



Two new players in Turkish natural gas market

Date : 01.04.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=171140>

Enerco Enerji and Avrasya Gaz, both of which have import licenses from Turkey's Energy Market Regulatory Authority (EPDK), have become the two newest companies to sell natural gas in the Turkish domestic market.

The two companies will begin selling natural gas in Turkey today, doubling the number of private companies operating in Turkey's natural gas market with the right to import and sell gas, which in the past belonged exclusively to the state-owned Turkish Pipeline Corporation (BOTAS). The government began liberalizing the market to increase efficiency by introducing competition and decreasing its own company's control over the market.

In 2007 companies signed contracts to take over some of the distribution of imported natural gas in Turkey from BOTAS. Enerco will sell 2.5 billion cubic meters (bcm) of natural gas a year for 14 years, and Avrasya Gaz will sell 500 million cubic meters (mcm) of gas a year for 13 years.

Shell Enerji and BosphorusGaz were the first two companies to get the green light from the EPDK for natural gas sales in Turkey. Shell sells 250 mcm of gas annually, supplied by Gazprom, while BosphorusGaz sells 750 mcm of gas. BosphorusGaz plans to increase its sales to 6 to 7 bcm of gas a year.

Socar-Turcas, the owner of Turkish petrochemicals producer Petkim, has plans to import 1 bcm of natural gas from Azerbaijan, and the Türkerler Group has applied to the EPDK to import 10 bcm of gas from Iraq.

Speaking to the Anatolia news agency yesterday, EPDK President Hasan Köktas said the annual natural gas sales of the four private companies currently operating in Turkey's natural gas market in 2009 would amount to 4 bcm, which is worth \$1.5 billion at current global prices. *"The private sector's share is expected to be around 10 percent in Turkey's natural gas consumption in 2009, but this share will grow in the future,"* he said.



Turkey and Russia to expand Blue Stream pipeline

Date : 28.03.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=170826>

A meeting between Alexei Miller, Gazprom CEO, and Hilmi Güler, Turkish Minister of Energy and Natural Resources focused on ways Russia and Turkey could expand their existing cooperation on natural gas.

Heavy emphasis was placed on expanding the Blue Stream pipeline, which presently runs from Russia to Turkey under the Black Sea. The proposed new pipeline, with the working title Blue Stream – II is expected to expand output capacity by 10 bcm per year. There was also talk of bringing Israel on board the project and supplying gas to the Mediterranean.

Güler was reported by the Russian ITAR-TASS news agency as saying trilateral talks with Israel would commence shortly after Israel forms its new cabinet. Miller emphasized that Gazprom would continue supplying extra gas to Turkey should the need arise. *“Many years of cooperation in the gas industry testify to our reliability as a partner,”* Miller was quoted as saying. *“We’ve always come to Turkey’s aid when the Turkish market needed extra amounts of gas during periods of especially cold weather or in force majeure circumstances.”*

The two countries expect Turkey’s gas consumption to rise exponentially in the coming years and have now committed to working toward ensuring supplies. Blue Stream – II is being touted as a potentially significant contribution to these efforts.



Turkey’s chief EU negotiator re-affirms support to Nabucco

Date : 01.04.2009

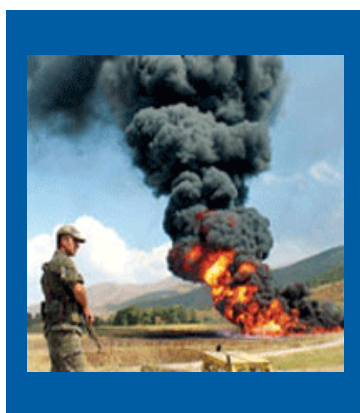
Source: Today's Zaman (AA)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=171169>

Turkey’s chief negotiator for European Union talks said Wednesday his country continued to support the Nabucco gas pipeline project, which would carry gas to European markets from fields in the Caucasus and Central Asia.

"The Nabucco Pipeline is a very important project and Turkey continues to fully support it. Turkey is a part of the solution in any of these energy projects and it will remain to be so," Egemen Bagis told a press briefing in Brussels.

Responding to a question whether a Russian move to allocate funds for the renewal of Ukraine's almost 40 year-old gas pipelines meant the abandonment of the Nabucco project, Bagis said *"Nabucco is not a simple project which would be scraped off just by a decision to renew similar west-bound pipelines. The source of the problem about Nabucco is not Turkey. The problem is finding the gas supply and finding the funds to carry out infrastructure projects on the part of the countries that would buy the gas"*.



Blast reduces Russian gas supplies to Balkans and Turkey

Date : 02.04.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=171258>

Russian gas supplies to the Balkans fell by 40 percent on Wednesday after a blast damaged a pipeline in a separatist region of ex-Soviet Moldova, which said the accident happened because the link was over 30 years old.

