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LNG

PROCESSING

AUSTRALIA : LNG industry concerned by introduction of emissions trading – CNR48/12/1

Australia's environment ministry announced recently it would delay the introduction of emissions trading in Australia by one year to help Australian companies deal with the impact of the global recession. The country's carbon pollution reduction scheme (CPRS) is to now begin July 1, 2011 with an initial fixed price phase of \$10/metric ton. Free-market pricing is to begin July 1, 2012. But Australian LNG producers believe they should not bear any extra costs from a domestic emissions trading scheme when LNG producers in other regions are not exposed to similar costs.

"Australia's LNG industry will continue to advocate the compelling case for the industry not to be exposed to any cost associated with a domestic emissions trading scheme while ever our competitors and customers ... are not subject to similar imposts," the Australian Petroleum Production & Exploration Association said in a statement. The association argues that in a global perspective, Australian LNG production is good for the environment, as the production of more LNG encourages generators in consumer countries such as China or Europe to switch their power-production facilities from coal to gas. (Platts, 8 May 2009)

TRANSPORTATION-DISTRIBUTION

QATAR : Nakilat adds Al-Ghashamiya Q-Flex LNG carrier to its fleet – CNR 48/12/2

Nakilat has taken recently delivery of the Q-Flex LNG Carrier Al-Ghashamiya with a capacity of 217,000 cubic metres. The vessel was chartered on long-term contract to Qatargas-3 to deliver to markets primarily in the United States. Nakilat has contracted to build 25 wholly-owned Q-Flex & Q-Max LNG vessels that will be fully operational by 2010. Nakilat's total LNG fleet will consist of 54 vessels. (Pipeline Magazine, May 5, 2009)

SUPPLIES - IMPORTS – EXPORTS

AUSTRALIA: Petronet agrees to buy LNG from Gorgon project – CNR48/12/3

Company Managing Director and CEO Prosad Dasgupta said recently Petronet has concluded term sheets for all agreements for buying 1.5 million tonnes a year of LNG from ExxonMobil for 20 years, beginning 2014. "The Gas Sales and Purchase Agreement will be signed before June 30," he said. Petronet will import the LNG at its under construction Kochi terminal in Kerala from the Gorgon project in Australia. "Right now we have firm commitment from buyers of 1.5 million tonnes of LNG," Dasgupta said, adding NTPC's Kayamkulam power plant was supposed to be a major consumer of the imported gas at Kochi but has not yet committed to taking any volumes. (India Times, May 8, 2009)

INDONESIA : Bontang LNG output reduced – CNR48/12/4

Senior government officials said recently that Indonesia will reduce LNG production at the 22.5 million mt/year Bontang plant in East Kalimantan and restart the plant's long-shut 1.1 million mt/year LPG unit instead. The aim is to avert an LNG oversupply after foreign buyers asked to cancel 18 cargoes while helping to meet surging domestic demand for LPG that threatens to outstrip supply, the officials said. According to the president director of Bontang operator Badak NGL, Agus Haryanto, "Gas production will not be reduced. We will switch it into LPG," he said. The

company will restart the LPG unit with the aim of diverting natural gas into LPG production from mid-June 2009 to produce 400,000 mt of LPG by year-end, Haryanto said. Indonesia may agree to drop up to 15 of the 18 LNG cargoes that buyers in Japan, Taiwan and South Korea have asked to cancel, BPMigas Chairman R. Priyono said earlier. Domestic LPG demand is now surging in Indonesia and Pertamina is likely to buy all of Bontang's LPG output for 2009 and the first quarter of 2010. Bontang is operated by Badak NGL, which 55% owned by Pertamina, 20% by an Eni-BP joint venture Vico, 15% by Jilco and 10% by Total. (Platts, April 27, 2009)

STORAGE

CANADA : Canaport LNG terminal ready to fill US Northeast gas supply gap – CNR48/12/5

Repsol Energy North America President Philip Ribbeck said recently that The 1 Bcf/d Canaport LNG facility in Saint John, New Brunswick, should receive its commissioning cargo in the second quarter of 2009, "then immediately start ramping up". Responding to recent concerns from Northeast end-users that problems with Sable Island production could disrupt gas supplies to power plants and other industries, Ribbeck said Canaport "is the most obvious project that would address that," with 6.6 Bcf of on-site storage that should eventually increase to 10 Bcf. "We are the

entity that would basically be meeting that need". Ribbeck acknowledged that Canaport's send out capacity is not yet fully subscribed, though the company does have "some long-term contracts already signed and in place". Ribbeck said the Federal Energy Regulatory Commission might prove reluctant to grant permits to any new Northeast US LNG terminals since alternatives such as Canaport will already be meeting the region's gas needs. "Effectively, the size of the market is going to dictate what projects are going to move forward," he said. "I don't think FERC's going to be quick to approve a lot of [new] projects". (Platts, April 17, 2009)

CHINA : Shanghai LNG terminal to begin operation in September 2009 – CNR48/12/6

An official from the National Energy Administration announced recently that Shanghai LNG terminal will enter operations in September 2009. The operation schedule was held back half a year because of an explosion in the terminal. The Shanghai LNG terminal, jointly invested by CNOOC Gas & Power Group and Shanghai Energy on a 45-55 basis, will feed on LNG imported from Petronas, with a receiving capacity of six million tons and its first phase capacity of three million tons. (Downstream Today, April 29, 2009)

