



GAS



## Bush sent A-team to lend support to Turkey's energy policy

Date : 31.10.2008

Source : Today's Zaman (David Neylan)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=157524>

US President George W. Bush has sent a high-profile team to Turkey to help diversify Turkey's energy mix and to promote Turkey's role as a strategic energy corridor, a senior US official has said.

US Deputy Secretary of Energy Jeffrey Kupfer arrived in Turkey on Thursday with a delegation of senior US officials to attend the World Economic Forum and hold high-level talks with Turkish politicians and members of the business community.

Today's Zaman had the opportunity to attend a private meeting with the delegation, which consisted of US Overseas Private Investment Corporation (OPIC) President Robert Mosbacher, US Export-Import Bank Chief Operating Officer John McAdams and US Trade and Development Agency Director Larry Walther, and discuss the US administration's plans. Speaking at the small roundtable event, Kupfer stated that the delegation had been sent by Bush to help "diversify Turkey's energy mix and to promote Turkey's role as a strategic energy corridor".

Noting that several members of the delegation had worked with Turkish companies for a significant number of years, Kupfer emphasized that the trip would also give US agencies a feel for what individual companies were looking for in order to facilitate investment and reaffirmed the US government's commitment to the "westward flow of Caspian resources". The administration's position, he clarified, was that "Turkey is in a position to enhance its energy security and provide solutions to its upstream and downstream partners".

Kupfer reiterated the good strategic relations that Washington enjoys with Ankara on a number of fronts. "We are here with this particular delegation because we are looking for a continued push for energy diversity around the world, especially in the Caspian region and in Europe," he said. "Turkey plays a vital role in that overall policy."

Mosbacher noted during the meeting that in addition to supporting oil and gas pipelines, the administration places importance on diversifying energy sources, with a particular emphasis on renewable energy, and is especially interested in investing in these projects when there is partial American ownership.

Responding to questions concerning helping Turkey and Europe reduce their dependence on Russian oil and gas, Kupfer said this has long been a priority of the US government and that now -- in the aftermath of the Georgian crisis -- its importance has been underlined. The Southern Corridor, a supply route which would carry Caspian gas to Europe, he said, is an essential part of this strategy.

Regarding the global economic crisis, Kupfer highlighted the fact that it would likely be increasingly difficult for governments and companies to borrow from commercial banks in order to secure needed funding, especially for long-term infrastructure projects. Through such actors as the US government, OPIC and the Export-Import Bank, Kupfer said, “we would all agree to share the risk of making loans and stepping into the void left by commercial banks’ retreat”. He added that his intention was not to crowd out private sector banks and that he’d rather they be the principal financiers.

## OIL >>>



## Competition Board: Fuel distribution companies do not reflect costs fairly

Date : 30.10.2008

Source : Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=157315>

Competition Board has reported that Turkish fuel distribution companies either do not change their prices to reflect decreases in the price of oil or reflect such drops belatedly, though they immediately adjust to oil price hikes.

The board recently completed its investigation into the pricing practices in the sector, concluding that fuel distribution companies do not mutually agree on their pricing practices against the interests of the consumers. Because the public had not been satisfied with the board's ruling that fuel distribution companies do not engage in price fixing, the board released its justification regarding its decision, which was accepted by five votes to one.

The board was critical of refineries and fuel distribution companies. It said the Turkish Petroleum Refineries Corporation (TUPRAS) has been increasing oil prices through price speculation and that distribution companies are slow to reflect changes in oil prices when those changes would benefit consumers.

About TUPRAS, the board reported: “Future price projections are sometimes influential in determining new prices. Even though there is an average for the price of oil when there are

five-day evaluations, projections about prices on the sixth day are considered important when setting prices. ... TUPRAS tries to use the ups and downs in the international oil market to its advantage.”

The board also criticized the top five companies in the fuel distribution market. It emphasized that those companies have an 85 to 93 percent share. However, the board said differences of YKr 1–3 in fuel prices, even though they may seem small, are enough to establish a competitive environment.

“Still, we can not say that the competitive environment in the sector is free of problems. Fuel prices are higher in Turkey compared to other markets. ... Distribution companies increase their prices without waiting for the decision of TUPRAS. This situation prevents consumers from benefiting,” the board reported.



