

Turkey to swap electricity for gas

Hürriyet Daily News (AA), 13.04.2012



The Turkish government plans to build a power station near the northern Iraqi border and may sell electricity to Iraq in exchange for natural gas.

“With the power station we build near the northern border of Iraq, we will supply them with electricity, and in exchange they will give us natural gas,” Minister Taner Yildiz said, adding that they were working on important steps to import natural gas from Iraq and this would be a very transparent process. He said the natural gas would be imported from Iraq by the company that won the tender. As well as attempting to diversify Turkey’s oil imports, the government is also looking to find alternate sources of natural gas imports, he said.

Yildiz also reminded journalists that Turkey had signed a special deal with Russian Gazprom and that no matter how much of a price hike Gazprom implemented on natural gas to Europe, Turkey would not be affected for the duration of the agreement. He also said the government was currently working on a plan whereby those who use more natural gas would pay higher prices than those who consume less, in an effort not to penalize those who consume less of the natural resource. Without the natural gas hikes, there would be a burden on the country’s budget, and that a similar system was in effect regarding gasoline.

Yildiz said the main opposition Republican People’s Party’s (CHP) criticism of natural gas hikes was unfounded and unfair given that natural gas was an imported item, and the price was therefore determined externally. “We cannot provide natural gas to citizens for free. We can do this for natural resources that are found domestically like coal, but natural gas is an imported resource. Therefore we are working on a system whereby those who use more, pay more,” Yildiz said.

SOCAR: Azerbaijan's proven hydrocarbon reserves estimated at 4.5B tons

Rigzone (Trend), 10.04.2012



Azerbaijan's proven hydrocarbon reserves are estimated at 4.5 billion tons of equivalent fuel, head of the State Oil Company of Azerbaijan (SOCAR) Rovnag Abdullayev said in Baku on Tuesday during a forum on the building of a new complex for oil and gas processing and petrochemical production in Azerbaijan.

"Azerbaijan's forecasted hydrocarbon reserves are estimated at 10 billion tons of equivalent fuel according to preliminary data," Abdullayev said.

As Abdullayev said during the forum, great successes have been achieved in the field of oil and gas production as a result of cooperation with foreign partners. In particular, oil production has increased six-fold up to 50 million tons per year. While natural gas production in 2004-2011 has increased by 5.2 times - from 5 billion cubic meters per year to 26 billion cubic meters respectively. At present, daily oil production in the country amount to about one million barrels.

"Currently, preparations for realization of the second phase of the development of Shah Deniz gas condensate field in the Azerbaijani sector of the Caspian Sea is under completion within the plans to increase gas production in the country," SOCAR president said. At the same time, Abdullayev said SOCAR has great plans to increase gas production in Azerbaijan. In recent years, gas fields such as Umid and Absheron have been discovered, and there are great expectations from the perspective structures Nakhchivan, Shafag-Asiman, Zafar and Mashal.

Abdullayev said the forecasted gas production in Azerbaijan will amount to 30 billion cubic meters a year importance in ensuring energy security, both in the region and Europe. "Increase in gas production in the country is of great importance against the backdrop of predictions on a growth of Europe's dependence on imported gas," Abdullayev said.

At present, he said, the company is choosing a route for gas supplies to Europe, and work is underway within the idea of creating Trans-Anatolian gas pipeline, which will allow to ensure transportation of Azerbaijani gas from the Georgian-Turkish border to Turkey's border with Europe. "This pipeline will allow meeting gas demand of brotherly country and Europe," Abdullayev said.

During his speech, Abdullayev stressed the importance of the forum in terms of implementation of the project of creating a new complex of oil and gas processing and petrochemical production in Azerbaijan. "I think that the forum will contribute to the implementation of this important and major project," Abdullayev said.

Russia's Novatek mulls bid for Cypriot gas

Asia Times, 13.04.2012



Novatek, Russia's largest independent natural gas producer, is considering applying for a license to explore for gas offshore from Cyprus when Nicosia opens a second round of bidding for its exclusive economic zone (EEZ) later this year.

