

## EXPLORATION &amp; PRODUCTION | IRAN

## Gas discovery offshore Iran could facilitate Caspian drilling

Interfax staff

THE unconfirmed gas discovery in Iran's section of the Caspian Sea could force the littoral states to push ahead with negotiations over maritime oil and gas rights there.

Regardless of the "size of a new gas field and the prospects of its development, the very fact of the discovery in the Iranian sector will most probably require an intense inter-governmental debate on the legal status of the Caspian Sea", Andrey Konoplyanik, Professor at the Russian State Oil and Gas University (Gubkin) in Moscow, told *Interfax*.

"Iran will be more interested in a positive outcome for these negotiations than they were before the discovery," he added.

On 11 December, the Iranian Ministry of Petroleum's news agency *Shana* reported a new gas find located 2,400 m beneath the seabed and containing up to 50 trillion cubic feet (1.45 trillion cubic metres). This will signifi-

cantly increase Iran's Caspian gas reserves, which are estimated at 312 bcm.

The reservoir will be developed by Khazar Exploration & Production Company (KEPCO), *Shana* reported. KEPCO was created in 1998 to manage hydrocarbon exploration and production in the three onshore provinces of Gilan, Mazandaran and Golestan in northern Iran, as well as in the offshore waters of the Caspian.

Additional gas production from the Caspian will allow Tehran to significantly reduce its gas imports. Gas imported from Turkmenistan is used to cover energy demand in the densely populated region of northern Iran, especially during the winter. The new discovery could also force Iran to take a more constructive and proactive stance on the Caspian Sea delimitation.

Iran has called for an equal division of the Caspian Sea and



Iran's Minister of Petroleum Rostam Ghasemi, who announced the Caspian gas discovery. (PA)

its seabed – a position that is not supported by other Caspian states. Until recently, the country has tried to "prevent other states from developing their fields in the disputed waters or even in the whole Caspian Sea area because of unsolved legal problems," Konoplyanik pointed out. This policy had little impact on other countries.

But Iran's discovery, "based on economic logic and common sense, might pave the way to the

solution of the legal problems of the Caspian Sea," Konoplyanik concluded. Iran's stance on the legal issue surrounding Caspian Sea drilling is likely to soften, coming more into line with the Russian government's stance. This involves recognising national sovereignty over hydrocarbon resources in the respective national sectors, while calling for a consensus-based Caspian governance regime. ■

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## COMPANIES &amp; FINANCE | QATAR

## QP reveal Barzan loan interest rate – report

James Batty

QATAR Petroleum (QP) will pay an interest rate of 2.19% over the London Interbank Offer Rate on its \$3.34 billion commercial debt facility to pay for the Barzan gas project, *The Gulf Times* quoted Finance Director Abdul Rahman al-Sheebi as saying on Wednesday.

QP and ExxonMobil are jointly developing the \$10.4 billion Barzan gas project with a \$7.2 billion project finance package. The debt financing is comprised of a commercial debt facility of \$3.34 billion, \$2.55 billion of export credit agency (ECA) direct loans and an \$855 million Islamic package funded by local banks.

Over 30 banks and financial institutions took part in the financing, led by the Royal Bank

of Scotland, making Barzan the most popular project finance deal of the year so far, despite a difficult financing environment.

The project, scheduled to go online in 2014, will be developed in three phases: the first will produce 1.7 billion cubic feet per day (48.14 million cubic metres per day: MMcm/d) of gas, the second another 56.54 MMcm/d and the third 70.8 MMcm/d.

Japan's JGC Corporation and South Korea's Hyundai Heavy Industries are contracted to engineer and build the facility. It is Qatar's most expensive venture since Royal Dutch Shell announced the Pearl gas-to-liquids plant, now budgeted at close to \$20 billion, in 2006.

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## Middle East &amp; Africa in brief

**Royal Dutch Shell** is shutting down production at the Bonga oilfield off the coast of Nigeria in response to a leak that occurred while loading a tanker on Tuesday, the company said in a statement on Wednesday.

Kurdistan-focused **Genel Energy** confirmed in a statement on Wednesday that it is in negotiations for the acquisition of an additional 40% stake in the Chia Surkh oilfield in the Kurdistan

Region of Iraq from Longford Energy.

**Tractebel Engineering, Navigant Consulting, Trowlers & Hamblins** and Mapstone have won a contract to provide consulting services for Jordan's first LNG terminal, Kuwaiti daily newspaper *Al Rai* reported on Tuesday. The import facility will be based off the Red Sea port of Aqaba, the paper said, citing an unnamed official at the energy ministry.

& Case as international legal counsel. Skadden Arps is advising the banks while Allen & Overy is

providing counsel to the ECAs. ■  
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