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TURKİYE PETROLLERİ A.O.

GLOBAL STRATEGIC INSIGHT

NOCs – IOCs «**CO-PETITION**»
(COLLOBERATION + COMPETITION)

Mehmet UYSAL
President and CEO
TPAO

2nd NOC – IOC FORUM 2011

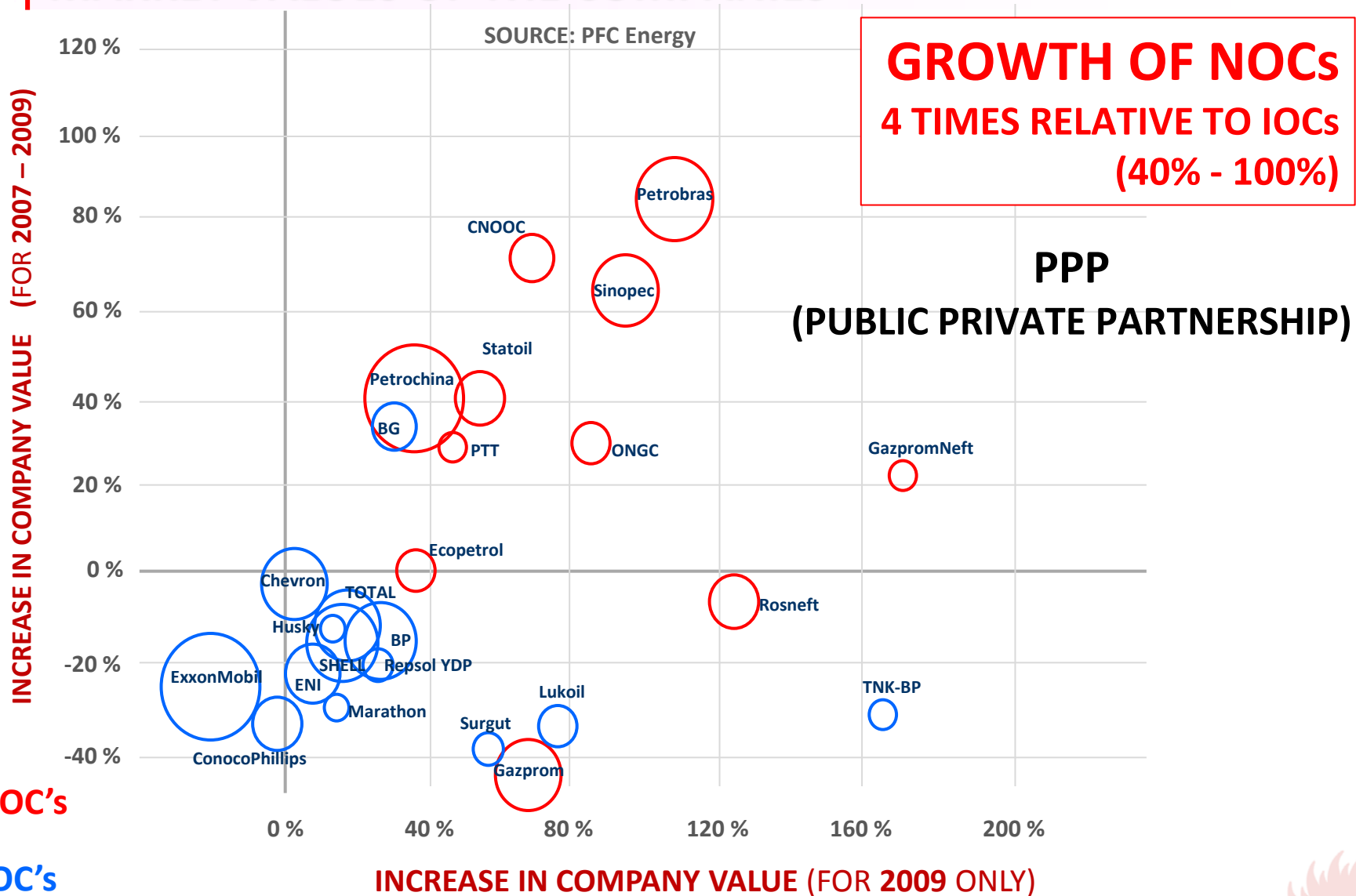
Bringing Together Distinctive Competences
for Common Challenges