The announcement follows the opening of negotiations between Russia's Gazprom and an Israeli gas exploration consortium for marketing of gas from Israel's offshore Tamar field (and probably also the nearby Dalit field), estimated to contain close to 300 bcm. Gazprom is also reported to be interested in such a bidding for a Cypriot gas exploration license, as well as ExxonMobil and Total.

Late last year, US-based Noble Energy announced it had discovered between 180 and 285 bcm in Block 12 of Cyprus's EEZ, now called the Aphrodite strike. Noble is also the lead company in a different consortium that has made a separate strike in Israel's offshore EEZ, not far from the Aphrodite deposit. This Leviathan deposit is estimated to hold over 450 bcm of gas, possibly with another 250 bcm at a lower depth, plus 4.2 billion barrels of oil.

Israel is reported to be considering as many as five possibilities, not necessarily mutually exclusive, for the utilization of its own gas. These include one conventional natural gas pipeline, two options involving liquefied natural gas (LNG), and two options involving electricity production. The conventional pipeline option would involve the laying of a pipeline to Greece, presumably with the participation also of Cyprus, and then from Greece onwards to markets in the European Union by way of Italy. This option would presumably be based on the Interconnector Greece-Italy (IGI) pipeline, a still unbuilt segment of the Interconnector Turkey-Greece-Italy (ITGI) pipeline.

The ITGI project had sought to transit natural gas from the Shah Deniz Two deposit in Azerbaijan's Caspian Sea offshore to European markets but lost out to the Trans-Adriatic Pipeline (TAP) as a potential 'western route' to them. The Shah Deniz Two consortium is now deliberating between two other alternatives for the 'northern route' (in the Southeastern Europe), following which it will choose finally between the 'western route' TAP and the 'northern route' alternative.

The IGI was to have been half-owned by Greek public utility DEPA, which is however now set to go on the auction block as the Greek state sells off its holdings as a result of fiscal crisis related to the financial crisis of the Eurozone. Now, however, Gazprom will put in a bid for DEPA as part of the Russian state's long-standing strategy to gain control of energy infrastructure in other countries. In the case of Greece, it would give Gazprom access to the IGI project, which it would presumably seek to use as an onwards branch from Russia's South Stream project underneath the Black Sea.

Greece already receives two-thirds of its natural gas from Russia. The snap general election announced this week in Greece for May 6 could possibly enable such a political decision, which the present technocratic government would not take, to be made.



The IGI includes a projected undersea segment at the bottom of the Ionian Sea, which would be called the Poseidon pipeline. It would be constructed jointly by DEPA and Italian Edison. According to the Greek newspaper Kathimerini, the Greek government has now solicited expressions of interest for conducting seismic research to identify prospective undersea natural gas deposits in the Ionian Sea west of the Greek mainland.

The two LNG options that Israel has been considering are to create a floating LNG station close to the gas fields and to create LNG stations in both Cyprus and Israel in order to supply the world market. Between these two alternatives, Israel has made a preliminary choice in favor of creating a floating LNG station because of anticipated 'not in my back yard' objections from residents near the place where such an onshore station might be built in Israel. The technology for a floating LNG station does not yet exist, and Israel has partnered with the South Korean firm Daewoo to explore this possibility.

The two options that Israel has been considering for electricity production are to transfer the gas to Israel for this purpose or to use all the gas for generating electricity and at the same time to create a high-voltage cable connecting Israel, Cyprus and Greece, all of which would consume the electricity (and presumably for onwards export later if there is any subsequent surplus).

An Israeli government commission appointed for the purpose has made preliminary recommendations subject to revision, according to Jerusalem Post, that Israel retain at least 400 bcm of its offshore natural gas for domestic use. This appears to be an attempt to strike a balance between the insistence by participants in the exploration and development consortia that export is necessary for economic reasons (also invoking unspecified geopolitical advantages) and the needs of the domestic economy and requirements for security of energy supply.

According to some estimates, Israel will require 540 bcm of natural gas between now and 2040. Some experts insist that Israel's energy security requires refraining from exporting any new natural gas at all. The failure of the Egyptian government to live up to the requirements of its gas export contract with Israel following the overthrow of president Hosni Mubarak is only one argument in favor of this position.

