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LNG

PROCESSING

CANADA : Teekay and Merrill Lynch agree to develop floating LNG plant near Kitimat – CNR/48/9/1

Teekay Corporation announced recently an agreement with Merrill Lynch Commodities, Inc. to jointly develop a project to convert the S/S Arctic Spirit into a floating liquefied natural gas plant to be moored alongside a pier near Kitimat, British Columbia. Teekay LNG Partners L.P. will have an option to participate in the project as well. The converted Vessel would have the production capacity to liquefy 75-100 million standard cubic feet per day of pipeline quality gas, or,

approximately 0.5 million tonnes per annum of LNG. Mark J. Kremin, Vice President, Gas Services, Teekay said "Reliable Canadian LNG supply should be very attractive for LNG buyers and end users. This development will prove the feasibility of floating liquefaction and will provide an option for monetizing stranded gas resources in other parts of the world". The project is expected to commence LNG operations in 2012, subject to obtaining the necessary regulatory and local approvals. (Teekay press release, March 12, 2009)

IRAN : Chinese consortium reported to be in LNG processing deal – CNR/48/9/2

Iran's state-owned gas company and a Chinese consortium signed recently a deal to produce liquefied natural gas in the South Pars field, a report said. The deal was signed by Iran LNG Company with the Chinese consortium for an annual production of 10.5 million tonnes of LNG, the state broadcaster reported. It did not reveal the name or give any details of the Chinese consortium.

"According to this contract, building gas liquefying lines in phase 12 and another block of South Pars gas field will be handed to the Chinese consortium," the television said. It added that the project would be implemented in three years and that an unnamed European firm would join the Chinese consortium in three months. (AFP, March 16, 2009)

QATAR : Chiyoda wins EPCM contract for LNG processing plants – CNR/48/9/3

RasGas and Chiyoda Almana Engineering signed recently a contract for long-term engineering, procurement, construction management services for liquefied natural gas and gas processing plants in Qatar. Under the four-year contract, Chiyoda Almana Engineering will provide engineering, procurement, construction management (EPCM) services as a long term partner for small to medium sized projects for a total of seven liquefied natural gas plants and two large-sized gas processing plants and other facilities owned by RasGas. (Datamonitor, March 12, 2009)

VENEZUELA : PdVSA signs LNG engineering deals – CNR/48/9/4

PdVSA signed recently new agreements with Galp Energia SGPS SA, Chevron Corp., Energia Argentina SA, and Mitsui & Co for the engineering phase of developing two LNG trains in the Delta Caribe. The first train is made up of a gas pipeline connecting the offshore block two of the Deltana platform to a liquefaction plant known CIGMA,

which is now under construction. Train two would connect the plant to the Mariscal Sucre offshore gas project controlled entirely by PdVSA. President Hugo Chavez made it clear that Venezuela initially would seek to supply the natural gas needs of the local economy, and would only export the surplus. (Downstreamtoday, March 6, 2009)

TRANSPORTATION-DISTRIBUTION

QATAR : LNG vessel "Mesaimer" delivered to Nakilat – CNR/48/9/5

A new Q-Flex LNG carrier was recently delivered to Nakilat and chartered on long term contract to Qatargas Operating Company Limited at Hyundai Heavy Industries Co., Ltd., shipyard. The LNG Carrier "Mesaimer" (216,000 cm) will be used to ship LNG produced by Qatar Liquefied Gas Company Limited Qatar Liquefied Gas Company Limited (3) to markets primarily in the United States. (Qatargas press release, March 12, 2009)

QATAR : Qatargas and Shell in partnership to study LNG logistics – CNR/48/9/6

Qatargas and Shell signed recently a memorandum of understanding that will lead to the two companies jointly researching liquefied natural gas logistics. Through this joint logistics research collaboration, Qatargas and Shell aim to develop new ways to optimize supply chains to deliver to LNG global markets. The research will be conducted at the Qatar Shell Research &

Technology Centre at the Qatar Science & Technology Park. Some 20 Shell scientists and engineers from Qatar and around the world are engaged in research at the Qatar Shell Research & Technology Centre at the science park. The facility has over 35 staff in total. Shell is committed to a substantial expenditure of up to US\$100 million over a 10-year period (Qatargas press release, March 15, 2009)

YEMEN : Yemen LNG fleet of chartered vessels completed – CNR/48/9/7

The 294.6 meter vessel 'Seri Balqis' was recently launched at the Mitsubishi Shipyard in Nagasaki, Japan. 'Seri Balqis' is the fourth and last LNG vessel chartered to Yemen LNG for the entire lifespan of the project. The vessel, 'Seri Balqis', has a cargo tank capacity of approx 154,600 m3 and is scheduled to be delivered to Yemen LNG on 31 March 2009. The vessels will transport LNG

from Yemen to the North American market as part of the company's sales agreements with Total Gas & Power. In total, at least twelve vessels will be used at any point in time to deliver LNG from Balhaf to the three buyers, namely TGP, Suez and Kogas. Yemen LNG has committed approximately %100 of the guaranteed plant capacity under three 20-year LNG Sales and Purchase Agreements. (Yemen LNG press release, February 28, 2009)

SUPPLIES - IMPORTS – EXPORTS

INDONESIA : Facing low demands, Japan, South Korea and Taiwan may resell LNG cargoes to other buyers – CNR/48/9/8

