

Sources Say Shtokman to Reorganize by June

By [The Moscow Times](#)

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A Gazprom-led consortium to develop the Shtokman gas field, beset by years of delays, will use a June investor showcase to announce a radical redesign of the Arctic project to bring it to life, government, industry and consortium sources said.

The partners, who include Statoil of Norway and Total of France, are considering whether to abandon a plan to pipe half of Shtokman's gas to Europe in favor of liquefied natural gas, or LNG, the sources said.

The sources said no final decision had been made to drop the pipeline element.

But several said the consortium had cancelled all construction tenders while the technical parameters are undergoing revision, potentially setting back gas production from the current planned launch in 2016.

"At the moment the technical configuration of the project doesn't suit any of the shareholders, so they are not prepared to take a final investment decision," a source in the consortium said.

"They could sign new technical solutions and a new configuration for the project at the St. Petersburg Forum. After that it could be a year before a final investment decision is taken. They need time to call new tenders and find new contractors."

The tax system has been portrayed as the biggest obstacle to the project.

Prime Minister Vladimir Putin, soon to be inaugurated as president, met with the partners last month and held out the prospect of additional tax holidays for the project.

His government approved a sweeping package of fiscal incentives for capital-intensive projects in Russia's inhospitable Arctic zones earlier this month.

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