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Yildiz: Exploration to continue despite BP's Black Sea exit

Today's Zaman, *11.11.2012*

Oil giant British Petroleum (BP) may have given up on searching for oil and natural gas in the Black Sea, but Turkish Energy Minister Taner Yildiz said over the weekend the state would seek a new partner and continue the search.

"The Black Sea turned out to be dry for BP, but it's still up in the air for us. We are going to be continuing our search efforts there," Yildiz told. The minister's comments come after BP's Turkey chief Bud Fackrell told the press that the company, the state's major partner in exploratory drilling since 2004, would be discontinuing its efforts.

Proven gas deposits have proven elusive in the Black Sea, though BP as well as Brazil's state-controlled oil company Petrobras, American Chevron and Exxon have signed multi-million dollar exploratory leases with the state-run Turkish Petroleum Corporation (TPAO) to survey the area. The first and only known natural gas deposit was discovered by TPAO in the Istranca-1 field in September, although the government has not announced plans for commercial drilling there since the find.

After BP announced its pullout, the press speculated that Royal Dutch Shell might be the next to sign on with Ankara, a rumor based on Shell CEO Peter Voser's visit in September with Prime Minister Recep Tayyip Erdogan. Voser told the press that Shell is "evaluating opportunities in the Black Sea."

Turkey, which imports over 70 percent of its energy needs from abroad, has been searching in the Black Sea for oil and natural gas since 2004, with government officials speculating that a major discovery could help wean the country off expensive exports. Turkish firms have purchased extensive stakes in gas-rich northern Iraq, and the government has even suggested drilling in the southeastern-most province of Hakkari.

TPAO among three firms shortlisted for Afghan oil project

Today's Zaman, *12.11.2012*

The Afghan government has shortlisted companies from Kuwait, the United Arab Emirates and Turkey for a major oil and gas exploration project, a step in the country's quest to reap revenues from its vast untapped mineral and energy resources.

Minister of Mines Wahidullah Shahrani said that bids from Dubai's Dragon Oil, Kuwait Energy, and the Turkish Petroleum Corp. have been selected for the tender involving exploration rights in the Tajik Basin in northern Afghanistan. The basin's oil reserves are estimated at more than 1 billion barrels.

The government said in a statement that the bids will be considered in a "thorough, transparent, and fair bidding process until the announcement of the results of the evaluation process," adding that the contract will be signed in March. The statement said 20 international companies had expressed interest in the project and that eight were judged eligible, including Texas-based Exxon Mobil. The Tajik Basin is located between the northern cities of Mazar-i-Sharif and Kunduz. The tender includes the six blocks known to contain hydrocarbon reserves. The blocks may be awarded to a single bidder or to multiple bidders, the ministry said.

Afghanistan has been looking for ways to exploit some of its mineral wealth to offset the loss of revenues when foreign aid and spending drops in step with the withdrawal of international combat troops by year-end 2014. The government has been keen to develop an oil-extraction and refining capability for the landlocked nation, which is entirely reliant on fuel imports from neighboring Iran and Central Asian countries.

Afghanistan's mineral wealth - estimated at up to $3 trillion dollars - has been detailed in several surveys, the most extensive of which were conducted by the Soviets in the 1970s. Mining companies, both Afghan and foreign, have already shown interest, notably in its copper, iron and oil. Also highly sought are so-called rare earth elements, used in cell phones, hybrid car batteries, wind turbines and by the defense industries. But most mineral riches are scattered throughout the country, including in the war-wracked southern and eastern areas.

China's National Petroleum Corporation became the first foreign company to start oil production extraction in Afghanistan, and is scheduled to build the country's first refinery within the next three years. The Chinese firm's contract covers gas blocks in Sari Pul and Faryab, an area known as the Amu Darya River Basin that was first explored by Soviet engineers in the 1960s.

Turkey in no place to decide on Azeris' gas

Hürriyet Daily News, *16.11.2012*

As the competition between the Russian and the Azeri offers for Europe's future natural gas needs heats up, Turkey says it can do energy business with all its neighbors without hurting any.

It is the supplier Shah Deniz II Consortium's prerogative to decide which firm will take Caspian gas to Europe from Turkey, Turkish Energy Minister Taner Yildiz said at the international Atlantic Council meeting in Istanbul, which brought together regional political leaders and energy representatives from all over the world.

The minister's statement comes at a time when the competition to supply Europe with gas heats up over fresh moves from a rival Russian project. "Turkey is not in a position to make a decision on the issue alone so it doesn't feel the responsibility weighing on its shoulders," he said. BP and Azerbaijan's Statoil hold 25.5 percent shares each in the Sash Deniz II as Socar, Total, LukAgip Nioc and Turkey TAO share the rest. Turkey and Azerbaijan are jointly developing the Trans Anatoila Pipeline (TANAP) and eyeing to add more regional resources. Turkey has seen it can develop an energy project with one of its neighbors without disturbing another, Yildiz said. Shah Deniz II is on the eve of making a choice between the Nabucco and Trans Adriatic Pipeline (TAP) projects to carry gas from western Turkey to Europe.

Gazprom, meanwhile, officially started its rival South Stream Project. The Russian gas giant signed a deal allowing a major new pipeline to pass through Bulgaria on its way to Western Europe, stealing a march on rival EU-backed projects aimed at reducing the bloc's energy dependence on Moscow. "With today's signing of the final investment decision for the Bulgarian section of South Stream, we move toward the implementation of the project," Gazprom Chief Alexei Miller said after inking the deal with the head of the state-owned Bulgarian Energy Holding (BEH) Mihail Andonov. "Bulgaria will now become a big transit point of Russian gas to Europe," Reuters quoted him as saying. The 3,600-kilometer South Stream pipeline aims from late 2015 onwards to bring huge volumes of Siberian gas to Europe under the Black Sea. The pipeline would then pass over land through Bulgaria, Serbia, Hungary and Slovenia to Italy.

Separately, Turkmenistan plans to begin production at the world's second-largest gas field next year, a senior official said, opening up new EU and U.S. backed supply routes to Europe and Asia at the risk of Russian opposition. Turkmenistan plans to build two pipelines to carry gas from the Galkynysh field. One would run to Pakistan and India and the other would cross the Caspian Sea en route to the European Union. "We can launch industrial output at Galkynysh next year," the Turkmen government official, who declined to be named. Still, Iran announced it had halted natural gas imports from Turkeminstan. Iran's Oil Minister Rustem Qasimi said the purchase would be halted until a second notice due to a price dispute, Mehr news agency reported.

Cengiz-Kolin-Limak wins power grid for $546 mln

Hürriyet Daily News, *13.11.2012*

The Cengiz-Kolin-Limak joint venture has placed the largest bid on a government tender to sell Akdeniz Elektrik Dagitim, the power distribution company in the Mediterranean region, likely putting an end to the privatization process of another grid after a number of failed attempts.

Alsim Alarko, one of the four bidders, was eliminated in the initial phase of yesterday's tender, which Cengiz-Kolin-Limak won over the Elsan-Tümas-Karacay joint venture and Genpa Telekomünikasyon, with a $546 million bid. The grid, which demands 5 billion kwh of electricity, covers the provinces of Antalya, Burdur and Isparta, serving 1.67 million subscribers.

Ismail Ergünes, the executive board chairman of the winning party, told journalists after the tender that the group plans to invest around $350 million to $400 million in the facilities in three years time, investments that will include putting power lines underground and focusing on energy grid tenders. Ergünes said the highest bid in an initial tender held two years ago, which was $1.165 billion, was irrational. Limak, one of the rapidly growing companies in the joint venture, won the Kosovo power grid last month with a joint bid of $26.3 million with Calik, a rival in Turkish grid tenders.

One of the top assets on the government's privatization agenda is Bogazici Elektrik, the grid on Istanbul's European side, whose tender application deadline is today. The Privatization Board has announced that it has received 12 applications for the privatization of Bogazici, including from Park Holding and Aksa, applications which were cancelled in an initial tender. The applicants will be required to provide a $30 million down payment.

The list of applicants, which also include yesterday's winning Cengiz-Kolin-Limak joint venture, boast some of the largest companies in the country, such as Enerjisa, Park Holding, Genpa Telekomünikasyon, Aksa Elektrik, Calik Enerji, Zorlu Holding, the Elsan-Tümas-Karacay joint venture, Ozyazici Insaat Elektrik, Tata Power Company Limited, IC Ictas and Torunlar Gida.

The Karamehmet-Kazanci joint venture company MMEKA had submitted the highest bid during the first tender. Aksa had come in second, followed by Park Holding. Despite asking for additional time, these companies were not able to make the necessary down payments.

