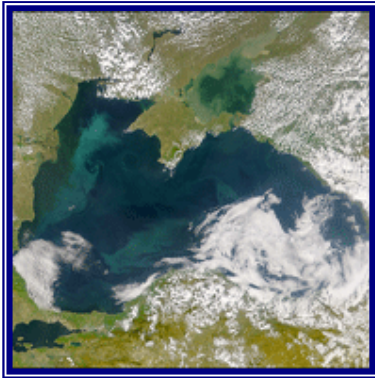




OIL

**TPAO and Chevron to cooperate in Black Sea**

Date : 16.02.2009

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=167069>

The Turkish Petroleum Corporation (TPAO) expected to sign an oil exploration deal with Chevron soon. Chevron had previously announced it was interested in conducting oil exploration off Turkey's Black Sea coast.

Official negotiations started in January with officials from both sides. If the TPAO and Chevron agree, Chevron will be the second US company involved in oil exploration in the Black Sea region. Last year the TPAO signed a deal with ExxonMobil Corp. TPAO has also been in touch with Brazilian oil company Petrobras for the same reason. TPAO expects to share the risks of oil exploration in the Black Sea with an experienced oil company. This is what led the corporation to partner with ExxonMobil.

TPAO Vice President Yurdal Oztas said negotiations with Chevron are continuing without any problems. Underlining that some time was needed for each side to make certain points clear, Oztas said they expected to reach an agreement with the company in the end. *"I hope we will eventually reach an agreement. We are receiving positive signs to this end,"* he noted. Oztas said the size of the investment in oil research in the Black Sea would be around \$500 million, emphasizing that the government saw great importance in such a project.

The TPAO official said the recent decline in oil prices in global markets would not have any adverse impact on Turkey's projected investments. *"Oil prices may currently be lower than before in global markets. But this does not mean that the prices will stay fixed at the same level. It is expected that oil prices will increase again, and giant oil companies are making plans in line with such a possibility,"* he said.

Meanwhile, Oztas said they looked forward to starting oil and natural gas exploration in Iraq and that the TPAO would continue to meet with interested companies. He said companies from Japan, India, Russia and Italy were interested in cooperating with the TPAO in Iraq. TPAO is one of 15 companies in the world granted a license to explore for oil and natural gas in Iraq; the corporation was also invited to submit tenders for the exploration and management of eight giant oil fields in Iraq.



Rising natural gas prices cause row among BTC partners

Date : 16.02.2009

Source : Today's Zaman (Ismail Altunsoy)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=167056>

Because the price increases have raised operation costs for BOTAS International Limited (BIL) that operates the Turkey section of the BTC, it asked that part of these rising costs be covered by BTC Co., the main operator of the pipeline.

BTC Co. rejected BIL's request, advising it to use liquid fuel from the pipeline, sold for \$18 per barrel. When the BTC Co. asked BOTAS to stop hiring personnel as a way to keep costs low, the parties ended up in court. The partners are pursuing their cases while continuing to negotiate to arrive at a settlement.

According to last year's data, the BTC Co. paid 35 cents per barrel of oil that passed through the pipeline to BIL and 20 cents to the Treasury. The Turkish Petroleum Corporation (TPAO), a partner in the project, gains income from production of oil.

While Turkey attaches great importance to this project, the partners of the BTC are now in disagreement. As learned from sources close to BP - has 31.1 percent share in the BTC - and BIL that there has been incompatibility among the partners for some time, and this row surfaced with the recent litigation. BIL accuses the BTC Co. of *"not caring for the rising operation costs of the pipeline and of trying to control the management of the entire pipeline."*

When the recent 73 percent increase in the price of natural gas increased BIL's operation costs to an unbearable level, BIL asked the BTC Co. to share the costs. The BTC Co. replied that BIL could buy oil from the pipeline for \$18 per barrel for the operation of the pipeline. Last month, BIL referred the issue to arbitration. Negotiations reportedly are under way. Meanwhile, BIL maintained that the BTC Co. had previously required them to use natural gas for producing energy for the operation of the pipeline because using oil *"causes environmental problems and creates much noise."*

However, when the natural gas prices rose, the BTC refrained from sharing the rising costs. The BTC denies the claims. It says that it just wants BIL to employ personnel effectively. BTC officials argue that the BTC is using its right to veto and is entitled to meddle with BIL's management.



Eni sets production growth target of 3.5%/year

Date : 16.02.2009

Source : Oil & Gas Journal (Uchenna Izundu)

http://www.ogj.com/display_article/353511/120/ARTCL/none/DriPr/1/Eni-sets-production-growth-target-of-35/year/

Eni plans to increase its production by 3.5%/year over the next 3 years. It will invest €48.8 billion in 2009–12, slightly less than in its 2008–11 plan; exploration and production will cost €34 billion.