## Iraq Parliament Committee rejects new draft of Oil Law

Date : 27.10.2008

Source : Rigzone (Dow Jones Newswires)

[http://www.rigzone.com/news/article.asp?a\\_id=68356](http://www.rigzone.com/news/article.asp?a_id=68356)

The Iraqi parliament’s oil and gas committee has rejected a new draft of hydrocarbons law. “The cabinet submitted a modified version of the February 2007 draft of the law and that modification has been made by the (federal) oil ministry,” head of the committee Ali Hussein Balou told.

Balou said more than 50 articles of the draft law have been changed. “The new draft has given the (federal) oil minister more powers,” he said. It also removes regions and provinces’ rights to have a say on oil and gas activities, he added. The lawmaker said they would meet Prime Minister Nouri al-Maliki to complain about the new changes and said that either the February 2007 draft should be resubmitted or the new draft should be approved by all cabinet members. Balou thought that not all ministers supported the new draft.

But a lawmaker from the National Accord Party, Usamah al-Nijaifi said the oil and gas committee had no right to accept or reject any draft bill submitted to them. “The committee’s work is to prepare the draft law for debate by the parliament; it cannot accept or reject a draft law,” he said. Balou said parliament was expected to start debate on the oil and gas law in November but the new changes would delay the debate. He said Iraq’s political parties want the law to be enacted as soon as possible.



## Iranian pipeline delay could hurt Turkey

Date : 28.10.2008

Source : Turkish Daily News (Begüm Gürsoy)

<http://www.turkishdailynews.com.tr/article.php?enewsid=118682>

Turkey could face a serious gas shortage at the beginning of next year if the planned pipeline to carry Iranian natural gas to Turkey is not completed on time, BOTAS warned the government.

Heavily dependent on foreign energy supplies, in previous years Turkey has faced shortage risks posed mainly by Iran's decision to cut the flow of natural gas to Turkey. In order to avoid this, Turkish and Iranian officials agreed to build an additional pipeline to secure the flow.

Gas flow problems derive from the limited capacity of the existing pipeline, where gas loses compression while passing through Iranian cities on the Tabriz-Urumiyah line. As such, the amount of gas Turkey received from Iran fell to a level of 4-5 million cubic meters per day, from an expected level of 18-29 million cubic meters, forcing Turkey to compensate the loss by raising gas imports from Russia. Although Turkey and Iran resumed work to construct an additional 400 kilometer pipeline to by-pass the problematic Tabriz-Urumiyah line, the project has encountered delays. BOTAS urged the Iranian side to speed up work.

Iran, on the one hand is continuing efforts to better transfer gas to Turkey, however, on the other hand, has decided to increase investments in its own natural gas fields. Iran aims to reach European markets through its Southern Pars pipeline project. The project, still under construction, will cross from the Persian Gulf to Turkey and is expected to be 1,860 kilometers and worth \$8 billion.

Likely to be linked to the EU-backed Nabucco project by the year 2014, the pipeline is estimated to eventually carry 110 million cubic meters of gas daily. The EU is seeking to reduce its heavy dependence on Russian gas through the Nabucco project, designed to transfer Azerbaijan's natural gas to Eastern Europe via Turkey.



## Kazakhstan agrees to new Kashagan terms

Date : 31.10.2008

Source : Oil & Gas Journal (Eric Watkins)

[http://www.ogj.com/display\\_article/344226/120/ARTCL/none/ExpID/1/Kazakhstan-consortium-agrees-to-new-Kashagan-terms/](http://www.ogj.com/display_article/344226/120/ARTCL/none/ExpID/1/Kazakhstan-consortium-agrees-to-new-Kashagan-terms/)

The government of Kazakhstan has reached a long-awaited agreement with Agip Kazakhstan North Caspian Operating Co. – the Eni-led consortium – over control of the project.

“I would not say it’s a victory (for Kazakhstan), but it shows respect for the Republic of Kazakhstan and its resources,” said Maksat Idenov, Kazakhstan’s main Kashagan negotiator. “The new accord improves the economic conditions for the Republic of Kazakhstan and increases the share of KazMunaiGas’ (KMG) daughter companies to the level of the big participants,” the Kazakh energy ministry said.