Turkey makes progress on transparent energy database

ICIS Heren, *14.11.2012*

The first phase of an integrated database that would bring real-time transparent information to the Turkish energy sector is likely to be completed by the end of this month, a senior source at the Turkish ministry of energy told ICIS.

The department is spearheading a database based on the model provided by the US Energy Information Administration (EIA). It will collect and publish information ranging from macroeconomics to the transmission of electricity and natural gas. In its first phase, the database will collect data regarding generation by electricity incumbent EUAS and possibly production schedules from private companies.

This information will be used internally by the ministry and is expected to become available at the end of this month. A tender will be subsequently organized for the necessary software and hardware needed to run an expanded database. Once the data are in place they will be made available to market participants. “In the first phase we are going to collect energy data related to the ministry,” the source said. “The information will include real-time generation from EUAS and possibly from private participants, but it will take time to adapt everything. This information will be used by the ministry first before being released to the public,” he said. The database will be structured according to EIA’s model of published energy statistics and analysis.

Tüpras posts profit despite Iranian woes

Hürriyet Daily News, *15.11.2012*

Tüpras increased its net profits slightly to 983 million Turkish Liras in the first nine months of the year compared to 921 million liras in the same period in 2011, marking a 6.4 percent rise. The company’s third-quarter net profits recorded a 56 percent increase to 444.8 million liras, mainly due to high sales and balanced crude prices.

This came amid fresh woes in buying crude oil from Iran due to Western sanctions on the Islamic Republic. The company said in a filing to the Istanbul Stock Exchange (IMKB) that its sales increased to 12.9 billion liras in the quarter.

“Along with an increase in sale volumes, the exchange rate and the higher international prices of petroleum goods compared to last year contributed to profits from sales surpassing the 2011 figures by 18.4 percent,” it said of the figures from the first nine months. The volume of the company’s total sales in this period increased to 19 million tons, 5 percent above the figure for the same period. The company also said that it has finalized some 42 percent of its $2.4 billion fuel oil facility as of October. The company has made 1.5 billion liras of overall investments this year.

Genel Energy acquisition expands Turkish stakes in Northern Iraq

Today’s Zaman, *13.11.2012*

Genel Energy has fully acquired the massive Miran gas block in Northern Iraq, a move that ups the London-listed oil giant’s holdings in Northern Iraq and comes as it purchases an additional gas field in semi-autonomous Somaliland.

Genel purchased the remaining 49 percent stake in the Miran block from Heritage Oil, giving Genel full ownership of a gas field that is estimated to contain 10.5 trillion cubic feet of gas. Heritage made the deal in order to pay off a $294 million exchangeable loan that Genel granted the firm in August of this year.

Genel has looked to become one of Turkey’s major gas importers and recently reached an agreement on revenue sharing with the government of Northern Iraq and the central government in Baghdad. A payments dispute between Genel and the central government last month had led to the firm threatening to halt its exports, though Baghdad later agreed to pay oil revenues it owed the company. Genel’s fields currently make up the bulk of Northern Iraq’s oil and gas exports, with the firm’s Taq Taq and Tawke fields pumping 110,000 of the 170,000 barrels per day (bpd) the region exports. Aside from the Miran, Taq Taq and Tawke blocks, Genel owns shares in the Ber Bahr, Dohuk and Chia Surkh fields. Bloomberg estimates the firm has around $1 billion in capital.

Genel Energy to increase Somaliland acreage

Rigzone, *12.11.2012*

Genel Energy announces that it has agreed to farm in for 50 percent of Jacka Resources Limited's license interests to explore for and produce oil and gas in the Odewayne Block, Somaliland. As part of the Transaction, Genel Energy will assume operatorship.

Under the Transaction, Genel Energy will acquire 50 percent of Jacka's participating interest in the Odewayne Production Sharing Agreement. Jacka will retain a 30 percent interest and the remaining 20 percent interest is held by Petrosoma.

