

THE UNITED KINGDOM AND TURKMENISTAN: SIGNIFICANT PARTNERSHIPS

As the Turkish company Chalik Holding, owned by Ahmet Chalik, has already translated both volumes of the Ruhnama into English, British companies have not had the opportunity to curry favour with the Turkmenistan regime by doing so. Some British companies, however, have invested heavily in collaboration with Turkmenistan with some notable successes.

BP (BRITISH PETROLEUM), THE BAKU-TBILISI-CEYHAN PIPELINE AND NABUCCO

In August 2007, Turkmen President Berdymuhammedov received Andy Inglis, chief executive of the British Petroleum Exploration and Production company. The BP CEO confirmed his company's interest and readiness to establish close business relations with Turkmenistan. Andy Inglis briefed Gurbanguly Berdymuhammedov on his company's activities, specializing in onshore and offshore oil extraction.

One month later, the British Energy Minister Malcolm Wicks paid Berdymuhammedov a visit resulting in the two countries signing a memorandum of understanding to help to secure British access to one of the world's largest reserves of natural gas.

The potential for extracting fossil fuels from Turkmenistan relies on systems known as the Baku-Tbilisi-Ceyhan oil pipeline (http://en.wikipedia.org/wiki/Baku-Tbilisi-Ceyhan_pipeline) and the South Caucasus (gas) Pipeline. These are owned by a consortium of energy companies, primarily BP (formerly British Petroleum), the operator of the oil pipeline. The pipelines are essentially a major Western initiative to enable transport of fossil fuels without passage through non-favoured territories such as Iran, Afghanistan, Pakistan or Russia being required.

There has been much speculation on whether a Trans-Caspian gas and/or oil pipeline system will be created to connect Turkmenistan to the TBC/South Caucasus network but as yet no firm details are available. In April 2008, spokeswoman for EU External Relations Commissioner Benita Ferrero-Waldner said she had received a commitment from Turkmen President Gurbanguly Berdymuhammedov that the country would supply the EU with 10bn cubic metres of Turkmen gas per year from 2009. This would be transported via the South Caucasus Pipeline and then on through the planned Nabucco pipeline to Central Europe.

More information:

Trans-Caspian Gas Pipe Project Resuscitated in Turkmen-British Meeting
<http://www.newscentralasia.net/Regional-News/170.html>

EU secures Turkmenistan gas deal
<http://news.bbc.co.uk/2/hi/europe/7347051.stm>

BURREN ENERGY (now owned by the Italian ENI group)

Burren Energy began in 1994. The company's beginnings date back to 1991 when two Texans asked CEO Finian O'Sullivan to examine international opportunities for them. One of the countries he went to was Turkmenistan, where he caught the eye of two men from Dubai who had won the rights to the biggest oilfield in western Turkmenistan for just \$100,000.

Monument Oil & Gas was so impressed by Burren's early data from Turkmenistan that it signed a production-sharing agreement in 1995. Since then, Burren has been involved extensively in oil extraction from Turkmenistan and has signed such an agreement itself with the Turkmen government. In 2006, Niyazov offered the company cooperation in the gas extraction

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field and following his death the company's management has met several times with new president Berdymuhammedov to discuss the continuation of gas and oil cooperation.

In 2003, Burren floated on the London stock market, giving it a market value of £175m. In 2005 it was ranked among the British Top 200 companies according to market capitalization and in 2006 it was worth £1.4 billion.

In November, 2007 Italian energy giant ENI SpA agreed to buy UK-based oil producer Burren Energy for £1.736bn (\$3.58bn). ENI agreed to pay £12.30 per share for the firm, which has operations in Turkmenistan, Congo, Egypt and Yemen. The deal increases ENI's output in Congo and gives it a presence in Turkmenistan, a country with "increasingly attractive" growth potential, it said.

In April 2008, a controversy ensued in which Turkmenistan denied entry visas to managers from ENI SpA, even as the Central Asian country campaigned to attract foreign investors after decades of self-imposed isolation. According to people familiar with the situation, denying the visas was due to Turkmen authorities' discontent on not being consulted about the takeover. The move was a blow to ENI's plans to become a big player in Turkmenistan.

More information:

Burren determined to drill where others fear to tread

<http://business.timesonline.co.uk/tol/business/article737381.ece>

ENI seals Burren Energy takeover

<http://news.bbc.co.uk/1/hi/business/7121144.stm>

Turkmenistan Denies Visas to ENI Managers

http://www.watan.ru/eng/view.php?nomer=1719&razd=new_nov_en&pg=1

GAFFNEY, CLINE & ASSOCIATES SURVEY IN EASTERN TURKMENISTAN

In March 2008, Turkmenistan commissioned the British company Gaffney, Cline & Associates Ltd to audit the country's oil and gas fields. The U.S. company DeGolyer and MacNaughton also competed for the international audit of Turkmen hydrocarbon reserves. However, "as a result of talks, the British company has been picked up," Turkmen President Gurbanguly Berdymuhammedov said at a meeting with heads of the country's oil and gas sector on March 14. Gaffney, Cline & Associates Ltd audited gas reserves in a number of gas fields of central and eastern parts of Turkmenistan in 2004.

On October 13, the company announced the results of an audit of the South Yolotan-Osman and Yashlar fields, showing Turkmenistan's gas reserves to be much larger than previously thought, surpassing even the boasts of the state, previously thought to be exaggerated. Speaking on national television on October 14, Odek Odekov, head of the state exploration firm Turkmengeologia, said the new figures would help speed up projects to pipe gas to China, Afghanistan, Pakistan, India, and also via the planned Trans-Caspian Gas Pipeline to European markets.

More information:

Major Investment Needed for Vast Turkmen Gas Reserves

http://www.iwpr.net/?p=btm&s=b&o=347269&apc_state=henb

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