

Japan Teams Up With Russia in Big Arctic LNG

By [The Barents Observer](#)

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Two Japanese energy companies have acquired a 10 percent share in Novatek's Arctic LNG 2 liquefied natural gas project.

The deal gives Mitsui&Co and the Japan Oil, Gas and Metals National Corporation (JOGMEC) a 10 percent stake in the major LNG project being developed on Russia's Arctic coast.

It also provides for the long-term annual offtake of approximately 2 million tons of LNG, the Novatek gas company said. "The entry of Japanese partners into Arctic LNG 2 will contribute to the project's successful implementation," Novatek CEO Leonid Mikhelson said.

The agreement was signed in the presence of Japanese Prime Minister Shinzo Abe and Russian President Vladimir Putin last week during the G20 summit.

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The Japanese share will be acquired through the Japan Arctic LNG B.V., a Dutch company in which Mitsui and JOGMEC have made joint investments. The equity ratio of JOGMEC and Mitsui will be set at 75 percent and 25 percent respectively, the companies said.

With the deal, Novatek's ownership stake will shrink to 60 percent. Previously, the Total, CNPC and CNOOC companies had acquired 10 percent shares each in the project.

The Arctic LNG 2 will produce a projected 19.8 million tons of LNG per year. It will be based on the resources of the Utrenneye natural gas field on the Gudan peninsula. The project, which will unfold on the eastern shores of the Gulf of Ob, includes three development trains of 6.6 million tons of LNG each. The natural gas will be shipped out through ice-covered waters with a new fleet of ice-class carriers to buyers in Europe and Asia.

Production is due to start in 2023 and a major share of the liquified natural gas is to be shipped along the Northern Sea Route to the Asian market.

Total project development costs are estimated at \$21-23 billion.

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