ITALY : Construction of Porto Empedocle LNG terminal to begin in 2009 – CNR48/12/7

Enel SpA Chairman, Piero Gnudi, said recently that work to construct a liquefied natural gas plant in Sicily should start in 2009. "We expect to start construction work at Porto Empedocle by the end of the current year," said Gnudi. Enel owns the majority stake of the LNG receiving terminal in the Sicilian town of Porto Empedocle. The annual capacity will be 8 billion cubic meters. "One must point out that in the Italian energy system there is still a strong unbalanced mix" with gas representing about 60% of supplies to power facilities, he added. (Dow Jones Newswires, April 29, 2009)

UNITED STATES : Excelerate's regasification vessel supplies 3 Bcf to Northeast Gateway – CNR48/12/8

Excelerate Energy LLC reported recently that its newest energy-bridge regasification vessel Explorer successfully discharged three billion cubic feet of gas through its Northeast Gateway deepwater port approximately 13 miles offshore Boston. Excelerate chief executive Rob Bryngelson said, "The completion of this discharge took longer than anyone had expected due to unforeseen issues with the pipeline, but I am pleased with the level of cooperation by

everyone to identify and solve the problem". During the discharge, an obstruction occurred in the downstream pipeline connecting Northeast Gateway to the Hubline pipeline, resulting in a suspension in the delivery of natural gas. Following investigation by AGT, a methane hydrate was found to have formed in the pipeline. Hydrate formations can occur when moisture is condensed in the presence of natural gas at high pressure. The moisture in the pipeline was residue from the pipeline's construction. (Oil and Gas Investor, May 5, 2009)

NATURAL GAS

PRODUCTION

AUSTRALIA : Methanol project may help to develop new gas fields – CNR48/12/9

MEO Australia Limited advised recently that the Federal Government's decision to renew Major Project Facilitation status for the Tassie Shoal Methanol Project and the Timor Sea LNG Project will help in new plans to develop these projects. CEO and Managing Director of MEO Australia, Juergen Hendrich, said the

decision by the Minister for Infrastructure, Transport, Regional Development and Local government, Anthony Albanese, showed confidence in MEO's plans to develop Tassie Shoal as a hub for the commercialization of surrounding gas fields. Juergen said "Tassie Shoal has many benefits for this type of development. It is an area of shallow water in undisputed Australian waters about 275 kilometers north-west of Darwin and is surrounded by approximately 25 Tcf of undeveloped gas fields within a 150 km radius." While much of this surrounding stranded gas is medium to high CO₂ (1 -25%), the methanol project will use a process which operates most efficiently with a feed gas stream containing 25% CO₂. MEO's Tassie Shoal will have environmental benefits in that the Methanol process will absorb CO₂ which would normally be vented from the LNG component of the project.

In effect, it will act as a carbon sink and therefore reduce its carbon footprint. MEO has already secured the necessary environmental approvals to install and operate two 1.75 Mtpa methanol plants and one 3.0 Mtpa LNG plant at Tassie Shoal. "As well as the potential to utilize gas from other companies, we are progressing with plans to develop our own gas resources in the NT/P68 permit which is immediately adjacent to Tassie Shoal. Drilling the Blackwood-1 and Heron-2 wells in this permit both led to gas discoveries in 2008," said Juergen Hendrich. (Downstream Today, May 7, 2009)

BRAZIL : Petrobras reported to increase gas flaring – CNR48/12/10

Petrobras increased gas flaring in recent months due to a drop in demand for the fuel, the Folha de Sao Paulo newspaper reported recently. Petrobras burned some 8.1 million cubic meters per day of natural gas at its offshore platforms in February 2009, the newspaper said, citing Energy and Mines Ministry figures. In 2007, Petrobras burned off an average of 5 million cubic meters per day of natural gas, with gas flaring rising to an average of 6 million cubic meters per day in 2008. The volume of gas being burned off soared due to the sharp drop in industrial demand for the fuel caused by the global economic crisis and because gas-fuelled power plants have been virtually shut down as hydroelectric plants operate normally, Folha de Sao Paulo said. (Downstream Today, April 27, 2009)

EAST TIMOR : Government refuses to approve Woodside plan to develop the Sunrise field – CNR48/12/11

The East Timor government said recently it doesn't intend to approve plans that Woodside Petroleum Ltd. has said it will put forward to develop the Sunrise field in the Timor Sea. Woodside said the Sunrise partners expect to reach an agreement on how to tap the field, choosing between a floating liquefied natural gas plant or piping the gas to Darwin in Australia for processing. The East Timor government said it favours an onshore plant on its soil and is also

considering leaving the field for future development. Australia and East Timor completed a treaty in February 2007 for the administration of the Sunrise field, which straddles a boundary between Australian waters and an area jointly managed by the two countries. Jon Ozturgut, vice-president of Sunrise LNG Development at Woodside, said that while East Timor would prefer the venture builds an LNG plant on its territory, the treaty requires the partners to choose the project design that offers the "best commercial advantage". (Bloomberg, May 6, 2009)

INDIA : ONGC may produce 100 mmcmd by 2015-16 – CNR48/12/12

Oil and Natural Gas Corporation was projected to see output fall drastically to one-third by 2020 due to the natural decline in its ageing fields. The company will, however, bring three new fields into production to reverse this trend and has projected its output to rise to 66 mmcmd by 2012-13, according to the firm's presentation to the Petroleum Ministry. The Western Offshore (WO), Cluster-7 and Vashista & S1 fields in the eastern offshore would help taper the fall to 30 mmcmd by 2020.

