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### Contents

#### Liquefied Natural Gas

- p2- AUSTRALIA:** Santos delays investment decision on first phase of Gladstone LNG project.
- **RUSSIA:** CB&I to develop concept for Yamal LNG Project.
  - **INDIA:** Indian Oil and TIDCO to revive Ennore LNG project.
  - **UKRAINE:** Authorities plans to build a LNG terminal.
- p3- UNITED STATES:** NorthernStar suspends Bradwood Landing LNG project.

#### Liquefied Petroleum Gas

- p3- QATAR:** Gas condensates and LPG mainly exported to Asia.

#### Gas To Liquids

- p3- QATAR:** Fluor New Venture wins maintenance contract for Pearl GTL Project.

#### Natural Gas

- p3- SHARJAH:** Dana Gas targets Zora's first gas in 2011.
- p4- TANZANIA:** Songo Songo gas output to be increased by 60% by the end of 2012.
- **TRINIDAD AND TOBAGO:** BPTT plans Serrette gas production to begin in 2011.
  - **UNITED STATES:** EIA revises 2009 gas production data.
  - **UNITED STATES:** Endeavour announces growing gas reserve estimates at of Cygnus field.
- p5- VENEZUELA:** Repsol reports more reserves than originally expected in Perla field.
- p5- CANADA:** Spectra's processing plant approved by the National Energy Board.
- **IRAN:** Bank Saderat Iran to invest in gas projects.
  - **PAPUA NEW GUINEA:** InterOil and Mitsui to jointly operate condensate stripping facility.
  - **QATAR:** Al Khaleej Gas 2 inaugurated.
- p6- SYRIA:** Suncor Energy announces first commercial gas from the Ebla Development.
- **UNITED STATES:** Enbridge Energy Partners plans to construct additional cryogenic gas processing capacity in Texas Panhandle.

- **UNITED STATES:** Oneok Partners announces projects including new gas processing plant in North Dakota.
  - **UNITED STATES:** Dominion and Exterran Holdings agree to build two gas processing plants in Appalachian Basin.
- p7- AUSTRIA:** Gazprom and OMV sign a framework agreement of cooperation under the South Stream project.
- **EAST TIMOR:** Government refuses transport of gas to Darwin by Woodside.
  - **EUROPE:** New pipeline considered from Sangachal terminal to the Georgian port of Supsa
  - **INDIA:** GAIL plans pipelines to supply cities of North India.
- p8- ITALY:** E.ON stops gas grid sale process India.
- **UNITED STATES:** Dominion announces gas projects in West Virginia, Pennsylvania and Ohio.
  - **UNITED STATES:** FERC gives approval to new pipeline expansion line in Mobile County.
  - **UNITED STATES:** NiSource and MarkWest Liberty announce plans to transport more gas from Marcellus play.
  - **UNITED STATES:** Spectra Energy holds open season for T-North expansion.
- p9- ALGERIA:** Gas exports to jump 50% by 2015.
- **AUSTRALIA:** Santos signs Gas Sale and Purchase agreement with Wesfarmers.
  - **AZERBAIJAN:** Syria may receive gas supply.
  - **INDIA:** GAIL disagrees with uniform price for natural gas
- p10- INDIA:** NTPC to buy more gas from RIL.
- **RUSSIA:** Addenda to contract on gas supply to Ukraine signed.
  - **UNITED STATES:** Piedmont Natural Gas plans to provide gas service to New Sutton power generation facility.
- p11- SPAIN:** UOP to provide impurity removal technologies for Castor UGS Project.
- **UNITED STATES:** Louisiana's Bully Camp Storage Project to receive soon issue of environmental assessment.
  - **UNITED STATES:** Alaska legislators approve incentives for gas storage facilities.
  - **AUSTRALIA:** Karratha power station comes online.
  - **BANGLADESH:** Prime Minister lays foundation of Chandpur power plant.
- p12- FRANCE:** Eon starts up gas-fired power turbines in Emile Huchet power plant.
- **UNITED KINGDOM:** Lamage CCGT plant starts commercial operations.



LNG

PROCESSING

**AUSTRALIA: Santos delays investment decision on first phase of Gladstone LNG project – CNR/49/11/1**

Santos Ltd. said recently it may delay an investment decision on the venture as it studies the government's proposed new tax on resource profits. Santos has previously said it aims to approve the first phase of Gladstone LNG by mid-2010 and to sanction a second unit 12 months later. Chairman Peter Coates said "It is risky and unnecessary to introduce new taxes at a time when the Australian resources industry is set to underpin Australia's prosperity for decades to come". Santos said it's reviewing the tax plan and will work with the government to improve it. A goal of making the first LNG deliveries from the Queensland venture in 2014 remains on schedule, Santos said. (Bloomberg, May 6, 2010)

**RUSSIA: CB&I to develop concept for Yamal LNG Project – CNR/49/11/2**

Chicago Bridge & Iron Company N.V. announced recently that CB&I Lummus has been awarded a contract for concept development services for the Yamal LNG Integrated Project by Yamal LNG LLC. This contract is scheduled for completion in the first half of 2011. The Yamal LNG Integrated Project consists of the production, treatment, transportation, liquefaction and shipping of natural gas and natural gas liquids from the South Tambey field on the Yamal Peninsula in Northwestern Siberia, Russia. The natural gas reserves in the South Tambey field are estimated at more than one trillion cubic meters. CB&I's project scope includes concept development of

the 15-16 million tonne per annum LNG liquefaction plant, including LNG storage and loading facilities, as well as arctic shipping and ice management solutions, a gas transmission pipeline, a central production facility for gas and condensate treatment, and the associated well sites and gas gathering system. The concept development will address the technical, economic and execution feasibility of this remote arctic project and will provide a project schedule and cost estimates, in addition to the basis of design for the Front End Engineering and Design (FEED) phase. The project operator is Yamal LNG LLC controlled by OJSC Novatek. (Downstream Today, May 4, 2010)

