Turkey's Oil & Gas Industry: Market Overview 2025

Turkey's Oil & Gas Industry: Market Overview 2025

OVERVIEW OF TURKEY'S OIL & GAS INDUSTRY

Turkey serves as a critical energy hub due to its strategic location between major oil- and gas-producing regions such as the Middle East, Russia, and Central Asia, and major consumer markets in Europe. Despite its limited domestic production, Turkey plays a vital role in global energy transit, with extensive infrastructure for pipeline transportation, refining, and LNG imports. The country's energy policy focuses on reducing dependency on external suppliers while enhancing domestic exploration and production capabilities.

Turkey's oil and gas industry is largely shaped by its high energy import dependency, as the country imports approximately 90% of its crude oil and nearly all of its natural gas. This reliance on external sources has made energy security a top priority for the government, driving investments in renewable energy, domestic exploration, and LNG infrastructure. The discovery of Sakarya Gas Field in the Black Sea, estimated to hold 710 billion cubic meters (bcm) of natural gas, marks a major step toward reducing Turkey's reliance on imported energy. Infrastructure also plays a crucial role in Turkey's energy landscape. The country hosts key oil and gas transit pipelines, including the Baku-Tbilisi-Ceyhan (BTC) pipeline, the Kirkuk-Ceyhan oil pipeline, and the Trans-Anatolian Natural Gas Pipeline (TANAP), which are vital corridors for transporting hydrocarbons from the Caspian region, Iraq, and Russia to European markets. The growing importance of Turkey as an energy bridge has led to strategic partnerships with Azerbaijan, Russia, Iran, and the EU.

Market Overview of Turkey's Oil and Gas Industry

Turkey's oil and gas industry is heavily dependent on imports, with domestic production meeting only a small fraction of demand. The country imports most of its crude oil from Russia, Iraq, Azerbaijan, and Iran and has been diversifying suppliers to enhance energy security. Turkey's natural gas consumption is increasing, with LNG playing a significant role in its energy mix. Major infrastructure projects, such as TANAP and TurkStream, ensure stable supply routes, while long-term LNG contracts strengthen Turkey's gas procurement strategy.

Oil Sector

• **Production & Reserves:** Turkey's domestic oil production meets only about 7% of its total demand. Key reserves are found in the southeastern provinces of Batman and Adıyaman. In 2022, Turkey produced approximately 3 million tons of oil, requiring imports of around 25-30 million tons to meet its consumption needs. (EIA)

• **Imports & Refining:** The country's largest oil refiner, Tüpraş, operates four refineries with a combined annual capacity of over 600,000 barrels per day. Refined petroleum products cater to domestic consumption and some exports. (Tüpraş)

• **Oil Import Sources:** Turkey primarily imports crude oil from Russia, Iraq, Azerbaijan, and Iran, with Russia being the dominant supplier. The country has also been exploring alternative suppliers to reduce reliance on any single source.

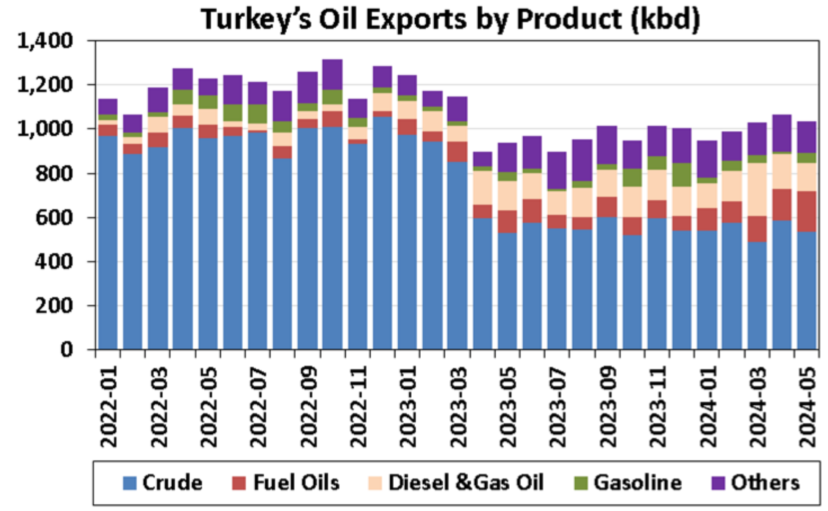
• **Oil Demand and Pricing:** Turkey's growing population and industrial expansion have led to a steady increase in oil demand. Fluctuating global oil prices directly impact Turkey's import bill, prompting government interventions to stabilize fuel costs through subsidies and strategic stockpiling.

