PETFORM

"Turkish Natural Gas Market in the Light of Global Energy Trends"

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Chairman of the Board

About PETFORM

Established in 2000, PETFORM has played a key role in forming and submitting private sector views to the authorities on the legal framework including on Natural Gas Market Law, Petroleum Market Law and Turkish Petroleum Law.

Member companies mainly have investments in two sectors:

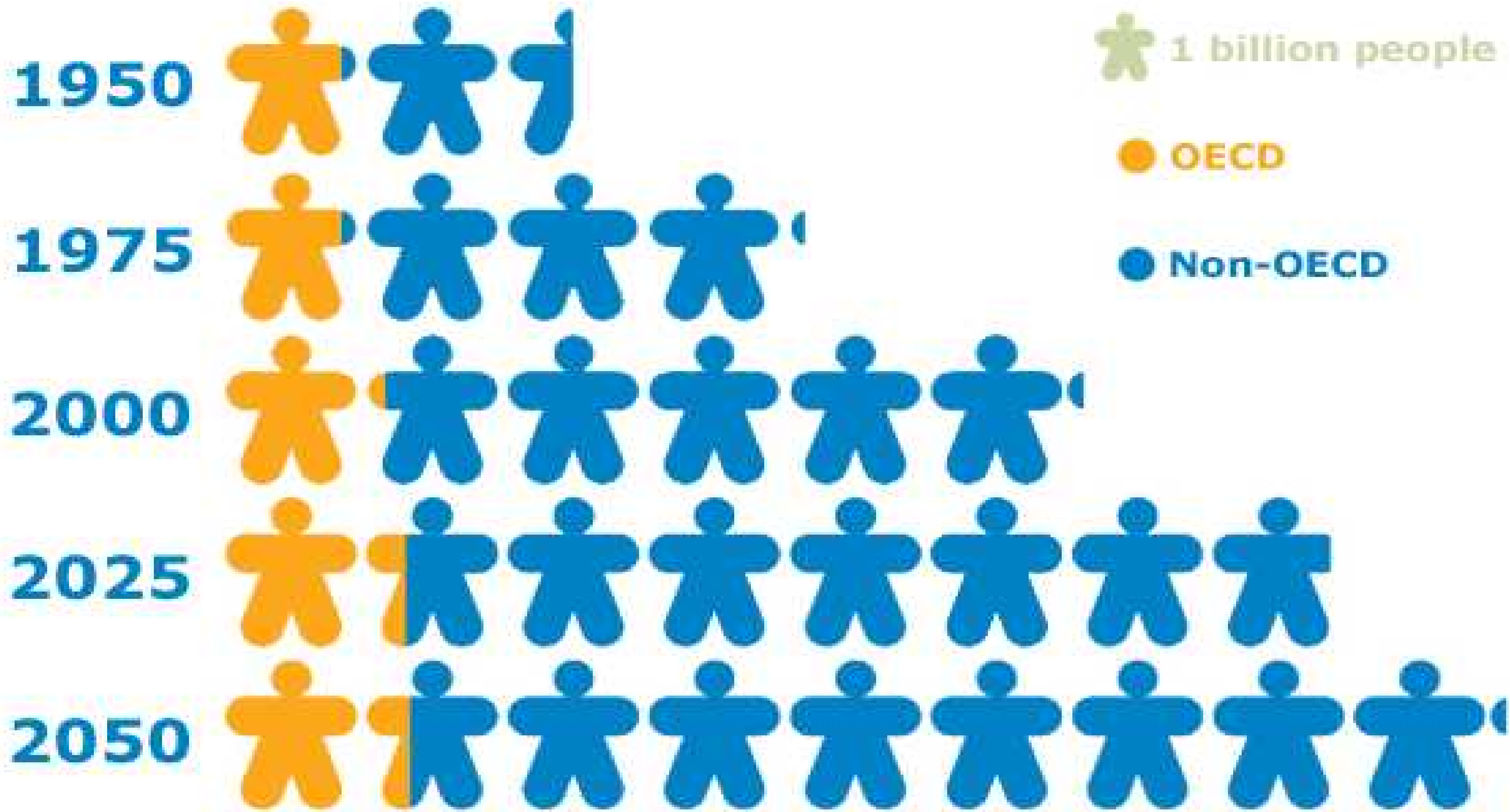
- **Exploration & Production**
- **Natural Gas**

36 Member Companies

- AKENERJİ
- AKSA
- ALADDIN MIDDLE EAST
- ARGM
- ATTİLA DOĞAN İNŞAAT
- AVRASYA GAZ
- AYGAZ DOĞALGAZ
- BOSPHORUSGAZ
- BP
- ÇALIK ENERJİ
- EDISON
- EGEGAZ
- ENERCO ENERJİ
- ENERGY OPERATIONS TURKEY
- ENERJİSA
- ENI
- E.ON RUHRGAS
- EWE ENERJİ
- GENEL ENERJİ
- GÜNEY YILDIZI PETROL
- IBS RESEARCH
- N.V.TURKSE PERENCO
- OMV
- OPALİT
- PALMET
- PEMI
- PETOIL
- PETROL OFİSİ
- SHELL ENERJİ
- STATOILHYDRO
- TEKFEN
- THRACE BASIN
- TOTAL
- TURCAS
- TURUSGAZ
- ZORLU ENERJİ

