

## Level the field in oil research, PETFORM chief says

Hürriyet Daily News (Erisa Dautaj Senerdem), 28.09.2010



As Turkey struggles to climb out of its dependency on energy resources from abroad, the government has embarked on a mission to explore oil and gas fields. The Turkish state-owned petroleum company TPAO has signed comprehensive deals with Chevron, Petrobras and ExxonMobil to this end.

Turkey is about 93 percent dependent on foreign oil sources and 97 percent on natural gas ones. However, it knows little about the richness of its underground and underwater potential, as there exists a serious lack of research in this field, according to Nusret Cömert, Chairman of the Petroleum Platform Association, or PETFORM.

Speaking to the Hürriyet Daily News & Economic Review on Sept. 16, Cömert said Turkey urgently needed to assess its own energy resources. "Seismic and drill research using recent technology must be conducted to see what we have underground and underwater," Cömert said. However, such ventures are risky for companies, as they could get nothing in return despite paying a high price for the research. "Hundreds of millions of dollars would be necessary to conduct such research underwater."

Although the 1954 law on oil and natural gas was rather liberal for its time, there is need for a new law to regulate Turkey's fossil fuel markets, according to the chairman. "Policymakers are aware of the need for a new law [as shown with the 2007 draft, which was not approved]," he said, adding that it was crucial to also set up a timeframe for the new draft so the market sees the right signals for investment decisions. Only two offshore oil wells opened in the Black Sea between 1970 and 2003. Cömert said this figure reached 28 for the 2003-2009 period, thanks to seismic research and drilling.

Cömert said a new draft law on the issue should address sensitivities regarding the extraction of oil. He recalled recent press reports that no evidence of fossil fuels was found by the world's second-biggest water-based research platform after it was brought to Turkey late in 2009 to conduct research near Sinop. The platform operated with a daily cost of \$1 million. TPAO, Petrobras and ExxonMobil had shares of 50, 25 and 25 percent respectively in the operation.

"Costs of \$200 million were incurred and they will be paid by Petrobras and ExxonMobil," Cömert said, explaining that through this arrangement private companies were being discriminated against since state-owned TPAO did not have to pay for any of the costs if no resources were found, according to the agreements signed.



Cömert also drew attention to the granting of licenses for fossil fuel research in Turkey's seas, which is another delicate issue not properly addressed by existing legislation. He said operating licenses for each parcel/surface unit on which research and extraction activities would be conducted were granted by a decision of the Council of Ministers, which had given licenses for all the units, including the Black sea region, to TPAO.

Although TPAO is 'a strategic company' for Turkey, Cömert said the government has to set up more fair and clear criteria for delivering licenses. "Policymakers must offer a fair balance between investment costs, the risk premium and net income [if fossil fuel is found and extracted] in order to attract investors," he said. "Otherwise, not much will change and Turkey will continue to be dependent on other countries' energy resources."

On natural gas, Cömert said it is crucial for the market to be liberalized so that "competition prevails for both suppliers and consumers to benefit." He said according to current regulation, the natural gas market has to be liberalized by transferring state-owned BOTAS's contracts to private players at an annual rate no less than 10 percent, starting from 2001. Thus, 80 percent of the market should have been liberalized by 2009.

Although liberalization of distribution activities was achieved in essence, little progress has been recorded regarding natural gas contract transfers, according to Cömert. "2009 was too much an ambitious date to achieve liberalization in natural gas markets," he said, but added that both public and private actors have to strive for market liberalization as soon as possible.

Another sensitive issue in current legislation is that although natural gas imports are free for any market player, they are possible only with approval of the Energy Market Regulatory Agency, or EMRA, which browses all existing contracts before making a decision. "Thus, there is a need for review of the current legislation," he said. "Should there be will and commitment, market liberalization can be achieved in three to five years."

Regarding environmental assessment reports for underwater oil research and extraction, which has been a hot issue since the disastrous Gulf of Mexico oil spill in May, Cömert said such reports are already compulsory for companies.

For nuclear energy, Cömert said both the high cost of investment and environmental concerns are prohibitive. On the other hand, he said, although renewable energy resources such as wind and solar energy are good options, the government has yet to give enough incentives and subsidies for the sector to flourish.

# Turkey planning to sell TPAO by public offering

Today's Zaman, 21.09.2010



Turkey's Energy and Natural Resources Minister Taner Yildiz said that Turkey was making preparations to sell the Turkish Petroleum Corporation (TPAO) by public offering in 2011.

Yildiz said his ministry was working on the regulations and Petroleum Law for TPAO's public offering. "We will bring it up to the Turkish parliament when preparations are completed," Yildiz said after his meeting with Russ Bellis, Exploration Director of ExxonMobil, in Ankara. Yildiz added that he received information about the initiatives ExxonMobil was planning to make this year and in the first quarter of 2011.

"Our efforts are under way with Petrobras, Exxon Mobil and Chevron to explore oil in Turkey," the minister said. Yildiz said Turkey could only strike 8-10 percent of its oil and natural gas need, and provided the rest of its need by imports. "We need to strike at least 70-80 percent of our oil and natural gas for a balanced foreign trade," he said.

Yildiz said a sixth generation platform was being constructed in South Korea to explore oil beneath deep seas, and the mentioned platform would make its first deep sea explorations in the Black Sea, which he defined as a project Turkey and ExxonMobil attached importance. "We will strike one, two maybe 13 wells, but we want to find oil in the Black Sea," he said.

Also speaking to reporters, Bellis said ExxonMobil would bring a brand-new drilling ship to Turkey at the beginning of 2011 to be used in oil exploration in the Black Sea. Bellis said the company was planning to open two wells with that ship.

On tanker traffic at the Turkish Straits, Yildiz said technical delegations would have a meeting in Moscow on September 25-26. "Traffic at the Straits should be reduced with alternative solutions and by-pass pipelines whether it is Burgas-Alexandroupolis, or Samsun-Ceyhan project," he said.