If discoveries such as UD-1 find in ultra deep waters of Krishna Godavari basin which are under conceptualisation stage are included, the output will rise to 100 mmcmd in 2014-15 and it would be at least 20 per cent more than the output in 2020-21, it said. ONGC Chairman and Managing Director R S Sharma said the WO Cluster fields would produce a little less than 2 mmcmd in 2012-13 while Cluster-7 would produce 2 mmcmd. The biggest upside would come from Vashista and S1 fields that are projected to produce just less than 6 mmcmd from 2013-14. (India Times, May 11, 2009)

RESERVES

ISRAEL : Noble Energy reports flow test results from Dalit gas discovery – CNR48/12/13

Noble Energy, Inc. announced recently flow test results from the Dalit natural gas discovery in the Michal license offshore Israel. The tests, which yielded a flow rate of 33 million cubic feet per day (Mmcf/d) of natural gas, were limited by testing equipment available on the rig. Performance modelling indicates the well can be ultimately completed to achieve a production rate of about 200 Mmcf/d. Based on log and test results, Dalit is estimated to contain gross mean resources of approximately 500 billion cubic feet of natural gas. The rig will immediately return to the Tamar discovery in the Matan license to drill an appraisal well designed to better define the resources of Tamar. The current estimated gross mean resource potential of Tamar is 5 trillion cubic feet of natural gas. Noble Energy operates both the Michal and Matan licenses with a 36 percent working interest. Other interest owners are Isramco Negev 2 with 28.75 percent, Delek Drilling with 15.625 percent, Avner Oil Exploration with 15.625 percent and Dor Gas Exploration with the remaining four percent. (PRNewswire, April 15, 2009)

PROCESSING

SAUDI ARABIA : Khursaniyah gas processing plant ready by October 2009 – CNR48/12/14

The central gas processing facility at state oil giant Saudi Aramco's Khursaniyah oilfield is expected to begin operations by October 2009. The plant includes two trains. The first train will be ready to start operations in July 2009 and the second train by October. The onshore gas plant can process around one billion cubic feet per day of gas from the Abu Hadriya, Fadhili and Khursaniyah fields. The plant was also expected to process gas from the 1.5 billion cubic feet per day offshore Karan gas field when that field starts producing in 2011. (Pipeline Magazine, May 5, 2009)

TRANSPORTATION-DISTRIBUTION

INDIA : RIL and GAIL ready to start the second phase construction of pipeline from Krishna-Godavari basin – CNR48/12/15

Reliance Industries Limited (RIL) and GAIL (India) Limited are set to commence second phase of pipeline construction to transport gas from Krishna-Godavari basin to the southern parts of India. Both the companies signed a gas transmission agreement in 2007 to share each other's pipelines for the transmission of natural

gas from the KG basin fields and also received authorization from Petroleum and Natural Gas Ministry to construct the pipeline in 2009. The pipeline is expected to complete by 2012. As per the senior official of the Ministry, RIL group was authorized to lay 1,140 kilometers (km) of pipeline consisting of 470 km of the Vijaywada -Nellore-Chennai section and 670 km of the Chennai-Tuticorin section. (Energy Business Review, April 15, 2009)

MEXICO : TransCanada wins contract to build Manzanillo-Guadalajara pipeline – CNR48/12/16

TransCanada Corp. recently won a 25-year contract to build and operate a natural gas pipeline in Mexico from Manzanillo on the Pacific coast to Guadalajara. The pipeline will transport gas from a liquefied natural gas terminal being built in Manzanillo 310 kilometres to Guadalajara, Mexico's second-largest city, the company said. The Comision Federal de Electricidad (CFE) has contracted to take the entire capacity for 25 years. The line will be able to carry 500 million cubic feet a day of gas, which will be used to generate electricity. Gas expected to flow in March 2011. (CBC News, May 7, 2009)

PAPUA NEW GUINEA : Rift Oil Plc completes gas pipeline study – CNR48/12/17

Rift Oil has recently received the final feasibility study for a gas pipeline to enable gas to be exported from its licences in PNG. The report defines the pipeline and facilities design, cost, schedule and logistics. The study included the onshore production facilities and pipeline components of the overall development and was jointly commissioned by Rift and Flex LNG.

The study shows that there are no technical impediments to the construction of field facilities and an export pipeline from Rift's Douglas and Puk Puk discoveries to a pipeline end module in the Gulf of Papua, for connection to a Flex LNG production vessel. A suitable pipeline route has been determined which is from the gas fields in PPL 235 towards the Bamu River and then south east to a location in the Gulf. Flex LNG has signed four ship building contracts with Samsung Heavy Industries for LNG producer hulls and for

engineering, procurement, construction, integration and commissioning of the worlds first floating liquefaction unit.

Two cases were considered by the study:

(a) Gas flow rate of 300MMscfd which would supply one vessel producing approximately 1.5MT LNG/pa; and
(b) gas flow rate of 600MMscfd which would need two vessels thereby producing approximately 3MT LNG/pa.

