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LNG

PROCESSING

**AUSTRALIA : FEED contract launched for Ichthys LNG project – CNR/13/48/1**

Total reported recently that the joint venture holding the Australian exploration permit WA-285-P decided to launch the Front End Engineering and Design for the development of the Ichthys field, located in the Browse Basin approximately 200 kilometres offshore North West Australia and approximately 850 kilometres to the west of Darwin. Ichthys has proved and probable reserves estimated to be around 530 million barrels of condensate and 12.8 trillion cubic feet of natural gas. (EnergyME, April 30, 2009)

**MALAYSIA : MISC in venture to offer floating LNG services – CNR/13/48/2**

MISC Bhd recently teamed up with Petronas International Corp Ltd and Mustang Engineering Ltd to form a joint venture company to provide floating liquefied natural gas solutions and services worldwide. Petronas International will be the major shareholder with 60 per cent stake, followed by MISC (30 per cent) and Mustang Engineering (10 per cent). (BTimes, May 14, 2009)

TRANSPORTATION-DISTRIBUTION

**JAPAN : Mitsui Engineering & Shipbuilding wants to reduce gas transportation costs in using methane hydrates – CNR/13/48/3**

Mitsui Engineering & Shipbuilding Co. reported recently that it is about to develop a practical technology to convert natural gas into a solid for low-cost maritime transportation.

The planned natural gas hydrate technology is expected to become practical in fiscal 2008. Mitsui

Engineering is also developing a special transport ship in time for the practical application of this technology. According to Mitsui Engineering, compared with LNG, the sea transport of NGH requires 20% less in initial investment and reduces the cost of building a transport ship by half to two-thirds. (Marinelink, April 2, 2009)

**QATAR : LNG carrier “Al Ghashamiya” delivered to Qatargas – CNR/13/48/4**

Another Q-Flex LNG carrier has been delivered to Nakilat and chartered on long term contract to Qatar Liquefied Gas Company Limited (3), at Samsung Heavy Industries Co. Ltd. shipyard on Geoje Island. The Nakilat owned Q-Flex LNG carrier “Al Ghashamiya” (217,000 cm) will be used to ship LNG produced by Qatargas 3, to markets primarily in the United States. (Qatargas press release, April 29, 2009)

SUPPLIES – IMPORTS – EXPORTS

**AUSTRALIA : CNOOC signs LNG supply agreement with BG Group and becomes partner in Queensland Curtis project – CNR/13/48/5**

BG Group announced recently that it had signed a liquefied natural gas Project Development Agreement with China National Offshore Oil Corporation and its affiliates (CNOOC), focused on BG Group’s Queensland Curtis LNG (QCLNG) Project in Australia. The agreement sets out the basis on which: CNOOC will purchase 3.6 million tonnes per annum (mtpa) of LNG for a period of 20 years from the start-up of QCLNG, which is being developed by QGC. CNOOC will purchase 5% of BG Group’s interest in the reserves and

resources of certain tenements in the Walloons Fairway of the Surat Basin in Queensland. CNOOC will become a 10% equity investor in one of the two liquefaction trains which will form the first phase of the QCLNG development at Gladstone in Queensland; and BG Group and CNOOC will jointly participate in a consortium formed to construct two LNG ships in China that would be owned by the consortium. BG Group and CNOOC intend to complete negotiations and execute fully-termed transaction documents prior to BG Group’s final investment decision, expected in 2010, to sanction the QCLNG Project. (BG Group press release, May 13, 2009)

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**INDONESIA : First LNG supply to China expected in June 2009 – CNR/13/48/6**

Xinhua news agency reported recently that according to Indonesia's energy minister, Purnomo Yusgiantoro, the country will begin supplying liquefied natural gas to China in June 2009. Under a long-term contract, Fujian terminal, operated by China National Offshore Oil Corp, will receive 2.6 million tonnes of LNG per year from Indonesia's Tangguh gas project in Papua for 25 years starting in 2009. A Xinhua report said the deal was priced at \$3.35 per million British thermal units. (Reuters, May 14, 2009)

**UNITED STATES : Kenai LNG facility's export license extended to 2011 – CNR/13/48/7**

Governor Sarah Palin welcomed recently news that the Ninth Circuit Court of Appeals closed its review of the Department of Energy's decision authorizing an extension of the Kenai LNG facility's export license into 2011. The foundation

for the court's decision is a recently announced agreement by ConocoPhillips to supply all of Chugach Electric's gas supply requirements through the export term, and a large part of its needs through 2016. (State of Alaska press release, May 18, 2009)

