

## Ankara invites Baku to join Mediterranean energy rush

Hürriyet Daily News, 10.04.2013



Turkey throws the doors open to Baku in a bid to entice SOCAR to join the rush to explore for potential hydrocarbons off of Turkey's Mediterranean coast.

Turkey has extended an invitation to the State Oil Company of Azerbaijan (SOCAR) to explore offshore oil and gas reserves off the Mediterranean and Black Sea coasts of Turkey, which the Azeri oil firm is to consider and decide upon by the end of this year. "Azerbaijan can search for oil and natural gas in our waters," Energy and Natural Resources Minister Taner Yildiz said after a meeting with SOCAR President Rövnag Abdullayev.

Yildiz said they could carry out a partnership with SOCAR just as they had been doing with several international oil firms which explored oil and gas in Turkish seas. According to Turkey's deals with exploration companies, if the company reaches any resources the output is shared between the firm and the Turkish state but in the event that the searches fail to find anything, all the expenses are undertaken by the private company.

"For these searches Turkey hasn't paid a penny," Yildiz said. Turkey would appreciate undertaking exploration operations near the southern provinces of Iskenderun, Mersin and Antalya with SOCAR under the same scheme, the minister asserted. He added that they would also like to carry out joint projects with Azerbaijan in third countries.

Abdullayev said the company was evaluating the Turkish offer and that it would make a decision in approximately six months or by the end of this year at the latest. Considering SOCAR's experience in oil exploration in the Caspian Sea, it is capable of these operations, he said. Mediterranean Sea has been watering the neighboring countries' mouth as Greek Cyprus and Israel as well have been seeking to obtain resources there through deals with international firms. Lately, Egypt joined them as it has announced it will hold a tender for energy drilling in the Mediterranean Sea.

The chairman also commented on the two countries' joint project, the Azeri-Turkish trans-Anatolia Pipeline (TANAP), and said the decision over the route that would transport the gas to Europe would be made by June as an agreement is due to be signed by October. The construction of TANAP, which was actually scheduled for 2013, has been delayed to 2014, he added during the press meeting. TANAP will bring the gas from Azerbaijan to the European territory of Turkey, to connect with either Nabucco -thorugh Bulgaria- or TAP -thorugh Greece.

## Turkey invites oil firms to Black Sea

Hürriyet Daily News, 08.04.2013



Turkey is inviting international oil companies to participate in exploration activities in Black Sea, where it has already spent more than \$2.5 billion, Energy Minister Taner Yildiz said.

“I’m saying we’re open to working with all international companies which has an offer for the Black Sea region,” Yildiz said. Recently, the government has revived efforts to seek resources through off-shore drilling operations in the northern part of the country. TPAO has been searching for oil in the Black Sea with Shell, after a number of failed attempts by international energy companies.

The minister said Turkey needed to boost its reserve discovery attempts because it must unearth underground resources to meet its energy needs. “Our country has a substantial size with its 780,000 square kilometers of land, but also with its 280,000 square kilometers of maritime area that we don’t voice a lot. Therefore, we need to go over these areas with a fine-tooth comb,” he said.

## KRG sells first crude cargo in defiance of Central Government

Oil&Gas Eurasia, 08.04.2013



Iraq’s Kurdish region has sold the first cargo of its crude oil on the international market in an act of defiance against the central government.

The crude pumped from the Taq Taq oilfield of Genel Energy was transported over Iraq’s northern border with Turkey and sold via tender for loading in April, Reuters reported. One trader, speaking on condition of anonymity, said the cargo sold was 30,000 tons and worth around 22 million US dollars. “I said we may have interest for this 30,000-ton cargo and they said we already sold it,” the prospective buyer said.

The German-based energy firm S.E.T. Select Energy GmbH reportedly won the tender issued by intermediary Powertrans. Baghdad and Arbil are in a long-running dispute over oil operations. In January, Iraqi Oil Minister Abdul Kareem Luaibi said the ministry intended to take legal action against Anglo-Turkish Genel Energy and other companies for the export of crude from the semi-autonomous region. The oil firm intends to pump oil by pipeline from its fields in the Kurdish region by 2014.

# Turkish firms find oil at Northern Iraqi well

Hürriyet Daily News, 11.04.2013



Genel Energy has announced a successful discovery with its first exploration well at northern Iraq, boosting confidence for the production plans from the site in several years.

Genel Energy announced that it had made a significant oil discovery in a Northern Iraqi well, in partnership with another oil company Petoil and the Kurdish Regional Government. Genel Energy said the first of five Chia Surkh wells flowed at a rate of up to 11,950 barrels of oil a day and 15 million cubic feet of gas, in a statement. As the well confirmed the presence of “a significant oil find” the company had begun drilling a second well Tony Hayward said.

“We intend to carry out a rapid appraisal and development program and expect to have an early production scheme operating in the first half of 2014,” Hayward said. The field may hold more than 300 million barrels of oil, Hayward told Bloomberg in a phone interview yesterday. He said Genel was in talks with as many as four Turkish utilities to sell gas from the company’s Miran field.