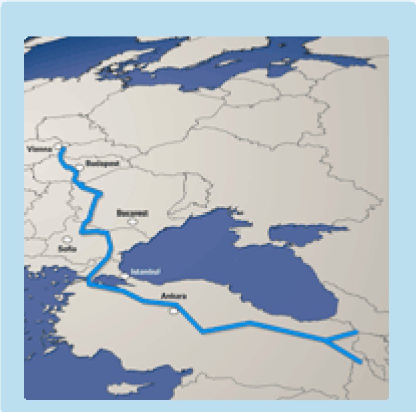
The consideration comprises an initial payment of $0.67 million to Jacka in recognition of past costs plus a 100 percent carry of Jacka and Petrosoma for the exploration work program required under phases III and IV of the PSA. This program includes a minimum of 1,500 kilometers 2D seismic and the drilling of one exploration well. These will be funded from the Company's existing cash resources.

The Odewayne Block covers block SL6 and part of blocks SL7 and SL10, onshore Somaliland. It comprises an area of 22,000 square kilometers enclosing a Jurassic/Cretaceous rift basin. An active petroleum system has been demonstrated by numerous oil seeps on the block confirming that the area is underpinned by a working hydrocarbon system, which is believed to be analogous to the nearby producing basins in Yemen. A recently commenced airborne gravity and magnetic survey will be used to design an extensive 2D seismic acquisition program to be initiated in 1Q 2013.

The Transaction is conditional on the receipt of approval from the Government of Somaliland. Commenting on the transaction, Dr. John Hurst Chief Operating Officer of Africa for Genel, said: "We are delighted to have farmed in to the Odewayne Block, substantially increasing our acreage position in Somaliland. This block, together with our SL10/13B acreage, means we have built a strong position in an exciting frontier exploration area. Such frontier exploration opportunities, with a very realistic possibility of finding large volumes of hydrocarbons, are increasingly rare. We look forward to commencing our exploration program which will lead to spudding of our first well by mid-2014."

Nabucco enters EIA approval procedure for Bulgarian section

Nabucco, *13.11.2012*



The 422 km long Bulgarian section of the Nabucco pipeline has formally entered into the Environmental Impact Assessment (EIA) Approval phase, the Nabucco National Company in the country announced today.

The documentation relating to the EIA procedure was submitted to the Ministry of Environment in Bulgaria on 31 October 2012. Earlier this year, Nabucco announced the completion of the EIA permitting process for the Hungarian section of the route, where the last of four permits was granted in June.

Reinhard Mitschek, Managing Director of the Nabucco Gas Pipeline GmbH, said: “Nabucco is far advanced in Bulgaria, and we congratulate the team there on this next step in the development of the project. Nabucco is committed to following best practices in line with national and international regulations, to working with all stakeholders to ensure that we present a win-win situation for the countries we transit.”

Marii Kossev, Managing Director of the Nabucco National Company in Bulgaria said: “We look forward to continuing our excellent cooperation with the authorities: to incorporating their feedback and working with the public and other stakeholders in the EIA process. Apart from promoting diversification of energy supply and freedom of choice for the Bulgarian consumer, Nabucco will create hundreds of jobs in Bulgaria, one billion euro of investment, taxes and create new business opportunities.”

The submission of the EIA documentation represents the beginning of the legal process surrounding Environmental Impact Assessment in Bulgaria. Following a review by the competent authority, Nabucco (represented in Bulgaria by its national company), will incorporate feedback after consultations. The next step will be to hold public consultations along the route, after which the application will return to the authorities for a final decision.

Connecting gas from the Caspian Region and the Middle East to over 500 million potential customers in Europe, Nabucco is the flagship project in the Southern Corridor. The Nabucco consortium continues to work closely with the Shah Deniz II consortium and with the Trans-Anatolian Gas Pipeline (TANAP) and remains confident that it offers the best solution to capture new supply sources and bring them to the large European consumer markets.

Oettinger talks up TANAP pipeline

EurActiv, *15.11.2012*

EU Energy Commissioner Günther Oettinger has signaled that Brussels may soon accept the proposed Trans-Anatolian Gas Pipeline (TANAP), despite its earlier support for the Nabucco pipeline.

Speaking at the launch of a SOCAR representation office in Brussels, Oettinger said that the Commission currently believed that its criteria could only be met by the Anatolian section of the Nabucco pipeline. "But the TANAP pipeline which SOCAR now promotes may also be able to satisfy the criteria of capacity requirements, dedicated infrastructure, transparency and scalability," Oettinger told.

