
Gazprom and Rosneft bid for west Kamchatka shelf license

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RIA Novosti cited the head of the Federal Subsoil Agency as saying that, the Russian state run energy companies Gazprom and Rosneft have applied for a western Kamchatka shelf license.

The 15,488,565 acre area in question is located in the Sea of Okhotsk off the Kamchatka Peninsula's western coast and is estimated to contain 13.2 billion of oil and over 70.6 trillion cubic of natural gas.

Mr Anatoly Ledovskikh said that "Both companies Gazprom and Rosneft have applied. He said that it was down to the government to decide on whether to grant a license for a shelf area. The official said that the companies were planning to attract as a foreign partner Korea National Oil Corporation, the foreign partner of the previous license holder, Rosneft.

It is said that, Rosneft obtained the five year exploration and development license in 2003 and split the project in 2005 by ceding 40% to KKC, a consortium of Korean companies led and 50% owned by KNOC.

The Federal Subsoil Agency, within the Natural Resources Ministry, refused in July to extend Rosneft's license for the area. The license expired on August 1st 2008. Incidentally, gas giant Gazprom has repeatedly mentioned its intention to develop the area.

The regulator's decision was not entirely unexpected. Rosneft's operations in the western Kamchatka area had earlier been criticized by the Natural Resources Ministry. In mid December 2007, the ministry said that the Kamchatneftegaz project operator was 12th months late in drilling the first exploration well, and seismic prospecting had not been completed to deadline either.

Mr Alexander Ananenkov Deputy CEO of Gazprom said recently that the monopoly did not rule out possible cooperation with Rosneft and a foreign partner in order to fulfill the government's instructions to provide sufficient gas supplies to Kamchatka. Under amendments to the law on the continental shelf, the government can grant the license without a tender.

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