STORAGE

**INDIA: Indian Oil and TIDCO to revive Ennore LNG project – CNR/49/11/3**

The Tamil Nadu Industrial Development Corporation Ltd Deputy Chief Minister, Mr M.K. Stalin, announced recently that TIDCO will enter into a joint venture with Indian Oil Corporation to set up a 5 million tonne LNG terminal close to the Ennore Port, to the north of Chennai. This facility will supply about 20 million cubic feet of natural gas daily to industrial consumers. A gas-based power plant will also come up along with the LNG terminal, he said. It is estimated that by 2015 the demand for natural gas in Tamil Nadu will be about 48 million cubic metres. At present, the availability is a minimal 4.2 million cubic metres, M.K. Stalin said. (The Hindu, May 3, 2010)

**UKRAINE: Authorities plans to build a LNG terminal – CNR/49/11/4**

The Ukrainian cabinet approved recently plans to build a liquefied natural gas terminal in Ukraine. According to the document, the Ukrainian Fuel and Energy Ministry, jointly with national JSC Naftogaz Ukrainy, are to prepare and carry out a presentation of pre-project proposals on the

organization of supplies of liquefied gas to Ukraine and the construction of the terminal with the preliminary definition of the organization and economic form of the project's realization, volumes of liquefied gas supplies, proposals on the location of the terminal, terms for attraction of potential investors and sources of financing. (Interfax, May 6, 2010)

**UNITED STATES: NorthernStar suspends Bradwood Landing LNG project – CNR/49/11/5**

NorthernStar Natural Gas said recently that it was suspending efforts to develop a liquefied natural gas import terminal at Bradwood Landing on the Columbia River, 25 miles east of Astoria. NorthernStar president Paul Soanes said "the extended delays in the processing of state and federal permits for Bradwood Landing and the difficult investment environment have forced us to suspend development".

The company characterized its move as a "suspension" of the project, not a termination. Two other companies are in federal and state permitting processes for LNG terminals in Oregon, one just west of Astoria on the Columbia River and the other in Coos Bay. Those projects are also competing with a new pipeline that would import more gas from Wyoming to Oregon and California. In addition to regulatory delays, NorthernStar's investors were doubtless focusing on the fact that domestic reserves of natural gas have soared with the use of new drilling techniques to access unconventional shale reserves, and the price of gas has plummeted with the recession. (The Oregonian, May 5, 2010)

**LPG**

**SUPPLIES - IMPORTS - EXPORTS**

**QATAR: Gas condensates and LPG mainly exported to Asia – CNR/49/11/6**

Saad Abdullah Al Kuwari, Chief Executive of Qatar International Petroleum Marketing Co, or Tasweeq, said recently that the company now exports 90 percent of its 27 million tpy of condensate, oil products such naphtha, gasoline and gas oil, as well as liquefied petroleum gas to Asia. Qatar will produce 12.6 million tpy of LPG by 2012, up from 8.2 million tpy now, making it one of

the biggest LPG producers in the Middle East, he said. "The incremental volume will come from new LNG trains belonging to Qatargas, Rasgas and AKG-2 (Al Khaleej Gas Phase 2)," he said. The company's low-sulphur condensate supply will rise by 50,000 barrels per day (bpd) to 160,000 bpd in the first-half of 2011 when the joint-venture gas-to-liquid (GTL) project with Royal Dutch Shell starts up, market sources said. (Reuters May 6, 2010)

**GTL**

**PROCESSING**

**QATAR: Fluor New Venture wins maintenance contract for Pearl GTL Project – CNR/49/11/7**

Fluor Corporation announced recently that Qatar National Facilities Services, a new venture partly owned by Fluor, signed a major long-term maintenance and services contract with Qatar Shell Gas-to-Liquids Limited (QSGTL) for its Pearl Gas-to- Liquids (Pearl GTL) project in the industrial city of Ras Laffan, Qatar. The new contract was awarded to provide maintenance services for the utilities and gas-to-liquids process sections of the plant. The contract has a five-year duration. The Pearl GTL project is expected to be complete by the end of 2010 with production ramp-up in 2011. (Business Wire, April 12, 2010)

**NATURAL GAS**

**PRODUCTION**

**SHARJAH: Dana Gas targets Zora's first gas in 2011 – CNR/49/11/8**

Dana Gas is aiming for first gas in 2011 from its Zora field development in the Sharjah Offshore Concession. The field, which straddles both Sharjah and Ajman waters, is being developed via two to three horizontal producer wells tied back to a small, unmanned production platform. Dana Gas foresees a start-up production rate of 50-60 MMcf/d. The gas will be exported ashore through a 30-km pipeline to an onshore processing plant, located in Sharjah's Hamriyah Free Zone. (Offshore, April 13, 2010)