PARIS, 07-08 APRIL 2011



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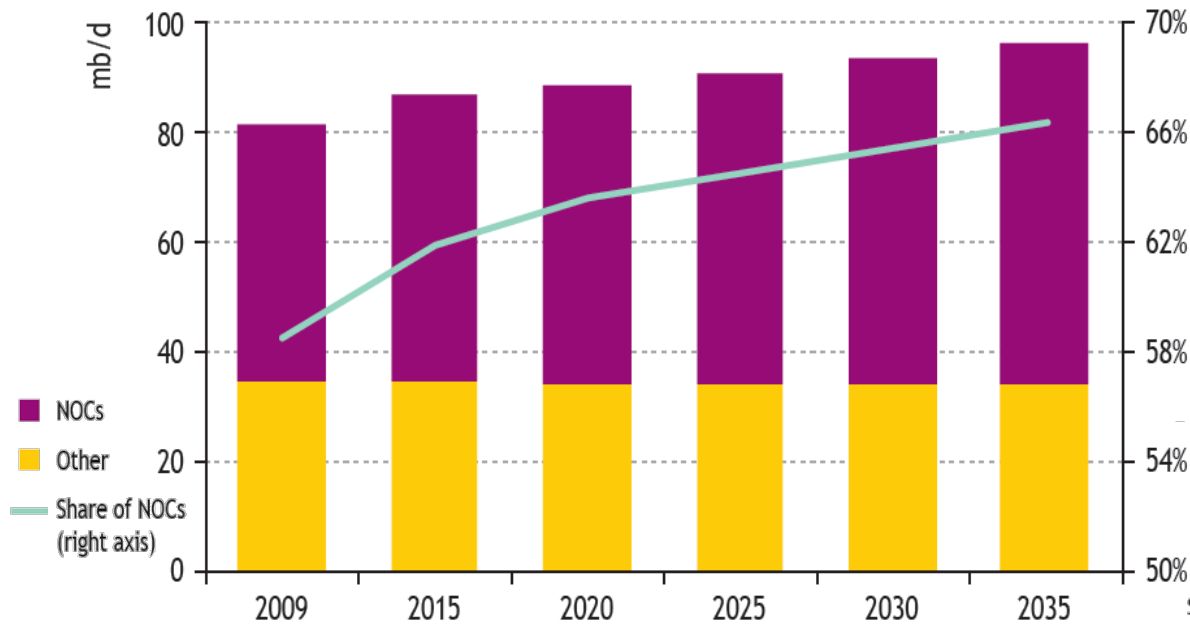
MARKET VALUES OF THE COMPANIES





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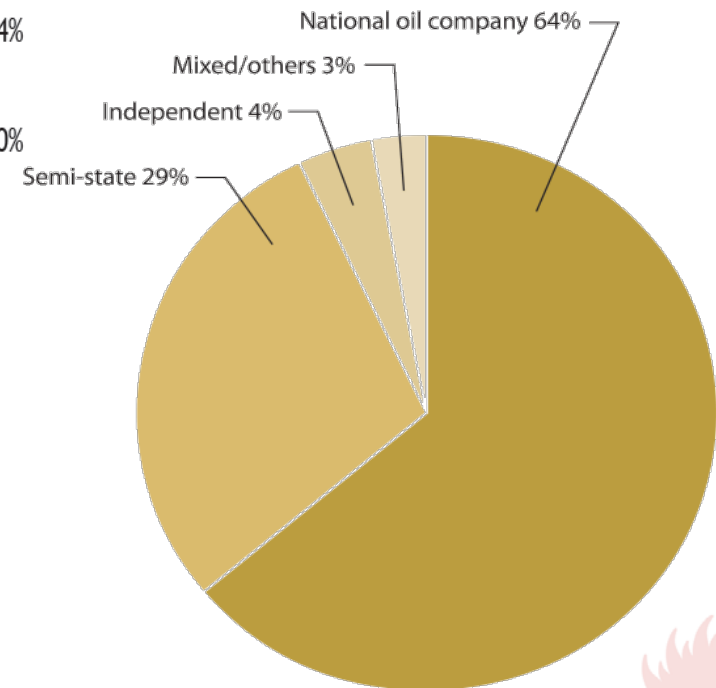
WORLD OIL PRODUCTION & REFINERY INVESTMENTS (2010-2020)



