Oil & Gas Bulletin
► *24.08.2012*

Turkish Competition Authority sees liquid natural gas market by 2023

ICIS Heren, *20.08.2012*

The Turkish natural gas sector could establish a liquid and competitive market by 2023 if a number of steps related to the unbundling of the pipeline operator BOTAS, investments in pipeline and LNG infrastructure and the effective enforcement of third-party access are developed in the short to medium term, according to the Competition Authority report.

The report points out that BOTAS's current pricing strategy "greatly affects the competitive structure of the market". This hurts investors in the electricity and gas sectors as natural gas rates are not cost-reflective and therefore harm "prospective developments in trade, investments in LNG terminals and other infrastructure investments", it said.

The competition authority recommends the overhaul of the current pricing mechanism, emphasizing the importance of splitting BOTAS into a trading arm and a pipeline operator. The trading arm should be listed and become a "profit-oriented enterprise". Such a restructuring, the document says, would "eliminate [BOTAS] privileges and liabilities". At the same time, it points out that the recent surge in private gas-fired generation and the prospect of another 15GW of capacity coming on line over the next 10 years will force the creation of an active wholesale gas market in which LNG supplies would play an important part.

The authority suggests a number of measures that should be taken over the next 10 years. It proposes as a matter of urgency the effective enforcement of third-party access to infrastructure investments, LNG terminals and storage facilities. It suggests BOTAS initiate the transfer of volumes held under long-term agreements rather than the transfer of contracts. Under the natural gas law passed in 2001, BOTAS is required to reduce its market share to 20% either through contract or volume transfers.

So far, it has operated only one contract transfer for 4 billion cubic metres (Gm^3)/year and is in the process of completing a second transfer for 6Gm^3/year on a take-or-pay contract previously signed with Gazprom. A volume transfer would ensure an increase in the number of domestic shippers, the document states. The authority recommends an efficient electronic bulletin board be put in place to ensure and monitor real-time flows.

In a second phase, which should run until 2018, the authority suggests the introduction of a legal and physical infrastructure for balancing purposes as well as secondary capacity trading. Finally, the third phase covering the period 2018-2023 should include the full unbundling of all business activities from transmission operations and see an increase in market participants.

The Turkish electricity and natural gas markets are likely to undergo radical changes over the coming months as the parliament is expected to approve a raft of amendments to the electricity and gas law. These amendments refer to the creation of a cross-commodity exchange EPIAS based on the German-based exchange EEX and the unbundling of BOTAS. According to draft amendments seen by ICIS last week, the government recommends the unbundling of BOTAS before the end of the year. In addition, electricity incumbent EUAS is expected to terminate long-term transitional contracts with the wholesale company TETAS, effectively releasing to the free market an estimated 30% of the country's total generation.

Azeri firm to become largest investor

Hürriyet Daily News, *21.08.2012*

Azerbaijan's state-run energy company Socar will become the largest single foreign investor in Turkey within six years, according to Kenan Yavuz, the chief executive Turkey Enerji A.S., the local subsidiary of the Baku-based company.

"If we look at the whole picture of investments currently being made by Socar in Turkey, it will reach $17 billion by 2018," Yavuz said in an interview published on the website of Business New Europe yesterday. "At the end of the day, Socar and Azerbaijan will be the biggest single investor in Turkey."

The Socar-Turkey ties include the Baku-Tblisi-Ceyhan (BTC) oil pipeline that carries Azeri crude to Turkey's Ceyhan Mediterranean oil hub, and the South Caucasus Pipeline that runs parallel to BTC and carries Azeri gas to Turkey and on to Greece. Socar's purchase through privatization of Petkim, Turkey's former state petrochemical company, and the upgrade and expansion programs for the complex in the Aegean province of İzmir total $2.5 billion Star refinery, an additional facility to existing Petkim plant, is a leading project there and is a Socar partnership with Turkish energy group Turcas, he said. "Currently, we're doing site preparation, and we expect to tender for the engineering design and construction by the end of the year, and to start construction in 2014."

