



## Ankara reaches agreement with EU on Nabucco

Date : 11.05.2009

Source: The Guardian (Ian Traynor)

<http://www.guardian.co.uk/business/2009/may/11/eu-turkey-nabucco-gas-pipeline>

The European Union and Turkey have struck a ground-breaking gas pipeline deal unlocking a potential energy bonanza in the Caspian basin after more than a year of deadlock, according to senior EU officials.

The agreement, to be signed in Ankara on 25 June, represents a major boost to the EU's ill-starred Nabucco pipeline project. "This is a complete breakthrough," said a senior EU official involved in the tough negotiations with Turkey. "The Turks have accepted our terms. There is no conditionality."

Ankara has been driving a hard bargain, insisting on collecting a 'tax' on the gas being pumped and demanding 15% of the transit gas at discounted prices. This, say EU officials and the six-company consortium that is to build and run the pipeline, would render Nabucco financially unviable.

The stalemate was broken at a summit in Prague last Friday between the EU and the countries involved. "The 15% demand has gone," Andris Piebalgs, the EU commissioner for energy, told the Guardian. "We've agreed on cost-based transit. We're very close to a conclusion." A senior Czech official organising the summit likened the negotiations to "bargaining in an Istanbul souk", while an EU envoy to the region worried that "nothing is done until it's done".

But the European commission president, José Manuel Barroso, said President Abdullah Gül of Turkey assured him the deal would be signed within weeks. "That's what President Gül told me," he said.

The Turkish leader indirectly linked any Nabucco deal with progress on Ankara's negotiations with Brussels on joining the EU. The negotiations are being blocked by Greek Cypriots, while several big EU states are quietly happy to see Turkey's EU bid frozen. But Barroso and others insisted that Ankara was not setting conditions for a Nabucco agreement.



## Chevron's Black Sea talks with TPAO stall

Date : 14.05.2009

Source: Reuters

<http://www.reuters.com/article/rbssEnergyNews/idUSLE57303520090514>

Turkey has been unable to agree on a deal for oil and gas exploration in the Black Sea with U.S. oil major Chevron, and talks with German firm RWE had stalled, Turkish Petroleum Corporation (TPAO) said on Thursday.

The two companies have been in talks with Ankara to carry out exploration in the Black Sea region, which Turkey believes holds some 10 billion barrels of oil and 1.5 trillion cubic metres of natural gas. "There are topics on which we could not agree with Chevron, and Chevron has officially announced it is not interested in petrol exploration in the Black Sea at this time," TPAO General Manager Mehmet Uysal said.

A Chevron official however said the company is still interested in the deal. "Chevron remains interested in Black Sea exploration and looks forward to further discussions with TPAO," said the source, speaking on condition of anonymity. Uysal did not elaborate on the disagreements. Uysal also said talks had stalled with RWE on exploration in the Black Sea. Exxon and Petrobras are continuing work on exploration in the Black Sea. TPAO has said if oil is found in the Black Sea by 2010, production will be able to start between 2015 and 2016.



## Dana Gas and Crescent Petroleum to pump gas to Nabucco from Northern Iraq

Date : 17.05.2009

Source: Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11669320>

Two European and two UAE companies said on Sunday they had formed a consortium to pump enough gas from northern Iraq to kick-start the Nabucco pipeline project to supply Europe.

Dana Gas and Crescent Petroleum say they will partner with Austria's OMV and Hungary's MOL to export natural gas from Iraq to Europe. Two companies said the deal will give OMV and MOL each a 10 percent stake in the holding company.

OMV will pay \$350 million for its share, and the cash will be reinvested into the project, the agency said adding that Crescent and Dana Gas will each take a 3 percent stake in Budapest-based MOL. Both Crescent Petroleum and affiliate Dana Gas believe there is enough gas in the fields they operate in the northern Iraqi region to supply the pipeline after meeting local demand in northern Iraq and Turkey.

“We are confident that our assets in the region have the potential to produce over 3 billion cubic feet per day (cfd) by 2014,” Badr Jafar, executive director for Crescent Petroleum, told Reuters. Jafar declined to estimate how much would be available for the Nabucco project.

An industry source told Reuters that at least half could go to the pipeline. That would be enough for Nabucco’s first phase, which would require around 1.5 billion cfd, according to the joint statement. Around 1 billion cfd could go to Turkey after meeting local needs, the industry source said. Iraqi demand was likely to be less than 500 million cfd initially, leaving the rest for the pipeline, he added.

