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LNG

PROCESSING

AUSTRALIA : CBM LNG projects may reduce profits – CNR/48/26/1

ConocoPhillips acknowledged recently that its profits from its Australian liquefied natural gas project using coalbed methane gas in Gladstone will likely be less than a traditional LNG project. The Australian reported that ConocoPhillips based its conclusions on work done by Credit Suisse analysts. CBM is about 98% methane and

consequently drier with a lower heating value than conventional LNG. As a result, many analysts believe that the CBM producing companies will be forced to offer a discount on their LNG to account for CBM's lower calorific value, particularly in Japan, where a number of utilities have strict quality control standards. (Upstream Online, October 15, 2009)

AUSTRALIA : GE Oil & Gas awarded LNG technology contract at Gorgon – CNR/48/26/2

GE Oil & Gas has been recently awarded a bid to deploy advanced liquefied natural gas technology for the development of Gorgon. GE will supply Chevron with equipment to fulfill Gorgon's LNG production and CO2 sequestration, as follows: three main refrigerant compression trains required for Gorgon's production of 15 million tonnes per annum; six compression trains required to drive carbon dioxide sequestration project. Prior to liquefaction carbon dioxide will be stripped out and injected into the depleted natural gas wells 1,300-meters deep to ensure its storage and the reduction of emissions. (EnergyME, October 22, 2009)

WORLD : Shell may order several floating LNG vessels – CNR/48/26/3

Bernard di Tullio, chief operating officer of Technip SA said recently that Royal Dutch Shell Plc may order at least three floating liquefied natural gas plants as Europe's biggest energy producer seeks to be first in the race to tap so-called stranded deposits using the untested technology. He added "We could see the first ones floating within four or five years". Shell awarded a contract in July 2009 to Technip and Samsung Heavy to design, construct and install floating LNG facilities over 15 years. Shell said a final investment decision still has to be made. It may

order as many as 10 units, according to Samsung, citing industry estimates. Technip said its design for Shell would handle about 3.5 million metric tons a year. "We have been talking about this technology for 20 years, it's not new," di Tullio at Technip said. "Floating LNG technology may be coming of age now because oil companies are developing fields that are increasingly remote and in deeper waters. It could start very quickly. There is world demand. "There are also a multitude of small fields that aren't developed because they are too far out," which would require smaller units with capacity of about 1 million tons a year, he said. (Bloomberg, October 20, 2009)

SUPPLIES - IMPORTS - EXPORTS

INDIA : Reliance uses LNG instead its own gas – CNR/48/26/4

Reliance Industries said recently it is paying over \$9 for buying liquefied natural gas from spot market as the government has not allowed use of gas pumped by it for captive use. RIL buys about 10 million standard cubic meters per day of regasified-LNG from Petronet LNG Ltd and Royal Dutch/Shell for use in its refineries and petrochemical plants. "We need about 15 mmscmd. We get some gas from Panna/Mukta and Tapti fields and the rest has to be met from spot LNG purchase," RIL president PMS Prasad said.

Against the delivered price of RIL's eastern offshore K-G D6 field gas of \$6.5 per mmBtu at its plants in Gujarat, the spot-LNG is costing it \$8.5-9 per mmBtu, he added. The government has so far named customers in fertiliser, power, city gas, LPG and steel sector for the first 40 mmscmd of K-G D6 output and is yet to notify new users despite the production capacity crossing 65 mmscmd. The company cannot sell gas to any of the users, including its own refineries, which are starved of fuel, unless allocation is approved by the government. (Financial Express, October 22, 2009)

INDONESIA : Pertamina and Medco agree to reduce Donggi LNG price – CNR/48/26/5

PT Pertamina and PT Medco Energi Internasional recently agreed to lower the price of liquefied natural gas from the Donggi-Senoro venture for domestic buyers, said Evita Legowo, director general of oil and gas at

the Department of Energy and Mineral Resources. Those companies are willing to sell at \$5 per million British thermal units from the original price of \$6.16, the Jakarta-based Indonesian language newspaper reported, citing. Domestic buyers haven't approved the new price yet, she added. (Bloomberg, October 23, 2009)