**TANZANIA: Songo Songo gas output to be increased by 60% by the end of 2012 – CNR/49/11/9**

Orca Exploration plans to raise daily natural gas production at the Songo Songo field in Tanzania by 60% by the end of 2012 amid growing domestic power demand. The company's 2009 annual report said infrastructure constraints limited production capacity to 90 million cubic feet per day. The report said a target for 2010 was to "assist ... in planning a permanent expansion of the infrastructure system to 144 million cubic feet ... with the intention that the extra capacity will become operational by the end of 2012". The company said in November 2009 it saw capacity reaching 140 MMcfd within two years. Orca said it planned in 2010 to increase its gas processing

and transportation capacity on a temporary basis to 105 Mmcfd. "To increase the overall capacity of the infrastructure system to operate at 200 MMcfd, a twin onshore pipeline will need to be constructed. The timing of this will be dependent on the increase in gas demand, but it is forecast to be required by 2015/16," the report said. "Based on the current reserves and anticipated field deliverability profiles, Orca intends to develop gas markets that will utilise approximately 100 MMcf to 120 Mmcfd of additional gas on an average annual basis," said the report. The latest independent evaluation of reserves showed the Songo Songo field holding 490.2 billion cubic feet of proven and probable gas deposits, the company said. (Upstream, April 22, 2010)

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**TRINIDAD AND TOBAGO: BPTT plans Serrette gas production to begin in 2011 – CNR/49/11/10**

BP Trinidad & Tobago LLC (BPTT) said recently it will spend \$600 million on a project to produce natural gas from its Serrette platform on the northern section of its Columbus basin acreage. BPTT's Serrette platform is installed off the east coast of Trinidad and Tobago about 51 km north of its Mango development. The Serrette project was sanctioned in May 2009, has a design capacity of 1 bcf/d of gas, and will deliver a peak production of 500 MMscfd. The platform will tie into the Cassia B platform via a preinstalled connection at the Mango platform. Five development wells are expected to be drilled, and the gas will go to BPTT's national grid and LNG operations. Production is planned for the first quarter of 2011. (Oil & Gas Journal, May 3, 2010)

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**UNITED STATES: EIA revises 2009 gas production data – CNR/49/11/11**

The U.S. Energy Information Administration said recently it will revise gross natural gas production data for all of 2009. Earlier, EIA said it planned to revamp its methodology for calculating gross natural gas production, beginning with its February 2010 report due out on April 29, 2010. EIA said it will also revise previously released January 2010 production estimates but would not revise 2009 data until later in 2010. The statistical arm of the Department of Energy said the changes in its methodology will affect both sampling and the production estimation. EIA is

expected to make downward revisions to overall domestic gas production, adding output in some key states like Louisiana and Texas may be overstated and could see significant revisions. The pending data was seen by some as supportive for prices, but many analysts use weekly changes in gas storage to estimate the balance between supply and demand, so the revisions may not impact their fundamental assessments very much. Theoretically, the difference between supply and demand should be the amount of gas that is injected into or withdrawn from storage at any given time. (Reuters, April 26, 2010)

**RESERVES**

**UNITED STATES: Endeavour announces growing gas reserve estimates at of Cygnus field – CNR/49/11/12**

Endeavour International Corporation announced recently that successful appraisal drilling in the western area of the Cygnus gas field in block 44/11a has led to increased reserves and prospective resource estimates and extended the field boundary to the north and west.

Preliminary estimates of Cygnus reserves and prospective resources could potentially be as high as 2 trillion cubic feet of gas based on new well information making Cygnus one of the largest gas fields ever discovered in the United Kingdom sector of the southern North Sea. The 44/11a-4 well flow tested at a rate of 28 million cubic feet of gas per day. Endeavour holds a 12.5 percent interest in blocks 44/11a and 12a. License partners are GDF Suez E&P, the operator, and Centrica. (PRNewswire, April 15, 2010)

**VENEZUELA: Repsol reports more reserves than originally expected in Perla field – CNR/49/11/13**

Repsol said recently that a gas discovery in a Venezuelan field will now produce 30% more reserves than originally expected. The new find, in the Perla 2 well, located in the shallow water of the Gulf of Venezuela, has increased the reserve estimates for what is the group's biggest-ever gas discovery. The discovering consortium is equally

owned by Repsol and Italian energy group Eni. In the development phase, the Venezuelan state-owned oil company PDVSA will acquire a 35% stake and Repsol and Eni will each hold 32.5%. The field may contain recoverable gas volumes of 1.6 billion to 1.85 billion barrels of oil equivalent. New production tests on the well flowed 1.4 million cubic meters of gas a day and 1,500 barrels of hydrocarbon condensate per day. (MarketWatch, April 12, 2010)

**PROCESSING**

**CANADA: Spectra's processing plant approved by the National Energy Board – CNR/49/11/14**

The National Energy Board (NEB) recently approved an application from Westcoast Energy Inc., carrying on business as Spectra Energy Transmission (Westcoast) for the proposed Fort Nelson North Gas Processing Facility. The project is to be located approximately 75 kilometres northeast of Fort Nelson.

