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Russian Oil Giants Request Looser Environmental Regulation as Cheap Oil Hits Profits

By The Moscow Times

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The heads of five of Russia's top oil companies have penned a letter to President Vladimir Putin asking for a relaxation of environmental regulation as low oil prices cut into revenues.

The letter was signed by LUKoil head Vagit Alekperov, Gazprom Neft head Alexander Dyukov, Bashneft head Vladimir Bogdanov, Surgutneftegaz head Alexander Korsik and Tatneft head Nail Maganov, newspaper Vedomosti reported Tuesday citing a copy of the document.

Igor Sechin, who leads Russia's biggest oil firm Rosneft, was not among the signatories.

In the letter, the oil bosses asked the Kremlin for a number of regulatory tweaks to decrease costs over the near-term. According to Vedomosti these included lower penalties for gas flaring, delaying implementation of rules requiring companies to put aside funds to clean up environmental damage from operations from 2016 to 2018 and freezing fines for pollution

at their current levels for the next two to three years.

Benchmark Brent oil traded at just over $60 a barrel on Tuesday, a level most experts believe Russian oil firms can weather, but still far below last June's peak of $115 per barrel. Western sanctions on Moscow and a near-tripling of the Russian Central Bank's interest rate have meanwhile made raising finance costlier.

Rosneft last year applied for over 2 trillion rubles ($32 billion) of government aid, while LUKoil has requested access to untapped oil fields.

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