Turkey reported a drop in deliveries and Bulgaria said it would draw on state reserves of the fuel after supplies had fallen, while Romania said it was not experiencing problems. Russia's gas export monopoly Gazprom, which supplies a quarter of Europe's gas, said it would increase deliveries to Turkey through the Blue Stream link under the Black Sea to compensate for smaller supplies via Moldova. It said it would also boost supplies via two undamaged pipelines in Moldova.

"This accident ... is linked to the fact that the age of this pipeline has exceeded 30 years," the interior ministry of Transdniestria, Moldova's separatist region, said on its web site. *"There is no talk of terrorism,"* said Moldovan government spokesman Vitalie Condratchi.

The blast occurred at 05.30 local time (02.30 GMT) on the Ananyev-Tiraspol-Izmail pipeline running from Russia via Ukraine and Moldova to Romania, Bulgaria and Turkey. Ukraine said the blast had forced it to cut supplies towards Moldova and the Balkans by 40 percent to 24 million cubic metres per day.



StatoilHydro may bypass Turkey

Date : 02.04.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article175158.ece>

As Turkey seeks more favorable terms and greater control of energy, StatoilHydro said it is weighing other options for shipping gas from the second phase of the Shah Deniz. Bypassing Turkey would be a blow for the Nabucco pipeline to a European hub in Austria, said a Bloomberg report.

"The big challenge is how you get the gas to market and issues related to Turkey," said Peter Mellbye, head of international exploration and production at the Stavanger-based company, at a briefing yesterday in London. Routes across Iran or Russia are possibilities, he said. *"We will go for the alternative that gives us the best economic result."*

Shah Deniz, the biggest gas field in Azerbaijan, now pumps into the PB-operated South Caucasus pipeline through Turkey. StatoilHydro is joint operator of the field, which holds about two-thirds of the 1.3 billion cubic metres originally present in Troll, Norway's biggest field, according to StatoilHydro.

Turkey, strategically between gas consumers in Europe and fields in the Caspian and Middle East, wants more discounted gas for its own use from Azerbaijan, said Julian Lee, senior energy analyst at the Centre for Global Energy Studies in London, in a phone interview today. *"It's developing into a kind of poker game,"* Lee said. Turkey wants to be a major player in Europe's gas supply. *"You can kiss Nabucco goodbye if Azeri gas goes north to Russia rather than west to Europe."*

Talks on securing supply for Nabucco, transit fees, routes and regulations will delay completion of the link two years to 2015, EU Commissioner Andris Piebalgs said in an interview in January. Turkey has said it wants to use 15% of gas shipped by the pipeline. Mellbye said there is no doubt Shah Deniz holds enough gas for a second phase of as much as another 15 billion cubic metres of gas per year. The field will produce 8.6 billion cubic metres of gas a year in its first phase.

Nabucco will not depend solely on the Shah Deniz field, said Christian Dolezal, a spokesman for the Nabucco Gas Pipeline International GmbH, in an e-mailed statement. *"Negotiations for Shah Deniz II volumes with traders are ongoing but not contracted so far,"* the statement said. *"Nabucco will not comment on things which have not happened yet."*



Iraq considers PSAs for second licensing round

Date : 30.03.2009

Source: Oil & Gas Journal (Uchenna Izundu)

http://www.ogj.com/display_article/357715/120/ARTCL/none/ExplD/1/Iraq-considers-PSAs-for-second-licensing-round/

Iraq is considering offering exploration blocks under production-sharing agreements (PSA) this year for its second licensing round, according to Oil Minister Hussain Al-Shahristani.

Along with other measures, the PSAs could help the nation boost oil production to 6 million b/d from 2.5 million b/d over the next 6 years, he said. Speaking at the OPEC's recent international seminar in Vienna, Al-Shahristani said there are 65 blocks that hold oil and gas potential, but Iraq has not yet decided which blocks to offer under production-sharing contracts.

During his address, he said he wants operators to invest \$35 billion to improve Iraq's fields under the two current bid rounds. Iraq wants *"a fair market share for crude oil and gas on the world market,"* he added. If its production target is achieved, Iraq would be one of the biggest producers in OPEC after Saudi Arabia.

Operators are looking at the fields: Majnoon, West Qurnha Phase 2, Halfaya, Gharaf, Badra, East Baghdad, Central Euphrates oil fields (Kifl, West Kifl, and Marjan), Diyala oil fields (Qumar, Gilabat, Nau Doman, and Khashim Alahmar), Najmah, and Qaiarah. These are expected to add nearly 2 million b/d of production capacity with an estimated investment of £20 billion.

Al-Shahristani said it's not known when Iraq's new oil and gas law would be approved by the parliament. The law establishes a sector framework, outlines revenue sharing, restructures Iraq's oil ministry, and creates an Iraqi National Oil Co. The cabinet passed the draft legislation in February 2007, but differences over provisions and among various political parties have blocked its progress in parliament.