The plant will have the capacity to produce approximately 250 million standard cubic feet per day of raw gas. The NEB's approval to proceed with the project includes 22 facility conditions. One of these conditions requires that Westcoast submit an annual green house gas status report for this project, as well as updates on its investigation of possible carbon capture options, including any progress made towards the overall reduction of emissions. (Opinion 250, April 7, 2010)

**IRAN: Bank Saderat Iran to invest in gas projects – CNR/49/11/15**

Bank Saderat Iran (BSI) will invest up to 12.5 billion euros to develop gas industry projects over the fifth Five Years plan (2010 - 2015), managing director of the National Iranian Gas Company (NIGC) Javad Owji said. Two Memorandum of understandings worth of 3 billion euros have been signed with the Bank Saderat Iran to build one ethane unit at the Parsian gas processing plant and another one at the Bidboland 2 gas processing plant. Mr. Owji said; "Construction of

the ninth gas trunk line, development of Ilam, Jam and Parsian gas processing plants and construction of the remaining part of the second Turkmenistan gas pipeline are among the NIGC's most important projects in the coming year". Elsewhere in his remarks engineering Owji said two contracts had been signed with domestic companies in order to complete the sixth Tehran gas pipeline with a length of 650 km and development of Ilam gas processing plant, saying the two projects would be implemented over 2011. (Oilvoice, April 21, 2010)

**PAPUA NEW GUINEA: InterOil and Mitsui to jointly operate condensate stripping facility – CNR/49/11/16**

InterOil Corporation announced recently that the company has entered into agreements with Mitsui & Co. Ltd., to jointly operate and fund the preliminary works involved to develop a proposed condensate stripping facility at InterOil's Elk and Antelope field site in Gulf Province, Papua New Guinea.

The preliminary works program is for all the works required to take us through the Front End Engineering and Design (FEED) stage for the construction of a condensate stripping plant, to the point of Final Investment Decision (FID). The project is proposed to be designed to process 400 million standard cubic feet per day of wellhead gas with an anticipated yield of approximately 9,000 barrels (bbls) of condensate per day.

Dry gas will be reinjected into the reservoir for storage until the proposed LNG facility has been constructed. The condensate will be barged to the InterOil refinery in Port Moresby for processing and sale. Standard conditions of the agreements include the completion of FEED, an EPC agreement, and the definitive agreements by December 31, 2010, necessary to reach FID. (Interoil press release, April 15, 2010)

**QATAR: Al Khaleej Gas 2 inaugurated – CNR/49/11/17**

The Emir H H Sheikh Hamad bin Khalifa Al Thani will soon inaugurate Al Khaleej Gas 2 (AKG-2), the second and last phase of Al Khaleej Gas Project (AKG).

The two AKG phases combined will have a total production capacity of two billion cubic feet of gas per day. AKG-2 is designed to produce approximately 1.2bn standard cubic feet of sales gas per day, 61,000 barrels of field and plant condensate, 2,400 tonnes of natural gas liquids (propane and butane) and an estimated 2,500 tonnes a year of ethane for use as petrochemical feedstock. Several companies will benefit from AKG

product: Laffan Power Company, Qatar Power, Oryx GTL and will also supply gas to Ras Laffan Olefins Company and Laffan Refinery as well as Qatalum. (The Peninsula, April 19, 2010)

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**SYRIA: Suncor Energy announces first commercial gas from the Ebla Development – CNR/49/11/18**

Suncor Energy Inc. announced recently that first commercial gas has been achieved from the Ebla gas development in central Syria. Located in the Central Syrian Gas Basin, Ebla includes the Ash Shaer and Cherrife development areas. The Ebla development comprises the gas producing wells, a gas gathering and compression station, approximately 80 kilometres of pipeline and a gas treatment plant. The facility is designed to

produce 80 million cubic feet per day of gas along with related LPG and condensate volumes. Natural gas is delivered into the Syrian national gas grid for the local market. Suncor, through its Petro-Canada subsidiary, is a major investor in Syria with its development of the Ebla Gas Project. Under the terms of the production sharing contract, Petro-Canada and the General Petroleum Corporation will form an operating company which will have the operating responsibility for the Ebla gas development. (Marketwire, April 19, 2010)

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**UNITED STATES: Enbridge Energy Partners plans to construct additional cryogenic gas processing capacity in Texas Panhandle – CNR/49/11/19**

Enbridge Energy Partners, L.P. announced recently plans to construct a cryogenic processing plant on its Anadarko natural gas gathering system. The proposed facility, with a planned capacity of 150 million cubic feet per day is needed to accommodate a resurgence of horizontal drilling activity in the natural gas liquid rich Granite Wash Formation in the Texas Panhandle.

"The Granite Wash, which has been a vertical play in the Texas Panhandle and western Oklahoma for several years, has seen a significant increase in drilling activity due to more sophisticated horizontal drilling and completion techniques and strong natural gas liquids prices," said Terrance L. McGill, president of the Partnership's management company and of its general partner. When operational, the new plant would increase the Anadarko System's total processing capacity to more than 650 mmcf/d. The new plant is anticipated to be operational by the end of the first quarter of 2011. (Marketwire, April 12, 2010)

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**UNITED STATES: Oneok Partners announces projects including new gas processing plant in North Dakota – CNR/49/11/20**

Oneok Partners, L.P. announced recently that it will invest approximately \$405 million to \$470 million between now and the end of 2011 for projects in the Bakken Shale in the Williston Basin in North Dakota and the Woodford Shale in Oklahoma. These investments include construction of a new 100 million cubic feet per day gas processing facility - the Garden Creek plant - in eastern McKenzie County, N.D., and related expansions. Completion is expected in the fourth quarter of 2011. In addition to the construction of a new natural gas processing plant, Oneok Partners' natural gas gathering and

processing segment will invest an additional \$200 million to \$205 million during 2010 and 2011 for new well connections, expansions and upgrades to its existing natural gas gathering system infrastructure in the Bakken Shale. These investments include an expansion and upgrade of the natural gas gathering systems and adding new compression to serve the new Garden Creek plant; natural gas gathering system and compression upgrades to bring the existing Grasslands natural gas processing plant to its full capacity by the end of 2010; and \$90 million to connect more than 300 wells in 2010 and approximately 400 wells in 2011 to the partnership's Williston Basin natural gas gathering system. (PRNewswire, April 21, 2010)

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**UNITED STATES: Dominion and Exterran Holdings agree to build two gas processing plants in Appalachian Basin – CNR/49/11/21**

Dominion and Exterran Holdings, Inc. will team up to provide increased natural gas processing in the Appalachian Basin. Under an agreement signed by the companies, two natural gas processing plants will be designed, built and installed by Exterran. One will be an 8 million cubic feet per day capacity plant in Carlisle, Ohio, and the other a 10 million cubic feet per day capacity plant in Schultz, West Virginia.

