

***“Investment Environment in
Turkish Natural Gas Market
in 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 in Turkey including on Natural Gas Market Law, Petroleum Market Law and Turkish Petroleum Law.

Member companies mainly have activities in 2 sectors:

- Exploration & Production**
- Natural Gas**

36 Member Companies

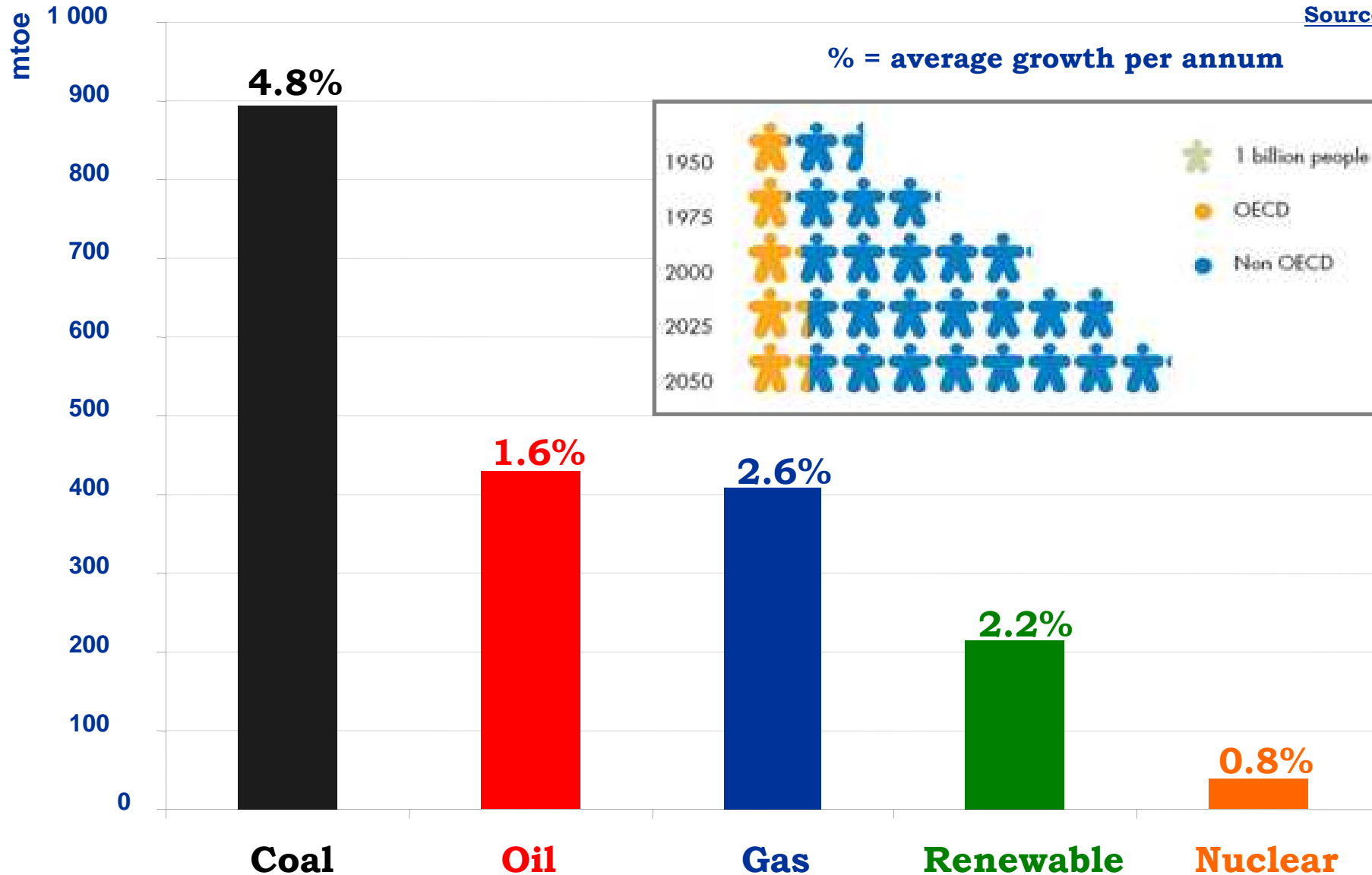


- **AKENERJİ**
- **AKSA**
- **ALADDIN MIDDLE EAST**
- **ARGM**
- **ATTILA DOĞAN İNŞAAT**
- **AVRASYA GAZ**
- **AYGAZ**
- **BOSPHORUSGAZ**
- **BP**
- **ÇALIK ENERJİ**
- **EDISON**
- **EGEGAZ**
- **ENERCO ENERJİ**
- **ENERGY OPERATIONS TURKEY**
- **ENERJİSA**
- **ENI**
- **E.ON RUHRGAS**
- **EWE ENERJİ**
- **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**

