

TPAO shakes hands with Chevron on Black Sea drills

Today's Zaman (Ismail Altunsoy), 31.08.2010



The Turkish Petroleum Corporation (TPAO) has come to an agreement with the oil company Chevron, the United States third largest corporation, to partner on two deep-sea drills in the Black Sea, where the companies will search for oil reserves, if the agreement is approved by Cabinet, Energy and Natural Resources Ministry officials told.

Officials, who wished to remain anonymous, said that Chevron and TPAO will be 50-50 partners in the two deep-sea drills, one of which has already begun in the Yassihöyük-1 area off the northern province of Zonguldak.

If, as expected, efforts do prove fruitful and oil is found in the Black Sea, the two companies will have equal rights over all explored potential. If oil is not discovered, then Chevron will absorb the operational costs. One deep-sea drill costs around \$250 million. If the agreement gets the green light by Cabinet, Chevron will pay a further \$50 billion for an exploration license held by TPAO, for the area.

An earlier drill off the northern province of Sinop's coast resulted in disappointment after TPAO and its partners, Brazilian Petrobras and American ExxonMobil, failed to find oil there. TPAO believes that the Black Sea has some 10 billion barrels of oil and 3 billion cubic meters of natural gas reserves. Following the failed efforts off Sinop's coast, TPAO initiated works in the Yassihöyük-1 area, where it has presently drilled to a depth of 500 meters. It is expected to drill to a depth of 4,000 to 4,500 meters.

Turkey aims to be self-sufficient regarding its oil and gas demands by 2023, the centennial of the modern republic. As such, the Turkish state values exploration of the Black Sea. The same Energy and Natural Resources Ministry officials told that they have 'high hopes' for the work to be carried out in partnership with Chevron, and the American giant was 'enthusiastic' to undertake explorations in the Black Sea.

Chevron produces 2.7 million barrels each day, and had a 2009 turnover of \$263 billion, more than the total turnover of Turkey's top 500 companies. According to Fortune magazine, those 500 companies earned \$258.6 billion in 2009 revenues.

Azerbaijan sees full Turkey gas deal by March 2011

Reuters (Jane Baird), 01.09.2010



Azerbaijan expects to iron out all details of a natural gas deal with Turkey by end-March 2011, state energy firm Socar said. The statement came hours after Russia said it would buy more gas than previously expected from Azerbaijan.

After two years of protracted negotiation amid political tensions, Azerbaijan and Turkey signed a memorandum of understanding on gas supply and transit on June 7, clearing the way for the Nabucco pipeline project to begin negotiations with Azerbaijan on much needed supplies. But Azeri officials said at the time the fine print of commercial and export details had yet to be worked out.

“By March 31, 2011, SOCAR and BOTAS will agree all issues and sign three documents - on the purchase and sale of gas from Shah Deniz II, on transit, and the price of gas from Shah Deniz I,” Socar President Rovnag Abdullayev told reporters.

Russian President Dmitry Medvedev is due in Baku on Sept. 2-3, where he will sign a deal to purchase more gas from Azerbaijan in 2011 and 2012 than previously agreed, his top foreign policy aide Sergei Prikhodko said on Wednesday, further tapping supplies courted by Europe. Deliveries this year to Russia are set to amount to 1 bcm, but Russia’s Gazprom said in January it planned to double that amount in 2011.

Turkish gasoline sales to Iran plunge

Hürriyet Daily News (Bloomberg), 02.09.2010



Turkey’s gasoline sales to Iran in July plunged to 47.9 million liters, or 9,800 barrels a day, from 187.4 million liters a month earlier after U.S. sanctions against Iran took effect, Turkey’s statistics office said.

Sales of 95-octane gasoline in July were valued at \$24.4 million, the office said. That compares with \$121.8 million in June. The slump in sales coincided with U.S. sanctions against Iran’s nuclear plans. The measures targeted foreign suppliers of gasoline and blocked access to the U.S. financial system for banks doing business in Iran.

