

Turkey cuts ties with Eni over Cyprus blocks

Upstream Online, 27.03.2013



Turkey has reportedly decided to sever ties with Italy's Eni over the company's involvement in over its plans to explore for gas off Cyprus.

Energy Minister Taner Yildiz said: "We have decided not to work with Eni in Turkey, including suspending their ongoing projects." Turkey had repeatedly declared in the past that it would cut co-operation with companies that are involved in Cyprus, directly warning Eni not to deal with Nicosia last November. Eni landed an 80% stake in three deepwater blocks in the Levantine basin off Cyprus in January, with South Korea's Kogas holding the remaining 20%.

Yildiz said Eni would not be allowed to go forward with its stake in the Samsun-Ceyhan crude pipeline project envisaged to run from the Black Sea to southern Turkey. Eni, Rosneft, Transneft and Turkey's Calik are currently partners in the project. "I don't know whether Calik will find a new partner or not but we might suspend the project if they prefer to continue their partnership with Eni," Yildiz said. Eni is also a partner with Gazprom in the Blue Stream transport system running beneath the Black Sea that supplies Russian natural gas to Turkey with a capacity of 16 billion cubic meters annually.

Turkish Deputy Prime Minister Ali Babacan said that Turkey found unacceptable a loan method for debt-hit Cyprus that provides natural resources in the Eastern Mediterranean as a guarantee. "The resources around the island do not belong only to Greek Cypriots. They belong to all people that live on the island in the framework of international law," Babacan said, pointing to the rights of the Turkish side of the divided island.

Turkey and the Republic of Cyprus are locked in an unfolding row over who has the right to tap hydrocarbon deposits in the eastern Mediterranean, in one of the latest manifestations of the pair's decades-long dispute. The island has been divided since 1974, when the Turkish military invaded the Cyprus after a short-lived Greek Cypriot coup engineered by the military junta then in power in Athens. Turkey still keeps about 30,000 troops in the north and is the only nation which recognizes the self-declared Turkish Republic of Northern Cyprus.

Yildiz: Anatolia only feasible gas route for Israel and Greek Cyprus

Hürriyet Daily News, 03.04.2013



Turkey awaits normalization with Israel to discuss energy projects, as Israel's energy plans would only be reasonable if Turkey was involved, Turkish Energy Minister has said.

Turkey is not indifferent toward Israel's energy projects for transferring the Eastern Mediterranean natural gas and oil to the international markets, since the resources would be not be feasible unless they were transferred through Turkey, Taner Yildiz said. "It is the same for Greek Cyprus," he told. "It will have no benefit to your people if you say 'I will do it even if it is expensive.' I'm telling this both for Israel and Greek Cyprus," he said.

But, discussing energy deals before the restoration of ties between Turkey and Israel has been finalized would be impossible, according to the minister. "As relations normalize in the future, then we can discuss if natural gas could be transferred by a pipeline through Turkey," the minister said. Israeli Prime Minister Benjamin Netanyahu offered an apology to his Turkish counterpart Recep Tayyip Erdogan on March 22, over the Israeli raid on Gaza-bound flotilla the "Mavi Marmara" in 2010, which killed nine Turks. The reason why Israel apologized to Turkey was "not the energy projects," but those projects could form part of the outcome, the minister said. Ankara would follow suit if Israel were to fulfill its commitments to restore ties with Turkey, Yildiz added.

Israel proposes Turkey build gas pipeline

Oil&Gas Eurasia, 05.04.2013



Israel has offered Turkey to build a gas pipeline through its territory to export its gas to world markets, the daily Sabah reported with reference to a source in the Turkish government.

The capacity of the project will be 15-16 billion cubic meters. The Israeli side proposed to involve private sector of both countries in the construction of the gas pipeline. Turkish Energy and Natural Resources Minister Taner Yildiz said earlier that the implementation of energy projects between Turkey and Israel will become possible only after the process of normalization of relations between the two countries.

Third oil pipeline in line between Turkey and Iraq

Hürriyet Daily News, 02.04.2013



Turkey is keen on keeping its energy ties with Baghdad strong despite recently cozying up with the Kurdish Regional Government (KRG), the energy minister has said, noting that Ankara would be willing to build third pipeline from southern Iraq to Turkey with a previous proposal by the Iraqi government.

