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LNG

PROCESSING

WORLD : BG Group reduces funding Olokola LNG and switches to Australia – CNR/48/19/1

BG Group Plc said recently it is reducing funding of its Nigerian liquefied natural gas export project and switching investment to develop newly acquired assets in Australia. BG, Chevron Corp., Royal Dutch Shell Plc and Nigerian National Petroleum Corp. are building a liquefied natural gas plant at Olokola. While that has been delayed

amid surging costs and government plans to divert gas to the domestic market, BG's focus has shifted. "We are switching priorities to development of projects elsewhere, most notably the expansion of our new assets in Australia," Chief Executive Officer Frank Chapman said. "The growth targets that we have for LNG are still there, they are intact". (Bloomberg, July 29, 2009)

NATURAL GAS

PRODUCTION

AUSTRALIA : Shell calls for longer gas-lease holdings – CNR/48/19/2

Royal Dutch Shell Plc said recently that Australia should allow companies holding oil and gas field leases the time they need to plan for the investment of "huge amounts of money" needed to develop liquefied natural gas projects. "Security of tenure is an absolute pre-requisite for a successful LNG industry in Australia," Shell Australia Chairman Russell Caplan said. The Australian government may enforce a so-called "use it or lose it" system to applications to renew oil and gas field leases to ensure they are developed as early as possible, Resources and Energy Minister Martin Ferguson said recently. (Bloomberg, August 3, 2009)

RESERVES

EGYPT : Ministry announces 77.2 Tcf of proven gas reserves – CNR/48/19/3

Egypt's proven natural gas reserves rose to around 77.2 trillion cubic feet in the 2008/09 fiscal year, an oil ministry report said recently, up 1.2 trillion cubic feet from the previous year's reported figure. In 2008, Egypt said its reserves stood at 76 trillion cubic feet for fiscal 2007/08. (Reuters, July 14, 2009)

PROCESSING

OMAN : PDO awards contract for Kauther depletion-compression project – CNR/48/19/4

Petroleum Development Oman (PDO) recently signed engineering, procurement, and construction contract with Petrofac Ltd. for the Kauther gas field depletion-compression project. Petrofac will design the gas compression system and associated facilities at the Kauther gas plant, as well commission and operate them for 6 months. Petrofac completed the 20 MMcfd, single-train separation Kauther gas plant in 2007.

Conditioned gas from the plant flows into the domestic gas system. Condensate is transported to the Saih Rawl central processing plant. PDO ordered advanced, high-pressure compression technology from GE Oil & Gas for 16 electric motor-driven centrifugal compressors for high-pressure injection applications in Kauther, Saih Nihayda, and Yibal gas fields of Oman. The equipment will be delivered in 2009-15, for 14 projects that will come on line in 2010-16. (Oil and Gas Journal, July 2, 2009)

UNITED KINGDOM : Total unveils Sullom Voe gas plant plans – CNR/48/19/5

Total presented recently a project of a new gas terminal at Sullom Voe. Total plans to open up an area of untouched hill land next to Sullom Voe as the site for the new gas terminal. The chosen site sits next to the existing Sullom Voe complex. The site will include the processing plant and a technical building.

A storage area for methanol will be needed after it has been removed from the pipes plus a new water treatment plant to take the separated water from the pipelines and return it to the sea via the terminal's existing effluent discharge pipe. From 2013 the gas would travel the 87 miles from Laggan/Tormore through two 18-inch pipes running down Yell Sound into the terminal at Orka Voe. The gas will be dried, compressed and brought to the standard required for joining the pipeline into St Fergus.

The condensate will be processed and stored along with North Sea crude in existing tanks at Sullom Voe until sold for export via tanker. After the gas is conditioned at the new gas handling facilities at Sullom Voe, it will be compressed and exported via a single new 30-inch pipeline buried in the Hill of Garth and following the road from the terminal to Firths Voe, a distance of three miles, and onwards on the seabed for over 140 miles to link into the UK Frigg pipeline system (FUKA) taking it onwards to Total's St Fergus gas terminal near Peterhead. There the gas will be further conditioned to ensure compatibility with the National Grid entry specification. Natural gas liquids will be recovered and exported via the existing liquid transportation systems.

The environmental research which has to be done prior to a planning application being submitted is due to be finished in August 2009, with the application set to be submitted in September. If the government approves the offshore field development plan later in 2009 and planning consent is gained for the Shetland works, construction could get under way in 2010.