Source: WEO 2010

TOTAL CAPACITY
8 MILLION B/D

SHARE OF NOC'S
64 %



INCREASE OF NOCs SHARE

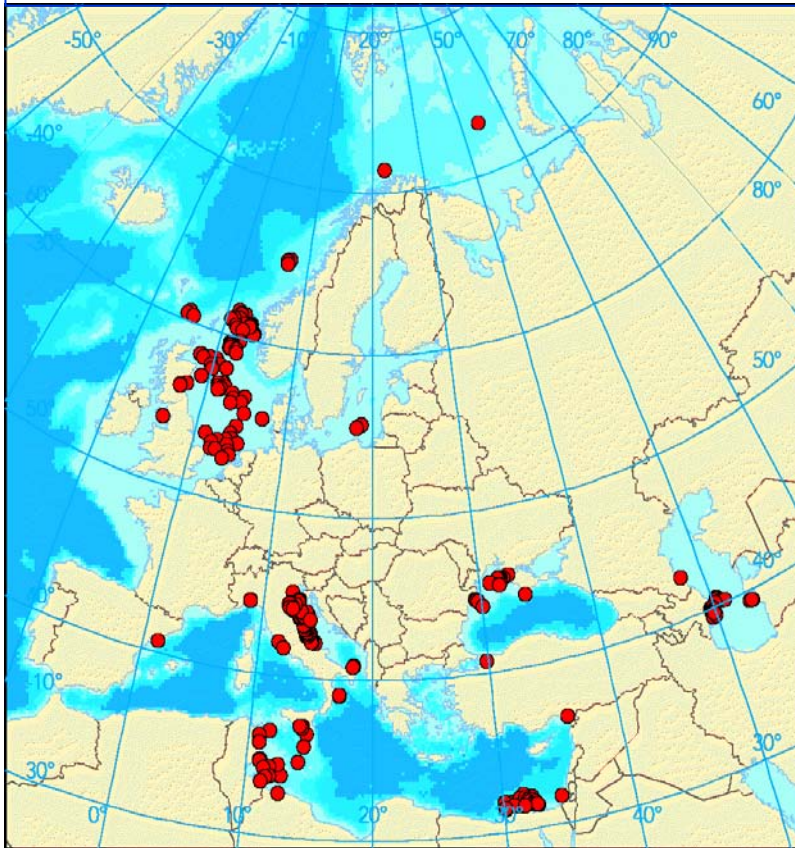


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SAFETY POLICIES IN EUROPEAN SEAS



SEAS THAT THE EU HAS GOT BORDERS
WITH (BLACK SEA AND MEDITERRANEAN..)



