

Turkey and China ink deal to build Salt Lake gas storage

Hürriyet Daily News, 29.11.2011



Turkey is set to build a 1 bcm gas depository under a lake in central Anatolia in a bid to improve its energy security. Turkey's BOTAS and China's Tianchen Engineering (TCC) have signed a \$559 million deal to build a 1 bcm gas depository under Turkey's Tuz Gölü (Salt Lake).

Turkey is keen on building the gas depository because of current reliance on Russia, Azerbaijan and Iran for natural gas. Energy Minister Taner Yildiz said Turkey's gas demand is increasing more and more each day and this project is needed to ensure the healthy management of natural gas.

"We are planning on building depositories in other regions as well. Turkey's total natural gas capacity is supposed to be 6 bcm, so we are contemplating new investments," Yildiz said during a ceremony in Ankara to mark the agreement.

The 6 bcm Turkey needs are equivalent to the amount of gas BOTAS has been importing via the West Line from Russian Gazprom on an annual basis. However, BOTAS has canceled the current deal with Gazprom upon a price dispute. The domestic natural gas market now awaits new Gazprom contracts to be signed by international and Turkish firms to replace BOTAS.

The country's underground depository does not currently have the sufficient means to provide gas in the event of a disruption to the gas flow, top Turkish officials said earlier. With this depository and the 2.6 bcm facility in Silivri, in Turkey's Marmara region, Turkey's gas deposits would reach 3.6 bcm, according to Anatolia news agency.

The first phase of the depository is projected to be completed by 2019. The depository's first six wells are expected to be ready by 2016 and the remaining six by 2019, according to official data. This would boost the depository's reserves to one billion-cubic-meters. The depository will also hold extra 500 million-cubic-meters in reserves.

TPAO to start drilling in Northern Cyprus

Today's Zaman, 27.11.2011



Turkish Energy and Natural Resources Minister Taner Yildiz said the Turkish Petroleum Corporation (TPAO) will begin exploration for oil and natural gas deposits in the province of Gazimagusa located in the Turkish Republic of Northern Cyprus (KKTC).

Yildiz said: "We will open wells according to indications in the geological data and plan to go as deep as 3,000 meters for the first well. These wells will be opened for the purpose of both oil and gas discoveries and drillings in Gazimagusa will contribute in a major way to our understanding of the validity of offshore drilling in Northern Cyprus."

He noted that the drilling in Gazimagusa will be conducted outside of an oil and natural gas agreement with Shell, stating, "TPAO has around 1,100 wells like this in Turkey that it operates by itself and the joint deal with Shell in the Mediterranean only includes drilling off Antalya's shore."

TPAO and Dutch-British Corporation Royal Dutch Shell signed a deal for the exploration and joint production of oil and natural gas off Turkey's Mediterranean shores as well as onshore in Turkey's southeastern region. The minister underlined that TPAO will not settle for just the KKTC and Antalya in its Mediterranean operations and announced that future joint exploration will take place in the southern Turkish provinces of Iskenderun and Mersin as well.

Replying to a question concerning previous comments he made during which he labeled Israeli drillings off the coast of Greek Cyprus 'illegal', Yildiz said, "We have already made it clear that any country drilling in a region where its economic [political] borders are not clear is operating against international law."

He emphasized comments made by Prime Minister Recep Tayyip Erdogan, who proposed a solution for the equal and beneficial sharing of any oil or natural gas discoveries among all citizens of the island on the condition that exploration in the region stops. Yildiz added: "We must introduce oil and natural gas as a reason for peace and cooperation among neighboring countries instead of its common perception as a reason for war. We hope it will be the most important message Turkey delivers to the world."



BOTAS and SOCAR to form gas link venture next year

Bloomberg, 30.11.2011



State Oil Company of Azerbaijan (SOCAR) and Turkish Petroleum Pipeline Corporation (BOTAS) plan to form a venture to build a gas pipeline across Turkey by the middle of next year, the state-owned Azeri energy official said.

The Trans-Anatolian gas pipeline, which may cost \$6 billion to \$7 billion and have a capacity of 21 bcm a year, is planned to be completed by 2017 when the second phase of the BP-operated Shah Deniz project starts producing natural gas, Anatolia said, citing an interview Socar Vice President Vaqif Aliyev.

The project seems 'more doable' than the Nabucco pipeline project, which has some 'unresolved issues,' although it won't undermine Nabucco, Anatolia said, citing the Socar vice president.

