

Genel Energy concludes merger deal with Vallares

Hürriyet Daily News, 07.09.2011



Genel Energy International, a Turkish oil company operating in northern Iraq, and Vallares, the investment vehicle led by British Petroleum's former Chief Executive Officer Tony Hayward, announced their merger in London.

The merger will be achieved through an all-share reverse-takeover in which Vallares will issue new shares worth \$2.1 billion at a price of £10 a share to acquire 100 percent of Genel, giving Vallares and Genel's current owners equal stakes in the combined business, Vallares announced in a statement.

The transaction is subject to the approval of the Regional Government which is expected to be given later this month. The newly enlarged company, to be renamed Genel Energy, will trade on the London Stock Exchange as a company with a Turkish partner. Wednesday's deal values Genel's reserves at \$5.90 a barrel, cheaper than all but one member of London's FTSE 350 Oil & Gas Index. Genel produces 41,000 barrels a day, a figure projected to reach 90,000 barrels by 2013. The company has proven and probable reserves of 356 million barrels. Genel is the largest company exploring for and producing oil in northern Iraq.

Anglo-Turkish oil giant seeks Northern Iraq domination

Hürriyet Daily News (Ipek Yezdani), 08.09.2011



A new Anglo-Turkish partnership that emerged with the merger of U.K. company Vallares and Turkish businessman Mehmet Emin Karamehmet's Genel Energy has revealed its plans to dominate the vast reserves of oil in Northern Iraq. The partnership, led by ex-BP CEO Tony Hayward, also plans to invest elsewhere in the Middle East.

Hayward said Vallares would deal with the regional Kurdish administration, not Baghdad. Eventually, the Kurdish region will have 'a significant say' in what is going to be finally approved in Iraq's expected hydrocarbons law, he said.



Mehmet Sepil, the CEO of Genel Energy International, said the firm expected the law to be approved in Baghdad by the start of next year. The complex partnership will be completed through an all-share reverse-takeover in which Vallares will issue new shares worth \$2.1 billion to acquire 100 percent of Genel, giving Vallares and Genel's current owners equal stakes in the combined business. "The only approval we need is from the Kurdistan Regional Government, and we expect that approval to come before the end of September," Hayward told the Daily News on Thursday. "All of the indications in Kurdistan show that things are only going to get better. I think this is a good time to invest in the region."

Sepil said the new company would be listed on the London Stock Exchange in around four weeks and that it would offer 50 percent of its shares to the public. "In the end, the company will rank among the top 100 companies in the U.K.," Sepil said. Sepil said he would have a stake of 14 percent in the new company, down from his current 29 percent, while Karamehmet's stake will fall from 56 percent to 28.

Commenting on possible risks regarding stability in northern Iraq, Hayward spoke of a "pragmatic realism" that has emerged between the regional government and Baghdad. "This means [one] can invest," he said. "[The two governments] have agreed to revenue-sharing mechanisms. Payments are being received and I think all indicators show that things are only going to get better. There will be some bumps in the road, but the train and its direction are clear."

He also said when the oil law dispute is resolved, the Kurdish administration "will have a significant say in what is finally approved." "[Kurds] have a significant standing both in the Iraqi Cabinet and in parliament," he told the Daily News. "This law is important for all foreign investors in Iraq, not only for those who are investing in the region."

Northern Iraq has attracted more than \$10 billion in energy investments from more than 40 companies from 17 countries. Sepil said he expected similar consolidations in northern Iraq, adding that Genel, whose headquarters will be Ankara, aims to be among the few companies left in northern Iraq at the end of the next wave of consolidations.

Noting the seismic political shift in the Middle East, Sepil said Genel would like to invest in other locations, especially in North Africa, including Libya, after stability is established. After the press meeting in Istanbul, Hayward and Sepil headed to Arbil in northern Iraq.

Yildiz emphasizes private sector's role

Hürriyet Daily News, 08.09.2011



Private firms should handle the distribution of the 6 billion cubic meters of natural gas that reaches Turkey through Bulgaria, Turkish Energy Minister Taner Yildiz said.

“We believe the transfer of contract rights for the 6 billion cubic meters [of natural gas that flows through] the west pipeline must be realized through the private sector,” Yildiz said in his opening speech at the 13th International Energy Arena conference in Istanbul. Such a transfer is necessary in order to increase the private sector's share in the market and thus liberalize markets and increase competition, he said.

The minister also said contract rights for the natural gas provided by Russia's natural gas giant Gazprom through the Blue Stream Pipeline would not be transferred to private firms for the time being. Noting that Russia had refused such a transfer for certain technical reasons, Yildiz said: “This is a bid with two parties. Some time is needed so that the issue can mature on the part of both the Russian Federation and Turkey.”