"We are therefore eagerly waiting for the necessary agreements to be ratified by both Turkey and Azerbaijan," he added. The opening of a SOCAR office in Brussels is being seen as a turn towards Europe by the energy giant, which has cultivated ambiguity over the final destination of gas from its Shah Deniz field. While SOCAR already has representation offices in Istanbul and London, it has yet to open a bureau in Moscow. Russia has bankrolled the rival South Stream pipeline through its state monopoly Gazprom. The EU is instinctively more sympathetic to importing gas from outside Russia, for reasons of energy security and diversification of supplies. But uncertainty over Baku's export intentions has clouded the picture.

Murad Heydarov, an advisor to SOCAR President Rovnag Abdullayev, told that the TANAP pipeline, which is expected to be completed in 2018, was an indication of SOCAR's commitment to safe and uninterrupted transit infrastructure for its gas. "By 2025, the overall volume of gas from Shah Deniz could be 40-50cbm annually and most of this gas would go to Europe," he said. The TANAP project was "reliable, robust, safe, operationally excellent and scalable," Heydarov added. Despite the apparently growing warmth between Brussels and Baku, observers at the SOCAR launch noted some possible flies in the ointment.

Oettinger's appearance at the podium was preceded by pointed criticism of the EU from the director of SOCAR's Azerkimiya Business Unit, Mukhtar Babayev. The energy commissioner's speech was delivered over an hour later than scheduled, after several of the Azerbaijani company's speakers over-ran their time limits.

IEA pegs U.S. as top oil producer by 2020

The Wall Street Journal, *12.11.2012*

A shale-oil boom will thrust the U.S. ahead of Saudi Arabia as the world's largest oil producer by 2020, a radical shift that could profoundly transform not just the world's energy supplies but also its geopolitics, the International Energy Agency said.

In its closely watched annual World Energy Outlook, the IEA, which advises industrialized nations on their energy policies, said the global energy map "is being redrawn by the resurgence in oil and gas production in the United States." The assessment contrasts with last year, when it envisioned Russia and Saudi Arabia vying for the top position.

"By around 2020, the United States is projected to become the largest global oil producer" and to overtake Saudi Arabia for a time, the agency said. "The result is a continued fall in U.S. oil imports [currently at 20% of its needs] to the extent that North America becomes a net oil exporter around 2030." This shift will be driven primarily by the faster-than-expected development of hydrocarbon resources locked in shale and other tight rock formations that have just started to be unlocked by a new combination of two technologies: hydraulic fracturing and horizontal drilling.

The IEA's projections show U.S. oil production peaking in 2020 at 11.1 million barrels a day, up from 8.1 million barrels a day in 2011. Within a decade, the IEA forecasts that U.S. oil imports will drop by more than half to just four million barrels a day, from 10 million barrels a day currently. Much of this decline will be because of higher domestic production, but efforts to improve energy efficiency in the transport sector will also prove significant, the IEA said. The IEA's conclusions are partly backed by the Organization of the Petroleum Exporting Countries, which acknowledged for the first time last week that shale oil would significantly diminish its share of the U.S. market.

OPEC said the U.S. would import less than two million barrels a day in 2035, almost three-quarters less than it does today. That isn't to say OPEC's role will be marginalized globally. The organization's share of global production will increase to 50% in 2035 from 42% today, with much of it going to Asia, according to the IEA. It said the U.S. need for oil imports from the Middle East will fall to almost zero in the next 10 years, while almost 90% of Middle Eastern oil exports will go to Asia by 2035, creating a new trade axis. The IEA hinted that U.S. energy independence could redefine military alliances, with Asian nations replacing the U.S. in securing oil shipping lanes from the Persian Gulf. "Asian countries should have much greater interest in the stability and security of their suppliers in the Middle East," said Richard Jones, deputy executive director at the IEA.

Some in the U.S. are already questioning the reasons for keeping U.S. warships in the Persian Gulf. "It's insane that we have the Fifth Fleet of the U.S. Navy tied up there to protect oil that ends up in China and Europe," T. Boone Pickens, chief executive of energy-focused hedge fund BP Capital Management, was quoted as saying last week in the U.S. magazine Parade.

The IEA said, however, that U.S. primacy in world oil production could prove short-lived. “If no new [U.S.] resources are discovered and if the [oil] prices are not as high as today, then we may see Saudi Arabia coming back as the first producer again,” said Faith Birol, chief economist and director of global energy economics at IEA.