"In a previous meeting, Iraqi Oil Minister Abdul Karim Luabi indicated that they wanted to develop a joint project with Turkey. We expressed our readiness for a pipeline that would extend from Basra to the north and Ceyhan. We will begin the project when our Iraqi brethren are ready," Turkish Energy Minister Taner Yildiz said.

The pipeline between southern Iraqi province of Basra and Turkish province Ceyhan, would be third after already operating two Kirkuk–Ceyhan oil pipelines. Composed of two different routes 970 km long pipeline that carries crude oil from Kirkuk to southern Turkish province Yumurtalik, is also Iraq's largest crude oil export line. "Turkey's projects have continued in all corners of Iraq," Yildiz said. "We have spent \$600 million with our partners in the natural gas and oil fields in the south of Iraq. Our projects in these regions are continuing," Yildiz said.

Shahristani: Kurdish oil export 'smuggling'

The Wall Street Journal, 03.04.2013



Oil exports from Iraq's autonomous Kurdish region to Turkey will be considered an act of smuggling, a senior Iraqi official has said, threatening legal action against Turkey and the Kurdish administration.

Hussein al-Shahristani, the deputy prime minister for energy affairs, said export of oil to Turkey from the Kurdish-controlled north is banned under Iraqi law. He was speaking as he received a delegation of Transparency International in Baghdad. "It will be considered smuggling, and the parties involved in the trade will face legal sanctions," he said.

Birol: Expiring gas contracts offer Europe chance to renegotiate prices

The Wall Street Journal, 03.04.2013



About two-thirds of the contracts governing natural-gas imports into the European Union will expire over the next decade, providing a window of opportunity for European governments and companies to renegotiate prices, said Fatih Birol, chief economist at the International Energy Agency.

"The main reason why Europe is losing today in terms of competitiveness is that European gas prices are up to five times higher than in the United States," Mr. Birol said in an interview Wednesday. France, Germany, Italy, Spain and the U.K. were among the top 10 net importers in 2011, accounting for a combined 30% of the world's natural-gas imports.

The expiration within the next 10 years of contracts providing 156 billion cubic meters of natural gas could help redress this balance. "When they expire, there will be important leverage in the hands of European governments and European companies in order to negotiate the new contracts, which can reflect the market realities better than the existing contracts, which may be a way of Europe narrowing the gap between European and American gas prices," Mr. Birol said.

Gazprom inks deal to supply gas to China

Oil&Gas Eurasia, 25.03.2013



Gazprom has signed a memorandum with CNPC to supply 38 bcm of gas via the eastern route within 30 years starting from 2018. Gazprom could receive an advanced payment for gas supplies, whose volume could be increased to 60 bcm of gas per year, Gazprom CEO Alexei Miller said.

The sides will sign binding conditions for gas supplies in June, while a final long-term contract will be signed by the end of 2013, he said. In 2010, Russia and China signed a binding agreement on the supplies, but the countries have been wrangling about the price for a long time.

Gazprom planned to supply up to 30 bcm to northwestern China via the western route, or the Altai gas pipeline, while the eastern route envisaged the supplies of 38 bcm to northeastern China.

Rosneft and BP complete TNK-BP sale and purchase transaction

Oil&Gas Eurasia, 25.03.2013



Rosneft and BP completed on March 21 the transactions in line with the terms announced in October 2012:

As a result of the transactions: BP receives net \$12.48 billion in cash, including a TNK-BP dividend of \$0.71 billion, and 18.5 per cent Rosneft shares; Rosneft becomes holder of BP's 50 per cent interest in TNK-BP in exchange for \$16.65 billion in cash and 12.84 per cent of Rosneft shares; OFSC ROSNEFTEGAZ sells 5.66 per cent in Rosneft to BP in return for \$4.87 billion in cash. Robert Dudley joined the steering committee on TNK-BP integration chaired by Igor Sechin and has been nominated to the Rosneft Board of Directors.

In October 2012 BP and Rosneft announced agreement in principle for the sale and purchase of BP's 50 per cent interest in TNK-BP for \$17.12 billion in cash and 12.84 per cent of Rosneft shares. Following adjustments in accordance with the terms of the agreement excluding a \$0.71 billion dividend received by BP in December 2012 from TNK-BP, Rosneft has today paid BP a final amount of \$16.65 billion. BP has used \$4.87 billion of the cash consideration to acquire 5.66 per cent of Rosneft shares from ROSNEFTEGAZ. This amount includes the adjustment from the offer date to completion according to the terms of the purchase agreement. As a result of these transactions BP has received \$12.48 billion net in cash (including the \$0.71 billion dividend received in December 2012) and, together with its existing 1.25 per cent shareholding in the company, now holds a 19.75 per cent stake in Rosneft, Russia's largest oil company.