• **Exploration & Investment:** The Turkish government is actively promoting domestic oil exploration efforts, with investments in offshore drilling projects in the Black Sea and Mediterranean Sea, aiming to reduce import dependence.

Natural Gas Sector

• **Consumption & Imports:** Natural gas consumption is rising, with imports playing a crucial role in fulfilling demand. In 2022, Turkey imported 14.3 billion cubic meters (bcm) of liquefied natural gas (LNG) out of its total consumption of 50.5 bcm.

• **LNG Strategy:** Turkey has secured long-term LNG supply agreements, including a 10-year deal with TotalEnergies for 1.1 million metric tons annually, starting in 2027. A long-term BOTAS-



Source: Kpler, 2024 and EOA,2024

Shell deal in 2024 further diversifies procurement strategies.

• **Pipeline Infrastructure:** Turkey hosts key pipelines, including TANAP, which transports Azerbaijani gas to Europe, and TurkStream, bringing Russian gas to Turkey and European markets.

• **Domestic Gas Discoveries:** The Sakarya Gas Field discovery has the potential to significantly alter Turkey's energy landscape. Initial production started in 2023, with full production capacity expected to meet a substantial portion of the country's domestic demand by 2030.

• **Energy Transition:** Turkey is gradually increasing its focus on renewable energy sources, but natural gas remains a dominant component of the country's energy mix.

• **Storage & Infrastructure:** Turkey is expanding its gas storage capacity to ensure supply security during peak demand seasons. Investments in underground storage facilities, such as the Silivri and Tuz Gölü gas storage projects, aim to reduce reliance on imports during winter months.

Turkey's Oil Exports by Product (kbd)

Turkey's oil exports have undergone significant changes from January 2022 to May 2024, reflecting shifts in production, trade policies, and market demand. The highest export levels were recorded between mid-2022 and early 2023, with exports reaching over 1,200 thousand barrels per day (kbd). However, exports began to decline sharply around mid-2023, falling below 900 kbd, suggesting possible disruptions in supply chains, geopolitical factors, or new government policies affecting trade.

Toward early 2024, exports showed signs of recovery, stabilizing at around 1,000 kbd, indicating either improved supply conditions or an increase in global demand. A breakdown of Turkey's oil export composition reveals that crude oil has remained the dominant export throughout this period. Fuel oils and diesel & gas oil contributed moderately to total exports, with noticeable fluctuations over time, while gasoline exports maintained a minor but steady presence.

Turkey's Oil and Gas Companies

Turkey's oil and gas sector is driven by a combination of state-owned enterprises and private companies, with a growing presence of international oil majors. State-owned entities such as Turkish Petroleum Corporation (TPAO), BOTAŞ, and Tüpraş dominate the upstream, midstream, and refining segments, respectively. Private companies, including Çalık Enerji, Aygaz, and Opet, play key roles in energy distribution and storage. International oil giants like Shell, BP, and ExxonMobil also operate in Turkey, further increasing competition and investment in the sector. The government's strategy focuses on attracting foreign direct investment (FDI) while enhancing domestic production through public-private partnerships.

GI Consultancy Intelligence Publishing

Turkey's Oil & Gas Industry: Market Overview 2025

1. State-Owned Enterprises (SOEs)

Turkish Petroleum Corporation (TPAO - Established in 1954, TPAO is responsible for exploration and production. It partners with international firms to enhance domestic production. (TPAO)

BOTAŞ (Petroleum Pipeline Corporation) - Manages crude oil and natural gas transportation infrastructure, including national gas grids and LNG import terminals. (BOTAŞ**)**

Tüpraş (Turkey's Largest Refiner) - Operates four refineries producing various petroleum products and supports industrial and export needs. (Tüpraş)

2. Private Sector & International Companies Operating in Turkey

SOCAR Turkey: Established in 2008, SOCAR Turkey is the largest foreign investor in Turkey's energy sector, focusing on refining, petrochemicals, and gas transportation. The company owns STAR Refinery, with an annual refining capacity of 10 million tons, and Petkim, Turkey's leading petrochemical producer. SOCAR is also a key partner in TANAP, which transports Azerbaijani gas to Turkey and Europe. Shell Turkey – Established in 1923, Shell Turkey operates in fuel retail, LNG imports, and petrochemicals

ExxonMobil Turkey – ExxonMobil operates in fuel distribution, lubricants, and offshore exploration.

The company provides aviation and marine fuels and collaborates with TPAO on Black Sea offshore exploration. ExxonMobil is also investing in carbon capture technologies as part of Turkey's energy transition.

