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Novatek Receives Offer for Yamal LNG Share

By The Moscow Times

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Headquarters of Novatek on Leningradsky prospect, Moscow.

Novatek, a 60-percent shareholder in the $27 billion Yamal LNG project, announced Saturday that an as yet-unnamed buyer has offered to purchase their share in the gas complex, Interfax reported.

Novatek chief financial officer Mark Jetway said in a phone conference that the offer came from "a group in the Pacific region" but did not name a specific party. Novatek is Russia's second-largest natural gas producer after state monopoly Gazprom. In the first quarter of 2014, Novatek produced 15.36 billion cubic meters of gas and announced a profit of 25.1 billion rubles ($700 million).

The Yamal LNG project plans for a liquefied natural gas plant with a capacity of 16.5 million tons of gas per year and to service the Yuzhno-Tambeyskoye gas field. The plant will be built on Russia's Yamal peninsula. Gas processed at the plant would be largely intended for markets

in Asia, and will be shipped to the Pacific through the Northern Sea Route in tankers with hulls specially reinforced for through Arctic ice.

U.S. export credit agency Ex-Im bank dropped out of the project after the recent announcement of U.S. and EU sanctions against Russian companies in response to Russia's alleged role in ongoing unrest in Ukraine. Novatek shareholder Gennady Timchenko, who owns 23 percent of the company through his Volga Resources holding company, was personally targeted by the U.S. sanctions, though Novatek itself was not included on the sanctions list.

Following the imposition of sanctions, Jetway stated that Chinese investors had reaffirmed their commitment to the project and said he was confident that sufficient financial support existed for the project from remaining export credit agencies and Asian investors, Reuters reported.

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