



GAS



Güler: Russian gas to Turkey from west pipeline cut

Date : 07.01.2009

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=163417>

Russian gas supplies to Turkey from a western pipeline passing through Ukraine have been completely cut, Turkey's Energy Minister said, adding that supplies from another pipeline would be increased to compensate.

"Gas from the western line was completely stopped this morning. It initially fell to 32 million cubic meters, then we were informed that it would drop to 17 million cubic meters and then it was completely halted," Minister Hilmi Güler told reporters. The minister stated that he called the Ukrainian ambassador and would also meet with Gazprom officials soon to find an immediate solution.

Turkey usually receives around 40 million cubic meters of Russian gas from the western pipeline in addition to around 35 million cubic meters from the Blue Stream line, which travels directly from Russia to Turkey under the Black Sea. Supplies of gas delivered via the Blue Stream pipeline would rise to 48 million cubic meters per day after a series of small increases over the past few days, Güler said.

"We are taking measures now, and there are others we will take. We have begun using underground natural gas stores and LNG sources. We are using secondary sources at power stations." Güler said daily deliveries of around 18 million cubic meters of gas to Turkey from Iran were unaffected.

The economy and commerce attaché at the Iranian Embassy in Ankara, Ahmad Nurani, said Iran was ready to provide more gas to Turkey to offset its losses from the drop in gas flow from Russia so long as Iran doesn't encounter serious problems in its domestic consumption. In previous years, Iran had cut gas flow to Turkey as a result of extremely high domestic gas consumption amid harsh winter conditions. Russia's Gazprom increased the amount of natural gas sold to Turkey during these times to help the country weather any serious shortages. Iran has improved its gas pipeline to Turkey within the past year to ensure more effective and secure gas transfer, but this pipeline will soon be obsolete when both sides begin construction on another pipeline separate from the domestic gas delivery grid in Iran. This new pipeline is expected to be completed within three years.



Worst hit countries from the cut-off in Russia gas supplies

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Source : Hürriyet Daily News (Reuters)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=10710192>

Following are comments from European customers affected by the cut-off in gas supplies by Russia's gas export monopoly Gazprom to its neighbor Ukraine over a pricing dispute:

Austria : Russian gas flows to Austria dropped 90 percent on Tuesday, oil and gas group OMV said, but added it was using its natural gas reserves to cover the shortfall.

Bulgaria : All Russian gas supplies via Ukraine to Bulgaria WERE halted on Tuesday, Bulgaria's economy ministry said.

Croatia : Oil and gas group INA said on Tuesday delivery of Russian gas to Croatia had been stopped.

Czech Republic: Gas supplies to the Czech Republic were down 75 percent on Tuesday, the Czech pipeline operator RWE Transgas Net said. It also said transit of Russian natural gas through the country to western Europe fell 60–70 percent.

France : Russian gas deliveries to France remain unaffected so far, French gas utility GdFSuez said on Monday.

Germany : E.ON Ruhrgas said gas shipments to Europe via Ukraine had been massively reduced since early on Tuesday and expects gas transit into Germany via Czech Waidhaus border point to stop entirely during the day. German energy industry association BDEW said it was prepared for gas import shortfalls.

Greece : All Russian gas supplies via Ukraine to Greece were halted on Tuesday, Bulgaria's economy ministry said. However, Turkey said the shortfall had not affected its gas exports to Greece.

Hungary : Hungary's imports of Russian gas via Ukraine were down significantly on Tuesday, more than the 20 percent fall recorded on Monday, Istvan Kutas, a spokesman for E.ON's wholesaler unit said.

Italy : Gazprom can only guarantee gas supplies to Italy of 7 million cubic meters on Tuesday, or less than 20 percent of the expected amount, an Italian source close to the matter said. Italy's industry ministry earlier said Rome was planning to increase gas imports from alternative suppliers.

Macedonia : All Russian gas supplies via Ukraine to Macedonia halted on Tuesday, Bulgaria's economy ministry said.