**STORAGE**

**BELGIUM : Fluxys LNG and Exmar plans to build a second jetty at Zeebrugge LNG terminal – CNR/13/48/8**

Fluxys LNG is to launch the detailed study into building a second jetty at the Zeebrugge liquefied natural gas terminal, the aim being to enable regasification ships to moor. For its part, Exmar is prepared to book long-term capacity with Fluxys LNG. The two companies have signed a Memorandum of Understanding setting out their agreement. Pascal De Buck, Member of the Fluxys Executive Board and Commercial Director said "We expect twice as many ships to unload at the terminal in the first half of 2009 compared to

the first half of 2008. This is partly the result of the terminal's first capacity enhancement in 2008. A second jetty again would serve as an attractor for additional LNG shipping traffic". Reception of regasification ships at the terminal requires a second jetty in the LNG-dock as well as a pipeline and ancillary infrastructure allowing injection of natural gas into the Fluxys transmission network. In the first phase, Fluxys LNG, in close cooperation with the Brugge Port Authority (MBZ) and the proper government bodies, is to study the technical and economic feasibility of the project, the safety and nautical aspects, and other factors. (Fluxys LNG press release, April 29, 2009)

**FRANCE : Government approves Antifer LNG terminal project – CNR/13/48/9**

Poweo recently welcomed the decision made by the French Government to approve the construction of an LNG terminal in the Antifer seaport area and to qualify it as a public interest project. POWEO, in partnership with CIM, was selected at the end of 2006 to develop an LNG terminal on the Antifer site. The company 'Gaz de Normandie' S.A.S., of which POWEO S.A. is the main shareholder, was established early 2007 to develop this project. The final investment decision is expected for the end of 2010. (Poweo press release, May 19, 2009)

**JAPAN : Tokyo Gas to extend LNG storage capacity at Ougijima – CNR/13/48/10**

Tokyo Gas Co. announced recently that Shimizu Corp., IHI Corp. and an IHI subsidiary will build a new LNG storage tank at Ougijima, near Tokyo. The 250,000 cubic metre storage facility will boost

Tokyo Gas's capacity to 850,000 cubic metres. Tokyo Gas expects gas sales will rise by an average 1.9 percent annually through the year ending March 2014 after experiencing a decrease in demand because of the global recession. (Bloomberg, April 27, 2009)

**LPG**

**PROCESSING**

**UZBEKISTAN : Zeromax starts construction of a LPG production utility at Mubarek – CNR/13/48/11**

Swiss Zeromax started recently to build an utility for production of propane and butane mixture at Mubarek Gas Processing Plant in Kashkadarya region of Uzbekistan. The construction works will take place 18

months and it will be commissioned in the fourth quarter of 2010. The capacity of utility will be 258,000 tonnes of liquid gas and 125,000 tonnes of gas condensate per year. (UzReport, May 15, 2009)

## **STORAGE**

### **VIETNAM : New LPG storage unit opens at Hai Phong – CNR/13/48/12**

Minh Quang Hai Phong liquefied petroleum gas storage facility started recently operation in northern Hai Phong's Dinh Vu Industrial Zone. The project has a capacity to store 5,000 tonnes of LPG in 2009 and the capacity will be increased to 10,000 tonnes by 2013. "LPG is a new resource widely used in many fields. Along with the development of key sectors in Viet Nam, the

country's demand for LPG has been increasing," said. It was predicted that LPG consumption would reach 1 million tonnes in 2008. However, LPG storage depots in the north could not satisfy demand as most of them were only able to store up to 1,000 tonnes, Minh Quang Investment Ltd Co director, Nguyen Anh Quang, said. The new facility is the second biggest of its kind in Vietnam, after LPG Vung Tau. (VNS, May 14, 2009)

## **NATURAL GAS**

### **EXPLORATION – DISCOVERY**

#### **CHINA : Husky tests gas in South China Sea – CNR/13/48/13**

Husky Energy Inc. announced recently that Husky Oil China Ltd., a wholly-owned subsidiary of Husky Energy, has completed drilling and testing of the second appraisal well at the Liwan 3-1 field on Block 29/26, South China Sea. John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc said "This second appraisal well tested natural gas at an equipment restricted rate of 55 million cubic feet per day with indications that future well deliverability could exceed 150 mmcf per day. First gas production target is scheduled to be in the 2012 / 2013 timeframe". (Husky Energy Inc press release, May 11, 2009)