“Besides satisfying local demand, we expect there will be enough gas for the Turkish markets as well as Europe via the planned Nabucco pipeline,” Helmut Langanger, OMV executive vice president of exploration and production, told. “The project strengthens the realization of the Nabucco pipeline aimed to increase European gas supply security,” MOL Executive Vice President for Exploration and Production Zoltan Aldott told Reuters.

Iraq’s oil ministry declined to comment on the plan on Sunday and said it had received no notification from Kurdish officials in the semi-autonomous region of northern Iraq. The regional government also gave no comment, and said the matter was for the companies involved to discuss.

“We are absolutely convinced of the legal, moral and technical correctness of our investments and projects in northern Iraq, which will achieve benefits and revenues for all of Iraq,” Jafar told Reuters, when asked if potential opposition from Baghdad worried him. The project would prioritize meeting local demand ahead of exports, Jafar added.

Crescent and Dana signed a deal with the regional government in 2007 to develop the Khor Mor field quickly to supply local power plants already under construction. The field was pumping around 90 million cfd, the companies said in the statement. The Khor Mor field was shut in after the first Gulf War in 1991. The UAE companies also signed up to appraise and develop the Chemchemal gas field. The two fields have gas reserves of 3.6 trillion cubic feet, just over 3 percent of Iraq’s 112 trillion cubic feet of reserves, according to U.S. government data.



## Erdogan: \$120 for Azeri gas is unfair

Date : 16.05.2009

Source: Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11660208>

Turkey says it has offered Azerbaijan a 'fair price' of \$200 per 1,000 cubic meters of natural gas, \$80 more than the current deal, sources confirmed Friday. But Azerbaijan is insisting on \$250 per 1,000 cubic meters, delaying the deal.

Prime Minister Recep Tayyip Erdogan was in Baku on Wednesday and held talks with top Azerbaijani officials on both political and energy issues. Erdogan accepted that the \$120 per 1,000 cubic meters that Turkey pays for Azerbaijani gas was unfair compared to world standards. Turkey is paying between \$400 and \$450 for 1,000 cubic meters from Russia.

Recently appointed Energy Minister Taner Yildiz held separate meetings with Rovnag Adhullayev, the head of the Azerbaijani state oil and natural gas company, SOCAR, to re-adjust the gas prices. He proposed to increase the offer to \$200 but the Azerbaijani side insisted on raising it to \$250. According to sources, the parties are continuing their negotiations.

The Turkish Energy Ministry said Thursday that an increase in the cost of Azerbaijani natural gas will not affect domestic consumers. Turkey has bought about 6 bcm of natural gas annually since a pipeline from the Azerbaijani Shakh-Deniz field opened in 2007. Seeking an additional 8 billion cubic meters, Turkey is also trying to become an energy hub.



## Iraqi Oil Minister invites Turkish firms to invest

Date : 22.05.2009

Source: Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=176015>

Iraqi Oil Minister Hussain al-Shahristani said the state-owned Turkish Petroleum Corporation (TPAO) had been entrusted with projects for the improvement of Iraqi oil fields, noting that there were many other projects sharing this objective.

“There are many other things to be done, such as the construction of pipelines, oil storage facilities, oil stations and refinery facilities. I hereby invite Turkish companies to do business in Iraq. They can take on many projects in Basra, which is the oil production center, and other cities. Turkish companies are qualified and experienced. They have done business in Iraq before. They can play important roles in Basra and Kirkuk,” Shahrستاني said.

He also added that they were working to increase the volume of oil exported through the Kirkuk-Yumuratalik pipeline, noting that they were planning to improve their natural gas fields in order to meet the gas demands of Turkey and EU countries.



## Turkey and Russia vow to cooperate on energy

Date : 18.05.2009

Source: Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11671575>

Russian Prime Minister Vladimir Putin says Turkey and Russia have agreed to extend a contract on natural gas supplies. The current agreement is scheduled to end in 2012.

The prime ministers of Turkey and Russia agreed over the weekend to strengthen the countries' energy cooperation and begin negotiations over the Blue Stream 2 natural-gas pipeline project. The announcement came Saturday at a televised joint press conference held by Prime Minister Recep Tayyip Erdogan and his Russian counterpart, Vladimir Putin, in the Black Sea resort of Sochi. The two first held a one-on-one meeting, which will be followed by talks between their delegations, attended by Turkish Energy Minister Taner Yildiz and Aleksei Miller, the CEO of Gazprom.

