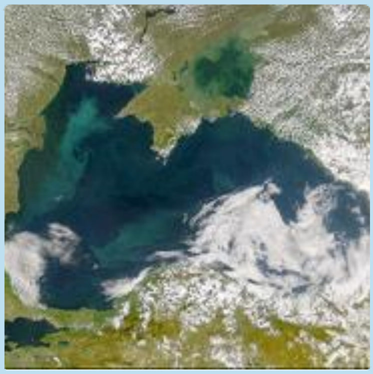
Oil & Gas Bulletin

► *08.02.2013*

Shell set to sign Turkish pact

Upstream Online, *08.02.2013*



Turkish company TPAO is reported to be poised to sign a deal with Shell next week for oil exploration in the Black Sea. The pair is looking to carry out drilling in the western Black Sea under the pact, due to be signed on 14 February.

"Depending on the results of this work, drilling will be carried out with at least one well within two years," one source said. Another oil sector source said the cost of drilling a single well in the area would be around $350 million. Last September, Shell Chief Executive Peter Voser said in Ankara his company was assessing oil exploration and production opportunities in the Black Sea with TPAO.

TPAO signed an accord with Shell for hydrocarbon exploration and production in the Mediterranean and south-eastern Turkey in November 2011. That agreement included plans for shale gas exploration near the southeastern city of Diyarbakir. It started exploration at the Saribugday 1 field there last August. Turkey has yet to make an oil finds after stepping up exploration efforts in both the Black Sea and Mediterranean in co-operation with foreign companies to reduce its almost total dependence on imported energy supplies. Energy imports, which amounted to $60.1 billion last year, are behind the country's gaping current account deficit.

Erdogan: TANAP project set to start in 2013

Hürriyet Daily News, *08.02.2013*

Construction on the Azeri-Turkish Trans Anatolian Pipeline (TANAP) project will begin this year, Prime Minister Recep Tayyip Erdogan said.

"We took a new step with Azerbaijan. The agreement for TANAP has been approved in the parliaments of both sides," he said. He added that construction on the pipeline would start this year. Erdogan criticized the European Union for not making any visible progress in the Nabucco pipeline project, which would transport gas to Europe via Turkey. "This is a problem of the European Union, which has to supply 30 billion cubic meters of gas per year," he said.

Torun: BaskentGaz's price is high

Hürriyet Daily News, *06.02.2013*

Torunlar's offer in the BaskentGaz natural gas grid tender was higher than our expectation, said the board director of the company, which won one of two privatization tenders the prime minister recently hinted might be canceled due to lower-than-expected offers.

"The processes of these tenders are not finalized at the price offer stages, as you know. The decision is up to the Privatization Administration from now on. We will follow the developments as we expect the process to be completed lawfully," Aziz Torun, the director of the executive board of Torunlar Food company, told Anatolia news agency.

After Prime Minister Recep Tayyip Erdogan indicated that the privatization of Turkey's toll roads and bridges with a record bid of $5.72 billion, as well as the country's second-largest natural gas grid, BaskentGaz, with a $1.16 million offer, might be canceled by the government, the Privatization Administration will make the final decision.

"The offers for BaskentGaz were beyond the desired amount, or rather the amount it should be," said Ramazan Ergün, the chairman of the Natural Gas Engineers, Contractors and Producers Association. He said the tender price should have been higher since the tariff of BaskentGaz has been fixed until 2017, which increases the value of grid. Ergün also said there might be new local or foreign potential investors for the privatization.

After three unsuccessful tender attempts and a number of regulations to enhance the allure of BaskentGaz, the tender was won by Torunlar on Jan. 26. So far $207.6 million in tender guarantees have been forfeited in BaskentGaz tenders. In the first process, Global Investment couldn't pay its offer, $1.6 billion, forfeiting the $50 million guarantee, while the controversial Karamehmet-Kazanci partnership failed to pay the $1.2 billion contract price, which led to a total of $207.6 million in forfeited guarantees.

EIA: Energy dependence to grow in Turkey

Hürriyet Daily News, *05.02.2013*

Turkey's energy demand growth has increased along foreign energy dependency in the last ten years, a report by the US Energy Information Administration (EIA) says. Turkey is expected to double energy demand over the next decade.

