraq and Central Asia.

The move came on the heels of a recent upsurge in terrorist attacks by the outlawed PKK. The PKK have previously blown up the Kirkuk-Yumurtalik oil pipeline, halting oil flow to world markets for days. Yildiz said that until now no negative incidents had happened at the pipelines, adding that security measures had been intensified against any risks.

Russia – Belarus gas row leaves bitter aftertaste

EurActiv, 25.06.2010



Russia resumed gas supplies through Belarus yesterday after paying gas transit debts. But the gas row left a bitter aftertaste in EU circles, reinforcing mistrust in Russia as a reliable gas supplier.

“We regret that a conflict erupted,” Russia’s Prime Minister Vladimir Putin said after calling a meeting of top energy officials in the Siberian town of Novokuznetsk, the Russian press reported. “We hope it won’t be repeated [...] we need to hold talks with our partners and solve all disputed issues in a normal, working, amicable atmosphere,” Putin said.

Neither Moscow nor Minsk has explained why relatively low debt levels sparked the dispute, the Moscow Times writes. But analysts quoted by the daily note that the spat followed the souring of relations between the two neighbours after they failed to agree on unified customs rules. “There were absolutely no reasons for the conflict,” the president of Belarus, Alexander Lukashenko, said. Belarus side asked for a two-week deferral of payment on the debt, “but our ally, our closest people, told us, ‘No, we are not going to wait another day,’” Lukashenko is quoted as saying. “The main thing is that the dispute arose when Gazprom owed us USD 260 million for transit (and transit is linked to the deliveries of gas to Belarus), whereas we owned them USD 190 million, even USD 187 million. They recognised it, and we paid them this USD 187 million,” said Lukashenko.

Iraq’s oil exports inch up in May by about 7.4 pct

Today’s Zaman, 22.06.2010



An Iraqi official says oil exports have inched up more than 7 percent in May compared to the previous month. Oil Ministry spokesman Assem Jihad says daily exports averaged 1.89 million barrels per day last month. That is an increase of about 7.4 percent from the 1.76 million barrels a day in April.

Jihad adds that May’s revenues stood at about \$4.335 billion with an average price of \$73.85 a barrel. April’s oil exports grossed \$4.222 billion. He said that Iraq exported a total of 45.1 million barrels through the Persian Gulf while 13.6 million barrels were sent through Turkey’s Ceyhan port.

Foster Wheeler wins refinery contracts in Turkey

Energy Business Review, 22.06.2010



Foster Wheeler has been awarded contracts by Socar & Turcas for its planned grassroots refinery to be built within the Petkim facilities at Aliaga, Turkey.

The contracts cover overall front-end engineering design for the new refinery and the license and basic design package for the delayed coker, which will use Foster Wheeler's Sydec delayed coking technology. The planned new facility will have a capacity of 214,000 barrels per stream day (bpsd). Naphtha and fuel oil from the hydrocracking unit will be delivered to Petkim for petrochemical use.

The refinery will include crude and vacuum distillation units, naphtha hydrotreating, a 40,000 bpsd delayed coking unit, a 66,000bpsd hydrocracking unit, kerosene and diesel hydrotreaters, LPG caustic treatment units, a 28,000bpsd continuous catalytic reformer, a saturated gas unit, an amine and sour water stripper, sulfur and tail gas treatment units and a 160,000 Nm³/h hydrogen unit, as well as utilities, auxiliary systems and offsite facilities. The Sydec process as configured for this project will be designed to maximize clean liquid yields while minimizing fuel coke yields. Foster Wheeler's scope of work under these contracts is expected to be completed by the end of 2010.

Venezuela to nationalize oil rigs

Today's Zaman (Reuters), 25.06.2010



Venezuela will nationalize a fleet of oil rigs belonging to US company Helmerich and Payne, the latest takeover in a push to socialism as President Hugo Chavez struggles with lower oil output and a recession.

A former soldier inspired by Cuba's Fidel Castro, Chavez has made energy nationalization the linchpin in his 'revolution.' He has also taken over assets in telecommunications, power, steel and banking. The 11 drilling rigs have been idled for months following a dispute over pending payments by the OPEC member's state oil company PDVSA.

Oil Minister Rafael Ramirez said the rigs were being nationalized to bring them back into production. Ramirez said companies that refused to put their rigs into production were part of a plan to weaken Chavez's government.

European Commission to revive carbon tax debate

EurActiv, 21.06.2010



European commissioners will start talks on introducing minimum tax rates for carbon on June 23. But it is still unclear when and if Tax Commissioner Algirdas Semeta's suggestions will develop into a formal proposal.

Semeta has prioritised revising the Energy Taxation Directive, which would include an EU-wide minimum tax on the CO₂ content of fuels. The idea is to bring taxation more in line with Europe's environmental obligations. During the meeting, the commissioners will hold an 'orientation debate' on an internal working document.

The issue of taxation is sensitive, and the chances are that the proposal, if tabled, would result in years of in-fighting. The potential tabling of such proposals has been mooted since 2008, but Semeta's predecessor decided against the idea amid disagreement within the college of commissioners. Member states, like the Nordic countries, support the proposal because they have been applying similar national carbon taxes since the 1990s. Others, such as the UK and Ireland, however, are against Brussels setting taxes.

A potential proposal would have to get the unanimous backing of every member state to become law as taxation requires unanimity. But the UK for one is determined to veto such legislation, as it would require a redesign of national energy legislation. "The UK does not support the idea of a mandatory pan-EU carbon tax and hopes the Commission will not bring forward such a proposal," said a UK government spokesperson. "We think instead that the focus of any legislative proposal should be on reviewing current minimum rates of taxation, especially in the road transport sector, where 'tank tourism' creates both single market and environmental problems, and undermines national tax bases," she added.

