

Mega Energy Deals Signed in China, While Rosneft Cuts Vankor Forecast

By [The Moscow Times](#)

October 23, 2013

The  Moscow Times

BEIJING — As Prime Minister Dmitry Medvedev continued his trip to China on Wednesday, Russian energy companies signed a slew of deals, seeking to lock in sales to fund costly production and pipeline projects that will direct exports away from Europe to Asia.

The agreements brought Igor Sechin, CEO of state oil major Rosneft, closer to his goal of exporting more than 1 million barrels per day of oil to China.

Gas independent Novatek secured a long-term contract to supply liquefied natural gas, or LNG, ahead of the lifting of state-controlled Gazprom's export monopoly on LNG exports expected next year.

Gazprom, the world's largest gas company, made modest progress towards supplying pipeline gas to China but, after years of talks, will fail to seal a deal before its Russian rivals can compete for exports.

Medvedev hailed Rosneft's outline agreement to pump 200,000 barrels per day of crude oil over 10 years to China's Sinopec Group, in a prepaid deal valued at \$85 billion.

"That is a large sum of money for any country — even China," the prime minister said Tuesday. "It testifies to the fact that we have reached a higher and completely new level of cooperation."

Analysts said the Rosneft-Sinopec deal, under which supplies are expected to flow from 2014, would increase the pressure on Sechin to develop new fields in Eastern Siberia to increase pipeline exports to China from the current 300,000 barrels per day, or bpd.

Already in June, Rosneft struck deals to treble long-term supplies to China to 922,000 bpd, raising questions over whether it has the reserves and capital on hand to deliver.

A separate deal announced in Beijing said that Rosneft and China National Petroleum Corp — the main importer of its oil — had agreed on supplies to a planned oil refining joint venture in Tianjin.

Meanwhile, Rosneft is cutting its forecast of production at the Vankor field in East Siberia that serves as its main resource base for supplying Asian markets.

Output at Vankor, which feeds in to the Eastern Siberia-Pacific Ocean, or ESPO pipeline, will only reach 23 million tons, or 462,000 bpd, in 2016.

Vankor will pump 21.3 million tons this year, or 428,000 bpd, below a peak initially seen at 25 million tons, according to a provisional forecast on the Krasnoyarsk regional government's website to which public access has been blocked.

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