



# RUSSIAN OIL & GAS NEWSLETTER

A bi-monthly newsletter of developments  
in the market

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## NEWS

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### RUSSIA

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#### **Transeuro Energy to Buy Assets in Russia**

David Worrall, the company president, told reporters that the company wants to buy small oil production companies with assets in Russia. He said there have been preliminary talks with several companies, but did not give further details.

Transeuro Energy has oil assets in Canada, Ukraine and Armenia.

Source: FSU Monitor

#### **Transneft Wants to Raise Shipping Fees by 21%**

The country's oil companies have warned the government against raising tariffs, citing higher costs and falling oil prices, while access to Western financial resources is limited.

Transneft's spokesman said his company was waiting for the service's approval of next year's tariffs but declined to provide the figures.

Transneft raised its oil-shipping fee twice in 2008, by 19.4 percent in January and by 10.7 percent in August.

The company has explained the August rise by increased costs of the construction of the Asian pipeline, the country's first oil pipeline to the region.

The oil-shipping fee is the only source of profit for the pipeline monopoly, which has new pipeline projects and needs to maintain its infrastructure.

Transneft's head Nikolai Tokarev said in September that the tariff would not be raised sharply

Source: FSU Monitor

#### **TNK-BP Disapproves Russia's Joining OPEC**

He pointed out that Russia and OPEC needed to exchange information and co-ordinate their activities, but added that economically and financially it would be quite unfeasible for Russia to join the organisation. He underlined that accession to OPEC would require a complete makeover of the Russian oil industry.

Furthermore, Kollek views the OPEC strategy of cutting oil production to impact the global price for oil as an ineffective instrument.

Earlier, Russian Energy Minister Sergei Shmatko stressed the necessity of close co-operation between Russia and OPEC, while LUKoil's Vice President Leonid Fedun even went so far as saying that Russia could actually join the organisation.

Source: FC-Novosti

#### **Gazprom May Reduce Gas Output by 3%**

"Consumption could be cut by around 15-18 billion cubic meters of a planned target of 560 billion cubic meters," said Valery Golubev, deputy head of the management committee.

He added that natural gas demand was expected to fall among both Russian and European consumers.

Gazprom has submitted a request to the government to provide 100 billion rubles (\$3.6 billion)

for electricity projects in 2009, Golubev said.

"The commitments facing Gazprom stand at some 100 billion rubles, with the bulk of them concerning [territorial power generator] TKG-1," Valery Golubev said.

The Gazprom official said the gas monopoly would look for other sources of borrowing if the government failed to provide the funds.

"The investment program for electricity development is a federal program. It was initially expected to be financed by power generators, but the stated sum was so high that they have failed to attract funds," Golubev said.

The energy giant will also invest some 80 billion rubles (\$2.9 billion) in the construction of land segments of the Nord Stream pipeline being built under the Baltic Sea jointly with Germany's E.ON and BASF in 2009, Golubev said.

Golubev assured reporters that Gazprom would not slash funding for gas projects in Russian regions, which stood at some 24 billion rubles (\$858 million) in 2008.

Source: RIA Novosti

### **Russia's oil exports fell 15 percent in November**

According to official statistics, the exports via Transneft pipelines lowered by 17.6 percent on year to 13.128 million tons in November. The output fell 0.3 percent from 40.3 million tons to 40.2 million tons. The production slid 0.5 percent from early this year, having shed from 449.7 million tons posted over 11 months of 2007 to 447.36 million tons produced in January through November of 2008.

As to the shedding oil exports, the skyrocketing duties on exports of oil and petroleum are said to be the key reason. "The government's ruling on introducing a new lowered duty from December 1 hasn't taken effect yet. In November, we were losing over \$40 from each exported ton," people in LUKOIL said.

The duty on oil exports was set at \$372.2 a ton from October 1 to December 1. With the severance tax rate of \$135 per a ton, the companies were paying to government \$69.4 for each exported barrel in time when the world prices slumped to \$66.65 a barrel.

