



EPDK introduces price ceiling

Date : 26.06.2009

Source: AA

<http://www.aa.com.tr/en/ingilizce-haberler/>

Energy Market Regulatory Authority (EPDK) introduced price ceiling for the fuel market. According to the announcement, 95 octane fuel is expected to become maximum 3.04 Turkish lira and diesel fuel will become maximum 2.49 Turkish lira after the decision was issued in the Official Gazette.



Turkish FM hopes to sign Nabucco agreement 'as early as possible'

Date : 26.06.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article181916.ece>

Turkish and EU officials said today they were optimistic agreement could be reached soon on bringing Turkey into the planned Nabucco gas pipeline project.

“We hope we can achieve an agreement as early as possible, even in this month,” Reuters quoted Turkish Foreign Minister Ahmet Davutoglu as telling reporters after discussions in Brussels. EU Enlargement Commissioner Olli Rehn told the same news conference: “We can reasonably be hopeful that we shall see a major step forward in the Nabucco project.”

Turkish backing is seen as vital for launching the 31 billion cubic metres per year gas pipeline by 2014 to help relieve Europe’s reliance on Russian supplies. Turkey, which has little hydrocarbon resources of its own, has said it wants to use 15% of the gas pumped through the pipeline in return for assuring transit arrangements. Prime Minister Tayyip Erdogan is also in Brussels for a visit which Ankara hopes will breathe new life into its stalled EU accession bid.



Zorlu Enerji to increase capital by 245%

Date : 25.06.2009

Source: Financial Times (Delphine Strauss)

http://www.ft.com/cms/s/0/ebf6d56c-60d6-11de-aa12-00144feabdc0.html?ftcamp=rss&nclick_check=1

Turkish power producer Zorlu Enerji appears to be positioning itself to attract an international partner with a restructuring to streamline its activities and reduce debt.

The group said on Wednesday it would increase its capital by 245 per cent with a TL200m (\$128.5m) rights issue, and sell stakes in several units to its parent, the family conglomerate Zorlu Holding, and other Zorlu subsidiaries for a total TL86.3m.

Rumours of the capital increase and a potential partnership had sent Zorlu Enerji's shares up more than 40 per cent in the past week, but Ahmet Zorlu, Chairman, told Reuters on Tuesday the group was not in 'serious' talks with any foreign partner. However, it is one of the most prominent targets remaining for strategic investors aiming to enter Turkey's fast-growing power generation sector.

Elvin Akbulut, analyst at Unicredit, said Zorlu Enerji would be a possible target once recent investments have become operative and markets recovered, adding that the restructuring would help transparency, making it easier to value the company. "The positive side is the simplification of the participation portfolio and cash injection into this highly indebted company, as well as declining debt," she said,

However, analysts said the divestment of a majority stake in recently acquired Zorlu Dogal was disappointing as the group would lose a portfolio of hydroelectric plants that would have helped it diversify from natural gas into renewable energy. Its shares closed down almost 14 per cent at TL4.10.

Sezai Saklaroglu, analyst at Ata Invest, recently estimated Zorlu Enerji's fair value at TL528m, noting the group's investments in Russia and Pakistan and the International Finance Corporation's financing of the country's biggest windfarm. He said the transactions announced on Wednesday would reduce the group's net debt from TL2.6 bn to TL1.9bn, but said the size of the capital increase could put pressure on its share price.



BTC pipeline to get fire and gas detection systems

Date : 22.06.2009

Source: Oil & Gas Journal (Eric Watkins)

http://www.ogj.com/index/article-display/7992555101/s-articles/s-oil-gas-journal/s-transportation/s-pipelines/s-constuction/s-articles/s-btc-pipeline_to_get.html

Tefken Construction & Installation Co. has chosen Honeywell International to design, configure, install, and initiate a fire and gas-detection system at the terminal of the Baku-Tblisi-Ceyhan pipeline.

The system will include Honeywell's Safety Manager and Searchline Excel open-path gas detectors, as well as closed-circuit television flame detectors. The system will cover the tank farm, metering, and jetty areas at the Ceyhan terminal. Honeywell said its Experion Process Knowledge System also will be installed in the terminal's central control room and used to monitor all aspects of the system including alarming, event and video recording.

Honeywell said the system will be fully integrated with existing automation systems on the BTC line, and will increase plant safety by "providing operators with full insight into all gas levels and flame detection, allowing for better decision making."

Heightened security

Security of the BTC line has been a matter of heightened concern since August 2008 when Russia invaded Georgia. At the time, Russian military forces were accused of targeting the line with warplanes and troops, even forcing its shutdown. Additional security concerns have arisen in Turkey following several attacks on oil pipelines, including the BTC line itself, many of them attributed by Ankara to members of the outlawed PKK. Even PKK has claimed responsibility for an attack on the BTC line.

