Turkmenistan and Russia Country Outlooks

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CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

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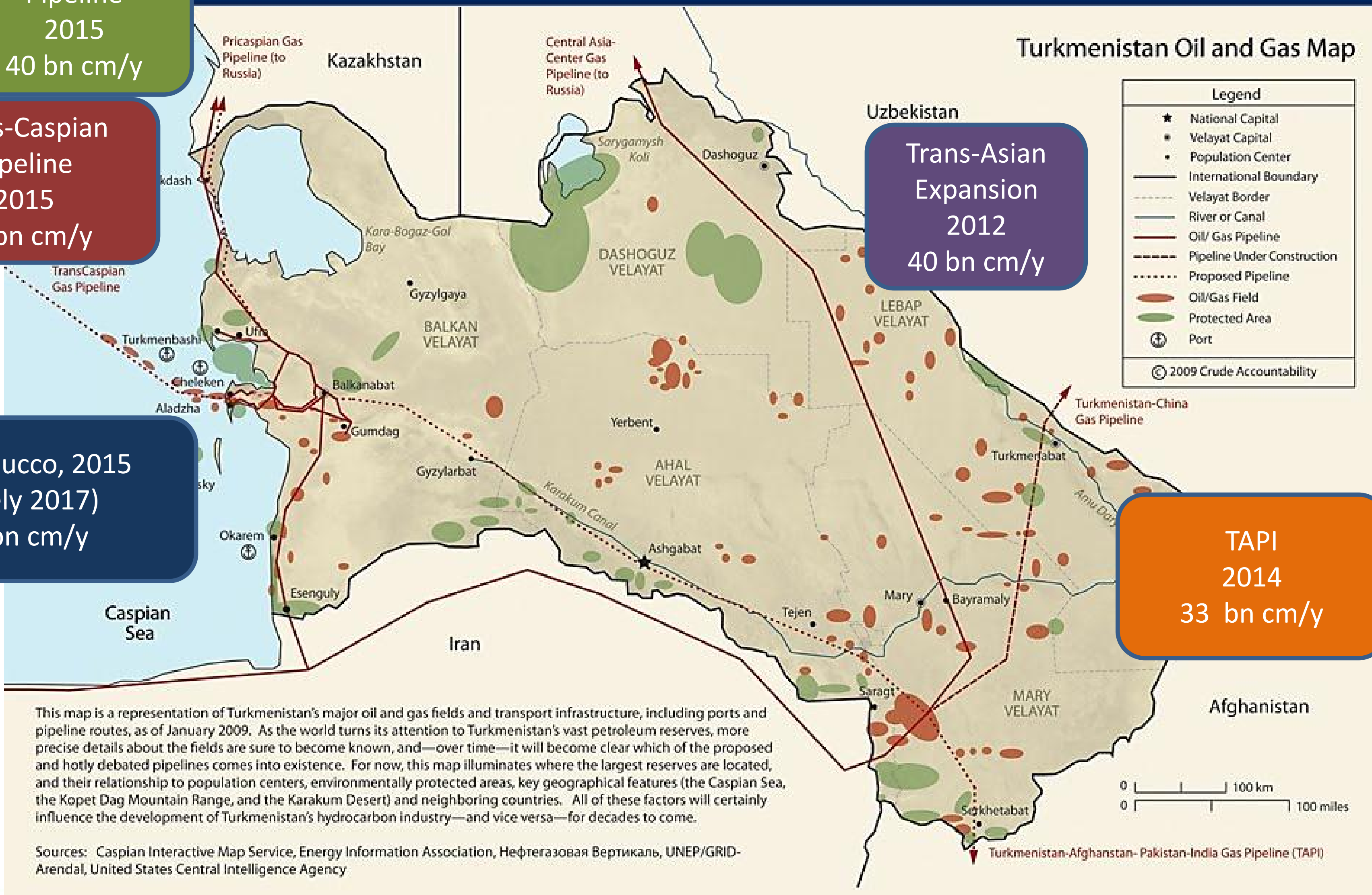
Pre-Caspian Pipeline 2015 40 bn cm/y

Trans-Caspian Pipeline 2015 30 bn cm/y

Nabucco, 2015 (likely 2017) 31 bn cm/y

Trans-Asian Expansion 2012 40 bn cm/y

TAPI 2014 33 bn cm/y



Major Foreign Investors in Oil and Gas Sectors

China:

- CNPC: South Iolatan: $9.7 billion contract in December 2009. Other companies involved: Gulf Oil & Gas Fze (UAE), Petrofac International LLC (UAE), and a consortium of LG International Corp. and Hyundai Engineering Co. Ltd (Korea).
- CNPC: Bagtyyarlyk. 30-year production sharing agreement in July 2007.

Russia:

- Itera: offshore gas field--Block 21, is expected to annually produce 353 billion cubic feet of gas and 146.6 million barrels of oil

Western:

- Chevron and ConocoPhillips were recently named preferred candidates to develop Caspian blocks, predominately oil.

