

CASPIAN ENERGY

AZERBAIJAN INTERNATIONAL ANALYTICAL JOURNAL

FEBRUARY-MARCH 1(8) 2001

**Main export gas pipeline
of Azerbaijan
becomes a
reality**

TURKEY



**ОСНОВНОЙ ЭКСПОРТНЫЙ
ГАЗОПРОВОД АЗЕРБАЙДЖАНА
СТАНОВИТСЯ РЕАЛЬНОСТЬЮ**

NATIG ALIYEV:

Turkish economic crisis,
is not going to have
a negative impact upon
the Shakh-Deniz project realization.

НАТИГ АЛИЕВ:

"ЭКОНОМИЧЕСКИЙ КРИЗИС В ТУРЦИИ НИКАК НЕ ПОВЛИЯЕТ НА
РЕАЛИЗАЦИЮ ПРОЕКТА "ШАХ-ДЕНИЗ"



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Address of Mr. Natig Aliyev, the President of State Oil Company of Azerbaijan Republic (SOCAR), to the readers of CASPIAN ENERGY

Обращение Президента Государственной Нефтяной Компании Азербайджанской Республики (ГНКАР) Натига Алиева к читателям журнала CASPIAN ENERGY

Dear readers of CASPIAN ENERGY!

With great pleasure I would like to inform you that on the 28th May it would be 2 years since the first issue of the only international analytical journal CASPIAN ENERGY has been published in Azerbaijan. The journal is dedicated to development of the Caspian energy projects as well as fields of the economy, which are somehow or other related to the oil and gas sector.

There have many milestones happened for SOCAR over the past two years. The major ones of them are as follows: discovery of the largest reserves of natural gas on the Shah Deniz field, offshore Azerbaijan, establishment of the Sponsor Group to fund the Baku-Tbilisi-Ceyhan Main Export Pipeline Project.

The long-term agreement on kicking off export of Azeri gas to Turkey has recently been concluded during the visit of President Heydar Aliyev of Azerbaijan to Turkey. The agreement will enable Azerbaijan to transport its "blue fuel" towards the European market.

I am glad that the mentioned milestones as well as all things around them were highlighted and are being covered on the pages of CASPIAN ENERGY. The journal is distributed in 21 countries worldwide. Providing on-the-fly and professional coverage of the Azeri oil strategy in its issues, CASPIAN ENERGY contributes to attracting new investments in the country and new partners for SOCAR. I would like to congratulate editorial staff on issuing its jubilee issue of CASPIAN ENERGY. I wish the staff members of the journal to highlight the work in Fuel and Energy Complex of Azerbaijan and Caspian states in the same impartial and circumstantial manner as it is being done at the moment.

President of SOCAR
Natig Aliyev



Уважаемые читатели журнала
CASPIAN ENERGY!

С удовлетворением сообщая Вам, что 28 мая исполняется два года со дня выхода в свет первого номера единственного в Азербайджане международного аналитического журнала CASPIAN ENERGY, посвященного развитию каспийских энергетических проектов, а также отраслей экономики, так или иначе связанных с нефтегазовым комплексом.

За два года произошло много важных для ГНКАР событий. Основные из них - обнаружение крупнейших запасов природного газа на месторождении "Шах-Дениз", создание Спонсорской Группы по финансированию проекта строительства Основного

Экспортного Трубопровода Баку-Тбилиси-Джейхан. Недавно в ходе визита Его Превосходительства, Президента Азербайджанской Республики Гейдара Алиева в Турцию был подписан долгосрочный договор о начале экспорта азербайджанского газа в Турецкую республику, который открыл перед Азербайджаном возможность транспортировки своего "голубого топлива" на европейский рынок.

Я рад, что эти события, а также все происходящее вокруг них, нашли и находят свое отражение на страницах CASPIAN ENERGY. Журнал распространяется в 21-ой стране мира. Оперативно и квалифицированно освещая нефтяную стратегию Азербайджана в своих изданиях, CASPIAN ENERGY способствует привлечению в страну новых инвестиций и новых партнеров ГНКАР.

Я поздравляю редакцию журнала с выходом в свет юбилейного номера CASPIAN ENERGY. Желаю коллективу журнала и в дальнейшем освещать работу ТЭК Азербайджана и прикаспийских стран так же объективно и обстоятельно, как это делается сегодня.

A handwritten signature in dark ink, which appears to read "N. Aliyev". The signature is stylized and written in a cursive-like font.

Президент ГНКАР
Натиг Алиев

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MAIN EXPORT GAS PIPELINE OF AZERBAIJAN BECOMES A REALITY

The funding basis for the Main Gas Pipeline of Azerbaijan is laid

The official visit of President Heydar Aliyev of Azerbaijan to Turkey on March 12-17 can boldly be called not just a historical one.

The meetings between the Azeri ruler and President Ahmet Necdet Sezer of Turkey, Prime Minister Bulent Ecevit, Turkish Chief of General Staff Huseyin Kivrikoglu, Foreign Minister Ismail Cem, ex-President Suleyman Demirel, Parliament Speaker Omar Izgi, Nationalistic Movement Party Leader Devlet Bahçeli and Deputy Prime Minister, Motherland Party Leader Mesut Yilmaz have taken place during the visit. The President of Azerbaijan has also addressed the Turkish Parliament. The words of Heydar Aliyev that "Turkey belongs not just to itself but also to all Turkish people" were acclaimed. During the visit the President of Azerbaijan has discussed with the officials the issues relevant to settlement of the Karabakh conflict. Presidents Aliyev and Sezer participated in a joint conference of Commanders-in-Chief of the Military Academies of Turkey.

A number of interstate and intergovernmental documents including joint Communiqué of the Turkish and Azeri Presidents, agreements on cooperation between the Ministries of Justice and Culture as well as financial institutions of the both states have been signed within the framework of the visit.

but also one of the most effective visits for the period of the Azeri-Turkish



relations. An intergovernmental agreement "On delivery of the Azeri gas to the Republic of Turkey in 2004-2018" and similar agreement between SOCAR (gas supplier) and state-run company BOTAS (buyer of the gas) were signed. The Turkish party committed to import natural gas from Azerbaijan in the amount of 79.7bn cubic meters within 15 years. The first agreement was signed by vice-premier of Azerbaijan Abid Sharifov and Minister of Power Engineering and Natural Resources of Turkey Mr. Djumhur Ersumer, the second one was signed by SOCAR President Natick Aliyev and Gekhan Yardim. According to the deal the gas from offshore field of Shah Deniz will be delivered to Turkey in 2004 (2bn cubic meters), in 2005 (3bn cubic meters), in 2006 (5bn cubic meters), in 2007-2018 (6.6bn cubic meters a year).

Blue fuel is supposed for transportation to Erzurum, a Turkish city, through existing 490-km gas pipeline section in Azerbaijan (to the Georgian border). The pipeline sections in Georgia and Turkey (280km each) are to be built.

Establishment of gas sponsor group to construct the Azeri Main Export Gas Pipeline (MEGP) is almost started

The establishment of "gas sponsorship group" on construction of the Azeri Main Export Gas Pipeline (MEGP) is almost started. The point is that the specifics of gas export towards the world markets presume availability of not only guaranteed volume (Shah Deniz field in our case), but also secured sales market. Availability of such the agreement will allow contractors on the Shah Deniz



project getting down to implementation of one more strategic project - export of the Azeri gas to the world markets.

It has been stressed by President Aliyev at press conference in Ankara where President of Turkey has taken part. "The event is of historical importance for Azerbaijan as the country for the first time gets a chance to export own gas to the world markets", the President Aliyev said. The leader of the state also noted that the agreement would stimulate both development of the Azeri-Turkish relations and implementation of other projects in the region. Thereby, the President of Azerbaijan added, "the gas purchase and sale agreement represented an initial stage for "big gas" export from Azerbaijan".

INTERESTING FAVOURABLE ASPECT

Judging by what Mr. Djumhur Ersumer has stated to "Caspian Energy" in his exclusive interview, "at the moment Turkey has 7 long-term contracts with five states on procurement of gas to the tune of 61.2bn cubic meters". That can be considered as an interesting favourable aspect of the agreement because just one contract with Azerbaijan stipulates import of about 80bn cubic meters of gas to Turkey.

If you take into account the statements of the Turkish official sources on existing diversification of the gas import sources in Turkey, such as:

Today the main portion of gas imported by Turkey (about 70%) is provided by Russia and the rest 30% are supplied by Algeria and Nigeria.

as well as the fact that earlier Turkey has officially stated about what the Turkmenian gas would be only bought if it is shipped through the Trans-Caspian gas pipeline - one can easily assume that the Trans-Caspian Gas Pipeline Project "did not die" and will be given incentive in its development.

According to Mr. H.Aliyev, in future Azerbaijan is going to increase transportation of gas to the western markets and for that purposes a new high-capacity gas pipeline linking Azerbaijan and Turkey will be constructed. The export gas pipeline will be laid in parallel to the

Baku-Ceyhan oil pipeline that is to be laid in Azerbaijan, Georgia and Turkey.

COMMENTS

The next day after the signing press secretary of the US State Department Mr Richard Baucher stated that he welcome the agreement concluded on March 12 in Ankara on delivery of the Azeri gas to Turkey. In his statement Mr. Baucher said: "The US welcome the agreement that still more reinforce the East-West transport corridor consisting of future oil pipeline on the Actau to Baku to Tbilisi to Ceyhan route, as well as the Baku-Supsa and Baku-Novorosiysk oil pipelines and the Caspian pipeline consortium (CPC)". Mr. Richard Baucher also noted that the US supported commercially acceptable routes for transportation of the Caspian hydrocarbons. "Similar project strengthen the political, economic and commercial cooperation amongst the countries in the region and reinforce its economic security", the statement says.

President Eduard Shevardnadze of Georgia also has welcome the gas purchase and sale agreement signed between Azerbaijan and Turkey. Making a speech in the sitting of the government in Tbilisi he called the document "a new step towards stability and might of Caucasus". Mr. Shevardnadze has underlined extraordinary importance of the agreement for Georgia via which gas from Shah Deniz field would be transported to Turkey. The Georgian ruler also sent letters of congratulation to the presidents of Azerbaijan and Turkey in connection with signing the agreement on gas.

In his turn, the President of the

Shah Deniz field is located 60km to the southeast of Baku. It was discovered two years ago. The gas reserves of the field are estimated to be 700bn -1 trillion cubic meters. BP Amoco is the operator on development of the field (the company holds 25.5% of shares in the PSA). Besides BP Amoco, there are following participants in the project: Statoil (25.5%), SOCAR (10%), LUKoil (10%), TatalFinaElf (10%), OIEC (10%) and TPAO (9%).

Georgian International Gas Corporation (GIGC) Mr. Alexis Gotseridze stated that Georgia would have considerable dividends as a result of transiting the Azeri gas to Turkey.

He noted that the payment for the transit would be through either gas or currency. It should be noted that Georgia has a significant deficit in gas. All the details related to the transportation of the gas through Georgia would be discussed during upcoming negotiations on working out intergovernmental agreement between Georgia, Azerbaijan and Turkey, Mr. Gotseridze said.

GIGC's head noted that presently two options for transportation of gas via Georgia were under consideration: the first one relates to construction of new 250-km pipeline, the second one stipulates usage of existing gas pipeline (a new 120-130km section will have to be built to provide a connection to already existing pipeline). One of the options will be selected during negotiations with partners on Shah Deniz project. In Mr. Gotseridze's opinion, the construction of the gas pipeline will be completed by the end-2003.

The agreements signed in Ankara have also highly appreciated in Baku. The British company BP Amoco and its partners on the gas-condensate field of Shah Deniz stated that they welcome the signing of the agreement, which would enable export of the Azeri gas in future. "The agreements are considered to be a considerable achievement of the working groups from the both states", it is said in press release distributed by the Baku representative office of BP Amoco's press service. They provide commercial and legal frameworks for development and production at Shah Deniz field that, according to the president of BP Exploration (Shah Deniz) Ltd. Mr. Rashid Djavanshir, "is one of the most competitive and reliable sources of natural gas to supply growing demands of Turkey in energy recourses".

WHAT HAS BEEN ALREADY DONE...

The new gas project enables consolidation of the energy corridor from Caspian Sea to the West. In that regard

both the Shah Deniz gas export project and BTC Main Export Pipeline project despite differences in the commercial and legal statuses are decision elements for the oil and gas infrastructure unifying the Caspian basin with Turkey and world markets through Georgia. Anticipating a possibility of selling "early gas" to Turkey, the partners of Shah Deniz project have already executed vast engineering survey to optimise the methods for development of the wells and already drilled three wells to appraise sizes and productivity of gas-bearing formation. According to initial plans, it will be necessary to construct new offshore production platform, subsea pipeline to new gas terminal onshore and new export pipeline from Azerbaijan via Georgia to the Turkish border. BOTAS will construct new 250-km pipelines from the Turkish border to Erzerum, from where gas will get into the main gas distribution system of Turkey. Total expenditures of "early gas" production are estimated to be \$2bn to \$2.5bn. The funds will be spent for construction of new offshore production platform, subsea pipeline, and onshore gas storage system, new gas process installation. The reconstruction of the Azeri section of the gas pipeline and construction of new pipelines in Georgia and Turkey are assessed to be no more than \$600m in cost. "We have been operating at the Turkish market for about 90 years and believe that we will be able to become a reliable partner for Turkey on natural gas shipments", the press-service of the British company noted.

PRICE POLICY

As far as the price policy of Azerbaijan is concerned it is fondly to suppose that Turkey or anybody else from a number of the foreign partners of Azerbaijan would sacrifice any economic dividends for the sake of political welfare. As it is known, regulation of such the mutual relations is done on the basis of the market rules, which are sometimes hard to forecast.

According to head of the SOCAR's Foreign Investment Department Mr. Valekh Aleskerov, at the moment nobody can state a price at which Turkey is going to export gas because the price is linked to numerous constituents. In particular, it is linked to quotations for such oil products as diesel, black oil, etc.

However, it is already known that a price for 1,000 cubic meters of gas will be ranging from \$70 to \$120.

So, there is no point to state on fixed long-term prices because the economic parameters determining the balance of demand and supply at the Turkish gas market have not been considered to be stable. The energy capacity of the market is increasing. According to forecasts, in Turkey in 2012 natural gas will become a prevailing component in annual energy generation, providing 46% of total energy, but by 2020 a need in gas in Turkey will be in 5 times greater compared to 2000. In addition, such a factor of price-formation policy as availability of enough quantity of competitors is of great importance for SOCAR. Already at the moment, (despite early statement of Turkey about what the Turkmenian gas will only be transported through the Trans-Caspian pipeline), a 1,545km Main East-Anatolia gas pipeline is being built for gas transportation from Iran and Turkmenistan to different countries in the region. The Samsun-Ankara gas pipeline is also being constructed; the pipeline is a part of Turkish section of the Blue Stream Pipeline means for pumping 16bn cubic meters of gas.

SUMMARY

1. ECONOMY

Thus, having signed "the gas agreement" Azerbaijan has reserved a number of advantages.

1. Made the entrance to the European gas market available for own use
2. Pegged certain segment of the Turkish market for use in future
3. Again stated about opportunity of revival of the Trans-Caspian gas pipeline project
4. Confirmed own resoluteness to further develop the Eurasian transport corridor

On the other hand, if there are some commercial disadvantages of the agreement they will be visible in future when the prices for the Azeri gas will be defined taking into account not just a situation on the markets worldwide but also prime cost of production and shipment of "the blue fuel".

At the present stage, defining "price-formation method" for gas it is difficult enough to make mistake because only qualitative and quantitative parameters of the exported gas are used in the formula.

2. POLICY

If you start assess the political pluses and minuses of the agreement it is worthwhile to mention that there is only one favourable aspect for Azerbaijan - through attraction of more and more international investment Azerbaijan is approaching settlement of "the conflict of the century" and, of course, return of lands seized by Armenia.

On the other hand, alike the situation 7 years ago when Azerbaijan entered into the contract of the century, intensifying pressure from Iran, and possibly Russia, in the negotiating process on the Caspian status may have disadvantageous effect of the agreement. That may also negatively affect countries interested in the Trans-Caspian export corridor. As a result, most likely the share of the Russian oil and gas companies in the Caspian projects will increase and greater number of the international European companies will be attracted to operation in Iran.

Despite above stated, a persistence in policy of granting concessions and compromises in asserting own interests not only at international political arenas but also on the world raw materials markets is still a pledge of success for the political and economic strategy of Azerbaijan.

Anyway, in similar deals Azerbaijan, i.e. SOCAR, have already taken equal positions with the other parties.

Knowing that the official sources have already stated on a readiness to make concessions. In particular, advisor to President Heydar Aliyev of Azerbaijan on energy Mr. Ali Asadov has stated: "The price-formation strategy for the gas export will be undertaken by the Azeri government such that even competitors desire to buy our raw materials".

Thereby, degree of readiness of Azerbaijan to compromise is unknown; that become obvious from numerous mass-media that state different prices for the Azeri gas export.



ОСНОВНОЙ ЭКСПОРТНЫЙ ГАЗОПРОВОД АЗЕРБАЙДЖАНА СТАНОВИТСЯ РЕАЛЬНОСТЬЮ

Основа для финансирования Основного Газового Трубопровода Азербайджана заложена

Состоявшийся 12-17 марта официальный визит президента Азербайджана Гейдара Алиева в Турцию, можно смело назвать не только историческим,

В ходе визита состоялись встречи главы Азербайджана с президентом Турции Ахмедом Н. Сезером, премьер-министром Бюлентом Эджевитом, начальником Генштаба Вооруженных Сил Турции генералом армии Гусейном Кыврыкоглу, главой МИД Исмаилом Джемом, экс-президентом Сулейманом Демирелем, председателем Великого Национального собрания Омаром Изги, председателем Партии националистического движения Довлетом Бахчалы и вице-премьером, председателем Партии Отечества Месудом Йылмазом. Президент Азербайджана выступил перед депутатами парламента Турции. Слова Гейдара Алиева "Турция принадлежит не только самой себе, она нужна всем тюркским народам", были встречены бурной овацией. В ходе визита президент Азербайджана обсудил с официальными лицами вопросы урегулирования Карабахского конфликта. Президенты Г. Алиев и А.Н. Сезер участвовали в совместной конференции командующих военными академиями Турции.

В рамках визита был подписан ряд межгосударственных и межправительственных документов, в том числе совместное коммюнике президентов Турции и Азербайджана, соглашения о сотрудничестве между министерствами юстиции и культуры, а также финансовыми ведомствами двух стран.

но и одним из самых результативных визитов за все время азербайджано-

но-турецких отношений. Подписано межправительственное Соглашение "О поставках в 2004-2018 гг. азербайджанского газа в Турецкую республику" и аналогичное Соглашение между ГНКАР (поставщиком газа) и Госкомпанией BOTAS (покупателем газа). Турецкая сторона обязалась закупить у Азербайджана природный газ в объеме 79,7 млрд. куб. м. в течение 15 лет. Первое соглашение подписали вице-премьер Азербайджана Абид Шарифов и министр энергетики и природных ресурсов Турции Джумхур Эрсумер, второе - президенты компаний Натик Алиев и Гекхан Ярдым. Сделкой предусматривается, что газ морского месторождения "Шах-Дениз" начнет поступать в Турцию в объеме 2 млрд. кубометров в 2004 году, 3 млрд. кубометров - 2005 г., 5 млрд. кубометров - 2006 г. и 6,6 млрд. кубометров ежегодно в период с 2007-18 гг.

Практически положено начало формированию "газовой спонсорской группы" по строительству ОЭГ Азербайджана.

Голубое топливо предполагается поставлять в турецкий город Эрзурум с использованием существующего на территории Азербайджана участка газопровода (до грузинской границы) протяженностью около 490 км. Участки трубопровода в Грузии и Турции, протяженностью 280 км каждый, еще предстоит построить.

Практически положено начало формированию "газовой спонсорской группы" по строительству основного газового трубопровода Азербайджана. Дело в том, что специфика экспорта газа на мировые рынки предполагает наличие не только гарантированного объема (в данном случае месторождение "Шах-Дениз"), но и



гарантированного рынка сбыта. Наличие данного договора позволит подрядчикам проекта "Шах-Дениз" вплотную приступить к реализации еще одного стратегического проекта - экспорта азербайджанского газа на мировые рынки.



Что и подчеркнул президент Алиев на совместной с президентом Турции пресс-конференции в Анкаре - "Это событие имеет историческое значение для Азербайджана, так как страна впервые получает возможность экспортировать свой газ на мировые рынки", - сказал он. Глава государства также отметил, что это соглашение придаст новый импульс как развитию азербайджано-турецких отношений, так и реализации других проектов в регионе. При этом президент Азербайджана добавил, что "соглашение о купле-продаже газа представляет собой начальный этап экспорта "большого газа" из Азербайджана".

Любопытный плюс

Любопытным плюсом данного договора является также и то, что, как заявил в эксклюзивном интервью "Caspian Energy" министр топлива и энергетики Турции Джумхур Эрсумер, - "в настоящее время Турция имеет 7 долгосрочных контрактов с пятью странами на закупки газа общим объемом 61,2 млрд. куб. м". В то время, как только один контракт с Азербайджаном предусматривает импорт в Турцию около 80 млрд куб. м.

А если учесть заявления турецких официальных источников о происходящей сегодня в Турции диверсификации источников импорта газа,

Сегодня основная часть импортируемого Турцией газа (около 70%) приходится на Россию, а остальные 30% доставляются из Алжира и Нигерии.

а также то, что Турция ранее официально заявила о том, что туркменский газ будет закупаться только в том случае, если он будет доставлен по транскаспийскому газопроводу, можно смело предполагать, что проект транскаспийского экспортного газопровода "не умер", и, возможно, в ближайшее время получит новый импульс.

По словам Г. Алиева, Азербайджан в будущем планирует увеличить поставки газа на западные рынки, для чего будет построен новый газопровод с большой пропускной способностью, соединяющий Азербайджан с Турцией. Экспортный газопровод будет проведен параллельно нефтепроводу Баку-Джейхан, который планируется проло-

жить по территории Азербайджана, Грузии и Турции.

Комментарии

На следующий день после подписания документа пресс-секретарь Госдепартамента США Ричард Баучер выступил с заявлением, в котором приветствовал заключенное 12 марта в Анкаре соглашение о поставках азербайджанского газа в Турцию. В заявлении Р. Баучера говорилось: "США приветствуют это соглашение, которое еще больше усиливает транспортный коридор Восток-Запад, включающий в себя и будущий нефтепровод Актау-Баку-Тбилиси-Джейхан, а также нефтепроводы: Баку-Супса и Баку-Новороссийск и Каспийский трубопроводный консорциум (КТК)". Р. Баучер отметил также, что США поддерживают коммерчески приемлемые маршруты экспорта каспийских углеводородов. "Подобные проекты укрепляют политическое, экономическое и коммерческое сотрудничество между странами региона и усиливают его энергетическую безопасность", - отмечено в заявлении.

Президент Грузии Эдуард Шеварднадзе также приветствовал подписание Азербайджаном и Турцией соглашения о купле-продаже газа. Выступая на заседании правительства в Тбилиси, он назвал этот документ "новым шагом к стабильности и могуществу Кавказа". Э. Шеварднадзе подчеркнул чрезвычайную важность соглашения для Грузии, через территорию которой газ с месторождения "Шах-Дениз" будет транспортироваться в Турцию. Глава Грузии также направил поздравительные письма президентам Азербайджана и Турции в связи с подписанием соглашения по газу.

В свою очередь, президент Грузинской международной газовой корпорации (GIGC) Алекси Гоцеридзе заявил, что Грузия получит солидные дивиденды от транзита азербайджанского газа в Турцию.

Он отметил, что оплата транзита будет осуществляться или газом, в котором Грузия испытывает острый дефицит, или валютой. Все детали, связанные с транспортировкой газа через Грузию, будут обсуждаться на предстоящих в ближайшем будущем переговорах о подготовке межправительственного договора между Грузией, Азербайджаном и Турцией, сказал А. Гоцеридзе.

Руководитель GIGC отметил, что сейчас рассматриваются два варианта

Месторождение "Шах-Дениз", расположенное в 60 км юго-восточнее от Баку, было открыто менее двух лет назад. Запасы газа на "Шах-Дениз" оцениваются в 700 млрд. - 1 трлн. куб. м. Оператором проекта освоения месторождения является ВР (долевое участие - 25,5%). Помимо ВР, участниками проекта являются норвежская Statoil (25,5%), ГНКАР (10%), российская LUKOIL (10%), французская TotalFinaElf (10%), иранская OIEC (10%) и турецкая ТРАО (9%).

транспортировки газа по территории Грузии: первый - строительство нового трубопровода протяженностью 250 км, второй - использование уже существующего газопровода, для присоединения к нему потребуется построить новый участок длиной 120-130 км. Один из этих двух вариантов будет выбран в ходе переговоров с участниками проекта "Шах-Дениз". По оценке А. Гоцеридзе, строительство газопровода планируется завершить к концу 2003 года.

Высоко оценили подписанные в Анкаре соглашения и в Баку. Британская компания ВР и ее партнеры по газоконденсатному месторождению "Шах-Дениз" заявили, что они приветствуют подписание соглашений, которые позволят в будущем начать экспорт азербайджанского газа. "Эти соглашения являются огромным достижением рабочих групп обеих стран", - говорится в пресс-релизе, распространенном пресс-службой бакинского представительства ВР. Они обеспечивают коммерческие и правовые рамки для освоения и разработки месторождения "Шах-Дениз", которое, по словам президента операционной компании ВР Exploration (Shakh-Deniz) Ltd. Рашида Джаваншира, "является одним из наиболее конкурентоспособных и надежных источников природного газа для обеспечения растущих потребностей Турции в энергоносителях".

Что уже сделано

Новый газовый проект дает возможность консолидировать энергетический коридор от Каспийского моря до Запада. В этом смысле как проект экспорта газа с "Шах-Дениз", так и проект ОЭТ Баку-Тбилиси-Джейхан, невзирая на их отличия в коммерческом



и правовом отношении, являются решающими элементами нефтегазовой инфраструктуры, объединяющей регион Каспийского бассейна через Грузию с Турцией и мировыми рынками. Предвидя возможность продажи "раннего газа" в Турцию, партнеры по "Шах-Дениз" уже выполнили обширные инженерные исследования по оптимизации способов разработки месторождения и пробурили три скважины для оценки размеров и продуктивности газоносного пласта. По предварительным планам, потребуется строительство новой морской добывающей платформы, подводного трубопровода к новому газовому терминалу на берегу и нового экспортного трубопровода в Азербайджане и Грузии до турецкой границы. Компания BOTAS будет строить новый 250 км. трубопровод от турецкой границы до города Эрзурум, откуда газ будет поступать в основную распределительную систему Турции. Общие расходы по добыче "раннего газа" оцениваются в объеме \$2-2,5 млрд. Эти средства будут израсходованы на строительство стационарной добывающей платформы, подводного трубопровода, берегового газохранилища, новой газоперерабатывающей установки. Реконструкция азербайджанского участка газопровода и строительство новых трубопроводов на территории Грузии и Турции оценивается не более \$600 млн. "Мы работаем на турецком рынке около 90 лет, и думаем, что станем надежным партнером Турции и по поставкам природного газа", - отметили в пресс-службе британской компании.

Ценовая политика

Что касается ценовой политики Азербайджана, наивно предполагать, что Турция, или кто-либо из сегодняшних зарубежных партнеров Азербайджана пожертвует какими-либо экономическими дивидендами ради политического блага. Как известно, регулирование подобного рода взаимоотношений производится на основе рыночных законов, которые зачастую бывает очень трудно предсказать.

Как заявил глава инвестиционного управления ГНКАР Валех Алескеров, сегодня цену, по которой в Турцию будет экспортироваться газ, не сможет сказать никто, поскольку она привязана к множеству составляющих. В частности, к биржевым ценам таких продуктов нефтепереработки, как дизтопливо, мазут и

т.д. Однако сегодня уже известно, что коридор, в рамках которого будет варьироваться цена 1000 куб. м. будет составлять от 70 до 120 долларов США.

Да, и о каких же долгосрочных фиксированных ценах можно говорить, если экономические параметры, определяющие формулу равновесия спрос - предложение на турецком газовом рынке, не относятся к разряду стабильных. Энергоемкость рынка растет. По прогнозам, в 2012 году природный газ в Турции станет преобладающим компонентом в ежегодной выработке электроэнергии, обеспечивающим 46% произведенных кВт/ч, а к 2020 году потребность в газе в Турции по сравнению с 2000 годом возрастет в пять раз.

Кроме того, для ГНКАР немаловажен такой фактор ценового риска, как наличие достаточного количества конкурентов. Уже сегодня (несмотря на ранние заявления Турции о том, что газ Туркменистана пойдет только по транскаспийскому трубопроводу), строится Основной Восточно-Анатolianский газопровод протяженностью 1545 км, предназначенный для транспортировки поставляемого из Ирана и Туркменистана природного газа в различные регионы страны. Сооружается газопровод Самсун - Анкара, являющийся турецким участком газопровода Blue Stream, предназначенный для перекачки 16 млрд. куб. м.

Итог

1. Экономика

Таким образом, подписав "газовое" соглашение, Азербайджан обеспечил себе ряд преимуществ.

1. Обеспечил себе возможность выхода на европейский газовый рынок
2. "Застолбил" за собой определенный сегмент турецкого рынка в перспективе
3. Вновь заявил о возможности возрождения проекта транскаспийского газопровода
4. Подтвердил свою решимость и далее развивать евразийский транспортный коридор

Если же говорить о коммерческих недостатках данного соглашения (если они и есть) это покажет время, когда будут определены конкретные цены на азербайджанский газ, которые будут учитывать не только ситуацию на мировых рынках, но и себестоимость до-

бычи и транспортировки "голубого топлива".

На данном этапе, определяя "формулу цены" газа, довольно трудно ошибиться, поскольку в нее вошли только качественные и количественные параметры экспортируемого газа.

2. Политика

Если же оценивать политические плюсы и минусы этого соглашения, для Азербайджана плюс может быть только один. Привлекая в страну все больше международных инвестиций, Азербайджан приближается к развязке "конфликта века" и, несомненно, возврату своих земель, аннексированных сегодня Арменией.

"Минусом" же, как и 7 лет назад после подписания контракта века, станет вновь усиливающееся давление Ирана и, возможно, России на переговорный процесс по статусу Каспия. А также на страны, так или иначе задействованные в транскаспийском экспортном коридоре. Вследствие этого, скорее всего, увеличится долевое участие российских нефтегазовых компаний в каспийских проектах, все больше международных европейских компаний будет привлекаться в Иран.

Несмотря на это, залогом успеха политико-экономического курса Азербайджана, по-прежнему, остается настойчивость политики уступок и компромиссов в отстаивании своих интересов уже не только на международных политических аренах, но и на мировых сырьевых рынках.

Впрочем, в подобного рода сделках Азербайджан, то есть, ГНКАР всегда выступала на равных.

И, зная это, официальные источники уже заявили о готовности идти на уступки. В частности, советник президента Азербайджана по энергетическим вопросам Али Асадов заявил: "Ценовую стратегию экспорта газа правительство Азербайджана будет вести так, чтобы даже конкурентам захотелось покупать наше сырье".

При этом, степень готовности Азербайджана идти на уступки неизвестна, об этом говорят и многочисленные сообщения СМИ, которые называют разную стоимость экспорта азербайджанского газа.



Minister of energy and natural resources

M. Cumhur Ersumer

CONSTRUCTION OF BAKU-CEYHAN MAIN EXPORT PIPELINE WILL BE COMPLETED IN THE BEGINNING OF 2005

"CE": What are the economic indexes of the fuel and energy sector of Turkey at the present? What is the share of the fuel and energy sector in the gross revenue of the country?

