

Novatek Plans Yamal Pre-Sales

By [The Moscow Times](#)

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Novatek's Yamal LNG project will start producing 5 million tons of liquified natural gas per year in 2016. Above, a Novatek facility in the Yamal-Nenets autonomous district in the Far North.

ST. PETERSBURG — Novatek, due to launch Russia's next liquefied natural gas project in partnership with Total in 2016, will pre-sell half the gas by the end of next year, its chief executive, Leonid Mikhelson, said.

"After we make a final investment decision and before we begin project financing, we plan to sign contracts with consumers and will contract out about 50 percent of the Yamal LNG project [gas]. Signing contracts will open up project financing for us."

A final investment decision is due by the end of the year, he told reporters Friday at the St. Petersburg International Economic Forum. The remarks were embargoed for publication Tuesday.

He said Novatek had chosen Gazprombank and Sberbank and French bank Societe General to organize project financing for the \$20 billion LNG project.

Yamal LNG will start producing 5 million tons of LNG per year in 2016, with a peak of 15 million tons.

Gazprom, Russia's gas export monopoly, will formally handle export of Yamal LNG volumes, clearing them with customs, but arrangements for final marketing to end-users remain unclear.

Analysts say Yamal LNG, which will deliver the super-cooled blue fuel to market via Russia's icebound northern seas in a fleet of bespoke ice-class LNG carriers, could have trouble competing on the Asian market.

But Mikhelson said current prices for LNG in Asia suggested the project could produce good returns.

"Our priority markets are the Asia Pacific region, Europe, and in theory it may be economically worthwhile to sell it to South America," Mikhelson said. "Of those, Asia Pacific is the most interesting."

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