It was revealed in July that Gazprom had refused requests by Turkey's Petroleum Pipeline Corporation, or BOTAS, to permit private firms to handle the distribution of 6 billion cubic meters of natural gas as part of the Blue Stream Pipeline agreement, which was signed on Dec. 15, 1997. Some 24 lots of a yearly capacity of 250 million cubic meters were put up for tender in a bid that BOTAS opened to private firms, which had until Sept. 7 to apply. Firms willing to apply for the tender had to sign with Gazprom before the application, BOTAS said in its requirements.

BOTAS demands discount from Gazprom

Hürriyet Daily News (Reuters), 26.08.2011



Turkey's Petroleum Pipeline Corporation, or BOTAS, will meet in early September with Russian energy giant Gazprom to discuss a possible discount in gas prices for Turkey.

“Negotiations have been held between Turkish officials and Gazprom officials earlier to decrease the gas price, but so far there has been no development in the matter,” an energy expert close to the matter told Reuters on Friday. “The talks will take place in early September, with Turkey expecting the same discount that Gazprom gave Germany earlier,” said the expert.

Turkey open to hold new Russia oil talks

Hürriyet Daily News, 04.09.2011



Russian firm Transneft says work on the Samsun-Ceyhan oil pipeline have been 'frozen,' but Turkey has no intention of letting go. Energy Minister Taner Yildiz says problems could be discussed between governments.

Transneft has upped the ante in its game of brinkmanship against Turkey, announcing that studies on the proposed Samsun-Ceyhan oil pipeline have been frozen. "The project cannot be implemented in the economical sense," Transneft Deputy President Mikhail Barkov told over the weekend in a thinly veiled request that Turkey appease Russian companies with possible perks such as tax exemptions.

Turkish Energy Minister Taner Yildiz, however, has refused to give up on the project; Barkov's statement did not mean the end of the pipeline. "Transneft is not the only determinant of the project. However, it has to be taken into account," said the minister. "We've never thought of tax exemptions for Russian companies. However, everything could be discussed between governments."

The Samsun-Ceyhan pipeline, which would bypass the Bosphorus by linking Turkey's Black Sea province of Samsun with the Mediterranean port of Ceyhan, could cost \$3 billion. The first joint venture agreement on the pipeline was signed between Turkey's Calik Group and Italy's Eni in October 2009 in Milan. The 550-kilometer pipeline's project also includes Russian companies Transneft, Rosneft and Sovcomflot. According to estimates, the pipeline would have an annual capacity of between 50 million and 70 million cubic meters. "The project is being supported by Turkey, but it is not feasible in the economic sense," Barkov said. "The talks have been frozen. The ball is in Turkey's court." The top executive added that Turkey should "provide more favorable terms" for the project to continue. The comments echo those of Russian Energy Minister Sergey Shmatko, who voiced his expectation of concessions from Turkey in March.

Russian companies claim that the cost to carry oil through the pipeline would be three times more than the cost of transferring it through the Bosphorus, leading them to repeatedly ask for tax exemptions from Turkey. In October last year, Transneft President Nikolai Tokarev explicitly requested a "privileged tax regime in Turkey" that would guarantee competitive tariffs. "We expect Turkey, as the host country of the pipeline, to fully cooperate in the development of the project, according to international norms," Tokarev told. "In particular, it is necessary to set up tax privileges to guarantee that the oil transportation tariff on the route is competitive on the tariffs in the Black Sea straits."

Barkov's statement comes ahead of President Abdullah Gül's planned visit to Moscow on Sept. 8. Yildiz also told that the nuclear power plant to be built in Akkuyu, southern Turkey, was completely independent from the oil pipeline discussions. Responding to criticism about increased energy dependence on Russia, Yildiz said the first effect of having nuclear energy would be "to limit purchases of natural gas from Moscow."



Noble Energy to drill Cyprus prospect in 4Q

Rigzone, 08.09.2011



Noble Energy will relocate one of three deepwater rigs it is operating in the eastern Mediterranean Sea to drill the Cyprus A prospect during this year's fourth quarter, said Noble Chairman and CEO Charles D. Davidson at the Barclays Capital 2011 CEO Energy Conference earlier this week.

Noble said its prospect offshore Cyprus is analogous to the structures it has drilled offshore Israel, and anticipates that prospects offshore Cyprus also will contain gas. Drilling offshore Cyprus is still risky, but they basically are the same system, said Davidson.