TRANSPORTATION-DISTRIBUTION

AFRICA : Nigeria, Algeria and Niger ink trans-Saharan pipeline accord – CNR/48/19/6

Three African countries signed recently an accord to build a trans-Saharan gas pipeline linking vast reserves in Nigeria to Europe. The project would convey gas destined for the European market more than 4,000 kilometres from the Niger Delta

in Nigeria via Niger and Algeria. Petroleum and Energy ministers Rilwan Lukman of Nigeria, Chakib Khelil of Algeria and Mohammed Abdullahi of Niger signed the agreement in Abuja. The first delivery of gas is scheduled in 2015. No date was announced for the start of construction. (This Day, July 4, 2009)

CANADA : Union Gas announces binding open season for Dawn-Parkway pipeline Expansion – CNR/48/19/7

Union Gas Limited announced recently a binding open season for a proposed expansion of the company's Dawn-Parkway pipeline. This expansion will create up to 550,000 gigajoules per day of additional transportation capacity from the Dawn Hub to downstream interconnections at Parkway and Kirkwall, starting November 1, 2011. Shippers may bid on firm transportation from the Dawn Hub to either Parkway or Kirkwall in order to reach growing markets in Ontario, Quebec, and the US Northeast. (Union Gas press release, July 17, 2009)

DENMARK : Energinet.dk seeks EU funds to expand gas transmission grid in the Baltic region – CNR/48/19/8

Energinet.dk recently applied for EU funding to reinforce the gas transmission grid in the Baltic region. Denmark and Southern Sweden, which is supplied with gas from Denmark, must have an alternative to the North Sea resources when they start to decline. To maintain high security of supply we must also make sure that we can

receive gas from different sources said Pia Løvengreen Alessi, international coordinator with Energinet.dk. Energinet.dk applied for funding to expand the gas transmission system so that it becomes possible to import gas via Germany and cover Sweden's potentially increasing demand for gas. It also applied for funding to prepare for Denmark's import of gas from Poland, which is constructing an LNG. (Energinet.dk press release, July 17, 2009)

EUROPE : Hungary and Slovenia plan to interconnect gaslines – CNR/48/19/9

Hungarian gas network operator FGSZ Zrt., a unit of Mol Nyrt., announced recently that Hungary and Slovenia signed an agreement to draw up a plan to connect the natural gas pipelines of the two eastern European countries. The agreement between FGSZ and Geoplin plinovodi d.o.o., the operator of the Slovenian gas pipeline, is aimed at boosting energy security in the region, FGSZ said (Bloomberg, July 2, 2009)

EUROPE : Nabucco transit countries sign political agreement – CNR/48/19/10

Following the political agreement among the Nabucco transit countries, signed by Austria, Hungary, Romania, Bulgaria and Turkey, Reinhard Mitschek, Managing Director of the Nabucco Pipeline Int., said: "The completion of the Intergovernmental Agreement represents a significant breakthrough in the realization of this project. The pipeline now has a stable legal basis, and can guarantee gas transit under equal and transparent conditions for all customers." Werner Auli, Chairman of the Nabucco Steering Committee said. "The agreement will provide a stable legal framework for the next 50 years and it has now also been firmly agreed that 50% of the pipeline's capacity will be reserved for the shareholders and the remaining 50% offered to third-party shippers".

The creation of a political committee (Nabucco Committee) will contribute to the efficient implementation of the project and is designed to be central information. This forum will comprise representatives of the countries signing the agreement. Germany, the European Commission, EIB and EBRD as well as Nabucco Gas Pipeline Int. GmbH will attend as observers. (Nabucco Pipeline press release, July 13, 2009)

FRANCE : GRTgaz launches open season for transmission capacities between France and Spain – CNR/48/19/11

GRTgaz launched recently a new Open Season for the development of transmission capacities between France and Spain, in both directions. This market consultation is carried out in partnership with three other transmission system operators Enagás, Naturgás Energia Transporte and TIGF. This operation concerns the interconnections GRTgaz North–GRTgaz South, GRTgaz South–TIGF, TIGF-Spain and GRTgaz

South-Spain. This Open Season leads to commercialize: From 2013, capacities on interconnections GRTgaz South to GRTgaz North, GRTgaz South–TIGF, and TIGF-Spain. From 2015, additional capacities on the same interconnections, and on the new interconnection GRTgaz South-Spain, and from GRTgaz North to GRTgaz South. In case of positive market feedback, a binding consultation period will be organized at the beginning of 2010 for these capacities 2015. (GRTgaz press release, July 27, 2009)