The option of constructing a high-voltage cable for exporting electricity would probably not be realizable until the end of the current decade but would still be easier than laying undersea gas pipelines. Nevertheless, according to Associated Press reports, Greek energy ministry officials have said that unspecified trilateral energy cooperation with Cyprus and Israel is close to agreement. From a strictly geopolitical standpoint, any such trilateral cooperation would represent a nucleus for stability and for enlarging security in a region that will for the foreseeable future be extremely tumultuous.

Iran imposes oil ‘counter-sanctions’ on EU

Today's Zaman (Reuters), 11.04.2012



Iran has cut oil exports to Spain and may halt sales to Germany and Italy, Iran's state television reported on Tuesday, in an apparent move to strengthen its position ahead of crucial talks with world powers later this week.

But, in an indication that Tehran's 'counter-sanctions' were of little impact, Spain's biggest refiner said it had already replaced Iranian crude with Saudi Arabian oil months ago. Iran has played a tit-for-tat game over crude shipments since the European Union decided in January to stop all Iranian oil imports as of July.

Talks between Tehran and six world powers aimed at easing the nuclear stand-off are set to resume in Istanbul on Saturday, and could pave the way for an easing of sanctions and might lift the threat of Israeli air strikes on Iran. EU states have sought alternative oil supplies ahead of July's deadline, with Iran threatening to cut exports first, something Iran's Press TV said was well under way. "Tehran has cut oil supply to Spain after stopping crude export to Greece as part of its counter-sanctions," Press TV said, citing unidentified sources, adding that a similar move was being considered for Germany and Italy. A spokesman for Spanish refiner Repsol said it had not been buying Iranian oil for months. "No crude out of Iran for us since January," he said. The EU was the second biggest buyer of Iranian oil after China before the embargo, which is a direct strike on the OPEC member's biggest source of export income.

Repsol's Iranian imports were estimated at around 65,000 barrels per day last year, making it one of Tehran's medium-sized European customers. Most European buyers have already reduced or halted their purchases from Iran in anticipation of the July 1 deadline and because of increasing difficulties in paying for the crude after tough new sanctions were imposed on Iranian banks. Earlier on Tuesday, a defiant President Mahmoud Ahmadinejad said Iran could withstand a total embargo on its oil sales for several years. "We must say to them (the West) that we have that much (money) saved that even if we did not sell oil for two to three years, the country would manage easily," the semi-official Fars news agency quoted him as saying.

But western countries hope the sanctions pressure will squeeze concessions from Tehran. British Foreign Office Minister Alistair Burt said the fact that Tehran had agreed the talks should cover its nuclear program - something it sought to avoid last year - was an optimistic start. "In the past, they have been unsuccessful because the Iranian government has not been prepared to talk about its nuclear program. If that is different now, then these talks have a good chance of success," Burt said in a video blog recorded for a Foreign Office website aimed at Iranians called "UK for Iranians".

A western diplomat said hopes for Saturday's talks were modest and at best they would lead to a second meeting. "The key objective is to launch a sustained process. We want to make modest steps, if there is a conducive environment for progress, and go for a second meeting," the diplomat said.

Iraq's Foreign Ministry website said on its website all parties had agreed to hold a meeting after Istanbul in Baghdad - a location favored by Tehran which has built close ties with the post-Saddam Hussein Shi'ite-led government. The International Energy Agency, the energy adviser to industrialized nations, has said the sanctions against Iran could reduce its oil exports by as much as 1 million barrels per day, or 40 percent, from the middle of the year.

In addition to the European embargo, Iran faces cuts in orders from its biggest customers in Asia after concerted diplomatic pressure from the United States. Analysts say such a large dent in revenues will be painful for the Islamic Republic which is experiencing rising inflation, already well above 20 percent, and a devalued currency. But since the European embargo was announced the price of Brent crude has increased, giving Tehran more flexibility to discount shipments. The US Energy Information Administration issued a report that said even without the newest sanctions, Iran's oil production could fall almost 15 percent this year due to reduced foreign investment.