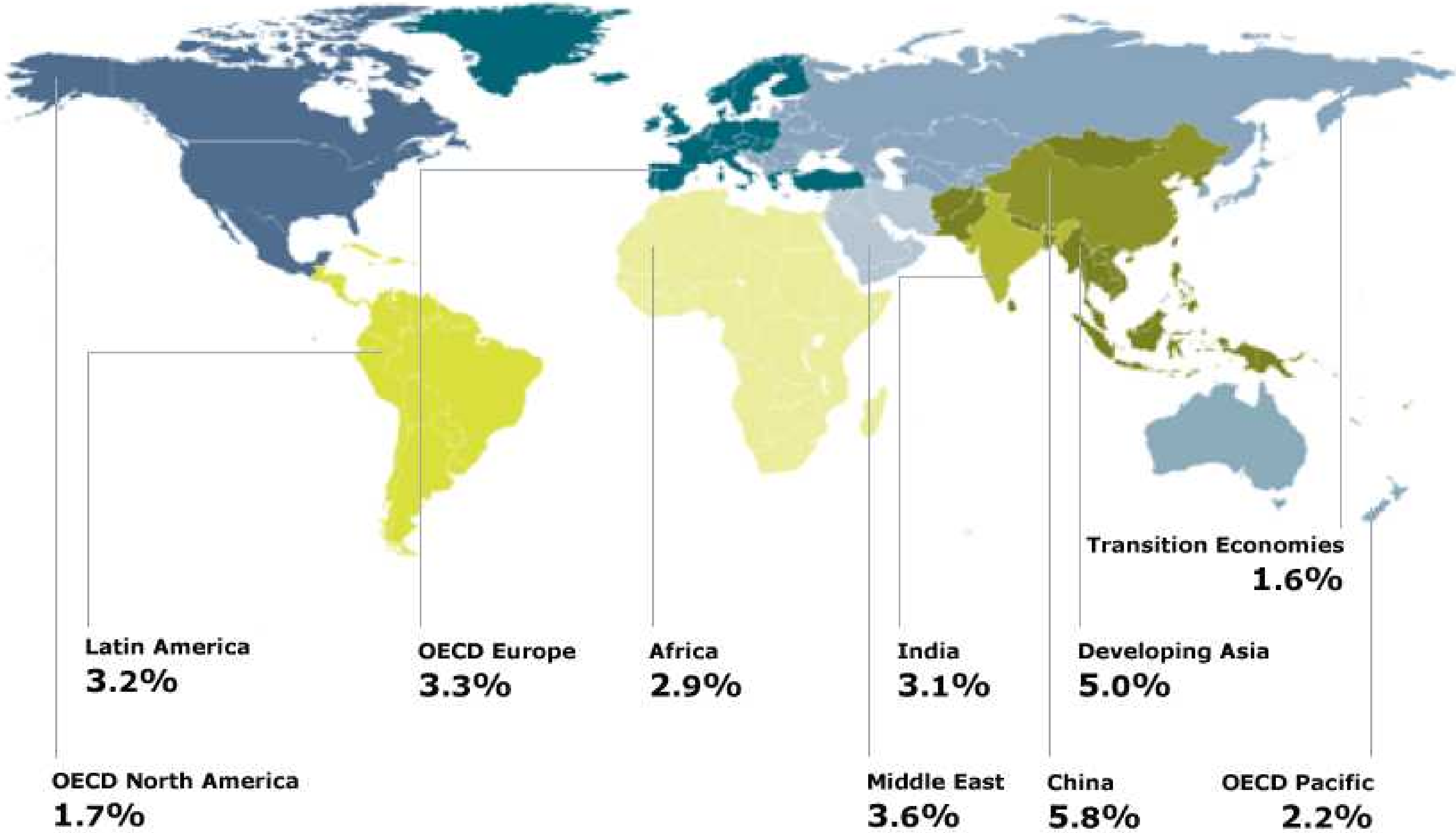
World Population

Source: Shell



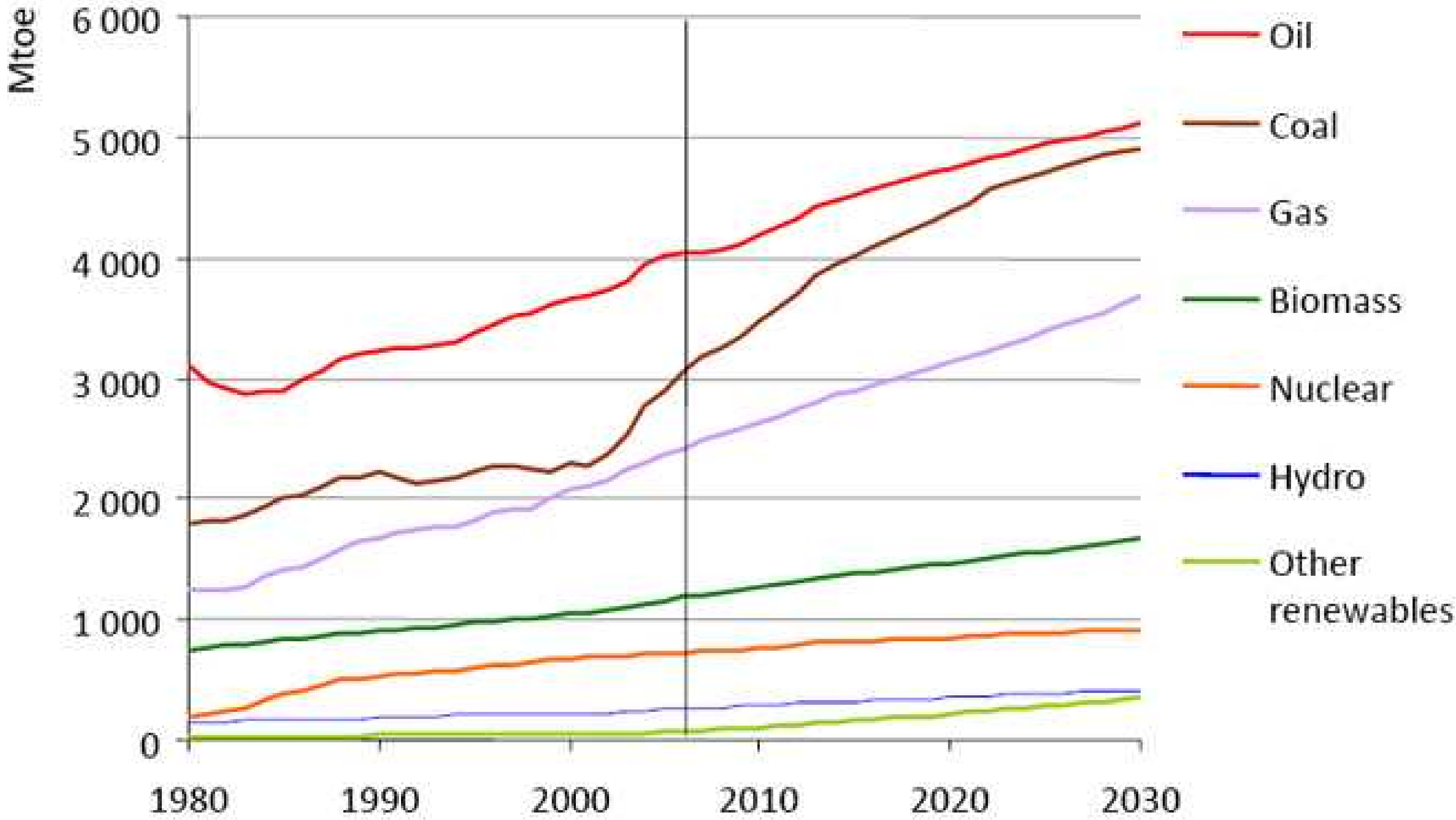
GDP Growth Projection (2005 – 2050)

