OIL

Lukoil buys Akpet for $500 million

Date : 29.07.2008
Source : Today's Zaman (Michael Kuser)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=148766

Lukoil President Vagit Alekperov did not disclose the terms of the deal, only saying that his firm would pay 'slightly more than half a billion dollars' for Akpet, whose 693 petrol stations account for some 5 percent of the Turkish market.

Lukoil Eurasia Petrol, a wholly owned Lukoil subsidiary, will run Akpet. Akpet facilities include eight oil terminals with a total capacity of 300,000 cubic meters, five LPG depots, three jet fuel depots and a lubricants production and packaging plant in Izmir's Aliaga with a capacity of 12,000 tons per year.

Six of its eight oil terminals are on the coast and can accommodate oil tankers, and three terminals are connected by pipeline to the Turkish Petroleum Refineries Corporation (TUPRAS), the former state-owned refinery bought by Koc Holding in 2005. Of licensed fuel distributors in Turkey, Akpet ranks sixth in terms of market share, third in terms of storage capacity and second in terms of number of depots.

Asked if the sale represented a move toward upstream oil production for the Turkish distributor, Akpet Chairman Ismail Aytemiz said no, that there was no need for such activity with Lukoil as the parent company. "*We are a distribution company and will remain one, but with much greater resources from being connected to a world class producer like Lukoil,*" said Aytemiz.

Alekperov said buying Akpet expands Lukoil's foreign retail network by 18 percent. "*This acquisition represents a key element in Lukoil's strategy to develop its downstream business on the Black and Mediterranean Sea markets, especially in terms of delivering high value-added products to end users,*" said Alekperov.

Akpet started in business in 1997 under the family name of its founder, Aytemiz, only changing the brand name to Akpet in March 2006. The Akpet oil terminals are situated from the extreme west to the farthest corner of northeast Turkey, with terminals in Izmit, Aliaga, Kirikkale, Hatay, Batman, Mersin and Hopa.

OIL

Russia becomes Turkey's top oil and gas supplier

Date : 30.07.2008
Source : Today's Zaman (Ismail Altunsoy)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=148865

Turkey, which already depends on Russia to supply a large portion of its oil, has also become reliant on the country for natural gas. In 2007, out of a total of 23.4 million tons of crude oil imports, 9.3 million tons was provided by Russia.

According to data from the Ministry of Energy and National Resources and the Turkish Petroleum Refineries Corporation (TUPRAS), Iran is the second biggest oil supplier for Turkey, providing 8.9 million tons last year, followed by Saudi Arabia with 3.3 million tons.

Countries	2005	2006	2007
Russia	6.8	6.7	9.3
Iran	6.9	8.8	8.9
Libya	4.5	4.4	0.3
Saudi Arabia	3.5	3.4	3.3
Iraq	0.9	0.5	0.9
Italy	0	0.3	0.4
Syria	0.3	0	0.2
Others	0.6	0.2	0.1
Total	23.5	24.3	23.4

*Million tons

A number of experts have noted the need for diversification of energy source countries based on strategic grounds. To achieve this, oil import and trade was liberalized in January 2005, and licensed companies were allowed under the new arrangement to import from any supplier. Iran had previously topped the list, followed by Russia, Libya and Saudi Arabia.

TUPRAS, which reduced the amount of oil purchased from Libya in the last two years, sought to fill the gap in supply this created by importing more from Russia. A similar scenario has been observed in imports of natural gas. The growing need for natural gas is being met by Russia after Iran proved unreliable by restricting gas flow more than once during past winters.

The state-owned Turkish Pipeline Corporation (BOTAS) makes natural gas purchases mainly from Russia. Last year, 36.4 billion cubic meters of natural gas was imported to meet domestic demand. Of this amount, 23.1 billion cubic meters came from Russia and 6.1 billion from Iran. The remaining 7.2 billion cubic meters was procured from Azerbaijan, Algeria and Nigeria.

OIL

Domestic energy resources gain significance with surge in oil prices

Date : 29.07.2008
Source : Today's Zaman (Ercan Yavuz)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=148762

As world oil prices surge to historic highs, Turkey's low-quality and hard-to-extract oil has become a feasible option, with the number of oil exploration projects in the country on the rise.

After oil began its upward climb, the Turkish Petroleum Corporation (TPAO) initiated major exploration studies for onshore and offshore oil, especially in the last two years. In a recently announced report TPAO said it had completed seismic recordings on a total linear profile of 53,100 kilometers in the last four years. Meanwhile, 2,469 wells were drilled in exploration projects, most of which proved unsuccessful.

In cooperation with TPAO, numerous multinational corporations have also come to Turkey to offer their experience in oil exploration. British Petroleum (BP), for example, just completed a 15-year exploration project off the coast of the eastern Black Sea region. The results from this project indicate that the amount of oil found thus far is enough to meet Turkey's needs for 40 years, all things being equal. The estimated amount of oil that can be extracted from the project area is 20 million tons (slightly over 140 billion barrels) per year. In view of the fact that TPAO was able to produce only 10.3 million barrels (1.44 million tons) of oil in 2007, this figure becomes more meaningful.

