

Sanctions Force France's Total to Freeze Shale Oil Project in Russia

By [The Moscow Times](#)

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France's Total has halted its joint venture with Russia's biggest oil producer LUKoil.

French energy major Total has halted its joint venture with Russia's biggest private oil producer, LUKoil, in response to Western sanctions targeting the Russian energy industry.

"The LUKoil joint venture is definitely stopped," Total's CEO Christophe de Margerie was quoted as saying by The Financial Times this week. "But it hadn't started so it doesn't have any impact [on Total]," he added.

Total and LUKoil signed an agreement in May to set up a joint venture for tapping into the vast hydrocarbon treasury of the Bazhenov formation in western Siberia. The formation contains nearly 75 billion barrels of recoverable shale oil, according to estimates from the U.S. Energy Information Administration. Russia, the world's No. 2 oil exporter, currently produces nearly 4 billion barrels of oil per year.

Exploration drilling was expected to begin in 2015, but the plans were torpedoed by Western sanctions slapped on Russia over its support for separatist rebels in eastern Ukraine.

Earlier this month, the United States and European Union imposed sanctions on leading Russian energy companies, including LUKoil and state-run energy giant Rosneft, that prevent U.S. and EU firms from supporting their exploration or production activities in deep-water, Arctic offshore or shale projects.

The head of Total Russia, Jacques de Boisseson, said last week that the company will comply with sanctions but intends to forge ahead with its work in Russia.

Meanwhile, U.S. energy major ExxonMobil has said it will wind down a landmark joint venture with Rosneft to explore for oil in the Russian Arctic.

The company signed a \$3.2 billion agreement with Rosneft in 2011 in hopes of discovering major crude oil reserves in the Kara Sea. Exploratory drilling finally began in August this year, only to come up against Western sanctions a month later.

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