

Russian Gas Giant Novatek Signs \$2.5Bln Contract for Arctic LNG Facility With Foreign Partners

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Russia's privately owned Novatek gas giant has signed a \$2.5 billion liquefied natural gas (LNG) platform construction contract with a joint venture between Italian energy contractor Saipem and Turkey's Renaissance services company.

The new Arctic LNG 2 project in the Yamal-Nenets autonomous district, one of Russia's main gas-producing regions, will become Novatek's second LNG plant. Saipem said the new contract is part of its 2016 strategic partnership agreement with Novatek for LNG projects.

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"Finally, the signing of this contract reinforces the presence of Saipem in Russia," the Italian

contractor's CEO Stefano Cao [said](#) in a statement Wednesday.

The \$2.5 billion deal envisions construction of concrete platforms that will stand on the seabed to support the LNG processing units on the Yamal-Nenets' Gydan peninsula in the Kara Sea, north of the Arctic Circle.

Novatek issued tenders to build an airport for Arctic LNG 2 and to recruit its personnel this week, Reuters [reported](#) Tuesday.

It cited a source close to the talks as saying that Italian export credit agency SACE planned to issue guarantees to support development of Arctic LNG 2. Novatek [said](#) Wednesday that it agreed to develop "long-term cooperation" with SACE on the project "and potential new LNG projects involving Italian suppliers and engineering companies."

Novatek's first plant, Yamal LNG, began running at a [full capacity](#) of 16.5 million metric tons of LNG per year in December.

Novatek plans to start producing gas at Arctic LNG 2 in 2022-2023 with a full-capacity of 19.8 million metric tons per year. Reuters reports that Arctic LNG 2 will have an estimated cost of \$25.5 billion, compared with Yamal LNG's \$27 billion price tag.

Reuters contributed reporting to this article.

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