PAKISTAN : Authorities seeks LNG sellers – CNR/48/26/6

Petroleum and Natural Resources Minister Syed Naveed Qamar held recently meetings with international companies to finalise talks for the purchasing of 3.5 million tons of LNG annually. The official said "Pakistan is negotiating the LNG supply for 10 to 20 year period depending on the pricing formula". He added that the talks also included barter of the LNG between and with the suppliers. The petroleum minister was also

expected to enter into final round of negotiations with the Dutch company 4Gas, which has been issued by the Sui Southern Gas Company to establish and operate LNG terminal and regasification plant for the Mashaal LNG project. 'It would take around two years to establish a floating terminal in Karachi,' said a member of the technical team. The international companies are likely to start supplying LNG by 2011, he added. (Dawn, October 20, 2009)

QATAR : Gujarat State Petroleum Corporation in talks for LNG supply – CNR/48/26/7

The managing director of Gujarat State Petroleum Corporation said recently that the company is in talks for a three-to-five year deal to buy 1 to 2 million tonnes LNG annually. "We are seeking short-term, medium-term and long-term deals. We are talking to LNG producers Gazprom, Shell, BG and Rasgas," DJ Pandian said. GSPC wants to conclude a mid-term deal before March 2010 so that supplies can begin from April, the start of 2010/11, he said, while longer-term supplies would be lined up for its planned 6.5 million tonnes a year LNG terminal at Mundra in western Gujarat state.

"Long-term supplies can only begin from 2014 when new capacities (globally) will come on stream. Our terminal will be commissioned in 2013," he added. GSPC will have 50 per cent stake in the Mundra project and India's Adani Group will own 25 per cent share. Construction on the plant has not yet started. "The remaining 25 percent is open. It can even go to a potential gas supplier," Pandian added. (Reuters, October 21, 2009)

UNITED STATES : TEPCO extends LNG supply agreement – CNR/48/26/8

Tokyo Electric Power Company, ConocoPhillips and Marathon Oil Corporation extended recently by two years to March 2011 liquefied natural gas purchase agreement from Kenai plant located in

Alaska. The agreement got expired on March 31, 2009. "TEPCO hasn't yet decided on any sources of supply to succeed the Alaskan LNG, following the two-year period, for the three terminals receiving the gas", a company spokesman said. (Energy Business Review, October 19, 2009)

UNITED STATES : Iberdrola to supply LNG to US markets – CNR/48/26/9

Iberdrola announced recently that it will supply up to 1 billion cubic metres of liquefied natural gas a year to the U.S. market after an accord with Chevron Corp comes into effect. Iberdrola said the agreement gives it part of Chevron's import capacity at the Sabine Pass LNG terminal in Louisiana. (AFX, November 1, 2009)

STORAGE

CHINA : CNOOC starts construction of a fourth LNG tank at Ningbo – CNR/48/26/10

CNOOC Ltd started recently building its fourth LNG regasification terminal at Ningbo, CNOOC General Manager Fu Chengyu said. CNOOC won government approval for the project in July 2009. The terminal will be able to take 3 million tonnes of LNG a year when it is ready in 2012, and 6 million tonnes a year in a later second phase. (Reuters, October 22, 2009)

UNITED STATES : Port Dolphin Energy reaches Federal regulatory milestone – CNR/48/26/11

Port Dolphin Energy, LLC, a subsidiary of Hoegh LNG, announced recently that a Record of Decision has been signed in its application for a license to build a deepwater liquefied natural gas port off the West Coast of Florida. The Record of Decision paves the way to the awarding of a deepwater port license to be issued by the U.S. Maritime Administration. The signing marks the successful completion of a comprehensive Environmental Impact Statement directed by the

U.S. Coast Guard and formal approval by Florida Governor Charlie Crist. The new deepwater port located 28 miles off Tampa Bay will allow specially designed LNG vessels to deliver natural gas through an undersea pipeline to connect with the state's pipeline system four miles inland. The LNG will be regasified onboard the vessels and fed into the pipeline to serve customers across Florida. Port Dolphin's deepwater port will have peak send out capacity of up to 1.2 billion cubic feet per day. Construction is set to begin in 2012 with completion in 2013. (PRNewswire, October 26, 2009)

LPG

STORAGE

NIGERIA : Oando to upgrade its LPG terminal at Apapa – CNR/48/26/12

Oando PLC announced recently that it has concluded plans to upgrade its liquefied petroleum gas terminal at Apapa, Lagos, to a 7,600 MT capacity terminal. The company has awarded a Front-End Engineering and Design (FEED) contract to UK-based engineering design and project management firm, Optimus Services Limited (OSL). The FEED is estimated to be completed by the end of 2009 and will form an integral part of acquiring all necessary regulatory approvals.