"The prospect is an important data point, could change the dynamics further on how gas is marketed in the eastern Mediterranean Sea," Davidson said. "In our view, they have some demand for natural gas, and the scale of the projects in Cyprus will far exceed demand there." Noble and the Cyprus government signed a production sharing contract to launch exploration activities in the 324,000-hectare economic zone southeast of the island.

Noble operates approximately three million gross acres in the eastern Mediterranean, where is recently acquired additional 3D seismic data and has identified multiple prospects and leads. The Tamar and Leviathan discoveries offshore Israel, which include 25 Tcf of gross mean resources, are the largest global deepwater gas discoveries made in the past decade. "With the discovery of Tamar, Israel became energy independent in terms of gas," said Davidson. "The discovery of Leviathan has turned Israel into a potential energy exporter."

The company is on track to commission the Tamar production facility in late 2012, with production set to begin in 2013. A rig is on location drilling development wells, and construction of the production platform is underway. The initial development phase calls for five subsea completions with 200 MMcf/d to 250 MMcf/d per well, and process capacity expanded to 1 Bcf/d at existing onshore facility. Mari-B infrastructure will be utilized as part of this development phase. The Tamar discovery has a resource estimate of 8.4 Tcf.

Noble also is moving ahead with the Noa development, which includes a two-well tieback to the Mari-B facility. First production is expected in the second half of 2012, and will supplement Mari-B deliverability by 100 MMcf/d. Mari-B is nearing full operational reliability, with the Mari-B compression project finalized and second quarter demand up 40 percent from 2010. "Our current production [in Israel] is extremely strong, with high demand in Israel for gas, with a very strong draw for supplies from Mari-B," Davidson said

Noble expects results in this year's third quarter from its appraisal work to further define the Leviathan resource, which is estimated to hold gross gas resources of 16 Tcf. The company will return to assess deeper stratigraphic sections of Leviathan and is evaluating development scenarios for the discovery, including domestic and export options.

EU: Greek Cyprus may search for gas

Hürriyet Daily News, 08.09.2011



The EU commissioner for enlargement and European neighborhood policy has lent support to Greek Cyprus, saying it has the right to conduct gas and oil exploration in the Mediterranean despite Turkey's warnings.

"The EU the entire sovereign rights of EU member states which include entering into bilateral agreements in accordance with the EU acquires and international law, including the U.N. Convention on the Law of the Sea," Anca Paduraru, a spokesperson for EU Commissioner Stefan Fuele told.

The statement also warned Turkey about interfering with Greek Cypriot plans to conduct oil and natural gas exploration in the Mediterranean Sea. "The EU urges Turkey to refrain from any kind of threat, sources of friction or action which could negatively affect good neighborly relations and the peaceful settlement of border disputes," the statement said. The statement also said the commissioner would continue to monitor Turkey's commitments to good neighborly relations in light of the principle of the peaceful settlement of disputes. Meanwhile, an official from Noble Energy, a U.S. firm due to start exploratory drilling for natural gas off Cyprus in October, said the company will continue its explorations despite warnings from Turkey against such concessions.

Oil exploration in Kaz Mountains raises environmental concerns

Hürriyet Daily News (Dogan News Agency), 07.09.2011



An oil-exploration firm's announcement Wednesday that it had found fresh oil reserves in the northwestern province of Canakkale sparked renewed environmental concerns in an area where extensive gold mining has already created significant controversy.

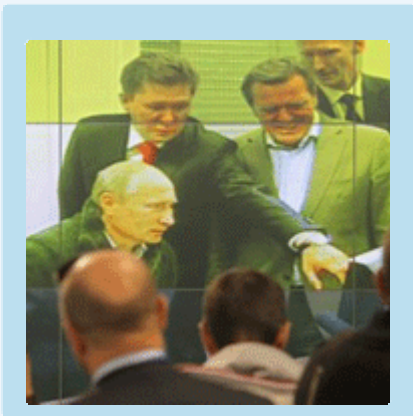
Merty Energy Petroleum Exploration Inc. began constructing a drilling platform after the discovery, according to Melih Ekrem Görgülü, an engineer working for the company. The drilling work will help produce definitive figures about the amount of oil reserves in the area, he said, adding that the firm hopes to find natural-gas reserves as well.

Merty Energy had been prospecting for untapped oil and natural-gas reserves in the districts of Ezine and Bayramic for the past two years after getting a license to do so from the Turkish Energy Ministry. The newly discovered oil reserves lie underneath a farm field owned by 66-year-old Kerime Yildirim in the village of Ahmetceli, some 15 kilometers away from downtown Bayramic. The firm has already signed a contract with Yildirim to rent her field.