Gazprom in talks with Turkish groups

Referans (Begüm Gürsoy Kaya), 03.09.2010



Russia's gas export monopoly Gazprom is looking for another entry into the Turkish market with an eye to eventually bidding for Istanbul's gas distribution network, according to sources.

The company is currently in talks with Turkey's Aksa Enerji to enter the Turkish market, but its real aim is to join the bidding process for IGDAS, Istanbul's natural gas distribution network, sources say. Turkey's biggest city natural gas distribution network is also close to Thrace, from which Russian gas enters Turkey, meaning the natural gas supply would be easier for Russia.

Gazprom, which supplies most of Turkey's natural gas needs, signed a memorandum with Aksa last year but the two companies have not yet entered a partnership. The talks are on entering the natural gas distribution market together and the supply of natural gas. Aksa, which has a natural gas power plant in the southern city of Antalya and owns one third of Turkey's natural gas distribution system, serves 600,000 subscribers. The company's 2015 target is to reach 3 million subscribers. BosphorusGaz is also interested in acquiring soon-to-be-sold IGDAS. Aksa, meanwhile, has started preparations for a bid, according to sources.

The deal between Gazprom and Turkish Petroleum Pipeline Corporation, or BOTAS, for 6 bcm of natural gas will end by the end of 2011. According to the law, after the expiration of the deal, the private sector will be able to make separate deals.

BosphorusGaz, which also owns a license to import natural gas, has requested an allocation of at least 1.5 bcm. Aksa, however, may also bid to take over the whole deal, while BOTAS itself may once again bid for at least half of the amount.

Talks between Aksa and Gazprom may result in a partnership in cities where Aksa currently distributes natural gas, sources said. Sector representatives told business daily Referans that the Russian side has not reached a decision on what to do after the current deal expires, predicting that clarification on the issue may be seen in December.

In a statement on Thursday, Gazprom said it was in talks with Turkish companies Calik and Aksa. With Calik, the Russian giant will build the Salt Lake Underground Natural Gas Storage Facility, a first for Turkey.

Azerbaijan increases gas supplies to Turkey

Trend.az, 27.08.2010

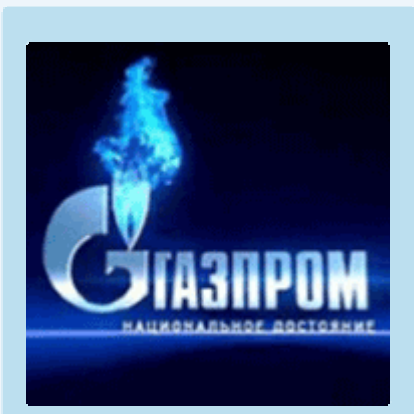


Azerbaijan increased gas supplies to Turkey to 16 million cubic meters per day this week, an inside source at the State Oil Company of the Azerbaijan Republic (SOCAR) told. The daily volume of gas supplies to Turkey was previously around 13-14 million cubic meters.

An explosion rocked a pipeline transporting gas from Iran to Turkey on Tuesday. As a result, Iranian gas supplies to Turkey were suspended. Supplies will resume in 7-8 days, Turkish Energy and Natural Resources Minister Taner Yildiz said.

Gazprom rides high

Upstream Online, 02.09.2010



Russian gas giant Gazprom saw its profit for the first quarter of the year more than triple on the back of a foreign exchange gain, adding it had cut its net debt by more than 30%.

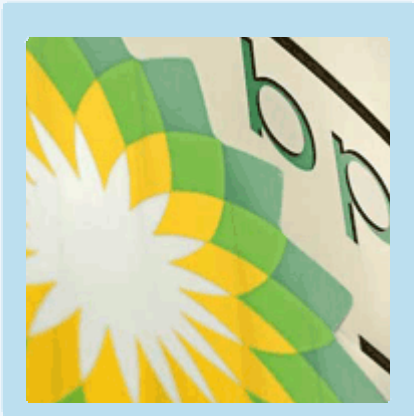
The company said its net profit attributable to shareholders rose in January through March to 324.95 billion roubles (\$10.6 billion) from 103.68 billion roubles in the year-ago period. Analysts polled by Reuters had expected a profit of 309.47 billion roubles. Gazprom said its revenues from sales to Europe and other countries declined by 22% to 286.22 billion roubles as a 36% decrease in prices outweighed a rise in sales volumes of 37%.