Construction of the terminal is scheduled for early 2010, subject to approval, whilst full operation is expected to commence by the end first quarter of 2011. Mr. Wale Tinubu, Group Chief Executive, Oando PLC said; "It is regrettable that despite Nigeria being the world's 7th largest in gas reserves with 187 trillion cubic feet, the country has the lowest per capital consumption of LPG in the whole of Africa at only 0.45kg/person/annum, due to a lack of adequate infrastructure. For instance, the country has less than 20,000 MT functioning LPG shoreline storage available today as against the required 100,000 MT". (Oando press release, November 2, 2009)

NGL

PROCESSING

UNITED STATES : Crosstex Energy acquires Eunice NGL processing plant – CNR/48/26/13

The Crosstex Energy companies, Crosstex Energy, L.P. and Crosstex Energy, Inc. announced recently that the Partnership has acquired the Eunice natural gas liquids processing plant and fractionation facility from Phillip Morris. Previously, Crosstex managed the plant and facility, which are located in south central Louisiana, under an operating lease with Phillip Morris. The Eunice plant processes natural gas, separating the NGLs found in the gas stream and producing pipeline-quality dry natural gas. The processing plant has an above-ground NGLs storage capacity of 190,000 barrels and is interconnected with Crosstex's Cajun-Sibon

pipeline and Riverside fractionation system, which separates ethane, propane, isobutane, normal butane and natural gasoline. In addition, the Eunice site includes an idle fractionator facility. The Eunice and Riverside fractionation facilities are connected to Crosstex's underground storage unit at Napoleonville and to pipeline distribution systems for the sale of NGLs products in the Napoleonville and Mississippi River markets. The Eunice plant currently processes approximately 380 million cubic feet of natural gas per day and is capable of processing up to 1.2 billion cubic feet of gas per day. The plant is connected downstream to ANR Pipeline and Florida Gas Transmission and Texas Gas Transmission pipelines. (Business Wire, October 20, 2009)

GTL

PROCESSING

UNITED STATES : New catalyst may ease gas to methanol conversion – CNR/48/26/14

Researchers at the University of Washington and the University of North Carolina at Chapel Hill have taken an important step in converting methane gas to a liquid, potentially making it more useful as a fuel and as a source for making other chemicals. UNC and UW scientists have moved closer to devising a way to convert methane to methanol or other liquids that can easily be transported, especially from the remote sites. The finding is published in the October 23, 2009 issue of the journal Science. Converting methane into useful chemicals, including readily transported liquids, currently requires high temperatures and a lot of energy. Catalysts that turn methane into other chemicals at lower temperatures have been discovered, but they have proven to be too slow, too inefficient or too expensive for industrial

applications, said Karen Goldberg, a UW chemistry professor. In their paper, the researchers describe the first observation of a metal complex that binds methane in solution. The work should spur further advances in developing catalysts to transform methane into methanol or other liquids, Goldberg said, although she noted that actually developing a process and being able to convert the gas into a liquid chemical at reasonable temperatures still is likely some distance in the future. Maurice Brookhart, a UNC chemistry professor, said "The next step is to use knowledge gained from this discovery to formulate other complexes and conditions that will allow us to catalytically replace one hydrogen atom on methane with other atoms and produce liquid chemicals such as methanol". (Science Daily, October 23, 2009)

CNG

TRANSPORTATION-DISTRIBUTION

BULGARIA : President discusses joint shipbuilding project with South Korea – CNR/48/26/15

Bulgaria's President Georgi Parvanov and his South Korean counterpart Lee Myung-bak discussed recently the idea for a joint project for building ships for transporting compressed natural gas in the Black Sea. "This is an idea that could create an alternative to the supplies of natural gas not only for Bulgaria but also for the whole region, giving greater energy security to the EU," Parvanov said. The Presidents of Bulgaria and South Korea think the experts of the two countries should consider in-depth the feasibility of the project, including the potential participation of third parties. (Novinite, October 26, 2009)

NATURAL GAS

EXPLORATION – DISCOVERY

UNITED STATES : Apache Corporation reports successful horizontal well in Oklahoma – CNR/48/26/16