The two plants will be owned and operated by Exterran under a twelve-year services agreement with Dominion. Construction is expected to begin immediately. Commercial operation of the Carlisle plant is anticipated in January 2011 and commercial operation of the Schultz plant is anticipated in May 2011.

The Carlisle plant is expected to allow more local natural gas to be processed and delivered into the Dominion East Ohio local natural gas distribution system. The Schultz plant is expected to allow more local natural gas to be produced into Dominion's gathering system in West Virginia, processed, and then delivered to market through Dominion Transmission's interstate pipeline system. (PRNewswire, April 20, 2010)

### **TRANSPORTATION-DISTRIBUTION**

#### **AUSTRIA: Gazprom and OMV sign a framework agreement of cooperation under the South Stream project – CNR/49/11/22**

Vienna Alexey Miller, Chairman of the Gazprom Management Committee, and Dr. Wolfgang Rutenstorfer, CEO and Chairman of the Executive Board of OMV signed recently a Framework Agreement of Cooperation under the South Stream project on the territory of the Republic of Austria. The agreement sets forth conditions and deadlines for implementation by Gazprom and OMV of the Austrian section of South Stream and stipulates principles and mechanisms of the parties' interaction at the pre-

investment stage of the project. The agreement stipulates that in the near future the parties will set about developing a feasibility study of the Austrian section of South Stream. Gazprom and OMV will also set up on a parity basis a joint engineering company for design, financing, construction and operation of Austria's section of South Stream with a minimum annual capacity of 5–10 billion cubic meters. It is assumed that within the implementation of the South Stream project on the territory of Austria OMV will be supplied on a long-term basis with additional 2 billion cubic meters of natural gas. (Gazprom press release, April 24, 2010)

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#### **EAST TIMOR: Government refuses transport of gas to Darwin by Woodside – CNR/49/11/23**

The government of East Timor recently re-stated that it will not allow exploration of the "Greater Sunrise" oil and natural gas field, if Australian company Woodside continues with its plan to transport the gas to Darwin or to use a floating rig. The spokesman for the East Timor government and secretary of State for the Council of Minister, Ágio Pereira, said in Dili that "Woodside has no unilateral authority in decisions relating to East Timor's resources". "The country is strongly focused on building an oil industry on land, including a gas pipeline from Greater Sunrise to East Timor, as well as on protecting East Timor's resources for the benefit of future generations," noted the East Timor government spokesman. (Macau Hub, April 13, 2010)

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#### **EUROPE: New pipeline considered from Sangachal terminal to the Georgian port of Supsa – CNR/49/11/24**

Chairman of White Stream Pipeline Company, Roberto Pirani said recently that the company studies the possibility of building a new pipeline from the Sangachal terminal near Baku to the Georgian port of Supsa. "Current work is concentrating on the Sangachal to Supsa gas pipeline, which will run parallel to the existing SCP, and further study adjustments for the Black

Sea crossing and the compression and terminal stations". The White Stream project consists of several stages, the first of which includes the construction of an underwater pipeline from Georgia to Romania, which will be laid on the Black Sea. The initial capacity of White Stream will be 8 billion cubic meters per year, which will later be increased to 16 and then to 32 billion. Initial volumes of gas for White Stream are expected from Azerbaijan. (Trend, April 23, 2010)

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#### **INDIA: GAIL plans pipelines to supply cities of North India – CNR/49/11/25**

Gas Authority of India Ltd plans to invest over the next three years for laying pipelines to supply natural gas to cities in North India. GAIL chairman and managing director B. C. Tripathi said the company was laying new pipelines to connect cities like Meerut, Saharanpur and Moradabad in UP, Dehradun in Uttrakhand, Bhatinda and Nangal in Punjab and Panipat, Hissar and Gurgaon in Haryana by 2013.

He said demand for gas in northern India was expected to grow at the rate of 20- 25 per cent over the next two to three years. Tripathi said the share of natural gas in the energy basket will rise to 12 per cent by 2012-13 from current 10 per cent. He said domestic gas production will rise to 170-175 mmscmd in the next four to five years from 135 mmscmd currently after new gas fields that have been discovered made by Oil and Natural Gas Corp (ONGC) and Gujarat State Petroleum Corp (GSPC) come into production. (India Today, April 13, 2010)

**ITALY: E.ON stops gas grid sale process India – CNR/49/11/26**

E.ON AG said recently it has stopped the sale of its Italian gas grid because bidders failed to come up with attractive offers for the asset. An E.ON spokesman said that the sale has been stopped because the company has decided that it wouldn't be "strategically and economically reasonable" despite having received "several interesting offers". (Dow Jones, April 21, 2010)

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**UNITED STATES: Dominion announces gas projects in West Virginia, Pennsylvania and Ohio – CNR/49/11/27**

