

LUKoil Considers Cutting Investment Over Sanctions

By [The Moscow Times](#)

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LUKoil said in a statement that it had agreed to sell 240 gas stations and six petroleum storage facilities in Ukraine to Austrian company AMIC Energy Management GmbH.

Russia's No. 2 oil producer LUKoil said Thursday that it will likely be forced to trim its investment program as a result of Western sanctions.

"The fact that the access to financing would be hampered would [lead] to cuts in our costs and investment programs," CEO Vagit Alekperov said, Reuters reported. "We are a Russian company. This will impact us, just like everyone else," he added.

LUKoil had planned to invest \$20 billion in various projects this year, with most of that sum going to the West Qurna-2 field in Iraq, where production got under way in March, Reuters reported.

The European Union and the U.S. have so far refrained from imposing sanctions on LUKoil,

but their latest rounds of punitive measures will shut Russia's state-owned banks out of Western capital markets, in turn limiting Russian companies' access to debt both at home and abroad.

EU companies will also be barred from exporting equipment to Russia for deep water oil exploration and production, Arctic oil exploration and production, and shale oil projects.

Also on Thursday, LUKoil said in a statement that it had agreed to sell 240 gas stations and six petroleum storage facilities in Ukraine to Austrian company AMIC Energy Management GmbH.

In a televised interview, Alekperov confirmed reports that some of the stations had been blockaded by Ukrainian ultranationalist group Right Sector.

"A number of our gas stations were blockaded, including with cars," Alekperov said. Right Sector rose to prominence earlier this year for its role in the Maidan protest movement that toppled pro-Kremlin Ukrainian President Viktor Yanukovich in February.

But politics was not the sole driver in this decision: LUKoil's sales have fallen 42 percent in Ukraine this year, Alekperov said.

More generally, LUKoil is keen to sell off some of its Eastern European assets in order to focus its resources on Russian projects, Alekperov was quoted as saying by Reuters.

The company, which has in recent years focused on building its business abroad, owns oil refineries in Ukraine, Bulgaria and Romania. In total, the company has oil and gas exploration and production projects in 13 countries.

See also:

[EU Energy Sanctions Only Painful on Paper](#)

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