Poland : The government has approved a motion to cut gas supplies to industrial clients, the deputy prime minister said. Russian gas deliveries to Poland via Ukraine were sharply lower on Tuesday, a deputy economy minister said on TV.

Romania : Russian natural gas supplies to Romania cut by 75 percent on Tuesday, the head of the Black Sea state's state-controlled pipeline operator Transgaz said on Tuesday.

Slovenia : Slovenia's main gas supplier Geoplin said on Tuesday the supply of Russian gas had been cut by 90 percent from 0300 GMT, but the situation had 'partly improved' after 0900 GMT. Geoplin said it was in 'intensive' talks with Gazprom.



EPDK President vows increased inspections in 2009

Date : 05.01.2009

Source : Today's Zaman (Hasan Bozkurt)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=163199>

The Energy Market Regulatory Agency (EPDK) is launching new and more effective methods of scrutiny in the new year, including electronic inspection, to fight illegal and fraudulent activities in the fuel market and thus ensure increased competitiveness.

EPDK President Hasan Köktas said the agency has plans to allocate 33 percent of its total expenditures to financing inspections. *"Therefore, we hope to see more effective performance this year. We will employ new methods even at the source of fuel transactions,"* he said. He also noted that the EPDK would collaborate closely with the Scientific and Technological Research Council of Turkey (TUBITAK).

Köktas said improving investigations and cracking down on illegal acts will bring about better competition conditions in favor of those working in the registered sphere, heavily deter bootleggers and remedy heavy tax losses. The EPDK head spoke to a group of reporters in Ankara, assessing recent developments in the energy market and the EPDK's projects at the beginning of the new year.

He began with an overall evaluation of the global energy market in 2008, which saw the eruption of one of the most serious economic crises in history. He said there had been extremely volatile fluctuation in energy prices. *"Despite all these extraordinary movements, the private sector continued to build up new investments in the Turkish energy market. They currently have over \$20 billion worth of investment stock,"* Köktas said, pointing to the private sector's 474 ongoing projects in the electricity sector alone as an example.

He was not very hopeful about 2009, however, since he worried the adverse effects of the crisis would most likely continue to hamper the private sector. Still, Köktas noted, Turkey has the potential to convert the crisis into an opportunity. To better assess the opportunities available to the private sector, the EPDK will hold a series of meetings with 40 civil society organizations and companies involved in the energy business, starting as early as Jan. 14 and lasting until March.

As for prospects for the new year, the EPDK president mentioned that the private sector's share in electricity distribution will increase to 20 percent and that this sector will gain a more competitive structure in terms of generation as well. With regards to the natural gas business, Köktas underlined the existence of a large number of players in the business, which he praised as an indication of a competitive market. He also pointed out that distribution is conducted with licensed companies in 62 cities as almost all infrastructural investments have been completed in these cities.

When asked if there would be any cuts in natural gas prices, as expected by many amid falling energy prices in global markets, he said the state-owned Turkish Pipeline Corporation (BOTAS) is importing gas at prices that are completely shaped by factors in international markets.

Köktas stated that oil prices are 80 percent dependent on this, but that the effects of changes in oil prices on natural gas prices in Turkey are only reflected six to nine months after these changes occur. *"Current BOTAŞ rates have for a long time been calculated from levels when a barrel of oil surged to \$148 in international markets. As BOTAŞ officials have recently stated on different occasions, cheaper rates, even if limited for now, will be announced shortly,"* he said.



Toreador makes 'strategic move' in Turkey and Romania

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Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=71378

Toreador will be retaining an investment bank to assist in executing strategic alternatives for its Turkish subsidiary. This will be done whether or not the previously announced proposed sale of its Black Sea asset to Petrol Ofisi closes.

The parties to the proposed sale of the Black Sea asset will be discussing the status of the sale later this week. Toreador also disclosed today that it has reached preliminary agreements to divest its exploration and production assets in Romania.

In the company's Viperesti exploration block, Amromco Energy LLC has agreed to assign a 10% overriding gross production interest to Toreador in return for operatorship and transfer of petroleum rights in the block. Also, Amromco has agreed to obtain an extension on the permit before the April 2009 expiration date and drill a 1,500 meter deep well on or before the beginning of 2011 or pay Toreador a non-performance penalty.

