



MARKET NEWS

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Kenya set for first crude oil exports after striking ChemChina deal



NAIROBI, Aug 15 (Reuters) - Kenya is set to export its first crude oil after its government and a group led by explorer Tullow Oil picked trading company ChemChina UK Ltd to buy its first shipments, the Petroleum and Mining Ministry said.

“ChemChina UK Ltd has been selected as the buyer for Kenya’s first crude oil exports,” Petroleum Principal Secretary Andrew Kamau said in a statement on Thursday. He did not give details on when shipments would commence.

Tullow and its partner Africa Oil discovered commercial oil reserves in the Lokichar basin in Kenya’s far northern county of Turkana in 2012. Total has since taken a 25% stake in the project.

Since last year the group has been running a pilot scheme to transport some 2,000 barrels per day by truck to the port city of Mombasa to test flow rates and other technical issues before

the start of full production and exports via a pipeline, to be built by 2022.

ChemChina UK's initial purchases are expected to be small-scale, with full commercial shipments due to begin once the pipeline is constructed.

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Tullow estimates that Kenya's onshore fields in Turkana hold 560 million barrels of oil and expects them to produce up to 100,000 barrels per day from 2022.

The government received eight bids from international firms representing European and Asian refineries after it issued the tender to buy the oil on July 26, Kamau said, describing the response as "strong".

President Uhuru Kenyatta said earlier this month that Kenya had secured a buyer for 200,000 barrels of crude oil worth \$12 million, though he did not give further details at that time. (Reporting by George Obulutsa; Editing by Duncan Miriri and Jan Harvey)

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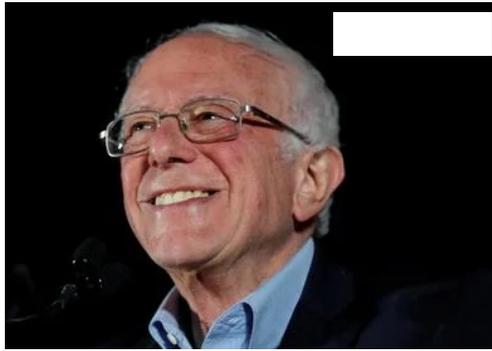
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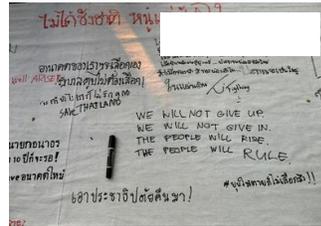
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