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**ECONOMIC STRATEGY OF RUSSIAN OFFSHORE OIL AND GAS
RESOURCES DEVELOPMENT IN MODERN CONDITIONS**

Specialty 08.00.05 – Economics and national economy management
(Economics, organization and management of enterprises, branches, complexes:
industry)

ABSTRACT

of the thesis presented for the degree of doctor of Economics

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Main results of N. S. Kondratenko's dissertation
"Economic strategy of Russian offshore oil and gas resources
development in modern conditions»

Dissertation for the degree of doctor of Economics in the specialty 08.00.05- Economics and management of the national economy: Economics, organization and management of enterprises, branches, complexes (industry) N. S. Kondratenko - a comprehensive study of the problem of developing oil and gas resources of the Russian shelf, which is important for the Russian economy.

Relevance of the research topic. The Russian oil and gas industry has been generating a significant amount of Federal budget revenues and industrial production in recent years, while on the other hand, it has been determining the raw material orientation of the Russian economy. The growth of the economy, with this structure, is achieved due to a simultaneous increase in the production and export of hydrocarbons and a favorable market environment (high oil prices).

In the past oil and gas industry in Russia, mainly developed in the framework of resource-inertial model (if in the Soviet years, five production wells accounted for one appraisal, in modern Russia, this indicator has decreased by five times), resulting in significantly deteriorated structure of the resource base, which requires a greater investment of resources. Increasing international and inter-fuel competition in the energy markets, the high volatility of hydrocarbons prices, the presence in the structure of significant geopolitical factor, the sanctions pressure on the Russian energy companies not only necessitate an increase in investment in the expansion of reproduction of the mineral resource base and improve the efficiency of oil and gas complex in General, but also strongly demand new models of development of the industry, able to maximize use and increase oil and gas potential in the country.

Due to its unique resource potential, a special role in the development of the industry is assigned to the Russian shelf, especially the Arctic, the development of which can not only prepare a new resource base of hydrocarbons, but also, as the world experience shows (Norway, Brazil), become the locomotive of the national

economy, ensuring the growth of a whole chain of related industries due to a high multiplier effect.

The choice of strategy of development of oil and gas resources of the Russian shelf, aimed at accelerating economic growth in the country requires a thorough analysis of public policy and practical experience of countries that have achieved significant success in the field of energy resource development and who are able to use them as the Foundation of welfare and catalysts of innovation development. The study of such experience is important for developing the principles of a unified state policy aimed at exploiting the potential of the oil and gas industry, in order to achieve the maximum possible multiplier effect and qualitatively new growth of the Russian economy as a whole.

It should be noted that currently, despite the existence of strategic documents of development of oil and gas complex, there is no single generally accepted and adopted by all the relevant companies, the strategy of development of oil and gas resources of the Russian Arctic shelf, which allows for limited financial resources and in a very short time to achieve the greatest possible multiplier effect in the development of the Northern territories. Most modern approaches to offshore field development are implemented by vertically integrated companies independently of each other and in accordance with projects, the assessment of which is reduced to the calculation of a standard set of economic indicators sufficient for projects characterized by proven energy reserves and infrastructure availability.

The specifics of the Russian shelf (extremely low degree of study, lack of developed infrastructure, difficult ice conditions) in the process of developing a strategy for its development determines the need to take into account a wider range of issues and a systematic approach to their analysis. These circumstances determine the relevance of the topic of this study, its scientific novelty and practical significance.

The object of research is the oil and gas industry of the Russian Federation.

Economic relations arising in the process of development of hydrocarbon resources of the Russian shelf are the **subject of research** of this dissertation.

The purpose and objectives of the study. The aim of the research is to develop a unified strategy for integrated development of oil and gas resources of the Russian shelf in modern conditions.