INDIA : Gail plans to build the longest Indian gas pipeline – CNR/48/19/12

Gail India plans to build India's longest gas pipeline from Jagdishpur in Uttar Pradesh to Haldia in West Bengal, chairman & managing director of Gail UD Choubey said recently. "This is so far the single-largest investment in any pipeline by Gail," he said. "Besides the 2,050-km pipeline, the company will also invest to lay two spur pipelines. The two spur lines will link Barauni and Chhapra in Bihar with Gail's pipeline network. Giving details of the Jagdishpur-Haldia project, Mr Choubey said it would be executed in phases. First 1,410 km of pipeline will be laid from Haldia to Phulpur, along with spurlines to various consumers like Hindustan Fertiliser Corp at Durgapur and Barauni, Fertiliser Corp of India at Sindri and Barauni, power plant at Barh and Bettiah and in Patna, Chhapra, Siwan, Gopalganj and Bettiah, he said. In the next phase, spurlines and feeder lines will be laid for a length of 450 km to Kolkata, Ranchi, Jamshedpur, Varanasi and Allahabad and Sagardighi. In the last phase, the gas pipeline infrastructure will connect SAIL's plants at Durgapur and Bokaro and the petrochemical plant at Barauni with Gail's network. (India Times, July 28, 2009)

SOUTH AFRICA : New gas pipeline planned for Cape – CNR/48/19/13

Gigajoule chief executive Johan de Vos said recently that the company is planning to invest on building infrastructure in the Western Cape that will move up to 40 million gigajoules of natural gas a year by the middle of 2015. The gas would be extracted from the Kudu gas field off the Namibian coast, shipped to six offload points along the Western Cape coast and then piped along 225km of pipeline to up to 180 potential mainly industrial customers in Saldanha, Atlantis and the greater Cape Town areas. Gigajoule has applied to the National Energy Regulator of SA (Nersa) for a licence to supply, transmit, distribute and trade gas in the Western Cape. De Vos said he hoped

the Nersa permit would be received by September 2009. The construction of the gas pipeline and related complete by 2014. Gigajoule has signed a memorandum of understanding with the shareholders of Tullow Kudu, which include Tullow Oil (70 percent), Itochu Corporation of Japan (20 percent) and the National Petroleum Corporation of Namibia (10 percent), in order to work together to establish the technical and commercial viability for the supply of natural gas from the Kudu gas field. Gigajoule would look to access 1 trillion cubic feet of gas discovered at the Kudu field. That amount of gas would last 10 years at a consumption rate of 40 million gigajoules a year. (Business Report, July 7, 2009)

UNITED KINGDOM : EIB lends 360 million to National Grid to upgrade and expand its gas distribution networks – CNR/48/19/14

The European Investment Bank (EIB) recently signed a loan of GBP 360 million with National Grid to support the company's investment programme for the upgrade and extension of its four gas distribution networks in the UK. The bulk of the programme concerns the replacement of cast iron pipes with new polyethylene pipes which are more resistant and reliable. In addition, National Grid will use the EIB funds to implement reinforcement works across the 132,000km long pipeline network. Environmental benefits resulting from the project are expected to be considerable, as the planned works should lead to a reduction in shrinkage gas consumed within or lost from the transporter's system. National Grid has also committed to producing full studies of the impact of the investment programme on biodiversity and natural habitats. The EIB loan is conditional on National Grid's compliance to EU directives across this wide-reaching range of environmental factors. (Public Technology, July 3, 2009)

UNITED STATES : Alaska Department of Natural Resources awards Baker feasibility pipeline contract – CNR/48/19/15

Michael Baker Jr., Inc., an engineering unit of Michael Baker Corporation announced recently that it has been awarded an engineering contract from Alaska's Department of Natural Resources. The goal of this project is to evaluate alternatives for a pipeline system to deliver natural gas from

the North Slope of Alaska to in state Alaskan markets; determine a valid prefeasibility level estimate for the cost of gas transport; determine a right of way, and evaluate associated construction and logistics requirements. Baker will also be responsible for providing support for environmental permitting for this approximately 700 mile long pipeline project. (Michael Baker Corporation press release, July 16, 2009)

UNITED STATES : Global Infrastructure Partners announces pipeline joint venture with El Paso Corporation – CNR/48/19/16

Global Infrastructure Partners and El Paso Corporation announced recently that they have formed a strategic joint venture and entered into a definitive agreement to construct, own and operate the Ruby interstate natural gas pipeline. Ruby is an approximately 675-mile natural gas pipeline that will transport gas from the growing Rocky Mountain supply region to United States West Coast markets. It will run from Opal, Wyoming to Malin, Oregon on the California/Oregon border. Ruby is expected to be placed into service in March 2011. (PRNewswire, July 27, 2009)

