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Deal With Gazprom Still On Track Says Germany's BASF

By The Moscow Times

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A Wintershall employee stands at the production facilities in Siberia.

FRANKFURT/MOSCOW — BASF's Wintershall on Thursday said a major deal with Gazprom was on track, after comments by the boss of the Russian company led to speculation it may be altered.

Gazprom head Alexei Miller said in a meeting in St Petersburg on Tuesday that some projects dealing with end users in Europe "could undergo certain changes, they could be modified in a certain way."

The deal for Gazprom to take over its Wintershall's German gas trading and storage was on course for completion this autumn, a Wintershall spokesman said in response to an enquiry.

Both parties have seen delays to the execution of the non-cash deal this year, citing legal reasons, but in the context of rising tension between Russia and its Western European

business partners over the conflict in Ukraine.

Wintershall, the German chemicals group's oil and gas arm, in 2012 agreed the deal, which will give the Russians full control over its units Wingas and Astora in return for gaining more access to Gazprom's Siberian gas fields.

It received European Commission backing last December for it to become effective in mid-2014, backdated to April 1, 2013.

"The complex legal unbundling process involving the establishment of new companies in Russia, the Netherlands and Germany is taking longer than initially anticipated," the Wintershall spokesman said.

"Therefore, we now expect our asset swap with Gazprom to conclude in autumn 2014," he added.

A Gazprom source on Thursday said, "The swap deal is scheduled to be completed by the 2014 year end. No plans to delay for 2015."

Wingas, currently a 50/50 joint venture with Gazprom, last year sold 44.3 billion cubic meters (bcm) of gas across Western Europe — equivalent to nearly half of Germany's total consumption.

Astora controls 6 bcm of gas storage capacity.

Russia's decision in June to cut gas supplies to Ukraine over a pricing dispute raised questions about Russia's role and reputation as a key energy supplier in the region.

Wintershall has long explored Siberian gas fields jointly with Gazprom and is also involved with South Stream, a new pipeline for Russian gas under the Black Sea into Bulgaria on to central Europe.

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