Hari Yulianto, the vice president of PT Pertamina said recently that Japan, South Korea and Taiwan may offer 12 cargoes of liquefied natural gas from Indonesia to other buyers on shrinking domestic requirements. He said that the three countries may not want to cut shipments on contract from Indonesia but they are seeking to sell the 12 cargoes equivalent to 36 mmbtu to buyers in other countries. Yulianto said if the three countries fail to sell the LNG, the domestic market will have an opportunity to have larger supply of gas. (Downstreamtoday, March 16, 2009)

QATAR : Petrochina and CNOOC in 25-year LNG supply deal – CNR/48/9/9

Deputy Premier and Minister of Energy and Industry, H E Abdullah bin Hamad Al Attiyah, announced recently Qatar will be supplying a total of 5 million tonnes per year of LNG to China over the next 25 years. "The first supply of gas to Petrochina will start next year and to China National Offshore Oil Company by 2010-2011. Petrochina will get a total of 3mta and CNOOC, 2mta. He added "The gas will be supplied from

Qatargas". Today CNOOC is the only company with existing facilities and capacity to receive LNG in China. CNOOC has secured LNG supply of 13 million tonnes a year up to date. "We plan to import 60 million tonnes of LNG each year by the year 2020. Today we are able to import even more LNG than the volume we have secured. We hope part of this additional volume come from Qatar," said CNOOC President, Fu Chengyu. (The Peninsula, March 8, 2009)

UNITED STATES : LNG imports may increase in summer or fall 2009 – CNR/48/9/10

Clay Harris, chief executive of GDF SUEZ LNG NA said recently that the United States will not see a ramp up of liquefied natural gas imports until summer or fall as new global projects start up. "The few cargoes that are looking for a home are still going to Europe because those cargoes were fixed in the past few months," Harris said.

Apart from new projects in Qatar and Russia starting up in the coming weeks, other projects may not stabilize production until later in the year, he said. Other projects don't get ramped up until third or fourth quarter of 2009. I would think it would take before the end of the year before we see stable production," he added. (Reuters, March 12, 2009)

STORAGE

ISRAEL : Natural Gas Authority wants to modify LNG terminal tender – CNR/48/9/11

The Natural Gas Authority recently advised Minister of National Infrastructures Benjamin Ben-Eliezer and Minister of Finance Ronnie Bar-On to amend the format of the tender for the construction of a liquefied natural gas terminal, and also to cancel plans for a contract with another natural gas supplier. The recommendations are the latest developments following the natural gas discovery at the Tamar prospect offshore from Haifa.

The recommendations aim to give priority to domestic natural gas production. Nonetheless, the Natural Gas Authority set its recommendation as depending on the partners in the Tamar prospect promising to expedite the construction of gas production and delivery infrastructures and the adaptation of Yam Tethys's natural gas reserves offshore from Ashkelon to store gas. (Downstreamtoday March 9, 2009)

PAKISTAN : Winners of LNG terminal project to be selected by end of 2009 – CNR/48/9/12

Sui Southern Chairman Salim Abbas Jilani said recently that the company will select either Royal Dutch Shell Plc or 4Gas or both by year end to supply liquefied natural gas and construct an import terminal for the fuel. Pakistan may award the contract to allow completion of the 3.5 million metric ton a year terminal by 2012 to either one or both the bidders. Shell may deploy a floating

regasification unit, and Qatar may supply the fuel to the plant, he said. "Pakistan will face a serious deficit of gas by 2012," Jilani said. Gas consumption in Pakistan may rise by 11 to 12 percent because of increased demand for power and fertilizers, Jilani said. Nearly 60 million tons in new LNG capacity may come on stream globally in 2009. Sui Southern's 2009 gas sales may raise about 8 percent to 410.26 billion cubic feet of gas in 2009, he said. (Bloomberg, March 19, 2009)

UNITED KINGDOM : Dragon LNG terminal to be commissioned in mid-2009 – CNR/48/9/13

Malaysia's state oil firm Petronas said recently that BG Group's Dragon liquefied natural gas import terminal in Wales will be commissioned by mid-2009. Dragon LNG, a joint venture in which BG has a 50 percent stake, Petronas has a stake of 30 percent and Netherlands's 4Gas holds 20 percent, had originally been scheduled to open in 2008, before winter.

The Dragon terminal has a capacity of 600 million cubic feet per day. Ezhar Yazid Jafaar, a Petronas senior manager of strategic business said the firm's LNG shipments to Britain could come from Bintulu in eastern Sarawak state and also from other sources. He added "We are looking at other options, like from the Atlantic basin. We have to remain vigilant about supplies, examine the buyer and seller prices". (Downstreamtoday, March 17, 2009)