The IEA warned that the emergence of shale gas as a game changer in global energy has a downside risk, in that it will contribute to increased competition for water resources needed for energy projects. Shale oil and gas are extracted by pumping water, sand and chemicals into the ground at high pressure to crack rocks open, a process known as hydraulic fracturing, or “fracking.” But the intensive use of water, “will increasingly impose additional costs,” and could “threaten the viability of projects” for shale oil and gas, and also biofuels, the agency said.

Study of North Sea geology aims to unlock new potential

Natural Gas Europe, *14.11.2012*

Global geoscience technology company Ikon Science has started an integrated geo pressure and rock physics study with the objective of unlocking hidden exploration and development potential in the UK Central North Sea (CNS).

The project, called Roknowledge CNS, is its most technically ambitious multi-client study to date, the company says. The study shall, for the first time, integrate rock property and geopressure information across a broad area of the CNS in order to identify and unlock hidden potential within the Eocene, Paleocene, Cretaceous, Jurassic and Triassic intervals.

The study will include the construction of a digital rock property knowledgebase and atlas, a detailed interpretation of the pore pressure profiles in every well and the integration of this information with a comprehensive rock physics analysis across each of the key geological intervals in the study area.

Kester Waters, Ikon Science QI manager, said: “This unique study harnesses our GeoPressure and Quantitative Interpretation (QI) teams in a collaborative framework. It draws on our extensive experience and our proprietary knowledge base to bring a fresh and up to date interpretation of the key pressure and rock physics mechanisms in the CNS, by harnessing the power of the ‘regional informs the local’. It is designed to deliver new exploration and development insights into reservoir property interactions and de-risk the seismic behavior of key reservoir intervals.” The study will be performed in a series of discrete phases with key milestones. Sponsors can steer the well selection for the study as well as contribute to key quality control steps and intermediate analysis of the data. Four seed sponsors are already in place, and the project has $700,000 in initial sponsorship.

Russia ready to break ground on pipeline to rival Azeri plan

Hürriyet Daily News, *14.11.2012*

Gazprom sets date for starting the construction of the South Stream pipeline. This is a strong rival to Turkish-Azerbaijani project TANAP.

Gazprom announced that it would begin construction of its slow-going South Stream pipeline to Europe on Dec. 7. The pipeline will rival other European alternatives that lean on an Azerbaijani-Turkish initiative to carry Caspian gas through western Turkey. Gazprom has long placed its bets on South Stream while also expanding the capacity of a sister project under the Baltic Sea called Nord Stream. Its officials sounded confident.

After signing an investment decision on the project with Slovenia, company boss Alexei Miller said a similar deal with Bulgaria – the only transit country yet to approve South Stream – would be sealed on Nov. 15. “We intend to sign the final investment decision on the sea section Nov. 14 and a deal with Bulgaria on Nov. 15,” news agencies quoted Miller as saying, following talks with Slovenian energy officials. “Construction will begin on Dec. 7,” Miller said. The project runs in direct competition to the Nabucco project, which EU states have been discussing for much of the past decade in order to reduce their dependence on Russian gas.

The EU has sought ways to diversify its natural gas supply base to reduce the approximately 30 percent stake that Russia holds today. Nabucco intends to channel gas from the Caspian Sea and Middle East to Europe via Turkey. But EU states have struggled to secure delivery deals and are debating the merits of making the massive investment amid their financial malaise.

Gazprom’s link intends to pump some of its current volume of Siberian gas under the Black Sea across southern Europe to Italy’s Adriatic Sea coast. Russian President Vladimir Putin personally pushed Gazprom to launch construction this year while he was still serving as prime minister in December 2011. Miller, at the time, estimated the total cost at 16.5 billion euros (about $21 billion), around two-thirds of that figure attributed to the cost of building the pipeline across the Black Sea.

Gazprom then secured swift approval for the deal from southern European transit countries that already rely heavily on Russian gas and were suddenly in a position to negotiate lower prices for their long-term contracts. Bulgaria became the last holdout after finding itself in the enviable position of being courted by both Moscow and Brussels. The EU’s Nabucco pipeline is to shoot up to Bulgaria from Turkey before extending through Romania and Hungary to Austria. Yet Miller said price discounts were not a part of Gazprom’s negotiations with the Balkan country. “These issues are not related,” Miller said. Gazprom’s project manager, Leonid Chugunov, said that the company does not plan further investments in Greece and southern Italy.

