

# Statoil Writes Off \$336M Shtokman Investment

By [The Moscow Times](#)

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Statoil has written off around 2 billion crowns (\$336.2 million) of investment and handed back shares in the Shtokman gas project after investors failed to meet a deadline for an agreement, but it has remained in talks over the project.

Located in the freezing and stormy waters of the Arctic Barents Sea, the Shtokman gas field is one of the world's largest, with reserves of almost 4 trillion cubic meters.

The consortium seeking to develop it, which included Gazprom with 51 percent, Total with 25 percent, and Statoil with 24 percent, has been unable to agree on terms for an investment that could total \$15 billion in just the initial stage.

"When the (Shtokman shareholder) agreement expired on June 30, we formally exited our shares, but we are still in talks with Gazprom and wish to go ahead with the project in a profitable way," Statoil spokesman Jannik Lindbaek said Tuesday.

While the companies struggle to reach an agreement, including on commercial terms and a development option, industry sources said Royal Dutch Shell was considering coming in as a third partner for the venture, replacing one of the smaller shareholders.

Statoil and a source close to Shtokman both said, however, the share handover was a formality related to the deadline expiry and that the companies remained in talks over developing the project.

Analysts said a final Statoil exit from Shtokman, located 550 kilometers off the shores of Russia, would not be surprising.

"It's not completely over for Statoil ... but if it's correct that a bigger player like Shell is willing to take over the project under those terms, it could be game over," said Oslo-based energy analyst Trond Omdal at Arctic Securities.

"Shell is bigger, they can afford to have a high-volume, lower-margin project over a long-term horizon," he added.

Statoil's recent exploration success is also a factor in its concerns about Shtokman, because the company now has plenty of investments with higher potential yields and where it is in control, said Danske Markets analyst Endre Storloekken.

"In the last four or five years, it has gone from being a domestic actor with some international stakes. It now has interesting assets in Brazil, Angola and in the U.S.," Storloekken said.

"They haven't invested a great deal in the project, so I think any negative effects will be limited; they want to protect their investment capital and profits."

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