Iraq says Exxon deals with Kurds may stand

Hürriyet Daily News (AP), 13.04.2012



Iraq may be open to letting ExxonMobil keep some of its disputed oil deals in Kurdish region if they and similar contracts meet Baghdad's approval, Iraq's top energy official said.

Deputy Prime Minister for Energy Hussain al-Shahristani said Iraq has received assurances from Exxon that it will not begin working in the autonomous northern territory for now to give the federal government and the Kurds a chance 'to resolve their differences'. "The Ministry of Oil has decided to give them some time on the condition that they don't start any work on the ground," he said.

Al-Shahristani said Exxon's agreement and dozens of similar Kurdish oil contracts might be recognized by Iraq's government if authorities in Baghdad are allowed to review and possibly amend them, with Cabinet approval. "These differences have to be sorted out, and the sooner the better," he said. "The federal government is willing to engage in serious discussions with the (Kurdish regional government) and review any contract that has been signed."

Exxon's contract with the Kurds allows it to explore in six patches in northern Iraq, including land claimed by both the Kurds and Arabs in Ninevah province. What is not up for negotiation, al-Shahristani stressed, are the three oil exploration blocks in disputed territory. Only the three zones wholly in Kurdish control might be eligible for Baghdad's blessing. A senior official in the Kurdish Ministry of Energy and Natural Resources said April 12 the region's contracts with Exxon are still valid, speaking on condition of anonymity.

Sudan vows swift response to South's oil field grab

Yahoo! News (Reuters), 12.04.2012



Sudan's government vowed on Thursday to deal swiftly with South Sudan's occupation of an economically vital oil field near the border but the south said it would not pull out until the threat of attacks by the northern army had gone.

The stand-off follows clashes along the ill-defined border that have brought the former civil war foes closer to returning to full-blown conflict than at any time since South Sudan declared independence last year. South Sudan seized the Heglig oil field on Tuesday, drawing international condemnation including rare criticism from the United States.

Sudan has called the move a 'blatant assault' on its sovereignty and demanded an immediate withdrawal. Heglig, which the south claims as its own, is vital to the north's economy because the field there accounts for about half of the country's remaining 115,000 barrel-a-day oil output. Ahmed Haroun, governor of Sudan's South Kordofan border state, said crude production had stopped in Heglig, but the army was "dealing with the situation". "We hope we can finish that operation in hours," he told reporters in the town of Talodi in South Kordofan, a state on the border with South Sudan where Khartoum is also battling insurgents who it alleges are aligned with Juba.

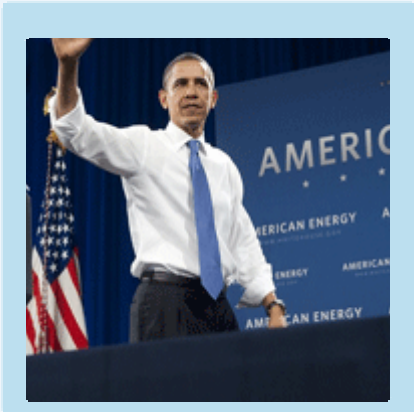
With the European Union voicing deep concern at the escalating conflict, the north said it was mobilizing its army to retake the Heglig field, which the South said it had seized to end attacks from Khartoum. South Sudan's President Salva Kiir said the conflict could lead to war. "I urge you to sensitise our people to the probability of a full-scale military aggression by the Republic of Sudan against the Republic of South Sudan," he told parliament, according to a transcript of the speech. "The intention of Khartoum is to take over the Unity oil fields," he said, adding Heglig was southern territory.

Kiir said he was still ready to meet Sudan's President Omar al-Bashir in Juba or elsewhere after Sudan called off a summit that had been scheduled for April 3. South Sudan's Information Minister Barnaba Marial Benjamin also quoted Kiir as saying South Sudan's army (SPLA) would not withdraw without guarantees from the international community. "There must be a mechanism so they (Khartoum) don't launch another attack," Benjamin told Reuters. He said that Sudan's air force had dropped six bombs near the oil town of Bentiu in Unity State south of the border on Thursday, killing one soldier. Sudan denied the charge.

The violence has dampened hopes that Khartoum and Juba would soon reach a deal over oil payments and other disputed issues. Sudan pulled out of the negotiations on Wednesday after South Sudan seized Heglig.