#### **EGYPT : Apache reports new discoveries – CNR/13/48/14**

Apache Corporation reported recently two new Jurassic oil and gas field discoveries in the Faghur Basin play in the extreme southwest part of Egypt's Western Desert producing complex and the first discovery in the North Tarek Concession along the Mediterranean coast. Phiops-1x is a new oil field discovery located in the South Umbarka concession about 4 km northwest of Apache's Kalabsha field. The discovery flow-tested 2,278 barrels of oil and 5 million cubic feet of gas per day from the Safa formation. The well currently is producing 1,619 barrels of oil and 4.1 MMcf of gas per day. Apache has a 100-percent

contractor interest in the South Umbarka concession. The WKAL-A-1x discovery, located 8.3 km west of Phiops-1x in the West Kalabsha Concession, tested at 770 barrels of oil and 4 MMcf of gas per day. Apache plans to apply for a development lease. Apache has a 100-percent contractor interest in the West Kalabsha concession. The NTRK-C-1X, located 2.7 miles from Apache's Tarek gas plant and six miles from the Matruh-5, is Apache's first new field discovery in the North Tarek Concession along the Mediterranean coast. The well tested 3,489 barrels of oil and 5 MMcf of gas per day. Apache has a 100-percent contractor interest in the North Tarek concession. (EnergyME, April 30, 2009)

## **PRODUCTION**

#### **EGYPT : Dana Gas increases gas production by 20% – CNR/13/48/15**

Dana Gas has increased production through its El Wastani gas plant in the Nile Delta region of Egypt to 170 million standard cubic feet of gas per day having successfully brought the El Basant field on stream on 31st March 2009. Total production in Egypt is now running at 35,000 barrels of oil equivalent per day a 20pc increase on the average rate achieved during 2008.

A second well has been drilled on the Sondos dry gas discovery which has been completed and tested at 11.5 MMscf/d through a 32/64' choke. Work is now progressing to bring the Sondos discovery on stream through Dana Gas' South El Manzala gas treatment facilities with production expected to start in June 2009. At the same time work is ongoing at the El Wastani gas plant with the objective of increasing throughput to

180 MMscf/d. These two projects will bring Dana Gas Egypt's gas production close to 200MMscf/d. Chief Executive Officer, Ahmed Al-Arbeed, said: "Our target in Egypt is to be producing around 40,000 boe/d by the end of 2009, an increase of more than 25pc compared to the rate we achieved at the end of 2008". (Emirates News Agency, May 11, 2009)

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**IRAN : Indian companies ready to invest in Farzad gas field development – CNR/13/48/16**

ONGC Videsh Ltd and its partners Indian Oil Corp and Oil India Ltd are likely to invest to start production from a gas field they discovered in offshore Iran. "Iran had in September 2008 approved the commerciality of the discovery and the three partners are now in the process of preparing a development plan" an ONGC official said. The discovery, which was named Farzad gas field, has in place reserves of up to 21.68 trillion cubic feet of which recoverable reserves may be 12.8 Tcf. The Indian firm want to liquefy the gas and ship it to India. "The oil and gas will belong to the National Iranian Oil Co (NIOC). They have the marketing rights and we have requested them to allocate the gas to us for converting it into LNG," he said. (Business Standard, May 1, 2009)

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**IRAQ : OMV enters in partnership to develop Khor Mor and Chemchemical gas fields in Kurdistan Region – CNR/13/48/17**

OMV has recently expanded its E&P portfolio in the Middle East by signing an agreement with the sellers Crescent Petroleum Company International and Dana Gas PJSC to acquire a 10% share in Pearl Petroleum Company Limited, a company which is set-up to appraise, develop, and produce the world class multi trillion cubic feet Khor Mor and Chemchemical gas fields in the Kurdistan Region of Iraq. The Khor Mor and Chemchemical gas fields have significant gas reserves and contingent resources including condensates and LPG which have been evaluated

by an independent expert. Currently gas is being produced from the Khor Mor field and is fed into the power stations at Erbil and Bazian. Appraisal work on Chemchemical, the second gas field, will start during 2009. Further expansion of the facilities will increase production substantially. Based on the current assessment, production could reach a level of 3 bcf/d (gross) around 2015. These volumes will initially satisfy the requirements of local industry with substantial quantities available for export to destinations primarily Turkey and Europe via the planned Nabucco pipeline. (OMV press release, May 17, 2009)

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**NIGERIA : Senate gives December 2010 as deadline for gas flaring – CNR/13/48/18**

The Senate gave recently oil companies operating in Nigeria a December 31, 2010 deadline to end gas flaring. Entitled, Gas Flaring (Prohibition and Punishment) Bill 2009, the Upper House recently subjected it to clause-by-clause consideration in the Committee of the Whole. According to Section 1 of the Bill, "Natural gas shall not be flared in any oil and gas production operation, block or field onshore or off shore or gas facility (processing treatment plant etc) which shall commence operations after the commencement of this Act".