The company said it enjoyed a forex gain of 52.54 billion roubles against a loss of 149.42 billion roubles in the second quarter of 2009 due to rouble fluctuations. Gazprom's sales increased by 14% to 956.8 billion roubles, while its net debt was slashed by almost 30% to 977 billion roubles as of March 2010 comparing to 31 December 2009. Meanwhile, the company lowered its expectation of gas sales to Europe. "We expect gas sales to Europe in 2010 to be flat compared to 2009," chief financial officer Andrei Kruglov told a conference call. Gazprom has earlier expected to increase its European sales to 145 bcm this year from 142 bcm last year.



BP spent \$8B on oil spill, plans to resume relief well

Rigzone (Dow Jones Newswires), 03.09.2010



BP said it has spent around \$8 billion to date in response to the massive oil spill in the Gulf of Mexico and expects to resume its relief well drilling shortly. The costs to date include cost of the spill response, containment, relief well drilling, the 'static kill' operation, grants to the Gulf states, claims paid and federal costs.

Since July 15, no new oil has flowed into the Gulf of Mexico from the Macondo well, the company said. BP said more than 42,000 claims have been submitted by individuals and businesses since the claims processing was transferred over to the Gulf Coast Claims Facility on August 23.

The claims relate to compensation sought for damages resulting from an explosion in April on the Deepwater Horizon rig, which caused the U.S.'s largest offshore oil spill. BP had made 127,000 claims payments, totaling about \$399 million to date. BP warned Friday that its cleanup efforts could be hindered under congressional legislation designed to punish the company by constraining its operations in the Gulf. The U.S. House of Representatives passed a bill July 30 that includes a ban on Gulf of Mexico drilling permits for any company with more than 10 fatalities at its offshore or onshore facilities. Eleven workers died when the rig BP was leasing exploded in the Gulf of Mexico.

"If we are unable to keep those fields going, that is going to have a substantial impact on our cash flow," said BP America executive David Nagel, according to a New York Times website article. This "makes it harder for us to fund things, fund these programs," he said, referring to additional costs that the company may have to pay.

BP faces a huge challenge to raise funds in the wake of the environmental disaster. The oil major plans to raise \$30 billion from asset sales to help meet the cost of the spill. So far, the company has raised just shy of \$10 billion from asset sales, a company spokesman said. BP is now focused on replacing the Deepwater Horizon drilling rig's failed blowout preventer, a contraption which is designed to prevent oil leaks, with the blowout preventer from the Development Driller II rig in order to resume drilling on the relief well.

Depending upon weather conditions, BP expects the relief well will intersect with the the area between the Macondo well's drilling pipe and the surrounding rock formation around mid-September. BP said no volumes of oily liquid have been recovered since July 21 and the last controlled burn operation occurred on July 20. BP continues to conduct overflights and other reconnaissance to search for oil on the surface. BP said about 28,400 personnel, more than 4,050 vessels, and dozens of aircraft are still engaged in the response effort. BP's skimming operations have recovered a total of more than 826,000 barrels of oily liquid and a total of 411 controlled burns have been carried out, removing around 265,000 barrels of oil from the open water.

Nord Stream begins Gulf of Finland construction

Hürriyet Daily News, 03.09.2010



Nord Stream has begun construction on the Gulf of Finland portion of the controversial pipeline, with the world's largest pipelay vessels setting in place the first pipes on Wednesday.

Allseas' Solitaire, the world's largest pipelay vessel, has started to work on the Gulf of Finland section of the 1,224 kilometer-long Nord Stream natural gas pipeline in the Baltic Sea, the Baltic Times website reported. Nord Stream's Deputy Director Construction Ruurd Hoekstra and Leo Varkevisser, Allseas' Vice President Projects and Operations, arrived on board the Solitaire to confirm that everything was on schedule and 'all systems go' for the start of construction.

