Turkey Warns Companies against Cyprus Gas Search

SUZAN FRASER,Associated Press

ANKARA, Turkey (AP) — Turkey on Friday called on major international oil and gas companies seeking a license to search for gas deposits off of Cyprus to withdraw their bids, saying it will not allow exploration to go ahead and threatening to ban them from Turkish energy projects.

Companies such as Russia's Novatec, Italy's ENI, France's Total and Malaysia's Petronas are among 15 firms and consortiums seeking a license to carry out exploratory drilling off southern Cyprus. Cyprus has been divided into a Turkish Cypriot north and internationally recognized Greek Cypriot south since a 1974 Turkish invasion that followed a coup by supporters of unity with Greece.

Turkey says an offshore gas search by the Greek Cypriot government flouts the rights of the Turkish Cypriots and last month began exploratory drilling of its own. Last year, it sent a warship-escorted research vessel south of Cyprus, while Prime Minister Recep Tayyip Erdogan warned that his government would "retaliate even more strongly" to any further search for mineral deposits around the island.

The small Mediterranean island is reeling from Europe's financial crisis and hopes to tap energy sources, both to meet its own energy needs in future decades and for export.

A Turkish Foreign Ministry statement said Friday that some of the fields in question "conflict" with Turkey's continental shelf while others overlap with areas Turkey and Turkish Cypriots plan to explore.

"As announced in the past, Turkey will not allow any activity in these fields," the statement said. "We call on the countries concerned and the oil companies to act with common sense, not to engage in activities in maritime fields that are under dispute due to the Cyprus issue and to withdraw from the bidding."

It said the companies would be held responsible for any tensions that arise from exploration in fields under dispute and would be barred from Turkish energy contracts.

"It will be out of the question for companies that cooperate with (southern Cyprus) to be included into energy projects in the future," the ministry said.

Cyprus' commerce minister said last week companies from Canada, Britain, Norway, Israel, South Korea and the United States had applied for a license to drill, surpassing the small island nation's expectations.

The companies are bidding in a second round of licensing off the Mediterranean island. In 2007, U.S. firm Noble Energy was the only company to seek a license to drill during an initial round of licensing. Last year, it discovered a natural gas field which is estimated to be at 5-8 trillion cubic feet (140-230 billion cubic meters).

Cyprus' government said it is scheduled to appraise all bids by the end of the year. Licenses would be granted by mid-2013 following negotiations with the winning bidders.

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