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The Houston Chronicle

June 1, 2006 Thursday
3 STAR EDITION

RUSSIA WANTS TO ADD CONTROL IN OIL VENTURES; PUTIN ALSO SAYS NATION SHOULD HAVE MORE ACCESS IN EU

EDUARD GISMATULLIN, TODD PRINCE, Bloomberg News

Russia warned Exxon Mobil Corp., Royal Dutch Shell and BP they should cede some control of oil and natural gas projects as President Vladimir Putin tightens his grip on the industry, the world's biggest.

The government should have more control of Exxon Mobil and Shell projects in Russia's Far East and in Total's Kharyaga field in north European Russia, Anatoly Ledovskikh, head of Russia's state agency for natural resource use, said Wednesday in Paris. He also said BP's Russian venture needs to strike an agreement with state-run OAO Gazprom to revive a stalled Siberian gas project.

Putin has tripled state control of Russia's oil industry during the past 18 months, partly by confiscating Yukos Oil Co.'s biggest unit. Russia is the world's second-largest oil supplier, after Saudi Arabia. Gazprom owns about 16 percent of the world's natural gas reserves. About a quarter of the fuel consumed by Europe comes from the Moscow-based company.

Putin's "ultimate goal is to get more energy assets in Europe or cut the West out of projects in Russia," said Nikolai Zlobin, director of Russian and Eurasian Programs at the World Security Institute in Washington.

Exxon, Shell and Total lead different groups of investors planning to spend at least \$35 billion to tap fields in the Russian Far East and Arctic, as oil from existing projects slows.

Putin last week said Russia won't allow the European Union to interfere in the country's energy industry unless Russian companies such as Gazprom get greater access to EU markets.

"If our European partners are expecting us to let them in to the holy of holies of our economy, in this case we demand reciprocity," Putin said after meeting EU leaders in the Russian resort town of Sochi.

The Russian Academy of Natural Sciences has urged the Natural Resource Ministry to give Russian companies larger stakes in oil projects to boost efficiency and accelerate oil and gas-field development.