# Uysal: Once in the stock market, TPAO will help Turkey fly as Turkish Airlines does

Today's Zaman, 23.09.2010



Turkish Petroleum Corporation (TPAO) General Director Mehmet Uysal has said once the state-owned company's shares are traded on the stock exchange it will contribute to Turkey's economy as much as national flag carrier Turkish Airlines (THY) does.

"Once the public offering is realized, we will help Turkey fly like THY does," he said. Turkish Energy and Natural Resources Minister Taner Yildiz announced on Tuesday that his ministry is currently undertaking preparations for TPAO's initial public offering (IPO) on the Istanbul Stock Exchange (IMKB) next year.

Referring to Yildiz's announcement, Uysal said the news 'highly excited' them, adding that TPAO will gain great opportunities for oil and natural gas exploration in and outside Turkey once its shares start to be bought and sold by people on the IMKB.

TPAO currently produces 70,000 barrels of oil a day for Turkey. With domestic production, the country can only meet up to 10 percent of its energy demand, the primary factor widening its trade deficit, which was recorded at over \$34 billion in the first seven months of this year. Turkey aims to be self-sufficient in the field of energy by 2023, the centennial of the modern republic.

Trading their shares on the stock market is one way for enterprises to finance operations. THY posted significant growth after it was partly privatized through two public offerings in 2004 and 2006. Some 50.9 percent of the national flag carrier's shares were sold to the public for \$1.56 billion in those two offerings.

TPAO was established as a joint stock company in 1954 and was run with, as Uysal said, a 'private corporation mentality' until 1983, when it was turned into a fully state-owned company. "If we had continued with our pre-1983 structure, we would have been among the top 10 corporations in the world by now," Uysal added, noting that complicated decision-making mechanisms lead to great economic costs for enterprises. "THY is now listing this cost as profit in its books," he explained. In the first eight months of this year THY served 19.2 million passengers, a 17.8 percent increase over the same period last year. The national flag carrier announced TL 278 million in profit in the first half of 2010.

## Turkey and Iraq in talks to renew Kirkuk-Ceyhan crude oil pipeline deal

Today's Zaman, 20.09.2010



Turkish Energy Minister Taner Yildiz went to the Iraqi capital of Baghdad to attend the signing ceremony of an agreement on the Kirkuk-Ceyhan Crude Oil Pipeline.

He first met with Iraqi Oil Minister Husain al-Shahristani. Underscoring the current positive atmosphere in the relations between Turkey and Iraq, Yildiz said it was the best time to take more initiative to further cooperation and advance mutual relations, especially in the energy field. The new deal extended the time period for the validity of the current deal by 15 years. "The crude pipeline is not enough for mutual relations; natural gas must be included, too," Yildiz asserted.

Shahristani also commented on the new deal, emphasizing that the amendment concerning the confiscations was one of the most crucial changes. "From now on, there will be no confiscation of Iraqi oil passing through Turkey as the Turkish government has provided its guarantee on this issue," he said. He also added that the transportation fees were raised from 75 cents per barrel to \$1 per barrel. Currently, 500,000 barrels of oil are flowing through the Kirkuk-Yumurtalik pipeline and the construction of a second pipeline may be needed. Yildiz also reiterated Turkey's desire to conduct negotiations with Baghdad to move together on certain oil and natural gas projects.

## Chevron acquires Turkish Black Sea deepwater block

Oil&Gas Journal, 20.09.2010



Chevron continued its push to acquire deepwater interests outside the US Gulf of Mexico with acquisition of an interest in a block in a new deepwater basin in the Black Sea.

Turkish Petroleum Corporation (TPAO) is already drilling the first exploratory well on License 3921. TPAO operates the wildcat and Chevron would operate any development. Chevron is acquiring a 50% interest in the western part of the block, which extends into water more than 2,000 m deep. If the first well finds hydrocarbons, the companies will shoot 3D seismic and TPAO will drill another exploratory well in 2012.





The license is northeast of where a group led by Toreador Resources found gas in the South Akcakoca subbasin on the Black Sea shelf in the last decade. Toreador sold its interests in the producing Ayazli, Akkaya, and East Ayazli fields to private Norwegian operator Tiway Oil in order to exploit Toreador's shale oil assets in the Paris basin of France.

## TPAO to invest \$4 billion over 3 years in oil exploration

Today's Zaman, 22.09.2010



Turkish Petroleum Corporation (TPAO) General Director Mehmet Uysal has said they plan to invest \$4 billion in oil exploration both inside and outside Turkey in the course of the next three years.

Speaking at the conference "Oil and Gas Expansion in Turkey" in Ankara, Uysal said if ongoing drilling prove successful in finding oil, they will increase the amount of their investment from \$10 billion to \$15 billion. He added that they also plan to explore for oil in the Mediterranean much as they are doing in the Black Sea.

"We hope exciting days of exploration will begin in the Mediterranean through partnerships in 2015," he said, adding that they will first engage in seismic research and technical analysis to determine the potential and then looks for partnerships with private companies as they did in the Black Sea.

In reference to the drilling in the Black Sea, Uysal said they expect to find natural gas and petroleum in both the western and eastern parts of the sea. "When drilling at Yassihoyuk 1, 60 kilometers north of Zonguldak, is completed in the next few months, we will begin drilling off the coast of Trabzon in partnerships with private companies. We will for the first time send invitations to domestic and foreign professional enterprises on this matter," he said.

Uysal also talked about TPAO initiatives abroad. He said they concluded a drill in Libya in which they found 1,700 barrels of oil. "We explored six sites in Libya, and that is a rare-incident in the history of searching for oil," he added. "The projects we entered into in Libya and Iraq will turn TPAO into a company producing up to 300,000 barrels of oil in four to five years," he also said. The state-owned company currently produces 70,000 barrels of oil each day.

## Iraq's oil exports via Turkey fall 20 pct

Hürriyet Daily News (Bloomberg), 24.09.2010



Iraq's crude oil exports through Turkey 'suddenly' dropped by about 20 percent due to a technical fault on the Iraqi side of the border, according to an official for the state-run North Oil Co.

