

WORLD FINANCE

Noam Chomsky | Michel Rocard | Paul Samuelson | Kenneth Rogoff | Henry Kissinger | Joseph Stiglitz

What went wrong?

With the global economy facing a £500bn deficit, who is to blame for this economic meltdown?

TIME FOR INVESTMENT

Which region is showing the most progress in FDI?

SOCIALLY RESPONSIBLE

Why companies are improving their ethics

LEGAL AWARDS

Global recognition for experts in law





Petroleum Company of the Year: Manas Petroleum

World Finance's 'Petroleum Company of the Year' award has been named – and this highly prestigious, inaugural award goes to the Switzerland-based Manas Petroleum Corporation, which has made a huge impact on the power industry in a relatively brief time by acquiring, exploring and developing giant oil and gas assets in Central Asia and Eastern Europe. With its exceptional access to energy opportunities and the highest levels of expertise and professional execution, Manas Petroleum beat strong competition from three other groundbreaking companies which reached the final stages

» *Manas Petroleum's focus* since the company began just four years ago has been the exploration and development of giant hydrocarbon assets in Eastern Europe and Central Asia with the aim of building the next great global oil company. This has principally involved operations in countries which were formerly part of the Soviet Union or its satellites, which are now becoming more moderate under the influence of Western Europe and China.

During this process, two critical elements remain for what the Manas management views as a historic opportunity to discover and develop major oil assets. The first is that although Russian exploration and development concepts and technologies were previously decades behind that of the West, Soviet record-keeping of geological results was excellent. An overview of Soviet Kyrgyz production and drilling records, for example, reveals an obvious trend towards larger fields as depth increased.

It also indicates that more large discoveries should occur as

deep tests continue. Reinforcing this conclusion is the recent re-interpretation of other meticulously-kept Russian records relating to Soviet 1980s-vintage Kyrgyz seismic operations. The results that Manas and its partner have obtained indicate the existence of numerous, large, deep under-thrust, potentially oil-containing, undrilled structures.

State-of-the-art

Manas has consistently built a team of geologists and executives who are experts in this area and have demonstrated they have access to much of this information. This enables them to examine archived data using state-of-the-art, Western concepts and technologies in their search for evidence of colossal oil deposits.

The second element is that many former Soviet Union (FSU) and Eastern European nations' business environments are beginning to show dramatic improvements, which makes operating within their borders extremely attractive.

How our award was decided

The World Finance award selection panel used a wide range of criteria to inform its decision over its inaugural Petroleum Company of the Year nominations, lending the critical eye of a collective 170 years of business journalism to the exhaustive information gathered by the award body's research team.

Some of the more important factors included investment in new technologies, environmental investment, level of transparency and good corporate governance, financial performance and innovative growth strategies. A total of 10 companies were short-listed. Lining up alongside Manas Petroleum were Galp, Energia, Rocksource, Petro SA, Lukoil, Total, RWE, Rosneft, Qatar Petroleum and MOL.

Oil riches of Albania

Albania has long been recognised as a rich source of oil. Almost 2,000 years ago the Romans mined bitumen, an oil product, in southwestern Albania. The country's first oil well was drilled in 1918 but it was not until the late Twenties that intensive drilling by companies such as Standard Oil

and the Anglo Persian Oil Company (now British Petroleum) led to the discovery and development of shallow fields near known tar sands and bitumen occurrences. Albania's Patos Marinza is among them. It was discovered in 1932 and still has approximately two billion barrels of oil in place, making it Europe's largest onshore oil field.

Man at the helm

Company Chairman Heinz Juerger Klaus Scholz is a Physicist and Engineer. In the 1980s Mr. Scholz built factories and telecommunication networks in the Former Soviet Union. After the German Reunification he also advised Soviet Ministries regarding the negotiations on the sale of Russia's East German telecommunication network to Deutsche Telekom. He has worked in collaboration with scientific institutes in the Russian Federation. Mr. Scholz plays a critical role in targeting, appraising and subsequently acquiring the rights to major oil and gas assets in the Former Soviet Union and its satellite countries.

A key to the Manas success story is the fact that its executives are extremely well-acquainted with all the nuances of FSU and Eastern European political realities. They have a proven record of being able to operate and acquire world-class assets there and they know which countries are evolving in a pro-oil business fashion. They also possess crucial geological expertise, which enables them to act immediately when opportunities arise.

Since Manas was founded as a private company, with headquarters in Baar, in central Switzerland, it has assembled a well-diversified portfolio of high-impact exploration plays, spanning two continents and five countries. It includes agreements on and varying interests in more than five million acres of land in Central Asia and Eastern Europe. In a new departure, the company was recently awarded an exploration license for the Magellan basin in southern Chile, an area fast becoming one of South America's oil and gas exploration hotspots.

The company's first project was its Kyrgyz Republic Fergana basin oil exploration play. It was a logical opening move because Manas' ex-CEO Dr Alexander Becker received his PhD in structural geology at Kyrgyz Republic's Frunze Academy of Science (Bishkek) before going on to discover two significant oil fields, and being named the area's top mapping geologist by the Soviet authorities.

In 2006, British-based engineers Scott Pickford estimated that part of Manas Petroleum's Kyrgyz Fergana holdings had a P50 in place resource of 1.2 billion barrels of light oil – an estimate the company is confident will be significantly upgraded.

On the southeastern border of the Kyrgyz Republic is China's Tarim basin, where the massive Xinjiang field is estimated to supply a fifth of China's total crude demand. Kazakhstan, home of the super-giant Tengiz, one of the world's ten largest oil fields, is directly north. The Manas concessions are in an area which shares the same oil saturated geology as China's Tarim. Both the Tarim and Fergana basins are

part of an oil-saturated belt, which extends westward and ends at the massive Caspian oil basin. All three areas were first known for their shallow oil production.

Superbly defined

Elsewhere, Manas sees huge oil and gas potential in Albania. The company has production sharing contracts there, which cover more than 3,000 square kilometres, and an independent study by American-based engineers Gustavson Associates describes Manas's oil and gas prospects as "superbly defined virtually drill ready".

The report adds: "A 2005 light oil discovery by Occidental Petroleum, approximately 50 kilometres south of the Manas blocks has established that the same thrust sheet as the Tirana sub-thrust anticline in Ionian and, in fact, does contain oil. This substantially reduces the A,B,D,E blocks' exploration risk, as it greatly increases the probability that the giant anticline outlined by Shell and Coparex is in fact the oil-saturated Ionian formation."

No matter how promising the Albania project might be, Dr Becker is quick to point out that there is always the potential for disappointment with explorations. "We know the prospects' reservoir capacity is very large and that there is oil in the system," he says. "But we will never really know for sure if some unexpected geological event has intervened until the prospects are drilled.

"We are getting other companies to take on most of the risks and pay the bills. We may end up with less of a project, but we also get to play safe and smart by spreading our risks among many great high potential projects. And that's how we plan to build a large oil exploration company." ♦