Recent report by the EIA suggesting a significant widening in Turkey's energy supply, indicates that the country's foreign dependency is growing, with its energy use expected to double over the next decade. Turkey imports the vast majority of its oil, natural gas and hard coal supplies, says the report released on Feb. 1.

"Concurrent with Turkey's economic expansion, its crude oil consumption has increased over the last decade. With very limited domestic reserves, Turkey imports nearly all of its oil supplies," the report said. Turkey has just six refineries with a combined processing capacity of 714,275 barrels per day. In 2011, Turkey imported more than 90 percent of its total liquid fuels consumption.

According to the International Energy Agency (IEA), Turkey's imports are expected to double over the next decade. The majority of Turkey's oil imports originated in Iran, which supplied about 51 percent of Turkey's crude oil imports in 2011. Data through September 2012 showed that Iran retained the top spot among suppliers until then, but the imposition of sanctions on Iranian crude oil exports may change this, the report said. While Iraq is the second largest crude oil supplier to Turkey, Russia ranks third.

Turkey is increasingly dependent on imports of natural gas, which is used mainly in the electric power sector, as its domestic consumption is rising each year. The Oil&Gas Journal estimated, as of Jan. 1, 2013, Turkish natural gas reserves at 218 billion cubic feet (Bcf). Turkey produced 27 Bcf of natural gas in 2011, relying almost exclusively on imports to meet domestic demand. Natural gas accounts for an increasing share of the energy mix in Turkey, having overtaken oil to become the most important fuel in terms of volume consumed, the report said. Natural gas consumption reached a peak of more than 1.5 trillion cubic feet (Tcf) in 2011, when Turkey imported the majority of it from Russia. Another 19 percent of the total came from Iran, the second-largest source country.

Turkey imports about 90 percent of the hard coal mainly from Russia, Australia, and the United States, the report said, urging that the volumes of imported coal may rise in the future as coal's importance for electricity generation increases. The hard coal is mined in only one location, the Zonguldak basin of northwestern Turkey. The Coal-fired power stations also remain an important energy source for Turkey. Turkey's lignite reserves make an important contribution to Turkey's energy sector and power mix. The government has started a policy to encourage exploitation of Turkey's domestic lignite reserves instead of natural gas for electricity generation.

Turkey had previously signed a landmark deal with the United Arab Emirates to develop coal fields in the southeastern province of Kahramanmaras' Afsin-Elbistan neighborhood, where around 40 percent of its lignite is located. The project, worth nearly $12 billion, will generate 8,000 megawatts of electricity. Also, it has discovered 1.8 billion tons of lignite reserves in a Central Anatolian province of Konya, enough to fuel a thermal power station generating 5,000 megawatts of electricity for 30 to 40 years. EIA said both Turkey's electricity consumption and generation had expanded. While Turkey's total electricity generating capacity was 49.5 million kilowatts in 2010, the total net electricity generation amounted to 217 billion kWh in 2011.

Greek Cyprus gas sector sails on fast

Natural Gas Europe, *04.02.2013*

Greek Cyprus' nascent natural gas sector is sailing on fast after a recent series of agreements. According to the Minister of Energy, Neocles Sylikiotis, the country has already raised 150 million euros in signing bonuses from companies interested in exploring and exploiting offshore reserves.

Eni and Kogas have recently agreed to research the Sea Blocks, numbered 2, 3 and 9 of the Exclusive Economic Zone. Initial estimates indicate that there may be around 20 trillion cubic feet of gas. Concurrently, Total is about to wrap up talks with the Greek Cypriot government regarding its participation in Sea Blocks 10 and 11.

Another company which started first to explore the potential of offshore reserves of the Island, U.S. based Noble Energy, is also in talks regarding its discovery in late 2011 in the Sea Block 12, also known as Aphrodite, which has around 250 billion cubic meters of gas. A high-ranking managerial delegation arrived in Nicosia from Houston in the last week of January and met with governmental officials. The most important aspect of these negotiations that are ongoing is the option put on table regarding the exploration of the found gas in the international markets.