**European Commission Decision
(Not approved yet):**

**“OFFSHORE OIL AND GAS ACTIVITIES
AND THEIR REGULATORY ENVIRONMENT
IN EUROPE”**

**FINANCIAL RESPONSIBILITIES WILL
INCREASE**

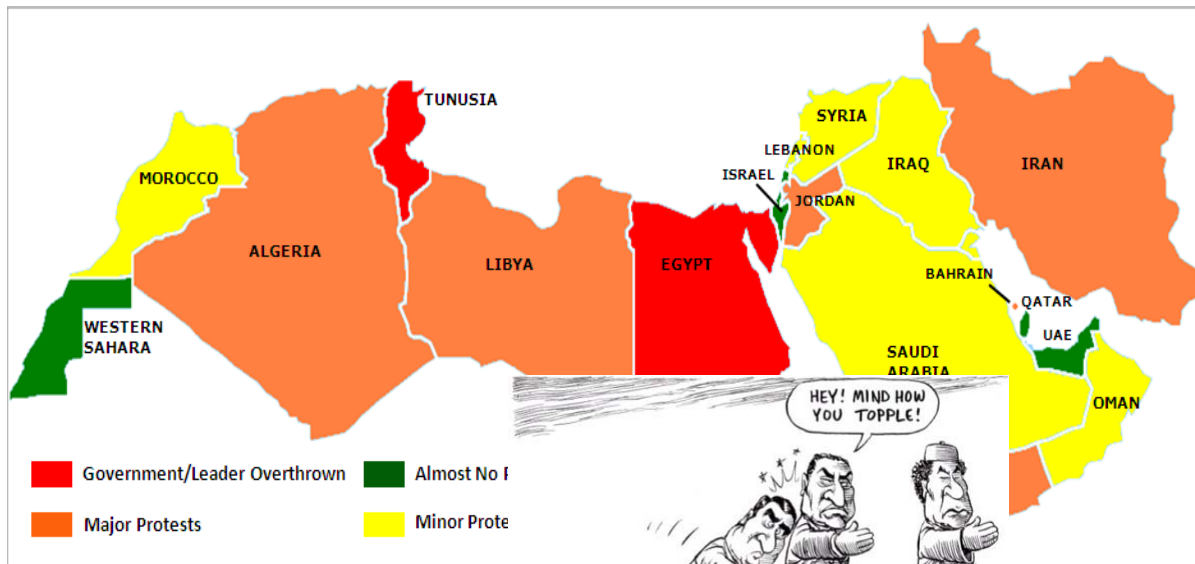
**EUROPEAN COMPANIES WILL BE
APPLYING THIS RULE ALL OVER THE
WORLD**

CAN THESE REGULATIONS COME INTO FORCE ?



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STRATEGY

DOMINO EFFECT JUST IN MENA?



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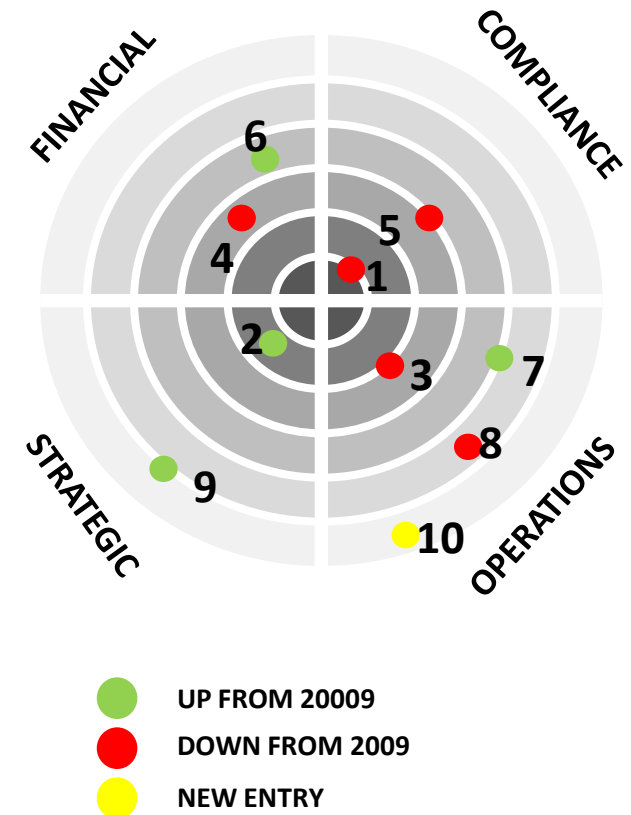
SUMED (2.3 mmbd) – 1.1 mbpd
SUEZ: 2 mbpd OIL - 18 mty
LNG



#1 RISK FOR NOC'S AND IOC'S IS POLITICAL INSTABILITY HEREAFTER

TOP 10 RISKS OF UPSTREAM COMPANIES

RISKS	2010 Rank	2009 Rank	2008 Rank
UNCERTAIN ENERGY POLICY	1	2	6
ACCESS TO RESERVES	2	1	4
COST CONTAINMENT	3	4	3
WORSENING FISCAL TERMS	4	5	2
CLIMATE, ENVIRON. CONCERNS	5	7	8
PRICE VOLATILITY	6	3	-
HUMAN CAPITAL DEFICIT	7	6	1
SUPPLY SHOCK	8	9	9
OVERLAPPING SERVICE OFFERINGS	9	8	0
NEW OPERATION. CHALLENGES	10	0	0