The facility will refine not only Azeri crude but resources from other countries as well, he said, adding that it would produce 6 million tons of diesel and 500,000 tons of jet fuel a year for sale to local and regional markets along with liquefied petroleum gas and aromatics to be used locally or exported. The plant will also produce 700,000 tons of petroleum coke, which will be used in another of Socar's investment projects, a 600-megawatt power plant. The $1.5 billion power plant, which will be built adjacent to the Petkim facility, will generate power for the two refineries there. Other investments for the site include a wind power plant to take advantage of the peninsula's near constant winds and a $400 million injection to upgrade and expand its existing port facilities, Business New Europe reported. The largest of Socar's planned investments in Turkey is the $7 billion Trans-Anatolian Project, the pipeline to carry Caspian natural gas to Turkey and subsequently onto Europe.

Verbund may sell stake in EnerjiSA

Hürriyet Daily News (Reuters), *18.08.2012*

The Austrian energy firm may part ways with Turkish Sabanci Holding in EnerjiSA, a Reuters source has claimed. German E.ON may replace Verbund, it has said.

Austria's Verbund is in talks to sell its stake in Turkish energy firm EnerjiSA to E.ON, four sources close to the deal told Reuters. Sources said an announcement about the sale would be made by mid-September. Verbund and E.ON Ruhrgas, the gas unit of Germany's largest utility E.ON, declined to comment. EnerjiSA officials could not immediately be reached for comment. Verbund co-owns EnerjiSA with Sabanci Holding.

"Verbund cannot meet Sabanci's aims to grow in energy. Verbund is taking very cautious steps because of problems in the Eurozone. E.ON has wanted to enter Turkey for a long time," said one source with knowledge of the talks.

Another source said that talks continue and the new partnership will be announced in one to two months, adding that it would be a strategic partnership. "There have been talks between E.ON and Verbund about an asset swap. E.ON could give up assets in hydro power stations to Verbund. It could be hydro power stations along the river Inn," said a different source. "In return E.ON would then get assets from Verbund in Turkey. E.ON is looking for joint ventures in Turkey. It could be a minority stake," he said. "For an official announcement they have to reach a certain stage, which will not take very long. If there aren't any major obstacles, after the [Ramadan] Eid al-Fitr holiday, they will make the first official announcement," said a third source.

Verbund said last month it expects a bigger drop in earnings this year than analysts had anticipated, and said it might not meet its targets if the European economy deteriorated further. On the other hand, cheaper gas supplies helped boost profit in the first half of the year at E.ON, signalling the worst could be over for Germany's biggest power company, whose earnings were ravaged last year by the government's decision to exit nuclear power.

EnerjiSA aims to reach a minimum 10 percent market share with a minimum capacity of 5,000 MW in the Turkish power market by 2015, according to its web site. It has a generation capacity of around 1,650 MW after acquiring electricity distribution company Baskent in 2009.

The firm said last year it had dropped a plan to buy a power distribution network in Istanbul after its partner Verbund backed down from the investment because of ongoing economic problems in Europe. E.ON has long been looking into potential options to enter the Turkish energy market. Talks between E.ON and Turkey's Dogus Holding regarding co-operation in energy sector failed to yield an agreement, sources told Reuters in June.

Genel Energy ramps up presence in Northern Iraq

Hürriyet Daily News, *22.08.2012*

Ankara-based Genel Energy has agreed to acquire an additional 26 percent interest in the lucrative Miran exploration block in northern Iraq from the London-based Heritage Energy's regional subsidiary for $156 million.

With the deal Genel, an energy company traded on the London Bourse, will increase its total share in Miran to 51 percent and gain the majority stake of the second largest oilfield in northern Iraq after Chia Surkh. Genel holds stake in eight oil and gas fields in the territory of the Kurdish Regional Government (KRG) in the country's north and owns the largest stake in many of these fields.

The company believes Miran is capable of meeting six or seven years' worth of gas demand from Turkey, Genel's Executive Board Chairman Mehmet Sepil said. "Buying the majority shares in Miran not only make us the largest energy player in the region, but places us at a special point as we can contribute to Turkey's energy security," he said in a press release yesterday.

In addition to the stake sale, Genel Energy will provide a bilateral loan of $294 million to Heritage, secured on Heritage's shares in its subsidiary Heritage Energy Middle East Limited (HEME) as well as HEME's remaining working interest in the Miran block, Genel said in a filing to the London Stock Exchange yesterday.