The field is operated, and 60 percent owned, by Genel Energy. The remaining 40 per cent is held equally between Petoil and the KRG. Genel Energy is the largest producer in Kurdish region. The company said it wanted to enter the southern Iraqi market but was put on a Baghdad blacklist because the company was already operating in Northern Iraq.

The first Kurdish oil sold to international markets last week was also pumped from a Genel-operated field. Around 30,000 tons of Kurdish oil, pumped from the Taq Taq oilfield, which is operated by Genel Energy, were sold via tender in early April on the international market, marking the first oil export of KRG to a country other than Turkey, independent from the central Iraqi government, which says the trading of Kurdish oil without its permission is illegal. The central Iraqi government, which has accused the KRG in the north of “oil smuggling” due to its direct trade with international firms, recently said it would sue Genel over its oil sales to Turkey.

## Nabucco offers Shah Deniz consortium 50 percent share in project

Natural Gas Europe, 08.04.2013



Nabucco West has offered the consortium of Azerbaijan Shah Deniz field development a 50- percent share in the project, CEO of Nabucco Gas Pipeline International GmbH Reinhard Mitschek told in Baku.

“That has been concluded already in the mid of January in the Equity Option and Funding Agreement and the granted share to the Shah Deniz Consirtium is 50 percent,” Mitschek said. He also stressed that in the end of June once Nabucco West will be selected and the four companies of the Shah Deniz consortium (SOCAR, BP, Statoil and Total) join the project, there will be one shareholder group.

Gas to be produced within the second phase of Azerbaijani Shah Deniz gas condensate field development is considered as the main source for the project. The project’s current shareholders are Bulgarian Energy Holding, Romanian Transgaz, Turkish Botas, Austrian OMV, German RWE and Hungary’s FGSZ. In late March Nabucco Gas Pipeline International GmbH has submitted a Pipeline Decision Support Package to the Shah Deniz Consortium, which contains all of the important elements requested by the producers to establish a commercial value chain for Azerbaijani gas.

## Russia to finance €1.7 billion South Stream construction in Serbia

Oil&Gas Eurasia, 11.04.2013

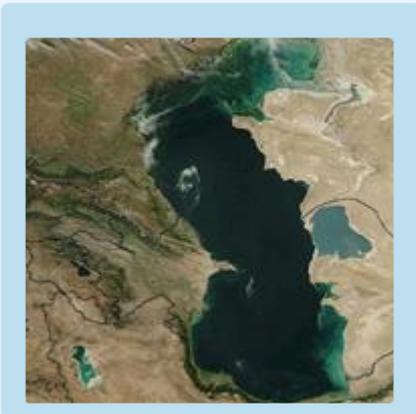


Russia has proposed to fully finance the construction of a 1.7 billion euro stretch of the South Stream gas pipeline in Serbia with the partner’s portion to be returned later from transit tariff payments, Serbian Prime Minister Ivica Dacic said following talks with Prime Minister Dmitry Medvedev.

“We are ready to provide financing to the full extent from our own funds. And Serbia’s portion will be then returned with tariff payments for transit,” Russian gas giant CEO Alexei Miller said. Serbia considers the proposal as very consistent, Dacic said, adding that construction will start in December.

# Statoil and SOCAR sign MoU to explore new Caspian acreage

Oil&Gas Eurasia, 09.04.2013



Statoil and SOCAR took a step forward in strengthening their cooperation by signing a memorandum of understanding (MoU) to jointly explore and develop the Zafar-Mashal structures in the Azerbaijani sector of the Caspian Sea.

The agreement was signed in Baku, by Rovnag Abdullayev, President and CEO of SOCAR (the State Oil Company of the Republic of Azerbaijan) and Helge Lund, CEO of Statoil. During his visit Helge Lund also met with the president of Azerbaijan, Ilham Aliyev, to discuss the MoU and Statoil's role in the energy sector in Azerbaijan.

The MoU defines the framework within which the companies will explore the opportunities, conduct negotiations and agree on key commercial principles and terms during the 12 months from the date of memorandum signing.

Commenting on the agreement, Helge Lund said the signed document brings the Statoil and SOCAR partnership into a new level. "This MoU reflects our long term commitment to Azerbaijan. We are pleased that the State Oil Company of the Republic of Azerbaijan is working closely with us as we progress with our plans for the further development in the Caspian area," says Helge Lund.

Statoil has been successful in its exploration efforts over the last years with several high impact discoveries offshore Norway, Tanzania and Brazil. The new agreement fits well with Statoil's exploration strategy of getting access at scale and focusing on high impact opportunities. "We look forward to share our knowledge and cooperate with our Azerbaijani partners to explore the potential of the Caspian Sea," says Helge Lund. "Statoil has been present in Azerbaijan for more than twenty years and this agreement is an illustration of the strength of cooperation that exists between SOCAR and Statoil. We look forward to developing new prospects in cooperation with SOCAR," says president for Statoil in Azerbaijan Lars Troen Sørensen.