"We are proceeding with the bid round; the ministry of oil has full authority to the round, and any contracts that are signed will be presented to the cabinet for approval," Al-Shahristani said. Gas production is a key tenet of Iraq's petroleum policy. It wants to raise production to 70 billion cu m/year and fully utilize associated gas to end gas flaring by rehabilitating partially damaged gas processing plants in the south and constructing new ones.

Plans to improve the gas pipeline network by connecting gas fields under development also need to be implemented. Iraq aspires to become a gas exporter by 2012. *“An estimated quantity of 7 bcma that is regrettably flared now will be utilized for power generation and other industrial usage,”* Al-Shahristani said. The third crucial objective is to raise oil refining capacity to 1.5 million b/d from 600,000 b/d to meet the expected increase in internal and external demand, especially for light products.

By next year, two atmospheric distillation towers, with a capacity of 70,000 b/d, in the Durra and Basra refineries are expected to be finished. Five new refineries with a total capacity of 840,000 b/d are to be installed by 2015:

- Nasiriya Refinery : 300,000 b/d
- Kerbala Refinery : 140,000 b/d
- Missan Refinery : 150,000 b/d
- Kirkuk Refinery : 150,000 b/d
- East Baghdad Refinery : 100,000 b/d

Al-Shahristani said relationships with IOCs would be crucial in realizing Iraq’s objectives, but with its revenues being generated from the oil sector, low oil prices are threatening future investment. A 60% fall from peak oil prices last July has severely damaged Iraq’s budget.

Contracts for successful operators in the first licensing round are expected to be announced at midyear. This was first publicized last year with six giant producing oil fields requiring rehabilitation: Rumaila (north and south), Zubir, West Qurna Phase 1, Misan oil fields, and Kirkuk and By Hassan oil fields.

The fields’ production would have to be increased by 1.5 million b/d within 3–4 years under an estimated investment program of \$15 billion. *“Thirty five IOCs were prequalified and invited to tender for further development of these fields,”* Al-Shahristani said. Overall for these plans, more than \$50 billion needs to be invested over the next 5–6 years to reach crude production capacity of 6 million b/d and a refining capacity of 1.5 million b/d.

According to reports, Iraq has invited Chevron, Total and StatoilHydro to present proposals to develop Nahr Umr oil field in southern Iraq. But the security situation continues to be a concern along with tough contract terms and the lack of a formal legal framework for the contracts.



Gazprom to build gas storage and power generator in Turkey

Date : 30.03.2009

Source: Hürriyet Daily News (Bloomberg)
<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11316961>

Gazprom Germania will spend 500 million euros for the storage and 500 million euros for the generator, Dietmar Schulz-Oral said. Gazprom also plans to raise its stake to 51 percent from 40 percent in BosphorusGaz Corporation.



Margerie: Iran's terms are not attractive enough

Date : 02.04.2009

Source: Upstream Online
<http://www.upstreamonline.com/live/article175140.ece>

"It is very important to reduce the costs of energy projects, we will see if we can get acceptable terms, but frankly today the terms offered today are not attractive enough," French giant Total's boss Christophe de Margerie told a conference.

"Because of the unsatisfactory conditions, Total was never able to strike a real deal for the South Pars project," de Margerie added. Last month Iran accused Total of wasting time and said that a new partner would enter the South Pars project with a leading share. Total has a memorandum of understanding with the state-owned National Iranian Oil Company to develop Phase 11 of the South Pars field but the project has been overshadowed by haggling over contract terms.

Many western players, including Total, had come under pressure to stay out of Iran from the French government and the previous US administration, which sought to isolate Tehran over its nuclear programme.

Meanwhile, de Margerie told Reuters on the sidelines of the conference that project delays may dent Total's plan to invest \$18 billion this year. He added that Total was not currently considering any large acquisition. *"We might not reach \$18 billion in investments this year,"* Margerie said.



OMV disposes of MOL stake

Date : 31.03.2009

Source: Oil & Gas Journal (Uchenna Izundu)

http://www.ogj.com/display_article/357850/120/ARTCL/none/GenIn/1/OMV-disposes-of-MOL-stake/

OMV sold its stake in MOL for €1.4billion to OJSC Surgutneftegas. Last August, OMV dropped its hostile acquisition attempt after the European Commission said it was troubled by the possibility of competition reduction and higher prices.

MOL did not welcome the takeover, stressing that it was capable of implementing its strategy. After settlement of the deal, OMV will not own any further shares in MOL. OMV said that by selling its 21.2% stake, it would maximize the value of its investment for shareholders.

“Acquisition of MOL shares will establish a firm foothold to start long-term beneficial cooperation and will promote energy security in Europe,” said Vladimir Bodganov, Director General of Surgutneftegas.



❖ **Innovations in National Energy Efficiency Strategies and Action Plans**

Source : International Energy Agency

Weblink : <http://www.iea.org/textbase/papers/2009/Innovations.pdf>