Section two reads: "no company engaged in the production of oil and gas shall after December 2010, flare natural gas produced whether in association with oil or not". The Bill also requires operators in the oil sector to, within 90 days of the passage of the bill, categorise all of their flared gas resources, including daily flare quantity, reserve, location and composition. It provides that the companies would submit data along with gas utilisation plans to the minister, for the gas they intend to utilise prior to the December 2010 flare out deadline. (This Day, May 15, 2009)

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**NORWAY : Gullfaks production life could be extended by subsea gas compression – CNR/13/48/19**

A contract to develop a solution for subsea wet gas compression which could extend the production life of Gullfaks South has been awarded to Norway's Framo Engineering by operator StatoilHydro. This technological advance aims to improve recovery of natural gas which contains condensate and water. The goal is to boost recoverable gas reserves in Gullfaks South by three billion standard cubic metres, a 6% increase from the current estimate. "With this technology, we'll be able compress gas closer to the reservoir rather than on the platform," said Ingrid Hønsi, who heads the Gullfaks 2030 development. This project, which embraces the work on seabed compression for wet gas, is looking at opportunities to extend the production life of the field. (StatoilHydro press release, May 7, 2009)

**PAKISTAN : OMV and partners plans to develop Tajjal gas field – CNR/13/48/20**

OMV Aktiengesellschaft announced recently along with its joint venture partners Pakistan Petroleum Limited (PPL), ENI and Government Holdings Private Limited (GHPL), the start of the extended well test of Tajjal-1 which discovered the Tajjal gas field located about 120 km south east of Sukkur in Southern Pakistan's province of Sindh. As part of the fast track development the gas is routed via a 20 km long pipeline to the Sawan gas plant which is operated by OMV Pakistan. Sui Northern Gas Pipelines LTD (SNGPL) as gas buyer will distribute this additional gas from Tajjal

to Northern Pakistan. The initial extended well test gas rate from Tajjal-1 is around 25 mn scf/d and the planned testing period will last for about three months. After the extended well test of Tajjal-1, OMV will decide with Partners on an appraisal well program and a field development plan will be submitted to the Government of Pakistan for approval. The execution of the field development plan will further increase Tajjal gas production from 2011 onwards. The joint venture of the Gambat exploration license consists of OMV (35% operator), ENI (30%), PPL (30%) and GHPL (5%). (OMV press release, April 24, 2009)

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**TURKMENISTAN : Iran ready to submit a draft development contract for Yolotan gas field – CNR/13/48/21**

The director of Petropars Oil and Gas, Gholamreza Manouchehri said recently that a preliminary draft contract allowing Iran to develop the Yolotan gas field in Turkmenistan is ready. Tehran is due to import an additional 10 billion cubic meters of Turkmen gas in 2009. Iran currently imports about 8 bcm of gas. The Yolotan gas field is part of the Southern Yolotan-Osman deposit near the Turkmen-Iranian border. A 2008 appraisal by Gaffney, Cline & Associates, indicated that the deposit contained at least 4 trillion cubic meters of gas, and perhaps as much as 14 trillion. (Eurasianet, May 8, 2009)

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**UNITED STATES : Anadarko plans more capacity at Independence Hub – CNR/13/48/22**

Anadarko Petroleum Corp said recently that the huge Independence Hub natural gas production platform in the Gulf of Mexico produced an average of 900 million cubic feet per day of natural gas in the first quarter of 2009, with additional capacity possible. The platform has the capacity to produce up to 1 billion cubic feet per day, or about 12 percent of total U.S. offshore Gulf natural gas production. The facility is 80 percent owned by Enterprise Product Partners LP and 20 percent owned by Helix Energy Solutions Group Inc. (Reuters, May 7, 2009)

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**UNITED STATES : Chevron announces first oil and gas from Tahiti field in Gulf of Mexico – CNR/13/48/23**

Chevron Corporation reported recently that it has started production from its Tahiti Field. Daily production is expected to ramp up to approximately 125,000 barrels of crude oil and 70 million cubic feet of natural gas before the end of

2009. The Tahiti Field is one of the largest in the Gulf of Mexico and is estimated to contain total recoverable resources of 400 to 500 million oil-equivalent barrels. Chevron holds a 58 per cent working interest in Tahiti and is the operator, StatoilHydro holds a 25 per cent working interest, and Total owns a 17 per cent working interest. (EnergyME, May 6, 2009)

**PROCESSING**

**AUSTRALIA : Taloona gas plant to supply a quarter of Queensland gas needs – CNR/13/48/24**

The Spring Gully gas field near Roma in central southern Queensland is now supplying approximately one quarter of the State's gas needs as a result of the Taloona new gas plant coming on stream. Origin Energy operates the plant for Australia Pacific LNG. Australia Pacific LNG (APLNG) is a CSG to LNG joint venture between Origin and ConocoPhillips. The Taloona plant was constructed as part of the \$250 million Phase Five of the Spring Gully development undertaken by Origin.

