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LUKoil to Fuel Moscow by Pipe

By The Moscow Times

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LUKoil's Nizhny Novgorod refinery

LUKoil on Thursday unveiled a plan to build a $500 million pipeline that would supply gasoline and other fuels to the Moscow area.

The pipeline would replace the railway as a means of delivery from the company's Nizhny Novgorod refinery, and it would cut transportation costs by 10 percent, LUKoil said.

The announcement comes two weeks after Rosneft said it would construct a refinery outside Moscow.

Moscow region Governor Sergei Shoigu and LUKoil billionaire chief Vagit Alekperov signed a cooperation agreement Thursday.

Moscow and the region around it account for 20 percent of the country's gasoline consumption and 10 percent of its diesel, which the pipeline will also carry.

Jet fuel will be another oil product traveling in the pipeline, which LUKoil plans to complete in

five to seven years.

The area draws its fuel supply from three other refineries: a Gazprom-owned unit inside Moscow, a TNK-BP unit in Ryazan through a pipeline, and a Slavneft unit in Yaroslavl.

LUKoil's 500-kilometer pipeline will deliver a total of 2 million tons of the fuels a year, Alekperov said. It will end near the town of Pushkino.

Shoigu said the link could help hold back the growth of gasoline prices. Gasoline prices climbed 5 percent in May, and a liter of top-quality fuel cost 29.2 rubles ($0.90) at the start of last month.

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