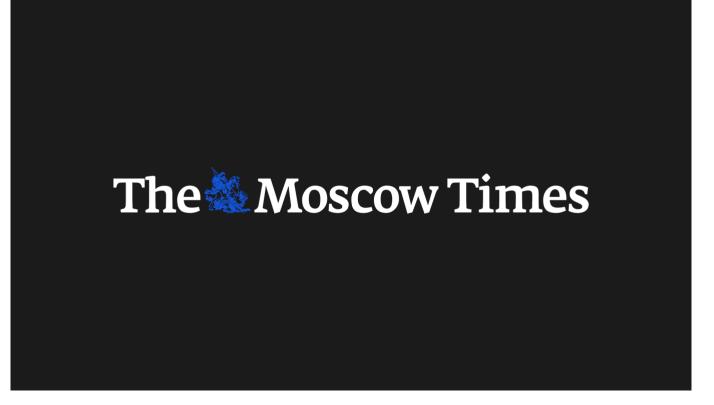


Gazprom to Pay \$1Bln to Ukraine for Gas Transit in Advance

By The Moscow Times

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Gazprom said Wednesday that it would pay \$1 billion up front to Ukraine for gas transit to finance Kiev's purchases of gas for storage and to secure shipments to Europe in the winter of 2013-14.

Gazprom ships more than half of its gas to Europe via Ukraine. This year it aims to increase exports to Europe, where it provides a quarter of gas needs, to 150 billion cubic meters from 138 bcm last year.

The company also said its up-front payments to Ukraine's Naftogaz state energy company totaled \$5.15 billion, enough to cover the transit fees until the beginning of 2015. The company's statement did not make clear whether this included the \$1 billion for the coming winter.

Gazprom also said it aimed to launch the first stage of a planned liquefied natural gas plant

on the Baltic Sea at the end of 2018 as it sought a larger share of the LNG market.

The timing coincides with Gazprom's planned launch of another LNG plant in the Pacific port of Vladivostok targeted at Asian markets.

Last week, Gazprom said it would consider investing in a new LNG plant on the Baltic Sea with production of up to 10 million tons a year without specifying the timeframe.

Currently, Gazprom together with Royal Dutch Shell operates Russia's only LNG plant on the Pacific island of Sakhalin with a capacity of 10 million tons.

The company decided to suspend plans to produce LNG from the Shtokman field in the Barents Sea due to overrunning costs.

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