

Transneft, Partners to Finance Arctic Pipe

By [The Moscow Times](#)

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Pipeline operator Transneft and its partners will finance design and construction of the Zapolyarye-Purpe oil pipeline until 2013, according to a government order published Monday.

The companies have formed a joint venture to build the pipe, according to the order. Transneft will foot half the bill, while TNK-BP, LUKoil and Gazprom Neft will provide the rest by purchasing shares in the joint venture.

Construction costs are expected to total 60 billion rubles, or \$1.9 billion.

The pipe will have a state guarantee to help it raise funds to complete construction starting in 2013. Transneft will begin to buy back shares it sold to the oil producers in 2016, according to the document signed by Prime Minister Vladimir Putin.

The pipe — with the capacity of 12 million tons per year — will link Arctic fields to the

Transneft system, enabling the crude to flow either west to Europe or east to Asian and Pacific markets through an East Siberian pipeline currently under construction.

In another decree published Monday, the government banned access to the country's main oil pipelines for new refineries with the depth of less than 70 percent.

Putin, speaking at an oil industry meeting last week, called for the upgrade of about 250 refineries with the depth of 40 percent to 45 percent that now operate in Russia.

(Bloomberg, MT)

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