



Vol. 48, n° 14, June 19, 2009

Contents

Liquefied Natural Gas

p2- AUSTRALIA : LNG production capacity expected to reach 50 Mt/y by 2017.

- **AUSTRALIA** : Apache Energy will decide in October which LNG plant will receive its gas.

- **ECUADOR** : Construction contract awarded for LNG processing plant.

- **RUSSIA** : Gazprom in talks with Novatek on joint LNG processing project in Siberia.

p3- PAPUA NEW GUINEA : PNG LNG early works awarded to Clough Curtain JV.

- **AUSTRALIA** : Chevron seeks buyers for a part of LNG to be produced at Gorgon.

- **CANADA** : Kogas signs MoU on purchasing up to 40 per cent of Kitimat LNG's production for 20 years.

- **CHINA** : Cnooc to receive 15 LNG cargoes in first year supply contract.

- **JAPAN** : TEPCO will not buy spot LNG in 2009.

- **QATAR** : Chevron Gas in LNG supply agreement with RasGas 3.

p4- QATAR : Kuwait seeks LNG supply deal.

- **SOUTH KOREA** : Energy Ministry wants allow LNG imports by private firms.

- **UNITED STATES** : Sempra LNG and Rasgas sign LNG commercialization agreement.

- **ARGENTINA** : Algeria may participate in LNG regasification terminal project.

- **PORTUGAL** : Somague consortium wins contract for LNG terminal expansion.

p5- SOUTH AFRICA : PetroSA considers LNG terminal construction at Mossel Bay.

- **SRI LANKA** : First LNG-fuelled power station inaugurated.

Natural Gas

p5- COLOMBIA : Talisman Energy reports a significant condensate discovery in the Niscota Block.

- **EGYPT** : Dana Gas announces a new discovery in Nile Delta.

- **NORWAY** : Dana discovers gas condensate at Fulla.

- **RUSSIA** : Gazprom and StatoilHydro sign MoU on development of Arctic hydrocarbons resources.

p6- ABU DHABI : ADNOC launches tenders for the development of Shah gas field.

- **INDIA** : Gas output predicted to increase by 60% in 2010

- **INDIA** : Natural gas may get 7-year tax break.

- **INDONESIA** : Premier to develop Gajah Buru gas field.

- **INDONESIA** : Total to invest more in Mahakam block development.

p7- IRAN : Gas reinjection project started at Aghajari oilfield.

- **IRAN** : NIOC and CNPC sign agreement for development of phase 11 of South Pars.

- **TRINIDAD AND TOBAGO** : Centrica in agreement to acquire a stake in development of gas Block 5(c).

- **TURKMENISTAN** : China to lend \$3 billion to develop South Yolotan gas field.

- **UNITED KINGDOM** : Total starts engineering studies of the Laggan-Tormore gas project.

p8- GeoPetro announces production improvements at the Madisonville gas field.

- **UNITED STATES** : Apache's Geauxpher Field produces 115 MMcf/d in Deepwater Gulf of Mexico.

- **UNITED STATES** : Enterprise Products affiliate signs gas gathering deal with Jicarilla Apache Nation.

- **ALGERIA** : JGC wins contract for Gassi Touil gas processing facilities.

- **ANGOLA** : First natural gas processing plant on service within three years.

- **CHINA** : CNPC and Total plan to build new Sulige gas processing plant.

p9- MEXICO : New cryogenic plant to be build at Poza Rica Gas Processing Complex.

- **RUSSIA** : Gazprom Neft and SIBUR in partnership for associated gas treatment in East Siberia and the Far East.

- **ALGERIA** : Gasline agreement with Nigeria could be signed soon.

- **CENTRAL ASIA** : Iran and Pakistan ink gas pipeline deal.

- **LIBYA** : Taqa Arabia awarded contract to construct gas distribution network.

p10- DENMARK : DONG Energy extends gas supply agreement with HNG.

- **INDIA** : NTPC refuses to pay marketing margin for RIL's gas.

- **NETHERLANDS** : Authorities seeks to obtain observer status in Gas Exporting Countries Forum.

- **NORWAY** : Ministry of Petroleum and Energy wants a gas arena Forum.

- **RUSSIA** : Gas exports decrease announced for January-April 2009 period.

p11- RUSSIA : Gazprom confirms Ukraine's gas payment for May 2009.

- **RUSSIA** : Gazprom Export and PGNiG ink gas supply contract.

- **UNITED ARAB EMIRATES** : Surge in domestic consumption causes gas shortage.



