

Armed Guards Accompany Workers to Kazakh Oil Field

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ALMATY — KazMunaiGas Exploration Production said Wednesday that it expects to meet its reduced oil production target for the year after police deployed armed security around the oil field closest to the scene of Kazakhstan's deadliest riots in decades.

The London-listed oil producer said its Uzenmunaigas operations in western Kazakhstan were unscathed by the violence in the nearby town of Zhanaozen, where a months-long protest by sacked oil workers erupted into riots on Dec. 16.

"The company expects to meet the previously announced annual oil production target of 12.3 million tons," KMG EP said in a statement. "The number of oil field workers returning to work is reaching normal levels as the police are establishing control."

At least 15 people were killed in clashes between riot police and protesters in the oil-producing region of Mangistau, a rare outburst of violence in Kazakhstan that has shattered the nation's image of stability.

The headquarters of Uzenmunaigas in central Zhanaozen were looted and burned down on Dec. 16. KMG EP said its unit had set up a temporary headquarters in a different building in the town.

Kazakhstan holds about 3 percent of the world's recoverable oil reserves. The No. 2 former Soviet oil producer after Russia, it has on average produced about 1.64 million barrels per day of crude oil this year, International Energy Agency data shows.

Production and exports have so far been largely unaffected by the violence, although supply worries were a contributory factor on Tuesday to the biggest daily percentage rise in oil prices since October.

In the immediate aftermath of the violence, many Uzenmunaigas employees stayed at home after drivers — fearing for their safety — declined to transport workers to the field.

KMG EP said alternative transport had been arranged to deliver technical personnel to the field. The unit has maintained average daily output levels at the approximate level of previous days, although power cuts have disrupted production.

Workers at Uzenmunaigas and Karazhanbasmunai, a joint venture between KMG EP and Chinese state investment company CITIC, have been striking for seven months. About a thousand workers from each company have continued protests after being fired.

KMG EP has already reduced its output target for the year from a previous 13.5 million tons, mainly as a result of the labor dispute. The company says the strikes were illegal.

The prosecutor general's office said in a statement that all employees of Uzenmunaigas and Karazhanbasmunai had returned to work as of Dec. 21.

While the situation in Mangistau remains tense, unrest has not spread to other regions of Kazakhstan.

Kazakhstan's largest oil producer, the Chevron-led Tengizchevroil joint venture, has experienced no disruption to production as a result of the disturbances. Its Tengiz field is located in a different region of western Kazakhstan, Atyrau.

"Everything is calm," said Linsi Crain, Tengizchevroil's deputy general manager for government and public affairs. The company produced 25.9 million tons of crude oil in 2010, about a third of the national total.

The second-biggest oil producer in Kazakhstan, the Karachaganak condensate field, is located even further away, close to the Russian border. It contributed about 18 percent of Kazakhstan's oil and gas condensate production last year.

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