UNITED STATES : Florida Power & Light announces pipeline plans – CNR/48/19/17

Florida Power & Light officials announced recently plans for a pipeline natural gas to power plants in Brevard and Palm Beach counties. The proposed pipeline would stretch 280 miles from Palm Beach

County to near Gainesville. Public Service Commission Senior Attorney Martha Brown noted that if FPL's proposal is approved, it would be the only major pipeline in the state that is funded through customers' base rates. (South Florida Sun Sentinel, July 27, 2009)

UNITED STATES : Inergy announces two non-binding open seasons – CNR/48/19/18

Inergy, L.P. announced recently that its wholly-owned subsidiary, Inergy Midstream, LLC, is conducting two non-binding Open Seasons. The first Open Season is for the "MARC I Hub Line Project," and the second is for the "North-South Project." Together, these projects would allow shippers to wheel gas bi-directionally on a firm basis to and from the Millennium Pipeline in Tioga County, New York, approximately 75 miles to and from Transcontinental Gas Pipeline Corporation's Leidy Line near its compressor station 517, and to and from all points in between. The MARC I Hub Line Project seeks to gauge interest for Northeast shippers that desire to move gas bi-directionally between the South Lateral of Inergy's Stagecoach Gas Storage Facility, Tennessee Gas Pipeline Company's ("TGP") 300 Line near its compressor station 319, and Transco's Leidy Line near its compressor station 517.

The Marc I Hub Line Project includes approximately 43 miles of lateral piping, compression, and interconnects facilities connecting Inergy's Stagecoach South Lateral to Transco. The North-South Project seeks to gauge interest for shippers that desire to wheel gas on a firm basis through Inergy's existing North and/or South Laterals of Stagecoach to and from TGP's 300 Line, Inergy's proposed MARC I Hub Line, and the Millennium Pipeline. The North-South Project includes setting additional compression and expanded

measurement facilities at Inergy's existing Millennium and TGP interconnects. The anticipated in-service date for both projects is September 1, 2011. (BusinessWire, July 27, 2009)

UNITED STATES : Spectra Energy to hold open season to provide new T-South firm transportation service – CNR/48/19/19

Spectra Energy Corp announced recently a binding open season for a proposed new transportation service on the company's Transportation South (T-South) Zone 4 natural gas transmission facilities in southern British Columbia. The new service will provide for the transportation of natural gas from Spectra Energy's Compressor Station 2 to the Kingsgate export point located at the interconnection of the facilities of Foothills Pipe Lines (South BC) and Gas Transmission Northwest (GTN). Two service options will be offered to prospective customers. Basic Service will provide rights to transport gas on a firm service basis from the Compressor

Station 2 receipt point to the Kingsgate delivery point, while Premium Service will offer rights to transport gas on a flexible firm basis from the Compressor Station 2 receipt point to the Kingsgate delivery point and/or the Huntington delivery point. The new services are expected to be available by November 1, 2009, and are dependent on the company entering into an agreement with Terasen Gas Inc. for up to 87 million cubic feet per day of firm transportation capacity on Terasen Gas' Southern Crossing pipeline, and Terasen Gas contracting for transportation service on the Foothills Pipe Lines (South BC) system from Yahk, B.C. to the Kingsgate export point. (Spectra Energy press release, July 28, 2009)

SUPPLIES - IMPORTS - EXPORTS

AUSTRALIA : Santos secures extension of gas supply contract to Newmont – CNR/48/19/20

Santos announced recently that it had secured a four year extension to its existing gas supply contract with Newmont Mining Services Pty Ltd in Western Australia. Gas will be used in Newmont's mining operations at Jundee and in its part owned Parkeston Power Station in Kalgoorlie. The gas will be supplied from the offshore John Brookes gas field, processed at the East Spar gas processing facilities on Varanus Island, and transported through the Goldfields Gas Transmission Pipeline. (EnergyME, July 27, 2009)

AZERBAIJAN : Gazprom inks gas supply agreement – CNR/48/19/21

Gazprom chief executive Alexei Miller and Azerbaijani national energy company chief Rovnag Abdullayev signed recently a gas agreement. Miller said Gazprom's purchases would start at 500 million cubic metres of gas annually as of January 1, 2010, with the agreement allowing for supply levels to increase later. "We can therefore begin to buy the gas quickly. There is already a gas pipeline between us," Miller said, adding that the gas would be used for Russian domestic consumption. Miller said the deal will also see Gazprom listed as a preferential buyer for gas from the second development phase of Azerbaijan's Shah Deniz offshore field. Azerbaijan last year produced 22.8 billion cubic metres of natural gas, according to government figures, and the country expects to nearly double gas production to 40 billion cubic metres by 2015-2020. (AFP, June 29, 2009)