Iraq gives ultimatum to Gazprom Neft

The Moscow Times, *11.11.2012*

Iraq has warned Gazprom Neft to quit oil deals with the Northern Region or pull out of its contract for the Badra oil field, a spokesman for an Iraqi minister said.

In August, Gazprom Neft, the oil arm of gas monopoly Gazprom, acquired interests in two blocks with the Regional Government, following moves by rivals like ExxonMobil and Total that angered the Iraqi central government in Baghdad. "Iraq sent a letter to Gazprom at the end of October asking the company for an official reply that it should cancel deals signed with the KRG or pull out completely from Badra oil field," said Faisal Abdullah, the spokesman for Deputy Prime Minister for Energy Hussain Shahristani.

Last year, Gazprom said it expected to start production at Badra with 15,000 barrels per day in August 2013. The field, near the border with Iran, has 100 million barrels of reserves and is operated jointly by Turkey's TPAO, Korea's Kogas and Malaysia's Petronas. Gazprom Neft chief operating officer Alexander Dyukov declined to comment. ExxonMobil was the first major to sign oil deals with Kurdistan, and the company is now at the center of a dispute over oil and territory. The dispute is between the Arab-led central government and ethnic Kurds, who have run their own administration in northern Iraq since 1991.

Gazprom removes Greece from South Stream project plans

Reuters, *14.11.2012*

Iran Russian energy giant Gazprom has announced that Greece has been removed from construction plans for the South Stream pipeline that is expected to start pumping gas to Western Europe in 2015.

Senior Gazprom officials told a press conference in Moscow this week that the decision was due to the fact that demand in the Greek market cannot cover the cost of the investment. "We are not going to construct a pipeline to be empty," said Leonid Chugunov, head of the company's Project Management Department.

Iraq could dominate Middle East output by 2030

Upstream Online, *14.11.2012*

Iraq holds the potential to dominate the Middle East in terms of output by 2030, according to a survey of industry professionals.

Around two-thirds of delegates to the Adipec conference in Abu Dhabi agreed that the country -already a top oil producer in the region- had the potential to develop its infrastructure to the point of leading the Middle East in 18 years' time. A third of respondents to consultants GL Noble Denton disagreed, pointing to issues like inadequate facilities, a disadvantaged economy and an under-developed regulatory framework as roadblocks to such market dominance.

GL Noble Denton executive vice president for the region Moss Daemi said the survey showed the industry was "extremely optimistic" that barriers to raising output could be overcome. "With the support of experienced international and regional players, there is every possibility that Iraq's oil and gas industry can develop a significant infrastructure in a short period of time," he said.

Iraq's development was highlighted last month by the International Energy Agency, which predicted in a new report that the country could overtake Russia as the world's second largest crude exporter over the same timeframe. The IEA forecast that Iraq's oil production could double to 6.1 million barrels per day by the end of the decade and reach 8 million barrels per day by 2035. At the same time, the Paris-based agency suggested deep pockets would be required to make this happen, estimating energy investment would have to hit $530 billion by 2035 to meet overall output targets.

The Middle East country sits on vast hydrocarbon reserves but is suffering from under-investment in its war-hit and dilapidated oil industry. The IEA warns there remain major obstacles to an Iraq output leap, with a need for a more stable regulatory framework, and more efficient and transparent management of oil revenue. A stalled hydrocarbon law that would create a more stable investment regime in Iraq is a key stumbling block. Industry players have criticized the terms offered in some Baghdad contracts, with a number of explorers inking deals with Kurdistan on better conditions to Iraq's consternation.

The IEA also put forward a low-case scenario in which delayed energy investment would only lead to oil production of 4 million barrels per day in 2020 and 5.3 million barrels per day in 2035. In this case, Iraq would lose out on $3 trillion in national wealth, potentially hampering the development of other industrial and services sectors.

BP will pay $4.5B in plea deal over Macondo

Rigzone, *15.11.2012*

BP announced Thursday it has come to an agreement with the U.S. government to resolve all federal charges and all claims by the Securities and Exchange Commission connected to the Deepwater Horizon disaster in April 2010.

In a statement, released to the London Stock Exchange at 4:05 p.m. UK time, BP said that all claims with the Department of Justice would be resolved with $4 billion of payments to be made over a period of five years. It will also resolve all securities claims with the SEC by paying $525 million over three years.

