

Yildiz: Iraq to play 'greater role' in meeting Turkish energy demand

Today's Zaman, 20.05.2012



Speaking in Erbil on Sunday, Energy Minister Taner Yıldız said Turkey expected to see Iraq increase its role as an energy provider in the near future as part of efforts to diversify supply channels for energy-poor Turkey.

“Turkey sits between large energy producers and big consumers. As a country which carries out separate oil drill studies even in Colombia and Venezuela, we cannot remain indifferent to such growing energy providers as Iraq right next to us,” he explained at the energy conference organized by the Strategic Technical Economic Researches Center (STEAM).

Noting that Turkey’s annual natural gas consumption is anticipated to reach 50 billion cubic meters this year, the minister said the government placed great importance on maintaining the security of its oil and natural gas supply. “Iraq will have a significant contribution in meeting Turkey’s natural gas demand,” he noted. The total volume of proven natural gas reserves in Iraq was estimated at 3.17 trillion cubic meters as of the beginning of this year.

Yıldız’s remarks follow statements made in April that the Turkish government planned to establish an electricity production hub near the Iraqi border and may sell electricity to Iraq in exchange for natural gas. A similar system of exchange for Iraqi oil was suspended in 2007. “We could resume buying crude oil from Iraq and selling petroleum products back to them,” Yıldız suggested, adding that Turkey expected the current Kirkuk-Yumurtalik crude oil pipeline to be operating at full capacity. The pipeline has been the target of sporadic terrorist attacks by the Kurdistan Workers’ Party (PKK) in the past.

Speaking at Sunday’s event, Ashti Hawrami, natural resources minister of the Regional Government, said they are also developing plans to build a separate pipeline that could connect to a refinery in Turkey’s Ceyhan port by 2014. “In August 2013 we will be able to directly export crude [oil] from the Kurdish region’s fields,” he said.

Russia and Iran, two of Turkey’s largest natural gas suppliers, hold estimated natural reserves of 55 and 33 trillion cubic meters, respectively. “With its growing economy, Turkey aims to increase its trade with the surrounding region, and to this end Turkish companies have made significant investments in Iraq, particularly the north,” Yıldız said. The state-run Turkish Petroleum Corporation (TPAO) holds operating rights for Iraq’s Mansuriya and Siba natural gas fields for the next 20 years. The two fields have reserves equal to 10 percent of Iraq’s total proven natural gas reserves.

Maliki gov't warns Regional Government on oil deals with Turkey

Hürriyet Daily News, 22.05.2012



Iraq's central government warned authorities in the Regional Government that their oil deals with Turkey must have Baghdad's approval.

The statement came a day after Northern Iraq announced a deal with Ankara that would allow them to export oil through Turkey to the international market, bypassing Baghdad. "We have no problem with any deals, but they have to be according to the Iraqi constitution and laws that govern relations between Baghdad and the Kurdish region," said Ali al-Moussawi, media adviser to Prime Minister Nouri al-Maliki.

The Regional Government and the Baghdad government are at loggerheads over the right to develop and export the North's natural resources. Baghdad says the region has no right to sign deals unilaterally and that exports must go through state-run pipelines, but Kurds argue that the constitution gives them the right to sign deals without consulting Baghdad.

Barzani warns Maliki of starting oil exports

Hürriyet Daily News (AA), 25.05.2012



Nechirvan Barzani, Prime Minister of the Regional Government in Northern Iraq, has hinted that his administration could begin exporting crude oil if budget allocation problems continue with Baghdad.

"Our demand is to get 17 percent of the budget, which is written in the constitution," Barzani said after a recent Cabinet meeting in which the ongoing tension between Arbil and Baghdad was discussed. "If the problem continues, we will start to export crude oil to meet the demands of our people and provide electricity."

After the Cabinet meeting, Barzani said Prime Minister Nouri al-Maliki was wrong in his accusations about the regional administration's "oil smuggling," accusing the central government of acting against the constitution. Commenting on his recent trip to Turkey, Barzani said Turkey's policy toward the region was contributing to the welfare of his people.

Turkey warns firms for Greek Cyprus gas

Hürriyet Daily News, 19.05.2012



Turkey warned 15 companies, who submitted bids in a fresh Greek Cypriot tender for oil exploration in disputed areas of the Mediterranean, to withdraw from the project.

