



OIL



ExxonMobil conditions jeopardize Black Sea oil deal

Date : 22.08.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=150899>

The possibility of US-based ExxonMobil exploring offshore oil in Black Sea region is in doubt now that the company has asked the Turkish Petroleum Corporation (TPAO) to share the losses if the wells drilled turn out to be dry.

ExxonMobil has informed TPAO of their conditions for initiating exploration, aimed at hedging the risks of its investment. Exxon is offering to bring its technology, experience and know-how to the search for oil in the Black Sea, all of which Turkey lacks, but it is not willing to shoulder all the risks that come with such an investment.

TPAO officials, speaking on condition of anonymity, say no deal is likely to be reached under these conditions, citing as an example BP, which made a similar proposal that was turned down for the same reason. It is thought that a branch of the oil beds of the Caspian region, which is believed to have the highest-quality crude in the world, lies beneath the Black Sea. But high technology is required to delve into the earth under the Black Sea's waters.

Turkey has recently been exerting more effort toward exploring and utilizing its fossil fuel resources to cut down on its ever-increasing oil and natural gas bill. The amount of money to be spent annually for the purchase of energy resources is projected to be \$400 billion within 10 years if current trends continue.

Surrounded by seas on three sides, Turkey has so far failed to take advantage of the oil resources surrounding it, with only 5 percent of its continental shelves explored so far. The most significant holdup is the requirement of the necessary technology and experience to conduct off-shore exploration. The second factor is cost: It takes at least \$50 million to sink one well in the sea, and 90 percent of these attempts yield no oil.



Güler: Gas deal with Tehran not off the table

Date : 19.08.2008

Source : Turkish Daily News

<http://www.turkishdailynews.com.tr/article.php?enewsid=112979>

Energy Minister Hilmi Güler announced that Ankara had not stepped back from signing a gas agreement with Iran. The deal, setting the groundwork for a new gas pipeline with an annual capacity of 40 bcm, could not be completed during Iranian President's visit to Istanbul.

"I will go to Tehran in 15 days. Foreign Minister Ali Babacan will also be there. We will continue important negotiations during the month. We hope to clarify results from our initiatives during this period," Güler said, speaking at a press conference in Ankara. He also said Thursday he would deliver Turkey's response regarding the construction of three natural gas fields in Iran, the key element of the agreement.

Tehran recently proposed an investment model for the natural gas fields; however TPAO objected to several aspects. Ankara's proposal, in line with recommendations from the TPAO, will be evaluated by Iran once again.

Washington had conveyed strong opposition to a natural gas deal between Ankara and Tehran prior to Ahmadinejad's visit. International media reported that Ankara froze the deal due to harsh reaction from the Bush administration. Güler denied allegations but admitted that there is no way to change the United States' mind on the issue bilateral relations with Iran.

However, Güler added that Turkey, as an independent country, needed to give priority to its own national interests in terms of energy relations with Tehran. "Turkey is a country dependent on natural gas; we protect our interests here. We have to make the relevant investments. There are technical matters we shall discuss. There are no simple solutions to difficult questions, but our priority is security of energy supply," he added.



BTC pipeline to resume in a few days

Date : 22.08.2008

Source : Turkish Daily News

<http://www.turkishdailynews.com.tr/article.php?enewsid=113332>

The Baku-Tbilisi-Ceyhan (BTC) pipeline, which transports oil from Azerbaijan through Georgia to Turkey's Mediterranean coast, will be fully operational within a few days, the Turkish Energy Ministry told.

"British Petroleum and partners have started testing the 1,768-kilometer line following repairs to damage caused by a fire on Aug. 5," Akif Sam, spokesman for the Energy Ministry in Ankara, said by telephone yesterday. "We expect oil flows through the pipeline to return to a completely normal level," he said.

Meanwhile the first cargo of Azerbaijani crude oil will be loaded at Ceyhan on Aug. 25 and 26 following the restart of the BTC pipeline, trading sources told Reuters yesterday.



Iraq to sign \$1.2 bln oil service deal with China

Date : 20.08.2008

Source : Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=150708>

Iraq will soon sign its first big international oil deal service contract with China, Oil Minister Hussain al-Shahristani said. The deal covers a small field producing just 90,000 barrels per day and replaces an earlier deal signed under Saddam.

But the terms described by Shahristani give a clue to the tough line Baghdad is likely to take in deals with other foreign firms. "We have held talks with (the Chinese) for a year, and the terms of the deal were changed to a service contract. The Chinese have agreed on that, with a value of \$1.2 billion," Shahristani told.



Western oil demand set for biggest fall in 25 years

Date : 16.08.2008

Source : Today's Zaman (The Times)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=150368>

Oil demand in the economies of the OECD countries is set to average 48.6 million barrels per day this year, a decline of 1.3 per cent or 620,000 barrels from 49.2 million in 2007, says the International Energy Agency.

Gareth Lewis-Davies, director of commodities research at Dresdner Kleinwort, points out that this represents the largest fall since 1983, when OECD demand fell by 684,000 barrels per day in the years after the Iranian revolution. He cited growing evidence that high prices were forcing basic shifts in consumer behaviour in these countries as people use fuel more sparingly and reduce car use.

The US Transportation Department said this week that Americans drove 4.7 percent, or 12.2 billion fewer miles, in June compared with a year earlier. It was the eighth consecutive monthly fall. Lewis-Davies said that collapsing demand from Western economies had been a key factor driving a rapid fall in oil prices, which have dropped almost 22 percent since reaching a record high of dollars 147 per barrel on July 11. On Thursday, the price of a barrel of crude was about \$115. He said an exit of speculative money betting on rises in the oil price had amplified the drop.

Falling Western demand for crude has been largely offset by strong demand from developing countries such as China, where fuel is still subsidised. Globally, oil consumption is expected to grow slightly this year by 760,000 barrels per day to an average of 86.8 million barrels, the weakest global growth rate since 2002.

In 2004, explosive demand from China triggered a 2.9 million barrel rise in global demand compared with the previous year. All of the growth this year is expected to come from developing countries. Some analysts believe that oil demand in non-OECD countries will fall to its weakest level for years and could brush close to zero.

Iain Armstrong, analyst at Brewin Dolphin, said China's decision to shut down large tracts of its industrial base during the Olympics to help to cut pollution was likely to significantly reduce non-OECD demand for fuel. Beijing's push to stockpile fuel in the run up to the Games to ensure there are no shortages is likely to lead to a fall in demand over the next few months as those supplies are used up.

PETFORM ANNOUNCEMENTS & REPORTS

✚ Natural Gas Request Notice to BOTAS for 2009 Gas Year

Source : BOTAS

Weblink : http://www.botas.gov.tr/duyurular/11082008/Dogal_gaz_talep_bildirimi.zip

✚ OPEC Monthly Oil Market Report (August 2008)

Source : OPEC

Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2008/pdf/MR082008.pdf>

PETFORM UPCOMING EVENTS

❖ 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)

