



Looking on: Chevron chief executive Mike Wirth Photo: CHEVRON

# Battle on for huge Tengiz contract

Bidders have multi-billion-dollar deals to fight for in Kazakhstan

Iain Esau and Nassir Shirkhani  
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Three companies are battling it out to land a major contract for work on the huge \$36.8 billion Tengiz Future Growth Project-Wellhead Pressure Management Project development in Kazakhstan.

Industry sources said Athens-headquartered Consolidated Contractors Company (CCC) and CB&I of the US are up against Senimdi Kurylys - a joint venture between California-based Bechtel and Turkey's Enka - for a contract called 3GP within the FGP-WPMP scheme that could be worth more than \$2 billion.

Upstream understands that the contractors are in clarification meetings with TengizChevroil, the Chevron-led consortium that operates Tengiz, and a decision on the contract winner could be made as early as this month.

Some sources said CB&I is now front runner to land this contract, which was originally due for award in the third quarter of 2017.

"Originally, CB&I's bid was not outstanding", remarked one project watcher, "but recently they have (risen) to be in a good position." However, others sources caution that TengizChevroil has not made a final decision.

"It is not over yet", remarked one observer close to the bid process. "There are meetings (with TengizChevroil) later this month (covering) both technical and commercial talks."

All three bidders have worked in Kazakhstan before, although it appears that Senimdi Kurylys is the only one to have previously secured major contracts on the Tengiz field.

The US-Turkish joint venture is also chasing a second key contract – called 3GI – that forms part of the FGP-WPMP scheme.

Expected to be worth about \$500 million, Senimdi Kurylys' only rival for the 3GI order is believed to be Greece's CCC, although the winner is said to be too close to call.

Upstream was told there were five contenders initially in the running for this contract but just these two are believed to have been short-listed.

TengizChevroil's FGP scheme is designed to extend the field's production plateau and keep existing plants producing at full capacity, while the WPMP scheme will deploy sour gas injection technology to enhance oil recovery.

One key element of the 3GP contract is the re-integration and hook-up of 142 pre-assembled units (PAUs) – weighing about 140,000 tonnes in total and built by Daewoo Shipbuilding & Marine Engineering in South Korea – into 69 modules.

Also required is the installation of 46 pipe racks, fabricated in Kazakhstan and tipping the scales at 41,000 tonnes, and five modular gas turbine generators built in Italy.

Other workscopes cover the installation of 4000 tonnes of structural steel, piping and mechanical equipment.

More than 2300 kilometres of electrical, instrumentation and telecom cables must also be installed and 23 buildings erected.

The 3GI package has a similar but smaller work scope than 3GP. This order involves re-integrating and hooking up 35 PAUs - weighing 41,000 tonnes and built by Daewoo - into 19 modules, as well as installing 29 pipe racks weighing 7700 tonnes and built by local yard Ersai.

Stick-build installation of structural steel and piping is also needed as is other related work.

Over 430 kilometres of cabling is called for plus the erection of four buildings.

Another significant Tengiz FGP-WPMP contract that has yet to be awarded covers multiple well pads, metering stations and facility modifications.

This package (also known as MEI, which stands for the “mechanical, electrical and instrumentation gathering area” contract) may be as large as the 3GP order in terms of man-hour numbers.

The status of bidding on this package, however, is not known. Its scope involves site preparation, civil works, mechanical equipment and piping, electrical and instrumentation plus construction services.

About 4000 tonnes of steelwork needs to be installed while about 9000 piles must be hammered in to place.

In Areas 51D and 51B of the Tengiz field, 13 drill pads supporting more than 50 wells are needed along with four metering stations, while brownfield modifications are called for in Area 51E.

The fourth and final FGP-WPMP contract was awarded to Italy's Bonatti in November.

This package covers the construction and pre-commissioning of about 377 kilometres of flowlines to transport fluids from Tengiz and the nearby Korolev field to the new FGP processing facilities.

Bonatti is working on the contract with Kazkah player Montazhspetsstroy.

The flowlines – a mixture of steel and plastic and ranging in diameters between four inches and 26 inches - will handle high-pressure sour gas, for injection purposes, as well water, fuel gas and diesel.

The work is challenging because it will have to take place without disrupting production from Tengiz and involves 1800 pipeline crossing points and 2000 cable, road and other crossing points.

Due to start up in 2022, the FGP-WPMP scheme aims to produce about 260,000 barrels per day, boosting total oil output from Tengiz to about 850,000 bpd.

As a result of low oil prices, the project was re-designed and re-engineered - taking advantage of low supply chain costs - before being sanctioned in 2016.

Chevron said two years ago that out of the project's total costs approaching \$37 billion, just over \$27 billion had been earmarked for facilities and \$3.5 billion for wells, with \$6.2 billion set aside for contingency and escalation purposes.

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