Source: IEA



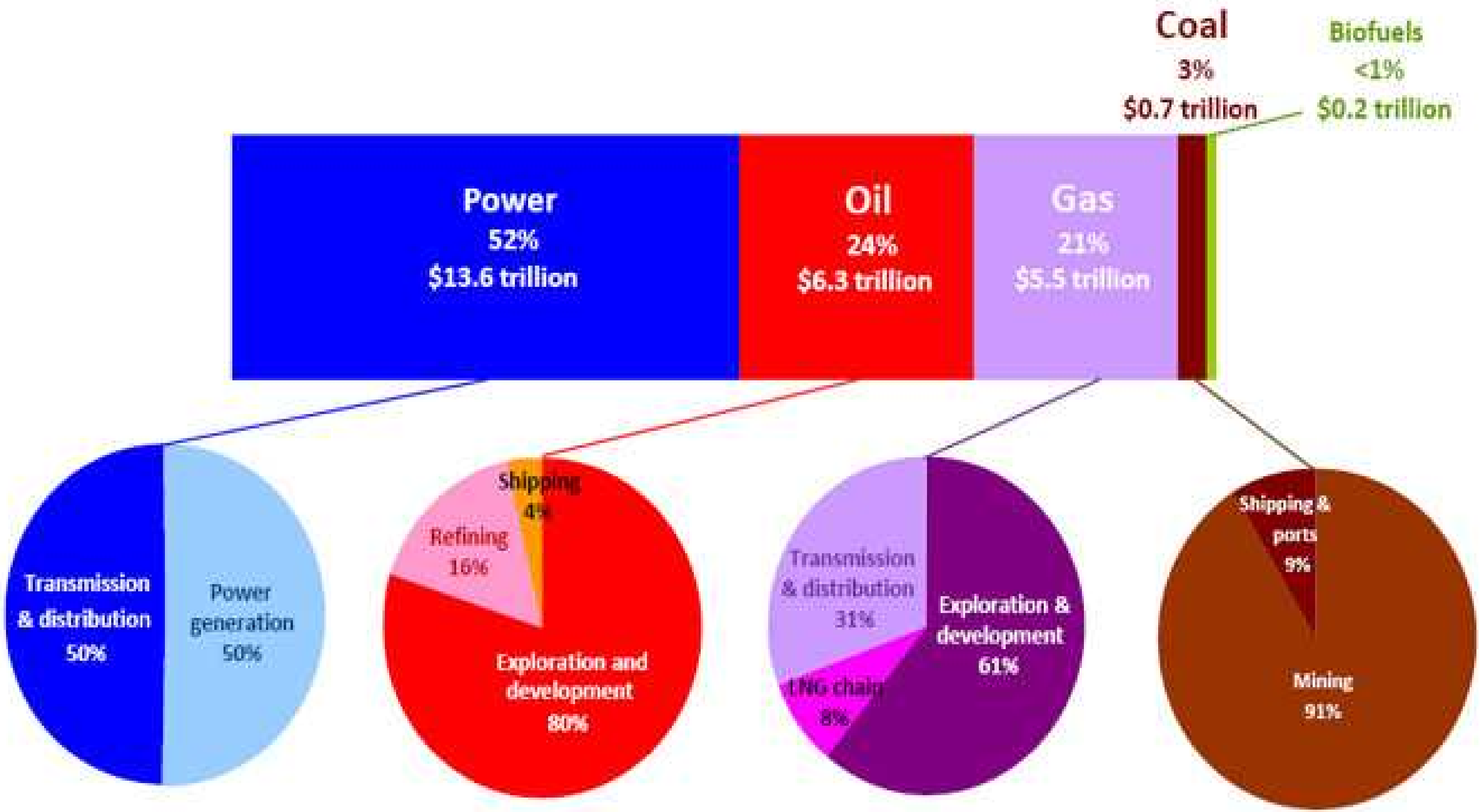
Primary Energy Demand

Source: IEA



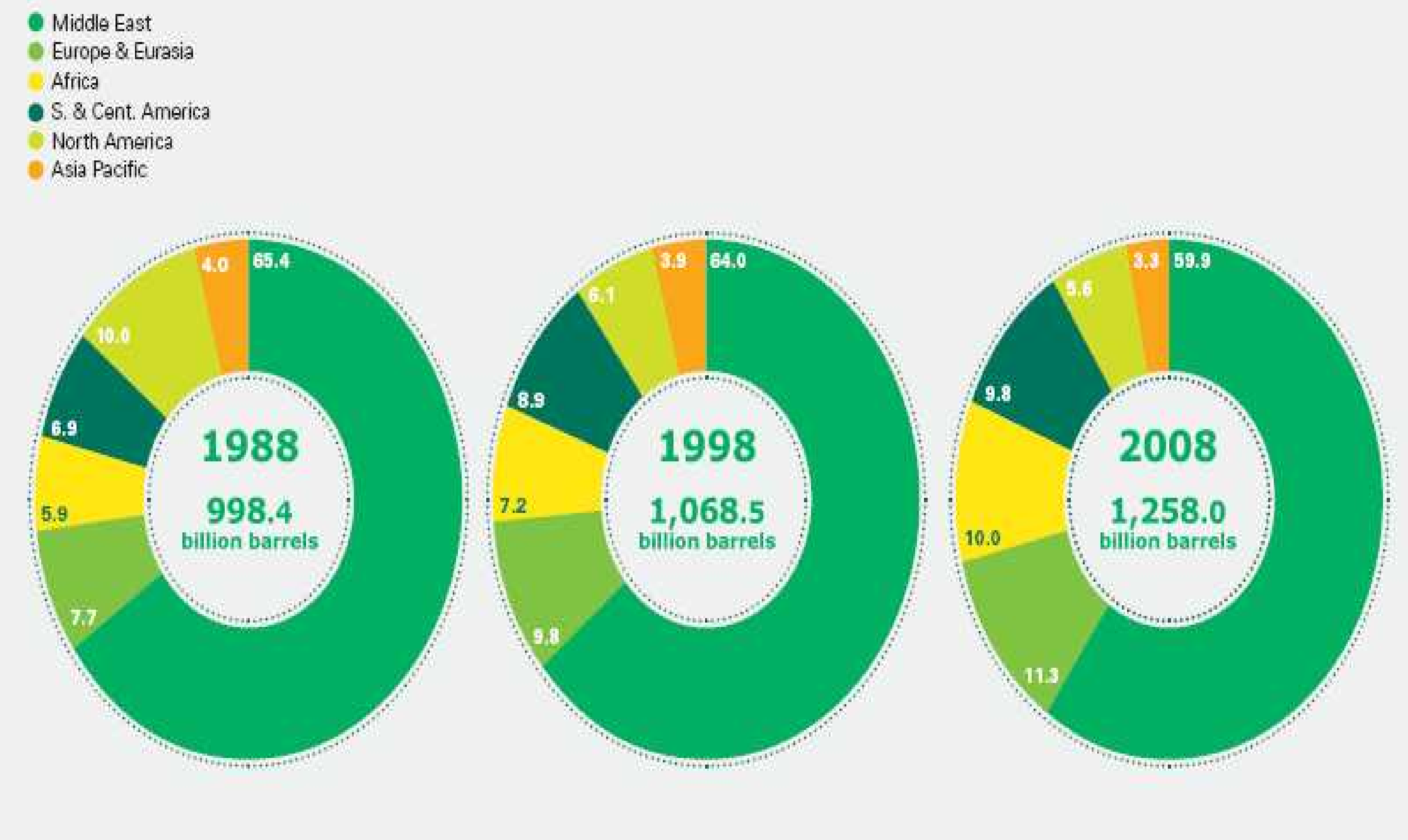
Required Energy Investments

Source: IEA



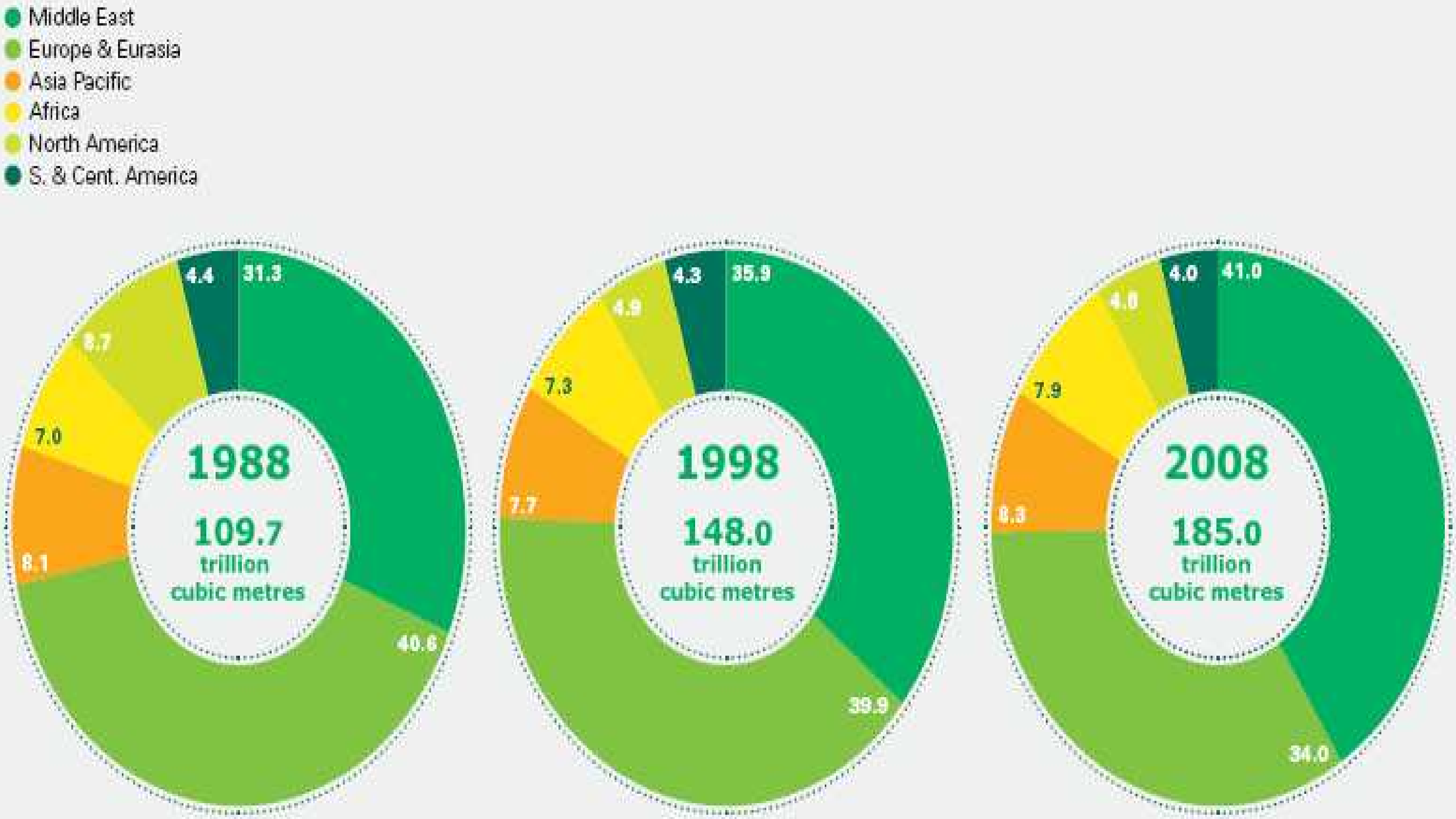
