



The Changing State of Turkmen Gas Exports

Posted by [Heading Out](#) on December 24, 2009 - 11:35am

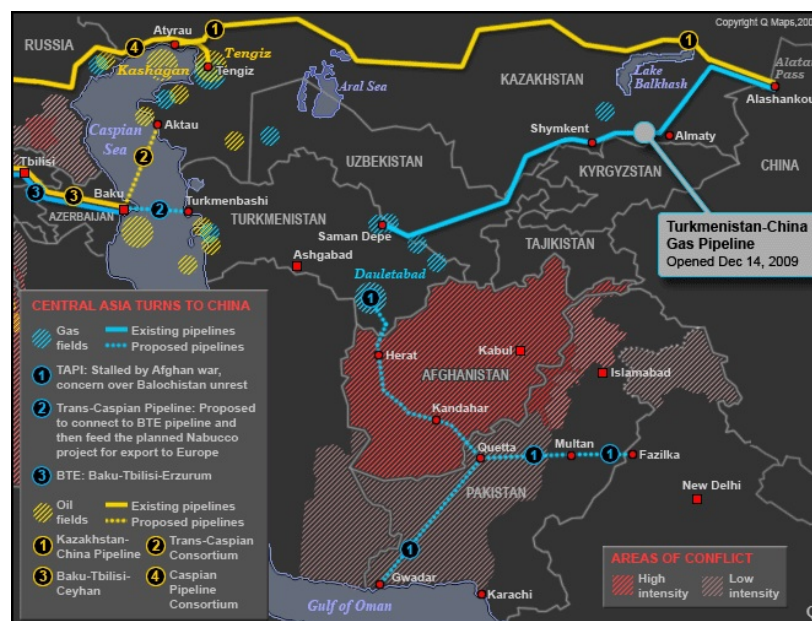
Topic: [Supply/Production](#)

Tags: [china](#), [darvaza](#), [kazakhstan](#), [kyrgyzstan](#), [natural gas](#), [pipelines](#), [russia](#), [turkmenistan](#), [uzbekistan](#) [[list all tags](#)]

As the Financial Times [has noted](#), while all the world watched Copenhagen, a rather more ultimately significant event took place in Turkmenistan.

... as all eyes were set on Copenhagen, a 4,350-mile gas pipeline was opened by Hu Jintao, the Chinese president, in a tectonic shift that western eyes can ill-afford to ignore. The pipeline starts at the Samandepa gas field in Turkmenistan, crosses Uzbekistan and Kazakhstan and ends in north-west China. With little publicity and at the turn of a wheel, Russia's post-Soviet dominance of gas export routes from central Asia has been undermined. Likewise, the European Union's chances of winning Turkmen supplies for its Nabucco pipeline project now seem severely diminished.

The new route solves a problem for both parties. China needed a reliable source of natural gas, with pipelines being better than tankers, and Turkmenistan needed a customer who would not be as predatory and fickle as Russia has been. Both are thus satisfied.



The [Turkmenistan to China pipeline](#)

Russia is trying to suggest that the change is [of little moment](#), however the potential loss in revenue from the gas that it would transport from Turkmenistan to Western Europe (with a considerable increase in price) cannot but cause them a little worry, since that supply significantly supplemented what they were making available themselves. However the Uzbek's are also in line to send any additional supplies they have through the same pipeline (since it crosses their territory). And the [President of Kazakhstan](#) was also at the opening of the pipeline. And they are just another link in the chain that China is building under the Russian border.

All [four Presidents](#) (China, Turkmenistan, Kazakhstan and Uzbekistan) joined in turning the ceremonial wheel that inaugurated the pipeline. There are actually two parallel pipelines being put into place. The first is now working, while the second is expected to start delivering gas next year. The pipeline ties into natural gas pipelines that were installed to the Chinese border earlier, and tie into the existing Chinese network.



New gas pipeline being laid in China this year.

UPDATE. I have added a comment from the Moscow Times which tries to put a different "Russian" slant to the story.

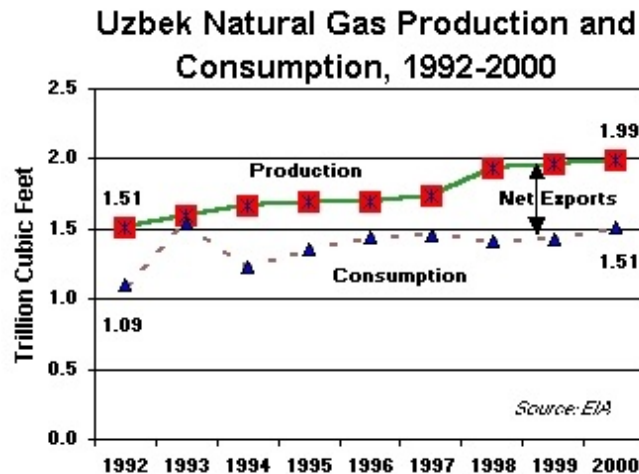
Uzbekistan has [more than 171 oil and gas fields](#), of which 52 are natural gas fields, with an estimated reserve of some 66 tcf. It has been producing around 2 tcf per year, with about 0.5 tcf being exported. It is considered to be the [eighth largest producer](#) in the world. Historically exports from the country (as with Turkmen gas) has been delivered to Russia. There has been [little interest](#) in joining the Nabucco pipeline, though with the advent of the Chinese pipeline they consider that they can increase exports [by perhaps 25%](#), perhaps making up some of the shortfall to Russia from Turkmenistan with their own supply.