NATURAL GAS

EXPLORATION – DISCOVERY

BANGLADESH : Petrobangla approves Chevron exploration plan – CNR/48/9/14

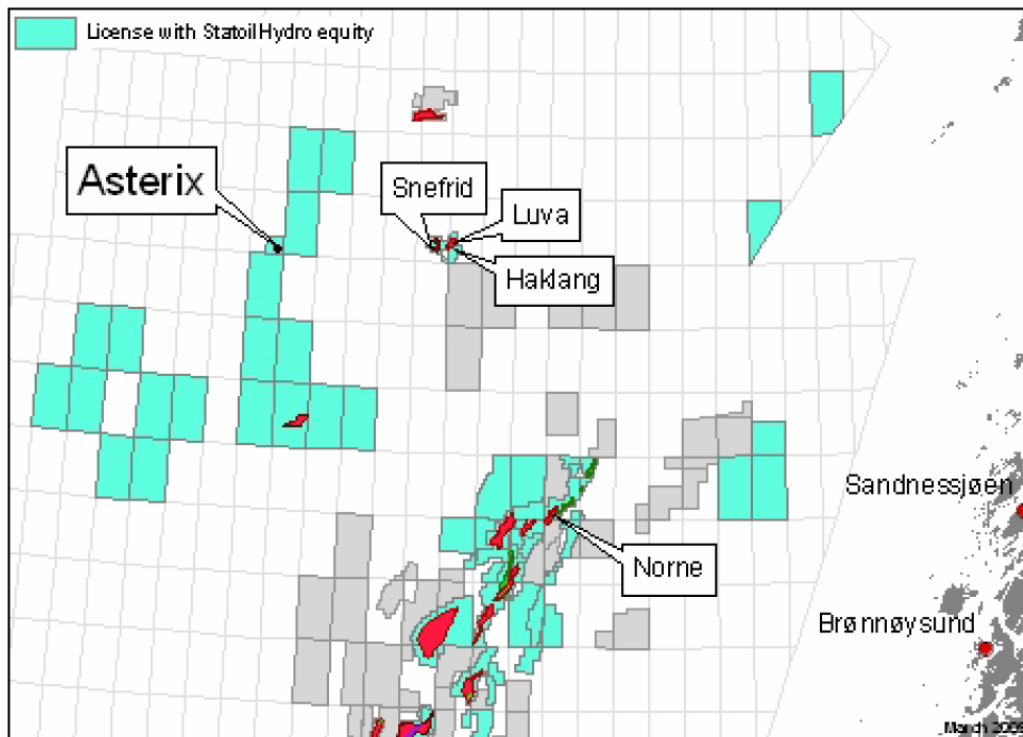
Petrobangla approved recently an investment plan of Chevron to explore natural gas, a senior official said. "We have approved the plan to begin exploration activities in hydrocarbon-rich southern Bangladesh from next week, which will cost about \$55 million," said Jalal Ahmed, chairman of Petrobangla. The firm will conduct a two-dimensional survey at block-7 that covers both onshore and offshore areas including world's largest mangrove forest Sundarbans. (Reuters, March 9, 2009)

NORWAY : StatoilHydro discovers gas in the Asterix prospect – CNR/48/9/15

Gas has been found by StatoilHydro in the Asterix prospect, which lies in 1,360 metres of water 345 kilometres west of Sandnessjøen in the Norwegian Sea. Preliminary estimates put the proven recoverable volume, which is located 80 kilometres west of the Luva gas discovery, at about 16 billion cubic metres. No formation test was carried out, but extensive data gathering and coring took place in the reservoir.

Tove Stuhr Sjøblom, StatoilHydro's head of Norwegian exploration said "Asterix will be considered for development together with Luva and the other nearby discoveries of Haklang and Snefrid South. That could help to lay the basis for a deepwater gas infrastructure in the Norwegian Sea". In addition to StatoilHydro as

operator, with 70%, licensees in production licence 327B are Petoro with 20% and Norske Shell with 10%. (StatoilHydro press release, March 16, 2009)



Source : StatoilHydro

UNITED KINGDOM : Venture Production reports Carna gas discovery – CNR/48/9/16

Venture Production plc announced recently the results of the Carna gas exploration well located in UKCS blocks 43/21b and 43/22c. The Carna well (43/21b-5/5z) tested gas at stabilised rates in line with expectations with a gross rate of nine million cubic feet per day on a 48/64th choke from a vertical well. No formation water was produced during the test.

The well has been suspended pending further sidetrack to become a future production well and a field development decision will be made following a full evaluation of the export options. While Carna is a commercial gas discovery in its own right and is in line with pre-drill expectations of estimated net gas in place ranging from 95 to 185 billion cubic feet. Oilvoice, March 20, 2009)

UZBEKISTAN : Gazprom invests in field prospecting in the Ustyurt region – CNR/48/9/17

Gazprom has recently completed the first stage of geological prospecting operations in the Ustyurt region of Uzbekistan. 14 gas exploration targets have been found 10 of which have been prepared for drilling. Uzbekneftegaz said Gazprom will return licenses on three investment blocks in Ustyurt region in connection with the end of planned exploration works.

A programme has been worked out jointly with Gazprom for the intensification of geological prospecting operations in the Ustyurt region up to 2012, in particular, "on the most promising investment blocks: Agyin, Aktumsuk, Nasambek and Shakhpakhty fields". In January 2006, Uzbekneftegaz and Gazprom signed an agreement on the main principles of geological exploration of deposits of seven investment blocks of the Ustyurt region with the natural gas reserves amounting to about 1 trillion cubic metres. The agreement envisaged Gazprom's investments before the end of 2011 as well as the priority right to develop the found promising fields on the production sharing agreement terms. (UzReport, March 5, 2009)

PRODUCTION

ALGERIA : Authorities approve 245-South block development plans – CNR/48/9/18

Algerian National Agency for the Valorisation of Hydrocarbons Resources recently approved the plans for development of the fields of Eastern Takuazet, Western Takuazet and Northern Tesselit located at Gara

Tesselit area (block 245 South) at the oil and gas basin Illizy at the East of Algeria by Algerian-Russian alliance Sonatrach/Rosneft-Stroytransgaz Ltd. The first plan includes the development of two oil fields Eastern and Western Takuazet and the second, the gas condensate field Northern Tesselit. In accordance with the Production Sharing Agreement, Sonatrach will be responsible for selling of all produced gas. The oil and gas fields would be put into operation within the period from 2009 to 2012. (Rosneft press release, March 11, 2009)

AUSTRALIA : Kogas and Woodside in partnership to develop gas fields – CNR/48/9/19

