
KAZAKHSTAN OVERTAKES IRAQ AS OPEC PACT'S BIGGEST OVER-PRODUCER

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Kazakhstan has overtaken Iraq to become the biggest over-producer in the pact between OPEC and its allies to curb oil output.

The Caspian Sea nations output has been rising over the past year as the giant Kashagan field ramps up production. That's in spite of Kazakhstan's pledge to pump 20,000 barrels a day less under the landmark deal agreed in late 2016.

Kazakhstan's economy minister on Thursday said the country's total oil production climbed 10.5 percent to 86.2 million metric tons in 2017 from the year before. That implies the country's output in November and December was about 130,000 barrels a day above the target agreed with OPEC, according to Bloomberg calculations.

Output in Iraq, previously the deal's biggest over-producer, was about 70,000 barrels a day above its target in December, according to a Bloomberg survey. Production there has fallen since the summer, when the Middle Eastern country was pumping as much as 100,000 barrels a day above its quota.

At OPEC's November gathering in Vienna, where the pact was extended through 2018, the signatories decided to ignore Kazakhstan's non-compliance because the two dozen countries combined output target had been met, according to one of the meeting's participants. If Kazakhstan had publicly exited the deal, that would have sent a more negative signal to the market, the person said, asking not to be named as the meeting was private.

"We supported the deal, but we understand that if we have difficulty complying with it, we can always go to our partners and talk it through," Energy Minister Kanat Bozumbayev said early December.

Production Outlook

Kazakhstan plans to increase production to 87 million tons this year, the Astana-based Energy Ministry said in emailed reply to questions. That equates to about 1.81 million barrels a day compared with a target level of 1.74 million barrels agreed in the deal with OPEC. The country was striving to fulfill its obligations since the accord began last January, the ministry said.

Kazakhstan intends to continue working with OPEC and its allies taking into account contractual obligations to partners -- investors working at large oil and gas developments.

Kashagan -- run by companies including Eni SpA, Royal Dutch Shell Plc and Exxon Mobil Corp. -- is set to boost output above 300,000 barrels a day this year, Energy Ministry officials said in 2017. That compares with production of about 200,000 barrels a day in October and a 2018 average of 217,000 barrels a day implied by Energy Ministry projections announced on Thursday.

Last year, production at Kashagan exceeded expectations by 66 percent, according to the Economy Ministry.

Kaynak/Source: