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First Komi Bidding Won by Occidental

Los Angeles — Occidental Petroleum Corp. is the successful bidder in the first round of tenders for joint exploration and production rights in the Russian Republic of Komi, the company said June

While other Western companies have negotiated E&P deals with Komi — such as British Gas, Gulf Canada and Total — an advisor who has worked with Komi in setting up its bidding said Occidental is the first to be awarded acreage through a bidding process. They won by far the most attractive block in this bidding round," Jack Holton of Denver-based Wavetech Geophysical Inc., said.

Occidental said its wholly-owned subsidiary, Occidental of the Republic of Komi Inc., submitted a successful bid of \$10.1-million for exploration and development rights to the 1.5-million-acre Block 15 located in the Timan Pechora petroleum basin in the Republic of Komi. Block 15 lies just south of the Arctic Circle and west of the Ural mountains near the town of Ukhta.

Following the award on May 29, 1992, Occidental and Ukhtaneftegasgeologica (UNGG), one of Komi's petroleum enterprises, signed a contract estab-

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lishing the Parmaneft exploration and development joint venture in which Occidental has 75% interest and UNGG 25%. Holton said those terms were particularly attractive for Occidental, as many of the earlier deals negotiated one-on-one in Russia involved a 50-50 split between the Western company and the Komi government.

The Occidental joint venture contract has a 5-year exploration term and a 25-year development period.

Occidental will pay 100% of the exploration costs and has the option to discontinue exploration at the end of each contract year.

The contract becomes effective after its registration in the Russian Federation Ministry of Finance.

Ray R. Iraoui, Occidental chairman, president and CEO said, "Our block is located in the midst of a basin where four billion barrels of oil have been found." According to Colton, Occidental should be drilling by this fall.

"This is the first award stemming from a bidding round, rather than through three years of negotiations," Holton said. "Oxy will almost be operating immediately." He said all taxes will be spelled out in the contract, "so you are not left not knowing."

A crude pipeline with surplus capacity is located about 30 miles from identified prospects in the block, according to Occidental. Exploration activities will begin as soon as possible with the reprocessing of 2,000 km of existing seismic data and the initiation of a 1,300-km seismic recording program. Holton said Occidental has extensive seismic data on the region "and they pretty well know what they have."