
CNPC and Gazprom agree to peg gas price to Asian oil basket - Mr Putin

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Interfax cited Mr Vladimir Putin Prime Minister of Russia as saying that China National Petroleum Corp and Gazprom have agreed to peg the price of the gas that Russia plans to supply China in the future to the price of the Asian oil basket.

Mr Putin said gas price issue had been a stumbling block in Russian-Chinese talks. He said that Gazprom has enough resources to supply China even though the organization of exports along an eastern pipeline would need serious financial support and take considerable time. He added that "There are no problems with the resource base, we don't even have to do any work for this."

Mr Putin said eastern Siberia has estimated gas reserves of 65 trillion cubic meters and Russia is likely to produce 600 billion cubic meters or more of gas in 2010. He said that "Consumption volumes are falling, but if they grow, we would have a sufficient resource base for domestic consumption, export contracts and supplies for China."

Mr Alexei Miller CEO of Gazprom said the framework agreement on gas supplies to China that CNPC and Gazprom signed on October 13th states that gas will be delivered by the Unified Gas Transportation System and that the supplies are not contingent on any particular gas fields. He said that "The Kovykta field is also being considered as a source of gas to be supplied to China, but only for the Eastern pipeline route which as you know is second in line."

Asked whether the agreement with China prescribed any advance payment to Gazprom, Mr Putin said the matter had not been on the agenda but that he could see no need for any advance payment.

He said that "Gazprom has enough resources of its own. If the company has enough contracts for gas supplies, it will have no problems with getting financial resources from the market."

Mr Putin also said gas exports to China via the eastern and western pipeline routes might be synchronized. He said that regarding supplies via the Western route that problem could be solved before 2015. Supplies from the East Siberian fields could begin from 2015."

Mr Putin also said Russia might consider payments for the gas supplied to China in rubles. He said that "We have talked about this possibility with China and our energy companies have raised this issue for example Gazprom."

He added that "We could consider this, but this does not mean our Chinese partners have to have rubles. We're prepared to accept payment for yuan but a balance would be needed. He also said the next meeting of the Shanghai Cooperation Organization finance ministers will look at an initiative by Kazakhstan to institute electronic settlements in national currencies."

(Sourced from Interfax)

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