

Arctic Showcase Gets Scrutinized for Safety

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International conservationists on Thursday censured Gazprom's preparations for the country's first Arctic offshore drilling, urging the company to delay production until after this year.

The Prirazlomnoye oil field is set to be a test of how Russia reduces the danger of irreparably damaging the fragile environment, as it moves to tap energy resources there.

Several influential environmental groups, such as Greenpeace and the World Wildlife Fund, said the efforts to mitigate the risks were insufficient.

Gazprom insured the project for only 7 million rubles (\$250,000) against potential damage to the local environment, said a joint statement by the environmentalists — coming after the disastrous spill in the Gulf of Mexico last year.

"It's an outright ridiculous amount," Mikhail Babenko, who runs the World Wildlife Fund's oil and gas global Arctic program, said by phone. The cleanup from the Gulf spill cost BP \$40.7 billion, including a \$20 billion trust fund to handle damage claims.

The statement also noted that the spill cleanup service closest to the field is almost 1,000 kilometers away, in Murmansk. Babenko called for a faster way to react to a potential spill, especially in the harsh Arctic conditions.

"Suppose a spill occurs in December," he said. "It will create a situation when there's no way of getting to the place. The darkness and strong winds will not allow for flights by planes and helicopters."

In addition, Babenko said, Gazprom needs to prove that it has technology to collect oil from under the thick ice crust that covers the area most of the year.

The statement called for more openness about the project. Babenko said conservationists held exhaustive talks with Gazprom to gain the right to enter its central office, take a look at related documents and copy down some of the data.

Gazprom is taking delivery of a long-overdue drilling rig later this month to have it tugged to the field in the Pechora Sea. The company plans to complete the first production well before the end of this year, a Gazprom spokesman said. He declined to comment on the statement by the environmentalists.

The field will produce 6.6 million metric tons of oil and gas condensate at its plateau, Gazprom said on its web site — representing nearly half the total volume of such products extracted by the company last year — excluding output by its oil arm, Gazprom Neft.

As a pioneer in Russian Arctic drilling, Gazprom has a chance of making Prirazlomnoye a showcase for any further project in the area, said Vadim Mitroshin, an oil and gas analyst at Okritie.

"It's absolutely important to do everything in compliance with the highest environmental standards," he said.

Environmentalists achieved at least one victory in a previous multibillion-dollar project. Then-President Vladimir Putin ordered state-owned Transneft in 2006 to reroute construction of an oil pipeline further north of Lake Baikal over concerns of contamination.

The other conservation groups that signed Thursday's statement were Norway's Bellona; the Russian Union for Bird Protection; and the Social and Environmental Union.

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