In terms of percentages, the increase will double KMG’s stake to 16.81%, the same as Eni, ExxonMobil, Total, and Royal Dutch Shell, while ConocoPhillips will have 8.40% and Inpex 7.56%. To accommodate KMG’s increase, Eni, Total SA, ExxonMobil, and Shell each saw their respective shares fall to 16.81% from 18.52%, while the stakes of ConocoPhillips and Inpex fell from 9.26% and 8.33% respectively.

Kazakh Energy Minister Sauat Mynbayev said in January that KMG would pay \$1.78 billion to compensate its partners for the reduction in their respective shares. “The accord also puts into place a mechanism for strong control over delays and spending to prevent a repetition of the problems that led to last year’s negotiations,” the ministry statement said.

The ministry was referring to August 2007 when the Kazakh government accused the consortium partners of allowing costs to soar to \$136 billion from \$57 billion and of delaying production start-up to the end of 2010 from the originally planned 2005. To avoid a repetition of that situation, Eni will lose its status as sole operator of the field, and from January 2009 a joint operating company—the North Caspian Operating Co. (NCOC) —will be created, owned on a pro-rata basis by all the consortium members. Consortium partners will assume charge of the company’s management in rotation.

Kazakh officials gave no details of the final agreed budget at the time of the agreement’s signing on Oct. 31. The government earlier said the final budget was fixed at \$136 billion, up from the previous estimate of \$57 billion. The consortium has invested \$12.3 billion so far.



## China and Russia sign key Siberian oil pipeline deal

Date : 28.10.2008

Source : Rigzone (Dow Jones Newswires)

[http://www.rigzone.com/news/article.asp?a\\_id=68438](http://www.rigzone.com/news/article.asp?a_id=68438)

Russia and China signed a long-awaited deal Tuesday to build a new Siberian oil pipeline to boost energy exports to China during a visit to Moscow by Chinese Prime Minister Wen Jiabao.

The pipeline would run from the East Siberia-Pacific Ocean trunk pipeline, which is still under construction, to the Chinese border, officials said. Capacity is expected to be about 15 million metric tons a year. The deal was signed by Chinese state oil major CNPC and Russian state pipeline monopoly Transneft in the presence of Russian Prime Minister Vladimir Putin and China's Jiabao.

The agreement is "on the principles of construction and use of the pipeline between Skovorodino and the Chinese border," officials said, without giving further details. Rosneft, Russia's biggest oil major, currently supplies China with oil by rail. Despite being China's neighbor, Russia is only the fifth-largest supplier of crude oil to the energy-hungry Chinese market. The branch pipeline is planned to run some 70 kilometers from Skovorodino in Siberia to the Chinese border and will eventually supply the oil hub of Daqing in northern China.



### ❖ EMRA's Resolution on Amendment to the Network Code

Source : EMRA

Weblink : <http://www.epdk.org.tr/mevzuat/kurul/dogalgaz/1809/duyuru.html>

### ❖ Bulgaria: In-depth Energy Efficiency Review (2008)

Source : Energy Charter

Weblink : [http://www.encharter.org/fileadmin/user\\_upload/document/Bulgaria\\_EE\\_2008\\_ENG.pdf](http://www.encharter.org/fileadmin/user_upload/document/Bulgaria_EE_2008_ENG.pdf)

❖ **Mangystau Oil & Gas 2008**

3rd Regional Mangystau Oil & Gas Exhibition

Date : November 5 – 7, 2008  
Place : Aktau – Kazakhstan  
Website : [www.mangystau.oil-gas.kz](http://www.mangystau.oil-gas.kz)  
Contact : Olessya Makarenko (+7 3272 583434)



❖ **World Independents Forum 2008**

12th World Independents Forum

Date : November 18, 2008  
Place : London – UK  
Website : [petro21.com/events/index.cfm?id=357](http://petro21.com/events/index.cfm?id=357)  
Contact : Duncan Clarke (+31 70 324 6154)



❖ **National Oil Companies 2008**

7th Annual National Oil Companies 2008

Date : November 19 – 20, 2008  
Place : London – UK  
Website : [petro21.com/events/index.cfm?id=355](http://petro21.com/events/index.cfm?id=355)  
Contact : Duncan Clarke (+31 70 324 6154)

