



The Baku-Tbilisi-Ceyhan pipeline is delayed

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Just a short note for those who were expecting the supply from the Caspian to begin appearing through the BTC pipeline in Ceyhan about now. <u>Argus</u> has a story that the pipeline will not begin deliveries until May 2006, at the earliest.

The BTC pipeline is also being filled with "technical" crude - oil required to fill the line ahead of operational start-up - too slowly, according to observers. Between May, when technical crude deliveries started, and by 18 November the line had only received 4mm bl out of a total 10mm bl required, BP says. Oil has now entered the Turkish section of the pipeline, says a BP spokesman.

No impact on output

BP says the BTC delay will have no impact on offshore production by the AIOC consortium, which is developing Azerbaijan's Azeri-Chirag-Guneshli block in the Caspian Sea. The BP-led AIOC group has now increased production to 380,000 b/d in the expectation of being able to start exports through the BTC line.

For the time being, AIOC continues to use the Georgian ports of Supsa and Batumi on the Black Sea for exports of Azeri Light, with around 253,000 b/d of crude due to go through these two outlets this month. Remaining AIOC output is going into the BTC pipeline as line-fill.

The recently confirmed BTC delay is just the latest in a series of postponements. The first crude shipment from Ceyhan was originally supposed to have taken place in May last year. In the longer term, the BTC line is also set to handle Kazakh crude - primarily from the offshore Kashagan field, where production is supposed to start in 2008 - although Azerbaijan and Kazakhstan have yet to sign an inter-governmental agreement on the issue.

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