Korea Gas Corp signed recently a memorandum of understanding with Woodside Petroleum Ltd to jointly develop gas fields in Australia, South Korea's energy ministry said. "The MOU includes joint exploration, development and production of WA-378-P, WA-396-P and WA-397-P fields, and joint participation in future LNG projects," the ministry said in a statement. (Reuters, March 4, 2009)

AUSTRALIA : Reindeer field development project restarts – CNR/48/9/20

Santos announced recently that Apache as operator of the Reindeer Project Joint Venture has signed a contract with Clough Projects Australia for the Engineering, Procurement and Fabrication of the onshore gas plant at Devil Creek near Dampier in Western Australia. The signing of this contract satisfies the condition precedent contained in the Gas Sales Agreement signed with Sino Iron (a subsidiary of CITIC Pacific Limited) in January 2009. The Reindeer Joint Venture will develop the Reindeer field to supply

gas under this Gas Sales Agreement from the second half of 2011. The gas will be used for the Sino Iron project. The gas would be supplied from the Reindeer gas field through a new 105 kilometre offshore pipeline and a new onshore sales gas processing facility at Devil Creek. The Reindeer project will have the capacity to produce 215TJ of gas per day. Santos has a 45% interest in the Reindeer field and Devil Creek gas plant. The remaining interest is held by Apache Northwest Pty Ltd (55% and operator). (Santos press release, March 5, 2009)

KAZAKHSTAN : Gas production from Kyzylloi field restarted – CNR/48/9/21

Tethys Petroleum Limited announced recently that gas production from its Kyzylloi gas field in Kazakhstan has recommenced. Gas production from the Kyzylloi Field had been temporarily suspended while works were undertaken at the BCS in order to add additional compressors and other equipment primarily in connection with bringing on production Phase 2 of the gas development which will involve gas production from several wells in the Akkulka block surrounding Kyzylloi. The Kyzylloi Field is now producing from eight wells, which includes the recently commissioned G12 and G16 wells, and the current gas production rate is 662,000 cubic metres per day, but is expected to stabilise at approximately 566,000 cubic metres per day. The main activities at the BCS for Phase 2 have involved the installation of two further compressor units (making five in total). (Tethys Petroleum press release, March 5, 2009)

NIGERIA : Early start-up of production of the Akpo deep offshore field – CNR/48/9/22

Total announced recently that its subsidiary Total Upstream Nigeria Limited (TUPNI), operator of the OML 130 block, has started production from its Akpo deep water development ahead of the planned start-up date. Akpo has proved and probable reserves estimated at 620 millions barrels of condensate (around 50° API), and more than 1 tera cubic feet of gas. The ramp up of production to 175,000 barrels per day of condensate and 320 million standard cubic feet per day (mmscfd) gas plateau is expected to be reached during summer 2009. Akpo will allow the commercialisation of significant quantities of gas, which are exported towards the Amenam hub.

TUPNI has a 24% interest alongside the OML 130 partners: Nigerian National Petroleum Corporation, Sapetro (South Atlantic Petroleum) of Nigeria, CNOOC Ltd. and Petrobras. The field is located 200 kilometres from the Nigerian coastline in water depth ranging from 1,200 to 1,400 metres. The design of Akpo complies with the Nigerian government's "Flare out" regulation. In order to optimise gas utilisation, Akpo has been designed as a hybrid development capable of handling up to 530 mmscfd of high pressure gas out of which 185 will be re-injected into the reservoir to maximise hydrocarbon recovery and 320 will be exported by pipeline. (Total press release, March 9, 2009)

PAKISTAN : Extended well test at Latif-1 – CNR/48/9/23

OMV announced recently along with its joint venture partners ENI and PPL the start of the extended well test of Latif-1 located in the Latif Block, about 100 km from Sukkur in southern Pakistan's province of Sindh. OMV's current production in Pakistan amounts to approximately 17,000 boe/d. As part of the fast track development, the gas is routed via a 23 km long pipeline to the Kadanwari gas plant which is operated by OMV Pakistan and has sufficient gas processing capacity left for this additional gas. The local utility company SSGCL as a gas buyer

will distribute the additional gas from Latif to the southern Sindh province. During the first three quarters of 2009 the testing gas rate from Latif-1 will be around 1,000 boe/d whereas in the fourth quarter 2009 additional gas from the second well Latif-2 will be available starting with approximately 4,000 boe/d. After the testing phase, a field development plan will be submitted to the government of Pakistan for approval and will, after execution, further increase Latif gas production from 2011 onwards. (OMV press release, March 9, 2009)

RUSSIA : Government revises gas production forecast for 2009 – CNR/48/9/24

Russia's revised social and economic development forecast for 2009 has been revised recently by the cabinet. Gas export is estimated at 190-196bn cubic meters. This forecast incorporates a possible decrease in domestic demand as a result of lower industrial production (in particular, in metallurgy, construction materials, chemical fertilizers, and other types of production). At the same time, the maximum production and export figures are based on the need to ensure sufficient gas supplies for the lowest temperatures in the winter of 2009-2010. The forecast also incorporates the projected launch of trade in gas in the Asia-Pacific region after the launch of the liquefied natural gas production plant with the capacity of 9.6m tonnes of gas as part of the Sakhalin-2 project. (Neftegaz, March 20, 2009)

UNITED KINGDOM : First gas flows from Rita field – CNR/48/9/25

E.ON Ruhrgas UK North Sea Limited started recently first production from the Rita field. The field is located in the UK Southern Gas Basin in Blocks 44/21b and 44/22c. E.ON Ruhrgas UK operates the Rita field and has a 74 % equity share. Its co-venture partner GDF Suez E&P UK Limited has a 26 % equity share. "Rita represents a resounding technical achievement, being the first dual lateral well drilled in a Carboniferous reservoir in the Southern Gas Basin," said Martin

Cole. Development approval for the Rita gas field was granted in early 2008. The field has been developed as a sub-sea development tied back via a 14 km pipeline to the E.ON Ruhrgas operated Hunter field.

The highly productive Carboniferous reservoir was accessed via a dual lateral well. Gas is exported via the CMS infrastructure to the Theddlethorpe Gas Terminal on the UK East Coast, where the gas is supplied to the UK market. (Rigzone, March 20, 2009)

PROCESSING

ALGERIA : Sonatrach and Saipem ink contract for gas facilities construction – CNR/48/9/26

Sonatrach and its partner First Calgary Petroleum signed recently an agreement with Saipem for the construction of gas facilities. Sonatrach in a statement said that under the contract Saipem will achieve facilities for the treatment of wet gas and oil in the fields of Menzel Ledjmet east and of the central area field complex of Ledjmet (Block 405b) as well as gas and LPG and condensate conveying pipelines to Gassi Touil. These facilities are designed to treat 9 million cubic meters par day of gas. The project is expected to be delivered by March 2012. The ledjmet location is situated in the Berkin basin at 350 km south of Hassi Messaoud. (El Moudjahid, March 23, 2009)

RESERVES

ITALY : Northern Petroleum targets 332 bcf on the Savio 1x site – CNR/48/9/27

Northern Petroleum announced recently that its wholly-owned subsidiary, Northern Petroleum (UK) Limited, has commenced drilling operations in Italy on the Savio 1x site. The Savio 1x well is Northern's first well drilled in Italy as operator. It is located in Emilia-Romagna, a prolific gas producing area of the Po Basin. The prognosis is that after passing through the outer edge of the secondary objective, which has a mean potential entrapment of 110 bcf of gas at about 3200 metres, the primary reservoir target with estimated

mean gas in place of 222 bcf will be encountered at about 3500 metres sub-surface. (Northern Petroleum press release, March 13, 2009)

TRANSPORTATION-DISTRIBUTION

CHINA : CNPC begins construction of the third West-East pipeline – CNR/48/9/28

China National Petroleum Corp. plans to invest more than \$14.6 billion in a third West-East natural gas pipeline, the chief consultant of the China Petroleum Pipeline Bureau said recently. Su Shifeng said "Preliminary work has already started on the pipeline, which will likely have an annual transmission capacity of 20 billion-30 billion cubic meters of gas sourced from Central Asia".

The pipeline will start in the northwestern region of Xinjiang and run parallel with the second West-East pipeline as far as Jiangxi province in eastern China, he said. However, he said the pipeline wouldn't terminate in Beijing as the capital is already well-served by three pipelines running from the gas-rich province of Shaanxi. The pipeline is due to be completed by 2011. (Dow Jones, March 9, 2009)

EUROPE : Tauern Gas Pipeline project on schedule – CNR/48/9/29

The feasibility study for the Tauern Gas Pipeline (TGL) project is on schedule. In 2008, key project issues including system planning parameters and the pipeline route were defined in more detail. The capacity allocation process will start at the beginning of the second quarter of 2009, which will allow the feasibility study to be completed by autumn 2009. The Tauern Gas Pipeline (TGL) project will allow continuous natural gas transmission from Haiming in Bavaria via the Inn region of Upper Austria, Salzburg, Carinthia (where it ties into the Trans Austria Gas Pipeline) and the border with Italy to Malborghetto. There are also plans to extend the system into Slovenia. As part of the TGL Open Season 2009, 520,000 cm/h of long-term transportation capacity from the north to the south and vice versa shall be

allocated to shippers on the basis of binding booking requests. On the whole, the Tauern Gas Pipeline will have a transportation capacity of 1,300,000 cm/h in both directions, 650,000 cm/h of which are to be awarded to the shareholders of the project consortium following an application for an exemption in accordance with section 20a of the Austrian Gas Act. 130,000 cm/h will be kept available for short-term transportation contracts. Construction is scheduled to start in 2010. The pipeline is expected to be ready for commissioning in 2015. The TGL project is backed by a predominantly Austrian consortium. The stakes in Tauerngasleitung Studien- und Planungsgesellschaft m.b.H. are held by Energie AG Oberösterreich (15%), Kelag (7.5%), RAG (10%), Salzburg AG (15%) and TIGAS-Erdgas Tirol GmbH (7.5%). E.ON Ruhrgas AG holds 45%. (PRNewswire, March 5, 2009)

INDONESIA : Transgasindo starts installation of Grissik to Singapore transmission pipeline – CNR/48/9/30

PT Perusahaan Gas Negara announced recently that its subsidiary, PT Transportasi Gas Indonesia (Transgasindo) started the installation of a new 23 km section of the offshore pipeline to replace a section of the 28" Grissik to Singapore transmission pipeline. A pipelay barge assisted by additional support vessels will be used to install the new 23 km section at Kuala Tungkal – Panaran. The pipeline is of strategic importance to both Indonesia and Singapore as it is a major

source of gas supply to Batam Island and Singapore. Transgasindo expects to be able to pressure up the pipeline in the second quarter of 2009. The completion of the Project, together with the commissioning of the newly installed gas compressor at Jabung, will allow Transgasindo to increase gas pressure in the Grissik to Singapore transmission pipeline in 2009. This increased capacity is required to meet contractual gas delivery and reserved capacity in 2009. (PT Perusahaan Gas Negara press release, March 13, 2009)

