

Turkish – Azeri gas pipeline deal expected in January

Bloomberg, 20.12.2011



Turkish and Azeri energy officials aim to finish an agreement by January on a new pipeline to ship natural gas from Shah Deniz field to Europe via Turkey, Rovnaq Abdullayev, President of State Oil Co. of Azerbaijan, or SOCAR, said.

“Any company that has gas” can join the venture to build a pipe from Turkey’s eastern border to the west, said Abdullayev. The Trans-Anatolian 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 Shah Deniz starts producing gas, the Anatolia News Agency said last month, citing Socar Vice President Vaqif Aliyev.

The project seems more “do-able” than the European Union-backed Nabucco pipeline, he was quoted as saying. The Shah Deniz group is looking at Nabucco “seriously” and questions still remain on the project, Abdullayev said. The group will opt for less expensive transit options, he said.

Azeri gas exports to Turkey fall 11% in 11 months

Bloomberg, 19.12.2011



BP’s Shah Deniz natural-gas field in Azerbaijan recorded an 11 percent drop in exports to Turkey in the first 11 months from a year earlier, the Turan news agency said, citing the State Statistics Committee.

The 4.1 billion cubic meters of exports from the first phase of the project compares with the annual 6.6 billion cubic meters Turkey’s government pipeline company BOTAS committed to buying from Azerbaijan under an agreement signed in March 2001, Turan said.

Tüpras renews oil contract with Iran

Hürriyet Daily News (Reuters), 23.12.2011



Tüpras, Turkey's sole oil refinery, has renewed a crude oil purchase deal with Iran and in 2012 will buy a similar amount of oil as this year.

Tüpras has had an annual crude oil purchase contract with Iran for many years and the parties have agreed on the 2012 deal, one industry source said. Tüpras has no plans for now to purchase extra amounts from the neighboring country. Crude oil imports to Turkey have become more crucial for Iran as the European Union and the United Nations increase sanctions on the Islamic Republic.

Turkey and Greece are among the countries most reliant on Iranian crude, which makes up more than 30 percent of both countries' total oil imports, according to the International Energy Agency's latest data. Tüpras purchased 7.41 million tons of crude from Iran in 2010, according to its website, which makes up for almost 38 percent of the 19.6 million tons of crude it refined that year.

As for 2011, Tüpras CEO Yavuz Erkut said, at a press meeting on Dec. 5, that his company had bought 9 million tons of crude. Analysts said Tüpras is set to process this year nearly 21 million tons of crude, while the percentage of Iranian crude is likely to rise to above 40 percent due to the price advantage. Another industry source said the amount Tüpras agreed to buy for 2012 was "more or less the same" with 2011.

Gazprom set to buy more SOCAR gas

Hürriyet Daily News (AA), 17.12.2011



Gazprom has announced it will increase natural gas imports from Azerbaijan to 3 bcm in 2012, according to officials.

Azerbaijan's state-run natural gas company, SOCAR's President Rovnag Abdullayev met with Russian Gazprom President Alexey Miller on Dec. 14 to discuss an increase in the amount of gas Gazprom purchased from Azerbaijan. In the meeting, the two company heads agreed to increase the amount of gas by 1 bcm, Anatolia news agency reported. Last year Gazprom purchased 2 bcm of gas from SOCAR and 799 million cubic meters in 2010.



Noble increases resource estimate for Leviathan

Rigzone, 19.12.2011



Noble Energy announced results from its Leviathan appraisal well in the Amit license offshore Israel. The successful Leviathan #3 well, located more than three miles east of the original Leviathan discovery, encountered approximately 290 net feet of natural gas pay in multiple intervals. The reservoir thickness and quality were greater than anticipated and the gas/water contact was confirmed at the well location.

Charles Davidson, Noble Energy's Chairman and CEO, said, "The results of the appraisal well are very encouraging and validate our seismic modeling and petrophysical interpretation of this substantial resource."

"This positive outcome has led to an increased gross mean resource estimate of 17 Tcf with a range of 14 to 20 Tcf. We already have project teams in place identifying commercialization options and screening field development concepts," he added.