The region has seen substantial environmental controversy over the granting of licenses to both Turkish and foreign companies to mine for gold in the Kaz Mountains using large amounts of cyanide. Protests broke out in 2007 over the gold-mining issue, when a new law paved the way for mining activities to go forward in a variety of formerly restricted areas.

Putin opens Nord Stream Baltic gas pipeline to Germany

BBC, 06.09.2011



Russian Prime Minister Vladimir Putin has pressed the start button to open a pipeline carrying natural gas directly to Germany under the Baltic Sea. He said the pipeline would reduce Russia's dependence on Ukrainian pipelines, which were shut during gas disputes between Moscow and Kiev.

'Technical gas' needed to build up pressure, was released on Tuesday. It is expected German consumers will begin receiving Russian gas through the new pipeline in a few weeks. The official launch of Nord Stream will be marked with a visit by Russian President Dmitry Medvedev to Germany in November.

Nord Stream, a twin pipeline, was built at a cost of \$12.5bn (8.8bn euros) and is 1,224km long, running from Vyborg in north-west Russia to Sassnitz in north-east Germany. It should be able to move 55 bcm of gas a year by 2013, after the completion of the second pipeline. Mr Putin, visiting Vyborg, said Ukraine had been 'taking advantage', and that relations between the two countries would now become 'more civilised'. At present, 80% of Russia's gas exports to the EU flow through pipelines across Ukrainian soil.

Turkey's tax loss reaches TL 3.5 bln from No. 10 oil misuse

Today's Zaman (AA), 02.09.2011



Turkish Fuel Stations, Oil and Gas Company Employers' Union (TABGIS) President Ferruh Temel Zülfikar said that Turkey's tax losses from the misuse of Number 10 oil due to high fuel prices is estimated at around TL 3-3.5 billion.

"The biggest problem in the fuel distribution sector is the misuse of Number 10 oil by many people. As you know Number 10 oil is used as fuel for tractors and older trucks and is added to diesel fuel to lower fuel prices. Since the price of Number 10 oil is much lower -due to tax advantages- compared to other fuel products, the state is experiencing huge losses." Zülfikar told the Anatolia news agency.

"In the past, government officials paid attention to our claims about the Number 10 oil issue and decided to add a private consumption tax [ÖTV] on the price of this oil, but they [government] lifted this ÖTV after two months. The government told us that the Turkish manufacturing industry heavily relies on Number 10 oil as it is used as raw material and therefore had to lift the [ÖTV] to reduce manufacturing industries costs. Well, according to our estimations, the total Number 10 oil used by the Turkish manufacturing sector is annually around 100,000 tons while the total Number 10 oil smuggled into Turkey is 1.5 million tons. As an outcome of this misuse and smuggling activities, Turkey's tax loss reached TL 3.5 billion," he added.

"We have advised the government to make the ÖTV applicable again to Number 10 oil, which will increase the price of this product, but at the same time support companies by paying the ÖTV back to companies who are able to prove that they use Number 10 oil as a raw material. However, we have not received a concrete response from the government," he said.

The head of TABGIS underscored that many domestic bus companies are using environment-polluting Number 10 oil due high fuel prices in the country. He added that other bus companies are facing difficulties in competing with the lower prices of the operators relying on Number 10 oil. "What may happen is that the other bus companies will have to also switch to Number 10 oil to remain competitive, and this will lead to further tax losses. The government can reduce the taxes on fuel products as this would encourage more people to use their private vehicles. Greater fuel consumption means an increasing tax income," he stated.

Turkish consumers pay the most for fuel among consumers globally and that two taxes combined -- the value-added tax (KDV) and ÖTV -- make up almost 70 percent of the pump price. Zülfikar also touched on this issue saying fuel distributors are not the ones responsible for high fuel prices in Turkey. "[Fuel distributors'] profit margins are around 4-5 percent of the pump price. It seems high but when you deduct our costs, the net profit margin is much lower.

Russia – Ukraine gas tensions resurface

EurActiv, 02.09.2011



With the winter season approaching, Ukraine and Russia have reignited old tensions about gas pricing, in a row reminiscent of the trade dispute which ended up leaving parts of Europe cold in 2006 and 2009.

Russian President Dmitry Medvedev said that he was perplexed by Ukraine's attempt to secure a cut in gas prices, accusing the former Soviet republic of trying to sponge from Moscow. Medvedev, speaking in the Black Sea resort of Sochi, said Ukraine wanted discount gas prices but was offering Russia nothing in return.