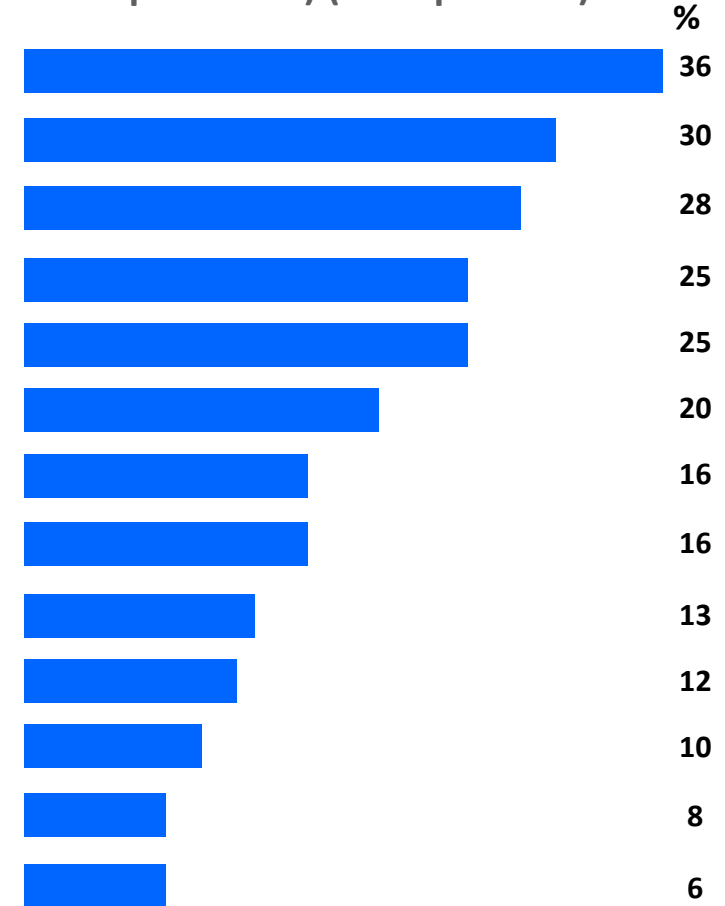


"THE ERNST & YOUNG RISK REPORT 2010" "The Top 10 Risks For Oil And Gas"

2011 RISK EXPECTATIONS (interviewed 194 top management)

WHICH OF THE FOLLOWING DO YOU BELIEVE REPRESENT THE MAIN CHALLENGES FOR YOUR COMPANY IN THE NEXT 12 MONTHS?
(select up to three) (% respondents)

- **RIISING OPERATING COSTS**
- **INCREASING REGULATION**
- **COMPETITORS**
- **LIMITED NEW AREAS FOR EXPLORATION**
- **SHORTAGE OF SKILLED LABOUR**
- INCREASING NEW AREAS OF EASY PRODUCTION
- LIMITED ACCESS TO CAPITAL/FINANCE
- ENVIROMENTAL CONCERNS
- ENSURING ADEQUATE SAFETY MEASURES FOR ENV. RISKS
- RISING TAXATION/DEMADS FROM STATES
- DISPUTES OVER SOVEREIGNTY, LEGAL STATUS OF OPERATIONS
- THE NEED FOR CLOSER COLLABORATION WITH PARTNERS
- ENSURING ADEQUATE SAFETY MEASURES FOR PERSONEL



“Economist Intelligence Unit” “The Outlook For the Oil And Gas Industry In 2011”

KEY CHALLENGES and OPPORTUNITIES FOR NOC & IOC

SIX KEY CHALLENGES, AND HENCE OPPORTUNITIES TO SECURE COMPETITIVE ADVANTAGE, that are high on the agendas of many **NOC** executives. These include:

1. RISK MANAGEMENT, REPORTING, AND GOVERNANCE
2. TALENT DEVELOPMENT AND RETENTION
3. RELATIONSHIPS WITH INTERNATIONAL OIL COMPANIES (IOCS)
4. FINANCIAL MANAGEMENT AND INTERNATIONAL TAX PLANNING
5. SUPERVISION OF REMOTE OPERATIONS
6. CLIMATE CHANGE AND THE ENVIRONMENT.