## DEPA privatization near end of line

Natural Gas Europe, 11.04.2013



The privatization of the Greek natural gas sector DEPA-DESFA will reach its final point and a winner is expected by the end of April. Over the past week companies including Gazprom, Sintez, M&M, PPF-Terna and Socar accessed the data room of the company for the last time and also obtained the business plan, details and technicalities concerning Greece's gas market.

Major points that have been revealed thus far both by local governmental sources and by corporate leaks are: DEPA has as its main target to increase the use of gas in the country from 4.5 bcm for 2013 to 7 bcm, at least, by 2020.

Concurrently, Greece imports around 60 percent of its gas from Russia, 15 percent from Algeria as LNG, 15 percent Azeri gas via Turkish BOTAS and the rest on spot LNG markets. The main goal as it was noted to the the companies competing, which has also been written as a rule for the competition process, is to further diversify and expand its import sources, a clause that may clash with Gazprom, although the latter has for the moment signed it and adheres to that principle.

Another interesting subject is the business plan of DEPA to expand the use of gas for transportation of vehicles and also to establish an LNG hub in the country named "Aegean LNG" that will be used both for supplying the international market, as well as covering the needs of neighboring countries such as those in the Balkans. Already Sintez has relayed publicly as in a recent interview for Natural Gas Europe that this also constitutes one of its main investment proposals for Greece. DEPA claims that it wants to have the LNG infrastructure ready by 2016 while it also requires from the competitors to invest in the Interconnector Italy-Greece by that period. Already Gazprom and Socar have expressed their interest of using Greece as a transit route for their gas toward the Italian market, thus this interconnector can be said to be beneficial regarding the privatization process. DEPA also claims that it has long term contracts with local costumers, bound until 2020, which will be renewed and will include those with electricity companies related to the M&M Company.

Furthermore, DEPA has informed participants that it is in the process of making future direct buys of gas from Azerbaijan of around 1 bcm, which is 10 percent of the capacity of the Trans-Adriatic pipeline, a move that is strongly backed by the incumbent political administration in Athens, in a move to elevate TAP's role in the ongoing competition of it with Nabucco West for the Southern Corridor route, to be decided in June in Baku by the Shah Deniz consortium. That move certainly increases Socar's interest for the Greek natural sector, although this company is competing solemnly for the gas network manager corporation, namely DESFA. Overall, the situation seems to be settling soon, with Russian companies Gazprom and Sintez offering substantially larger capital, while Greece would seem content to divide the privatization between a Russian-owned DEPA and an Azeri-owned DESFA, so as to diversify supplies.

# Exploring potential export markets for Israeli gas

Natural Gas Europe, 11.04.2013



Natural gas began flowing from the Tamar field off Israel's Mediterranean shores on 30 March producing 300 million cubic feet per day. When combined with the existing Mari-B volumes, the daily sales are nearly 500 million cubic feet per day and expected to reach 700 million by the end of 2013.

The Tamar field was discovered by Noble Energy in 2009 and estimated at the time to contain 9 tcf of gas. Noble made a new estimation upping the gross resource estimate of Tamar to 10 tcf. The updated estimate was confirmed by an independent assessment conducted by Netherland, Sewell & Associates, Inc.

Mari-B was the first offshore natural gas field in the State of Israel discovered by Noble in March 2000. Noble started gas production from the Mari-B field in 2003. Despite its relatively small size (containing around 1 tcf of gas), the Mari-B field was not only a momentary relief for Israel but played a tremendous role in enabling Israel to shift from heavy fuel oils and coals to gas for its electricity production. Soon after, Israel began importing Egyptian Gas to supplement its local Mari-B gas and meet domestic demand. By the end of 2010, Israel relied on gas for around 40 per cent of its electricity supplied almost equally by its own Mari-B field and Egypt.

Noble made another discovery in 2010, the Leviathan, located roughly 130 km west of Haifa and estimated to contain around 18 tcf, according to a statement by Noble on March 6. Noble Energy operates Leviathan with a 39.66% working interest; Delek Drilling holds 22.67%; Avner Oil Exploration holds 22.67%; and Ratio Oil Exploration holds the remaining 15%. The Leviathan could start supplying gas by 2017.

The Tamar field could boost Israel's GDP by 1% and reduce the price of electricity for Israelis. With the Tamar field alone being enough to satisfy Israeli consumption for two decades and production of the Leviathan expected to commence in 2017, Israel is on its way to become self-sufficient in terms of its energy needs and one of the most gas-reliant nations for electricity production in the industrialized world. Most importantly, after having satisfied domestic demand, Israel is likely to become a net gas exporter. Targeted export markets will highly depend on the political feasibility of the routes needed to transport its gas.