UNITED ARAB EMIRATES : Stroytransgaz begins welding the linear part of the Taweelah-Fujairah pipeline – CNR/48/9/31

Stroytransgaz has recently begun welding the linear part of the Taweelah-Fujairah gas pipeline, a 244-kilometer, 48-inch facility in the United Arab Emirates. The new pipeline will cross the territory of the UAE via the Rub al-Khali dessert and the Al Khadzhar mountain range, linking the receiving terminal in Taweelah (Abu Dhabi Emirate) on the Persian Gulf coast with treatment facilities in Fujairah (Fujairah Emirate) on the coast of the Gulf of Oman. Under terms of the contract, Stroytransgaz will prepare basic and detailed

designs, procure equipment and materials, construct and assemble the facility, and commission it for exploitation. (Stroytransgaz press release, March 5, 2009)

UNITED STATES : Spectra launches open season for Texas Eastern expansion – CNR/48/9/32

Spectra Energy Corp announced recently a non-binding open season for a proposed expansion of its existing Texas Eastern Transmission, LP mainline infrastructure to enhance and facilitate cost-effective transportation of incremental East Texas and North Louisiana gas supplies to major U.S. markets in the Southeast, Midwest and Northeast. During the open season, Texas Eastern will accept non-binding nominations for service from any existing or proposed receipt points to any existing or proposed delivery points in its East Texas zone. The specific scope of the expansion will be finalized following the results of the open season. The ETX Expansion Project is targeted for a phased in-service, commencing early 2010. (Spectra Energy press release, March 13, 2009)

UNITED STATES : Publication – CNR/48/9/33

The EIA published recently a presentation providing analytical results of ongoing research at the Natural Gas Division, Office of Oil and Gas, on the role of natural gas pipelines in the marketplace. The presentation also includes the latest market developments for pipeline expansion and new construction. (EIA press release, March 6, 2009)

The presentation can be downloaded at : http://www.eia.doe.gov/oil_gas/fwd/pipelinedynamics.html

SUPPLIES - IMPORTS – EXPORTS

RUSSIA : Gazprom to replace RosUkrEnergO as gas supplier to PGNiG – CNR/48/9/34

According to Kommersant, Gazprom signed recently a contract with PGNiG that will replace the previous agreement with RosUkrEnergO for the delivery of 2.5 billion metres of natural gas annually. Poland will annul the reparations required from RosUkrEnergO to the tune of 60 million dollars in exchange for breaking the contract. In order for Gazprom to replace RosUkrEnergO as a gas supplier to Poland, an annex to the Polish-Russian international cooperation agreement is to be drawn up. (Polskie Radio, March 10, 2009)

RUSSIA : President Dmitry Medvedev considers a financial pool to help Ukraine pay for gas debt – CNR/48/9/35

Russian President Dmitry Medvedev said recently his country sees expediency of creation of a group of creditors, which could allocate funding for Ukraine to make payments for imports of Russian natural gas. In the opinion of the Russian president, the move would guarantee the fulfilment of liabilities by the sides and would secure European consumers against worsening of the gas cooperation. He also said that Russia was prepared to participate in the creation of the financial pool. "If we feel that [the Ukrainian side] are not capable of paying, let us create a financial pool and help them with money... There is a set of European financial institutions, we ourselves are prepared to take part in this, we are also prepared to bring a sum of our money to secure the normal situation with gas supplies," Medvedev said. According to Medvedev, Ukraine is most likely to meet its liabilities, but if Ukraine fails to pay for natural gas imports within the time provided by the Ukrainian-Russian gas contract, the sides will have to transfer to a form of payments for gas

imports envisaging advance payments for natural gas. According to Bohdan Sokolovskiy, the envoy of President Viktor Yuschenko for international energy security, Ukraine in February 2009 imported 1 billion cubic meters of Russian natural gas, while the contract between Naftohaz Ukrainy and Gazprom envisages imports of 2 billion cubic meters of natural gas. "Thus, under the contract, Ukraine would have to pay USD 720 million for natural gas under the 'take or pay' principle," Sokolovskiy said.

He said that Naftohaz Ukrainy does not have this amount of money. According to Sokolovskiy, the national oil and gas company has managed to accumulate only USD 300 million, which is not enough to pay even for the factual supplies of natural gas, as the sum should be USD 360 million. According to original plans, the Naftohaz Ukrainy national oil and gas company is to import 5 billion cubic meters in the period from January through March 2009. Naftohaz Ukrainy expects Ukraine to import 33 billion cubic meters in 2009. (Ukrainian News Agency, March 1, 2009 and March 4, 2009))

WORLD : Gas Exporting Countries Forum aims to ensure “regulatory oversight” of markets – CNR/48/9/36

OPEC secretary general Abdalla Salem el-Badri said recently that Gas Exporting Countries Forum would ensure “regulatory oversight” of markets troubled by harmful price fluctuations. “GECF will also ensure better data transmission, increased market transparency and energy security in terms of both supply and demand because of its ability

to predict emerging energy policies in consuming countries,” el-Badri said. “The current low price environment, mainly a product of the global economic downturn, has affected investment decisions on capital-intensive gas projects and has strained the development of new, more expensive gas supplies,” el-Badri said. In 2007, OPEC countries accounted for 88 Tcm of proven gas reserves: almost half of the total world reserves. (Gulf Times, March 14, 2009)

STORAGE

GERMANY : Jemgum gas storage facilities on the web – CNR/48/9/37

The Jemgum gas storage facilities project of EWE and Wingas now has an Internet site. The site provides facts and figures on the current status of the project as well as the various planning stages before commissioning. Other sections of the Internet site look at the technical realisation and the subsequent operation of the storage facilities.