BOLIVIA : Brazil reduces its gas demand – CNR/48/19/22

Brazil recently reduced its demand for Bolivian natural gas to 24 million cubic meters per day. It is expected that Bolivia will send an average of 24 million cubic meters of natural gas per day to Brazil, or the minimum amount stipulated in their bilateral contract. Brazil needs less Bolivian gas because it is producing more natural gas at home and also has built two liquefied natural gas regasification terminals. When Brazil requires less

natural gas, Bolivia tends to increase sales to Argentina to the full 7-million-cubic-meter capacity of the natural gas pipeline connecting those two countries. However, the Argentine market currently is demanding just 6 million cubic meters per day, while between 6 million and 8 million are destined for the Bolivian domestic market. Bolivia's natural gas exports fell 25.6 percent in the first five months of 2009 compared with the same period in 2008 due to the drop in Brazilian demand. (EFE, July 28, 2009)

CANADA : Kitimat LNG signs gas supply MoU with EOG Resources Canada – CNR/48/19/23

Kitimat LNG Inc. announced recently that it has signed a memorandum of understanding with EOG Resources Canada (EOG) to supply natural gas to Kitimat LNG's proposed liquefied natural gas export terminal in Kitimat, B.C. Pursuant to the MOU, Kitimat LNG and EOG are proceeding to negotiate a definitive agreement under which EOG would supply specific quantities of the LNG facility's 700 million cubic feet per day of natural gas feedstock. (Kitimat LNG press release, July 13, 2009)

INDIA : Reliance Industries signs gas sale and purchase agreement with Essar Steel and Ispat Industries – CNR/48/19/24

Reliance Industries signed recently a gas sale agreement with steel makers Essar Steel and Ispat Industries for supplying 3.75 mcmd of natural gas from its offshore Krishna Godavari-D6 basin. The agreement will be reviewed at the end of five years. As per the Gas Sales and Purchase

Agreements (GSPA), Essar will get 2.86 million standard cubic meters per day of gas, Ispat 0.53 mcmd and Vikram Ispat the remaining 0.36 mcmd at government approved rate of USD 4.20 per mmBtu. Reliance is currently restricting output from KG-D6 to 28 mcmd as not all of the power and fertilizer customers identified by the Government are taking their full quota of allocation. (India Times, June 22, 2009)

INDONESIA : Total to supply gas for power plant in East Kalimantan province – CNR/48/19/25

A unit of France's Total signed recently a deal to supply a power plant belonging to a district company in East Kalimantan province, an official at the regional company said. Under the agreement, Total will supply a regional electricity and energy resources company, owned by Kutai Kartanegara district, with 20 million cubic feet per day of gas for 20 years. The gas would be used to generate 80 megawatts of electricity at the power plant. "The power plant will be constructed this year and is expected to be operational in 2011," the official added. (Reuters, July 1, 2009)

INDONESIA : Chevron and ConocoPhillips sign gas supply deal – CNR/48/19/26

Chevron Corp signed recently a preliminary deal worth \$2.5 billion to buy gas from ConocoPhillips on Sumatra Island, officials said. Chevron needs the gas to support technology used to coax more oil from its Duri field in Central Sumatra. The gas deal will replace a previous agreement under which Chevron swapped around 50,000 barrels per day of crude oil from Duri with around 400 million cubic feet per day of natural gas from ConocoPhillips' gas field in South Sumatra. (Reuters, August 5, 2009)

ISRAEL : Yam Thetis and Israel Electric in talks for gas deal – CNR/48/19/27

State-owned utility Israel Electric Corp (IEC) is in talks with the Yam Thetis consortium to buy 5 billion cubic meters of natural gas, a financial website indicated. Yam Thetis produces natural gas at a site off Israel's southern Mediterranean coast. The consortium is comprised of Noble

Energy, Delek Drilling and Avner Oil Exploration. The source said the talks were related to a tender issued by IEC over two years ago to provide gas for new power stations. IEC froze the tender in 2008 after large reservoirs of natural gas were discovered off Israel's northern shores. (Reuters, July 15, 2009)

RUSSIA : Gazprom and Kogas sign agreement to jointly study gas supply project – CNR/48/19/28

Alexey Miller, Chairman of Gazprom Management Committee and Choo Kangsoo, President – CEO of Kogas signed recently an agreement to jointly explore a gas supply project. The agreement was signed as an extension to the Intergovernmental Agreement of Cooperation in the gas sector and the Memorandum of Understanding on natural gas supplies from Russia to Korea between Gazprom and Kogas.