LNG

PROCESSING

AUSTRALIA : LNG production capacity expected to reach 50 Mt/y by 2017 – CNR/14/48/1

Australia's production capacity for liquefied natural gas is expected to increase from 20 million tonnes a year in 2008 to at least 50 million tonnes a year by 2017, according to the State of the Industry 2009 report released by the Australian Petroleum Production and Exploration Association (APPEA). The number of greenfields LNG project proposals has grown in Queensland, Western Australia and the Northern Territory. "Within Australia, gas use is growing but not at rates implied by the targets calling for a doubling of gas usage for industrial purposes and a major increase in gas-fired electricity generation," APPEA said. "Previously bullish growth projects in some parts of the Australian gas market are being reduced as a result of falling investment in new mining and gas-based processing projects. The electricity generation target (70 percent of new electricity generation capacity to be gas fired) cannot be achieved without the removal of tax-and subsidy-related distortions in the electricity market,"

APPEA added. With seven LNG projects proposed for northwest Australia and four projects proposed for Queensland, APPEA's goal of increased LNG production would appear to be easily achievable. However, APPEA said a variety of challenges must be confronted in moving projects to the production phase. Capital costs for upstream facilities and liquefaction plants have increased by a factor of two to three over the past five years with a typical 10 million tonnes per annum greenfields project in the northwest likely to cost more than US\$16.2 billion. APPEA quoted recent analysis by Cambridge Energy Research Associates showing that Australia is one of the highest cost locations for new LNG projects supplying the Asia-Pacific market. Greenfields LNG projects will generally take three years to five years to build. So to achieve the strategy target of 50 million tonnes per annum installed capacity by 2017, construction of projects with a combined capacity of 26 million tonnes (28.6 million tons) per annum will need to commence over the next five years. (Energy Current, June 1, 2009)

AUSTRALIA : Apache Energy will decide in October which LNG plant will receive its gas – CNR/14/48/2

Apache Energy will decide by October 2009 to which liquefied natural gas plant it plans to send its gas produced offshore northwest Australia, the company's chief executive said. "We are talking to two major LNG players in Australia, the Wheatstone project and the Pluto project," said Steve Farris. Apache is currently developing the Julimar and Brunello gas fields, offshore northwest Australia, which are expected to hold several trillion cubic feet of gas. Woodside said recently that gas purchases from Apache gas fields would be aimed at supporting a second production train at Pluto. (Reuters, June 4, 2009)

ECUADOR : Construction contract awarded for LNG processing plant – CNR/14/48/3

The Ecuadorian state oil and gas company, Petrocomercial, signed recently a contract with Ros Roca Indox Cryoenergy SLU (Tarrega, Spain) for the construction of a liquefied natural gas plant

that will have a processing capacity of 200 metric tons per day. The natural gas will be extracted from Guayaquil Gulf and will be used to supply the states of Pichincha, Guayas and El Oro, where the plant will be constructed. (Industrialinfo, May 21, 2009)

RUSSIA : Gazprom in talks with Novatek on joint LNG processing project in Siberia – CNR/14/48/4

Alexander Medvedev, deputy CEO of Gazprom said recently that the company is holding talks with Novatek on its possible participation in a liquefied natural gas project in northwest Siberia. Alexander Medvedev said Gazprom will prepare a project feasibility study in early 2010 for LNG production on the Yamal Peninsula. The Yamal LNG plant will process the gas condensate resources from the Tambeiskoye field. Gazprom holds licenses to develop 26 Yamal fields (with total reserves exceeding 10 trillion cubic meters). It plans to annually produce 250 billion cubic meters of gas there. Gazprom estimates that despite the current economic problems, global demand for LNG will grow at an annual rate of 6-8% to reach about 500-800 million metric tons by 2030, Medvedev said. (RIA Novosti, June 9, 2009)

PAPUA NEW GUINEA : PNG LNG early works awarded to Clough Curtain JV – CNR/14/48/5

Engineering and construction company Clough Limited announced recently that the Clough Curtain JV has been awarded a contract by Esso Highlands Ltd (a subsidiary of Exxon Mobil Corporation) for the early works associated with the PNG LNG project. Planning work will start immediately with work orders to be executed by the JV as budget and scope are agreed. The overall project is subject to a final investment decision. (Clough press release, June 4, 2009)

SUPPLIES – IMPORTS – EXPORTS

AUSTRALIA : Chevron seeks buyers for a part of LNG to be produced at Gorgon – CNR/14/48/6

Chevron is seeking buyers for a portion of domestic gas from its huge Gorgon liquefied natural gas development on Barrow Island, Western Australia. Chevron Australia managing director Roy Krzywosinski said that the company was inviting expressions of interest for up to 150

terrajoules per day of domestic gas from Gorgon, starting in 2015. The project will draw 22 trillion cubic feet of gas from the Gorgon and Jansz gas fields, with two tcf reserved for WA's domestic gas market while the remainder is destined for export to Asia. Mr Krzywosinski said that he expected final project sanctions for Gorgon would be forthcoming in a few months. (WAtoday, June 2, 2009)

CANADA : Kogas signs MoU on purchasing up to 40 per cent of Kitimat LNG's production for 20 years – CNR/14/48/7

Kitimat LNG Inc. announced recently that it has signed a memorandum of understanding with Korea Gas Corporation (KOGAS), under which KOGAS will acquire up to 40 per cent of Kitimat LNG's production and an option to acquire an equity stake in Kitimat LNG's liquefied natural gas export terminal. With the MOU, Kogas plans to purchase two million tons per annum of LNG from the proposed terminal for 20 years. Kitimat LNG is progressing with discussions with other potential terminal users and investors for terminal capacity, off-take from the terminal and equity in the 5.0 mtpa project in Kitimat, B.C. (Kitimat LNG press release, June 1, 2009)

CHINA : Cnooc to receive 15 LNG cargoes in first year supply contract – CNR/14/48/8

