



## GAS



## PM Erdogan: Iran natural gas supply to resume by Monday

**Date** : 11.01.2008

**Source** : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=131376>

Prime Minister Recep Tayyip Erdogan stated on Thursday that Iran's supply of natural gas to Turkey will resume on Monday at the latest. Iran, Turkey's second-largest gas supplier after Russia, halted gas flow completely on Monday. But PM Erdogan's call has opened the valves again.

Iran, one of Ankara's main gas suppliers, stopped pumping gas to Turkey on Monday, Turkish officials have said, with Tehran blaming the disruption on cold weather and a cut in Turkmen gas supplies. Speaking to reporters here after participating in a meeting held on the occasion of Energy Productivity Week, Erdogan said yesterday that he had met with special representatives of Ahmadinejad on Wednesday evening in a bid to resolve the gas supply problem.

*"They say the extremely cold weather has caused great difficulties. But they stated that they will sort this issue out at the latest on Monday. We have also taken precautions. There is no problem at the moment,"* he said. The prime minister, meanwhile, noted that a two-hour natural gas cut on Thursday morning in the eastern Anatolian province of Erzurum had no connection with the Iranian issue.

A senior Turkish Energy Ministry official told Reuters that Turkey had halted the flow of Azeri gas to Greece because of the suspension in Iranian supplies. He said Turkey's daily gas consumption had fallen to 124 million cubic meters from 142 million as some gas-fired electricity producers switched to alternative fuel sources while others cut output.

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## Turkey's energy bill to exceed \$40 bln in 2008

**Date** : 05.01.2008

**Source** : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=130904>

According to predictions concerning Turkey by international investment banks, Turkey's energy bill was approximately \$29 billion in 2006, increased to \$35 billion in 2007 and is expected to surpass \$40 billion in 2008. If prices continue to rise, this bill may hit \$45 billion in 2008.

Investment banks had previously predicted that Turkey will see an average of \$65 per barrel in 2008, but after oil prices exceeded \$100 per barrel in international markets on Wednesday, these predictions were adjusted to an average price of \$80 per barrel. An average of \$75 per barrel is expected in 2009. The rise will negatively affect the foreign trade deficit, the current account deficit, inflation, investment and growth. This year, the current account deficit is estimated to be equal to 8 percent of gross domestic product (GDP). Half of this deficit stems from energy imports. The estimated effect of a \$1 rise in oil prices to the current account deficit is around \$350 million.

The annual cost of a single dollar rise in oil prices is estimated at \$200 million for oil alone and when other energy items that are affected by oil price fluctuation are considered, the total cost may increase to \$500 million. Effects of a record rise in oil prices may also increase the rate of inflation by 2 percentage points.



## Nabucco pipeline starts detailed technical planning

**Date** : 09.01.2008

**Source** : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=131188>

Nabucco Gas Pipeline International GmbH, the consortium of international partners responsible for planning and constructing the Nabucco gas pipeline, has appointed the British company Penspen as owner's engineer for coordinating the detailed planning of the project.

According to a press release issued yesterday on the 9 million euro tender: *“The Nabucco project is reaching the stage of actual realization. With the commissioning of the owner's engineer, an essential milestone has been set for the pipeline project. The detailed technical planning has now started.”*

The owner's engineer is responsible for coordinating the detailed technical planning for the pipeline project, and local engineers will be utilized for planning at the local level. The results of this planning will form the basis for official approvals, output and quality specifications and negotiations with suppliers. In addition, the work of the owner's engineer is a significant part of the environmental and social impact evaluation, in which the financing institutions will be involved from the start. The owner's engineer will start work this month, and the main planning elements are expected to be completed by the end of the year.

The national Nabucco companies in the individual partner countries -- wholly owned subsidiaries of Nabucco -- will subsequently coordinate the detailed planning at the local level. *“The founding of the national Nabucco companies was another important landmark in 2007. Four companies have already been founded, the fifth subsidiary in Turkey is in the process of being founded,”* the statement explained.

## JKX farms in to Turkey licenses



**Date** : 10.01.2008

**Source** : Rigzone

[http://www.rigzone.com/news/article.asp?a\\_id=55123](http://www.rigzone.com/news/article.asp?a_id=55123)

JKX Oil & Gas plc has farmed into two exploration licenses in the Bismil South area of southeast Turkey. The licenses cover a total of 590 square kilometers in the Zagros Foldbelt petroleum province. JKX has acquired a 20% interest in the licenses from the operator Arar. Arar is a private Turkish exploration and production company and now holds 55% of the license interest.

