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Q2 Sales for Gazprom in Europe Increase 20%

By The Moscow Times

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Gazprom said natural gas sales in Europe increased 20 percent in the second quarter after Libya's supply disruptions boosted demand for the Russian fuel.

The company sold 38.3 billion cubic meters of gas to Western and Central European customers, the Moscow-based gas export monopoly said Tuesday in a second-quarter report on its web site. Sales in the same period of 2010 amounted to 31.8 bcm.

The company, which supplies about a quarter of Europe's gas, benefited as unrest in Libya caused Italian importers to turn to Russia for their supplies. Demand for Russian fuel has been climbing this year at an increasing pace compared with a year earlier, chief executive Alexei Miller said in May.

Italy, whose imports from Libya were halted because of conflict in the North African country, bought 4.15 bcm from Gazprom, an increase of 179 percent from the 1.49 bcm purchased

in the same period a year earlier.

Turkey is also dramatically increasing its imports. Gas flows to the Black Sea country will increase to 42 million cubic meters per day from 15 million.

Gazprom transferred an additional 60 mcm of gas after a pipeline from Iran was hit by an explosion in eastern Turkey late last Thursday.

Among the other major European consumers, the Netherlands, Britain, Hungary, Poland and Romania saw an increase of 0.2 bcm to 0.3 bcm in the second quarter.

Gas supplies to Germany — the biggest customer of Russian gas — remain relatively stable, with a decrease of no more than 2 percent.

Gazprom exported a total of 82.55 bcm of gas to Western Europe in the first half of 2011, up 17 percent year on year.

Meanwhile, Gazprom announced that it has completed the consolidation of 100 percent of Austrian gas trader GWH Gashandel.

Gazprom Schweiz has concluded the purchase of a 50 percent stake in GWH from Centrex Europe Energy Gas. Gazprombank acquired Centrex last year. Gazprom Export owns the other 50 percent of GWH.

GWH is an Russian-Austrian trading concern set up in 1991 by Gazprom Export and Austrian OMV on a 50-50 basis. Beginning in June 1994, GWH received a number of contracts on delivery of 1.6 bcm of natural gas a year.

GWH also purchased equipment for Gazprom. It has been engaged in transit shipment of gas through Austria to Germany since 1996. GWH delivers Russian gas on the WAG and Penta West pipelines. A total of 2 bcm of Gazprom gas was shipped across Austria on those pipelines in 2010. Beginning in 2006, GWH together with Centrex Europe Energy received clearance to sell gas directly to consumers in the Austrian states of Carinthia, Styria and Salzburg — roughly 1.75 bcm a year in total.

(Bloomberg, Reuters, Interfax)

Gazprom delayed the start of production at Russia's first Arctic offshore oil project, the Prirazlomnoye field, from the end of this year to the first quarter of next year, according to a statement released Tuesday by Sevmash, the company that completed building a drilling platform for the field.

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