



GAS



Güler: We will not withdraw natural gas price hike

Date : 07.11.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=158037>

Speaking to the press in Ankara, Energy and Natural Resources Minister Hilmi Güler asserted that the government had set the new fees in accordance with oil prices in global markets and that since they are unable to control developments in global markets, they cannot undo the price hike.

“We are currently selling natural gas at zero profit, we can't do any better than this,” he added. Güler also noted that the government was responsible for applying the automatic pricing system that the Supreme Planning Board (YPK) implemented in July. The Republican People's Party (CHP) initiated legal proceedings over the hike yesterday. When asked for comment on the case, Güler reiterated that backing down from the increase in prices was simply out of the question.

However, Güler hinted that electricity prices may soon be revised, noting that the Energy Market Regulatory Authority (EPDK) was working on the issue. The Turkish Electricity Trading and Contracting Company (TETAS) applied for a drop in electricity prices yesterday.



EU's energy chief visits Turkey as U.S. piles pressure for Nabucco

Date : 06.11.2008

Source : Hürriyet Daily News (Irem Köker)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=10297221>

The EU Energy Commissioner Andris Piebalgs started his visit to Ankara on Thursday, a day after the Azerbaijani leader, as the U.S. signals it wants the process of the Nabucco to be accelerated. He was expected to make a push for the project that faces stiff competition from Russia.

The EU would accelerate the Nabucco project and Turkey is important to the project, Piebalgs told Anatolian Agency after the meetings, adding talks were going well. Although the project has a huge political support from the EU and the partner countries as well as the U.S., challenges remain in place with increasing costs and delays in the final agreements.

Turkish Energy Minister Hilmi Güler told that his government has signed the drafts of host-governmental and inter-governmental agreements and sent them to its partners. "The important thing here is filling the inside of the pipeline. We continue our energy diplomacy and negotiations with the other supplier countries. The Nabucco project is experiencing its fastest period now," he said, reiterating his country's commitment to realize the project.

However, the U.S. seems to be unsatisfied with the speed of the project. "Everyone's perception is different. But in the U.S. perception it is not going rapid enough. It needs to go faster, it will go faster, it can go faster," Matt Bryza, deputy assistant secretary of state for European and Eurasian Affairs replied when asked about Güler's remarks.

The main hurdle that the project faces is the gas supplies, a problem acknowledged by the officials as well. Nabucco project is aimed at decreasing Europe's dependency on Russian gas by diversifying the energy supply routes. However, the project officials admit Russian gas is also needed to fill in the pipes.

The U.S. official Bryza said there is a plenty of gas far Nabucco. "There is plenty of gas in Azerbaijan, Iraq and Turkmenistan. But we have to work with all of these countries to bring the gas in a coordinated way, not at exactly the same time, but also in a sequenced way so there is enough gas to start Nabucco to get to the middle level and then to the upper level," he added.



Blast on Iraqi – Turkish oil pipeline causes spill

Date : 07.11.2008

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=157983>

A blast caused by a sudden change in pressure on an Iraqi – Turkish oil pipeline halted the flow of oil between Turkey and Iraq late on Wednesday and has created a large oil slick, Turkish officials said on Thursday.

“We are not talking about sabotage. Our examinations revealed that the pipeline ruptured internally because of the pressure,” Yusuf Yavascan, the governor of the southeastern province of Sanliurfa, told the Anatolia news agency.

The 40-inch-wide pipeline broke with a 200-meter-high explosion of crude oil. An observer in a nearby village informed the gendarmerie who in turn informed the BOTAS. BOTAS officials closed off valves in the pipeline and constructed barriers to prevent oil from reaching nearby watercourses. The blast occurred near the main lake formed by Atatürk Dam, Turkey's largest dam.

Yesterday morning, workers from BOTAS and the State Waterworks Authority (DSI) filled in the stream that the oil reached with earth to block leakage into the dam. Earlier in the day, Turkish Energy Minister Hilmi Güler said the explosion had caused an oil spill in the region. He said work was under way to clean up the area.

Even though Yavascan said necessary precautions were being taken so the spill would not reach the dam, the Cihan news agency reported that crude oil had partially reached Lake Atatürk Dam and that there was a smell of oil as far away as 50 kilometers away.

The governor said the spill covered an area of two square kilometers. BOTAS officials said the remaining oil in the pipeline will be pumped into tankers and then repair work, which is likely to last for five days, will start. The clean-up process could take up to a month. The Kirkuk-Yumurtalık oil pipeline connects the northern Iraqi city of Kirkuk to the Turkish Mediterranean port of Ceyhan, carrying crude oil to Turkey. A similar explosion at the pipeline took place three years ago and 20,000 barrels of oil spilled in the previous leak. It took months to clean up the area, again, near the same lake.