China National Offshore Oil Corp. said recently its liquefied natural gas terminal in Fujian will get 15 cargoes in the first 12 months of a 25-year contract. The terminal in southern China has recently received its first cargo from Indonesia. "The start of the Indonesian term supply will

reduce the need for spot cargo purchases" said Kelvin Zhuang, the head of the gas department of Guangdong Oil & Gas Association. China National signed an agreement to buy 2.6 million tons a year of LNG from the BP Plc-led Tangguh project in Indonesia in 2006. (Bloomberg, May 25, 2009)

JAPAN : TEPCO will not buy spot LNG in 2009 – CNR/14/48/9

Tokyo Electric Power Co (TEPCO) plans to take 17-18 million tonnes of liquefied natural gas under term contracts in 2009, but will not import additional cargoes after taking 2 million tonnes of spot parcels in 2009, an official said. "In Japan demand is down dramatically. With the decreasing consumption we have no plans this year for spot cargoes" Takao Arai, executive officer of TEPCO's fuel department said. TEPCO has raised output of the 1,356-megawatt No.7 nuclear unit at its Kashiwazaki-Kariwa plant to full capacity as part of a test run, which will limit its use of LNG. (Reuters, June 9, 2009)

QATAR : Chevron Gas in LNG supply agreement with RasGas 3 – CNR/14/48/10

Chevron Global Gas, a division of Chevron USA Inc, announced recently that it has completed a supply agreement with Ras Laffan Liquefied Natural Gas Company Limited (3), an affiliate of RasGas Company Limited, for delivery of Qatari liquefied natural gas at the Sabine Pass LNG

terminal in Cameron Parish, Louisiana. The mid-term supply agreement provides for delivery of multiple cargoes of LNG from Qatar under flexible terms beginning in July 2009. Chevron has also entered into a four-year agreement with a European company for access to a portion of Chevron's capacity at Sabine Pass. (The Peninsula, June 4, 2009)

QATAR : Kuwait seeks LNG supply deal – CNR/14/48/11

Kuwait is close to completing receiving facilities for liquefied natural gas but has failed to conclude a deal with Qatar to import the gas. Mohammad Hussain, the deputy chairman of Kuwait Oil Company, said. "Kuwait is already building the infrastructure". The hold-up in securing offshore gas supplies exemplifies the problems that several Gulf states are facing in securing enough gas to supply their burgeoning domestic needs. Qatar's RasGas, said in January 2009 it was in talks regarding a five-year deal to supply Kuwait

with 1.4 million tonnes per year of LNG. Hamad al Mohannadi, the managing director of the firm, said he expected shipments to start in the middle of 2009. Mr Hussain and Excelerate Energy, the US firm building a floating regasification terminal in Kuwait, said the import facility would be ready in July 2009. Kuwait sits on significant gas reserves of its own that it is seeking to develop. Mr Hussain predicted that Kuwait would boost its gas output to 2 billion cubic feet per day by 2015 from the current level of about 180 million cf per day. (The National, May 26, 2009)

SOUTH KOREA : Energy Ministry wants allow LNG imports by private firms – CNR/14/48/12

Energy ministry said recently that he would push for a bill that allows private firms to bring in and sell liquefied natural gas for power generation from 2010, a market that is currently monopolized by Korea Gas Corp. The ministry said direct imports will increase market competition, and will eventually bring down power costs for consumers. Of a total of 26.34 million tonnes of LNG imported by South Korea in 2008, 96.6 percent was by KOGAS. Imports by Steelmaker POSCO and energy firm K-Power accounted for less than 2 percent each according to industry data. GS Caltex, the country's second-largest refiner, has already invested \$1.61 billion to build LNG storage facilities by 2013 to benefit from the new law. (Reuters, June 8, 2009)

UNITED STATES : Sempra LNG and Rasgas sign LNG commercialization agreement – CNR/14/48/13

Sempra LNG, a subsidiary of Sempra Energy recently announced it has signed an agreement with Ras Laffan Liquefied Natural Gas Company Limited 3, an affiliate of RasGas Company Limited. Cargoes are expected to commence from August 1, 2009, through December 31, 2010. RasGas will have the ability to sell LNG to the U.S. market by delivering it to Sempra LNG at Sempra's Cameron LNG receipt terminal near Lake Charles, La. The flexible agreement is for the purchase of up to 50 cargoes with each cargo containing up to 4.8 billion cubic feet of natural gas. Construction is nearing completion at Cameron LNG and the new terminal is expected to go into commercial operation in July 2009. (Market Wire, June 8, 2009)

STORAGE

ARGENTINA : Algeria may participate in LNG regasification terminal project – CNR/14/48/14

Argentina Foreign Minister Jorge Taiana met recently with a delegation of Algerian officials led by Minister of Energy and Mines Chakib Khelil to discuss potential joint energy projects. This includes the possibility of Argentina buying LNG from Algeria. Planning Minister Julio De Vido, Argentina's chief energy planner, has said he wants to expand the country's roster of LNG suppliers so it can pay the lowest prices and have a backup of supply. Argentina began importing

LNG via a floating regasification terminal in 2008. Argentina relies on gas for 55% of its energy needs. Production and reserves of the hydrocarbon have been in decline this decade, leading to shortages. Algeria also has said it may participate in a project to build an onshore LNG regasification terminal in Buenos Aires province. Argentina is already working with Venezuela on the project to build the facility, with capacity estimated at a level to deliver 8% to 17% of the country's average demand of 120 million cu m/d. (Petroleum World, May 19, 2009)

