Oil and Gas News Briefs
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Goldman Sachs raises year-end forecast to $90 a barrel

(Reuters; Sept. 27) - Goldman Sachs has raised its forecast for year-end Brent crude oil prices to $90 per barrel from $80, as a faster fuel demand recovery from Delta variant and Hurricane Ida's hit to production led to tight global supplies. Brent futures hit a near three-year high last week as global output disruptions have forced energy companies to pull large amounts of crude out of inventories. Brent opened Sept. 27 above $79.

"While we have long held a bullish oil view, the current global supply-demand deficit is larger than we expected, with the recovery in global demand from the Delta impact even faster than our above-consensus forecast and with global supply remaining short of our below-consensus forecasts," Goldman said in a note dated Sept. 26.

Hurricane Ida's hit to supply has more than offset OPEC+'s production ramp-up since July, with non-OPEC+ and non-shale output continuing to disappoint, Goldman said. Hurricane Ida and Nicholas, which swept through the U.S. Gulf earlier this month, damaged platforms, pipelines and processing hubs, shutting most offshore production for weeks. On the demand side, Goldman said risks were "squarely" skewed to the upside this winter, as a global gas shortage will increase oil-fired power generation.

Russian oil companies move farther north in Arctic exploration

(Barents Observer; Norway; Sept. 23) – Russia's oil exploration is moving north into previously untouched territories. The latest lands up for industrial expansion might be the shorelines and deltas of several Arctic rivers and bays. Among the oil companies that now seek to develop new projects in the region is Gazprom Neft. The company reportedly requested rights to the Ust-Yenisey area in the far north Taymyr Peninsula.

Ust-Yenisey is located in the area where the Yenisey River flows into Yenisey Bay. The request is being processed by the Russian Mineral Agency Rosnedra, the newspaper Kommersant reported. Resources in the area are estimated to total at least 470 million barrels of oil and 5.1 trillion cubic feet of natural gas. In addition, the resources of the adjacent Leskinsky area believed to hold more than 700 million barrels of oil.

Not far from the Ust-Yenisey are license areas controlled by Rosneft and planned for development as part of the huge Vostok Oil project. Nature in the area is highly vulnerable and industrial activities could irrevocably affect local eco-systems. Companies also are seeking expansion along other parts of Russia's Arctic coast.

Russian legislation bans private companies from exploring and developing offshore fields. But the resources located within a 12-mile zone from the coast are not categorized as part of the shelf and consequently subjected to other regulations.

Russia will fully finance Baltic LNG project

(Upstream; Sept. 22) - Russian authorities disclosed they will fully finance a plan by state-run Gazprom and privately held Rusgazdobycha to build a liquefied natural gas plant and gas-to-polymers processing facility near the Baltic port of Ust-Luga. Finance Minister Anton Siluanov said authorities are working on arranging lending for the project operator, Ruskhimalliance, with a credit line of up to 900 billion rubles (US$12.2 billion).

The funds will be disbursed from the Russian National Welfare Fund, established to accumulate excess tax payments by Russian companies from their exports of oil, gas and other natural resources. Though the fund has previously bankrolled several key energy and infrastructure projects, the amount of financing is unprecedented for a single lender, according to industry analysts in Moscow.

Under the plan, announced in 2019, the venture will operate the facility to process wet gas from the Tambey fields on the Yamal Peninsula in West Siberia at a maximum rate of 1.6 trillion cubic feet per year. This facility will remove ethane from the gas mixture, which will be used as feedstock for production of polymers. According to Gazprom, the processed dry gas will be returned into the trunkline for delivery to domestic customers and for exports, while the rest will be liquefied and shipped to international markets. The planned LNG plant will have nameplate annual capacity of 13 million tonnes.

U.S. refiners turn to Iraq, Canada to replace crude lost to storm

(Reuters; Sept. 23) - U.S. oil refiners hunting to replace storm-lost Gulf of Mexico crude have been turning to Iraqi and Canadian oil, while Asian buyers are pursuing Middle Eastern and Russian grades, analysts and traders said. Shell, the largest producer in the U.S. Gulf, this week said damage to an offshore transfer facility will limit Mars sour crude supplies into early next year. The grade of oil is used heavily by U.S. Gulf refiners and companies in South Korea and China, two top destinations for U.S. crude exports.

