

Venezuela invites Turkish constructors in exchange for oil

Hürriyet Daily News, 20.01.2011



Venezuela has offered Turkey an ‘oil for houses’ deal to meet its need for 2 million residences. Turkish Energy and Natural Resources Minister Taner Yildiz, after visiting the mausoleum of Venezuela’s national hero Simon Bolivar on the second day of his visit to Venezuela on Thursday, met with Venezuelan Energy and Petroleum Minister Rafael Dario Ramirez Carreno.

“We discussed issues pertaining to energy,” Ramirez told journalists after the meeting. “Venezuela needs hundreds of residences and we made an offer to Minister Yildiz to provide oil to Turkey in exchange for them building residences.

“We made a request for residences from Turkey as Turkey has an excellent construction sector.” Yildiz said he had a very fruitful meeting with Ramirez. “We talked of business opportunities between Turkey and Venezuela.” The residences Venezuela needs could be built by Turkey’s Housing Development Administration, or TOKI, or by the Turkish private sector, Yildiz said.

Authority begins privatization of Turkish power plants

Hürriyet Daily News, 16.01.2011



Turkish authorities plan to immediately begin the privatization of a number of coal and gas power plants possessing a total capacity of 16,000 MW, the head of the privatization authority said Sunday.

Ahmet Aksu said the first phase of the privatization process covered four coal and natural gas-burning power plants owned by EUAS, a state-run electricity generation company. Four plants, namely Hamitabat (1,120 MW), Soma A-B (1,034 MW), Can (320 MW) and Seyitömer (600 MW), were earlier reported to be privatized separately from the portfolio groups.



“Then we will privatize nine portfolio groups,” Aksu said. On average, one MW of power can supply electricity to as many as 300 households per year. The first coal plant to be privatized will be Hamitabat, for which the privatization administration plans to open a tender in the coming days, Aksu said. “We will privatize Hamitabat by selling shares.” Hydroelectric plants will be privatized by the transfer of operational rights while fuel-burning power plants will be privatized by the transfer of property rights. Aksu said the authority was also considering a public offering for some plants.

OPET to lower profit margin by over 12 percent

Today's Zaman, 21.01.2011



Turkish oil distributor OPET said on Thursday that it will reduce its profit margin on a liter of fuel from TL 0.40 to TL 0.35 as of Feb. 1. According to a statement released by OPET, the company mentioned that they have decided to decrease their profit margin by over 12, which corresponds to the cost of promotional campaigns offered to customers. The new prices will be valid as of Feb.1, 2011.

On Dec. 15, 2010, the Energy Market Regulatory Agency (EPDK) had stated that oil distributors could reduce their prices by halting giveaways to customers who buy a certain amount of fuel.

OPET noted that their decision to lower fuel prices by 10 percent is in line with the advice of the EPDK. Currently the profit margins of oil distributors in Turkey are around TL 0.40 and approximately TL 0.05 was allocated to cover promotional gifts. Successive increases in the cost of gasoline caused by the rising price of oil in international markets have continued to distress Turkish consumers. With the latest increase of between Kr 2.5-3, the price of 95 octane unleaded gasoline reached TL 3.92 per liter -- about \$9.50 per gallon -- while, on the other hand, a liter of 97 octane unleaded gasoline costs TL 4.1, which is the equivalent of \$9.93 per gallon.

Justice and Development Party (AK Party) government officials pointed to the depreciation of the Turkish lira against the US dollar as well as rising crude oil prices for the year's first increase, though only the latest in a series of hikes in the past couple of months. Although taxes account for 65 percent of the price of fuel in Turkey, the government --while acknowledging high gas taxes--dismisses allegations of their increasing taxes as the cause of the recent price hikes. Instead, the AK Party points to the fact that taxes constituted around 70 percent of the cost of fuel before they came to power in late 2002.

Iraqi Kurds say agree to resume oil exports in February

Reuters (Shamal Aqrawi), 18.01.2011



Regional Government in Northern Iraq agreed with Baghdad to resume oil exports at the start of February, the regional Prime Minister said, taking the two sides closer to resolving bitter disputes over oil and land.