Obama orders oversight group on shale gas

Upstream Online, 13.04.2012



US President Barack Obama issued an executive order on Friday creating an interagency group to oversee development of natural gas from shale deposits as companies push the administration to approve terminals to export the fuel.

Vast new sources of shale gas, which drillers access with techniques including hydraulic fracturing, or fracking, have given the United States hope that it could become a natural gas exporter in coming years. Environmentalists and health groups, however, say that fracking operations near homes and schools can pollute air and water, Reuters reported.

“It is vital that we take full advantage of our natural gas resources, while giving American families and communities confidence that natural and cultural resources, air and water quality, and public health and safety will not be compromised,” the executive order said, according to the news wire. The working group will include representatives from at least 13 federal agencies including the Departments of Defense, Interior, and Energy and the Environmental Protection Agency.

Jack Gerard, president of the American Petroleum Institute trade group, praised the move. “We’re pleased that the White House recognizes the need to coordinate the efforts of the ten federal agencies that are reviewing, studying or proposing new regulations on natural gas development and hydraulic fracturing,” Gerard said after meeting at the White House on the matter. “We have called on the White House to rein in these uncoordinated activities to avoid unnecessary and overlapping federal regulatory efforts and are pleased to see forward progress.”

The Department of Energy will consider seven applications to export natural gas, from companies including Southern BG and Sempra, after it issues a study on exporting the fuel. Meanwhile, other departments have taken steps to regulate fracking. Earlier this year, the Interior Department crafted draft rules that would require natural gas drillers to disclose which chemicals they use while fracking on public lands.

The addition the EPA is conducting a study about whether the process of fracking, in which companies blast large amounts of sand and water laced with chemicals deep underground to free natural gas and bring it to the surface, is polluting water supplies. Barry Russell, president of the Independent Petroleum Association of America, also issued a statement in support of the order. “The White House executive order has a very good intent - centralizing the many ongoing reviews of hydraulic fracturing policies and proposals,” he said. “We hope this order provides the administration with a more comprehensive understanding of the federal government’s increasing regulatory grasp on the industry.”



Announcements & Reports

► *OPEC Revenues Fact Sheet*

Source : US Energy Information Administration
Weblink : <http://www.eia.gov/countries/regions-topics.cfm?fips=OPEC&trk=c>

► *Short-Term Energy and Summer Fuels Outlook*

Source : US Energy Information Administration
Weblink : <http://www.eia.gov/forecasts/steo/>

► *OPEC Oil Market Report (April 2012)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_April_2012.pdf

Upcoming Events

► *Iraq Energy Expo 2012*

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

► *LNG Export Forum North America*

Date : 20 – 23 May 2012
Place : Houston – USA
Website : <http://www.lngexportna.com/>

► *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

► *Gas&Oil Expo & Conference*

Date : 11 – 13 June 2012
Place : Alberta – Canada
Website : <http://www.gasandoilexpo.com/>

► *CO2 Capture and Storage - Workshop* **(in Turkey)**

Date : 13 – 14 June 2012
Place : Ankara – Turkey
Website : <http://www.cgseurope.net/NewsData.aspx?IdNews=70&ViewType=Actual&IdType=478>

► *Global Petroleum Show*

Date : 12 – 14 June 2012
Place : Alberta – Canada
Website : <http://globalpetroleumshow.com/>

► *World Heavy Oil Congress*

Date : 10 – 13 September 2012
Place : Aberdeen – Scotland
Website : <http://www.worldheavyoilcongress.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/>

► *International Pipeline Exposition*

Date : 25 – 27 September 2012
Place : Alberta – Canada
Website : <http://internationalpipelineexposition.com/>



► *Gastech 2012*

Date : 8 – 11 October 2012
Place : London – UK
Website : <http://www.gastech.co.uk/>

► *International Sustainable Energy Congress*

Date : 31 October – 1 November 2012
Place : Alberta – Canada
Website : <http://sustainableenergycongress.com/>

► *European Autumn Gas Conference*

Date : 13 – 15 November 2012
Place : Paris – France
Website : <http://www.theeagc.com/>