

WWF: Russia May Tweak Arctic Park Border for Oil Firms

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The Natural Resources and Environment Ministry wants to set an Arctic nature reserve's borders in a way that environmentalists say will subvert existing boundaries to accommodate the oil drilling plans of BP and Rosneft.

Last month BP — seeking to recover from the impact of the 2010 Gulf of Mexico oil spill — and Russia's state-run major Rosneft said they would drill for oil in three huge offshore blocks in the Arctic Kara Sea.

Two of these blocks, according to a World Wildlife Fund map, encroach on waters that are part of a protected national park and are home to polar bears and whales.

The government ministry argues that the border has yet to be demarcated, while the environmental group said it was fixed when the park was created in 2010.

"The boundaries of the Russian Arctic national park are not blurred. They were demarcated with all the precise coordinates, which formed the basis of the government's executive order

that established the park last year," Alexei Knizhnikov of WWF Russia told Reuters on Friday.

Earlier in the day, the ministry released a statement saying the location and borders of the national park and its waters are now going through an approval process with the ministry's various departments.

"The executive order defined the park's area and territory but did not set precise borders," a ministry spokesman told Reuters.

The WWF said the ministry's powerful Federal Subsoil Resource Use Agency, charged with awarding licenses to develop the country's rich oil and gas deposits, often disregards environmental actions taken by other agencies when determining license blocks, such as the three Rosneft was awarded in 2010.

"They feel very privileged since they play a part in facilitating the country's hydrocarbon development. They often don't bother to waste energy on checking up with the environmental watchdog and get their approval on license demarcation," said Knizhnikov, who is the WWF's specialist on Russia's oil industry.

Russia is the world's top oil producer and the industry plays a huge role in the country as the federal budget receives more than half of its annual revenues, or 4 trillion rubles (\$135 billion), from oil and gas projects.

The conservation group says the area off the coast of the Novaya Zemlya archipelago, licensed to the oil majors for exploration through 2040, snips off some 45 square kilometers of protected waters.

It also said government documents define limits of the national park's protected area according to territorial water boundaries, which extend 12 nautical miles from the coast.

"They cannot go ahead and change territorial water lines, so we are hoping they will change the license areas allocated to the oil companies," said Knizhnikov.

But Alexander Mednikov, a lawyer with the Russian maritime law firm Jurinflot, said it is not uncommon in Russia for government agencies to come up with different calculations of territorial water boundaries. This was especially the case in remote places like the Arctic, where there was little history of government and private sector activity.

"Russia has an enormous coastline, and in the Arctic there are many places where the territorial waters have still not been measured because there hasn't been a need for that. Now, with commercial activity up there, this can become a gray area," Mednikov said.

The Arctic national park was created on June 15, 2010, while the license areas on the Kara Sea were granted to Rosneft four months later.

"In the absence of clear regulation, each agency could be right in their own way on where the territorial waters end and the exclusive economic zone begins. They may not have consulted each other on their methodology for calculating the borders."

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