Around 40 companies have invested in the region, but their revenues have been curtailed by being unable to sell their oil for export, because Baghdad has deemed the contracts they signed to be unconstitutional. The news of a possible resumption in exports sent shares of Norway's DNO up as much as 6 percent.

The office of the Kurdish Prime Minister, Barham Salih, said in a statement sent to Reuters on Tuesday the resumption of oil exports from the region was agreed in a meeting on Monday with Iraqi Prime Minister Nuri al-Maliki. There was no immediate confirmation from the Iraqi government, which said last May it had approved a deal with the Kurds and expected oil exports to resume quickly. Exports remained blocked, however, while negotiations over forming a new government continued.

The statement from Salih's office said the deal on oil was part of a broader agreement to resolve all outstanding issues between Baghdad and the Regional Government (KRG). One of the other issues is the inclusion in Iraq's draft budget for 2011 of a clause cutting the funds paid to the KRG if it does not export an average of 150,000 barrels per day this year. The budget has not been approved yet by parliament, and the proposed clause drove Kurdish lawmakers to walk out in protest on its first reading last month. If oil exports resume from the region, flows would be about 100,000 bpd and could reach 250,000 bpd by the end of the year, officials have said.

Exports from two fields --Taq Taq and Tawke-- flowed briefly in 2009 but were halted when the Iraqi government refused to pay the oil companies working the fields, including DNO and Turkey's Genel Enerji. DNO stands ready to export around 50,000 bpd if a deal is concluded. Currently it is confined to selling around 17,000 bpd to the local market, where it receives less than half the international price for its oil.

Other companies including London-listed Gulf Keystone, Heritage Oil and Genel Enerji have also made large discoveries in the region. The Oil Ministry in Baghdad had opposed independent deals signed between the companies and the KRG authorities, considering them illegal.

Last year, Iraq said the deal between the central government and the KRG involved the Ministry of Finance in Baghdad paying foreign oil firms operating in the region their expenses but not covering their profits. It was not immediately made clear what the terms of Monday's deal might have been.

Iran discovers major gas field worth \$50B

Rigzone, 17.01.2011



Iran's Oil Minister Masoud Mirkazemi said that a major gas field, Khayyam, has been discovered in the southern Iranian oilfield of Assalouyeh. The minister told reporters that the gas field is located in the east of Assalouyeh, opposite to Lavan Island and on the Persian Gulf on shore.

The in-place capacity of the gas field is 260 billion cubic meters and 80 percent of its reserves can be exploited, he added. He noted that if the 18 to 21 rigs are dug for exploiting gas, a total of 24 million cubic meters of gas per day can be exploited. The value of the Khayyam gas field, with a capacity of 220 barrels of exploitable gas liquids, is about \$50 billion, the oil minister further said.

TOTAL starts drilling in Apsheron gas field off Azerbaijan

Oil & Gas Journal (Eric Watkins), 20.01.2011



State Oil Co. of the Azerbaijan Republic (SOCAR) said TOTAL has begun exploratory drilling in the Apsheron natural gas field in the Azerbaijani sector of the Caspian Sea.

The well is expected to take 8 months to drill. "If the drilling is successful, the final result will be known in the first quarter of 2012," said a SOCAR official. Analyst IHS Global Insight said drilling of the first exploratory well at Apsheron under the current PSA was held up several times, with an earlier timetable to launch work last September postponed due to delays in delivery of a drilling rig from the Kazakh sector of the Caspian.

TOTAL signed a production-sharing agreement in 2009 with Azerbaijan for the block, which is believed to contain some 300 bcm of natural gas and 45 million tonnes of condensate. Estimates put the cost of the first exploration work at \$200 million.

Rosneft gives BP Arctic green light

Upstream Online, 19.01.2011



Rosneft said BP will be able to book a third of the reserves in the companies' joint venture to drill for oil in Russia's Arctic Kara Sea. Rosneft president Eduard Khudainatov told BP will also hold the right to one-third of output from the project.