Baku – Supsa line reopens, BTC ships Kazakh oil

Date : 05.11.2008

Source : Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/344565/120/ARTCL/none/Trasp/1/Baku-Supsa-line-reopens,-BTC-ships-Kazakh-oil/

BP said the TengizChevrOil (TCO) consortium has begun transporting crude oil through the BTC pipeline and that the Baku-Supsa pipeline has reopened after being closed during recent hostilities between Russian and Georgia.

“As of today the Baku-Supsa pipeline has started working again and we will gradually raise the amount of oil pumped through it to the optimal level,” said BP Azerbaijan spokesperson Tamam Bayatly. SOCAR said the Baku-Supsa pipeline, which has a benchmark capacity of 145,000 b/d, will carry 90,000 b/d after reopening and likely will remain at that level until yearend. The line was closed down as a safety measure in August during Georgia’s 5-day war with neighboring Russia. At the time, the Baku-Supsa line had been open only a week after returning to service following an 18-month closure for maintenance and repairs. BP Azerbaijan also said shipments of TCO oil are now underway through the BP-led BTC pipeline.



Sarikiz-2 spudded in Turkey

Date : 03.11.2008

Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=68756

Further to the announcement made on October 15, 2008, Xtract has provided the following update on the Sarikiz-2 well in Turkey which is being drilled on behalf of Extrem Energy. The well was spudded on Friday, October 31, 2008. As of November 3, drilling was in progress at a depth of 118m.

The rig is operated by Güney Yildizi of Turkey. The target is in the interval of 1500-1700m in depth, which is expected to be reached within 25–30 days. The programmed target depth of the well is 1800m. Depending on the drilling results, first production could be expected in the first half of 2009. Xtract currently holds a 20% interest in Extrem Energy and has the option of increasing its shareholding to 34% by contributing a further investment of US \$3.5 million before June 2009.



Iraq wants Shell to engage 3rd party in gas deal

Date : 06.11.2008

Source : Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?a_id=68972

A preliminary agreement between Royal Dutch Shell and the Iraqi Oil Ministry calls on the oil major to bring in another international company to help develop the vast gas reserves in southern Iraq, according to a copy of the contract seen by Dow Jones Newswires.

The Heads of Agreement, signed Sept. 22 in Baghdad, which also shows the deal is much bigger than previously announced and may lead to earlier exports of liquefied natural gas from Iraq, has triggered a chorus of dissent from Iraqi politicians and oil industry figures.

The final deal, to be known as the South Gas Development Agreement, “will be only finalized upon the introduction of a new partner,” stated the HoA. According to the Middle East Economic Survey newsletter, Chevron Corp. is believed to be seeking this role. Shell declined to comment on this, and Chevron couldn't immediately be reached for comment.

The HoA, which forbids Iraq from negotiating with anyone else on developing gas in the south for at least a year while terms are finalized, calls for the creation of a 25-year extendable 49%-51% joint venture company between Shell and the state-run South Gas Company.

The HoA also stated the joint venture would cover the governorate of Basra and “any other areas as may be agreed between the parties,” contradicting a Shell statement after the signing which said it would cover only Basra. When the agreement was signed, Iraqi oil officials said the joint venture was meant to utilize only the 800 million cubic feet of gas flared every day in southern Iraq as a byproduct of oil production. However, the HoA stipulates development of non-associated fields in Basra. “The parties acknowledge that access to non-associated gas is essential,” the HoA says.

Basra and surrounding areas contain more than 70% of Iraq's proven gas reserves of more than 3 trillion cubic meters, the world's tenth largest. That reserve can be doubled, or even tripled, if it is fully explored.

Oil ministry officials have several times affirmed the aim of the Shell deal is to meet local needs first and then to export the extra gas, but the HoA calls for Shell to study the “feasibility of an early LNG exports.” Shell insisted part of the produced gas must be exported. “Joint analysis with the Ministry of Oil shows that the volume of associated gas cannot be utilized fully by current or proposed domestic use,” said Shell spokeswoman Kirsten Smart.

Iraq is in dire needs of gas to operate power stations which are currently generating only half of the country’s electricity needs. Iraq’s Electricity Minister Kareem Waheed said last week Iraq needs to construct at least 6,000 megawatts of capacity over the next two years to meet growing local consumption estimated at 11,000 megawatts a year.



Iraqi MP says Oil Law could pass by year end

Date : 05.11.2008

Source : Rigzone (Xinhua Financial News)

http://www.rigzone.com/news/article.asp?a_id=68934

Iraq’s parliament could pass a long overdue federal oil law by the end of 2008, but other laws needed to get Iraq’s energy production on track would have to wait until 2009, said the vice chairman of the legislature’s oil and gas committee on Wednesday.