Apache Corporation reported recently that the Hostetter #1-23H well located in Washita County, Okla., is producing 17 million cubic feet (MMcf) of gas and 800 barrels of liquid hydrocarbons per

day. The Hostetter #1-23H is Apache's first operated horizontal well in the prolific Granite Wash play. Apache owns a 72 per cent working interest in the well. The company plans to drill more than 20 horizontal Granite Wash wells in 2010. (Energy Business Review, October 29, 2009)

PRODUCTION

AUSTRALIA : WorleyParsons to become FEED Program Manager for Surat Gas Project – CNR/48/26/17

Arrow Energy Limited appointed recently WorleyParsons as Program Manager for the Front End Engineering and Design (FEED) study for the Surat Gas Project. The Surat Gas Project will expand Arrow's gas production from the Surat Basin for the ongoing supply of the Queensland gas market and the proposed 1.5mtpa liquefied natural gas plant for Fisherman's Landing at Gladstone. The FEED study will include the preliminary engineering, design, procurement and planning services that will enable the preparation of the FEED report, cost estimate and execution planning required for development of the upstream surface facilities. The surface facilities include well head infrastructure, gathering systems, gas compression, water treatment and power generation. The FEED study is to be completed in the first quarter of 2010. (Arrow energy press release, October 26, 2009)

IRAN : Turkey to invest in South Pars field – CNR/48/26/18

An Iranian Oil Ministry official has said recently that Turkey is to invest around \$3.5 to \$4 billion in Iran's South Pars gas field. "The investment will be made in phases 6 and 7 of South Pars gas field," Ibrahim Radafzoun deputy Oil Minister for planning said. (Press TV, October 27, 2009)

ITALY : Castello gas plant connected to Italian grid – CNR/48/26/19

Po Valley Energy announced recently that its surface gas production plant at Castello in northern Italy has been connected to the Italian pipeline grid. Welding of the pipeline connecting the Castello plant to the SNAM Rete Gas pipeline clears the way for first commercial gas sales. Under Po Valley's gas marketing contracts, gas from the Castello field will be metered and sold at the corner of the Castello site. This arrangement ensures there are no transportation costs for Po Valley to deliver against its contractual obligations. Po Valley's Chief Executive Officer, Mr Michael Masterman, said "The estimated cost for the operation of the two sites at full production is approximately €2.0 cents per cubic metre which compares with current Italian gas prices of €22.0-25.0 cents per cubic metre". (Po Valley press release, November 3, 2009°)

MOZAMBIQUE : Sasol Petroleum International to extend its production facilities – CNR/48/26/20

Sasol Petroleum International (SPI).confirmed recently that the expansion of Sasol's upstream gas production facilities in Mozambique, from the current yearly rate of 120-million gigajoules to 183-million gigajoules, is progressing on schedule for completion in 2011. A new gas sales agreement has been concluded with customers – primarily Sasol itself, which will use more gas at its expanding Secunda synthetic-fuels and chemicals facility – while the Pande gas- field in Mozambique, from where some of the additional feedstock will be sourced, has recently been

commissioned. Pande is the second significant Mozambique gasfield to be put into production by SPI, with the initial production having exclusively come from the smaller Temane field. However, from this point onward, the Pande field will supply as much as two-thirds of the expanded gas requirement over the project's 25-year operational horizon. The Pande/Temane development is governed by a 30-year petroleum production agreement, and is operated by Sasol Petroleum Temane (70%) on behalf of joint venture partners Companhia Mocambicana de Hidrocarbonetos (25%) and the International Finance Corporation (5%). (Engineering News, October 23, 2009)

UNITED STATES : Eni starts production of the Longhorn field in the Gulf of Mexico – CNR/48/26/21

Eni started recently production from its Longhorn gas field located in the Gulf of Mexico, Mississippi Canyon Blocks 502/546, 60 miles off the Louisiana coast. Eni operates the Longhorn field with a 75% working interest, while Nexen holds the remaining 25%. The field will initially produce gas at a rate of approximately 200 million standard cubic feet of gas per day from four subsea wells in water depth of 2,500 feet which are connected to the Eni-operated Corral platform, previously known as Crystal. The platform has been fitted with a newly built production and compression facility with a processing capacity of 250 million standard cubic feet of gas per day and 6,000 barrels of oil per day. (Oilvoice, November 2, 2009)

