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INDEPENDENT NEWS FROM RUSSIA

Arctic Oil Rig Raided by Greenpeace Ships First Oil

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The oil tanker Mikhail Ulyanov arriving at the ice-bound Prirazlomnaya oil rig, situated 60 kilometers offshore.

Gazprom on Friday shipped the first oil from the country's only offshore Arctic field in operation to Europe, marking the latest step in the development of the environmentally fragile and ice-cold site.

Greenpeace activists scaled the Prirazlomnaya oil rig last fall — to be arrested, initially on charges of piracy — in protest of the company messing with the pristine area and posing the risk of pollution.

The buildup of Russian oil supplies to Europe is also taking place as their political ties deteriorate rapidly over Ukraine.

"Today's event has a large significance for the strengthening of Russia's position on the

global oil market," Gazprom chief Alexei Miller said in a statement.

President Vladimir Putin gave the command, in a live video linkup with the oil rig, to export the cargo, stressing the importance the government attaches to this remote and pioneering project. Miller was on hand at the oil rig for the occasion.

The consignment of 70,000 tons will make its way to northwestern Europe, bought by one of Europe's biggest energy companies, Gazprom said in the statement, without disclosing the customer.

The quality of the oil, branded "Arco" for Arctic oil, is worse than that of Russia's best-known blend Urals, said Grigory Birg, an oil analyst at InvestCafe, a brokerage. Therefore, it is likely to sell at a cheaper price, he said.

The company anticipates to ship a total of 300,000 tons this year, a fraction of the country's annual oil exports of more than 200 million tons. It did not say whether the entire amount is destined for Europe.

Gazprom dedicated a fair share of its statement Friday to an attempt to allay fears of a possible environmental disaster at the field. The design of the partially Russia-built oil rig "fully" removed the threat of spills during the production, storage and loading of oil, it said. The onboard storage tank has concrete walls that are three meters thick and coated with stainless steel, which is resilient to corrosion and wear.

"It is factor of safety exceeds the actual loads many times over," the statement said.

Sitting 60 kilometers offshore, the Prirazlomnoye field holds 72 million tons of recoverable oil. Production started in December and is expected to reach 6 million tons a year some time after 2020.

Expansions Despite Sanctions

Ben van Beurden, chief of Royal Dutch Shell, pledged further commitment to Russia in a Friday meeting with Putin, amid sanctions slapped on the country by the European Union and the U.S.

Van Beurden re-confirmed Shell's plans to expand Russia's only liquefied natural gas, or LNG, in a joint venture with Gazprom and Japan's Mitsui and Mitsubishi. Shell also has an oil-producing project with Gazprom Neft, Gazprom's oil arm.

BP boss Bob Dudley said this week the sanctions had no effect on the company's business in Russia, Reuters reported.

Russia, the world's top crude oil producer and a leader in natural gas, has signed deals with international majors including ExxonMobil, Eni, Statoil and BP, mainly relating to projects in the Arctic.

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