This goal determines the solution of the following research tasks:

- Identify and formulate key features of the oil and gas industry that determine the need for state regulation;
- to summarize theoretical and methodological approaches to strategic planning and assessment of the effectiveness of subsurface users activities and develop recommendations for their improvement;
- assess the state of Russia's mineral resource base of hydrocarbons and justify the need to develop oil and gas fields on the Russian shelf;
- identify the main economic, institutional and environmental constraints encountered in the development of Russian shelf deposits;
- study the international experience of offshore field development and assess the possibility of its application in Russia;
- develop a methodology for multi criteria analysis of the efficiency of oil and gas offshore projects development;
- to analyze the portfolio of existing domestic offshore projects for the purpose of forming a program for the phased development of oil and gas resources of the Russian shelf, to assess the required amount of investment ..

The scientific novelty of the research consists in the development of a unified strategy for the phased development of oil and gas resources of the Russian shelf. The details of the scientific novelty of this dissertation research are as follows:

1. Identify specific features of the functioning of the oil and gas industry, including significant monopolies in the field of extraction and processing of hydrocarbons and natural monopoly in the field of transportation, the potential multiplier effect, exhaustion of resources and environmental damage, capital intensity, dependent on the global prices, the special place and role in the Russian economy (a substantial part of the revenues of the consolidated budget is formed by oil and gas sector, the decisive role in solving social problems). Given these features,

the necessity of consolidation of resources and efforts of the state and subsoil users in the region developed producing oil and gas fields, weakening the role of oil and gas companies in the industry management and the introduction of instruments to control their performance and transformation strategic planning at the corporate level from the regimented hierarchical approach to a more flexible, suggesting greater freedom in decision-making and greater responsibility for the result.

2. It is proved that the main obstacle to effective development of oil and gas offshore resources is a set of institutional problems, the solution of which will significantly improve the investment climate in the implementation of offshore projects, reduce the risks of financial losses of subsurface users and reduce the corruption costs of participants in offshore projects. Such issues include, first of all, the multiplicity and duration of obtaining permits for conducting geological exploration; the lack of a clear distribution of powers between regulatory authorities for issuing permits for construction and operation of facilities on the continental shelf; the lack of regulations for the use of foreign-flagged vessels engaged in coastal transportation; the lack of a simplified regime for crossing the state border during work on the continental shelf; and the lack of transparency when placing goods under a special customs procedure.

3. It is proved that the sanctions regime can have a positive effect on the development of Russian technologies. For this it is necessary: achieving a high level of localization of production of oil and gas equipment; introduction of a unified platform for placing orders to Russian companies for the construction of vessels and marine equipment used in the exploration, extraction and export of hydrocarbons from offshore fields; providing conditions for creation in the Russian Federation joint with foreign companies enterprises; addressing issues of preferential taxation of profits of oil and gas companies allocated for re-equipment and repair of the production facilities and on research and experimental design work in the field of advanced technologies.

4. Based on the analysis of international experience, it is proved that the combination of fiscal and incentive instruments of state regulation of the oil and gas

industry leads to the fact that the development of offshore fields attracts not only new investments, but also leads to a multiplier effect in related industries. The key drivers of the development of oil and gas and related industries in the Norwegian and Brazilian economies, which are most notable in this regard, are identified. Among them: the creation of a specialized state body; a clear delineation of the role of the state and oil companies; attractive tax environment; system support of national producers of oil and gas equipment; the special role of the state oil and gas companies; effective public and corporate programs to identify promising technologies, to search and support of innovative enterprises; formation of clusters of companies in related industries; development of coastal infrastructure.

5. Based on the analysis of the macro and mega environment including trends in global energy market and techno-economic development of leading world economies, justifies the inclusion of projects of shelf development in the priorities of modern development of the Russian economy. It is proved that such projects are a catalyst for the formation of demand for high-tech technologies (robotics, nanotechnologies, etc.).

6. The author's method of complex multi-criteria technical and economic assessment of the effectiveness of implementation of oil and gas offshore projects has been developed. The application of a reasonable set of criteria (recoverable resources, probability of geological success, study, expected monetary value, internal rate of return, net discounted income, costs at the stage of exploration, technological availability, environmental risks, socio-economic significance) and taking into account the degree of their importance allows an objective analysis of the effectiveness of heterogeneous offshore oil and gas facilities.

