

A first for the U.S.S.R.: Competitive bids to be sought for E&D rights

The Soviet Union has taken the historic step of opening part of its territory to competitive bidding for oil and gas exploration and development by non-Soviet companies.

Two areas in the South Caspian and Amu-Daria petroleum provinces in Turkmen Soviet Socialist Republic (SSR) are being offered by the U.S.S.R. Ministry of Geology and the government of the Turkmen republic. One area lies near Chardzhou, where there is 60,000 b/d of refining capacity.

The areas cover a combined 34,749 sq miles and are highly prospective, said Edward Gendelman, president of Wavetech Geophysical Inc., Denver. They have existing major hydrocarbon production, well developed infrastructure, and favorable climate.

Small tract competitive bidding will be employed to select participating western companies. Size of the tracts was not disclosed.

The Soviets and successful bidders are expected to sign exploration and production agreements that conform with existing Soviet legislation on joint ventures.

The bidding expected to result from the Soviet initiative is not expected to be a one of a kind occurrence. The Soviets are considering a few additional territories for future rounds of bidding.

Introductory process

The appropriate Soviet organizations intend to make the invitation to bid available next November or December, when high level Soviet oil and gas officials plan to visit the U.S.

The purpose of the visit will be to disclose details related to the potential of the offered

Extensive exploration data sets will be available at that time.

Wavetech and Vnigni, a branch of the U.S.S.R. Ministry of Geology, will exclusively compile and distribute comprehensive exploration data on the areas to be opened for bids.

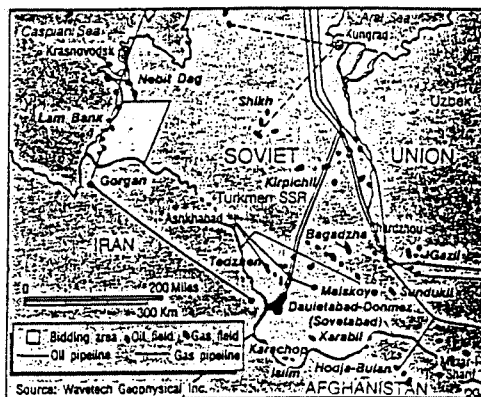
Sources of the announcement of the bidding opportunity are G.A. Gabneyants of the Ministry of Geology and N.T. Souyounov, general director of production association Turkmengeologia, acting on behalf of the republic's government.

Oil, gas potential

Soviet explorationists rate the resource potential of the offered territories as very high, even by Soviet standards, Gendelman said.

Among the large existing oil and gas/condensate fields in the areas is 965 sq mile Dauiletabad-Donmez field.

Where the Soviets will seek bids



In spite of the large fields, the areas are largely undrilled and hold more than 100 major undrilled, prospective structures, Soviet data show. A big part of the areas contains widespread Jurassic salt deposition with major unexplored objectives and potential below it.

A well understood, fair, and uniform method of bidding for exploration rights will allow western oil companies of all sizes relatively easy access to large Soviet reserves,

Gendelman said.

At the same time, the Soviets can expect a more equitable overall return on their resources and significantly accelerated and more efficient development of their reserves and infrastructure.

Wavetech and Vnigni are preparing a major study of the Pre-Caspian oil and gas province holding other areas being considered for leasing.

The study will be released to the industry by year-end, Gendelman said.

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Soviet Union Kicks Off Western-Style Auction

From Wire Reports

HOUSTON — A delegation of oil experts from the Soviet Union said most of the world's leading oil companies were to attend the country's first Western-style bidding for oil and gas leases which began Wednesday in Houston.

H.A. Akhmedov, prime minister of the Turkmen Republic, where the first leases will be offered, dismissed concerns about the effect the crackdown in the Baltic Republics might have on oil and gas production bids by Western companies.

Speaking through an interpreter, Mr. Akhmedov said: "I don't think it will have a great effect. The situation has been more and more stabilized. All the Soviet Republics want the situation stabilized."

The bidding, directed by Wavetech Geophysical Inc. of Denver, is part of a joint venture with the Ministry of Geology of the Soviet Union.

There were no last minute cancellations as a result of recent vio-

lence in Lithuania, said Jack Holton, vice president of exploration and production for Wavetech. A total of 13 Lithuanians died after Soviet troops seized a television station.

"The mix of companies represents a mix of all the international oil and gas companies that exist in the world," Mr. Holton said.

"There will be a lot from the United States... Europe, Japan and Australia. The interest seems to be uniform throughout the world," Mr. Holton said.

The first sales will be held in the fall of 1991 and involve tracts in the Turkmen Republic in the southwestern part of the Soviet Union, adjacent to the Caspian Sea.

The Turkmen Republic's reserves are estimated to contain more than 10 trillion cubic meters (about 353 trillion cubic feet) of natural gas and 1 billion metric tons (about 7.33 billion barrels) of oil, said V.A. Dvurechensky, deputy chairman of the State Geological Committee.