TransAtlantic resumes operations at Selmo

Rigzone, 28.11.2011



TransAtlantic provided a comment from N. Malone Mitchell, regarding the company's operations at Selmo field in southeastern Turkey.

Mr. Mitchell said, "Despite the tragic events that transpired last week, TransAtlantic expects to proceed with its existing strategy at Selmo field. We appreciate the tremendous grief experienced by the friends and families of the victims and are working with the authorities to finish their investigations. We trust them to take the actions necessary to bring those responsible to justice. Senior government ministers have assured us they will act and we take them at their word."

"To say that 'ordinary operations have resumed' is disrespectful both to the families of those who died and to those that continue to operate in the field. However, our brave and hardworking operations team resumed production operations on and has returned the field to recent production levels. TransAtlantic is increasing and changing its security strategy for our field operations to continue to provide our employees and contractors with the protection that they deserve while realizing that it is always hard to anticipate and defend premeditated intent to do violence."



Iraq signs deal with Shell and Mitsubishi to tap natural gas

Huffington Post, 27.11.2011



Iraq signed a multibillion-dollar deal with Royal Dutch Shell and Mitsubishi Corp. to tap natural gas in the south, one of the biggest agreements by the OPEC member to develop an energy sector battered by years of neglect and war.

The \$17 billion deal forms a joint venture to gather process and market gas from three oil fields in the oil-rich province of Basra. That gas, pumped in conjunction with crude oil, is currently burned off or flared due to lack of infrastructure. The 25-year joint venture is called Basra Gas Company. Iraq will hold a 51 percent stake, to Royal Dutch Shell's 44 percent and Mitsubishi's 5 percent shares.

The gas will be used mainly for domestic energy needs, but there is also an option for exports. Iraq's Oil Minister, Abdul-Karim Elaibi hailed the signing as "historic turn in Iraq's oil industry." Shell CEO Peter Voser told that Iraq is now a "...substantial part of Royal Dutch Shell's portfolio in the Middle East."

For Iraq, the deal is a key part of its strategy to alleviate power generation woes. Despite billions of dollars spent since the 1990s to rebuild Iraq's dilapidated electrical grid, Iraqis still suffer through chronic power outages that have led to sometimes violent protests. The deal is Shell's third in Iraq since the 2003 U.S.-led invasion, and it will bolster the company's presence in a country which sits atop 143.1 billion barrels of crude oil and 126.7 trillion cubic feet of gas reserves.

A memorandum of understanding on the Shell gas deal was signed in September 2008, but the venture has been bogged down ever since. Some lawmakers argued that the deal should have been approved by parliament and officials in Basra wanted more benefits for their province. Iraq burns off almost half of the 1.5 billion cubic feet per day of gas that it produces. The deal will help the country capture more than 700 million cubic feet per day of gas from three fields. They are the 17.8 billion-barrel Rumaila field being developed by a BP-CNPC consortium, the 4.1 billion barrel Zubair field, handled by an Eni-led consortium and partners Occidental Petroleum Corp. and KOGAS, as well as the 8.6 billion barrel West Qurna Stage 1, which is being developed by ExxonMobil-Shell consortium.

Noble lowers Cypriot well estimate, moves toward Israel

Rigzone, 01.12.2011



U.S. independent Noble Energy has cut its gas-in-place estimate at its offshore Cypriot prospect. On Nov. 15, the company reported that its Cyprus-A prospect had an estimated gross mean resource range of 85-250 bcm, with a 60 percent geological probability of success. Noble spudded its first well on Sept. 20. Cyprus-A is located in Block 12.

Cypriot officials had previously said that Cyprus-A had gas-in-place of 225-280 bcm, and so the new revised figure is a relative disappointment. In spite of this, the find represents Cyprus' first sizeable resource base of hydrocarbons.

Noble's Cypriot resource estimate was issued as part of a larger operational update. The company, which is at the forefront of Israeli offshore gas development, said Israel's offshore Mari-B field had achieved record production, and that about 10 bcm of annualized output from Noa will help offset depletion from Mari-B starting in mid-2012. Noble also upwardly revised its resource estimate for the giant Tamar field, from 237 bcm to 254 bcm, and said that commissioning was on schedule for late 2012. The company pointed to further upside potential offshore Israel: 12 additional prospects have been identified with a gas potential of 566 bcm and a deep oil potential of 3.7bn bbl. Noble and its partners have started taking tentative steps towards the commercialization of Tamar's reserves through LNG exports.

