
OMV Says A Challenge To Find Gas For Nabucco

By Tom Bergin
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An alternative pipeline backed by the European Union and United States to reduce European reliance on Russian gas faces a challenge securing supplies, the chief executive of lead consortium member OMV said.

Wolfgang Ruttenstorfer told Reuters on Wednesday that means the EU may need to reconsider opposition to importing gas from Iran if it wished to improve energy security.

Some analysts and industry executives doubt the Nabucco pipe linking Turkey and OMV's Austrian gas hub via Bulgaria, Romania and Hungary will be built because Russian gas export monopoly Gazprom is proposing a rival route which also aims to ship gas via southern Europe.

"We need around 10 bcm to take a final investment decision and it should be feasible to raise this quantity but it's not easy. It's a challenge, that's for sure," Ruttenstorfer said.

Nabucco is designed to carry 30 billion cubic metres of gas per year.

Last week, Deputy Assistant Secretary of State Matthew Bryza affirmed Washington's support for the 5 billion euros project and Ruttenstorfer said U.S. backing would help to secure gas.

"Azerbaijan is one of the candidates for supplying gas and the U.S. has some presence there, and also in other areas from where the gas could come, so it's definitely helpful," he said.

But even if Azerbaijan agrees to supply Nabucco, it won't be able to fill the pipeline alone, so the project hinges on supplies from other countries, Ruttenstorfer said.

The EU hopes Turkmenistan will supply the pipeline but Ruttenstorfer said it was a long-term option at best.

"I can't tell you that it is on the horizon .. because they have sold a big part of their production increase to Russia already," he said.

Ruttenstorfer said Russia could supply the pipeline but analysts think it unlikely that state-controlled Gazprom will help a project which limits its control of Europe's gas market.

HARD DECISIONS ON IRAN The CEO added Iran, with the world's second-largest gas reserves, would also make a good supplier despite the EU saying in November that Iranian gas was not needed, or desired, for the pipeline.

EU member countries and the U.S. oppose closer energy ties with Tehran because of concerns about Iran's nuclear programme, which has already attracted United Nations sanctions.

Ruttenstorfer said the EU may have to re-examine its position.

"Europe needs gas from the Caspian area and the Middle East .. therefore EU foreign policy should look at that situation very carefully," he said.

Ruttenstorfer added that if the EU blocked imports of Iranian gas via Nabucco, it may in future face a situation where Gazprom imports gas from Iran and re-exports it to Europe, further increasing the continent's reliance on Russia.

Russia currently imports gas from Turkmenistan, Uzbekistan and Kazakhstan, which it resells to Ukraine and uses for the Russian market. Last week, Gazprom said it had agreed to develop more phases of Iran's giant South Pars gas field.

Ruttenstorfer added that he supported the entry of Gaz de France as the seventh partner in Nabucco, although he said progress should not be delayed to facilitate this.

Turkey has blocked the involvement of GDF because of the French National Assembly's approval of a bill making it a crime to deny that Armenians suffered a genocide at the hands of Ottoman Turks during World War I.

OMV reaffirmed some of the strongest growth targets in the industry on Tuesday, projecting growth of 7.5 percent to 2010 but Citigroup said a lack of new projects starting up after 2008 put in question the longer term sustainability of upstream growth.

"We will grow at a much slower level, that's for sure," Ruttenstorfer acknowledged but added that drilling offshore Romania could support expanded output. (Reporting by Tom Bergin, Editing by David Cowell)
