



Focus on Energy

Alberta Trade Mission

Canadian oilmen explore Ukraine's opportunities

by Marco Levytsky, with files from the Canadian Embassy in Ukraine and Kyiv Bureau of Ukrainian News

Oil and gas industry executives from Alberta spent the week of May 10-17 in Ukraine exploring new business opportunities. Talks resulted in several protocols of intent, with more follow-up expected.

"President Kuchma initiated this, the first of 3 energy sector delegations during his trip to Canada in October 1994," said Ambassador François Mathys. "Ukraine is creating conditions to attract Canadian

investment. Three of our companies are already set to start adding to Ukrainian oil and gas output later this year."

Representatives of over 20 Alberta companies met with Ukrainian industry leaders from the State Committees on Oil and Gas, Geology and Utilization of Mineral Resources. Discussions on joint venture opportunities were also held with Ukrnafta and Ukrhazprom. Delegation members saw Canadian-Ukrainian cooperation in action during their visit May 13-14 to the Leliaky oil field (Chernihiv oblast), slated for redevelopment by Kashtan Petroleum, a joint venture between Uk-Ran Oil Corporation of Calgary and Ukrnafta.

Ed Southern, president of Uk-Ran Oil Corp., explained that the purpose of the trip was to expose the delegation members to a Soviet-type oilfield and to show how it could be best developed.

Leonid Kushch, vice president of Ukrnafta said the Leliaky oilfield, which is considered to be 98 percent depleted when only Soviet technology is used, holds light crude and is among the best quality of all

reserves in the former USSR.

"Now that Canadian technology and equipment can be introduced, we will be able to recover oil that we would never have been able to do by ourselves," he told Ukrainian News.

Other Canadian companies are setting up exploration, production and rehabilitation joint ventures in Crimea and Ivano-Frankivsk oblast.

Among the companies represented on the trade mission were several oilfield equipment manufacturing, financing and exploration firms including: Beta Well Service Inc., Canadian International (Geo) Services Inc., Fluid Lift Systems Inc., GMA International Ltd., Matt's Manufacturing Inc., Peterson Instrument Services Ltd., Power West International, Rebound Rig International, Thermo Design Engineering Ltd., all from Calgary; Airdrie-based Propak Systems Ltd., Ukrainian Capital Equities Inc. (which was created to determine and analyze oil and gas developmental opportunities in Ukraine), Willowglen Systems, a software manufacturer, consulting firm Kozakiewich and Associates Inc., and pharmaceutical manufacturer Anglo-Europa Industries Inc., all from Edmonton.

The delegation was headed by Don Wilson, Director, and Erv Lack, Managing Director for Europe at the Alberta Ministry of Economic Development & Tourism.

Dennis Goresky, commercial counsellor at the Canadian Embassy in Kyiv, said the interest and the impact of Canadian investment could have as much as ten times the multiplier effect on the economy through spinoffs.

"The effect will be incredible. It's something that can be built upon very well. Even Ukrainians don't know what they really have." The atmosphere towards investment in Ukraine has changed dramatically. "A year ago you would not have had a very positive reaction. This year you have a lot of people saying a lot of positive things. It's a completely different situation," he said.

Canadian experts are working with their Ukrainian counterparts on the projects to secure licences from the State Committee on Geology and Use of Natural Resources which will authorize them to exploit wells. He further stated that Canadian companies are the world leaders in terms of the number of drilling rigs, they have state-of-the-art oil and gas extraction technology, and have a vast expertise working in many countries worldwide, including Russia, Mexico, Vietnam, United Kingdom, and others.



VITALY SHEVCHENKO

Members of the oil industry delegation tour a gas condensate plant in Hnidyntsi in the Varenky Rayon, next to the Leliaky oil field (Chernihiv Oblast, northern Ukraine). Resting on the railing on the right is Ed Southern, President of Uk-Ran Oil Corporation; next to him is François Mathys, Canada's Ambassador to Ukraine.