BP And Kuwait Begin Joint Venture For Chinese Oil

KUWAIT CITY (AP) — Oil giant BP PLC is interested in teaming up with Kuwait in a planned $9 billion joint venture refinery project in southern China, a senior Kuwaiti official said Monday.

Hussein Ismail, president of the state-owned Kuwait Petroleum International, told the official Kuwait News Agency that "preliminary talks" with the British oil giant have begun, and that BP was evaluating the 300,000 barrel per day facility's site in southern China's Guangdong province.

KPI, a subsidiary of the state-run Kuwait Petroleum Corp., will co-own the plant with China Petroleum & Chemical Corp. Kuwait will retain a 30 percent stake while the Chinese refinery, also known as Sinopec, will hold a 50 percent interest.

Officials at BP's Kuwait office could not be immedately reached for comment.

Kuwaiti Oil Minister Sheik Ahmed Al Abdullah Al Sabah has said U.S. giant Dow Chemical Co. and Royal Dutch Shell PLC will each take a 10 percent stake in the venture which is seen as key to Kuwait realizing its goal of exporting 500,000 barrels per day of oil by 2015 to the energy hungry Asian giant.

In the KUNA report, Ismail described the two companies as "potential partners," adding that the final decision will come when Chinese authorities approve the location of the plant, which also includes an ethylene cracker unit with a 1 million ton annual capacity.

China and Kuwait, which sits atop roughly 10 percent of the world proven crude reserves, signed the refinery deal in May, ending years of delays linked to disputes over the project's location. The refinery was initially planned for the southern city of Guangzhou, but China wanted it moved elsewhere for environmental reasons.

Ismail said a feasibility study for the new site could be completed by the end of the year, and work on the refinery could begin by March.

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