"The flow suddenly dropped from the usual level of 600,000 barrels a day to between 400,000 and 450,000 barrels a day" on Thursday, Imad Baqer, head of the company's production department, said on Friday by telephone from Baghdad. Iraqi technicians were trying to fix the fault and flows in the pipeline are due to return to their usual level in a few days, he said.

Supplies from the Kirkuk-Ceyhan pipeline, which carries about a quarter of Iraq's total crude exports, halted at the end of August for four days because a technical fault on both sides of the border. The link from the northern Kirkuk fields to the Turkish port of Ceyhan was halted for four days after a bombing on the Iraqi side of the pipeline on Aug. 20 and stopped briefly in early July after sabotage by members of an outlawed terrorist group on the Turkish side.

## TPAO to open oil company in Syria

Hürriyet Daily News, 01.10.2010



State-owned Turkish Petroleum Corporation, or TPAO, is getting ready to open a company in Damascus, Syria or acquire shares of a company to oversee its Middle East operations. Turkey's Cabinet issued a decree in the Official Gazette on Friday allowing TPAO to open new companies or acquire shares of a company in Damascus.

The decree allows TPAO to become a partner of an existing company and maintain representatives in its board. The original capital of the company will be \$100,000. The amount to be contributed to this capital will be determined by the TPAO's Board of Directors.

TPAO's board will be allowed to transfer money in foreign currencies to such companies to pay for its oil operations in the Middle East. The board of the company or the partnership will be jointly appointed by TPAO and the Syrian Petroleum Corporation, or SPC. TPAO's will hold 50 percent of the shares of the company while SPC will hold the rest.

## Russia presents Turkey draft Samsun-Ceyhan deal with 25 mln T supplies

RIA Novosti, 30.09.2010



Russia has presented Turkey a draft intergovernmental agreement on the Samsun-Ceyhan pipeline project offering oil supplies of 25 million tons per year, well below the initial capacity of 60-70 million tons, Deputy Energy Minister Anatoly Yanovsky said on Thursday.

“There was a meeting on September 24, where we gave the draft intergovernmental agreement on cooperation in building the pipeline to our colleagues,” Yanovsky said. “The draft includes obligations of Russian oil companies to deliver 25 million tons of oil by the pipeline and the Turkish side’s obligations to provide a favorable regime for construction of the pipeline.”

In 2009, Russia’s top oil firm Rosneft, oil pipeline monopoly Transneft, Sovcomflot shipping firm, Turkey’s Calik group and Italy’s Eni signed an agreement to participate in the Samsun-Ceyhan pipeline project, meant to carry oil from the Turkish port of Samsun on the Black Sea to a Mediterranean terminal in Ceyhan and ease tanker traffic burden in the Bosphorus and the Dardanelles straits. In September, Transneft head Nikolai Tokarev complained that Turkey was offering Russia unfavorable terms for the project.

## Turkey to boost pipeline security after attacks

Bloomberg Businessweek, 23.09.2010



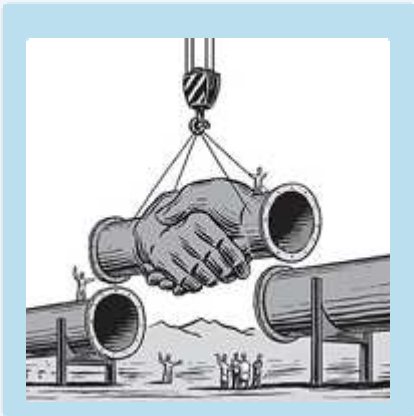
Turkey says it will reinforce security for gas and oil pipelines following a spate of attacks blamed on the terrorist militants. Energy Minister Taner Yildiz would not go into details in an interview but said the measures would involve greater policing and the use of advanced surveillance systems. He gave no estimate on the cost.

In August, suspected PKK terrorists blew up an Iraqi-Turkish oil pipeline and an Iran-Turkey gas pipeline in separate attacks, cutting supplies for several days. Two people were killed in the second blast.



## Iraq and Syria agree on two new oil pipelines

Hürriyet Daily News, 20.09.2010



Baghdad has reached an agreement with Damascus to build two oil pipelines linking Iraq to Mediterranean sea ports via Syria for the export of crude, Assem Jihad, Iraqi Oil Ministry's Spokesman said.

The two pipelines will have a combined capacity of 2.75 million barrels of oil per day, but projected costs and a timeline will only be set once a study has been carried out. "We cannot give any projected costs right now," said Jihad. "When the two governments agree on all the details, companies will be invited to submit bids to say how much money it will cost."

The two pipelines will run alongside a gas pipeline that will provide gas for pumping stations, government spokesman Ali al-Dabbagh said in a statement, adding that the Iraqi cabinet had agreed to the deal. Dabbagh said a bilateral technical team will conduct a study for the pipeline project, but Jihad could not provide details on when it would begin its work or submit a report. Jihad told that two existing pipelines linking Iraq and Syria, opened in 1952 and 1962 respectively, were no longer suitable for the size of expected oil production. "So because of this, we have decided to build a new system designed to accommodate the size of the expected production," he said.

## SOCAR to invest \$10 billion in Petkim

Today's Zaman, 28.09.2010



The State Oil Company of the Azerbaijan Republic (SOCAR) plans to invest \$10 billion in the course of seven to eight years in its Turkish subsidiary, Petkim, AzerTAc reported.

According to the report, SOCAR Vice Chairman Hosbaht Yusufzade announced that the company's investment plan earmarks \$3.5 billion to \$5 billion for the procurement of raw materials, while the remainder of the total investment is for the construction of an oil production plant that will have an annual capacity of 10 to 15 million tons. This plant is expected to be completed by 2015 at the latest, Yusufzade added. Petkim is owned by the SOCAR-Turcas consortium.

## Iraq blocks KRG's gas export deal

Petroleum Economist, 20.09.2010



The Iraq government has rejected a deal between the regional government in Northern Iraq (KRG) and RWE that would have paved the way for gas exports to Europe. The oil ministry in Baghdad says all sales contracts signed without the authority of the State Oil Marketing Organisation are 'illegal', a decision that could end the hopes of RWE and the KRG to export up to 20 bcm a year from Northern Iraq to Europe.

