
ROSNEFT EYES CHINESE GAS MARKET AFTER BEIJING GAS DEAL

- 30.06.2017

Reuters (29 June 2017)

Russia's largest oil producer Rosneft said on Thursday it was targeting China's gas market after completing a \$1.1 billion deal to sell 20 percent of its subsidiary Verkhnechyonskneftegaz (VChNG) to Beijing Gas.

The deal is part of a Russian drive backed by President Vladimir Putin to forge closer economic and political ties with China amid a standoff with the West.

Kremlin-controlled Rosneft, which aims to ramp up natural gas sales as it squares up to Russian gas firm Gazprom, said it hoped to access China's domestic gas market and end-users via swap deals.

Separately, Rosneft vice president Vlada Rusakova said on Thursday the company was looking at building a liquefied natural gas (LNG) plant in Russia's far east using exclusively its own resources and gas reserves.

Rosneft and U.S. energy firm Exxon have previously talked about building an LNG plant in Russia's far east together, using gas from the Sakhalin-1 project in which both firms have a stake.

Rusakova said building a plant with Exxon still featured in Rosneft's plans, but her suggestion that Rosneft could go it alone reflects the company's growing ambitions, especially in Asia.

Rosneft Chief Executive Igor Sechin, one of the most influential businessmen in Russia, has said his firm plans to become the world's third-largest producer of gas early next decade.

Rosneft has been lobbying for access to a gas pipeline to China being built by Gazprom, which currently has a monopoly on Russian pipeline gas exports.

It said on Thursday it was looking at cooperating with Beijing Gas in Russia's far east and east Siberia in exploration, production of hydrocarbons and gas marketing.

VChNG, located in east Siberia, produces around 165,000 barrels per day of oil, delivered via the East Siberia-Pacific Ocean pipeline.

As of Dec. 31, 2012, its proved natural gas reserves stood at 9.8 billion cubic meters.