PROCESSING

NIGERIA : Production resumed at Soku gas plant – CNR/48/26/22

Production at Royal Dutch Shell PLC's Soku gas plant resumed recently after being shut-in for nearly a year because of militant attacks, a company spokesman announced. Company spokesman Precious Okolobo said that force majeure on Nigerian LNG shipments was still in place. (Dow Jones, October 19, 2009°

RUSSIA : Gazprom launches new gas treatment unit at Achimov field – CNR/48/26/23

Gazprom recently brought comprehensive gas treatment unit No.22 (CGTU-22) into pilot operation to develop the Achimov deposits in the Urengoy oil and gas condensate field. The Company has launched its first stand-alone project on gas production from the Achimov deposits featuring a more complex geological structure if compared to the conventional Cenomanian and Valanzhin deposits. Once CGTU-22 reaches its design capacity, the project is expected to yield circa 3.5 billion cubic meters of gas per year. So far, nine wells have been drilled at CGTU-22, of which only two wells with

the daily productivity of some 1 million cubic meters have been put onstream. The bulk of recoverable hydrocarbon reserves of the regional Achimov deposits are concentrated within the Urengoy oil, gas and condensate field with Gazprom dobycha Urengoy (Gazprom's 100 per cent subsidiary) being the subsurface user. The fields of Gazprom dobycha Urengoy alone contain the Achimov reserves in the amount of more than 1 trillion cubic meters of gas and 200 million tons of gas condensate (C1 category). Gazprom is developing the Achimov deposits through, a joint venture with Wintershall Holding AG. (Gazprom press release, October 30, 2009)

SAUDI ARABIA : Khursaniyah processing plant to start soon – CNR/48/26/24

It has been reported that Saudi Aramco's gas processing plant at Khursaniyah was expected to start partial operations soon. Khursaniyah oilfield started output in September 2008, even though the gas plant was incomplete. The whole project was initially scheduled to start in December 2007. A shortage in labour and materials led to the delay at the gas plant. The plant has capacity to process around 1 billion cubic feet per day of sour gas from the Abu Hadriya, Fadhili and Khursaniyah fields. It has three trains each with a capacity of 600 million cfd and would also process gas from the Karan offshore field. The facility would have the capacity to produce 560 million cfd of sales gas and 280,000 barrels per day of ethane and natural gas liquids. About 450 mmcf of gas from the first phase of the Karan gas project is expected to come online by mid-2011, Aramco said. The field would eventually have capacity to pump 1.8 billion cfd of gas daily. (Reuters, October 25, 2009)

TRANSPORTATION-DISTRIBUTION

BELGIUM : Fluxys and CREG agree on new transmission tariffs – CNR/48/26/25

Fluxys and CREG recently agreed to new multi-annual tariffs for the transport, transit and storage of natural gas. CREG and Fluxys determine entry/exit transmission tariffs through a tariff methodology which is cost-based and uniform for both transport and transit of natural gas in accordance with European legislation. Similar principles apply for storage tariffs. The new tariffs will apply from 1 January 2010 until the end of the

current regulatory period. The agreement also provides for tariff stability until 2015 and predictability of tariffs in the longer term. The agreement offers to close a period of provisional transport tariffs, will result in a substantial reduction in tariffs compared to those applied by Fluxys in 2008 and 2009. Grid users supplying natural gas into the Belgian market will see transport tariffs decrease by 35%. (Fluxys press release, October 30, 2009)

BOLIVIA : Bolivia confirms pipeline project with Uruguay – CNR/48/26/26

The Bolivian government recently confirmed its plan to construct a gasline to link Uruguay via Paraguay. Energy Minister Oscar Coca said the pipeline, to be known as "Urupabol" (Uruguay-Paraguay- Bolivia), had drawn investment interest from the World Bank, Andean Corporation of Foment and Inter-American Development Bank. The pipeline is planned to run from Tarija in Bolivia to Uruguay via Puerto Casado in Paraguay. (Xinhua, October 21, 2009)

BULGARIA : Russian Minister presents South Stream project to the authorities – CNR/48/26/27

The Russian Energy Minister, Sergei Shmatko supplied recently Bulgaria's Minister of Energy with detailed information on its plans for the expansion of the South Stream gas transit pipeline project. "The increasing of the volume of the South Stream pipe is going to solve many of the issues regarding the Russian gas supplies for Bulgaria," the Russian Minister Shmatko said. The