The South East Zagros Foldbelt is the main exploration and production area in Turkey. The Bismil South licenses are situated immediately south of the giant Bati Raman oilfield which produces from Cretaceous age carbonates of the Mardin Group. JKX also holds a 30% interest in the adjacent Karakilise licenses operated by Aladdin Middle East Inc.

JKX anticipates spending approximately US\$2.5 million through the first half of 2008, which includes its share of the ongoing exploration programme and a contribution to exploration costs to date. The forward exploration programme comprises acquisition of 120 km of new 2D seismic data and drilling Well Koyunlu 2, an appraisal to the 2006 Cretaceous discovery Well Koyunlu 1.

## Güler: Turkey to help US operate, transport Iraqi oil



**Date** : 11.01.2008

**Source** : Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=131413>

Turkey will help the United States to operate and transport neighbouring Iraq's oil as part of its drive to become an energy hub, Turkish Energy Minister Hilmi Güler told CNNTurk on Friday. Güler visited the United States this week with President Abdullah Gül for talks with US officials dominated by energy.

"We have reached an agreement with the US on the issue," Güler said. He gave no more details. Güler also said Iraq's natural gas could be transported to European markets via Turkey. Iraq pumps crude oil exports via a pipeline to Turkey's Mediterranean coast.



## Iraq prepares oil licensing round without federal oil law

**Date** : 09.01.2008

**Source** : Platts

<http://www.platts.com/Oil/News/8457227.xml?p=Oil/News&sub=Oil>

The Iraqi oil ministry's newly formed Directorate of Petroleum Contracts and Licensing has published its request to international oil companies to present prequalification documents to the directorate by January 31 ahead of a forthcoming licensing round.

The announcement, published on a government website Monday, says that *"only selected, eligible companies will be invited to participate in the competition for upstream sector projects, which will be declared within the licensing round soon."* The announcement added: *"It should be noted that the registration of companies in the Republic of Iraq is a prerequisite for companies to participate in any session of the licenses."*

The required prequalification documentation attached to the announcement is extensive and contains, apart from the standard qualification form, a list of requirements needed to meet the criteria set out by the directorate, including legal criteria, certificates of good standing, financial status as well as health, safety and environmental qualifications.

Some of the items in the detailed qualification forms ask the companies to list previous experience working in the Iraqi oil industry, particularly in the fields of training and technical assistance, indicating that these companies may be rewarded somehow for their previous cooperation. Sources close to the ministry told Platts that the purpose is to build a database of international oil companies that are interested in participating in Iraqi upstream development projects, and also to keep these companies interested in Iraqi development projects.



## Major fire spreads at Iraq's biggest oil refinery

**Date** : 07.01.2008

**Source** : International Herald Tribune (Reuters)

<http://www.iht.com/articles/reuters/2008/01/07/africa/OUKWD-UK-IRAQ-OIL-CAUSE.php>

An explosion at a fuel storage tank caused a huge blaze at Iraq's largest refinery on Monday, injuring at least 36 workers, and the fire was spreading. A cameraman at the Baiji refinery complex, some 180 km north of Baghdad, said he counted at least 36 others suffering from burns.

The refineries at Baiji in north-central Iraq have capacity of 310,000 barrels a day, according to the U.S. Energy Information Administration, and have been operating at less than full capacity due to power cuts and other problems including fires.





## Tough to pump more oil, even at \$100 a barrel

**Date** : 10.01.2008

**Source** : Turkish Daily News (Reuters)

<http://www.turkishdailynews.com.tr/article.php?enewsid=93246>

Oil at \$100 a barrel should give exporters every incentive to pump more, but their difficulty in doing so shows the world is struggling to sustain production. A number of leading industry figures now question mainstream forecasts for supply, suggesting the era of 'plateau oil' is nearer than many in the business have admitted.

Supply still falls short even after so-called unconventional oils extracted from tar sands and converted from natural gas are taken into account, said Sadad al-Husseini, a former top official at state oil giant Saudi Aramco. *"Today's oil prices are high because there are limited new supplies,"* Husseini, who ran exploration and production at the Saudi state oil company from 1986-2002, told. *"There's a history now. We're several years into level production."*

In 1980, when crude first hit an inflation-adjusted high of \$100, the pace of drilling by producing countries and major oil companies became fast and furious, leading to rising output and a price collapse in 1986. It remains to be seen whether they will respond the same way this time, even after a six-year price rally that sent crude through \$100.