The Leviathan #3 well was drilled to a total depth of 17,146 feet in about 5,480 feet of water. The rig used to drill the well is returning to Tamar to finish development activities. The Tamar development remains on schedule for commissioning in late 2012. Noble Energy expects to return to Leviathan #1 in the first quarter 2012 to test a deep oil concept in the Levant basin after it concludes operations at Cyprus A-1 on Block 12 offshore Cyprus.

The Company recently commenced drilling the Tanin exploration well in the Alon A license offshore Israel. This prospect is targeting a natural gas interval analogous to that encountered at Tamar and is expected to reach total depth in late February 2012.

Noble Energy operates Leviathan with a 39.66 percent working interest. Other interest owners in the well are Delek Drilling and Avner Oil Exploration with 22.67 percent each and Ratio Oil exploration with the remaining 15 percent. Noble Energy operates Tanin with a 47.06 percent working interest. Other interest owners in the well are Delek Drilling and Avner Oil Exploration with 26.47 percent each.

Russia and Ukraine fail to strike gas price deal

EurActiv, 21.12.2011



Russian Prime Minister Vladimir Putin and Ukrainian counterpart Mykola Azarov failed to achieve a breakthrough in talks over Kiev's push for a gas price cut to help its struggling economy and soothe European supply concerns.

Both countries have sworn that a failure to reach a deal would not affect transit flows of Russian natural gas to Europe, which have twice been cut in the past decade when Moscow and Kyiv haggled over the terms of gas deliveries to Ukraine. "We need to seek a compromise, a mutually beneficial decision," Azarov said after the talks at Putin's Novo Ogaryovo residence outside Moscow.

"I hope that talks will give a decisive impulse in the search for a final resolution." High-level meetings with Putin are often a signal that a deal is in the works, but the late-night press event was a brief, low-key affair. Putin said it was important to "propose a path for development" of the sector. Government and industry sources had played down the prospects for a deal, which means Europe's energy industry, which lost some or all of its Russian supplies in 2006 and 2009, may be on edge until the New Year and beyond.

There is no clear deadline for a deal, which is seen as important to securing shipments of gas to Europe by establishing a compromise price and joint control of the transit pipelines that carry more than half of Russian gas deliveries to Europe. But Russian gas export monopoly Gazprom has little incentive to hurry with a deal while it stands to gain leverage in the talks as Ukraine's fiscal position worsens. It also continues to collect the higher price stipulated in the current contract in the meantime. "These talks will go on for a very long time," said one Moscow-based industry analyst and long-time Gazprom watcher. "Even when they announce that they've 'agreed', they'll have to talk for another year."

Azarov, whose government is struggling with a huge trade deficit and has borrowed money from a Russian gas industry bank to pay its November gas bill, told reporters in Prague on Monday a deal was just days away. "There was lots of movement a week ago, but now it's all quiet," a source in Russia's Energy Ministry announced earlier. Azarov's government, however, went ahead last week with a 2012 budget that did not include a price cut. "From pure logic and economics, Ukraine can't sustain this price anymore," said a financial source that does business with both governments. "So in my opinion some kind of arrangement must be reached, otherwise Ukraine will be in real trouble in 2012."

Two dead, 51 missing from Russian oil rig as rescue halted

Hürriyet Daily News, 18.12.2011



At least two people died and 51 were missing in freezing water after an oil rig in Russia's Far Eastern Okhotsk Sea overturned today in the country's second major water accident since July.

The Kolskoye oil rig platform with 67 on board was 200 kilometers from the shore when the accident occurred at 0145 GMT amid high winds and temperatures of minus 17 degrees Celsius. "We could rescue 14 people out of 67," regional ministry spokesman Taimuraz Kasayev said. "Two more bodies without signs of life were found, but we were unable to lift them out of the water yet."

Two of those rescued are in critical condition, he said. The platform was fully submerged by evening, and all four life rafts had been found with no people on them. Rescue efforts were complicated by high winds and waves up to five meters high. The platform was being towed by a tugboat and icebreaker from the Kamchatka peninsula towards Sakhalin Island. "The portholes were damaged by ice and waves, and water began going into the vessel," Kasayev said. The crew was waiting to be evacuated by helicopter but the platform turned over and sank before they could board their rescue rafts, he said. The Kolskoye platform had problems even before the accident, and was forced to constantly pump water out of one of its air tanks due to a leak, he said.