SOURCE: DELOITTE REPORT - 2008 A NEW ERA FOR NATIONAL OIL COMPANIES
www.deloitte.com/energy

MUTUAL BENEFITS FOR COOPERATIONS AND PARTNERSHIPS

NOC'S STRENGTH

Hold reserves
Secured by government
Financed by government
Political relations with governments

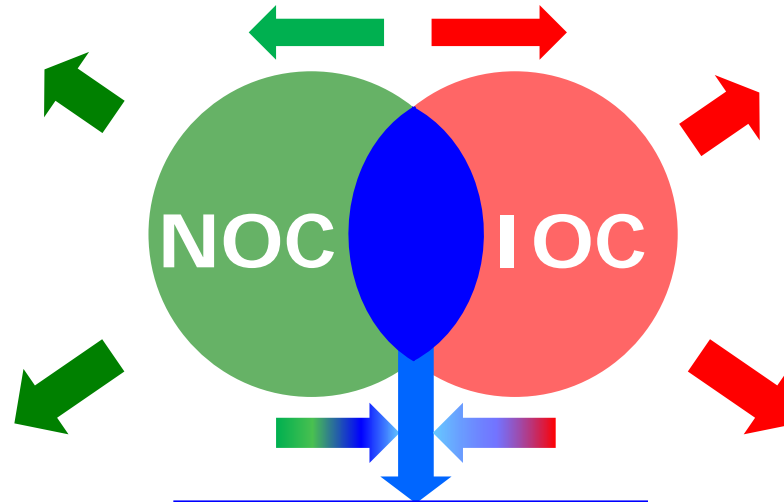
NOC's BENEFITS:

FOCUSED ON EFFECTIVENESS:

«DO THE RIGHT THINGS»

Secure National Demand
Secure Exp. of New Resources
Access to markets
Access to technology
Management skills

SERVICE CONTRACT



IOC'S STRENGTH

Know-how
Technology
Finance

IOC's BENEFITS:

FOCUSED ON EFFICIENCY:

«DO THE THINGS RIGHT»

Secure Commerciality
Secure Sustainable Business Env.
Legal issues
Access to New Opportunities
Risk Management

PSA

TRUST

**Commercialization of
the Reserves**
(for domestic purposes
and for export)

A NEW BUSINESS MODEL

SHIFT FROM 'MUTUAL BENEFIT' to 'MUTUAL UNDERSTANDING'

TPAO - NATIONAL OIL COMPANY

By Today:

The 47th vertical
deepest
onshore well
(7200m/24000f)