Commenting on the BP transaction, Rosneft President and Chairman of the Management Board Igor Sechin said: "We are delighted to close this transaction ahead of schedule and would like to thank our partners in BP for their cooperation throughout the process. We welcome BP as a strategic investor in Rosneft and look forward to their involvement in forming the future strategic direction of the company through its representation on the Rosneft Board of Directors.

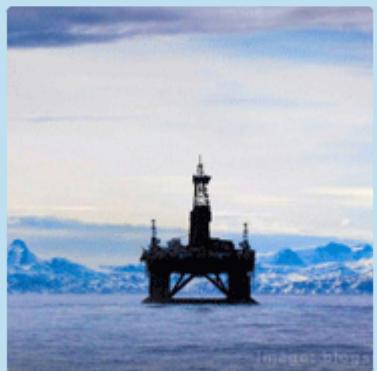
"We are closing the deal of acquiring BP's share in TNK-BP earlier than we previously planned and we want to thank our partners from BP for their cooperation throughout the process. We welcome BP as the major shareholder of Rosneft, which will take part in shaping the Company's strategy through its participation in the Board of Directors. We hope, that BP's vast experience will allow us to maximize synergistic effect on several directions during the process of integration. This deal is a part of the current Rosneft strategy aimed at developing cooperation with the world biggest companies. We are sure, that a transition to a new level of our relations will bring benefits not only to Rosneft and its shareholders, but also to Russian oil industry in general. We are glad that BP has made a decision to remain one of the biggest investors in the Russian economy, thus admitting vast prospects of Russia's oil and gas industry and Rosneft's big potential"

BP Group Chief Executive Robert Dudley said: "This is a historic day for BP in Russia. BP has invested in Russia for more than 20 years and for a decade we have been Russia's largest foreign investor through our involvement with TNK-BP. We aim to continue that success with today's transaction, which increases our stake in Rosneft and gives us a wonderful opportunity to forge a new partnership with a great Russian oil company. "We hope to help Rosneft to deliver synergies through its acquisition of TNK-BP and to grow production and reserves through brownfield, greenfield and unconventional opportunities as Rosneft strengthens its position among the world's leading global energy companies."

BP Chairman Carl-Henric Svanberg said: "This is the beginning of a distinctive and exciting future consistent with our strategy to invest in Russia and leverage our unique expertise to create value for BP and our shareholders, for Rosneft and for Russia." Robert Dudley has been nominated as a candidate to join the Rosneft Board of Directors ahead of completion of the transaction, which underscores the trust of Rosneft's shareholders. Electing Rosneft Board of Directors members is on the agenda of the Company's 2012 annual general meeting to be held on June 20, 2013. Mr Dudley is also a member of Rosneft's steering committee on TNK-BP integration. Rosneft and BP will now work together to support the integration of Rosneft and TNK-BP, ensuring the implementation of world-leading business and technological approaches. In addition BP and Rosneft intend to identify possible opportunities for joint work on standalone projects, both in Russia and internationally.

BP and Rosneft may explore Arctic reserves

Oil&Gas Eurasia, 25.03.2013



BP and Rosneft aim to explore for oil in Russia's arctic after closing on the TNK-BP acquisition, an executive said. Russian President Vladimir Putin in February signed off on an arctic development strategy that outlines "work to explore oil and gas deposits in the Russian Federation Arctic Zone."

Warmer weather patterns have left parts of the arctic ice-free for longer periods. The U.S. Geological Survey estimates that as much as 80 percent of the world's undiscovered oil and 20 percent of the undiscovered natural gas may lie in arctic regions.

BP is renewing plans to work with Rosneft in the arctic after the Russian company finalized the acquisition of joint venture TNK-BP. "The potential of this work is so enormous that we would welcome BP at one of our larger projects that we are undertaking," Rosneft President Igor Sechin was quoted as saying. U.S. super major Exxon Mobil signed a deal last year with Rosneft to develop parts of the Black Sea and the South Kara Sea in the Russian arctic. There may be as much as 85 billion barrels of oil in the Kara Sea.