"Assuming joint operatorship of the Miran Block will allow the company to take the lead in driving the development of the Miran Block forward to meet the growing needs of the domestic and Turkish markets," it said. "We believe that as an Anglo-Turkish company we are uniquely placed to execute the full field development of the Miran Field, including gas exports to Turkey, and we aim to build a material gas business alongside our existing oil business in the medium term," said Genel Energy Chief Executive Officer Tony Hayward, who is a former BP chief executive.

"Our belief in the significant potential of the region is stronger than ever and we aim to continue to play a leading role in the consolidation and development of the oil and gas sector in Kurdish region," he said. The deal comes at a time when tensions over the rights to sign energy search deals with foreign companies are high between the Arbil administration in the north and the central Baghdad government.

Genel Energy in Middle East and African pursuit

Upstream Online, *23.08.2012*

Genel Energy has signed two separate farm-in deals for blocks offshore Malta and Morocco, as well as agreeing to a partnership to explore further offshore assets.

Under two separate agreements, the London-listed company has agreed to farm-in for 60% of the Sidi Moussa Block offshore Morocco, and for a 75% interest in a production sharing contract in Area 4, offshore Malta. It has also signed an Area of Mutual Interest agreement to assess and acquire exploration and production assets in the offshore areas of Malta, Libya and Tunisia.

Genel chief operating officer of Africa, John Hurst, said in a statement that the deals were consistent with the company's strategy of building a portfolio of high impact exploration assets within the Middle East and Africa.He said the Malta block had considerable exploration potential, being geologically similar to known producing areas nearby in Libya and offshore Tunisia, while the Sidi Moussa Block helped to establish a material position for Genel in Morocco. The 7624-square kilometre Sidi Moussa Block lies offshore about 75 kilometres south-west of Agadir, Morocco. Only one well has been drilled within the licence area to date, although extensive 2D and 3d seismic work has identified a number of oil and gas leads and prospects.

Under the farm-in agreement, Genel will acquire a 60% participating interest and assume operatorship of Sidi Moussa by providing an initial payment of $1.3 million in recognition of past costs, as well as funding the drilling of the commitment well up to a cap of $50 million. The block is currently 75%-owned by a consortium of companies including Serica Sidi Moussa BV, San Leon Offshore Morocco BV and Longreach Oil and Gas Ventures. Post farm-in, Genel's interest will be taken pro rata from each company, according to its equity interest. The block will remain 25%-owned by ONHYM, the National Bureau of Petroleum and Mines.

Under the offshore Malta agreement, Genel will farm-in for a 75% participant interest in Area 4, which is made up of four contiguous licence blocks currently held by Mediterranean Oil & Gas (MOG)'s wholly-owned subsidiary, Phoenicia Energy. The consideration involves an initial payment of $10 million for past costs, plus a 100% carry on the first exploration well and a 100% carry on the second well, capped at $30 million. Phoenicia will remain the operator of Area 4 until the completion of the first well, at which time Genel can opt to become the operator.

In addition, Genel signed an AMI with MOG for a minimum term of three years, to cooperatively explore the offshore areas of Malta, Libya and Tunisia. The equity in any asset acquired with the agreement will be shared 80% to Genel and 20% to MOG.

Total signs new Kurdish deal, shrugs off Baghdad threats

Reuters, *20.08.2012*

French oil major Total has bought a minority share in an exploration block in Iraq's semi-autonomous Kurdish region, ignoring threats from the central government in Baghdad made after a similar deal last month.

Total followed U.S. oil majors Exxon and Chevron last month in disregarding Baghdad's warnings about possible punitive action and signing contracts with the country's Kurdish region directly. Canada's ShaMaran Petroleum Corp said on Monday a unit of the French company had paid $48 million for a 20 percent stake in the Taza exploration block in Suleimaniya in northern Iraq.

The exploration well is operated by Papua New Guinea's Oil Search, which has 60 percent of the contract. The Kurdish Regional Government (KRG) owns the remaining 20 percent. In July, the French major bought a 35 percent stake in the Harir and Safen exploration blocks in northern Iraq. The move drew an angry response from Iraqi authorities, who warned Total, which has an 18.75 percent stake in the Halfaya field in southern Missan, that it would be forced to sell it if it did not cancel or freeze deals with the KRG.