The U.S. now generally exports more than 3 million barrels of oil per day, most from the Gulf Coast. With fuel demand rebounding to pre-pandemic levels, refiners will need to make up for the Mars shut-ins. The loss of up to 250,000 barrels per day has some U.S. refiners seeking replacements for fourth-quarter delivery, especially Iraq's Basrah crude, traders said. Others received supplies of sour crude from U.S. strategic reserves.

Basrah crude has come to the fore during past disruptions. In 2019, when U.S. sanctions on Venezuela cut off heavy crude grades to Gulf refiners, Iraq rapidly boosted cargoes. Canadian heavy-oil suppliers also benefited. ExxonMobil and Placid Refining have received oil from the U.S. Strategic Petroleum Reserve, addressing immediate needs for sour crude. Refiner Marathon Petroleum bought Basrah for October loading, one trader said. Refiners able to process and blend heavier crudes also have shown interest in Canadian and Latin American grades, traders added.

Russia refilling own gas storage before boosting exports to Europe

(Bloomberg; Sept. 23) - Europe's worst energy crisis in decades could drag deep into the cold months as Russia is unlikely to boost gas shipments until at least November. Gazprom is producing its most gas in more than a decade for this time of year, but the additional output is staying at home. Russia needs to refill its storage sites that were severely depleted after a long and cold winter and will be stockpiling gas through October. Only then will it be able to send more gas to Europe, according to analysts.

The constraints at home come as top customer Europe is facing a gas crunch, with prices breaking records. That's prompted the International Energy Agency to call on Russia to do more to boost shipments, while a group of European lawmakers have asked for an investigation into Gazprom's role in the high prices. The limited Russian supply is starving Europe of the fuel it needs to fill its own inventories before winter.

Gazprom's storage in Russia was just 16% filled at the end of last winter, depleted way beyond the normal 35% to 40%, according to Bloomberg calculations using company data. The gas giant plans to finish filling its storage sites by Nov. 1, and "after this point, any excess volumes could be available for the European market," Citigroup said in a note. Gazprom said last week that it was putting 11.5 billion cubic feet of gas a day into Russian inventories, almost the same volume as it sends daily to western Europe.

Citi warns cold winter could push LNG to $100 price spike

(Bloomberg; Sept. 23) - Citigroup has more than doubled its Asian and European natural gas forecasts for next quarter and said prices could surge to as high as $100 per million Btu in the event of a particularly cold winter. Liquefied natural gas prices are skyrocketing as seasonally low European inventories, booming Chinese demand and supply constraints from Russia to Nigeria lead to a bidding war for the power-generation fuel before the Northern Hemisphere winter.

Japan-Korea marker prices have jumped almost 50% so far this month to near $30 per million Btu, while LNG in Europe is up around 40%, moving close to $25. Price gains in the U.S. have been more subdued. Average prices next quarter will be moderately higher than current levels in Citi's base case, the bank said. However, there are likely to be price spikes and if unusually cold weather boosts demand and hurricanes in the U.S. Gulf of Mexico disrupt supplies, cargoes could trade near $100, it said.

"Global natural gas prices could continue to go parabolic in the coming weeks and months," Citi analysts said in the note. "Strong demand and a lack of supply response have sharply tightened the market. Any surprise demand surge or supply disruptions could propel price further upward." However, the LNG rally will fade and prices could drop 70% by the third-quarter 2022 from this winter's levels, the bank said.

Rising wholesale gas prices squeeze power retailers in Britain

(Reuters column; Sept. 22) - Like most other energy crises, Britain's power and gas crunch has a short-term trigger (a sudden surge in international gas prices) but the underlying problems it has exposed have been building up for years. Britain's choices over energy market design, price controls, gas-led power generation, charges and billing have reflected the balance of political forces and interest-group lobbying, whether they have been deliberate or unconscious.

Policymakers have wanted domestic gas and electricity supplies to be reliable and affordable while lowering emissions, but a surge in global gas prices has revealed the tensions between these objectives. Wholesale gas and electricity prices have hit record highs, but regulated bills sent to customers have lagged, leading to insolvencies among smaller energy retailers. Spot-market gas prices have climbed by 400% the past year, while electricity prices are up 250%, but customer bills have risen by less than 10%.

In practice, contract prices paid for most gas and electricity are usually much lower than the spot market, which handles only a small volume of imbalances between predicted and actual consumption. And wholesale gas and electricity costs accounted for only 35% of the average customer bill in 2020, with the rest attributable to transmission and distribution charges, operating costs, environmental and social obligations, and taxes. Still, the tripling or quadrupling of wholesale prices while consumer bills increase hardly at all has put unsustainable pressure on retailers' margins.