Hess completes sale of Caspian assets

Oil&Gas Eurasia, 01.04.2013



Hess Corp. said it sold its interests in the giant Azeri-Chirag-Gunesli complex in the Caspian Sea, UPI reports. Hess said it closed a deal to sell its 2.72 percent interest in ACG and its 2.36 percent stake in the Baku-Tbilisi-Ceyhan oil pipeline to Indian energy company ONGC Videsh Ltd. for \$1 billion. The deal was announced last year.

Chairman John Hess said some of the proceeds would help pay off short-term debt. "This sale is another step in the execution of our strategy to become a more focused, higher growth, lower risk pure play exploration and production company," he said in a statement.

Hess in January said it was evolving into an exploration and production company as it leaves the refining business by closing a New Jersey facility. ACG is producing about 700,000 barrels of crude oil per day. BTC services Caspian oil producers by delivering about 1 million bpd to the Turkish port of Ceyhan on the Mediterranean coast. State-owned ONGC Videsh said the acquisition marks its entry into the oil-rich waters of Azerbaijan and is in line with ambitions to add lucrative plays to its exploration and production portfolio.

Enel interested in TAP stake

Natural Gas Europe, 27.03.2013



Enel is interested in taking a stake of up to 20% in the Trans-Adriatic Pipeline (TAP), the group's chief executive has said. The current TAP shareholders are Axpo of Switzerland (42.5%), Norway's Statoil (42.5%), and Germany's E.ON Ruhrgas (15%). "There's talk of a 10 to 20% share that we would be happy to take. The decision should be taken, I believe, in September or October," Fulvio Conti said on the sidelines of a conference in Brussels.

Conti told reporters that while he was ready to take a stake in TAP, the primary goal was to have gas. "I am not a transporter of gas, I am a utiliser of gas," he said.

Enel uses gas to fire part of its power generation fleet and to sell to customers. State-controlled Enel is developing a liquefied natural gas terminal on the island of Sicily and has a stake in the GALSI project which aims to bring Algerian gas into Italy.

Kazakhstan denies joining TAPI pipeline

Oil&Gas Eurasia, 01.04.2013



Natural Gas Asia reports that rumors about Kazakhstan's joining the TAPI gas pipeline project is premature, country's Foreign Minister Yerlan Idrisov told.

"During my recent visit to India where the project was discussed, some media outlets disseminated the information that Kazakhstan is ready to join the TAPI project and will lay the pipeline from India to Kazakhstan. This is incorrect," he said. "We were unanimous inasmuch it is necessary to unite India, South and Central Asia through different transport routes, including such a project as TAPI," he said, adding Kazakhstan supports the project.

Iraq sees oil production capacity rising to 4.5 million b/d by 2014

Platts, 25.03.2013



Iraq is targeting oil production capacity of 4.5 million b/d by 2014 as it considers a longer term strategy to take capacity beyond that level by 2025, Thamir Ghadban, chairman of the prime minister's advisers commission, said.

He said that the committee he chairs looked at three possible scenarios for the optimum production capacity to 2020 and beyond. The scenarios take into account a high production plateau of 13 million b/d as outlined in the long-term service contracts awarded to foreign oil companies by 2017, a slower level of 6 million b/d to be reached by 2025 and an "in between" scenario of 9 million b/d to be achieved by 2020.

"Those scenarios were looked at and examined and we checked benchmarks. How do they provide energy security, government revenue maximization, employment generation and sustainability? Each scenario was looked at carefully," he said. "But we set a number of strategic objectives for speedy field development and we mean by that that it should be in excess of 4.5 million b/d by 2013 and then we decide which scenario to take." Ghadban said that as new production comes on line with heavier streams, Iraq will be exporting three types of crude grades Kirkuk, Basrah Light and Basrah Heavy. Iraq is currently producing just over 3 million b/d.

US may allow shale gas exports to Japan

Oil&Gas Eurasia, 01.04.2013



The United States is close to approving shale gas exports to Japan, the Japan Daily Press said citing sources in Washington, Natural Gas Asia reports.

It is expected that America's Energy Department will give conditional approval for the time being, and then it will proceed to examine Japanese companies and their shale gas export projects, the report said. The approval is expected to come as early as this April. This development would be much welcomed by Japan as LNG imports have been rising after the suspension of all nuclear reactors.