US says oil firms should respect Baghdad government

Yahoo! News (AFP), *20.08.2012*

The United States said that oil companies should not bypass Iraq's central government. "With regard to our own companies, we continue to tell them that signing contracts for oil exploration or production with any region of Iraq without approval from the federal Iraqi authorities exposes them to potential legal risk," State Department spokeswoman Victoria Nuland told.

The United States has told companies that "obviously they'll make their own business decisions, but unless and until we have federal legislation in Iraq governing these things -- something that we've been urging -- that there are risks for them," she said.

Azeri pipeline to help Turkey in talks with EU

Hürriyet Daily News, *24.08.2012*

A report released by SAM, a strategic research center for the Azerbaijani gov't, claims the TANAP pipeline will be an ace up Turkey's sleeve vis-a-vis the EU. The Trans-Anatolia Pipeline (TANAP) project, which is set to send Azerbaijani natural gas to Turkey, could be a game-changer in Ankara's accession talks with the EU, according to an Azeri research center.

"Turkey can achieve political gains with this pipeline; it can be an ace in terms of its EU membership negotiations. With the finalization of this project, Turkey will have a whole new position within the region," said Gulmir Rzayeva, one of two analysts who wrote a report for SAM.

Turkey was initially interested in the Nabucco pipeline, which is slated to carry natural gas from Azerbaijan's Sahdeniz gas field to Europe via Turkey, Rzayeva said, but added that the pipeline was deemed to only serve the interests of the consumer nations, meaning Turkey, Azerbaijan and the Sahdeniz Consortium did not want to remain tied to the pipeline. "If we had chosen the Nabucco pipeline, we would all be tied to a European project. The Turkish and Azerbaijani governments acted wisely by starting their own pipeline. TANAP has completely changed the game," she said.

According to the report, the TANAP pipeline will be very large and have the capacity to transport 60 billion cubic meters of natural gas. Addressing speculation that the pipeline would cost $7 billion, she said: "This is not a definite number. It could be more than this or less than this. The pipeline will be built in three stages. It will start with 16 billion cubic meters, continue with 20 billion to 30 billion cubic meters and at the end reach 60 billion cubic meters. This is a long-term perspective. It will also allow for the connection to Central Asian gas."

Rzayeva also said the pipeline was not in Russia and Iran's interest. Iran, which had been charging Turkey $505 for a thousand cubic meters of gas, has upped the price to $585 since the TANAP agreement was signed in June. This adds an extra $800 million to Turkey's energy bill per year. TANAP is currently negotiating with both BP and Statoil for potential partnerships, Rzayeva said, adding that the TANAP Consortium's headquarters would be based in the Netherlands in the interests of locating to a "neutral" location.

The TANAP pipeline will transport natural gas from Azerbaijan through Georgia and will be sold and forwarded through Turkey. The project's first phase will see the sale of 6 billion cubic meters of the 16 billion cubic meters of natural gas via Turkey. The remaining 10 billion cubic meters will be transported to Europe. Pipeline construction is expected to begin in 2014 and finish in 2018. The State Oil Company of Azerbaijan Republic (SOCAR) holds an 80 percent stake in TANAP, Turkey's natural gas distributor Botaş holds a 15 percent stake, while Turkey's national oil and gas company (TPAO) controls 5 percent. SOCAR wants to hold at least a 50 percent stake in the pipeline, but this may prove difficult if new partners come on board, according to the report.

Noble Energy to start second round of gas drilling in Cyprus

Rigzone (Cyprus Mail), *22.08.2012*

Texas-based Noble Energy will apparently commence appraisal drilling within its Block 12 concession sometime between this October and March next year.

In the government gazette edition of August 17, the US firm invited bids for two separate contracts which, taken jointly, suggest that it is pressing forward with the natural gas field - approximately nine months after it announced a significant find there. One of the tenders calls for "bit and hole opener services" - industry jargon for the equipment used to drill undersea wells.