At the end of August, the KRG and RWE signed a deal covering construction of a domestic and export gas system, creating a route to market for the region's reserves, most notably to Europe through the prospective Nabucco project.

RWE is a shareholder in the Nabucco consortium, which aims to import up to 31 bcm per year of Mideast and Central Asian gas into central Europe. Gas from the Khor Mor and Chemchamal fields, operated by the UAE's Dana Gas, would account for the bulk of Nabucco's capacity. Yet the pipeline's progress has so far been undermined by a lack of confirmed gas sources to justify construction.

With Iranian gas imports blocked for political reasons, and supplies from Central Asia requiring substantial new infrastructure, Austria's OMV, which leads the Nabucco consortium, has said Iraqi gas would be crucial to the project. Ashti Hawrami, the KRG's Minister of Natural Resources, says that exploration in the province could prove gas reserves of around 6 tcm. OMV and Hungary's MOL, another Nabucco consortium member, have a combined 20% stake in Pearl Petroleum, a JV with Dana Gas and Crescent Petroleum, for the development of Khor Mor and Chemchamal.

The Iraqi oil ministry has consistently said that deals signed by the KRG with international companies are illegal. In 2009, production-sharing contracts with Norway's DNO and Turkey's Genel Enerji were threatened by this stance, and exports from the Taq Taq and Tawke oilfields were stopped. The KRG could yet proceed without Baghdad's approval - provided Turkey agrees to accept the transit of the gas through its territory. And that could yet happen. In addition to significant transit fees it would earn, Turkey has a strong relationship with the KRG, and private-sector Turkish firms, which make up 60% of the foreign companies active there, have invested more than \$0.6bn in the region to date.

However, the government in Baghdad is deploying other sanctions to force the KRG's hand. After opposing the RWE deal, the oil ministry said it would halve the amount of Iraqi fuel oil and kerosene that enters the region. Ostensibly, this measure is designed to limit the alleged smuggling of fuel across the region's border into Iran, where international sanctions have yielded a shortage of refined products. But the move is also a calculated blow against the KRG in response to its RWE deal.

## Iraq postpones gas field auction

Upstream Online, 20.09.2010



Iraq has postponed an auction for three gas fields for the second time, to 20 October, after some companies asked for more time to study contract terms. The bidding round was to have taken place on 1 October, after being pushed back by a month before.

“Eight companies asked the Oil Ministry to postpone the auction to give them more time to study the final tender protocol after the ministry made some amendments,” head of the Iraqi oil ministry’s licensing and contracting office, Abdul-Mahdy Ameedi, told Reuters.

Ameedi also said that Italy’s Eni and Japan’s Mitsubishi had paid participation fees for Iraq’s third bidding round, bringing the number of companies expected to join the auction up to 13. One or two more companies are expected to pay the participation fees in the coming few days, he added.

Iraq will tender gas fields at Akkas in the western desert, Iraq’s Sunni heartland and once an al Qaeda stronghold, Mansuriyah near the Iranian border in volatile Diyala province, and Siba in the relatively peaceful southern oil hub of Basra. The three fields together have estimated reserves of around 11.23 trillion cubic feet of gas. The companies registered for the auction include Italy’s Edison, France’s Total, South Korea’s Kogas and Russia’s TNK-BP. Companies had registered for the auction and paid the necessary fees, and received final versions of the model contract earlier this month.

## RWE proposes connecting Nabucco to IGI

Bloomberg (Ben Farey), 17.09.2010



RWE, Germany’s second-biggest utility, proposed to link the Nabucco pipeline project to ship Caspian natural gas to Europe to a link planned between Greece and Italy.

“The IGI gas pipeline project could be linked to Nabucco and benefit from Nabucco’s dedicated transit through Turkey and access to gas supplies,” Jeremy Ellis, head of business development at RWE Supply & Trading GmbH, said in Baku. IGI Poseidon, a venture between Italy’s Edison and Greece’s Depa, plans to build a 207-kilometer pipeline to carry as much as 8 bcm a year to Italy from 2015.



# Petrobras raises \$67B in world's largest share offer

Rigzone (Dow Jones Newswires), 24.09.2010



Petrobras late Thursday finalized the terms for the world's largest share offer, setting its sights on turning the Latin American country into one of the world's top oil producers.

Petrobras said in a regulatory filing that it priced the issue of about 4.08 billion voting and preferred shares, raising approximately \$67 billion. That tops the previous record share offer set in 1987, when Japanese telecommunications company Nippon Telegraph & Telephone Corp. raised \$36.8 billion. The share sale is a key step in Petrobras' plans to develop offshore oil fields estimated to be the largest discovered in the past 30 years.

Petrobras will invest \$224 billion over the next five years to double oil output to 3.9 million barrels a day by 2014, making Brazil the world's fifth-largest oil producer and likely placing it among the top 10 oil exporters. Despite the technical challenges and heavy costs associated with the developing oil reservoirs 4 miles deep, the promise of the new fields has made demand for the share offer 'enormous,' said Don Gimbel, a fund manager at Carret & Co., echoing enthusiasm in the market. "This is a huge opportunity to participate in a very large deposit."

Demand for the offer was about \$87 billion, a market participant with knowledge of the deal told Dow Jones Newswires. Another person involved in the deal said the offering was increased by about 8.6% from the original size of about 3.76 billion shares. Petrobras had said that it could sell up to 20% more shares if there was sufficient demand.

The cash generated from the share offer will also reduce Petrobras' net debt-to-equity ratio, which had bumped up against the company's self-imposed 35% limit. The fresh capital will once again allow the company to raise more money on the debt markets. Last year, Petrobras borrowed a record \$30 billion, including debt issues, bank loans and an oil-for-loan deal with China Development Bank.

Petrobras' preferred shares closed sharply higher Thursday on the Sao Paulo stock exchange, advancing just over 4% to BRL27.05 Brazilian reals (\$15.74). The company's American Depositary Receipts closed 3.6% higher at \$35.97 on the New York Stock Exchange.

