



BAKU OILFIELDS

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Meeting oil workers and youth scavenging old oilfield near Baku, Azerbaijan. Narrates the search for fossil fuel since early Europeans. Oil has seeped to the surface of the Caspian peninsula of Apsheron for hundreds of years. From Marco Polo to Turkish, Iranian and British travelers since the early 17th century, observers reported on the black and white oil gushing out of shafts. By 1846 oil wells were mechanically drilled and the extraction of oil began to proliferate. But it is only in 1872 that the oil industry started to be vigorously developed when two legislative acts introduced new property relations in the oil industry of Azerbaijan by facilitating the auction of oil fields to private parties. Oilfields were then grouped and sold or leased to individuals. A piece of state owned land could be chosen by anyone simply by hammering in a stake and attaching a board with his name and the date, similar to the way farmland was auctioned in the American West.

Oil fever infected Baku on the Apsheron. Local oil entrepreneurs organized into the Russkiy Standart concern. The area where their factories were erected was called Black City because everything began to have the color of oil. It was a bustling, loud and grubby place. Within a few years, oil production increased 120-fold and Baku became the first oil town in the world. Crowds of Russian engineers and industrial entrepreneurs flocked to Baku. These activities further attracted the attention of foreign capital. In 1879, the Swedish Nobel Brothers Oil Production Partnership was set up in Baku by the three brothers: Robert the banker, Ludvig the adventurous businessman based in St. Petersburg, and Alfred, the inventor of dynamite, who later used the income from his invention and his stocks in the oil industry to found the famous Nobel prizes. Oil finders of this early period were seen as enterprising pioneers working on a subterranean frontier. Many petrochemical, geophysical and technological inventions on oil extraction and refinement in use today date back to the period of the first oil boom in Baku when Russian engineers and European explorers worked together. There was a vast market for this new commodity since oil was used in large quantities for the petroleum lamps which illuminated the streets and homes of modern cities. Oil refineries were originally built for kerosene output but other hydrocarbon derivatives such as Benzene were developed due to the rising military demands. The boom also induced a radical change in the transport of oil. As the oil extraction increased in a rapid and chaotic fashion, the problem of oil delivery to remote refineries, and eventually to market, become more and more pressing. The 10 thousand carters hired to wheel the barrels of crude oil from the wells to the refineries

were insufficient.(1) Since the Nobel brothers supplied mainly the large Russian market further North, Ludvig developed the first oil tanker in the world, 'Zoroaster', to ship the fuel up the Volga River to St. Petersburg and Moscow. Their factories started distilling oil on a 24-hour basis and hired thousands of workers from neighboring countries. Baku was a part of the industrial revolution, experiencing modernity simultaneously to European cities. Industrialism clearly arose from the harnessing of fossil fuel and Baku supplied the substance that powers our early hydrocarbon society. Oil seekers and workers were equally drawn into, and actively participating in, the functioning of an emerging politico-economic order. Petroleum's dynamic qualities, its newness, its concentration on economic power and its enormous potential for a production increasingly catering to a consumer-oriented society made it a powerful symbol for the modern experience.

Attracted by the awakening possibilities, the financially powerful Parisian Bank of the Rothschild brothers showed also great interest in the oil industry in Azerbaijan. Almost at the same time as the Nobels, they came to Baku and established the Caspian and BlackSea Oil Industry and Trade Society. The Rothschilds specialized in transportation by tank cars via the newly built Transcaucasus Railroad from Baku to Batumi, connecting the Caspian and the Black Sea coast, for export to European markets. Oil evacuation was accelerated by the kerosene pipeline, long in the planning but finally built in 1906, running parallel to the Transcaucasian Railroad line. When the Rothschilds decided to concentrate on oil extraction, they handed over the transport operations to the UK oil transport company Shell. Together they won permission for their tanker fleet, modeled after 'Zoroaster', to pass through the Suez Canal and hit the markets in the Middle East. By the end of the century, Baku had become world's biggest oil center and a pivotal point in the global energy supply.

When in 1907 Shell merged with the Dutch oil production firm Royal Dutch, they formed the largest oil-producing, oil-refining and transport company in the world, Royal Dutch/Shell. Oil became increasingly important in the industry and the military, particularly as fuel for war fleets of the maritime Empires. To secure the fuel for the British Navy, Royal-Dutch/Shell bought the Rothschild shares on the Caspian, shortly before World War 1 broke out when Churchill decided to switch the entire Navy from coal to fuel.