PORTUGAL : Somague consortium wins contract for LNG terminal expansion – CNR/14/48/15

A consortium led by Portugal's Somague has recently won a contract to expand the LNG terminal in Sines. The Sines terminal, 100km south of Lisbon, receives, stores and regasifies LNG, with the expansion work expected to be completed by May 2012. Planned expansion will lift storage capacity at the Sines terminal by 150,000 cubic metres, to 390,000 cubic metres. (Gasworld, May 18, 2009)

SOUTH AFRICA : PetroSA considers LNG terminal construction at Mossel Bay – CNR/14/48/16

PetroSA said recently that it is considering building a liquefied natural gas import terminal at Mossel Bay. Local gas reserves being exploited offshore would fall below economic production levels in 2010, according to Everton September, the vice-president of new ventures upstream at PetroSA. Importing liquefied natural gas would allow continued operation of the Mossel Bay gas-to-liquid facility beyond 2010. (Bloomberg, May 29, 2009)

SRI LANKA : First LNG-fuelled power station inaugurated – CNR/14/48/17

W.D.J. Seneviratne, Sri Lanka's power and energy minister, launched recently the nation's first liquefied natural gas power station which is located near the Kerewalapitiya Yugadhanavi thermal power station. H.M. Navaratne, director of Lanka Aloka Ltd., stated that the project would reach completion in one and a half years time. As

soon as the project reaches completion, it would supply power to the Ceylon Electricity Board (CEB) at low rates. The power station would contain a regasification unit. The Australian developer of the project, Arc Development, reported that the initial phase of the plant with 500 megawatts would offer an extra 20% capacity to Sri Lanka's present production capacity. (Energy Business Review, May 22, 2009)

NATURAL GAS

EXPLORATION – DISCOVERY

COLOMBIA : Talisman Energy reports a significant condensate discovery in the Niscota Block – CNR/14/48/18

Talisman (Colombia) Oil & Gas Ltd., a wholly-owned subsidiary of Talisman Energy Inc., announced recently a significant gas condensate field discovery in the Niscota Block of the Andes foothills, located 300 kilometres north east of Bogota, Colombia. In the Niscota Block, the

Huron-1 well encountered several reservoirs. One reservoir was tested at 3,400 bbls/d of gas condensate. The well is currently being deepened to complete the evaluation of the prospective section. Further logging and testing is planned. Talisman holds a 30% interest in the Block, with Tepma holding a 50% interest and Hocol S.A. (Operator) holding the remaining 20% interest. (Marketwire, May 20, 2009)

EGYPT : Dana Gas announces a new discovery in Nile Delta – CNR/14/48/19

Dana Gas has announced that another gas discovery in one of the company's concessions in the Egyptian Nile Delta. The Tulip-1 well is located in the West El Qantara Concession, approximately 15 kilometers from the company's South El Manzala gas processing facilities and 7 kilometers from the recent discovery Salma Delta-1. The production test yielded production of 11.4 million standard cubic feet per day of gas and 318 barrels of condensate per day. (Dana Gas press release, May 31, 2009)

NORWAY : Dana discovers gas condensate at Fulla – CNR/14/48/20

Dana Petroleum announced recently the successful appraisal of the Fulla gas condensate field through the drilling of a second Fulla well 30/11-7A. This well, which is a side-track of the initial discovery well, 30/11-7 is located just 10 km north east of the Frigg Field in the North Sea. As

planned, the discovery was not tested, but extensive data collection and sampling has been carried out. Proven volumes for the two wells are currently estimated at between 60 and 105 million barrels of oil equivalent. The Fulla discovery is thought likely to be commercial and a development by tie-back to nearby infrastructure is being considered. (Oilvoice, May 19, 2009)

RUSSIA : Gazprom and StatoilHydro sign MoU on development of Arctic hydrocarbons resources – CNR/14/48/21

Gazprom Management Committee Chairman Alexei Miller and StatoilHydro President and CEO Helge Lund signed recently a Memorandum of understanding. The Memorandum stipulates that the parties will cooperate in northern regions of Russia and Norway to discover and develop hydrocarbon fields, as well as

to design technologies for exploration, production and transportation of corresponding resources. The signed document is valid for three years and will replace the 2005 Memorandum of Understanding between Gazprom, Statoil and Hydro. (Rigzone, June 5, 2009)

PRODUCTION

ABU DHABI : ADNOC launches tenders for the development of Shah gas field – CNR/14/48/22

Yusuf bin Omeir bin Yusuf, the head of the Abu Dhabi National Oil Company said recently that four large tenders have been issued to develop the Shah natural gas field in the Emirate. The field contains sour gas. ADNOC expects the field will eventually produce 570 million cubic feet of gas per day. . (Associated Press, May 25, 2009)

INDIA : Gas output predicted to increase by 60% in 2010 – CNR/14/48/23

A report recently published by the Center for Monitoring Indian Economy (CMIE) predicts that natural gas production in India will increase by over 60 percent in the coming year. "In 2009-10, we expect domestic natural gas output to grow by a robust 60.5 per cent to 52,239 million cubic metres" said the economic think-tank in its April review. (Financial News USA, June 8, 2009)

