

Kiev Says Chevron to Pull Out of \$10 Billion Shale Gas Deal

By [The Moscow Times](#)

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U.S. energy major Chevron plans to withdraw from a \$10 billion shale gas deal with Kiev, a senior Ukrainian presidential official said Monday.

Ukraine signed a shale gas production-sharing agreement with Chevron amid great fanfare in November 2013, just months before mass protests in Kiev ousted former President Viktor Yanukovich, plunging the country into a major crisis with Russia.

"There is information that they [Chevron] are planning this decision," Valeriy Chaliy told journalists, referring to a report by local media that Chevron had told the government it was pulling out of the deal.

Chaliy declined to give further details.

Local media said a move by the first post-Yanukovich government to increase taxes

for energy companies lay at the root of Chevron's decision.

Chevron in Kiev refused to comment on the report. A London-based spokesperson for Chevron said: "We have just delivered to the Ukrainian government our response. Therefore it is premature for us to comment."

The agreement had been designed to unfold slowly over 50 years, with an initial investment by Chevron in the first two or three years of \$350 million for exploration work.

The deal to develop the Olesska field in western Ukraine followed a similar shale gas agreement with Royal Dutch Shell — both keystone projects for Ukraine's bid to lessen its energy dependence on Russia with whom it is embroiled in a dispute over gas prices and unpaid debts.

The Shell deal could also be under threat as the gas deposit intended for development is close to the eastern territories now controlled by pro-Russian separatists.

Earlier this year, Chevron said the firm was still interested in the Ukrainian shale gas project, but since then the situation in eastern Ukraine has deteriorated, claiming more than 4,700 lives.

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