

NOC – IOC Cooperation: Guidelines for Successful Partnership

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By controlling the majority of worldwide hydrocarbon resources, as well as many of the major oil and gas infrastructure systems, State-owned national oil companies (NOCs) are a rising force in the global energy sector.

NOCs differ from each other in many respects, faces distinct challenges and has a different economic, social and political impact but NOCs are increasingly looking to extend beyond their own borders in a bid to compete with their IOC rivals.

NOCs are not only expanding beyond their borders, but also, in the sophistication of their corporate governance implications and the ways in which they do business.

In this new era; partnerships are critical for NOCs to access capital, technology, and knowledge.

Especially NOCs from net-importing countries like TPAO, play a significant role as gatekeepers of future fossil fuel demand growth, particularly since this growth has slowed, or in some cases, reversed in the developed world.

As a result, the industry is seeing IOCs increasingly partnering with NOCs from net-importing countries.

From the NOC point of view, such partnerships can have multiple strategic benefits. “The NOCs of developing net oil consuming nations are the IOCs of the future. The key they hold is to the centers of demand growth, what they want is access to resources, technology and project management skills. The two can be married by IOC and consumer nation NOC cooperation in international upstream developments.”

From the IOC point of view, traditionally, the goal of partnership has been to gain access to known reserves. However, there are other potential benefits as well, such as mitigation of risk. “NOC-IOC partnerships could potentially help leading companies to have a better relationship with governments of oil-rich countries, helping to avert risk of rising global competition and unfavorable government policies,”

As NOCs continue to forge successful partnerships with IOCs, both parties will become better managers of the associated challenges.

Turkey as a rapidly growing country is already the world’s 17th biggest economy, which have insufficient domestic hydrocarbon resources but growing energy appetites. Our goal is to list Turkey among the top 10 economies in the world by 2023, when we celebrate the 100th anniversary of the establishment of the republic.

On the other hand, every time the price of oil increases by just one dollar, Turkey’s energy bill increases by \$200 million a year.

In such conditions, as being the NOC of an importing country, TPAO not only increased exploration activities in Turkey's main producing regions, like Southeast Anatolia and Thrace but also initiated an outstanding investment boom by intensifying its activities especially in the unexplored offshore areas like Black Sea and Eastern Mediterranean.

We have drilled 5 ultra deep offshore wells in Black Sea with our IOC partners like BP, ExxonMobil, Chevron and Petrobras.

We also have signed an agreement with another IOC Shell for joint exploration and production sharing in the Mediterranean and Southeastern Anatolia.

TPAO is open minded to keep business prospect warm for exploration activities in ultra deep offshore licence areas of Turkey. All companies who want to make investment in the Black Sea and Mediterranean Offshore licence areas are welcome to be partner.

As TPAO we are also ready to establish partnerships abroad both with IOCs and NOCs.