Helicopters participating in the rescue were sent to shore around 7 p.m. (0800 GMT) with four of the victims, Kasayev said. The tugboat was also forced to abandon rescue operations then "due to a crack that appeared in the engine room," said Russia's sea and river transport agency in a statement on its website. By then the missing had spent more than six hours in the freezing water without life rafts.

Officials did not say whether there was any hope of finding any of the victims alive. They may be wearing wetsuits and life vests that were aboard the rig. The potential death toll of 53 comes five months after 122 people drowned in the Volga river when the overcrowded pleasure boat Bulgaria sank in the Tatarstan region after turning over in stormy weather.

The risk of an oil spill from the platform is "minimal", Kasayev said. "The fuel is in air-sealed tanks, so there is no risk of a spill." "The investigation's main suspected reason for the accident was a violation of safety regulations by transporting the platform without taking account of weather conditions, as there was a strong storm in the area," investigators said in a statement.



RWE abandons tie-up push with Gazprom

Financial Times (Gerrit Wiesmann), 22.12.2011



RWE has aborted attempts to lure Gazprom of Russia in a joint venture that was to take over the German utility's gas- and oil-fired power plants in Germany, the UK, and the Netherlands and possibly build new ones.

Jürgen Grossmann, chief executive of RWE, said he and Gazprom counterpart Alexei Miller had “unfortunately not been able to agree on a framework for co-operation which would be sustainable” since talks began this summer. The announcement is a second blow this month for RWE, which is burdened by the cost of Germany's accelerated nuclear exit, pricey gas-supply contracts with Gazprom and others, and economic downturn in its markets.

The company in early December saw a share sale hit by euro-crisis market ructions, which meant it took in only €2.1bn against a planned €2.5bn – and the deal with Gazprom was also meant to help its balance sheet. RWE's Yuletide double disappointment looks set to increase speculation that the group will announce big job and costs cuts, much like German rival Eon, which is trying to shed up to 11,000 of some 80,000 staff.

When negotiations were announced this summer, Mr Grossmann said Gazprom was the kind of “strong partner” his company needed as it grappled with Germany's exit from nuclear power as well as bringing down its debts. For Gazprom, a joint venture would see it take a step towards its long-held ambition of expanding from supplying wholesale gas to western Europe to the downstream business of generating electricity across parts of the region.

With Germany committed to closing the last of its 17 nuclear power stations by 2022, the country is relying on new gas and coal-fired power stations to fill any shortfall until renewable energy becomes a reliable alternative. RWE and Gazprom had looked at putting RWE's existing gas and coal-fired power stations in Germany, the UK, and the Benelux countries into the venture – and also at building new plants to meet new German demand. But RWE officials were warning a few weeks ago that new plants could prove uneconomical, as such power stations will have to be idled more as German law gave preference to evermore abundant renewable energy.

Other industry observers said EU and German authorities would also have taken an extremely close look at a deal that would have given Gazprom access to the entire chain from exploration and production to the retail user. Gazprom and some of its eastern European customers – including RWE subsidiaries – were raided a month ago by competition authorities at the start of an EU investigation into suspected market abuse in the region. The antitrust probe is part of a European Union drive to open up the region's natural gas markets and appears to have been taken badly in Moscow, which could lead to greater tensions between Moscow, Brussels, and EU capitals.



Announcements & Reports

▶ *EMRA's Board Resolution on BOTAS' Investment Program*

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/documents/10157/07b5da57-54f7-478c-8386-eb312a7fdc73>

▶ *IEA Oil and Gas Emergency Policy – Korea 2011*

Source : International Energy Agency

Weblink : http://www.iea.org/papers/security/korea_2011.pdf

▶ *Investment Climate in Poland*

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Poland_ICMS_2011_ENG.pdf

▶ *Investment Climate in Azerbaijan*

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Azerbaijan_ICMS_2011_ENG.pdf

▶ *Investment Climate in Moldova*

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Moldova_ICMS_2011_ENG.pdf

▶ *Deloitte Global Economic Outlook (2011 Q4)*

Source : Deloitte

Weblink : http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Deloitte%20Research/GEO-Q4-2011/dttl_GlobalEconomicOutlook_Q4_2011.pdf



Upcoming Events

▶ *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/>