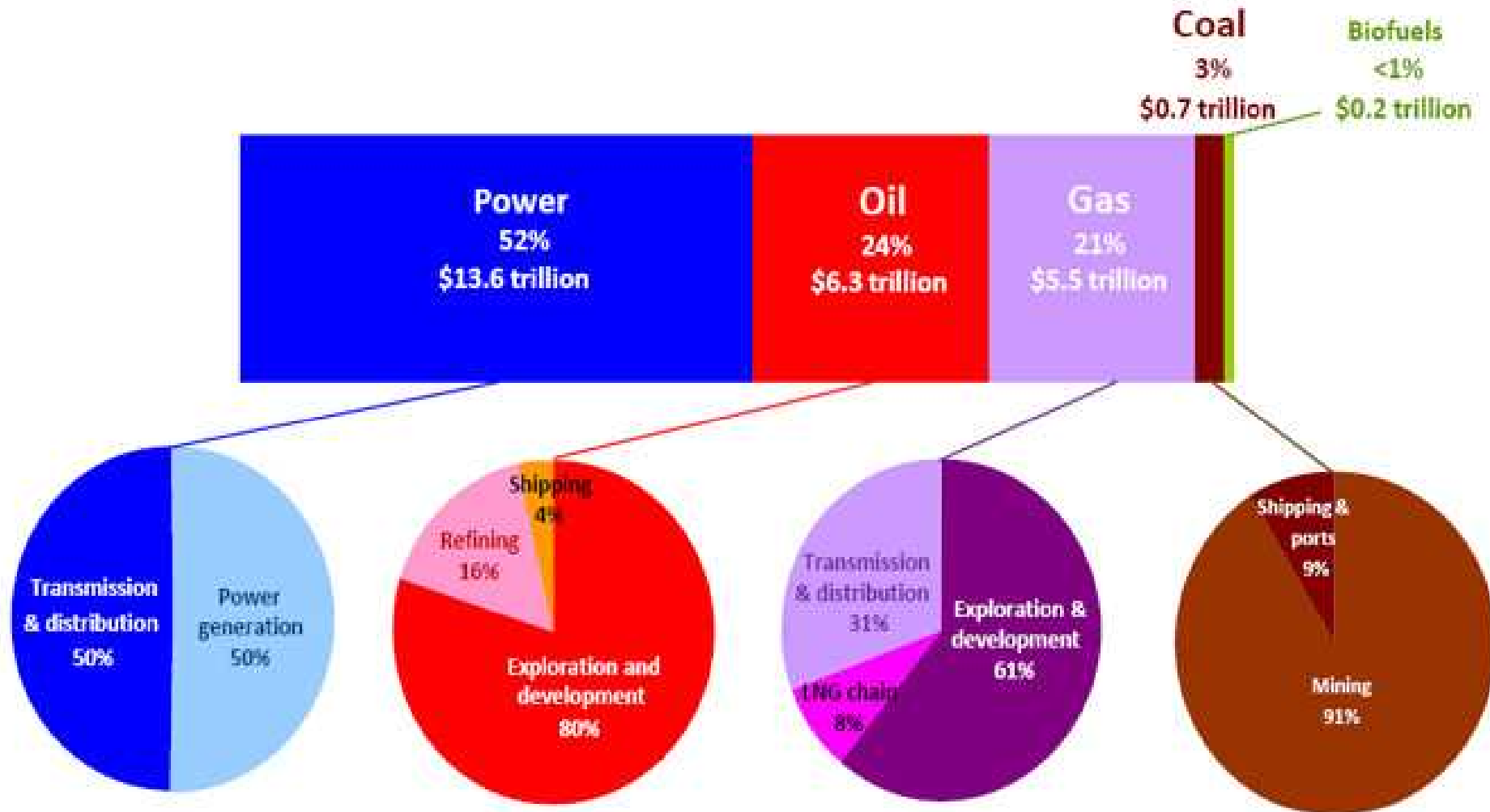
World Primary Energy Demand



Source: IEA



Required Energy Investments (2007 – 2030)