"It is very sad, it is sponging," Interfax reported Medvedev as saying. Alexei Miller, the head of Russia's gas export monopoly Gazprom, said on the same day that Ukraine has to pay for at least 33 billion cubic metres of gas a year under the current contract. Reportedly, Ukraine has filed a request to reduce purchases to 27 bcm.

"Such are the take-or-pay conditions of the current contract. The conditions will be applied this year and during all the period of the contract," Alexei Miller said. On Tuesday, Ukrainian Prime Minister Mykola Azarov said his country, a top buyer of Russian gas, should reduce imports by two thirds in the coming years. Tensions between the two countries are rising as Yulia Tymoshenko, a former prime minister of Ukraine, prepares to face trial in her country for having signed a gas treaty with Russia in 2009 which Kyiv now considers detrimental to its interests. Her trial has triggered street demonstrations by her supporters, and has attracted criticism from US and EU officials.

Bronisław Komorowski, president of Poland, the country that currently holds the EU's rotating presidency, told Ukrainian counterpart Viktor Yanukovich on Tuesday that the trial of Tymoshenko may slow Kyiv's push for closer ties with the European Union. "Obstacles have appeared [on Kyiv's path to European integration] and one of these is undoubtedly the trial of Ms. Julia Tymoshenko, which in Europe, in many countries, is seen as a trial of a political, not a criminal, nature, that harms the image of Ukraine," Komorowski said on the occasion of Yanukovich's visit to Warsaw.

"This issue is a hurdle for Ukraine if it is a question of the speed of its move towards European integration. And that worries us as an advocate of Ukraine's cause," Komorowski added, according to Reuters. Indeed, Poland is a strong supporter of Ukraine's EU integration, but also of promoting democracy in Eastern Europe. Yanukovich has taken a strongly pro-Russian line in some policy areas, such as ditching his country's ambitions to join NATO, but he has also made clear that he sees Ukraine's long-term future in the European mainstream, Reuters recalls.

Moscow may allow Gazprom price rise

The Wall Street Journal, 25.08.2011



Russia may allow state-controlled gas giant Gazprom to raise domestic prices by 15% next year, while prices to be charged by other monopolies may only grow in line with inflation, according to the blueprint of a government plan to be introduced next month, a government official said.

A 15% rise in gas prices would be in line with an original plan to liberalize monopoly prices, which remain subsidized since Soviet times. That plan, however, was thrown into doubt earlier this year when Prime Minister Vladimir Putin ordered the government to consider limiting natural monopoly tariffs to the inflation rate.

Liberalization of domestic prices is one of the main drivers for shares of both Gazprom and the country's biggest independent gas producer, Novatek. "An order was given to prepare a scenario for keeping the increase of tariffs for everybody except Gazprom within the inflation rate," the government official said. "For Gazprom, tariffs would rise by 15%."

The plan, which still needs to be approved by the finance ministry, was presented last week during a meeting with First Deputy Prime Minister Igor Shuvalov, the official said. The scenario envisions a 5% increase from Jan. 1, 2012, and a further 9.5% increase from April 1, equaling a 15% year-on-year increase. "This increase will be a strong indication that the government indeed intends to keep domestic gas prices on the growth path to netback parity," said Ron Smith, analyst at Citibank in Moscow. Gazprom's shares closed 0.9% higher at \$6.00 in trading in Moscow, while the overall Micex index finished 1.2% higher.

In efforts to close a budget deficit, Russia's finance ministry hopes to pick up an extra \$5.18 billion from Gazprom by raising the mineral extraction tax on gas by 82% to 115% next year. "Gazprom has not seen many decisions go its way of late, and the news of a potentially favorable solution in gas tariffs is supportive for the stock in the short term," said Dmitry Loukashov, analyst at VTB Capital investment bank.

Total hits gas pay in Caspian

Rigzone, 02.09.2011



Total has made a major gas discovery in the Absheron X-2 well in the Caspian Sea. The well encountered more than 500 feet (152 meters) of accumulated net gas pay within high-quality sands on the northern flank of an area in the Absheron Block.

Total said that the reservoir should extend over the entire northern part of the structure, with the well's first results confirming a potential amount of several trillion cubic feet of gas and related condensates. Current depth of the well is about 21,490 feet (6,550 meters) and drilling will continue to explore deeper objectives. Total will then examine the well to confirm the reservoir's capacity.

Absheron is located in 1,640 feet (500 meters) of water about 62 miles (100 kilometers) southeast of Baku, roughly 16 miles (25 kilometers) northeast of the Shah Deniz gas and condensate field. Total operates the block with a 40% equity; SOCAR with 40%; and GDF Suez with 20%.

