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Gazprom Ups 2012 Investment by 25%

By The Moscow Times

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Gazprom has increased its investment program by 25 percent as it embarks on ambitious projects to tap the Arctic Yamal peninsula and increase exports to Asia.

The company, which some analysts have criticized for what they see as excessive spending, traditionally increases its capital expenditure forecast several times during the course of a year.

Gazprom on Tuesday increased this year's investment program by 198 billion rubles to 974.65 billion rubles ($30.98 billion). Capital investments will total 890 billion rubles.

Gazprom has started to develop the huge Bovanenkovo oilfield in Yamal, located hundreds of kilometers north of its traditional West Siberian deposits, which has become increasingly depleted.

From Bovanenkovo, gas will enter Russia's trunk network and be pumped on to Europe, where Gazprom covers a quarter of the continent's gas needs. The company set up a 1,110 kilometer-

long pipeline to the south-east from the field.

Gazprom said Tuesday that investment would be increased for the construction of the trunkline systems.

The company is also striving to forge close ties with Asian powerhouses— such as China, the world's top natural gas guzzler, and Japan, the largest consumer of liquefied natural gas, or LNG — to offset sagging demand in Europe.

Earlier this week, Gazprom pledged over $38 billion to develop an East Siberian gas field and build a pipeline to the Pacific port of Vladivostok.

Gazprom said this year's investments include projects in eastern Russia, such as the pipeline from the Pacific island of Sakhalin to Vladivostok.

The company also increased external borrowing to 91.4 billion rubles, 1.4 billion more than the plan approved in December 2011.

Gazprom shares fell more than 2 percent, weighing on the Russian market.

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