



GAS



Iran cuts gas exports to Turkey

Date : 02.01.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130594>

Iran has slashed gas exports to Turkey, citing as its reasons high domestic consumption and the stoppage of gas flows from Turkmenistan. *"After the sharp drops in temperature over the last few days and the halt in deliveries by Turkmenistan, exports of gas to Turkey have been cut to a minimum,"* Tehran's Fars news agency quoted an Iranian official as saying.

"We are obliged to deliver 20 million cubic meters of gas [706 million cubic feet] to Turkey daily, but now the volume of exports has been reduced to 5 million cubic meters [177 million cubic feet]," the source noted.

Iran had completely halted its gas exports to Turkey in January 2007 for five days, again due to a domestic consumption crunch. Turkey swiftly looked for alternatives in the midst of the winter and had to buy from Gazprom at more expensive prices. Iran is now seeing heavy snowfall and temperatures of -10 degrees Celsius. In addition to the soaring demand for gas by Iranians, the halt in gas supplies from Turkmenistan -which normally meets 5 percent of Iran's consumption needs- exacerbated the problem. Turkmen officials cited 'technical problems' as the reason for the interruption of flow. Iran's annual struggle to meet domestic gas demands in winter belies its status as the owner of the second largest gas reserves in the world after Russia.

GAS



Turkmenistan says gas cut to Iran 'temporary'

Date : 03.01.2008

Source : Turkish Daily News (Agence France-Presse)

<http://www.turkishdailynews.com.tr/article.php?enewsid=92716>

Turkmenistan said that a halt in gas shipments to Iran, which has left many Iranian cities without heating during a severe cold snap, was 'temporary' and linked to pipeline maintenance. *"This is a temporary suspension of gas deliveries to Iran linked to technical problems,"* the Turkmen ministry petrol and gas said in a statement.

"The suspension was necessary to carry out repairs and maintenance," the statement said. Turkmenistan normally exports between 20 to 23 million cubic meters of gas daily to Iran - amounting to around five percent of country's total consumption.



Cevahir's refinery application rejected

Date : 02.01.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130599>

The Energy Market Regulatory Authority (EPDK) announced on Monday that it has rejected a license application filed by Cevahir Holding for a \$6 billion oil refinery project it had planned to build in the town of Yumurtalık on the southern coast.

The board had evaluated the application submitted by Cevahir in a meeting last Thursday and decided the land would not be suitable for a refinery, as there is an application pending for a thermal power plant in the same region. The board will reconsider Cevahir's application after a legal review for undisclosed reasons. EPDK officials said this rejection should not be seen as a negative development and the legal assessment does not mean the group will not be given a license or will not be allowed to proceed with its investment.

Cevahir Holding is looking to build an oil refinery that with an annual refining capacity of 10 million tons in Yumurtalık, the terminus of the Baku-Tbilisi-Ceyhan oil pipeline. The estimated value of the investment is \$6 billion and its construction is planned to take 5 years.



Cevahir says no problems with Ceyhan refinery project

Date : 03.01.2008

Source : Platts

<http://www.platts.com/HOME/News/8447118.xml?sub=HOME&p=HOME/News&?undefined&undefined>

Cevahir Group has denied media reports that its application to build an oil refinery and petrochemical complex at the Mediterranean oil hub of Ceyhan has been rejected by the country's independent energy regulator, the EPDK.

Speaking to Platts Thursday, Cevahir Group chairman Ibrahim Cevahir said there has been a delay in processing the application as the prospective site for the project has already been allocated to another company for construction of a power plant, but that he was confident it could be reallocated to his company.

Cevahir confirmed reports that his company was planning to construct a 10 million mt/year capacity refinery, adding that this could be expanded to 15 million mt/year with the addition of a petrochemicals plant. The plant would be supplied with crude arriving at Ceyhan via the Baku-Tbilisi-Ceyhan pipeline, he said. Cevahir said his board has been talking to international companies to enlist help to complete the project, but at present has no concrete plans to form any partnerships.



