

Putin Tells Shtokman Partners to Decide Faster

By [The Moscow Times](#)

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Royal Dutch Shell might join the Shtokman project and Norway's Statoil may leave it.

President Vladimir Putin urged partners in the Gazprom-led Shtokman gas project to speed up a final investment decision.

"So far, there has been no final decision on Shtokman, but we have to move actively," he said Friday.

Putin also said that a decision could be made during an international economic forum in St. Petersburg in June.

Earlier Friday, sources said Royal Dutch Shell might join the project and Norway's Statoil may leave it. Statoil owns 24 percent of Shtokman, France's Total owns 25 percent, and Gazprom has a controlling stake of 51 percent.

"I take [the meeting with Putin] as a signal of the importance of the energy sector for Russia

and the world," said Statoil chief executive Helge Lund. "Shtokman is a pioneering project, the first of its kind in a very harsh environment. It's a big opportunity, but there's also many challenges which we have to solve on the way."

Gazprom chief executive Alexei Miller said Friday that a new deal with Statoil over the Norwegian firm's participation in the project could be signed next month.

Miller also pinned his hopes on much-needed tax breaks for Shtokman before all the parties in the project agree on the final investment decision.

"In St. Petersburg [in June], we can sign the basic terms of the new configuration of the project," Miller said. "First off, this will [make] changes to the ratio of pipeline/LNG production in favor of LNG."

Located in the Barents Sea 550 kilometers off the shores of Russia, the Shtokman gas field is one of the world's largest. It has reserves of almost 4 trillion cubic meters, enough to meet global demand for about a year.

The consortium in its present form was established in 2008 with a view toward producing 23.7 billion cubic meters of gas per year.

However, the project to extract gas has been mired in prolonged and painstaking talks over billions of dollars of investment, timing and the makeup of the consortium.

Shell may take the place of Statoil, Kommersant reported Friday.

"Talks regarding Shell's participation in Shtokman are under way. ... There are different project configurations under discussion now, but Gazprom will keep a 51 percent stake," a source close to the consortium said Friday.

Shtokman still aims to begin gas deliveries to Europe via the Nord Stream pipeline in 2016 and start shipping liquefied natural gas around the world beginning in 2017. The first exploration well was drilled in 1988.

But backers of the project have been unable to reach a final decision to make investments that at the initial stage could total \$15 billion.

Industry sources say Gazprom is increasingly dissatisfied with Total's view over Shtokman's future.

The French company is also pushing another LNG project in Russia it is working on with Novatek in the Yamal peninsula.

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