Distribution of Oil Reserves

Source: BP



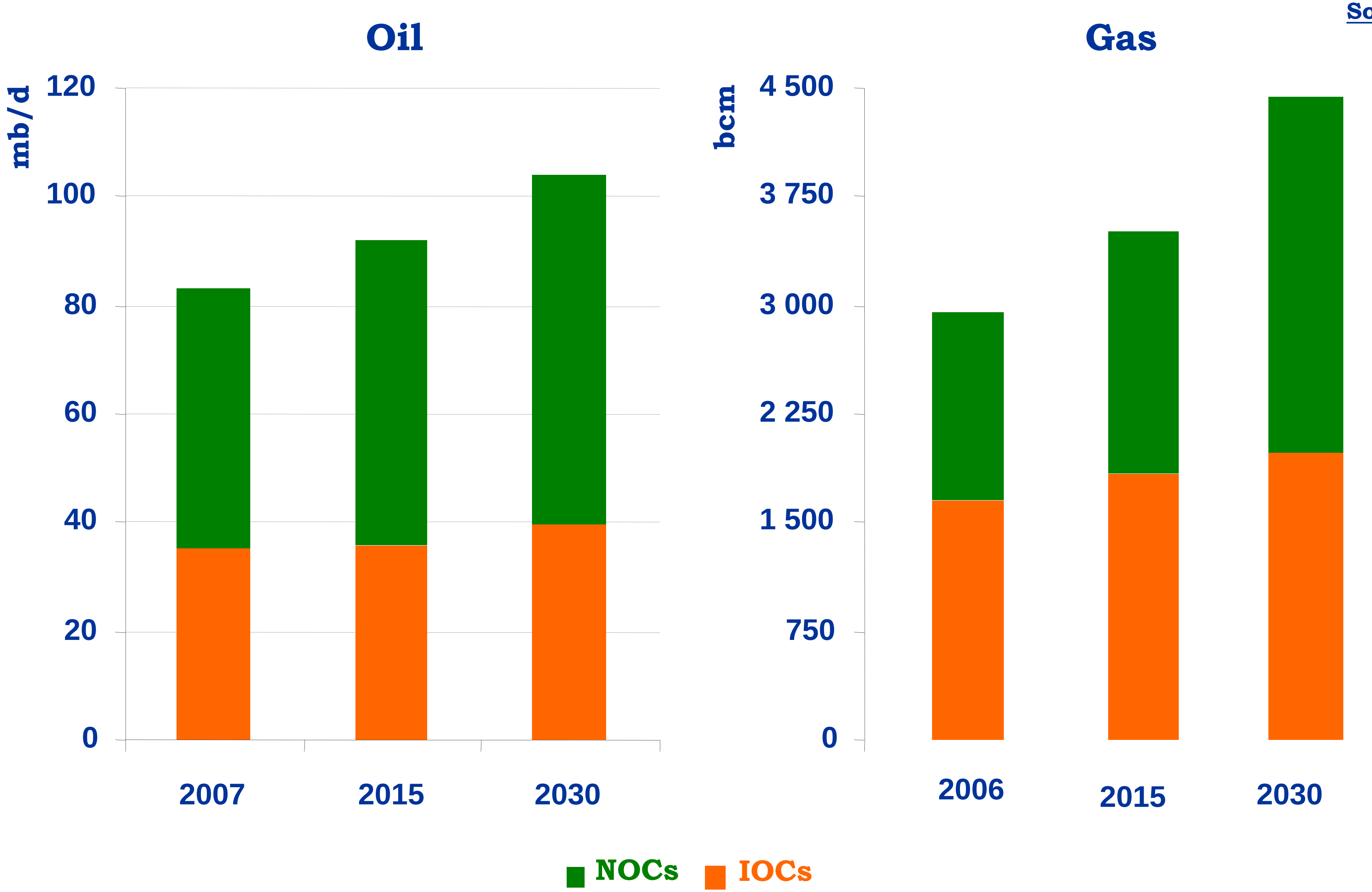
Distribution of Gas Reserves

Source: BP



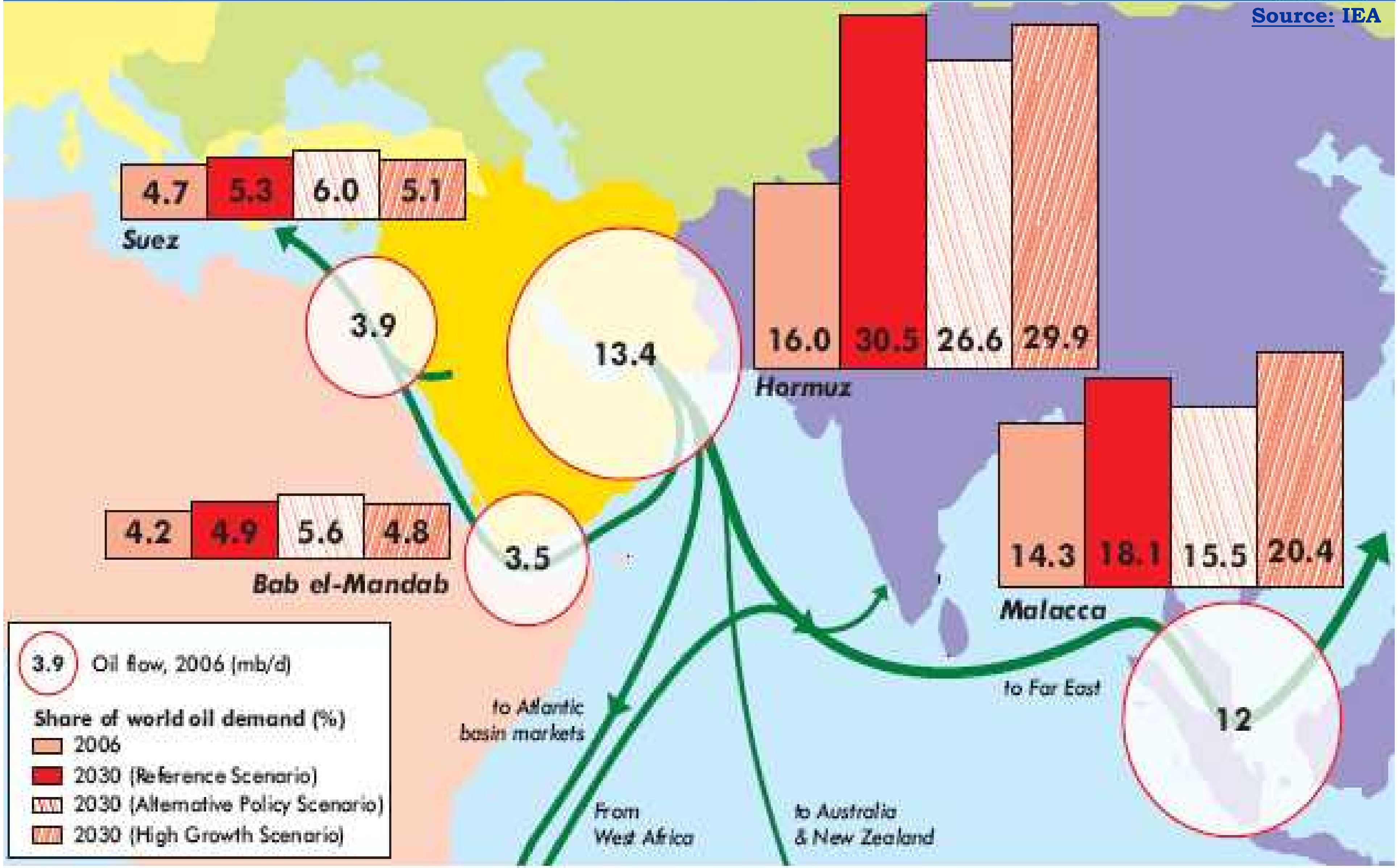
Production Trends of NOCs & IOCs