New year sees natural gas price hike

Date : 02.01.2008

Source : Today's Zaman (İsmail Altunsoy)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130595>

The expected rise in natural gas prices following on the heels of a recent electricity rate hike has been announced. The state-controlled Turkish Pipeline Company (BOTAŞ), the responsible body for gas supply, announced increased natural gas prices for home usage by 7.4 percent and by 6.5 percent for industrial usage.

The most recent hike in natural gas prices took place in November 2006, which saw a rise of 5.4 percent for home consumption and 5.8 percent for industrial use. Electricity prices were increased by 10 percent for industrial and 15 percent for home use last week after five years of stable prices. Natural gas prices for home and industrial use increased effective Jan.1 due to a sharp rise in crude oil prices.

BOTAŞ has resisted raising natural gas prices and the low exchange rates have helped it keep prices steady; however, BOTAŞ General Manager Saltuk Düzyol had previously said it would be hard to keep prices steady after January as crude oil prices have jumped over \$90 per barrel and Russian natural gas monopoly Gazprom Vice President Aleksander Medvedev has announced his company would increase natural gas prices in 2008.



Energy rising as Turkey's investment star

Date : 31.12.2007

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130451>

The interest in this business is very scattered, however, since there are numerous options for interested companies. From the construction of nuclear power plants and new hydroelectricity power plants, to building refineries and investing in thermal plants, investors are analyzing their opportunities.

The need for \$130 billion of investment in energy by 2020 to avoid falling short of rising demand is the main underlying factor that creates a feasible ground for these companies dreaming of turning major profits in the energy sector.

Sabancı Holding: Sabancı has plans to take the upper hand in energy in the middle and long term. The group said they aimed to control 11 percent of the total domestic energy market and to invest around \$5-5.5 billion by 2015. They struck a partnership with Austria's Verbund to cooperate in the energy market.

Koç Holding: Owing Tüpraş in the refinery sector, OPET in the gas distribution market, Aygaz and Mogaz in liquid petroleum gas (LPG) and Entek in electricity generation, Koç is planning to remain a major player in the energy business with further investment.

GAMA Holding: GAMA found its foreign partner in the energy business with an agreement on Dec. 11, 2007. GE Financial Services, a subsidiary of the General Electric Group, bought 50 percent of GAMA Energy and created an even partnership. This company has already announced that they are planning to make \$3 billion in investment within three years.

Zorlu Holding: Zorlu is a major player in the energy market, with nine companies doing business in almost all segments of the energy market. The company has natural gas-based electricity generation plants in numerous cities in Turkey, and it is currently working on hydroelectric, wind and geothermal energy projects. The company is currently trying to complete the construction of 54 wind turbines in Adana, a project valued at 300 million euros.

Alarko Holding: The company is planning to make an outlay of some \$1.4 billion in the energy market in 2008. It is interested in nuclear energy and is trying to find foreign partners from Europe and the US. Alarko won licenses for a coal plant in Seyitömer with a capacity of 175 MW and for a 100 MW capacity hydropower plant in Karakuz, a district in Kahramanmaraş. The firm is also planning to increase the capacity of its natural gas-based power plant in Kırklareli from 85 MW to 170 MW.

Çalık Holding: The company, which aims to be one of the major players in energy and telecommunications, plans to invest around \$8 billion in the energy sector by 2010. It is currently constructing the Samsun-Ceyhan oil pipeline in a joint initiative with Italian energy giant Eni. The company also signed an agreement with Indian Oil for the construction of a \$5 billion oil refinery in Ceyhan.

Akkök Group: The Akkök Group's energy subsidiary, Akenerji, is Turkey's first private energy company. It has natural gas and hydroelectric power plants as well as projects in wind.

Enka Holding: It has plans for \$2.2 billion of investments in the energy sector by 2010. It has natural gas power plants in Adapazarı, Gebze, İzmir, and it is interested in electricity distribution rights tenders.

