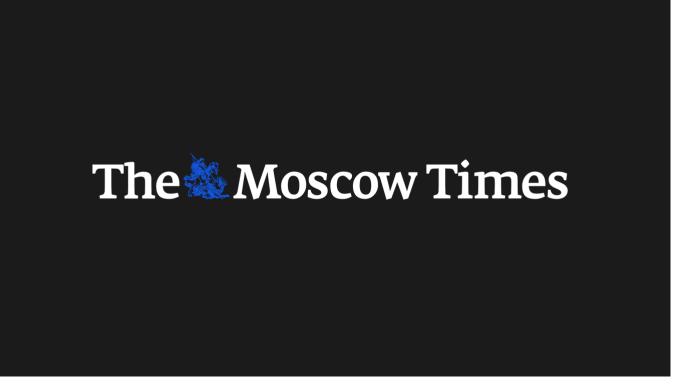


Gazprom Looks to Baltic For New LNG Facility

By The Moscow Times

September 24, 2013



Gazprom considers the Baltic Sea port of Ust-Luga the best location for a new liquid natural gas facility, overturning rumors that a port in the Far East would be chosen, Gazprom deputy chief Valery Golubev said.

The port, close to the Estonian border in the Gulf of Finland, is the most convenient site, said Golubev, as "a shipping route is already in place [and] climate conditions are better [than those in the Primorye region]" Kommersant reported.

Gazprom has yet to confirm any decision, but construction would be a boon to the Baltic port, which is struggling and saddled with debt. Investment from Gazprom would "allow the [port's managing] company to exist confidently for the next few years," a source close to the company said.

The LNG facility could also provide stimulus to a plan to build an industrial zone near the port,

which is yet to find investors.

Costing between \$5 billion and \$7 billion, the planned LNG factory will produce 10 million tons of liquefied natural gas a year and should become operational by the end of 2018.

Gazprom currently owns the only functioning LNG factory in Russia, although the independent company Novatek is currently working on building a liquified gas on the Yamal peninsula. Rosneft is also eying the market and has plans to open its own LNG facility in 2018.

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