The Moscow Times
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Gazprom Neft Delays Arctic Drilling for Safety Reasons

By Roland Oliphant

September 22, 2012



The delayed Prirazlomnoye project is set to make Gazprom the first company in the world to commercially pump oil from offshore arctic fields. **Sergei Porter**

Gazprom Neft has delayed the start of oil operations at its offshore Prirazlomnoye oil field due to safety concerns, it was reported Friday.

The field is now expected to start producing oil in September or October of next year, a source at the company said, Reuters reported. Earlier, the company said production would start this year.

"Work won't start until the company can ensure complete safety," said the source, who declined to be named.

The project to develop the 526-million-barrel Prirazlomnoye oil field in the Pechora Sea, which is slated to make Gazprom the first company in the world to commercially pump oil

from offshore Arctic fields, has already been delayed several times.

Investment in the project is believed to be $4 billion to $5 billion.

Gazprom was aiming to reach peak production of 120,000 barrels per day at the field in seven to eight years.

A spokeswoman for Gazprom Neft Shelf declined to confirm or deny the reports.

Calls to parent company Gazprom went unanswered Friday afternoon.

The move comes weeks after Greenpeace activists stormed the Prirazlomnaya oil platform, which will operate the field.

Environmental groups have complained that Gazprom Neft has no adequate plan for responding to an oil spill at the rig and paltry environmental cleanup insurance coverage. Last month, Greenpeace published a letter from the Emergency Situations Ministry that appeared to show that the oil spill response plan, which must be renewed every five years under Russian law, had expired.

“We’re very pleased that they have recognized it is not safe enough to drill in the Arctic, but we think it is only the beginning of a total deletion of this Arctic project from the agenda,” said Yevgenia Belyakova, director of Greenpeace Russia’s Arctic program.

Activists who took part in the Greenpeace action last month told The Moscow Times that they were shocked by the Prirazlomnaya platform’s low level of emergency preparedness.

According to Greenpeace, at one point the crew of the platform struggled and ultimately failed to launch a lifeboat to intercept the activists who had attached themselves to the side of the rig.

Gazprom is the latest of several companies, including Cairn Energy and BP, to postpone Arctic drilling operations this year.

Last week, Shell said it would halt drilling in the Chukchi Sea off Alaska after equipment failed a safety test and drilling time frames set up by U.S. authorities expired.

A British parliamentary committee on Thursday called for a moratorium on all oil and gas drilling in the Arctic.

Gazprom will not be able to make investment decisions about the development of the Yamal Peninsula and other strategic regions due to excessive tax increases, the head of the company said Friday, Reuters reported. Alexei Miller also said that he received a positive response from Prime Minister Dmitry Medvedev on proposals to apply different taxes to varying types of gas fields.

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