Presently the favorite route is an underwater pipeline leading to an LNG terminal in the island that will be used mostly for exports in the European markets by 2019-2020. What is needed though is the signing of an all-inclusive bilateral agreement between the Cyprus government and Noble, so as for both sides to be able to raise substantial amounts of capital from the international markets needed for such project. Government spokesperson Stefanos Stefanou has commented that "there will be no transfer of gas through Turkey if there is no political solution found between the two countries," an option that was discussed by the Economist magazine. Another point of interest regarding the overall viability of the emerging natural gas sector in the country is the debt issue that is battering Cyprus. Conflicting views in Cyprus over the past few weeks suggested that IMF-ECB-EU which are involved into lending loans to the Greek Cyprus state, would like to acquire rights regarding the offshore gas reserves, a move that would complicate negotiations thus far with interested international energy companies, such as the one mentioned.

KRG press on with oil pipe to Turkey despite U.S. fears

Reuters, *07.02.2013*

Kurdish Regional Government of Iraq (KRG) will press ahead with building its own oil export pipeline to Turkey, the region's energy minister said, despite U.S. objections due to fears the project could lead to the break-up of Iraq.

The Kurdish region is locked in a turf war with the central government in Baghdad over how to exploit Iraq's hydrocarbon riches and divide up the proceeds. Baghdad says it alone has the authority to control exports of the world's fourth largest oil reserves, while the Kurds say their right to do so is enshrined in Iraq's federal constitution, drawn up following the U.S.-led invasion of 2003.

"We want to have an oil pipeline to ourselves," KRG Minister for Natural Resources Ashti Hawrami said at a news conference in the regional capital Arbil. "It is currently in the works and we will continue until it is completed." Crude from the Kurdish region used to be shipped to world markets through a Baghdad-controlled pipeline to Turkey, but exports via that channel dried up in December, from a peak of around 200,000 barrels per day (bpd) due to a row over payments with Baghdad.

The United States says the solution lies in a national hydrocarbons law that has been delayed for years by a power struggle between Iraq's Sunni, Shi'ite and Kurdish factions, which has intensified since U.S. troops withdrew a year ago. "The Iraqis have been struggling to pass a hydrocarbons law. It is very important that they succeed in that," U.S. Ambassador to Turkey Francis J. Ricciardone said in Ankara.

Reluctant to wait, KRG has been looking to resource-hungry Turkey for answers. A broad energy partnership between them ranging from exploration to export has been in the works since last year. Majority Sunni Turkey's deepening ties with the KRG have heightened tensions between Ankara and the Shi'ite-led government in Baghdad. "If Turkey and Iraq fail to optimize their economic relations... There could be more violent conflict in Iraq and the forces of disintegration within Iraq could be emboldened," Riccardione said.

KRG is already bypassing the federal pipeline network by trucking small quantities of crude over the Turkish border in exchange for refined oil products. "The issue is that we are entitled to 17 percent of (Iraq's) refined products, but the central government sends us only 3 percent and our refining capacity is not enough to satisfy domestic demand," Hawrami said.

Nasirov: Southern Corridor and South Stream not rivals

Natural Gas Europe, *04.02.2013*

Azerbaijan is ready to consider any new projects with the European Union in the petroleum sector. The statement came from Vice-President of the State Oil Company of Azerbaijan (SOCAR) Elshad Nasirov in an interview.

Commenting on whether Azerbaijan gives preference to one of the projects -Nabucco West pipeline or the Trans Adriatic Pipeline (TAP)-, Nasirov said that some shareholders of the Shah-Deniz are involved in both projects of Nabucco West and TAP in order to make sure that all the calculations, all the analyzes of these projects were done correctly.

“Along with that, the whole process proceeds in accordance with the schedule, in late December, the shareholders of Shah Deniz decided to allocate funds for the full development of the Shah-Deniz-2 in 2013. We have already started sales negotiations with the companies and countries that want to become potential buyers of the Caspian gas. We are planning to complete the negotiations by the end of March in order to analyze the transport costs and the net proceeds from the sale of gas to two groups of buyers of Nabucco West corridor and TAP”, the vice president said.

