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Gazprom Neft Forced Out of Iranian Project

By The Moscow Times

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Iran has ousted Gazprom Neft from a project to produce oil in the country, Iranian media reported.

Ahmad Qalebani, managing director of the National Iranian Oil Company, was quoted as saying the decision was final, Interfax reported.

Gazprom Neft did not respond to a request for comment when contacted Monday.

Iran in August censured the subsidiary of the biggest Russian company, Gazprom, for procrastination over the memorandum of understanding the two sides signed back in November 2009 for work on the Azar field.

A consortium of Iranian companies will replace Gazprom Neft, Qalebani said.

The expulsion appears to run counter to an amicable statement from Russia's Energy Ministry

last month. It said Energy Minister Sergei Shmatko traveled to Iran to meet with the country's Oil Minister Masoud Mir-Kazemi on Sept. 11, and they agreed to take a month to consider bringing other companies into the project.

"The parties discussed ... the necessity of closer cooperation between Russian and Iranian companies in a number of oil and gas projects in Iran," the statement said.

Gazprom Neft has said it did not like the terms Iran offered, Interfax reported. At the same time, the reason behind the flop may have been the tightening of Western sanctions that punish Iran for its nuclear program. Gazprom, whose key revenues come from exports, has to take into account the repercussions of cooperating with Tehran.

But, another Russian state-owned company, Zarubezhneft, signed a memorandum of understanding for working in Iran this past summer.

Since January 2010, Russia's LUKoil and many other foreign companies have abandoned plans in Iran, citing the sanctions and the difficulty of working with the government there, a U.S. congressional report said in August.

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