The oilmen will deliberate on the bailout strategy at today's meeting with Vice Premiers Igor Sechin and Igor Shuvalov. The drop in production coupled with the export decline could be viewed as additional argument for easing the fiscal burden. At the same time, the extent of the slump was lower than forecasts of the oilmen.

Source: Moscow Times

### **Inter RAO to Explore Oil and Gas in Central Asia**

The Moscow Times reports that Tethys will provide operational and technical support, due diligence and market analysis while Inter RAO will investigate production opportunities, especially for gas, in Kazakhstan and other parts of the region, said the statement issued late on Thursday.

The board of Inter RAO is chaired by Prime Minister Vladimir Putin's powerful deputy Igor Sechin, who curates Russian energy policy and is the chairman of Russia's largest oil company, state-controlled Rosneft.

Its work with Tethys would be Inter RAO's first foray into oil or gas. Most of the firm's revenues come from the import and export of electricity, over which it has an effective monopoly in Russia.

One of the objectives listed in the memorandum is Inter RAO's possible acquisition of Tethys' existing assets in Kazakhstan.

Mid-sized Tethys produces natural gas in the Central Asian country with a target of 2 million cubic meters in output per day in 2009. It launched production last year at the Kyzykoi field and holds licenses to develop two other Kazakh gas fields, Akkulka and Kul-Bas.

Source: RBK daily

### **Russia To Review Long-Term Energy Development Strategy**

He noted that the government would probably approve the strategy in the first quarter of 2009, although its final adoption could be postponed in light of the global economic crisis. According to the strategy, investments in the energy industry are to total \$1.87 trillion by 2030. Bushuyev also stated that the parameters of the strategy had been determined on the basis of energy prices from early 2008, before the beginning of the global crisis. He elaborated, however, that there was no need to make amendments to the strategy in light of the crisis, as Russia had always developed according to its own scenario, regardless of changes on global markets.

Source: RIA News

### **Tomskneft VNK's \$218.7m petrogas program**

Tomsk oil company Tomskneft VNK plans to invest \$218.7m in a program of associated petroleum gas utilisation between now and 2012, the company reported earlier today. The firm's CEO Vladimir Paltsev said that the amount would be allocated for research and project works on the deposit where gas would be used as fuel for present and projected energy producing facilities.

Source: Interfax News Agency

### **Shtokman gas field partners to invest up to \$20 bln by 2014**

MOSCOW, October 22 (RIA Novosti) - Partners in the Shtokman gas condensate field in the Barents Sea will invest from \$15 billion to \$20 billion in the project by 2014, a Russian senior government official said on Wednesday.

The Shtokman project to develop the Arctic gas field, with estimated reserves of 3.8 trillion cubic meters, is intended to supply the Nord Stream gas pipeline from Russia to Germany currently being built under the Baltic Sea. The Shtokman project cost is estimated at \$30 billion. Gazprom has a 51% stake in the project, while France's Total and Norway's StatoilHydro have 25% and 24%, respectively.

Viktor Zubkov, first deputy prime minister and co-chairman of the Russian-Norwegian inter-governmental commission for economic, industrial, scientific and technical co-operation, said Russia and Norway were interested in stronger relations between Gazprom and StatoilHydro, especially in the development of the Shtokman gas field.

The first pipeline gas supplies from the Shtokman deposit will begin in late 2013 and liquefied gas supplies in 2014. The project's first phase is expected to produce a total of 23.7 billion cubic meters of natural gas annually.

