

Cuba, Russia in 3-way quest for offshore oil

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During Vladimir Putin's visit to Cuba on Friday (July 11), the Cuban oil company CUPET and the Russian oil giants Rosneft and Zarubezhneft will sign an agreement to work together in the exploration of the 37-M block on the Cuban shelf, a top Kremlin aide told the media Thursday in Moscow.

The block was described as "an area of about 1,500 square kilometers a small distance from the [north-central] coast, with a sea depth ranging from 500 to 1,600 meters."

Vladimir Putin and Yuri Ushakov

The agreement was initiated in May during the St. Petersburg (Leningrad) Economic Forum as a memorandum of understanding, said Yuri Ushakov, an adviser to President Putin. On Friday it will become "a letter of intent or a production-sharing agreement," he said.

According to CUPET, Cuba's offshore oil reserves represent about 20 billion barrels of crude. The U.S. Geological Survey estimates they range from 4 billion to 9 billion.

CUPET has already signed agreements for oil exploration and production with companies from Spain, Norway,

India, Venezuela, Vietnam, Malaysia, Brazil, Canada and China. Of the 59 existing offshore blocks, about 30 have

been contracted out, CUPET says.

Also this weekend, the Russian conglomerate Inter-RAO will sign a memorandum of understanding with Cuba's Unión Eléctrica to supply four generating units with a capacity of 200 Mw for the Máximo Gómez thermal power plant in Mariel.

The journal Foreign Economic Relations of Russia on Thursday pointed out that "the intensive involvement of international investors and global corporations became possible after the adoption of the new Law on Foreign Investment, adopted on March 29."

Ushakov is Putin's deputy chief of staff. A career diplomat, he was Russia's ambassador to the United States from 1999 to 2008.

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