He said the equity swap between Rosneft and BP in which BP will swap 5% of its shares with Rosneft in return for 9.5% of the Russian company, will be completed in three to four weeks. He also added Rosneft may expand the partnership with BP to other projects in Russia and expects to enter BP projects in Asia and other regions.

Rosneft will also consider more foreign tie-ups to develop other offshore blocks in Russia, he said. "We have 17 offshore licences currently, and we have applied to the Ministry of Natural Resources for 25 more. We could invite a foreign partner to help develop these licence blocks," he said.

BP will finance the first \$1 billion in Arctic exploration, Khudainatov said, adding that the first six Arctic wells would cost close to \$2 billion and would begin around 2015, Dow Jones reported. The joint venture covers huge areas of the South Kara Sea in the Arctic that BP said could contain billions of barrels of oil, and gas that had been previously off limits to foreign companies.

China gas demand on the rise

Upstream Online, 21.01.2011



China's annual average gas consumption is expected to jump 143% to 260 billion cubic metres by 2015. China is expected to produce 170 bcm of natural gas and import 90 bcm by 2015 as part of the country's 12th Five-Year plan.

The numbers imply China's gas consumption would rise to 260 bcm compared with 107 bcm this year. Domestic gas demand rose 22.7% last year from 2009. The numbers are in line with initial targets reported in August and are part of Beijing's larger plan to boost clean energy. China has said that it will cut the energy used for each dollar of economic output by 17.3% over the next four years.

Iran says to present higher oil reserve data to OPEC secretariat

Platts, 18.01.2011



Iran, which recently announced that it had raised its oil reserve estimates, will submit the new data to the cartel's Vienna-based secretariat during the first quarter of 2011, the country's OPEC governor said Tuesday. Iran, OPEC's second biggest oil producer and exporter after Saudi Arabia, took over the organization's rotating presidency in January.

"The announcement of an increase in Iran's hydrocarbon reserves from 137.01 billion barrels to 150.31 billion barrels by Iran's oil minister is already an official announcement," oil ministry news agency Shana quoted Iran's OPEC Governor Mohammad Ali Khatibi as saying.

"At the same time, a written announcement will be given to the OPEC secretariat in the current year," he added. "Oil information is usually sent to the secretariat in the second or third month of every year and the information will be soon collected," said Khatibi. Iran announced in October last year that it was raising its oil and gas reserve estimates just days after Iraq announced a 25% increase in its proven reserves to 143.1 billion barrels, setting itself ahead of Iran as holder of the world's second largest conventional oil reserves after Saudi Arabia.

Canada and Venezuela have higher reserves if non-conventional oil deposits such as heavy oil and oil sands are included. "In new revisions, hydrocarbon reserves of the country were announced based on new discoveries of oil and gas fields and reserves and also studies on secondary reserves of the fields," Khatibi said.

BP's 2010 Statistical Energy Review puts proven reserves in Saudi Arabia at 260.1 billion barrels at the end of 2009, in Canada at 147.5 billion barrels (including non-conventional oil), in Venezuela at 172.3 billion barrels (including heavy oil) and in Iran at 137.6 billion barrels. Iraqi reserves are estimated at 115 billion barrels. The reserve figures are used by the OPEC secretariat to calculate pro-rata quotas or production targets for each of the 11 member states bound by the group's output targets. Iraq is excluded as it rebuilds its shattered energy industry.

Protests spread over first European shale gas well

EurActiv, 18.01.2011



While the EU is looking at ways to diversify its energy supply, a new report has called for a moratorium on shale gas operations in the UK, just a month before mining company Cuadrilla hopes to launch its first 'flare'. The Tyndall Centre for Climate Change Research warns that further research on the environmental impacts of the drilling procedure is needed before a green light is given to any projects.

But the UK's Department of Energy and Climate Change has accepted assurances from Cuadrilla that their operation in the Bowland shale, just four miles from Blackpool, Lancashire, will cause no environmental damage.