**Jordan:** Given its geographic proximity, Israel is very likely to export some of its gas to Jordan. Israel and Jordan are not only neighbors, they also share a common gas history: they both relied on Egyptian gas to satisfy their respective energy needs and they both suffered from the disruption in the flow of the gas when Mubarak was forced from office. While Israel moved closer to becoming energy independent, Jordan looked for other suppliers.



The kingdom is considering building a major LNG facility in Aqaba on the Red Sea to import gas but the project is still years away and will prove costly. Recent secret talks between the two countries might herald Israeli-Jordanian collaboration. Jordan's Arab Potash Company was recently said to be in contact with its Israeli counterpart through Noble Energy to examine the possibility of importing gas. While the operation of connecting Israel to Jordan would be low cost and technically a simple endeavor, Israel will most likely have larger amounts to export and will be looking at other markets.

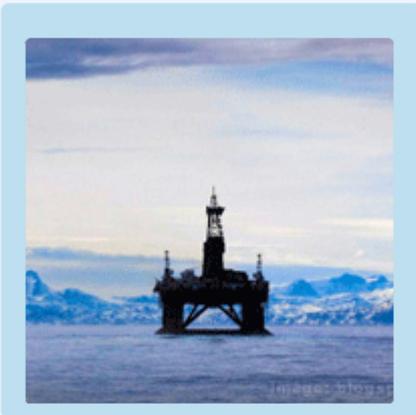
**Europe:** The European market is another 'natural' option for Israel, due to its proximity. For Europe, it would also make sense to import Israeli gas as a mean of diversifying its gas portfolio from Russian gas. However, Russia is unlikely to loosen its grip over Europe very easily. Gazprom jumped on the opportunity to obtain exclusive rights from Israel to develop an LNG and divert Israeli gas to Asian markets instead. Gazprom is willing to invest in a 5 billion dollars floating LNG facility in return of exclusive rights to purchase and export Tamar LNG. The deal is awaiting a final approval from Israel. On the other hand, exporting gas through a pipeline from Israel to Europe appears to be difficult without Turkey. The original plan of laying a pipeline that would traverse both Cyprus and Turkey is handicapped by the division of Cyprus. An Israeli-Turkish pipeline seems to be a little more likely following the US-brokered Israeli apology to Turkey. However, it might be too soon to say that the two countries have restored complete friendly relations. The acceptance of the apology by the Turks was conditional. Without a change of Israel's policy towards Palestine, an energy collaboration is not certain. In the meantime, cash-strapped Cyprus, who was hoping to pool costs with Israel to export its own gas, is nervous when it comes to a potential Israeli-Turkey energy partnership that would leave it out of the picture.

**Asia:** Given the complicated regional geopolitics, Asia might hence be the most attractive destination for Israeli gas. Selling gas to Asia at higher prices is of course a motivation and Asia's growing gap between its demand and its supply constitutes another one. A further consideration would be the fact the Leviathan partners have signed an initial agreement with the Australian firm, Woodside, to acquire about a third of the rights to the field in order to tap into its liquefaction experience, marketing structure, and capital. Woodside is oriented toward marketing the gas in Asia.

**Conclusion:** Israel has not yet formulated an export policy: how much gas it will sell abroad, how to ship it and which markets it will serve. Serving Europe will no doubt upset Russia. Another tricky question is how to reach Europe while balancing commercial viability and diplomacy. Cyprus is hoping to pool costs with Israel to build an LNG facility on the island that would supply domestic demand and transport Cypriot gas to export markets. However, cooperating with Cyprus is likely to upset Turkey who is clearly opposed to gas explorations offshore the island without its approval claiming the natural gas resources should benefit both communities (Turkish Cypriots and Greek Cypriots). Israel recently put efforts to restore friendly relations with Turkey and is unlikely to back away given that Turkey's strategic positioning would be key to transporting Israeli gas to Europe. It is yet unclear whether a potential energy partnership will come to fruition taking into consideration Turkey's strict conditions attached to its acceptance of the apology. In the affirmative, it is yet to see how their partnership will affect Cyprus' relationship with Israel. In an ideal world, the most obvious route for Israeli gas would have been to Turkey through Cyprus. However, the division of the island and the tensions between the Cypriots and the Turks challenge the feasibility of this option. In the absence of a Turkish-Cypriot miraculous agreement triggered by common energy interests, Israel will have to choose its friend. And choosing means letting go.

## U.S. reviews arctic resource management

Oil&Gas Eurasia, 08.04.2013



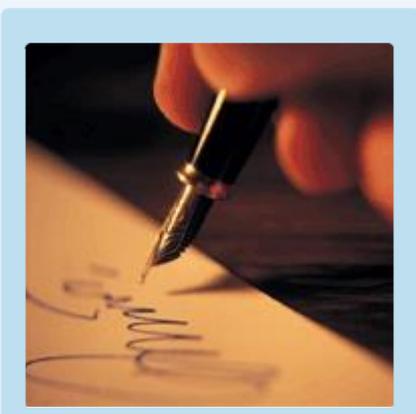
U.S. federal report calls for an integrated approach to the way in which policymakers address changes to arctic regions, including increased energy interest.