Origin's Executive General Manager, Upstream Oil & Gas, Paul Zealand, said the Taloona plant would enable the further development of the gas resource in the southern end of the Spring Gully field. "By bringing the Taloona plant on stream we are delivering a further 36 terajoules per day in production capacity, bringing our total daily production capacity to about 150 terajoules. The first phase of the Spring Gully development began in June 2005. There are now over 400 kilometres of gas and water gathering pipelines and almost 160 field wells feeding gas to the three processing plants. Gas from Spring Gully is supplied to customers in Queensland and New South Wales via the Wallumbilla gas hub east of Roma. (Origin Energy, May 6, 2009)

**GHANA : National company seeks investors for a new processing plant – CNR/13/48/25**

Ghana National Petroleum Corp. said recently it's seeking investors to help fund a gas processing plant. The plant will initially have the capacity to process 150 million cubic feet of gas per day, before being expanded to 600 million cubic feet within three years. The processing plant will be supplied with gas from Tullow Oil Plc's Jubilee field, off the country's west coast. Oil production is expected to start in 2010, with gas following a year later, Tullow said. Ghana wants its plant to

be ready when output begins, chief economic evaluation and monitoring officer, Kwame Ntow Amoah said. While a specific site hasn't yet been chosen, the plant will probably be located about 130 kilometers west of Takoradi, Ghana's western port city, he said. Ghana has received "two or three" expressions of interest from foreign companies since the funding request was issued in April 2009, he said. The deadline for initial proposals is the end of May, Amoah added. (Bloomberg, May 15, 2009)

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**SAUDI ARABIA : Manifa project to include 1 Bcf/d gas processing plant – CNR/13/48/26**

Saudi Aramco announced recently that the central processing facility that is being constructed as part of the Manifa offshore oilfield project in Saudi Arabia is to process 1 billion cubic feet per day of natural gas. The processing plant will be supplied with gas from the offshore fields Arabiyah and Hasbah, recently discovered by the company and close to the Manifa field. (Arabian oil and Gas, May 11, 2009)

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**UNITED STATES : MarkWest announces launch of Marcellus Shale cryogenic processing plant – CNR/13/48/27**

MarkWest Liberty Midstream & Resources, L.L.C., a partnership between MarkWest Energy Partners, L.P. and NGP Midstream & Resources, L.P., announced recently the start-up of a cryogenic processing plant in Washington County, Pennsylvania to support the significant development of the Marcellus Shale in southwest Pennsylvania and northern West Virginia. The new plant is operating at its capacity of 30 million cubic feet per day and includes a depropanizer to extract propane from the gas stream that is sold

into the regional market. When combined with the existing 30 MMcf/d refrigeration plant that was installed in November 2008, MarkWest Liberty has total processing capacity in southwest Pennsylvania of 60 MMcf/d. MarkWest Liberty anticipates bringing on line 20 MMcf/d of additional refrigeration capacity by the end of September 2009 and completing the installation of a new 120 MMcf/d cryogenic processing plant in early 2010. MarkWest Liberty anticipates having total Marcellus cryogenic processing capacity of up to 270 MMcf/d by the end of 2010. (MarkWest Energy Partners press release, May 7, 2009)

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**TRANSPORTATION-DISTRIBUTION**

**ANGOLA : Angola LNG starts pipeline project – CNR/13/48/28**

The Angola's Liquefied Natural Gas launched recently the programme for construction of a pipeline to carry associated gas from the sea to the coast, as part of building a liquefied gas project. According to the director of public relations and government of Angola LNG, Laurentino Silva, the 25 km-extension project, will last 18 months. The senior technician of Chevron,

Greg Greenleaf said that the pipeline will have three lines of 22, 20 and 18 inches. The pipeline will convey the associated and non-associated gas from production facilities the offshore blocks 0, 1, 2, 14, 15, 17 and 18 for the plant of processing of LNG and liquefied petroleum gas and condensate. The project is a joint-venture with the participation of BP Exploration 13.6%, Chevron 36.4%, ExxonMobil 13.6%, Sonangol 22.8% and Total 13.6%. (AllAfrica, May 12, 2009)

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**AUSTRALIA : AGL Energy and Epic Energy opens a major expansion of eastern Australian gas grid – CNR/13/48/29**

A link between the Queensland, South Australian and New South Wales gas markets has been recently with the launch by AGL Energy Limited and Epic Energy of two new gas pipelines and compression facilities in Queensland. The 180km, 400mm high-pressure gas pipeline known as the QSN (Queensland - South Australia - New South Wales) Link, constructed by Epic, has long been the missing link in the eastern Australian gas transmission system.