7. The author's approach to solving the problem of optimizing the Russian shelf oil and gas field development portfolio, which is common for all subsurface users, is proposed. It allows us to determine the set of projects based on a multi-criteria choice, which not only ensures their comparable comprehensive efficiency, but also allows us to rationally use the available limited investment resources. The approach assumes gradual involvement in the development of promising deposits,

depending on their characteristics, is aimed at intensifying geological exploration and is characterized by adaptability to modern economic, geopolitical, geological and technical-ecological conditions.

8. The prospective development of forty-two offshore oil and gas facilities was assessed, the forecast of hydrocarbon production on the Russian shelf was made, priority regions and facilities for priority development were identified, and the need for equipment and human resources was determined. Based on the analysis of Russian and international experience, a system of measures has been proposed to encourage the rational development of offshore oil and gas resources, including the formation of industrial and service clusters (Murmansk, Sakhalin), the establishment of intersectoral cooperation, the formation of unified platforms for placing large orders for machinery and equipment, state and corporate support for domestic innovative developments, improving the efficiency of state oil and gas companies, and transparency of procurement processes for offshore project operators.

Approbation of research results. The research materials were used in the preparation of the draft Federal law No. 268-FZ of September 30, 2013 "on amendments to parts one and two of the Tax code of the Russian Federation and certain legislative acts of the Russian Federation in connection with the implementation of tax and customs tariff incentives for the production of hydrocarbons on the continental shelf of the Russian Federation".

The obtained results were also used for the preparation of analytical materials:

- in order to protect the interests of Russian companies in the framework of legal proceedings before the Administrative court Of the high court of justice of the United Kingdom in relation to the adopted EU legislation (anti-Russian sanctions), clarifying the terms previously used in Council Decision No. 833/2014 of 31 July 2014, as amended on 8 September 2014;
- in the preparation of proposals for the development and implementation of new technologies in the field of rational exploitation of natural resources, offshore deposits of natural resources and water resources, prevent and elimination of oil spills in ice conditions in the framework of realization of strategy of development of

the Arctic zone of the Russian Federation and ensuring national security in the period up to 2020 from 16.10.2013 No. 6208π-R16;

- for the President of the Russian Federation Vladimir Putin and the Government of the Russian Federation regarding the development of Russian-Norwegian and Russian-Italian relations in the energy sector;
- for the Government Commission on social and economic development of the Far East;
- to prepare proposals for the development of international cooperation in the Barents region during the Russian Federation's presidency (since October 2015) of the Barents Council/Euro-Arctic region;
- for Federal Executive authorities of the Russian Federation when justifying an investment program of Rosneft oil company for the period 2015-2019.

The main provisions of the work were repeatedly presented at scientific and practical conferences and meetings of thematic round tables, the most significant of which: 7th international conference "Arctic shelf Development: step by step" (Murmansk, 2014); 20th international oil and gas exhibition and conference "Northern sea Shelf" (Stavanger, 2014); 19th international conference "Oil and gas of Sakhalin" (Yuzhno-Sakhalinsk, 2015); 1st international conference "Arctic shelf projects: perspectives, innovations and regional development" (Moscow, 2016); the 21st international oil and gas exhibition and conference "Offshore northern seas" (Stavanger, 2016), 2nd international conference "Arctic: offshore projects and sustainable regional development" (Moscow, 2017), 13th International conference on the development of oil and gas resources of the Russian Arctic and the continental shelf of the CIS countries (Saint Petersburg, 2017), 3rd international conference "Arctic: offshore projects and sustainable regional development" (Moscow, 2018).

The research results were used in the educational process of the center for innovative competencies of Gubkin Russian state University named after I. M. Gubkin within the framework of the program "risk assessment in investment projects»; when performing the research work of RUDN "Methodological