The Agreement envisages the study of gas supply scenarios from the final point of the Sakhalin – Khabarovsk – Vladivostok gas transmission system (GTS) to Korea. Alexey Miller also had a working meeting with Lee Youn Hoo, Knowledge Economy Minister of Korea. The parties stressed the importance of starting regular LNG supplies from Russia to Korea within the Sakhalin II project. In addition, special attention was paid to the possible interaction between Gazprom and Korean companies as part of the Eastern Gas Program including within gas processing and gas chemical projects in Russia as well as to the

cooperation in offshore platform and LNG carrier construction and compressed gas production for Gazprom's existing and prospective projects. (Gazprom press release, June 23, 2009)

SOUTH KOREA : Kogas and Mitsubishi in partnership to jointly study gas deals – CNR/48/19/29

Korea Gas Corporation recently said it has signed a memorandum of understanding with Mitsubishi Corporation to jointly study gas deals and procurements. Under this agreement, Kogas and

Mitsubishi will review LNG plant stake acquisitions in Australia and Canada. Kogas said that the two companies would conduct feasibility studies over LNG and petrochemical projects in Vladivostok in Russia, Krueng Mane PSC in Indonesia, and gas field development in Venezuela. (Upstream, July 7, 2009)

THAILAND : PTTEP signs Bongkot gas sale deal with PTT – CNR/48/19/30

Thailand's PTT Exploration & Production PCL said recently that its joint venture with Total and BG had signed an agreement to sell gas from the Bongkot gas field to PTT. The start will be from the middle of 2012 to the middle of 2013, PTT Exploration said. Under the agreement, the daily contractual quantity for natural gas is 320 million cubic feet per day, it said. (Reuters, August 7, 2009)

TURKEY : Ankara agrees to supply Syria – CNR/48/19/31

Turkey recently agreed to sell 1 billion cubic meters of natural gas over five years to Syria. Energy and Natural Resources Minister Taner Yıldız said that when the 1,200-kilometer-long Arab gas pipeline and other pipelines are completed in the region, Turkey will sell its extra natural gas to neighbouring countries. Syria is able to meet most of its gas demand using its own resources but must import the remainder. Syrian Oil and Mineral Resources Minister Sufian al-Alou said his country's annual consumption of natural gas is 7 billion cubic meters and that it is already capable of meeting 6 billion cubic meters from its own resources. The remaining 1 billion cubic meters is largely satisfied by Egypt, Al-Alou said. "Next year, we are projecting to increase natural

gas production by 2 billion cubic meters but our needs will also rise. We will keep importing to meet our own needs despite this increase in production. According to our estimates, a balance between our demand and own supply will be reached in about six years. Al-Alou also made a few important remarks on Nabucco. Acknowledging that Syria is a natural gas supplier as well as a transit country in natural gas transportation, the minister did not hide his intention of registering Syria as a Nabucco supplier. He said Syria has no problem with regard to natural gas reserves and may rise as one of the major natural gas providers of Nabucco. Al-Alou also said the construction of the Arab gas pipeline will probably be completed by 2010. (Zaman, July 15, 2009°)

TURKMENISTAN : New fixed pricing formula for gas deliveries to Iran – CNR/48/19/32

Tehran and Ashgabat recently agreed on a fixed pricing formula for Turkmenistan's gas deliveries to Iran. Seyyed Reza Kasaiizadeh, the National Iranian Gas Export Company's managing director said that the new formula has been enforced as of July 1st, 2009. "Turkmenistan will raise the volume of exported gas to the ceiling of 14 billion cubic meters per year," he added. He went on to note that a new pipeline is going to be built in order to convey the gas produced in Turkmenistan's Dauletabad gas field to the Iranian city of Saraskhs. Turkmenistan has been supplying gas to Iran since 1997, but exports have never hit the Korpeje-Kurt Kui pipeline's full capacity of 8 billion cubic meters per year, a report from the Russian newspaper Vremya said, adding that exports have not exceeded 6.5 bcm. Iran previously used to pay \$140 per thousand cubic meters. (Tehran Times, July 12, 2009)

UNITED STATES : FERC authorizes Maritimes & Northeast to export gas to Canada – CNR/48/19/33

The US Federal Energy Regulatory Commission authorized recently Maritimes & Northeast Pipeline to use its existing facilities to export natural gas from the US to Canada. Since April 2009, Maritimes & Northeast has been pressing the commission to amend the company's presidential permit to operate border facilities so it can reverse flow on its system and send gas to Canada, in part to address the impending maintenance shutdown of gas production from the Sable Offshore Energy Project off of Nova Scotia. The pipeline also

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wants to take advantage of liquefied natural gas shipments into the newly operational Canaport LNG import terminal in New Brunswick. Regasified LNG going through the Canaport terminal is to flow south into New England through the Maritimes & Northeast pipeline.