The Blue Stream pipeline currently runs from Russia to Turkey under the Black Sea; the proposed new pipeline, known as Blue Stream 2, is expected to expand its output capacity by 10 billion cubic meters annually. Plans call for it to enable gas deliveries to countries in the Middle East, Israel and other nations.

Without elaborating, Putin said Turkey and Russia had agreed to extend a contract on natural gas supplies. The current agreement to supply Turkey with about 6 billion cubic meters of Russian gas annually is scheduled to end in 2012; the proposed pipeline is expected to meet Turkey's growing need for natural gas.



## Iraq will export oil from Northern Iraq via Turkey

Date : 11.05.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=174933>

The Iraqi Oil Ministry will begin exporting oil from fields in Northern Iraq, an official said on Sunday, heralding a breakthrough in a bitter feud over control of Iraq's oil wealth.

Oil Ministry spokesman Asim Jihad told Reuters that once fields in the northern region had been connected to the national export pipelines, "The Iraqi Oil Ministry will start exporting crude extracted from some oil fields in Northern Iraq." "These quantities will increase Iraqi export capacity, and all revenues will go to state coffers. The ministry supports any steps to increase Iraqi output and export levels," he said, but declined to comment on when the exports would begin.

Jihad's comments came after the regional government's Natural Resources Minister Ashti Hawrami said he had received a green light from Baghdad to begin the first official exports via Turkey. On Friday the regional government announced that oil exports from its Tawke field would begin on June 1, saying they would start at an initial rate of 60,000 bpd. It also said that 40,000 bpd of exports from another field, Taq Taq, would begin, traveling by truck and through an Iraq-Turkey pipeline.



## Petrobras sees \$300 mln Turkey Black Sea investment

Date : 21.05.2009

Source: Reuters

<http://www.reuters.com/article/rbssEnergyNews/idUSLL93651320090521>

Brazilian oil and gas company Petrobras sees its investments in the Black Sea totaling \$300 million over the next two years, International Director Jorge Zelada said. Petrobras agreed this year to explore two wells with TPAO off the Turkish coast.

"We are planning investments of \$300 million in exploration activities in the Black Sea in 2009 and 2010. This is the cost of the two wells," said Zelada on the sidelines of a conference in Istanbul. TPAO sees the Black Sea yielding as much as 10 billion barrels of oil and 1.5 trillion cubic metres of natural gas.





## Russia seeks to speed gas pipeline with new deals

Date : 16.05.2009

Source: Today's Zaman (Reuters)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=175465>

Russia will on Friday sign deals with Italy, Bulgaria, Greece and Serbia to build a major gas link to Europe, South Stream, as it seeks to speed up work to outpace the key rival project, Nabucco.

Italian Prime Minister Silvio Berlusconi will travel to Russia's Black Sea resort of Sochi to meet Prime Minister Vladimir Putin and both men will oversee the signing of a deal between energy majors Gazprom and ENI. The two firms have already set up a 50/50 joint venture to build South Stream, which will start near Sochi, cross the Black Sea to reach Bulgaria, Greece, Serbia, Hungary and ultimately Italy with supplies of at least 30 billion cubic meters a year.

Russia is already supplying a quarter of Europe's gas needs with exports of 150 billion cubic metres a year and Gazprom's plans such as South Stream and Nord Stream in the Baltics have increased EU concerns it would become yet more dependent on Russia.

Putin will also preside over the signing of deals between Gazprom and Bulgarian, Serbian and Greek energy companies. Some of the deals, however, are not going as smoothly as planned. Kommersant business daily reported on Friday the deal with ENI would be a preliminary protocol, rather than a final deal, as the Italian major insists it wants to sell gas from South Stream along the pipeline's entire route, not just in Italy.

Gazprom opposes the move and has also asked Bulgaria to allow it to use the country's existing pipeline infrastructure instead of building new pipelines for South Stream. Bulgaria, the country worst affected by the latest Russia-Ukraine gas row in January, has opposed this plan. Sofia is also planning to host the Nabucco route.

Berlusconi's visit to Sochi will, however, give South Stream a much needed political boost, which Kommersant said is coming at a price and was not only due to the friendly relations between Putin and the Italian prime minister. Gazprom, Russia's most indebted company, had to buy back its stake in an oil arm from ENI in April at well above market price and Italy is now seeking more guarantees from Gazprom for its involvement in the project's financing.



