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## **KMG and BP in talks for stake in Kazakhstan Pipeline ventures**

*Thursday, 04 Dec, 2008*

Interfax reported that Kazakhstan national oil and gas Company KazMunayGas, continues to hold talks with BP on the acquisition of the British company's stake in their joint venture Kazakhstan Pipeline Ventures.

Mr Ilya Pustogachev director of KMG information policy department said that "We have agreed on the basic principles but the negotiations are still under way. The documents could be signed before the end of this year. If this doesn't occur, the issue will be carried over to next year."

Mr Vladimir Buyanov spokesman of BP in Russia said that BP had agreed with KMG on the sale of its stake in Kazakhstan Pipelines Ventures. He also said that BP is currently holding talks with Lukoil on the sale of its stake in the joint venture LUKARCO.

Mr Buyanov said that BP is prepared to support the expansion of the CPC under certain terms in particular immediately after our partners in the joint venture and CPC shareholders provide BP with the unconditional and unrestricted right to hold talks and sign agreements on the sale of our stake to a certain group of companies."

According to source CPC shareholders have agreed to sign a memorandum on mutual understanding and taking of practical steps to expand the CPC pipeline system on December 17th 2008.

The CPC owns the 1,580 kilometer long Tengiz Novorossiisk oil pipeline which links oil fields in western Kazakhstan and Russia's Black Sea coast. The CPC pipeline pumped 32.6 million tonnes of oil in 2007. A feasibility study exists to augment the CPC's capacity to 67 million tonnes of oil per year.

The CPC's shareholders are Russia with 24% and Kazakhstan with 19%. Russia is in the process of acquiring Oman's 7% stake in the CPC. The rest of the consortium belongs to private companies: Chevron Caspian Pipeline Consortium Company, LUKARCO BV, Rosneft Shell Caspian Ventures Limited, Mobil Caspian Pipeline Company, Agip International NV, Oryx Caspian Pipeline LLC, BG Overseas Holdings Ltd and Kazakhstan Pipeline Ventures LLC.

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