



They see it here, they see it there, they see that Gazprom everywhere*

Posted by [Heading Out](#) on April 13, 2006 - 12:23am

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Tags: [belarus](#), [canada](#), [gazprom](#), [lng](#), [natural gas](#), [oman](#), [shtokman](#) [[list all tags](#)]

One of the major hopes for natural gas supplies over the next decade has to be Russia. Yet, as noted in a couple of earlier posts, questions about long-term supplies from Gazprom are not easily laid to rest. Consider one of the headlines in [today's Moscow Times](#) which suggests that selecting partners for the Shtokman field is not a simple investment choice.

My discussion with Russian officials has clearly suggested that while there is no formal connection" between WTO accession and participation of U.S. companies in Shtokman, "there is an informal understanding that if Russian membership in WTO is blocked, it would be considerably more difficult for American companies to win participation in Shtokman and other major Russian energy projects," said Dmitry Simes, head of the Nixon Center, a Washington-based think tank.

And that is the more positive of the two comments in the report. Once again there are up's and down's in the question as to whether we can rely on Russia to fill the gaps between supply and demand.

On the positive side, they are [reported](#) to still have lots of natural gas. (In contrast to some questions about [Russian oil supply](#)).

The IEA now expects production from outside OPEC to rise by 1.15 million bpd this year, less than previously thought, and it nudged down an estimate for growth in Russia, the world's second-largest exporter, to 2.8 percent.

Colder-than-usual weather in western Siberia trimmed Russian production this year and the IEA lowered its forecast of supply from oil firm Sibneft, which has been bought by Gazprom

Oh, yes it's them again!

Now, on a positive note, Gazprom has just delivered the first [LNG tankerload](#) to the UK. While this underlies the tenuous nature of UK supplies these days, it is also interesting to note where the gas came from.

Gazprom, which currently does not produce its own LNG, acquired the shipment from Gaz de France and sold it to BP PLC, said a statement released late Tuesday.

The volume of Tuesday's shipment was 140,000 cubic meters (4.9 million cubic feet) of gas, equivalent to 85 million cubic meters of natural gas, it said.

Wonder if that was [the shipment](#) used to get France more gas this past winter?

This follows shipments of LNG to the US, which began last September, [after Katrina](#).

The first shipment of liquefied natural gas produced by the Russian natural gas monopoly Gazprom has made it across the Atlantic Ocean to dock in Cove Point, Maryland. The tanker Castillo de Vellalba is carrying 60,000 tons of LNG which is equivalent to 80 million cubic meters of gas.

Access to the Shtokman field is likely fairly important to future supplies of natural gas from Russia, given that their deposits in Western Siberia [are reported](#) as falling by 20-25 billion cubic meters each year.

Reserves of Shtokmanovskoye field are estimated at 3.2 trillion cubic meters of gas and 31 million tons of condensate. The plan is that a gas pipeline would be built from Shtokmanovskoye gas field to the coast of Murmansk Region, where a gas liquefaction plant will be built. It is planned that at the first stage extraction will amount to 30 bcm, of which 25-27 bcm will be liquefied and exported. The total project cost amounts to estimated \$10-15 billion.

But the choice of who will partner Gazprom in the development of the field continues to drag out. And, as noted, it is no longer just an economic choice (if it ever was) but increasingly is becoming tied into geo-politics. And in that regard, Gazprom is still very aggressively looking after its own interests, and future.

Even for its allies, for example, Gazprom willingness to go along with lower prices can only go so far. It plans on now raising the natural gas price [for Belarus](#) unless a deal can be negotiated for Gazprom control of the entire Belarusian gas transportation network. (Similar to those it is "negotiating" with other countries, such as Armenia, that have been noted here in earlier posts).

However, I have also to grin a bit, since I was debating with [Jerome earlier](#) about the likelihood of a gas pipeline from Turkmenistan to India and Pakistan. Well (courtesy of [Rigzone](#)) guess what?

Gazprom chairman Alexei Miller met with Iranian ambassador Gholamreza Ansari in Moscow yesterday to discuss a possible role for Gazprom in the development of the Iranian gas sector, the company said in a statement.

Gazprom identified two main projects for Russian-Iranian cooperation, namely the construction of a pipeline linking Iran, Pakistan and India, as well as Gazprom's involvement in developing South Pars.

Of course, if I were cynical, I might wonder at the timing

Gazprom is also working with Canada, for example [who is negotiating](#) to build an LNG plant near St. Petersburg that would supply the Canadian re-gassification plant in Gros-Cacouna, Quebec.

In terms of alternate sources of supply, Oman is planning on [doubling gas production](#) to 70 - 80 million cu.m/day by 2011, at a cost of \$10 billion. And there is similar investment commitment around the Middle East, but how much of it will be carried out by folks with a Russian accent?
*With apologies to the Baroness Emmuska Orczy.



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