BP Turkey – BP Turkey is a key player in fuel marketing, refining, and energy trading. It operates a network of fuel stations and supplies aviation and marine fuels. BP is investing in renewable energy and efficiency projects, aligning with Turkey's decarbonization goals.

Chevron Turkey – Chevron engages in natural gas trading and exploration. The company is involved in deepwater gas extraction and carbon capture projects, supporting Turkey's clean energy transition.

TotalEnergies Turkey – TotalEnergies operates in fuel retail, natural gas trading, and renewables.

The company signed a 10-year LNG supply agreement with BOTAŞ in 2024 and is investing in solar and wind energy projects.

Eni Turkey – Eni focuses on natural gas trading, refining, and offshore exploration. The company invests in gas infrastructure and LNG trading, helping Turkey reduce reliance on pipeline gas imports.

Vitol Turkey – Vitol is a global energy trading company that manages oil and gas imports, storage, and distribution in Turkey. It is expanding investments in LNG terminals, ensuring flexible and diversified gas supplies.

Lukoil Turkey – Lukoil operates fuel stations and oil trading businesses in Turkey. The company is a key player in Russia-Turkey oil trade agreements, supplying gasoline, diesel, and lubricants.

Gazprom Turkey – Gazprom is Turkey's main natural gas supplier through long-term contracts with BOTAŞ. The company operates TurkStream, delivering Russian gas to Turkey and Europe, and is expanding gas storage facilities.

Recent Developments & Trends in Turkey's Oil & Gas Sector (2024-2025)

Turkey's oil and gas sector has witnessed significant changes in 2024 and 2025, reflecting the country's efforts to enhance energy security, diversify supply sources, and assert its role as a regional energy hub.

1. Shale Exploration and International Partnerships (2025) - In March 2025, Turkey's national oil company TPAO announced a joint venture with U.S.-based Continental Resources and TransAtlantic Petroleum to develop shale fields in the Diyarbakır and Thrace Basins. This move aims to unlock Turkey's unconventional oil and gas reserves, potentially reducing energy import dependence and boosting domestic production. The CEO of Continental Resources, Doug Lawler, emphasized Turkey's significant untapped potential in unconventional energy resources.

2. Diversification of Crude Oil Imports (2025) - In March 2025, Turkey's largest oil refiner, Tüpraş, diversified its crude oil sources by importing its first cargo of Itapu crude from Brazil. This marks a shift from heavy reliance on Russian crude oil, aligning with Turkey's efforts to mitigate risks associated with geopolitical tensions and market volatility. The move comes in response to sanctions on Russian energy exports and Turkey's ongoing search for alternative crude suppliers.

3. Discovery and Development of Domestic Oil Reserves (2025) - In early 2025, Turkey discovered new oil reserves in the Gabar region of Şırnak province, further advancing its energy self-sufficiency goals. Following these discoveries, Turkey plans to conduct 270 new drilling operations in 2025 to boost domestic oil and gas production. These initiatives align with Turkey's long-term strategy to reduce reliance on imported energy and strengthen its energy independence.

4. Expansion of Natural Gas Imports via Regional Cooperation (2024) - In late 2024, Turkey strengthened regional energy cooperation by securing an agreement with Turkmenistan to import natural gas via Iran. This deal is part of Turkey's broader strategy to diversify its natural gas sources, ensuring energy supply security while reinforcing its position as a key energy corridor between resource-rich nations and European markets.

5. Resumption of Oil Exports via Iraq-Turkey Pipeline (2024) - In November 2024, after a prolonged suspension due to legal arbitration disputes, oil exports from Iraq's semi-autonomous Kurdish region via the Iraq-Turkey pipeline were resumed. This reactivation is expected to restore significant oil flows, benefiting both the Iraqi and Turkish economies, and reinforcing Turkey's role as a key transit country for regional oil exports.

Conclusion on Turkey's Oil and Gas Sector

Turkey's oil and gas sector remains a critical component of its economy. While import dependency remains high, domestic exploration and investments in LNG infrastructure are paving the way for greater energy security. Key pipelines like TANAP and TurkStream reinforce Turkey's role as a regional energy hub. The government's focus on energy efficiency, infrastructure expansion, and renewable investments will further shape Turkey's long-term energy strategy.