The QSN Link will transport gas from the Wallumbilla gas hub through Epic's South West Queensland Pipeline (SWQP) to connect with the Moomba-Adelaide Pipeline (MAP) System and the Moomba-Sydney Pipeline (MSP). Epic has also significantly expanded the capacity of the SWQP by constructing a mid-line compressor facility near Cooladdi.

A second pipeline, the 113km, 400mm Berwyndale to Wallumbilla gas pipeline (BWP), has been commissioned by AGL to transport gas from a point approximately 8.5km east of Miles near the Condamine Power Station to the Wallumbilla gas hub. AGL Managing Director Michael Fraser said "The Berwyndale to Wallumbilla Pipeline will provide the optimum long-term commercial outcome for AGL to transport QGC gas to access Queensland and southern markets". "The Berwyndale to Wallumbilla Pipeline will provide a long-term gas transportation solution for AGL to support the QGC contract over the period 2009 to 2027. (AGL Energy press release, May 11, 2009)

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**INDIA : GAIL and Karnataka Government sign agreement on pipeline projects – CNR/13/48/30**

Gas Authority of India Ltd and the Karnataka Government signed recently a gas cooperation agreement under which GAIL will lay two gas pipelines to the state from Dhabol and Kochi. "The survey work is already completed and we expect the project by 2012" GAIL Chairman and Managing Director Dr U D Choubey said. The Dhabol-Bangalore and Kochi- Bangalore gas

pipeline covered an 800 km stretch and the demand survey carried out a few years ago was being updated, he said. GAIL now has to acquire ROU (Right of Use) from the regulatory authority and notify it, Choubey said. The Dabhol-Bangalore gas pipeline will be designed to carry 16 million metric square cubic metres per day of gas and similar would be the capacity of the Kochi-Bangalore line, he added. (India Times, April 29, 2009)

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**KAZAKHSTAN : Authorities agree to participate in a pipeline project with Russia and Turkmenistan – CNR/13/48/31**

President Nursultan Nazarbayev signed recently Kazakhstan's agreement with Russia and Turkmenistan for participation in a gas pipeline. The Russian pipeline plan is expected to transport up to an extra 10 billion cubic metres of Turkmen gas a year and the same volume of additional Kazakh supplies, according to the original deal. Officials said it would come on stream by March 2010.

Russia's Gazprom said it may double the capacity of the pipeline, in which Uzbekistan is also due to take part. Russia could sell the additional Caspian gas on to Europe through its proposed South Stream pipeline project which is seen as a direct rival to Nabucco. Gazprom currently buys about 50 bcm of gas a year from Turkmenistan, about 15 bcm from Uzbekistan and less than 10 bcm from Kazakhstan using a Soviet-era pipeline. (Reuters, May 15, 2009)

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**RUSSIA : Gazprom to sign South Stream deals with Bulgaria, Greece, Serbia and Italy – CNR/13/48/32**

Gazprom signed recently agreements to promote the construction of the South Stream gas pipeline to Europe with Bulgarian, Greek, Serbian and Italian. The agreements with Bulgarian Energy Holding, Greek DESFA, and Serbiagaz stipulate the terms for the creation of joint ventures that will provide feasibility studies, design, construct and

operate South Stream sections on the respective territories. Joint ventures with Bulgaria and Greece will be created on a parity basis, while in Serbian JV Gazprom will hold 51% and Serbiagaz 49%. The agreement with Bulgarian Energy Holding envisages the creation of a separate pipeline, while the national gas transportation system will be used for domestic needs, Bulgarian Prime Minister Sergei Stanishev said. (Itar Tass, May 15, 2009)

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**UNITED STATES : Energy Transfer Partners signs deals for capacity on planned Tiger Pipeline – CNR/13/48/33**

Energy Transfer Partners said recently it has signed binding 10-year contracts with EnCana Marketing and another shipper for capacity on its planned Tiger Pipeline. ETP said the new deals follow an earlier agreement it reached with Chesapeake Energy Marketing for 1 Bcf/d of capacity on the line and bring total capacity commitments to 1.5 Bcf/d. The roughly 180-mile pipeline will run from ETP's system near Carthage, Texas, through the Haynesville Shale, to Delhi, Louisiana. ETP expects to bring the line into service in the first half of 2011. (Platts, May 7, 2009)