Russians have suggested that all options for the construction of the South Stream gas pipeline should be considered including using the existing Bulgarian gas transit network. Bulgaria and Russia have also set up a working group on the South Stream pipeline which is to draft an agreement between the shareholders, a status of the joint company, and the execution of technical and economic analyses of the project. (Novinite, October 22, 2009)

DENMARK : Nord Stream Pipeline project approved – CNR/48/26/28

Denmark approved recently Nord Stream to place its natural gas pipeline through its territorial waters in the Baltic Sea, making it the first country to grant final permission for the project. Denmark approved the 137-kilometer Danish stretch of the pipeline that will connect Russia with Germany, the Danish Energy Agency said. The 1,220-kilometer link will also pass through Finnish and Swedish waters and requires permission from all five nations. "We have investigated the safety and the environmental aspects of the project very thoroughly," Kirsten Lundt Erichsen, an engineer with the Danish agency, said. Nord Stream can start construction in four weeks, she added. Finland approved the environmental aspects of Nord Stream's application in July 2009. (The St Petersburg Times, October 23, 2009)

ESTONIA : Parliament expresses concern over Nord Stream project – CNR/48/26/29

The Estonian parliament expressed recently serious concern over the possible environmental fallout from the Nord Stream gas project and said it should not be allowed to go ahead. Estonian MPs said in particular that the project's developers "failed to take into account the specifics of the Baltic Sea as a sensitive ecosystem". The pipeline

will not pass through Estonia so it has no direct say in the project, but it can present its point of view to transit countries. Estonian MPs urged their colleagues in other Baltic states to wield their power and closely supervise environmental risk assessment and the process of granting construction licenses. (RIA Novosti, October 27, 2009)

SPAIN : Naturgas Energía to extends its distribution network – CNR/48/26/30

Naturgas Energía recently surpassed the figure of 700,000 supply points in the eight autonomous communities or regions where it currently has distribution networks: Basque Country, Asturias, Catalonia, Castile - León, Extremadura, Madrid, Murcia and Navarre. With approximately 10% of the market share in supply points, the company has consolidated its position as the second distributor of gas in the Spanish sector. This position is expected to be consolidated soon, and the market share will increase to 14% when the 248,000 supply points in Cantabria and Murcia, included in the agreement on the acquisition of Gas Natural's assets, are incorporated into Naturgas Energía's distribution networks.

Authorisations from the autonomous (regional) governments are pending; authorisations from the National Commission for Competition (CNC) and the National Energy Commission (CNE) have already been received. From that moment onwards the supply points will number almost one million. (Naturgas Energía press release, October 27, 2009)

UNITED STATES : Piedmont Natural Gas to build a new pipeline in Wayne County – CNR/48/26/31

Piedmont Natural Gas said recently it will build a pipeline to supply gas to a new Progress Energy power plant in Wayne County. Piedmont will build 38 miles of 20-inch pipeline, along with additional

compression facilities, to serve the plant by mid-2012. The project is supported by a long-term service contract with Progress. Progress will retire three coal-fired units at its H.F. Lee power plant once the new combined-cycle natural gas plant comes online. (Charlotte Observer, October 22, 2009)

SUPPLIES - IMPORTS - EXPORTS

LEBANON : Factories need more gas from Egypt and Syria – CNR/48/26/32

President of the association of industrialists Fadi Abboud said recently that the quickest solution for providing energy-intensive factories with natural gas from Egypt is to convince this country and Syria to pump additional volume of gas. He asked the government to find a solution for these factories otherwise they will have to go bankrupt and end their operations. Abboud suggested that the government offers a 10 million square meters of land where all of the energy intensive factories will be relocated and a power plant can be constructed, for it to be able to provide 25 percent of the natural gas imported from Egypt to those factories. (The Daily Star, October 23, 2009)