A 56-page report published by the U.S. Interior Department says changes in arctic sea ice cover is sparking interest of offshore developers keen on tapping into unexplored reserves of oil and natural gas. “The likelihood of increased human activity in this environmentally sensitive region has implications for managing a U.S. arctic that currently lacks much of the costly infrastructure necessary to monitor and control the impacts of such activities,” the report says.

Onshore, the report said that permafrost thawing would restrict efforts to tap into known oil and natural gas deposits, “which affects fragile tundra landscapes but also depends upon the frozen ground for stability.” U.S. Deputy Interior Secretary David Hayes said that while the report doesn’t represent any major policy initiative, policymakers need to coordinate efforts in managing the arctic. “It is imperative that we reduce redundancies and streamline federal efforts as we safely and responsibly explore and develop Alaska’s vast resources while preserving the region’s rich ecosystems that will sustain future generations,” he said in a statement.

## Shell and Gazprom Neft to sign Arctic cooperation deal

Oil&Gas Eurasia, 08.04.2013



Shell will sign a framework agreement Monday to partner Russia’s OAO Gazprom Neft on projects on Russia’s Arctic shelf, a person familiar with the matter said Friday, becoming the latest international major to seek access to potentially vast but hard-to-recover resources in the region.

The deal will be signed during a visit to the Netherlands by Russian President Vladimir Putin, the person said, without giving further details. Shell is already a partner of Gazprom Neft’s parent company, OAO Gazprom, on the Pacific Sakhalin-2 project, and is also working with Gazprom Neft on developing oil resources onshore.

# Iraq revises its oil reserves to 150 billion barrels

Oil&Gas Eurasia, 01.04.2013



Iraq has increased its own estimate for its crude reserves by almost 5 percent to 150 billion barrels, Oil Minister Abdul Kareem al-Luaibi said.

The government raised its figure from 143.1 billion barrels, Luaibi told reporters in Baghdad. "The increase comes from the Dima oil field and some new studies in some oil fields, and we will soon announce the details," he said. Asim Jihad, the ministry's spokesman, said on Jan. 21 that oil producers have discovered 1 billion barrels of light crude reserves at Dima in southern Iraq.

Iraq produces 3.15 million barrels a day of crude and will increase output by a further 135,000 barrels a day by the end of June, Al-Luaibi said. The Majnoon oil field will produce 100,000 barrels a day from May and the Ghaffar field 35,000 barrels a day starting in June, he said. Majnoon's output will rise to 175,000 barrels a day by the end of the year, the minister said. The field in southern Iraq is developed by Royal Dutch Shell Plc. (RDSA) Gharraf is operated by Petroliaam Nasional Bhd and Japan Petroleum Exploration Co. (1662)

The Middle Eastern country has sought foreign investment and expertise to generate the exports needed to pay for rebuilding an economy and infrastructure destroyed by decades of war, sanctions and sabotage. The nation awarded oil and gas exploration licenses to companies such as Shell, Total SA and BP Plc after the U.S.-led invasion in 2003 ousted the regime of former President Saddam Hussein. The Oil Ministry's figure for reserves doesn't include deposits in the semi-autonomous Kurdish region in the north of the country. The Kurdistan Regional Government estimates that its territories hold 45 billion barrels of oil.

Iraq has additional deposits that may bring its total reserves to 214 billion barrels, Hussain al-Shahristani, the country's deputy prime minister for energy affairs, said at a conference in London on April 18, 2012. Iraq has the world's fifth-biggest reserves, according to BP's Statistical Review of World Energy. Venezuela, Saudi Arabia and Canada have the largest deposits including oil sands and heavy oil deposits, according to the review.

# China may be Russia's biggest oil buyer in 2018 on Rosneft deal

Oil&Gas Eurasia, 27.03.2013



China is on track to become Russia's biggest crude oil export market within five years after OAO Rosneft, the world's biggest publicly traded oil producer, agreed to more than double shipments in exchange for loans.

Rosneft said it will deliver at least 37 million metric tons of oil a year, or about 743,000 barrels a day, to China National Petroleum Corp. starting from 2018, according to a copy of the agreement obtained by Bloomberg News. Rosneft and CNPC signed the agreement when Chinese President Xi Jinping came to Moscow last month on his first state visit abroad.

Xi and Russian President Vladimir Putin are expanding energy cooperation and strengthening ties to counter U.S. influence around the world. "This is a prime example of Russia's commitment to China," Andrey Kryuchenkov, a London-based analyst at VTB Capital, said by phone today. "Russia is looking to where the money and the market is." Germany was the biggest market for Russian crude in 2011, buying about 700,000 barrels a day, while China was fourth with less than 400,000 barrels a day, according to the U.S. Energy Information Agency.

