

Serbian mining minister announced the change of mining exploration fees for precious and raw materials exploration: Oil and gas rent fees to remain the same due to the presence of GazpromNeft in Serbia, says Milan Bacevic



Mine rent fees for oil and gas shouldn't be changed, because its eventual increase can endanger relations to Federation of Russia, says Minister of Mining, Milan Bacevic, adding that mining rent amount for other raw materials and precious metals exploration will be changed, too.

Serbian Minister of Mining, Milan Bacevic said he advocated that mining rent for gas and oil remains three percent, according to the new law about geological research and mining industry, because eventual increase can have consequences on interpretation of Agreement for gas delivery from Russian Federation.

"I don't support changing of mining rent for gas and oil exploitation, because we will only disrupt good and quality relations with Russian Federation ", said Bacevic in interview for Beta Agency.

Mining rent for oil and gas exploitation increase will worsen work conditions, i.e. exploitation for "Russian Company Gaspromnjeft" which is the majority owner of "Naftna industrija Srbije" and it is currently privileged because of NIS modernization investments, according to international agreement, he said.

"Mining rent for oil and gas is the lowest in Europe, and I assume that it is the lowest in the world, also. That is not because of current law where it actually amounts 5%, but for long-term agreement between Serbia and Russia about gas delivery which is enforced at the moment", stressed Bacevic and added that final decision for the mining rent amount will be made by Government of Serbia.

According to the article 13 of Serbian and Russian Agreement, Minister pointed that every change of mining rent worsen work conditions in the company, i.e. in the country where agreement has been signed, would be changed path with unexpected outcome.

Bacevic emphasized that he is aware of different opinions of expert Serbian public about increase of mining rent for oil and gas, stating that himself is member of the group that thinks the compensation is low, because it amounts 15 to 25% in the world. He also thinks that Serbia have to respect international agreements, agreement commitments and benefits.

"That is the reason why I think this is the worst possible moment to terminate the agreement and change mining rent just because someone don't like it", said Minister.

"Gasprom"-Serbian biggest investor

Bacevic reminded that "Gaspromnjeft" besides being the biggest exploiter of domestic oil and gas, is also the biggest investor in Serbia whose investment in 2012 was bigger than billion dollars, while 1, 5 billion dollars investment is planned for 2013 and 2014.

We haven't had that kind of procedures so far and why we would bring somebody to do business in our country in worse than arranged conditions, over mining rent, and difference is 3 to 5%", said Bacevic and added that Gaspromnjeft fulfill domestic budget with 12 to 13% annual.

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Bacevic stated that question of mining rents that Gaspromnjeft pays, is complicated, because Serbia has exemptions in Russian gas export prices and flexible contract about 3, 6 to 7 billion cubic meters' withdrawal yearly without paying penalties for non-withdrawn amounts, at the same time.

Minister stated that there will be some changes in mining rent for different raw materials when he was talking about changes of the law for geological research and mining that should be found in assembly in mid-January. He also said that Ministry will make effort "not to get out of limits accepted in EU and surrounding countries".

Bacevic didn't want to show details about mining rent height and new low suggestion, but he said that mining rent amount will be adjusted to Serbian resources for certain materials. "I estimate that we found right measure for what and how much it should amount", said Bacevic and gave example of noble metals exploitation as one of the suggested changes where mining rent should increase from 5 to 7%.

Oil shale project exploitation

Minister of Mining Industry underlined that oil shale exploitation projects will continue next year, he stressed that Ministry of Mining Industry will do anything "to make such a good development process real".

"It has to do with a project that is not finished yet. Research and laboratory analysis are finished, reserves are certified and it was made significant progress in negotiations with different companies interested in installing its technologies", said Bacevic, but he didn't want to say how far tender for council for oil slate exploitation strategy partner finding have progressed.

Bacevic said that he is unsatisfied because bigger part of combine "Trepca" is not under Serbian jurisdiction and he stated that it is "the wealth worth the patient and long fight", because development potentials are big.

"Natural wealth that exist on Kosovo and Metohija region present 30% of total researched and certified natural resources in Serbia", concluded Minister of Mining Industry Milan Bacevic.

Source Serbia Energy Magazine