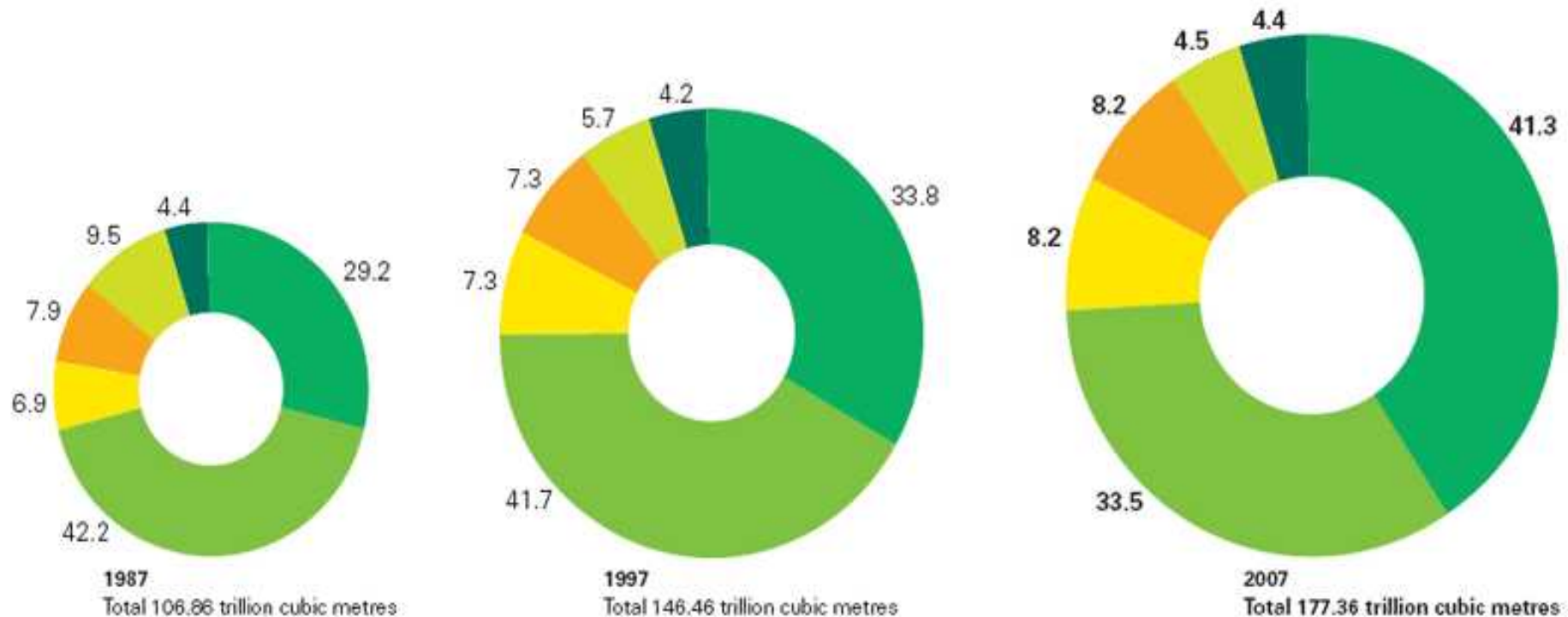
Distribution of World Gas Reserves



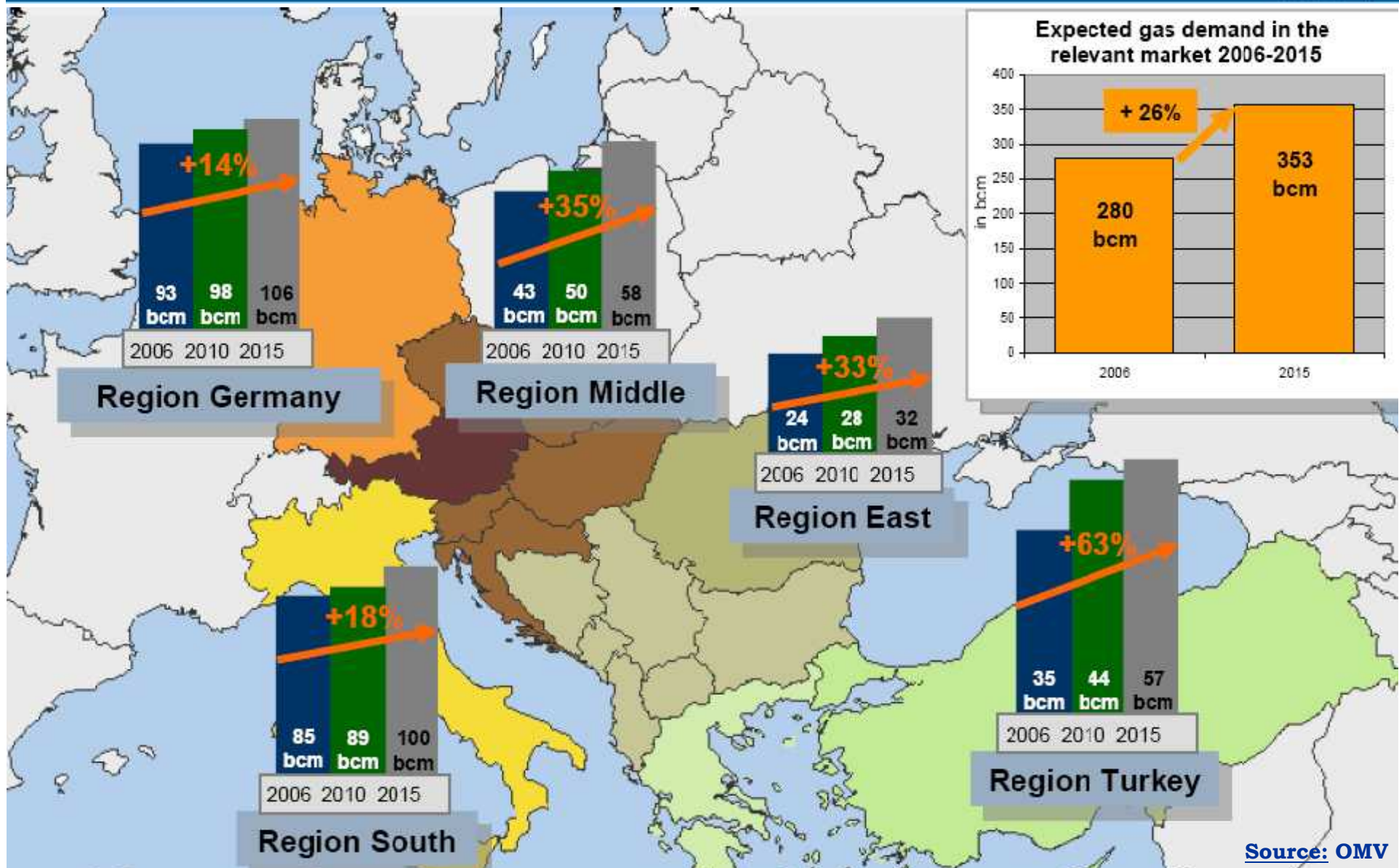
Source: BP

Distribution of proved reserves in 1987, 1997 and 2007

Percentage



Europe's Gas Demand Forecast