INDIA : Natural gas may get 7-year tax break – CNR/14/48/24

The forthcoming Budget may classify mineral oil as hydrocarbons, thus extending a seven-year tax holiday given to crude oil explorers to producers of natural gas, including ONGC and Reliance Industries. "The issue is in the knowledge of the finance minister and a decision is expected soon," a Cabinet minister said. The uncertainty over tax holidays started in 2008 when the then finance minister P Chidambaram proposed to redefine mineral oil in the Finance Bill 2008-09. Later, the finance ministry withdrew the definition of "mineral

oil" for the purpose of Section 80-IB(9), stating that the proposed change in the bill was aimed at clearing the ambiguity as different tax tribunals had taken varied positions on the issue. But the situation remained the same and tax holidays were restricted to production of crude oil. The petroleum ministry argued that exploration & production was undertaken for hydrocarbon and not for either oil or gas. During the exploration, a company could find oil or gas or both. Therefore, the definition of mineral oil must include both crude oil and natural gas. (The Economic Times, June 9, 2009)

INDONESIA : Premier to develop Gajah Buru gas field – CNR/14/48/25

Premier Oil Natuna Sea BV let an engineering, procurement, construction, and installation contract to a consortium led by Saipem SPA for a central processing platform and other equipment needed to develop Gajah Buru gas field off Indonesia. First gas is expected in October 2011, and Premier estimates the field holds recoverable reserves of 325 bcf. Saipem and its partner, PT SMOE Indonesia, will produce a wellhead platform, connecting bridge, and a 3-km, 16-in. subsea gas export pipeline. The pipeline will be linked to the existing export trunkline, with a capacity of 140 MMcfd to deliver gas to Sembgas in Singapore. Construction is scheduled to commence in August 2009. (Oil and Gas Journal, May 15, 2009)

INDONESIA : Total to invest more in Mahakam block development – CNR/14/48/26

Total SA said recently it will decide to set aside up to \$3 billion by end of 2009 for the upgrade of the Mahakam gas block on Indonesia's Kalimantan. Total's Indonesian unit has said in November 2008 it was committed to spending almost \$2 billion in 2009 to upgrade the block, at a time when energy firms were reviewing investment plans after a slump in oil prices. "Between \$2-\$3 billion are ready to be decided by the end of this

year," Jean-Marie Guillermou, senior vice president Asia Pacific for Total exploration and production said. The block, which Total estimates to hold 11 trillion cubic feet of gas and is enough to produce for 25 years, supplies about 80 percent of the feed gas for the Bontang liquefaction plant in Indonesia. "The story of Mahakam today is just to bring to the plant all additional reserves that we can find," Guillermou said. (Khaleej Times, June 8, 2009)

IRAN : Gas reinjection project started at Aghajari oilfield – CNR/14/48/27

A gas injection project was recently inaugurated in Aghajari oilfield. The project is aimed at recovering oil through injecting up to 2 billion cubic feet of natural gas per day to Aghajari oilfield to boost the oilfield's current 140,000 bpd output to reach 270,000 bpd. Aghajari oilfield has been in operation for almost 70 years. It holds about 10 billion barrels of oil and the gas injection project would add the deposit by some 1.2 billion barrels. Iran's 2008 estimated proven natural gas reserves stand at 948 trillion cubic feet. (Tehran Times, June 10, 2009)

IRAN : NIOC and CNPC sign agreement for development of phase 11 of South Pars – CNR/14/48/28

Iran signed recently a contract with China National Petroleum Corporation (CNPC) on developing a part of the South Pars gas field, replacing France's Total, the official IRNA news agency said. The agreement for the development of phase 11 of the gas field in the Gulf was signed by Seifollah Jashnsaz, managing director of the state National Iranian Oil Company (NIOC), and his CNPC counterpart, IRNA said. (Reuters, June 4, 2009)

TRINIDAD AND TOBAGO : Centrica in agreement to acquire a stake in development of gas Block 5(c) – CNR/14/48/29

Centrica plc, the parent company of British Gas, announced recently it has reached an agreement with Canadian Superior Energy Inc. under which Centrica could acquire a 45 per cent interest in gas development Block 5(c), located off the south east coast of Trinidad. The agreement is subject to pre-emption rights from the existing field partners and subject to approvals from the Trinidad Government and Canadian courts. The

block is operated by BG Group, which holds a 30 per cent stake. To date, successful exploratory drilling of Block 5(c) has identified significant contingent gas reserves, with recoverable reserves attributable to a 45 per cent equity stake estimated at 650 billion cubic feet, equivalent to around half Centrica's current UK gas reserves. This acquisition would provide Centrica with a material gas position in Trinidad which is close to existing gas pipeline infrastructure and liquefied natural gas export facilities. (Centrica press release, June 2, 2009)

TURKMENISTAN : China to lend \$3 billion to develop South Yolotan gas field – CNR/14/48/30

China will lend Turkmenistan \$3 billion to develop its South Yolotan natural gas field, Turkmen state media reported recently. Work on a 7,000-kilometer pipeline from Turkmenistan to China with the capacity to deliver 40 billion cubic meters of gas per year is expected to be finished by the end of 2009. "The deposits at Southern Yolotan alone, if it produces 50 billion cubic meters of gas annually, could provide enough gas to supply any state for 100 years," Turkmen President Gurbanguli Berdimukhamedov said.

