

Chevron Shale Gas Deal With Ukraine Gets Local Approval

By [The Moscow Times](#)

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KIEV — Ukraine's government moved closer to a new shale gas deal for the country when a regional council approved its draft for a production sharing agreement with U.S. energy company Chevron on Friday.

Deputies in the western Ivano-Frankivsk region had sent the draft back to the government a month ago, pressing for guarantees that the environment would be adequately protected during exploration and for a commitment to allocate 10 percent of any gas produced for local consumption.

Deputies had voted 62 to 1 in favor of an amended government draft with 11 abstentions, Interfax reported Friday.

"This is an absolutely positive outcome," Energy and Coal Industry Minister Eduard Stavitsky said.

The approval of a second council in the neighboring Lviv region is required before the government can go ahead and sign an agreement with Chevron.

"Ivano-Frankivsk has given its go-ahead for the project. Now it is the turn of Lviv," Stavitsky said.

Chevron wants to tie up a deal to explore the Olesska shale field.

Royal Dutch Shell has already signed a \$10 billion deal for shale exploration and extraction at the Yuzivska field in the east of the ex-Soviet republic.

The Kiev government sees shale gas development as important for easing its dependence on costly Russian gas imports that weigh heavily on its economy.

But deputies had expressed concerns over the ecological consequences of shale exploration in the mountainous forest region which is known for tourist resorts.

The fracking process, in which water and chemicals are used to break up rock, sandstone and shale deposits to release gas, has sparked opposition from environmentalists elsewhere in Europe who fear it could pollute underground water.

Stavitsky said the deputies' demand for 10 percent of the gas to be earmarked for local consumption had been met. "The condition about the 10 percent was agreed," he said.

Apart from shale gas exploration, Ukraine is hoping to find alternative energy sources through offshore exploration and liquefied gas deliveries from other foreign suppliers.

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