RUSSIA : Gazprom and PGNiG agree to increase gas supply – CNR/48/26/33

Gazprom and PGNiG settled recently the Russian-Polish cooperation issues in the gas sector. The parties agreed to increase the volumes of Russian gas supply to Poland and to extend the existing supply contract until 2037. In addition, they resolved the issues relevant to EuRoPol GAZ management and its tariff policy when transmitting Russian hydrocarbons. The agreements reached were fixed in the Joint Statement of the Parties to come into effect after Russia and Poland sign the relevant documents on the intergovernmental level. Poland's annual natural gas consumption is about 13.7 billion

cubic meters with around 30 per cent produced domestically. In 2008 Gazprom export supplied Poland with 7.9 billion cubic meters of Russian gas. Natural gas is exported to and transited via Poland under the long-term intergovernmental contracts with PGNiG and EuRoPol GAZ on the basis of the Intergovernmental Agreement of 1993 as amended. The EuRoPol GAZ Transit Gas Pipeline System was incorporated in September 1993. The company owns the 684-kilometer-long Polish section of the Yamal – Europe gas pipeline and five compressor stations, jointly providing for the gas pipeline capacity of some 30 billion cubic meters per annum. (Gazprom press release, October 30, 2009)

RUSSIA : Gazprom forecasts an increased European gas demand – CNR/48/26/34

The Management Committee of Gazprom took recently into consideration the information about the trends in natural gas demand and the changes in gas prices on the global markets of energy carriers. It was underlined that the demand for natural gas was on a rise at the moment exceeding the pre-crisis level both on the domestic and foreign markets. Thus, starting from July 2009, Russian gas sales to Europe have been surpassing the identical figures of 2008 and 2007.

At the same time, daily gas offtake by European consumers was over 15 per cent higher on a number of days in October 2009 (up to 90 million cubic meters per day) if compared to 2008. Currently, daily gas consumption in Russia has already reached the level obtained in October 2008. The research held by Gazprom gives a strong indication that the upward trend in gas demand on the global energy markets will sustain in the long run. For instance, annual gas consumption in European countries is forecast to reach 700 billion cubic meters by 2020, which is a 12.5 per cent increase versus the current level. In addition, Gazprom foresees an upturn in gas demand in North America and the Asia-Pacific region. According to the Company's estimates, by 2020 gas consumption will exceed 880 billion cubic meters (6.5 per cent increase) in North America and 710 billion cubic meters (59 per cent increase) in the Asia-Pacific region. (Gazprom press release, October 29, 2009)

TURKMENISTAN : More gas to be supplied to Iran – CNR/48/26/35

Iran and Turkmenistan agreed recently to increase the volume of natural gas importing from Turkmenistan to Iran by eight million cubic meters per day to reach 33 MMcm. Iranian Oil Minister Masoud Mirkazemi said by commissioning the Dovletabat-Sarakhs-Khangiran gas pipeline, Iran will receive 33 million cubic meters of gas per day in the first phase. "This amount may be raised to 50 million cubic meters of gas per day in the next

phases," he added. The Dovletabat-Sarakhs-Khangiran gas pipeline is supposed to come on stream on December 20, 2009. 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. (Tehran Times, November 3, 2009)

UNITED STATES : Kentucky USA Energy starts gas sales to Seminole processing plant – CNR/48/26/36

Kentucky USA Energy, Inc. announced recently that it has started producing and selling natural gas to Seminole Energy Services, LLC. The Company recently completed its interconnection to Seminole's Olive Grove Gathering & Treatment Facility, which is jointly owned by Seminole Gas Company, LLC, and Daugherty Petroleum, Inc., and is managed by Seminole. The Company has begun to deliver its gas to the Seminole facility and, following treatment of the gas, it will be purchased by Seminole in accordance with the terms of the Company's base contract with Seminole dated October 19, 2009. The open flow rate from the wells completed in the New Albany Shale and Dutch Creek formation indicated potential production to be above the Company's initial projections and an estimated production rate will be determined in approximately 30 to 60 days. (Reuters, October 27, 2009)

STORAGE

CZECH REPUBLIC : Gas storage facilities are full before winter – CNR/48/26/37

A RWE Transgas spokesman said recently that the Czech unit has kept its gas storage facilities full since the start of October 2009. RWE Transgas has 2.3 billion cubic metres of gas storage capacity in the Czech Republic. "Due to our experience during the January gas crisis we

tried to fill the storages as fast as possible," Martin Chalupsky said. "Our new strategy says to keep as much gas as possible as a backup". About 80 percent of the gas coming into the Czech Republic flows from Russia while another 20 percent is transported through Germany from Norway. (Reuters, October 22, 2009)

GERMANY : E.ON Gas Storage revises its terms and conditions for services – CNR/48/26/38