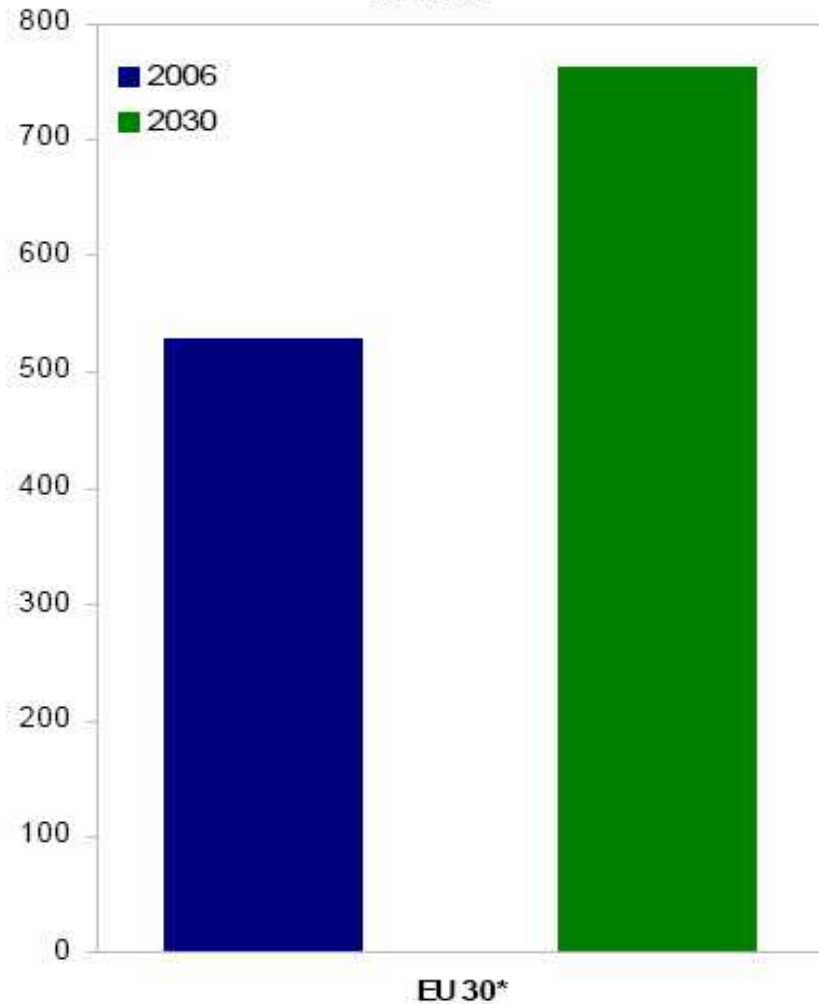


Source: OMV

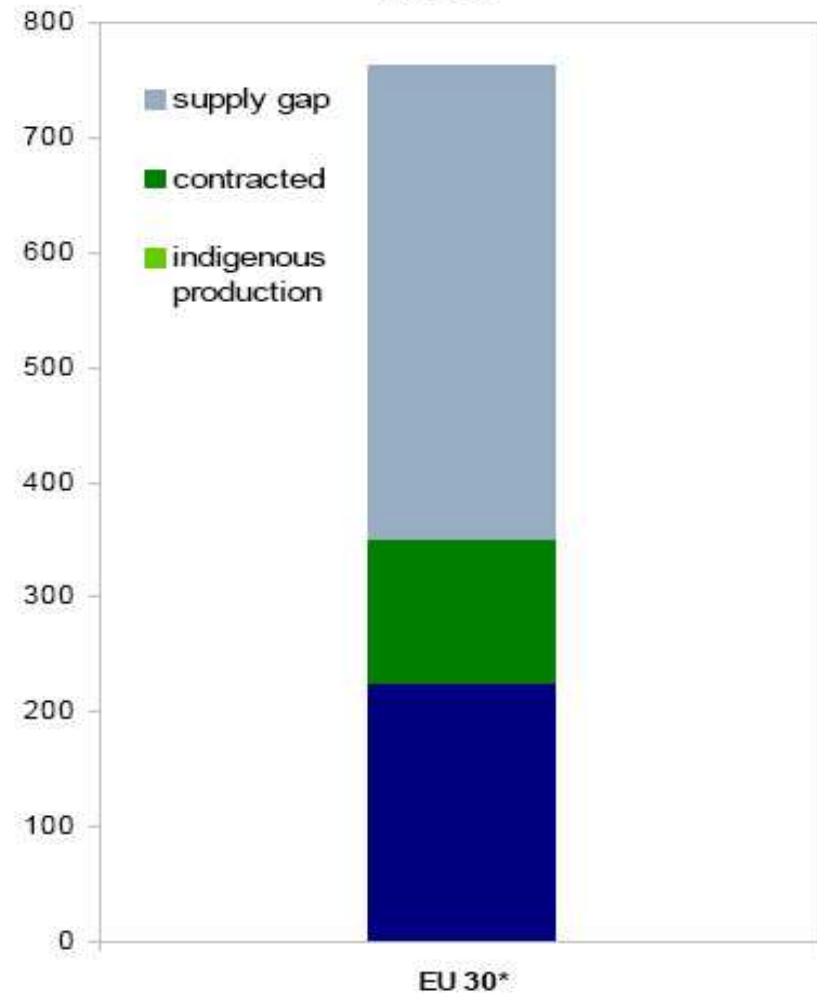
Gas Demand & Supply Gap in Europe



Demand in Europe in bcm

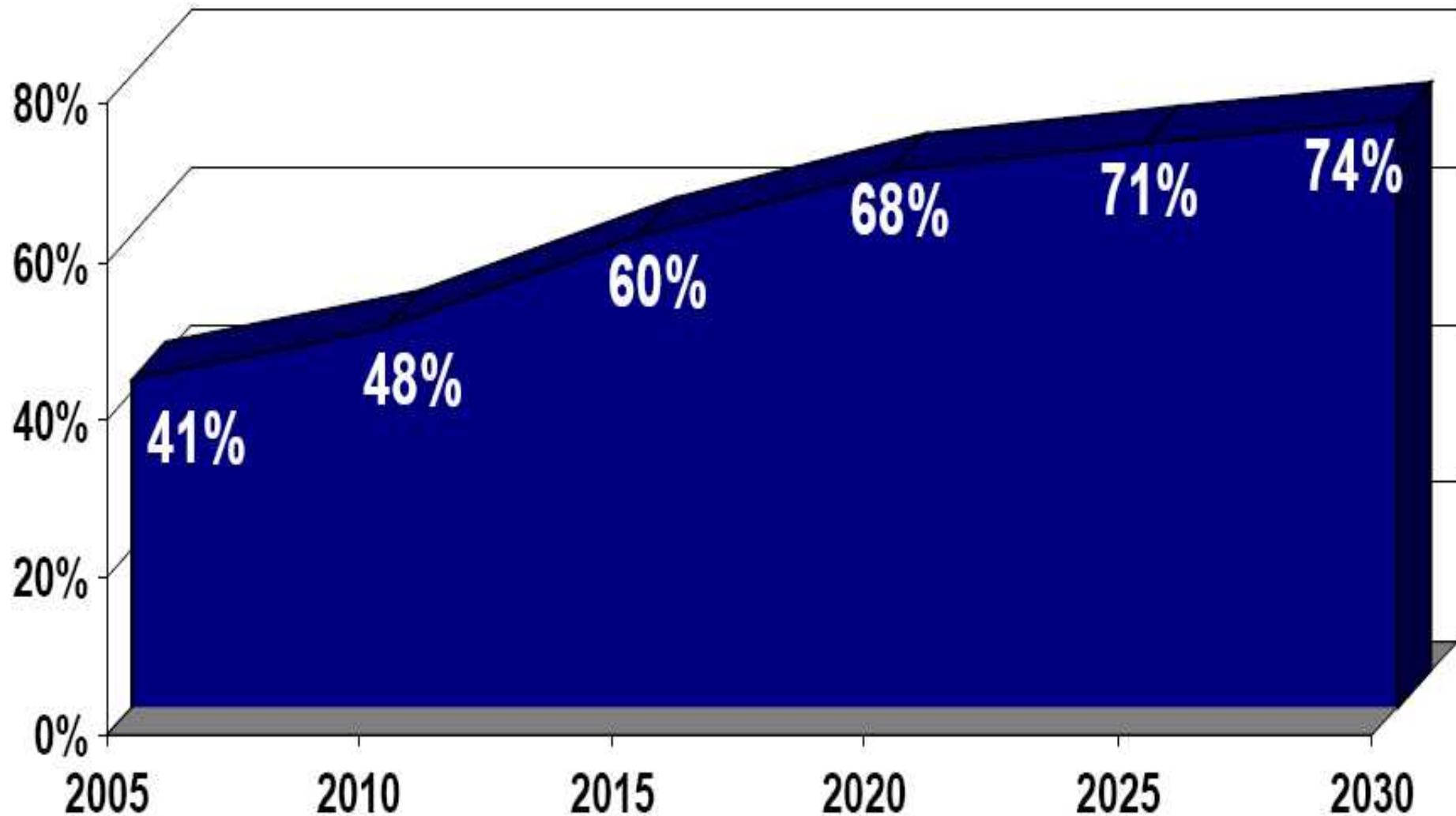


Supply gap in Europe 2030 In bcm