Two of the largest natural gas cavern storage facilities in Germany are planned for Jemgum, in Lower Saxony, near the German-Dutch border. “We expect to receive the discharge permit for the brine generated during the creation of the caverns in the next few weeks”, Arkadius Binia, Project Manager for Wingas, said. “We expect to be able to start the solution mining process in October of this year”, EWE project manager Mr Riekenberg explained. EWE and Wingas plan to create 33 caverns in the Jemgum salt dome in the coming years. EWE is planning to build 15 caverns with a volume of up to 700,000 cubic meters each. Wingas will initially build 18 caverns with a geometric volume of up to 750,000 cubic meters each. The two storage facilities will be developed together but operated separately by the two companies following completion. (Wingas press release, February 3, 2009)

Jemgum website (in German) : <http://www.speicher-jemgum.de/public/jemgum/startseite.html>

POLAND : Expansion works of Wierzchowice UGS start – CNR/48/9/38

Expansion of an underground gas storage facility in Wierzchowice started recently. Currently, the Wierzchowice storage facility can hold 575 million cubic metres. Following the completion of the first stage of works in 2012, the storage capacity will increase to 1.2 billion cubic metres and following the completion of the second stage of works in 2015, it should reach ca. 2 billion cubic metres. Depending on the domestic natural gas demand, the target storage capacity of the Wierzchowice

facility may reach ca. 3.6 billion cubic metres. In October 2008, PGNiG awarded the contract to expand the Wierzchowice storage facility to a consortium composed of PBG SA (Poland), Tecnimont S.P.A. (Italy), Société Française d'Etudes et de Réalisations d'Equipements Gaziers "SOFREGAZ" (France) and Plynostav Pardubice Holding A.S., Plynostav Regulace Plynu A.S. (Czech Republic). The company plans to increase its total natural gas storage capacity to 3.8 billion cubic metres in 2015. (PGNiG press release, March 12, 2009)

UNITED STATES : Interior Department expresses environmental concerns on Columbia Gas storage project – CNR/48/9/39

The U.S. Interior Department expressed recently some concern regarding the potential environmental impacts of Columbia Gas Transmission Corp.'s Ohio Storage Expansion Project. The project would add a total of 6.7 Bcf of gas storage capacity, of which 3 Bcf would be added to the company's Crawford Storage Field, and 3.7 Bcf would be added to the Weaver

Storage Field. The Interior Department told FERC that the project would disturb approximately 377 acres of land, some of which provides habitat for wildlife. FERC staff in November 2008 issued a favourable environmental assessment of the expansion project. Washington Gas Light Co. in February 2009 asked regulators to approve the project, saying the company will need time to arrange for gas supplies to be injected at the facility if they are to be available during the 2009 to 2010 heating season. (SNL, March 4, 2009)

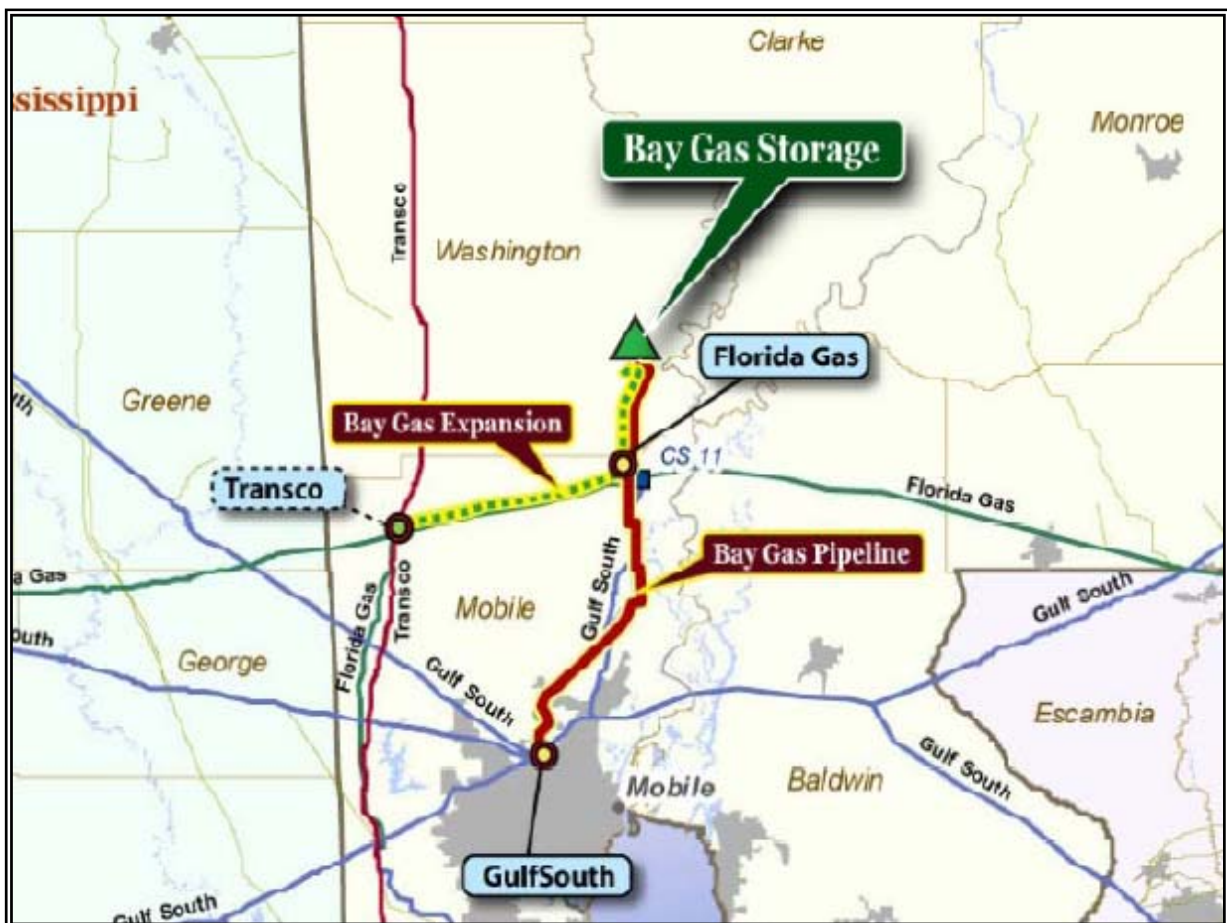
UNITED STATES : Natural gas storage system may face important 2009 capacity test – CNR/48/9/40

