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Arctic Conference to Focus on Opportunities for Oil and Gas Extraction

By Roland Oliphant

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Environmentalists are proposing protection of more areas and greater transparency and oversight in extraction. **Nimmida Pontecorvo**

On Aug. 20, the Vladimir Tikhonov, a tanker owned by Sovcomflot, set out from Murmansk with a cargo of more than 120,000 tons of gas condensate bound for Map Ta Phut in Thailand.

Escorted by two nuclear-powered ice breakers, the tanker rounded Cape Dezhnev — the Russian side of the Bering Strait — just 10 days later, becoming the largest vessel so far to make the voyage along what is known as the Northern Sea Route — or in old parlance, the Northeast Passage.

The ship's route and its cargo epitomize the main topics of this year's Arctic conference, which begins Thursday in Arkhangelsk — melting ice, expanded shipping routes, and the technicalities of oil and gas extraction.

Prime Minister Vladimir Putin is expected to join oilmen, diplomats and scientists from around the world at Russia's oldest Arctic port for the three-day international arctic forum — which follows an event born last year out of the Russian government's growing enthusiasm for the opportunities presented by a thawing Arctic.

But environmentalists have warned that development must be matched — and preceded by — a careful assessment of environmental impact and a string of lawmaking to ensure that risks are manageable.

To that end they will lobby Putin and other policymakers to introduce a single, internationally binding system of standards to regulate the oil, fishing and shipping industries as the Arctic opens up to development.

"The ideal outcome would be the introduction of a universal system of standards that applies not only to the five Arctic nations, but to everyone who has an interest or sends a ship up there," WWF Arctic director Alexei Kokorin told The Moscow Times ahead of the conference.

"It's coming — whether in five years or 25 years. Our task is to send the right message and speed up the task," he said.

Experts say the northern route can cut the distance from East Asia to West European ports by up to 25 percent compared with the traditional route via the Suez Canal — and is free of the pirate threat that now plagues the southern route.

In 2011, Arctic Sea ice cover fell to just 4,300 cubic kilometers — the lowest levels since 1979, and some have predicted that regular use of the shipping route could begin within five years.

Kokorin and allies will push for international legislation to restrict use of the Northern Sea Route to ice-class vessels with modern engines that do not produce "black carbon" — a harmful pollutant that could accelerate the melting of the ice by absorbing light currently reflected by the white snow cover.

The WWF has also identified 10 areas of open sea critically important to wildlife — including areas around Franz Joseph Land and the Taimyr Peninsula — where shipping should be restricted or banned outright.

But the sea route is just one of the fruits of a warming arctic that the government and industry are keen to capitalize on.

Much of the conference's focus will inevitably be on oil and gas projects.

Sergei Chaplygin, chief executive of LUKoil International Trading & Supply, said earlier this month that Russia could "double" oil reserves by tapping its Arctic deposits.

Gazprom and partners have been developing onshore oil and gas fields in areas like the Yamal Peninsula for some years.

Offshore fields — like the vast Shtokman gas deposit in the Barents Sea and the Prirazlomnoye oil field in the Pechora Sea south of Novaya Zemlya — are far more difficult to develop. But initial efforts have begun.

Rosneft and ExxonMobil — a veteran of Arctic projects in Alaska — signed a deal last month to drill for oil and gas in the Russian Arctic in a project that could cost double-digit billions.

And the Prirazlomnoye exploration platform was finally towed from Murmansk to its destination in the Pechora Sea last month.

Prirazlomnoye, which was built by the Sevmash shipyard for Gazprom subsidiary Sevmorneftegaz, is hailed as the first Arctic-ready, ice-proof platform in the world.

But environmentalists said the move was premature because there is not yet any technology that can clear up an oil spill under ice.

And critics also attacked Gazprom for failing to publicly reveal its emergency cleanup plan for the platform or its insurance policy — which Kokorin would like to see as compulsory and routine for offshore oil and gas exploration "as car insurance is for drivers."

The group is also lobbying for creation of an oil- and gas-free zone on the western Kamchatka Shelf in the Sea of Okhotsk.

Putin won cautious praise from environmentalists after calling for a cleanup of military and industrial waste in Russia's Arctic regions at last year's forum, but there is widespread skepticism of the government's commitment to turning such words into action.

Green activists understand that their only hope is that development of the area will be properly managed.

"We're not talking about a moratorium — that would not be productive," Kokorin said. "But we need to have regulations in place."

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