SOCAR report

Meanwhile, the Honeywell announcement coincided with reports by the State Oil Co. of the Azerbaijan Republic (SOCAR) that during January through May it doubled the transportation of oil along the BTC line to 14.4 million tonnes from 7.6 million tonnes in 2008. According to SOCAR, 3.3 million tonnes were transported through the line in May alone, while the BTC line has carried a total of 84.8 million tonnes of oil since starting up on May 10, 2005.

Kazakhstan and Turkmenistan, Azerbaijan's neighbors across the Caspian Sea, have helped to increase the amount of oil transported along the BTC line, according to Nuru Guliev, vice-president of SOCAR's marketing and export department.

In April, Guliev said the daily average volume of transit of Kazakhstan and Turkmen oil through Azerbaijan for the first quarter of 2009 increased twice in comparison to the same period of 2008, up to 120,000 b/d.

Guliev said 40,000 b/d of Kazakh oil is transported through the BTC line and the remaining 80,000 b/d is transported along the Baku-to-Batumi railway line, adding that the transit of Kazakh and Turkmen oil through Azerbaijan in 2008 increased by 52% over 2007.

Tankers ordered

Earlier this year, Kazakhstan's KazMorTransFlot (KMTF) shipping company—eyeing increased exports via the BTC line—ordered three 13,000-dwt crude tankers from Russia's Krasnoye Sormovo Shipyard for delivery to the Caspian Sea port of Aktau in 2009-10. At the time, Kazakhstan's KazMunaiGas (KMG), which owns KMTF, said that successful implementation of the transportation project would ensure “a reliable shipment of Kazakh crude oil to Azerbaijan across the Caspian Sea onboard tankers and to international markets through BTC pipeline.”

KTMF's order followed last November's delivery by Krasnoye Sormovo Shipyard of the tanker Zangezur to Azerbaijan's Caspian Sea Shipping Co. for transporting Kazakh oil to the Sangachalsky terminal near Baku for export via the BTC line. In view of increased supplies from Azerbaijan and its neighbors in the region, Azerbaijan's Industry and Energy Minister Natig Aliyev on June 16 said the capacity of the BTC line will be increased in 2010 to 1.6 million b/d from the current 1.2 million b/d.



Medgaz pipeline primes first flows for 2010

Date : 25.06.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article181732.ece>

The 8 billion cubic metre per year Medgaz pipeline between Algeria and Spain will deliver its first gas in early 2010, Dominique de Riberolles, chief executive of Spanish energy company Cepsa, said.

In late May, the chief executive of Algerian state energy group Sonatrach had said the pipeline would begin operations in the fourth quarter of this year, a Reuters report said.



Sinopec agrees to buy Addax for \$8-billion

Date : 24.06.2009

Source: The Globe and Mail (Eric Reguly)

<http://www.theglobeandmail.com/globe-investor/sinopec-agrees-to-buy-addax-for-8-billion/article1194761/>

China's biggest oil products company Sinopec has agreed to buy Toronto-listed Addax Petroleum Corp. for \$52.50 a share, valuing the company at more than \$8-billion.

The price was somewhat higher than expected. Earlier this week, the shares were trading at about \$45 a share as investors took the view that the company was fully valued. The offer represents a 47 per cent premium to the closing price on June 5, the day before Addax announced it was in discussions with potential buyers.

The offer represents a clear victory for Jean Claude Gandur, the Addax founder and CEO who controls about 38 per cent of the company personally and through his holding company, Addax & Oryx Group. Mr. Gandur, a French-born Swiss citizen who lives in Geneva, told brokers and analysts not long ago that he would resist an offer pitched at less than \$50 a share.

Addax signed a definitive agreement with a Sinopec subsidiary called Sinopec International Petroleum Exploration and Production Corp. Mr. Gandur and his holding company entered a lock-up agreement to tender their stake to Sinopec. Addax warned that Sinopec's commitment to buy all the outstanding shares "is subject to the receipt of certain approvals from the Government of the People's Republic of China." Sinopec is government-controlled. In 2008, it ranked 16th on Fortune magazine's Global 500 list, measured by revenue. The Addax acquisition is the largest foreign takeover by a Chinese company.

Addax did not identify the other bidders, though the high price suggests the competition was strong. Sinopec was thought to be competing with Korean National Oil Co. and possibly two Indian companies, state-controlled Oil and Natural Gas Corp. and Reliance Industries Ltd.

Addax produces about 140,000 barrels of oil a day, most from on- and offshore fields in West Africa. It also has some production from the Taq Taq field in Northern Iraq. Mr. Gandur predicted more than a year ago that Addax would eventually find an Asian buyer, because Asian oil companies have a greater tolerance for operations in politically risky countries. In London trading after the announcement was made, Addax shares jumped more than 15 per cent to £27.40.



