



Participants of the Sakhalin-1 Project Intend to Deliver Natural Gas to China

Participants of the [Sakhalin-1](#) project were going to sign an agreement on delivery to China up to 10 billion cubic meters of natural gas a year, Rosneft President Sergey Bogdantchikov announced at the press-conference, which took place in Juzhno-Sakhalinsk on February 3.

'A preliminary agreement was signed in China at the end of 2004, it determined conditions of the following analysis of the Chinese part abilities, and the possible signing the contracts on delivery up to 10 billion cubic meters of gas by the Sakhalin-1 shareholders.

This is a great perspective regarding the fact that we should start shipments in 2010. It is not the final decision, but examining the possibility', he said.

According to his words, the reason for making the decision on delivery the Sakhalin-1 gas to China was inability of Japanese companies to confirm their intention to buy the gas.

'The project follows the schedule. The two-year marketing experience of the Sakhalin-1 project shareholders Consortium's has shown that Japanese companies can not yet confirm their ability to purchase the natural gas before 2013. In this respect the Consortium has to shift to another market, China', Rosneft President said, and specially noted that at the present moment in particular 'a possibility of constructing a pipeline to China through the Khabarovsk Territory is being examined'.

He also informed that a lot of large-scale events connected with the Sakhalin-1 project would take place in 2005: 'A marine site Orlan at the Chaivo deposit will be constructed, oil will start to be exported using oilers from the de-Kastri Harbor since end of 2005 — beginning of 2006, in September 2005 we are going to sell oil for the Khabarovsk Territory use', he explained.

Rosneft President also informed that the company intended to apply for Kirinsky block ([Sakhalin-3](#)) geologic exploration tender. The competition is assumed to take place in 2005, and many domestic and foreign companies tend to show interest to it. The [Sakhalin-5](#) project geologic exploration should also start in 2005.

The Caivo, Odoptu and Arkutun-Dagi deposits at the North-Eastern Sakhalin Island shelf are to be explored within the Sakhalin-1 project. The potential recoverable resources of the fields total to approximately 307 million tons (2.3 billion barrels) of oil and 485 billion cubic meters of natural gas. The required capital investments in the Sakhalin-1 fields' exploration are estimated to over 12 billion dollars. The total cost of the contract jobs taken up within the project among Russian companies is about 2.8 billion dollars at the moment. Rosneft and Sakhalinmorneftegas possess 20% share in the Consortium, the US Exxon Neftegaz (the project operator) owns 30%, ONGC (India) — 20%, and SODECO (Japan) — 30%.

Sergey Bogdantchikov also answered the journalists' questions dealing the [Yuganskneftegas](#) context. He asserted that Rosneft intended to redirect the taxation body claims to YUKOS shareholders.

'The certain policy of YUKOS concerning Yuganskneftegas caused the damage suffered by the company. The tax claims to Yuganskneftegas total to 5 billion dollars. We have to redirect them to YUKOS shareholders. It is the result of their management', Sergey Bogdantchikov stated.

Mr. Bogdantchikov also informed that Rosneft had so far received no claims regarding the Yuganskneftegas deal from OC YUKOS.

'We are going to respond any claims, if there are any. We can also lodge a lot of claims to YUKOS shareholders concerning Yuganskneftegas', Rosneft President noted.

OC Rosneft became the possessor of 76.79% of OJSC Yuganskneftegas stock in December 2004. Rosneft bought 100% of shares of Baikalfinancegroup LLC. It had purchased Yuganskneftegas for 9.3 billion dollars as a result of auction sale, which took place on December 19, 2004.