In addition to oil, natural gas has also been a target for TPAO and foreign companies alike. Toreador Resources Corporation of the US, in partnership with TPAO and Stratic Energy Corporation, found an abundance of natural gas reserves in the Black Sea's Bayhanlı and Ayazlı districts. The gas being extracted from these places began to arrive at Turkey's Cayagzi natural gas processing facilities in May 2007 and has been supplying domestic users since then. Some experts believe the natural gas reserves found offshore in the Black Sea region are an extension of Azerbaijan's Shah Deniz fields, one of the richest in the world.

TPAO also initiated oil exploration with Brazilian PetroBras off the coast of the eastern Black Sea district of Hopa in 2006. The studies conducted in this area cost $400 million and produced promising findings. By 2009, PetroBras will start two other deep-sea drilling projects, each with an approximate cost of $150 million.

Energy and Natural Resources Minister Hilmi Güler predicted that these studies will allow the country to meet 71 percent of its total oil demand with its own resources by 2023, the 100th anniversary of the founding of the republic. On several occasions the minister has mentioned this estimate, saying that TPAO is rapidly working toward this goal with its exploration efforts. Turkey is currently meeting 9 percent of its annual demand through domestic resources.

The most recent news about TPAO's oil search projects came yesterday, when the company announced that it is initiating exploration for oil and natural gas in southeastern Turkey. In the project experts will collect seismic data from an area of 340 square kilometers. The data will be assessed, following which preparatory work will begin in the search process. The company will organize a tender for the seismic data collection, with an expected date of August 8. Companies will be able to participate individually, with no consortiums allowed. The company that wins the bid will be required to finish the data collection within one year.

GAS

Competition Board approves sale of Ankara natural gas network

Date : 29.07.2008
Source : Today's Zaman
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=148764

Competition Board on Monday approved the sale of Ankara's natural gas network to the Global Yatırım – Energaz consortium. The consortium was the highest bidder in the mid-March auction, offering $1.61 billion.

The gas network has assets valued at $570 million, and 1.1 million customers. Last year, 3.2 billion cubic meters of natural gas were consumed in Ankara. Some expect the volume of natural gas consumption in Ankara to double within a decade, bringing in more profits to the distributing company.

The gas distribution business was being run by the Ankara Metropolitan Municipality, but it had to sell the company to use the privatization revenue to pay off the municipality's debts. The municipality owes $800 million to the Treasury and to the state-owned Turkish Pipeline Corporation (BOTAS). Ankara Mayor Melih Gökcek is planning to spend the rest of the money in transportation, infrastructure and irrigation investment.

GAS

Hungary takes political step to accelerate Nabucco

Date : 30.07.2008
Source : Turkish Daily News
http://www.turkishdailynews.com.tr/article.php?enewsid=111190

Hungary plans to hold a summit to accelerate the building of the Nabucco project, Hungarian Prime Minister Gyurcsany Ferenc said. He will initiate a summit on Nabucco during his three-day official visit in Azerbaijan and Turkmenistan, he added.

"The planned summit will bring together participant countries, possible transit countries and also possible suppliers to the project," Hungarian government spokesperson Zsofia Halmai told the Trend news agency Monday. She said the government was still working out the details of the summit.

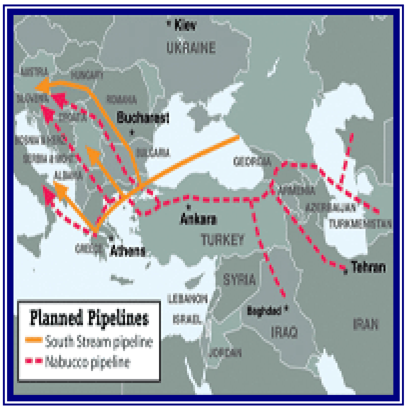
Last month, Hungary, together with Bulgaria, pressed for action on the pipeline. *"We believe there has been some slowing down of activities on the project and so we've agreed to launch a political effort to speed it up,"* Bulgarian Economy Minister Petar Dimitrov said during a joint news conference in Sofia with Hungary's Nabucco gas pipeline coordinator, Mihaly Bayer.

"This event could be a useful and fruitful opportunity to create a forum where Nabucco members and other participants can talk about the challenges and well-known difficulties of the project, and with a joint effort they can work on how to foster the case of Nabucco," Linda Muranyi, a representative of International Communications Department of Hungarian MOL, told the Trend news agency.

Austrian OMV, the operator of Nabucco, also backed the idea of holding the summit. *"This idea has not been discussed among the shareholders yet. The signing of the Intergovernmental Agreement between Nabucco's EU member shareholders and Turkey would necessarily be a top-level meeting. But I cannot tell you today when this Intergovernmental Agreement will be ready for signing and where this will take place. This will be discussed among the shareholders,"* said Christian Dolezal, spokesperson for International Projects & Nabucco at OMV.

The project faces both economic and political difficulties. The estimated cost of the project recently shot up to 7.9 billion euros, compared with a previous forecast of 5 billion. Moreover, shareholders argue that more gas suppliers are needed to secure the project.

GAS



South Stream pipeline project to cost $20 billion

Date : 30.07.2008
Source : Rigzone (Dow Jones Newswires)
http://www.rigzone.com/news/article.asp?a_id=64853

Russian Energy Ministry has announced a preliminary cost assessment of the South Stream pipeline project, a major gas export route to Europe, at $20 billion, a ministry spokeswoman said Wednesday.

The pipeline, which according to plan should carry 30 billion cubic meters of natural gas per year to Europe starting in 2013, will be built jointly by Russia's gas export monopoly OAO Gazprom and Italy's Eni SpA. The initial assessment of the project cost, reported by Eni at the beginning of 2008, was about $10 billion.

Analysts regard the cost increase as negative for Gazprom. Construction of the pipeline would mean a 3% increase in Gazprom's capital expenditure from 2010 to 2013, which would lower the company's fair value by about 1.5%, Metropol brokerage in Moscow estimates.

OIL

BP: Foreign investors must tread carefully in Russia

Date : 30.07.2008
Source : Today's Zaman (Reuters)
http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=148878

Foreign investors in Russia should tread with caution, BP Chief Executive Tony Hayward said. He added that these shareholders want to tear up an agreement they signed in 2003 to form TNK-BP, the third-largest Russian oil producer.

BP would vigorously defend its rights in the dispute, he said. TNK-BP CEO Robert Dudley left Russia on Thursday, citing a campaign of harassment as the dispute escalated. His work visa was due to expire on Monday. Billionaire shareholders in TNK-BP on Monday asked BP to disclose the whereabouts of Dudley, saying his plan to run the firm from abroad could have tax implications. Dudley is in Central Europe and BP has no tax liability related to his location, Hayward said. It was possible to run TNK-BP from abroad for months, not years, he added.

OIL

OPEC President: Oil prices above $120 'abnormal'

Date : 29.07.2008
Source : Platts (Anita Nugraha)
http://www.platts.com/Oil/News/9156653.xml?p=Oil/News&sub=Oil

Oil prices were 'abnormal' at $123 a barrel when there was ample supply in the market, OPEC President Chakib Khelil said. *"I think there's good supply. There's a balance in the market. I would say stocks are at a good level. There hasn't been any disruption of demand,"* Khelil told reporters.

"I'm not saying oil prices will continue to decline. I said if the dolar continues to strengthen and the political situation improves then, long-term, the price will be about $70-$80. Prices today are abnormal at $123 a barrel," Khelil added.

Asked what price would make OPEC worry, Khelil replied that OPEC would not worry at any price because it did not decide price, but rather met demand. Nor did OPEC see the need to cut production, he added. *"Why cut production? They always want to make sure there's a good supply and demand and to satisfy the demand,"* Khelil said. He added that he did not yet know what options OPEC would consider at its next meeting in September. *"I don't know, in light of the market at that time. The market changes so much,"* Khelil said.

PETFORM ANNOUNCEMENTS & REPORTS

TPAO Annual Report (2007)

Source : Turkish Petroleum Corporation (TPAO)
Weblink : http://www.tpao.gov.tr/v1.4/condocs/tpao_rp08.pdf

Renewables Information 2008

Source : International Energy Agency
Weblink : http://www.iea.org/w/bookshop/add.aspx?id=68

PETFORM

UPCOMING EVENTS

❖ CIPEE 2008

China International Petroleum Equipment & Technology Exhibition

Date	: September 12 – 14, 2008
Place	: Shandong – China
Website	: www.cipee.com.cn
Contact	: Beijing CEW Internatioal Fair Co. (+86 10 516 542 22)

❖ IPE 2008

International Pipeline Exposition

Date	: September 30 – October 2, 2008
Place	: Calgary – Canada
Website	: www.petroleumshow.com/intlpipeline/
Contact	: Lesley Stevenson (+403 209 3555)

❖ KIOGE 2008

16th Kazakhstan International Oil & Gas Exhibition & Conference

Date	: October 7 – 10, 2008
Place	: Almaty – Kazakhstan
Website	: www.kioge.com
Contact	: Siobhan Enright (+44 207 596 5166)

❖ Africa Upstream 2008

15th Annual Africa Upstream 2008

Date	: October 8 – 10, 2008
Place	: Cape Town – South Africa
Website	: petro21.com/events/index.cfm?id=346
Contact	: Duncan Clarke (+31 70 324 6154)