Dominion Resources Inc. announced recently a project to harvest, process and transport growing volumes of wet natural gas in West Virginia, Pennsylvania and Ohio. Dominion's Marcellus 404 project, designed to handle up to 300,000 thousand cubic feet per day of natural gas, will

initially provide 45,000 thousand cubic feet per day, the Richmond company said. It also plans to provide fractionation capacity for 32,000 barrels per day of natural gas liquids. As part of the project, Dominion said it plans to locate new processing facilities in north-central West Virginia so it can then deliver the natural gas into Dominion Transmission's system or other gas outlets. (Associated Press, April 21, 2010)

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**UNITED STATES: FERC gives approval to new pipeline expansion line in Mobile County – CNR/49/11/28**

The Federal Energy Regulatory Commission said in a recent environmental assessment that the two pipeline expansions plans to connect a liquefied natural gas terminal under construction in Pascagoula to a main line in Mobile County "would not significantly affect the quality of the human environment» The 15.5-mile Pascagoula project and the 8.8-mile Mobile Bay Lateral project will connect Gulf LNG Energy's \$1.1 billion LNG terminal with two new interconnections near Grand Bay, Ala. The pipeline will have a capacity of approximately 810,000 dekatherms. The Pascagoula supply line will deliver gas into the Mobile Bay project pipeline, and both lines are expected to be in service by September 2011, the assessment said. (Gulf Live, April 23, 2010)

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**UNITED STATES: NiSource and MarkWest Liberty announce plans to transport more gas from Marcellus play – CNR/49/11/29**

NiSource Gas Transmission & Storage and MarkWest Liberty Midstream & Resources, LLC announced recently continued joint development of new natural gas gathering, processing, and transmission projects to support increased Marcellus production volumes in the northern West Virginia area of the Appalachian Basin. NGT&S and MarkWest Liberty are in discussions with a number of natural gas producers and intrastate pipelines regarding plans to provide new rich-gas gathering and processing services in association with NGT&S assets near its Smithfield, W.Va., compressor station. The gathering and transmission assets are part of NGT&S' extensive pipeline network and will serve producers in Marshall, Wetzel, and Doddridge counties in West Virginia. Natural gas will also be gathered through non-affiliated gathering systems in Marion, Harrison, Tyler, and Pleasants counties. The affiliated and non-affiliated pipeline systems will deliver gas into Smithfield where

MarkWest Liberty plans to install a 120 million cubic feet per day cryogenic processing facility as early as mid-2011 and could increase the capacity to approximately 240 MMcf/d by mid-2012. MarkWest Liberty would complement these processing facilities with fractionation services provided at its Houston, Pennsylvania NGL fractionation, storage, and marketing complex. The gathering capacity would be made available in the near future with access to NGT&S' regulated transmission and storage services. A portion of the transmission capacity could be available for service as early as November 2010, with the remaining capacity available by April 2011. Additional expansions of gathering and processing capabilities in the region will be made available as producers expand their drilling activities in the area. Initial primary delivery points from MarkWest's proposed processing facility at Smithfield would be to the NGT&S Columbia Gas Interruptible Paper Pool (IPP) or to the Segmentation Pool (Seg. Pool) at Leach, Kentucky (MA19). (Business Wire, April 26, 2010)

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**UNITED STATES: Spectra Energy holds open season for T-North expansion – CNR/49/11/30**

Spectra Energy Corp announced recently open seasons to assess customer requirements for expanded transportation service on its Transportation North (T-North) system, and for raw gas gathering and

processing service in the Fort Nelson resource area. Interested parties are invited to respond to a binding open season for up to 200 million cubic feet per day (mmcf/d) of firm transportation service from Spectra Energy's Fort Nelson Gas Plant to existing and proposed delivery points into the NOVA Gas transmission system. The planned expansion has a targeted in-service date of January, 2012. (Spectra Energy press release, April 13, 2010)

### **SUPPLIES - IMPORTS - EXPORTS**

#### **ALGERIA: Gas exports to jump 50% by 2015 – CNR/49/11/31**

Algerian Minister of Mining and Energy Chakib Khelil said recently that the country's natural gas exports will increase by over 50 percent in the next five years. Algeria's scheme to boost its natural gas exports will start in mid-2010 and is

set to reach 85 billion cubic meters by 2015, he said. Algeria's natural gas exports will be strengthened following the operation of the third Medgaz pipeline, said Khelil. This pipeline will have a capacity of eight million cubic metres by July 2010. (Menafn, April 18, 2010)

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#### **AUSTRALIA: Santos signs Gas Sale and Purchase agreement with Wesfarmers – CNR/49/11/32**

Santos announced recently that it has signed a Gas Sale and Purchase Agreement with Wesfarmers Energy (Gas Sales) Limited for the supply of up to 60 petajoules of gas over more than five years. The gas will be sourced from the John Brookes gas field offshore Western Australia and processed at the Varanus Island gas hub. Supply will commence in the second half of 2010. This contract will be solely supplied by Santos from its share of John Brookes' production. Santos has a 45 per cent non-operating interest in the John Brookes gas field, with operator Apache Energy holding the other 55 per cent stake. Wesfarmers extracts LPG from the Dampier to Bunbury transmission pipeline for domestic and export markets. (Santos press release, April 13, 2010)

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#### **AZERBAIJAN: Syria may receive gas supply – CNR/49/11/33**

