



OIL



Uysal: Black Sea oil to meet Turkey's needs for 40 years

Date : 04.03.2009

Source : Today's Zaman (Hasan Bozkurt)

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=168584>

The Black Sea has a massive amount of oil and natural gas resources, enough to meet Turkey's needs for the coming 40 years, Mehmet Uysal, General Manager of the Turkish Petroleum Corporation (TPAO) has said.

He noted that estimates based on the findings of sonar-equipped oil exploration ships show that there are at least 10 billion barrels of oil reserves beneath the Black Sea. In addition to this, some 1.5 trillion cubic meters of gas lie beneath the sea, he said, and added that the Exxon Mobil and Petrobras exploring for oil in the region. Uysal further underlined that these resources will help Turkey slash its costs and that it plans to pay \$600 billion for the import of crude oil in the next 10 years.

TPAO conducted two-dimensional seismic exploration studies on a 60,000-kilometer area of the Black Sea. Three-dimensional seismic radar equipment was used to search another 10,000 kilometers for oil beds, he said. Speaking yesterday at a press conference in Ankara, Uysal spoke about TPAO's performance last year, its exploration and future projects. He said the company is exploring off the Mediterranean and Aegean coasts as well. TPAO has also participated in exploration activities in foreign countries.

TPAO owns oil reserves in Kazakhstan and Azerbaijan that are enough to satisfy Turkey's thirst for oil for two years, Uysal said, noting that another five wells will be drilled in Kazakhstan between 2009 and 2011. The TPAO manager said the company had invested \$270 million so far in exploration in these countries and had already earned more than it invested. In the fields that were subcontracted to TPAO in these countries, at least \$100 million worth of reserves are still there, he added. Kazakhstan and Azerbaijan's oil wells have a daily production capacity of 35 million barrels.

He said TPAO produced 500 million cubic meters of natural gas, largely in the fields in the western Black Sea region. Currently, Turkey has three platforms to drill for natural gas in Akçakoca, a coastal district in Düzce province in the western Black Sea region. Uysal also notes that a fourth platform is being built in Romania for installation in Akçakoca.

He provided information about TPAO's exploration studies in Iraq. In this war-torn country, the demographic structure -especially the ethnic makeup- is a vital parameter in deciding where to initiate oil exploration, he underlined, adding that the company will submit bids in consortiums and will establish partnerships in this country.

Addressing Iran, Uysal said preliminary work to commence exploration in the South Pars region is still under way. The total amount of investments in this country will reach \$5.5 billion to produce 16 billion cubic meters of natural gas, he said.

“Turkey will not need to import oil and gas by 2023”

TPAO's sales revenues increased from \$500 million to \$2.2 billion from 2002 to 2008, while revenues from investments rose from \$228 million to \$668 million in the same period, Uysal said. Meanwhile, oil production increased from 50,000 barrels per day to 70,000, he noted, concluding his speech with a hope that Turkey will become a self-sufficient country in energy and will no longer be dependent on oil and gas-producing countries by 2023, the 100th anniversary of the foundation of the republic.

GAS >>>



BOTAS plans a major gas price cut in May

Date : 02.03.2009

Source : Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11118294>

Turkey plans a major cut in the price of natural gas in May if oil prices continue to maintain their low levels, the general secretariat of Turkish Petroleum Pipeline Corporation (BOTAS) said on Monday.

Turkish citizens would start to benefit from the low price levels of oil as of May if the Turkish lira does not lose too much against U.S. dollar, Saltuk Düzyol told to the Anatolian Agency. “Of course the proportion of the price cut will be based on foreign currency rates, because in the end, natural gas is something we import,” he said.

BOTAS determines the prices of the natural gas by automatic pricing mechanism, which makes the price calculation in every three months based on the costs. Gas prices in Turkey have increased by nearly 80 percent since 2007 as oil prices climbed, reaching a peak of \$147 per barrel in last July. Oil prices declined sharply after July, trading at \$40 levels due to the lack of demand stemming from the global recession.



Finance Ministry orders BP to pay 474 million TL

Date : 05.03.2009

Source : Today's Zaman

<http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=168684>

British Petroleum (BP), the world's third-largest energy company, was fined TL 276 million yesterday on charges of tax evasion after an investigation conducted by the Finance Ministry yielded considerable tax irregularities.

According to the ministry's decision, the amount was levied after the UK-headquartered petroleum giant failed to declare income, resulting in a failure to pay 170 million in taxes owed. The ministry ordered BP to pay a total of about TL 474 million. When Today's Zaman asked Murat Lecompte, a corporate relations spokesman at BP, whether or not the company would be appealing the decision, he replied that they would be "pursuing all legal avenues".

According to Lecompte, the fine against BP was based on the government's incorrect interpretation of a law regarding transit gas provided duty-free to trucks leaving the country at border gates. According to Turkish authorities the total amount of duty-free gas permitted is 550 liters. BP says the law is clear in stating that the limit is applied only to trucks entering Turkey, that there is no limit placed on trucks leaving the country for the EU and that trucks can be filled to capacity when leaving, exempt from value-added tax (KDV) and consumption tax (ÖTV).

Lecompte said BP no longer supplies trucks at border crossings, and the fine applies to operations undertaken during 2006 to the beginning of 2008. Petrol Ofisi now has the job of supplying the trucks. The penalty against BP is the most recent in a slew of high-profile tax fines imposed on large companies in Turkey. Just last month the Doğan Media Group was fined upwards of TL 826 billion for tax evasion. Doğan also paid penalties in 2007 via its majority ownership of Petrol Ofisi, another Turkish giant in the petrol business fined for tax irregularities.