Hoegh to carry out Tamar FLNG FEED

Upstream Online, 02.12.2011



Korea's Daewoo Shipbuilding & Marine Engineering has awarded Norwegian company Hoegh LNG a contract to carry out engineering studies for a floating liquefied natural gas solution for the Tamar gas field, off Israel.

Hoegh will carry out the front-end engineering design for an LNG floating production and storage and offloading vessel to monetise the gas reserves at the field. Under the agreement Hoegh will be the owner and operator of the LNG-FPSO and Daewoo will be the engineering, procurement, construction, installation and commissioning contractor.

Field operator Noble Energy confirmed earlier this week it was carrying out a study with Daewoo for the potential use of an FLNG facility at its Tamar and Dalit fields off Israel. The Tamar field lies about 90 kilometres off the Israeli coast and is estimated to hold 9 trillion cubic feet of gas and output is expected to commence in 2013. Noble holds a 36% working interest in the Tamar and Dalit fields along with Isramco holding 28.75%, Delek Drilling and Avner Oil Exploration both on 15.625% and Dor Gas Exploration holding the remaining 4%.

Oettinger: EU gas demand set to rise

Upstream Online, 22.11.2011



Gas demand in the EU is set to increase to 600 billion cubic meters per year over the next decade, EU Energy Commissioner Guenther Oettinger was reported.

It comes as the EU is shortly set to unveil an energy roadmap to 2050 for an ambitious decarbonization program, with the aim of increasing the share of renewables in its energy mix to 80% from the present level of 10% by that year. However, energy experts believe the continent will have to increase its use of gas as a transition fuel over the coming decades as Germany, and possibly other countries, plan to shut down their nuclear plants, creating a massive supply shortfall.

Oettinger, speaking at a meeting with Russia's Energy Minister Sergei Shmatko, said the EU would increase its imports of Russian gas to 150 bcm over the next 10 years. The Nord Stream pipeline, the first direct gas route from Russia to Europe, started deliveries last month.

Meanwhile, Oettinger said a new pipeline project led by Russian gas monopoly Gazprom, South Stream, may be eligible for exemptions from the EU's so-called Third Energy Package, which calls for more competition in the union's energy market. "At the moment we have no real concrete conception, so we are waiting for more information from Russia. Then we will see how to possibly combine this with some exemptions," he said.

Southern Gas Corridor is win-win for Turkey and EU says Hilbrecht

Today's Zaman, 30.11.2011



Heinz Hilbrecht, a former director at the European Commission Department of Energy said Turkey and the EU have mutual interests in closer energy cooperation and that the Southern Gas Corridor project is strategically important for both countries and is a win-win for all parties at a roundtable discussion held by Turkish Policy Quarterly and the Friedrich Naumann Foundation.

The aim of the program was to discuss proposals to bring gas from Azerbaijan to Europe and Turkey's critical role in transporting the gas, as well as many other focal points in the negotiations between states involved in the project.

Presentations were made by Hilbrecht and Wolfgang Sporrer, the regional manager of Austria's largest energy company, OMV, with some lively discussions taking place among participants. Hilbrecht said the EU's 20/20/20 targets to reduce energy consumption by at least 20 percent and the diversification of the EU's gas supply, given that import dependency is expected to rise, should not be seen as anti-Russian because the EU has to rely on a considerable amount of Russian gas and is willing to continue cooperation. Hilbrecht commented on pressure by Gazprom, on Caspian countries not to build pipelines but to sell the gas to Russia. "This action should be perceived normal as natural gas remains a competitive fuel," he said.

He criticized the South Stream project for not being economical as it is fed by fields in Siberia and it will be quite expensive to pass from the Black Sea. Sporrer also praised the Southern Gas Corridor project and noted that the EU is not the only shareholder who will benefit, as the Caspian region, Turkey and various energy companies are also looking forward to the finalization of the project. He said the leading role in the project has shifted to the EU as it has taken a proactive role in trying to address past and present issues between Turkmenistan and Azerbaijan.