According to the information published in the gazette, "the contractor must have the ability to provide bits and undertake hole opening operations onboard the Ensco 5006 in Cyprus during the 4th quarter of 2012 and/or the 1st quarter of 2013..." The Ensco 5006 (formerly the Pride North America) is a semisubmersible rig. Noble's own Homer Ferrington rig - which last year drilled the so-called Aphrodite well - is currently engaged in Israeli gas fields. The contract says the drilling services are to be used "for one or two wells in Block 12." The second tender invites bids for "subsea test tree services in support of drilling operations in Block 12...for one firm deepwater well."

In petroleum and natural gas extraction, a subsea tree, also known as a "Christmas tree", is an assembly of valves, spools, and fittings used for an oil well, gas well, water injection well, water disposal well, gas injection well, condensate well and other types of wells. It was named for its crude resemblance to a decorated tree. Placed on top of a well, the assembly is used to take readings for temperature, pressure, flow and composition of the gas, and to test for leaks. This data then helps oil companies make a more accurate estimate for a gas find (volume and quality) and helps calculate how long it will take to extract the gas, thus giving an indication of the financial cost.

"This is all part of the appraisal process which serves to remove any uncertainties over a gas prospect," explained Constantinos Hadjistassou, an energy researcher with the University of Cyprus. "It looks like Noble is proceeding assertively with the find," he added. Information from appraisal drilling will be used when the company carries out a feasibility study to figure out how much actual extraction and production would cost - and how long it would take. Subsea testing costs around $350 million. Analysts say the total tab for developing the Block 12 prospect - including all the facilities for subsea testing as well as the pipelines - could come to $3.5 billion.

In December of last year Noble confirmed the discovery of a substantial gas reservoir in Block 12 in Cyprus' offshore Exclusive Economic Zone, with reserves estimated to be between 5 and 8 trillion cubic feet (Tcf), with a gross mean of 7 Tcf. Noble is a 70 percent stakeholder in Block 12 and acts as operator with Israeli Delek drilling and Avner Oil Exploration holding a 15 percent stake each.

UK vulnerable as oil and gas output drops

The Financial Times, *21.08.2012*

Britain's vulnerability to the vagaries of North Sea oil and gas output has been highlighted by the sharp fall of receipts from a sector that normally contributes around a quarter of UK corporation tax.

The Office for Budget Responsibility signalled last month the danger of declining oil and gas revenues depressing tax receipts in July – usually the second-highest month for receipts and also when oil and gas companies pay the first of three installments on yearly profits. The OBR said that the 0.8 per cent drop in receipts was primarily due to a sharp fall in corporation tax "in particular from the oil and gas sector".

North Sea output was "weaker than expected" in the first half of the year after the emergency evacuation and shutdown in March of the Elgin gas platform, operated by Total, of France. The blow-out, along with other maintenance shutdowns across the UK's depleting fields, contributed to a 15 per cent fall year on year in combined gas and oil production in the first half of the year. The Department of Energy and Climate Change had previously anticipated flat gas production and a 7 per cent decline year on year in oil. Elgin has yet to restart while the OBR said production in the second half of 2012 would also be reduced by "unusually high levels of maintenance in the North Sea".

The Bank of England's August inflation report cited the Elgin failure as a contributing factor in limiting second quarter growth in gross domestic product. North Sea oil producers continued to benefit from prices that averaged $114 a barrel in the first half of 2012, only a little below the $118 a barrel assumed for 2012 as a whole. But a £2bn tax raid by George Osborne in his March Budget last year raised the total tax raised from North Sea oil and gas operators from £9bn to £11.2bn in 2011-12.

That raid, used in part to finance a reduction of 1p a litre in fuel duty, raised the marginal tax rate facing operators to between 62 per cent and 81 per cent. The sector's trade body suggested on Tuesday that the UK's unpredictable and high-taxation approach over several years had compromised attempts to slow the decline in North Sea output.

Malcolm Webb, Oil & Gas UK's chief executive, said: "The dramatic fall in oil and gas production last year and consequent lower than anticipated tax revenue is very concerning. It can be attributed in no small part to the history of instability in UK oil and gas taxation resulting in lower investment in earlier years, meaning very few new fields started producing last year. "In addition to this, several unexpected stoppages were required to maintain the integrity of the existing fields."

