

Tax Breaks for Shale, Offshore Oil Seen on Jan. 1

By [The Moscow Times](#)

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Russian tax breaks for shale and offshore oil, to unlock millions of barrels, will come into force on Jan. 1, 2014, a Finance Ministry official said Monday.

The tax package will make Russia one of the few countries to incentivize the production of energy resources from shale and other "tight" rock.

The package will cut the tax burden, which is one of the world's highest for oil and gas production and exports and prevents investment in fracking and other expensive unconventional production technologies.

"The draft law on offshore is practically ready. This is, in effect, a special tax regime. The key point of this is scrapping export duty and a sharp reduction of mineral extraction tax," Deputy Finance Minister Sergei Shatalov told reporters on Monday.

"This will be implemented on Jan. 1, 2014," he said, adding that tax relief for tight oil would also be introduced around that time.

The government is aiming for oil production of at least 10 million barrels per day, the world's largest, this decade. Oil and gas output brings half of state budget revenues in the energy-dependent economy.

Last year, President Vladimir Putin approved a package of stimulus measures aimed at tapping huge, unconventional sources of oil, which could boost Russian oil production by up to 2 million barrels per day.

Putin also flagged tax relief for companies that tap offshore oil reserves, after state-run Rosneft reached an agreement to develop Russian Arctic undersea resources with ExxonMobil. Rosneft has also signed similar deals with Eni and Statoil.

ExxonMobil also agreed to develop onshore tight oil with Rosneft.

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