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Naftogaz CEO seeks to entice Western oil companies to Ukraine



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The head of Ukraine's state-owned natural gas company is appealing to U.S. oil companies to help try to turn the war-torn country into a leader in European energy production.

Naftogaz Chief Executive Oleksiy Chernyshov brought that pitch this week to Washington, where he met with Biden administration officials, members of Congress and company executives to shore up American support for the Ukrainian war effort and help Ukraine develop its natural gas assets.



The country, which has some of the largest natural gas reserves in Europe, is struggling to rebuild infrastructure destroyed by Russian attacks and become a major energy supplier in its own right.

In an interview, Chernyshov said he talked with Exxon Mobil executives and representatives from other U.S.-based oil companies about the possibility of their eventually drilling the country's natural gas fields. [Exxon and other western oil companies exited Russia last year](#) following its invasion of Ukraine.

Exxon declined to comment.

Naftogaz has also made an agreement with Houston-based oil services company Halliburton, which is already operating in the country, to expand its operations to help it increase the country's natural gas output, Chernyshov said.

"We are meeting with oil and gas companies ... we plan to meet more in Texas," Chernyshov said. "We would like to position Ukraine as the power bank of Europe."

"It is practical to stop consuming Russian gas. That is the ultimate goal," he added.

Chernyshov said Ukraine expects to produce enough gas to be self sufficient this year, and become a net exporter soon. To help attract companies, Naftogaz has pitched to the Biden administration and Congressional lawmakers the idea of establishing a "war risk" insurance fund that would reimburse companies for war-related damage they occur while operating in Ukraine.

Ukraine has about 38.5 trillion cubic feet in proven natural gas reserves, [according to a report](#) by the D.C. think tank Center for Strategic & International Security. Much of that is in the country's eastern region, where hostilities with Russia are concentrated.

In order for Ukraine to reach its potential as an energy producer, Naftogaz will have to attract outside investment and expertise and carry out market reforms, the CSIS study found. Naftogaz has counted 255 missile attacks that have damaged its energy infrastructure.

"Ukraine is an established natural gas producer with significant resources, but it will be challenging to attract investment for reasons ranging from security risks to regulatory and policy uncertainty," according to the CSIS report. "And sustaining and increasing production will be difficult without a predictable regulatory framework that can attract foreign investment."

Naftogaz representatives were also meeting with lawyers in D.C. to help it collect on the \$5 billion that [a court in The Hague ruled Russia owes the company](#) for assets it seized when it annexed Crimea.

"We've been discussing the enforcement strategy, how to practically put it into certain monetization," Chernyshov said.

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