

**OIL**

## Winners of International Tender Chosen in Turkmenistan

The Turkmen corporation Balkaneftekhimprom and the American-Turkish alliance of Oil Capital (U.S.) and Lapis Holding (Turkey) signed an agreement November 16 to form a joint venture (on production sharing terms) to complete exploration and develop three offshore oil fields in the southern Caspian - Gubkin Bank, Barinov Bank, and Livanov Bank. The 25-year contract may be extended.

The alliance won the right to form a JV in an international tender; results of the tender held during the summer were announced in Ashkhabad November 15-16. The tender featured three blocks in western Turkmenistan, two of which are on land (one includes Burun field, the other Barsa-Gelmez field) and one offshore field on the Turkmen shelf.

Aman Esenov, first deputy minister of oil and gas in Turkmenistan, said in an interview with Interfax that the alliance offered the largest bonus (initial payment for the right to use underground resources) of \$30 Mn; the tender had specified a minimum bonus of \$27.6 Mn.

Esenov said the alliance is willing to invest "at least \$50 Mn" in JV operations over five years. Investment over the entire contract may reach \$250-300 Mn.

Esenov also said that 50% of the oil produced at the fields will be owned by Turkmenistan, and the remainder will be divided among JV partners. Balkaneftekhimprom Chairman Khiakim Ishanov told Interfax that Turkmenistan will actually receive "more than 75%" of the profits under the contract. Ishanov said that in accordance with current laws the JV will be assessed a 25% profit tax, a 10% tax on products sold at the border, and a 1% property tax.

Occidental Petroleum (U.S.), which offered a bonus of over \$20 Mn, has won a tender for the right to explore and develop an oil and gas block in western Turkmenistan. Burun oil field has already been identified on the block, with commercial reserves of roughly 35 Mn tons. Burun will produce 300,000 tons of oil a year.

Esenov told Interfax a contract to form a JV with the American company will be signed within the next month "after certain conditions have been worked through."

The block containing Barsa-Gelmez field (31 Mn tons of oil, annual production projected at 1.2 Mn tons) was not awarded. One of the tender organizers, president of the American company Wavetech Geophysical, Edward Handelman, told Interfax "the companies bidding in the tender were unable to digest all of the information on the field in time." He said the block will either be included in a later tender or awarded separately.

Other bidders in the tender included British Gas (Great Britain), Unocal (U.S.), Canadian Oxy (Canada), Larmag (The Netherlands), Turkish Petroleum (Turkey), Enterprise (Great Britain), Usaha Tegas (Malaysia), Oxelot (Canada), Arco, (U.S.), and Chevron (U.S.).

## Russian Government Finalizes Formalities to Receive IBRD and EBRD Oil Loans...

The Russian government passed Resolution No 1153 November 11 to confirm an agreement signed with the European Bank for Reconstruction and Development in Moscow August 5 for a loan (up to \$300 Mn) to restore oil and gas wells in western Siberia, and an agreement for a loan (more than \$600 Mn) known as the so-called Rehabilitation Loan for the Russian oil industry signed August 12 with the International Bank for Reconstruction and Development.

EBRD representatives in Moscow told Interfax that the resolution will serve as the legal prerequisite to put the agreement in motion and begin disbursement of the loan to Russia.

Both loans will be used to finance a \$1.1 Bn project to increase oil production by the western Siberian associations Kogalymneftegaz, Purneftegaz, and Varieganneftegaz (see Oil & Gas Report N 35 of September 3, 1993). Part of the EBRD loan (\$60 Mn) will be allocated to another western Siberian association, Nizhnevartovskneftegaz.

The government also passed Resolution No 1154 November 12 which based on proposals from government departments, including the Ministry of Justice, instructed Minister of Fuel and Energy Yuri Shafranik to sign the EBRD agreement on behalf of the government.