**UNITED STATES : Dawn Gateway Pipeline files application with National Energy Board – CNR/13/48/34**

Spectra Energy Corp and DTE Pipeline Company announced recently that they have filed an application with the National Energy Board seeking approval to own and operate the Dawn Gateway Pipeline - a proposed new international pipeline between Michigan Consolidated Gas Company's Belle River facility in Michigan and Union Gas Limited's Dawn Hub in Ontario. The application follows a successful open season

conducted in the fall of 2008 to gauge market interest in the pipeline.

The open season resulted in binding agreements for the sale of 280,000 Dth/d or approximately 80 percent of the available capacity. Dawn Gateway is a new joint venture owned by subsidiaries of Spectra Energy Corp and DTE Energy. The proposed pipeline project will have initial firm transportation capacity of approximately 360,000 Dth/d, will utilize a combination of new and existing pipelines and is scheduled to be in service for November 1, 2010. Spectra Energy press release, May 13, 2009)

**SUPPLIES – IMPORTS – EXPORTS**

**INDIA : Steel industry gets gas supply priority – CNR/13/48/35**

The Petroleum and Natural Gas Ministry recently asked the Ministry of Steel to submit details regarding the quantity of gas required by steel companies as also their present source of allocation. A decision to this effect has been taken by the Empowered Group of Ministers (EGoM) headed by the External Affairs Minister, Pranab Mukherjee, recently which has deliberated on pricing and commercial utilisation of gas under the New Exploration Licensing Policy. The steel companies using natural gas as fuel for manufacturing iron and steel include Essar Steel,

Ispat Industries and Vikram Ispat. Of the total earmarked quantity of 5.76 mmscmd, the three companies are understood to be getting 23.42 per cent of their gas requirement from Gas Authority of India Limited (GAIL). Sources said that Essar Steel alone needs six mmscmd of gas, for which it has separate arrangements with GAIL and some other public sector oil companies. However, against an agreement for 3.1 mmscmd from GAIL, Essar Steel was now receiving only 20 per cent (0.66 mmscmd) of the earmarked quantity. Ispat Industries too is getting only 40 per cent of its earmarked gas quantity. Similar is the case with Vikram Ispat. (The Hindu, April 29, 2009)

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**IRAN : 2 million cubic meters/day now supplied to Armenia – CNR/13/48/36**

Iran has recently started to export natural gas to Armenia. Gas export to the country makes up around 2 million cubic meters per day. This figure will reach 4 million cubic meters/ day by 2011 and 6.3 million in the following years in line with the agreement signed between the two countries in 2004. (ANS PRESS, May 14, 2009)

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**UZBEKISTAN : Uzbekneftegaz plans to export gas via Turkmen-China pipeline – CNR/13/48/37**

Shavkat Majitov, a deputy chairman of the board of the Uzbekneftegaz national holding company, said recently "Uzbek natural gas will be fed through the Uzbekistan-China gas pipeline". Majitov noted that "what is meant here is Uzbek natural gas" - primarily the gas which would be extracted by Chinese companies in Uzbekistan. "It is too early to speak about it (export volumes). Figures are under discussion," Majitov added. The director of the UzLITneftegaz limited liability

company (a design Institute of Uzbekneftegaz), Vladimir Atalyants, said that the construction of the pipeline would allow transport routes to be diversified for Uzbek natural gas supplies, "in addition to the traditional routes - northern and southern routes - in the eastern direction as well". "Three compressor stations are expected to be built along the Uzbek section of the pipeline, of which the K 2 [compressor station No. 2] is expected to be built near the Gazli booster station in order to ensure the possibility of the Uzbek gas being fed to the pipeline," Atalyants added. (UzReport, May 15, 2009)

**STORAGE**

**CROATIA : Plinacro takes over management of Okoli UGS – CNR/13/48/38**

Plinacro Ltd. paid recently the first instalment amounting for acquiring the Underground Gas Storage (Podzemno skladište plina d.o.o.) from INA Plc. By acquiring the company, Plinacro has taken over the

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management and organisation of natural gas storage in the underground storage of Okoli. The aforementioned opens possibilities of further development of storage capacities and storage operation. Furthermore, Plinacro has now acquired the status of gas storage system operator, i.e. the status of a mixed operator. Also, by acquiring PSP Ltd., Plinacro has adjusted its operation to the legislation and guidelines of the EU according to which different energy activities are to be separated. In particular, activities regarding transport and storage of natural gas should be separated from energy trading. (Plinacro press release, April 29, 2009)