Doğuş Holding: The group's first concrete initiative in energy is the Aslancık hydroelectric power plant. It is also interested in electricity distribution tenders.

Sanko Holding: The company had previously announced it was planning \$2 billion of investment in energy but reduced this to \$300 million due to the appreciation of the Turkish lira against foreign currencies.

Polat Holding: Polat is interested in electricity distribution tenders, nuclear power plants and wind power plants. It aims to reach an annual capacity of 400 MW by 2010.

Dedeman Holding: It has a hydroelectric power project and is interested in thermal, wind and geothermal power plant projects.

Eren Holding: It will invest \$1.5 billion in a coal-based power plant in Zonguldak. It is also interested in alternative energy resources.

Borusan Holding: The group has purchased 70 percent of Maya Energy, Brightwell Holding's subsidiary. It plans around \$700 million in investment in energy.

Atasay Group: Jewelry maker Atasay plans to begin importing 600 million kWh of electric power annually from Iran in four months. It has already applied for wind power and hydroelectric power licenses, and it is in search of a foreign partner for electricity distribution tenders.



Analysts see prospect of \$100 oil in 2008

Date : 02.01.2008

Source : Turkish Daily News (Agence France-Presse)
<http://www.turkishdailynews.com.tr/article.php?enewsid=92556>

Oil prices of near \$100 per barrel caused alarm in consuming countries in 2007 and analysts forecast another tense crude market this year with triple-figure records a real prospect. From a low point of just below \$50 per barrel in January, prices doubled in 2007, hitting \$99.29 a barrel on November 21, an all-time record.

Oil forecasting is a notoriously difficult business, but few had expected such a run-up -- besides an analyst at investment bank Goldman Sachs who famously foresaw early in 2005 a 'super spike' in prices to \$105. At the start of 2008, geopolitical risks, with unrest in Pakistan foremost among them, are driving prices back towards the \$100 level, with a colder-than-usual winter in the northern hemisphere another danger.

"Political unrest around the world has once again become a major factor" for the oil market, said David Johnson, an analyst with Macquarie Securities. Tension between the United States and Iran, the second-biggest producer in OPEC, had helped push prices higher in the last two years with traders fearful of U.S. military action against the Islamic republic.

Oil prices ended the year Monday with a modest dip on the eve of the New Year's Day market holiday amid concerns about instability in Pakistan after last week's assassination of former Pakistani opposition leader Benazir Bhutto. New York's main contract, light sweet crude for February, fell two cents to close at \$95.98, while in London, Brent North Sea crude for February delivery slipped three cents to \$93.85.

Goldman Sachs, one of the most active banks in the energy market, raised its price forecasts for 2008 by \$10 on December 12, with average benchmark U.S. prices now seen at \$95. The price could reach \$105 by the end of 2008, it said. The London-based Center for Global Energy Studies sees an average of about \$90 in the first half of the year, with a spike to \$100 a possibility.

"There are conditions in which we would see well over \$100 per barrel, such as a cool winter, tightness of OPEC supplies, or non-OPEC supply not growing as much as predicted," said CGES analyst Leo Drollas.



Indonesia says likely to propose OPEC output hike at Feb 1 meet

Date : 03.01.2008

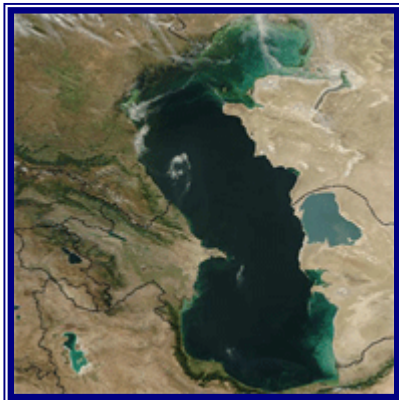
Source : Platts

<http://www.platts.com/Oil/News/8446967.xml?p=Oil/News&sub=Oil>

Indonesia will likely propose that OPEC raise crude production at the group's next scheduled meeting on February 1 in Vienna, oil minister Purnomo Yusgiantoro said. Purnomo said the volume of any increase that Jakarta might propose would depend on the level of spare capacity held by the 13-member group.