Turkmenistan’s Government Lineup- Many Changes, 2010-2011

TurkmenGaz

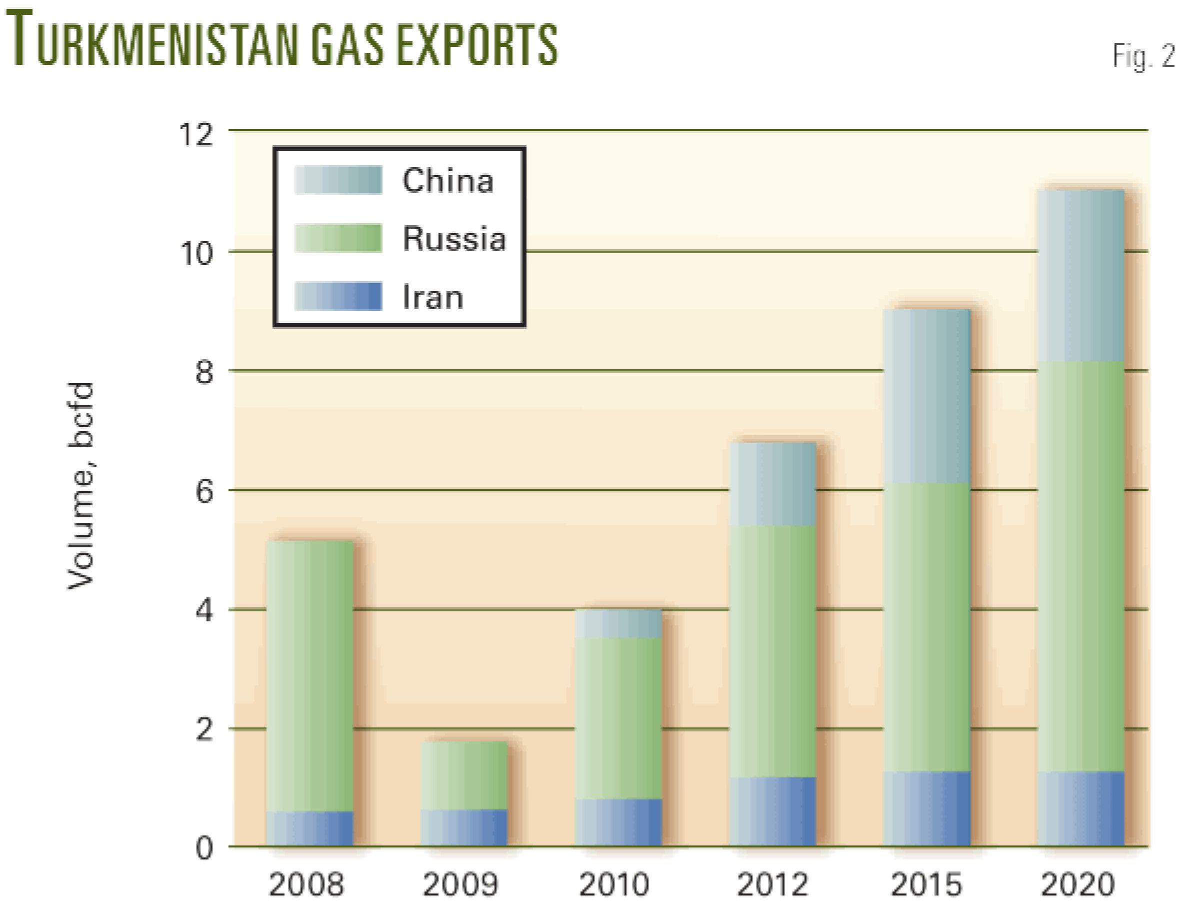
Nury Mukhamedov

October 2010: Dovlet Mommayev

January 2011: Amanali Khanaliyev

Other Changes: Jan. 2011- 18 provincial and district governors dismissed

Other Changes: Jan. 2011- New **Presidential Office Chief**, new heads of **Migration services**, **national airline**, and **fisheries**



As of April 2010

Source: http://www.ogj.com/index/article-display.articles.oil-gas-journal.volume-108.issue-15.technology.development-constraints.html

Russia- Options for expansion East and West

Nord Stream- 55 bn cm/y by 2012

South Stream- 63 bn cm/y by 2015

Selected Oil and Gas Pipeline Infrastructure in the Former Soviet Union

Oil Production, 2003[a]	
Region or Basin	Thousand Barrels/Day
West Siberia	5,882
Volga-Urals	1,887
Precaspian	679
South Caspian	454
Timan-Pechora	373
Middle Caspian	261
South Turgay	209
Central Asia	161
North Caucasus	72
Far East	65
Azerbaijan onshore	32
East Siberia	32
Baltic	—
Barents Sea	—
Total Region	10,107
Total World[b]	79,110

Gas Production, 2003[a]	
Region or Basin	Billion Cubic Meters
West Siberia	578.1
Central Asia	90.0
Precaspian	25.9
Volga-Urals	25.1
South Caspian	15.7
East Siberia	8.8
Timan-Pechora	8.6
Far East	1.9
Azerbaijan onshore	0.4
Barents Sea	—
Total Region	744.6
Total World[c]	2,618.5

LNG- Sakhalin Energy LNG Project

Altai Gas Pipeline- 30 bn cm/y by 2015

Russian Domestic Gas Reforms

- Includes price reform, removing subsidies, increasing energy efficiency, investing in energy efficient capital stock, diversifying energy balance.
- As international gas prices rose, Gazprom planned to achieve equal profitability from domestic gas sales as exports by 2011 for industrial users, and by 2015 for the residential sector.
  - But due to recession and fear of inflation this was pushed back. Now deadline for industrial users is 2014-2015.
- Government has announced plans to reduce the country's energy intensity by 40% by 2020 and created a roadmap for Russia's energy strategy through the year 2030.

Russian Domestic Challenges

- Will rising oil prices give Russia an economic reprieve?
- Will the Presidential election even matter?
- After the Presidential election: gas sector reform versus reforming other extractive industries.