Turkmenistan has committed to exporting 50 billion cubic meters per year to Russia under a 25-year contract, and it has also agreed to provide China with 40 billion cubic meters annually beginning late 2010. An additional 10 billion cubic yards are sold annually to Iran. Berdimukhamedov said that Turkmenistan currently produces 80 billion cubic meters of gas per year, and foreign companies produce another 20 billion cubic meters of gas in the Turkmen sector of the Caspian Sea. Turkmenistan estimates its total reserves at more than 20 trillion cubic meters, but international experts have questioned that figure. (Associated Press, June 7, 2009)

UNITED KINGDOM : Total starts engineering studies of the Laggan-Tormore gas project – CNR/14/48/31

Total E&P UK has recently started basic engineering studies for its Laggan-Tormore gas project west of Shetland. A joint venture of Doris Engineering and its 50% owned subsidiary in London, Offshore Design Engineering (ODE) are managing the basic engineering program. Laggan and Tormore are 125 km west of the Shetlands Islands. The gas will be developed via up to eight subsea wells and two subsea production systems,

around 16 km apart. The wells will be linked via two 125-km, 18-in. production flowlines to the new gas processing plant on mainland Shetland. Treated gas will be exported through a new 234-km trunkline to an offshore tie-in point close to Total's recently decommissioned MCP01 platform and the Frigg UK pipeline. Thereafter it will head southwest through the Frigg system to the St Fergus reception complex, north of Aberdeen. First gas is scheduled to flow in 2013/14. (Offshore, May 18, 2009)

UNITED STATES : GeoPetro announces production improvements at the Madisonville gas field – CNR/14/48/32

GeoPetro Resources Company announced recently an update on operations at its Madisonville Field located in East Texas. The company has reconfigured idle equipment and implemented operating efficiencies in the Madisonville gas treatment plant to reduce the inlet pressure into the plant and reduce the shrinkage that occurs during the processing of the

natural gas production. The company's wells are currently producing at a rate of approximately 11 million cubic feet of natural gas per day. Current production volumes are significantly higher compared to the first quarter of 2009 due to lower inlet pressures at the plant. The current average inlet volume of approximately 11 Mmcf/d into the plant is 67% higher than the average experienced in the first quarter 2009 of 6.6 Mmcf/d. (Business Wire, June 1, 2009)

UNITED STATES : Apache's Geauxpher Field produces 115 MMcf/d in Deepwater Gulf of Mexico – CNR/14/48/33

Apache Corporation announced recently that the deepwater Geauxpher Field at Garden Banks Block 462 in the Gulf of Mexico is producing 115 million cubic feet of natural gas per day from two wells. Geauxpher, which is about 150 miles from the Louisiana coast, is connected by a 40-mile pipeline to processing facilities at a third-party-operated platform at Garden Banks 72. After processing, the gas is transported via pipeline to onshore facilities. (PRNewswire, May 27, 2009)

UNITED STATES : Enterprise Products affiliate signs gas gathering deal with Jicarilla Apache Nation – CNR/14/48/34

The Jicarilla Apache Nation and an affiliate of Enterprise Products Partners have recently signed a 20-year right-of-way agreement that will allow the partnership to continue its natural gas gathering operations on reservation lands in northwest New Mexico. Under the terms of the agreement, Enterprise Products Partners will

continue to own and operate existing infrastructure and related assets located on tribal land, including 545 miles of gathering lines connected to the partnership's San Juan gathering system that have current throughput in excess of 30 million cubic feet per day of natural gas. Included in the long-term contract are incentives that could lead to future expansion of the gathering system on Jicarilla land. (Datamonitor, June 9, 2009)

PROCESSING

ALGERIA : JGC wins contract for Gassi Touil gas processing facilities – CNR/14/48/35

JGC Corporation and its subsidiary, JGC Algeria S.p.A have been recently awarded by Sonatrach, the engineering, procurement and construction services contract for gas processing facilities with a throughput of 12 million metric standard cubic meters per day, gas gathering and product pipelines, as well as supporting installations, in the Gassi Touil field. The contract calls for provisional acceptance of the project in the first half of 2013. (Energy Business Review, June 8, 2009)

ANGOLA : First natural gas processing plant on service within three years – CNR/14/48/36

The Italian ambassador to Angola said recently that the first natural gas processing unit in Angola is scheduled to be inaugurated in 2012, in Soyo municipality, Zaire province. Torquato Cardilli said that the project was part of a memorandum signed in 2008 between Angola's Sonangol and ENI-SpA, in the area of gas exploration. (Macau Hub, June 8, 2009)

CHINA : CNPC and Total plan to build new Sulige gas processing plant – CNR/14/48/37

China National Petroleum Corp and Total plans to build the fourth natural gas processing plant in northwestern China's Sulige Gasfield by the end of 2009. The plant will be built to process gas from the Sulige South Block, which CNPC and the

French oil and gas company are jointly developing in the Ordos Basin. The plant is expected to start processing gas at the end of 2010. The Sulige South Block is Total's first joint gas exploitation project in China. (Interfax China, May 20, 2009)

