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Gazprom Abandons Bolivia's Azero Project After 16 Years of Unfulfilled Promises

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Then-Bolivian President Evo Morales, center, shakes hands with Gazprom President Alexei Miller right, as Bolivia's Hydrocarbons and Energy Minister Luis Sanchez looks on at the new Incahuasi natural gas plant in Lagunillas, Bolivia, September 2016. **AP / TASS**

In a development that signals both economic failure and a recalibration of foreign ambitions, Gazprom, Russia's state-owned gas giant, has officially exited the Azero gas exploration project in Bolivia.

The retreat marks the end of a 16-year energy venture initially framed as a cornerstone of Moscow's growing influence in Latin America. The project's collapse, however, has become a case study in overpromised returns, underwhelming geological results, and the broader geopolitical risks embedded in Russia's resource diplomacy.

When Gazprom signed its exploration deal with Bolivia in 2008, expectations were high.

Backed by a state visit from then-president Evo Morales to Russia, the agreement included joint exploration of several Bolivian hydrocarbon blocks.

Bolivia urgently needs gas development. Its gas production has declined significantly, with many wells practically out of service.

Azero, spanning 7,856 square kilometers across Chuquisaca and Santa Cruz, sat atop what was believed to be a highly promising geological formation — the Central Pre-Andean Basin. The estimated reserves were enormous: 5 trillion cubic feet of natural gas, or more than 140 billion cubic meters.

The project was part of a broader roadmap signed in 2016 between Gazprom, Bolivia's Hydrocarbons Ministry and Bolivia's state-run YPFB aimed at expanding bilateral cooperation in exploration and infrastructure through to 2040.

Areas like Vitiacua, La Ceiba and Madidi were also under study, with Russian financing and promises of billions in investment. By 2018, Gazprom had pledged $1.2 billion for Bolivian energy development.

Yet despite deep financial commitments and extensive planning, Azero never delivered.

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A consortium led by Total E&P Bolivie and Gazprom EP International drilled a deep exploratory well — Ñancahuazú-X1 — completing it in 2020. The well reached a record depth for Bolivia, 5,830 meters, and was hailed by Gazprom at the time as a technical success under extremely complex geological conditions. However, no commercially viable gas deposits were found.

By 2021, Gazprom quietly acknowledged the absence of any promising hydrocarbon structures at the targeted levels. The well was plugged and abandoned, and by 2024, the Russian firm had officially decided to exit the Azero contract altogether.

Although Gazprom's technical withdrawal might seem like a routine business decision, it is inseparable from the broader context of Russia's strategic positioning in Latin America.

According to a December 2024 report by the Center for the Study of Democracy, Moscow has long viewed Bolivia as a geopolitical beachhead in the Western Hemisphere. Investments in hydrocarbons, nuclear energy and logistics infrastructure have allowed Russia to exert quiet but growing influence over Bolivian energy governance.

Indeed, Gazprom's presence in Bolivia was never purely commercial. By funding exploratory studies and forging joint ventures, the Kremlin was able to bypass sanctions, embed Russian capital in local economies and secure strategic assets in energy-rich developing nations.

Companies like Rosatom — Russia's state nuclear corporation—were awarded major contracts, including a $300 million research and development center in El Alto, under terms critics have described as opaque and politically motivated.

And as recently as last September, Bolivia sealed a $976 million deal with Rosatom-owned Uranium One Group to establish a lithium carbonate production facility in the Salar de Uyuni, one of the world's largest lithium-bearing salt flats.

The economic entanglement resulting from these projects has been facilitated, at times, through indirect methods.

The Bolivian NGO Fundación Tierra has reported that Russian oil and gas firms often appear in public records as Dutch-based entities, masking their true ownership and complicating regulatory oversight. This shadow capital, paired with a broader network of opaque maritime logistics — so-called notorious “ghost fleets” used to transport sanctioned crude oil — illustrates the dual-use nature of Russia’s energy ventures: part commerce, part statecraft.

Despite the Azero project's demise, Gazprom retains a 20% stake in Bolivia’s Incahuasi field, developed jointly with TotalEnergies (operator, 50%), Tecpetrol (20%) and YPFB (10%). The field is considered one of the most significant in the country, contributing to both domestic supply and export capacity.

Additionally, Gazprom is still linked to the Vitiacua field, part of the broader bilateral energy roadmap initiated in the mid-2010s.

Yet, the collapse of Azero raises uncomfortable questions: was this just a bad geological bet, or is it a sign that Moscow's economic footprint in Latin America is crumbling?

The evidence suggests the latter. Russia's well-oiled playbook — high-profile political agreements followed by underperforming commercial results — is increasingly viewed with skepticism across the region. While Moscow — now entangled in an "existential" and resource-draining conflict with Ukraine and, by proxy, the West — continues to speak of “mutually beneficial cooperation,” the tangible benefits to Bolivia have been mixed at best, with major projects stalling or collapsing entirely.

The failure of Gazprom’s Azero venture is more than just an economic footnote; it is a cautionary tale of geopolitical overreach and energy sector overpromising. For Bolivia, the project’s collapse represents a missed opportunity and a warning about the costs of dependency on foreign actors with opaque motives. For Russia, it is a glaring setback in a region where it has long sought to expand its influence through energy diplomacy.

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