## Petrol Ofisi loss narrows on cost cuts

Date : 09.05.2009

Source: Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11611937>

Petrol Ofisi, Turkish fuel retailer co-owned by Turkey's Dogan Holding and Austria's OMV, said its first-quarter loss narrowed 21 percent to 32.2 million Turkish Liras (\$20.1 million) after cutting costs.

The loss decreased from 41 million liras in the first quarter of last year, according to an e-mailed company statement on Friday. Net sales stood at 2.92 billion liras (\$1.772 billion), the statement said. "The global crisis has resulted in a contraction in the fuel retail market," said Melih Türker, chief executive of the company also known as PO. "Despite that, we continue investments, with the understanding that the best antidote against the crisis is investment."

Reminding that in January the company opened its new Batman terminal, Türker said PO is on its path to becoming an integrated oil and gas company, having partnered to the South Akcakoca field with a \$55 million investment. The field is regarded as Turkey's biggest off-shore natural gas project.

"Diesel fuel consumption, a key indicator of economic and industrial trade activity, is slowing since the last quarter of 2008," Türker noted. "Especially in February this year, it retreated 12 percent, hitting the bottom. Also, the rapid transfer from fuel to auto liquefied natural gas, or LPG, continues since 2007. As of mid-year, we foresee that total auto LPG consumption will surpass that of fuel."



## Lula da Silva sees Petrobras furthering investments abroad

Date : 21.05.2009

Source: Rigzone (Dow Jones Newswires)

[http://www.rigzone.com/news/article.asp?hpf=1&a\\_id=76391](http://www.rigzone.com/news/article.asp?hpf=1&a_id=76391)

Brazilian state-run energy giant Petrobras shouldn't be afraid to make investments overseas, President Luiz Inacio Lula da Silva said Thursday during a visit to Turkey.



"[Overseas investments] will help the company have more access to sources of oil," Lula was quoted by the local Estado news agency as saying. "Gasoline prices, which are already cheap in Brazil, could become even cheaper [with more overseas exploration]." Petrobras will sign an exploration deal with the Turkish Petroleum Corporation (TPAO) Friday. The deal will cover exploration in the Black Sea, which Turkey estimates holds 10 billion barrels of oil. Earlier this month, Petrobras and TPAO agreed to operate a drilling rig in the Black Sea.

Petrobras agreed to cede control of the Leiv Eiriksson rig to TPAO for exploration activities in the Sinop offshore oil block. Petrobras expects the rig to arrive in Turkey in late 2009, and drilling operations are seen beginning in the first quarter of 2010.

Petrobras began oil production activities in Turkey in February 2006, after successfully bidding to operate in two blocks in the Black Sea. As a result, Petrobras and TPAO signed operation agreements that ensured 50% stakes for each company for the exploration and production of blocks 3920 (Kirkklareli) and 3922 (Sinop). Petrobras said it completed seismic studies in the areas in late 2008 and is now beginning the well-drilling phase.



## Iran to sign \$1.5b oil deal with Eni for Darkhovin

Date : 20.05.2009

Source: Rigzone (BBC Monitoring)

[http://www.rigzone.com/news/article.asp?a\\_id=76363](http://www.rigzone.com/news/article.asp?a_id=76363)

Iran is to sign a \$1.5 billion deal with Italian Eni for the development of the third phase of Iran's Darkhovin oil field. Eni has submitted a feasibility study to Iran's Oil Engineering and Development Company (OEDC), a spokesman said.

"Eni is currently active in the first two phases of Darkhovin and has voiced interest in developing the oil field's third phase with an investment of \$1.5 billion," he said. Eni, Italy's biggest oil and gas company, signed a \$550 million deal with the National Iranian Oil Company (NIOC) in 2001 to develop Darkhovin oil field which lies in southwest Iran near the Iraqi border. It brought the first phase on line in 2005 and is now active in the second phase. It is expected that oil production at the oil field would ultimately reach 260,000 bpd once the third phase of the field becomes operational.



## Russian firm seen as hostile bidder for Nabucco

Date : 18.05.2009

Source: EurActiv

<http://www.euractiv.com/en/energy/russian-firm-seen-hostile-bidder-nabucco/article-182411>

A Russian oil and gas company considered close to Prime Minister Vladimir Putin has won participation in Hungary's MOL petrochemical group, with the aim of taking over this key member of the Nabucco gas pipeline consortium.