MEXICO : New cryogenic plant to be build at Poza Rica Gas Processing Complex – CNR/14/48/38

ICA Fluor, the industrial construction joint venture of Empresas ICA, S.A.B de C.V. and Fluor Corporation, announced recently that Pemex Gas y Petroquímica Básica has awarded a project to a consortium of ICA Fluor and Linde Process Plants for the construction of a cryogenic plant at the Poza Rica Gas Processing Complex in the State of Veracruz. The project is scheduled to be executed over a two-year term starting in August 2009 and when complete, the facility will process 200 million cubic feet of natural gas daily. (Business Wire, May 21, 2009)

RUSSIA : Gazprom Neft and SIBUR in partnership for associated gas treatment in East Siberia and the Far East – CNR/14/48/39

Gazprom neft JSC and SIBUR Holding JSC signed recently memorandum of understanding in the area of gas treatment and processing in East Siberia and the Far East. Under this agreement, SIBUR will perform the analytical study for building of gas-processing facilities in the Irkutsk

Oblast, Krasnoyarskiy Territory and other regions of East Siberia and the Far East. On its part, for the analysis purposes Gazprom neft will provide its forecast data on the associated petroleum gas and natural gas production volumes in the above-specified regions, and on the gas component structure to be supplied for gas processing. (Your Industry News, June 3, 2009)

TRANSPORTATION-DISTRIBUTION

ALGERIA : Gasline agreement with Nigeria could be signed soon – CNR/14/48/40

Algeria and Nigeria may sign an agreement soon on a pipeline to export Nigerian gas to Europe across the Sahara desert, Algeria's energy and mines minister said recently. "We have reached the deal and we may sign it shortly as all the problems had been solved. (Nigerian Oil Minister Rilwany) Lukman and myself will sign it," Chakib Khelil said. "We would not have any problem to finance the project" he added. The project, with capital costs estimated at \$10 billion for the pipeline and \$3 billion for gathering centres, would send up to 30 billion cubic metres a year of gas to Europe via a 4,128 km pipeline from Nigeria via Niger and Algeria. Gazprom, Total and Royal Dutch Shell are among the international firms to have expressed interest in taking part in the project. (Reuters, June 6, 2009)

CENTRAL ASIA : Iran and Pakistan ink gas pipeline deal – CNR/14/48/41

Iran and Pakistan signed recently a deal to lay a gas pipeline for taking Iranian gas to Pakistan. The deal, named the Peace Pipeline, was signed by Iran's President Mahmoud Ahmadinejad and his Pakistani counterpart, Asif Ali Zardari. IRNA said the 2,700-km pipeline would transfer Iranian gas to India, through Pakistan. Iran's semi-official Fars News Agency earlier reported that the text of the agreement included an article that would allow India to join the project at an appropriate time. As originally proposed, the project envisages construction of 1,100 km of pipeline in Iran, 1,000 km in Pakistan and 600 km in India. It will help to transfer 150 million cubic metres of gas a day. Construction of the 56-inch-thick pipeline will be completed in five years. (The Hindu, May 25, 2009)

LIBYA : Taqa Arabia awarded contract to construct gas distribution network – CNR/14/48/42

Taqa Arabia has been recently awarded a contract to build the infrastructure for a gas distribution network that will connect 370,000 households in the Libyan cities of Tripoli, Benghazi and Misurata with natural gas. Under the terms of the contract, Taqa Arabia will be executing the design and engineering of four major gas transmission lines. In addition, the company will draft a strategic plan for the expansion of Libya's gas grid. The new Libyan gas infrastructure project will be executed through

The Arab Gas Co. (Libya), a joint venture between Taqa Arabia and the Libyan Social Economic Development Fund under the auspices of The General People's Committee for Electricity, Water and Gas Distribution. Taqa Arabia owns 49% and the Libyan Social Economic Development Fund owns the remainder. The Arab-Libyan Company for Gas' scope of operations will include the study, design and implementation of gas grids, the management and operation of transmission lines and gas distribution networks, and the training of Libyan personnel in the operation and maintenance of gas distribution systems. (AME Info, (June 7, 2009)

SUPPLIES – IMPORTS – EXPORTS

DENMARK : DONG Energy extends gas supply agreement with HNG – CNR/14/48/43

DONG Energy and HNG Midt-Nord Handel have recently decided to extend their existing agreement on supply of annual volumes of natural gas from DONG Energy to HNG Midt-Nord Handel. The annual supply volume is approximately 500 million m³. The present agreement covers the period 1 January 2007 - 31 December 2009, and the agreement has now been extended to 30 September 2011. (DONG press release, May 19, 2009)

INDIA : NTPC refuses to pay marketing margin for RIL's gas – CNR/14/48/44

NTPC has recently agreed to buy natural gas from Reliance Industries but is opposed to paying marketing margin to the private firm and wants to use the fuel at plants other than Kawas and Gandhar that were identified by the government. The government had allocated 2.67 million cubic metres of gas a day of natural gas from RIL's Bay of Bengal KG-D6 fields to NTPC but the state-run firm has refused to sign a purchase agreement, a

senior official said. He said "NTPC doesn't want to pay \$0.12 per million British thermal unit marketing margin and wants changes in penalty clause to make RIL liable for defaults". Of the 17.99 mmcmd gas allocated to the power sector, a gas supply pact of only 2.67 mmcmd allocated to NTPC remained to be signed. NTPC's opposition had also delayed the GSPA for a separate 2.7 mmcmd allocated to the Dabhol power plant. (PTI, June 9, 2009)