- Turkey is a rapidly industrializing country with a per capita Gross Domestic Product (GDP) of approximately US\$ 3,000 as of the end of the year 1999. Turkey's energy demand is growing rapidly in parallel with the industrialization efforts. The share of energy sector in gross fixed investments was 4.1 % in 1996, it is expected to be 4.5 % in 2000. In our country, the share of energy sector in GDP was 3.1 % in 1996, this ratio was realized as 3.3 % in 1999.

According to the outcome of our planning studies, Turkey's primary energy demand is expected to increase from the 1999 figure of 77 million tonnes of oil equivalent (mtoe), to 130 mtoe in 2005, 169 mtoe in 2010 and 284 mtoe in 2020.

In 1999, the domestic energy production met 35 % of the total primary energy demand and it is expected to meet 28 % in 2010 and just 24 % in 2020. Per capita energy consumption will increase from 1.191 kilogram oil equivalent (koe) in 1999 to 2.312 koe in 2010, and 3.649 koe in 2020. Planning studies undertaken by the Ministry show that our electricity demand will grow approximately 8 percent annually in 2000 onwards. The electrical energy demand is envisaged to reach 197 billion kWh by 2005, 287 billion kWh by 2010 and 567 billion kWh by 2020.

In connection with this growing demand, per capita electricity consumption will increase from 1.840 kWh in 1999 to 3.974 kWh in 2010 and 6.794 kWh in 2020.

Consumption for natural gas was around 12.3 bcm in 1999. The total consumption is expected to be around 14.7 bcm by the end of the year 2000. Our natural gas supply quantity is sufficient to meet the contracted demand on annual base. However, real demand is higher than actual consumption and the demand will increase rapidly in the future. Because of this reason 7 long term supply contracts, totally 61.2 bcm., have been signed with 5 countries. On the other hand, in winter times, it can be difficult to balance our supply and demand due to higher daily gas consumptions in the cities than the forecasts. In order to cope with this difficulty, we apply curtailment and interruption to the interruptible customers.

"CE": Can you please describe plans on increasing the electrical power system's capacity and infrastructure of Turkey's gas industry?

- Electricity demand in Turkey has been growing rapidly. The annual average growth rate has been 8 % in the period 1990-1999. In 1999, the total electricity generation was 116.4 billion kWh. Total installed capacity at the end of 1999 was 26.117 MW. This total capacity is

composed of approximately 15556 MW thermal and 10561 MW hydro, geothermal, and wind.

According to planning studies, the new generating capacity added to the system over the planning period (2001-2012) will be 47 % natural gas, 5 % imported hard coal, 16 % lignite, and 32 % hydro. In 2012, the total installed capacity will be 67.139 MW. The largest components will be natural gas (39 %) and hydro and renewable (35 %). This represents a significant increase in the natural gas share of electricity generation over the current system. The annual generation in 2012 will be dominated by natural gas, which will account for 46 % of the kilowatt-hours generated. Lignite will account for

Existing Pipelines

Natural Gas Pipelines:	
Russian Fed-Turkey NGPL	- 842 km (6"-36")
Bursa-Can NGPL (8"-24")	- 209 km
Izmit-Karadeniz Eregli NGPL	- 194 km (6"-24")
TOTAL	1245 km

Crude Oil Pipelines:	
Iraq-Turkey COPL (Turkish Section)	- 1297 km.(40"-46")
Ceyhan-Kirikale COPL	- 448 km.(24")
Batman-Dortyol COPL	- 511 km.(18")
Selmo-Batman COPL	- 42 km.
TOTAL	2298 km.

25 % of the generation, hard coal for 4 %, and hydro renewable for 25 %.

"CE": What are the main problems hindering development of this sector of Turkey's economy?

- Turkey, being in the process of rapid integration with the world economy, endeavors to realize the main targets such as completing her infrastructure, competitiveness with European Union countries of her rapidly growing industry, a transition to information society and realizing her development targets. This situation leads to particularly a rapid increase in energy demand. Despite limitations in domestic resource availability, our country's dependency on imported energy is increasing in line with the economic progress. Imports are projected to account for 74 % of the energy supply in 2012, as compared to 65 % in 1999.

Increasing private sector involvement in the energy sector has been adopted as a policy since the magnitude of investment is too high and beyond the financing capability of the state. Beginning from mid 1997, my ministry has conducted the required arrangements to attract local and foreign investors to electricity sector through several financing models such as Built-Operate-Transfer (BOT), Built-Own-Operate (BOO) and Transfer of Operation Rights (TOOR) projects, Autoproduction as well as





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Turn-key projects to be realized through 100 % external credits and Hydro-electric power plant projects under intergovernmental bilateral cooperation with full financing.

In order to be able to meet the electricity demand in the next 10-year period, it will be necessary to increase our existing installed capacity to over two-fold until the year 2012. In this period, over 40.000 MW capacity should be added to the existing installed capacity.

In order to be able to realize these huge investments, successful implementation of reliable financing models is indispensable. Nevertheless, the required foreign investment interest has not reached the anticipated level due to especially legal constraints. Turkey tries to establish a favorable environment for the private sector's infrastructure investments. In this respect, radical changes have been established. National and international arbitration issue has always been the primary constraint, and it has been resolved through the amendments made to the Constitution. The harmonization laws in line with the Constitutional amendments have already been adopted at Turkish National Assembly. In summary, basic legal constraints for private sector have been eliminated.

"CE": Does the present condition of the oil and gas processing system meet the Turkish requirements?

- Crude oil production was 2.9 million tons in 1999. Indigenous crude oil production met only about 10 % of the country's requirement in 1999. Crude oil production is estimated 2.7 million tons and is processed in Turkish refineries. The Turkish refinery sector depends heavily on imported crude oil. Turkey still imports 89 % of crude oil processed. There are five oil refineries in Turkey. Presently, the refining capacity is 32 million tons per year. The state-owned TUPRAS is the biggest oil refiner and has four refineries. Now, the refining capacity of TUPRAS is 27.6 million tons per year, which accounts for 86 % of Turkish total capacity.

During 1999, 26.16 million tons of crude oil were processed yielding 25.41 million tons of oil products. During the same period, 5.6 million tons of products were imported while 2.5 million tons of products were exported. Civilian consumption of petroleum products reached 30 million tons.

Oil refineries have modified their investment strategies and increased their conservation capacities by using advanced technologies. In parallel to these developments in the world, TUPRAS started to make investment in order to be able to compete with the refineries in the European countries by increasing the refineries' productivity and profitability and also improve product quality for preventing environmental pollution. The total cost of TUPRAS investments according to the INVESTMENT MASTER PLAN made in 1989 was planned to be 1.8 billion US\$. A portion of 1.0 billion US\$ of investments was completed as of today, another 800 million US\$ of investment has been still under construction.

It is estimated that petroleum consumption will reach 64 million tons in the year 2020. This makes Turkey one of the fastest growing energy and petroleum markets in the region. To meet the soaring domestic demand, it will be necessary to construct new refineries. Turkey has to commission a new grassroots refinery with a capacity of 10 million tons per year by 2005 to meet petroleum products demand of Turkey for years 2010-2014.

"CE": In your opinion, what is outlook for further development of the Great Silk Way project?

- Turkey, as a natural bridge, will play an important role for the realization of the Great Silk Way project. With this project, Turkey not only will help transport the energy resources of Central Asia to the world markets, but also will increase the trade of other goods and services by strengthening the bilateral relations between the

countries in the region. As a transit country, Turkey offers political stability and transportation guarantee as well as helps the countries in the region to establish economical independence. High consumption amount makes Turkey the most preferred market.

"CE": What is Turkey's involvement in the project?

- Turkey has signed Intergovernmental Agreement and Sales and Purchase Agreement with Turkmenistan. Within the scope of these agreements, Turkey will import 16 bcm per year and transport 14 bcm of natural gas to the third countries. At the same time, negotiation is still continuing with Azerbaijan to purchase gas.

"CE": Are there any political or economic obstacles to implementation of the project?

- As it is well known, the countries in the Central Asia and the Caspian region, hosting significant amounts of proven oil and gas reserves, have not found an economically and politically viable outlet for their resources to world energy markets yet. Turkey has been aware of the fact that the development of these resources depends: to a great extent, on the creation of new and secure, reliable and cost-effective export routes linking these land-locked regions to the international markets. There are some alternative routes other than Turkey for the transportation of the energy resources of the region. But, Turkey is the most convenient one among them because of the location, stability and cost reasons.

With an awareness of the regional needs, Turkey always put great emphasis on promoting the future internal consumption of oil and natural gas to be produced especially in the Caspian region and cross-border transportation of these hydrocarbons to other countries. As a reliable and stable transit country providing low cost and secure transportation alternatives for energy from the Caspian region, Turkey has developed the "Baku-Tbilisi-Ceyhan Crude Oil Pipeline Project".

BTC project is envisioned to be the milestone of an "East and West Transportation Corridor" linking the Caspian region and Central Asia to Turkey and the Mediterranean Sea. Especially the United States has important geopolitical and economic interests in the Caspian Sea by participating in the development of an extensive network of pipelines that can serve as a "Silk Road" to link

Currently, the Baku-Tbilisi-Ceyhan Crude Oil Pipeline (the BTC P/L) Project Directorate is carrying out the Basic Engineering Phase of the project with its Engineering Contractor, PLE. Therefore, it is too early to talk about any company that cooperate with BOTAS in terms of constructing the Turkish Section of the BTC Pipeline. At this third month of the Basic Engineering Phase, the total duration of which is six month, BOTAS has launched the tendering process for the Detailed Engineering Phase of the project. According to the cost estimation figures performed to date, the project's total investment cost will not exceed \$ 2.4- \$ 2.5 Billion. On the other hand, the MEP Participants have committed themselves to cover the total cost of the Turkish Section of the BTC Pipeline, which is approximately \$ 1.4 Billion. With confidence in the studies performed up to now which show that this amount will not go beyond \$ 1.7 Billion in total, the Turkish Government has only committed itself to cover any excess to the \$ 1.4 Billion figure up to \$300 Million.

the East and West in the third millennium. The valuable oil and natural gas reserves of the region are likely to make the new "Silk Road" a trade and investment engine to power unprecedented economic growth, which would secure the sovereignty and territorial integrity of the Central Asian countries.

The Caspian hydrocarbon reserves, and associated pipelines shall serve as an insurance policy for the entire world, ensuring that energy resources pass through multiple routes. In line with these strategic issues and as part of its multi-route policy, the United States has given its political and economic support to the apparently most secure, reliable and cost effective route, i.e. the "Baku-Tbilisi-Ceyhan Crude Oil Pipeline". This project has also brought forward the advantage of avoiding the risks associated to the tran-



Delivery of gas from Iran will start on 30 July 2001. Construction works have been carried on to realize the delivery on schedule. Latest project status progresses of the Eastern Anatolia Natural Gas Main Transmission Line are as follows:

1. Dogubayazit-Erzurum Natural Gas Pipeline		3. Imranli-Kayseri Natural Gas Pipeline	
Line pipe supply	- 100%	Line pipe supply	- 100%
Clearing and Grading	- 100%	Clearing and Grading	- 100%
Welding	- 100%	Welding	- 100%
Lowering and Backfill	- 100%	Lowering and Backfill	- 90%
Hydrostatic Testing	- 100%	Hydrostatic Testing	- 25%
2. Erzurum- Imranli Natural Gas Pipeline		4. Kayseri-Konya-Seydisehir Natural Gas Pipeline	
Line pipe supply	- 100%	Line pipe supply	- 100%
Clearing and Grading	- 100%	Clearing and Grading	- 100%
Welding	- 100%	Welding	- 98%
Lowering and Backfill	- 100%	Lowering and Backfill	- 89%
Hydrostatic Testing	- 43%	Hydrostatic Testing	- 79%

sit shipment through already highly congested Turkish Straits. It is also obvious that the main oil and gas pipeline projects intended to be realized in the Region by Turkey will serve the mediation in the resolution of the of the conflict surrounding the legal status of the Caspian Sea.

"CE": How is implementation of the Baku-Tbilisi-Ceyhan Project (MEP) ongoing in Turkey?

- The latest development, as it is well known, was a signing ceremony, which took place on the 19th of October in Ankara. Starting from Baku and Tbilisi, on the 17th and 18th of October, respectively, then in Ankara.

New Project Agreements: the Host Government Agreements, the Turnkey Agreement, the Government Guarantee as a set were initiated by the parties. We started the process as from the 18th of November 1999 by signing the Intergovernmental Agreement (IGA) among the three countries, which are Azerbaijan, Georgia and Turkey, in the presence of the President of the USA. Then the negotiations that have been engaged during this one-year period ended up with the ratification of these agreements by the Parliaments of the related countries and finally, the Turkish Parliament pronounced its decision on the 22nd of June, which was published consequently in the Turkish Official Gazette. Within a short preparation period, the parties came together to sign the agreements. After all those efforts, the Project today is at its final countdown on the way to commencement.

On the way to realize the Baku-Tbilisi-Ceyhan Project and in order to constitute the most productive grounds for its progress; the Baku-Tbilisi-Ceyhan Project Directorate and the Committee for the ISO/TSE Standards have been established under BOTAS. The Baku-Tbilisi-Ceyhan Project Directorate of BOTAS is working with close contact with Azerbaijan, the major oil producers and the sub-contractors in order to proceed with the project in the most robust way. Furthermore, the Turkish Government gives all kinds of support to the project. Within this context the security is ensured; the investment figure is guaranteed and necessary meetings are held with Azerbaijan and Georgia at the highest, presidency level. All these efforts show determination of Turkey to realize the Project with the best conditions, possible.

According to the Turnkey Agreement, BOTAS will be assigned as a Turnkey Contractor of the Project. The project consists of three phases. The 1st phase is the Basic Engineering Phase. It started after BOTAS received a Notice from the MEP Participants and will have a 6-month duration. Then we have a 35-day waiting period. During these 35 days the MEP Participants will evaluate

the results. Then we will start the Detailed Engineering Phase, which will last 12 months, followed by a 5-day waiting period. Again, the MEP Participants, the owners of the pipeline, will evaluate the results of the Detailed Engineering. As a last step, the land acquisition and construction phase will start. It will last 32 months. The total is about 51 months. So, if we calculate, the project will be finalized in early 2005.

Currently, the Basic Engineering is in process. Through this period of time and during the Basic Engineering and Detailed Engineering Phases, the MEP Participants shall start negotiations for project financing. Most probably American Exim is ready to commit financing for this project. The Japanese is also interested. So my opinion is that finance will not be a problem.

"CE": Can you please tell about operating and planned systems for the energy resources transportation within Turkey?

- Turkey has two main lines in operation namely called as Russian Federation-Turkey Natural Gas Pipeline and Iraq-Turkey Crude Oil Pipeline. The Iraq-Turkey Crude Oil Pipeline was commissioned in 1977 and the annual capacity of this line is 70.9 million tons. The Iraq-Turkey Crude Oil Pipeline operation was suspended in 1990 due to the embargo imposed on Iraq by the United Nations. In 1996, within the framework of the agreement between the United Nations and Iraq, the limited amount of oil has been transported.

The Russian Federation-Turkey Natural Gas Pipeline was commissioned in 1987. An important (9 billion cub m as of the end of 1999) of our natural gas demand has been met by this line.

The 1,545 km long Eastern Anatolia Natural Gas Main Transmission Line which is under construction aims at the transportation of natural gas within the country supplied from the sources in the east like Iran and Turkmenistan. The line starts from Dogubayazit and follows the route of Erzurum, Sivas, Kayseri, Ankara. A branch line is being extended from Kayseri to Seydishehir via Konya.

Samsun-Ankara Natural Gas Transmission Line, the Turkish section of the Blue Stream Project, which is developed to transport 16 Bcm of natural gas from the Russian Federation to Turkey via Black Sea, will start from Samsun and extend to Ankara through Amasya, Corum, Cankiri. This line will become operational in 2001.

The 251 km long Karacabey-Izmir Natural Gas Transmission Line extending from Karacabey to Izmir via Balikesir and Manisa is being laid to supply natural gas to the Aegean Region. Besides, Bursa-Chan Natural Gas Transmission Line is being extended from Chan to Chanakkale by a transmission line of 130 km.

We are planning to announce a tender for construction of two gas pipelines: Southern Transmission Line which will provide southern and southeastern regions with gas and Konya-Izmir pipeline. Southern Natural Gas Transmission Line will start from Sivas and extend to Mersin via Malatya, Kahramanmaraş, Gaziantep, Osmaniye, and Adana. The Konya-Izmir Natural Gas Transmission Line with a length of 613 km will be extended from Kenya through Burdur, Iaparta, Denizli, Nazilli to Izmir. The natural gas is planned to be supplied through this pipeline to Hopa, Artvin, Rize, Trabzon, Giresun and Ordu as well as to Cumushane and Bayburt.

Thus, Natural Gas Main Network of the country will have been completed with the commissioning of the lines which are to be put out to tender in 2000 and to be completed in 2002-2003, along with the Eastern Anatolia, Samsun-Ankara, Karacebey-Izmir, Chan-Chanakkale Natural Gas Transmission Lines which are currently under construction. The number of the cities supplied with natural gas for residential use will increase to 57. Hence, BOTAS will have achieved the goals of making the gas usage widespread in the country.

Latest project status progress of the Turkish Section (Samsun-Ankara NGPL) OF THE Blue Stream Project.

Line pipe supply	- 100%
Clearing and Grading	- 100%
Welding	- 100%
Lowering and Backfill	- 100%
Hydrocarbon	- 55%

"CE": What is present condition of the Turkish Transport System? And whether it meets Turkey's economic demands?

- Currently, the Russian Federation is the main gas supplier to Turkey. Natural gas has been imported from the Russian Federation since 1987. The 842 km long Russian Federation-Turkey Natural Gas Main Transmission Line enters Turkey at Malkochlar area through the Bulgarian border and then follows Hamitabat, Ambarli, Istanbul, Izmit, Bursa, Eskishehir route to reach Ankara. The pipeline, designed for a maximum pressure of 76 bar, has compressor stations at Kirklarell, Pendik and Eskishehir and pig station at Malkochlar. The main dispatching center is located in Yapracik-Ankara.

All the gas was imported from the Russian Federation up to 1994 when LNG import from Algeria started. Turkey has an LNG Import Terminal. It was put into operation in 1994. It has two main functions: the storage of LNG and regasification of LNG at required volumes to send out to the Main Line. It is considered as a medium size terminal with 255,000 cum storage capacity and 439,000 cum/hour maximum economic send-out capacity.

Turkey's demand for energy has been rapidly increasing as a result of the factors like booming economy, high growth in population, industrialization and urbanization. There is also an increase in the natural gas demand as a consequence of this increase in demand for energy. According to the projections prepared by BOTAS, natural gas demand in Turkey is expected to reach 55 Bcm by the year 2010 and 82 Bcm by the year 2020.

At present, meetings are convened with natural gas and LNG exporting countries, agreements are signed to import natural gas to make its use widespread in the country and various pipeline projects are being developed for transporting this imported gas within the country.

"CE": Can you tell about participation of the Turkish oil companies in implementation of the oil and gas production projects in Azerbaijan.

- Turkish oil companies, and particularly TPAO and State Oil Company, have developed an investment strategy in upstream and midstream projects in Azerbaijan to provide the major portion of Turkey's future oil and natural gas needs. Therefore we have focused on the offshore exploration and production opportunities and have taken part in 4 PSAs namely, Azeri-Chirag-Guneshly (AIOC), Shah Deniz, Kurdashi and Alov. Turkish Petroleum (TPAO) holds 6.75 % share in ACG, 9 % share in Shah Deniz, 5% share in Kurdashi and 10 % share in Alov PSAs. TPAO is also interested in Baku-Tbilisi-Ceyhan MEP Project and already became a sponsor for the Basic Engineering Studies with 5.02 % share. TPAO intends to take part in Natural gas Pipeline Project to Turkey as well. Our planned investments will total \$2.2 billion for the above projects in the region and we have already invested \$450 million. There are also some private Turkish oil companies participating in on-shore oil and gas production projects.

"CE": Are there opportunities for further expansion of the economic integration in the fuel and energy industries of our countries? Is there any work ongoing in this way?

- Turkey and Azerbaijan have strong cultural and economic ties with a wide historical background. Hence, the expansion of the economic integration in the fuel and energy industries of the two countries is indispensable. Turkey's strategic location makes it a natural "energy bridge" between major oil producing areas in the Middle East and Caspian Sea regions on the one hand, and consumer markets in Europe on the other one. Implementation of major upstream, midstream and downstream projects will cause further integration in fuel and energy industries of Turkey and Azerbaijan. Turkey being in a pivotal position for East-West Energy Corridor intends to cooperate and collaborate with Azerbaijan in all aspects of fuel and energy industry. I strongly believe Turkey's key role in East-West Energy Corridor as a major energy consumer and conveyor would quickly crop its fruits in favor of the region.

Within the framework of the Natural Gas Sales and Purchase Agreement signed with Turkmenistan, Turkmen natural gas will be carried through a pipeline via Azerbaijan and Georgia crossing the Caspian Sea. This project will create new opportunities for further expansion of the economic integration in the energy industries of our countries. It is planned that Azerbaijan natural gas will be transported to Turkey via this line. Therefore, this will enhance the relations among Turkey, Azerbaijan and Turkmenistan.

Turkey gives special importance to these interconnections because they secure savings in investments and operational costs, provide emergency mutual assistance and contribute to the development of the nations socially, politically and economically. Turkey, in addition to the development of the interconnection projects with each of her neighbors, participates in all the project studies related to East-West European interconnections, Balkan interconnections, Mediterranean, the Black Sea and Caucasus interconnections. It observes with appreciation the positive developments in some of these projects. Turkey has already established interconnections with Azerbaijan (Nakhichevan), Georgia, Armenia, Bulgaria, Iran, Iraq and Syria.

"CE": To what extent are the links developed between the oil and gas processing enterprises of Turkey and Azerbaijan?

- Currently, Turkish state and private sector companies are actively taking part in upstream investment and recently their attention has been drawn over transportation, marketing, processing and refinery aspects as well. MEP project and planned Natural Gas Pipeline Project are the two major transportation projects of interest. For the time being, links between Turkey and Azerbaijan in oil and gas processing enterprises have not sufficiently developed yet. However, it is our intention to increase such enterprises.



Mr. Kadri Egvet Tezcan: "Turkey again conquers Europe not through weapon but by means of labour and intelligence"



Extraordinary and Plenipotentiary Ambassador of Turkey to Azerbaijan Mr. Kadri Egvet Tezcan. He was born in 1949 in Istanbul. In 1972 he graduated from the Istanbul University as an economist. In 1973 he started his service for the Turkish MFA where he worked on different positions up to 1976. In the period of 1976 to 1980 he has been working at the Turkish Embassy in Poland, in 1983 to 1987 he continued to work in Hungary. In the period of 1989 to 1993 he has been holding office of consul-general of Turkey to Hamburg. In the period of 1993 to 1998 - deputy head of the Ministry of Foreign Affairs of Turkey. On February 6, 1998 he was appointed Ambassador of Turkey to the Republic of Azerbaijan. He can speak Turkish, English and French. Married and has two children.

"CE": Mr. Ambassador, what is the amount of Turkish investments in Azerbaijan since the early 90s? How many Turkish companies are operating in Azerbaijan at the moment?

- Thank you for this question. Of course, it is worthwhile now to recall the fact that the Turkish businessmen first came to Azerbaijan after this country became independent. At the very beginning petty dealers, building restorers, road builders have arrived to Azerbaijan. In the period of 1991 to 2000 the Turkish businessmen invested about \$3bn, brought new technologies, built skyscrapers, enriched services. At the moment there are 417 companies operating in the country. The Turkish population of Baku is about 8,000-9,000. Its majority is the people working in Azerbaijan. One of them is a businessman who invested \$20m into the country's economy, contributed to construction of the building of the National Bank of Azerbaijan, provided infrastructure for the mobile telecommunication, who is a banker and staff member of a restaurant. My countrymen produce oil in the regions of Azerbaijan, build power stations, make drinks and food. In short, Turkey participates in Azerbaijan's life. Other question is how this process has been developing?

"CE": As far as I know the business activity is insignificant at the moment.

- There is some reduction in the business activity. Neither Azerbaijan nor Turkey can affect causes of the decline. There is economic crisis in Turkey, there were two huge earthquakes elimination of which resulted in spends of billions dollars, 7 million peo-

I CAN FREQUENTLY HEAR STATEMENTS THAT THE RUSSIAN CRISIS OF 1998 (AND ASIAN CRISIS EARLIER) DID NOT AFFECT AZERBAIJAN. OF COURSE IT DID, AND IT WAS SIGNIFICANT.

ple lost their dwelling areas. I can frequently hear statements that the Russian crisis of 1998 (and Asian crisis earlier) did not affect Azerbaijan. Of course it did, and it was significant. Only oil industry is operating in Azerbaijan. At some point millions of Azeris working in Russia stopped sending money back to their homes in Azerbaijan, and this led to crisis. The purchasing capacity of the population decreased. The Turkish goods have not been sold, and correspondingly, the commodity turnover reduced. The stagnation has started. There was one

more negative consequence of the crisis - off-standard goods from Russia and Iran were delivered to Azerbaijan. The population was forced to buy them due to low cost. The quality products from Turkey remained unsold. Our construction companies have experienced a great shock. New buildings, roads were not constructed; earlier planned tenders were not invited. According to the State Statistics Committee of Azerbaijan in 1999 the Turkish export to the republic amounted to \$142m, but in 2000 this index decreased to \$128.4m. Before 1998 Turkey took the leading position judging by export to Azerbaijan. Now we are moved to the second place following Russia. A kind of transition period can be observed at the moment and its consequences should be eliminated in a couple of years. Last year 140 Turkish companies were closed in the country. However, earlier this year new companies arrived to Azerbaijan. There are not many of them yet, 11-12 companies, however, the fact of their appearance on the market already illustrates a tendency. It is a glad fact; new sudden change in progressing the Azeri economy is underway.

"CE": In your opinion, what is the main obstacle for developing Turkish business in Azerbaijan?

- Inertia of thinking, which is still in the people. The other day I listened to speech of Heydar Aliyev. The President of Azerbaijan stated on the economic problems, demonstrated clear understanding of them, point out right ways for their solution. However, instructions of one person, and even efforts of the government as a whole are not sufficient for effective work. The people should realize one true. Time has passed when it was necessary to call Moscow, order equipment and then wait for a month for a required component. Now the component must be found as soon as possible, and it is necessary to carry on the work not reducing the rates.

"CE": What you saying is that we are still thinking in a Soviet manner?

Not only, there is something else. The forming of a feeling of proprietor is ongoing at a very slow rate.

HOWEVER, INSTRUCTIONS OF ONE PERSON, AND EVEN EFFORTS OF THE GOVERNMENT AS A WHOLE ARE NOT SUFFICIENT FOR EFFECTIVE WORK. THE PEOPLE SHOULD REALIZE ONE TRUE. TIME HAS PASSED WHEN IT WAS NECESSARY TO CALL MOSCOW, ORDER EQUIPMENT AND THEN WAIT FOR A MONTH FOR A REQUIRED COMPONENT.

For instance, land privatisation did not take too much time. About 75-80% if the lands were privatised very quickly and this results could be observed shortly. Production rate in the rural economy rose by 12-15%. In industry this process is not so rapid it is should have been. Consciousness of the people has not yet covered such ideas as: "that is mine", "I should earn", "I should open jobs for my employees so they can earn". It is really high time to refuse of Soviet approach in thinking. A very basic example: at a Baku shop a buyer himself appeals to the seller to get information on goods required. However, the seller is interested in sale of the commodities and he himself should tell you on availability and quality of different goods. Anyway, that approach would disappear as times goes by.

"CE": Have the Turkish economists and experts submitted any proposals and developments to the Cabinet of Ministers of Azerbaijan?

- You know there is a great difference between a water grinding mill located near a waterfall and a mill that is manually supplied with water. If our recommendations are the only driving force, it looks like the second option. No recommendations from neither Turkey nor France nor International Monetary Fund can help if the government itself doesn't want to find a way out. I walk on the Baku streets and see that the Allah provided you with the best sort of olives - but they are lying on the ground. And nobody thinks about possibility of squeezing oil out of the olives, and pressed skin is fine forage for cattle. Why do not they thin? Just because there is shortage of personal initiative. It is much more easier to call to Turkey and order two tones of the oil. For how long this can be observed? I am a Turkish; it is beneficial to me to sell the oil to you. However, Azerbaijan's interests are also close to me. Where do you print your journal?

"CE": In Turkey.

- Why? Because there is no paper-mill in Baku. Three Turkish companies made separate offers to build a paper-mill in Azerbaijan. I submitted all three proposals to the Cabinet of Ministers. No answer so far.

In Baku, thank goodness, as opposite to past years there are plenty foreign cars. Where are the tyres delivered from? From Turkey, Japan, China, Romania, Poland, Russia, Iran, Abu-Dhabi. May be there is no plant capable of manufacturing tyres? No, there is one nut it stands idle. If you have everything, you have got a plant, funds, why are the tyres not produced over there? I proposed the government such a project, but it is still on paper. So, external recommendations will not be of any use in such situation.

I have travelled over all Azerbaijan, from Sheki to Astara. Out of 11 world climate zone, 9 are in Azerbaijan. Here you can find everything - forests, meadows, grass, cotton, grain. I was told that in the Soviet times Azerbaijan was producing 15m tones of wine products. Today's production is no more than 600 tones. Therefore, first of all there are natural resources in Azerbaijan. Second, most relevant are the human resources. There is an intelligence. For example, Turkey has not got such number of people with higher education. 100% of the population are competent, they can read and write.

"CE": Don't you think that it is natural?

- It is natural for you, but it is not worldwide. It is Azerbaijan's beauty, it is its potential. That is not a compliment. I visited many people, both rich and poor. A majority of them, men and women, are highly educated, widely-read, everybody comes to know the particulars of music, has own opinions and

world outlook. It is not peculiar to every country, believe me. That is why I say that there are all conditions for normal operation in Azerbaijan. According to Hodja Nasreddin: "If there are water, oil and sugar available, it is only required to mix them up to get halva".

"CE": Mr. Ambassador, I would like to draw your attention to an unpleasant theme: acknowledgement of so-called "genocide of Armenians" by the French parliament. Some mass-media inform of a letter sent by the US President to the President of Turkey, in which George Bush notifies in advance about difficulties, which may arise between the both countries...

- That letter has nothing in common with the invented problems of the "genocide of Armenians". Those were just return mails from George Bush to the President and Prime Minister of Turkey, who earlier felicitate him on election as the President of the United States of America. There is a phrase in the letters about what "the people of the US and Turkey will jointly overcome all arising problems". The Turkish periodical press interpreted that as follows: "if the problems are to be challenged, so there are problems". Besides, word "challenge" can also be understood as "joint efforts". The problem of "the genocide of Armenians" is only raised by France at the moment, however, one can expect that the Armenian Diaspora and some politicians would put it on the agenda in the USA, as well.

"CE": A destiny of the Baku-Ceyhan project to some extent depends on TotalFinaElf, a French company. What is more important for Turkey - implementation of the Baku-Ceyhan project, or continuation of confrontation with France?