Analysts with LCM Commodities said recently that, US domestic gas storage system, assuming an end-of-March 2009 storage level of 1.6 Tcf, excess gas from domestic production and liquefied natural gas imports, could boost storage supplies to 4.1 Tcf by the end of October 2009. Analysts with Raymond James and Associates recently said their models foresee around 4.5 Tcf of gas in storage at the end of the injection season. "Given that actual storage capacity is

somewhere around 3.7 Tcf, our analysis suggests that the market will need to shut in some 800 Bcf of natural gas this summer, or over 5 Bcf/d beginning in June," the analysts said. In the US Energy Information Administration's September 2008 report on underground working gas storage capacity, the agency estimated that peak working capacity as of mid-2008 was 3.789 Tcf. EIA estimated that peak working gas capacity is roughly 92% of designed working gas capacity, on average, citing logistical difficulties and other practical considerations for the gap. (Platts, March 13, 2009)

UNITED STATES : Sempra holds open season for Bay Gas Storage facility – CNR/48/9/41

Sempra Pipelines & Storage, a unit of Sempra Energy, launched recently a non-binding open season to solicit market interest in up to 1 billion cubic feet of firm, natural gas capacity at its Bay Gas Storage project near McIntosh, Ala. The pipeline receipt-and-delivery points for the storage service includes those owned and operated by Florida Gas Transmission (FGT), Transcontinental Gas Pipeline (Transco) and Gulf South. Sempra Pipelines & Storage, through its subsidiary Sempra Midstream Inc., is seeking non-binding bid proposals from interested customers for contract terms three years and longer, with service beginning on April 1, 2009. (Downstreamtoday, March 18, 2009)



Source : <http://www.bay-gas.com>

UNITED KINGDOM : Centrica CEO urges Government support for new gas storage sites – CNR/48/9/42

Sam Laidlaw, the chief executive of Centrica said recently that government help was badly needed to pump-prime new schemes, warning Britain's security of energy supplies could suffer from a shortage of gas storage, leaving it more dependent on imports. "Despite the huge turmoil in the credit markets, the energy markets in the UK continue to deliver, but import dependency is increasing," he said. "We need new gas storage, and there's a need for government to come up with a fiscally supportive regime" he added (Reuters, March 17, 2009)

USE FOR POWER GENERATION

AUSTRALIA : Construction of gas-fired Mortlake power station starts – CNR/48/9/43

Victorian Premier John Brumby recently launched the start of construction of the 550 megawatt, gas-fired Mortlake Power Station, located in south western Victoria. Bilfinger Berger Services Pty Ltd was selected as the major contractor for the construction of the Mortlake Power Station. The gas turbines powering the station will be supplied

by Siemens. The power station will be supplied with natural gas via a 83 km dedicated pipeline to be constructed from Port Campbell to the site delivering gas. The pipeline will deliver gas from Origin's joint venture gas fields in the Otway Basin to Mortlake. The pipeline contract was awarded to AJ Lucas Group Ltd. The Power Station is located 12km west of Mortlake in western Victoria (Origin Energy press release, March 16, 2009)

RUSSIA : Monolit LLC to produce power with flared gas – CNR/48/9/44

GE Energy is to supply 12 of its Jenbacher gas engines to support Russian oil and gas producer Monolit LLC's project to reduce emissions by utilizing previously wasted gas at a Western Siberian production facility. At the facility, the associated petroleum gas will be separated into liquefied natural gas and other "transportable" products (including propane, butane, and ethane) for the chemical industry. A new national law requiring producers to utilize 95 percent of their

associated petroleum gas is scheduled to go into effect on January 1, 2012. Monolit, a division of the Roza Mira Group, will use gas to fuel GE's containerized Jenbacher engines. GE's Jenbacher units will generate more than 15 MW of power to support production activities at the Monolit site in Shapinskoe, 150 kilometers south-east of Khanti-Mansiysk in the Western Siberian lowlands. The project's units are scheduled to be installed during the summer of 2009. Commercial operation is expected to begin in the third quarter 2009. (GE Energy press release, March 11, 2009)

UNITED STATES : Utilities group plans a 480MW gas-fired plant in Arizona – CNR/48/9/45

A group of 32 non-profit Arizona utilities are planning to build a 480-MW natural gas-fired power plant near Eloy, Arizona, Dennis Criswell, a spokesman for group said recently. The Southwest Public Power Resources Group represents cooperatives, municipalities, tribal power authorities and irrigation and electrical districts in Arizona, California and southern Nevada. The group has entered into a deal to buy 1,200 acres for the planned Sawtooth generating plant, Criswell said. (Platts, February 25, 2009)



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