The costs of each of the above cases were evaluated for two different water depths for the vessel location, namely 30m and 70m, thus giving four different base scenarios. In the four scenarios, capital costs range from US\$678m to US\$968m with a Monte Carlo assessment of the accuracy of costs showing for example a 90% probability that the 300 MMscfd can be delivered for between US\$700 and US\$770m. The pipeline would be approximately 300 km from the gas field to the vessel. The pipe would be 20" for the 300MMscfd or 26" for 600MMscfd. Pipeline design is to a maximum operating pressure of 15.3MP which will enable delivery of the required flow and pressure without immediate compression. (Rift Oil press release, April 15, 2009)

SERBIA : Srbijagas and Heat ink deal for a pipeline to feed Banatski Dvor storage site – CNR48/12/18

Srbijagas signed recently a contract with Heat, an Austrian technical company, to build a gas supply line to protect against heating cuts in winter 2009-2010. The line would feed the underground storage site at Banatski Dvor, near the Hungarian border, with 5m cubic metres of gas a day, ensuring 60 days of supply, said Dusan Bajatovic, general manager of Srbijagas. (Financial Times, April 11, 2009)

UNITED KINGDOM : Ofgem considers reuse gas network for CO2 transport – CNR48/12/19

Ofgem has formally started consulting on plans by National Grid to reuse some of its gas pipeline infrastructure at the St Fergus terminal in Aberdeenshire for the transportation of carbon dioxide as part of moves to develop carbon capture and storage. The consultation looks at different ways of valuing the assets which National Grid wants to stop using for gas and possible payment methods by the subsidiary of National Grid which would be established to

provide CCS services. Some 300 kilometres of pipeline in Scotland is involved and depending on the valuation model adopted could be worth between £57 and 182 million. The consultation document has indicated that Ofgem favours a shared risk and royalty system whereby the National Grid CCS subsidiary would receive payments for use of the infrastructure calculated partly on a royalty fee set on the basis of each tonne of CO2 handled. (Utility Week, April 9, 2009)

UNITED STATES : NiSource withdraws plan for gasline partnership – CNR48/12/20

NiSource Inc. disclosed recently in a regulatory filing that it has thrown in the towel on a plan to monetize its big Columbia Gulf natural gas pipeline by establishing a master limited partnership. NiSource Energy Partners LP citing "current public market conditions" asked to withdraw the registration statement filed in December 2007, covering plans for an initial public offering. (Chicago Tribune, April 17, 2009)

VIETNAM : PetroVietnam to start pipeline construction in Can Tho – CNR48/12/21

Petrovietnam plans to start construction of the block B-O Mon gas pipeline in southern Can Tho City in the fourth quarter of 2009. The 406-kilometer gas pipeline includes a 246-kilometer offshore pipeline, and a 160-kilometer ashore pipeline stretching over five Mekong Delta localities namely Can Tho City, and Hau Giang,

Kien Giang, Bac Lieu and Ca Mau provinces. Once the pipeline is completed in July, 2011, it will transport around 18.3 million cubic meters of gas per day or 20 billion cubic meters of gas annually. It is anticipated to ensure gas transportation for Ca Mau fertilizer complex, O Mon power center, and industrial complexes. (Energy business review, May 7, 2009)

SUPPLIES - IMPORTS – EXPORTS

EGYPT : Bulgaria to receive gas via Greece – CNR48/12/22

Bulgaria's Energy Minister, Petar Dimitrov, announced recently that the country is going to receive natural gas supplies from Egypt. Dimitrov and the Egyptian Petroleum Minister, Sameh Fahmi, signed a

memorandum for bilateral collaboration in the gas supply sector. Dimitrov further said he reached an agreement with his Greek colleagues for the construction of a gas terminal which will be used to transfer Egyptian gas to Bulgaria.

The memorandum with Greece provides a connection for Bulgaria with the "Turkey-Greece-Italy" gas line, securing an alternative to Russian supplies and defined by the Energy Minister as top priority. "The January crisis forced us to seek alternatives and one of them is natural gas supply from Egypt. The exact quantities are yet to be determined due to some limitations imposed by the Egyptian Parliament, but they would expire at the end of the year," Dimitrov explained. (Novinite, April 25, 2009)

EGYPT : Court allows gas export to Israel – CNR48/12/23

The Court for Urgent Cases in Cairo recently overturned a ruling made by the Administrative Court to ban the export of Egyptian natural gas to Israel. The Administrative Court had overturned a January 2009 ruling by the Egyptian Supreme Court in favour of the sales. The Court for Urgent Cases in Cairo argued that the export of gas was under the jurisdiction of the state and that therefore, neither the courts nor the State Council could intervene. Israel and Egypt agreed in 2005 that Egypt would supply Israel with 1.7 billion cubic meters of gas each year for 15 years. (IsraelNN, April 5, 2009)

EGYPT : Greece may buy compressed natural gas – CNR48/12/24

Development Minister Costis Hatzidakis said recently that Greece is considering buying compressed natural gas from Egypt to supply electricity utility Public Power Corp. "PPC is interested in this as an alternative solution to the plant it wanted to build in Crete". Greece will decide whether to buy the gas from Egypt after

drawing up technical and financial feasibility studies, the Development ministry said in a statement. Annual consumption of natural gas in Greece is expected to double to 8 billion cubic metres by 2020, driven by the construction of new gas-fired power plants and rising use by households and businesses. (Reuters, April 13, 2009)

EUROPE : European Parliament votes to support new rules strengthening the EU internal energy market – CNR48/12/25