The pipeline runs from Nova Scotia to Massachusetts. The pipeline wants the ability to move some of the regasified LNG back into Canada. In anticipation of those developments, Maritimes & Northeast sought FERC authorization to move up to 833,000 Dt/day north through its cross-border facilities. The project does not require construction or modifications to existing facilities, according to the application. (Platts, July 21, 2009)

STORAGE

BULGARIA : Energy regulator postpones review of Galata gas storage license – CNR/48/19/34

Bulgaria's energy regulator recently postponed indefinitely the review of an application by Overgas Inc for a permit to store gas at the new facility in Galata, north-central Bulgaria. Experts of the State Energy and Water Regulatory Commission (SEWRC) have proposed a rejection of the application on the grounds that a permit cannot be issued as long as there is an ongoing agreement. Overgas Inc, which is 50%-owned by Gazprom, is ready to convert the gas field into a

storage facility within two. It has requested a permit for the maximum period provided by local legislation of 35 years. Melrose Resources has a gas production contract on the field until 2026. The Scottish company has temporarily halted work on the gas field as it awaits the energy ministry's decision about the new repository. The firm said recently it is preparing to turn the gas field into a storage facility, pledging to invest into the pipeline linking it to the grid of gas transmission system operator Bulgartransgaz. (FOCUS News Agency, July 22, 2009)

GERMANY : GDF Suez to hold an auction of capacity at Ohrensen UGS – CNR/48/19/35

GDF Suez's German storage subsidiary will hold an auction at the end of August 2009 to sell 160mn m³ of capacity in a facility it is developing at Ohrensen, north of Hanover. The 160mn m³ to be auctioned in August will be the first tranche of 400mn m³ of capacity expected to be made available at the Ohrensen facility. (Argus, July 21, 2009)

HUNGARY : MOL signs loan agreement with EBRD for UGS facility – CNR/48/19/36

MOL Hungarian Oil and Gas Plc (MOL) recently signed eight-year loan agreement worth EUR200 million with European Bank for Reconstruction and Development. The loan is for the 1-Szoreg strategic and commercial fields to be created to

finance the construction of gas storage. The MMBF Ltd. (72.5% of MOL's subsidiary) will develop underground gas storage, with 1.2 billion cubic meters devoted to strategic reserves and 700 million cubic meters to commercial storage. (Steel Guru, June 19, 2009)

IRELAND : Two gas storage plans near Larne presented to the public – CNR/48/19/37

Two companies each with plans to store natural gas in underground salt caverns near Larne presented recently their projects to the public. Portland Gas plc and Northern Ireland Energy Holdings (NIEH), the partners in Islandmagee Storage, staged a two-day public exhibition to present information and invite feedback on a series of proposals for its venture. Dr Andrew Hindle, CEO of Portland Gas, explained: "Our seismic survey, undertaken in 2007, has given us an excellent picture of the geological structure of the area, confirming that the conditions deep below Larne Lough are ideal for storing natural gas". He added "Over the last few months our technical experts have been advancing designs for the storage caverns and further progress has been made on the environmental impact assessment relating to the proposed project". Director of NIEH, William Cargo, said: "The island of Ireland is increasingly dependant on natural gas for its energy supplies. This gas storage project will help to ensure the security of future gas supplies and have a positive influence on seasonal price fluctuations".