U.K. electricity suppliers collapse under weight of gas prices

(Bloomberg; Sept. 22) - More than 1.5 million households in Britain are being forced to switch energy suppliers after two more retailers collapsed on Sept. 22, bringing the tally of companies going out of business to seven since early August. The last two victims had 835,000 customers, accounting for 2.9% of households in Britain. Another five suppliers, with more than 650,000 customers in total, have also collapsed since the start of August as natural gas and power prices surged to record highs.

The announcements follow a prediction by U.K. Business Secretary Kwasi Kwarteng on Sept. 21 that more companies would be in trouble. Kwarteng has held emergency meetings with suppliers the past few days. Companies have asked for the retail price cap to be lifted so they can shift some of the cost to consumers, but the government has said that won't happen. Instead, state-backed loans are being considered to help ease costs for larger firms to take on the customers of failed companies.

With the price cap, energy suppliers are selling electricity to customers at a loss. Speaking to lawmakers earlier, Kwarteng said the country should be prepared for higher longer-term prices. RBC Europe estimates that retail bills could jump by as much as 400 pounds ($546) a year because of surging costs.

European gas production in decline just as it needs more of it

(The Wall Street Journal; Sept. 23) - A giant Dutch natural gas field once pumped enough fuel to cover the current needs of Germany, Europe's largest economy. Next year, the field is shutting down over environmental concerns. Gas supply shortfalls have led to record prices for the fuel and electricity, stoking fears of a shortage and spotlighting European efforts to cut greenhouse-gas emissions. The conflict is one that economies worldwide face as they try to adopt cleaner energy sources.

The European Union taxes carbon emissions to discourage use of fossil fuels and has promoted renewable sources of energy to replace them. Some countries have also targeted gas production. Denmark has committed to stop pumping oil and gas by 2050. The Netherlands is shutting down its vast gas field, near the town of Groningen, amid public pressure over earthquakes attributed to it. Dutch production cutbacks have left a hole in European output just as demand returns from lockdown-induced lows.

Adding to the upward pressure on prices, U.S. producers have held back, and droughts in places such as Brazil have curtailed hydropower, prompting a dash to burn gas. "In hindsight it would probably be better to have more Groningen production," said Trevor Sikorski, head of gas and carbon research at Energy Aspects. "It's … gone from being a big source of supply to being nothing in about five years. It's gone very, very quickly."

Europe has long struggled to meet its energy needs, even turning to the Soviet Union during the Cold War. Aggravating the problem have been moves to end nuclear power in Germany and continentwide efforts to cut greenhouse-gas emissions. EU officials say 20% of higher power costs is due to the rising price for emitting carbon dioxide.

U.S. LNG going to Brazil in record volumes

(Reuters; Sept. 24) - Brazil's imports of U.S. liquefied natural gas are set to hit a record in September, data from Refinitiv and consultancy Kpler shows, as cargoes normally sent to Europe are diverted to the Latin American nation to address a power shortage. The worst drought in almost a century has starved the hydropower plants that normally supply nearly two-thirds of Brazil's electricity. The country has turned to U.S. gas to keep its lights on. Its LNG buys are helping drive global gas prices to record levels.

European gas storage has fallen to its lowest level in at least 10 years, making traders fiercely compete for LNG ahead of the winter heating season in the Northern Hemisphere. Prices in Europe and Asia are at record seasonal levels. More than 80% of Brazil's LNG deliveries this month will come from U.S. plants in Louisiana and Texas, Refinitiv data shows. Brazil’s overall gas imports are set to hit 1 million tonnes by month's end, up nearly 20% over July's record, Kpler estimates.

In July, U.S. LNG purchases by Brazil and Argentina combined surpassed China's, with the two countries taking 62.4 billion cubic feet of gas, compared to China's 42.2 bcf, the U.S. Department of Energy said. "Until it rains, and we don't know when it is going to happen, price levels will cause despair," said a trader who buys cargoes for Brazil.

Bangladesh pays almost $30 per million Btu for LNG cargo

(Reuters; Sept. 24) - Asian liquefied natural gas prices surged by about 10% this week as demand continues to rise in the region despite higher prices amid a supply crunch. The average price for November delivery into Northeast Asia was estimated at about $26.50 to $27 per million Btu, up at least $2 from the previous week, sources said. Bangladesh, for example, bought a cargo for delivery in late September from trader Vitol at $29.89, the highest the country has paid for the fuel, three industry sources said. It did not award a tender seeking a cargo for October as the quote was around $35.