President Barroso and Energy Commissioner Andris Piebalgs welcomed recently vote of the European Parliament backing new rules to strengthen the EU's internal energy market. The new legislation is expected to give consumers more protection and the benefit of the lowest possible energy prices while offering companies the chance to compete on a level playing field. In addition the legislative package will promote sustainability by stimulating energy efficiency. The main objective of the legislative package is to put in place the regulatory framework needed to make market opening fully effective and to create a single EU gas and electricity market in the interest of achieving the lowest possible energy prices and better security for the citizens and the industry of the European Union. The package promotes sustainability by stimulating energy efficiency and guaranteeing that also small companies, in particular those investing in renewable energy, have access to the energy market. A competitive market will contribute to greater security of supply by improving the conditions for investment in power plants and transmission networks, and thus helping to avoid interruptions in power or gas supplies. Ensuring fair competition between EU companies and third country companies is another key objective of this new legislation. It is expected that the Council will formally endorse the text approved by the Parliament within the next few months.

The vote of the Parliament preserves the key elements of the Commission's proposal of 19 September 2007.

- Ensuring more effective regulatory oversight from truly independent and competent National Energy Regulators.
- Facilitating cross-border energy trade by establishing an EU Agency for the Cooperation of Energy Regulators, with powers to adopt binding decisions. While National Regulators will be responsible for dealing with national energy matters, the EU Agency will focus on cross-border issues and the internal market.
- Increasing solidarity. By bringing national markets closer together, Member States will be better equipped to assist one another in the face of energy supply threats.
- Creating a level playing field by separating effectively the production and sale of energy from the transmission of energy. This is to avoid companies involved with both the generation and transmission of energy to use their privileged position on transmission to block access to transmission grids to other suppliers.

- Increasing transparency. Steps to improve market transparency on network operation and supply will guarantee equal access to information, make pricing more transparent, increase trust in the market and help avoid market manipulation.

The package is composed of: a Regulation establishing the EU Agency for the cooperation of National Energy Regulators, an Electricity Directive replacing Directive 2003/54, a Gas Directive replacing Directive 2003/55, an Electricity Regulation replacing Regulation 1228/03, a Gas Regulation replacing Regulation 1775/05. European Union press release, April 21, 2009)

INDIA : Reliance Industries starts gas delivery to Nagarjuna Fertilisers – CNR 48/12/26

Reliance Industries started recently supplying gas from its field to its first customer, Nagarjuna Fertiliser Ltd, which has benefited out of its proximity with the processing facility. "RIL has started supplying gas. To begin with, it will supply 0.5 million metric standard cubic metre per day which will be gradually increased. The agreement is for 1.549 mmscmd, which RIL has agreed to provide," a senior Nagarjuna official said. (The Hindu, April 9, 2009)

INDIA : Indus Gas Limited signs gas sales contract with GAIL – 48/12/27

Indus Gas Limited has recently signed a take or pay gas sales arrangement with the Gas Authority of India Limited. Under the arrangement, GAIL has a take or pay commitment to acquire at least 90% of the agreed quantity of gas supplied. Indus will initially supply 7 MMscfd of gas, which will commence on or before 15 April 2010. The amount supplied will then increase to 33.5 MMscfd no later than 24 months after the date of the signing of this arrangement. The gas supplied to GAIL will be from the company's SGL Field, within Block RJ-ON/6. Indus holds a 63% interest in the SGL Field, with ONGC holding 30% and Focus Energy Limited 7%. Indus has a 90% interest in the remainder of Block RJ-ON/6. The arrangement has been put in place based on confirmation that all conditions under the term sheet have now been satisfied. These conditions include:

- Certification of Gas Reserves by Director General of Hydrocarbons of India ('DGH')

- Approval of SGL Field Development Plan by Management Committee formed under the Production Sharing Contract (comprising: ONGC, DGH, Indus, Focus Energy Limited and Government of India nominees)

- Confirmation from DGH regarding the gas reserves (recoverable) and the production profile for supply of at least 33.5 MMscfd of gas for a period of 12 years

- GAIL management approval for laying a pipeline to connect to the Seller's Facilities

- Signing of gas sales arrangements between the downstream customers and GAIL.

GAIL will be responsible, at its own cost, for the installation of the pipeline from the SGL field to the end user, a power plant located in Ramgarh, Rajasthan. Ahead of commencing supply of the additional balance of 26.5 MMscfd of gas, Indus and its co-ventures will be required to install a CO2 removal facility. Should a short fall of gas supply occur below the 90% of quantities agreed, the Sellers will be required to offer GAIL certain pre-agreed discounts. (Oilvoice, April 20, 2009)

INDIA : Ratnagiri and Reliance in gas supply deal – CNR48/12/28

Ratnagiri Gas & Power Pvt. recently agreed to buy natural gas from an offshore field operated by Reliance Industries Ltd., Ratnagiri was one of the power and fertilizer companies designated by the government as a priority customer. Ratnagiri's board agreed to buy an initial 2.8 million cubic meters of gas a day from Reliance. The quantity may be increased to as much as 8.5 million cubic meters a day by October 2009. Ratnagiri currently gets gas from Petronet LNG Ltd. with which it has a contract to purchase 5.4 million cubic meters of gas a day until October 2009. Natural gas from Reliance may cost about \$5.4 per million British thermal units, including delivery costs and taxes. The government fixed the price of Reliance's gas at \$4.2 per million Btu, excluding costs and taxes. (Bloomberg, May 8, 2009)

