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Nabucco Looking for New Investors

By The Moscow Times

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LONDON — The Nabucco gas pipeline consortium hopes to tap the financial firepower of BP, Statoil and Total to salvage the project, now mired in funding problems, and realize Europe's dream of breaking the stranglehold of Russian supplies.

The three companies lead the giant Shah Deniz II gas field development in Azerbaijan, seen by Europe as a non-Russian source of the fuel that would help diversify its supply and make it more secure.

Nabucco's managing director, Reinhard Mitschek, on Friday raised the possibility of bringing in new investors by summer or autumn of this year and said the three were candidates, along with German utilities company Bayerngas.

A scaled-down version of the Nabucco pipeline project, Nabucco West, emerged as one of two final contenders to transport Caspian gas into Europe on Thursday, alongside a rival route across Greece and Italy called the Trans-Adriatic Pipeline, or TAP. The Shah Deniz partners ruled out another option.

At the same time, the developers of Shah Deniz II said they were aiming to pick a winning pipeline six months ahead of schedule, at the end of 2012.

Nabucco's only rival, TAP, whose partners are Statoil, Swiss EGL and Germany's E.ON Ruhrgas, says it can meet the European Union's criteria of ensuring reliable supplies.

To boost its chances, Nabucco is looking to add new shareholders, including Shah Deniz II partners with deep pockets like BP and Statoil, Mitschek said Friday in a conference call with reporters.

"At the moment, we are negotiating with Bayerngas for participation in the project ... but that does not mean we are excluding any of the Shah Deniz partners from Nabucco West," Mitschek said.

"We will have to see in the near future ... until summer or autumn, on new partners in the project," he said.

Nabucco's existing shareholders have voiced doubts this year over the project's uncertain costs.

Hungarian oil and gas group MOL is ready to sell its stake in Nabucco if necessary, it said in April, while RWE is reviewing the strategic requirements of the project.

Azeri gas fields are the most developed new non-Russian sources of natural gas that can be pumped to the European Union through pipelines.

Shah Deniz II is set to add a further 16 billion cubic meters a year to the 9 bcm a year from Shah Deniz I.

Meanwhile, Gazprom on Friday sent a warning signal to its second-largest gas consumer, Turkey, over Ankara's agreement with neighboring Azerbaijan to build a gas pipeline to Europe, a rival to the Moscow-backed planned South Stream trunk.

On Tuesday, Turkey and Azerbaijan signed an inter governmental agreement on the $7 billion Trans-Anatolian natural gas pipeline project, designed to carry Azeri natural gas across Turkey to Europe.

Gazprom also said it increased gas supplies to Turkey after the latter requested more volumes of Russian gas following a pipeline explosion, which hampered gas flow from Iran to Turkey.

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