Turkey's Oil & Gas Industry: Market Overview 2025

Map of the key EastMed natural gas infrastructure and Israeli fields (composed by the authors)

Eastern Mediterranean: A Strategic Hub for Gas Exploration and Production

The Eastern Mediterranean region, encompassing countries like Israel, Egypt, Cyprus, Turkey, Jordan, and Lebanon, has emerged as a focal point for oil and gas exploration and production (E&P) activities. Despite geopolitical challenges and recent conflicts, the region's substantial natural gas reserves continue to attract significant interest from both regional and international energy companies.

Israel's Expanding Gas Production and Exports Israel boasts natural gas reserves estimated at approximately 1,000 billion cubic meters (bcm). The country currently produces around 25 bcm annually, with domestic consumption at about 13 bcm. Israel exports approximately 3 bcm per year to Jordan and 6 bcm per year to Egypt.

Expansion plans are underway to increase the capacities of major fields:

- **Tamar Field:** Expansion from 11 to 12 bcm.
- **Leviathan Field:** Expansion from 12 to 14 bcm annually.
- **Karish Field:** Expansion to 7.5 bcm annually.

In October 2023, Israel's Ministry of Energy awarded 12 new exploration licenses to six companies, including consortia led by Italy's Eni and a partnership between Azerbaijan's Socar and BP, both involving Israeli partners.

Egypt's LNG Ambitions Amid Domestic Challenges

Egypt possesses natural gas reserves totaling approximately 2,200 bcm. In 2022, the country produced about 67 bcm, consuming 61 bcm domestically and importing around 6 bcm of pipeline gas from Israel. Egypt exported approximately 10 bcm of liquefied natural gas (LNG) during the same period. However, several legacy fields are experiencing rapid depletion, leading to domestic energy shortages and frequent power outages. To address declining production, Egypt plans to lease a German floating gas liquefaction unit to bolster output from the Zohr offshore gas field, aiming to meet rising domestic demand during peak seasons.

Cyprus's Untapped Potential

Cyprus holds an estimated 430 bcm in natural gas reserves but currently lacks production and development projects. The country plans to commence LNG imports via a floating storage regasification unit (FSRU) in 2024 and aims to proceed with the development of its Aphrodite field, estimated at 105 bcm. Recent agreements between Cyprus, Egypt, and energy companies Total and Eni aim to transport Cypriot natural gas to Egypt for liquefaction and export, marking a significant milestone in regional energy cooperation.

Turkey's Strategic Developments

Turkey has discovered over 700 bcm of natural gas reserves and aims to achieve an output of approximately 3.5 bcm from the first phase of its offshore Sakarya field. With an annual consumption ranging between 45-60 bcm, Turkey remains heavily reliant on imports from Russia, Iran, Azerbaijan, and LNG sources. In a strategic move to enhance domestic production, Turkey's national oil company TPAO has partnered with U.S.-based Continental Resources to develop shale fields in the Diyarbakir Basin, signaling a push toward increased domestic production.

Lebanon's Exploration Efforts

Lebanon has engaged in exploration activities through collaborations with TotalEnergies, Eni, and QatarEnergy. However, no significant discoveries have been made to date, and the country does not currently consume natural gas. Plans to import gas from Egypt, potentially involving Israeli sources via Jordan and Syria, have not progressed.

Ongoing and Future Export Projects

The region's current export landscape includes Israel's exports to Jordan and Egypt, totaling about 9 bcm annually, and Egypt's LNG exports amounting to approximately 10 bcm per year. To further enhance export capacities, several projects are under consideration:

- **Cyprus-Egypt Collaboration:** Plans to develop the Aphrodite field and export 6 bcm annually to Egypt for liquefaction and onward export.
- **Israel's Expansion:** Increasing production capacities in major fields to boost exports to neighboring countries and potentially new markets.

Geopolitical Dynamics and Regional Cooperation

The Eastern Mediterranean's potential as a natural gas hub has led to efforts at reconciliation and joint exploration among neighboring countries. However, geopolitical tensions, territorial disputes, and macroeconomic uncertainties continue to pose challenges to fully realizing the region's energy potential. Collaborative initiatives, such as the Eastern Mediterranean Gas Forum, aim to foster cooperation and create a stable environment for energy development and export.

The Eastern Mediterranean remains a pivotal area for oil and gas exploration and production. Despite challenges, the region's substantial natural gas reserves offer significant opportunities for domestic energy security and international export. Continued collaboration among regional players and strategic partnerships with international energy companies are essential to unlocking the full potential of the Eastern Mediterranean's energy resources. ■

Sources: U.S. Energy Information Administration (EIA), Reuters, Tüpraş, BOTAŞ, TPAO, AP News, Financial Times, Turkiye Today, Offshoremag, Offshore Technology

GI NOC Series