- Before answering your question first of all I would like to say that Turkey's future, its prosperity for us are most important, more than any project, more important than France. Secondly, if the Baku-Ceyhan project is needed for Turkey, it is twice as import for Azerbaijan. Benefit of Azerbaijan in the project is two times higher that expected profit by Turkey. Of course, at Ceyhan we would like to have oil from both "Kashagan" and "Lyankaran-Talish-Deniz" and "Inam" and "Alov" areas. However, the policy and economy are not really the same things. Economy is always ahead policy. Whether we want that or not, Turkey due to its geostrategic position is doomed to have oil of the region passing via its territory to Europe. The oil can be transported through both the Baku-Ceyhan pipeline and Iranian territory. We would like to get it through Azeri territory, friendly and sister nation. Although, it is also comfortable for us if the oil is pumped via Iran. Both President of Azerbaijan and Mr. Ilham Aliyev stated more than once that they could sell energy resources to Iran. If Iran offers more profitable conditions, more funds, the oil will flow to the south. Everything depends on companies, including TotalFinaElf. If they are more satisfied with conditions offered by the oper-

OF COURSE, AT CEYHAN WE WOULD LIKE TO HAVE OIL FROM BOTH "KASHAGAN" AND "LYANKARAN-TALISH-DENIZ" AND "INAM" AND "ALOV" AREAS.

ators of the Baku-Ceyhan project, oil will be pumped though this pipeline. If not, it will flow to Iran. But I would like to emphasize that oil will flow to the Mediterranean Sea, liquefied gas will reach Turkey because it has the greatest economic potential in the regions. Turkey is a country with a population of over 70m, annual turnover of \$250bn, and relevant demands, - is the largest market in the region. We receive liquefied gas and will get natural gas from Russia. This year we are commencing to procurement of liquefied gas in Iran. We already receive it from Syria, Algeria and Egypt. However, Turkey



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TURKEY WILL BECOME A KIND OF ENERGY "DEPOT" FOR EUROPE.

would not entirely consume the gas, its portion will be transported to Europe. Turkey will become a kind of energy "depot" for Europe.

"CE": However, if the oil is transported to Iran, it will be sold not in Turkey but in Persian Gulf....

- Persian Gulf is not in possession of stability, which can be offered by Turkey. Do you really think that the US, France, Great Britain, Germany and Canada would allow accumulation of all their oil in a politically unstable region, near to Iraq, Iran and Israel? Hardly. We have a saying, "don't put all eggs into one basket". Secondly, Ceyhan is located closer to the European and American markets, and therefore, this market is more beneficial for traders. Not emotional expressions of politicians decide everything, but calculations of economists do. Every project requires five questions to be answered: "Who is going to buy?", "what is the route?", "what is transportation cost", "who is transporting?", "who's got money?"

Presently the MEP project on the Baku to Ceyhan route is at the stage of basic engineering design. Recently one more American company stated on its intention of joining the project. Kazakhstan has already expressed its willingness to transport 10m tones of oil through the pipeline. All of that is indicative of the fact that the Baku-Ceyhan project is already a reality. Of course, it will have opponents and supporters. Not 50m tones of oil, but less will be transported at early stages. If we manage to stay alive, we will be able to see a day when the Baku-Ceyhan pipeline throughput will not be sufficient to get all available recourses pumped.

"CE": In your opinion, when and how should the disputes between Turkey and France finish?

- I would like to stress that these are not disagreements with the French people. French population has not idea of all that. A law was passed by a few delegates who were under influence of certain groups at the moment of absence of a majority of PMs. It would be wrong to close eyes to the demarche for the sake of having the conflict settled as quickly as possible. It is necessary to clarify who has written the scenario, who are supporting the executors. We held consultations with the Azeri PMs, intelligentsia, and came to a conclusion that all of that represented greater danger to Azerbaijan than to Turkey. In future similar declarations may be passed in Germany, Sweden, Iran and any other country. Thereby the main aim is to make it clear to average European citizen that "paltry" Armenian people has been extirpated for all the history, both early this last century and in Sumgayit. As if they do not have light, heat, gas, forests are destroyed - they leave for America. Everybody would start to feel sorry for them, and nobody would recall about what those are the same Armenians, who seized 20% of the Azeri territory and expatriated 1m persons from their permanent dwelling places. Refugees contributed to many economic problems in Azerbaijan. Funds, which are presently allocated to refugees, could have been invested in development of economy, and the foreign investors would not mention difficulties associated with their work in Azerbaijan. All the stories on the genocide of Armenians are aimed at concealing this problem from the world community. Now about Turkey, a country with a population of about 70 million. Today 13 millions schoolboys and schoolgirls aged 5 to 16 started their studies in schools all over Turkey. Their number is similar to populations of Azerbaijan, Georgia and Armenia altogether. There are about 2m Turkish people living and working in

Germany, 250,000 - in France, there are Turks in Holland, the US and other states. The people not just live, they work over there. 12,000 Turkish students study in the German universities. Every year 3,000 Turkish children are born in Germany. German nation is getting old, natality is zero. 60% of the country's population are aged 40 upwards. Local evil-wishers, nationalists, church - all of them can see that Turks are coming. This time Europe is being conquered not through weapon, but by education and labour. Azeries follow Turks. Who could believe ten years ago that Azeries would join Turks to protest against decision of the French parliament? There was no such the understanding as Azeri Diaspora in London ten

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years ago. It was not in the US, not in Germany. Today - it is, in future there will be even more such organizations. There are obviously political forces, which do not like it. The forces are using the Armenian factor. Using those arguments they believe it is possible to blame Turks in natural brutality, to hinder their naturalization, to crowd out of the country. A few months ago, when discussing similar issue on genocide of Algerians by the French PMs, present Prime Minister of France has stated that the problem was already forgotten by the history, and it would be impossible to make a decision on it. The French Parliament which is not capable of assessing its own history is now trying to make decision relevant to history of my country. It is easy to notice dual standard in such approaches. Just want to repeat that it is not a fault of the French people, it is our fault. We should have made true story available for the French population, told world community about everything. Time will show what future keeps in store. The Armenian Diaspora lives in France for more than 100 years. Out Diaspora was established 30 years ago. In two-three generations such the decision would be impossible in essence. Presently 3 deputies, Turkish in origin, are in the German Reichstag. There are delegates, Turkish in origin, in Holland, Denmark. There is no Turk

THIS TIME EUROPE IS BEING CONQUERED NOT THROUGH WEAPON, BUT BY EDUCATION AND LABOUR. AZERIES FOLLOW TURKS.

in the French parliament. It turns out that Turks are not allowed to be elected to the French Parliament - in the democratic country that openly states on human rights. I believe, Turks will be in the French Parliament. In 20-30 years delegates with Turkish names will participate in the parliamentary sittings. Let's see then whether the French Senate will be in position to make similar decisions?

"CE": Thank you a lot for the interview.





Interview with the president of TPAO (Turkiye Petrolleri Anonim Ortakligi) Mr. Osman Demirag

- Can you please name the fields, which are being developed by the company and their locations?

- TPAO is carrying out its domestic exploration activities in 18 license areas. Taking a glance at the distribution of oil and gas concession in whole Turkey, TPAO bears 41% of total licenses which constitutes 62% of the total areal coverage. TPAO's activities are intensified mainly in the South East Anatolia and the Thrace Basin.

Within the context of exploration strategy, TPAO has also been performing exploration drillings in Aegean, Central Anatolia, Toros and Tuzgolü regions.

Besides, joint exploration activities in the Black Sea and Mediterranean offshore concessions are progressing rapidly. Thus, this takes us to the fact that in the very near future, the Caspian and the Black Sea basins will be mentioned together having linked activities and opportunities in our sector.

TPAO, between 1954-1999 has commercially discovered 60 oil and 15 gas fields in the Southeast Anatolia and the Thrace Basin.

- What is your present view on the economy, its place on the Turkish and Azeri markets?

- Since its foundation, the bulk of exploration and production in Turkey has been achieved by TPAO, the sole state oil company in the upstream sector.

Determination of natural resource potential and utilization of these resources through modern technology has a critical role in the development of countries.

Within the charter of its own mission, more than 90% of pre-drilling search activities in the last 20 years, over 80% of drillings and 55% production of oil and approximately all the natural gas produced so far has been preformed by TPAO.

Another significant step that TPAO has taken a lead to start a gas storage project both in land and sea within the scope of the agreement signed with BOTAS. Total storage capacity of the two fields namely, Kuzey Marmara and Degirmenkoy will be 1.6 billion cub.m and the project is expected to be finalized in the early 2004. Also in Tuzgolü, studies of a second storage project have been initialed with the contractors of BOTAS.

Today, TPAO performs continuous and intense efforts in order to be competitive with driving forces such as transfer of latest know-how, providing a challenge and growth-oriented environment for its employees, adopting quality standarts to its organization and diversifying out the sources of earnings .

In addition, I would like to emphasize that, TPAO has progressed on to the 14th place in 1999, from the 32nd place in 1998 in the list of the largest 50 companies of Turkey.

With the break up of the former Soviet Union in early 1990's, along with the world oil companies, TPAO has adjusted to the changing world of economic situation and turned to the Central Asia Turkish Republics, which are well known for their extensive hydrocarbon potentials.

TPAO, as an investor company in upstream and midstream projects, has a close watch on these developments with the responsibility and duty of reinforcing the historical and cultural ties between Turkey



and the Caspian Region countries.

TPAO has commenced its activities since the last 6 years in the Caspian Region using its experience gained from successful domestic and international activities of the past 40 years.

Amongst the countries in the Caspian Sea basin, Azerbaijan has attracted international interest in its potentially rich oil and natural gas reserves. Azerbaijan's hope for future economic growth rests with successful development of its vast oil and gas resources in the Caspian Region.

TPAO has become a shareholder in four capacious projects in Azerbaijan. These are Azeri-Chirag-Guneshli Project (6.75%), Shah Deniz Project (9%), Kur Dashi Project (5%) and Alov Project (10%).

Azeri-Chirag-Guneshli Project is the production project which will feed the Baku-Tbilisi-Ceyhan Pipeline. TPAO sincerely hopes that the means of transporting these huge reserves to the world markets should be economical, reliable and secure despite all the political concerns and manipulations. This pipeline will also be the backbone of the immortal friendship among Turkey, Azerbaijan, Georgia and Kazakhstan.

The discussions about the project started in early nineties and negotiations in 1997 whereas the first major milestone was the signing of the IGA (Inter Governmental Agreement) among Azerbaijan, Georgia and Turkey by the respective presidents during the OSCE Summit on November 18, 1999 in Istanbul. Another milestone is the formation of the Sponsor Group to carry out the necessary engineering work to enable existing and future investors of the project to gain increased confidence to be part of this

project. The three HGAs (Host Government Agreements), Turkish Turnkey Agreement and Funding and Cooperation Agreement have been signed on 17, 18 and 19 October, 2000 in Baku, Tbilisi and Ankara respectively between respective governments and SOCAR, BP, Unocal, Statoil, TPAO, Itochu, Ramco and Delta Hess as the initial BTC partners.

On the other hand, a significant natural gas discovery was realized within the second big project of the Caspian-

As industrialization is speeding up, if we take a look at Turkey's oil and natural gas demand forecasts, our country's oil demand will double whilst natural gas demand is estimated to be five folds for the period from 1999 to 2020.

Azerbaijan sector, namely the Shah Deniz Project. Shah Deniz natural gas reserve is considered to meet a great part of Turkey's total natural gas demand.

The third and the fourth projects that TPAO carries out in Azerbaijani sector are Kur Dashi and Alov projects for which the studies are underway for exploration.

Thus, TPAO is a main investor and partner in the region.

- What process is used to sell company's output?

- 100% of TPAO's domestic production is bought by the Turpas Refinery in accordance with the Petroleum Law 6326. The pricing is benchmarked to the world crude oil prices and enables TPAO to sell its domestically produced crude oil without any volume risk. Pricing is affect-

ed by movements in world crude prices.

In Azerbaijan and Kazakhstan, TPAO is currently producing and selling crude oil through its two joint venture companies.

TPAO sells its share of oil produced in the scope of Early Oil Project phase of Azeri-Chirag-Guneshli fields to the World Markets. TPAO crude is being transported to the Black Sea ports through Early Oil Export Routes; Baku-Supsa and/or Baku-Novorossysk.

TPAO's share of oil which is produced by its joint venture company Kazakturkmunay (KTM) in Kazakhstan, is transported by means of railways and pipelines systems of Kazakhstan and Russia, to the extent the quotas given for far country, close country and domestic refineries and is marketed directly by KTM to the buyers or traders.

- Are there any refineries belonging to the company? If there are, where are they located and what are the plans for their future development?

- Refining in Turkey is dominated by Tupras which has been removed from its subsidiary status from TPAO in 1990 and currently, TPAO is not engaged with the refinery activities.

- What is your view on the possibility of delivering the Kazakh oil through the Baku-Ceyhan oil pipeline? What is your relation to such prospect?

- As we all know, Turkey's strategic location makes it a natural "energy bridge" between major oil producing areas in the Middle East and Caspian Sea region on the one hand, and consumer markets in Europe on the other. Turkey's port of Ceyhan is an important outlet both for current Iraqi oil exports as well as for potential future Caspian oil export. The Turkish Straits are major shipping "choke point" between the Black Sea and Mediterranean Sea. Finally, Turkey is a rapidly growing energy consumer in its own right.

As mentioned previously, being aware of the equal importance of having a safe, secure export solution to



the production of reserves, TPAO has been and is still supporting the BTC crude oil pipeline project as the best solution to transport the Caspian Region oil to the world markets.

Delivering the Kazakh oil by BTC will be beneficial to both Kazakhstan procedures and BTC investors. Some alternative routes to carry the Caspian Area oil to World Markets have great environmental and navigational risks, hence are not ultimately best solutions. TPAO believes and desires that BTC will turn into Aktau-Baku-Tbilisi-Ceyhan pipeline and commit to fulfill its responsibilities or roles in that sense.

- What do you think about capacity of the Turkish gas market now and in future?

- As a developing country with a high increase rate of population and rapid growth of the Turkish economy, the energy demand has been growing by 8% per annum, whereas world average is 1.8%. Thus, Turkey soon is expected to be the fastest growing energy market in the world.

Oil provides nearly half of Turkey's total energy requirements, but its share is declining as the share of natural gas rises. The composition of fuels in demand changes over the next 20 years in favor of natural gas from 16% to 25%. Natural gas is Turkey's preferred fuel for the new power plants to be constructed in the coming years. This makes sense for Turkey for environmental, geographic, economic and political reasons.

As industrialization is speeding up, if we take a look at Turkey's oil and natural gas demand forecasts, our country's oil demand will double whilst natural gas demand is estimated to be five folds for the period from 1999 to 2020.

Consumption of natural gas was introduced to the Turkish economy at the end of 1970's and it is quite obvious that natural gas consumption rate in our country is going to increase faster than oil in the future.

Due to the vital importance of natural gas for Turkey for the various factors affecting the Turkish economy such as development, industrialization, urbanization, technology and conservation, Turkey's natural gas demand and import projections are increasing rapidly.

Turkey with her minor gas production, today meets 96% of its natural gas demand by imports. According to the projections,

Turkey's gas demand - import ratio is expected to reach 100% in the year 2020.

The bulk of Turkish gas import is coming mainly from Russia, around 70% and the other 30% is from Algeria and Nigeria.

Turkey which is in the process of diversifying its gas import sources, is performing great efforts by sign-

TPAO's national mission is to meet our country's need of energy by means of supplying oil and natural gas economically, safely and environmentally friendly and to develop domestic hydrocarbon potential.

ing deals with a variety of countries and supporting the construction of transmission pipelines as well as to contribute the reduction of urban pollution and CO2 emission to the extent that natural gas replaces more carbon-intensive fuels.

- What are the future plans of the company?

- Performing all its activities since 1954 with success, TPAO holds an important position among leading private and state owned companies. Looking further ahead, TPAO has set target to be an "Energy Company" in the early 21st century. With this investment abroad, TPAO roots for eminent position among world-giant petroleum companies for the next five years. TPAO's national mission is to meet our country's need of energy by means of supplying oil and natural gas economically, safely and environmentally friendly and to develop domestic hydrocarbon potential. In the face of limited domestic hydrocarbon resources and Turkey's growing energy needs, TPAO adopted a policy of investment diversification to hydrocarbon rich countries in the Middle East, Turkic Republics and North Africa. By forming joint ventures and through consortiums, TPAO plans to add reserves to its

portfolio and gain access to critical technologies which in return will be used towards exploration and exploitation of domestic reserves. In the year 2000 and beyond, TPAO plans to restructure itself as a contemporary initiative. In the future, TPAO will boost its past performance with an accelerated pace. In short, TPAO is shaping her future.

This is evaluating today as the tomorrow of yesterday and yesterday of tomorrow. As a final word, TPAO considers and relies on its human resources as its greatest asset.

- How does TPAO contribute to the community in Azerbaijan?

- As indicated before TPAO is not active only in the oil industry of Azerbaijan. We are trying to assist the community and education in Azerbaijan as well. We are working closely with the Oil Academy and related Non Governmental Organizations to help the community as much as we can.

Together with the International Red Crescent we have assisted the families that have been effected by the landslide that occurred last year.

This year we are trying to assist the Oil Academy carry out repairs due to damage that have occurred after the earthquake in Baku.



PETOIL IN AZERBAIJAN



Dr.M.Ali Ak, President of PETOIL

M.Ali Ak graduated in 1978 from University of Istanbul, Department of Geophysics with an M.Sc. in Geophysics. He worked for TPAO, the national oil company of Turkey, from 1978 until 1999 as Seismic Party Chief; Chief Geophysicist of Operations and Quality Control; Senior Geophysicist of Asian-Turkic Republics Exploration; Chief Negotiator of International Projects; Assistant Group Manager of International Projects and finally as Exploration Group Manager. In 1994, he received a Ph.D in Geophysics from University of Ankara. He was a Board Member of Chamber of Geophysical Engineers of Turkey (CGET) between 1988 and 1996, including his Presidency in 1989. From June 1995 to June 1998, Dr.Ak served the European Association of Geoscientists and Engineers (EAGE) as Vice President, President and Past President respectively. He left TBS Consultancy Ltd. early January 2001, where he worked for more than a year as Coordinator of oil&gas projects, to join PETOIL Inc. He is currently a member of SEG, EAGE, CGET, TAPG and AIPN, and a founding member of Petroleum Platform Association of Turkey. Dr.Ak is married and has one son.

PETOIL Petroleum and Petroleum Products International Exploration and Production, Incorporated ("PETOIL Inc.") is a member of PET HOLDING group of companies. Established in 1990 in Ankara, PETOIL Inc. is active in the fields of exploration, development, production, storage, transportation and marketing of crude oil and natural gas.

PETOIL Inc. is one of the first oil companies that have shown an interest in the petroleum industry of Azerbaijan. Founder and Chairman of PET HOLDING Dr.Guntekin Koksak first visited Baku in 1989 and held meetings with the officials of SOCAR discussing the possibility of a future cooperation. After Azerbaijan restored its independence, PETOIL Inc. formed a joint venture with SOCAR in 1992, with an aim of contributing to the development of Azerbaijan's petroleum resources. AZERPETOIL Joint Venture was awarded the rehabilitation and production of Kelameddin oil field in 1994, followed by Mishovdag oil field in 1996, both fields located in Ali Bayramli area onshore Azerbaijan.

AZERPETOIL Joint Venture successfully operated the fields until late last year producing about 150,000 tons of

crude oil each year. With more than 800 local employees and an annual turnover of nearly 12 million USD, AZERPETOIL played an important role in the economic growth of the region and the country, during the most difficult times when Azerbaijan was struggling to transform and adapt its economy into a free market system.

In recognition of the two-way operational and commercial advantages and economic stability of the PSA type arrangements over the joint venture structures, SOCAR encouraged PETOIL Inc. to negotiate, together with the US company, Moncrief Oil International, Inc. and SOCAR Oil Affiliate, a Rehabilitation and Production Sharing Agreement ("RPSA") covering AZERPETOIL's Kelameddin and Mishovdag oil fields. Signed on 12 September 2000 in Washington DC at the presence of H.E. Heidar Aliyev, President of the Azerbaijan Republic, the RPSA has been ratified into law by the Milli Mejlis and became effective on 22 November of the same year. PETOIL Inc. holds a 35.7% interest in the RPSA and in Karasu Operating Company, the joint operating company established after the effective date of the RPSA for taking over from AZERPETOIL the project operations.

The RPSA envisages a 150% increase in the existing production of the two fields, within the first three years of the 25-year project. However, PETOIL Inc. and its partners are committed to invest approximately 178 million US Dollars within the first five years of the project and thus achieve the target levels much earlier, through an accelerated program of operations. European Bank for Reconstruction and Development ("EBRD") has also extended its support to the project through long-term credit facilities.

In 1998, PETOIL Inc. has established an affiliated company named PETOIL Baku Ltd. Being a 100% foreign investment Azerbaijani entity; PETOIL Baku Ltd. provides materials, supplies and services to oil companies making business in the country. Backed by the technical and human resources of its ultimate parent company in Turkey, PETOIL Baku Ltd. is committed to a full customer satisfaction and highest possible quality for unit price.

PETOIL Inc. and its affiliate PETOIL Baku Ltd. are proud of the contributions they have made, and they will continue to make, to the prosperity of Azerbaijan.



PETOIL

A decade in Azerbaijan
A decade for Azerbaijan

PETOIL

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President of SOCAR
Natig Aliyev

NATIG ALIYEV: Turkish economic crisis, is not going to have a negative impact upon the Shakh-Deniz project realization.

"CE": In your opinion, to what extent is the Turkish economic crisis going to delay the implementation of the Shakh-Deniz "early" gas export project?

- The signing up of an Agreement on the purchase of Azerbaijani gas by the Turkish party was per se the most significant event for us. We've gone a long way to see this happen, as we understood that no implementation of the Shakh-Deniz project could have actually begun without such an Agreement in place. Had we not been sure that the Shakh-Deniz gas was going to find its consumer, we would not have started any work in terms of the field development. I mean entire scope of the field development related works (platform construction and underwater gas pipeline, etc.). The signing up of this Agreement was vitally important for us. As touching on the Turkish economic crisis, I think it's not going to have a negative impact upon the Shakh-Deniz project realization. Economic crises quite commonly emerge from time to time, which then lead to the country's economic recovery and stability, both in terms of its financial condition and industrial situation. This particular economic crisis will have nothing to do with the Shakh-Deniz project, since the delivery of the deposit gas supplies is going to start only in 2004. Moreover, the initial amounts of gas to be sold to Turkey will not nearly be as large for it to become exposed by the country's economic crisis. Let me add by saying that the entire scope of works to be implemented in the deep water part of the deposit - the platform construction, drilling of wells, rehabilitation and restoration of the gas pipeline passing through the territory of Azerbaijan and Georgia and up to the Turkish border - all of this is going to be done at expense of the Shakh-Deniz project member companies. And this has nothing to do with the economy of Turkey.

"CE": What are the possibilities in relationship to the export of the Shakh-Deniz gas to Europe? In regards with the negotiations that are held with Iran on the export of the Shakh-Deniz gas, what phase have they reached so far?

- We have already determined general exportation route. The Azerbaijani gas must reach the market of Europe, which is going to be gradually developed. It will be Georgia, whose ability to purchase Azerbaijani gas will depend on its financial capability, and it'll mainly be Turkey. We must annually deliver 6.6 bil-

lion cubic meters of gas to Turkey. This will be implemented gradually: 2 billion cubic meters of gas will be exported in 2004, then, we will slowly increase the volume of exportation until by the year 2008 it reaches 6.6 billion cub. m of gas. The export of our gas into Georgia and Turkey is our general strategic objective. There are further possibilities. First of all, the Turkish parliament is currently in the process of preparing a special provision on the liberalization of the free gas market. Azerbaijan, besides exporting 6.6 billion cub. m of gas per annum, in case it needs to increase its supplies, will be presented with an opportunity to access consumers directly in the territory of Turkey. We will be selling entire available surplus of gas directly to the Turkish consumers. Secondly, we have an Agreement that allows us to utilize entire Turkish infrastructure in order to transit deliver the over 6.6 billion cub. m gas surplus to Europe. Our negotiations with Iran are going on. Mutual understanding has been reached pertaining to our willingness to purchase Iran's gas in order to solve the problems we have in our power industry (namely, in order to shift our thermo-power stations over to gas consumption mode, and fully provide population and industry with necessary gas supplies). Further on, as Shakh-Deniz undergoes its full-scale development, we don't rule out the possibility of implementing Azerbaijani gas deliveries to Iran, particularly to its northern areas. There is an understanding of such possibilities both in Azerbaijan and Iran. The question is how are these plans going to be carried out in the future. The answer will become clear as we develop the republic's gas deposits.

"CE": How did Shakh-Deniz field development plans change after that the deposit was outlined?

- The Shakh-Deniz development plans have changed, partly however. Today, we are trying to solve the problem of "early" gas production. You know that the third well was drilled outside of the gas field. Previously, we planned to build a light platform in a shoal within the deposit area. Currently, Shakh-Deniz member companies have slightly revised their plans. It's been decided to construct a heavier platform that will allow us to drill 16 wells, every one of which is going to produce about a billion cubic meters of gas per annum. The test wells number 1 and 2 have already been drilled, and are going to be fitted with an underwater collar equipment and linked

to the platform. All of these have caused partial technical changes in the project.

"CE": What is your attitude towards the possibility of having Kazakhstan join Azerbaijani export gas pipeline?

- We have never considered the issue of Kazakhstan's joining the export gas pipeline of Azerbaijan. The gas pipeline is a project that concerns Azerbaijan's gas resources. Should Kazakhstan ever desire to utilize our gas pipeline in order to deliver their gas to the market, it must have proper agreement with the final consumer, have the transport agreement concluded, take into account appropriate transportation expenses, etc. Right now, any talks about the possibility of having Kazakhstan or any other country join Azerbaijan's gas pipeline seem unrealistic.

"CE": Has SOCAR been holding any negotiations with the government of Kazakhstan regarding the conditions for this Caspian country to join Baku-Geikhan MEP?

- Yes, such negotiations are currently in progress. I think that Kazakhstan has already understood absolute profitability of MEP. Turkey, Azerbaijan and Georgia, supported by the U.S.A., are presently holding negotiations with the oil companies that work on the other side of the Caspian Sea in an attempt to make them consider the possibility of exporting their oil via Baku-Tbilisi-Geikhan MEP. Such attempts turned out to be a success. A number of Astan presentations of MEP documents, made by representatives of Azerbaijan, Turkey, Georgia, and the U.S.A., and participated by the government of Kazakhstan and Kazakhstan-based companies, had been able to convince them of the fact that Baku-Geikhan could become an alternative export route for Kazakhstan's oil. The Astan negotiations centered in the necessity of creating conditions in Kazakhstan that would be similar to those created in Azerbaijan, Georgia, Turkey, that is, all along the Baku-Geikhan route of the pipeline. I think that everybody has understood that. That is why the government of Kazakhstan has notified us about its readiness to consider the Intergovernmental Agreement and oil transportation Agreements within the shortest possible period of time.

"CE": In your opinion, when the practical implementation of the Baku-Aktau project is going to become possible?

- Practical implementation of the Baku-Tbilisi-Geikhan project has already started. The construction of MEP will start in mid 2002. Until that time we are going to accommodate all fiscal issues and conclude necessary agreements within the framework of the Baku-Tbilisi-Geikhan project. As touching upon Aktau-Baku-Tbilisi-Geikhan, so far there is no special investment need there. It only requires Kazakhstan's oil companies to convey certain amount of their oil to Baku. There is a way to deliver oil from Aktau over to Dubendi terminal, which then could be tapped into the Main Export Pipeline. Therefore, the realization of Baku-Tbilisi-Geikhan project is more important than that of Aktau-Baku one.

"CE": Do you have all necessary conditions created for more investors to join the Baku-Geikhan sponsor group?

- We are not going to improve any of these conditions. The packet of documents has already been signed. Everybody knows about the conditions for joining the Baku-Geikhan sponsor group.

There are no new or additional privileges envisaged for the purpose of drawing investors to the Baku-Geikhan sponsor group. The project is open for whosoever will to join.

"CE": What do you think about the concentration of European, Japanese, and Chinese companies in Iran?

- Every country has its own policy for drawing foreign investments. We wish to see entire Caspian region turned into a center of foreign investments, regardless of where that might be. The reason being is that capital commingling always brings about regional stability, security, better conditions for conducting exploration works, and greater rivalry. It also leads to cheaper labor cost, which is the drawing factor for other companies. I consider concentration of foreign companies in Iran to be a positive factor.

"CE": Is the resolution adopted by the French Parliament on the acknowledgement of "the Armenian genocide" going to impact SOCAR's plans to joint-develop the shoal part of the Gyuneshli deposit with TotalFina Elf the?

- No parliamentary resolution can have any impact upon SOCAR'S relations with any company. We have been cooperating with TotalFina Elf for a long time, and our cooperation is based upon mutual economic benefits, including that of the Azerbaijani government. We are not into the business of dramatizing any events that pertain to Azerbaijan, and we don't turn political interests into the cornerstone.

"CE": Does BP show interest to the development of the shoal part of Gyuneshli?

- The field is of an immense importance to us. We hold too high requirements for foreign investments' participation in the project for rehabilitation, further exploration, and development of Gyuneshli. On the one hand, these requirements are fair, while on the other hand they are quite high. Not every company today would dare to undertake the project.

"CE": Are there any plans regarding SOCAR's reorganization?

- This is a rather serious issue. Conventionally, SOCAR has emerged as an enormous oil and gas administration, and is characterized by a sizable and numerous personnel. It's possible to expect reorganization of some SOCAR's structures that develop inefficient and expiring fields, or those situated in the republic's remote regions. Usually, reorganization is closely connected with having to dismiss lots of personnel members, which is the last thing SOCAR wants to do. But we are trying to reorganize industrial structure and strengthen priority lines. This kind of reorganization is going on. It's implemented in a thoughtful and careful manner. The structural and industrial reorganization is going to be implemented according to a plan.

"CE": Does SOCAR have its representatives on the Supervisory Board of Azerbaijan's Oil Fund?

- Not yet, since the Supervisory Board itself hasn't been established yet. I think, however, that when it is established, SOCAR is certainly going to have somebody represent it there.

НАТИГ АЛИЕВ:

"ЭКОНОМИЧЕСКИЙ КРИЗИС В ТУРЦИИ НИКАК НЕ ПОВЛИЯЕТ НА РЕАЛИЗАЦИЮ ПРОЕКТА "ШАХ-ДЕНИЗ"

Президент ГНКАР
Натиг Алиев

"СЕ": Насколько, по Вашему мнению, задержит реализацию проекта экспорта "раннего" газа с "Шах-Дениз" экономический кризис в Турции?

- Для нас самое большое значение имел сам факт подписания Соглашения о купле-продаже азербайджанского газа турецкой стороной. К этому мы шли давно, и понимали, что без этого Соглашения никакая реализация проекта "Шах-Дениз" не может быть фактически начата. Если бы мы не были уверены в том, что газ с "Шах-Дениз" найдет своего потребителя, никаких работ на этом месторождении не проводились бы. Я имею в виду все работы, связанные с разработкой месторождения (строительство платформы, подводного газопровода и т.д.). Подписание этого Соглашения имело для нас архиважное значение. Что же касается экономического кризиса в Турции, я думаю, что он никак не повлияет на реализацию проекта "Шах-Дениз". Экономические кризисы время от времени возникают, это обычная вещь. Затем экономика страны, как правило, восстанавливается, стабилизируется и ее финансовое состояние, и положение в промышленности. В данном случае экономический кризис никак не коснется проекта "Шах-Дениз", поскольку реализация газа с этого месторождения начнется в 2004 году. К тому же, на первом этапе в Турцию будет продаваться не настолько большой объем газа, чтобы его можно было увязать с экономическим кризисом в стране. Добавлю, что все работы, которые будут вестись на глубоководной части месторождения: строительство платформы, бурение скважин, реабилитация и восстановление газопровода на территории Азербайджана и Грузии до границы с Турцией, - все это делается за счет внутренних финансовых ресурсов компаний, входящих в проект "Шах-Дениз". И это никакого отношения к экономике Турции не имеет.

"СЕ": Каковы перспективы проекта экспорта газа "Шах-Дениз" в Европу? На какой стадии находятся переговоры по экспорту газа "Шах-Дениз" с Ираном?

- С генеральной линией мы определились, азербайджанский газ должен выйти на рынок Европы, который будет осваиваться постепенно. Это Грузия - в зависимости от ее финансовых возможностей по закупке азербайджанского газа, это, в основном, Турция. В Турцию мы должны ежегодно поставлять до 6,6 млрд. куб. м. газа.

