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Agreement between Rosneft and ExxonMobil on cooperation on the Black Sea shelf

On 27 January in Davos, the Russian oil company Rosneft and the American firm ExxonMobil signed an agreement on the joint use and exploitation of energy deposits on the Russian shelf of the Black Sea. This is the second contract Rosneft has signed in the last month with a large Western energy company (after its strategic alliance with BP), and is intended to guarantee money and technology for the Russian company, in exchange for the waiver of minority shares in the deposits for its partners.

In accordance with the agreement, Rosneft and ExxonMobil will establish a joint venture, with 66.7% and 33.3% of the shares respectively, which will exploit the energy deposits on the Black Sea shelf in the Tuapse region (an area of 11,200 km^2). The resources on this part of the shelf are estimated at around 1 billion tonnes of oil equivalent. The American firm has declared it is ready to invest US$1 billion in the project, but the detailed arrangement on both parties' obligations will only be signed by the end of 2011. Rosneft is hoping that its partnership with ExxonMobil will give it access to the technology for extracting oil from the shelf, and bring it support in financing its investments, which will thus accelerate the project's implementation. Both companies have already worked together for several years on the Sakhalin-1 oil project.

The agreement shows that regardless of the existing political risks in Russia, Russian state businesses are able to attract Western companies as minority shareholders for cooperation on energy projects. <WojK>