

Soviets to take bids for gas, oil leases

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HOUSTON — Plans for the first competitive sale of oil and gas leases in the Soviet Union, touted as a dramatic departure from past policy, were announced Tuesday by Soviet representatives and officials of a Denver-based company.

Some 90,000 square kilometers of the Soviet Turkmen Republic will be available for sealed bids by non-Soviet oil and gas firms in an arrangement worked out during the past year by Geointertech, a joint venture of the Ministry of Geology of the Soviet Union and Wavetech Geophysical Inc., of Denver.



GABRIELYANTS

Bids will be taken until Sept. 25 for blocks of about 100 square kilometers in the primarily desert republic in the southwestern part of the Soviet Union, bordering the Caspian Sea. Iran and

Afghanistan.

"I don't think the current political situation should greatly concern Western companies," said G.A. Gabrielyants, the Soviet Minister of Geology, referring to the turmoil in the Soviet Baltic republics.

"There are problems I'm sure you're aware of. They're natural when going from one (economic) system to another."

He also noted that the Baltics were thousands of miles from Turkmen Republic and have virtually no oil and gas potential.

Edward Gendelman, president of Wavetech, said contract and lease terms will replace the protracted and often frustrating direct negotiations that several Western oil and gas companies have attempted with the Soviet government.

"The utilization of outside capital, exploration and production expertise and technologies will allow relatively rapid development of these oil and gas reserves, providing the world markets with an alternative and long-term source of petroleum outside the Middle East," Gendelman said.

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Soviet competitive bid process shaping up

Details are slowly emerging on first time availability of Soviet exploration and production tracts for competitive bidding by non-Soviets.

The Soviets will accept bids for defined exploration or producing areas in the Turkmen S.S.R. and provide the bidder, if successful, exclusive rights to operate under set terms that conform with Soviet joint venture law.

Successful bidders will then sign joint venture/operating agreements with appropriate Soviet agencies.

A large Soviet delegation will attend a meeting Jan. 30, 1991, in Houston to present

preliminary tracts, terms, and conditions (OGJ, Nov. 19, Newsletter).

Next will come publication of a detailed list defining the tracts available for bid, describing terms and conditions, and setting a sealed bid deadline.

Confirmation of winning bids is expected shortly after bid opening.

The first two areas up for bids are the Yashlar sector in Amu-Daria Province and the West Turkmenian sector in South Caspian Province.

A second round a few months later will include tracts in the Tedzhen and

Badkhyz areas of Amu-Daria (see map, OGJ, Sept. 3, p. 38).

Exploration tract size probably will 25-100 sq km, or 6,000-25,000 acres, said Edward Gendelman, president of Wavetech Geophysical Inc., Denver.

Planning to attend the meeting are G.A. Gabrielyants, minister of geology of the U.S.S.R.; B.A. Nikitin, first deputy minister of oil and gas industry; and about eight other top officials of the Komi and Turkmen republics, regional production associations, and industry related organizations.