The Commission departments also appear divided, with some questioning whether now is the right time to introduce a measure that could potentially harm the competitiveness of European farmers and car manufacturers. Plans to exempt energy products that fall under the EU's emissions trading scheme (EU ETS) have also been criticised, as many carbon-trading industries get free allowances and would get away with neither paying for allowances nor paying tax.

Ukraine wishes South Stream ‘peaceful death’

EurActiv, 21.06.2010



South Stream, the gas pipeline backed by Moscow that would allow Gazprom to sell gas directly to Europe while bypassing Ukraine, has lost its *raison d'être* since Kiev started to normalise relations with Russia, according to one of the country's top advisers.

Andriy Fialko, foreign policy advisor to the president of Ukraine, said he wanted the project 'to peacefully die'. Speaking at a round table organised by the European Policy Centre (EPC) on June 18, he said South Stream would represent a key test for Ukraine – Russia relations.

The new Ukrainian leadership sees itself as a strategic partner for Russia and it would make no sense for Gazprom not to use Ukraine's gas pipeline infrastructure, Fialko explained. Referring to the South Stream project, he said it was 'disappointing' to see 'other strategic partners' strike deals which harmed Ukraine's interest without first consulting Kiev. He added that the same applied to Nord Stream, an undersea pipeline bringing gas directly from Russia to Germany, the construction of which began recently, as well as 'other projects'.

Asked by EurActiv what Kyiv would do if Russia were to go ahead with the construction of South Stream, Fialko said: "I think one can safely say that it will seriously affect the readiness to go ahead with certain bilateral projects, if this is not addressed." Asked to name such projects, he said he would not do so at the moment. Such projects were discussed, but for the time being, the question was hypothetical, he said. "Our hope is that South Stream will peacefully die," he said.

Asked if Kiev had received indications from the Russian side that the pipeline could be scrapped, he said that this was not the case, but 'financial realities' and developments such as the oil spill in the Gulf of Mexico could help to change Moscow's mind. Fialko also indicated that the EU had a serious stake in the gamble, as Ukraine had an agreement with the Union to upgrade its gas transportation system. However, he said there was no commitment from the EU side or the Russian side as to how much gas would be pumped through that system.

"It would be a very extravagant exercise, particularly under the current economic situation, to invest two or three billion dollars in upgrading dramatically this potential, with the result of having 40% less gas pumped through. So we need reassurances from both sides, and this is not a caprice, but a necessity," concluded the policy adviser to the Ukrainian president.

Brussels convenes safety talks on deep-sea oil drilling

EurActiv, 24.06.2010



In the aftermath of the BP oil slick in the Gulf of Mexico, Energy Commissioner Günther Oettinger and Environment Commissioner Janez Potočnik will meet representatives of oil and gas companies and national surveillance authorities on July 14.

“No regulatory regime alone can give us 100% guarantees of safety. Much depends also on the attitude and practices of operators and on having an operational system available,” Oettinger said, adding that every possible effort must be made by the industry to avoid a similar accident and consequent oil spill.

The aim of the July meetings is to discuss whether EU legislation should be reviewed. The EU wants to make sure that member states are regulating deep-water operations adequately and that companies are not cutting corners where safety is concerned. This is the second meeting Commissioner Oettinger has convened with major oil and gas companies operating in Europe. In a first meeting on May 11, the commissioner asked representatives to fill out a 12-question survey indicating the preventative measures they have in place.

The answers will be delivered before the second meeting, allowing for concrete discussions to take place. In case of oil slicks, offshore drilling operations are subject to the relevant EU environmental legislation, including directives on environmental impact assessment, habitats, wild birds and environmental liability, as well as the Water Framework directive for coastal waters.

The EU Environmental Liability Directive (ELD), adopted in 2004, establishes a framework for environmental liability based on the ‘polluter pays’ principle, with a view to preventing and remedying environmental damage to animals, plants, natural habitats and water resources, and damage affecting the land. After some delays in transposing the directive into national legislation by the deadline of April 2007, the European Commission is currently drafting a report on the effectiveness of the directive in terms of actual remediation of environmental damage, as well as the availability at reasonable cost of financial security instruments.

The EU executive is also analysing all existing EU and national legislation. Depending on the results, Commissioner Oettinger will come out with new legislative and policy proposals this autumn, said a Commission spokesperson. The European Parliament held a debate on security and prevention measures on offshore oil platforms in the EU on May 18. But the House failed to adopt a resolution calling for tighter inspection methods, stronger safety rules and strengthening of international rules for off-shore exploration and drilling.

Deepwater oil drilling under scrutiny as Petrobras delays flotation

The Guardian, 23.06.2010



The flotation of Petrobras is a key part of the country's efforts to extract huge quantities of high-quality oil which lie around 280 miles offshore and 4,000 metres under the sea floor.

The company has surprised investors by postponing its \$25bn stock market flotation, potentially delaying its efforts to extract oil from deepwater reserves off the coast. The Petrobras stock offering, which had been scheduled for July, will now be delayed by two months until September. It blamed the move on Brazil's ANP energy regulator, which needs more time to assess the value of oil reserves which lie deep below the seabed off the coast of Rio de Janeiro.

The flotation of Petrobras is a key part of the country's efforts to extract huge quantities of high-quality oil which lie around 280 miles offshore. These reserves are trapped around 4,000 metres under the sea floor, beneath layers of salt and rock. There is also around 2,000 metres of seawater between the seabed and the surface, further complicating the drilling process. Under Petrobras' flotation plan, the government would sell the company the right to extract 5bn barrels of oil in reserves currently under the state's control, and would receive an equal share of the listed company in return.

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