

Azerbaijan's state oil firm to build petrochemicals facility

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SOCAR GPC, wholly-owned by Azerbaijan's state-owned oil firm, is pursuing the development, construction, financing and operation of a large scale gas processing plant and petrochemicals facility in the Republic of Azerbaijan.

Special purpose company SOCAR GPC will carry out the development, engineering, financing, construction and operation of a gas processing plant project with a capacity of approximately 10BCM of natural gas per annum and a steam cracker with a capacity of approximately 570,000 tonnes per annum of ethylene and 120,000 tonnes per annum of propylene; and a swing LLDPE/HDPE polymerisation unit with a capacity of approximately 570,000 tonnes per annum and related infrastructure.

The financing plan consists of a combination of equity, direct funding, export credit agency (ECA) covered debt and commercial bank debt, primarily from Asian and European companies and institutions. The engineering, procurement and construction (EPC) selection process is underway. Financial close is targeted for the end of 2017.

ING Bank, China Development Bank and Gazprombank have been mandated as co-financial advisers. SOCAR intends to finance the project on a non-recourse basis, and seeks to achieve financing terms and conditions standard for project financings of this type.

Vinson & Elkins is acting as the international legal adviser of SOCAR GPC, with PSG Law Firm as Azerbaijani legal adviser.

SOCAR is a vertically-integrated international oil and gas company, with a dominant position in Azerbaijan's oil and gas industry and enjoys strong government's financial and strategic support.

SOCAR's activities are exploration, preparation, exploitation of onshore and offshore oil and gas fields in the Republic of Azerbaijan, transportation, processing, refining and sale of oil, gas, condensate and other related products.

Azerbaijan, located within the South Caspian Sea basin, enjoys the potential of extending its "oil-country" reputation for decades, largely by developing a new approach to boosting production.

The country, being one of the oldest oil-producing nations in the world, has proven crude oil reserves at 7 billion barrels.

In the medium term, the Energy Ministry expects oil production to fluctuate in the range of 40 million tonnes per year. The country's government seeks to maintain oil production in the years 2016-2019 at the level of 40 million tonnes per year, according to official reports.

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