Shell in US talks to begin Arctic work

The Financial Times, *21.08.2012*

Royal Dutch Shell is in talks with the US government in an attempt to speed up its planned summer drilling program in the Arctic by starting work before it has secured its final approvals.

Running out of time before the Arctic ice closes in again, Shell is negotiating with the US Department of the Interior over whether it can begin work on its wells before it has completed testing of its new system for capturing oil in the event of a spill, as long as it does not drill through any oil-bearing rocks.

Shell also dispatched the Kulluk, one of the two drilling ships it will use for the program, on its two-week journey to its planned well site off the north coast of Alaska. The company's plans present a dilemma for President Barack Obama's administration, which has pledged to make sure that the sensitive environment of the Arctic is protected, but is also under pressure from Republicans to do more to help the oil industry and encourage US oil and gas production.

Shell, Europe's largest oil company by market capitalisation, has spent $4.5bn preparing to drill in the Chukchi and Beaufort seas, to the north-west and north-east of Alaska respectively, including $2.2bn on leases It had hoped to start drilling in 2007, but was held up by lawsuits and restrictions imposed by the US government after the Deepwater Horizon disaster in the Gulf of Mexico in 2010.

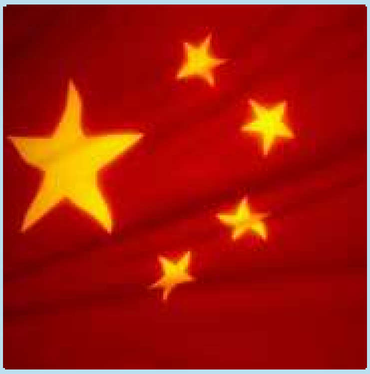
This year it had been securing all the necessary approvals until the final hurdle: the testing of a new system for catching any oil spilled in a well blowout and bringing it up to the Arctic Challenger, a 300-foot barge, to be processed. The US authorities have said the system must be tested successfully before Shell will be granted the permits it needs.

Obstructions, including the slower than expected retreat of the Arctic ice this summer, have forced Shell to limit itself to drilling two wells this year, instead of the five originally planned. The delay now is caused by Shell's need to secure approvals from the US Coast Guard for the safety of the Arctic Challenge.

The Coast Guard said it was "working hand in hand" with Shell to secure the necessary approvals as soon as the company was ready. However, Shell is discussing with the interior department starting preliminary work on its wells before the Arctic Challenger is in position. The company describes the system as a "fourth line of defence", needed only in the event of failure of other safeguards, including a capping stack similar to the one used by BP to seal the Macondo well that blew out in the Gulf of Mexico.

Shell plans $1 bln a year China shale investment

Reuters, *21.08.2012*



Royal Dutch Shell plans to spend at least $1 billion a year exploiting China's potentially vast resources of shale gas, the firm's top China executive said.

Shell in March secured China's first product sharing contract for shale gas, hoping that getting in early will allow it to be a big beneficiary from the sort of boom in shale that has transformed the US energy market. Asked if the firm remained committed to a plan to invest $1 billion a year in China's shale gas over the coming few years, Lim Haw Kuang, Shell's top China executive, said in an interview: "Yes, yes and yes."

"If there has been an adjustment to that pledge, it could only be an upward revision," added Lim, a Malaysian national and a Shell veteran of 34 years. China is estimated to hold the world's largest reserves of the unconventional gas -- which can be unlocked from ancient shale rocks by "hydraulic fracturing", a technology well developed in recent years in North America. Shell is also aiming to build a $12.6 billion refinery and petrochemical complex in eastern China, a project that could become the single largest foreign investment in China.

The Anglo-Dutch firm is one of the biggest investors in China's energy sector but faces strong competition. Exxon Mobil, BP, Total and Chevron Corp are also trying to get a bigger slice of the Chinese market, where use of natural gas is set to triple this decade and growth in oil demand makes up more than a third of the world total. Shell has lined up China National Petroleum Corp, the country's top energy group and parent of PetroChina, as its partner for both shale gas and the Taizhou refinery project.

"It's an alliance between strong firms. That should help control the cost," said Lim, referring to its shale gas venture with CNPC in Sichuan province, where Shell drilled 11 wells last year, more than any other international firm.

