

Shell License Revocation Would Hurt Russia, Asset Capital Says
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By Garfield Reynolds

Sept. 19 (Bloomberg) -- The Russian government stands to suffer if it revokes Royal Dutch Shell Plc's license to the \$20 billion Sakhalin-2 oil and gas project, said Vladimir Matias, the managing director at Asset Capital Partners in Moscow.

If the project is halted, that will hurt all of the partners, Shell, Mitsubishi Corp., Mitsui & Co. and the Russian government, Matias said today in an interview in Moscow. The government is a partner in the project through a production-sharing agreement that governs Sakhalin-2.

Russia's Natural Resources Ministry yesterday asked the Russian agency responsible for authorizing oil and gas development to annul Shell's license, the ministry said in a statement yesterday. Sakhalin Energy may wait more than six months for a decision on a new license application, Rinat Gizatulin, a spokesman for Natural Resources Minister Yuri Trutnev, said by phone yesterday.

OAO Gazprom, run by the Russian government, is in talks with Shell about swapping assets to acquire a 25 percent stake in Sakhalin-2.

--Editor: King

Story illustration: {RDSA LN <Equity> GP <GO>} to graph Shell shares. {ETOP <GO>} lists the day's top energy stories from Bloomberg News.

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