Rosneft agreed to borrow \$2 billion from China Development Bank Corp., backed by 25 years of oil supplies, under accords signed March 22 in the Kremlin. The company will also get advance payments for part of the deliveries. That echoes a 2009 deal in which Rosneft borrowed \$15 billion from China and OAO Transneft, the Russian oil pipeline operator, got \$10 billion as part of contract for an initial 15 million tons of oil a year to the Asian nation.

Rosneft agreed to increase oil flows to China through a spur from the East Siberia-Pacific Ocean pipeline by as much as 800,000 tons this year from an earlier planned 15 million tons. The state-owned Russian producer may boost total supplies from the Skovorodino-Mohe spur to 17 million tons next year and 20 million tons a year from 2015 to 2017, according to the agreement. Supplies along that route may reach an annual 30 million tons for the 20 years from 2018. The deal also calls for exports via other unspecified routes of 7 million to 10 million tons a year for 10 years, starting in 2014. Separately, Rosneft may supply 9.1 million tons a year for the planned Tianjin refinery, a joint venture in which CNPC will hold 51 percent, according to the document.

# Obama's energy department nominee stays neutral on natural gas exports

Rigzone, 09.04.2013



President Barack Obama's choice for energy secretary, Ernest Moniz, looked set to sail through the confirmation process, but he avoided taking a position the biggest decision he would face during his tenure.

Moniz, a nuclear physicist at MIT, would be taking over the Department of Energy as it reviews more than a dozen applications to export U.S. natural gas. After receiving endorsements from the top Democrat and Republican on the Senate Energy Committee he vowed to evaluate the "cumulative impacts" of exporting natural gas, taking the department's analysis "application by application."

He said that analysis would have to include a determination of whether the exports were in the public interest and whether additional exports would lead to more domestic production of gas. "We need to have strong analysis grounded in the best data," Mr. Moniz said. At MIT, Mr. Moniz led a study that said the U.S. shouldn't erect barriers to gas exports.

The Obama administration has already approved one export application but has spent months reviewing others. Some manufacturers have said exporting gas would raise domestic prices. Mr. Moniz also said "it's clearly very important to have public confidence in environmental stewardship as we produce this resource" and said that while the Department of Energy has no regulatory authority over natural-gas drilling, it could help evaluate emissions of greenhouse gases that escape during and after wells are drilled. "We could use some new data" on that issue, he said.

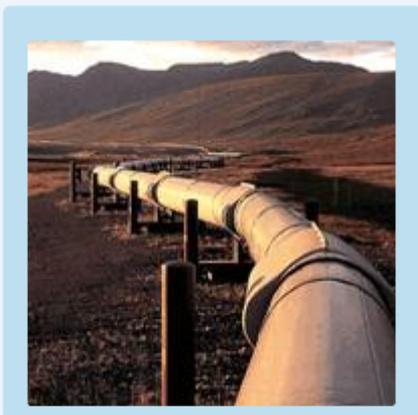
Mr. Moniz is a scientist with Washington experience, having served as undersecretary of energy under President Bill Clinton and on President Barack Obama's council of scientific advisers. He displayed his comfort in the spotlight and his scientific background almost immediately when he started his testimony by saying, "I would like to introduce my wife of 39.83 years."

Sen. Lisa Murkowski of Alaska, the top Republican on the committee, praised Mr. Moniz and said "you may well prove to be this rare nominee, I guess, that generates that bipartisan support. I would certainly hope so." Sen. Mark Udall (D., Colo.) said Mr. Moniz's confirmation by the Senate was a matter of "when," not "if." Mr. Moniz said he believes the government is "underinvesting in advanced energy research," adding that areas of focus should include small-scale nuclear reactors, lowering the cost of renewable energy, improving the energy efficiency of buildings and capturing the carbon-dioxide emissions from coal-fired power plants. He said the department's research should be focused on "low-carbon options," adding "the need to mitigate climate-change risks is emphatically supported by the science and by many military and religious leaders as well as the engaged scientific community."

Mr. Moniz said he wanted to follow through on recommendations he endorsed as a member of Mr. Obama's nuclear-waste commission, including pursuing a centralized storage site for the country's growing stockpile of used nuclear fuel. Mr. Moniz will also have to decide whether the department will continue its support of USEC Inc. (USU), the uranium-enrichment company being propped up in part by government funding, and whether to approve a loan guarantee to support a nuclear power plant under construction in Georgia. Southern Co. (SO) is the main investor in the latter project. Mr. Moniz said he had previously consulted for USEC, but "had no connection with the company for a decade basically." He said there exists a "requirement, really, to try to maintain an American-origin enrichment technology for the purposes of national security and support of allies."