Speaking on the sidelines of a Houston energy conference Abdulhadi Al-Hassani said the law must unite all of Iraq, including the northern region, disputes with which have held up the law’s passage since February 2007.

“We can pass the oil law in the year, within in 2008” Al-Hassani said. Passage of the oil law is being held up on the question of combining with the laws on a national oil company and revenue distribution, he said. “They insist on passing the laws together, we have to do it one-by-one,” Al-Hassani said.

“Iraq hopes to expand the country’s oil output to 4 million barrels per day within two to three years,” Hamid Al Bayati, Iraq’s Ambassador to the United Nations, said. “The potential is up to 6 million, even 8 million, even 10 million barrels,” he said.



OMV and Gazprom to jointly develop European gas hub

Date : 05.11.2008

Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=68872

OMV and Gazprom, along with the further parties Wiener Borse AG, the operator of the Vienna Stock Exchange, and Centrex Europe Energy & Gas AG, a company operating in the natural gas sector, have agreed in principle:

- On a cooperation for the development of Central European Gas Hub (CEGH), an Austrian hub operator, into a leading hub platform in Continental Europe and
- The establishment of a Central European gas exchange providing for the trading of gas products on a spot and futures market.

CEGH, currently a 100% subsidiary of OMV, is a gas hub platform existing in addition to the physical gas hub functions in Baumgarten and has recently been converted into a joint stock corporation.

Upon closing of the intended transaction, which is expected to occur in 2009, OMV Gas & Power and Gazprom Germania will each hold a 30% participation. Wiener Borse and Centrex Europe Energy & Gas will each acquire a 20% participation in CEGH. The transaction is subject to approval by regulatory authorities, in particular pursuant to the Austrian Stock Exchange Act and European merger control regulations.



Incremental Petroleum: Atesler-1 spudded in Southeast Turkey

Date : 06.11.2008

Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=68970

Incremental Petroleum has announced that Atesler-1 in Southeast Turkey spudded on November 3. TransAtlantic Petroleum is the operator and is fully funding the drilling of the well to 3200m. Incremental will retain a 40% equity in the prospect.

The Atesler prospect is adjacent to over 300 million barrels of produced light oil, with proven reservoir, source and seal. The mean resource of the prospect is 13 million barrels of oil. The regional infrastructure is good, and any discovery could be commercialized within months at minimal cost. The well is expected to take about 60 days, and reports will be issued at significant milestones in the well.

OIL



Iran: OPEC may further cut production to achieve stability in oil market

Date : 01.11.2008

Source : Hürriyet Daily News (Reuters)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=10260612>

Iran's Oil Minister said that OPEC will cut oil output further to achieve stability in the oil market. Nozari also said Iran would cut output by 199,000 bpd in line with a decision by the OPEC to reduce production by 1.5 million bpd from November 1.

“The drop in OPEC’s output will continue until it attains stability in the oil market,” state television quoted Gholamhossein Nozari as saying. “Based on the new assigned quota, Iran’s crude oil production quota will drop by 199,000 bpd,” Nozari said according to the television report, although he did not say to what level Iran’s output would fall.

Iran has been producing a little more than 4 million bpd although officials have declined to announce the targets set for before and after OPEC’s latest production cut deal, which was agreed at an OPEC ministers meeting in Vienna on October 24. Iran’s OPEC governor, Mohammad Ali Khatibi, said last week that OPEC would cut more production if warranted, comments which have been echoed by some others in OPEC.



Iran and Turkmenistan agree on gas price

Date : 05.11.2008

Source : Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=640116>

Iranian and Turkmenistan energy officials have agreed on a fixed price for gas imported from Turkmenistan. “Iran’s Oil Minister returning from Ashgabat said the two sides have finalized the purchase price,” spokesman of the Iranian Parliamentary Energy Commission, Ali Adiani, told.

He said Iran and Turkmenistan are set to finalize their gas deal during an upcoming visit by a Turkmenistan delegation to Iran, according to a report by the Iranian English-language television network. Turkmenistan cut gas exports to Iran in January 2008, citing technical problems. Ashgabat later resumed its exports to Iran but demanded an increase in prices. Iran meets about 5 percent of its gas needs from Turkmenistan.

PETFORM
ANNOUNCEMENTS & REPORTS

❖ **Fostering LNG Trade: Role of the Energy Charter (2008)**

Source : Energy Charter
Weblink : http://www.encharter.org/fileadmin/user_upload/document/LNG_ENG_2008.pdf

PETFORM
UPCOMING EVENTS

❖ **World Independents Forum 2008**

12th World Independents Forum

Date : November 18, 2008
Place : London – UK
Website : 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
Contact : Duncan Clarke (+31 70 324 6154)