Minister of Industry and Energy, Natic Aliyev, said recently that Azerbaijani can supply gas to Syria on the favourable terms for Azerbaijan. According to him, working groups created within the memorandum on gas supplies signed earlier between Azerbaijan and Syria. Two export directions are considered: supply of fuel through Turkey and supply of Azerbaijani liquefied natural gas from Georgian border with Turkey. Now

Turkey and Syria are working towards the unification of pipeline systems. Deliveries of Azerbaijani gas will begin after the completion of the connecting pipeline between Syria and Turkey, which is scheduled for 2011-2012. These countries will realize the construction of a 63-kilometer gas pipeline between Aleppo, Syria, and Kilis, Turkey, Syrian Petroleum and Mineral Resources Deputy Minister Hasan Zeinab said. (Trend, April 27, 2010)

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#### **INDIA: GAIL disagrees with uniform price for natural gas – CNR/49/11/34**

GAIL (India) Ltd said recently it isn't possible to streamline the price of natural gas sourced from different fields and sell it at a uniform price to all sectors, effectively opposing a plan by the petroleum ministry to move to a common price regime.

GAIL has submitted a report to the ministry stating that the different types of consumers and the different prices at which gas producers sell it come in the way of such a plan. Consumers include the power, fertilizer and petrochemical sectors and city households. Gas from the Reliance Industries Ltd (RIL)-operated KG D6 field in the Krishna-Godavari basin is priced at \$4.20 per million British thermal unit, compared with \$1.82 per mmBtu for gas produced by Oil and Natural Gas Corp. Ltd and Oil India Ltd.

Gas from the BG Group Plc-operated Panna, Mukta and Tapti fields off the western coast costs \$5.73 per mmBtu and Ravva gas off the Andhra Pradesh coast is priced at \$5.50 per mmBtu. GAIL's report comes at a time when the government is planning to increase the cost of so-called administered price mechanism (APM) gas to around \$2.60 per mmBtu. This will push up fuel costs for the sensitive power and fertilizer sectors, putting pressure on them to pass on the increase to consumers.

The report is in line with a study by energy consultancy Mercados EMI, commissioned by GAIL, which had recommended different gas prices for different sectors. Petroleum secretary S. Sundareshan said recently "I am not saying there should be arithmetical equality, but approximate(ly) equitable prices all over the country (is desirable)," Sundareshan had said.

"You could have a pooled pricing mechanism, which will be approximately having equal prices... Another solution which has great credibility could be that we could have sectoral pricing". (DownstreamToday, April 12, 2010)

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**INDIA: NTPC to buy more gas from RIL – CNR/49/11/35**

Power utility NTPC will buy an additional 1.5 million cubic meters a day of gas from Reliance Industries at government-approved price of \$4.2 per mmBtu to feed its power plants in north India. The government had allocated NTPC 4.46 mmscmd of gas from RIL's eastern offshore KG-D6 fields but it currently draws only 1.81 mmscmd due to resistance from state gas utility GAIL to transport additional volumes, official sources said. Close to 60 per cent of the allocated volumes were for NTPC's Kawas and Gandhar power plants in Gujarat. But the state-owned firm did not want to use KG-D6 gas at these plants. An Empowered Group of Ministers (EGoM) in 2009 decided that the state gas utility GAIL India will swap KG-D6 gas with fuel from other fields. Under

this scheme, gas from western offshore Panna/Mukta and Tapti (PMT) fields that were currently supplied to NTPC's northern India plants, was to be diverted to Kawas and Gandhar. The deficit at the northern India plants was then to be made up by KG-D6 gas. NTPC has contracted 0.79 mmscmd of KG-D6 gas for its Anta plant in Rajasthan, 0.54 mmscmd for Dadri unit in Uttar Pradesh, 0.26 mmscmd for its Auriya plant in Rajasthan and 0.22 mmscmd at its Faridabad unit in Haryana. With the swap, supplies would go up to 3.31 mmscmd. This would still leave 1.15 mmscmd of allocated quantities to be supplied. RIL currently produces about 63-64 mmscmd of gas as against a potential of 80mmscmd as government nominated customers like NTPC are yet to offtake their full allocated quantity. (The Economic Times, April 11, 2010)

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**RUSSIA: Addenda to contract on gas supply to Ukraine signed – CNR/49/11/36**

An addendum to the natural gas supply contract between Gazprom and Naftogaz Ukrainy has been recently signed. The annual contract volume of gas in 2010 is increased to 36.5 billion cubic meters. Naftogaz Ukrainy will pay for gas with a discount equal to a reduction of the export duty on gas deliveries to Ukraine, which is set by the Russian Government.

The discount is expected to make up 30 per cent of the total gas price, but no more than USD 100 per 1,000 cubic meters, and will apply to 30 billion cubic meters in 2010 and 40 billion cubic meters in subsequent years. The price formula and 'take-or-pay' clause remain unchanged. The addenda also cancel the contract provisions covering the mutual penalty sanctions, which in practice haven't been applied. According to Alexey Miller, "the changes have been introduced in the contract in pursuance of the intergovernmental agreements and don't have a negative effect on Gazprom's economics".