Last year, Japan has been recorded as the number one LNG importer in the world, with a record 87.3 million tons imported, the Japan Daily Press said. In the U.S., LNG prices have been falling because of a sharp increase in shale gas output. Almost 20 applications for shale gas export projects some of whom are Japanese utility firms have been filed with the U.S. government.

China will be drilling a third of Iraq's oil

Oil&Gas Eurasia, 01.04.2013



Ten years after the invasion, major American oil companies are staying away from investing in Iraq's oil resources, McClatchy's Sean Cockerham reports. Instead, many of Iraq's newest oil fields are now controlled by Chinese.

Forbes says the country could easily become the second-largest oil producer in the world after Saudi Arabia. Only Exxon and Occidental have active stakes in Iraqi oil fields. The reason for America's relative absence, Cockerham writes, is that the country is still too unstable. Chinese firms don't seem to mind that as much. One third of future Iraqi oil production is expected to come from Chinese-owned fields.

There are in fact many U.S. drillers, including Halliburton, operating in the fields themselves, Cockerham notes. But folks like Chevron, ConocoPhillips and Suncor are nowhere to be seen. This does not mean the U.S. is not receiving zero oil from Iraq. We still import more than 173 million barrels of oil from there a year. But that's actually not all that much about 4.4 percent of our entire import base, according to EIA data. And that's down from about ten years ago once the country's economy came back online when we were taking in 240 million bbl. It's certainly not the situation many predicted we'd be in in 2013.

Europe embraces shale gas

Gas to Power, 01.04.2013



Several European governments have so far this year bucked a reluctance to extract shale gas via hydraulic fracking even as the practice continues to be strongly opposed in countries like France and Bulgaria.

Following the UK's move to lift a ban on shale gas exploration, Germany unveiled a draft law that permits development of the unconventional fossil fuel through fracking, albeit with conditions. Reversing a previous decision, Romanian authorities awarded energy giant Chevron certificates to explore for shale gas in the eastern part of the country, while a Ukrainian regional council voted to approve a deal with Shell to develop a shale gas field.

These decisions come on the heels of the European Parliament's rejection of a ban on shale gas. And late last year, the European Commission (EC) Joint Research Centre issued a key report, which finds that under a best case scenario, future shale gas production in Europe could help the European Union (EU) maintain a stable dependency on energy imports, keeping them at the current 60% of total EU energy needs. The report acknowledged, however, that considerable uncertainty exists about recoverable volumes, as well as regarding technological developments and public acceptance of shale gas extraction. Critically, it noted, the EC remained "neutral" to member states' decisions concerning their energy mix, but it stressed that the commission would continue to ensure that an appropriate framework was set up to enable "sustainable" shale gas extraction that fits within EU policy objectives of working toward a decarbonized economy. The framework is expected sometime this year.

In Germany, shale gas drilling has been a headline-making and contentious political subject that features prominently in the rhetoric of politicians seeking votes in this year's Sept. 22 national election. Germany chose to shut down six of its nine remaining operational nuclear reactors by 2022 after the Fukushima Daiichi accident in March 2011, but it is now struggling to secure replacement power. The draft legislation released by Chancellor Angela Merkel's government in February introduces environmental safeguards by outlawing fracking in protected areas and near drinking wells—an area estimated to cover about 14% of German territory. All projects must also undergo environmental impact studies.

Experts suggest that the proposed restrictions may not appease fracking opponents in the Greens and Social Democratic parties, which have urged the government to institute a moratorium on shale gas development until better techniques are found. Proponents say, meanwhile, that Germany's economy would get a badly needed boost if it exploited its estimated 2,300 billion cubic meters (bcm) of technically recoverable shale gas reserves. They point out that fracking isn't new to Germany: About 300 wells have already been fracked since the 1960s. But, as Germany's domestic supplies of conventional natural gas dry up, the country continues to consume about 86 bcm/year of natural gas—about 40% of which it is forced to import from Russia.

After the re-election -with an absolute majority in both the Chamber of Deputies and the Senate- last December of Romania's Social Liberal Union party, Prime Minister Victor Ponta has publically said he supports environmentally responsible shale gas exploration. The statement is a U-turn from Ponta's previous stance, before he was appointed as prime minister in May, to ban shale gas exploration (he proposed a bill that was overwhelmingly defeated by the Senate). Despite public protests in southeast Romania, where the country's shale gas reserves are situated, Chevron in January reportedly obtained zoning certificates enabling it to explore for shale gas with fracking.