Petrobras shares have tumbled this year amid uncertainty about the size and timing of the offer, and concerns that the government will start to exert more influence over the company's management. Until late August, Petrobras' stock had underperformed those of other major oil companies except BP, whose shares have been punished because of the oil spill in the U.S. Gulf of Mexico. Compared with Brazil's benchmark Ibovespa index, which has climbed 1.4% during the year, Petrobras' shares plummeted 30%.



The share offer's success comes after months of delays as lawmakers bickered over the bill approving the share sale and the company haggled with the government over an oil-rights transfer. The government will purchase about \$43 billion of the new shares in exchange for ceding rights to 5 billion barrels of oil. As a result, its ownership of Petrobras is expected to increase from the current 30% stake and more than 50% of voting stock, a slice of the pie that is expected to grow larger in the share offer as various public investment vehicles and state-owned banks buy up shares.

Some investors see the government's growing role as a reversal of the partial privatization of Petrobras in the late 1990s, a transaction that was considered a benchmark for the country's effort to revamp its old, state-run industries and open them to foreign investment.

Rogério Freitas, who manages \$100 million for Rio de Janeiro-based investment fund Teórica Investimentos, said he was planning to sit out the offer because he believes greater state participation in Petrobras will hurt the company's productivity. A price above BRL26.00 a share wasn't likely to be a good deal for investors, he said.

The joint global coordinators for the deal are Bank of America Merrill Lynch, Morgan Stanley, Citigroup, Banco Itau, Banco Bradesco and Banco Santander. Petrobras will sell 2.29 billion voting shares at BRL29.65 apiece and 1.79 billion preferred shares at BRL26.30, the company said in a filing with the Brazilian securities regulator. That also includes common American Depositary Receipts, each representing two voting shares, which were priced at \$34.49, and preferred ADRs, priced at \$30.59, the company said.

## Macedonia seeks to join South Stream

Bloomberg (Elizabeth Konstantinova), 28.09.2010



The Former Yugoslav Republic of Macedonia wants to join a pipeline planned by Gazprom and Eni that will carry Russian natural gas across the Black Sea through Bulgaria to Europe.

Macedonia's government will meet with Gazprom officials in the capital Skopje on Oct. 1 to discuss extending a leg of the link to the Balkan nation, the country's Finance Ministry said today on its website. Macedonia, along with Romania is seeking to join countries including Austria, Bulgaria, Greece, Hungary, Slovenia and Serbia as a partner in the onshore section of South Stream that is scheduled to deliver gas by the end of 2015.

One section of the pipeline would terminate at OMV's Baumgarten hub, currently the destination for about a third of Russia's gas exports to Western Europe. South Stream competes with the OMV-led Nabucco pipeline, which aims to bring gas from the Caspian Sea region and the Middle East to Austria via Turkey to reduce Europe's reliance on Russian supplies.

## BP Macondo well declared dead

Rigzone, 20.09.2010



BP confirmed that well kill operations on the well in the Gulf of Mexico are now complete, with both the casing and annulus of the well sealed by cement. The well has been shut-in since July 15 and cementing operations in August.

The relief well drilled by the drilling rig intercepted the annulus of the well on September 15, followed by pumping of cement into the annulus on September 17. BP, the federal government scientific team and the National Incident Commander have now concluded that these operations have also successfully sealed the annulus of the well.

“This is a significant milestone in the response to the Deepwater Horizon tragedy and is the final step in a complex and unprecedented subsea operation finally confirming that this well no longer presents a threat to the Gulf of Mexico,” said Tony Hayward, BP group chief executive. “However, there is still more to be done. BP’s commitment to complete our work and restore the damage done to the Gulf of Mexico, the Gulf coast and the livelihoods of the people across the region remains unchanged.”

BP will now proceed to complete the abandonment of the well, which includes removing portions of the casing and setting cement plugs. A similar plugging and abandonment of both relief wells will occur as well. BP will also now begin the process of dismantling and recovering containment equipment and decontaminating vessels that were in position at the wellsite.

## Total, Shell, Statoil, Eni pull out of Iran

Rigzone (Dow Jones Newswires), 30.09.2010



Energy giants Total, Shell, Statoil and Eni have pledged to end their investments in Iran. The pledges fall in line with tough new energy and financial measures the U.S. Congress imposed on Iran in June, which came atop U.N. Security Council sanctions imposed earlier the same month.

“I’m pleased to announce that we have received commitments from four international energy firms to terminate their investments and avoid any new activity in Iran’s energy sector,” Deputy Secretary of State James Steinberg said, calling the move “a significant setback to Iran.”



Steinberg said the move makes the companies eligible to avoid U.S. sanctions. The companies “have provided assurance to us that they have stopped,” or taken steps to stop business with Iran, he said. “However, some international oil companies have not yet committed to any new activities in Iran’s petroleum sector. And for this reason the State Department is launching investigations into those companies,” he said. He would not identify these firms or say how many there are.

Two senators urged Secretary of State Hillary Clinton on Tuesday to ensure that the administration punish Chinese and Turkish firms reportedly providing Iran with refined petroleum products. Steinberg also said the State Department decided to impose sanctions on Naftiran Intertrade Company, a Swiss-based subsidiary of Iran’s national oil company, for its involvement in Iran’s energy sector.

State Department official Douglas Engel admitted that U.S. firms were already prohibited from most dealings with the firm, but said the move “does send a message” to companies in other countries not to work with NICO. The latest steps came a day after U.S. President Barack Obama ordered sanctions against eight senior Iranian officials for alleged human rights abuses during the crackdown against those protesting the 2009 elections. It was the first time Washington had imposed sanctions against Iran based on human rights abuses, Clinton said.

## OMV to acquire Petronas’ operations in Pakistan

Oil & Gas Eurasia, 22.09.2010



OMV has signed a Sale and Purchase Agreement with Petronas on September 20, 2010 to acquire Petronas’ oil and gas exploration and production interests in Pakistan.

