



States Continue to Invest in Russian Energy

OE Watch Commentary: The Arctic LNG 2 project is located on the eastern side of the Gulf of Ob—an extension of the Arctic Kara Sea. It is opposite Novatek’s original Arctic LNG project designed to exploit the vast LNG fields of the Yamal (Gydan) Peninsula as the accompanying excerpted article from *Interfax* reports. Total is a major energy giant based in France, while Mitsubishi of Japan, Kogas of South Korea, Nuovo of Italy and Saudi Arabia have also been in talks with Novatek. **End OE Watch Commentary (Grau)**

“Under the terms of the deal, Total buys 10% in Arctic LNG 2 and has an option to increase its stake to 15% if Novatek reduces its participation interest below 60%.”

Source: “Novatek closes sale of 10% stake in Arctic LNG 2 to Total,” *Interfax*, 7 March 2019. <https://www.interfax.com>

The Arctic LNG 2 project involves building three LNG trains at 6.6 million tons per annum each, using gravity-based structure (GBS) platforms. [An “LNG train” is a liquefied natural gas plant’s liquefaction and purification facility. In order to transport LNG from one country to another, its volume has to be dramatically reduced. To do this, the gas must be liquefied by refrigeration to less than -161 °C. This refrigeration process is conducted in multiple units arranged sequentially-like a train.] The project is based on the hydrocarbon resources of the Utrennoye field on the Gydan Peninsula.

The final investment decision on the project is expected to be made in the second half of 2019, and production at the first train of the plant is scheduled to start in 2023. Under the terms of the deal, Total buys 10% in Arctic LNG 2 and has an option to increase its stake to 15% if Novatek reduces its participation interest below 60%. “Literally: if we go below 60%, then [Total will additionally receive] 50% of our reduction, but not more than 5%,” Novatek CEO Leonid Mikhelson said. Taking into account its 19.4% stake in Novatek itself and Novatek’s plans to retain a 60% interest in Arctic LNG 2, Total’s overall stake in the project will be about 21.6%.

Prior to the deal, Novatek owned 60% of Arctic LNG 2 directly and 40% through Ekropromstroy. The company plans to sell 40% of the project to foreign investors, which include companies from China, Japan, Thailand and Saudi Arabia.

Big Ship for a Big Job

OE Watch Commentary: The Russian military expansion in the Arctic has kept the *Sevmorput* container ship busy in the Arctic waters. Now, as the accompanying excerpted articles from *The Barents Observer* report, it is hauling construction material for the LNG fields off the Kara Sea. Sailing up the Dvina River to Arkhangelsk’s port of Ekonomaya made the record books for the largest ship to make the trip. The *Sevmorput* has a capacity for 30,000 tons of cargo. The half-capacity load may be a reflection of the rather shallow draft of the Dvina. What’s next after all the construction slows down? Frozen fish is a good bet. The Russian Arctic fishing industry has been steadily expanding and other (nonnuclear) container ships are kept busy moving the frozen fish to market. This time of year, icebreakers are essential. **End OE Watch Commentary (Grau)**

“Rosatomflot is an active participant in the large-scale Arctic hydrocarbon projects.”

Source: Atle Staalesen, “Nuclear container ship *Sevmorput* sets course for new Arctic gas field,” *The Barents Observer*, 6 March 2019. <https://thebarentsobserver.com/en/arctic-industry-and-energy/2019/03/nuclear-container-ship-sevmorput-sets-course-new-arctic-gas-field>

...It is all destined to the development of the Utrenneye natural gas field and adjacent seaport on Gydan Peninsula, ship owner Rosatomflot informs. A second shipment to Gydan is scheduled later this year.

“Rosatomflot is an active participant in the large-scale Arctic hydrocarbon projects,” Atomflot General Director Mustafa Kashka says. “The usage of nuclear-powered container ship «Sevmorput» in the development of the Arctic LNG 2 shows that our successful work experiences from the Arctic is much needed”...

Source: Atle Staalesen, “Biggest ship ever makes its way up the river to Arkhangelsk,” *The Barents Observer*, 12 March 2019. <https://thebarentsobserver.com/en/arctic-industry-and-energy/2019/03/biggest-ship-ever-makes-it-way-river-arkhangelsk>

... The «Sevmorput» is the world’s only nuclear-powered container ship...

The ship was built in the period 1984-1988. In 1992-2006 she was used for transportation to ports along the Northern Sea Route. Later she was docked at the Atomflot base in Murmansk for years without assignments, and Rosatom was preparing to turn the ship into scrap metal.

In 2013 it was announced that “Sevmorput” would be renovated and put into service again...