## CNPC and KazMunaiGaz sign agreement on Kazakhstan-China pipeline

Oil&Gas Eurasia, 25.03.2013



In Sanya, Hainan Province, witnessed by Chinese President Xi Jinping and Kazakh President Nursultan Nazarbayev, CNPC President Zhou Jiping and KazMunaiGaz representative Berlibayev Daniyar Amirbayevich signed an agreement on the principles regarding expansion of the Kazakhstan-China Crude Pipeline.

After the signing ceremony, Mr. Zhou called on President Nazarbayev who is currently paying a state visit to China and attending the Boao Forum for Asia in Sanya. PetroChina Vice President Bo Qiliang was present at the visit.

President Nursultan Nazarbayev spoke highly of CNPC's contributions to the socio-economic development of Kazakhstan and to the friendship between the two countries. He said that CNPC is an important strategic partner of KazMunaiGaz and has achieved significant business success in Kazakhstan. With great complementary advantages and mutual trust, it is expected that the collaboration between the two sides will become a model for international cooperation in Kazakhstan.

Mr. Zhou extended his gratitude for President Nazarbayev's support, and expressed that CNPC will promote the company's efforts in helping improve people's living standard, supporting local employment, participating in public welfares undertakings, and contributing more to the local economic development. Mr. Zhou wished that with President Nazarbayev's support, oil and gas cooperation between the two sides will see greater achievement in the future.

# Europe falling behind US and blighted by energy costs

The Telegraph, 09.04.2013



Europe is falling dangerously far behind the US in productivity growth and is blighted by crippling energy costs, the pan-EU industry federation has warned.

“Europe doesn’t have an energy policy. It has a climate policy,” said Markus Beyrer, head of BusinessEurope. Mr Beyrer said the US is running away with the shale energy revolution, leaving Europe’s companies in the dust. Spot gas prices are now four to five times higher in Europe, with grim implications for the chemical industry. “Shale gas is a game-changer and we need to have a discussion based on the evidence, not based on risks,” Mr Beyrer told.

France has imposed a moratorium on shale exploration and few countries have yet to take decisive action. Mr Beyrer said Europe’s carbon trading scheme is a muddle with “mutually distorting objectives” that drive up energy costs without much benefit for the climate. The latest twist is a switch to coal by EU power companies, playing havoc with CO2 goals. “Nobody is happy. The US and even China are making more progress with renewable targets than we are,” he said.

Equally worrying, he said, is that Europe is slipping further behind in industrial efficiency, chiefly due to rigid labor markets. “Labor productivity in US manufacturing has increased by 1.8pc since the early 2000s, compared with 0.66pc in the Euro Area,” he added. The transatlantic gap in economic growth reached 2.6pc last year after the Eurozone crashed back into recession, the highest since 1993. Citigroup expects the gap to widen further to 3.4pc by 2014 as EMU remains stuck in slump, with extreme levels continuing into the latter part of the decade. This will have profound compound effects. Euroland’s overall GDP will slip from 78pc of US levels to 66pc by 2025. “We expect very different recovery paths, reflecting differing policy choices,” said the bank.

America’s per capita income will be 9-10pc higher than the 2007 level by 2017; the Eurozone’s will be 3-4pc lower, worse than Japan’s Lost Decade. The problems facing the Eurozone were underlined on Tuesday with figures showing that German exports fell in February. Exports fell by 1.5pc compared with January of this year and by 2.8 pc from February 2012, official figures said. In France, the second biggest Eurozone economy, the trade deficit widened as a drop in exports was not made up for by a bigger drop in imports.

# Gazprom presents proposals on Yamal-Europe-2 project to Poland

Oil&Gas Eurasia, 08.04.2013



Saint Petersburg hosted a meeting between Alexey Miller Chairman of the Gazprom Management Committee and Janusz Piechocinski, Deputy Prime Minister of Poland.

The meeting participants discussed the proposal put forward by the Russian party to implement the Yamal – Europe-2 project stipulating construction of a gas pipeline from the Belarusian border via Poland to Slovakia. Alexey Miller informed the Polish party on the basic parameters of the gas pipeline and pointed out that this project would bring along an economic benefit to Poland from gas transit fees and strengthen energy security of consumers in Central Europe.

In 2012 Gazprom supplied Poland with 9.94 billion cubic meters of natural gas. The contract on Russian gas supplies to Poland and the contract on Russian gas transit via Poland are effective until 2022 and 2019 respectively. The transnational Yamal – Europe gas pipeline runs across four countries: Russia, Belarus, Poland and Germany. Its design capacity equals 32.9 billion cubic meters, there are 14 compressor stations at the gas pipeline, the pipe diameter is 1,420 millimeters, the total length – over 2,000 kilometers.

The Polish section consists of a 684 kilometer line pipe and 5 compressor stations: Ciechanow, Szamotuly, Zambrow, Wloclawek, Kondratki. EuRoPol Gaz, a joint venture of Gazprom and Polish PGNiG owns the Polish pipeline section of the gas pipeline. On April 3, 2013 Russian President Vladimir Putin tasked Gazprom to explore the possibility of implementing the Yamal –Europe2-project envisaging the construction of a gas pipeline from the Belarusian border via Poland to Slovakia for supplying Russian gas to consumers in the countries of Central Europe: Poland, Slovakia and Hungary.