Поставка будет осуществляться постепенно, в 2004 г. - это 2 млрд. куб. м., затем объемы будут постепенно расти, и дойдут до 6,6 млрд. куб. м. - в 2008 году. Генеральная, стратегическая наша задача заключается в поставках газа в Грузию и Турцию. Существуют и дальнейшие перспективы. Во-первых, в парламенте Турции готовится специальное постановление о либерализации рынка свободного газа. Азербайджан, кроме своих обязательств поставлять ежегодно 6,6 млрд. куб. м., в случае увеличения объема газа, будет иметь возможность получить доступ к потребителю на территории Турции. Весь имеющийся излишек газа, мы будем сами продавать потребителю в Турции. Во-вторых, у нас имеется Соглашение, дающее право поставлять транзитом в европейские страны по имеющейся сейчас в Турции инфраструктуре весь газ, поставленный сверх объема в 6,6 млрд. куб. м.

Переговоры с Ираном продолжаются. Есть взаимопонимание в том, что мы хотели бы закупить у Ирана газ для решения проблем в топливно-энергетическом комплексе (перевод тепловых электростанций на газ, полное обеспечение населения и промышленности газом). Со временем, при полномасштабной разработке "Шах-Дениз" мы не исключаем возможности поставок азербайджанского газа в Иран, в частности, в его северные области. Понимание таких перспектив для Азербайджана и Ирана существует. Вопрос в том, как эти планы будут реализованы в дальнейшем. Ответ на этот вопрос будет ясен в ходе разработки газовых месторождений республики.

"СЕ": Какие изменения произошли в планах разработки "Шах-Дениз" после того, как было окончено месторождение?

- Планы разработки "Шах-Дениз" изменились, но частично. Сегодня мы стараемся решить проблему добычи "раннего" газа. Вы знаете, что третья скважина, пробуренная на этом месторождении, попала за контур газоносности. Ранее нами планировалось построить легкую платформу на мелководье месторождения. В настоящее время входящие в проект "Шах-Дениз" компании несколько пересмотрели свои планы. Решено построить более тяжелую платформу, с которой будет пробурено 16 скважин, каждая из этих скважин будет подавать около миллиарда кубометров газа в год. Уже пробуренные разведочные скважины (№1 и №2) будут оснащены подводным устьевым оборудованием и выведены на эту платформу.

форму. Все это послужило причиной частичного изменения технических решений по данному проекту.

“СЕ”: Как Вы относитесь к возможности подключения Казахстана к экспортному газопроводу Азербайджана?

- Мы никогда не рассматривали вопрос о том, что Казахстан будет подключен к экспортному газопроводу Азербайджана. Газопровод - это проект, касающийся газовых ресурсов Азербайджана. Если когда-либо Казахстан изъявит желание поставлять газ на рынок по нашему газопроводу, он должен иметь соответствующее соглашение с конечным потребителем, иметь транспортное соглашение, учесть расходы на транспортировку и т.д. Сейчас говорить о подключении Казахстана, или какой-либо другой страны, к азербайджанскому газопроводу нереально.

“СЕ”: Ведет ли ГНКАР переговоры с правительством Казахстана по поводу условий подключения этой прикаспийской страны к ОЭТ Баку-Джейхан?

- Да, такие переговоры ведутся. Думаю, что в Казахстане уже поняли безусловную рентабельность проекта ОЭТ. Турция, Азербайджан и Грузия при поддержке США проводят переговоры с нефтедобывающими компаниями, работающими по другую сторону Каспия, с тем, чтобы они обратили внимание на возможность экспорта своей нефти по ОЭТ Баку-Тбилиси-Джейхан. Такие попытки оказались успешными. Презентации документов по ОЭТ, проведенные в Астане представителями Азербайджана, Турции, Грузии и США с участием правительства и компаний, работающих в Казахстане, сумели убедить их в том, что Баку-Джейхан может быть одним из альтернативных маршрутов экспорта казахстанской нефти. В Астане речь шла о том, чтобы правительство Казахстана создало для экспорта нефти из Казахстана в Европу такие же правовые условия, как и в Азербайджане, Грузии и Турции, по всей трассе трубопровода от Баку до Джейхана. Думаю, что сегодня все это поняли. Поэтому правительство Казахстана уведомило нас о том, что в кратчайшие сроки рассмотрит тексты Межправительственного Соглашения и Соглашений о транспорте нефти.

“СЕ”: Когда, по Вашему мнению, будет возможной практическая реализация проекта Актау-Баку-Джейхан?

- Практическая реализация проекта Баку-Тбилиси-Джейхан уже началась. В середине 2002 года начнется строительство ОЭТ. До этого времени мы успеем согласовать все финансовые вопросы, заключить необходимые соглашения в рамках проекта Баку-Тбилиси-Джейхан.

Что же касается Актау-Баку-Тбилиси-Джейхан, то здесь особенно пока никаких инвестиций не нужно. Надо только, чтобы нефтедобывающие компании Казахстана транспортировали определенные объемы своей нефти до Баку. Сегодня существует схема доставки нефти из Актау танкерами до Дюбендинского терминала, далее возможно подключение этой нефти к Основному Экспортному Трубопроводу. Поэтому важно не то, когда будет реализован проект Актау-Баку, важно то, когда будет реализован проект Баку-Тбилиси-Джейхан.

“СЕ”: Созданы ли сегодня все условия для привлечения дополнительных инвесторов в спонсорскую группу Баку-Джейхан?

- Мы не собираемся какие-то условия улучшать. Подписан пакет документов. Все знают, на каких условиях инвесторы смогут присоединиться к спонсорской группе Ба-

ку-Джейхан. Какие-то новые, дополнительные льготы для привлечения инвесторов в спонсорскую группу не предусматриваются. Этот проект открыт для всех.

“СЕ”: Как Вы относитесь к концентрации европейских, японских и китайских компаний в Иране?

- Каждая страна осуществляет свою политику привлечения иностранных инвестиций в экономику. Мы бы хотели, чтобы весь каспийский регион превратился в международный центр иностранных инвестиций, независимо от того, где они вкладываются. Потому, что смешивание капитала - это стабильность в регионе, безопасность, лучшие условия для проведения разведочных работ, большая конкуренция. Это ведет к удешевлению работ, что привлекает другие компании. Концентрацию иностранных компаний в Иране считаю положительным фактором.

“СЕ”: Повлияет ли резолюция парламента Франции о признании "геноцида армян" на планы ГНКАР разрабатывать мелководную часть "Гюнешли" совместно с TotalFina Elf?

- Никакие резолюции парламентов не влияют на отношения ГНКАР с какой-либо компанией. С TotalFina Elf мы сотрудничаем давно, и наше сотрудничество основывается на экономических интересах обеих сторон, в том числе, и азербайджанского правительства. Мы не драматизируем какие-либо события, касающиеся Азербайджана, и не ставим во главу угла какие-то политические интересы.

“СЕ”: Интересуется ли ВР разработкой мелководной части "Гюнешли"?

- Это месторождение имеет для нас огромное значение. Мы предъявляем слишком высокие требования к участию иностранных инвестиций в проекте реабилитации, дальнейшей разведки и разработки "Гюнешли". Эти требования, с одной стороны, справедливые, а с другой, достаточно высокие. Не каждая компания сегодня отважится взяться за такой проект.

“СЕ”: Планируется ли реорганизация структуры ГНКАР?

- Этот вопрос достаточно серьезный. Традиционно, ГНКАР сложилась как огромная нефтегазовая управленческая структура, она характеризуется большим количеством обслуживающего персонала. Могут быть реорганизованы структуры ГНКАР, которые занимаются разработкой малоэффективных месторождений, находящихся на последней стадии разработки, или же расположенных в отдаленных районах республики. Реорганизация обычно связана с увольнением большого количества сотрудников, и на это ГНКАР идет неохотно. Другое дело, что мы стараемся реорганизовывать производственную структуру и усилить приоритетные направления. Такая реорганизация идет. Она проводится достаточно осторожно, осмысленно. Структурная и производственная реорганизация будет идти по плану.

“СЕ”: Входят ли представители ГНКАР в Наблюдательный Совет Нефтяного Фонда Азербайджана?

- Пока нет, поскольку сам Наблюдательный Совет еще не создан. Но думаю, что когда он будет создан, кто-то из ГНКАР обязательно будет там представлен.

OGPD "BALAKHANINE"

Over 130 years 333 mln tons of oil has been extracted from the Balakhany-Sabunchi-Romany oil-fields, onshore Azerbaijan that made up 35% of all oil volume produced onshore and 23% of all oil produced in Azerbaijan



Mr. Mamedov Mubariz Rza oglu was born on November 16, 1946. He graduated from AzINEFTEKHIM (presently known as State Academy of Oil) in 1970. After the graduation he started his services for "Balakhanineft", an Oil and Gas Production Directory, as Production Operator, then Production Supervisor, Production Engineer and Site Manager. In 1980 he undertook party obligations at the OGPD first and then at the regional committee of the Party. In 1987 he was appointed deputy Director General of "Azneft", a Production Association. In 1992 he was the manager of SOCAR's production division. In October 1995 he was appointed manager of "Balakhanineft", Oil and Gas Production Directory.

Development at "Balakhani" area started 130 years ago...

The Oil and Gas Production Directory (OGPD) of "Balakhanineft" develops a field of Balakhani-Sabunchi-Ramani. The field is unique because of its sizes and oil reserves (recoverable reserves are estimated to be about 350m tons). No H₂S and protoparaffin wax in the oil makes it possible to get very rare sorts of lubricants. The development of the field started in 1871 when the first well was drilled to the depth of 42m by industrial methods. The first oil fountain was first observed at Balakhani field. In 1873 a well was drilled to the depth of 38 meters and its rate was 3,000 tons. That is how the first oil boom started in Azerbaijan. In the 80th of the XIX century tens of oil companies operated in the region; hundreds of wells were drilled. A landlord could easily become millionaire. Many businessmen engaged in oil industry were trying to own the lands and drill wells. The production was increasing not yearly but monthly.

In 1875 at Sabunchi and then in 1890 at Ramani areas the developments were kicked off. To production rates were achieved in 1901 when the oil field totalled 8,821,000 tons of oil that was about 44% of world oil production and 80% of oil produced in Azerbaijan. New productive horizons have gradually been introduced to the production (there are 26 in total). About 333m tons of oil were produced for 130 years of oil production. That amounts to 23% of oil

production in Azerbaijan for the whole oil industry history and 35% of the republic's oil production onshore.

...and has been successfully progressing now

Despite history of many years, the OGPD takes a leading position at Onshore Oil and Gas Production Association because of the number of wells and oil production. At the moment 1,170 wells are under production. It is managed to be always ahead of schedule. The outcomes of 2000 were not exception to the rules: extra 10,000 tons of oil and 161,000 cubic meters of gas were produced. Last December the administration of Offshore Oil and Gas Production Association and SOCAR congratulated the personnel of the Production Directory for the performance of the annual workplan ahead of the schedule. As a whole, for past 5 years the state got extra 64,000 tons of oil and 500,000 cubic meters of gas. We consider about 400 inactive wells at the moment as the main reserve that will allow us to increase oil production. About 40-50 wells are annually put into operation and thus we can maintain the production rate of 630-640 tons of oil a day. The plan for the 1Q 2001 has also been executed ahead of the schedule; extra 4,800 tons of oil were produced.

In total there are about 2,000 staff members at "Balakhanineft". Eight Oil and Gas Production Workshops are operational under the OGPD. All of them are



Building of "Balakhanineft" OGPD

T" IS 130



On a control desk by pumps

in place to perform scheduled work, thereby, it should be noted that 6 of them are always ahead of the schedule. 60-70 people are in each OGPW. Besides, there are 8 more supporting workshops: repair and construction, assembly, instrumentation, R&D, electrical equipment, oil transportation, etc. A special importance is attached to a workshop engaged in underground and capital repair of wells. It would not impossible to support present production rates without support of the personnel from the mentioned department. Up to 1996 the workshop was not stable in operation: downtimes, non-operated equipment, shortage of devices. We paid a special attention to the problems of the workshop and were granted for that. We brought the downtime at the workshop to zero. About 12,500 underground and 250 well repairs are performed by the workshop every year. Last year 255 well repairs were undertaken and as a result extra 15,000 tons of oil were produced. If up to 1996 the production rate at OGPD was been decreasing by 10%, in the period of 1996 to 2000 annual production growth at "Balakhanineft" totals 3%.

The major problem for us is a deteri-

oration of the equipment and communications due to limited financial support. Having no financial support from the outside we are forced to refurbish and upgrade infrastructure at the cost of internal resources. We managed to put 467 wells into operation at the expense of internal resources in the period 1996 to 2000.

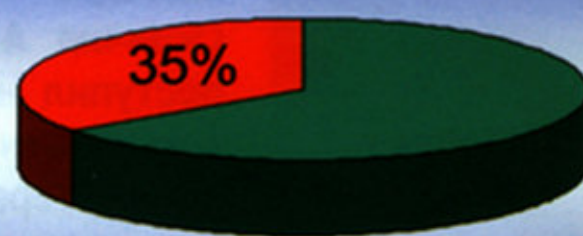
Science and advanced technologies

Our Oil and Gas Production Directory traditionally pays great attention to the advanced technologies. Almost all progressive methods meant for intensification of oil production were first applied at our field, and then were awarded "start in life". In 1969 a vapour injection to the strata, in 1973 in-situ combustion were for the first time applied at the field. Later on polymers injection was introduced. In the period 1996 to 2000 the strata bacteria treatment was successfully used - lactoserum injection. The areas of the filed having most of residual recoverable reserves are being analysed. The filters in the corresponding

Part of the "Balakhanineft" OGPD in total crude oil production on oil-fields of Azerbaijan (1871-2000).



Part of the "Balakhanineft" OGPD in total crude oil production on onshore oil-fields of Azerbaijan (1871-2000).



wells are expanded. Isolation work to limit water inflow to the wells is regularly conducted.

Awaiting the anniversary

In the end-June the Production Directory is going to celebrate the 130th anniversary. The team of the OGPD is committed to produce extra 10,000 tons of oil by the end-June. 130 year is a long period, more than one generation of Azeri oilmen started their work at the fields of "Balakhanineft". We have an intention of organizing "round table" with participation of labour veterans, preparing stands with photos and documents, producing anniversary badges. Even in the very hard period the oilmen of the Oil and Gas Production Directory of "Balakhanineft" proved through their labour that the old field could still produce oil. We hope we will continue the tradition in future.



Oil-field in the beginning of the century.



Oil-field present day.

Н Г Д У "БАЛАХАНЫНЕФТЬ"

За 130 лет из недр Балаханы-Сабунчи-Раманинского месторождения добыто 333 млн. тонн нефти, что составляет:
35% объема добытой на суше Азербайджана нефти;
23% всей добытой в Азербайджане нефти.



Мамедов Мубариз Рза оглу, родился 16 ноября 1946 года. Окончил АЗИНЕФТЕХИМ в 1970 году. После окончания ВУЗа поступил на работу в НГДУ "Балаханынефть", где последовательно занимал должности оператора по добыче нефти и газа, мастера, инженера, заведующего промыслом. В 1980 году перешел на партийную работу, вначале в НГДУ, а затем в районном комитете партии. В 1987 году назначен заместителем генерального директора Производственного объединения "Азнефть". В 1992 году - начальник производственного отдела ГНКАР. В октябре 1995 года назначен начальником НГДУ "Балаханынефть".

Разработка площади "Балаханы" началась 130 лет тому назад...

Нефтегазодобывающее Управление (НГДУ) "Балаханынефть" разрабатывает месторождение "Балаханы-Сабунчи-Раманы". Это месторождение уникально по своим размерам и запасам нефти (объем извлекаемых запасов - 350 млн. тонн). Отсутствие серы и парафина в маслянистой нефти место-

рождения позволяет получать из нее редчайшие виды масел. Его разработка началась в 1871 году, когда на площади "Балаханы" впервые промышленным способом

была пробурена скважина глубиной 42 м, из которой был получен первый нефтяной фонтан. В 1973 году была пробурена скважина глубиной 38 м, суточный дебит которой составил 3 000 тонн нефти. После этого начался первый нефтяной "бум" в Азербайджане. Уже в 80-х годах XIX века в районе действовали десятки нефтяных компаний, были пробурены сотни скважин. Обладатели маленьких участков земли в одночасье становились миллионерами. Многие нефтепромышленники старались завладеть этими участками и пробурить здесь скважины. Добыча росла не только ежегодно, но и ежемесячно.



Заседание технического совета НГДУ "Балаханынефть"

В 1875 году началась разработка площади "Сабунчи", в 1890 году - площади "Раманы". Пика добычи здесь достигли в 1901 году, когда дебит месторождения составил 8 млн. 821 тыс. тонн нефти, что равнялось 44% мировой добычи, и 80% нефти, добытой в Азербайджане. Постепенно, в разработку вводились новые продуктивные горизонты месторождения (всего их 26). Всего за 130 лет разработки месторождения добыто 333 млн. тонн нефти. Это 23% добычи Азербайджана за всю историю нефтяной промышленности и 35% всей добычи на суше республики.



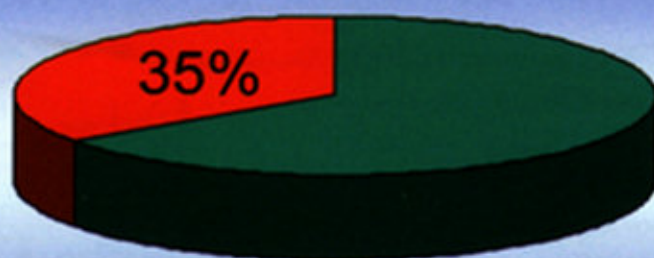
Обелиск на месте первой скважины, пробуренной в Балаханы

ОТЪ" - 130

Доля "Балаханьнефть" в общей добыче нефти в Азербайджане (1871-2000).



Доля "Балаханьнефть" в общей добыче нефти на суше Азербайджана (1871-2000).



...и успешно продолжается сегодня

Несмотря на многолетнюю историю, НГДУ занимает в Производственном Объединении "по Добыче нефти и газа на су-

сударству сверх плана было сдано 64 тыс. тонн нефти и 500 тыс. куб. м

срочным выполнением годового плана. В целом, за последние 5 лет государству сверх плана было сдано 64 тыс. тонн нефти и 500 тыс. куб. м газа. Главным резервом увеличения нефтедобычи мы считаем свой бездействующий фонд, в котором сейчас числится около 400 скважин. Ежегодно в строй вводится около 40-50 скважин, с их помощью нам удается поддерживать имеющийся уровень до-



На строительстве новой буровой

Всего в "Балаханьнефть" работает около 2000 сотрудников. В составе НГДУ функционируют восемь цехов по добыче нефти и газа (ЦДНГ). Все они своевременно выполняют плановые задания, причем шесть из них регулярно его перевыполняют. В каждом ЦДНГ трудится по 60-70 человек. Помимо этого существует еще 8 вспомогательных цехов, ремонтно-строительный, ремонтно-монтажный, контроль-

Мастерская по ремонту электродвигателей



Резервуарный парк НГДУ "Балаханьнефть"

ше" одно из первых мест, и по количеству скважин, и по добыче нефти. Сегодня на месторождении эксплуатируется 1170 скважин. План по добыче нефти ежегодно перевыполняется. Итоги 2000 года не стали исключением, сверх плана было добыто 10 тыс. тонн нефти и 161 тыс. куб. м газа. В декабре прошлого года руководство ПО "по Добыче нефти и газа на суше" и Госнефтекомпания Азербайджана поздравило коллектив НГДУ с до-

бычи, 630-640 тонн нефти в сутки. План первого квартала 2001 года также был выполнен досрочно, сверх плана сдано 4 800 тонн нефти.



но-измерительных приборов и автоматики, научно-исследовательских и производственных работ, подготовки и перекачки нефти, цех электрооборудования и т. д. Особое место занимает цех подземного и капитального ремонта скважин (ЦПКРС). Без успешной работы сотрудников этого цеха поддержать имеющийся уровень добычи было бы просто невозможно. До 1996 года цех работал очень неровно, было много простоев, техника находилась в нерабочем состоянии, не хватало оборудования. Мы уделили особое внимание проблемам ЦПКРС, и результат не заста-

Проблемой номер один остается для нас износ оборудования и коммуникаций при ограниченных возможностях финансирования. Не получая такое финансирование извне, мы вынуждены решать задачи обновления инфраструктуры за счет внутренних ресурсов. За счет тех же резервов в период 1996-2000 гг. из бездействия в эксплуатацию введено 467 скважин.



В детском саду при НГДУ "Балаханынефть"

Наука и передовые технологии

Традиционно большое внимание в нашем НГДУ уделяется передовым технологиям. Практически все прогрессивные виды интенсификации добычи нефти впервые применялись на нашем месторождении, и затем получали "путевку в жизнь". В 1969 году здесь

В ожидании юбилея

В конце июня Управление готовится торжественно отметить свой 130-летний юбилей. Взяли трудовое обязательство, к концу июня коллектив НГДУ намеревается сверх плана сдать государству 10 тыс. тонн нефти. 130 лет - немалый срок, не одно поколение азербайджанских нефтяников начинало свой путь на промыслах "Балаханынефти". Собираемся организовать "круглый стол" с участием вете-



Жилой дом готов для вселения нефтяников

вил себя ждать. Сегодня простой бригад подземного и капитального ремонта сведены к нулю. Ежегодно цех выполняет около 12,5 тыс. подземных и 250 капитальных ремонтов скважин. В прошлом году был произведен капитальный ремонт 255 скважин, в итоге было дополнительно добыто 15 тыс. тонн нефти. Если до 1996 года уровень добычи в НГДУ ежегодно снижался на 10%, то в период 1996-2000 гг. ежегодный прирост добычи в "Балаханынефть" составляет 3%.

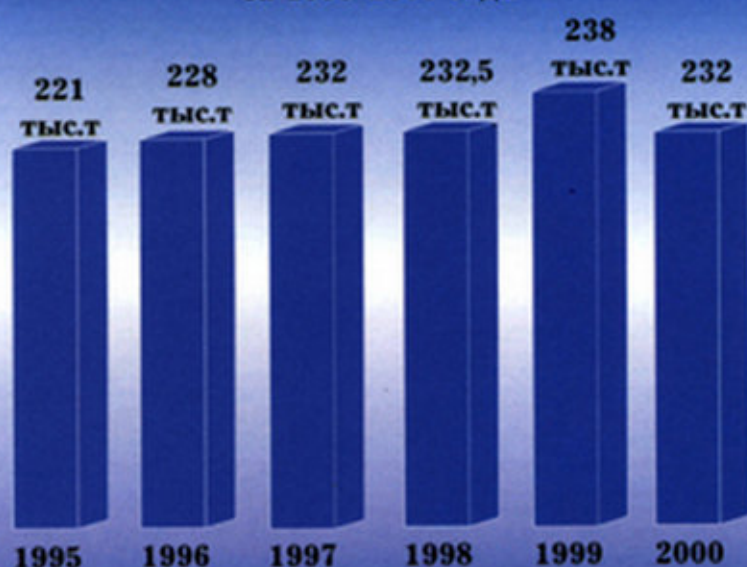
здесь впервые применяли паровоздействие на пласт, в 1973 году - внутрислоевого горения, позже применяли закачку полимеров в пласты. В период 1996-2000 гг. успешно применялся метод бактериологического воздействия, т.е. закачка молочной сыворотки в нефтяные пласты. Разработка месторождения ведется точно и скрупулезно. Выявляются участки месторождения с наибольшим количеством остаточной нефти, в сква-



Приятно обедать в уютной столовой

ранов труда, подготовить стенды с фотографиями и документами, выпустить к юбилею памятные значки. Даже в самые трудные времена нефтяники НГДУ "Балаханынефть" своим трудом доказывали, что потенциал старых месторождений еще не выработан до конца. Надеемся, что мы продолжим эту традицию и в будущем.

Показатели добычи нефти НГДУ "БАЛАХАНЫНЕФТЬ" за 1995-2000 года



жинах на этих участках расширяются фильтры, осуществляется возврат скважин на ранее неразработанные горизонты. Регулярно проводятся изоляционные работы для ограничения водопритока к скважинам.

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May 24-25, 2001

ASTRAKHAN

FEDERAL RESORT "TINAKI"



The Caspian Region today is one of the hottest spots on the global map of the oil and gas business, and over the last decade it has been making a noticeable impact on international relations. Major discoveries recently made offshore Kazakhstan and Russia have confirmed the presence of potentially enormous and largely untapped hydrocarbon resources in the area. The development of these resources in the new century will undoubtedly serve as a strong incentive to significant economic growth of the five coastal countries. However, the initial step to future prosperity would be to identify and openly discuss major issues that are holding back current efforts towards the development of rich local resources. Hence, the aim of the upcoming Conference is to promote mutual understanding, facilitate cooperation and encourage a meaningful dialogue among all parties involved.

ITEMS

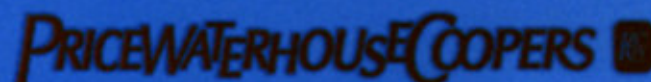
Legal Status of the Caspian Region.
Investment Regimes.
Proven Reserves and Potential Prospects.
Exploration and Production.
Domestic and Export Markets.
Export Routs Companies and Investment Projects.

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STABLE PRODUCTION IS ACHIEVED ONLY AT THE EXPENSE OF IMPROVING SERVICE OF WELLS



OLDEST OGPD IN AZERBAIJAN

The Binagadineft Oil and Gas Production Directory (OGPD) is the oldest petroleum-producing facility in Azerbaijan. Today, the Binagadineft OGPD is developing Binagadi, Kirmaki, Chahnalar, Sulu Tepe, Shabandag, Fatmai, Sian Shor, Magomedli and Masazir fields. By the way, the development of the Binagadi field was begun in the 19th century. 78.5 percent of the reserves of the fields have been already extracted.

We know from the history that efflorescence of our oil industry started in 1928. By the year 1936, Azerbaijan produced 75 percent of the whole oil in the Soviet Union. A 20 percent volume came to the Binagadi field. 23.5 mln tons of oil, the record quantity, was produced in Azerbaijan in 1941. A tenth of the volume was provided by our oilmen produced 1,963,911 tons from the Binagadi, Chahnalar and Sulu Tepe fields. The production was at the level through the Second World War.

In the postwar years, the production rate has gradually reduced and reached its lower level during the breakup of the former Soviet Union. Disturbance of economic links, high inflation, lack of a pricing mechanism, shortage of equipment and spare parts - all these factors mightily hit the whole oil industry of Azerbaijan, including our facility. The crisis was also worsened by the fact that the field was developed for more than 100 years, today's water content of the field's products is 90-95 percents. If in 1988 1,650 wells (100 percent stock) were operational in the OGPD, this year only 714 wells (49 percent) are operational from the whole performance stock that is 1,458 wells.

WHO WE ARE

Today, in the directory there are 4 shops to produce oil and gas, in which 1,530 people work, including 394 engineers and 1,136 high-skilled workers.

As is customary in the State Oil Company of Azerbaijan Republic (SOCAR), the OGPD fulfills not only production assignments but also social. On the directory's stock, there are 122 dwelling houses with the total area of 131,857 sq. m. One of them is a hostel, the area of which is 4,760 sq. m. In 2000,

about 1.5 billion manats were spent to re-innovate administrative and dwelling houses. 230 families of refugees and IDPs were lodged in the buildings belonged to the OGPD. These are 1,240 people receiving any aide from the Binagadi OGPD, if necessary.

HOW WE WORK

Residual reserves of the fields being explored by the Binagadineft OGPD are estimated to be perspective. Natural decline of the production in old wells is countervailed by flow rates of new wells. So, last year flow rates of wells put into commission from the dormant stock exceeded the same indicator of 1999 by 2,270 tons.

Before 1990, production drilling has been 79,704 m at average annually; exploration drilling has been regularly carried out. However, drilling reduced in 2000 against 1999. Only 2 wells were established from drilling; overall drilling was 1,555 m. 1,501 tons of oil was produced from the wells. If we produced 0.5 tons of oil from the old wells at average, today we do produce 3 tons a day from every new well. Plan on gas production is overachieved annually.

Last year, cumulative oil production exceeded the figure of the year 1999 by 13,377 tons, i.e. (11.5 percent). 15,744 cub. m of gas was produced versus a 15,500 cub. m plan. It was more by 3,000 cub. m than the index of 1999. The plan was overfulfilled by 101.8 percent. As well, last year we renewed the work of 76 long-idle wells and took an additional 5,538 tons of oil. Microbiological impact on oil-bearing layers is actively applied.

Stable production is achieved only at the expense of improving service of the available stock: application of methods of intensive flow increase, in-time underground and major repairs of the wells. 7,107 underground and 152 major repairs were carried out in 2000. As a result, an additional 9,715 tons of oil was produced. Within the compass of our available capacities, it is being done everything to develop the wells normally. Last year 122 geological measures were accomplished and an additional 9,874 tons of oil was extracted. We also implemented 770 technical measures and an additional 824 tons was produced.



The OGPD is widely applying technologies to increase oil recovery of layers. It has been applying secondary methods of oil production since 1954. Today, they are being used on Binagadi-North and Kirmaki fields. Waters are injected into 9 wells and 105 wells are under the impact of injection.

As a result, an additional 12,496 tons of oil was produced last year.

Beside that, it is being used tertiary methods, namely steam impact on layers with following water flooding. The methods have been applied on Kirmaki since 1972 and then on Binagadi-North. Presently, the measures are being carried out by 6 injection wells, and 53 wells are under the impact. An additional 15,861 tons oil was produced from these wells. It is also being used modern methods of micro-biological impact - pumping milk serum and ooze into layers. The method is applied on Sulu Tepe, Sian Shor, Magomedli and Kirmaki fields.

HOW WE WANT TO WORK

Since the beginning of 2001, oil production plan has been overachieved by 645 tons (103.6 percent) and gas production plan by 107,000 cub. m (104.6 percent). 111 geological and technical operations have been carried out in wells, adding 362 tons of oil. In 38 wells, face zone has been impacted on, and an additional 188 tons of oil has been produced.

In late 2000, drilling of the Well-2725 was completed on the northern wing of the Binagadi field. The well was put into operation in February 2001; its daily oil production rate is more than 3 tons. This year it is planned to recover 80 wells from the dormant stock, from which an additional 4,500 tons of oil will be produced.

There are also unsolved issues. To keep normal exploitation of the wells, it needs new well pumps, tubing pipes, pumping bars. However, because of huge receivables from the SOCAR's "Onshore Oil and Gas Production" Production Association, needs in these equipment are not satisfied in full. So, in 1998 the need in new pumps was satisfied only by 24 percent, and pumping bars - 43 percent. In 1999 it was 10 and 19 percents respectively. Last year the situation improved a bit, the need in pumping bars was satisfied by 69 percent.

Today, necessity is popped up to re-evaluate inventories of the fields. Drilling new wells will be engineered on the base of the revaluation. It is also slated to re-evaluate the stock of dormant wells.





Photo by Oleg Vices

СТАБИЛЬНОСТЬ ДОБЫЧИ ДОСТИГАЕТСЯ ЗА СЧЕТ УЛУЧШЕНИЯ ОБСЛУЖИВАНИЯ ИМЕЮЩЕГОСЯ ФОНДА СКВАЖИН

Алиев Исрафил Исмаил оглу, родился 3 февраля 1954 года в Сабирабадском районе Азербайджана. В 1971 году поступил на вечернее отделение нефтепромышленного факультета Азербайджанского института нефти и химии им М. Азизбекова. В августе 1971 года поступил на работу в НГДУ "Бинагадинефть", в Цех научно-исследовательских и производственных работ. В 1975-77 гг. - служба в вооруженных силах. После службы в армии вернулся в НГДУ, где проработал оператором, бурильщиком, мастером капремонта, буровым мастером, старшим инженером. В 1987 году назначен зам. начальника НГДУ. В 1994 году возглавил "Бинагадинефть". Автор 3 изобретений и 25 рацпредложений. В настоящее время - диссертант Азербайджанской Государственной Нефтяной Академии.

