

Libya's AGOCO Pledges Half Its Early Oil to Vitol

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By [Emma Farge](#)

BENGHAZI, Libya (Reuters) - Libyan oil firm Agoco has promised to give half its early crude oil production to trading firm Vitol as payment for fuel supplied to rebels during the uprising against Muammar Gaddafi.

Ahmed Majbri, chairman of the Arabian Gulf Oil Co. (Agoco), told Reuters Vitol had delivered more than \$1 billion of fuel to the rebels, much of it during the first few months of fighting.

Agoco had already paid Vitol around \$500 million in a mixture of cash, crude oil and supplies of the feedstock naphtha.

"We will give them 50 percent of production until we have paid them back," Majbri said in an interview after a visit to see infrastructure damage at the oil export terminal of Brega.

Agoco is among the first companies to resume oil production in Libya after nearly seven months of fighting and hopes to raise output fast, getting back to pre-war levels within a year.

The company, which before the uprising was responsible for at least a quarter of the Libya's 1.6 million barrels per day (bpd) of oil production, pumped its first oil since the uprising on Monday and has said it is now sending crude to the Mediterranean terminal of Tobruk.

Libya, a member of the Organization of the Petroleum Exporting Countries, holds Africa's largest crude oil reserves and sold about 85 percent of its oil exports to Europe before the uprising which toppled Gaddafi.

Vitol, along with Qatar, were the only fuel suppliers to Libya's rebels, now interim leaders, during the first few months of the revolt but Libya has since added several new suppliers including Glencore (GLEN.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)).

Majbri, from a small desert village in eastern Libya, has worked for Benghazi-based Agoco for 25 years and took over the top spot in the company in February.

SABOTAGE

Majbri has been responsible for the daunting task of keeping morale high and repairing oil facilities after sabotage attacks on their facilities that killed 14 people.

Another challenge has been arranging vital fuel supplies to the country for both military and civilian purposes when most of the refineries were shut due to a lack of crude and war damage.

Even in peacetime, Libya relied on imports of refined products such as gasoline.

Typically, fuel imports would be handled by Agoco's holding company, the National Oil Corp. (NOC), but international sanctions have rendered trade with the NOC illegal. This has made Agoco the country's de facto NOC for much of this year.

"There have been some exceptional issues where we have had to run everything. It's been a very hard responsibility and he's done a great job," said Younis Feituri, a member of Agoco's management committee for exploration and production.

The future relationship between the NOC and Agoco is unclear with legislation now being drafted to split the NOC in three and to give more independence to subsidiaries.

For now, Majbri said his priorities lay in bringing oil output back to pre-war levels. Asked how long it would take for Agoco to do this, he replied "Between nine months and one year."

The speed of recovery would depend partly on how quickly they could replace or substitute power turbines in the desert after the facility was attacked by Gaddafi troops.

But he said damage to this equipment was only preventing between 30,000 bpd and 40,000 bpd of oil from being pumped.

The rest of the 420,000 bpd of capacity could resume more quickly, within two to three months, he said.

Repair work in the eastern oilfield would not stop the company from pushing ahead with plans to increase production from new fields, potentially lifting Libya's production above pre-war levels in the future, he said.

Before the conflict, Agoco had begun drilling wells in the Sultan area south of Benghazi linked to the Zuetina export terminal, which he said had the potential to pump 50,000 bpd. First output from these fields was originally planned for 2012.

Agoco, formed from BP assets nationalized in the late 1970s, will also continue probing for new oil in new blocks including exploration areas 56, 57, 60 and 75 in eastern Libya.

"After two to three months, we can start exploration again. We've just drilled eight wells near Zuetina," said Majbri.