## Norway sees itself as LNG hub

Natural Gas Europe, 08.04.2013



The Baltic Sea has the potential to become a pilot area for LNG as an alternative shipping fuel, according to Norwegian Prime Minister Jens Stoltenberg. “The dynamic economic growth and development of the Baltic Sea region is putting increased pressure on the marine environment. The impacts of climate change will add to this pressure,” he said in a speech reported on the Oslo government website.

Stoltenberg, speaking last week at the Baltic Sea Summit in St. Petersburg, said Norway supports EU efforts to reduce emissions of nitrogen oxides by ship traffic in the Baltic. The waterway is heavily polluted by nitrogen and phosphorus.

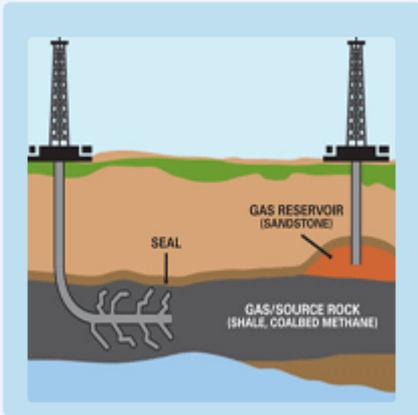
Norway supports technological solutions to meet the new requirements for the maritime industry in the Baltic Sea, the prime minister said. “One of the most promising alternatives is the use of liquefied natural gas (LNG) as fuel for ships,” he said. By using LNG, sulphur and particle emissions are eliminated. Emissions of nitrogen oxides (NOx) are reduced by 90%, and carbon dioxide emissions by around 20%.

Stoltenberg said the Baltic region has strong and innovative maritime industries, whereas travel distances in the Baltic Sea are ideal for short sea shipping. “Therefore, we believe that the Baltic Sea has the potential to become a pilot area for the use of LNG in Europe,” the Minister stressed. “We welcome increased cooperation between governments and businesses to meet environmental challenges. I am glad to see that Norwegian companies are involved in finding solutions for a cleaner Baltic Sea.”

In November, the European Union adopted the International Maritime Organization’s call to implement strict limits on the sulphur content of marine fuels, especially those used in the Baltic and North seas, beginning in 2015. Meanwhile, the IMO is also working on new lower levels for nitrogen oxide and particulate matter on the Baltic. Supporters of the move say switching ship engines from diesel to LNG propulsion virtually eliminates emissions of sulphur and particulates and reduces nitrous oxide emissions.

# Kuwait eyes shale gas potential

Upstream Online, 10.04.2013



Kuwait could look to tap unconventional resources as it begins investigating the prospect of extracting shale gas. The oil-rich country is looking at the possibility of tapping into what could prove a reserves base in its northern fields.

The official, speaking on condition of anonymity, told the news wire that the OPEC nation could produce up to between 150 million to 200 million cubic feet per day of shale gas. If Kuwait were to pursue shale gas production, it would look to work a company specialized in this field, the official told. No time frame was given, however, and discussions on shale gas investigation are at an early stage.

As early as November 2010, East West Petroleum Corp sealed a deal with Kuwait Energy covering the use of its unconventional oil and gas technologies at the company's concessions across the Middle East, North Africa and Eurasia. "The purpose of the agreement is to identify unconventional resource plays such as shale gas, shale oil and tight gas sands for future development," East West said at the time. The agreement covered a total of 13 exploration and production licenses across four countries in which Kuwait Energy holds exploration and production interests.

## Announcements & Reports

### ► *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

## ► *Offshore Technology Conference*

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

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## ► *Energy Investment Conference* (in Turkey)

**Date** : 6 – 8 May 2013  
**Place** : Istanbul – Turkey  
**Website** : <http://www.euroforum.de/eic/>



Supported by PETFORM

## ► *Argus Turkish Power and Gas Trading 2013* (in Turkey)

**Date** : 8 – 9 May 2013  
**Place** : Istanbul – Turkey  
**Website** : <http://www.argusmedia.com/Events/Argus-Events/Europe/Argus-Turkish-Power-and-Gas/Home>

## ► *Uzbekistan International Oil & Gas Exhibition*

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

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## ► *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>



Supported by PETFORM

## ► *EMART Turkey* (in Turkey)

**Date** : 21 – 22 May 2013  
**Place** : Istanbul – Turkey  
**Website** : <http://www.emart-turkey.com/>





## ► *Turkmenistan Gas Congress*

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

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## ► *Energy & Risk Conference* (in Turkey)

**Date** : 4 – 5 June 2013  
**Place** : Istanbul – Turkey  
**Website** : <http://www.all-energy-turkey.com/energy-risk/>

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## ► *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>

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## ► *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>