Ukraine also made headway in January, as deputies of the Donetsk regional council voted to approve a deal with Royal Dutch Shell to develop the Yuzivska shale gas field. The eastern European country harbors Europe's third-largest shale gas reserves (at 1.2 trillion cubic meters, behind France and Norway) but is mired in a contentious 10-year deal signed in 2009 by the previous government with Russia's Gazprom for \$430 per thousand cubic meters of imported Russian natural gas.

Former Prime Minister Yulia Tymoshenko is serving a seven-year prison sentence—the subject of a high-profile human rights campaign—as a result of that contract, signed after a payment dispute between Russia and Ukraine over gas supply and transit left much of eastern Europe in the cold in the first three weeks of 2009. Tymoshenko is charged with asking Ukraine's Naftogaz to commit to the exorbitant price while market prices were relatively low.

In January, meanwhile, as Russia's Vladimir Putin and his Ukrainian counterpart Prime Minister Mykola Azarov failed to reach an agreement to bring down the prices Ukraine pays for Russian gas, Moscow and Kiev were embroiled in a fresh gas dispute. Gazprom billed Naftogaz \$6.77 billion under a "take-or-pay" clause of the 2009 agreement that Ukraine has to disburse, even if it does not import gas. In 2012, Ukraine bought 32.9 bcm of Russian gas, while the deal stipulated it should have imported a minimum of 42 bcm.

Ukrainian officials lauded the regional council's decision to approve development of the shale gas field in January, saying its annual production could exceed 20 bcm and lower gas prices within five or six years while boosting the country's energy independence from Russia. The country is also looking to develop the Olesska gas field in the western part of the country but has yet to make a production-sharing agreement—likely with Chevron—official.

Last December, nearly a year and a half after the UK halted unconventional shale gas exploration when a project near Blackpool set off tremors, Energy and Climate Change Secretary Edward Davey approved shale gas fracking. The approval means shale gas developers can resume fracking but will operate under more stringent rules, including more in-depth assessments for seismic risks.

The UK is facing a massive power shortfall if it cannot find new capacity to replace about 21 GW that is set to be phased out by 2030 due to age and EU pollution rules. Highlighting the country's energy dilemma are its dwindling conventional natural gas reserves that have forced it to become a net importer. Though the government estimates that the UK's onshore shale gas reserves hover at 150 bcm, only one shale gas firm, Cuadrilla Resources, has an exploration license. However, the government has called for the creation of a new office to simplify regulation and offer tax incentives to sprout a working shale gas industry.

Chevron makes eastern Europe its unconventional target

Platts, 02.04.2013



Of all the companies with a strategy for targeting unconventional gas outside of North America, Chevron seems to have pulled out the most stops, taking acreage in no fewer than five countries across eastern Europe.

The scale of its shale gas position across Poland, Romania, Ukraine, Lithuania and Bulgaria is vast, covering millions of acres in areas that are relatively sparsely populated. Its ambition to develop a major shale gas position in the region is not without its challenges though, and opposition to the use of hydraulic fracturing, or fracking, in the development of shale gas continues to be the company's Achilles' heel.

Most recently, in Lithuania, people took to the streets carrying placards saying "Chevron Go Away!" hardly the ideal environment for creating a new gas industry. And in Bulgaria, a ban on fracking remains in place following public opposition to the technique on environmental grounds.

Chevron remains hopeful though, with a senior company official telling Platts recently that plans for fracking were just plans for now while it drilled shale exploration wells. "Chevron has focused on eastern Europe for shale gas as we wanted a position across the geological trend that covers Poland, Romania, Ukraine, Lithuania and Bulgaria," Ian MacDonald, Chevron vice president for Europe, Eurasia and the Middle East, said. "Exploration wells are under way, but there is no fracking yet," he said. Chevron has drilled three wells in Poland so far and continued exploratory drilling is expected this year.

In Romania, Chevron plans to drill an exploration well during the second half of 2013, while in Lithuania its JV plans to start exploration work later this year. While fracking remains off the agenda for now, MacDonald said Chevron could embark on its first fracking "over the next few years." "But it might be 10-15 years for full commercialization. We are at the early stages of our shale gas activities in eastern Europe," he said. Chevron may well be committed to Eastern Europe in the medium and long terms, but it will have to be patient in a region where delays and political interference are common.

