

Total and Novatek May Lose Arctic License

July 27, 2010

The  **Moscow Times**

Total and Novatek may lose a license to develop an Arctic natural gas field in a venture agreed on last year that was green-lighted by Prime Minister Vladimir Putin.

The Natural Resources and Environment Ministry's environmental watchdog put a permit for the Terneftegaz venture on a list for possible early termination, according to its web site. The Federal Inspection Service for Natural Resources Use did not cite a reason.

The watchdog will consider the issue at a commission to be held "no earlier than next week," said a spokeswoman, who declined to be identified because of agency policy.

Novatek and Total last year formed the venture to develop the Termokarstovoye gas condensate field in the Yamal-Nenets autonomous district. Total owns 49 percent of Terneftegaz, which holds the rights for Termokarstovoye until 2021.

Putin last month promised Total chief executive Christophe de Margerie "good administrative support" in Russia. Royal Dutch Shell in 2007 was forced to cede control of a venture in Russia

to Gazprom after government pressure over costs and environmental issues.

The regulator's decision was "a total surprise" and "unjustified," Novatek said in an e-mail. "There was a detailed response provided for all complaints made as part of a documental inspection of Terneftegaz. If they made such a decision, the only explanation can be that for unknown reasons no one read our response."

Phenelope Semavoine, a Total spokeswoman, declined to comment.

The partners plan to complete exploration and make a final investment decision at the end of 2011, Novatek said.

Total in 2005 sought to buy 25 percent in Novatek in a deal that lapsed after the Russian company decided to sell shares to the public abroad. The French company is attempting to get a similar stake in Novatek's Yamal LNG project.

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