The Caucasus, home of the Russian oil industry, was one of the worst-run parts of the Czarist Empire. Living and working conditions in the area were deplorable. Compulsory doubleshifts of a lonely workforce who had left their families abroad left them alienated and dissatisfied. 'Baku became the 'revolutionary hotbed on the Caspian. Hidden away deep in the heart of its Tatar quarter was a large cellar that stretched under several buildings. Here was the home of 'Nina' the name given to the secret large printing operation into which the mats of Vladimir Ilych Lenin's revolutionary paper, Iskra, were smuggled, from Europe via Persia, to be printed for

circulation within the country. ?Nina? became the source of a massive flow of revolutionary materials. The oil industry was the unknowing accomplice; its national distribution system provided a perfect vehicle for clandestinely distributing propaganda throughout the country.? (2)

In the early years of 1900, Baku became the training ground for a host of eventual Bolshevik leaders, including Josef Stalin who became the chief socialist organizer in Batumi and Baku, masterminding strikes and demonstrations which culminated in the first general strike in the empire, marking the beginning of the Revolution. Lenin nationalized the whole oil-producing industry in the country in 1918 and the European oil barons left in a hurry, leaving behind their costly industrial installations. Shortly after, Russia offered Baku oil on the world market and buyers ranged from the Italian and French war fleet to Standard Oil of New York and even Shell, the latter massively supporting anti-Soviet circles of exiles at the same time. Due to colossal domestic needs of fossil fuel, the sales of Russian oil on international markets rapidly decreased.(3)

Baku didn?t spring from the womb of Azerbaijan, it rather has to be understood as an international superstructure erected over a country with most backward patriarchal-feudal relations. This is why Stalin placed Azerbaijan as a whole in the group of ?border regions? which required specific methods of drawing them into the channel of Soviet economy. (4) Baku had gained the status of a special trade zone which related to a global economic system rather than its immediate cultural environment.

Caspian oil played again a decisive role in World War II. A declared aim of Hitler?s was to lay hands on the oil extraction zones in Baku and Grozny to cut Russia off from its oil supply and instead fuel his own war production. The oilfields around Baku covered close to 70% of Russia?s needs. Oil workers had pushed the extraction to record level to satisfy the growing requirements of oil during the war. In apprehension of the fascist attack in 1942, the Soviet Union transferred 11?000 oil workers, engineers, geologists and many drilling and piping installations from Baku and Grozny to the Volga-Ural region before German SS-Divisions could put them on fire. The offensive of the German Armed Forces didn?t reach Baku, not at least for lack of fuel.

Baku had to fuel the Russian war machine with a diminished oil installation and a drastically reduced workforce, since thousands of oil workers had left fighting on the front. Their places in the fields were taken by women. By 1944 over 50?000 women had entered the oil industry, making up 60% of the workforce. As a result of the dismantling policies practiced by Moscow during the war, Baku?s oil production gradually decreased. Onshore fields were less and less profitable. Plus, enormous fields were discovered in western Siberia and Kazakhstan and Moscow lost interest in Azeri oil production. (5) But Baku remained a center for the research in oil science and technology. Shortly after World War II, methods were developed to access offshore oil

deposits through giant earth projects, among them the construction of the first artificial drilling islands Oil Rocks (Neft Dashlari) 45 km into the Caspian Sea where thousands of workers live and work. Once the largest known fields generously providing oil for 100 years, Bibi-Heibat and Suranxane are nearly exhausted today. The field records in video FILE 1 document the two oil extraction fields near Baku: the vast oil-drenched areas have turned into an ecological disaster zone.

The year 1992 signaled the start of a new stage in oil production after the fall in output caused by the profound economic decline in the Soviet economy of the 1980s. Crude oil production and refining was consolidated in a huge industrial complex called the State Oil Company of the Azerbaijani Republic (SOCAR), located in a prominent building on the Neft promenade in Baku. What has been an adjunct of the USSR's oil industry quickly turned into a Western-style integrated oil company. Azerbaijan's president Heydar Aliyev appointed his brother, Natig Aliyev president, and his son Ilham vice-president of SOCAR. In the course of a few years, SOCAR signed a sequence of substantial contracts with foreign oil companies for joint infrastructure: export and offshore pipelines, on-shore processing facilities, supply bases, offshore filling units, terminals and marine fleet, most important of all the "Century Contract" on the joint exploration of 3 offshore fields Azeri, Chirag and Guneshli, anticipating large volumes of hydrocarbons. Signatories of this historical document for the development and evacuation of Azerbaijan's Caspian oil reserves are the heads of 11 foreign oil companies and the energy ministers of UK, Norway, Saudi Arabia, US, Turkey and Russia.

It took a few more years and tough political negotiations, until in November 1999, during the OSCE Summit in Istanbul, Georgia, Azerbaijan and Turkey signed the framework agreements for routing the main exportation pipeline from Baku via Tbilisi to Ceyhan (BTC).

1. (1) History of Russian pipeline transport (1860-1917), www.transneft.ru
 2. (2) The Prize, Daniel Yergin, 129-130.
 3. (3) Konfliktregion Kaspisches Meer, Der Kaukasus und Mittelasien - zwischen Erdöl, Krieg und Krisen, Detlef Bimboes, Friedensforschung, Universität Kassel, 2000
 4. (4) The Tenth Congress of the Russian Communist Party. Verbatim Report. Moscow, March 8-16, 1921, J. V. Stalin, Works, Foreign Languages Publishing House, Moscow, 1953
 5. (5) Azerbaijani Oil: glimpses of a long history, Sabit Bagirov, Journal of International Affairs, June-August 1996, Volume I - Number 2
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