
KAZAKHSTAN: OIL OUTPUT TO GO UP DESPITE OPEC PLEDGES

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Kazakhstans energy officials are continuing to officially confirm to the public what is already widely known by now — that they have no intention to stick by pledges on oil output curbs.

While committed to seeing cuts across the board among OPEC and non-OPEC members, Kazakhstan has cited rising productivity at its Kashagan field as cause for bucking the trend.

Speaking on May 30, Energy Minister Kanat Bozumbayev said that its earlier pledge to reduce output by 20,000 barrels per day will be reviewed in September. But an International Energy Agency report in March showed Kazakhstan had begun breaking their word as soon as they had uttered it.

Kazakh crude and condensate production rose by nearly 40 kb/d in February to average 1.718 mb/d, according to the latest official data. The increase stemmed mostly from Kashagan, which produced 170 kb/d last month, only five months after start up, the agency said.

The IEA noted that Kazakhstan argued that Kashagan and its other huge fields, Tengiz and Karachaganak, should be exempt from the curb on production, making a mockery of the pledge in the first place.

But Bozumbayev said he already ran the plan past his foreign colleagues and received the go-ahead.

I told my colleagues [at the OPEC summit in Vienna], and that is mainly the energy ministers of Saudi Arabia and Russia, that in September our oil production will increase because we have Kashagan. So we are changing our production schedule. That is, we agreed that when Kashagan grows, we will amend our obligations, and they agreed to that. They eased our conditions, he told Astana TV station.

At the same OPEC summit on May 25, the worlds major oil producers agreed to extend output cuts to March 2018 in a bid to support prices. It was to no avail as crude prices fell to below \$49 per barrel after that commitment was announced.

It is not hard to understand Kazakhstans predicament. Output at Kashagan, which has already cost \$55 billion to develop, only started commercial output at 75,000 barrels daily in November □ a full decade after the original intended date.

In December, Kazakhstans Energy Ministry said that it plans to increase annual oil production to 13 million tons (almost 90 million barrels) after 2017 and that output will reach 8.9 million tons

this year.

Kaynak/Source: