



GAS



Toreador announces proposed sale of portion of interest to Petrol Ofisi

Date : 09.08.2008

Source : Hot Stocked

<http://www.hotstocked.com/8-k/toreador-res-cp-TRGL-176904.html>

Toreador announced that it has entered into a letter of intent to sell 26.75% of the company's 36.75% interest in the South Akcakoca Sub-basin natural gas project and 8 blocks in the Black Sea for gross proceeds of \$80.25 million.

On August 8, 2008, Toreador and Petrol Ofisi (PO) entered into a Letter of Intent (LOI) whereby Toreador and PO have agreed to take all action necessary on a best efforts basis to negotiate in good faith and execute as soon as possible an Assignment Agreement pursuant to which Toreador would assign to a Turkish subsidiary of PO a 26.75% working interest in the South Akcakoca Sub-basin natural gas project.

Toreador would retain a 10% working interest in the project. The purchase price, subject to a closing adjustment reflecting a July 1, 2008 effective date, would be \$80,250,000 plus VAT in cash.

The 26.75% working interest is in eight off-shore exploration licenses issued by the General Directorate of Petroleum Affairs (GDPA). Upon closing, Toreador would bear any and all costs and liabilities attributable to the exploration licenses attributable up to July 1, 2008.

Subject to certain exceptions, after July 1, 2008 Toreador and PO would participate in and be responsible for the costs and liabilities attributable to the exploration licenses pro rata to their interests under said licenses. As part of the closing adjustment, gas sale revenues net of lease operating expenses shall be paid to Assignee pro rata to its interest from and after July 1, 2008.



SCP line open, BTC and WREP lines remain shut down

Date : 14.08.2008

Source : Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/337056/120/ARTCL/none/Trasp/1/SCP-line-open;-BTC,-WREP-lines-remain-shut-down/

BP has restored exports of natural gas from Azerbaijan into the South Caucasus Pipeline (SCP), but said the 150,000-b/d Western Route Export Pipeline (WREP) remains shut, as does the 1 million b/d capacity Baku-Tbilisi-Ceyhan (BTC) pipeline.

“We hope to restart the pipelines as soon as the situation becomes safe,” said a BP spokesperson, who declined to predict when that would be. The announcement coincided with reports that Russia, amid accusations that it targeted pipelines and is deliberately blocking oil shipments out of Georgian ports, has offered to increase the amount of crude oil it can carry from Azerbaijan along the Baku-Novorossiisk pipeline.

Operations at the SCP and WREP were suspended Aug. 12 as a precaution after reports that Russian bombs fell near them and the Georgian sector of the BTC during hostilities in Georgia. The BTC line was shut earlier following an explosion and fire in the sector running through Turkey. BP and its partners, forced to cut output more than fourfold at their Azeri fields from the usual 850,000 b/d, are hoping that Turkish state firm BOTAS International Ltd. will be able to repair the BTC line quickly.

BOTAS sources said repair work began on Aug. 14, but gave no estimate of how long it would take to reopen the line. A source in the Turkish ministry of energy said repairs would take less time than earlier estimates of 2 weeks, saying the amount of damage was ‘not great.’

The cause of the explosion and fire on the BTC’s Turkish sector remains unknown. Amid the uncertainty over the resumption of BP’s oil pipeline operations, the Russian government has been sending mixed signals, saying it is prepared to increase oil flows along the Baku-Novorossiisk line, while allegedly preventing shipments of oil from Georgian ports on the Black Sea.

Russia resumed normal pumping of Azerbaijani oil along the Baku-Novorossiisk pipeline Aug.13, according to Mikhail Barkov, vice-president of OAO Transneft. On Aug. 12, as hostilities arose in Georgia, SOCAR received notification from Transneft that oil shipments along Baku-Novorossiisk had been suspended due to ‘planned’ pipeline maintenance.

Barkov said the planned maintenance was carried out for a period of 8 hours, and that SOCAR was informed about this in the 'usual' manner. "This probably took place late Monday and the early hours of Tuesday," he said. "The oil started flowing again a few hours ago," said Barkov, who added that Transneft had "not refused to take Azerbaijani oil or decided to block its transportation. The stoppage was due to maintenance alone," he insisted.

Barkov said the volume of Azerbaijani oil pumped along the pipeline will double to 166,000 tons in August, following a request by SOCAR, and that the pipeline could handle 240,000 tons/month of oil in September, if SOCAR files such a request. Azerbaijan had been using the Baku-Novorossiisk pipeline to ship oil produced at the Azeri-Chirag-Gunashli fields since 1997, but Azerbaijan International Operating Co. (AIOC), the operator of the Azeri-Chirag-Gunashli fields, stopped using and operating the Baku-Novorossiisk pipeline once the BTC line was commissioned in 2006.

Transneft's announcement of increased transport through the Baku-Novorossiisk pipeline coincided with a report from Azerbaijan that Russian warships prevented a tanker with Azeri oil from leaving the Georgian port of Poti on the Black Sea.

The report, made by SOCAR head Rovnag Abdullayev over state television, was denied by Russia's General Staff, which said it is not blocking oil traffic in the region despite the military conflict with Georgia. Russian military officials also have denied deliberately targeting or attacking any of the gas or oil pipelines crossing Georgia—a claim that appeared to be contradicted by evidence emerging from independent sources.

According to a report carried by The Wall Street Journal on Aug. 14, the physical evidence of a recent Russian air attack on the BTC line 'is compelling.' The report said a line of some 45 bomb craters, each some 60 ft across, scar the landscape. It said the craters are "concentrated in an area close to where BTC and the Baku-Supsa line intersect." "The raids suggest Russia wasn't only aiming to humiliate its neighbor militarily but also to damage its reputation as an energy corridor," the report said.

The Russian Defense Ministry earlier said it had no plans to bomb the pipeline in Georgia, though the deputy chief of Russia's armed forces general staff did voice 'deep concern' over the possibility of 'ecological catastrophe'.



Competition Board wants EPDK more involved in Turkish gasoline market

Date : 13.08.2008

Source : Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=150057>

The Competition Board has warned the EPDK that the fuel distribution market lacks competitiveness and urged it to manage regulation mechanisms more efficiently to ensure the establishment of a more competitive market.

The Energy Market Regulatory Agency (EPDK) had been harshly criticized by consumer organizations for its reluctance to take action against abuses in pricing practices by fuel distribution companies despite the fact that the Oil Market Law empowers it with direct regulatory capabilities. The EPDK has the authority to intervene in the prices in the gasoline market if it deems this necessary to curb anticompetitive practices and in times of major supply concerns in the domestic market.

Following these complaints about similarities in the prices of various fuel distribution companies, the EPDK sent a request to the Competition Board in early June asking for an investigation into whether there had been violations of competitive standards or a hidden cartel formation against the interests of consumers, avoiding using its own powers. Yesterday's statement from the Competition Board was the answer to this request.

The board issued the findings of its own research on the competitiveness of the fuel market in a statement on its web site. The statement said it was impossible to determine whether there was a breach of competition in the gasoline market by taking only the documents presented to it by the EPDK into consideration. The statement explained that the board had completed preliminary studies of the Turkish Petroleum Refineries Corporation (TUPRAS) along with the top five companies in the fuel distribution market - Petrol Ofisi, Shell & Turcas, BP, Opet and Total - before issuing its statement, adding that these studies had indicated no need for further investigation.

The board deliberated on these preliminary studies until eventually deciding there was no solid evidence of a violation of competition, the statement said. Still, the statement noted that the fuel distribution market has 'serious structural barriers facing it,' hindering the formation of full competitiveness.



Iran eyes Turkey gas deal

Date : 14.08.2008

Source : Upstream Online

<http://www.upstreamonline.com/live/article161068.ece>

Iran's President Mahmoud Ahmadinejad was due in Turkey today where he was expected to sign a new gas pipeline deal in a demonstration of the improved ties between Tehran and Ankara. The two-day visit is Ahmadinejad's first to Turkey since he came to power in 2005. He was scheduled to meet with his counterpart Abdullah Gul in Istanbul.

Meanwhile, Ahmadinejad's visit to Turkey may not yield the expected oil and gas deals following new demands from the Iranian side, a source from the Turkish prime minister's office said today. "A text regarding the agreement over gas with Iran had been set out, but demands made by the Iranians over the past few days are unacceptable," a source from Prime Minister Tayyip Erdogan's office told Reuters. "If Ahmadinejad does not accept the accord on which agreement was reached, the accord will not be signed during this visit," he said.

Last July Turkey and Iran signed a preliminary agreement to export Iranian gas to Europe through Turkey, including a provision for Turkey to produce 20.4 billion cubic metres of natural gas in Iran's huge South Pars gas field. The investment for Turkey's gas production in Iran is seen at approximately \$3.5 billion.



Gaz de France submits highest bid in Izgaz tender

Date : 15.08.2008

Source : Turkish Daily News

<http://www.turkishdailynews.com.tr/article.php?enewsid=112661>

Gaz de France submitted the highest bid of \$232 million in a tender yesterday for the privatization of Turkey's third largest gas distribution firm. Zorlu Enerji, Genpa and Palmet also attended the open auction for the Izmit gas distribution firm (Izgaz).