According to him, the recent decision on the choice of the transport route will be taken by the end of June of this year, and then a final decision on investment will be adopted in October. He stressed that Azerbaijan plans to transport 10bn cubic meters of gas a year to Europe after implementation of these projects. Commenting on whether the gas will deliver to the Turkish-Greek - or the Turkish-Bulgarian border through the Trans Anatolian pipeline (TANAP), the company representative said that the project has already been approved and ratified by the parliaments of Azerbaijan and Turkey. “In this way, the company has created and all shareholders are ready to begin construction of TANAP on schedule to complete the infrastructure by the time the gas is available”, he said.

Commenting on the issue that some analysts see the Russian project “South Stream” as a rival for Azerbaijani gas, the SOCAR representative stressed that there has been a lot of buzz and rumors about the competition between the South Stream and Southern Corridor. “We, Azerbaijan, or SOCAR, do not think that it is a competition. In the first place, because the volume of our gas supplies to the European market will not be so high as to compete with Russian volumes. Of course, this will be an alternative gas volume, but the level of the volume of gas is not so high as to promote competition”, he stressed. He noted that the “South Stream” and “Southern Corridor” are completely different projects. According to him, the Southern Corridor envisages construction of a new transport route, plus the new volumes of alternative sources of gas involved in the project. “As for the South Stream, it is a new way of transporting the same volume of gas produced in the same region by the same manufacturer. So the South Stream does not envisage the emergence of new buyers or sellers. In the case of the Southern Corridor, there is a new customer, a new seller and a new route”, he said.

Gazprom's price tariff for Europe disclosed

Hürriyet Daily News, *04.02.2013*

Sale prices from Russia's gas export monopoly, Gazprom, to 21 other European countries were revealed for the first time Feb. 3 by daily Izvestia, who claimed the information was obtained from company executives.

Details of gas deals, including prices and amount of gas sold by Gazprom to European countries, were disclosed in the report, revealing that the United Kingdom, which provides 10 percent of its gas needs with Gazprom gas, pays the cheapest price at $313.4 per 1,000 cubic meters. Macedonia, however, which is 100 percent dependent on Russian gas, buys the most expensive gas, paying $564.

Turkey ranks eighth among 21 countries with a price of $406.7. As Turkey is Gazprom's second biggest client, buying 23 billion cubic meters of gas per year, this amount will decrease by 18 percent along an 8 percent discount.

The dependence level on Russian gas is reflected remarkably on the gas' price, according to the data. Macedonia and Bosnia pay $515.2 and are completely dependent on Gazprom, Bulgaria pays $501 and is 90 percent dependent, while Poland shells out $525.5 and is over 60 percent dependent. The cheapest gas is supplied to United Kingdom whose demand of Gazprom gas is only about 10 percent, Izvesita reported.

Since the release of the data, which daily Izvestia said was acquired from Gazprom's executives, the European Commission has already requested to see the company's contracts. Gazprom has never officially disclosed prices for Europe. Such data was published only in cases of gas "wars," like the one with the Ukraine that saw Gazprom's clients paying anywhere between $416 and $432 per 1,000 cubic meters, according to Izvestia.

Gazprom was forced to agree to a series of significant adjustments to the current contracts last year. In January, the state monopoly said that "based on market conditions" corrections were made to the price of gas contracts with GDF Suez (France), Wingas (Germany), SPP (Slovakia), Sinergie Italiane (Italy) and Econgas (Austria), by reducing prices about 10 percent. Izvestia's source notes that Gazprom plans to increase shipments to Europe in 2013 with 140.5 billion to 151.8 billion cubic meters and 209 billion cubic meters in 2015. The company predicts average prices will fall by almost 14 percent, but the volume of gas sold will increase by 8 percent.

Gazprom sets aside $4.7 bn for rebates

Financial Times, *08.02.2013*

Gazprom is setting aside $4.7bn to cover potential price rebates to European customers this year, reflecting the pressure from rapid changes in Europe's gas market.

Gazprom is being hit by knock-on effects of the shale gas revolution that has transformed the US from net gas importer to prospective exporter. Large quantities of liquefied natural gas from suppliers such as Qatar, once intended for the US, have been diverted to Europe. That has driven market-traded or "spot" gas prices down to levels sometimes below those Gazprom charges in its long-term supply contracts to European customers, which are linked to crude oil prices.