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

Europe's Gas Import Dependency

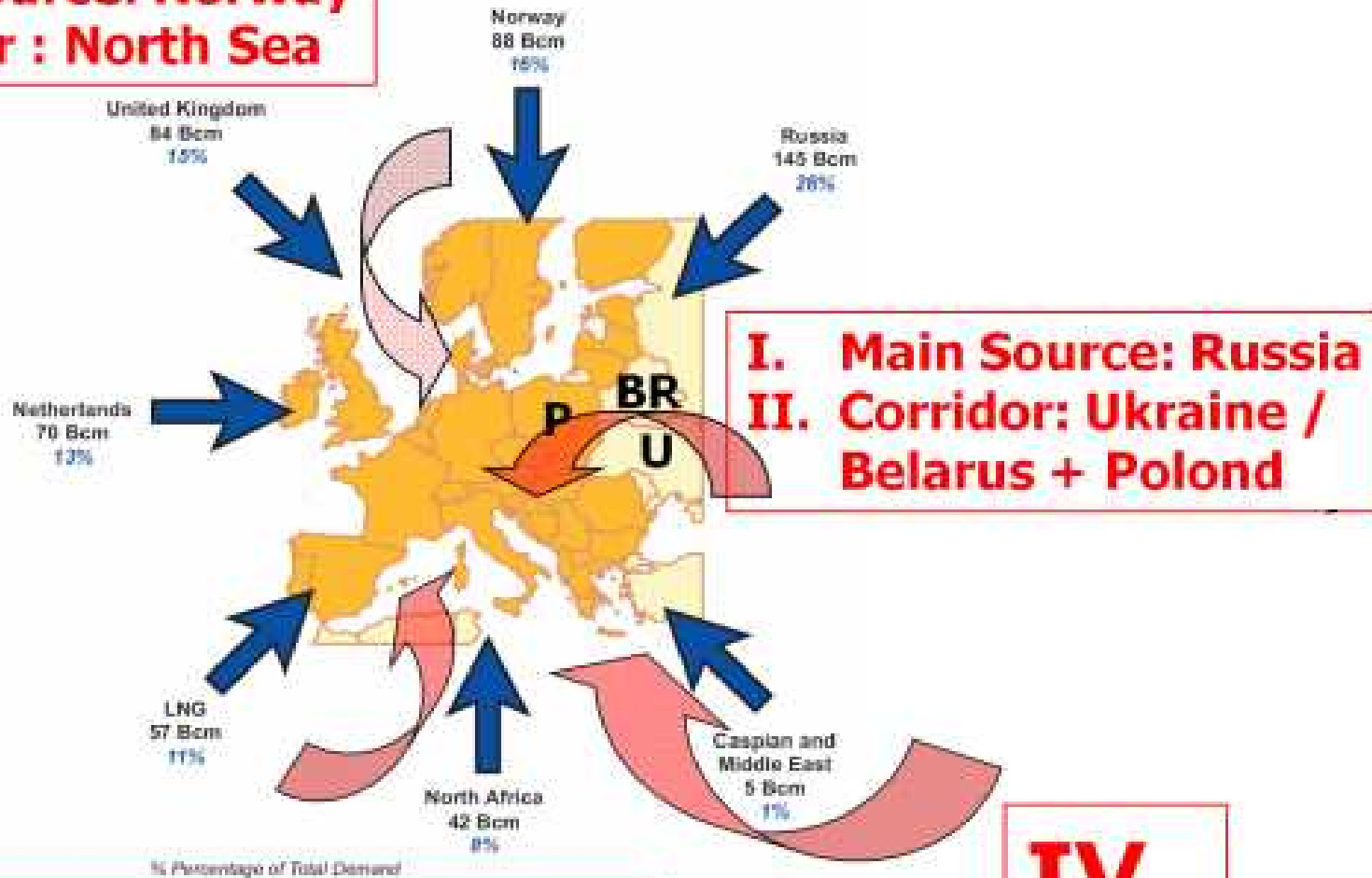


Source: OMV

Europe's Gas Corridors



II. Main Source: Norway
II. Corridor : North Sea



III. Main Source: Algeria
III. Main Corridor: North Africa

Turkey's Natural Gas Reserves



Total Reserve	: 22.6 bcm
Recoverable Gas	: 16.9 bcm
Cumulative Production	: 9.5 bcm
Remaining Recoverable Gas	: 7.3 bcm
Production in 2007	: 0.9 bcm
Distribution of Production	: 54% » Private 46% » TPAO

