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New Arctic Partnership Announces Construction of 17 Icebreaking LNG Tankers

A joint venture set up by Novatek and Sovcomflot companies will develop and run a powerful new fleet of Arctic carriers.

By The Barents Observer

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Russian natural gas company Novatek and maritime shipping company Sovcomflot have signed a deal that formally establishes a new joint venture during this week's Eastern Economic Forum in Vladivostok.

The vessels will conform to Arc7 ice standards and will be built at the new Zvezda shipyard. They are to be delivered in the period 2023-2026.

Sovcomflot said it will be a completely new fleet of Arctic LNG tankers built in Russia and

sailing under the Russian flag.

The vessels will serve the Arctic LNG 2, a major natural gas project currently under development by Novatek and its partners.

The new company will lead the technical development of the fleet, serve as its purchaser and keep control of the construction process. It will be the formal ship owner, operator and financing provider, Sovcomflot representatives said.

According to the company's leader Sergei Frank, a joint venture is the best possible way forward considering the complexity of the project.

"Considering the capital intensity and duration of the project, and the need for consolidation of financial resources, construction potentials, use of new technologies and experience from fleet management in harsh ice and climatic conditions, the establishment of a joint venture is preferable," he said.

According to the company, the new vessels will be technically different from the tankers built for the Yamal LNG project. The hulls will have a different shape, which reportedly improves the ships' operational capacities in the shallow waters of the Ob Bay and the thick ice of the Russian east Arctic.

In a comment, Novatek leader Leonid Mikhelson highlighted the need for consolidated efforts in the development of the Northern Sea Route.

"The efficient model for marine transportation of LNG from the Russian Arctic to the main international markets via the Northern Sea Route supports Novatek's successful development of Arctic LNG projects and allows us to meet the President's objective to increase goods shipments in the NSR to 80 million tons in 2024," he said.

The new 17 ships will be built at Zvezda, the grand new shipyard developed by Rosneft. The Russian oil company will cooperate closely with the South Koreans in the process. On the same day when Sovcomflot and Novatek announced their new partnership, Rosneft presented a deal with Korean shipyard Samsung Heavy Industries.

According to Rosneft, the deal makes the Korean company a key technological project partner and will provide the Russian shipbuilders with technical specifications and project documentation needed for the development of the fleet.

The tankers that now serve the Yamal LNG project have been built by the Daewoo Shipbuilding & Marine Engineering (DSME). The Yamal fleet will by the end of 2019 total 15 vessels. They now shuttle between LNG terminal Sabetta and markets in Europe and Asia.

Sovcomflot owns and operates one of the Yamal tankers, the Christophe de Margerie.

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