

Azerbaijan, Kazakhstan to launch new westbound oil pipeline

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Baku: Kazakhstan, which plans to double oil production in the next decade, is in talks with Caspian Sea neighbour Azerbaijan to find new routes for delivering its extra crude volumes to the Black Sea and beyond.

The ex-Soviet republics are considering various options, including construction of a new pipeline, to add to the volumes now shipped by tanker across the Caspian Sea, Kazakh and Azeri officials said on Friday.

Timur Kulibayev, Deputy Chief Executive of Kazakh state welfare fund Samruk-Kazyna, said the planned increase in output – particularly from the Kashagan field, due to pump its first oil in 2012 – would create a need for more transit capacity.

"We held talks with Azerbaijan's state oil company yesterday and agreed to consider an additional route for shipping Kazakh oil ... to the Black Sea," Kulibayev told a briefing.

He said the crude could then be delivered to Rompetrol, a Romanian oil products company owned by Kazakhstan's KazMunaiGas [KMG.UL].

Kazakhstan, Central Asia's largest oil producer, already ships some of its output by tankers across the Caspian to Baku, where it is fed into the Baku-Ceyhan and Baku-Supsa pipelines.

Rovnag Abdullayev, chief executive of Azeri state oil firm SOCAR, told the same briefing Azerbaijan was looking at several options to increase deliveries of Kazakh oil.

"It could be both the existing Baku-Supsa pipeline and, if necessary, a new pipeline to the Black Sea," Abdullayev said.

Both officials said it was too early to specify concrete volumes of additional shipments or other details of the project.

Kazakhstan plans to double oil output to 150 million tonnes a year within the next decade, largely by starting production at Kashagan, the world's biggest oil find in the last 30 years.

Russia is the main transit country for Kazakh crude, but smaller volumes also move to the Caucasus and China.

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