Turkey's Gas Imports (2007)



Source: BOTAS

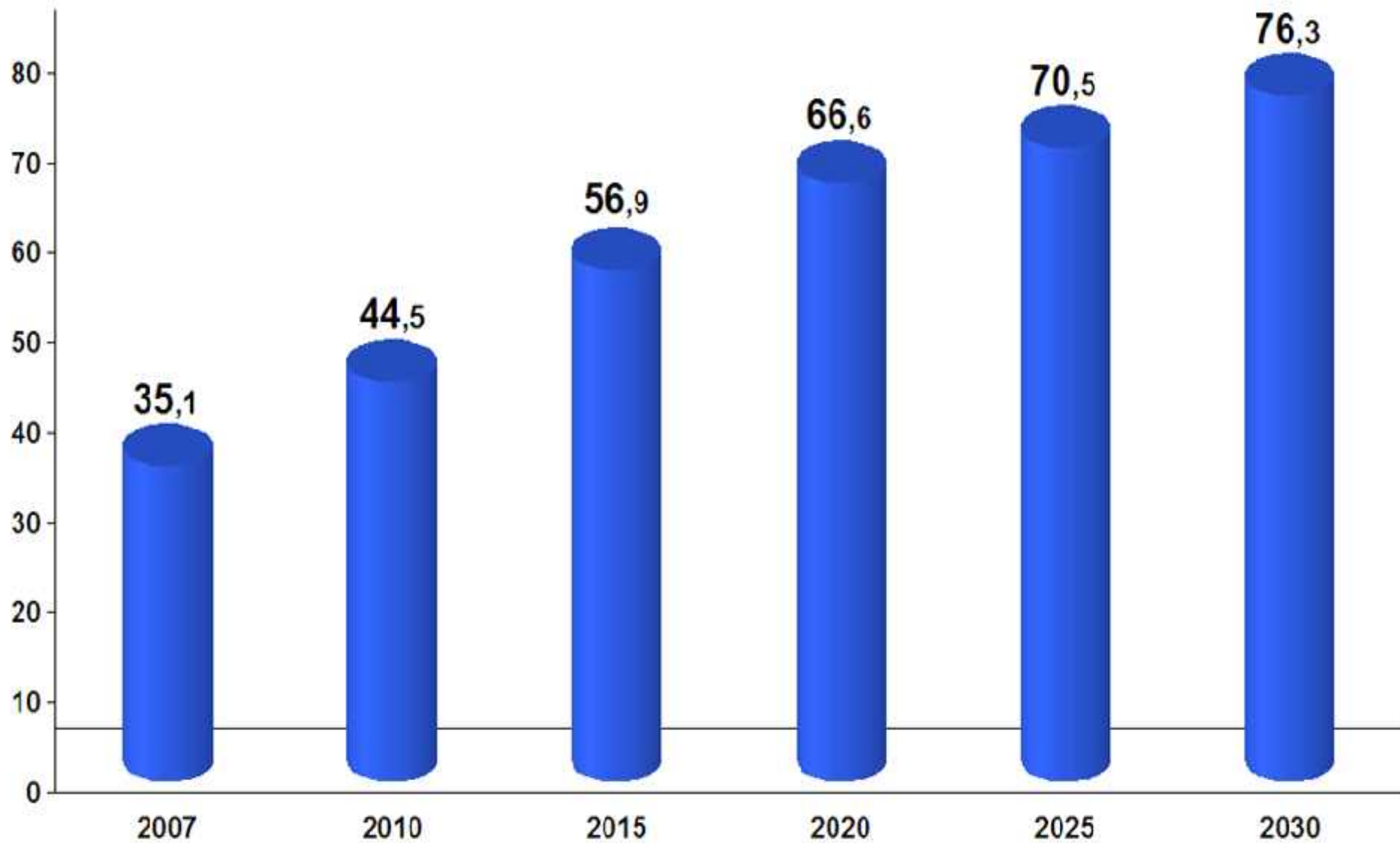
	<u>%</u>	<u>bcm</u>
• Russia	: 63.5	23.1
• Iran	: 16.9	6.1
• Algeria	: 11.8	4.2
• Nigeria	: 3.9	1.4
• Azerbaijan	: 3.4	1.2
• Spot LNG	: 0.5	0.1