The company now appears poised to drill further into what it calls the first true shale gas find in Europe. Environmentalists expressed concern that calls for a ban was going unheeded. "It is absolutely dangerous because they are using technology which is not proven yet," said Darek Urbaniak, extractive industries campaign coordinator at Friends of the Earth Europe. "With shale gas exploration you need to crack the rock underground using special chemicals and drill horizontally and continuously. Parts of the chemicals could get into underground drinking water sources," he said.

In New York State, a temporary ban has been imposed on shale gas production after an incident of ground water contamination. A new film, 'Gaslands', shows homeowners in the state turning on their water taps and igniting the gas that comes out in areas where shale is being extracted. Other reports from the US have depicted polluted water killing trees and contaminating land. But shale gas has transformed the American energy market and sent prices spiraling downward. European gas prices are currently much higher.

A European Commission representative gave a broadly positive reaction to the news. "We believe that shale gas is an opportunity," Marlene Holzner, spokesperson for EU Energy Commissioner Günther Oettinger, told. "We need gas and gas demand will increase over the years so if we're able to extract this gas, it will help us to rely less on imports." She added that this need had to be balanced against "environmental concerns" and dismissed fears raised by the report's author, Kevin Anderson - a climate change professor at the University of Manchester - that shale gas could delay the introduction of renewable alternatives. "We have already launched a legal study - based on field studies - which should clarify whether our existing environmental legislation fully covers the drilling for shale gas," she said.

The study is still at the public tender stage and no release date has yet been set. But Holzner stressed that in the interim, existing environmental laws had to be respected at the national and European levels.

Iran and Syria discuss energy cooperation

Hürriyet Daily News, 19.01.2011



Iran's Oil Minister Masoud Mirkazemi and Syrian Minister of Petroleum and Mineral Resources Sufian al-Alaw met to discuss bilateral energy ties. The discussion centered on supplying gas to Syria, building a refinery in Syria and manufacturing a pipeline to transfer Iranian gas to Syria via Iraq and finally to international markets.

Previously, Iranian Deputy Oil Minister Javad Owji had announced that Iraq has granted permission to transfer Iranian gas to Syria via Iraq. Owji went on to say that Iran is ready to export natural gas to Iraq in two phases, with 7-8 million cubic meters and 12 million cubic meters respectively.

"Two European companies have suggested six routes for exporting Iranian gas to Europe. The Persian pipeline, the Nabucco pipeline and the Iran-Iraq-Syria-Italy pipeline are the main proposed routes," he said. Iran plans to participate in the construction of a refinery with a refining capacity of 140,000 barrels in Homs, Syria.

Egypt to offer new oil concessions

Upstream Online, 21.01.2011



Egypt is aiming to attract \$2.5 billion worth of new investments in its oil sector with with as many as 18 oil concessions to be offered on bidding.

Egypt is looking to boost oil and condensates production to 720,000 barrels per day and will seek to drill about 350 new exploration wells, the state-run Ahran newspaper quoted Oil Minister Sameh Fahmy as saying. Fahmy said the Oil Ministry planned to issue new concessions in as many as 18 locations in the Gulf of Suez, Sinai, and Egypt's Western and Eastern deserts.

The state news agency reported in August last year that the country's proven oil and gas reserves rose to 18.3 billion barrels of oil equivalent in the year to 31 June 2010 and Egypt expects to boost them to 20 billion barrels over the next two years.



ExxonMobil warns carbon emissions will rise by 25% in 20 years

The Guardian, 19.01.2011



ExxonMobil, the world's largest oil company, expects global carbon emissions to rise by nearly 25% in the next 20 years, in effect dismissing hopes that runaway climate change can be arrested and massive loss of life prevented.

According to the company's annual Outlook for Energy report due to be published in the next few weeks demand for power will increase by nearly 40% in the next 20 years, lifting emissions by around 0.9% a year at least until 2030. Beyond 2030, it says, any progress on cuts will require "more aggressive gains in energy efficiency as well as the use of less carbon-intensive fuels.

New technologies will by then be essential." "It is a significant rise [in emissions], but it is substantially slower because of [expected] improved efficiency and a shift towards lower carbon fuels," says the report, previewed today at the World Future Energy conference in Abu Dhabi.

