

Exxon Waiting for Arctic Tax Terms

By [The Moscow Times](#)

September 18, 2011

The  Moscow Times

SOCHI — Rosneft signed a major Arctic deal with ExxonMobil without a clear tax regime for the potentially capital-intensive project, but the terms should be set shortly, a senior Exxon executive said Friday.

"We are committed to moving forward. We do have some final agreements to finish, which we will do very shortly, but we are committed in a binding agreement to get moving with all this," ExxonMobil Exploration president Steve Greenlee said in Sochi.

"There is a working group that is engaged in it with the government, and we will be providing advice. I am sure Rosneft will be advising them as well. That's in process, and we are hoping that will in short order provide a fiscal regime in the offshore that is consistent with the economics."

ExxonMobil and Rosneft signed a deal last month to drill for oil and gas in the Russian Arctic. It also grants the Russian company an option to invest in Gulf of Mexico and Texas fields.

Russia needs ExxonMobil's experience in drilling in the hostile waters of the Arctic, and in return the U.S. major gains access to one of the richest untapped license areas in Russia.

The initial commitment was \$3.2 billion, but the costs could run well into double-digit billions. Russian oil companies pay some of the world's highest taxes on their mature onshore production, but breaks are granted for new fields or difficult conditions.

The government is in the process of overhauling all its oil taxes with the aim of stimulating upstream and refinery upgrades, but has warned that the overall tax burden may not fall.

Greenlee said seismic studies of the three tracts would begin next year, and drilling the following year.

Original url: <https://www.themoscowtimes.com/2011/09/18/exxon-waiting-for-arctic-tax-terms-a9593>