

Eni Unit to Lay Pipes for LUKoil

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Italy's Eni scored another point in Russia when its subsidiary won an offshore-services contract from LUKoil.

The subsidiary, Saipem, on Saturday signed a deal to lay pipelines that will carry oil and gas from an offshore Caspian Sea field.

Saipem and LUKoil, which plans to launch the Vladimir Filanovsky field by the end of 2015, haven't named the price of the contract.

Eni owns 43 percent of Saipem, whose shares trade on the Milan Stock Exchange.

For Eni, the deal was the third stroke of good fortune in this country last month. The Italian energy producer signed a deal on April 18 to team with state-controlled Rosneft to gain access to two Russian offshore projects. Earlier in the month it opened production at an Arctic oil and gas field with its local partners.

Saipem also laid the Nord Stream pipeline under the Baltic Sea for Gazprom.

The Caspian-pipeline deal shows LUKoil's steady progress with the Vladimir Filanovsky field. The company pioneered tapping the Russian section of the oil-rich sea — the largest enclosed body of water on the planet — by opening its Yury Korchagin field in April 2010.

Saipem will lay one oil pipeline and one gas pipeline of 114 kilometers each by the end of 2015.

LUKoil signed another Caspian underwater pipeline agreement with Malaysia's Bumi Armada Berhad last month. That contract is for two shorter pipelines, one for oil and the other for gas, to connect the operating Yury Korchagin field with the Vladimir Filanovsky field by the summer of 2015.

The pipelines will run for 40 kilometers each and cost \$200 million to build, LUKoil and Bumi Armada said in separate statements.

LUKoil didn't say why it needs these pipelines. It currently ships Yury Korchagin oil and gas by tanker.

LUKoil's contract with Bumi Armada Berhad is the first time the companies have entered into a commercial agreement.

The Malaysian company chief Hassan Basma said, "We are confident that this major award will usher in a lasting period of a mutually rewarding relationship."

The Vladimir Filanovsky field holds 153 million metric tons of oil in proved and probable reserves under Russian standards.

Rosneft's board of directors recommended that dividends for 2011 be paid at 3.45 rubles (12 cents) per share — a 25 percent increase over 2010 — the company said Saturday.

The decision sets a slightly higher rate of increase than that which Deputy Prime Minister and former Rosneft chairman Igor Sechin earlier proposed.

"We made a decision to increase dividends every year by 20 percent," Sechin said April 16, Interfax reported. "Rosneft is a public shareholder company ... if the shareholders make a decision that dividends are [to go up] 25 percent instead of [putting more into] investment, then the investment program will be cut back."

The 25 percent increase must be approved by the company's annual general shareholders meeting.

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