IRAN : National Iranian Gas Export Company and Kuwait Petroleum Company in gas talks – CNR48/12/30

National Iranian Gas Export Company held recently talks with Kuwait Petroleum Company to export 300 million cubic feet of natural gas to Kuwait per day. NIGEC Managing Director Seyyed Reza Kassaizadeh also said that the two sides have also negotiated for the establishment of a joint company tasked with the construction of gas swap pipelines between Iran and Kuwait. The export-bound natural gas will be

transferred via Iran's sixth cross country pipeline which passes through the Persian Gulf. (Tehran Times, April 18, 2009)

IRAN : Bayerngas seeks gas deal – CNR48/12/31

The head of National Iranian Oil Company Dispatching Center Hassan Torbati said recently that Bayerngas is seeking a long-term purchase of Iran's natural gas. The German company, which is involved in trading and transfer of natural gas, "is to open an office in Tehran," Torbati said. The two companies of "Iran and Germany signed an agreement to cooperate on compressed natural gas for downstream industries... and they are to cooperate on CNG equipment, downstream gas industries and refineries," he was quoted as saying. (Xinhua, April 15, 2009)

IRAQ : Oil minister defends gas deal with Shell – CNR48/12/29

Iraq's oil minister defended recently on a natural gas deal signed with Royal Dutch Shell in 2008 as lawmakers vow to revoke it. Hussain al-Shahristani said contrary to statements from members of parliament's oil and gas committee, the initial agreement would not allow Shell to set the price for gas sold within Iraq's domestic

market. "The agreement with Shell, or any other company, has nothing to do with setting prices of gas. It's an internal affair decided only by Iraqi government," said Shahristani, who has insisted the deal is legal. Shell signed the agreement to utilise the gas, which is currently flared off in Iraq since no facilities exist to capture it. (Reuters, April 20, 2009)

REPUBLIC OF CONGO : MagIndustries subsidiary signs gas agreement with ENI – CNR48/12/32

MagIndustries Corp. reported recently that its Republic of Congo subsidiary, MagMinerals Potasses Congo S.A. ("MagPotasses"), has signed a gas supply agreement with Eni Congo S.A., a subsidiary of Eni S.p.A., for the supply of gas to MagPotasses' Kouilou potash project. The project is located 25 kilometers from the port city of Pointe-Noire. The agreement is based on a contracted supply of associated gas from EniCongo which operates the on-shore M'boundi oil field. EniCongo will supply the gas from its treatment plant to be located at Djeno, 25km southwest of the Project.

The gas supply will support all the requirements of the potash processing plant. Additional gas quantities will also be made available to support the project's back-up power facilities if electricity supplies fail. The installation of the gas pipeline is being considered within the same corridor as EniCongo's other pipeline installations which are currently under construction. MagPotasses is owned 90% by MagMinerals Inc. and 10% by the government of the Republic of Congo. The facility is scheduled for start-up late in 2011 or early 2012. (Marketwire, March 26, 2009)

RUSSIA : President Dmitry Medvedev proposes a new energy pact to Europe – CNR48/12/33

Russia recently unveiled recently a draft energy pact saying energy consumers and producers should share responsibility for the security of gas transit. President Dmitry Medvedev presented recently the broad-ranging proposals, suggesting the new document should supplant previous agreements, including the European energy charter. Russia has never ratified the 1991 European energy charter, an international treaty meant to respect fair trade in energy and offer foreign investors fair access to Russian oil and gas deposits and export pipelines. Many of the new proposals are devoted to global energy security and conflict resolution regarding the

transit of energy supplies, such as gas. The document calls on producers, buyers and transit states to share responsibility for the stability of supplies, including by monitoring of gas supplies and coordinating investment in pipeline systems. It also demands tougher rules to enforce contractual obligations. The proposals appear in part a response to Europe's failure to consult Russia over its support for energy reform in Ukraine. Russia intends to send the proposals to former Soviet Union states, G8 and G20 countries and other close neighbouring states. It hopes the proposals would eventually supplant the European energy charter. (Associated Press, April 21, 2009)

RUSSIA : Sakhalin-1 Group reported to sell gas to Gazprom – CNR48/12/34

According to the Nikkei newspaper Exxon Mobil Corp., Itochu Corp. and Marubeni Corp. recently agreed to sell about 20 percent of natural gas output from their Sakhalin-1 project to Gazprom. The consortium agreed to sell about 1.5 billion cubic meters of natural gas a year to Gazprom, the newspaper said. (Bloomberg, May 6, 2009)

RUSSIA : Ukraine agrees on gas payment proposal – CNR48/12/35

Russian Prime Minister Vladimir Putin and his Ukrainian colleague, Yulia Tymoshenko, agreed recently at that Russia would not fine Ukraine for failure to accept the contracted amounts of gas in 2009, and would pay in advance for the transit of Russian gas across Ukraine to enable Naftogaz to pay for Russian gas supplies. In response, Ukraine invited Russia to participate in the modernization of its gas transportation system.