“The companies which cooperate with GKRY [the Greek Cypriot administration] will not be included in energy projects in Turkey in the future,” a Foreign Ministry statement said. Turkey’s warning came after Greek Cyprus announced that 29 companies had made 15 bids for exploratory drilling in a second round of licensing to exploit offshore oil and gas deposits despite strong objections from Turkey.

Russia’s Novatec, Italy’s Eni, France’s Total and Malaysia’s Petronas, ATP of the US, Canada’s Petra Petroleum, Israel’s Delek and Britain’s Vitol are among 15 firms and consortiums seeking a license to carry out exploratory drilling off Cyprus Island. The statement said the exploration was an abuse of the rights of Turkish Cypriots to the same resources. Some areas of the new bid overlaps Turkey’s continental shelf in the Mediterranean, the statement said. “As expressed before, Turkey will not allow any activity on these areas,” the foreign ministry said.

Greek Cyprus denies Israeli plans to deploy commandos

Today’s Zaman, 22.05.2012



A spokesperson from the Greek Cypriot administration denied an Anatolia News Agency report which stated the Israeli president has requested permission to deploy at least 20,000 soldiers to Greek Cyprus in exchange for building a gas terminal on the island. Greek Cyprus currently cannot afford to spend \$10 billion building a gas terminal.

Israel had offered to build the terminal, but demanded that all 10,000 construction workers employed for the project be Israeli citizens. This means there will be a total of 30,000 Israelis living on the island.

Of that number, 20,000 will be Israeli commandos deployed to the island to protect the Israeli citizens and the gas terminal. Greek Cypriots’ denial of the report came after a similar Israeli refusal on Monday.

Yildiz: Nabucco is not dead, Azeri deal close

Hürriyet Daily News, 19.05.2012



Turkey's energy and natural resources minister Taner Yıldız said that it would not be appropriate to say the Nabucco project is over.

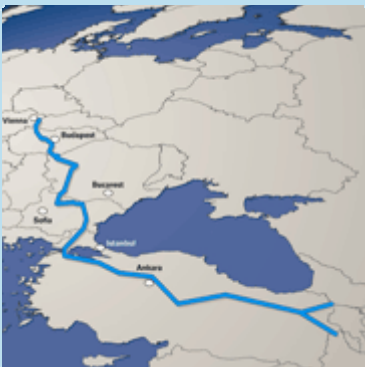
He said the project would probably survive as "Nabucco West," a smaller, shorter pipeline, widely thought likely to begin at the Bulgarian-Turkish border rather than in Azerbaijan. This was the plan announced by Nabucco executives earlier this week. "In the end, I believe whatever the name of the project is, the most important thing is that it is do-able," he told an interview with the Financial Times.

Yıldız said it was more realistic to begin with the Azeri-Turkish route -- the Transanatolian Pipeline (TANAP) -- which could be linked up with another pipeline to bring gas to other European markets. By the end of next month, Ankara will have concluded an agreement with Azerbaijan to set up a new pipeline to transport gas from the Caspian state's giant Shah Deniz field, Yıldız said. "There is now no obstacle to the Shah Deniz project," he added.

Meanwhile, the capacity of the Nabucco pipeline could be shrunk to match the lower supply, the consortium's managing director told Reuters, after criticism that the ambitious project was too big to be filled with the Asian gas that Europe seeks as an alternative to Russian imports. While confident a bigger pipeline project could still succeed, Nabucco Managing Director Reinhard Mitschek said a scaled down version could easily be built because many intergovernmental and other agreements were already in place. "We are focused on both alternatives," Mitschek said in an interview.

BP wants smaller Nabucco option

Upstream Online, 25.05.2012



BP will not consider shipping gas from its Shah Deniz II field through the original plans of the Nabucco pipeline.

BP chief executive of refining and marketing Iain Conn said the Shah Deniz partners were now considering only two options for the shipping of their gas to Europe. One of the two was the 'Nabucco West'. The second was the South East Europe Pipeline (SEEP), which would mostly make use of existing pipeline infrastructure.

Iran finds first Caspian Sea oil for more than a century

Rigzone, 20.05.2012



Iran has discovered oil in its Caspian Sea waters for the first time in more than a century. The deposit was found at a depth of 2.5 kilometers during drilling on a gas field and may contain 10 billion barrels of crude, the state-run Fars news agency said, citing the National Iranian Oil Co. That's equal to 7 percent of Iran's known reserves.

