Yamal peninsula – the giant of the future

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How important is Yamal for Russia?
What do we know about the present development activity?
What is the outlook?
11 gas fields and 15 oil, gas and condensate fields discovered: 10.4 TCM

Miller: 360 BCM from Yamal peninsula by 2030, NPT – 140 BCM

Bovanenko, Kharasavey, Novy Port: 5.9 TCM

October 2006 – Gazprom board declares production start-up at Bovanenko in 2011

June 2009: Bovanenko start-up postponed to third quarter 2012
Yamal peninsula - Gazprom’s checkpoint
1992 - Licenses for all fields where development had started given to Gazprom.

1998-2000 - new semi-independent players:
  - Itera, Rospan, Novatek, Tambeyneftegaz

2004-2009 - Reintegration with Gazprom

2008: Award of new licenses to Gazprom on Yamal, without competition
  - Kruzenshtern, Severo-Tambeyskoe, Zapadno-Tambeyskoe, Malyginskoe

80% of discovered reserves licensed
Official gas balance forecast...

...more expansive than Gazprom’s

Converted from “Russian energy strategy until 2030”
Even with revised consumption forecasts, there is a need for new gas fields soon!
“Megaproject Yamal” - status

- Drilling of first production well December 2008
  - 94 wells planned before production start

- Pipeline status summer 2009
  - 300 km pipeline (of 1100 km Bovanenko-Ukhta) built
  - 40 km subsea (total 72 km)
  - Pipeline construction stopped?
    - Capacities moved to the Far East
Quiet?
Railway status September 2009:

- 472 km (of total 572)
- Planned finished in September 2010, too late for production start 2012?
  - Until then – only transportation by sea to Kharasavey and Sejakha July-September
Investment status

- Present estimate: USD 100 bill including Bovanenko Kharasevey, Novy Port + pipeline
- Nobody knows the real investment needs
  - “Complex development programme” only in 2010!
- Gazprom has had problems paying suppliers - starting 2008
- Sharp fall in export earnings put question mark on financial capacity of Gazprom
  - Announced cut 2009: 30% of original capital investment programme
  - Announced cut 2010: 50% of prognosticated investments
Government support

- Has the Russian government considered the implications of the combined privileges given to support Gazprom’s development of Yamal?
  - Privileged access, semi-monopoly
  - Avoiding increased mineral tax on gas production
  - Reduced export tax?
  - Special economic zone?
  - Transfer of railway to RZhD
  - Direct state investments?

- Financial crisis makes it difficult for authorities to give further concessions
Outlook

- Bovanenko further delayed
  - Original scheme 75-115 BCM after four years
  - New scheme: 115-145 BCM (6-8 years?)

- Force output from Zapolyarnoe
  - From 100 -130 BCM

- Offshore fields in Ob bay – postponed

- LNG from Tambey group new priority – why?
  - With foreign capital and participation

- Yamal peninsula will be developed but the concrete priorities not decided yet
  - Configuration of interests not settled!