

Gazprom in Talks to Buy LNG for Asia From Israel's Tamar

By [The Moscow Times](#)

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Gazprom said it is in exclusive talks to buy liquefied natural gas from the Tamar field off Israel's coast, which could strengthen its hand in the booming Asian LNG market.

President Vladimir Putin last week reiterated his call for increased efforts in LNG to diversify Russia's gas exports, which are focused on the weak European market.

A deal to buy liquefied natural gas from Israel would enable Gazprom, the world's biggest conventional gas producer, to export directly to high-priced markets in Japan, South Korea, China and India, currently inaccessible via pipeline.

The Tamar project under discussion would liquefy gas from Israel's Tamar and smaller Dalit fields at a floating liquefaction vessel at a rate of 3 million tons per year over 20 years, the companies involved said Tuesday.

That equates to 84 billion cubic meters of gas over the 20-year period, roughly 30 percent of Tamar's estimated reserves of 274 bcm.

The project would aim to start LNG deliveries in 2017.

Tamar is one of two major recently found gas fields off Israel that are due to start production in the next few years, the other being the bigger Leviathan field.

Gazprom Marketing & Trading and Levant LNG Marketing, the marketing agent for the Tamar project, signed an agreement for exclusive nonbinding talks the companies said. The parties had signed a letter of intent in March to begin nonexclusive talks.

Gazprom faces stiff competition in the global LNG market from Qatar, the world's largest producer, as well as Australia, which could overtake Qatar as the top producer by 2020.

In 2011, Russia ranked as the world's eighth biggest LNG exporter, according to the International Gas Union.

South Korea's Daewoo has agreed with field partners Noble Energy of Texas, Israel's Delek Group and Isramco Negev to develop Tamar via floating production, storage and offloading vessels.

Ella Fried, an analyst at Leumi Capital Markets, said there were still issues to be resolved before LNG exports could begin.

She noted that while the recommendations of a government-appointed committee allowed for LNG exports from Tamar, the Israeli government had yet to adopt these recommendations.

Indeed, a government coalition has yet to be formed since an election was held in January.

"Also, floating LNG platforms are still in the development stage around the world," Fried said.

Delek subsidiary Delek Drilling said Levant and Gazprom would hold exclusive talks for six months with the aim of reaching a binding agreement. The price for the LNG would be linked to the price of Brent.

Gazprom Marketing & Trading will provide financial support to Levant to develop the FLNG project by way of an equity investment or financing. The amount would be significant but has yet to be decided by the parties, Delek said.

Development of the Tamar and Leviathan fields will make Israel less dependent on energy imports, but the country has said it will also allow a significant amount of its natural gas to be exported.

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