These include the Mubarak, Mehar and Daphro exploration licenses and the Mehar and Mubarak development and production leases. This proposed ownership change will be subject to the fulfilment of certain conditions precedent, in particular approval by the Government of Pakistan. The closing of the deal is expected to take place within the next few months. Petronas and OMV have decided not to disclose any further details of this acquisition.

Jaap Huijskes, OMV Executive Board member, responsible for Exploration and Production: “This corporate acquisition will expand OMV’s existing asset base and is a step towards reaching a critical mass in production in Pakistan. The acquired portfolio has strong growth potential and will put OMV in a position to significantly support the company’s long-term strategy goals.” For OMV, this transaction is in line with its corporate 3plus strategy to further grow within its exploration and production core regions such as the Middle East. OMV will further invest in Pakistan to ensure its position as the biggest foreign gas producer in the country.

## Putin urges Arctic deal

Upstream Online, 23.09.2010



Russian Prime Minister Vladimir Putin urged Arctic nations to cut a deal on how to explore the region's rich mineral resources, and dismissed dire warnings of looming battles over its oil and gas wealth. "Serious political and economic interests are indeed crossing over in the Arctic. But I have no doubt that problems, including the continental shelf problem, can be solved in the spirit of partnership," Putin told.

Canada, Russia, Norway, Denmark and the US are racing to file territorial claims over oil, gas and precious metal reserves that are looking more accessible as the Arctic ice cap shrinks.

"It is well known that it is difficult to survive in the Arctic on your own. Nature itself makes people, nations and states help each other there," he said. By international law, the five countries have a 320 kilometres economic zone north of their Arctic borders, but Russia wants more, claiming the Arctic Ocean seafloor is an extension of its continental shelf.

Russia believes its entire Arctic territory holds twice as much oil and gas reserves as Saudi Arabia today. Kremlin adviser Alexander Bedritsky told a conference on Wednesday that though the Arctic accounts for just 1.5% of Russia's population, it represents 11% of its economy and 22% of exports.

A Russian mini-submersible in 2007 planted a rust-proof Russian flag on the Arctic seafloor, prompting international fears that the former Cold War power was preparing to back its territorial claims by force. Putin played down such fears. "Unfortunately we are faced with alarmist predictions of a looming battle for the Arctic. We are monitoring the situation and making responsible forecasts," he said today. Putin, who travelled north of the Arctic Circle last month, said the Arctic border deal signed by Russia and Norway last week, as well as work on an international search and rescue treaty, were examples of peaceful cooperation.

"Declarations from Russia, Canada, and other countries in 2007-08 concerning the need for an increased military presence in the Arctic no longer seem relevant," Dmitry Trenin, an analyst at the Carnegie Endowment for International Peace in Moscow, wrote in a research note today. Russian Deputy Natural Resources Minister Igor Maidanov told the forum Russia wanted to invest over \$312.8 billion in exploring the continental shelf between now and 2039 and said most of this money will go to the Arctic. Maidanov promised new tax breaks for Arctic hydrocarbon deposits, which are already exempt from the mineral extraction tax. He said a lower export duty modeled on East Siberian fields breaks was possible.





## **KNOC wins control of Dana in \$2.9 billion hostile bid**

Bloomberg (Shinhye Kang & Eduard Gismatullin), 24.09.2010



Korea National Oil Corporation, KNOC, won control over Dana Petroleum in a 1.87 billion-pound (\$2.9 billion) hostile takeover. KNOC gained control of 64.26 percent of Dana's stock with its 1,800 pence-a-share offer, the company said today in a statement. The offer includes a bid for 141.5 million pounds of Dana's convertible bonds. Dana's board later today recommended shareholders accept the offer.

The takeover of the Scottish explorer shows Asia's fourth largest energy consumer is turning aggressive to secure supplies after acquisitions by Chinese peers jumped eightfold in three years.

KNOC made the hostile bid on August 20, offering a 59 percent premium over the closing price the day before Dana first announced the approach July 1. South Korean companies made 19 bids for foreign energy assets, including Dana, in the past 12 months, compared with 39 Chinese transactions, Bloomberg data show. State-owned KNOC has said it will spend about \$6 billion on acquisitions and projects this year to more than double output by 2012.

KNOC, based south of Seoul in Gyeonggi, received approval from shareholders representing 34.76 percent of the stock as of yesterday after it purchased a 29.5 percent stake in Dana, it said today. The Korean company, which has extended the offer, will apply for Dana's delisting from the London Stock Exchange if it secures 75 percent of its shares. The U.K.'s Office of Fair Trading said yesterday it won't refer the anticipated acquisition to the Competition Commission.

Dana said September 8 the 1,800 pence-apiece offer would 'utterly fail' to compensate shareholders. Its board rejected the bid, saying the Aberdeen-based company is worth at least 18 percent more. "Today we are reluctantly recommending that shareholders accept KNOC's offer," Dana Chairman Colin Goodall said in a statement released in London today. The stock closed little changed at 1,797 pence. The Scottish explorer on September 8 said it agreed to pay about 240 million pounds to Suncor Energy Inc. for Petro-Canada UK Ltd.'s production hubs in the U.K. North Sea. KNOC provided consent for the bid on September 20 and said the acquired assets "are neutral to the valuation of Dana."

The Korean company is planning additional acquisitions to meet a government target of more than doubling its production to 300,000 barrels of oil equivalent a day by 2012, Kang Young Won, KNOC's chief executive officer, said on August 24. That's equal to about 10 percent of South Korea's daily crude imports. KNOC bought a 50 percent stake in Petro-Tech Peruana of Peru for \$450 million in February last year and acquired Canada's Harvest Energy Trust for \$3.9 billion in October. It was outbid by China Petrochemical Corp. in the contest for Geneva-based Addax Petroleum last year, when China agreed to pay a 47 percent premium to the prevailing share price.

# Gazprom looks to rope in Shah Deniz 2 flow

Upstream Online, 29.09.2010



Russia's gas export monopoly Gazprom is the only viable buyer of gas from Azerbaijan's giant Shakh Deniz 2 field, Gazprom's export chief Alexander Medvedev said.