E.ON Gas Storage revised recently some the provisions of its General Terms and Conditions for Storage Services (GTCS). The new version incorporates comments from customers. One of the changes made is that the EUR 10,000 fee for setting up a new customer in the system is no longer charged, and it has become much easier to book unbundled capacities at special rates. Moreover, the rather short provisions on the handling of storage disruptions have been worded in more specific terms and the clauses dealing with interruptible capacities now fit much better into the overall context. (E.ON Ruhrgas press release, October 30, 2009)

IRAN : Iranian Gas Storage Company may renew a tender for Yort-e-Shah UGS project – CNR/48/26/39

Iran plans to renew a tender for a natural gas storage facility in the city of Varamin, 70 km southwest of Tehran. Sofregaz had been in negotiations with Iranian Gas Storage Company (IGSC) since 2001 regarding the construction of a new gas storage facility in the city of Varamin and was awarded a contract in 2002. Sofregaz left the Yort-e-Shah project 18 months ago after it faced a problem receiving bank guarantees to build the

plan. Managing Director of IGSC Masoud Samivand said that, "the two sides agreed to reduce the contract value to \$44 million from the previous figure of \$84 million". "Based on the agreement the French company has to get its board of directors' nod for the plan in one week or we will hold a tender to replace them," he added. The Yort-e-Shah gas storage facility plan with a capacity of 540 million cubic meters was projected to come on stream by 2011. (Zawya, October 25, 2009)

NETHERLANDS : Fluor awarded gas storage contract at Bergermeer – CNR/48/26/40

Fluor Corporation announced recently that it was awarded a contract by TAQA Energy B.V., a subsidiary of the Abu Dhabi National Energy Company PJSC, for engineering, procurement and construction management services (EPCM) for its Bergermeer Gas Storage project in the North Holland province of The Netherlands. Fluor began engineering and design work in August 2009 and is responsible for the EPCM of the gas compression and treatment facility as well as modifications to the well site. Fluor's participation in the project is expected to be completed in the second quarter of 2013. (Business Wire, November 3, 2009)

UNITED STATES : Underground gas storage facility planned in Alaska – CNR/48/26/41

Enstar Natural Gas Company officials confirmed recently that they are working on a project with TransCanada subsidiary ANR Storage Company to build a gas storage facility in Southcentral Alaska. Rick Gentes, the director of reservoir services for ANR, said "We have not constructed storage in Alaska before, so it's a new environment for us and there is no third party storage in Alaska, so from what we understand, it will potentially involve a new regulatory process of sorts" Gentes said ANR would convert a depleted natural gas reservoir in the area into a storage reservoir, "and that injection process takes place typically over the summer months, and in essence

we are filling the depleted fields back up with gas so come wintertime when the demand is much higher we can then withdraw the gas back out of storage and deliver it to market". Bill Popp with the Anchorage Economic Development Corporation said a storage facility is an important step forward for Cook Inlet. As for the regulatory process, state Senator Lesil McGuire, the chair of the Senate Energy and Resources Committee, said the issue of a storage facility will be a top priority for lawmakers in Juneau in January 2009. Enstar and TransCanada still need to get approval of the project from their management teams and boards. That could happen in late November or December 2009. (KTUU, October 21, 2009)

USE FOR POWER GENERATION

DOMINICAN REPUBLIC : Government plans two gas-fuelled power plants – CNR/48/26/42

Hacienda minister Vicente Bengoa and the head of the State-owned Power Companies (CDEEE), Celso Marranzini announced recently that the Government plans to install two new natural gas plants and convert the plant Cogentrix to use natural gas, adding 1,400 megawatts to the system. Marranzini said the company Man -Forrestal will install a 600 megawatt plant in northwest Manzanillo and the company Lavalín will do likewise in AES Andres, with a 800 megawatt facility. (Dominican Today, October 23, 2009)

POLAND : New gas-fuelled turbine planned in Warsaw – CNR/48/26/43

Vattenfall Heat is planning to set up a new gas-fired heat and electricity generator at its Warsaw co-generation plant by 2020. As reported, Vattenfall is in talks with Polskie Gornictwo Naftowe i Gazownictwo on gas supplies. The new

facility is expected to consume between 0.5 and 0.6 billion cubic meters of natural gas annually and is expected to have a thermal capacity of 250MW and electric capacity of 400MW. The new generator is likely to be online by 2016. (Energy Business review, October 19, 2009)



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