"Iran has never found anything in its section of the Caspian because it's deep water, so these would be the first wells ever drilled," said Robin Mills, head of consulting at Dubai-based Manaar Energy Consulting and Project Management. "Ten billion barrels is certainly something to talk about. The question is whether Iran has the technology to develop it."

"The oil strike is Iran's first in the Caspian Sea for 104 years", Fars cited Khazar Exploration and Production Co. Managing Director Ali Osouli as saying. Iran has proven reserves of 151 billion barrels, according to figures on the OPEC website based on 2010 data. The maximum estimated deposit at the Caspian Sea site would be slightly less than in the whole of Algeria, with 12.2 billion, the data shows.

The Caspian basin may hold 17 billion to 33 billion barrels of oil, compared with the North Sea's 17bn, the Iranian oil ministry news website, Shana, said in 2009. It may also hold 8,000 billion cubic meters of gas, Shana said. International oil and gas companies such as Royal Dutch Shell and Total have exited Iran to comply with US sanctions over its nuclear program, forcing the Islamic state to rely on its own technology for exploration and production.

As a result, Iran risks becoming a less important global oil supplier, with its share of production likely to slip from 4.9 percent in 2010 to 4.5 percent in 2015, according to the International Energy Agency. Output dropped below 3.3 million barrels a day last month, compared with 4.1 million barrels a day in 2008, according to data compiled by Bloomberg.

National Iranian Oil said last year that more than \$500 million would be spent installing a semi-floating drilling platform in the Caspian and that the first exploration well would be completed by the end of March, helping Iran to catch up with neighboring countries already developing crude deposits.

Kazakhstan aims to begin production in 2013 at Kashagan in the northern Caspian, the world's fifth largest oil field, with partners including Shell, Total, Eni and ExxonMobil. In neighboring Azerbaijan, BP leads a group pumping oil at the Azeri-Chirag-Guneshli project, the largest field under development in its sector of the sea, according to BP's website.

Statoil eyes Northern Iraq entry

Upstream Online, 25.05.2012



Statoil is looking at possible opportunities in Northern Iraq as the Norwegian state oil company prepares to pull the plug on its participation in the West Qurna 2 project in Iraq, its exploration chief has revealed.

“We are watching Northern Iraq very closely and believe it has high potential,” executive vice president for exploration Tim Dodson told a company seminar this week. Statoil is in the process of transferring its 18.75% stake in West Qurna 2 to Russian operator Lukoil, with the disposal set to be completed later this month.

Dodson said Statoil is exiting the project as “we did not see any upside with the agreement” and also disclosed that the company had pulled out of Iraq’s latest licensing round, where it had been pre-qualified to bid. “The decision was due to the fiscal terms that were being offered, not the resources under the ground,” he explained. Dodson said northern Iraq has “completely different terms and conditions”.

TAQA eyes investments in Turkey

Today’s Zaman, 22.05.2012



State-controlled Abu Dhabi National Energy Co. (TAQA) and the Turkish energy ministry have formed a joint committee to discuss investment opportunities for the oil and gas utility in Turkey, the firm said. The committee will “discuss the investment opportunities available in the energy sector in Turkey,” TAQA said in a statement.

The announcement came after a delegation from TAQA, headed by the firm’s chairman Hamad al-Hurr al-Suwaidi, went to Turkey to meet with officials from the energy ministry, including Turkish Energy Minister Taner Yildiz.

Suwaidi, who is also the chairman of Abu Dhabi’s Department of Finance, also met with Turkey’s Finance Minister Mehmet Simsek, the statement said. “Developing our international power business in the Middle East and North Africa region is a core to TAQA’s growth strategy. We have ambitious plans for growth and consider Turkey to be an attractive market offering a range of investment opportunities,” TAQA chief executive Carl Sheldon was quoted as saying in the statement.

Syria says sanctions have cost country \$4 billion

Reuters, 23.05.2012



Syria's oil minister Sufian Allaw blamed international sanctions for shortages of cooking gas and other basic goods, saying the measures have bled \$4 billion from the nation's ailing economy.

Allaw said the punitive measures were to blame for the shortages that have left Syrians across the country standing in long lines to pay inflated prices for cooking gas, fuel, sugar and other staples. The U.S. ambassador to Damascus denied that the international sanctions are to blame for the shortages facing Syrians.