In Ukraine, the government is finally opening up to international participation in its upstream, but as US Company Vanco Energy knows, progress can be painfully slow. Vanco was awarded a production sharing agreement for the Prykerchenska block in Ukraine's sector of the Black Sea in April 2006. Work to develop the block has still not begun, seven years later, after a series of political and commercial delays. "Chevron is negotiating a production sharing agreement in Ukraine for a 50/50 joint venture," MacDonald said. "The PSA could last 50 years, so it is best to get the right conditions at the start," he said.

In Bulgaria, Chevron will have to wait for the fracking ban to be lifted before any meaningful work can begin. "The Bulgarian government would let us drill without fracking but that would be wasting money if we could not be assured that ultimately we could actually conduct fracking," MacDonald said.

There is also some concern about whether the scale of shale gas production in Eastern Europe could mirror in any way the massive success of the sector in North America. Not least, there is an issue as to whether the necessary infrastructure can be developed to support a full-fledged shale gas industry. MacDonald said the supply chain the provision of drilling rigs and workers is not a challenge in the current exploration phase. "In a development phase, the chain would need to be stepped up, but eastern European industrial countries could provide that," he said.

Announcements & Reports

► *OPEC Bulletin (Feb – Mar 2013)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OB02_032013.pdf

► *Electricity in a Climate-Constrained World*

Source : International Energy Agency
Weblink : <http://www.iea.org/W/bookshop/add.aspx?id=445>

► *Investment Climate in Kazakhstan*

Source : Energy Charter
Weblink : <http://www.encharter.org/index.php?id=600&L=0>

Upcoming Events

► LNG17 – International Conference and Exhibition on Liquefied Natural Gas

Date : 16 – 19 April 2013
Place : Houston – USA
Website : <http://conferencehound.com/conference/lng17-international-conference-and-exhibition-on-liquefied-natural-gas/53874>

► Offshore Technology Conference

Date : 6 – 9 May 2013
Place : Texas – USA
Website : <http://www.gshtx.org/en/cev/908>

► Uzbekistan International Oil & Gas Exhibition

Date : 14 – 16 May 2013
Place : Tashkent – Uzbekistan
Website : <http://www.oguzbekistan.com/2013/>

Supported by PETFORM

► Tight and Shale Gas Summit 2013 (in Turkey)

Date : 15 – 16 May 2013
Place : Istanbul – Turkey
Website : <http://www.wplgroup.com/aci/conferences/eu-eug2.asp>



► Turkmenistan Gas Congress

Date : 21 – 22 May 2013
Place : Ashgabat – Turkmenistan
Website : <http://www.turkmenistangascongress.com/>

► Caspian Oil & Gas

Date : 4 – 7 June 2013
Place : Baku – Azerbaijan
Website : <http://www.caspianoil-gas.com/2013/index.html>

► *12th Moscow International Oil & Gas Exhibition*

Date : 25 – 28 June 2013
Place : Moscow – Russia
Website : <http://mioge.com/about/upstream.aspx>

► *Oil and Gas Conference and Exhibition 2013*

Date : 3 – 6 September 2013
Place : Aberdeen – UK
Website : <http://www.offshore-europe.co.uk/page.cfm/Link=1/t=m/goSection=1>

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► *All Energy Turkey* (*in Turkey*)

Date : 11 – 12 September 2013
Place : Istanbul – Turkey
Website : <http://www.all-energy-turkey.com/?lang=tr>



► *Texas Oilfield Expo*

Date : 6 – 7 March 2013
Place : Texas – USA
Website : <http://www.gshtx.org/en/cev/906>

► *21st Kazakhstan International Oil & Gas Exhibition and Conference*

Date : 1 – 4 October 2013
Place : Almaty – Kazakhstan
Website : <http://www.kioge.com/2013/upstream2013.html>

► *Deep Offshore Technology International Conference & Exhibition*

Date : 22 – 24 October 2013
Place : Texas – USA
Website : <http://www.biztradeshows.com/trade-events/deep-offshore-technology.html>

► *World Shale Gas Conference & Exhibition*

Date : 4 – 7 November 2013
Place : Texas – USA
Website : <http://www.biztradeshows.com/trade-events/world-shalegas-exhibition.html>