Pundits are pointing to the most recent fine levied against BP as evidence against the argument that the government is specifically targeting Doğan Holding interests as part of what some are calling a 'media war' between Doğan and the ruling Justice and Development Party (AK Party) government.



Toreador completes Black Sea asset sale to Petrol Ofisi

Date : 03.03.2009

Source : Rigzone

http://www.rigzone.com/news/article.asp?a_id=73570

Toreador has completed the sale of a 26.75% interest in the South Akcakoca Sub-Basin (SASB) project and associated licenses located in the Black Sea offshore Turkey, to Petrol Ofisi for US \$55 million.

In accordance with the revised assignment announced on February 3, 2009, \$50 million of the proceeds was paid by Petrol Ofisi at today's closing and the remaining \$5 million will be paid unconditionally on September 1, 2009.

As part of Toreador's new corporate platform announced on February 23, 2009, and in accordance with the covenants of the International Finance Corporation (IFC) revolving credit facility, proceeds of the Petrol Ofisi sale will be used to repay fully the outstanding balance of \$36 million, which includes \$6 million of additional compensation, accrued interest and fees.

The IFC facility will be discharged in full as a result. Remaining net proceeds from the sale will be used to repurchase a portion of the company's outstanding convertible bonds and fund this year's capital program to meet minimum commitments associated with the company's licenses.

Mr. Craig McKenzie, CEO of Toreador, said, "We are very pleased with the result of this transaction and in our ability to eliminate a significant portion of the company's debt. Going forward, we will continue to aggressively work to achieve our strategic priorities for 2009, which include divesting non-core assets, the continued reduction of debt, maintaining financial discipline, and improving our core operations. Through these proactive steps, we are repositioning Toreador to deliver enhanced value for all shareholders."

The company has retained Stellar Energy Advisors, based in London, UK, to manage an open bid process to sell its remaining 10% interest in the SASB, in addition to its onshore production, and 2.916 million net acres in exploration licenses that are currently held (as of 1/1/09) and 1.085 million net acres that are pending approvals.



EU funding for Nabucco hits German opposition

Date : 04.03.2009

Source : Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11128131>

As the EU's flagship Nabucco project faces financial problems and it is questioned whether it would ever be realized, the German Chancellor opposes EU funding of the project, arguing that there are no shortages of private investors.

German Chancellor Angela Merkel confirmed her government's opposition to subsidizing the Nabucco gas pipeline project with European public funds, stressing that the problem was not financing, but finding the gas. "There is no need for financial support for Nabucco, as there are no shortage of private investors," Merkel told the press following a EU summit on Sunday, the website Euractiv reported.

It has long been thought that Germany seeks to keep the Nabucco pipeline from becoming an EU project. As a net contributor to the EU budget, Germany would be expected to provide the lion's share of the estimated eight billion euros required to build the pipeline. Germany has also expressed doubts about the feasibility of the project should the pipeline fail to link up with Iranian and Iraqi gas fields due to political uncertainties in either of those countries.

At a recent Nabucco summit in Budapest, Hungarian Prime Minister Ferenc Gyurcsiny described the pipeline as an issue of national security and suggested the EU should finance the strategic project. The next day, as part of a proposal to reallocate five billion-euros worth of unspent EU funds, the Commission earmarked 250 million euros for Nabucco. But this amount, in fact, represents a risk-sharing facility intended to help secure loans from banks under better conditions than those offered by the market.

According to the website of the Nabucco pipeline project, construction is scheduled to begin in 2011. On the financing aspects, the site says: "Considering the very large investments involved in the Nabucco project and the corresponding high level of risk, the decision to build the Nabucco project depends on the necessary certainty and security of the regulatory framework applicable to the long-term transmission contracts which will underpin the investments."

Although the first gas shipments are due to flow in 2014, continued hesitation by the private sector about financing the project, compounded by the brief war between Georgia and Russia last August, means that the pipeline faces an uncertain future.



Ukraine bends to Russian Premier Putin gas threat

Date : 06.03.2009

Source : Hürriyet Daily News

<http://arama.hurriyet.com.tr/arsivnews.aspx?id=11146234>

Ukraine has made a payment that should avert cutoff in Russian gas supplies, Gazprom said yesterday. The payment came hours after Russian PM Vladimir Putin warned that Russia would halt supplies if the payment was not made by Saturday.

The Russian premier also said the cutoff could affect supplies to Europe. In response to Putin's threat, Ukraine's Naftogaz said it had sent the final installment of the \$360 million it owed for gas consumed in February, and Gazprom confirmed it had been paid in full. Ukraine's ability to pay has been undermined by a severe economic crisis. Clouding the situation, Ukraine's national security service searched the offices of the gas company, Naftogaz, on Wednesday in a raid seen as part of a political fight between the president and prime minister that could hinder payments to Russia.

Putin said on television that the raid is a source of extreme concern. "If as a result of law enforcement actions and arrests of a number of officials there will be no payment (for Russian gas deliveries), it will lead to the stoppage of our energy deliveries to our customers in Ukraine as well as customer in Europe," Putin said in Moscow.

About 20 percent of the gas consumed in Europe comes from Russia via pipelines that cross Ukraine. A dispute between the two countries over payments caused a two-week cutoff of Russian gas to much of Europe this winter before it was resolved. The national security service is controlled by President Viktor Yushchenko. He is locked in a bitter struggle with Prime Minister Yulia Tymoshenko, whose government controls Naftogaz.



❖ EMRA's Board Resolutions on Natural Gas Market Retail Sale Tariff

Source : EMRA

Weblink : <http://www.epdk.org.tr/duyuru/dogalgaz/acil/parekende/Duyuru01032009.html>