

TUROGE 2008

Brief Information on Presentations



DAY I

March 18, 2008

09:30 – 11:00 Plenary Session

“Strategic Development of the Regional Oil & Gas Sector”

 *İsmail Bahtiyar*

(President – Turkish Association of Petroleum Geologists)

- Turkish Petroleum Law no.5574 must be revised by contributions of all players in E&P sector.
- There must be investments on in-house trainings in order to create qualified personnel.

 *A.Ugur Gönülalan*

(President – Chamber of Geophysical Engineers)

- There must be given incentives to private sector in order to prompt E&P investments.
- Turkey owns adequate resources to supply increasing energy consumption.

 *H.Saltuk Düzyol*

(President and CEO – BOTAS)

- BOTAS' long-term vision is transformation Ahiboş into a gas hub and Ceyhan into a LNG terminal.
- Contract releases can be a threat in long-term. This process can not establish a competitive market and retail prices can not be reduced unless creating supply surplus.
- The Board's Resolution no.725 restricts all actors in the sector. This legal ground must be changed immediately in order to enable to renew the contracts either by BOTAS or private sector.
- 20% target in the law no.4646 is now far away from reality and such a restriction is conflicting even with the current situation in some EU countries. Many European countries regret to have broken up their national champions.
- BOTAS' vertically integrated structure should not be broken up but may be unbundled under a holding structure.
- Liberalization process should be continued by volume releases instead of contract release and/or import deregulation by issuing new import licences to eligible companies for small volumes.

 *Mehmet Uysal*

(President and CEO – TPAO)

- Drillings in Black Sea will begin in 4Q of 2009.
- Gas storage capacity will be increased from 1,6 bcm up to 3 bcm in 5 years.
- TPAO's daily production exceeded 100.000 bopd.


 *Yusuf Yazar*

(Deputy Undersecretary – Ministry of Energy and Natural Resources)

- Major utilization of gas should be industrial and residential rather than electricity production.
- Iraq is the primary source for Nabucco project.
- The second phase of Baku – Tblisi – Erzurum gas pipeline is planned to extend to Europe.

13:30 – 15:00 Second Session

“Turkey’s Exploration Efforts in Black Sea and the Mediterranean”

 **Sertac Basaran**

(Prof.Dr. – Department of International Relations in Ankara University)

- Greek Cypriot Administration of Southern Cyprus’ agreements with Egypt and Lebanon and Greece’s agreement with Egypt based on medial lines are contrary to international law.
- Some exploration areas, which were announced by the Greek Cypriot Administration based on these agreements, are colliding with Turkey’s offshore fields.
- There must be very cautious on further developments in Eastern Mediterranean which can directly affect Turkey’s E&P activities.

 **Emrah Can**

(Project Leader – Exploration Department of TPAO)

- So far exploration activities were carried out only on shallow waters around Iskenderun, Mersin and Antalya.
- TPAO’s 2D and 3D seismic experience in Black Sea will be transferred to the Mediterranean.
- Seismic data of Eastern Mediterranean region will be acquired in May 2008.

 **Rudy Felix Ferreira**

(Managing Director – Petrobras Nigeria)

- Petrobras entered to Nigeria in 1998 and has invested 2,2 billion US\$ to E&P activities in this country in last 10 years. Peak production in 2008 is around 70.000 bopd.
- Petrobras established partnership with TPAO in two offshore blocks in Black Sea: 3920 (Western Black Sea) and 3922 (around Sinop).

15:30 – 17:30 Third Session

“Investing in Turkey’s Oil & Gas Sector under the New Petroleum Law – Critical Approaches for the Restructuring of the Natural Gas Sector in Turkey”

 **Volkan Ediger**


(Energy Adviser to the President of Turkey)

- There are around 600 oil fields called ‘giant fields’ of 40.000 fields worldwide. In Turkey there are only 1 field in ‘AA’ category and 5 fields in ‘A’ category which were discovered by TPAO (3), Shell (2) and Mobil (1).
- Considering exploration activities around the world, drillings throughout the Turkish Republic history is so marginal.

 **Oguz Türkyilmaz**

(Board Member – World Energy Council Turkish Committee)

- Distribution specifications of each cities differ from each other. EMRA must compose a standard specification.
- Contract releases were wrong. Import deregulation must be established to prevent a supply deficit.

 **Jeremy Glover**

(Partner – Fenwick Elliott Solicitors)

- The legal ground based on civil law jurisdiction (such as Turkey, Germany) differs from common law jurisdiction (such as England, Australia).
- But in any case, ‘good faith’ has great importance on creation of a fair contract all parts can agree on.

 **Murat Yazici**

(Secretary General – PETFORM)

Please see the attached document...

 ***Tugrul Erkin***

(Chairman – DIVID)

- The mindset running for last 80 years must be changed to keep up with the conditions of the time.
- The Natural Gas Market Law no.4646 was a formulation of change but its articles could not be executed for years. That is the reason why we could not establish a competitive market structure today.

 ***Ferruh Demirmen***

(Petroleum Consultant)

- The main reason of international investors' unwillingness on investing Turkey's E&P sector is the uncertainty in legal ground. The new law must be come into effect as soon as possible to promote development in marginal fields.
- 'Government take' must be taken on the production phase following the investor recovers his cost. There must be neither royalty nor rental fee on exploration phase. Sharing must be based on 'profit oil'.

17:30 – 18:30 Technical Workshop

“Case – Study: The Use of Technology in the Deep Water Offshore Black Sea”

 ***Ed Palmer***

(Region Geophysics Manager - WesternGeco)


- Mr. Palmer informed on 3D seismic program executed in Kozlu region in Black Sea.
- There were no wells in area and also no data collected before. As a result of state-of-the-art surveys, 700.000 shots and 2,88 billion seismic traces were collected.