Source: IEA



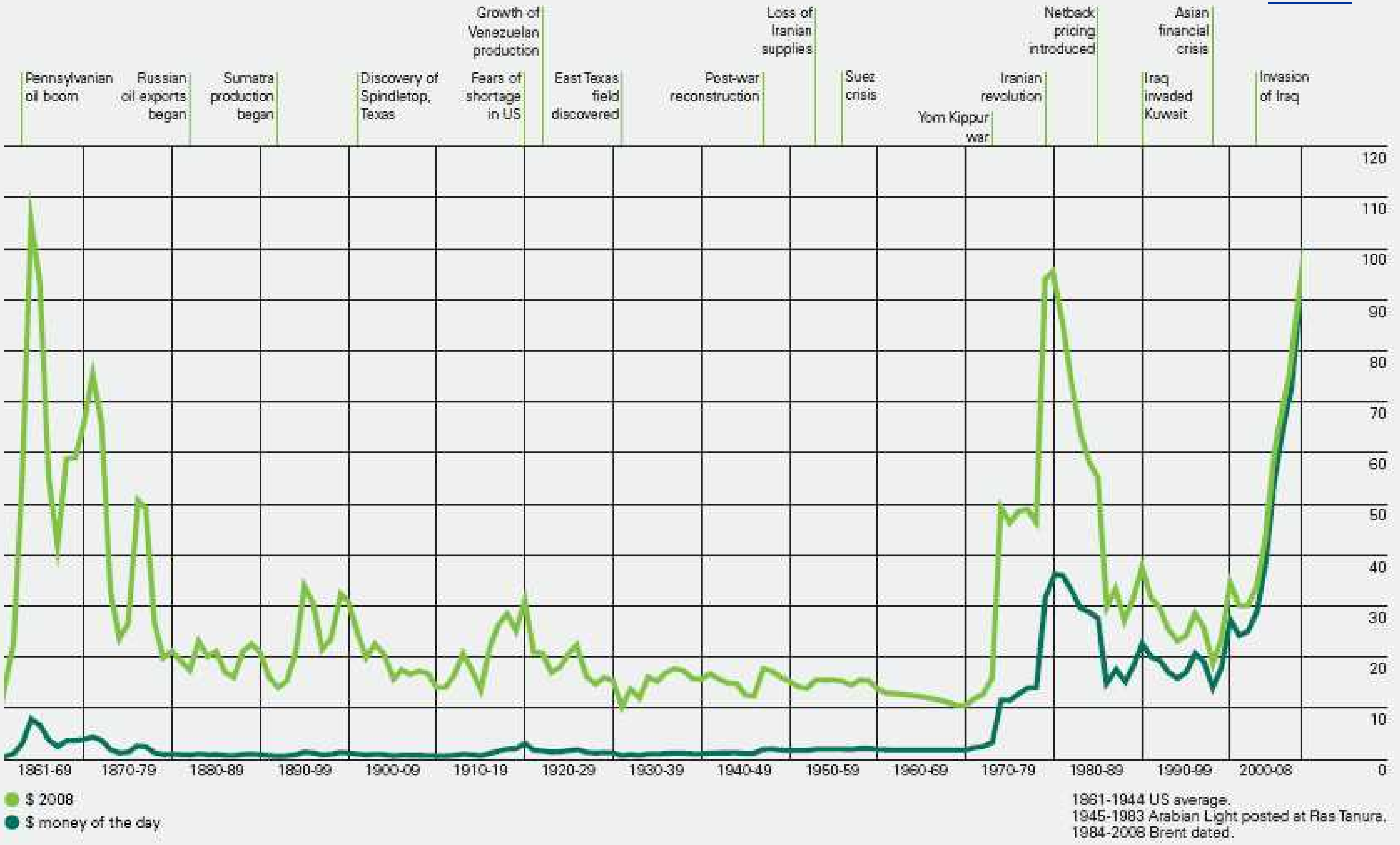
Oil Flows from the Middle East

Source: IEA

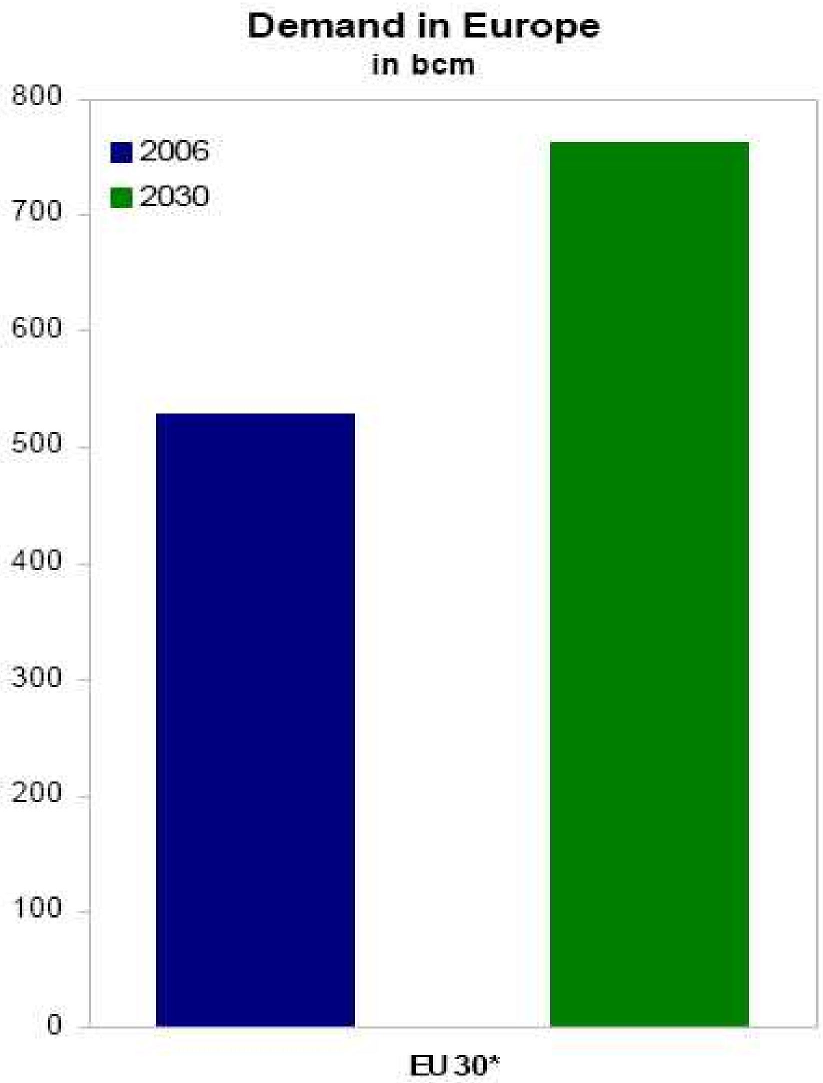


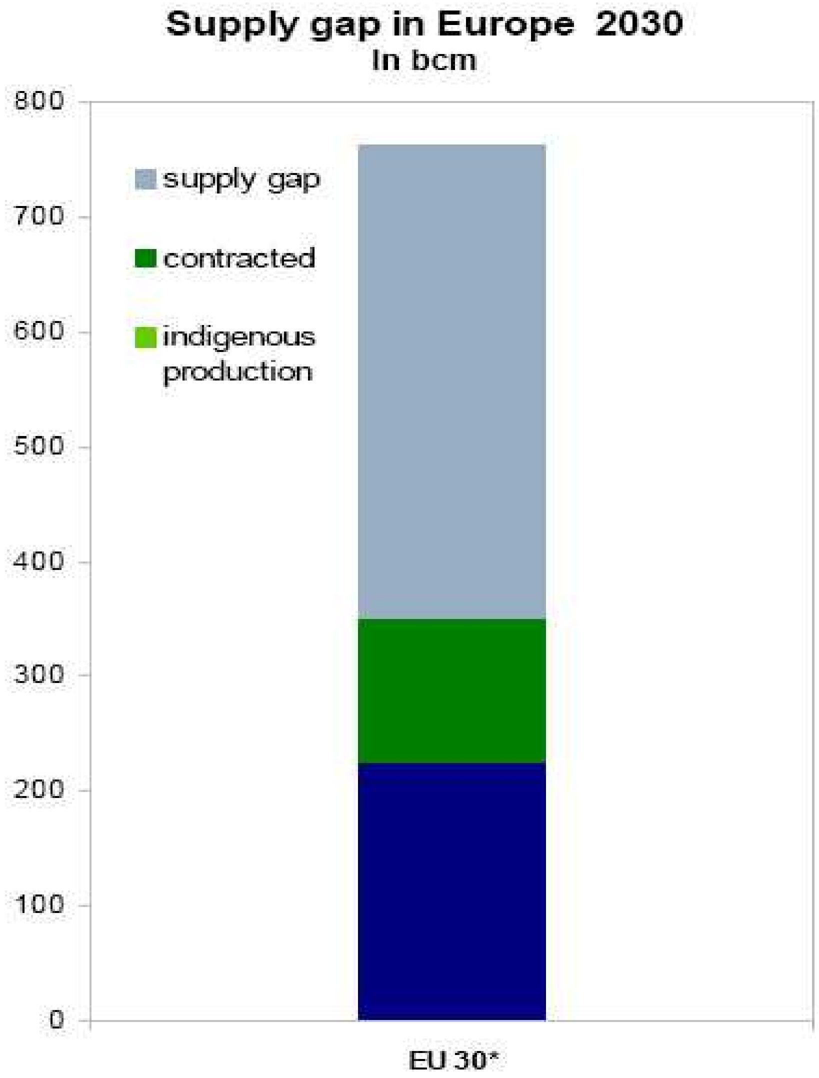
Crude Oil Prices (1861 – 2008)

Source: BP



Gas Supply – Demand Gap in Europe

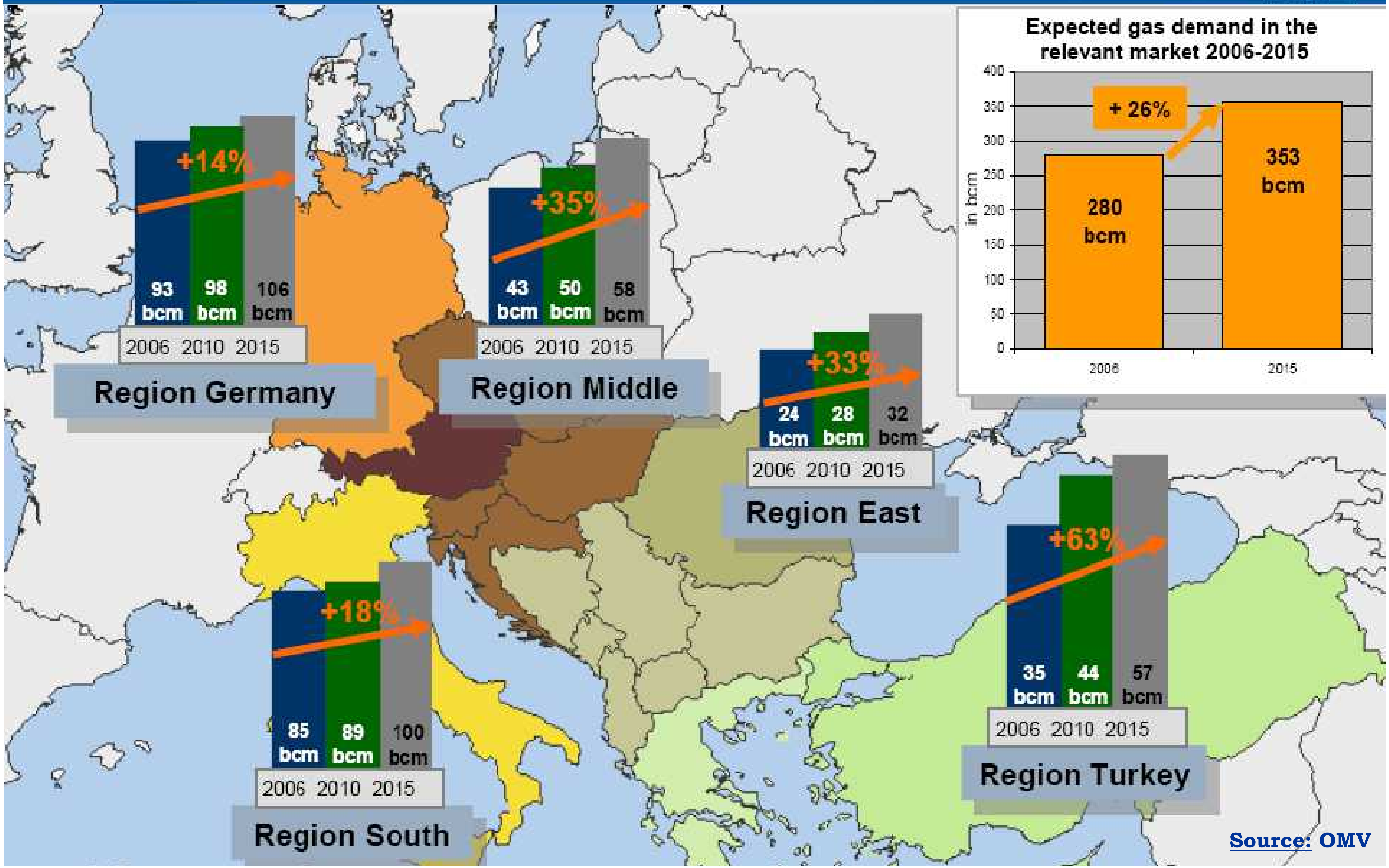




* Europe 30 (EU 25 + Rumania, Bulgaria, Croatia, Turkey, Norway

Source: OMV

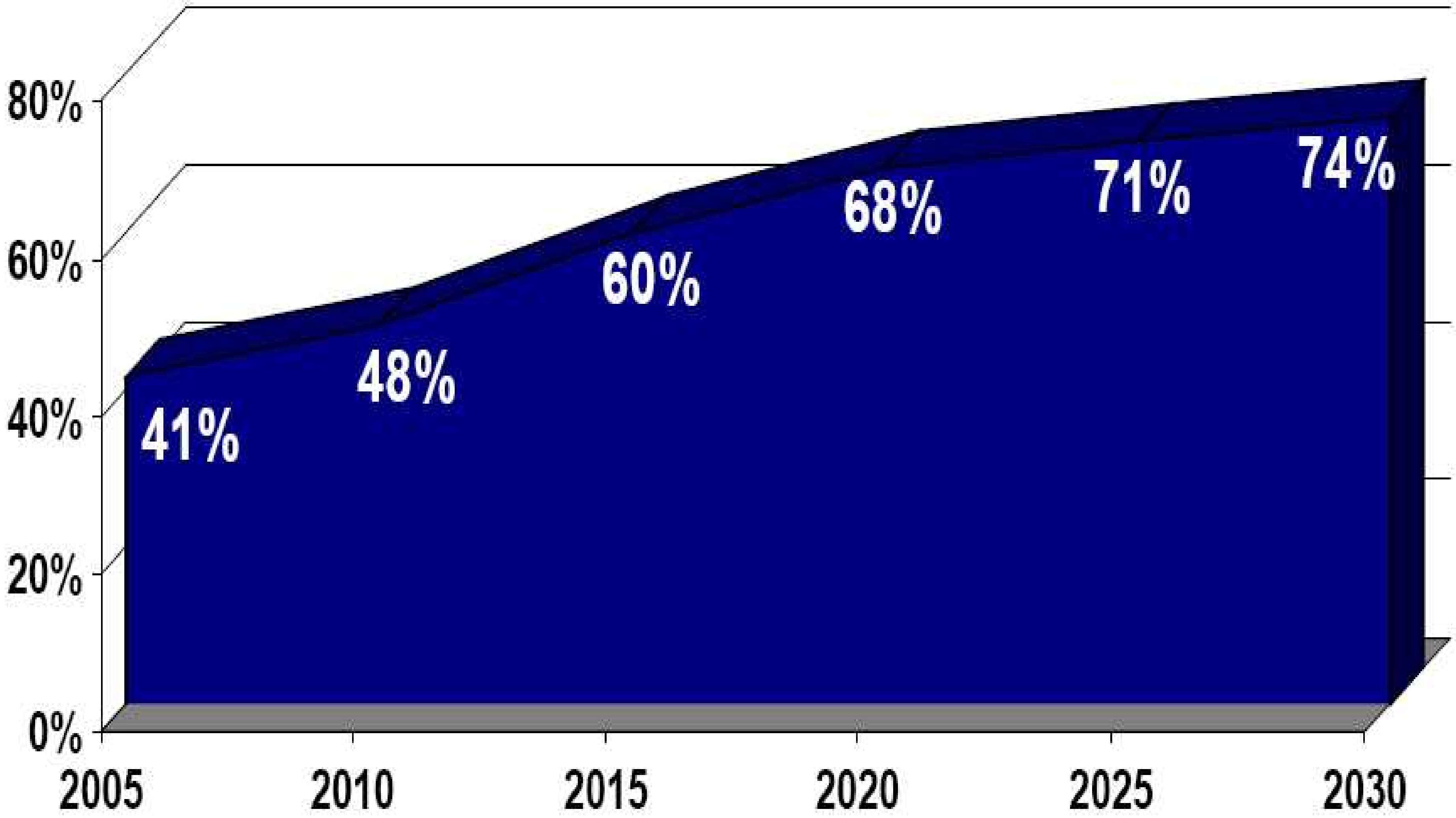
Europe's Gas Demand Forecast



Source: OMV

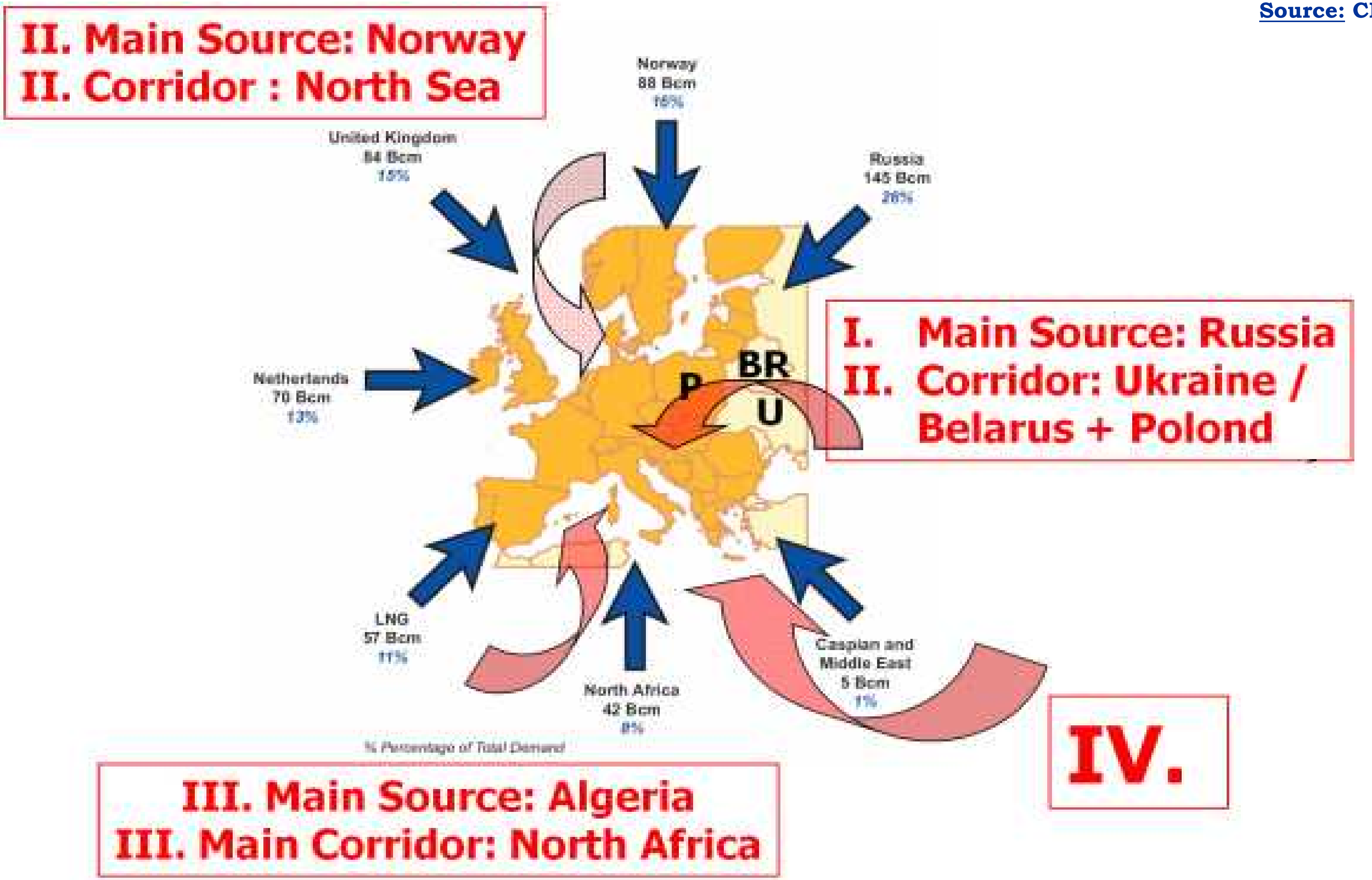
Europe's Gas Import Dependency

Source: OMV

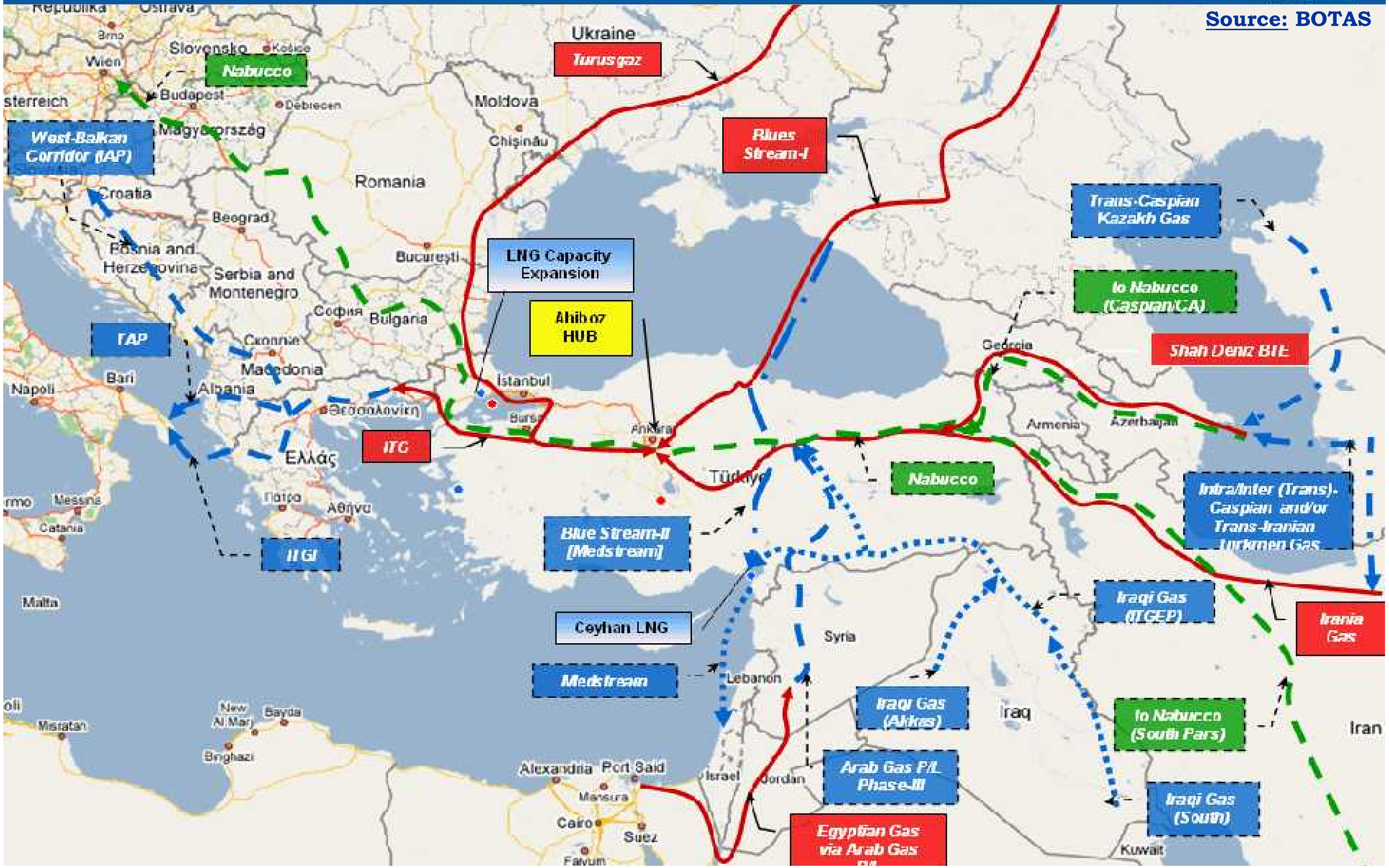


Gas Corridors to European Market

Source: CERA



Gas Pipelines via Turkey



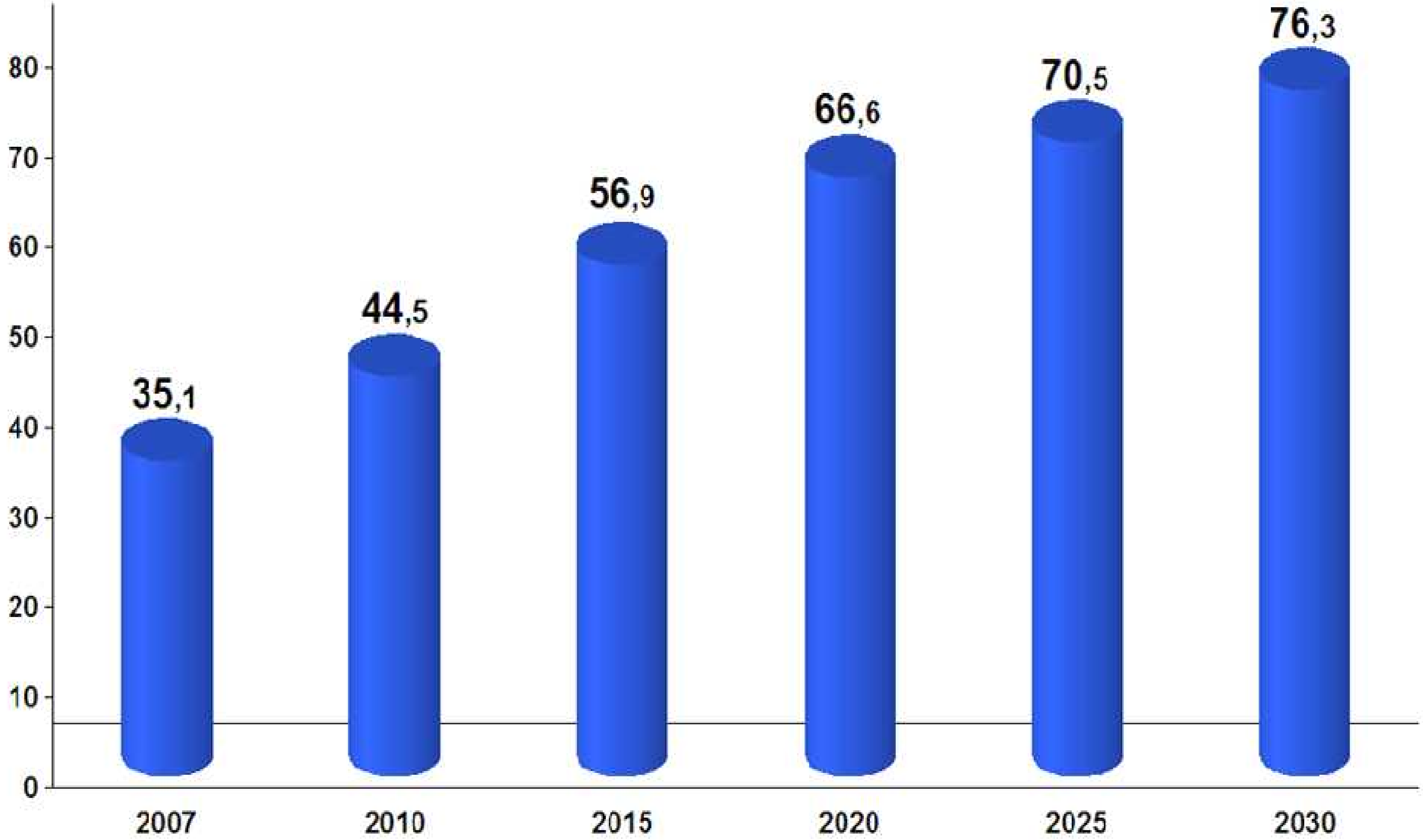
Turkey's Gas Imports

Source: BOTAS

	2007 (bcm)	2008 (bcm)	2008 (%)
• Russia	: 23.1	22.8	62.0
• Iran	: 6.1	4.0	11.0
• Algeria	: 4.2	4.1	11.1
• Nigeria	: 1.4	1.0	2.7
• Azerbaijan	: 1.2	4.5	12.3
• Spot LNG	: 0.1	0.3	0.9
	36.1 bcm	36.8 bcm	

Gas Demand Forecast

Source: BOTAS

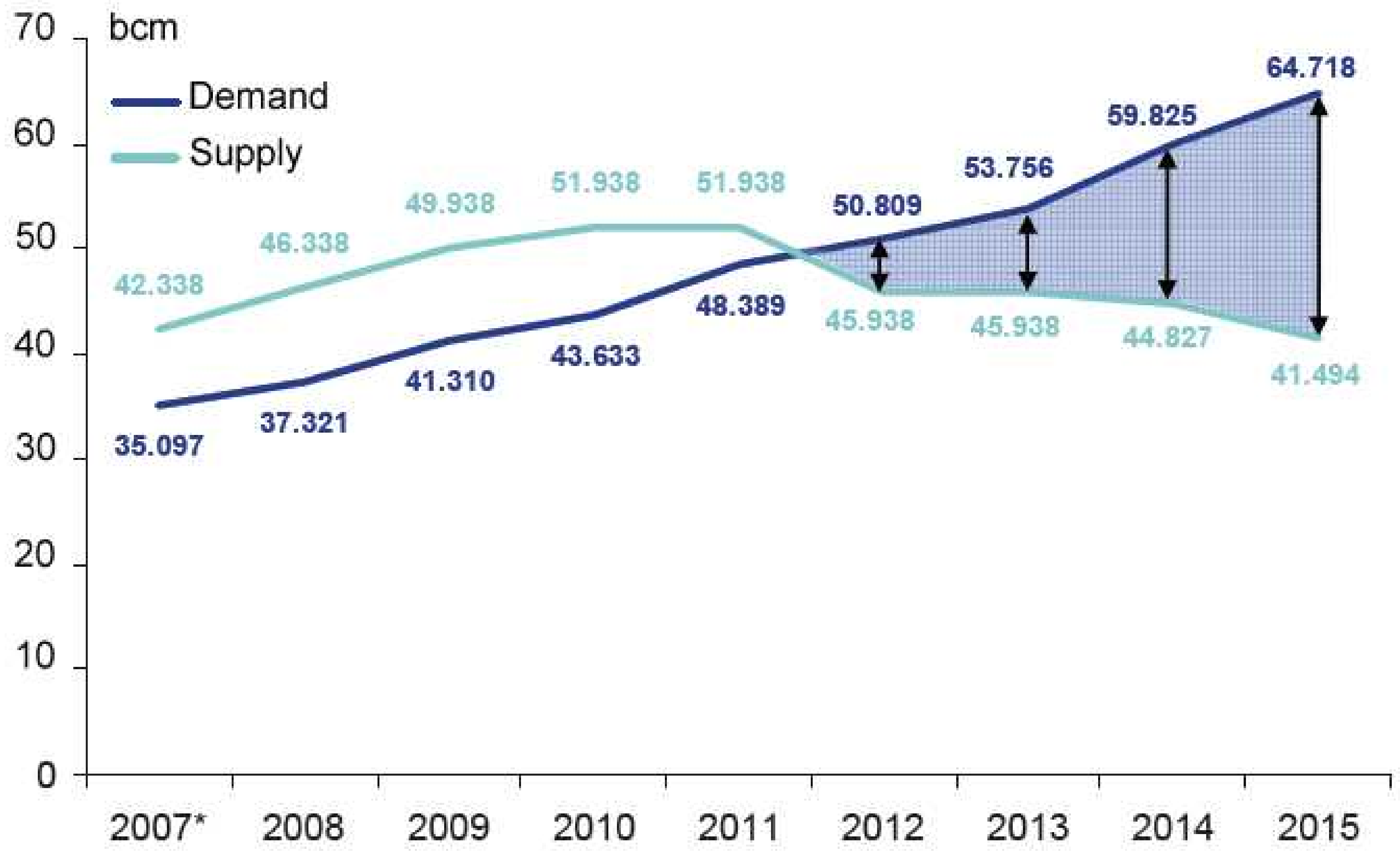


Gas Contracts

Contract	Date of Signature	Date of Operation	Duration (Years)	Volume (Plateau – bcma)	Date of Expiration
Russia (West)	Feb 1986	Jun 1987	25	6	2012
Algeria (LNG)	Apr 1988	Aug 1994	20	4	2014
Nigeria (LNG)	Nov 1995	Nov 1999	22	1.2	2021
Iran	Aug 1996	Dec 2001	25	10	2026
Russia (B.Stream)	Dec 1997	Feb 2003	25	16	2028
Russia (West)	Feb 1998	Mar 1998	23	8	2021
Turkmenistan	May 1999	- - - - - -	30	16	- - - - - -
Azerbaijan	Mar 2001	- - - - - -	15	6.6	- - - - - -

Supply – Demand Balance

Source: Deloitte



Natural Gas Market Law (2001)

- **Creating a liberal and competitive gas market**

- **Providing benefits to customers by supplying sustainable, cost-effective and environment friendly source of energy**

- **Reducing the market share of BOTAS to 20% by 2009 through a gas release programme**

- **Legal unbundling of BOTAS**

1st Contract Release Programme

• **Shell Enerji**	**: 0.25 bcm**	**(since Dec’07)**
• **BosphorusGaz**	**: 0.75 bcm**	**(since Jan’09)**
• **Enerco Enerji**	**: 2.50 bcm**	**(since Apr’09)**
• **Avrasya Gaz**	**: 0.50 bcm**	**(since Apr’09)**

	4.00 bcm	
	(approx. 11% of the market)	

PETFORM Members' Expectations

- **Immediate legal unbundling of BOTAS**

- **Implementation of the 'Cost – Based Pricing Mechanism' fully in order to provide a healthy competition in the market**

- **Continue contract and/or volume release programmes to reduce market share of BOTAS**

- **To free up importation for the security of supply and market liberalization purposes**

Thank You

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