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Some key issues for future development of the Russian oil and gas economy:

- 1. Export oriented oil pipelines: how to open the bottlenecks**
- 2. PSA: whether the game is over**

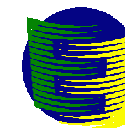
Brussels Energy Round Table - BERT
19 June 2003, Brussels

RUSSIA'S ENERGY STRATEGIES 2000/2003 OIL SCENARIOS

	2002	2005	2010	2020
Oil Production, MTY	380	360 <hr/> 421-447	377 <hr/> 447-489	350 <hr/> 450-520
Export to non-FSU, MTY	155	165 <hr/> 231-250	160-180 <hr/> 257-287	135-170 <hr/> 259-305
Oil pipelines capacities:				
- MTY (*)	170	271	359	474
- Utilisation, %	91	61 <hr/> 85-92	45-50 <hr/> 72-80	29-36 <hr/> 55-64

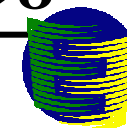
* - without CPC

** - numerator – ES 2000;
denominator – ES 2003 (moderate and optimistic scenarios)

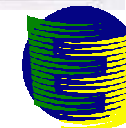
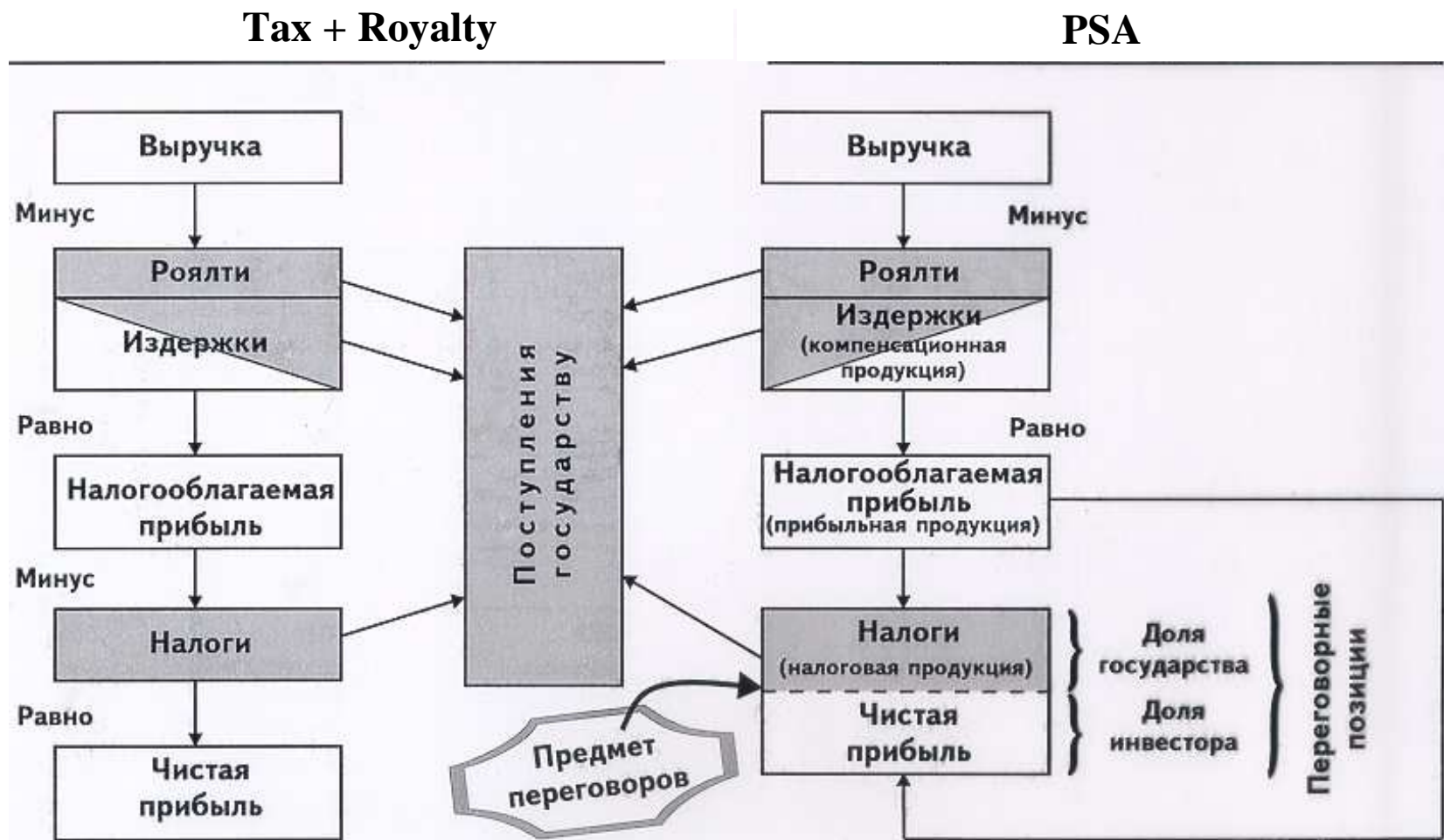