Romney plan calls for expanded energy development, less regulation

Rigzone, *23.08.2012*

Increased domestic oil and gas production and partnerships with Canada and Mexico to achieve North American energy independence by 2020 are part of the energy policy agenda laid out by Republican presidential candidate Mitt Romney.

Romney outlined his plan Thursday during a campaign stop in Hobbs, N.M., according to media reports. His plan calls by the energy industry and some members of Congress to reduce red tape for onshore permitting on federal lands, open more offshore areas to drilling and approve the Keystone XL pipeline bid to bring the United States closer to achieving energy independence.

In his plan, Romney touted potential benefits of expanding development of U.S. energy resources, including:

- creation of over 3 million jobs to the U.S. economy
- over one million in manufacturing
- create more than $1 trillion in revenue for federal, state and local governments
- lower energy prices for job creators and middle-class families
- enhanced national security through freedom of dependence on foreign energy supplies.

"While every President since Nixon has tried to achieve this goal [of energy independence by 2020], analysts across the spectrum – energy experts, investment firms, even academics at Harvard University – now recognize that surging U.S. energy production, combined with the resources of America's neighbors, can meet all of the continent's energy needs within a decade," Romney said in the plan. "The key is to embrace these resources and open access to them," Romney said.

Romney's plan includes:

- giving more control to states over onshore U.S. energy development
- opening more offshore areas for energy development
- restoring transparency and fairness to permitting and regulation
- facilitating private sector led development of new energy technologies.

Under Romney's plan, states will be allowed to establish processes to oversee production and development of all forms of energy on federal lands within their borders, except lands specially designated off-limits. State regulatory processes and permitting programs for all forms of energy development will be deemed to satisfy all requirements of federal law. Federal agencies will certify state processes as adequate, according to established criteria that are sufficiently broad, to afford the states maximum flexibility to ascertain what is the most appropriate.

The federal government also will encourage the formation of a State Energy Development Council, where states will work together with existing organizations such as the IOGCC [Interstate Oil and Gas Compact Commission] to share expertise and best management practices. Romney said that the decline of oil and gas production on federal lands last year that occurred as production on state and private lands soared was no accident, saying that President Obama has intentionally sought to shut down oil, gas and coal production to pursue an alternative energy agenda.

“Federal land open for exploration has declined nearly 20 percent on his watch, and the rate of permitting is down 37 percent,” Romney said. “It now takes a shocking 307 days to receive the permits to drill a new well.” Meanwhile, the wait time for permitting from state agencies in North Dakota, Ohio and Colorado takes between 10 and 27 days. Romney also pointed out that state agencies are better equipped to regulate energy development.

Romney’s offshore agenda includes establishment of a new five-year offshore leasing plan that will open areas offshore Virginia and the Carolinas for exploration, while also guaranteeing state-of-the-art processes and safeguards for offshore drilling to be implemented in a way to support exploration and production. Romney said President Barack Obama was stifling exploration offshore as well as onshore by blocking access to billions of barrels of oil offshore Virginia.

“The [Obama] administration has canceled more leases than it has held and slowed the rate of permitting by over 60 percent,” Romney noted. “As a result, offshore oil production declined 14 percent last year and production in the Gulf of Mexico this year will be 25 percent below what had been expected before the Obama policies took effect.” Romney noted.

His plan sets minimum production targets for each five-year leasing plan, including annual Congressional reports on progress in reaching goals and implementing new policies to compensate for any shortfall. Members of the U.S. House of Representatives and the U.S. Senate have already sought to overturn the Obama administration’s proposed five-year offshore drilling plan, replacing it with a plan to that expands the amount of acreage open for leasing as well as the number of lease sales.

Romney is also calling for approval of the Keystone XL pipeline, noting that Obama had “chosen to turn his back on America’s neighbors” by not allowing the pipeline to move forward, resulting in Canada planning to export oil to China instead. By collaborating with Canada - which has ample oil supply from its oil sands - and Mexico -which is showing renewed interest in collaborating to increase its energy development - America can guarantee itself a reliable and affordable supply of energy while also opening up new opportunities for American businesses and workers in the region, Romney noted.

