



Caspian window

UAE-based marine services group Topaz Energy and Marine has set its sights on Kazakhstan, where it sees potential for 'geometric growth'

They call it the 'Caspian window.' With 30bn barrels of oil and 100trn cu ft of natural gas, according to the US' Energy Information Administration, Kazakhstan's oil and gas industries are set to boom.

Quite apart from its abundant mineral resources, the former Soviet republic ranks 11th and 10th respectively in the global league of oil and gas reserves holders, and the race is on to exploit them. At 2.7m sq km, Kazakhstan is larger than Sudan, Algeria or Western Europe and set to make a massive contribution to future hydrocarbons recovery.

One company looking to become a major Caspian player is Dubai's Topaz Energy and Marine. It acquired Edinburgh-based British Underwater Engineering (BUE) Group in 2005, after the Scottish firm's successful penetration into the Caspian market. BUE was in need for additional capital to fund their exponential growth, which the UAE company, owned by Omani interests, was happy to provide.

BUE had previously prospered in Azerbaijan, where capital Baku is a long-established base for the oil and gas industry. Fazel Fazelbhoj, ceo of Topaz, hopes to invest in the fleet, bring on new tonnage, and grow the business. 'We are very committed to both sides of the Caspian because we see substantial upside potential over the next 10 years,' he says.

Aqtau, the biggest port in mostly land-locked Kazakhstan, serves as the base for Topaz's Kazakh operations and its significance will only increase as more offshore discoveries are made. In addition to BUE Kazakhstan, Topaz recently established NICO International as a boat repair facility in Bautino, in a joint venture with two local partners,

Almaty-based Caspian Services Inc. (CSI) and Kazmortransflot JSC (KMTF), the national marine company of Kazakhstan.

A yard for the dry-docking of the offshore vessel fleet will increase the company's ability to service the growing workboat fleet in the Caspian, which today approximates 150 vessels. This figure is expected to double by 2015, says Fazelbhoj. 'We fully intend to leverage our dominant position in Kazakhstan and grow with this rapidly expanding market.'

In 2007, Topaz announced it had won a \$210m contract from British Petroleum for the provision of three vessels to support the company's Azerbaijan Caspian operations. In Kazakhstan, Topaz has meanwhile also been awarded contracts from AGIP KCO for ice class barges with a potential value of over \$300m, if all options are exercised.

The biggest challenge in Kazakhstan is the need to maintain a strong technical management team because of the harsh operating and climatic conditions, as well as the difficulties facing oil extraction, says Fazelbhoj.

Topaz also manages four ice-breaking emergency evacuation vessels which need to be on standby at all times, since H2S gas eruptions mean that all personnel need to be evacuated from field locations immediately. 'All of our vessels operate to the highest level of international safety and quality. Conditions are technically very demanding,' he says.

'Azerbaijan is a well developed market,' concludes Fazelbhoj. 'It's seeing growth in phases as new fields come online, but it's arithmetic growth. In Kazakhstan, it's more geometric growth, as we are at the beginning of the exploration curve.' ■

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