The state-controlled group has had to amend some contracts in recent years to include a spot price component in the price formula, forcing it to hand retroactive discounts to customers. Last year Gazprom set aside $4.4bn to cover such discounts, but ultimately paid out $2.7bn, the company told an investor day in Moscow. A person close to Gazprom said this year's $4.7bn was a maximum estimate of potential refunds resulting from contract adjustments, plus some flexibility already built into the agreements. "It is not a change in the long-term contracts as such, but it is using the flexibility which was there and shows that the long-term contracts are not as inflexible as many people think," this person said.

Gazprom did not plan to reduce prices to European customers per se, he added. "What we are committed to is adapting pricing formulas to objective changes in market conditions," the person said. Gazprom is also facing pressure from a European Union antitrust probe into its practices in central and eastern European markets. The company told investors it expected to report a 15 per cent drop in net profit to $38bn for 2012, on full-year sales down 5.1 per cent. Dividends for 2012 are likely to be a fifth lower than 2011, but to rise again in 2013.

Analysts said an expected rise in spot prices might benefit Gazprom. "We think Gazprom's prices will be the same as the spot price over the long term," said Ivan Mazalov, a fund manager at Prosperity Capital Management, adding he did not think spot prices would drop much below current levels. People who attended the investor day said the company, whose shares fell 20 per cent last year, had given little reason for optimism about a change in strategy.

The company is attempting to diversify, through projects such as a new LNG plant in Vladivostok and trying to secure contracts with Asian customers including China. But management did not signal strategy changes in Europe, said Ildar Davletshin, an analyst at Renaissance Capital. "Gazprom's presentation implied that all these problems are short-term and that they will remain the biggest and lowest-cost producer. "There was no real sign that they realized that changes are coming and may have to address this," he said.

Gazprom sees 2013 gas exports to Europe rising 9% on year

Platts, *08.02.2013*

Russia's Gazprom expects to produce 495.7 billion cubic meters of gas in 2013, and increase this to 518 Bcm/year over 2014-2015.

Gazprom's 2012 gas production is expected to come in at 504.1 Bcm, down 1.8% from 2011's 513.2 Bcm. The company has not reported its annual results for 2012. Meanwhile, Gazprom's gas exports to Europe are expected to rise to 151.8 Bcm in 2013, up 9.4% from 138.8 Bcm in 2012, Prime reported, citing the data which was presented at the company's Investor Day in Moscow.

Gazprom's customers in Europe paid an average of $402/1,000 cubic meters for gas supplies in 2012. The company's gas deliveries to the CIS countries and Baltic states are projected at 74.5 Bcm in 2013, up 15.7% from 64.4 Bcm in 2012. Gazprom's average gas sales price for its CIS and Baltic customers was $308/1,000 cu m in 2012.

Goldman Sachs: NBP gas prices to drop

Natural Gas Europe, *06.02.2013*

Gas prices at the UK's National Balancing Point will drop this year to 59.7 pence a therm because of lower demand and discounts from pipeline gas suppliers, Goldman Sachs Group has said.

The forecast is 14.1 pence, or 195 lower than Goldman's previous projection, Samantha Dart, London-based analysts for the firm, said in a report quoted by Bloomberg. UK NBP prices will rebound starting in 2014 to 66 pence as a stronger economy stokes demand for gas and production declines in northwest Europe, the analysts said.

"We had been expecting that substantial diversion of liquefied natural gas away from Europe would be enough to tighten European natural gas markets so that spot prices would need to rise to attract spot cargoes back," Goldman Sachs said. Goldman Sachs cut its forecast for northwest Europe's gas demand this year to 302 billion cubic meters from its original projection of 321 billion cubic meters. The region's gas needs may rise to 304 billion cubic meters in 2014, the report said.

Once upon a time in Bulgaria

Natural Gas Europe, *07.02.2013*

Way back when, Bulgaria had a very strong history of oil and gas E&P. The country had a great oil and gas business, but new exploration and development has been light since the fall of communism in 1989.

"Some of the largest onshore oil and gas fields in the country are not too far away from our recently awarded Koynare concession," remarks Chad Potter, Vice President of Financial and Investor Relations at TransAtlantic Petroleum, who says the country used to produce a significant amount of oil and gas, but it's declined significantly over the last 20 years.