Romney’s North America agenda includes the establishment of a regional agreement to facilitate cross-border energy investment, infrastructure and sale. Promoting and expanding regulatory cooperation between governments to encourage responsible energy production, including the creation of a forum for sharing best practices and technologies, also is part of Romney’s energy agenda. Romney would also seek to institute fast-track regulatory approval processes for cross-border pipelines and other infrastructure.

Under Romney's plan, assessments of U.S. energy resources will be updated through the approval of seismic surveys and offshore exploration, collaboration with Canada and Mexico to ensure accurate inventory of their resources and sharing of data, as well as requiring onshore geological and geophysical data to be shared with the Department of the Interior. "Every assessment of America's energy resources indicates tremendous potential," said Romney.

"Yet many of these assessments are outdated, based on decades-old technology, and lacking in the data that only becomes available once development begins," said Romney, saying that Obama has used the lack of information, coupled with confusion over the definition of proved reserves and recoverable resources, to say that U.S. energy resources are scarce.

Romney will also seek to improve the environmental review process by setting clear deadlines and statutes of limitations, requiring better coordination between federal agencies, and allowing state reviews to satisfy federal requirements. Additionally, agencies would be prevented from using "sue-and-settle" techniques behind closed doors to circumvent the public rulemaking process, impose onerous regulations, and tie the hands of future administration.

Romney would also require the disclosure of federal funds spent to reimburse groups for lawsuits against the government, such as the case of the dunes sagebrush lizard. "Modernizing America's complex environmental statutes, regulations, and permitting processes is crucial to ensuring that the nation can develop its resources safely and efficiently," said Romney. "Laws should promote a rational approach to regulation rather than impede development." Focusing government investment on research across a range of energy-related technologies and ensuring that policies to expand energy development not only for oil and gas, but coal and renewable energy resources such as wind also are part of Romney's plan.

American Petroleum Institute (API) President and CEO Jack Gerard on Thursday said proposals such as Romney's that promote the safe production of more domestic energy are critical to the nation's economic future, providing economic stimulus and job creation. "The proposals released today by the governor will assist in encouraging that public conservation on how more North American made energy can be an economic game changer," Gerard said in a statement. Gerard pointed to results from a recent API poll that showed more than 70 percent of U.S. voters favor increased access to U.S. oil and gas resources, believing it will lead to more U.S. jobs and lower energy costs.

Denver-based Western Energy Alliance (WEA) applauded the plan, saying that Gov. Romney's plan "recognizes that empowering states, rather than imposing a one-size-fits-all government approach, is the right way to increase American energy, create jobs, and grow the economy."

"By empowering states and modernizing bureaucratic processes, our nation can unlock energy resources on non-park, non-wilderness federal lands while achieving a better balance between economic growth and environmental protection," said Kathleen Sgamma, vice president of government & public affairs for WEA.

Announcements & Reports

► *IEA World Energy Statistics 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=619

► *IEA Oil Information 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=613

► *IEA Natural Gas Information 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=614

► *IEA Electricity Information 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=615

► *IEA Energy Statistics of OECD Countries*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=609

► *IEA Energy Statistics of Non-OECD Countries*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=611

Upcoming Events

► *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/

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► *CIS Oil and Gas Transportation* ***(in Turkey)***

Date : 26 – 28 September 2012
Place : Istanbul – Turkey
Website : http://www.powerindustry-events.com/Turkey

POWER INDUSTRY TURKEY

► *KIOGE 2012 - Kazakhstan International Oil, Gas & Energy Exhibition & Conference*

Date : 2 – 5 October 2012
Place : Almaty – Kazakhstan
Website : http://www.kioge.com

► *Gastech 2012*

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

► *Offshore Drilling Conference 2012*

Date : 30 – 31 October 2012
Place : Stavanger – Norway
Website : http://www.informaglobalevents.com/FKA2293UPWL?

Supported by PETFORM

► *CIS Oil & Gas Transportation 2012* ***(in Turkey)***

Date : 30 October – 1 November 2012
Place : Istanbul – Turkey
Website : http://www.theenergyexchange.co.uk/cistrans

► *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/

Supported by PETFORM

► *Black Sea Energy and Economic Summit 2012* ***(in Turkey)***

Date : 15 – 16 November 2012
Place : Istanbul – Turkey
Website : http://www.atlanticcouncilsummit.org/