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## ConocoPhillips and Mubadala inks Kazakh development deal

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UAE's Mubadala Development Company has signed a deal with US major ConocoPhillips and Kazakhstan state-run KazMunaiGas for a joint exploration and development of a field offshore Kazakhstan.

The Nursultan Block, about 30 kilometers south-southwest Aktau in the Caspian Sea is estimated to hold 270 million tonnes of oil in recoverable reserves.

KMG said earlier that commercial production is targeted for 2016 which will operate the project jointly owned by the participants in proportion to their equity.

According to officials, ConocoPhillips and Mubadala signed a preliminary agreement last October and then paid Kazakhstan a USD 100 million signing bonus a few months later.

According to majority owner and state energy firm KazMunaiGas, Conoco and Mubadala will each hold 24.5% in the block also known as N block which is estimated to hold 270 million tonnes of oil in recoverable reserves.

Abu Dhabi's investment group Mubadala aims to realize its strategy to become an active participant in the international upstream petroleum sector.

Mr Kairegdy Kabyldin CEO of KazMunaiGas said that in December they planned to launch commercial production in 2016 if all reserve estimates were confirmed and that foreign partners would finance all exploration costs.

He said that foreign partners would finance all exploration costs and pay a discovery bonus if drilling is successful. During the production period, KMG will be the sole owner of the operating company.

Royal Dutch Shell had earlier expressed interest in the project but all talks had failed to produce an agreement.

(Sourced from Reuters)

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