Ukraine hopes to win big with Naftogaz asset sales

Hürriyet Daily News (Reuters), 07.09.2011



Ukraine hopes to raise between \$10-12 billion next year from the privatization of companies arising from a restructuring of state firm Naftogaz, Energy Minister Yuri Boiko said.

The sprawling behemoth, which both resells Russian gas in Ukraine and ships supplies onwards to Europe, is due to be reshaped into separate companies covering transport, trade and extraction to bring it more into line with European standards. The restructuring has political overtones in light of Ukraine's dispute with Moscow over the price it pays for Russian gas under an agreement signed between Naftogaz and Russia's gas giant, Gazprom, in 2009.

"Next year we will privatize these companies either by means of an initial public offering, or IPO, or on the stock exchange. This will give us additional money of between \$10-12 billion," Boiko told reporters.



TAP submits third party access exemptions in Albania, Greece and Italy

TAP, 07.09.2011



The Trans Adriatic Pipeline (TAP) has submitted its Third Party Access Exemption (TPA) applications in all three host countries – Albania, Greece and Italy. Third Party Exemption will allow TAP AG to enter into long term ship-or-pay Gas Transportation Agreements (GTAs) with the shippers of Shah Deniz II gas.

These submissions continue TAP's applications process to obtain all necessary permits and authorizations needed for the construction and operation of the TAP gas pipeline.

Kjetil Tunland, Managing Director of the Trans Adriatic Pipeline, commented: "The fact that TAP has applied for its TPA exemptions in all three host countries further demonstrates its continued progress and strong commitment to construct major new gas infrastructure in Europe. TAP's realisation will be a major step forward in opening the Southern Gas Corridor, thereby diversifying supply and enhancing energy security for Europe. It is my firm belief that TAP is able to offer the Shah Deniz Consortium the most economic and reliable solution for the export of their gas and further demonstrates both TAP's commitment to Greece, Italy and Albania and our strong desire to develop TAP successfully."

Ukraine and Shell sign shale gas exploration deal

Rigzone (Dow Jones), 01.09.2011



Ukraine awarded its first shale gas exploration contract to the Anglo-Dutch giant Shell in a deal worth up to \$800 million, Ukraine's state gas exploration company said.

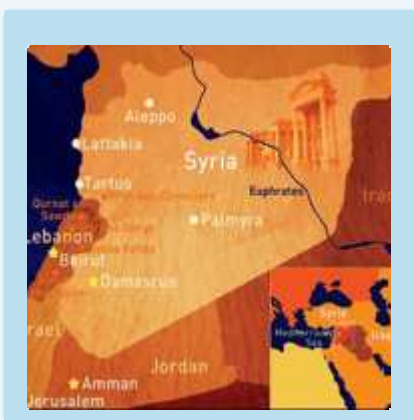
"In case of successful exploration work and the start of intense project development, Shell's total investment under the agreement may come to \$800 million," Ukgazvydobuvannya said in a statement. Ukraine is widely believed to be one of Europe's largest holders of the new energy resource, with estimated reserves up to 1.5 trillion cubic meters.

No official estimate has been made and there is no confirmed figure of how much shale gas might be hidden in the six blocks awarded to Shell near northeastern city of Kharkiv. Ukraine lacks the advanced technology necessary to produce the hard-to-recover resource and is also holding negotiations with such Western majors as the U.S. firms Chevron and ExxonMobil.

The former Soviet republic has few other natural resources and relies on Russia for most of its gas imports. But it has been trying to lower its energy dependence on its neighbor since a price dispute temporarily cut Russian gas flows in January 2009 and is now focusing on other sources of energy that include coal. "The agreement with Shell will be one of the first examples of Ukraine's successful cooperation in hydrocarbons development with an international energy company," Ukrgezvydobuvannya chief Yuriy Borysov said. Ukrgezvydobuvannya said Shell would be operating in Ukraine through a joint venture but offered no other immediate details.

EU embargo on Syrian crude likely to hurt Italy most

The Wall Street Journal, 26.08.2011



A shipping document suggests a European Union embargo on Syrian crude oil would hit Italy hardest, even as the southern European country continues to make do without Libyan crude.

Nearly half of the crude oil exported by Syria ended up in Italian ports last month the equivalent of about 55,132 barrels a day out of 110,521 barrels a day of total Syrian oil shipments, according to a Syrian ports document. Italian oil giant Eni SpA and refiners IES Italiana and Saras SpA said they do refine some Syrian crude as part of a broader slate of oil grades.

Although the document only covers one month of Syrian petroleum exports, it provides a recent snapshot of ordinarily confidential trading activity in which European oil companies Repsol SA and Royal Dutch Shell PLC loaded Syrian crude, and Trafigura and Total SA loaded Syrian oil products in July. International traders Arcadia Petroleum Ltd., Petraco Oil Co. Ltd. and oil company OMV AG loaded all the crude that went to Italian ports last month, the document shows.

Italian refiners and government officials said the country can cope without Syrian crude, but it could cost them more to find substitute crudes. The Syrian oil-export ban could also lend additional upward support for oil prices more broadly as European refiners seek out more alternative sources following the lengthy Libyan outage. "European refineries are already grappling with the loss of Libyan crude," Barclays Capital said in a note last week. "Given that one half of Syria's key production stream is the sweet and lighter Syrian Light grade, any loss in Syrian crude volumes can significantly jeopardize European refinery operations."



The EU has condemned Syrian President Bashar al-Assad following recent violence and announced a series of sanctions against the government and senior officials there. The EU next week is expected to finalize a plan to extend sanctions on Syria to cover oil exports to the EU, an EU official said Tuesday. EU officials didn't return a request for comment Thursday. Apart from Italy, the Syrian port document shows Syria exported crude and products to Spain, France and Turkey, among others. And a representative for OMV, who declined to comment on the list of Syrian loadings, said that 7.8% of the 7.8 million metric tons of oil refined at the company's Schwechat refinery in Austria last year came from Syria. But with four out of eight Syrian tankers last month going to Italy, the list confirms data from trade association Unione Petrolifera, which shows Italy has been increasingly making up for lost Libyan crude with oil from other risky countries, from Syria to Iran.

Between April -the month Libyan oil disappeared from the Italian market- and May, Syrian sales to Italy rose by 30% and Iranian sales to Italy rose by 56%, according to Unione Petrolifera. While European oil companies are barred from producing oil in Iran, purchases of Iranian crude are legal in Europe. Prior to the Libyan unrest, Italy imported about a quarter of its oil from Libya. Eni's Chief Executive Paolo Scaroni said he expects Libyan oil exports to resume in six to 18 months. A person at refiner IES Italiana, who said it bought Syrian oil last month, said a "stoppage [from the Arab nation] could have an impact," and it may have to pay more for replacement crudes as a result.

A trader in the Mediterranean oil market said Syria's heavy crude was also widely used to produce bitumen for construction and road maintenance. Yet Syrian imports remain only a small part of the roughly 1.3 million barrels of oil Italy imports every day, and government officials and refiners in the country say they can cope. "Italy does not think that the embargo on Syria will have a significant impact on our economy," an Italian foreign affairs ministry spokesman said.

An Eni representative said Syrian crudes are used for no more than 3% of its crude throughput and a potential ban on these imports "should not have important consequences for our production." Representatives for Repsol and Trafigura declined to comment on the Syrian shipping document, but said their companies comply with all international trade regulations. Syrian oil officials couldn't be reached for comment. Shell and Petraco Oil declined to comment, and Total and Arcadia couldn't be reached for comment.

Halliburton sues BP for defamation over Gulf spill

Reuters, 02.09.2011



Halliburton is suing BP for “negligent misrepresentation, business disparagement and defamation” related to BP’s claims about who was to blame for last year’s Macondo oil spill in the Gulf of Mexico.

Halliburton said BP provided inaccurate information prior to Halliburton carrying out its cementing services the day before the disaster, according to the lawsuit, which was filed in Texas state court. Halliburton said BP knew or should have known about an additional hydrocarbon zone in the well and that BP failed to tell Halliburton before it designed the cement program and then did not disclose it after the blowout.

“BP was solely responsible for identifying all hydrocarbon-bearing zones in the well and for identifying where the designed top of cement should be located in order to isolate all such zones,” Halliburton said in the lawsuit. BP said it was reviewing the lawsuit and so could not comment in detail, but it noted investigators had found multiple parties responsible for the accident, including Halliburton, and that independent investigations identified “serious problems” with the cementing of the well.

BP and Transocean Ltd, owner of the drilling rig that exploded and sank after the well blowout, are already locked in a legal battle over which company was at fault in the April 2010 disaster, which killed 11 workers and caused the worst offshore spill in U.S. history. Halliburton said it had also moved to amend its claims against BP in separate litigation in New Orleans to include fraud.

The company said it was fully indemnified under its contract with BP because it had performed the cement work according to BP specifications. In April, BP sued Transocean, Halliburton and Cameron International. Cameron made the blowout preventer for the well, a so-called fail-safe device that failed to automatically shut down the well.

New leader of IEA heads for visit to OPEC

Platts, 08.09.2011



Executive director of the International Energy Agency, Maria van der Hoeven, travels to Vienna to meet with OPEC Secretary General Abdalla el-Badri.