САМОЕ СТАРОЕ НГДУ В АЗЕРБАЙДЖАНЕ

НГДУ "Бинагадинефть" - самое старое нефтегазодобывающее управление на территории Азербайджана. Сегодня управление разрабатывает месторождения "Бинагади", "Кирмаки", "Чахнаглар", "Сулу-Тепе", "Шабандаг", "Фатмаи", "Сиан -Шор", "Магомедли" и "Масазыр", причем разработка площади "Бинагади" началась еще в XIX веке. 78,5% запасов этих месторождений уже извлечены.

Из истории мы знаем, что расцвет нефтяной промышленности Азербайджана начался в 1928 году. Уже к 1936 году республика производила 75% все нефти в СССР. 20% этого объема добычи приходилось на месторождение "Бинагади". В 1941 году в Азербайджане было добыто рекордное количество нефти - 23,5 млн. тонн. Одну десятую этого объема поставили наши нефтяники, добывшие из месторождений "Бинагади", "Чахнаглар" и "Сулу-Тепе" 1 963 911 тонн нефти. Добыча сохранялась на этом уровне вплоть до окончания второй мировой войны.

В послевоенные годы добыча постепенно снижалась, своей нижней точки она достигла во времена развала бывшего СССР. Нарушение экономических связей, высокая инфляция, отсутствие механизма ценообразования, нехватка оборудования и запасных частей к нему, - все эти факторы сильно ударили по всей нефтяной промышленности Азербайджана, в том числе и по нашему управлению. Кризис усугубился еще и тем обстоятельством, что месторождение разрабатывалось более 100 лет, обводненность его продукции сегодня составляет 90-95%. Если в 1988 году в НГДУ работало 1650 скважин (100% фонда), то в 2001 году из всего эксплуатационного фонда, составляющего 1458 скважин, работает только 49%, т.е. 714 скважин.

КТО МЫ

Сегодня в составе управления функционирует 4 цеха по добыче нефти и газа, в которых трудится 1530 человек. 394 инженерно-технических работников и 1136 высококвалифицированных рабочих.

Как это принято в Госнефтекомпании Азербайджана, НГДУ выполняет не только производственные, но и социальные задачи. На балансе НГДУ находится 122 жилых здания, общей площадью 131857 кв. метров. Одно из них - общежитие, площадь которого

составляет 4760 кв. метров. Только в 2000 году на ремонт административных и жилых зданий было затрачено около 1,5 млрд. манатов. В зданиях, находящихся на балансе НГДУ, размещено 230 семей беженцев и вынужденных переселенцев. Это 1240 человек, при необходимости получающих от НГДУ любую посильную помощь.

КАК МЫ РАБОТАЕМ

Остаточные запасы месторождений, разрабатываемых НГДУ "Бинагадинефть" оцениваются как перспективные. Естественное падение добычи в старых скважинах компенсируется дебитом новых скважин. Так, в прошлом году дебит скважин, введенных в строй из бездействующего фонда, превысил аналогичный показатель 1999 года на 2270 тонн.

До 1990 года эксплуатационное бурение, в среднем, ежегодно составляло 79704 метров, регулярно проводилось разведочное бурение. В 2000 году проходка уменьшилась по сравнению с 1999 годом. Из бурения были получены только 2 скважины, общая проходка которых составила 1555 метров. Из них была добыта 1501 тонна нефти. Если из старых скважин в среднем получаем 0,5 тонн нефти, то из новых - по три тонны нефти в сутки. План по добыче газа перевыполняется ежегодно.

В 2000 году общая добыча нефти превысила показатель 1999 года на 13377 тонн, то есть на 11,5%. Газа добыто 15744 куб. м., против плана в 15500 куб. м. Это на 3 000 куб. м. больше показателя 1999 года. План был выполнен на 101,8%. В прошлом году мы восстановили работу 76-ти давно простаивающих скважин и дополнительно получили 5538 тонн нефти. Активно применяется также микробиологическое воздействие на нефтеносные пласты.

Стабильность добычи достигается только за счет улучшения обслуживания имеющегося фонда: применения методов интенсивного увеличения дебитов, своевременного подземного и капитального ремонтов скважин. В прошлом году было проведено 7107 подземных и 152 капитальных ремонта скважин, в результате чего было дополнительно добыто 9715 тонн нефти. В пределах имеющихся возможностей делается все для нормальной разработки месторождений. В прошлом году было проведено 122 геологических мероприятия, в результате было дополнительно добыто

КАК МЫ ХОТИМ РАБОТАТЬ

С начала 2001 года план по добыче нефти перевыполнен на 645 тонн, или 103,6%, план по добыче газа перевыполнен на 107 тыс. куб. м., или на 104,6%. На скважинах уже проведено 111 геолого-технических мероприятий, в результате дополнительно добыто 362 тонны нефти. В 38 скважинах было оказано воздействие на призабойную зону, в результате было дополнительно добыто 188 тонн нефти. В конце 2000 года было завершено бурение скважины N2725 на северном крыле месторождения "Бинагади". В феврале 2001 года скважина была освоена и введена в эксплуатацию, ее ежесуточный дебит составляет более 3 тонн нефти. В 2001 году планируется возвращение из бездействующего фонда 80 скважин, из которых будет дополнительно добыто 4500 тонн нефти.

Есть и нерешенные проблемы. Для поддержания нормальной эксплуатации скважин необходимы новые глубинные насосы, насосно-компрессорные трубы, насосные штанги. Однако, из-за большой дебиторской задолженности ПО "Добыча нефти и газа на суше", потребность в этом оборудовании удовлетворяется не полностью. Так, в 1998 году потребность в новых насосах была удовлетворена только на 24%, в насосных штангах - на 43%. В 1999 году, - соответственно, на 10% и 19%. В 2000 году положение несколько "улучшилось", потребность в насосных штангах была удовлетворена на 69%.

Сегодня возникла необходимость в повторном пересчете запасов месторождений. На базе этого пересчета будет проектироваться бурение новых скважин. Планируется повторное исследование фонда бездействующих скважин и восстановление рабочей сетки.



Photo by Oleg Virens



Photo by Oleg Virens

9874 тонны нефти. Мы провели также 770 технических мероприятий, в результате было дополнительно добыто 824 тонны. В НГДУ широко применяется технология увеличения нефтеотдачи пластов. Вторичные методы добычи нефти применяются в НГДУ с 1954 года. Сегодня они применяются на месторождениях "Бинагади-север" и "Кирмаки". Вода нагнетается в 9 скважин, при этом под воздействием нагнетания находятся 105 скважин.

В результате в прошлом году было дополнительно добыто 12 496 тонн нефти.

Кроме того, используются третичные методы разработки, а именно - паровоздействие на пласты с последующим заводнением. Эти мероприятия проводились с 1972 года, сначала на месторождении "Кирмаки", а затем и на "Бинагади-север". В настоящее время мероприятия проводятся с помощью 6-ти нагнетательных скважин, при этом под воздействием находятся 53 скважины. Из них дополнительно получено 15 861 тонна нефти. Используются также современные методы микробиологического воздействия - закачка в пласты молочной сыворотки и ила. Этот метод используется на месторождениях "Сулу-Тепе", "Сиан -Шор", "Магомедли" и "Кирмаки".



Photo by Oleg Virens



Harald Finnvik

NORWEGIAN VETERAN IN BAKU HARALD FINNVIK RELOCATED TO IRAN

The opportunities for the oil companies over there are at the moment similar to those six years ago in Azerbaijan, Mr. Harald Finnvik says.

Harald Finnvik is born 23 November 1944 in Vindafjord at the west coast of Norway. He is married, no children.

He graduated from the Norwegian Academy of Engineers in 1970 and worked in the period 1969-1978 in the computer application industry. He returned to university studies in 1978 and graduated in the fields of Economy and Business Administration in 1981.

He joined Statoil in 1981 and has held several management positions in the company since 1985, both in Norway and internationally. He has headed regional offices of Statoil in Norway, and has headed the external relation part in the management teams for several large project developments in Norway. Before moving to Baku, he worked two years in Germany as Country Manager for the large Europipe gas pipeline project.

Harald Finnvik's came to Baku as Country Manager of Statoil in early 1995 and has been part of the expanding activities of Statoil in Azerbaijan since then.

His present position is Vice President, Statoil Caspian Region's office in Baku, being responsible for all regional government and external relations activities of Statoil.

From January 1996, Harald Finnvik also represented the Norwegian Government in Azerbaijan as Honorary Consul General of Norway, a position he has now been released from, due to his transfer to a new position.

"CE": Mr. Finnvik, you are leaving Azerbaijan after many years of work here. Is that due to Statoil's strategy change in the Caspian or is that a scheduled departure?

- Statoil's strategy in the Caspian region remain unchanged, so this is definitely a scheduled relocation. My departure from Baku has been planned for over the last 9 months, however, several factors have delayed the decision. I should have started my service as Statoil's country representative of a new Statoil office in Iran in February. However, because of different practical work I had to finish here, it is most likely that I will move to Teheran only early this April. But I believe that during my work in Iran, I will still keep in touch with the Baku representative office and will certainly visit Baku soon again.

"CE": Are the best staff member sent on mission to hot locations?

- Well, I hope you are right, at least it is important to have experienced people on new locations. In the physical context of your question, Teheran is really a hot point, especially the summer period it is said to be very hot. However, Tehran is probably a hot point from a petroleum activity point of view also, with many challenges, both commercial as well as cultural and political. That is why I was selected as a candidate for the position.

"CE": Does that mean Statoil changes a little bit its export policy in the region?

- I think some people may interpret it in this way; however, there is no such connection or fact. Statoil's ambition is to take part in petroleum production in commercial attractive areas. A project team from our headquarter in Stavanger has been dealing with a project strategy for the

company in Iran over the last two years. So far, we have not had any permanent representative office in Iran. Now, the project work has progressed in a positive way and we are more confident in taking a future position in Iran. In many ways, the opportunities in Iran for the foreign oil companies are not very different to those we had in Azerbaijan, when you opened up for foreign investments here. It is only over the past 2-3 years Iran opened the doors for foreign investors. Before that it was very difficult to do petroleum business in Iran. So far, Statoil has mainly focussed on the rich hydrocarbon potential in the southern provinces of Iran. As a result of our two years of project evaluation in Iran, we have assessed the potential to be good, hence we have decided to establish our representative office there.

"CE": Are you not afraid of repetition of BP's bitter experience in Iran?

- No, we are not. Today, the situation in Iran is completely different. The country has got its own national oil company and has full control over all hydrocarbon resources and production facilities. In that respect you can again compare the situation with what was in Azerbaijan when we first come to Baku. However, in Iran, foreign oil companies are invited to take part on a contract basis, the control over the resources remain solely with the Iranians. I also feel that Statoil's experience and achievements in Norway makes us a valuable participant in Iran's strategy of differentiation of competition

"CE": Iran has problems with the US Administration, we did not have such problems ...

- That is right, or to be more precise, the US Government have problems with the Iranian Administration. Consequently, there are no US oil companies presently



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operating in Iran. BP is present there, but I assume they as Anglo-American company will have to manoeuvre carefully to avoid conflicts with the US ILSA protocol. As a result of the US investment embargo, you will find most of the major non US companies active in Iran, like the European companies TotalFinaElf, Agip, Repsol, Enterprise, and so on, as well as Japanese and Chinese companies. So Statoil is in god company when we now arrive in the country.

“CE”: Do you think European companies are in position to avoid the US pressure?

- Iran is a new country for me and I am not in a position to comment on the politics. However, at the moment one can observe alleviation of positions from the both parties. This is first and foremost a bilateral issue to be sorted out between the US and Iran. We, as a company, are not in a position, nor should we put ourselves in a position, where we should challenge any of the two parties. Establishment of our representative office in Iran is in agreement with the Iranian and Norwegian authorities. Both Iran and Norway have a mutual interest in increasing the co-operation between the two countries. The petroleum industry is one of the areas where there is a very good basis for co-operation. This potential is clearly recognised by both countries.

“CE”: What about Statoil's future in Azerbaijan?

- As you may probably know we participate in the two major projects in Azerbaijan. Those are "Azeri-Chirag-Guneshli" and "Shah Deniz". The first project is progressing well, the preparation for development of Phase 1 is ongoing and the critical issue with regard to transportation will hopefully soon be resolved. As to the gas project, we welcome SOCAR's activity that is aimed at gas export to Turkey, the recent contract signed between Azerbaijan and Turkey is an important milestone, and hopefully this will pave the way for more gas to the Turkish market in the future. We will do our best to support and progress the development of the project. On the basis of those two projects we are very optimistic about our future in Azerbaijan. We have a basis for a long-term presence here, minimum for 20-30 years, most likely much longer. With our interests in the two projects, Statoil takes the second place as an foreign investor to Azerbaijan's economy, despite we are not the operator of any project yet. Hopefully, our competence and commitment will be rewarded with an operatorship not to far into the future.

“CE”: When Statoil's President Olav Fjell visited Baku, he stated that by 2010 the investments of the company to Azerbaijan would be reduced. What was the background for such the statement?

- His assumption was made on the basis of our existing project portfolio. Our investments in the projects mentioned above are expected to increase every year until approximately 2010. Thereafter they will gradually fall as the fields are about to be fully developed. That is a normal occurrence when future is being forecasted, based on a fixed portfolio. Of course, if Statoil takes part in new exploration or development projects, the investment will

be increased. We are continuously looking for opportunities for new investments in Azerbaijan, and we will take part if the commercial deal is attractive. We are keeping in touch with SOCAR, however, it is not possible to fix a date when investment are to be expanded. The most important is that we really want to work in Azerbaijan and have a long term perspective.

“CE”: Please tell us about changes occurred in Azerbaijan since you started your operations in the country. We are asking that because you were one of those people who contributed to Statoil coming to Baku.

- It is already close to 6 years since I came to the country. It is a relatively short period, but if one takes into account the changes that took place over the past 6 years, I would consider

myself lucky to stay here during this very interesting period. There have been a lot of changes since my arrival. When I first came to Baku, to me it was a dark city with no light, there was a curfew regime, as well as an attempted coup d'etat in March 1995. Then in July, the curfew was lifted and the first western standard hotel was opened, new foreign airlines started operation, shops and restaurant flourished and many other changes occurred. And ultimately, Baku is about to turn into a European city. Despite this development, some people say that those changes have been occurring in a very slow manner, a more rapid development should have taken place. I am not sure if that is right, there are still lots of challenges to be resolved, all major structures and institutions in the country need to be developed in order to bring about development of a more stable society. Usually when foreigners study such countries as Azerbaijan, they claim that the state should immediately come to the western-like development stage. In my opinion, this is a rather theoretical approach. Azerbaijan should find its own way and gain its own experiences, just like Europe did in the 19th and 29th century. This development course it is not always a straight line, the important issue is that the direction is right. In addition, we have no rights to dictate the solutions, we can only give what we think are good and prudent advices. Today, I would be happy if we can assume a similar changes would take place within the next six years as those for past six years. A 10% growth GDP per year is still a very good progress. Just for the last year, thanks to the revenues from the profit oil, Azerbaijan has gained more financial opportunities and freedom, allowing for future development. The most important issue now is to use revenues for maximal benefit of the state and the population of Azerbaijan.

“CE”: Literally you can be called a Norwegian Terry Adams, you are one of the first people who paved the way for the operation of the Norwegian companies in Azerbaijan. Initially working as Consul General of Norway to our country...

- I would be honoured if somebody calls me so, however, it is probably not deserved. I arrived in Baku in the beginning of the new oil era of Azerbaijan only a short time after him, so that can be considered as a comparison, but he had a relationship with Azerbaijan long before me and was one of the key people in the development of the Contract of the Century. However, my position as a oil company representative was more advantageous compared to many others.. As I was appointed Consul General of Norway in 1996, I could represent not only Statoil but also the Norwegian government in Azerbaijan. This combined position allowed me access to a wider network of the Azerbaijan government and the society and I was able to meet people at different levels. Anyway, the company and myself are satisfied with the results we have reached since we came to Azerbaijan.

However, I reckon that we, as a company, cannot be completely satisfied until our wealth of experience and technological competence are transferred to Azerbaijan. The only way this can be done is for Statoil to become an operator of a development project. That remains our main ambition and we are reasonably optimistic. Therefore, I will be keep up closely with the development of the processes in Azerbaijan from my new position in Tehran.



Photo by Oleg Vitkov



Photo by Oleg Vitkov

ExxonMobil In Azerbaijan

BUSINESS OPPORTUNITIES EXPLORATION AZERI-CHIRAG-GUNESHLI COMMUNITY INVOLVEMENT ExxonMobil IN CENTRAL ASIA



Azerbaijan is an important link in ExxonMobil's* growing business in the Caspian region. As one of the world's leading energy companies, ExxonMobil brings to Azerbaijan worldwide experience in energy development as well as extensive financial, technical, environmental and management expertise.

BUSINESS OPPORTUNITIES ExxonMobil participates in five Production Sharing Agreements (PSAs) in the Azeri sector of the Caspian Sea. ExxonMobil operates the Nakhchivan and the Oguz blocks (both with ExxonMobil interests of 50%) and the Zafar-Mashal block (ExxonMobil interest 30%). ExxonMobil also has an interest in two blocks that are operated by others. These are the Araz-Alov-Sharg block (ExxonMobil interest 15%) and the Azeri-Chirag-Guneshli (ExxonMobil interest 8%). A sixth PSA, Lerik Deniz (ExxonMobil interest 30%), awaits ratification. ExxonMobil will be the operator of this block.

EXPLORATION ExxonMobil has signed PSAs covering almost one million acres in the Azeri sector of the Caspian Sea. Water depth on these blocks ranges from 30 to about 900 meters. We have completed acquisition and interpretation of 3D seismic data on the Oguz block and the deep-water Nakhchivan block, and we are preparing for drilling. ExxonMobil participated in the construction of a world class jack-up rig, the Qurtulush, for drilling in shallow water, and awarded a contract for the construction of a new semi submersible deep-water rig scheduled for completion in 2003.

AZERI-CHIRAG-GUNESHLI The Azeri, Chirag, and Guneshli fields (known as the Megastructure) are among the largest offshore fields in the world, with estimated recoverable resources of more than 670 million metric tons of oil and nearly 130 billion cubic meters of natural gas. In 2000, the Megastructure produced 5 million metric tons. The initial phase of the development uses a platform that has been upgraded to produce up to 6.4 million metric tons per year. Development planning is underway for estimated peak full-field production of about 50 million metric tons per year within 10 years.

COMMUNITY INVOLVEMENT At ExxonMobil we have a long tradition of supporting the communities in which we operate. In Azerbaijan, ExxonMobil's contributions have focused on education and assistance to refugees and internally displaced persons. We also provide funding for publication of much-needed educational texts. Through our leadership, the U.S.-Azerbaijan Chamber of Commerce established a Caspian Area Studies Center at Harvard University. In addition, ExxonMobil is actively involved with the scientific community of Azerbaijan. Since 1993, we conducted more than twenty technical workshops and joint study projects with leading Azerbaijan technical institutes.

EXXONMOBIL IN CENTRAL ASIA ExxonMobil has one of the strongest asset portfolios in Central Asia. Outside Azerbaijan, ExxonMobil has a stake in the giant Tengiz onshore oilfield in Kazakhstan and membership in the international consortium (OKIOC) that is exploring the northern Caspian offshore in Kazakhstan. ExxonMobil also holds shares in the Caspian Pipeline Consortium that has built a pipeline from Tengiz to the Black Sea. In Turkmenistan, ExxonMobil has an interest in an onshore PSA.

* References to ExxonMobil are to the relevant affiliates of the Exxon Mobil Corporation that carry on business in Azerbaijan, Kazakhstan and Turkmenistan.

ExxonMobil



Новые штрихи к портрету ОЭТ Баку-Тбилиси-Джейхан

27-28 февраля в столице Казахстана Астане встретятся представители Кабинетов Министров стран, принимающих участие в проекте строительства Основного Экспортного Трубопровода Баку-Тбилиси-Джейхан. На встрече будут присутствовать также представители нефтяных компаний, работающих в Казахстане. Одним из важных моментов встречи станет вручение казахской стороне межправительственных соглашений по проекту ОЭТ Баку-Тбилиси-Джейхан, которые уже подписаны Азербайджаном, Турцией и Грузией и ратифицированы парламентами этих стран. Ранее президент Казахстана Нурсултан Назарбаев выразил готовность ежегодно транспортировать через ОЭТ 20 млн. тонн казахской нефти. После того, как Казахстан присоединится к проекту ОЭТ, официальным названием маршрута станет: "Актау-Баку-Тбилиси-Джейхан". Официальное согласие с этим предложением уже высказали грузинская и турецкая стороны.

Координатором форума в Астане выступит правительство США.

ПОЛИТИКА. ДЯДЯ СЭМ ПРОСНУЛСЯ

В начале января этого года Спенсер Абрахамс, еще не вступивший в должность министр энергетики в администрации нового президента США Джорджа Буша, поставил под сомнение перспективность проекта ОЭТ Баку-Тбилиси-Джейхан. С. Абрахамс заявил, что наиболее целесообразные маршруты транспортировки каспийской нефти пролегают через Россию и Иран. Заявление повергло в шок участников проекта строительства ОЭТ, и без того с трепетом ожидающих перемен во внешней политике США. Проект, начатый под давлением и патронажем Соединенных Штатов, критиковался министром энергетики этой страны. Страсти в Баку улеглись только после того, как посольство США в Азербайджане распространило заявление своего правительства, в котором говорилось следующее: "Проект Основного экспортного трубопровода (ОЭТ) Баку-Тбилиси-Джейхан продолжает пользоваться твердой поддержкой США и нефтяных компаний, формирующих Спонсорскую группу проекта. Мы надеемся, что эта группа вскоре будет расширена за счет действующих в Азербайджане и Казахстане компаний, что станет еще одним фактором, усиливающим проект с коммерческой точки зрения". Там же

было отмечено: "Несмотря на то, что проект реализуется с целью развития Каспийского региона и региональной интеграции, компании реализуют его в коммерческих целях". В заключение было сказано: "ОЭТ Баку-Тбилиси-Джейхан был и остается краеугольным камнем беспристрастной энергетической политики США в регионе. Правительство США намерено и далее поддерживать этот проект, призванный укрепить независимость государств региона".

В феврале администрация Джорджа Буша подтвердила преемственность политики США в районе Каспийского моря по отношению к курсу команды Билла Клинтон. Спецсоветник президента и госсекретаря США по вопросам энергетики Каспия Элизабет Джонс огласила перечень основных целей Вашингтона в этом регионе, который, в целом, остался без изменений. Э. Джонс была назначена на этот пост в ноябре 2000 года Клинтон и продолжает исполнять свои обязанности при Джордже Буше. Спецсоветник президента заявила, что "США будут и впредь содействовать укреплению суверенитета прикаспийских государств, способствовать экономическому развитию бывших советских республик, включая Россию, и участвовать в создании многовариантной системы трубопроводов для доставки каспийских нефти и газа на мировые рынки при одновременном обеспечении безопасности судоходства в

черноморском проливе Босфор. Кроме того, администрация США намерена активно поддерживать экономическую деятельность американских компаний в районе Каспия". Э. Джонс подтвердила готовность официального Вашингтона оказывать поддержку проекту строительства нефтепровода Баку-Джейхан, но при этом подчеркнула, что его удастся осуществить лишь в случае, если он окажется коммерчески оправданным. Чисто политических соображений для этого будет недостаточно, заявила Э. Джонс.

БАКУ-ДЖЕЙХАН, ВОЗМОЖНО, БУДЕТ ДЕШЕВЛЕ

21-23 января в Стамбуле состоялась встреча представителей стран-участниц ОЭТ Баку-Джейхан. На ней представители Азербайджана, Грузии и Турции рассмотрели график осуществления инженерных работ на трассе будущего нефтепровода, конкретные сроки выполнения проекта, его стратегию и ряд контрактов. С момента начала базисного инженеринга проекта прошло всего три месяца, однако даже предварительные исследования внесли коррективы в оценку его стоимости. По словам представителей ГНКАР, она уже существенно снижена. Тем не менее, окончательная стоимость ОЭТ будет известна только после завершения детального инженеринга.



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FORUM**

Оператор проекта строительства ОЭТ на территории Турции - государственная трубопроводная компания BOTAS, не дожидаясь результатов предварительного проектирования ОЭТ, уже объявила тендер на выполнение детальных инженеринговых работ на турецком участке. Как сообщил гендиректор BOTAS Гёкхан Ярдым, для участия в тендере были выбраны следующие компании: норвежская Kvaerner, американские компании Halliburton, Gulf Interstate и Universal Enasco, британская Penspen, и германская ILF. Выполнение инженеринговых работ рассчитано на год, после чего начнется строительство турецкого участка ОЭТ, которое займет 32 месяца.

"Сегодня жизнеспособность проекта ОЭТ намного выше, чем три месяца назад", - заявил журналистам вернувшийся из Стамбула начальник Управления иностранных Инвестиций Госнефтекомпании Азербайджана (ГНКАР) Валех Алескеров. Между тем, президент Азербайджанской Международной Операционной Компании (АЮС) Дэвид Вудворд, говоря о возможном снижении стоимости ОЭТ, отметил, что предварительное проектирование трубопровода находится еще на достаточно раннем этапе. "Мы довольны работой BOTAS в Турции и компании Fluor Daniel - в Азербайджане и Грузии. Однако еще рано говорить о каких то изменениях в стоимости проекта. Только по окончании предварительного инженеринга будет получена смета, да и то с погрешностью в 30%. В своих расчетах АЮС по-прежнему ориентируется на цифру \$2,7 млрд.", - заявил Д. Вудворд.

В ГРУЗИИ

ОПРЕДЕЛЕНА ТРАССА ОЭТ

С момента подписания Соглашения о создании Спонсорской Группы ОЭТ Баку-Джейхан прошло не так уж много времени. Однако, в этот период произошел целый ряд событий, исключительно благоприятных для реализации проекта ОЭТ Баку-Тбилиси-Джейхан. Примечательно, что наибольшую активность в переговорном процессе по ОЭТ проявила не азербайджанская, а грузинская сторона. В декабре прошлого года президент Грузии Эдуард Шеварднадзе возглавил Координационный совет по реализации проекта Баку-Тбилиси-Джейхан на территории Грузии. Президент Грузии намерен лично осуществлять координацию действий силовых структур по охране нефтепровода. 29 января Э. Шеварднадзе встретился в Анкаре с президентом Тур-

ции Ахметом Неждет Сезером. Главы двух стран подтвердили готовность приступить к осуществлению проекта строительства ОЭТ и с удовлетворением отметили, что все работы в рамках выполняются точно по графику.

В середине декабря в Грузию приехала делегация представителей компании BP во главе с Уоррефом Диггинсом. Он ознакомил правительство и парламент Грузии с ходом реализации первого этапа проекта строительства ОЭТ Баку-Тбилиси-Джейхан. У. Диггинс представил правительству Грузии карты с, так называемым, "коридором интереса", шириной 10 км и проходящим через 10 районов Грузии. Нефтепровод пересечет территорию Грузии в районе населенного пункта Гардабани (граница с Азербайджаном) и в районе населенного пункта Вале (граница с Турцией). Был представлен также бюджет проведения детального инженеринга (\$270 млн.) и график работ, которые на территории Грузии и Азербайджана будет вести BP, а на территории Турции - турецкая компания BOTAS. У. Диггинс сообщил также, что встречался с представителями потенциальных финансистов проекта - ОПИС, Всемирного банка, а также с представителями Европейского банка реконструкции и развития. При этом он отметил, что проект получил позитивные предварительные отзывы от этих финансовых организаций.

ГРУЗИНО-КАЗАХСТАНСКИЙ ПРОТОКОЛ

В середине декабря прошлого года президент Грузинской международной нефтяной корпорации (ГИОС) Георгий Чантурия и советник президента Грузии по энергетическим вопросам Эдвард Чоу провели в Астане серию переговоров с правительством Казахстана и казахстанскими нефтяными компаниями по поводу присоединения к нефтепроводу Баку-Тбилиси-Джейхан. Они также передали президенту Нурсултану Назарбаеву послание главы Грузии Эдуарда Шеварднадзе, в котором Казахстану предлагалось присоединение к проекту. Предложения грузинской стороны упали на благодатную почву, заранее подготовленную спецсоветником президента США по энергоресурсам Каспийского региона Элизабет Джонс, которая незадолго до этого также обсуждала с руководством Казахстана возможность строительства нефте-

провода Актау-Баку. Результатом переговоров стало подписание между ГИОС и казахстанской трубопроводной компанией "КазТрансОйл" протокола о создании единой транспортной системы по доставке казахстанской нефти на мировые рынки. Планируется, что затем к ГИОС и "КазТрансОйл" присоединятся ГНКАР и турецкая BOTAS.

ДВА ВАРИАНТА ТРАНСКАСПИЙСКОЙ ТРАНСПОРТНОЙ СИСТЕМЫ

В середине января замминистра энергетики и минеральных ресурсов Казахстана Нурлан Каппаров направил правительству республики письмо, в котором изложил два варианта Транскаспийской транспортной системы (ТТС) с выходом к средиземноморскому порту Джейхан. Первый вариант определен как "краткосрочное решение" и предполагает использование уже существующей в Казахстане, Азербайджане и России инфраструктуры для экспорта нефти из каспийского порта Актау. При выборе "краткосрочного" варианта по системе можно будет транспортировать 12 млн. тонн нефти в год. Второй вариант ("долгосрочное решение") предполагает использование совершенно новой системы трубопроводов из Западного Казахстана в Турцию, через Каспийское море, Азербайджан и Грузию. "Долгосрочное" решение предполагает транспортировку 50 млн. тонн нефти в год.

В письме подчеркивается, что "краткосрочное и долгосрочное решения являются отдельными проектами". Они не пользуются общей инфраструктурой и не имеют связи друг с другом. Согласно бизнес-плану ТТС, подготовленному компаниями Chevron, ExxonMobil, Shell, "КазОйл" и "КазТрансОйл", ее протяженность от месторождения Тенгиз на западе Казахстана до Джейхана составит 2325 км, стоимость - \$3,613 млрд, диаметр трубы - от 800 до 1067 мм. В письме были также приведены характеристики проекта Баку-Джейхан, представленные турецкой компанией BOTAS. Его стоимость оценивается в \$2,4 млрд (из них \$1,4 млрд - под гарантии правительства Турции), протяженность - 1730 км (468 км по территории Азербайджана, 225 км - Грузии и 1037 км - Турции), пропускная способность - 50 млн. тонн нефти в год (30 млн. тонн из Азербайджана и 20 млн. тонн - из Казахстана). Тариф на транспортировку планируется в

размере \$2,58 за баррель, предполагаемый срок ввода в строй - конец 2004 года. В письме отмечалось, что экономическая и техническая осуществимость проекта ТТС возможна при выполнении ряда условий, среди которых:

- подтверждение ресурсной базы на морских месторождениях Казахстана, Азербайджана и Туркменистана;

- подготовка обоснованного прогноза добычи, превышающего пропускную способность существующих транспортных систем не менее, чем на 20 млн. тонн в год;

- установление значительных налоговых льгот (освобождение от НДС и снижение всех других основных налогов);

- подписание странами рамочного соглашения о формировании единого юридического и налогового режимов для реализации проекта;

- безусловное финансирование всеми участниками и распределение долей владения пропорционально вложенным капиталам.

Через день после получения письма Н. Каппарова, 18 января, правительство Казахстана пригласило на совещание в Астану представителей нефтяных компа-

ний, работающих в стране. На этой встрече зарубежных партнеров уведомили о том, что Казахстан поддерживает идею ОЭТ Баку-Джейхан, одобряет участие в нем нефтяных компаний, и предлагает им активно поработать над подключением к проекту.

