

Shmatko Mulls Return of PSAs

By [The Moscow Times](#)

December 08, 2010

The  Moscow Times

The government may again offer oil and gas deposits under so-called production-sharing agreements after years of opposition and Royal Dutch Shell's sale of control over the Sakhalin-2 project, Energy Minister Sergei Shmatko said Wednesday.

The tax-beneficial agreements, which let producers recoup investments before the government gains a share of the profit, may be used for hard-to-extract oil deposits or to encourage investment into poorly explored areas, Shmatko told lawmakers. His spokeswoman, Irina Yesipova, confirmed the remarks.

Prime Minister Vladimir Putin, during his presidency, criticized PSAs held by Shell, Exxon Mobil and Total for allowing foreign companies to benefit at the expense of Russia.

Gazprom agreed to buy control of Sakhalin-2 from Shell and Japan's Mitsui and Mitsubishi in 2006 after regulators threatened to close the \$22 billion project.

The Energy Ministry has sought lower taxes for oil projects, clashing with the Finance

Ministry, which aims to collect additional taxes from the nation's biggest source of export revenue to narrow a budget gap.

Russia aims to keep oil output around 10 million barrels per day for decades, Putin said in October. The target will involve developing new deposits and regions as currently producing fields go into decline.

The government will distribute licenses to four Arctic gas blocks without competition next year as it seeks to boost output of liquefied natural gas to develop new markets.

The blocks are in the Yamal-Nenets autonomous district, where Novatek plans to build an LNG plant. Two lie off the gas-rich Yamal Peninsula in the Ob Bay, and two are on the Gydan'sy Peninsula, on the other side of the body of water, according to an order signed by Putin on Dec. 1 and posted this week on the government web site.

All four are of federal significance, which means that the rights will be granted to Russian state companies, said Vadim Nenknasunov, deputy head of oil and gas geology and licensing at the Federal Subsoil Resource Use Agency's Yamal-Nenets regional division.

"There will be no auctions on these blocks," he said. "They will be licensed by a governmental order."

Original url: <https://www.themoscowtimes.com/2010/12/08/shmatko-mulls-return-of-psas-a3608>