Both Russia and the EU are vying for large gas contracts from Azerbaijan's giant BP and Statoil-led Shah Deniz field to supply competing pipeline projects. "Based on pure economic logic there is no other competitor who could beat our price," Medvedev told Reuters in an interview. Analysts say gas-rich Russia's push to buy Azeri gas, however, is an attempt to prevent the European Union from diversifying its gas resources beyond Russia.

The EU-backed Nabucco pipeline project intends to bring Central Asian gas directly, bypassing Russia and Ukraine, but it has had a difficult time signing supply deals. Russia's rival South Stream pipeline would also bypass Ukraine, the main transit country for Russia gas to Europe, and bring gas supplies from Russia's coast, under the Black Sea to Bulgaria or Romania. "We will do South Stream irrespective of how the Ukrainian system will continue," said Medvedev.

Gazprom and Ukraine's state-owned energy and gas pipeline company Naftogaz are in discussions to merge. "If you look at the additional 200 bcm for export to Europe that will be required in 2030 you see that the priority must be how to keep the capacity of the Ukraine system," said Medvedev. "If there is not new investment the capacity will decline."

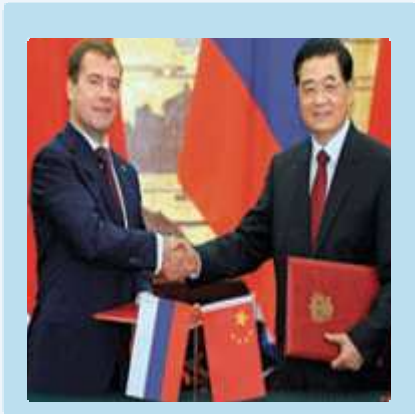
Medvedev also said Japan's Mitsubishi would be one of its preferred candidates for partnership on the Sakhalin 3 gas project. "One old friend is better than two new ones," said Medvedev. Gazprom recently discovered a large gas field on the Kirinsky block of the Sakhalin 3 project on the Sea of Okhotsk. Japan's Mitsubishi and Mitsui are Gazprom's partner in the Sakhalin 2 project which is to produce 9.6 million tonnes of LNG this year.

Japan is increasingly turning north for its energy needs as Russia sends more oil and gas to Pacific customers from the new oilfields of East Siberia and expands LNG production on Sakhalin. Production from one of the biggest gas fields in East Siberia, Kovykta, is slated for 2020, according to a government development plan for the Far East, said Medvedev.

The licence holder for Kovykta is currently undergoing bankruptcy and the field is expected to return to state hands. Medvedev said Gazprom had not yet decided whether or not to bid for the field when it goes up for auction. "It is a large scale investment, we will wait now and see," said Medvedev.

# Russia wants to supply all of China's gas needs

Today's Zaman, 28.09.2010



China and Russia signed agreements Monday to boost energy cooperation, while Moscow said it is ready to supply its energy hungry neighbor with all its natural gas needs.

No dollar value was given to the agreements signed during a state visit by Russian President Dmitry Medvedev, but they include documents on cooperation in coal, natural gas, nuclear energy and renewable energy. Russian Deputy Prime Minister Igor Sechin told in Beijing that Russia is in talks with Chinese partners on plans to launch natural gas supplies to China starting in 2015. "Russia is ready to meet China's full demand in gas," Sechin was quoted as saying in the report.

Russia is the world's biggest energy producer and China is the world's largest energy consumer, overtaking the United States last year. Although Europe remains Russia's largest export market for gas and oil, both Beijing and Moscow have been seeking to diversify their energy sources and markets, despite a long history of mutual suspicion and tensions.

Medvedev is on a three-day visit that started Sunday. He met Chinese President Hu Jintao for talks Monday and praised closer ties with China. "I believe that the contact between the two countries is completely in the interest of the Russian and Chinese peoples," Medvedev said in opening remarks.

Hu hailed a 'new era' in partnership. "Both sides believe that the current strategic partnership between China and Russia stands at a new starting point," the Chinese leader said at the end of talks. Sechin said that if talks with China on gas supplies went well, Russia could sign commercial contracts by the middle of next year, ITAR-Tass said.

Russian news agency Interfax cited Russian Energy Minister Sergei Shmatko as saying that "in my opinion, the main terms of (gas) supplies, apart from the price, have been agreed upon." In late August, Russia opened its section of a 1,000-kilometer crude oil pipeline from eastern Siberia to China, which will connect Russian oil fields with Daqing, a major oil production base in northeastern China.

# Gazprom agrees to buy 15 cargoes of LNG from GDFSuez

Bloomberg (Anna Shiryaevskaya), 22.09.2010



Gazprom's LNG unit will buy 15 cargoes of liquefied natural gas from GDFSuez over 2 1/2 years as the world's biggest gas producer expands beyond pipeline deliveries. The agreement covers about 900,000 metric tons of the fuel, Gazprom Global LNG said today in a joint statement. The first cargo is planned for 'early' 2011.

Gazprom is securing LNG supplies from third parties to expand global sales of the super-chilled fuel. It started its own LNG production at the Sakhalin-2 facility last year, selling the fuel to customers in Japan and South Korea.

"We have experienced tremendous growth of our LNG portfolio over the last couple of years, particularly in developing our Asia-Pacific basin activities," Frederic Barnaud, managing director of the U.K.-registered Gazprom Global LNG subsidiary, said in the statement. "This deal further strengthens our position as a world-class LNG marketer on both sides of the Suez Canal and active participant in the LNG shipping market".

GDFSuez sources LNG from Algeria, Egypt, Nigeria, Norway, Yemen and Trinidad and Tobago for a total of 16.5 million tons a year of long-term LNG supplies, the statement said. The Moscow-based company shipped its first LNG to the U.S. in 2005 after purchasing the cargo from BG Group Plc, a U.K. gas producer. It also swapped its own pipeline gas for cargoes with BP and Gaz de France, as it gained experience in LNG trading.

