

Environmental, Financial Risks Delay Shtokman Start

By [The Moscow Times](#)

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Gazprom aims to make an investment decision with its partners on the Shtokman gas field by the end of the year as they grapple with the risks of developing the Arctic offshore region.

"The most important decision is the technology for production and delivery to the shore," deputy chief executive Valery Golubev told reporters in Moscow on Thursday. "After what happened in the Gulf of Mexico and Japan it's important to have a concrete understanding of safety."

Gazprom and its partners, Total and Statoil, had planned to decide on pipeline gas from the offshore field last month, followed by a decision by year-end on liquefying gas for shipment by tanker.

The venture postponed the planned start of the project last year after gas demand fell during the financial crisis. Shtokman, which holds enough gas to meet world demand for more than

a year, is located 600 kilometers from Russia's Barents Sea coast in stormy, iceberg-ridden waters.

The partners had aimed to approve cost estimates in January, Shtokman Development chief Alexei Zagorovsky said in November. No budget has been disclosed. In February, the venture's vice president Andre Goffart said the project is "a bit expensive."

Gazprom may delay taking on the risks after energy disasters, such as the Gulf of Mexico oil spill or Japan's nuclear crisis, drove down operators' share prices.

Under the time frames approved last year, Shtokman would start gas output in 2016 for pipeline delivery to the Russian and European markets. LNG output would follow a year later.

The Russian government may delay the start of output from Shtokman until 2018 after an increase in unconventional gas supplies in the United States reduced demand, Pyotr Sadovnik, deputy head of the subsoil resources agency at the Natural Resources and Environment Ministry, said in February. The United States was originally earmarked as the main market for Shtokman LNG.

Shtokman holds 3.9 trillion cubic meters of gas and 53.3 million tons of condensate, which Golubev said "has to be separated at sea or on shore."

"The delivery of clean gas to the shore is significantly more safe," Golubev said. "There is also some danger separating gas and condensate at sea so the topic of current talks is which of these two is safer."

Natalia Krasilnikova, a spokeswoman for Statoil in Russia, addressed all questions to the project operator Shtokman Development. Anastasia Zhivulina, Total's Moscow-based spokeswoman, wasn't immediately available to comment.

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