POTENTIAL FOR RUSSIA'S EXPORT OIL PIPELINE CAPACITY GROWTH

DIRECTION	PROJECT	POTENTIAL CAPACITY INCREASE, MTY	
Southern	Novorossiysk	+7-15	+41-59
	Druzhba-Adria	+5-15	
	Odessa	+9	
	Odessa (incl. reversed Odessa-Brody)	+20	
Northern	Baltic Pipeline System	+18-38	+117-137
	Varandei	+9	
	Northern Gates	+25	
	Pechenga (for Prirazlomnoye PSA)	+15	
	W.Siberia-Murmansk	+50	
Far-Eastern	Angarsk-Dacing (+ to Nakhodka)	+30-80	+55-102
	Sakhalin-I PSA (de Kastri-Perevoznaya)	+22	
		$\Sigma = +213-298$	

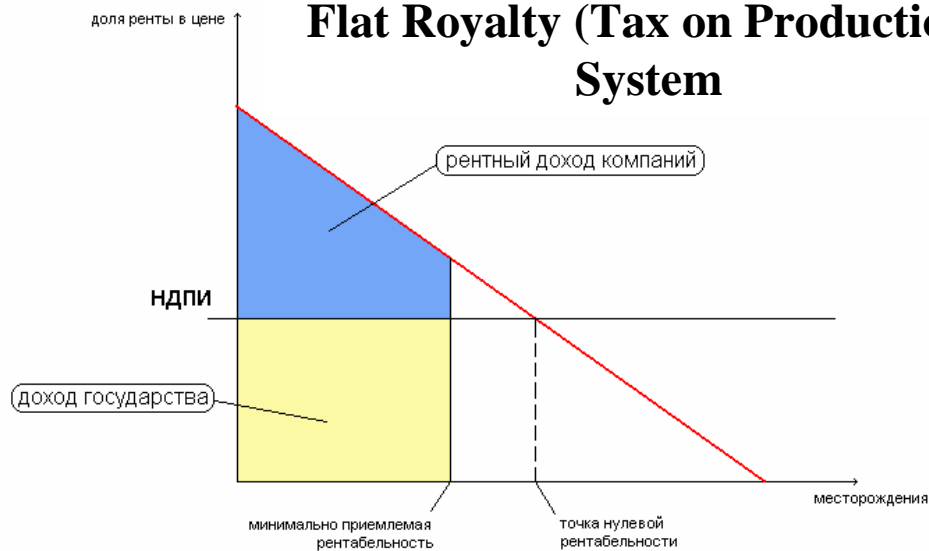


MAIN DIFFERENCES IN THE MECHANISMS OF GOVERNMENT TAKE THROUGH “TAX+ROYALTY” & PSA SYSTEMS

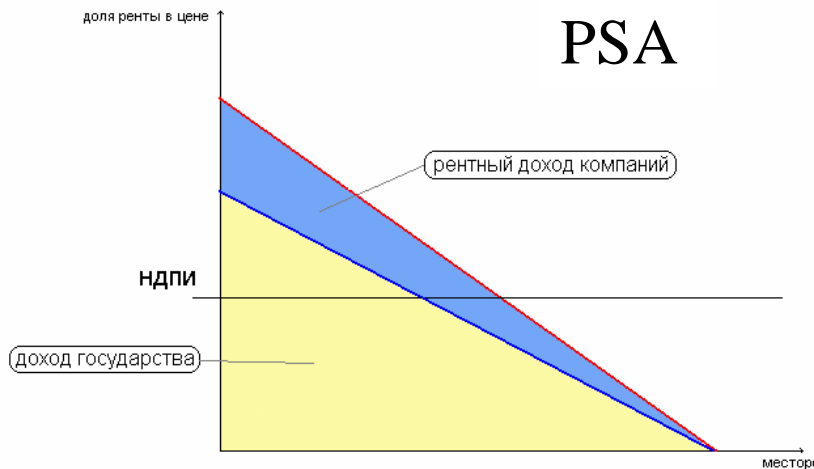


ECONOMIC COMPARISON OF “TAX+ROYALTY” & PSA SYSTEMS BENEFITS FOR THE HOST STATE

Flat Royalty (Tax on Production) System



PSA



Incremental earnings of the state budget under PSA