The highly controversial Nord Stream project will see an underwater pipeline connect Russia to Germany through the Baltic Sea. The three Baltic States have all voiced opposition to the project. In addition to environmental concerns, the Baltic trio fears that the pipeline will make Europe too dependent on Russia. There are also fears that Russia will not be able to arbitrarily cut off gas supplies to Eastern Europe without affecting the large Western European market.

Iraq says it may abide by OPEC quotas in 2-3 years

Today's Zaman, 30.08.2010



Iraq's Oil Minister Hussain al-Shahristani says Baghdad will consider abiding by OPEC quotas once its crude production increases to 4 million barrels a day in two to three years.

Shahristani says there is no rush to discuss quotas with other members of the OPEC while Iraq's production level remains at the current 2.5 million barrels a day. Once the country's daily output reaches 4 million barrels, it will be willing to discuss setting a quota for its production, he said. He also added the price of oil, currently hovering between \$70 and \$75 a barrel, "seems to be fair for both the consumers and the producers."

Shell says \$1.1B oil pipeline in Nigeria nearly done

Hürriyet Daily News, 23.08.2010



Royal Dutch Shell announced Monday that its new, \$1.1 billion crude oil pipeline running through Nigeria's restive southern delta is almost complete.

The 97-kilometer Nembe Creek Trunkline will be able to transport 600,000 barrels of oil per day from flow stations in the Niger Delta to Shell's Bonny export terminal, the company said in a statement. The company said the new pipeline will replace existing pipelines running through the delta, a region of swamps, mangroves and creeks almost the size of South Carolina or Portugal.

Shell's Nigerian subsidiary, Shell Petroleum Development Co., partners with the state-run Nigerian National Petroleum Corp. The pipeline replacement is part of its joint venture that includes local subsidiaries of French oil major Total and Italy's Eni.

Shell said its Nigerian subsidiary's joint venture had replaced more than 1,000 kilometers of pipelines in the last five year. That comes after criticism Shell has faced from environmentalists and community activists in Nigeria, who blame the oil major's aging pipelines for oil spills through the delta. Environmentalists estimate as much as 2 billion liters of oil have poured into the delta in 50 years' time at a rate roughly comparable to one Exxon Valdez disaster per year. However, Shell blames militants and oil thieves for the majority of its pipeline ruptures and oil spills.

Pakistan and Turkmenistan want early completion of TAPI gas pipeline project

South Asian News Agency, 31.08.2010



The second session of the Pakistan-Turkmenistan Joint Governmental Commission underlined necessity to accelerate efforts for TAPI gas pipeline project in order to begin construction of this gas pipeline on priority.

Turkmenistan side informed that they have initiated to organize the Steering Committee Meeting on September in Ashgabat which will approve initial the texts of relevant agreements and multilateral documents by all the four countries, Turkmenistan, Pakistan, Afghanistan and India.

Oil platform explodes offshore Louisiana

Rigzone, 02.09.2010



Houston-based Mariner Energy reports that the fire on board its production platform in the Gulf of Mexico has been extinguished. Platform owner and operator Mariner had deployed three fire-fighting vessels to the site to extinguish the fire, which broke out this morning at Vermilion Block 380 approximately 102 miles offshore the central Louisiana coast.

All 13 workers have been evacuated and safely accounted for with no injuries reported. Automated shutoff equipment on the platform safely turned off the flow of oil and gas from the platform's seven producing wells before the fire occurred and the crew evacuated.

The cause of the explosion and fire is unknown at this time. Mariner said an investigation into the incident will be conducted and that it is working with regulatory authorities in response to this incident. The U.S. Coast Guard now says that no oil sheen on the water from the incident, according to media reports. The 13 workers, who were wearing immersion suits and had evacuated from the platform into the water, were picked up by the offshore supply boat OSV Crystal Clear and taken to a nearby platform for pick-up by the U.S. Coast Guard.

Announcements & Reports

► *IEA Key World Energy Statistics – 2010*

Source : International Energy Agency

Weblink : http://www.iea.org/textbase/nppdf/free/2010/key_stats_2010.pdf