Europe needs to encourage less consumption to avoid gas crisis

(Reuters column; Sept. 23) - Record natural gas prices across Europe signal the urgent need to reduce consumption and build inventories to lower the risk of supplies running out this winter. But governments are intervening to limit prices and guarantee supply for politically sensitive groups, which threatens to frustrate the adjustment process. Unless prices are allowed to rise to encourage customers to reduce gas use, or governments find other ways to cut consumption, there is a risk supplies will become critically low.

Letting prices rise moderately now could prevent much more severe increases later if supplies begin to run out, leading to a worse energy crisis later in the year or early

2022. Price rises are politically difficult but they will be economically essential if gas and electricity supplies are to remain secure throughout the winter.

Europe's natural gas storage sites are around 72.4% full compared with a pre-pandemic five-year seasonal average of 85.5%, according to data from Gas Infrastructure Europe. Storage has increased from a recent low of just 28.9% in mid-April, but inventories are not rising fast enough to eliminate the storage deficit compared with previous years. Gas stocks need to rise much faster and for longer to rebuild storage to comfortable levels ahead of the peak winter heating season from November through March.

Policymakers have three options: Hope for a mild winter, secure more gas, or reduce consumption. Hope is not a policy. Production and imports probably can't be increased much in the short term. Reducing consumption is therefore the best available strategy.

Gazprom says it will add compressors to boost gas output

(Bloomberg; Sept. 23) - Gazprom is preparing its massive Urengoy field in West Siberia for peak production in the upcoming heating season as Europe, the main buyer of Russian natural gas, battles the worst energy crunch in decades. The producer has started up two booster compressor stations, according to a company statement Sept. 23. The equipment, designed to push more gas into the pipeline system, "will contribute to ensuring Russia's peak output," Gazprom CEO Alexey Miller said in the statement.

Gazprom has been under pressure to boost flows to Europe, where prices have been setting records amid tight gas supplies and below-normal winter stockpiles. While the world's largest gas producer is pumping at multi-year highs, most of the output gains are staying at home, where inventories also were depleted to a record low last winter. Some European officials have accused the producer of intentionally capping exports to force a fast regulatory approval to start its recently constructed Nord Stream 2 gas link.

The Urengoy field, launched in 1978, is one of the company's oldest and among the largest in West Siberia. Its output was 1.8 trillion cubic feet in the first half of this year, nearly 20% of Gazprom's total production, though the field is at a natural decline stage. Gazprom said it continues to prepare for additional production capacity at Urengoy. The construction of booster compressors is set to help maintain peak production volumes, according to a Gazprom spokesman.

Norway, Russia benefit from higher gas prices in Europe

(Reuters; Sept. 24) - Norway and Russia are big winners from Europe's gas price rally as they benefit from the volatility after the European Union forced gas producers years ago to shift away from steady, long-term contracts, according to sources, analysts and data. Benchmark European gas prices have soared 300% so far this year with demand rocketing as economies recover from COVID-19 lockdowns and as supply struggles to keep pace due to repairs and lower investment amid a drive toward renewable power.

The price surge comes two decades after the EU liberalized its gas market, prompting a shift to more short-term, flexible contracts based on prices for gas traded on exchanges or hubs. That move helped broaden supplies, which now include U.S. and Qatari gas. It also meant established suppliers, Russia's Gazprom and Norway's Equinor, which together account for 60% of Europe's needs, moved away from long-term contracts that had linked prices closely to oil.

The flexible arrangements benefited European users when abundant gas supplies kept prices low. But it backfires in today's tight market. Several British energy providers have gone bust and European households face big winter bills. "We have never been as exposed to spot prices for gas as we are right now," Equinor economist Eirik Waerness said, referring to the firm's 2019 move to sell more gas in short-term markets. "The rapid increase in gas prices happened at the best historical time possible for Equinor."

City of Vancouver opposes expansion of nearby LNG plant

(Delta Optimist; Vancouver, BC; Sept. 22) - The city of Vancouver has passed a motion opposing expansion of a liquefied natural gas plant on the nearby shores of the Fraser River that opponents say would lead to greenhouse-gas emissions equivalent to the British Columbia city’s entire yearly output. The non-binding motion says the Tilbury LNG proposal would undermine Vancouver's work to fight the climate emergency.