According to the experts, the Kremlin's political motivations were laid bare when Russian oil company Surgutneftgas recently seized control of 21.2% of Hungarian petrochemical giant MOL. Surgutneftgas, a secretive oil company known to be close to Russian Prime Minister Vladimir Putin, has spent 1.4 billion euros on the deal, more than twice its market value, the experts pointed out, underscoring the move's strategic dimension.

The deal took place on 29-30 March, in the middle of a political crisis which saw the resignation of former Hungarian Prime Minister Ferenc Gyurcsány. But Gordon Bajnai, who replaced Gyurcsány, later condemned the deal. "The problem in the MOL business is [that] we don't know who is behind the case," said Hungarian Foreign Minister Péter Balázs.

Other Hungarian officials suggested that Russia was in fact operating through OMV, an Austrian oil and gas group whose bid to acquire MOL was rejected in 2007. In June 2007, OMV launched an unsolicited bid on MOL, which was rejected by the Hungarian company. The European Commission also objected to the hostile takeover, citing competition concerns.

The failed takeover attempt later prompted OMV to sell its remaining 21% stake in MOL to Russia's Surgutneftgas. The deal, signed in March this year, was described by MOL as 'unfriendly'. But the Austrian company denies accusations that it was being manipulated by Moscow. OMV spokesperson Thomas Huemer recalled a statement made in 2007 by Zsolt Hernadi, MOL's CEO, who said he would prefer to be taken over by a Russian firm than to cede control to OMV.

Surgutneft is now the largest shareholder in MOL, but has not yet obtained the formal approval of the Hungarian authorities to be registered as a shareholder. A shareholders' meeting held immediately after the takeover took measures 'to preserve their independence'.



## Shmatko: South Stream to be built before Nabucco

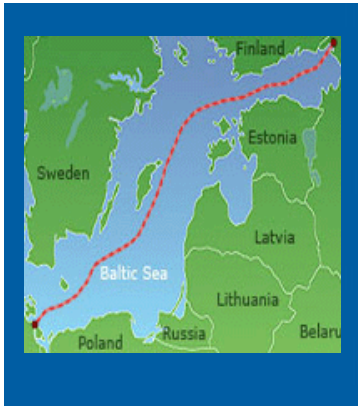
Date : 18.05.2009

Source: Hürriyet Daily news (AFP)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11675813>

“South Stream gas pipeline has ‘every chance’ of being completed before the European Unions rival Nabucco project”, Russian Energy Minister Sergei Shmatko said on Monday. “We will start implementing this project very soon,” he added.

The South Stream pipeline project is being led by Russian energy giant Gazprom and Italy’s Eni and would run under the Black Sea delivering gas to Europe. The project is widely seen as a rival to Nabucco, a pipeline backed by the EU that would take gas from the Caspian region through Turkey towards Austria, bypassing Russian territory.



## Nord Stream gains speed

Date : 16.05.2009

Source: Hürriyet Daily News (EurActiv)

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11660122>

Paul Corcoran, the Nord Stream consortium’s financial director, told that he expected the necessary environmental permits to be delivered in December 2009. The project finance will be put in place this year, allowing construction to begin in the spring of 2010 as planned, he added.

The official insisted that there was a solid base for securing financing. “The shareholders agreement for Nord Stream had a clear view on how the project should be financed. Thirty percent would be financed by shareholders’ equity - that was received upfront - and the consortium holds 1.5 billion euros of shareholders’ funds,” he explained. “Seventy percent of the investment cost will be covered by external financing, and that would come through project financing.”

❖ Regulation Regarding to the Determination of Principal Usage Rules  
Procedures of LNG Storage Facilities

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/mevzuat/yonetmelik/dogalgaz/depolamatesisikullanim/depolamatesisikullanim.pdf>

❖ OPEC Monthly Oil Market Report (May 2009)

Source : Organization of the Petroleum Exporting Countries

Weblink : <http://www.opec.org/home/Monthly%20Oil%20Market%20Reports/2009/pdf/MR052009.pdf>

❖ Powering America's Defense: Energy and the Risks to National  
Security

Source : Center for Naval Analyses

Weblink : <http://www.cna.org/documents/PoweringAmericasDefense.pdf>