

Private Oil Firms Could Get Licenses for 20% of Shelf

By [Howard Amos](#)

January 15, 2013



Medvedev listening to Gazprom chief Miller on a visit Tuesday to the Zapolyarnoye oil and gas deposit in Siberia. **Alexander Astafyev**

Private oil and gas companies could receive licenses for up to 20 percent of Russia's continental shelf and join their state-owned counterparts already working in the environmentally sensitive area, a minister said.

The move to open up access to the hydrocarbon-rich area is supported by the government and all major energy companies except for Gazprom, Natural Resources and Environment Minister Sergei Donskoi said at a meeting attended by Prime Minister Dmitry Medvedev in the Yamal-Nenets autonomous district Tuesday.

Gazprom and Rosneft currently enjoy exclusive rights to an estimated 98.7 billion tons of oil and gas lying beneath the icy seas off northern Russia.

The companies have already submitted license applications for 80 percent of the Arctic shelf.

Private energy companies could receive the licenses that are not wanted by the two energy giants, Donskoi said, Interfax reported.

The front-runner among Russia's few large private energy companies for such leftovers is LUKoil, which has been lobbying for the legal changes that would permit it to move into the Arctic.

LUKoil currently has large offshore projects in West Africa and the Caspian Sea.

Company president Vagit Alekperov, who attended the meeting, said LUKoil was hoping to be able to partner with a state company to work on the Arctic shelf, which is over 6 million square kilometers in size.

However, the opposition from Gazprom to any move that will dilute its access to the lucrative Arctic is likely to be fierce.

"Gazprom is categorically opposed [to allowing the participation of private companies]," Gazprom head Alexei Miller said after the meeting, RIA-

Novosti reported.

"We don't see an answer to the question of why this is necessary," Miller said.

Environmental activists expressed opposition to any development that would lead to the extraction of hydrocarbon resources in the ecologically sensitive Arctic.

"It's pointless to talk about what type of company," said Greenpeace director Ivan Blokov.

"No company should be allowed to work on the Arctic shelf," Blokov told The Moscow Times.

To highlight the impossibility of preventing accidents, Blokov pointed to the recent problems faced by Anglo-Dutch energy major Royal Dutch/Shell, when one of its drilling rigs ran aground off Alaska on New Year's Eve.

The significance of allowing private companies onto the Arctic shelf is limited because the best licenses have already been granted to Gazprom and Rosneft, said Denis Borisov, an oil and gas analyst at Nomos-Bank.

"State companies will be the locomotive of development on the shelf," he said.

Rosneft will invest 1.2 trillion rubles (\$40 billion) to explore the geology of the Arctic shelf over the next 10 years, and the first drilling will begin in fall 2014, Rosneft president Igor Sechin said after the meeting, Interfax reported.

LUKoil is seeking a Chinese partner to replace Norway's Statoil in the West Qurna oil field in Iraq, Reuters reported Tuesday.

"For us ... the most appropriate partners are from China, where there is stable growth in oil consumption," LUKoil head Vagit Alekperov said.

LUKoil currently has a 75 percent holding in the field. Statoil sold its 18.75 percent stake last year.

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