

Aramco in talks with Sinopec and Total on \$10bn Saudi gas deal



Sinopec and TotalEnergies SE are among companies holding talks to invest in the Jafurah development in Saudi Arabia, according to people familiar with the matter, as the kingdom seeks to exploit one of the world's largest untapped gas fields.

The Chinese and French energy giants are in separate discussions with Saudi Aramco about the plans that may include the construction of facilities to export the fuel as liquefied natural gas, some of the people said, asking not to be identified because the matter is private. Aramco is seeking to raise a total of around \$10bn for the projects, the people said.

Saudi Aramco has been seeking equity investors that could help fund midstream and downstream projects at its more than \$100bn

Jafurah gas development in the east of the kingdom. The state-controlled company has been reaching out to private equity firms and other large funds that invest in infrastructure to offer stakes in assets such as carbon capture and storage projects, pipelines and hydrogen plants, Bloomberg reported in December.

Investment bank Evercore Inc is advising Aramco on the plans. Talks are ongoing and no final decisions have been made, the people said. Representatives for Aramco and TotalEnergies didn't immediately respond to a request for comment. China Petroleum & Chemical Corp, as Sinopec is officially known, didn't respond to emailed requests for comment made during China's Labor Day holiday.

The war in Ukraine has led to a surge in demand for natural gas, led by European nations that traditionally got their supplies from Russia. This has led to Gulf States embarking on ambitious plans to expand their gas output.

Saudi Arabia has some of the biggest gas reserves in the world, but has barely exploited them in the past. Now, Jafurah is a key part of Riyadh's strategy to diversify its exports beyond oil. The field is estimated to hold 200tn cubic feet of gas, and Aramco expects to begin production there in 2025, reaching about 2bn standard cubic feet per day of sales by 2030.

A decision to build an LNG export terminal would mark a u-turn for Aramco. The company has recently said that the majority of the gas from Jafurah and other fields would be used for the domestic market and to make blue hydrogen.

Since Aramco was fully nationalised in 1980, most foreign investment in the kingdom's energy industry has been restricted to downstream assets such as refineries and petrochemical plants. In the past, Aramco has struck joint ventures with firms including Shell Plc and TotalEnergies for the exploration and drilling of natural gas within its borders.