Source: RIA Novosti

## MAJOR EVENTS

### **Oil and Gas Fields Services in Russia**

12 March 2009

Phone: + 7 (495) 514-44-68, 514-58-56;

fax: + 7 (495) 788-72-79;

Email: [info@n-g-k.ru](mailto:info@n-g-k.ru)

<http://www.n-g-k.biz>

### **4th Annual Meeting Russia Offshore 2009**

4-6 February 2009

Moscow, Russia

Ritz-Carlton Hotel

[www.theenergyexchange.co.uk](http://www.theenergyexchange.co.uk)

### **11<sup>th</sup> Equipment - Oil. Gas. chemistry - 2009», Volgograd, Russia**

17-19 February 2009

[www.svarkainfo.ru/eng/exhibitions/volg09en.php](http://www.svarkainfo.ru/eng/exhibitions/volg09en.php)

### **10<sup>th</sup> International Oil Congress & Exhibition (MIOGE)**

26-29 June 2009, Moscow

[www.mioge.com](http://www.mioge.com)

### **6<sup>th</sup> Russian Petroleum & Gas Congress (RPGC)**

24-26 June 2009, Moscow

[www.russianpetroleumcongress.com](http://www.russianpetroleumcongress.com)

### **9th International Conference and Exhibition for Oil and Gas Resources Development of the Russian Arctic and CIS Continental Shelf RAO/CIS Offshore 2009**

15-18. September 2009

St. Petersburg, Russia

[www.rao-offshore.ru](http://www.rao-offshore.ru)

# UKTI SERVICES

## Opportunities

UKTI publishes international [business opportunities](#) gathered by our network of British Embassies, High Commissions and Consulates world-wide. These opportunities appear in the Opportunities portlet on the relevant sector and country pages on the UKTI website. By setting up a profile you can be alerted by email when relevant new opportunities are published. New or updated **alert profiles** can be set in My Account on the website.

## More Detailed Sector Reports

UK Trade & Investment, with its team of expert advisers located across the globe, produce reports across a range of sectors and markets.

To have a **free** access to our **OIL&GAS Sector Report** as well as other reports, you must log on with your User name and password, or if you do not have an account [register](#) your UK-based business on the website.

If you require more detailed research than that contained in the Automotive Sector report please make use of UKTI's research services.

**Research** is critical when considering new markets. UKTI provides [market research](#) services which can help UK companies doing business overseas including:

- **Overseas Market Introduction Service (OMIS)**. Bespoke research into potential markets, and support during your visits overseas
- **Export Marketing Research Scheme**. In depth and subsidised service administered by the British chambers of Commerce on behalf of UKTI

Contact your local [International Trade Advisor](#) if you are interested in accessing these services, or for general advice in developing your export strategy.

Other background information on doing business in Russia can be found on UKTI's website. Simply go to the [Russia](#) country page where you will find information on:

- ◆ Economic background and geography
- ◆ Customs & regulations
- ◆ Selling & communications
- ◆ Contacts & setting up
- ◆ Visiting and social hints and tips

## Events

UK Trade & Investment's [Tradeshaw Access Programme](#) (TAP) can help eligible UK businesses take part in overseas exhibitions. Attendance at TAP events offers significant benefits:

- possibilities for business opportunities both at the show and in the future
- chance to assess new markets and develop useful contacts
- grants are available if you meet the criteria
- UKTI staff overseas will be available to assist delegates

Find out if you are eligible to apply for TAP and more about the support UKTI can offer on the UKTI website's [Market Entry](#) page.

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Details of TAP events can be found in the **Events** portlet on the respective country page. Other **Market Visit Support** may be available via your local International Trade Advisor.

### Contact Lists

UKTI's **International Trade Advisers** can provide you with essential and impartial advice on all aspects of international trade. Every UK region also has dedicated sector specialists who can provide advice tailored to your industry. You can trace your nearest advisor by entering your postcode into the [Local Office Database](#) on the homepage of our website.

For new and inexperienced exporters, our [Passport to Export](#) process will take you through the mechanics of exporting. An International Trade Adviser will provide professional advice on a range of services, including financial subsidies, export documentation, contacts in overseas markets, overseas visits, translating marketing material, e-commerce, subsidised export training and market research.

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