The company said it would aim for a reserves replacement ratio of 130% during 2009–12 and after that would maintain an average production growth of 3%/year to 2015 by stepping up activities in Africa, OECD countries, and Central Asia-Russia. *“More than 90% of production and investments to 2012 will be concentrated in these areas,”* Eni said. Paolo Scaroni, chief executive of Eni, told investors in London, that this year its production is expected to be above 1.8 million boe/d, based on an oil price of \$43/bbl. In 2012, this will exceed 2 million boe/d, based on a \$55/bbl scenario.

In the next 4 years, more than 500,000 boe/d of new production will start, 85% of which is related to projects that will be profitable even if oil prices are below \$45/bbl. By 2012 the company expects to have international gas sales of 124 billion cu m with an average growth of 7% a year, thanks also to the contribution of Distrigas. *“Beyond continuing to grow its market share in core European countries, Eni will increase sales in the US, thanks to the monetization of the gas produced in the Gulf of Mexico,”* the company added.



Russia and China agree on loans for ESPO pipeline spur

Date : 17.02.2009

Source : Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/353685/120/ARTCL/none/Trasp/1/China-Russia-agree-on-loans-for-ESPO-pipeline-spur/

Russia and China have agreed the terms of \$25 billion in loans that will enable construction of a 60-km spur from the East Siberia Pacific Ocean pipeline, along with development of the oil supplies it will carry.

“They signed a series of agreements about the oil pipeline, loans and long-term crude trade,” said a report over China Central Television, referring to a meeting between Chinese Prime Minister Wen Jiabao and Russian Deputy Prime Minister Igor Sechin. In October 2008, Russia’s state-owned pipeline operator Transneft and China National Petroleum Corp. agreed to build the pipeline spur to carry 15 million tonnes/year from the ESPO line at Skovorodino to the Chinese border.

The long-awaited agreement about construction of the spur coincided with an announcement by Sechin that the Chinese government would provide Russian oil firms with considerable loans in return for increased oil supplies. According to the framework agreement signed by the two sides at the time, China agreed to lend Russia’s Rosneft \$15 billion and Transneft \$10 billion in return for the supply of 300 million tonnes/year of oil for 15 years.

But the talks stalled in November due to disagreements over interest rates and state guarantees. The Chinese wanted to adopt a floating interest rate on the loans based on the London Interbank Offered Rate, while the Russians’ wanted to keep a fixed 7% rate. The new agreement did not specify the type or amount of interest to be paid by the Russian side, but it otherwise retained the amount of oil to be delivered from Russia to China, as well as the overall amount of the loans.

“We agreed on supplies of 15 million tonnes of oil every year over a period of 20 years,” Sechin said, while Transneft Vice-Pres. Mikhail Barkov said his company would receive \$10 billion of the \$25 billion loan and Rosneft the other \$15 billion. As a result of the agreement, Transneft said it plans to start building the Chinese spur from the ESPO line later in 2009 and to commission it in 2010.

“The construction of the leg should be synchronized with the construction of the first line of the ESPO pipeline,” said Transneft vice-president Mikhail Barkov, who added that China’s \$10 billion loan would primarily be invested in the construction of the Chinese spur.

ESPO is being built in two phases and aims at exporting Russian oil to the Asia-Pacific region. Phase one involves construction of a 30 million tonnes/year oil line from Taishet to Skovorodino. Phase two will see construction extended from Skovorodino to the port of Kozmino on Russia’s Pacific Coast, increasing capacity to 80 million tonnes/year. Until the completion of Phase 2, oil will be delivered by pipeline from Taishet to Skovorodino and then by rail from Skovorodino to Kozmino where an export terminal is already under construction.



EU Energy Summit to be held in Bulgaria in April

Date : 14.02.2009

Source : Hürriyet Daily News (Fulya Ozerkan)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=10999659>

European Union member Bulgaria will host an energy summit in April to consolidate partnerships between key producers, transit countries and consumers by providing a platform for the highest-level dialogue, it has been learned.

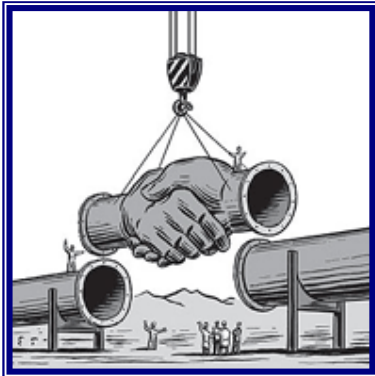
The invitation was personally extended to Turkey's President Abdullah Gül when his Bulgarian counterpart, Georgi Parvanov, visited Ankara two months ago. Initial reactions from the Turkish president were positive but no official response has been given yet, diplomatic sources said. The summit "*Natural Gas for Europe: Security and Partnership,*" which will be held from April 24 to 25 is considered timely after the Russia-Ukraine gas dispute that left many Europeans shivering in the cold for weeks. But sources told that the meeting was planned well before the crisis.

