

Vankor Tax Exemption Ends Soon

By [The Moscow Times](#)

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Rosneft will lose its exemption from the mineral extraction tax on Russia's largest new oil field Vankor within the next two months, Rosneft and Finance Ministry sources said.

Vankor, one of the main sources of Russian oil output growth, had already been stripped of a lowered oil export duty in May. The additional tax burden will hit hard Rosneft's profitability, which analysts say may fall in 2012 from this year.

According to Bank of Moscow analyst Denis Borisov, Rosneft, Russia's top crude producer, will pay an additional \$700 million in mineral extraction tax for Vankor this year, and \$2.5 billion in 2012.

Alexei Kokin from UralSib put the figures at \$800 million and \$2.3 billion, respectively.

The exemption, issued by Vladimir Putin during his second term as president to encourage investment in new fields, is due to expire when cumulative production hits 25 million tons.

"It is likely that total production at Vankor will hit 25 million tons on Aug. 6 or 7. As of Thursday, it was 24.024 million tons," a Rosneft spokesman said, adding the company would not contest the end of the exemption.

A Finance Ministry source also confirmed that Vankor crude would be subject to the levy once cumulative production reaches 25 million tons.

Rosneft started oil production at Vankor, which holds more than 500 million tons of oil extractable reserves, in August 2009. It aims to reach daily output of 500,000 barrels per day in 2013.

Russia plans to increase its oil output to 508 million to 509 million tons from 505 million tons in 2010.

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