Drilled 2 ultra
deep water
(>2100m/6900f)
wells in Black Sea



Exploration
Production
Drilling
Gas Storage
Pipeline

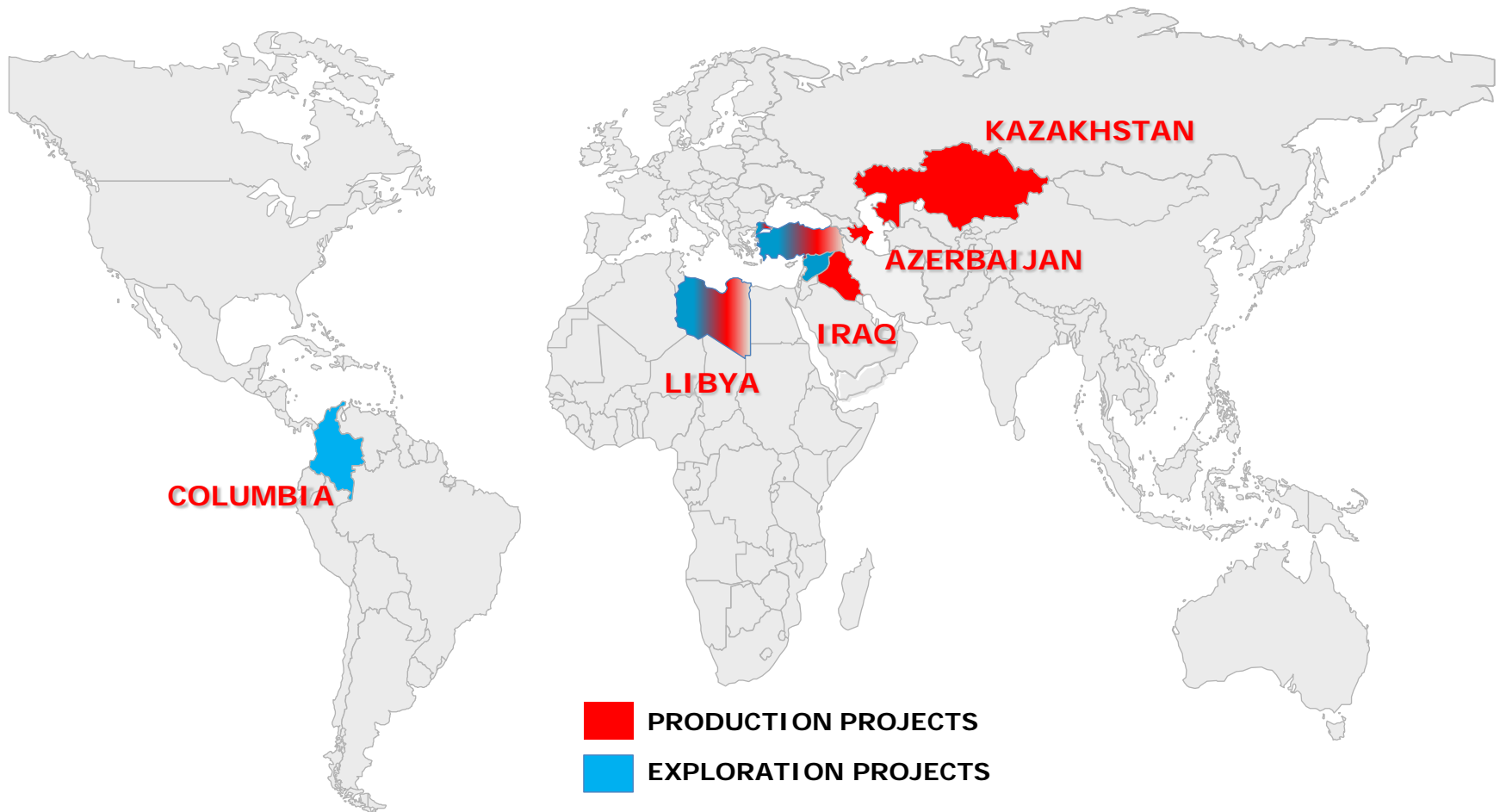
Domestic
International
Activities





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TPAO INTERNATIONAL





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TPAO AND PARTNERS

NOC'S

- PETROBRAS -Deep Black Sea
- SOCAR -Azerbaijan
- STATOIL -Azerbaijan
- KAZMUNAIGAZ -Kazakhstan
- PETRONAS -Iraq
- CNOOC -Iraq
- GAZPROM NEFT -Iraq
- KOGAS -Iraq
- LIBYA NOC -Libya
- ONGC -Libya