The Energy Market Regulatory Agency (EPDK) and the Competition Board have to approve the tender before the distribution network is taken over by the private sector. The gas distribution rights of Izgaz will be transferred to Gaz de France for 25 years. The winning bidder will also take on Izgaz's \$317 million of debt.



Incremental Petroleum's gas to flow in 2009

Date : 13.08.2008

Source : Oil & Gas Journal

http://www.ogj.com/display_article/336894/120/ARTCL/none/DriPr/1/Turkey's-Thrace-basin-gas-to-flow-in-2009/

A group led by Incremental Petroleum Ltd. plans to start gas production in mid-2009 from Edirne. Turkish authorities granted the group a wholesale license allowing gas sales to the national grid, and the group awarded contracts for the design and engineering of a gas processing plant and pipeline.

Uhde Shedden of Australia won the gas plant contract, and Boral of Turkey will design and route the pipeline. The joint venture of Incremental, operator with 55% interest, Otto Energy Ltd. 35%, and Petrako Energy 10%, has made six new field gas discoveries. The joint venture will be Turkey's first to produce and sell onshore gas into the BOTAS network. It will be able to sell gas anywhere in the country at the best price it can negotiate. The current BOTAS price is about \$14.70/Mcf.



Russian court bans TNK-BP's CEO for 2 years

Date : 14.08.2008

Source : Rigzone (Nancy Agin)

http://www.rigzone.com/news/article.asp?a_id=65502

BP has expressed its disappointment with a Moscow court's decision to ban TNK-BP's Chief Executive, Robert Dudley, from working in Russia for two years. "We are very disappointed with this decision," BP press officer Robert Wine told.

"However, Bob Dudley remains CEO pending completion of an appeal process. Bob Dudley has BP's full support. We believe this is clearly a further example of administrative activity orchestrated by the other shareholders in TNK-BP."

The decision comes after the Presnensky Court ruled that Dudley had violated a clause of Russia's labor code, specifically "for not fulfilling, by the prescribed deadline, legal instructions from a state agency responsible for overseeing the correction of infringements." Dudley was fined 500 roubles and could have been banned for up to three years.



Turkey among the cheapest for energy prices in industry

Date : 14.08.2008

Source : Turkish Daily News (Begüm Gürsoy)

<http://www.turkishdailynews.com.tr/article.php?enewsid=112494>

Turkey ranks 10th for cheapest household energy and fourth among OECD nations, according to an energy price index released last month. Due to recent price increases in electricity last year, Turkey dropped two places from the IEA 2007 rankings.

The International Energy Agency (IEA) report included a meticulous inquiry into energy prices among OECD countries. Real energy prices, including both electric and natural gas were calculated by multiplying nominal prices, based on the index of producer prices by that of consumer prices for households. While Turkey was the most expensive energy user in 2002, with an index value of 116.1 over the last five years, due to a lack of price increases in 2004, it became the 19th cheapest country, with a value of 102.9.

After placing 18th in 2005 and 14th in 2006, Turkey increased its rank to eighth last year. Turkey, whose index value rose to the level of 112.2 this year, became the 10th cheapest country due to recent increases in electric prices in 2008. Considering that the OECD European index value has been set at 117.2 and the total OECD as 130.8, Turkey surpassed both these averages in the second quarter of 2008.

According to real energy prices, the industry index, which was 112 in 2002, receded to 96.2 in 2004, making Turkey the third cheapest country. Having maintained its position in 2005 with an index value of 104.8, Turkey rose to second with an index level of 106, and preserved its rank in 2007 as well. With an index score of 110.7, according to the second quarter of 2008, Turkey has become the fourth cheapest country for energy.

In 2008, Holland, Luxembourg, and Denmark ranked ahead of Turkey in that order. In terms of the real energy index, Spain, Czech Republic, Mexico, Greece, Korea, Ireland, Italy, France and Denmark placed ahead of Turkey.

✚ EMRA's Announcement on Draft Amendments in Secondary Legislation in Accordance with the Law No.5784

Source : EMRA

Weblink : <http://www.epdk.org.tr/duyuru/elektrik/tahlak/ikincilmevzuat/ikincilmevzuat.html>

✚ Regulation on Amendment in Natural Gas Market Tariffs Regulation

Source : EMRA

Weblink : <http://www.epdk.org.tr/mevzuat/yonetmelik/dogalgaz/tarifeler/tarifedegisiklik.htm>

✚ IEA Oil Market Report

Source : International Energy Agency

Weblink : <http://www.oilmarketreport.org/>

❖ **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/intlpipe/
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)