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**GERMANY : Marketing of capacities for the Jemgum gas storage facility begins – CNR/13/48/39**

WINGAS GmbH & Co. KG is to launch non-binding requests for capacities in its natural gas storage facility in Jemgum, a salt cavern storage facility in Lower Saxony currently under construction. The first caverns, with a working gas capacity of up to 300 million cubic meters, will be ready for use as soon as 2013. After the final phase of construction, which is planned for completion in 2016, the storage facility will have a working gas capacity of 1.2 billion cubic meters and a withdrawal rate of 1.2 million m<sup>3</sup>/h. The storage facility will be connected to the WINGAS

TRANSPORT GmbH & Co. KG (WTKG) market area, which will be merged into a cooperation of market areas called GASPOOL in future. Furthermore, WINGAS is also planning to build a link to the market area of Gas Transport Services B.V. (GTS) in the Netherlands, although this project still has to be officially approved. A connection to the GTS system by the time the storage facility comes on stream is planned. The required entry/exit capacities can currently be applied for from GTS as part of the current Integrated Open Season (IOS) by GTS and Gasunie Deutschland. (Wingas press release, May 28, 2009)

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**UNITED STATES : NGS Energy considers entrance into Arizona gas storage market – CNR/13/48/40**

NGS Energy LP and El Paso Corporation signed recently a Memorandum of Acquisition and Understanding with regard to El Paso's Pinal County, Arizona natural gas storage asset. Under the agreement, NGS Energy has an exclusive due diligence period and right to purchase all acreage, wells, geological and technical data and rights currently held by El Paso. The storage project is in the Picacho Basin and would include a 9 mile header system that could connect to Transwestern Pipeline, El Paso Natural Gas Pipeline. NGS estimates the current acreage position could result in a 20 Bcf storage facility and will utilize above ground evaporation ponds. FERC filings will occur this summer with operations slated for summer 2012. (El Paso Corporation press release, May 19, 2009)

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**UNITED STATES : Gas storage facility planned near Colusa – CNR/13/48/41**

Central Valley Gas Storage, a subsidiary of Illinois-based Nicor Inc., will conduct the testing to construct and operate a natural gas storage facility. The project site is about 13 miles north of Colusa, west of state Highway 45, above two former natural gas reservoirs approximately 2,200 feet below the surface.

The reservoirs produced about 9.8 billion cubic feet of natural gas between 1954 and 1992,

according to Jim Kiefer, Central Valley director. Kiefer said Central Valley plans to inject approximately 8 bcf of gas into the subsurface geological rock formation. Central Valley plans to connect the field via a 14-mile, 24-inch diameter pipeline to a Pacific Gas & Electric Co. compression station north of Maxwell. The compression station sits next to PG&E's gas-powered Colusa Generating Station now under construction. (Tri-County Newspapers, May 9, 2009)

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**USE FOR POWER GENERATION**

**MACEDONIA : First gas cogeneration plant opened – CNR/13/48/42**

Macedonia Prime Minister Nikola Gruevski opened recently the country's first natural gas-cogeneration plant certified for international carbon credit financing in the capital city of Skopje. The plant, powered by GE's Jenbacher gas engines, is Macedonia's first commercial natural gas-fuelled combined heat and power (CHP) project completed within the international "Clean Development Mechanism" (CDM).

According to the customer Skopje's new CHP plant is expected to earn about 185,000 Certified Emission Reduction (CER) credits a year, which corresponds to a projected reduction of the equivalent of 185,000 metric tons of CO<sub>2</sub>. The Skopje plant has an electrical output of 30.4 MW and 13.6 MW thermal outputs as

hot water and additionally 19.5 t/h of saturated low pressure steam, generating a total of 56.9 MW. Thanks to the combined production of power and heat, the plant's overall efficiency is 80.5%. (GE Energy press release, May 19, 2009)

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**UNITED STATES : Southern Montana Electric chooses natural gas instead coal – CNR/13/48/43**

Southern Montana Electric Generation and Transmission filed recently an application with the state Department of Environmental Quality to build a natural gas-fired power plant instead of a coal-powered facility east of Great Falls. SME wants to build a 120-megawatt natural gas plant. Citizens for Clean Energy and the Montana Environmental Information Agency challenged the original coal-fired plant over emissions of carbon dioxide and particulate. SME officials said in February that they would pursue natural gas power instead of coal. (Associated Press, April 28, 2009)



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