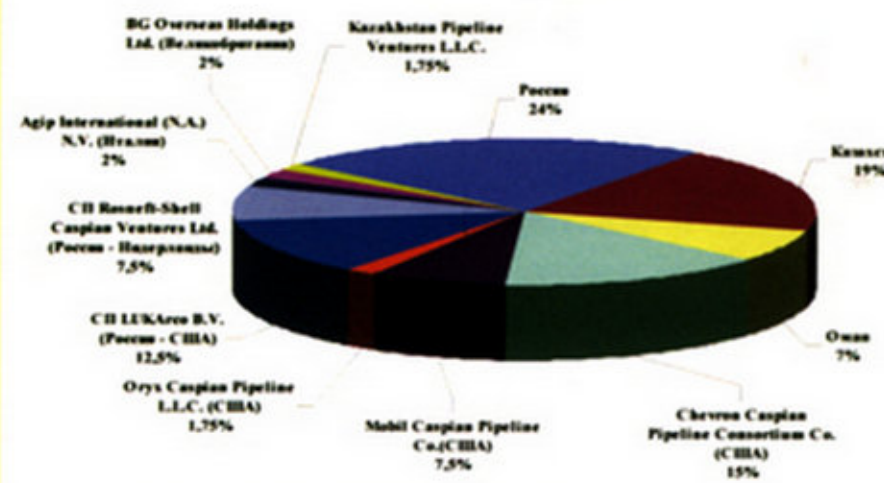
ЧТО НОВОГО У КОНКУРЕНТОВ? КТК

Как известно, проектом номер один, и основным конкурентом ОЭТ Баку-Джейхан в Казахстане всегда считался трубопровод Каспийского Трубопроводного Консорциума (КТК), построенный для транспортировки нефти Тенгизского месторождения на западе Казахстана в черноморский порт Новороссийск. Строительство трубопровода, общей протяженностью 1580 км, практически завершено, однако из-за мелких недоделок его пуск в эксплуатацию отложен на конец лета текущего года. На первом этапе мощность трубопровода составит 28,2 млн. тонн нефти в год, затем постепенно возрастет до 67

млн. тонн. Стоимость проекта КТК оценивается в \$2,5 млрд., к 2015 году инвестиции достигнут \$4,2 млрд.

Хороший подарок участникам проекта Баку-Джейхан преподнес новый генеральный директор КТК Сергей Гнатченко. Выступая в конце января на брифинге в Москве, он сообщил, что тариф на прокачку нефти по КТК от месторождения "Тенгиз" на западе Казахстана до порта Новороссийск для акционеров консорциума составит \$25 за тонну. Для компаний, которые не являются акционерами КТК, тариф на прокачку будет

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больше \$25 за тонну, сказал С. Гнатченко. По его мнению, расходы на транспортировку сырья по системе КТК будут в два раза ниже, чем по уже существующим маршрутам прокачки нефти на западные рынки.

Желая доставить нефть до американского и западноевропейского рынков, акционеры проекта будут платить \$25 за транспортировку каждой тонны нефти до Новороссийска, затем дополнительно платить за фрахт танкеров до Средиземного моря, и вдобавок будут вынуждены решать проблемы перегрузки Босфорского пролива. Причем, эта перспектива ждет только акционеров, уже построивших трубопровод и вложивших в него около \$2,5 млрд. Для остальных, по словам С. Гнатченко, это удовольствие обойдется еще дороже.

Как известно, тариф за прокачку нефти по маршруту Баку-Джейхан составляет \$2,58 за баррель, т. е. \$19 за тонну. То есть, компания, доставившая одну тонну нефти из Актау в Баку за \$6 (а эта задача вполне реальна), и за \$19 - из Баку в Джейхан, сэкономит стоимость танкерной перевозки нефти из Новороссийска в Джейхан. Гипотетический ОЭТ Баку-Джейхан представился гораздо более конкурентоспособным, чем реальный нефтепровод Тенгиз-Новороссийск. Работавшие в Казахстане нефтяные компании (в первую очередь американские) получили пиццу для размышлений.

CHEVRON НАМЕРЕВАЕТСЯ ПРИСОЕДИНИТЬСЯ К СПОНСОРСКОЙ ГРУППЕ ОЭТ

В начале февраля американская компания Chevron известила азербайджанское, грузинское и турецкое правительства о своем намерении войти в Спонсорскую группу (СГ) ОЭТ. Вице-председатель

Соглашение об образовании Спонсорской группы проекта ОЭТ было подписано в Баку 17 октября 2000 года. В состав группы, которая занимается базовым и детальным инжинирингом проекта, вошли восемь компаний:

ГНКАР	50,00%
BP	25,41%
Unocal	7,48%
Statoil	6,37%
TPAO	5,02%
TOCHU Oil	2,92%
Ramco	1,55%
Delta Hess	1,25%

Совета директоров Chevron Ричард Мацке письменно проинформировал будущих партнеров о том, что компания имеет рентабельные проекты в Казахстане, и имеет все шансы на обнаружение углеводородных запасов в Азербайджане. Поэтому компании необходимы надежные транспортные коммуникации для доставки сырья на мировые рынки.

Сегодня рано говорить о том, сколько процентов долевого участия будет выделено Chevron в проекте, это определится в ходе предстоящих переговоров с руководством ГНКАР. Первый вице-президент ГНКАР Ильхам Алиев еще в декабре заявил о намерении Госнефтекомпании переуступить 20% из принадлежащих ей 50% долевого участия новым участникам СГ ОЭТ. Именно эти проценты и заинтересовали Chevron. И. Алиев сообщил также о том, что американская ExxonMobil примет участие в проекте ОЭТ в качестве компании-поставщика. Станет ли ExxonMobil полноправным участником проекта, - покажет время.

Знаменательным фактом является то, что к СГ ОЭТ намеревается присоединиться именно Chevron, уже имеющая 15% долевого участия в альтернативном проекте - КТК. За ней должны потянуться другие компании, желающие вступить в СГ. По словам посла США в Казахстане Ричарда Джонса, таких компаний сегодня уже двенадцать. По информации ГНКАР, предварительные консультации с тремя из них уже начались. Эти компании были ознакомлены с условиями вступления в СГ ОЭТ еще в прошлом году, но обратились в ГНКАР только после того, как проект получил поддержку от правительства Казахстана. До сих пор главной задачей ГНКАР было вовлечение в проект всех акционеров АЮС. Теперь эта задача расширяется. Важность приобретает совместная работа с правительством Казахстана, проводимая с целью добиться его согласия на режим транспортировки нефти, уже зафиксированный в межправительственных соглашениях стран-участников проекта ОЭТ.

У ВР - СВОИ РАСЧЕТЫ

Компания ВР, являющаяся оператором "контракта века", встретила известие о возможном появлении новых участников СГ ОЭТ довольно прохладно. ВР недавно продала свою долю участия в консорциуме, разрабатывающем казахстанское морское месторождение "Кашаган", и сосредото-

точила все свои интересы на нашем берегу Каспия. Президент АЮС Дэвид Вудворд комментируя желание ГНКАР переуступить 20% своей доли участия в проекте, заявил следующее: "Прием казахской нефти в этот трубопровод сделает проект более привлекательным, однако, мы не считаем, что объемы казахской нефти существенно повлияют на жизнеспособность Баку-Джейхан". По его словам, казахстанскому правительству необходимо создать для нефтяных компаний условия, аналогичные тем, что были созданы правительствами Азербайджана, Грузии и Турции. В этом случае компании будут заинтересованы в доставке нефти из Казахстана в Азербайджан. Д. Вудворд сказал также, что для обеспечения рентабельности ОЭТ в Азербайджане уже сегодня имеются достаточные объемы сырья. В рамках проекта Полномасштабной Разработки Контрактной Площади "Азери-Чираг-Гюнешли" (Фаза-1) уже в 2005 году с месторождения "Азери" будет добыто 5 млн. тонн нефти, к концу 2006 года эти объемы будут доведены до 17 млн. тонн. Приблизительно в это же время начнется реализация проекта Фаза-2, который в 2008 году выйдет на свою проектную мощность в 10-12 млн. тонн в год. Последующие фазы разработки месторождений "Азери-Чираг-Гюнешли" позволят уже 2010 году выйти на уровень ежегодной добычи в 40 млн. тонн. "В рамках реализации проекта "Шах-Дениз" на каждый 1 млрд. куб.м природного газа будет получено 270-280 тыс. тонн газоконденсата, которые также будут экспортированы по трубопроводу Баку-Джейхан, - отметил глава операционной компании. По его мнению, в момент ввода в эксплуатацию ОЭТ в распоряжении АЮС будет не менее 11 млн. тонн нефти. В это время для заполнения трубопровода можно будет привлечь нефть, добываемую в рамках PSA-контрактов на суше, а также нефть ГНКАР, добываемую на мелководной части "Гюнешли". Пропускная способность трубопровода будет увеличиваться поэтапно, что позволит экономно реализовать проект. Президент АЮС сообщил, что уже проведены предквалификационные тендеры по отбору компании, которая выполнит детальное проектирование и азербайджанского, и грузинского участков трубопровода. В отличие от гендиректора BOTAS Гёкхана Ярдьма, Д. Вудворд не стал называть участников тендера, отметив только, что отобраны 5 компаний "мирового класса, имеющие высокий рейтинг".



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In the current environment the availability of a qualified business service is at times fluctuating and unpredictable. This is where the Alliance steps in. We aim to help companies to avoid the many pitfalls of Azerbaijani bureaucracy and to deal with the legal complexities in Azerbaijan. We handle public and governmental relations for numerous clients and act as a liaison between these companies and various official organizations. We create a public image for companies which have their activities in the Azeri market. We also facilitate on the basis of a long term PR consultancies based on a frame contract.

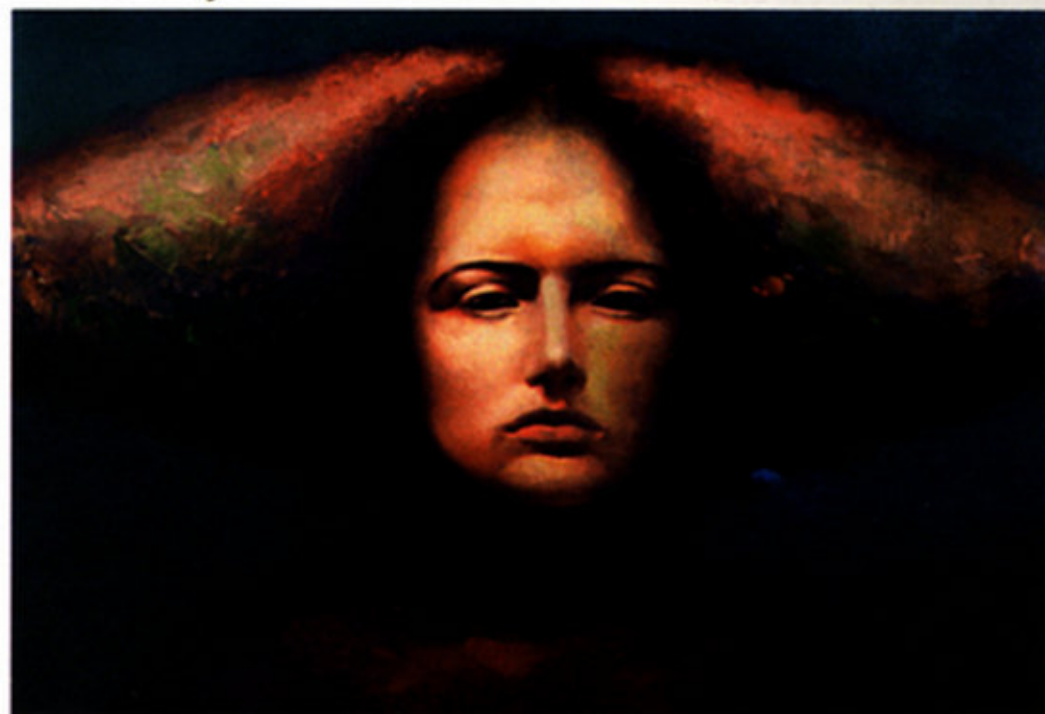
Some of the leading policies of the Alliance is the attraction of foreign investors to Azerbaijan, undertaking program of partners matching and providing follow-up supports to various projects.

At present the Alliance is providing such services as follows:

- Public Relations & Business Development
- Full package for market introduction
- Governmental Affairs; Protection of the Projects in the Government
- Company formation & restructuring; registration
- Organization of campaigns, presentations
- Familiarization with Azerbaijani Legislation in English on CD
- Human Resources & Recruitment
- Fast certified translation
- Simultaneous translation during conferences into different languages

Alliance supports in all organizational matters Spearhead Exhibition and ITE during Oil & gas Exhibition, Caspian Infrastructure and other exhibitions.

Apart from its many business activities, the Alliance is dedicated to the promotion of culture and the art in Azerbaijan.



Artist: *Rashad R. Mehdizadeh*

www.azerinet.com/rashad

OIL KIRKUK - BAKU - CEYHAN IS NOT A PROBLEM

US, Great Britain slightly open an Iraq gate valve

Intermediate term outlook of a rise in prices on oil in the third quarter,

The British headquarter of bank UBS Warburg forecasts, that the price by middle summer will increase up to 30 dollars for a barrel; the London branch bank Merrill Lynch advises to the investors "to hold down the shares in power sector"; US Economy Department also awaits for splash of the prices up to 30 dollars for a barrel: according to the assertion of the dealers, if in the second quarter the global demand will drop on 2 million barrels daily, in the third quarter the growth on 1,3 million barrels per day will begin.

and also the intractability of the American government and OPEC on the coordination of a definite price corridor, which will allow to satisfy concerns, both the producers, and consumers of oil, has lead to activation by Washington of the next instrument of pressure on international oil cartel. Namely, the US have pronounced, that recognise schedule to the beginning of the third quarter to reconsider a condition of the sanctions against Iraq.

US Secretary of State Colin Powell has offered to cushion the sanctions against Baghdad and to augment foodstuff, medicines, clothes export to Iraq. Moreover - Washington and London one of these days have removed the oppositions on export of Iraqi oil through ports of Lebanon and Syria (on inter-regional pipelines).

The new condition stipulates placement of the international inspectors in posts of customs in Turkey, Jordan, Syria and Iran on boundary with Iraq, and also in several airports maintaining air service with Baghdad. They should, on the one hand, not enable deliveries in Iraq of commodity of military and "dual" purpose, and on other hand - to prevent smuggling of Iraqi oil. Simultaneously, the list of commodities restricted for importing to Iraq and routines of licensing on trade with

this country will be facilitated. Besides UN will prepare the agenda of the companies, which will be authorised to purchase Iraqi oil. It is expected, that all these measures will promote increase of deliveries of oil by Iraq on the global market without considerable risk of activating of the military programs by this country. The following session of UN Security Council on Iraq will be held in June, and it is possible to expect, that Russia will support such initiative.

What is in reality

As it is known, Baghdad recently has notified, that is going to cancel or, at least, to suspend the oil contracts with Russia. As the "Russian business - newspaper" informed, it is connected to their omission by the Russian side. For the first time after "Storm in desert" Iraq has officially sounded the complaint by the Russian policies. It looks as Iraqi administration is disappointed also that Russia has refused, contrary to the requests of Baghdad, to introduce to UN Security Council a draft resolution about removal of the anti-Iraq sanctions and liquidation so-called "useless" for air force of Iraq of zones arbitrarily established by NATO in 1991 and, by the way, including basic oil-gas locales of this country. As to the Russian-Iraqi contracts, they, though are signed by Baghdad approximately with 10 Russian companies, but because of the sanctions remain on a paper. Meanwhile their implementation could almost completely retrieve economics of Iraq and in parallel provide to the Russian side the incomes up to 500 - 600 millions dollars annually.

The passivity of the Russian side is in this case being explained very simple: the returning to the markets of so strong competitor does not pay to it, as to basic oil exporter today.

In turn, Western block did not delay to take advantage by it, having hurried to take the initiative on itself. Apart from commutation of the sanctions by the US and Great

Britain, the Western consortium on recovery of Iraq created in 1992, recently again has offered to Baghdad "to transmit" to this structure the projects, stipulated by agreements with Russia, and in return Iraq will obtain a cancelling of the sanctions, warranty of territorial integrity and "defrost" of its assets in countries - members of NATO. These Iraqi assets, we would remark, exceed 10 billions dollars.

It is possible that consent of Baghdad to American-British offers will stimulate answering-back "Western move" - that is write-off up to 2/3 of total debts of Iraq, that, as to the least developed country (similar "operations" West already made with Israel, Somalia, Indonesia, Pakistan, Congo, Albania, series of other countries). In this case Russia can be deprived of half of Iraqi indebtedness (total debt is about 7 billion USD) as the minimum. We would remind that Iraq has an exigency in foreign currency, which could be brought today only by "free" export of oil and petroleum products. And under any rate scales. The said American-British offers accentuate exactly on this.

Besides, the scale of forthcoming operations in Iraq can make severe corrections to a rating of the oil producing companies, having put forward on leading places that of them, who first will unroll activity in this country. At last, the partial or full removal of the sanctions bears a severe threat to stability of the international oil market. A competition for the right to mine Iraqi fields will accelerate returning of this, large oil-exporting country in past, on the market of oil.

Figures

What will be the result of probable returning today on the global market of second-largest oil exporter, ranging 10% of geological reserves of oil in a world. The figures speak for themselves, the hazard of destabilising of the market alongside with



Restaurant and Entertainment guide

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dip of economical growth in USA and Japan is very great.

In case of a cancelling of the UN sanctions Iraq states the possibilities within one year to achieve the level of a extraction 3 million barrels per day. In 3-5 years - on 3,5 million barrels per day and on 6 million barrels per day after 10 years. At a full loading of the pipelines of Iraq is capable to export 1,4-2,4 million barrels per day (0,8-1,6 on the pipeline Kirkuk-Ceyhan and 0,6-0,8 million barrels per day through a port the Mina Al-Bakr). Reserves of natural gas (on 01.01.98) - 109,8 trillion cubic feet. An extraction of natural gas (1997) - 128 billion cubic feet.

Iraq in March has augmented crude oil production up to 2.7 million barrels per day against 2.0 million barrels per day in February. Around of Iraqi oil have breed the mass of intermediate firms, who purchase oil from government of Iraq, pay to on - quiet the "tax" from each barrel to accounts not monitored by the UN, and then resell the oil.

By calculations of the experts of Arab Petroleum Research Centre, the export of oil from Iraq can reach 130 million tons in one year after removal of embargo and 145 million tons in two years.

The Caspian underlying idea

Playing an Iraqi oil card, any superpower today can not any more not to take into consideration explicating Caspian oil-gas infrastructure intended for export of Azeri ("Azeri", "Chyrag", "Guneshli") and Kazakhstan ("Kashagan") oil. The matter is that if will be opened an Iraqi pipe, the Kirkuk oil in Ceyhan in 2004-2005 years will confront with the Caspian oil, the minimum annual bulks of which will make from 15-30 up to 70 million and higher (with allowance for forecast reserves).

Help: Terminal in Ceyhan is one of biggest similar constructions in Mediterranean region. Its capacity forms 120 million tons of oil annually. It is capable to handle superheavy tankers of dead-weight capacity 300 thousand tons minimum all the year uninterrupted. Built by European specialists on hard rock (Ceyhan is situated on soft valley ground), terminal is equipped by buoy-based and ground-level berths, latter can handle 4 tankers simultaneously.

Terminal was used for assurance of export of Iraqi oil of Kirkuk grade first of all. Pipeline connects it with Iraqi fields, situated, basically, in a northern-western zone, where are such large fields, as Kirkuk, Khabbaz, Jambur etc.

Pumping through oil pipeline Kirkuk - Ceyhan is limited to a level of 41 million tons at throughput capacity of two lines 75 million tons.

Thus, neither Turkey, nor European market on Mediterranean will not depend any more only on Iraqi deliveries. From the political point of view, the long-term project Aktau-Ceyhan also is considered by West as one of the instruments of economical pressure to Iraqi ruling circles.

Thus, Europe at the expense of the Caspian oil gets an alternate source of a replenishment of the oil storages, as the fields of Northern Sea tend to exhaust.

The price situation yet does not inspire with fears

Price situation also does not inspire with fears in the long-term plan. As the American analysers forecast, by 2020 global demand for oil will increase more than to 1,5 times from present 77 million of barrels (11 million of tons) per day up to 119,6 million of barrels (17 million of tons). According to the annual report of the Energy Information Division of the US Energy Department, the demand will grow at the expense of increase of consumption of engine fuel, development of petrochemical technologies, and also natural increase of the population of a planet. So, in the USA (largest consumer of oil in a world) its daily consumption will increase from 20 million of barrels (2,9 million of tons) to 26 million of barrels (3,7 million of tons). Besides the increase of consumption of oil at third will be provided with economical growth of less developed countries of Asia. As it is expected, the share of oil exported by the countries - members of OPEC, will increase from present 40 % to 50 %, however severe competition to cartel will be formed by such perspective regions, as a north of the Caspian sea (Kashagan field in Kazakhstan), and also states of Western Africa - Angola, Gabon and Congo. As if to the prices, so, in opinion of the American experts, it will not be pulled down below than mark in 20,5 dollars per barrel (about 159 litres) in the prices of a current year. Thus the mean value

for the proximate 20 years will make about 22 dollars for a barrel, and the minimum quotations are forecasted for 2005.

Under the forecasts of the Russian experts the oil price can be much higher, in proximate 10-15 years Europe will face with a deficiency of approximately 200 million of tons of oil annually, which can come from former USSR republics. By 2020 (in case that the perspective fields will justify hopes of oil specialists) export deliveries of countries of CIS can bring up on 200-250 million of tons. "The deposits of the North sea, discovery of which was considered as a panacea for many years, step-by-step exhaust, and the mining of new fields requires the considerable investments, as they are disposed primarily on marine shelf, - the analyser of an investment house NIKOIL Gennadiy Krasovsky has declared to "Segodnya". - So, the building of oil platform for mining the Russian arctic shelf will cost more than 200 million dollars, and drilling of exploratory hole - 10-20 million dollars. At that the positive results are obtained only by boring of each third - fifth hole". If the Russian companies (and also for oil producers of Kazakhstan and the Azerbaijan) will achieve to obtain necessary funds, then they can receive the padding incomes, countervailing production decline in Western Europe.

Thus, from the point of view of the current tendencies in the global market, for the future pipeline Aktau-Ceyhan it is possible to not worry, at any alternative from the long-term point of view the project is balanced enough.

The economical side of a problem, even if in Azerbaijan as soon as possible will not be made large oil discoveries, will be justified with interest even at the expense of developed today fields "Azeri", "Chyrag" and "Guneshli", and also "Kashagan". And the minimum forecast price of oil 20 dollars for 1 barrel per the proximate 5 years for the Caspian export project is quite reasonable.

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Подписка на журнал «CASPIAN ENERGY» позволит Вам найти любую информацию о работе ТЭК и о транспортной инфраструктуре Азербайджана и Каспийского региона в целом. Начиная с 2001 года, выходящий ранее ежеквартально журнал «CASPIAN ENERGY» изменил периодичность издания, теперь он будет выходить шесть раз в год. Стоимость годовой подписки теперь составляет 90 USD плюс стоимость доставки.

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Региональный номер журнала «CASPIAN ENERGY» В июне 2001 года выйдет в свет специальный номер журнала «CASPIAN ENERGY», посвященный работе ТЭК Российской Федерации и новым энергетическим проектам. В номере будет освещаться деятельность компаний, работающих в нефтегазовом секторе, а также в области телекоммуникаций, строительства и транспорта. Приглашаем все заинтересованные в сотрудничестве компании и организации к участию в данном проекте.

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GENERAL ELECTRIC PURCHASES HONEYWELL

On October 22, 2000 in New York General Electric announced plans to purchase aerospace systems company Honeywell for nearly \$45 billion in stock and debt. Under terms of the agreement, General Electric will pay 1.055 shares per a Honeywell share. Along with other standard terms and conditions of similar deals, GE will get an option for 19.9% of Honeywell's outstanding shares. The announcement was made by General Electric Chairman and CEO Jack Welch, and Honeywell Chairman and CEO Michael Bonsignore. Mr. Bonsignore became a member of GE's board. Two more directors from Honeywell are added to the GE's board. The Board of Directors of the both companies approved agreement of merger. The agreement should be sanctioned by the regulating bodies and approved by the stockholders of Honeywell. It is expected that the merging of the companies will be completed early this year.

The head of GE Mr. Welch stated that the company was mainly engaged in avionics, automated control systems, high-technology materials and new micro-turbine technology that quite perfectly supplement four major lines of GE's activities. GE's administration system and social structures also harmonically blend with common culture of the both companies. GE considers the merger with Honeywell as a unification of interests. GE will use GE-Honeywell's trademark for a number of key products.

LET US INTRODUCE GE-HONEYWELL

The merger of two giants is not yet complete, however, just a few figures demonstrate the opportunities of the newly established company. With forecast income of \$130bn in 2000 General Electric is a company rendering a wide range of goods, services and technologies. GE operates in more than 100 states; personnel of its representative offices worldwide are about 340,000.

Honeywell is a leading company in production of a wide range of goods and technologies; its turnover totals \$25bn. After the merger in 1999 with AlliedSignal, Honeywell Inc.'s turnover was about \$24bn.

TOGETHER WITH GE-HONEYWELL, WE CAN DO A LOT

Early 2001 2M Engineering Co became distributor of the united GE-Honeywell in

Azerbaijan. Cooperation with Honeywell will allow our company significantly expand a set of services and diversify assortment of goods delivered to Azerbaijan. Now the personnel of 2M Engineering Co actively study Honeywell's offers, which to the full extent reflect really unlimited opportunities of the US company. Presently, about 120,000 Honeywell's staffers work in 95 countries worldwide. They provide technologies and equipment for the clients requiring automatic control systems for buildings, industrial units, aviation, as well as, power generation systems, special assortment of chemicals, fibre, plastics, electronics and modern materials. The technologies and systems produced by Honeywell do make people life easier worldwide. Having become a distributor of Honeywell our company would be able to supply a service to people building houses, maintaining buildings, as well as, to the management of enterprises. 2M Engineering Co will help all of them to save electricity, provide security and integrity of property, create comfortable environment for the life and work.



2M
ENGINEERING Co.
General Manager of 2M Engineering Co.
Djeyhun Huseynov

Djeyhun Huseynov was born in 1966 in Baku. In 1990 he graduated from AZINNEFTEHIM (Azerbaijan State Oil Academy at the moment) named after M.Azizbekov. He worked as an engineer at BZST plant, commercial director of Shams Journal and in ANS company. He attended courses on marketing in the US. From 1997 he was representing Demir Dokum, a Turkish company, in Azerbaijan. Now he is the director of 2M Engineering Co established in 1997. Today 2M Engineering Co is a distributor of Demir Dokum.

At the beginning of 2001 2M Engineering Co was selected as a distributor of GE-Honeywell in Azerbaijan. There are 9 staff members in 2M Engineering Co.

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GENERAL ELECTRIC ПОКУПАЕТ HONEYWELL

22 октября 2000 г. Нью-Йорке компании General Electric и Honeywell объявили о том, что компания General Electric согласилась за \$45 млрд. долларов приобрести компанию Honeywell на условиях свободного от налогов и пошлин слияния с принятием долговых обязательств. По окончательному соглашению, держатели акций компании Honeywell получают 1.055 акций GE в обмен на одну акцию Honeywell. Наряду с другими обычными гарантиями сделки, компания General Electric получит опцион на 19.9% неоплачиваемых акций Honeywell. Объявления были сделаны Председателем Совета директоров и Главным исполнительным директором GE Джеком Ф. Вельшем, и Председателем Совета директоров и Главным исполнительным директором Honeywell Майклом Р. Бонсиньором. Р. Бонсиньор становится членом Совета директоров GE. Кроме него, в Совет директоров GE войдут еще два директора Honeywell. Советы директоров обеих компаний утвердили соглашение о слиянии, которое должно быть санкционировано регулируемыми органами и одобрено акционерами компании Honeywell. Ожидается, что слияние будет завершено в начале 2001 г.

Глава General Electric г-н Д. Вельш заявил, что основные направления деятельности компании Honeywell - авионика, системы автоматизированного управления, высокотехнологичные материалы и новая микротурбинная технология, прекрасно дополняют четыре основные направления деятельности General Electric. Система управления и социальная структура GE также гармонично вписывается в общую культуру обеих компаний. GE рассматривает поглощение компании Honeywell, как объединение интересов. GE будет использовать марку "GE-Honeywell" для ряда ключевых изделий.



ЗНАКОМЬТЕСЬ: GE-HONEYWELL

Процесс слияния двух гигантов еще не завершен, однако всего нескольких цифр достаточно для того, чтобы составить представление об их возможностях.

При ожидаемых в 2000 г. доходах в \$130 млрд. долларов США, General Electric является компанией, предоставляющей широкий спектр товаров, услуг и технологий. GE работает более чем в 100 странах, а персонал ее представительств по всему миру составляет 340,000 человек.

Honeywell является компанией, лидирующей в производстве широкого спектра товаров и технологий, с оборотом в \$25 млрд. долларов США. После слияния в 1999 году с AlliedSignal оборот Honeywell Inc. составил 24 млрд. долларов США.

СОВМЕСТНО С GE-HONEYWELL МЫ СМОЖЕМ СДЕЛАТЬ МНОГОЕ

В начале 2001 года 2M Engineering Co стала дистрибьютором объединенной компании GE-Honeywell в Азербайджане. Сотрудничество с Honeywell позволит нашей компании существенно расширить комплекс предоставляемых услуг и разнообразить сортамент поставляемых в Азербайджан товаров.

Сотрудники 2M Engineering Co сегодня активно изучают предложения

Honeywell, которые в полной мере отражают поистине безграничные возможности американской компании. В настоящее время в 95 странах мира работает около 120 000 сотрудников Honeywell, которые обеспечивают клиентов технологиями и оборудованием для автоматизации и эксплуатации зданий, сооружений и промышленных объектов; продукцией авиационной промышленности; системами для выработки электроэнергии; специальным ассортиментом химической продукции, волокном, пластиком, электроникой и современными материалами. Компания обслуживает покупателей по всему миру и поставляет товары и услуги по авионике, технологии управления промышленными и жилыми зданиями, автомобильную технику, энергосистемы, специализированные химикаты, волокна, пластики, высокотехнологичные материалы и материалы для электронных приборов.

Во всем мире технологии и системы компании Honeywell день ото дня делают жизнь человека более комфортной. Став дистрибьютором Honeywell, наша компания сможет оказывать услуги людям, строящим дома, осуществляющим эксплуатацию зданий, а также руководителям предприятий. Всем этим людям 2M Engineering Co поможет экономить электроэнергию, обеспечить безопасность и сохранность имущества, создать комфортную обстановку для жизни и работы.

2M
ENGINEERING Co.

Джейхун Гусейнов родился в 1966 г. в г. Баку. В 1990 г. окончил АЗИ-НЕФТЕХИМ им. М. Азизбекова. Работал инженером на заводе БЗСТ, коммерческим директором журнала "Шама", в компании ANS. Окончил курсы по маркетингу в США. С 1997 г. представляет в Азербайджане турецкую компанию Demir Dokim. В настоящее время является директором компании 2M Engineering Co, основанной в 1997 г. Сегодня 2M Engineering Co является дистрибьютором компаний Demir Dokim.

В начале 2001 года 2M Engineering Co стала дистрибьютором объединенной компании GE-Honeywell в Азербайджане. Персонал компании 2M Engineering Co - 9 человек.

