

Rosneft Says Exxon's LNG Project Intact

By [The Moscow Times](#)

September 25, 2013

The  Moscow Times

Rosneft on Wednesday dismissed Gazprom's opposition to its liquefied natural gas project with Exxon in Russia, saying the plans are intact for building the plant, increasing the stakes in competition for the lucrative market.

"The project implementation will facilitate the strengthening of Russia's position as the most powerful player in the energy industry on the international scale and in light of rising LNG global demand," Rosneft said in e-mailed comments.

"The partners do not need additional assessments from rivals," Rosneft said.

Gazprom, faced with rising competition on the liquefied natural gas, or LNG, market, voiced strong opposition Wednesday to plans by Rosneft and Exxon to build an LNG plant in the Far East.

Competition for LNG markets in Russia has heated up this year after President Vladimir Putin signaled an end to Gazprom's monopoly on gas exports.

The public spat over LNG illustrates tensions between Gazprom and Rosneft, whose CEO Igor Sechin is a close ally of President Vladimir Putin and is spearheading a drive to make Rosneft a major player in gas as well.

Earlier this year, Rosneft and ExxonMobil agreed on a \$15 billion LNG project in Russia to supply Asia-Pacific markets.

"We think that the project is superfluous ... They do not have to build the plant, the infrastructure is already in place. I would like to draw the government attention to this issue," Victor Timoshilov, head of the company's Oriental Projects Coordination Directorate, told reporters in the Sakhalin city of Yuzhno-Sakhalinsk.

The changing global gas market landscape, with the rise of shale gas in the U.S., has also had a great impact on Gazprom's LNG plans, prompting it to shut down the Barents Sea Shtokman gas project that was originally supposed to supply the U.S. market.

Timoshilov also said Gazprom was ready to continue talks with Exxon about gas purchases from the Exxon-operated Sakhalin-1 project.

On Tuesday, Alexander Medvedev, Gazprom's deputy chief executive, said Gazprom had halted the talks.

Currently, only one LNG-producing plant is operating in Russia: the 10-million-tons-per-year Sakhalin-2 project built by Shell, in which Gazprom acquired a controlling stake several years ago.

Timoshilov said expansion of that plant should be a priority.

"We confirm that we are ready to resume talks with our partners from Sakhalin-1 to unfreeze the gas part of the project and acquire the gas," he said.

Gazprom and Exxon have been engaged in talks regarding Sakhalin-1 gas for years.

Industry sources said Exxon was not satisfied with the price Gazprom offered for the gas from the project, which also produces oil.

Putin has made LNG a priority for Russian companies and in June proposed gradually removing restrictions on LNG exports, in a blow to Gazprom, which holds a monopoly on exports of natural gas under a law passed in 2006.

Currently, the government is working on law amendments as part of plans to liberalize the gas market from Jan. 1, 2014.

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