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Russia Sues Shell for $1.6Bln Over Unpaid 2022 Gazprom Supplies

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Russia is suing Shell for 1.5 billion euros ($1.6 billion) over allegedly unpaid gas supplies to the state energy giant Gazprom in 2022, the British-Dutch company said in its annual report published Tuesday.

Shell announced in early 2022 that it would sever ties with Gazprom, halt Russian crude oil purchases and withdraw from Russian energy markets in response to the full-scale invasion of Ukraine.

According to the company's annual report, Russian prosecutors filed a claim in a Moscow court on Oct. 2, 2024, against Shell and seven of its entities. The lawsuit seeks to declare Shell's exit from the Sakhalin-2 oil and gas project in Russia's Far East illegal.

In July 2022, President Vladimir Putin ordered Sakhalin-2's foreign-operated entity to be replaced with a Russian company that only allowed government-approved foreign investors.

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Shell said Russian prosecutors want 1.5 billion euros in damages for Gazprom Export, including 94 billion euros ($1.1 billion) from a special account holding foreign assets that Western companies cannot access without a waiver.

Shell successfully filed to delay proceedings earlier this year, with the next court hearing set for April 14.

The company said it was unclear how the case would unfold or what financial impact it might have.

"At this time, it is not possible to reliably estimate the magnitude and timing of any possible obligations or payments in respect of the matters above or whether any payments will be due," Shell said in its annual report.

"There remains a high degree of uncertainty regarding the ultimate outcomes, as well as the potential effect on future operations, earnings, cash flows and Shell's financial condition," it added.

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