And apropos an earlier post where I mentioned dredging the Amu Darya river, which runs along the border, the two countries are seeking to [collaborate more on hydro-technical matters](#).

Since becoming independent, Uzbekistan has increased its natural gas production by over 30%, from 1.51 Tcf in 1992 to 1.99 Tcf in 2000. According to preliminary 2001 data, Uzbek natural gas production increased to 2.03 Tcf for the year. However, Uzbekistan's natural gas fields were heavily exploited in the 1960's and 1970's by the

Soviet Union, and as a result several older fields, such as Uchkyr and Yangikazgan, are beginning to decline in production. In order to offset those declines, Uzbekistan is speeding up development at existing fields, such as Garbi and Shurtan, as well as developing new fields and exploring for new reserves. The Shurtan field, which began producing in 1980 and is the second biggest in the country after Gazli, accounted for approximately 36% of Uzbekistan's total natural gas output in 2000.

Shurtan is located some 215 miles southwest of Tashkent, and is now the site of a [major gas chemical complex](#).



Production and domestic consumption of natural gas [in Uzbekistan](#)

It is interesting to note that the Uzbeks have not been averse, in the past, to [a little profit](#) from their gas.

... the Uzbeks charge Kyrgyzstan \$240 per 1,000 cubic meters of natural gas, while only charging Kazakhstan \$84 for the same amount.

Kazakhstan has thus had some problems [with its neighbor](#):

The two branches of the Central Asia Centre (CAC) gas pipeline, the main gas export pipeline from Central Asia, meet in the south-western Kazakh city of Beyneu before crossing into Russia at Alexandrov Gay and feeding into the Russian pipeline system. Therefore, Kazakhstan is a major transit route for gas from Turkmenistan to Russia and on to other FSU markets.

Southern Kazakhstan receives its gas needs from Uzbekistan via the Tashkent-Bishkek-Almaty pipeline. In 2008 Uzbekistan will supply a small amount of gas to Kazakhstan's southern regions, including the area around Almaty, for \$100/1,000 CM, a price unchanged from 2007. This pipeline snakes through Uzbekistan before reaching Shymkent, crosses Kyrgyzstan, and terminates in Almaty. Dependence on imported gas for its southern regions has at times been problematic since erratic pricing and supplies

from Uzbekistan, combined with illegal tapping of the pipeline by Kyrgyzstan, have resulted in significant supply disruptions to Almaty in the middle of the heating season.

It is anticipated that the pipeline to China will deliver about a quarter of its 40 bcm volume to Kazakhstan, where it will be [sent down south](#). This will offset the 8 bcm that the Kazakhs have sent to Russia. But it is also hoped that the pipeline will be connected to the Kazakh fields which are up near the Caspian.

Meanwhile the Russian deals to restart gas supplies from Turkmenistan, which [have floundered](#) since the “accidental” blowing up of a pipeline last April, have not yet reached the point where gas is anywhere close to starting to flow. And while President Medvedev is supposed to be visiting Ashgabat again before the end of the year, no final agreement is yet in place. The Turkmen are trying to reassure the Russians that there is [no cause for alarm](#).

And in Turkmenistan, they still have enough natural gas available that a well that collapsed at Darvaza, and caught fire, is still a burning pit in the desert [some 30 to 40 years later](#).



Darvaza – The gate to hell (photo N Griener Google Earth at 40 deg 10'56" N, 58 deg 24'27" E)

UPDATE: The Moscow Times, in [reporting the story](#),

In the current plan for the gas balance from 2010 to 2012, Gazprom aims at reducing the annual import from Turkmenistan to 10.5 billion cubic meters, while the target figure in the 2009-11 plan was to increase the intake from 42 billion to 50 billion cubic meters. China has come to the rescue in a desperate situation where Turkmenistan stood to lose about a quarter of its gross domestic product, despite the fact that it increased volumes to Iran at agreed-upon low prices. The main issue for Gazprom was actually to ensure that the redundant gas would not find a channel to the European market, so blocking the plans for a trans-Caspian pipeline has been a high-priority goal for Russia's foreign policy.

The only problem with that story is the chronology of the actual events.



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