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Exxon and Rosneft Get Started on Far East LNG Facility

By The Moscow Times

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Rosneft and ExxonMobil have begun preliminary work on a joint liquefied natural gas plant to be built in the Far East by 2018, news reports said Thursday.

The oil giants have already begun selecting a contractor to complete the design and engineering work, Kommersant reported.

In 2013 and 2014 the companies intend to select liquefaction technology, define basic equipment requirements, complete civil-engineering surveys, and prepare the necessary legal documentation.

Rosneft head Igor Sechin said the project would strive to use far eastern and Russian companies and Russian equipment as much as possible while also drawing on international experience.

The two companies first announced plans to build an LNG factory in the Far East in April.

Sechin predicted that the first completed section of the plant would have a capacity of 5 million tons per year and be functional by 2018 at the latest, Interfax reported.

Rosneft's gas fields contain approximately 600 billion cubic meters of gas, Sechin said.

Constructing the plant will require an estimated investment of $15 million and is part of a growing relationship between Rosneft and ExxonMobil, who in April divulged plans to construct a second joint LNG plant in Alaska.

There is currently only one operational LNG factory in Russia, owned by a Gazprom-headed international consortium that produces $10 million tons of liquefied gas a year.

The Far East plant has been viewed as Rosneft's challenge to Gazprom's dominance in the emerging sector.

A 2006 law designated Gazprom the exclusive exporter of Russian gas, but both Rosneft and independent gas producer Novatek are currently lobbying to gain the right as well.

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