

LUKoil and ExxonMobil Bidding in Ukraine

By The Moscow Times

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LUKoil Overseas and a group led by ExxonMobil have put in bids for oil and gas exploration in Ukraine's Black Sea Skifska field, but no bids have been forthcoming for a second field at Foroska, Ukrainian officials said.

Ukraine, which wants to increase its energy independence from Russia, invited bids last June for potential partners for the two offshore fields.

"Two bids have come in for Skifska: There was an individual one from LUKoil Overseas, and ExxonMobil also made a general bid for a group of companies that included Shell, Petrom and Nadra Ukrainy," Ecology and Natural Resources Minister Eduard Stavitsky told journalists Friday.

There had been no bids for the Foroska field and a new tender for exploration there would be postponed for a while, he said.

He gave no details on the bids made by LUKoil and the Exxon group for Skifska prospecting.

According to a press release, the Skifska field has a potential yield of 3-4 billion cubic meters of hydrocarbons, and the Foroska field 2-3 billion cubic meters.

The tender is in line with the Kiev government's long-term strategy of moving away from reliance on energy imports from Russia, which have led in the past to friction over pricing and disruption of supplies across Ukraine to European customers.

Ukraine imports about two thirds of its gas from Russia at a price that has been rising steadily for the last few years and is expected to average about \$415 per thousand cubic meters this year.

Moscow has said it would cut the price for Ukraine only if Gazprom is allowed to buy into Ukrainian gas pipelines, which carry the bulk of Russian gas to Europe, a trade-off Ukraine has so far refused to accept.

Talks on reviewing the price have lasted for more than two and a half years but so far failed to produce any results, prompting concerns among Russia's European consumers who in the past have suffered from supply disruptions due to conflicts between Moscow and Kiev.

As part of its energy strategy, Ukraine has chosen Royal Dutch Shell and Chevron as partners in projects to explore and develop two potentially large shale gas fields at Yuzivska and Olesska, respectively.

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