

India and Russia in energy talks

India and Russia are to work together in a series of energy deals, part of a pact which could see India invest up to \$20bn in oil and gas projects.

On the agenda are oil and gas extraction as well as transportation deals, to be led by Russian energy giant Gazprom and India's ONGC. The Indian firm is also expected to hold talks on Tuesday about buying a stake in assets once owned by Yukos. It is reported to be keen on buying a 15% stake in oil unit Yuganskneftegas. The former Yukos subsidiary was controversially sold off last year and eventually acquired by state-owned energy giant Rosneft.

Russian media reported that India and Russia signed a memorandum of understanding on energy co-operation on Tuesday during a meeting between Oil and Natural Gas Corporation chairman Subir Raha, Gazprom chairman Aleksey Miller and India's petroleum minister Mani Shankar Aiyar.

The agreement is likely to see the two companies develop refining facilities in Russia, India and elsewhere and organise delivery of oil, gas and petrochemicals from Russia to India and other countries across Asia. ONGC could invest in gas and oil fields in Sakhalin, in the far east of Russia, and may also take part in joint tender bids for projects in eastern Siberia and the Caspian Sea.

India is urgently searching for fresh energy supplies - particularly liquefied natural gas - as domestic demand is growing at more than 5% a year.

ONGC's Mr Raha said the two could work together on joint bids from next year. "At current oil and gas prices, our cash flow situation is good," he told Reuters. "What we are saying is - Gazprom has a huge amount of gas and we have the money. "The investment may go up to \$20bn or more for a

period of five years or so."

Russian news agencies reported that India's petroleum minister Mr Aiyar and Russian energy minister Viktor Khristenko would discuss the future of Yugansk at a meeting on Tuesday. ONGC's Mr Raha declined to be drawn on his firm's reported interest in the company. However, he stressed that ONGC was not interested in a 'loan-for-oil deal' in connection to Yugansk, similar to that concluded recently between Rosneft and China's National Petroleum Corporation. "China's problem is it has immediate demand and they needed the oil for their coastal refineries. We do not. We would like long-term security through equity participation." It is thought that any decision over Yugansk will be delayed until a US court has decided whether to grant Yukos bankruptcy protection. Yukos is suing a host of companies involved in the sale of Yugansk, auctioned off to pay a huge back-tax bill. It has also threatened legal action against any business which has future commercial dealings with its former subsidiary.