

Yakutia Oil Firm to Export East

By [The Moscow Times](#)

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Russian oil firm Taas-Yuryakh, or TYNGD, which changed hands during the global financial crisis, is on the road to recovery and will start oil exports to Asia in September, its head said.

The firm is seeking to cooperate with traders and oil majors such as Glencore, Itochu and Shell, while Rosneft, a shareholder, may tender out its oil, TYNGD's director general Ivan Menshikov said in an interview.

The foray is in line with the country's strategic pivot towards Asia at a time when Europe, long the main buyer of Russian oil and gas, is in recession and is seeking to reduce its dependence on energy supplies from its former Cold War adversary.

TYNGD's plans initially to produce oil up to 1 million tons a year (20,000 barrels per day) from its East Siberian Srednebotuobinskoye field with a view to increase it to 6.15 million tons (120,000 bpd) by 2016, or a quarter of Russia's planned shipments to the Pacific port of Kozmino.

"We are counting on exporting our entire production," Menshikov said.

He added that the plans were supported by the Russian government, which has promised to halve export duty for the company in the far-flung region.

The company also pays no mineral extraction tax as the Kremlin stimulates production in East Siberia. Output is declining in West Siberia, the heartland that helped Russia become the world's largest oil-producing nation.

TYNGD's production assets are located in Yakutia, an area in northeast Russia the size of Western Europe where winter temperatures often drop to minus 60 Celsius and below.

Menshikov said almost half of capital expenditures to develop the field were transportation costs, with outlays reaching \$850 million so far. Total discounted capex during the lifespan of the field, through 2041, are seen at \$3.2 billion.

TYNGD's field, which has reserves of almost 1 billion barrels, is connected to the East Siberia-Pacific Ocean trunk by a 169 kilometer-long pipeline. The company plans to set up a parallel link as it ramps up output.

"Of course, we need to finance the second stage of construction. ... We are looking to raise some \$350 million [from banks]," Menshikov said in his office in the Moscow City financial district.

TYNGD used to be part of Urals Energy, whose previous owners included Leonid Dyachenko, the former son-in-law of late President Boris Yeltsin.

State-controlled Sberbank assumed control of TYNGD from Urals Energy, in exchange for canceling \$630 million loans against which TYNGD was pledged as collateral.

Last year, Russia's top oil company Rosneft acquired TYNGD from Sberbank, ending up with 35.3 percent stake. More than 54 percent is owned by private investors, and 10.48 percent by UK-based emerging markets specialist Ashmore Group.

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