The C$3 billion expansion would lead to a 10-fold increase in the plant’s LNG production capacity, which is now 0.25 million tonnes per year, averaging more than 30 million cubic feet of gas per day. FortisBC, which runs the plant, says it needs to expand capacity to feed an international market, supply gas to the shipping industry — including BC Ferries — and offer a backup to residents during cold snaps. Detractors say the expansion threatens to throw more greenhouse-gas emissions into the atmosphere.

Much of the natural gas supply for the expanded terminal would come from hydraulic fracking operations in northeastern B.C. The cities of Richmond and Port Moody voted to oppose the Tilbury expansion project in 2020, while the city of Delta has yet to take a position on it. The B.C. Environmental Assessment Office, together with 13 First Nations and the province’s Impact Assessment Agency, are reviewing the project. Most of the plant’s LNG goes out in tanker trucks and containers for seaborne delivery.

LNG project developers seek to avoid FERC jurisdiction

(EnergyWire; Sept. 22) - The Federal Energy Regulatory Commission is weighing proposals from several companies that could set a precedent for how FERC applies a bedrock environmental law to oversight of natural gas. In three cases, developers are asking FERC to declare that their proposals for liquefied natural gas plants are outside the agency's jurisdiction. If FERC agrees, it could shake up federal reviews at a time when the administration is facing industry pressure to embrace U.S. exports of the fuel.

The National Environmental Policy Act fight stems in part from a Trump-era rule inked not at FERC but at the Department of Energy. Finalized in December — and so far upheld by the Biden administration — the rule exempts the energy department from carrying out NEPA reviews for proposed new LNG export facilities through a "categorical exclusion. The rule was designed to ensure that the department does not "unnecessarily duplicate" FERC's review processes, the agency said at the time.

Critics said the decision to defer to FERC overlooks the fact that the agency excludes a wide range of LNG facilities from its own NEPA oversight, meaning some projects could effectively escape federal review. The petitions come as FERC faces pressure on many fronts to strengthen its environmental oversight of gas projects while maintaining regulatory certainty for the energy industry. Last month, the U.S. Court of Appeals for the District of Columbia Circuit rebuked FERC for failing to assess the greenhouse gas and public health effects in its environmental reviews for two LNG projects.

Cheniere will start sending gas to commission LNG plant expansion

(Reuters; Sept. 22) - Federal regulators on Sept. 22 gave Cheniere Energy permission to introduce feed gas to commission parts of the sixth liquefaction train at the company's Sabine Pass LNG plant in Louisiana. Cheniere has said it expects Train 6 will enter commercial service in early 2022, but analysts note the unit will likely start producing in test mode later this year. Cheniere is the biggest U.S. LNG exporter and also is the country's biggest buyer of natural gas. In addition to Sabine, which will reach capacity to produce 30 million tonnes per year of LNG once Train 6 enters service, Cheniere also owns the Corpus Christi LNG plant in Texas, with capacity of 15 million tonnes per year.

Federal review rejects LNG project proposed for Quebec

(Natural Gas Intelligence; Sept. 23) - On the heels of rejection by the Quebec government of its proposed liquefied natural gas project, Energie Saguenay has run into a negative opinion from a federal regulator. The latest rejection follows one in July by the province's Environment Ministry for the terminal and pipeline. "The project is likely to cause direct and cumulative significant adverse environmental effects," according to a draft assessment issued Sept. 22 by the Impact Assessment Agency of Canada.

The agency's 269-page report, similar to the province's earlier rejection, identified "significant effects" on greenhouse-gas emissions, marine mammals such as beluga whales, and the Innu First Nations. The proposed LNG terminal site is 277 miles east of Montreal. "Negative impacts of moderate to high severity" also could erode aboriginal and Native treaty rights protected by the Canadian constitution, the agency wrote.

The agency offered no hope that the US$10.6 billion project would move forward even if the national government accepted the environmental hazards and granted approval to aspects under federal jurisdiction. The project was proposed at 11 million tonnes per year of LNG output capacity, reaching Atlantic markets through the St. Lawrence River.

Alberta farmers learn how defunct oil companies avoid liabilities

(Financial Post; Canada; Sept. 22) - Chris Campmans learned that an old well site on his land near Picture Butte, Alberta, could soon be transferred from one insolvent Calgary oil and gas company to another. The dairy farmer thought the well had long ago been cleaned up and remediated — in fact, he grows feed for his cattle at the site. "My concern is … these people are avoiding environmental liabilities," Campmans said.