Under the contracts signed on January 19, 2009, Ukraine is to buy 40 billion cubic meters of

Russian natural gas in 2009, and is obliged to pay for the contracted amount even if it does not accept all of it. Mr Putin also said that the idea of creating a Russian-European consortium to modernize Ukraine's gas transportation system was still on the agenda. Mr Putin said Russia will consider granting three loans to Ukraine: for the acquisition and shipment of gas to its underground storage facilities, for building two power units for the Khmelnytsk Nuclear Power Plant, and for supporting Ukraine's budget. (RIA Novosti, April 29, 2009)

TURKMENISTAN : RWE entered into energy partnership with authorities – CNR48/12/36

The chairman of the State Agency for the Management and Use of Hydrocarbon Resources of Turkmenistan, Yagshigeldy Kakayev, and Juergen Grossmann, CEO of RWE AG signed recently a Memorandum on long-term cooperation, covering various areas of the energy sector. Amongst other things, the parties have agreed upon investigating and discussing first direct deliveries of natural gas from Turkmenistan to Germany and Europe. RWE will also engage in the exploration and development of natural gas resources in Turkmenistan's western Caspian Sea. (RWE press release, April 16, 2009)

UNITED STATES : Pacific Connector and Jordan Cove pipeline project receives Final Environmental Impact Statement from FERC – CNR48/12/37

Pacific Connector Gas Pipeline, LP and Jordan Cove Energy Project, LP recently received notification that the Final Environmental Impact Statement (FEIS) has been issued by the Federal Energy Regulatory Commission for the Jordan Cove-Pacific Connector Project. The next step in the process will be for the FERC to issue a Certificate of Public Convenience and Necessity. In April, 2009, the U.S. Coast Guard issued a Letter of Recommendation to the FERC affirming the suitability of the Coos Bay navigation channel to handle liquefied natural gas vessels destined

for the Jordan Cove LNG terminal. The Pacific Connector Project is a proposed 234-mile, 36-inch diameter pipeline designed to transport up to 1 billion cubic feet of natural gas per day from the proposed Jordan Cove LNG terminal to markets in the region. The Pacific Connector Project includes interconnects to Northwest Pipeline near Myrtle Creek, Ore., Avista Corporation's distribution system near Shady Cove, Ore., as well as Pacific Gas and Electric Company's gas transmission system, Tuscarora Gas Transmission's system, and Gas Transmission Northwest's system, all located near Malin, Ore. (Downstream Today, May 6, 2009)

STORAGE

UNITED KINGDOM : Authorities agree to gas storage site tax relief – CNR48/12/38

HM Revenue and Customs accepted recently Centrica's request to allow operators to claim tax relief on the "cushion gas" used to maintain the right pressure in a storage site by treating it as part of the capital cost of development. Simon Wills, managing director of Centrica Storage said "This decision is a sensible tax clarification which will help make these important investments more attractive". (Reuters, April 20, 2009)

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UNITED KINGDOM : Portland Gas to start up work on gas storage facility at Upper Osprey – CNR48/12/39

Portland Gas confirmed recently that the construction work on a new gas storage facility under the Dorset coast at Upper Osprey could start as early as July 2009. Portland Gas is currently discussing potential partnerships and funding structures with a range of investors, including utility and oil and gas companies. Portland wants to have the first gas storage operations ready by April 2013. Pipelines across Weymouth Bay will have to be constructed in the summer of 2010 ahead of the Olympic Games sailing events. (Contract Journal, April 20, 2009)

UNITED STATES : Monroe Gas Storage announces binding open season for gas storage capacity in Mississippi – CNR48/12/40

Monroe Gas Storage Company, LLC (MGS), a joint venture of Foothills Energy Ventures, LLC and High Sierra Energy, LP, announced recently a binding open season for up to 1.0 Bcf of firm, high deliverability storage capacity at its Monroe Gas Storage facility currently under construction near the city of Amory, Mississippi. The Monroe facility will use a depleted natural gas reservoir to provide multicycle natural gas storage with a maximum

injection capability of 445,000 Mcf/d and a maximum withdrawal capability of 465,000 Mcf/d.

The Monroe Gas Storage Project will have dual interconnections to Texas Eastern Transmission Company (TETCO) in the M1 market zone and Tennessee Gas Pipeline (TGP) into the 500 Leg in Zone 1. MGS expects the capacity to be available beginning July 1, 2009. MGS will offer customers firm storage service and market based rates under a FERC approved tariff. (Monroe Gas Storage press release, April 14, 2009)

UNITED STATES : PAA Natural Gas Storage commences commercial operations on second cavern at Pine Prairie – CNR48/12/41

PAA Natural Gas Storage, LLC commenced recently commercial operations on the second of three storage caverns at its Pine Prairie facility in Evangeline Parish, Louisiana, increasing the aggregate working gas capacity to approximately 13.8 BCF. PNGS is indirectly owned 50% by Plains All American Pipeline, L.P. and 50% by Vulcan Capital. Phase I development of the Pine Prairie facility consists of three caverns with aggregate permitted capacity of 24 BCF. Cavern #1 began commercial operations in October 2008. Cavern #2 received the requisite permits in March

2009 and commenced commercial operations on April 1, 2009. Leaching operations on Cavern #3 began in December 2008, and this cavern is expected to commence commercial operations during the second quarter of 2010. Dean Liollo, President of PNGS said "Pine Prairie is strategically located and well positioned to provide our customers with superior access to major U.S. natural gas markets and we look forward to the completion of Phase I in early 2010," continued Liollo. "We have recently filed to expand the permitted capacity of the facility to 48 BCF and currently envision embarking on a Phase II expansion of the facility once the permit is approved". (Oilvoice, April 2, 2009)

USE FOR POWER GENERATION

GERMANY : Pöyry awarded contract for combined-cycle power plant in Haiming – CNR48/12/42