Asked whether Indonesia would propose an increase in output at the upcoming meeting, Purnomo said: *"We will most likely to try to do so."* *"The figure will depend on OPEC's spare capacity,"* Purnomo said, pointing out that only certain countries, 'particularly Saudi Arabia,' had any significant volumes of unused capacity.

Earlier Thursday, Indonesia's OPEC governor Maizar Rahman said it was possible OPEC might raise output at the February 1 meeting. *"We have not coordinated yet, but probably OPEC will wait for the upcoming meeting to make a decision. But there is a possibility that OPEC might increase production, particularly if the current high oil price is driven by oil supply,"* he said.



Iran insists on Caspian Sea share

Date : 01.01.2008

Source : Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130536>

Iran said it would not back down from its demand for a share of around 20 percent of the Caspian Sea, which boasts huge hydrocarbon reserves and valuable caviar stocks. The leaders of the five Caspian Sea states, including Russia, pledged at a summit in Tehran in October to overcome differences on dividing the sea and its resources but failed to agree on a final share.

Iran wants all resources shared equally among the five states, even though its coast accounts for less than 14 percent. *"Based on this principle (principle of fairness) ... our share would be 20 percent,"* Iranian Foreign Ministry spokesman Mohammad Ali Hosseini told a news conference. *"In order to reach this share, we have always made an effort and we are not going to retreat from our share,"* he said.

The other littoral states are Kazakhstan, Azerbaijan and Turkmenistan. At stake are estimated oil reserves of as much as 49 billion barrels and reservoirs with 230 trillion cubic feet of gas. The October summit did not agree on a new pact to replace agreements on the sea's status dating from the era of the Soviet Union.

OIL



Iraq oil production up and rising

Date : 03.01.2008

Source : The Washington Times (Sinan Salaheddin)

<http://www.washingtontimes.com/article/20080103/FOREIGN/810298596/1003>

Iraq's oil output climbed in November, and the ministry in charge of production forecast yesterday that it could surpass 3 million barrels per day by the end of this year. After a sharp slump in the wake of the U.S.-led 2003 invasion, ministry spokesman Assem Jihad said Iraq's average production was up to 2.4 million barrels per day in November.

Exports stood at about 1.9 million barrels per day and sold at an average price of \$83.87 per barrel. The new production figures came on a day when world oil prices topped \$100 a barrel for the first time. Since 2003, Iraqi production has mostly hovered between 1.7 million and 2 million barrels per day, according to the International Energy Agency. Prewar production was 2.58 million barrels per day.

Mr. Jihad added that the exports had grossed \$4.94 billion in November, which made up more than 90 percent of Iraq's revenue. *"The ministry's ambition is to increase the production to more than 3 million [barrels per day] by the end of 2008 and to pass the national oil law, which will enable us to draw foreign investment to our oil resources,"* he said. He added that resuming oil shipments through a pipeline from Iraq's Kirkuk oil fields into the Turkish Ceyhan export terminal, which was often halted in past years by sabotage, had given Iraq more flexibility to increase production.

GAS



Nord Stream costs to exceed 5 billion Euro

Date : 02.01.2008

Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=54685

Nord Stream AG, a consortium that plans to build a natural gas pipeline below the Baltic Sea, expects construction costs to amount to 'significantly' more than 5 billion euro, managing director Mattias Warnig told Die Zeit.

The consortium, in which Russia's OAO Gazprom owns a 51-percent stake and Germany's BASF AG and E.ON AG each own 24.5 percent, previously said construction costs will rise above the initially estimated 5 billion eur, and also said it expects gas shipments to start in spring 2011, pushing back its original 2010 start date. The pipeline will connect Russia's Vyborg and the German city of Greifswald.