Gazprom lines up Azeri gas deals

Date : 26.06.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article181909.ece>

Gazprom expects to sign new important deals with Azerbaijan next week, the company's chief executive Alexei Miller told. Russian President Dmitry Medvedev is due to visit Azerbaijan next week and will likely ask its leadership to pledge vast supplies of natural gas to fill Russian pipelines.

“Europe’s quest for diversification is understandable but it should not become a fetish,” said Miller. He added that by looking to diversify sources of supply Europe may even achieve a negative surprise result. “There will be a lot of diversification but not much of reliability and stability.”



EU gets tough over energy markets

Date : 25.06.2009

Source: Upstream Online

<http://www.upstreamonline.com/live/article181728.ece>

The EU's executive accused 25 of the bloc's 27 countries today of breaching rules to boost competition in energy markets, taking the first step towards possible court action.

It launched so-called infringement procedures for failure to implement the EU's second package of internal energy market laws - reforms phased in between 2004 and 2007 to open gas and electricity markets to more competition.

The 25 are Austria, Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Lithuania, Latvia, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Sweden and the UK. Only Malta and Cyprus avoided action.

The 25 will receive letters of formal notice for not complying with gas and electricity regulations, Reuters quoted the European Commission as saying in a statement. Many of those states had received warnings on similar issues in 2006. Meanwhile, environment ministers meeting in Luxembourg formally approved the EU's third package of reforms, which aim to liberalise EU energy markets further still.



Iraq fires up production from Nassiriyah oil field

Date : 22.06.2009

Source: Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?a_id=77471

Iraq has started crude oil production from a giant oil field in southern Iraq for the first time, in a bid to increase the country's crude output, an official with the South Oil Co. said Monday.

"We have started experimental production from Nassiriyah oil field at a rate of 10,000 barrels a day," the official told Dow Jones Newswires. He expected production to increase gradually to 20,000 barrels a day within the next few days.

Fayadh al-Naama, head of the South Oil Co., said production from the oil field is expected to hit 50,000 barrels a day in a year. Production from the field came after the SOC managed to rehabilitate five wells and connecting them to a degassing station, Naama said.

Nassiriyah, which accounts for some 4.3 billion barrels, was discovered in 1975 and remained undeveloped for more than three decades due to war, lack of cash and economic sanctions. The field, whose production capacity could reach 300,000 barrels a day if it is properly developed, is currently subject to direct negotiations between the Iraqi oil ministry and three oil companies: Italy's Eni, Japan's Nippon and Spain's Repsol.

Nassiriyah's new production is part of a 'crush plan' proposed by the Iraqi Oil Ministry earlier this year to increase production from southern oil fields by 350,000 to 500,000 barrels a day in two years. Iraq's southern oil fields are currently producing around 1.8 million barrels a day.

Naama also said production from the giant Nahr Bin Umar oil field increased by 20,000 barrels a day from the previous 25,000 barrels a day. Total along with U.S. Chevron and StatoilHydro are negotiating with the ministry a contract to develop Nahr Bin Umar, which has proven reserves of 6.6 billion barrels.



CNPC and BP hold talks on bid to develop Rumaila oil field

Date : 24.06.2009

Source: Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?a_id=77598

China National Petroleum Corp. (CNPC) has held talks with U.K. oil major BP about a joint offer to develop Iraq's Rumaila field, ahead of the country's first bidding round in 30 years, a person familiar with the matter said Wednesday.

China's state-owned CNPC is also working on two more bids in the auction, due to take place June 29-30, including one with Chinese rival Cnooc Ltd. and Malaysia's Petroliam Nasional Bhd, or Petronas. The talks with BP focused on CNPC coming in as a minority partner for a service contract to develop the Rumaila field, which is the largest in the round in terms of output, said the person, declining to be named. He didn't say whether the discussions were ongoing.

Rumaila's current output capacity is around 1 million barrels a day, but the Iraqi government hopes foreign expertise can lift production to 1.75 million barrels a day, according to consultancy IHS Global Insight. CNPC's spokesman, Liu Weijiang, couldn't immediately be reached for comment. Toby Odone, BP spokesman, said BP was one of the companies shortlisted to bid in Iraq and was still finalizing its plans.

CNPC is working with Royal Dutch Shell and China Petrochemical Corp. (Sinopec) on a bid to develop the Kirkuk oil field after agreeing on shareholdings in a consortium, the person said. In April, Jeroen van der Veer, Shell's chief executive, confirmed the Anglo-Dutch oil major was in talks with Chinese firms to be a part of the consortium bidding for an Iraqi oil field.