DAY II

March 19, 2008

09:00 – 11:00 Plenary Session

“Oil & Gas Transportation Solutions in the Region”

 **Gabby Levy**


(Ambassador of Israel to Turkey)

- Israeli Ministry of Energy is working with Turkish counterpart on pipeline projects including water, electricity, oil and gas shipments.
- There must be open a North – South energy corridor.

 **Reinhard Mitschek**


(Managing Director – Nabucco Gas Pipeline Int.)

- If increasing gas demand of EU in coming 30 years considered, it can be seen clearly that the Nabucco project is not competing with South Stream.
- All approvals of exemption from respective national regulations and final statements by EC will be received until June 2008. Then Open Season Procedure will be started. In parallel with that process, foundation of national Nabucco companies will be finalized and the intergovernmental agreement will be signed.
- The construction phase will begin in 2010 and the first shipment is planned to begin in 2013.
- The shareholders do not exclude to open the joint venture for a 7th partner.

 **Jeremy Ellis**

(Head of Business Development – RWE)

- There is not enough gas to fill all projects on a similar timeline.
- Turkish corridor is the better option having lower cost because of its length and its plan going from land rather than offshore, and presenting supply diversification.

 **Emre Engür**

(Head of International Projects – BOTAS)

- BOTAS' gas pipelines length exceeded 10.000 km in 2007 and planned to reach 12.000 km when all projects finalized.
- The existing gas pipeline between Egypt and Syria can be extended to Turkey.
- The realistic source for Nabucco project seems as the second phase of Shah Deniz.
- Underground gas storages are planned to be constructed in Tuz Gölü (Salt Lake) and Tarsus.

11.00 – 12:30 Second Session

“New Investment Opportunities in the Region”

 **Senol Kantarci**

(General Coordinator – TURKSAM)

- If EU could support Turkey's pipeline projects, an alternative to Russian pipelines should already be in use.
- Russia offered to build a pipeline parallel to Blue Stream, called 'Blue Stream – II', but Turkish officials ignored that offer.

 **Robert Klein**

(Managing Director – Trans Adriatic Pipeline AG)

- The construction of TAP will be finished in 2012. Initial capacity is planned as 10 bcma but also designed to be expandable to 20 bcma.
- The Project includes a salt cavern gas storage in Albania.
- The joint venture consisting of EGL and StatoilHydro is open for participation of third parties.

 **Vedat Aydemir**

(Offshore Black Sea District Manager – TPAO)

- 50.000 km² of 2D and 10.000 km² of 3D seismic data were collected in Black Sea.
- TPAO already has operations in Akcakoca, Kirklareli and Central Black Sea regions; is also willing to partner with companies for technology transfer and risk sharing. But in any case, TPAO is capable and willing to take risks by itself.

 **Hasan Ozkoc**

(Gas Expert – EMRA)

- The third package is on the waiting list in European Commission following the two previous packages in 1998 and 2003.
- All EU countries have different Network Codes. There must be set one simple standardized Network Code.
- Turkey is far ahead of most European companies in liberalization process.


13.30 – 15:00 Third Session

“Future Developments of the Economical Effects of the New Regional Oil Reserves”

 **Orhan Duran**

(General Manager – Genel Enerji)

- There are many challenges and risks in Iraq such as security risk, political unrest, insurance and financing problems.
- But in any case, Iraq has a great potentiality by its undeveloped and undiscovered fields. There are 80 discovered fields in Iraq but 53 of them are not developed yet.
- Genel Enerji’s eventual target is 200.000 bopd and plans to build a refinery in the region.
- The only uncertainty is the export rights. The Iraqi Petroleum Law must come into effect as soon as possible.
- The shipment by Kirkuk – Yumurtalik pipeline is the most preferable option for us. But there must be a determined stance on political side to ease tension.

 **Ongun Yoldemir**

(General Manager – Mert Energy)

- Turkey must form long-term energy policies taking the increasing demand of China and India into account.
- First of all, Turkey must pass the Turkish Petroleum Law in order to appraise its own resources.
- The government should prompt Turkish companies' overseas investments.

 **Galip Ozbek**

(President – TPIC)

- Oil consumption per capita is only 0,32 barrels in Turkey, lower than most European countries.
- According to high scenarios, 130 billion US\$ worth of investments must be set in Turkish energy sector.
- TPIC is very hopeful from its new partnerships in Latin America.


15.30 – 17:00 Fourth Session

“Overview and Future Development of Turkey’s Downstream Sector”

 **Tugrul Erkin**

(Chairman – DIVID)

- Turkey can not benefit from transit pipeline projects only by transit fees, must develop new projects earning added value.
- Ceyhan should be transformed into a LNG terminal of the Mediterranean.

 **Süreyya Yücel Ozden**

(Chairman – World Energy Council Turkish National Committee)

- According to the evaluation of the Turkish National Committee, Turkey needs at least two more refineries with the minimum capacity of 10 million tons. One of these refineries should be built in Marmara region.
- There must be foreseen a transition period in Electricity Market Law no.4628.

 *Jean-Louis Martinaud*

(Senior Adviser – Gaz de France)

- GdF is one of the biggest energy companies in Europe with its 14 millions of clients, 35.000 km of transmission network, 210.000 km of distribution network and 12 bcm of storage capacity.
- The company has applied a 'Green Energy Strategy' to reduce CO² emission and to increase the energy efficiency.