NETHERLANDS : Authorities seeks to obtain observer status in Gas Exporting Countries Forum – CNR/14/48/45

The Netherlands is seeking observer status on the 14-member Gas Exporting Countries Forum (GECF), the source of 70 per cent of the world's gas reserves, officials said recently. Economic Affairs Minister Maria van der Hoeven would file a request to that effect during a visit to Qatar, her Spokesperson said. GECF members include Russia, Iran and Algeria. Theoretically, the GECF could function as a cartel and determine production quota and prices. If this were to become the case, however, the Netherlands would leave the forum, van der Hoeven said. (Earth Times, May 25, 2009)

NORWAY : Ministry of Petroleum and Energy wants a gas arena Forum – CNR/14/48/46

The Ministry of Petroleum and Energy has recently asked Gassco to lay the basis for establishing a meeting place which brings together industrial enterprises seeking to use natural gas in Norway. In its mandate to Gassco, the Ministry notes that the government's goal is to facilitate increased use of gas for Norwegian industrial activities. The ministry accordingly wants an arena where industry with wishes or plans for operations based on this commodity can consult specialists on gas transport, quality and domestic availability. Thor Otto Lohne, the company's executive vice president for commercial development said that Gassco will submit a plan for establishing an arena of this kind before the end of June 2009. (Gassco press release, June 2, 2009)

RUSSIA : Gas exports decrease announced for January-April 2009 period – CNR/14/48/47

The Federal Customs Service said recently that Russia's natural gas exports to countries other than former Soviet republics declined 56.7%, year-on-year, in January-April 2009 to 26.4 billion cubic meters. Exports to the Commonwealth of Independent States (CIS) dropped 37.4% to 4.2 billion cubic meters, the Federal Customs Service said. Overall, Russia exported 30.6 billion cubic meters in the first four months of the year, the service added. The national statistics service

Rosstat earlier reported that Russia's gas output declined 17%, year-on-year, in the first four months of 2009 to 198 billion cubic meters. Natural gas production is expected to reach 620-644 billion cubic meters in 2009, with exports estimated at 190-196 billion cubic meters. Output grew 1.6%, year-on-year, in 2008 to 663 billion cubic meters, with exports at 174.3 billion cubic meters worth \$66.4 billion. (The Financial, June 8, 2009)

RUSSIA : Gazprom confirms Ukraine's gas payment for May 2009 – CNR/14/48/48

Gazprom said recently it had received Ukraine's May 2009 gas payment in full. Ukrainian state gas firm Naftogaz said its gas bill for May was 647 million dollars and that it had sent the payment in full. Gazprom spokesman Sergei Kupriyanov said the current payment did not avert but merely postponed a new energy crisis, as Ukraine would "unlikely" be in a position to afford the next payment for June. European officials expressed a similar opinion, with a source close to the European Commission saying the payment was not "the end of the problem at all". Ukrainian President Viktor Yushchenko said that he had no other choice but to pay the bill by ordering the printing of Ukrainian hryvnia. The decision has raised fears that it will cause a further devaluation of the hryvnia, the country's currency, The International Monetary Fund has forecast that Ukraine's economy will contract eight per cent overall in 2009, while the World Bank puts the downturn at nine per cent. (AFP, June 8, 2009)

RUSSIA : Gazprom Export and PGNiG ink gas supply contract – CNR/14/48/49

PGNiG SA and OOO Gazprom Export signed recently a contract for natural gas deliveries to Poland. The contract will last until 30 September 2009 and involves the delivery of 1,024 bcm of natural gas. The natural gas will be delivered via cross-border points situated on the Polish-Ukrainian and Polish-Byelorussian borders. The contract value will depend on oil product prices on the world markets. According to the estimates, at the current oil product prices, PGNiG SA will pay approx. USD 300m for the delivered natural gas. (PGNiG press release, June 1, 2009)

UNITED ARAB EMIRATES : Surge in domestic consumption causes gas shortage – CNR/14/48/50

Hamed Al Marzouqi, acting head of the market research at Abu Dhabi Gas Liquefaction Company (Adgas), said recently that the UAE is facing a severe gas supply shortage and an expected deterioration in the crisis could force it to revise plans to expand its LNG production. He also said "The UAE's gas demand has increased tremendously and is expected to increase further on the back of massive economic expansion... ensuring adequate gas supply to meet the massive growth in demand will emerge as a

challenging issue especially for power generation". Marzouqi did not specify the shortage but in a recent study, a UAE energy official estimated it at more than one billion cubic feet per day. Khaled Al Awadi, Gas Operations Manager at the state-owned Emirates General Petroleum Corporation (Emarat), put the country's current gas consumption at around 5.5 billion cubic feet per day and demand growth at nearly 13 per cent. He said a little more than four billion cubic feet are available for use, creating a shortage of more than one billion cubic feet, which is met through oil and natural gas liquids. (Business 24/7, May 28, 2009)



CEDIGAZ

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