
KAZAKHSTAN SEEKS NEW DEAL TO DEVELOP DELAYED KASHAGAN FIELD

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Kazakhstan plans to strike a standalone deal with a multinational oil and gas major to increase output at the Kashagan field, according to a Kazakh official who spoke to Reuters.

Astana ramped up output by 9.9 percent between January to July, bringing its total production to 1.724 million barrels per day. The country had vowed to keep output below 1.7 million bpd last November, when OPEC and 11 non-member nations struck a landmark production agreement in Vienna.

Kazakhstan does not plan to remain in violation of the OPEC deal for long. It hopes to renegotiate its quota during the smaller corollary meetings of the committee designed to oversee deal compliance.

I think that talks on Kazakhstans commitments will continue separately, Energy Minister Aset Magauov told reporters. There is understanding from OPEC that the project (Kashagan) is very large, there have been huge investments and there is a need to return these investments to shareholders.

The development of the Kashagan garnered \$55 billion in investments, giving the field an expected output of 260,000 barrels per day in 2018. Other fields in the country would lower production to compensate.

Six multinationals and the Kazakh fossil fuel company currently have a stake in the Kashagan project. North Caspian Operating Company, the joint venture operating the field located near the Caspian Sea, said in January that would increase production at the field to a capacity of 180,000 bpd, following the resumption of output at the site in September last year.

Kashagan was first put into operation in 2013, but just a month later, production was suspended because of a gas leak. An inspection revealed that the whole 200-km stretch of pipelines set to transport oil and gas from Kashagan needed to be replaced because of micro-cracks, the result of high-sulfur associated gas running through them. Commercial production resumed late last year after the multi-billion-dollar repairs.

Kaynak/Source: