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C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000947

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TAGS PGOV, PREL, AJ, ENRG, TU

**SUBJECT: AZERBAIJAN SEEKS TO DEVELOP ACG DEEP GAS, CAN
SUPPLY GEORGIA WITH WINTER GAS**

REF: A. A) BAKU 919 B. B) BAKU 897 C. C) BAKU 883

Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)

ACG OIL PRODUCTION PROBLEMS

8. (C) Schrader said that the September 17th shutdown of the Central Azeri (CA) platform, in which the "red button" was pressed after detection of a gas leak on the Central Azeri Platform that led to the evacuation of 211 platform workers off the platform, was the largest such emergency evacuation in BP's history. Given the explosive potential, BP was quite fortunate to have been able to evacuate everyone safely and to prevent any gas ignition.

Gas bubbles on the water's surface were no longer observed from the air by September 19th. Due to the blowout of a gas-injection well there was "a lot of mud" on the platform, which BP would analyze to help find the cause of the blowout and gas leak. Gas samples would have to be taken to London to determine whether the gas was shallow (biogenic) or deep (foundation). Central, Eastern and Western Azeri Azeri platforms remain shut down.

9. (C) Schrader said that Western Azeri Platform was shut down due to its only functioning generator being powered by a cable from the Central Azeri Platform, and BP hoped to be able to restart this platform in November. "Black-starting" a platform (i.e. restarting a platform when all of its operations had been fully shut down) was a very difficult, time-consuming process, and would have to be taken slowly, on a step-by-step basis. BP Azerbaijan would slowly start to get its people back out on the CA Platform later this week to begin re-starting selective systems that would help ascertain the problem's source.

10. (C) It is possible that BP Azerbaijan "would never know" the cause of the gas leak, but BP is continuing to methodically investigate possible theories, Schrader said. Although the production decrease had not been a significant story heretofore, he thought it likely that more attention in the industry would be paid to it after October 2, when SOCAR nominated volumes to be sold at Ceyhan for the coming month. Schrader said although the story hadn't caught the press's attention, it had the full focus of the GOAJ, which was losing "40 to 50 million dollars" each day that the ACG production remained at 300,000 bpd vice its earlier daily production of approximately 900,000 bpd.