In the company's Fauresti Field, Lotus Petroleum has agreed to assume the liability for an approximately \$1.25 million work commitment and future environmental and abandonment liabilities as well as provide Toreador a 12.5% overriding net production interest in return for ownership of the field assets and transfer of petroleum rights in the field. In addition, Lotus has agreed to assume Toreador's 30% working interest in the Moinesti exploration block by providing Toreador a 12.5% overriding net production interest from Lotus' working interest.

The effective date of these three transactions will be as of December 31, 2008. The transactions are subject to Romanian government approval, which is expected to be received in the first quarter of 2009. Upon completion of the transactions, Toreador will close its Romanian office and thus eliminate general and administrative expenses aggregating approximately \$500 thousand on an annual basis.

The company also announced today that in Hungary, the BaE-1 well, which is testing the deep unconventional Tompa gas play in the Kiskunhalas trough, has been delayed to an expected start date in early February due to rig availability issues. The drilling contractor has informed us that mobilization to our location should occur sometime in late January 2009, once additional unanticipated work has been completed on the rig's current location for another customer.



TransAtlantic applies Incremental pressure

Date : 09.01.2009

Source : Upstream Online

<http://www.upstreamonline.com/live/article169378.ece>

Canadian company TransAtlantic Petroleum has urged shareholders of Incremental Petroleum to accept its takeover offer for the company, despite a recommendation by Incremental's board that they reject the offer.

TransAtlantic is offering A\$1.05 cash for each of Incremental's 79,735,605 outstanding shares in a bid valued at A\$84 million (US\$59.3 million). TransAtlantic said in a letter to shareholders that Incremental's decision to oppose the bid was based on its interpretation of an independent report by financial services group KPMG. It said the KPMG report had slashed its valuation of Incremental shares by 35.8% between October and December last year to about A\$2.42.

The company also claimed that KPMG's assumptions of the future value of the share failed to take into account risks associated with Incremental's gas-producing asset at Selmo and its new gas exploration asset at Edirne, both in Turkey. It said there was no guarantee that value would be realised from future workovers and sidetracks of existing wells, or from future drilling.

TransAtlantic said the certainty of its offer compared well with what it said were the uncertainties of future value for Incremental shareholders. It also said the KPMG report had warned that Incremental's share price could fall further if TransAtlantic's bid fails.



BTC carries 70 mln tons of Caspian oil

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Source : Hürriyet Daily News (AA)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=10709568>

Nearly 70 million tons of crude oil has been transported by 650 tankers via the Baku-Tbilisi-Ceyhan (BTC) pipeline from June 2006 until the end of 2008, officials from BOTAS International Limited (BIL), operator of BTC's Turkey section, said.

BIL's Director General Salih Pasaoglu said that his company carried the crude oil from Ardahan town of the eastern province of Kars to Ceyhan, overcoming tough geographical and climatic conditions. *"We have shown the world that a Turkish company can carry out such an important project at world standards. We have improved Turkey's prestige in the world energy markets,"* Pasaoglu said.

OIL >>>



Iran bases budget on oil price of \$37.5

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Source : Today's Zaman (AP)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=163197>

Iran's state television says the country is planning next years budget based on an oil price of \$37.50 per barrel. Iranian Oil Minister Gholam Hossein Nozari says the government and parliament have agreed on the price after consulting on the *"fluctuation of oil prices in the market"*.

The proposed budget has not been sent yet to the Iranian parliament for approval. Last year, the parliament approved a budget based on \$55 per barrel though the government demanded it be set at \$38 a barrel. About 80 percent of Iran's foreign revenue comes from oil exports. The price of oil has plunged from \$147 a barrel in July to around \$40.

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❖ IEA Report: From 1st- to 2nd-Generation Biofuel Technologies

Source : International Energy Agency

Weblink : http://www.iea.org/textbase/papers/2008/2nd_Biofuel_Gen.pdf