The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Envoy Accuses Gazprom of 'Damaging' Iranian People

By Anatoly Medetsky

August 24, 2011

Iran's ambassador to Moscow on Wednesday assailed Gazprom Neft for a "delay" in developing the country's oil reserves, as fewer energy investors remain committed to cooperating with Tehran.

Mahmoud Reza Saijadi also announced that Iran asked the United Nations International Court of Justice to rule on Russia's refusal to supply S-300 missile systems to his country.

Saijadi's broadside at Gazprom Neft, the oil arm of state-controlled Gazprom, comes as many foreign oil majors are pulling out of the country, citing reasons that include U.S sanctions and difficulty in dealing with the government.

Gazprom Neft has delayed the development of the Azar field for nearly two years since signing a tentative agreement with the National Iranian Oil Company in November 2009 to jointly tap its resources, he said.

"Big damage has been done by Russian oil companies to the Iranian people," Saijadi said through a translator at a news conference. "I have already told the Russian side about the danger of this approach."

A spokeswoman for Gazprom Neft said the company would have no comment. The company does not mention Iran as a country of presence in the map of its business on the corporate web site.

A Gazprom Neft executive last mentioned Iran in March. Alexander Kolomatsky, head of the company's Iraq-based Badra project, said in an interview that data from Iran helped the company evaluate Badra's potential. Gazprom Neft raised its estimate of Badra's reserves more than twofold to 3 billion barrels thanks to its involvement in Iran, he said.

The company believes that Iran's Azar field and Badra in neighboring Iraq are part of the same underground oil reserve.

Foreign oil companies have reduced their activity in Iran since January 2010, according to a U.S. congressional report released earlier this month. The report by the Government Accountability Office said 20 firms — out of 41 firms it had tracked as having presence in Iran — withdrew or were in the process of pulling out from commercial activity in the country.

Those companies included LUKoil, which announced its retreat from Iran in March 2010 citing U.S. sanctions that seek to punish Iran for its nuclear program, which many nations suspect aims to create a nuclear bomb. U.S. lawmakers reinforced sanctions, which previously only barred investments of more than $20 million a year in Iranian exploration and production, by legislation that U.S. President Barack Obama signed last summer.

The new law complicates any investment in Iran by expanding sanctions to financial institutions, insurers and export credit agencies aiding the Iranian oil sector.

Some other companies that cooled to Iran also listed the difficulty of doing business with the country as a reason why they left, the congressional report said.

Saijadi on Wednesday unveiled a plan to rescue another deal that went sour: The sale of Russian S-300 missile systems, which President Dmitry Medvedev banned in September 2010 in compliance with a UN resolution from June 2010.

Iran is suing Russia in the International Court of Justice, hoping that the court will rule that the UN resolution does not cover S-300s, Saijadi said.

"We have filed our lawsuit in order for the court ruling to help Russia go through with the sale and in order for Russia to have a legal trump," he said in comments translated into Russian, Interfax reported.

In response, a highly placed Russian source dealing with arms exports from the country said Russia will not agree to supply the weapons unless the UN lifts its sanctions, Interfax reported.

"As of now, the contract is not on ice as some people believe. It's canceled," the source said.

Moscow is ready to return to Tehran the advance payment of $166.8 million, the source said. The entire contract, signed in 2007, has been estimated to be worth $800 million.

Original url:
https://www.themoscowtimes.com/2011/08/24/envoy-accuses-gazprom-of-damaging-iranian-people-a9110