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# Argentina nudges US\$3.5bn gas pipeline project along

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Argentina's federal energy department declared a US\$3.5bn [natural gas pipeline project](#) to be of "national public interest."

The move follows a December news report that President Alberto Fernández was trying to speed up construction of the first phase of the initiative – the [Presidente Néstor Kirchner](#) gas pipeline.

The resolution officially places state energy firm [IEASA](#) in charge of the project. The company is authorized to carry out work either directly or via third parties.

Establishing IEASA as project leader is arguably the most salient point of the resolution, Tomás Lanardonne, an energy and natural resources lawyer at Argentine firm [Martínez de Hoz & Rueda](#), told BNamericas.

Energy secretary Darío Martínez had previously said that officials wanted to begin the tendering phase by end-2021 and bring the duct into service by winter 2023.

The resolution also establishes a program known as Transport.Ar Producción Nacional, which is tasked with developing the sector, ensuring domestic gas demand is met and increasing exports of the fuel to neighboring countries, among other objectives.

In this regard, the scope of the resolution goes beyond simply construction of the project. It seeks the "creation of the gas pipeline system program Transport.Ar Producción Nacional in the sphere of the nation's hydrocarbons sub-department, hinting that the development of this type of infrastructure is not a one-off case but that it rather verges on 'state policy,'" Francisco Romano, head of energy at Argentine law firm [Pérez Alati, Grondona, Benites & Arntsen](#), told BNamericas.

Unless established otherwise, national public interest declarations do not generally imply that a project will receive different legal treatment or pecuniary benefits, Romano said, adding that some observers are against usage of such expressions given that all activity of the legislative branch tends to be related to issues of national interest.

A central purpose of the pipeline and its ancillary elements is easing a winter [dispatch bottleneck](#) at the Vaca Muerta shale play in the Neuquina basin and, in turn, supporting output growth so that [costly imports](#) can be substituted with cheaper domestic production.

Romano – who is also director of the Postgraduate Diploma in Hydrocarbons Law program at Argentina's Universidad Austral – emphasized the need for a "level playing field" and transparency in the whole process as well as the urgency for a prompt call for bids, given the bottleneck is hampering Vaca Muerta development.

Financing – the biggest hurdle for the government – is not addressed in the resolution.

"The capacity of the three gas pipelines that link the Neuquina basin with the large consumption centers is practically saturated, implying that the gas producers of said basin cannot continue to increase their production beyond an additional 5-6Mm<sup>3</sup>/d, precisely because of the impossibility of dispatching it," the resolution said.

First phase work involves pipeline construction between Tratayén in Neuquén province and Salliqueló in the province of Buenos Aires (558km). Ancillary projects are included, among them construction of duct Mercedes-Cardales (73km), in Buenos Aires province. This would link Argentina's northern and southern gas systems. Also planned is flow-reversal work on phases I and II of the [Gasoducto Norte](#) pipeline and expansion work on other ducts. Flow reversal would permit the transport of gas from the south to the north.

The second phase would involve laying pipeline between Salliqueló and San Jerónimo in Santa Fe province (484km), further flow reversal work on the Gasoducto Norte pipeline and connection and compression work, including on the partly completed [GNEA](#) system.

A [recent deal](#) inked by Argentina and China encompasses financing for [second-phase work](#), according to local press. Budgetary funds, along with income from a wealth tax and direct financing from the treasury, could be used to fund first-phase work.