BP said that by eliminating the possibility of any further Federal criminal charges against the company based on the accident, it has taken “another significant step forward in removing legal uncertainty and can now focus more fully on defending itself against all remaining civil claims”.

BP Group Chief Executive Bob Dudley commented in a statement: “All of us at BP deeply regret the tragic loss of life caused by the Deepwater Horizon accident as well as the impact of the spill on the Gulf coast region. From the outset, we stepped up by responding to the spill, paying legitimate claims and funding restoration efforts in the Gulf. We apologize for our role in the accident, and as today's resolution with the U.S. government further reflects, we have accepted responsibility for our actions.”

As part of the deal, BP has agreed to plead guilty to 11 felony counts of “misconduct or neglect of ships officers” relating to the loss of the lives of 11 people as a result of the accident. It will also plead guilty to one misdemeanor count under the Clean Water Act, one misdemeanour count under the Migratory Bird Treaty Act and one felony count of obstruction of Congress.

The news followed another statement that BP released to the LSE early Thursday in which it confirmed it was in advanced discussions with the DOJ and the SEC over resolving criminal and securities claims against the company. However, BP also pointed out that the proposed resolutions are not expected to cover federal civil claims, including Clean Water Act civil claims and Federal and state Natural Resources Damages claims; nor would it cover private civil claims that were not covered by the Plaintiff’s Steering Committee settlement in April, private securities claims or state economic loss claims.

Oil sector analysts at London-based investment bank Canaccord Genuity noted that a settlement along the lines disclosed would only be a partial resolution of the many claims against BP. “No possible settlement figures have been disclosed yet, but they are only likely to represent a limited part of the total penalties BP will end up paying. The largest single element could still be penalties under the Clean Water Act (CWA), which is not included in the current discussions. BP has provisioned $3.5 billion for CWA penalties, but the maximum possible CWA fine under a finding of gross negligence could top $20 billion, so a much larger figure than that provisioned looks highly likely,” the bank said in a research note Thursday lunchtime.

Announcements & Reports

► *World Energy Outlook 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/W/bookshop/add.aspx?id=433%20

► *Domestic Resource Determination Table (2012)*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/documents/elektrik/duyuru/yurticikaynaksaptama/elektrikyurticikaynaksaptamacizelgesi.xls

► *Board Resolution on Asset Base Calculation of BaskentGaz*

Source : Energy Market Regulatory Authority
Weblink : http://www.epdk.org.tr/documents/dogalgaz/mevzuat/kurul_karar/tarife/Dpd_Krl_4114.doc

► *CO2 Emissions from Fuel Combustion 2012*

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=618

► *OPEC Monthly Oil Market Report (Nov 2012)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_November_2012.pdf

► *Analysis on Issues Related to Competition under the Energy Charter Treaty (2012)*

Source : Energy Charter Secretariat
Weblink : http://www.encharter.org/fileadmin/user_upload/Publications/Competition_study_2012_ENG.pdf

Upcoming Events

► *Energy Today & Tomorrow Conference* *(in Turkey)*

Date : 13 December 2012
Place : İstanbul – Turkey
Website : http://turkeyenergy.net/

► *6th Annual Gas Transport & Storage Forum 2013*

Date : 28 – 29 January 2013
Place : Berlin – Germany
Website : http://www.gtsevent.com/?mc=EL

► *3rd European Unconventional Gas Summit*

Date : 29 January – 1 February 2013
Place : Vienna – Austria
Website : http://www.theenergyexchange.co.uk/european-unconventional-gas-summit-3rd-annual-meeting/s13/a274/

Supported by PETFORM

► *Tight and Shale Gas Summit 2013* *(in Turkey)*

Date : 27 – 28 February 2013
Place : Istanbul – Turkey
Website : http://www.wplgroup.com/aci/conferences/eu-eug2.asp

► *6th Annual Unconventional Gas Conference*

Date : 6 – 7 March 2013
Place : London – UK
Website : http://www.smi-online.co.uk/energy/uk/unconventional-gas

► *6th International Petroleum Technology Conference (IPTC)*

Date : 26 – 28 March 2013
Place : Beijing – China
Website : http://www.iptcnet.org/2013/

Supported by PETFORM

► *All Energy Turkey* *(in Turkey)*

Date : 11 – 12 September 2013
Place : Istanbul – Turkey
Website : http://www.all-energy-turkey.com/?lang=tr