Conventional supply from outside OPEC has missed forecasts in recent years and appears for now to have hit an 'effective plateau', according to the International Energy Agency (IEA), adviser to industrialized countries. Non-OPEC countries pump about 60 percent of the world's oil and the 13 members of OPEC make up the balance. OPEC sets output limits for 12 of its 13 members. *"OPEC can do little,"* Shokri Ghanem, the top oil official for OPEC member Libya, told Reuters. *"Most OPEC countries are producing at capacity."*

The IEA, whose forecasts are a benchmark for the oil industry, predicts world oil output will rise to 116 million bpd by 2030, from about 86 million bpd now. Global proven oil reserves of 1.208 trillion barrels are enough to sustain current rates of production for 40 years, according to figures compiled by BP in its Statistical Review of World Energy. But Campbell believes supply of oil, including unconventional oil, will peak in 2010.

Husseini says high prices will only sustain a production plateau of 85 million bpd for up to a decade. From then he sees the start of a long, gradual decline sinking the world's supply of oil and natural gas liquids to about 78 million bpd by 2030. His forecast is nearly 30 million bpd below the IEA and the U.S. government. *"The industry's ability to deliver more oil, quickly, is no longer there,"* he said.

Peak oil, proposed by the late geologist M. King Hubbert in 1956, has its detractors who say technology can help extend the life of reserves. Some senior industry executives see no need for concern. *"I am no subscriber to the theory that oil supplies have already peaked,"* Tony Hayward, chief executive of BP Plc, said at a conference in November. But more industry leaders are questioning the conventional wisdom on long-term supply.



## Uzbekistan to raise gas price for Russia by 50%

**Date** : 10.01.2008

**Source** : Platts

<http://www.platts.com/Natural%20Gas/News/8459706.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

Uzbekistan will charge Russia up to 50% more for natural gas exports in 2008, Agence France-Press reported quoting the Russian daily Gazeta. The gas exports would cost \$130/1,000 cu m in the first half of 2008, rising to \$150/1,000 cu m in the second half.

While Gazprom did not announce the figure, it said that the price “*has been brought in line with conditions on the regional market.*” The parties also agreed on the gas transportation fee for 2008, the gas giant added, providing no figures. Uzbek gas is shipped via the Central Asia-Center pipeline, which runs from Central Asia into Russia.

Uzbekistan demanded an upward price revision for the gas it sells to Gazprom up from the current \$100/1,000 cu m after another Central Asian country, Turkmenistan, managed to push through a much higher price for its gas from 2008.

At the end of November, Gazprom agreed to pay up to 50% more next year for Turkmen gas. Gazprom will pay \$130/1,000 cu m for supplies from the Central Asian country in the first half of next year, rising to \$150/1,000 cu m in the second half of 2008. In 2007, Gazprom paid \$100/1,000 cu m for Turkmen gas.



## Pakistan and Iran to sign gas pipeline agreement

**Date** : 07.01.2008

**Source** : Rigzone (Xinhua)

[http://www.rigzone.com/news/article.asp?a\\_id=54889](http://www.rigzone.com/news/article.asp?a_id=54889)

Pakistan’s Minister for Petroleum and Natural Resources Ahsanullah Khan told a news conference that Pakistan and Iran were moving ahead positively on the Iran-Pakistan-India (IPI) gas pipeline project and the Gas Supply/Purchase Agreement would be signed next week between the two countries.

He said that India would be most welcome to join the project when it was ready. The pipeline, to involve some 7.4 billion U.S. dollars, will run from Iran to India via Pakistan and supply some 90 million cubic meters of Iranian gas to India and 60 million cubic meters to Pakistan every day. Pakistan pays 665 million U.S. dollars annually on the import of furnace oil and also offers 14 billion rupees (about 23 million U.S. dollars) on petroleum subsidy which will be saved after the IPI project is completed, according to the Pakistani minister.

**PETFORM**  
**ANNOUNCEMENTS & REPORTS**

**Oil Supply Security – Emergency Response of IEA Countries 2007**

Source : International Energy Agency  
Weblink : <http://www.iea.org/w/bookshop/add.aspx?id=322>

**Investment in Kyrgyzstan**

Source : Energy Charter  
Weblink : <http://www.encharter.org/index.php?id=283&L=0>

**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)