The visit, her second trip since taking up her post, underscores the importance of the relationship between the industrialized world's energy watchdog and the oil producer club. She also has scheduled a trip to Riyadh, the capital of OPEC kingpin Saudi Arabia, in November. In her first interview since taking over the helm at the IEA on September 1, Van der Hoeven stressed to Platts the importance of maintaining good relations with OPEC.

"I think it's very important to have good relations with OPEC, with the oil producing and consuming countries and we do need to have very good relations with the IEF," she said, referring to the Riyadh-based International Energy Forum which promotes dialogue between energy producing and consuming countries. "We are cooperating with the IEF. We are cooperating with OPEC...and of course we also do need good relations with IRENA," she said, referring to the International Renewable Energy Agency. "I think it's important to have that. All four of us are in the energy business and all four of us have different objectives, but I think it's important that where we can we share analysis" via the Joint Organizations Data Initiative, she said. "We need this information. But our conclusions of course will be different."

Van der Hoeven said she had spoken with Ali Naimi, oil minister of OPEC kingpin Saudi Arabia, shortly before her move to Paris, where the IEA is based, describing him as "a very old friend" whom she had met "quite a number" of times over the past few years. Asked when she had recently spoken with Naimi, Van der Hoeven said: "It was, I think, just before I came to Paris about two weeks ago. But you know, he is a very old friend. We have met more than once. I was at the Jeddah meeting in my capacity as minister of economic affairs and energy [of the Netherlands]. I was at the London meeting. I visited Riyadh more than once. And we were together in Rome. So we had quite a number of meetings together during the past few years."

Van der Hoeven was referring to the oil price summits in Jeddah, Saudi Arabia, and London in June and December 2008, and to the April 2008 meeting of the International Energy Forum in Rome. She said she had accepted an invitation from Naimi to attend the November 20-22 inauguration of the King Abdullah Petroleum Studies and Research Center in Riyadh.

Commenting on the IEA's 60 million barrel release from emergency oil stocks, agreed on June 23 and which occurred over July and August, Van der Hoeven said the take-up had been 97% compared with 73% of the oil released in September 2005 after Hurricane Katrina's devastating sweep across the Gulf of Mexico and the southern states of the US.



Announcements & Reports

▶ *TPAO Crude Oil and Natural Gas Sector Report – 2010*

Source : Turkish Petroleum Corporation

Weblink : http://www.tpao.gov.tr/tpfiles/AnnounceDocs/files/sekt%C3%B6r_raporu_2010.pdf

▶ *EMRA LPG Market Report (Jan – Jun 2011)*

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/documents/10157/ac6d5b51-9a62-45a3-9a38-c34c9150cd31>

▶ *EMRA's Announcement on Erzingaz*

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/documents/10157/89440c60-79e7-490d-a640-302f07a225aa>

Upcoming Events

Supported by **PETFORM**

▶ *GeoPower Turkey (in Turkey)*

Date : 20 – 21 September 2011

Place : Istanbul – Turkey

Website : <http://www.greenpowerconferences.com/geopowerturkey>



▶ *Iraq Future Energy 2011 (in Turkey)*

Date : 26 – 29 September 2011

Place : Istanbul – Turkey

Website : <http://www.theenergyexchange.co.uk/3/13/articles/255.php?>

▶ *MPGC 2011*

19th Middle East Petroleum & Gas Conference

Date : 2 – 4 October 2011

Place : Dubai – UAE

Website : <http://www.cconnection.org/conference/MPGC/2011/MPGCHome.html>



► *KIOGE 2011*

Kazakhstan International Oil & Gas Exhibition & Conference

Date : 5 – 8 October 2011
Place : Almaty – Kazakhstan
Website : <http://www.kioge.com/2011/>

► *CEVI Energy School* *(in Turkey)*

Date : 10 – 11 October 2011
Place : Ankara – Turkey
Website : <http://www.centerforenergyandvalue.org/eschool.html>

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► *CIS Oil and Gas Transportation* *(in Turkey)*

Date : 25 – 27 October 2011
Place : Istanbul – Turkey
Website : <http://www.theenergyexchange.co.uk/>



► *Shale Gas Environmental Summit*

Date : 2 – 3 November 2011
Place : London – UK
Website : <http://www.smi-online.co.uk/events/overview.asp?is=5&ref=3742>

► *Shale Gas World Europe 2011*

Date : 28 November – 1 December 2011
Place : Warsaw – Poland
Website : <http://www.terrapinn.com/2011/shale-gas-conference/>