The third bid will involve a consortium of CNPC, Cnooc and Petronas for one of the smaller oil fields included in the round, the person said. CNPC will operate the oil field, either Missan in southern Iraq or Bai Hassan in the country's north, if the bid succeeds, the person said.

Azman Ibrahim, a spokesman for Petronas, said Malaysia's state oil company "is bidding for some acreage in Iraq, on our own and with partners," but refused to give details. Xiao Zongwei, the joint board secretary of Hong Kong-listed Cnooc, declined to comment.



Iran finds sizeable gas reserves off Hormozgan coasts

Date : 23.06.2009

Source: Rigzone (BBC Monitoring)

http://www.rigzone.com/news/article.asp?a_id=77568&hmpn=1

Huge natural gas deposits have been discovered in Hormozgan province, off the Persian Gulf coast, with a probable output tantamount to ten phases of the South Pars gas field, the National Iranian Offshore Oil Company Managing Director said.

Mahmud Zirkchainzadeh told the Shana Oil and Energy Information Network that tapping the fields may boost Iran's daily natural gas production capacity by ten billion cubic feet, turning Hormozgan into the country's second gas hub.

"NIOOC puts priority on the development of newly discovered gas fields in the Persian Gulf region," he said, adding that the produced gas will be supplied to domestic and foreign markets and will be used in production of liquefied natural gas as well. He went on to say that huge investments have been made for the development of Hormozgan offshore gas fields and that the related contracts will come into force in the current year.

He referred to Abuzar oilfield located in Kharg Island in the Persian Gulf, saying recent studies show that the field's in-situ reserve should be one billion barrels more than the previously estimated figure of three billion barrels, according to Mehr News Agency.

Zirkchainzadeh said, "Abuzar is Iran's largest oilfield in the Persian Gulf region." He added, "Currently 30 percent of the field's crude deposit is recoverable, but the underway gas lift plan would raise the amount to 43 percent by March 2010."

In February, Abuzar field's output declined by 40,000 barrels per day due to a gas leak incident. Currently the field produces 140,000 barrels of crude per day, down 6000-7000 bpd in comparison to the period before the incident.

According to Oil and Gas Journal, Iran's 2008 estimated proven natural gas reserves stood at 948 trillion cubic feet, second only to Russia. Roughly two-thirds of Iranian natural gas reserves are located in non-associated fields.



RWE: We are hopeful Turkey to sign Nabucco agreement next month

Date : 25.06.2009

Source: Rigzone (Dow Jones Newswires)

http://www.rigzone.com/news/article.asp?hpf=1&a_id=77632

German utility RWE expects an intergovernmental agreement between the five transit countries of the Nabucco natural gas pipeline project will be signed in July.

“We’re very confident the intergovernmental agreement will be signed in July,” Neil McMillan, RWE’s head of Nabucco political liaisons & strategies, told Wednesday. The Nabucco consortium comprises RWE, OMV of Austria, MOL of Hungary, Transgaz of Romania, Bulgargaz of Bulgaria and Botas of Turkey. Each of the shareholders own a 16.67% stake in the consortium.

McMillan said the four European Union member states that are transit countries -- Austria, Hungary, Romania and Bulgaria -- are already willing to sign the agreement. “We are hopeful that Turkey will be ready for the signing in the course of next month,” McMillan said. Turkey is the only non-E.U. member transit country.

“We know that Turkey sees Nabucco as also in its interests,” he said, adding that the pipeline will help bring down gas prices in Turkey and increase security of supply. “Nabucco is also a project that will encourage significant further energy infrastructure investment in Turkey,” he added.

The pipeline would provide incentives for follow-up investment in the Turkish gas and electricity market and help to further develop the country’s wholesale market. RWE, for instance, has already announced plans to invest in the Turkish power market, McMillan said.

However, the intergovernmental agreement needs to be signed quickly to make sure that Azerbaijan and Turkmenistan, who are the primary suppliers for Nabucco first two construction phases, will commit their gas to the project, he said.

After the signing of the intergovernmental agreement, the Nabucco consortium plans to launch an open-season process at end-2009 to gauge demand for the pipeline and its capacity, said McMillan. “A final investment decision for Nabucco is expected to be made in 2010. Construction could then begin in 2011,” he said.

❖ EMRA's Announcement on Fuel Price Ceiling

Source : Energy Market Regulatory Authority

Weblink : <http://www.epdk.org.tr/haber/basindetay.asp?id=107>

❖ OPEC Bulletin (June 2009)

Source : Organization of the Petroleum Exporting Countries

Weblink : <http://www.opec.org/library/OPEC%20Bulletin/2009/pdf/OB062009.pdf>

❖ Fostering LNG Trade: Developments in LNG Trade and Pricing (2009)

Source : Energy Charter

Weblink : http://www.encharter.org/fileadmin/user_upload/document/LNG_2009_ENG.pdf