"Our sanctions purposefully do not target oil and diesel imports, because we know that the Syrian people need both for their day-to-day lives," Ambassador Robert Ford wrote on the embassy's Facebook page. Ford said the government is using fuel imports for its tanks. "If the Assad regime decided to cut its military expenditures, more diesel and oil would be available for the Syrian people to use," he said.

Before the Syrian uprising began in March 2011, the oil sector was a pillar of Syria's economy, with oil exports - mostly to Europe - bringing in \$7-8 million per day. This income was key to maintaining the \$17 billion in foreign reserves that the government had at the start of the uprising.

Speaking to reporters in Damascus Wednesday, Allaw said sanctions had cost Syria's oil sector about \$4 billion. Prices for a tank of cooking gas have spiraled to some \$25 as shortages have spread across the country. Allaw said Syria's gas production covers only half of the country's needs. Officials are seeking imports from countries not party to the sanctions. A Venezuelan tanker carrying 35,000 tons of fuel docked in Syria on Tuesday, Allaw said. Another is supposed to follow. He said officials were seeking to arrange further gas imports from Algeria and Iran.

Syria's uprising began with mostly peaceful calls for reform, but the government's brutal crackdown on dissent led many in the opposition to take up arms. The UN estimates more than 9,000 people have been killed, most of them civilians. Violence in Syria also has spilled over into Lebanon, and Russia warned on Wednesday that greater violence in Syria's neighbor to the west was 'a tangible threat that could end very badly'.

Turkmen contract boosts Afghanistan pipeline project

Hürriyet Daily News, 24.05.2012



Turkmenistan signed a natural gas deal with Pakistan and India, in a significant boost to the proposed construction of a 1,800-kilometer pipeline across Afghanistan.

Representatives from India's state-owned Gail Ltd. and Pakistan's privately run Pakistan's Inter State Gas System traveled to Turkmenistan to formalize the deal, which will see the two countries receive gas through a pipeline projected to pump 90 million cubic meters a day. They hope the gas supplies will help to meet their growing energy needs, which are set to double by 2030.

"This is a truly historic moment of unparalleled regional cooperation," said Klaus Gerhaeusser, director general of the Asian Development Bank's Central and West Asia department. "Each country stands to gain, making this not only the 'Peace Pipeline,' but a pipeline to prosperity as well." Turkmenistan and Afghanistan have not reached a sales agreement, but the two countries have signed a memorandum of understanding on long-term gas cooperation, according to the Asian Development Bank, which has been brokering negotiations over the construction over a regional pipeline for a decade. Information on prices and the amount of gas to be purchased by specific nations has not been made public. Media in Pakistan have cited the country's petroleum minister as saying the gas would cost less than was being paid for Iranian gas.

It has been widely assumed that gas for the pipeline, which will run through Afghanistan, Pakistan and end up in India, is to be sourced from the Dauletabad field in southern Turkmenistan. An official from the state gas company told The Associated Press earlier this month, however, that a portion of the fuel will eventually be drawn from the vast and yet-to-be developed South Yolotan field near the Afghan border.

British auditor Gaffney, Cline & Associates estimates that South Yolotan may hold up to 21.2 trillion cubic meters of gas, potentially making it the second largest reserve of gas in the world after the South Pars field, shared between Iran and Qatar. The Asian Development Bank said in a statement that the four countries involved in the project will seek commercial partners to build, finance, and operate the \$7.6 billion pipeline.

Global carbon-dioxide emissions increase by 1.0 Gt in 2011 to record high

IEA, 24.05.2012



Global carbon-dioxide (CO₂) emissions from fossil-fuel combustion reached a record high of 31.6 gigatonnes in 2011, according to estimates from the International Energy Agency. This represents an increase of 1.0 Gt on 2010, or 3.2%. Coal accounted for 45% of total energy-related CO₂ emissions in 2011, followed by oil (35%) and natural gas (20%).

The 450 Scenario of the IEA's World Energy Outlook 2011, which sets out an energy pathway consistent with a 50% chance of limiting the increase in the average global temperature to 2°C, requires CO₂ emissions to peak at 32.6 Gt no later than 2017, i.e. just 1.0 Gt above 2011 levels.

