

LUKoil Supplying Uzbek Gas to China

By [The Moscow Times](#)

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LUKoil has succeeded where natural gas exporter Gazprom failed, supplying fuel to China.

Gas from LUKoil's fields in Uzbekistan, where output generates more profit per barrel of oil equivalent than western Siberian crude, is flowing to China under an agreement with its Uzbek partners, LUKoil deputy chief executive Leonid Fedun said.

"We are already supplying and will supply gas to China," Fedun said. "We have a pipeline project, with very good netbacks, supplying China."

Gazprom failed to sign a supply contract with China last year after at least a decade of talks. The company hasn't been able to agree on prices with China, which has instead built pipelines to gas-rich Central Asian states.

LUKoil plans to produce as much as 19 billion cubic meters (119.5 million barrels) of gas a year at peak from deposits in Uzbekistan, Fedun said in June last year. The company provides volumes to the Uzbek state, which has a sales agreement with China, he said.

Sales in the Central Asian nation last year generated \$18 of net income per barrel of oil equivalent compared with \$11 for western Siberian crude, according to a presentation he gave late last month in London.

BEIJING — China said Friday that it had reached a consensus with Russia over a dispute on the pricing of Russian crude oil it receives via a pipeline.

“Both sides have reached a consensus ... under the principles of mutual understanding and mutual accommodation,” China’s Foreign Ministry said, Reuters reported. A Russian industry source said last week that Rosneft made a small price concession to China, granting China National Petroleum Corporation a discount of \$1.50 per barrel.

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