Heads of state from southeastern Europe, the Caspian region, Central Asia and Ukraine and officials from the United States and Russia are expected to attend the Sophia meeting to develop a common will and to coordinate interests. "*If we manage to bring all these parties around a single table, that will be a real success,*" said an unnamed diplomatic source.

The summit will have distinct features to make it different from the other two energy forums, the first held in Budapest in January and the next to be held in Prague on May 7 under the auspices of the current holder of the EU term presidency, the Czech Republic. Bulgaria is working closely with Hungary and the Czech Republic to ensure the three forums are complementary and duly coordinated in an attempt to avoid any duplication, said sources. A final declaration will be released after the two-day summit, expected to bring added value to the European energy debate.

The summit is planned to proceed over two sessions, the first on trends, principles and policies to enhance the European energy security including through the EU Strategic Technology Plan, and the second dedicated to the Southern Gas Corridor in its totality and variety, with the idea of obtaining a joint vision from the participating states on its development. A parallel business forum is proposed at a date close to the summit, it was learned.

GAS



Iran and Turkmenistan reach gas export deal

Date : 16.02.2009

Source : Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=167075>

Turkmenistan will export 10 billion cubic meters of gas per year to Iran, which in turn will help develop a gas field in its neighbor under an agreement announced on Saturday, Iran's official IRNA news agency reported.

The two energy powers, whose ties were strained last winter after Turkmenistan halted gas sales to Iran, agreed to boost cooperation during an official visit by Turkmen leader Kurbanguly Berdymukhamedov to Tehran. Under the deal, Iranian companies would develop a natural gas field in Turkmenistan and in exchange gas from this field would be exported to the Islamic Republic, IRNA said.

"According to this agreement 10 bcm of gas will be exported to Iran per year from the Bolutun gas field," Iran's Oil Minister Gholamhossein Nozari said. He said the two sides had yet to reach a final agreement on the price of the exported gas, giving no details on when the accord would take effect and gas exports start.

OIL



TNK-BP starts production from Siberian fields

Date : 18.02.2009

Source : Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/display_article/353736/120/ARTCL/none/DriPr/1/TNK-BP-starts-production-from-Siberian-fields/

TNK-BP reported it has started commercial production at Urna and Ust-Tegus fields in the Uvat area of the Tyumen region in Siberia, feeding crude into the 264-km pipeline that connects the fields with the Transneft pipeline system.

Urna and Ust-Tegus, which are located in the eastern part of Uvat, hold an estimated 300 million tonnes of oil in place, including 100 million tonnes of reserves. Plans call for the production of some 1.5 million tonnes of crude from the fields in 2009. At the same time, TNK-BP expects to spend some \$500 million on the Uvat project, including the drilling of development wells and construction of other necessary field facilities.

GAS



Iran to ink \$5 billion South Pars contract with TOTAL soon

Date : 19.02.2009

Source : Rigzone (Xinhua News Agency)

http://www.rigzone.com/news/article.asp?a_id=73126

Seifollah Jashnsaz, general manager of National Iranian Oil Company (NIOC), told IRIB that Iran would sign the US \$5 billion contract with Total oil company before the end of the current Iranian year ending on March 20, 2009.

"We have been in talks with TOTAL on developing a phase of South Pars. The deal will be finalized by the end of the current Iranian year," Jashnsaz said, adding under the deal, TOTAL will develop both the upstream and the downstream sectors of the phase of South Pars. *"TOTAL had never stopped its negotiations and its contacts with us which are now coming to a conclusion,"* said the NIOC head.

Yves-Louis Darricarrere, head of the TOTAL's exploration and production, said last week that *"TOTAL is still in negotiations with Iran on a major gas deal, but talks are moving very slowly."* In September 2008, TOTAL's chief executive Christophe de Margerie denied that the company had withdrawn from Iran, saying TOTAL wanted to remain involved in Iran's energy projects.

GAS



Slovakia diversifies gas supply

Date : 19.02.2009

Source : Upstream Online

<http://www.upstreamonline.com/live/article172428.ece>

Slovak gas distributor Slovensky Plynarensky Priemysel (SPP) signed agreements today with German companies E.ON Ruhrgas and Verbundnetz Gas (VNG) on future gas supplies contracts, an SPP spokesman said.

The contracts will provide alternative gas sources after the disruption that occurred earlier this year when Russian monopoly Gazprom cut gas piped through Ukraine, according to spokesman Lubomir Tuchscher. The exact supply conditions have not been finalized, according to reports from Slovak state news outfit TASR. *"Gazprom is to remain the main natural gas supplier for SPP,"* SPP chairman Bernd Wagner said.

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