

Finance Ministry Still Waiting For Shtokman Tax Paperwork

By [The Moscow Times](#)

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The Finance Ministry hasn't started discussing tax breaks for the Gazprom-led Shtokman venture two months before an investment deadline because the operator hasn't submitted profitability estimates.

"The tax breaks can only be considered within the project's economics," Deputy Finance Minister Sergei Shatalov said in an interview, reiterating comments he made in July. "The economics of the project haven't been demonstrated by anyone."

Gazprom and partners Total of France and Norway's Statoil delayed making the final investment decision on the technically challenging and expensive Arctic project from December until the end of March. The venture wants exemptions from extraction and export taxes, and French Prime Minister Francois Fillon in November urged his Russian counterpart Vladimir Putin to consider the proposal.

Pierre Nerguararian, head of Total E&P Russie, said in September that the tax breaks are critical for the partners to make a positive investment decision. The project in the Barents Sea, which plans to supply gas by pipeline and tanker, has been repeatedly delayed. Gazprom didn't disclose the project's costs.

While there are "no doubts" that the project will be granted exemptions from the mineral extraction tax because the conditions for field development are "complex," other benefits aren't certain, Shatalov said in the interview last week. It isn't clear where this gas will go, whether they will build a pipeline, which markets they will supply. "What, how, no one knows that."

☒Gazprom, Total and Statoil aim to start first gas production at Shtokman in 2016 and produce liquefied natural gas a year later. Shtokman initially targeted U.S. consumers, where surging shale gas output has since removed the need for imports, forcing the partners to review the project.

Sergei Kupriyanov, a Gazprom spokesman, didn't reply to a phone call and a text message seeking comments. Sergei Vykhukholev, a spokesman for Zug, Switzerland-based Shtokman Development, said he wasn't immediately able to comment.

The Finance Ministry may discuss the tax breaks and make a decision "if they bring all their calculations tomorrow," Shatalov said. "If they don't submit anything by summer then we won't discuss by summer."

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