		36.4

Turkey's Gas Demand Forecast



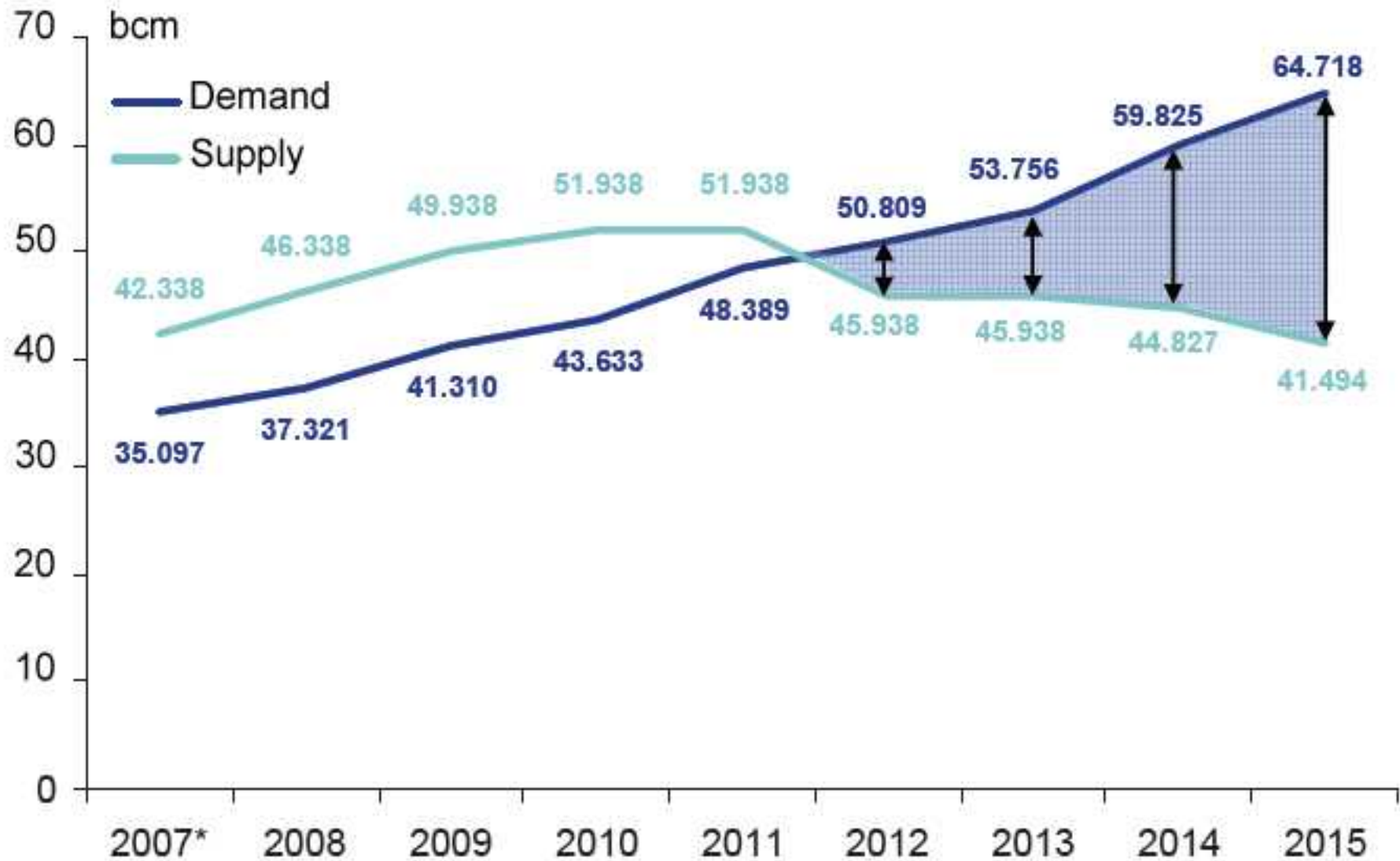
Source: BOTAS



Turkey's 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**
- **BosphorusGaz** : **0.75 bcm**
- **Enerco Enerji** : **2.50 bcm**
- **Avrasya Gaz** : **0.50 bcm**

4.00 bcm

PETFORM Members' Expectations



-
- **Immediate legal unbundling of BOTAS**
 - **Implementation of '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**

Mergers & Acquisitions in Turkish Energy Market



	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
• Utilities	20%	3%	86%	90%
• Oil & Gas	80%	97%	14%	10%
• Total (US\$ bn)	0,87	5,75	1,22	6,64

Utilities Deals in Turkey (2008)



<u>Target</u>	<u>Acquirer</u>	<u>Value (US\$ mn)</u>
• Başkent Elektrik	EnerjiSA	1225
• Sakarya Elektrik	AkCEZ	600
• Ankara Elektrik	Zorlu Enerji	510
• Meram Elektrik	Alsim Alarko	440
• Akenerji	CEZ	303
• İzgaz	GDF SUEZ	232

Oil & Gas Deals in Turkey (2008)



<u>Target</u>	<u>Acquirer</u>	<u>Value (US\$ mn)</u>
• Akpet	Lukoil	555
• Akçakoca Natural Gas Project	Petrol Ofisi	80
• KoçStatoil	Aygaz	14

Thank You

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