## Announcements & Reports

### ► *Natural Gas in India*

**Source** : International Energy Agency

**Weblink** : [http://www.iea.org/textbase/nppdf/free/2010/natural\\_gas\\_india\\_2010.pdf](http://www.iea.org/textbase/nppdf/free/2010/natural_gas_india_2010.pdf)

### ► *Ending Energy Poverty: How to Make Modern Energy Access Universal*

**Source** : International Energy Agency

**Weblink** : [http://www.worldenergyoutlook.org/docs/weo2010/weo2010\\_poverty.pdf](http://www.worldenergyoutlook.org/docs/weo2010/weo2010_poverty.pdf)





# Upcoming Events

## ► *Unconventional Gas Conference & Exhibition*

**Date** : 5 – 7 October 2010  
**Place** : Texas – USA  
**Website** : <http://www.unconventionalgas.com/>

## ► *KIOGE 2010*

*18th Kazakhstan International Oil & Gas Exhibition & Conference*

**Date** : 6 – 9 October 2010  
**Place** : Almaty – Kazakhstan  
**Website** : <http://www.kioge.com/>

## ► *New Era in Oil, Gas & Power Value Creation*

**Date** : 18 – 29 October 2010  
**Place** : Houston – USA  
**Website** : <http://www.beg.utexas.edu/energyecon/new-era/>

## ► *Iraq's Oil & Gas Contracts* *(in Turkey)*

**Date** : 19 – 21 October 2010  
**Place** : Istanbul – Turkey  
**Website** : [www.cwcschool.com](http://www.cwcschool.com)

## ► *Gas Russia 2010*

**Date** : 20 – 22 October 2010  
**Place** : Krasnodar – Russia  
**Website** : <http://www.gasrussia-expo.ru/>

## ► *CIS Oil & Gas Transportation* *(in Turkey)*

**Date** : 26 – 28 October 2010  
**Place** : Istanbul – Turkey  
**Website** : [www.theenergyexchange.co.uk/cistrans](http://www.theenergyexchange.co.uk/cistrans)



► **PETROTECH 2010**

*9th International Oil and Gas Conference & Exhibition*

**Date** : 31 October – 3 November 2010  
**Place** : New Delhi – India  
**Website** : <http://www.petrotech.in/>

► **Offshore Production Facilities & Operations** *(in Turkey)*

**Date** : 1 – 3 November 2010  
**Place** : Istanbul – Turkey  
**Website** : <http://www.magenta-global.com.sg/>

► **Mangystau Oil & Gas 2010**

*5th Mangystau Regional Oil, Gas and Infrastructure Exhibition*

**Date** : 2 – 4 November 2010  
**Place** : Aktau – Kazakhstan  
**Website** : <http://www.mangystauoilgas.com/2010>

► **6th Emerging Europe Energy Summit** *(in Turkey)*

**Date** : 4 – 5 November 2010  
**Place** : Istanbul – Turkey  
**Website** : <http://www.conventure.ro/>

► **OGT 2010**

*15th Turkmenistan International Oil & Gas Conference*

**Date** : 17 – 19 November 2010  
**Place** : Ashgabat – Turkmenistan  
**Website** : <http://www.summittradeevents.com/ourevents.php>

► **Basra Oil & Gas**

*International Oil & Gas Conference – Exhibition*

**Date** : 25 – 28 November 2010  
**Place** : Basra – Iraq  
**Website** : [www.basraoilgas.com](http://www.basraoilgas.com)



► **CEVI Energy School** *(in Turkey)*

**Date** : 7 – 11 February 2011  
**Place** : Istanbul – Turkey  
**Website** : -----

► **TUROGE 2011** *(in Turkey)*

*10th Turkish International Oil & Gas Conference & Showcase*

**Date** : 16 – 17 March 2011  
**Place** : Ankara – Turkey  
**Website** : <http://www.turoge.com/>

► **International Oil & Gas Law** *(in Turkey)*

**Date** : 21 – 25 March 2011  
**Place** : Istanbul – Turkey  
**Website** : [www.rmmlf.org](http://www.rmmlf.org)

► **GIOGIE 2011**

*10th Georgian International Oil, Gas, Energy and Infrastructure Conference*

**Date** : 29 – 30 March 2011  
**Place** : Tblisi – Georgia  
**Website** : <http://www.giogie.com/2011/>

► **Atyrau Oil & Gas 2011**

*10th North Caspian Regional Atyrau Oil, Gas and Infrastructure Exhibition*

**Date** : 5 – 7 April 2011  
**Place** : Atyrau – Kazakhstan  
**Website** : <http://www.atyrauoilgas.com/2011/>

► **TGC 2011**

*2nd Turkmenistan Gas Congress*

**Date** : 13 – 14 April 2011  
**Place** : Avaza – Turkmenistan  
**Website** : <http://www.summittradeevents.com/ourevents.php>



### ► **Oil & Gas Siberia 2011**

*7th International Specialized Exhibition of Equipment & Technologies for Extraction, Processing and Transportation of Energy Resources*

**Date** : 27 – 29 April 2011  
**Place** : Novosibirsk – Russia  
**Website** : <http://petroleum.sibfair.ru/eng/>

### ► **OGU 2011**

*15th Uzbekistan International Oil & Gas Exhibition & Conference*

**Date** : 17 – 19 May 2011  
**Place** : Tashkent – Uzbekistan  
**Website** : <http://www.oguzbekistan.com/2011/>

### ► **SEA 5 2011**

*Algerian Energy Week*

**Date** : 21 – 25 May 2011  
**Place** : Oran – Algeria  
**Website** : <http://www.sea5-algeria.com/>

### ► **Caspian Oil & Gas 2011**

*18th Caspian International Oil & Gas Exhibition & Conference Incorporating Refining & Petrochemicals*

**Date** : 7 – 10 June 2011  
**Place** : Baku – Azerbaijan  
**Website** : <http://www.caspianoil-gas.com/2011/>

### ► **MIOGE 2011**

*11th Moscow International Oil & Gas Exhibition*

**Date** : 21 – 24 June 2011  
**Place** : Moscow – Russia  
**Website** : <http://www.mioge.com/2011/>