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ESSENCE OF THE PROBLEM

Before the Soviet Union collapse in 1991 there had only been two intergovernmental agreements regulating navigation and fishery in Caspian Sea; they had been concluded between Iran and RSFSR (Russian Soviet Federated Socialist Republic) in 1921, and between Iran and the USSR in 1940. Iran and the USSR extended their sovereignty to the national sectors separated by the Gasankuli (Turkmenistan) - Astar (Azerbaijan) line. The issues with hydrocarbons production in Caspian Sea were not touched upon in the document. After the USSR collapse former Soviet republics experienced problems with detailed determination of the borders of the independent states, and therefore, borders for national sectors in the Caspian. That period is considered to be a start for appearance of numerous and miscellaneous problems requiring resolution - those problems were called "the Caspian status problem". Caspian Sea - is it a sea or a lake? If it is a sea the international conventions on maritime law should be applied to it. If it is a lake, i.e. enclosed pool, then it should be divided into sectors. Divide or not divide? If it is to be divided then which methods need to be applied? Shall seabed be divided or water surface, as well? The allocation of major natural resources (fishery for sturgeons and development of hydrocarbon resources) depends on answers to the questions. The problem has become aggravated too much when the first contract with foreign oil companies was concluded in 1994 in Azerbaijan - development of oil fields "Azeri", "Chirag" and "Guneshli". Russia has immediately expressed its protest against development of ACG project, and then a Russian company LUKoil was awarded a 10% share holding in the consortium. Iran's remonstrance resulted in getting a 10% share holding by OIEC, an Iranian oil company, in other prospect Azeri project for development of "Shah Deniz". Turkmenistan and Kazakhstan have forgone comments. The tension has been temporarily removed, however, since then magic words "the Caspian status" have been regularly used by the leaders of Caspian states during discussion of large-scale projects. It is worthwhile to note that depending on a particular political and economic situation the players are in, the "Caspian status" card is either put on table or hidden "under cloth". However, the problem on definition of the status is a double-edged weapon that is used by the rulers of the Caspian countries in a very careful manner.

RUSSIA

Before 1997 Russia had no proven oil and gas fields in its sector of the Caspian and that is why Russia was not interested in the prompt resolution of the status problem. The country was in favour of dividing the seabed into national sectors within a 12-mile zone, but it proposed to leave the centre of the sea in common use by all coastal states. Russia blocked any initiatives on the issue, having recalled the problem only to object laying the Trans-Caspian gas pipeline (and then oil pipeline, as well), or to back up Iranian and Turkmenian claims to

Economic Aspects Of The Problem With The Caspian Sea Status

"Joint statement on principles of cooperation in Caspian Sea" was signed on January 9, 2001 during a visit of President Vladimir Putin of the Russian Federation to Baku.

At the moment of signing the statement many were sure that Azerbaijan receded one of its main requirements - dividing mere into national sectors. "Divide seabed, leave water for general use" - those were the words most frequently heard. However, the joint statement only emphasized methods for sharing seabed "on the base of median line drawn with allowance for equidistant location of boundaries and modified as per agreements between the parties, as well as, with due regard for conventional principles of international law and existing practice in Caspian Sea". Issue No.5 in the statement says: "Other elements of the legal status of the Caspian are supposed to be discussed at consequent stages".

Azerbaijan. The situation has radically changed when the RF government permitted LUKoil to start exploration and development of "Severnii" block located in the Russian sector of the sea. The first exploration by LUKoil revealed 6 prospect structures (3 deepwater and 3 shallow), as well as two predicted structures. Acting in advance, I would like to say that within that structure 9 oil-and-gas bearing horizons have been discovered, 6 out of them have been proven to have commercial reserves of hydrocarbons. Predicted recoverable hydrocarbon resources of the block amount to 300m tons.

LUKoil invested about \$200m in exploration in the northern portion of the Caspian. Although total predicted reserves of the Caspian, including the Iranian sector, total 8bn tons of standard fuel, Russia's share, according to LUKoil's specialists, is equal to about 24% at the moment.

So far the company has carried out seismic studies in the northern portion of Caspian Sea within an area of 60,000 sq. km., and prepared 2D and 3D profiles. LUKoil plan to develop two oil production bases in the north of the Caspian - Astrakhan and Makhachkala. The company's management says that the project including service enterprises will involve about 100,000 jobs in Kalmikiya, Astrakhan area and Dagestan. LUKoil have an intention of producing 15m-20m tons of oil a year. Total investments of the company to the project are expected to be \$6bn within 10 years.

Once such the widescale interests came into being, Russia, of course, had to be closely engaged in resolution of the status problem as a part of "Severnii"'s block is

located in the Kazakhstani sector of the sea. The legal base of a project is of great importance in the process of attracting funds for the project, and that is why RF has acknowledged de-facto a necessity of division of the seabed as per the median line principle and forced negotiations with the Kazakhstani party. As a result a Russian-Kazakhstani intergovernmental agreement was signed on July 6, 1998. It should be noted that the agreement is the first (and still the only) bilateral document regulating rights of the states for sovereign usage of the Caspian resources within the boundaries of defined sectors. Nevertheless, it is noted in the document that determination of new legal status of the Caspian is only possible on the base of "consensus between all Caspian states".

The perspective plans for development of the Russian shelf of the Caspian are not limited to "Severnii" block. In July 2000 oil company "Rosneft" initiated exploration on "Inchke-more" field located on the Caspian shelf near to Izberbash, a Dagestani town. As a result of geological explorations to be carried out this year it is planned to define place of boring for the first semiwildcat. The drilling is already scheduled for 2001. The project is estimated to cost \$150m.

An epoch of political and economic changes started in Russia once Mr. Vladimir Put came to the power. Ex-minister of Fuel and Power Engineering Mr. Kalyuzhnyi was appointed deputy Foreign Minister and special representative of the RF President to the Caspian region.

In July 2000 during negotiations with Prime Minister of Kazakhstan Mr.

Kasimzhomart Tokayev deputy Foreign Minister for the first time has disclosed Russia's offer to all Caspian states to establish a Caspian Strategic-Economic Centre. According to Mr. Kalyuzhniy, the centre "would be engaged in monitoring of the Caspian region, deal with issues on creation of geological info database for Caspian Sea".

Russia's second initiative was a proposal to develop jointly disputable sections of the sea (there are four of them) in accordance with "the 50/50 principle". In opinion of Mr. Kalyuzhniy lack of modified median line would negatively affect future of developing field in boundary waters. Mr. Kalyuzhniy

ecosystem and its fish resources would suffer. That is why it is of great importance to find a compromise in the issue. "We support median line as it would allow us separating not the territory but the fields and prospect oil and gas structures. Therefore, assumptions stating that Russia ostensibly agree to divide the sea into national sectors fall short of reality. That is either mistake or an intended perverting of the truth", Mr. Kalyuzhniy emphasized. According to him, Russia and Azerbaijan achieved more mutual understanding recently. The states proceed from the fact that it is necessary to gradually move to consensus in resolution of the

Azerbaijan Mr. Khalaf Khalafov, taking into account all parameters Caspian Sea can be considered as a boundary lake and its status should be defined as exemplum of similar natural resources. The delimitation of Great Lakes (between the USA and Canada), and Geneva Lake (between Switzerland and France), etc. can be considered as a precedent for dividing disputable basins into national sectors. Presently Azerbaijan's standpoint on method of applying the modified median line in Caspian Sea is supported by Russia and Kazakhstan. Azerbaijan first started development of the fields in its sector and concluded Production Sharing Agreement with LUKoil on boundary with Russia field of "Yalama" and thus achieved a temporary compromise with its northern neighbour. No significant problems are expected in relations with Kazakhstan. Kazakhstan has always been in favour of delimitation of the sea in accordance with the median line. If the logic of the Azeri party is taken as a basis, Kazakhstan will get the greatest sector in the sea.

SOCAR applied to the Turkmenian part to take part in joint development of "Kyapaz" field and attract foreign investors, however, categorical refusal followed from Turkmenian party. The leadership of Turkmenistan once more confirmed their claims on "Kyapaz" and "Azeri-Chirag".

"In such situation there is no point to start negotiations. It seems to us that laying down such the unacceptable conditions, Turkmenistan is not interested in development of "Kyapaz" field", SOCAR vice-president Ilham Aliyev stated. In his opinion, development of this field is impossible without participation of Azerbaijan: "Even if Turkmenistan make an attempt to do it independently, immediately there will be necessity in additional huge expenditures for construction of new infrastructure - platforms, pipelines to the Turkmenian coast, onshore terminals, etc. No serious companies would agree to do that". That is why it would be reasonable to develop "Kyapaz" together with Azerbaijan having ready infrastructure for development of the offshore field, Mr. I. Aliyev says.

However, Iran is the most disturbing neighbour for Azerbaijan. Iran insist on equidistant delimitation of Caspian Sea, 20% to every states, that is why the borders of hypothetical Iranian sector obviously exceed all reasonable limits. In 1998 Iran entered into contract with Lasmo (Great

"Inchke-more" was explored by the Azeri Marine Department for Test Boring by specialized technical equipment in the 70s. Assured recoverable reserves of the field total about 8.5m tones of oil. A license for development of "Inchke-more" was granted to CaspOil Development JV that was established by Dagneft (30%), JKC /Great Britain/ (30.5%) and Roscasneft (39.5%). In its turn Roscasneft was set up by LUKoil, Rosneft and shipbuilding yard "Krasniye Barrikadi".

stated that in that situation every state will either start independently deal with the problems and conflict situation never disappears, or disputable fields will not be developed and "just disappear from the states' economy". The essence of "the 50/50 principle" is as follows: a party aspiring to develop disputable field, should compensate historical expenses for own 50% share to the oil companies discovered the field. Then both countries jointly develop the field. If a state does not have an opportunity to do that, it compensate as much as it can and being paid back in accordance with the investments it made. In case the state is not capable of compensating a 50% share in the project, other countries are not allowed to take part in the contract. "In other words there must not be a principle saying: I do not have funds but will allow other to participate", Mr. Kalyuzhniy stated. In July Mr. Kalyuzhniy visited Azerbaijan, Turkmenistan and Iran one after another, and acquainted the leadership of the states with new Russia's proposals.

In October 2000 Mr. Kalyuzhniy made a speech in Baku at "Management of the Caspian Oil Development" conference and stated on necessity of adopting a new pentilateral document - Convention on Legal Status of Caspian Sea. Judging by what he has said, before such the Convention is approved, the Soviet-Iranian agreements on Caspian Sea dated 1921 and 1940 should still be in force, as "the Caspian states would experience significant problems in case of chaos". The Russian representative reckons that the Caspian having no natural link with the world ocean represents a unique inner-continental basin and the UN Convention on Maritime Law of 1982 cannot be applied to it. All the rights as regards Caspian Sea should be in possession of the Caspian states only, Mr. Kalyuzhniy stressed. However, establishment of the frontiers in Caspian Sea would allow some coastal countries introducing rules within their own sectors which may not be in line with interests of others, deputy Minister of the Russian Federation thinks. It would lead to new problems and as a result the Caspian

problems. It is therefore would be expedient to delimit seabed. Iran is still in favour of dividing the Caspian into equal portions - 20% to each coastal state. "That is almost impossible, however, there is no way we can solve the Caspian problem without Teheran", Mr. Kalyuzhniy says. He pointed out that Russia and Kazakhstan have very similar positions as regards the problems with the Caspian status. Ashgabad's position Mr. Kalyuzhniy assessed as follows: "we cannot offend Iran".

AZERBAIJAN

Since 1994 and up to signing the Azeri-Russian "Joint Statement on Principles of Cooperation in Caspian Sea" the position of Azerbaijan in the issue of defining the Caspian status was remaining unchanged: Caspian Sea is a closed-type basin must be divided into sectors in accordance with median line, thereby both the water surface and seabed should be divided. It would then be possible to agree upon free navigation and quotas for fishery. Baku offers demarcation of the sectors in accordance with equidistant location of borders from the coast (i.e. median method). Such the delimitation method was applied to 72% of all similar cases in the world practice. According to deputy Foreign Minister of

Interrelations between Iran and Turkmenistan are not so simple. In 1996, two years after signing "the Contract of the century", Turkmenistan made claims to the Azeri field of "Azeri" ("Hazar" as per Turkmenian side) - for full possession, and "Chirag" ("Osman") - for partial possession. It has also been stated that "Kyapaz" ("Serdar") field located 145 km east of Baku is completely owned by Turkmenistan. In 1997 Turkmenistan even concluded Agreement on Main Principles of Exploration and Development of "Kyapaz" field. It was signed in Moscow with two Russian companies LUKoil and Rosneft. On this occasion SOCAR's administration raised objections and stated on its rights for possession of 70% of "Kyapaz" field. As a result the agreement was cancelled. The Azeri oilmen discovered "Kyapaz" field in 1989. 3 exploratory holes were drilled and oil was discovered at depth of 3,800 meters. SOCAR specialists forecast oil reserves of 100m tones. Not the politicians but geologists in the Soviet period called the field "Promezhutochnaya" (Intermediate) as it is located between the sea continuations of spurs of the Greater Caucasus (on the West) and Kopetdaga (on the East).

Britain) and RD Shell (Great Britain - Netherland) for geophysical survey of a Caspian sector which was a part of the Azeri sector. The Azerbaijan MFA expressed its objections on the occasion and SOCAR signed a contract with Mobil (presently ExxonMobil) for exploration and development of that portion (Agreement on "Savalan" block). Iran did not give up the claim on the section and that was a reason why the implementation of the contract was delayed.

In June 2000 a sitting of ECO states took place in Teheran. In that sitting the President Khatami of the Islamic Republic of Iran made a statement on the status of Caspian Sea. SOCAR's President N. Aliyev who came back to Baku from Teheran commented on the statement as follows: "The option proposed by the Iranian party and aimed at equal delimitation of Caspian Sea into 5 parts has never been applied and is unusual". Judging by what he said, the putting of the Iranian option for demarcation into effect could be fraught with unfavourable events. "Such the approach by Teheran will not contribute to the economic cooperation between the Caspian states, but on the contrary would antagonistic disposition amid them. The Iranian delimitation of the sea does not satisfy even Russia, whose interests in due course were similar with the Iranian aspirations", SOCAR President noted.

Thereby the head of the State Oil Company of Azerbaijan Republic has rated highly the initiative undertaken by leadership of Russia and Kazakhstan on delimitation of the Caspian. As a result of them now the both countries without any problem can develop the natural reserves of own sectors. "Not political but economic factors played an important role in such state of affairs", Mr. N. Aliyev noted.

In July 2000 two Iranian helicopters in a pointed manner smashed one of two floating buoys demarcating the southern frontier of the Azeri sector of Caspian Sea. Then the diplomatic institutions of the both states exchanged in claims.

From the standpoint of above mentioned it is no wonder to hear statement from the deputy Foreign Minister Khalafov of Azerbaijan about what the issue with the Caspian status is not ready to be discussed at the level of the leaders of the countries. "As a matter of fact, present working group sets as an object to work out a draft document. This may be a convention or an agreement on legal status of Caspian Sea. However, there is no single draft copy of such the document at the moment. The document may be based on agreeing on numerous parameters defining the status of the Caspian", Mr. Khalafov said.

In opinion of Mr Khalafov, joint Azeri-Russian statement on Caspian Sea is more "perfect variant" compared to the Kazakhstanian-Russian agreement. The Azeri-Russian document stipulates exclusive right for carrying out activities on the seabed. The right is given to the states along with sovereign right for energy resources production. Deputy Minister noted that the understanding on a staged resolution of the problem on legal status of Caspian Sea was the major achievement in the Azeri-Russian negotiations. The issues

on delimitation of the water surface as well as the legal status of the sea will be considered at further stages. So far the parties agreed on coordination of activities in fishery and acceleration of the negotiating process on environmental problems.

KAZAKHSTAN

In the issue of defining the Caspian status Kazakhstan has always supported the most neutral position. If a need was to choose priorities the country always followed lead of the Russian policy. Such a relation to the status problem is easily explained. The main hydrocarbon resources of Kazakhstan are located onshore. Before 1997 the main emphasis was placed on joint with Chevron (the US company) development of a giant oil and gas field of Tengiz.

Export of the Kazakhstanian oil to the world market is only possible through neighbouring states: via Russia to Black Sea by KTK pipeline and via Turkmenistan to

"KazTransOil" kicked off independent tanker shipments of oil through Caspian Sea. To organize own sea shipping "KazTransOil" freighted two tankers - "Araz" and "Gyandja" on a time-charter basis. The tankers are owned by the Azeri State Caspian Steam Navigation. "KazTransOil" suppose to transport up to 1m tons of oil a year by the freighted tankers, which is a half of all Tengiz oil transported via Caspian Sea to Black Sea through Azerbaijan and Georgia. The tanker shipping of oil on the Aktau to Makhachkala route has also commenced. The company studies other routes for sea shipping, as well as, reviews prospects for establishment of own tanker fleet in Caspian Sea.

In Almati in September 2000 an international conference "National and Regional Security of Central Asian states in the basin of Caspian Sea" took place. Making a speech at the conference the head of Economic Security Department under the Kazakhstanian Security Council Mr. Rustem

OKIOC was established in 1993 to survey the Kazakhstan sector of the sea. At the moment, ENI, BG, BP, ExxonMobil, Inpex, Phillips Petroleum Co, Shell, Statoil, TotalFinaElf are the shareholders of OKIOC. In 1993-1997 OKIOC spent about \$300m for seismic surveys. In 1998-2000 the consortium invested \$160m to the project. In June 2000 OKIOC completed the drilling of the first exploratory hole at the structure of East Kashagan and early last year started about drilling the second exploratory well at the structure. The drilling of the well to the depth of 4,800 meters is scheduled to be finished in May 2001.

Iran and then to Persian Gulf.

That is Kazakhstan do not want enter in any confrontation with the northern and southern neighbours. As to navigation, Kazakhstan does not even have its own tanker fleet. The main spawning areas of sturgeons in Caspian Sea are out of the Kazakhstanian sector, so Kazakhstan has got no urgent problems in fishery. Probable reserves of just one of offshore structures - "Vostochniy Kashagan" (Eastern Kashagan) were estimated to be 25bn barrels. Later on the President of "Kazakhstan" Mr. Nurlan Kapparov, made speech in the country's parliament and informed that total reserves in the shelf of the Kazakhstanian sector of Caspian Sea were to the tune of 15bn tons of standard fuel.

Now Kazakhstan has a vital interest in prompt resolution of the issue with the Caspian status as this directly affects activity of the foreign investors. Relying on "delimit seabed - keep water surface in common use", in July 1998 Russia and Kazakhstan have concluded agreement on delimitation of the seabed and thus set up a legal basis for joint resolution of the problems regarding development of the mineral resources in the northern portion of Caspian Sea. In 2000 the Presidents of Kazakhstan and Russia signed Declaration on Cooperation in Caspian Sea. The Declaration once more confirms unity of positions on the legal status of Caspian Sea. In particular, the Declaration says that a joint Kazakhstanian-Russian draft convention on the legal status of Caspian Sea will be submitted to other Caspian states.

Last June the Kazakhstanian National Company on Oil Transportation

Zholaman has stated that as regards the delimitation and usage of the Caspian resources his country has been in favour of "civilized and diplomatic formation" of the legal status for Caspian Sea. However, he noted, the country was intended to stand upon its rights "hard". According to Mr. Zholaman, Kazakhstan comes out in favour of a sectoral delimitation of the sea and that standpoint is supported by Russia and Azerbaijan. He reckons that on the basis of the sectoral demarcation principle it is necessary to find "common ground" from the standpoint of the Caspian states - Iran and Turkmenistan. In Mr. Zholaman's opinion, Astana believes that the fields located on disputable sections of Caspian Sea should not be developed until the legal status is defined.

At the same time Mr. Sabir Esimbekov, advisor to "KazTransOil"'s President, stated that Kazakhstan confirmed its adherence to implementation of the Baku-Tbilisi-Geyhan export oil project. Kazakhstan once more states on frailty of the project without the Kazakhstanian oil. President Nursultan Nazarbayev of Kazakhstan, first at the summit of heads of CIS states in Yalta last August and then at the summit of millennium in September in the US confirmed the intention of the republic to export as minimum as 20m tons of crude oil through the Baku to Tbilisi to Ceyhan route. According to Mr. Esimbekov, as a whole the throughput capacity of the oil pipeline will total 50-75m tons of oil a year. However, the laying of the Trans-Caspian oil pipeline on the Aktau to Baku route is impossible without negotiation of the Caspian status problem.

Last November Astana received from

Moscow cartographic materials on Caspian Sea in order to build a median line between the both states. The Foreign Minister of Kazakhstan Erlan Idrisov informed that availability of a singly cartographic database was important when applying a median line that is then supposed to be modified. The Kazakhstani cartographers carry out work on putting in place their own option for the median line in accordance with methodology accepted worldwide. Early 2001 it is planned to invite a meeting with the Russian colleagues to exchange in the projects. Having noted the movements in the Kazakhstanian-Russian relations in the Caspian issue, the head of MFA stated that "there had not been still significant" changes in the pentilateral format. The MFA head considers it necessary to intensify the negotiating process within the framework of "five states" on such important aspects as ecology, biological resources in Caspian Sea. Thereby, Astana proposes to accelerate the work on delimitation of the seabed resources. That approach meets with support as the most pragmatic and rational, Mr E. Idrisov reckons.

TURKMENISTAN

From 1991 Turkmenistan has been in favour of delimiting the Caspian in accordance with the median line principle, however, Turkmenistan disaccords with Azerbaijan on definition of the method for delimitation. Ashgabad offers to delimit the sea as per latitudes (i.e. head for line drawn from coasts by latitude and bisected). Citing

the Foreign Minister of Turkmenistan Boris Shakhmuradov, the main document which is used as an argument by the Turkmenian party is "report of a trust company /Caspomneftgeophysrazvedka/ under Naval Research Association /Soyuzmorgeo/ dated 1981 that is available in "Azgeolfond". The opinion of the American experts, who back up the Azeri point of view, is not taken into account. The motivation is: "the problem of the status should be negated by the Caspian states themselves".

A few oil and gas fields explored in the Soviet period by the Azeri oilmen are located in the Turkmenian shelf of the Caspian. Those are: "Lam", "Banka Zhdanova", "Barinova", "Gubkina", etc. However, the major hydrocarbon resources of Turkmenistan are located onshore. The country takes the fourth place in the world on natural gas reserves.

Turkmenistan is forced to continuously solve the problem with transportation of hydrocarbons to the world markets and rush about interests of the transit states (Russia, Kazakhstan and Iran) looking for the decision. The Turkmenian gas is transported to Europe by the Central Asia-Centre pipeline via Kazakhstan and Russia. The second route - to Iran, by the Korpedje-Kurt-Kui pipeline. An attempt to build the Trans-Caspian pipeline and have an access to the European market bypassing Russia resulted in nothing. Turkmenistan faced the challenge of own interests. The gas pipeline construction is impossible without consent by Azerbaijan and setting up the Caspian status. At the same time Turkmenistan is not

intended to withdraw claims for the Azeri fields of "Azeri" (Hazar) and "Chirag" (Osman).

Although there were smooth periods in the Russian-Turkmenian interrelations, Ashgabad should protect Iran's interest always. At the moment, Turkmenistan holds negotiations with Iran on the natural gas export increase in 2001. Early last December the second gas pipeline to Iran on the Artik to Lyutfabad route was put into operation. 175,000 cubic meters of gas a day are transported through it at the moment.

An issue on extension of the Turkmenian-Iranian gas pipeline to the Turkish border is under discussion. In addition, Iran receives not only gas. Oil produced in Turkmenistan by the foreign companies is also shipped to the world markets via Iran.

In the run of the July visit of deputy Foreign Minister of the Russian Federation Mr. Kalyuzhniy to Ashgabad, the Russian guest has been told that Iran should take part in working out common program on Caspian Sea, and Turkmenistan would not participate in discussions of any Caspian problems without Iranian representatives. In August 2000 the President Saparmurad Niyazov of Turkmenistan met in Ashgabad with deputy Foreign Minister of Iran Mr. Murtaz Sarmadi. The parties made a decision to develop a program of agreed measures, which would be undertaken by Ashgabad and Teheran to provide efficient bilateral legal, political, economic and other actions in the issues concerning Caspian Sea.

In October the Turkmenian MFA once more distributed a statement about what

CASPIAN ENERGY

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"CASPIAN ENERGY - UZBEKISTAN" - специальный номер журнала "CASPIAN ENERGY", посвященный экономическому развитию Узбекистана, роли республики в экономической жизни Среднеазиатского и Каспийского регионов, реализации крупнейших проектов на территории Узбекистана. В этом издании также будут представлены крупнейшие проекты на территории функционирующие в Узбекистане в следующих отраслях экономики: ТЭК, сервисные компании, транспорт, телекоммуникации, строительство, кредитно-финансовая система. Журнал выйдет к Международной выставке "Caspian Oil&Gas 2001". Приглашаем все предприятия, компании и организации к совместной реализации данного проекта.

Ashgabad reserved a right to appeal to the International Court for the sake of "equitable solution" on the situation presently available in the Caspian region as a result of operation of AIOC (Azerbaijan International Operating Company) and foreign companies engaged in oil production at disputable fields. "Turkmenistan thinks that the attempt to individually set international maritime frontiers, regardless of legal position of other states, contradicts to recognized principles of international law, - according to the statement. - Turkmenistan was and is in favour of creating trust, mutual understanding and mutually beneficial environment for cooperation amongst the Caspian states, for the prompt working out new fair international regime in Caspian Sea with due regard for interests of all and everyone". The Turkmenian MFA sent a message to all companies operating in the Caspian region where it is stated "Turkmenistan again expresses anxiety with the activity of foreign oil companies participating in development of fields in Caspian Sea within the framework of AIOC".

However, Turkmenistan's long-term indignation does not result in anything.

In the end-December 2000 the Ambassador of Turkmenistan to Azerbaijan Mr. Murad Chariyev made a statement on expediency of holding a meeting in 2001 with participation of the heads of five Caspian states on the issue of resolution of the Caspian status. "An understanding on holding the summit with Russian party has already been achieved; negotiations with Iran are ongoing", the Ambassador told.

Judging by what the Ambassador has said, a solution to the problems with the Caspian legal status would be conducive to solve the issue of disputable offshore fields. In reply to a question about how official Ashgabad assess prospects for putting the Trans-Caspian gas pipeline project into effect, the diplomat said that Turkmenistan very soon would come back to discussion of the issue on exporting own gas through Caspian Sea. According to him, the implementation of such a project must be "coordinated" with Iran and Russia. "Early March, 2001 Turkmenistan has an intention of holding once more negotiations with all interested parties, including Russia and Iran in order to get their consent from all Caspian states. Nobody's interests should be impaired in such serious issues", he stressed. "I think that the US are also interested in the project. I am sure we can solve the problem together", the Ambassador said. In opinion of the Turkmenian diplomat, a new impulse for development of the relations between the states can be introduced by the visit of President Heydar Aliyev of Azerbaijan to Ashgabad, signing a package of bilateral agreement in cooperation in different spheres, as well as establishment of Embassy of Azerbaijan in Turkmenistan.

IRAN

Amongst Caspian states Iran takes a special place. As opposite to others, Iran does not have proven oil and gas fields within its own boundary zone. Two wells drilled by the Azeri oilmen in 1996-1997 in the area of "Megdad" were found to be dry. The attempts of drilling new wells from a

floating rig "Iran-Hazar" resulted in no success. All oil riches of the country are concentrated onshore and in Persian Gulf of Mediterranean Sea. The cooperation of NIOC with foreign companies is restricted by both rigid legislation of the country and the US sanctions applied to every investor who brings above 20m dollars to the economy of "fundamentalists". On the other hand the country is the largest exporter of black caviar, and thus Iran is not indifferent to the environmental condition of the sea, fishery quotes and navigation issues in Caspian Sea. After the collapse of the Soviet Union the Iranian administration successfully took the occasion of legal vacuum formed and stated that even if the work on energy recourses usage was carried out in the Soviet time, no document contains information of share of every states and belonging any sector to one of the states. As a result of that and on the basis of concluded agreements Iran had the right to undertake hydrocarbons exploration within entire Caspian basin. So, the Caspian recourses should be jointly used by all Caspian states on the principles of condominium (common possession). However, that idea did not meet support from the Caspian neighbours. After signing the Russian-Kazakhstanian agreement on diving the Caspian seabed, the Iranian leadership made a new statement: if demarcation of Caspian Sea into national sectors is inevitable, Iran is in favour of delimiting the sea into equal shares.

The position of Iran on all set of the Caspian realities is best described by the Iranian Ambassador to Russia Mr. Mehdi Safari. Having noted a peaceful character of the relations between Teheran and Moscow he has told: "Iran adheres the non-proliferation treaty and the Iranian-Russian cooperation is based on that principle. We propose to declare the Middle East a nuclear-free zone... The USA catch at an excuse for development of own missile and anti-aircraft systems: Touching upon Caspian Sea and development of its recourses Mr. Safari has noted: "Iran is against any project stipulating gas transportation through the Caspian seabed". The Ambassador has underlined that the agreements concluded between Russia and Iran in 1921 and 1940 would be in force till establishment of new legal body on operation of the Caspian recourses. In addition, he said that the legal document on Caspian Sea should be approved and adopted by all Caspian states.

In July 2000 after an Azeri water frontier violation incident, the deputy Foreign Minister of Iran on American and European region Mr. Murtaz Sarmadi stated: "The Republic of Azerbaijan being engaged in "determination of the borders" implements one-sided activity on delimitation of Caspian Sea. Besides, such the actions are connected with the Caspian status problem, such the approach should be agreed by the both sides. Caspian Sea has got no borders; according to the agreements concluded between the USSR and Iran it was a common basin, - Mr. Sarmadi noted. - As to absurd (!) Gasankuli - Astata line, I would like to recall that in the sea belonging to the USSR and Iran (according to the agreements) fishery is permitted within entire area of water, excluding the shorelines".

Commenting on proposals of special rep-

resentative of the RF President to the Caspian region Mr. Kalyuzhniy on establishment of a strategic centre and usage of the disputable fields' recourses on the 50/50 principle Mr. Sarmadi told: "Iran has always though that determination of the Caspian status should be implemented in accordance with the condominium principle, but usage of the Caspian recourses should be coordinated by a United organization of the Caspian States Cooperation".

If that idea is agreed Iran is ready to place all water and subsea recourses of the sea (excluding shoreline) at full disposal of newly established organization, and thus end all disputes", Mr. Sarmadi told. In case a decision is taken to divide the sea into sectors, Iran is in favour of delimitation on the equal-share principle. "We have already sent out our proposals. Due to the fact that the foreign companies do not show their interest to development of the disputable fields, Azeris also submitted us their proposals on the occasion. Those offers are presently under close consideration", Mr. Sarmadi concluded.

Early last August the visits of Mr. Kalyuzhniy to Iran and Mr. Sarmadi to Ashgabad took place. Mr. Sarmadi handed a message of the Iranian President Mohammed Khatimi over the Turkmenian leader. In that message the Iranian party proposed to put the Caspian issues on the agenda of upcoming Turkmenian-Iranian meeting at high level. In future joint Turkmenian-Iranian documents it was proposed to "declare rejection of a practice of discrimination of any Caspian state on a bilateral or collective basis".

The Turkmenian and Iranian parties called Mr. Kalyuzhniy's offers "too delayed attempt to resolve the most difficult set of Caspian problems by a sudden attack". Mr. Sarmadi together with Mr. Shakhmuradov stated: "Without settlement of the legal status of the sea there is no point to hold negotiations on other problems, and this may have very hard consequences in future for all coastal states".

Mr. Sarmadi in his interview to a local mass-media has stated: "Teheran appreciates Ashgabad because Turkmenistan for the period of its independence has always been against any attempts of discriminating Iran in definition of the international-legal status of Caspian Sea under new conditions".