The projections by Exxon scientists are gloomier than anything publicly expressed by governments and scientists, who maintain that global emissions can be reduced significantly and catastrophic climate change be averted if action is taken for them to reach their 'peak' in the next 10 years. According to the UK Met Office, if emissions rises can be stopped by 2020 and then be made to reduce by 1-2% a year, the planet could be expected to warm 2.1C to 3.7C this century, with the rise continuing even higher after 2100. But Exxon, which until 10 years ago was sceptical that climate change could be even caused by man-made emissions, said emissions will continue to rise significantly with very little reduction in fossil fuel use. "In 2030, fossil fuels remain the predominant energy source, accounting for nearly 80% of demand. Oil still leads, but natural gas moves into second place on very strong growth of 1.8% a year on average, particularly because of its position as a favoured fuel for power generation.

"Other energy types – particularly nuclear, wind, solar and biofuels – will grow sharply, albeit from a smaller base. Nuclear and renewable fuels will see strong growth, particularly in the power-generation sector. By 2030, about 40% of the world's electricity will be generated by nuclear and renewable fuels."

The company does not say what it expects global oil output to be in 2030, but suggests that US demand will be roughly at 1960 levels, suggesting that the US will have reduced its dependency on foreign oil considerably. Instead, it says that growth in CO2 emissions in the future will be dominated by China, India and other developing, or non-OECD countries. "Non-OECD countries' emissions surpassed OECD emissions in 2004; by 2030, non-OECD countries will account for two-thirds of the global total. Meanwhile, OECD emissions will decline by about 15% on today's figure, and by 2030 will be down to 1980 levels."

Belarus oil restarts ‘soon’

Upstream Online, 20.01.2011



Russian oil supplies to Belarus reportedly may resume next week after being halted on 1 January in a pricing row, Belarussian state-run news agency BelTA reported. “Russian oil deliveries will be resumed next week,” a source in a delegation that held talks in Moscow today was quoted as saying.

The meeting in Moscow between Russia’s Prime Minister Vladimir Putin and his Belarussian counterpart Mikhail Myasnikovich was reported to have failed to resolve the stand-off, which has halted Russian oil supplies to Belarus and caused market jitters in Europe.

“After the talks with Vladimir Putin, we ordered our deputy prime ministers, ministers, to resolve the outstanding issues of the fuel energy complex in coming days,” Myasnikovich said after the meeting. Traders have claimed the supply halt had also resulted in Minsk suspending diesel exports to Europe, although Belarus has denied this. Meanwhile, supplies of Russian crude via Poland could be almost halved next month to 1.1 million tonnes due to maintenance at Poland’s top refinery, PKN Orlen, adding to Russia’s woes.

Statoil denies China shale agreement

Upstream Online, 20.01.2011



Norway’s Statoil said it has no agreement to study shale gas or conduct test drilling in China with China National Petroleum Corp (CNPC), despite a report to that effect by CNPC. The report issued by CNPC’s research unit said the two companies had begun a study and test-drilling in a Chinese shale gas block.

Statoil spokesman Bard Glad Pedersen said no such activity was taking place. In August, Statoil said it was “at an advanced stage of negotiations” with potential Chinese partners to explore for shale gas in China.



Announcements & Reports

► *GDPA Performance Programme (2011)*

Source : General Directorate of Petroleum Affairs

Weblink : http://www.pigm.gov.tr/duyurular/2011_pigm_performans_programi.pdf

► *OPEC Oil Market Report (Jan 2011)*

Source : Organization of the Petroleum Exporting Countries

Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_January_2011.pdf

Upcoming Events

► *CEVI Energy School (in Turkey)*

Date : 7 – 11 February 2011

Place : Istanbul – Turkey

Website : <http://www.centerforenergyandvalue.org/>

► *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

► *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/>

► **International Electricity Summit** *(in Turkey)*

Date : 14 – 16 September 2011
Place : Ankara – Turkey
Website : <http://www.energy-congress.com/>