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Russia's Gazprom, Shell Agree to Expand Sakhalin-2 Project

By The Moscow Times

June 18, 2015



Russian gas producer Gazprom and Royal Dutch Shell have signed an agreement to expand the Sakhalin-2 LNG project, Gazprom said in a statement on Thursday.

The Sakhalin-2 project, Russia's sole LNG plant, has a current annual capacity of around 10 million tons. The third line would add another 5 million tons of liquefied natural gas a year.

Officials from both companies signed the agreement at an economic forum in Russia's second city of St. Petersburg on Thursday, but gave no specific timing.

Gazprom Deputy Chief Executive Alexander Medvedev told reporters this week he hoped to give answers on the project expansion, including on timing, in 2016.

Gazprom said on Thursday the Sakhalin-2 project envisaged getting gas supplies for the expansion from the Sakhalin-3 project.

Gazprom and Shell also signed an agreement on strategic cooperation which assumes

a partnership in the gas sector from upstream — exploration and production — to sales, including possible asset swaps.

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