China National Petroleum subsidiaries to pay billions for Central Asia gas pipeline

Date : 02.01.2008

Source : Turkish Daily News (The Associated Press)
<http://www.turkishdailynews.com.tr/article.php?enewsid=92538>

China's biggest oil company, China National Petroleum Corp., will spend 16 billion yuan (\$2.2 billion) to help build a natural gas pipeline from Turkmenistan that will eventually supply energy for booming cities such as Shanghai, a state news agency reported.

China's energy demands have soared, driven by annual economic growth that has exceeded 10 percent the past four years. Energy companies have signed a flurry of deals to explore for and develop oil and gas in former Soviet republics, Africa and elsewhere. The publicly listed PetroChina and China National Oil and Gas Exploration and Development Corp., both subsidiaries of CNPC, will each provide 8 billion yuan (\$1.1 billion) in cash for the planned 1,818-kilometer pipeline, Xinhua News Agency said. The project was estimated to cost \$7.3 billion in total but its report did not mention where the remaining funds would come from.

The pipeline will run through Uzbekistan and Kazakhstan before reaching northwest China, Xinhua said. The pipeline will be connected with China's second West-to-East gas pipeline, which was expected to be operational by 2010 and reach eastern and southern China. In July, CNPC signed a 30-year contract to buy gas from Turkmenistan, importing 30 billion cubic meters of natural gas annually.



Gazprom targets 10% of French supply

Date : 03.01.2008

Source : Upstream Online
<http://www.upstreamonline.com/live/fsu/article146478.ece>

Russia's gas export monopoly Gazprom wants 10% of the French gas market within four or five years but has no current acquisition plans in Europe, its vice-chairman said today. "This year (2007) we delivered about 500 million cubic metres of gas directly to final (French) consumers," Alexander Medvedev told daily La Tribune.

"It's a volume that will grow. We hope to reach a 10% market share within four to five years. The French market is among the top five for Gazprom," he added. Asked if Gazprom had any acquisition plans in Europe, he said: "There is no concrete plan at the moment, but we would consider such a possibility, if certain conditions are met."

He said the acquisition price needed to be ‘reasonable’, the buy ‘strategic’ and ‘in line with regulators’ demands’. He also said Gazprom did not plan at this stage to swap assets with Gaz de France. *“We are trying to assess how to co-operate efficiently all the more since the ongoing merger between GdF and Suez will create a leader in liquefied natural gas.”*

He said it was too early to provide details on future co-operation between Gazprom and French oil group Total to develop the Astrakhan gas field in Russia. *“We are still in preliminary talks. The Astrakhan field presents specific technical difficulties... and we are looking at the technological details of this co-operation.”* Gazprom said in November it was considering teaming up with Total on the Astrakhan field, one of its 10 biggest, with potential reserves of 2.5 trillion cubic metres under Russian classification, Reuters reported.

PETFORM ANNOUNCEMENTS & REPORTS

IEA Statement on High Oil Prices

Source : International Energy Agency
Weblink : <http://www.iea.org/IEAStatementHighOilPrices.pdf>

PETFORM UPCOMING EVENTS

2nd Annual European Gas Storage

Date : February 11 – 12, 2008
Place : Budapest – Hungary
Website : <http://www.platts.com/Events/2008/pc862/>
Contact : Sophie Adams (+44 (0) 20 7176 66 58)



GEO 2008 – 8th Middle East Geosciences Conference

Date : March 3 – 5, 2008
Place : Bahrain – Bahrain
Website : <http://www.aeminfo.com.bh/Geo2008/>
Contact : Fawzi Al Shehabi (+973 17 55 00 33)



Petrotech 2008 – 6th Middle East Refining & Petrochemicals Conference

Date : May 25 – 28, 2008
Place : Bahrain – Bahrain
Website : <http://www.mepetrotech.com/>
Contact : Fawzi Al Shehabi (+973 17 55 00 33)

