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Arctic Oil Rig Protested by Greenpeace Will Earn $11 Billion for Russia – Oil Executive

By The Moscow Times

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Russia's first Arctic oil rig will contribute taxes worth 40 billion rubles ($700 million) per year to the Russian budget, an executive at the rig's operating company said Thursday, knocking hopes by environmentalists that the project would mothballed due to low oil prices.

Thirty Greenpeace activists were jailed in Russia after attempting to storm the Prirazlomnaya platform in the Pechora Sea in 2013. Environmentalists say Gazprom Neft, which runs the rig, lacks the technology to work safely in the fragile Arctic ecosystem.

But Gazprom Neft vice president Vadim Yakovlyev said Thursday that Prirazlomnaya would be profitable even with oil prices at $50 to $60 per barrel and promised handsome rewards for the government, which has prioritized industrialization of the resource-rich Arctic.

"The government's total income from the project over its entire life cycle will be 650 billion

rubles ($11.5 billion)," he said, news agency TASS reported.

Yakovlyev said Gazprom Neft had been able to buffer the blow of low oil prices by signing long-term oil service contracts in return for guaranteed orders, according to the agency.

Environmentalists argue that the Arctic rig is as loss-making as it is dangerous. The WWF Russia in March released a report commissioned from the International Institute for Sustainable Development which said that even with tax breaks Prirazlomnaya would run huge losses if oil remained at $60 per barrel.

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