"There is shale there that holds potential, but based on the current laws we wouldn't be able to target that," explains Mr. Potter, referring to the Bulgarian government's decision in January 2012 to, in effect, enact a ban on hydraulic fracturing used to extract unconventional gas. "But that's fine. There's plenty of conventional potential significant that we've seen. In fact, we have a discovery well that we've been producing into CNG canisters," he says.

Potter reports that TransAtlantic will need to build a pipeline to the area to fully produce that gas. "We have a second well that we had spud - we drilled down and set surface casing - but then when they instituted the initial 'franc ban' that effectively banned all drilling, we put that well on hold. "We are still working with the government regarding the particulars of our initial development plan on the Koynare concession. From our perspective we need to resume drilling the well that was put on hold and then potentially do some other appraisal drilling."

Bulgaria's Energy Minister has stated that the gas deposits at Koynare field are estimated at around 10 bcm. Mr. Potter comments, "It's about a 10-15 mile pipeline that could cost $10-20 million so we want to make sure we get over the commerciality hurdle to justify the expense of the pipeline." Because Bulgaria imports almost 100% of the gas it consumes, the country has a great need for such indigenous gas. "The actual in-country production is quite low, though recent offshore discoveries are helping. We think it's in Bulgaria's best interest to allow for exploration both onshore and offshore. It certainly needs regulation and we want to make sure that we're operating within everyone's best interest as much as we can we want to be good stewards for both the business and the environment."

There is a possibility, according to Potter, that TransAtlantic would contract its former oilfield services company Viking International, which it sold earlier this year, to perform services in Bulgaria. "That's certainly a possibility," he admits. "We would bid it out and I know historically the wells we've drilled there have not been with Viking, but I'm sure they would love to expand; they're operating in Poland and are drilling our wells in the Thrace Basin in Turkey, so Bulgaria would be in-between and not too far away."

Given the franc ban, and the company's hope to someday explore for shale gas in Bulgaria, one might wonder if TransAtlantic had any concerns over agreements with the Bulgarian government. "They've worked with us," Potter retorts, adding. "There is almost certainly a contingent of people who would prefer that you weren't drilling whether the gas is produced from shale, tight sands or conventional sandstone. Ultimately, I would love to have energy come from nowhere, but unfortunately that's not possible. If you're drilling you take a portion of the surface to drill wells but you can use pad drilling and drill horizontally or deviated wells that definitely helps minimize the surface disturbance."

TransAtlantic has hope that it may eventually be able to go forward with exploring for hydrocarbons trapped in unconventional formations in Bulgaria. "The Etropole shale is a big potential play with a lot of gas in place," he says. "We have some core data, but ultimately until you try to produce from it, you're not really going to know how much of the gas in place is economically recoverable."

As for when that will happen, Mr. Potter explains, "While we'd like governments to move faster, they are taking a measured approach and studying it, and I think once they have review the data they will realize that the process is ultimately safe. And while there are always risks to everything you're doing they're measured and as long as you know where the weaknesses are, that's where you target your safety measures. "Ultimately we think, longer term, Europe will come around, but each country can obviously make its own sovereign decisions, and some will go against you and some for you," he adds. Meanwhile, TransAtlantic continues its exploration of unconventional reservoirs in Turkey's Thrace Basin and the southeastern part of Turkey.

Chad Potter says, "In the Thrace Basin we are proceeding with a development program that is set to kick off in December. Up to now we've been doing science and now we've identified one area where we're going to come in and run two rigs, drilling back-to-back wells, essentially from now into 2015, and so hopefully that will set us up in a position to grow our gas production, as it's been in decline while we do the science work down there." "And in the Southeastern part of Turkey, Anatolia, we've recently completed our first horizontal well that's been flowing about 500 barrels of oil per day and we've just fracced the deeper Bedinan sandstone in a nearby well which we will be evaluating in the weeks ahead," Potter added.

BP: Shale gas and tight oil to reshape global markets by 2030

Oil & Gas Journal, *05.02.2013*

The North American shale gas and tight oil revolution will reshape global markets, BP said in its BP Energy Outlook 2030. "As the US becomes 99% self-sufficient by 2030, oil imports' share of its trade and services deficit will approach zero," said Mark Finley, general manager for global energy markets and US economics at BP America Inc.