The accord was also reached that 80 per cent of the gas transit cost would be paid by Gazprom before the 6th day of the following month and 20 per cent – as per the existing gas transit contract – before the 20th day of the following month. (Gazprom press release, April 21, 2010)

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**UNITED STATES: Piedmont Natural Gas plans to provide gas service to New Sutton power generation facility – CNR/49/11/37**

Piedmont Natural Gas announced recently an agreement with Progress Energy Carolinas to provide natural gas delivery service to the electric utility's recently announced power generation facility to be built at its existing Sutton site near Wilmington, N.C. Piedmont will construct approximately 133 miles of transmission pipeline and install 23,000 HP of new compression facilities to serve the new 620 MW combined cycle Sutton plant. Subject to approval by the North Carolina Utilities Commission, Piedmont will

begin construction of the new natural gas pipeline and compression facilities early in 2011 and be ready for service in June 2013. Piedmont Natural Gas announced recently that the Sutton project alleviates the need for it to pursue further development of its previously announced Robeson Liquefied Natural Gas storage project at this time. The Robeson LNG storage project was put on hold by the Company in March 2009 pending further evaluation of its growth requirements in the eastern part of North Carolina and the timing of natural gas infrastructure to serve that growth. (PRNewswire, April 15, 2010)

## STORAGE

### **SPAIN: UOP to provide impurity removal technologies for Castor UGS Project – CNR/49/11/38**

UOP said recently that its Separex membrane system and sulfur removal adsorbent technologies have been selected for Spain's Castor underground natural gas storage project.

The Separex system and UOP GB-220 adsorbent will be used to remove impurities from the extracted natural gas in the on-shore facilities of the project located in Vinaroz. Removing impurities is said to be a critical step in upgrading natural gas so it can be transported by pipeline. According to UOP, the Separex system will allow the facility to process up to 980 million standard cubic feet per day of natural gas. To date, 70 Separex units have been installed worldwide.

The Castor UGS project consists of an underground gas storage reservoir that lies at a depth of 1,720m approximately 21km off the east coast of Spain, two offshore platforms for 13 wells and processing facilities; an onshore compression and processing plant located in the municipality of Vinaroz; and an adjoining 30-inch pipeline. The development will be operated by Escal UGS, a joint venture of ACS Group, Engas and Castor. The development of the storage facility will start in 2012, with first gas extraction expected in 2014. (Energy Business Review, April 8, 2010)

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### **UNITED STATES: Louisiana's Bully Camp Storage Project to receive soon issue of environmental assessment – CNR/49/11/39**

The Federal Energy Regulatory Commission said recently it plans to issue an environmental assessment in relation to BCR Holding's Bully Camp Gas Storage Project in Louisiana. BCR proposes to construct and operate a new storage

facility in a solution-mined salt dome in Lafourche Parish, La. The facility would provide about 15 Bcf of working gas storage to regional transmission shippers via two salt storage caverns, each with a working capacity of 7.5 Bcf. (Argus, April 22, 2010)

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### **UNITED STATES: Alaska legislators approve incentives for gas storage facilities – CNR/49/11/40**

Alaska legislators approved recently incentives for natural gas storage facilities in Southcentral Alaska. The natural gas storage incentives in House Bill 280 provide a tax credit of \$1 per thousand cubic feet of new storage capacity of a minimum of 500 million cubic feet and 10 million cubic feet of daily deliverability capacity. The bill also provides for a 10-year holiday on rental and lease fees of state-owned lands. Alaska currently has no gas storage facility available to utilities, although Cook Inlet gas producers Marathon Oil Co. and Chevron Corp. maintain small storage facilities for their own needs. With production of gas from existing Southcentral gas wells declining to where mid-winter supply can no longer meet demand, storage is urgently needed, said House Speaker Mike Chenault, R-Kenai. In a separate section, the bill requires the state regulatory commission to consider security of gas supplies in its consideration of new contracts as well as the price of gas to consumers. (Alaska Journal of Commerce, April 23, 2010)

## USE FOR POWER GENERATION

### **AUSTRALIA: Karratha power station comes online – CNR/49/11/41**

ATCO Power's new 86 megawatt Karratha generating station, located 1,600 kilometres north of Perth, Western Australia, commenced recently full commercial operation. Currently comprising

two 43 MW high-efficiency gas turbines, the power station can be expanded with the addition of a heat recovery steam generator that would generate additional electricity from waste heat. (Gas Today, April 19, 2010)

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### **BANGLADESH: Prime Minister lays foundation of Chandpur power plant – CNR/49/11/42**

Prime Minister Sheikh Hasina recently laid foundation stone of Chandpur 150MW combined cycle power plant with uncertainty of gas supply at Balur Mat Sub-Grid station in Chandpur. Power Development Board (PDB) signed a deal with a Chinese contractor- China Chengda Engineering Co Ltd (CCECL) to install the power plant in February 2010. The Chandpur 150MW Combined Cycle Plant will come into electricity generation by 2012. The PDB wants the Petrobangla assurance for gas supply while the Petrobangla said that it would try its best to supply required gas for the plant. (The New Nation, April 25, 2010)

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**FRANCE: Eon starts up gas-fired power turbines in Emile Huchet power plant – CNR/49/11/43**

E.on recently started up two new 430MW combined-cycle gas turbines (CCGT) at its Emile Huchet power plant in France. The Emile Huchet site now has an installed capacity of 1,946MW, including three coal-fired units. The plant was formerly owned by France's Snet, which Eon fully acquired in an asset swap with French state-controlled utility EDF in October 2009. (Argus, April 22, 2010)

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**UNITED KINGDOM: Langage CCGT plant starts commercial operations – CNR/49/11/44**

Centrica's 885MW Langage combined-cycle gas turbine plant started recently full commercial operations. Centrica had previously planned for Langage to start full commercial operations before the end of 2009. (Argus, April 23, 2010)



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