
BP Turkey Pipeline Is Still Burning, Delaying Repairs

By Ali Berat Meric and Eduard Gismatullin
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A fire that's closed BP Plc's Baku-Tbilisi-Ceyhan oil pipeline in eastern Turkey may keep burning today and tomorrow, delaying the start of damage assessment, Turkey's Energy Ministry said.

"It is still burning," Ebru Akdogan, a spokeswoman for BTC Co., said by phone today at 5:30 p.m. Istanbul time. "We don't know when it will finish."

About 70,000 barrels of oil had burned by late last night, leaving another 30,000 barrels to burn out before experts can start assessing damage to the 6-kilometer (3.7-mile) stretch of the pipeline in eastern Turkey where the fire broke out, Mehmet Akif Sam, a spokesman for the ministry, said in a phone interview today. That may not happen until Aug. 10, he said.

BP, StatoilHydro ASA and other partners have cut crude production at the Azeri-Chirag-Gunashli and Shah Deniz fields in the Azeri part of the Caspian Sea, Tamam Bayatly at BP, said by phone. The pipeline linking Azerbaijan with the Mediterranean was pumping about 800,000 barrels of oil a day before the fire.

"We continue our production at reduced rates and we are continuing to use alternative routes" to export oil, Bayatly said. "We are matching our production to the storage capacity at the Sangachal terminal and the alternative routes." She declined to comment on the current export rate.

Lost Output At least half a million barrels a day of production will probably be lost in Azerbaijan, Peter Hutton, a London-based analyst at NCB Stockbrokers Ltd., wrote today in an e-mailed report. "The line looks likely to be down at least three weeks."

BP and other companies are pumping crude through the Baku-Supsa pipeline to the Georgian Black Sea coast, which was reopened this month after about 18 months of repairs. The link was expected to transport 100,000 barrels of oil a day, BP's Azerbaijan country head Bill Schrader said June 4.

Exporters are also sending crude through the Baku-Novorossiysk link to the Russian Black Sea coast. The pipeline has a maximum capacity of 300,000 barrels a day, according to data from Russian operator OAO Transneft. It has never been run at the full capacity.

Some crude is being transported in rail cars to the port of Batumi in Georgia, according to BP.

Halted Shipments The fire started late on Aug. 5 and halted shipments from the Turkish port of Ceyhan. The Kurdistan Workers' Party, or PKK, said it bombed the pipeline as part of its campaign for autonomy in southeast Turkey. The link may stay closed for two weeks while the damage is repaired, Turkish officials said yesterday.

The pipeline is 1,768 kilometers long and most of it is in Turkey. It cost \$3.9 billion to build and contains 10 million barrels at any one time.

The port of Ceyhan has the capacity to hold up to 7 million barrels of crude and has a 2.5 kilometer-long jetty to allow the simultaneous loading of two tankers, according to BP.

BP said today that the fighting between Russian and Georgian troops in the breakaway region of South Ossetia hasn't disrupted crude transit flows across Georgia.

"Our business in Georgia continues as normal and we continue to monitor the situation," Bayatly said.