North America will continue to dominate shale gas and tight oil production growth during that period because so much of its resource base is privately owned, and drilling contractors, service and supply companies, and other support industries are heavily concentrated there, he said.

"Activity matters, in addition to rig fleet size," Finley said. "Our research indicates North America will remain the driving force in unconventional resource development." US unconventional oil and gas production now equals Argentina's total oil and gas output but with significantly more wells, and North America is expected to still dominate production by 2030, even while other regions gradually adapt to develop their resources, he added.

BP's latest energy outlook, which it released on Jan. 16 in London, said that worldwide, there are an estimated 240 billion bbl of technically recoverable tight oil resources and 200 tcm of shale gas. Asia's resources total an estimated 50 billion bbl of tight oil and 57 tcm of shale gas, compared with North America's 70 billion bbl of tight oil and 47 tcm of shale gas, it indicated. While technology and policies will continue to influence the global energy mix, Finley said prices will be the biggest factor. Crude oil's share of total markets has declined for 13 consecutive years, and average annual real oil prices in 2007-11 were 220% than their 1997-2001 average, he noted. BP expects oil to continue losing market share through 2030 as gas and renewable energy show gains, he said.

"In transportation, oil has a virtual monopoly, with 94% of the global market," Finley said. "We expect its share to be around 80% by 2030. Where it has competition, however, oil is losing its market share." BP expects transportation energy demand growth to fall to 1.2%/year through 2030 from 1.9% from 1990 through 2010, primarily from accelerating fuel economy gains. This will come not just from government standards, but also from consumers, Finley said. "Basically, they put the Hummer brand out of business as fuel prices have climbed," he observed.

Gas is expected to make only modest transportation inroads through 2030 due to limited refueling infrastructure and uncertain price prospects which will discourage major investments, according to Finley. "The key questions for renewables will be whether their growth can be sustained with greatly reduced, or no, government subsidies, and how soon economies of scale will make those subsidies unnecessary," he said. "Relative prices matter," Finley maintained. "A higher oil price drives development of more alternatives. Check back in a couple of years."

Lebanon approves gas license conditions

Natural Gas Europe, *07.02.2013*

Lebanon has approved conditions for companies to bid in the nation's first offshore oil and natural gas licensing round as it seeks to catch up with Israel and Greek Cyprus in developing fuel reserves.

The decision was made Information Minister Walid Daouk told after the session in Beirut. Royal Dutch Shell, Cairn Energy and Cove Energy are among companies expressing interest in bidding for a license. A list of qualified explorers is expected to be issued by March 31 and they can place bids starting May 2 for six months, Minister of Social Affairs Wael Bou Faour said last December.

Exploration will proceed in waters close to those of Israel and Greek Cyprus, where US-based major Noble has found gas. The Leviathan field, discovered in 2010 in Israel's deep waters, was the world's largest find of its kind in a decade. Lebanon, which passed an oil and gas law in 2010, faces political divisions that have delayed action on energy exploration. Revenues from oil and gas reserves may help reduce its debt burden, the largest in the Arab world. The country is running a debt of €41 billion ($56 bn), equivalent to 135% of its annual economic output. The Leviathan field contains an estimated 16-20 trillion cubic feet (tcf). The Tamar field to the south holds 8.4 tcf.

Announcements & Reports

► *Tender Notice on EBB Renewal Project*

Source : BOTAS
Weblink : http://www.botas.gov.tr/icerik/tur/duyurular/dosya_ihale/2013/ilan_28022013_1.doc

► *OPEC Bulletin (Jan 2013)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/OB012013.pdf

► *OPEC Monthly Oil Market Report (Jan 2013)*

Source : Organization of the Petroleum Exporting Countries
Weblink : http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_January_2013_.pdf

Upcoming Events

► 6^{th} *Annual Unconventional Gas Conference*

Date : 6 – 7 March 2013
Place : London – UK
Website : http://www.smi-online.co.uk/energy/uk/unconventional-gas

► 6^{th} *International Petroleum Technology Conference*

Date : 26 – 28 March 2013
Place : Beijing – China
Website : http://www.iptcnet.org/2013/

► *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

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

► *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

Supported by PETFORM

► All Energy Turkey (in Turkey)

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

► 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