IOC'S

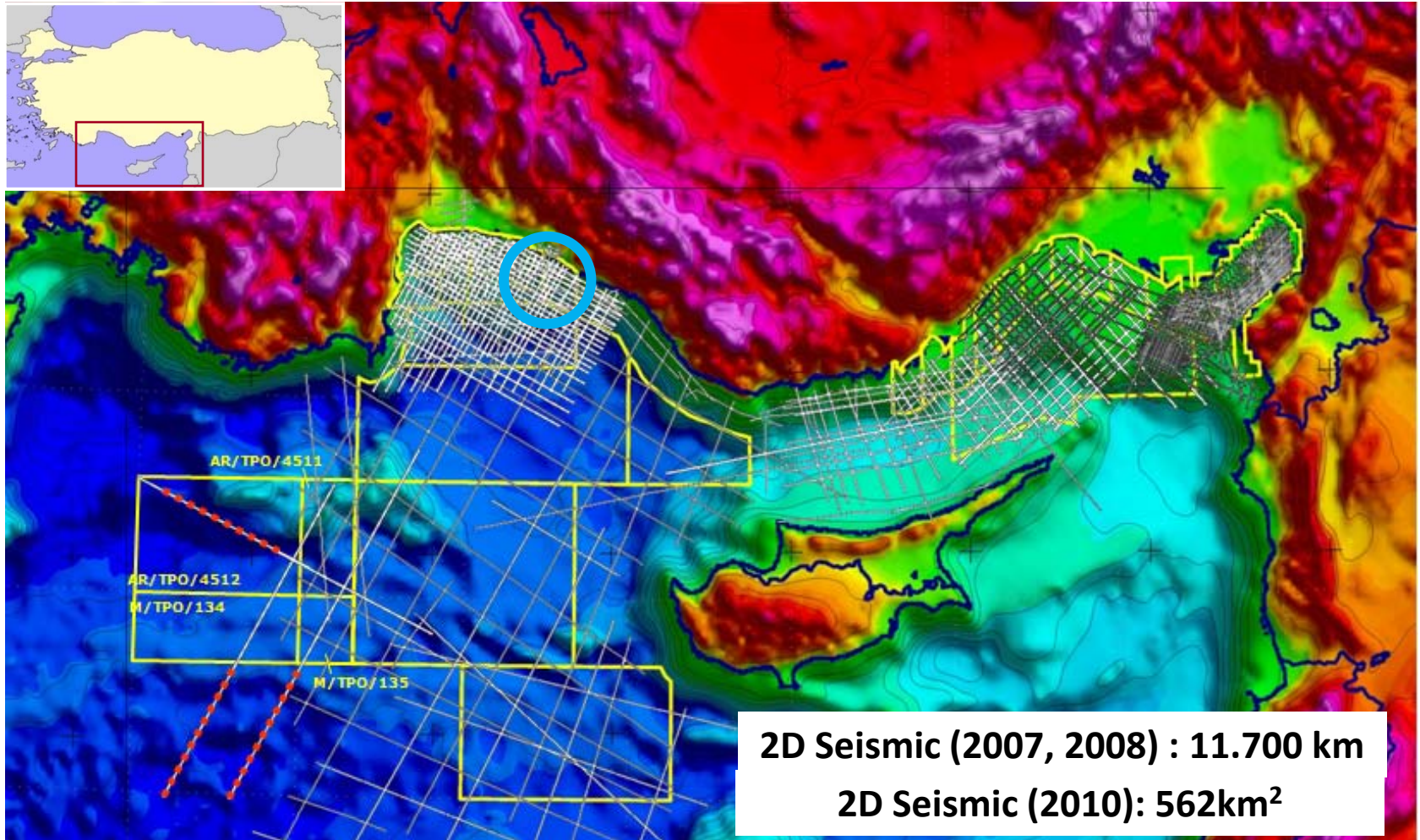
- EXXONMOBIL -Deep Black Sea, Azer.
- CHEVRON -Deep Black Sea, Azer.
- BP -Azerbaijan
- TOTAL -Azerbaijan
- LUKOIL -Azerbaijan
- ITOCHU -Azerbaijan
- INPEX -Azerbaijan
- HESS -Azerbaijan
- KEC -Iraq
- OMV -Shallow Black Sea
- TIWAY -Shallow Black Sea
- FOINAVON ENERGY - Shallow Black Sea
- PERENCO -Turkey
- TRANSATLANTIC -Turkey, Unconventional

TPAO IS ALWAYS OPEN TO PARTNERSHIPS WITH IOCs AND NOCs IN AND ABROAD



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EXPLORATION IN MEDITERRENEAN - FARMOUT





**NATIONAL OIL
COMPANY FORUM**

**7th NATIONAL OIL
COMPANY FORUM**
Turkey, 25-27 May 2012



The 7th NOC Forum
hosted by TPAO will be held in
ISTANBUL – TURKEY at ÇIRAĞAN PALACE
25th – 27th May 2012



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THANK YOU