NOT BEYOND HOPE

Nevertheless, it is not so beyond hope as it may seem prima facie. The Iranian administration is still sure in economic efficiency of the Iranian route for transportation of the Caspian oil towards the world markets. In April 2000 the national tanker company of Iran ordered construction of 8 tankers of 60,000 tons displacement each for crude oil shipping through Caspian Sea. According to executive director of the company Mr. Mohammed Suri, eight tankers and five oil loading platforms (linked to the coats by a subsea pipeline) will be constructed at "Sadra Neka" plant. Mr. Suri noted that the funds invested to construction of the tankers and platform would pay off within 10 years. "Today oil in Caspian Sea is shipped by tankers of less than 5,000 tons of displacement. Due to small tonnage of the tankers the price for oil transportation

increases. Besides, in 2002 the construction of the Neka to Teheran pipeline will be finished. It is planned to pump the Turkmenian, Azeri and Kazakhstani oil through it. The throughput capacity of the oil pipeline will be 350,000-370,000 barrels a day. Then a necessity in tankers of greater displacement will be greater. The construction of 8 tankers will be completed simultaneously with putting the Neka-Teheran pipeline into operation", Mr. Suri told.

Taking the third place worldwide on the oil production, Iran, nevertheless, do not refuse of plans for exploration and development of the hydrocarbon resources in Caspian Sea. In 1999 NIOC concluded two agreements with a private Iranian company "Godgie Petro" on exploration and production hydrocarbon resources of the Caspian. One agreement was concluded for contract areas of "Elbrus 1,2,3,4", the second - "Babil" and "Bustan". The exploration within the framework of the contracts is estimated to cost \$50m. Deputy Minister of Oil of Iran on the Caspian Oil and Gas Mr. Ali Madjedi informed that "in the issue on legal status of Caspian Sea IRI might support both a policy of condominium and sea sharing policy. The contracts concluded correspond to the both options". However, before last spring the contract had not been in force due to legal motives. In May 2000 the Medjlis of the Islamic Council of Iran adopted a draft bill in the second reading that permitted NIOC to implement projects on exploration, development and operation of oil and gas fields in Caspian Sea. Once the law was approved, NIOC accrued a right to conclude and put into effect all contracts on development of oil and gas fields in Caspian Sea.

Last November Iran urged the Caspian states to make decision on the Caspian status as soon as possible. According to Mr. Khamid Asifi, a representative of the Iranian MFA, prompt development of new legal status this closed-type sea is necessary "for just delimitation of huge oil and gas reserves within the basin's area of water". He also reminded on presently available

Soviet-Iranian agreements. "It is written in the documents that Caspian Sea is in joint possession of Soviet Union and Iran, that is why it is important to take decision as soon as possible", Mr. Kh. Saifi said.

THE USA

One more participant takes invisible part in the negotiating process on the Caspian status problem. This is the United States of America that have three major targets in the region: strengthening of the geopolitical influence, provision of the country's energy security and support for the US companies

operating in the region. Against the background of those main aims the US consider all options for resolution of the problems in the regions. Mentioning the energy security of the country the Americans imply reliable oil delivery to the USA first, and only then to the Western European markets. Their enthusiasm and interest in development of the Caspian field will be growing in proportion with energy resources production rate reduction in North Sea. According to ex-president of AIOC Mr. Terry Adams, that will happen after 2005. That is the period when one can expect increased activity by the US in the region. At the moment

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the Caspian projects are being worked out and waiting for the time to come.

The Baku-Tbilisi-Ceyhan oil pipeline and Trans-Caspian gas pipeline are the priority projects for the Caspian energy recourses transportation. The US consider it necessary to pump the Kazakhstanian oil through the Baku-Ceyhan route, as well, therefore, they are interested in the prompt resolution of the Caspian status problem. It should be noted that the opportunities of the US are quite limited in the issue. The American-Azeri mutual relations take shape more harmonically. They are not so much unclouded in relations with other Caspian states. It is common knowledge that the USA are in fight with Russia for the geopolitical influence in the regions. However, commenting on that competition the analysts often recall confrontation between the USA and USSR in the past. Meanwhile, it is high time as many accents took turns and there could be a situation when the USA would have to achieve own targets with the Russian assistance.

The mutual relations between the US and Kazakhstan are developing irregularly. On one hand Chevron develop "Tengiz", but ExxonMobile develop "Kashagan", there are many service American companies operating in the country. On the other hand, the policy and economy of Kazakhstan are firmly connected with Russia, the administration of the state in a quite rigid manner assets its interests during both negotiations with the American diplomats and implementation of the energy projects. Washington notice that.

Turkmenistan too behaves quite independently; it does not want to be deprived of present profit for the sake of transparent pro-American future. In his speech at the conference of "Oil, gas, oil refinery and petrochemistry of the Caspian - 2000" the US Ambassador Mr. Stanley Escudero to Azerbaijan stated that the main reason for delay in implementation of the Trans-Caspian gas pipeline project was a Turkmenistan's desire to gain greater benefit. "The US will back up Turkmenistan when it will be ready for cooperation with other member-states in order to achieve soonest implementation of the project", the Ambassador underlined.

The Iranian-American mutual relations are the subjects of a separate conversation. The American oil companies are envious of the European colleagues who are engaged in development of oil fields in Iran. The issue of removing the American sanctions from Iran is regularly exaggerated in mass-media, however, "nothing has changed". Presently the US companies hope that new administration led by Bush can cancel the sanctions. The hopes are based on the fact that present US Vice President Dick Cheney being the head of Halliburton, giant oil service company, criticised Clinton's administration for the Iranian policy. However, the chances for cancellation of the sanctions in the nearest future are very small. During proposal himself as a candidate George Bush has stated that he would not soften previous policy of Clinton's administration to Iran. Moreover, the US Vice President Cheney may adhere other point of view on the problem of Iranian sanction than Cheney, the head of Halliburton. The analysts reckon that during political instability in the

Middle East possibility of that the US administration can remove sanctions against Iran in the nearest future is minimal.

The US position in the region is best described in standpoint of Mr. David Goldwin, advisor to the US Energy Ministry. There are some citations: "From the energy security point of view the Caspian region is of great importance. Its proven oil reserves are estimated at 18-35bn barrels that is comparable to the recourses of North Sea and the US. The natural gas recourses are even greater. Proven gas reserves are assessed to be 236-337 trillion cf. that is similar to what North America has. If the estimate on the recourses is confirmed, they will total a fourth of all existing reserves in the Middle East. Thus, within a few next years the region will become the greatest source of non-OPEC oil. The oil production in the Caspian region may have totalled almost 4m barrels a day, but export - above 3m barrels a day by 2010. That is why the US administration will not be able to ignore possible influence of the region on the international oil markets".

"We believe that development of the projects in the fuel and energy complex can lead to qualitative change in commercial relations with entire Central Asian regions, and in turn it will serve to further development of the region. That is also beneficial for our companies. The foreign companies already plan to invest up to \$100bn to the region within next two decades. Mainly the investments will be done to Azerbaijan and Kazakhstan. Bit, all of mentioned depends on successfulness of exploration, development and achievement of agreements on putting a pipeline system in place".

"Development of the Russian oil sector is a part of the US interests in terms of its energy security. Russian represents an essential part of developing regional oil transport system. We would like that Russia again become oil power since it is important for oil delivery and Russia's democratic and economic progression".

"As to Iran, the US policy as regards the Caspian region is not anti-Iranian, but pro-Central-Asian. Our policy concerning the energy investments to Iran did not change and will hardly change in future. In three years, when we again look at the Caspian region, I hope, we will be talking about success of the Eastern-Western energy transport corridor, about prosperity and stability of the region's states".

MEETING OF SPECIAL WORKING GROUP ON CASPIAN SEA TOOK PLACE

For the period of three years Iran and Turkmenistan have been refusing to participate in sittings of experts where discussion on issues on settlement of the Caspian sea was to be held. The Turkmenian diplomats stated, "similar measure in present state of affairs might become anti-productive". Iranians though that "the sitting would not be beneficial due to considerable disagreements in positions of five Caspian states".

At last, on February 20-21, 2001 the deputies Foreign Ministers gathered in Teheran to prepare a text of declaration that should subsequently be signed by the leaders of all Caspian countries. As a result of

the Teheran summit the participants stated that "they had managed to agree upon a half of all issues". That was the reason for representatives of the Foreign Ministries to come to understanding on holding a sitting of a Special Working Group on Caspian Sea on a regular basis once a quarter. Next sitting of the working group will take place in Baku, although probably a special sitting will be required in Ashgabad. Before next meeting the parties will hold a series of bilateral negotiations to bring together positions on disputable issues. As it is noted in the Communiqué in the upshot of the sitting, "the participants achieved mutual understanding concerning necessity of continuing work on the summary document for its final concordance at the level of experts. Additional negotiations will be required within the Special Working Group on Caspian Sea". The participants of the negotiations in Teheran have expressed their "satisfaction with results of the sitting that can be distinguished for its mutual understanding and common aspiration for achieving consensus".

SUMMIT OF HEADS OF CASPIAN STATES IS POSTPONED TILL MID-APRIL

The heads of Azerbaijan, Iran, Kazakhstan, RF and Turkmenistan, in their turn, have confirmed readiness to take part in the summit where new international-legal status of Caspian Sea will be discussed. President of Saparmurad Niyazov of Turkmenistan is the initiator of holding the summit. However, the meeting of the presidents initially scheduled for the 8th-9th of March in Turkmenbashi (formerly known as Krasnovodsk) has been postponed till the mid-April at the instance of the Iranian party. Iran's reason for that was a desire to agree upon all disputable items of Declaration of the Caspian Sea status.

A possibility of reaching final agreement on all positions in the summit in Turkmenbashi is not really significant. Exploration of huge hydrocarbons recourses in the Iranian or Turkmenian sectors of Caspian Sea can strongly push forward the negotiating process. Disagreements among Russia, Azerbaijan and Kazakhstan can conditionally be called "detailed"; the positions of those three countries differ "principally" from Turkmenistan's and Iran's standpoints. It will only be possible to speed up negation of the problem with the Caspian status if Russia, Kazakhstan and Azerbaijan can urge either Turkmenistan or Iran to refuse of their present ambitions. If Turkmenistan joins Russia, Azerbaijan and Kazakhstan it will allow de-facto restore the Gasankuli-Astara line as a border between four CIS states and Iran. If Iran becomes the fourth member of the coalition, further negotiations with geographically "locked" Turkmenistan will not be any hard.

However, to achieve that target all five Caspian states will have to compromise. The problem with determination of the Caspian status concerns long-term economic and political interests of every country. A state may reject one of the interests if it ultimately gains a long-term benefit.



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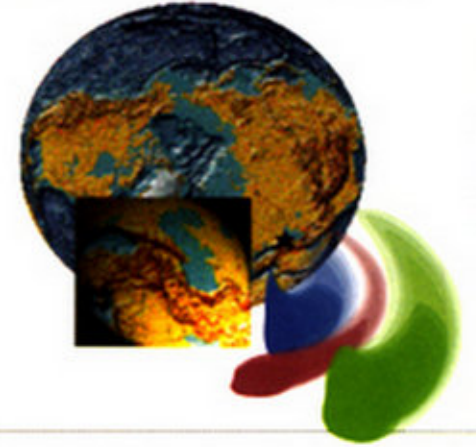
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ГОСУДАРСТВЕННЫЙ НЕФТЯНОЙ ФОНД АЗЕРБАЙДЖАНА СОЗДАН...

Суммарные доходы Азербайджана от реализации международных нефтяных контрактов, включая бонусы и доходы от продажи прибыльной нефти, к концу 1999 года превысили полмиллиарда долларов США. Экономисты всех мастей, и в первую очередь, специалисты Британского "Ноу-Хау" Фонда, являющегося официальным консультантом министерства финансов Азербайджана, заговорили об угрозе "голландского синдрома" - одностороннего развития экономики, при котором развивается только одна отрасль промышленности, в ущерб всем остальным. Появилась насущная необходимость в создании единого Фонда, в который должны поступать все "нефтяные доходы", и затем расходоваться для решения стратегических государственных задач. 29 декабря 1999 года вышел Указ Президента Гейдара Алиева за N240 "О создании Государственного Нефтяного Фонда Азербайджанской Республики (ГНФАР)". Согласно Указу, на разработку Положения о Фонде выделялось всего два месяца. Тем не менее, на ознакомление с опытом зарубежных стран, согласование его с национальными реалиями, а также на выработку единой точки зрения по этому вопросу потребовался весь 2000 год.

ЗА ОПЫТОМ В НОРВЕГИЮ

В январе прошлого года правительственная делегация Азербайджана побывала в Норвегии, где ознакомилась с опытом создания Нефтяного фонда. В состав делегации вошли министр экономики Намик Насруллаев, председатель Нацбанка Эльман Рустамов и президент ГНКАР Натик Алиев. Делегация провела в Осло встречи в парламенте страны, в министерствах нефти и энергетики, финансов и экономики, Нацбанке Норвегии, в государственной нефтяной компании Statoil.

В Норвегии Нефтяной фонд был создан в 1996 году, через 32 года после подписания первого нефтяного контракта. Сегодня в Фонде накоплено более \$30 млрд. Нефтяным фондом Норвегии управляет Национальный банк, который размещает средства в акции и ценные бумаги за рубежом.

Сегодня Норвегия заморозила почти все поступающие в Нефтяной фонд средства, используя их в ограниченных

масштабах. 1/3 часть Фонда сохраняется для будущих поколений, 1/3 часть вложена в высоколиквидные бумаги за границей, и 1/3 - направляется в развитие не-нефтяных отраслей экономики. На развитие нефтяной промышленности Норвегии средства из Фонда не направляются. Основной задачей Фонда является накопление финансов для будущих поколений норвежской нации. Добывающая до 150 млн. тонн нефти в год Норвегия сильно зависит от ситуации на мировом нефтяном рынке. Поэтому, в случае снижения цен на нефть все потери компенсируются за счет Нефтяного фонда. Вторая задача Нефтяного фонда Норвегии - помощь в решении социальных проблем. Количество пенсионеров в Норвегии растет, в период 2010-20 гг. оно будет превышать трудоспособное население. Все расходы по содержанию пенсионеров будет нести Нефтяной фонд. Контроль над ресурсами Нефтяного фонда Норвегии осуществляется парламентом этой страны. Ежегодно издаются доступные для всех отчеты о состоянии нефтяных финансов.

Вернувшись из Норвегии, президент ГНКАР Натик Алиев заявил, что "при создании Нефтяного фонда Азербайджана за основу надо будет принять норвежский опыт, при этом, конечно, изменив некоторые нюансы с учетом наших национальных особенностей". Впоследствии за опытом в Норвегию и Кувейт ездили, и правительственные делегации, и сотрудники аппарата президента Азербайджана, однако, удельный вес "национальных особенностей" постоянно увеличивался.

В октябре прошлого года помощник президента страны по экономическим вопросам Али Асадов на встрече с журналистами заявил: "Проведенные специалистами ГНКАР и экспертами Кабинета министров исследования показали, что опыт норвежского Нефтяного фонда абсолютно неприемлем для Азербайджана, поскольку экономическое и социальное состояние этих двух стран несопоставимо. В республике еще не решены социальные проблемы, мы еще не вышли из состояния войны. В обсуждаемом проекте Положения о Фонде использовался не только норвежский опыт, но и опыт других стран. Мы учли возможность повышения и понижения цен на нефть, меха-

низм сохранения финансов для будущих поколений страны, развитие не-нефтяных отраслей экономики и многое другое".

ЕСЛИ ДОЛГО МУЧИТЬСЯ - ЧТО НИБУДЬ ПОЛУЧИТСЯ

При разработке Положения о Фонде возникло бесконечное множество тесно взаимосвязанных между собой вопросов, которые можно разбить по трем основным категориям:

1. Кто будет управлять Фондом?
2. Кто будет контролировать работу Фонда?
3. На что будут расходоваться средства Фонда?

На первые два вопроса было три возможных варианта ответов: правительство, парламент, или президент страны. Количество вариантов ответа на третий вопрос - бесконечно. Выдвигая свои предложения по расходованию средств Фонда, представители Минэкономики, Минфина и Нацбанка воздер-

Ежегодный уровень доходов Государственного Нефтяного фонда Азербайджана (ГНФАР) при устойчивом использовании ресурсов страны будет составлять, примерно, \$300-\$350 млн. По прогнозам специалистов британского "Ноу-Хау" Фонда (British Know How Fund), такой период начнется уже в 2005 году. Об этом заявил экономический советник ГНФАР Джейкоб Нелл. По его словам, если в начале 1999 года Азербайджан продавал 1 баррель своей нефти за \$10, то в 2000 году прибыльная нефть была продана по \$30 за баррель. В условиях такого резкого колебания цен на сырую нефть на мировом рынке самое правильное - создать в ГНФАР определенный запас средств, который позволит стабильно пополнять Фонд и сохранить объемы нефти для будущих поколений. Причем ГНФАР не может являться заменой бюджета, и одно из самых важных требований - прозрачность его формирования, утверждает Д. Нелл.

живались от освещения своей позиции в средствах массовой информации.

Как ни странно, но наибольшее количество вариантов ответа на третий вопрос пресса получила от руководства ГНКАР. Вот только несколько примеров их высказываний:

- ГНФАР будет задействован для решения социальных проблем населения, и даст возможность не только повысить пенсии и зарплату, но и помочь предпринимателям страны.

- средства ГНФАР будут инвестированы в не-нефтяной сектор, в высокодоходные проекты импортозамещающего производства

- средства ГНФАР могут ежегодно расходоваться на погашение дефицита госбюджета

- государство может финансировать свои доли в различных проектах, таких как PSA, строительство трубопроводов и другие.

- часть средств ГНФАР могут пойти на выделение кредитов под прибыльные проекты

- часть средств ГНФАР должна размещаться в ценные бумаги других государств, евробонды, акции компаний и т.д.

В НОВЫЙ ВЕК - С НЕФТЯНЫМ ФОНДОМ

29 декабря 2000 года Президент Азербайджана Гейдар Алиев издал Указ N434 "Об утверждении Положения о Государственном Нефтяном фонде Азербайджанской Республики". Согласно утвержденному положению, ГНФАР является внебюджетным государственным институтом, подотчетным главе государства.

Оперативное руководство деятельностью Фонда осуществляет исполнительный директор, назначаемый президентом страны.

Общий контроль над формированием и расходованием средств Фонда осуществляет Наблюдательный Совет, который проводит свои заседания не реже одного раза в квартал. Правила составления и ведения отчета об учете и использовании средств Фонда устанавливаются Наблюдательным Советом. Деятельность Наблюдательного Совета осуществляется на общественных началах (не оплачивается).

Отчет о годовой финансовой деятельности Фонда должен проверяться и утверждаться независимым аудитором, назначаемым президентом Азербайджанской республики.

Основная задача ГНФАР заключается в обеспечении сбора валютных и других средств, получаемых от реализации соглашений, заключенных в области разведки и разработки нефтяных и газовых ресурсов, и от деятельности самого фонда, и эффективном управлении ими во имя интересов нынешнего и будущих поколений граждан

Азербайджанской Республики.

Фонд будет формироваться из следующих источников:

- доходов, получаемых от продажи сырой нефти и газа, приходящихся на долю Азербайджанской Республики (с условием вычета предусмотренных законодательством выплат);

- бонусных выплат (начиная с 2000 года);

- поакровых выплат;

- арендной платы за использование государственного имущества в рамках договоров, заключенных с иностранными компаниями;

- дохода, получаемого от продажи активов и других поступлений, предоставленных азербайджанской стороне в соответствии с заключенными с иностранными компаниями договорами;

- других доходов, получаемых в результате совместной с иностранными компаниями деятельности;

- дохода, получаемого от размещения средств Фонда.

Использование средств ГНФ осуществляется в соответствии с основными направлениями (программой), утвержденными распоряжением президента АР на каждый год. Средства ГНФАР могут быть использованы во имя социально-экономического прогресса страны, в целях решения важнейших общенациональных проблем, строительства и реконструкции инфраструктурных объектов стратегического значения. В инвестиционных целях, в основном, будут использоваться доходы, полученные от депозитов ГНФАР, размещенных в кредитных организациях с высоким рейтингом.

Указом главы государства, Госнефтекомпания Азербайджана (ГНКАР) предписывалось обеспечить перечисление средств, поступивших в ГНФАР до 5 января 2001 года, на специальный счет в Национальном банке Азербайджана. Центробанку страны, в свою очередь, было поручено представить свои предложения о хранении средств фонда в банках с высоким рейтингом, завоевавших авторитет в международном сообществе.

СКОЛЬКО У НАС ДЕНЕГ?

3 января 2001 года Президент Азербайджана назначил исполнительным директором ГНФАР Самира Рауф оглу Шарифова, который до своего нового назначения работал исполнительным директором Национального банка Азербайджана. Председатель правления Национального банка Азербайджанской Республики Эльман Рустамов проинформировал главу государства о со-



стоянии бонусных резервов, перечисленных иностранными компаниями за участие в контрактах по типу production sharing agreement (PSA). Согласно предоставленным данным, в период 1992-99 гг, в рамках контрактов о совместной с иностранными компаниями разведке, разработке и долевом разделе добычи нефтяных месторождений азербайджанского сектора Каспийского моря на банковские счета ГНКАР от иностранных компаний поступили подписные бонусы на сумму \$537,7 млн., из которых \$32 млн. были израсходованы в 1992 году и в первой половине 1993 года. \$43,6 млн. из оставшихся средств были использованы в 1998 году на перечисление аванса для приобретения самолета типа ТУ-154М и двух самолетов типа "Боинг-757", а \$462,1 млн. в период 1995-99 гг. были перечислены ГНКАР в резервы Нацбанка и сохранены в полном объеме. Эти бонусные выплаты остались в валютном Фонде Нацбанка, и в ГНФАР не вошли.

5 января президент ГНКАР Натик Алиев проинформировал главу государства о средствах, поступивших в ГНФАР в 2000 году. На выделенный для этих целей специальный счет Нац-

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банка поступили следующие средства:

1. Поступления, полученные от продажи приходящейся на долю Азербайджанской Республики прибыльной сырой нефти. В соответствии с условиями контракта о разведке и разработке месторождений "Азери", "Чираг" и глубоководной части месторождения "Гюнешли" в Азербайджанском секторе Каспийского моря и долевом разделе добычи, до 29 декабря 2000 года было продано 967 805 тонн прибыльной сырой нефти, приходящейся на долю Азербайджана.

Общая стоимость проданной нефти составляет \$192 762 341. Из этой суммы \$166 984 572 уже поступили, и после вычета предусмотренных законодательством выплат, \$162 346 203 были перечислены на счет ГНФАР. (Позже, 11 января 2001 года, на счет ГНФАР были перечислены остальные \$25 777 769).

2. Бонусы. В виде бонусов были выплачены следующие суммы:

- в рамках контракта по морскому блоку "Инам" - в марте 2000 года компания Shell выплатила \$2 млн.

- в рамках контракта по морским структурам "Зафар" и "Машал" - в апреле 2000 года \$97 млн. были выплачены компаниями Exxon (\$45 млн.) и Conoco (\$52 млн.).

- в рамках контракта по сухопутному блоку "Падар" - в декабре 2000 года компания Monciel Oil выплатила \$1 млн.

Таким образом, после вычета предусмотренных законодательством выплат на счет ГНФАР в виде бонусов поступило всего \$99 999 988.

3. Выплаты в виде тарифов на транспортировку по азербайджанскому трубопроводу.

В ГНФАР в виде выплат по тарифам на транспортировку нефти по "западному" экспортному трубопроводу (Баку-Супса) в рамках контракта "Азери-Чираг-Гюнешли" поступило \$8 258 476.

4. Арендные выплаты.

В течение 2000 года в ГНФАР в виде арендных выплат поступило \$359 985. Эти средства были выплачены АЮС за аренду офиса.

С 29 декабря 1999 года по 29 декабря 2000 года на счет ГНФАР поступило всего \$270 964 652.

ВСЕМИРНЫЙ БАНК, В ПРИНЦИПЕ, ОДОБРИЛ

"Положение о ГНФАР включает ряд положительных моментов, однако Всемирный банк обеспокоен структурой ГНФАР. Это беспокойство может быть устранено при совершенствовании управления и обеспечении прозрачности деятельности фонда", - заявила на пресс-конференции в Баку директор Всемирного банка по странам Кавказа Джуди О'Коннор. По ее мнению, ГНФАР - внебюджетная структура, следовательно, управление им должно осуществляться в тесном со-

трудничестве с Министерством финансов Азербайджана. Д. О'Коннор отметила, что руководство ГНФАР могло бы готовить планы и отчеты по деятельности фонда, и представлять их в парламент. Однако это не предусмотрено Положением о ГНФАР. "Тем не менее, намерение правительства проводить аудит ГНФАР с последующим оглашением результатов позволяет надеяться, что деятельность фонда будет поддержана международными финансовыми институтами", - сказала Д. О'Коннор.

ФОНД ЕСТЬ. ЧТО ДАЛЬШЕ?

В октябре прошлого года министр финансов Азербайджана Аваз Алекперов заявил, что республика рассчитывает получить в 2001 году от экспорта нефти около \$530 млн.

"Доходы от экспорта сырой нефти в следующем году ожидаются в объеме 2,448 трлн. манатов (\$1-около 4550 - прим ред)". По словам министра, в 2001 году Азербайджан планирует экспортировать от 600 тыс. до 1 млн. тонн сырой нефти, 150 тыс. тонн автомобильного бензина АИ-92, 1,5 млн. тонн дизельного топлива, 444 тыс. тонн реактивного топлива, 30 тыс. тонн смазочных масел. "Поступления от продажи нефтепродуктов на внутреннем рынке в 2001 году прогнозируются в объеме 1,964 трлн. манатов, - сказал А. Алекперов. - Эти средства пойдут на выплату заработной платы (870 млрд. манатов), отчисления по социальному страхованию (160-170 млрд. манатов), налоговые выплаты в бюджет (1,32 трлн. манатов), обслуживание банковских кредитов (320 млрд. манатов), покупку сырья (500 млрд. манатов), приобретение основных средств (10 млрд. манатов)". Министр также отметил, что в проекте госбюджета Азербайджана на 2001 год цены на нефть заложены на уровне \$22-23 за баррель, в то время как среднерыночная цена на мировом рынке прогнозируется на уровне \$26.

В феврале этого года Аваз Алекперов сообщил, что в ближайшие несколько лет поступления в ГНФАР должны возрасти в 3-4 раза. По его словам, накопленные в ГНФАР на сегодня \$303 млн. будут направлены на разрабатываемые в настоящее время инвестиционные и социальные программы. Эти деньги будут размещены в международных банках под приемлемые для страны проценты. Он также отметил, что Азербайджан готов выполнить опре-

Японская компания ITOCHU закупила девятую партию прибыльной нефти Азербайджана в рамках PSA "Азери-Чираг-Гюнешли". Отправка из порта Супса танкера с прибыльной нефтью в объеме 1 млн. баррелей (около 135 тыс. тонн) намечена на 10-11 марта. Первые две партии прибыльной нефти ГНКАР закупила французская TotalFinaElf, третью и четвертую - американская ExxonMobil, пятую и шестую - офшорная компания Arcadia, седьмую - французская Elf Trading, восьмую - британско-голландская Shell Trading. Средства от реализации прибыльной нефти ГНКАР в рамках контракта века аккумулируются в Государственном Нефтяном Фонде Азербайджанской Республики. К концу марта на его счетах будет около \$330 млн. средств.

деленную часть требований Международного валютного фонда и Всемирного банка в отношении деятельности ГНФАР.

Так, например, требование этих международных финансовых институтов довести до общественности показатели по расходам и доходам ГНФАР, уже выполнено: в январе этого года эти данные были обнародованы в печати, и эта практика будет продолжена.

Прогнозы специалистов BRITISH KNOW HOW FUND о формировании Государственного Нефтяного фонда Азербайджана в 2000-2005 гг. (в млн. \$)

	2000	2001	2002	2003	2004	2005
Баланс на начало периода	0	279	424	586	693	888
Прибыльная нефть АЮС	134	112	126	129	183	307
Прибыльные нефть и газ	0	0	0	0	38	76
Итого: Всего прибыльная нефть	134	112	126	129	221	383
Нефтяные бонусы	145	50	50	50	50	100
Поакровые оплаты	0	10	10	10	10	10
Доход в виде инвестиций	0	19	28	39	46	59
Всего притоки	279	191	215	229	328	552
Трансферт текущему бюджету	0	0	0	65	70	75
Финансирование дефицита	0	0	0	0	0	0
Всего поддержка бюджета	0	0	0	65	70	75
Трансферт кап. бюджету	0	47	52	57	63	80
Отток капитала	279	144	163	107	195	397
Чистые притоки	279	424	586	693	888	1285
Всего притоки	279	470	685	913	1241	1793
Всего оттоки	0	47	98	220	353	508



Adnan Halitoglu

Born in 1963 in the Elbisdtan of the Kahraman-marash region. Studied at the Istanbul Technical University and specialized in construction engineering. In 1984 attended the Medical Faculty of the Dicle University in Diyarbakir and graduated in 1990. In Turkey, he worked as a doctor at various hospitals. Then he began his private medical practice. Since January 2001 he has been the director of the Turkish - American Medical Center. Married with three children.

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The center is very professional and well equipped. The building of the center is completely renovated, air-conditioned and comfortable. The center operates as a diagnostic-polyclinic center and provides an emergency outpatient department as well. The center provides high quality medical services to local people as well as expatriate persons and their families.

The center offers a 24-hour medical service and has its own ambulances, which are modern and fully equipped. It also has e-mail and an Internet site and is in contact with hospitals in Turkey and America. They have a link to the American Hospital in Istanbul. For example couples with infertility problems are sent to Istanbul by this Center in order to undergo special procedures and treatment.

They have a Doppler color

between the two brother nations.

well. The center provides high quality medical services to local people as well as expatriate persons and their families.



The Turkish-American Medical Center is the largest private medical center in Baku and has been operation since 1998. The center is a part of a series of T-A Centers throughout Turkey and financed by Turkish and American investors.





ultrasound by Toshiba, which is very new and still had the protective original plastic wrapping over some parts. They have a modern radiography unit with Tanca equipment, and are able to do HSGs, IVPs etc. There is a mammography machine, which is the best in Baku. They have the only automatic film processor in Azerbaijan. They also have a new Phillips CAT scanner (computerized tomography), which is kept very busy with referrals from all over the country. The equipment is serviced by technicians from Phillips in Turkey but operated by Azeri professional doctors.

In the area of cardiology, highly trained and qualified specialists from overseas offer clinical treatment. They use modern methods of investigation in this way,

especially echocardiography, ECG etc.

There is a separate room for gynecology with a modern O & G examination couch, and a room for pediatrics.

chemistry, hematology, serology, bacteriology, hormonology and allergens as well. They use the vacutainer system for blood collection and only use disposable equipment. This includes about 300 modern tests. Analysis can also be undertaken at the bedside of a patient in their own home and at their work as well.

The Center has a compact dental unit, which is well equipped for day-today dentistry. The standards of equipment and hygiene are good.

Before it opened people who needed high quality diagnosis



There is a resuscitation room with oxygen, ECG, life pack, and emergency drugs. There is also a holding room for patients awaiting evacuation or transfer to hospital. The ophthalmology department has computerized scanning



used to go overseas, but now thanks to Turkish-American Medical Center there is no need.

Employees at the Center include foreign physicians working alongside Azeri colleagues who were trained in the United States, Germany, Austria, Turkey and Russia etc.

The Center uses equipment manufactured in the United States, Germany and Japan etc.

You can always trust your health to this Center. Although they always wish people good health, they are ready to provide high quality services.

and diagnostic equipment and they intend to install microsurgical equipment soon. They have a modern, well-equipped lab with automatic equipment. They do a full range of bio-



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CASPIAN ENERGY Azerbaijan analytical journal devoted to development of energy projects, which are under way in the Caspian countries. Promoted by the State Oil Company of Azerbaijan Republic, the journal comes out in English and Russian and has a circulation of 5000. First number of journal issued in June 1, 1999. Distribution is in the 20 countries. Journal issues 6 times at year. In 2000 had been issue first regional number, devoted to Georgia. In 2001 is planned the release of regional numbers devoted to Kazakhstan, Uzbekistan, Norway.

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