The 450 Scenario sees a decoupling of CO₂ emissions from global GDP, but much still needs to be done to reach that goal as the rate of growth in CO₂ emissions in 2011 exceeded that of global GDP. "The new data provide further evidence that the door to a 2°C trajectory is about to close," said IEA Chief Economist Fatih Birol.

In 2011, a 6.1% increase in CO₂ emissions in countries outside the OECD was only partly offset by a 0.6% reduction in emissions inside the OECD. China made the largest contribution to the global increase, with its emissions rising by 720 million tons (Mt), or 9.3%, primarily due to higher coal consumption. "What China has done over such a short period of time to improve energy efficiency and deploy clean energy is already paying major dividends to the global environment", said Dr. Birol. China's carbon intensity the amount of CO₂ emitted per unit of GDP - fell by 15% between 2005 and 2011. Had these gains not been made, China's CO₂ emissions in 2011 would have been higher by 1.5 Gt.

India's emissions rose by 140 Mt, or 8.7%, moving it ahead of Russia to become the fourth largest emitter behind China, the United States, and the European Union. Despite these increases, per-capita CO₂ emissions in China and India still remain just 63% and 15% of the OECD average respectively. CO₂ emissions in the United States in 2011 fell by 92 Mt, or 1.7%, primarily due to ongoing switching from coal to natural gas in power generation and an exceptionally mild winter, which reduced the demand for space heating. US emissions have now fallen by 430 Mt (7.7%) since 2006, the largest reduction of all countries or regions.

This development has arisen from lower oil use in the transport sector (linked to efficiency improvements, higher oil prices and the economic downturn which has cut vehicle miles travelled) and a substantial shift from coal to gas in the power sector. CO₂ emissions in the EU in 2011 were lower by 69 Mt, or 1.9%, as sluggish economic growth cut industrial production and a relatively warm winter reduced heating needs. By contrast, Japan's emissions increased by 28 Mt, or 2.4%, as a result of a substantial increase in the use of fossil fuels in power generation post-Fukushima.

Eni makes 'significant discovery' in Egypt

Rigzone, 24.05.2012



Eni announced that it has made a significant oil discovery at the Emry Deep exploration prospect, located in the Meleiha Concession, in the Western Desert of Egypt.

The Emry Deep 1X well led to the discovery of oil and was drilled to a total depth of 3,628 meters. During production tests the well flowed 3,500 barrels of high quality oil (41-degree API) per day and one million standard cubic feet per day of associated gas. The discovery is now estimated to range between 150 and 250 million barrels of oil in place and will require further appraisal drilling.

UK gov't told shale gas reserves may be uneconomical to extract

Rigzone (Dow Jones), 21.05.2012



The U.K. government has been told the country's shale gas technology is unlikely to contribute significantly to resolving its energy needs and may be uneconomical to extract, The Independent On Sunday reports, citing government officials.

U.K. Prime Minister David Cameron convened at Downing Street a summit to hear from companies, including Royal Dutch Shell, Centrica and Schlumberger, whether shale gas reserves were large enough to be extracted economically and whether it could make a significant contribution to the U.K.'s energy needs, the newspaper reports.

The industry experts made it clear at the meeting attended by Cameron and Liberal Democrat energy secretary Ed Davey that the U.K.'s shale gas reserves were smaller than first thought and could be uneconomical to extract. Speaking after the Downing Street meeting, Davey said industry experts were "clear that it would take time for shale gas to be exploited in the U.K." and cautioned that the reserves "are not quite as large as some have been speculating," the newspaper reports.

In 2010, a British Geological Survey estimated that, based on experience in the U.S., U.K. shales could hold 150 billion cubic meters of natural gas, equivalent to roughly two years' of U.K. demand. A Shell spokesman told the newspaper that "development will be a bit slower in Europe" because of problems of both geology and community impact. "U.K. shale gas is unproven geologically, but we are taking a look to see what the potential might be."



Announcements & Reports

► *GDPA Activity Report (2011)*

Source : General Directorate of Petroleum Affairs
Weblink : http://www.pigm.gov.tr/strateji_gelistirme/pigm_2011_yili_faaliyet_raporu.pdf

► *EMRA LPG Market Report (Mar 2012)*

Source : Energy Market Regulatory Authority
Weblink : www.epdk.gov.tr/documents/lpg/rapor_yayin/Lpg_rapor_2012_mart_VJ3dtMHdV42s.doc

Upcoming Events

► *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/>