Sporrer also noted that the EU does not need to spend a single euro on Nabucco as it is a commercial project. His comments were confirmed by Hilbrecht who said, "The EU offered 200 million euros to Nabucco and it is still untouched." When it came to questions on deepening economic and political crises in the EU, both speakers responded that times of crisis can increase uncertainties but energy companies are accustomed to long term projects, which are not made on short term plans, and that the financing of the Nabucco project had already been planned. They concluded that experts agree that the demand for natural gas is going to pick up in the same time frame as when the Southern Gas Corridor will come into place, so once the decision has been made it will be a highly profitable project.

OPEC crude production rises to three-year high

Bloomberg, 30.11.2011



Oil production this month by the Organization of Petroleum Exporting Countries rose to the highest level in three years, led by surging Libyan output, a Bloomberg News survey showed.

Production increased 390,000 barrels, or 1.3 percent, to an average 30.355 million barrels a day from a revised 29.965 million, the most since November 2008, according to the survey of oil companies, producers and analysts. Daily output by the 11 members with quotas, all except Iraq, climbed 340,000 barrels to 27.65 million, 2.805 million barrels above their target.

Libyan output rose 155,000 barrels to 500,000 a day, the highest level since February, the survey showed. Production in the North African nation had tumbled from 1.585 million barrels a day in January, the last month before an uprising against the government of Muammar Qaddafi disrupted output. Saudi Arabia, OPEC's biggest producer, increased output by 65,000 barrels, or 0.7 percent, to 9.55 million barrels a day this month. October production was revised 175,000 barrels a day lower. The kingdom exceeded its daily quota by 1.499 million barrels.

KazMunaiGas raises spending bar

Upstream Online, 02.12.2011



Kazakhstan's state oil and gas company KazMunaiGas (KMG) plans to spend more than 557 billion tenge (\$3.8 billion) on geological and exploration work between 2012 and 2016, the company was reported as saying on Friday.

KMG said in a statement it would conduct large-scale drilling in the Kazakh sector of the Caspian Sea shelf. The company, which controls London-listed KazMunaiGas Exploration Production, said that it was looking for partners to explore two offshore blocks in the Caspian - Isatai and Shagala. These two blocks are among those slated for exploration in the 2012-2016 periods.



Announcements & Reports

► *Natural Gas Market Monthly and Yearly Information Forms and Sectoral Consumption Tables*

Source : Energy Market Regulatory Authority
Weblink : <http://www.epdk.org.tr/web/dogal-gaz-piyasasi-dairesi/87>

► *Solar Energy Perspectives*

Source : International Energy Agency
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=411>

► *World Energy Statistics 2011*

Source : International Energy Agency
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=582>

Upcoming Events

► *20th World Petroleum Congress*

Date : 6 – 7 December 2011
Place : Milano – Italy
Website : <http://www.greenpowerconferences.com/>

► *APPEX 2012*

Date : 6 – 8 January 2012
Place : London – UK
Website : <http://www.appexlondon.com/2012/index.cfm>

► *European Gas Conference*

Date : 24 – 27 January 2012
Place : Vienna – Austria
Website : www.europeangas-conference.com

► *Global Tight Oil Summit*

Date : 31 January – 1 February 2012
Place : Houston – USA
Website : <http://www.theenergyexchange.co.uk/the-global-tight-oil-summit/s13/a314/>



► *6th Africa Economic Forum*

Date : 5 – 7 March 2012
Place : Cape Town – South Africa
Website : <http://www.petro21.com/events/?eventid=728>

► *Iraq Energy Expo 2012*

Date : 23 – 26 April 2012
Place : Baghdad – Iraq
Website : <http://www.iraqenergyexpo.com/2012/index.php>

► *Oil & Gas Pipelines in the Middle East 2012*

Date : 20 – 23 May 2012
Place : Abu Dhabi – UAE
Website : <http://www.theenergyexchange.co.uk/oil-and-gas-pipelines-in-the-middle-east-2012/s13/a170/>

► *4th African Gas – LNG*

Date : 21 – 24 May 2012
Place : London – UK
Website : <http://www.petro21.com/events/?eventid=735>

► *25th World Gas Conference 2012*

Date : 3 – 8 June 2012
Place : Kuala Lumpur – Malaysia
Website : www.wgc2012.com

► *Iraq Future Energy – 2012 (in Turkey)*

Date : 24 – 26 September 2012
Place : Istanbul – Turkey
Website : <http://www.theenergyexchange.co.uk/iraq-2012-future-energy/s13/a255/>