Pöyry has been recently awarded an engineering services contract by OMV Power International GmbH for an 800 MW combined-cycle power plant project in Haiming. The project is undertaken by the OMV Kraftwerk Haiming GmbH, an affiliated company of OMV Power International

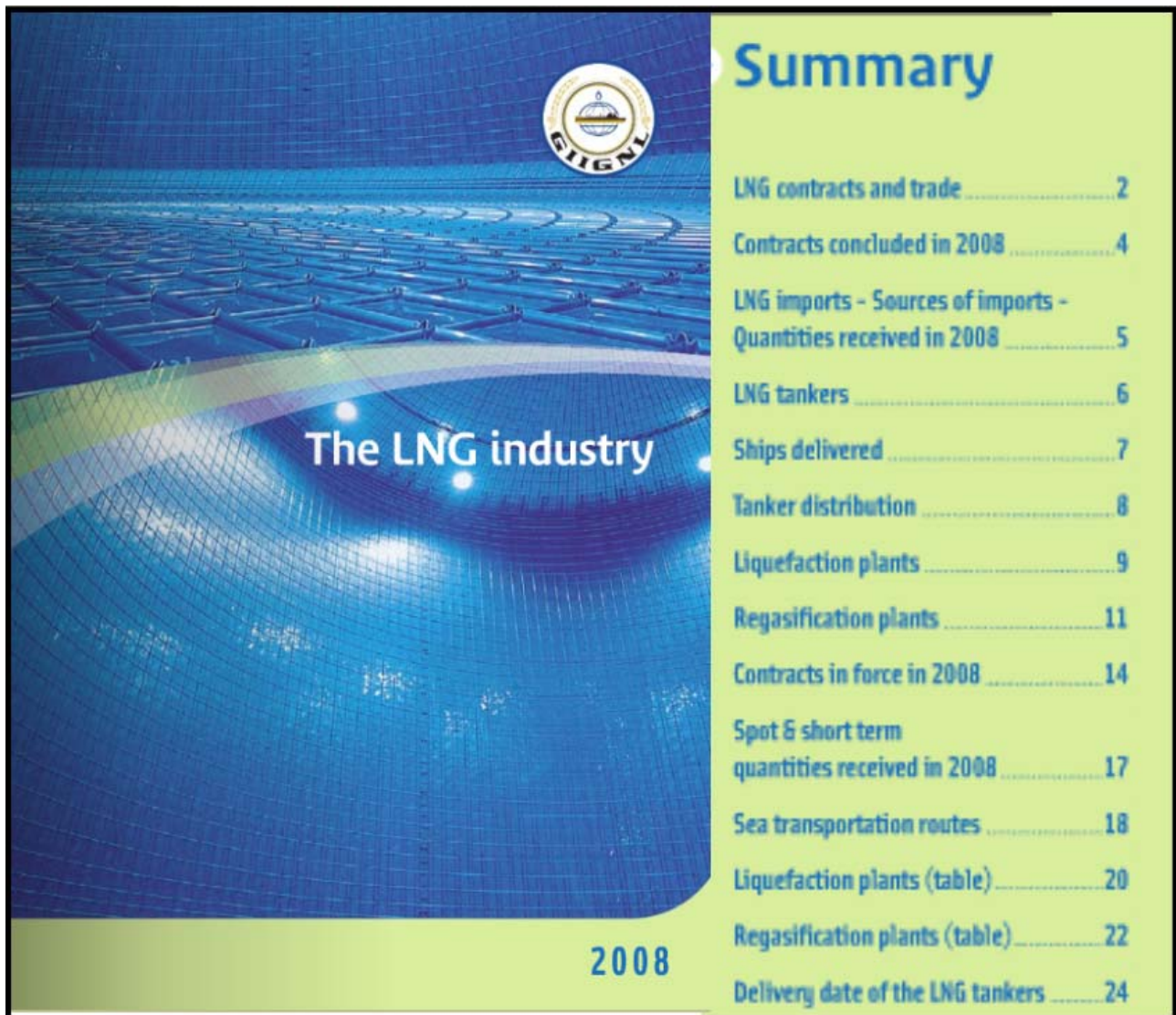
GmbH in Austria. The project comprises two gas-fired single-shaft units with all required ancillary and auxiliary systems, including a natural gas pipeline. Pöyry will assist the customer in the permitting process, preparation of tender documents for the EPC turnkey contract and the long-term service agreement contract. (Pöyry, April 21, 2009)

PUBLICATION

The International Group of Liquefied Natural Gas Importers (G.I.I.G.N.L.) has recently published its “LNG Industry in 2008” report:

The document is available at : http://www.giignl.org/fileadmin/user_upload/flipbook2008/

The International Group of Liquefied Natural Gas Importers (G.I.I.G.N.L.), a non-profit organization, was founded on Gaz de France’s initiative in Paris in December 1971. It is composed of 61 member companies, usually represented by their Chairman or C.E.O., distributed over 20 different countries (in Americas, Asia and Europe) and involved in the importation of Liquefied Natural Gas.



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Centre International d'Information sur le Gaz Naturel et tous Hydrocarbures Gazeux
1 et 4, avenue de Bois Préau, 92852 Rueil-Malmaison Cedex, France
Tel. +33 1 47 52 61 94 - Fax +33 1 47 52 70 14 - www.cedigaz.org