He filed a statement of concern with regulators over the proposed transaction, arranged by the monitor overseeing the insolvency of Bellatrix Exploration, to move 88 wells and facilities to another company, which is also bound for insolvency. The deal raises the question: When is a well truly and fully remediated? Campmans said he was not aware that energy companies in the province are responsible for a well for 25 years after the government issues a reclamation certificate, verifying the well has been cleaned up.

The deal between Bellatrix and the other company also raises concerns about a murky practice in the oil patch. Companies have been using bankruptcy to separate their profitable assets from their unprofitable ones, dumping the old and unwanted wells in a shell company bound for bankruptcy, which more often than not causes the wells to end up in the care of the Orphan Well Association. Defunct oil and gas companies have flooded the association in recent years by dropping the cost for cleaning up thousands of wells on the group, which has required government funding to work the backlog.

China's pledge to stop financing overseas coal plants misses its own

(Reuters column; Sept. 23) - President Xi Jinping's promise to end China's financing of overseas coal-fired power plants was broadly welcomed by environmentalists, but the move should be seen as a first step rather than a major effort to mitigate climate change. The leader used an address at the U.N. to announce that Chin, the largest emitter of gases associated with climate change, would halt financing of coal-fired projects and boost help to developing countries to switch to cleaner renewable energy.

Given China is the largest financier of such projects, and an earlier commitment from Japan and South Korea to exit coal power projects, the move does call into question the viability of a large chunk of the world's planned coal-fired plants. Global Energy Monitor, a U.S.-based group that tracks coal power globally, told Reuters that 44 coal plants set for an estimated $50 billion in Chinese financing could be affected by the decision.

The pro-renewables think tank Institute for Energy Economics and Financial Analysis said a review of coal-power proposals in countries with significant plans indicates 56% of the total capacity is being supported by China. It's worth noting, however, that several of these projects were already in difficulty prior to Xi's announcement. Overall, China's announcement that it will stop funding coal power projects overseas is a positive development in mitigating climate change. The real game-changer, though, would be a commitment to ending its pipeline of its own domestic coal-fired plants.

Coal shortage puts power at risk in India

(Bloomberg; Sept. 23) - Coal stockpiles in India plunged to the lowest in nearly three years, putting more than half the country's coal-fired generation capacity at risk of outages. Heavy rains in India's largest mining regions are worsening the country's coal supply crisis. Flooded mines and water-logged roads have slowed down operations at state miner Coal India's sites, cutting supplies, said technical director Binay Dayal.

That's pushed stockpiles of the fuel to the lowest since October 2018, data from the Central Electricity Authority show. The fossil fuel produces nearly 70% of India's electricity and the crisis has been aggravated by the high prices of overseas coal, which has led to some large power plants that burn mainly imported coal to idle much of their capacity to reduce their losses.

The dwindling supplies also come at a time when electricity consumption has been unusually strong, fueled by a revival in economic activity. Power use rose 10% in July and 18% in August, an unusual increase during these rainy months when construction activity slows and milder weather cools demand. Coal stockpiles at power plants have declined 73% over the past year, leaving nearly 121 gigawatts of generation capacity with stockpiles of a week or less as on Sept. 21, according to government data.

U.S. accuses Russian gas company officer of tax fraud

(Bloomberg; Sept. 24) - The chief financial officer of Russia's Novatek was indicted in Florida on tax charges related to Swiss bank accounts that held more than $93 million. Mark Gyetvay was charged Sept. 22 with a decadelong tax evasion scheme for failing to report more than $40 million in income to the Internal Revenue Service, according to prosecutors. Gyetvay filed false tax returns, failed to file returns, and kept money in secret Swiss accounts in the names of others, prosecutors said.

Novatek is Russia's biggest non-state gas company and the country's largest liquefied natural gas producer. One of its largest shareholders, Gennady Timchenko, was sanctioned by the U.S. after Russia annexed Crimea as a member what the U.S. called President Vladimir Putin's "inner circle." A citizen of the U.S., Russia and Italy, Gyetvay has about $85 million in stock in a U.S. financial account, holds $4.4 million in other accounts, and owns valuable homes in Naples, Florida, according to prosecutors.

Prosecutors said the case is "exceedingly strong" against Gyetvay, who didn't tell his accountants about his Swiss bank accounts and the income he put in them. "He repeatedly lied to his United States accountants about the existence of the Swiss accounts," prosecutors said.