This was the first of two public exhibitions that Islandmagee Storage Ltd intends to hold before submitting a planning application later in 2009. The follow-up event will be held in September to consult on preferred designs ahead of the submission of a planning application. Storengy's North East Storage scheme is very much in the formative stages. Stakeholders BGE (Northern Ireland), a subsidiary of the Republic's gas board -and GDF Suez said they do not know that the salt deposits under the ground between Drains Bay and

Glynn will be suitable for gas storage, but they are prepared to invest around £8 million to find out. (Larne Times, July 17, 2009)

UNITED KINGDOM : EDF Energy plans a fast-cycle underground gas storage facility in Cheshire – CNR/48/19/38

EDF Energy signed recently a deal with British Salt to acquire a site to build a fast-cycle underground gas storage facility in Cheshire. It will be adjacent to EDF Trading's existing facility at Hole House Farm, Middlewich. The storage facility is composed of 10 pre-existing cavities formed in the rock-salt deposits some 200m beneath the ground. When fully operation in 2016, EDF Energy's fast-cycle gas storage facility will have a total storage capacity of 36m therms. British Salt, which is backed by private-equity company LDC, secured planning permission for the scheme in 2008, with an amended planning permission being granted to the project in March 2009. (The Engineer Online, July 24, 2009)

UNITED STATES : NGS Energy plans to build the first natural gas storage facility in Arizona – CNR/48/19/39

NGS Energy LP plans to file with FERC in the next two to three months for approval to build the first natural gas storage facility in Arizona. The salt cavern storage facility would have connections with the interstate pipelines owned by Transwestern Pipeline Co. LLC and El Paso Natural Gas Co. The storage site is located in the Picacho Basin, about 35 miles south of Phoenix.

In May, NGS Energy announced that it had signed an agreement with El Paso Corp., giving it an exclusive due diligence period and right to purchase the gas storage facility, located in Pinal County, Ariz. NGS Energy President Laura Luce said that the company has definitive agreements with El Paso for the purchase of the storage facility. Luce expects that certification from FERC and state agencies for the storage facility will come in a year and construction could begin in fall or winter 2010. (SNL, July 15, 2009)

UNITED STATES : Bobcat Gas Storage receives approval to begin service from second cavern – CNR/48/19/40

FERC recently authorized Bobcat Gas Storage to place its second cavern into service, a week after the company. The facility is located in St. Landry Parish, La. In March 2009, FERC approved Bobcat's plans to expand the facility to 51.9 Bcf, up from the previously certified capacity of 20.4 Bcf. (SNL, July 16, 2009)

UNITED STATES : Multifuels and NGS Energy plan gas storage facilities in Arizona – CNR/48/19/41

Natural gas storage developer Multifuels LP is proceeding with plans to develop a salt-cavern storage facility in Eloy, Ariz. The underground facility is proposed to be located in the town of Eloy, 11 miles from the interstate pipeline owned by El Paso Natural Gas Co. and 35 miles south of Phoenix. Multifuels was unable to secure approval from the Arizona Legislature this past regular

session for an exemption to state restrictions on using aquifers in which to inject the briny water removed from salt caverns. The company could pursue an exemption again in the next legislative session, which will begin in January 2010, or switch to using aboveground evaporation pools. Another storage developer in the state, NGS Energy LP, has said it plans to move ahead with developing a salt-cavern storage facility, also to be located near Eloy. (SNL, July 21, 2009)

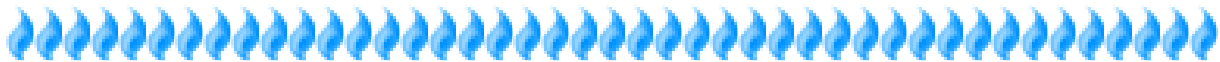
USE FOR POWER GENERATION

NAMIBIA : Gazprom International to help fund Kudu gas project – CNR/48/19/42

Gazprom International, a unit of Russia's gas export monopoly Gazprom, recently signed a memorandum of understanding with Namibia's Namcor to help fund the country's Kudu gas project. Head of Gazprom International Boris Ivanov said the firm was in advanced talks with South Africa's utility Eskom to sign a power purchase agreement for the electricity to be generated at the combined cycle gas power station in the south of Namibia. Ivanov said that while the company's mandate was limited to organising the finances for now, it would also try to attract Russian contractors for the \$1.2 billion project, including Technostroiexport and Stroitransgaz. He said the declared deposits are estimated at 45 billion cubic metres and the construction would take up to four years. (Reuters, June 26, 2009)

RUSSIA : Fortum selects contractor for construction works of its Nyagan power plant – CNR/48/19/43

Fortum recently selected the Russian engineering company E4 Group as contractor for construction works at its Nyagan greenfield project in Siberia. The scope of the contract includes all construction works of the project as well as auxiliary systems and external infrastructure. The Nyagan condensing power plant is being built close to the town of Nyagan in Khanty-Mansisk Autonomous Area in western Siberia. Once completed, the power plant comprises three gas-fired units that each have a power production capacity of 420 MW. The new plant's turbines and generators will be manufactured by Siemens. The first unit is scheduled to be ready for production by the end of 2011. (Fortum press release, July 27, 2009)



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