



Vol. 49, n° 13, June 22, 2010

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LNG

PROCESSING

AUSTRALIA: BHP Billiton and ExxonMobil study new LNG project – CNR/49/13/1

BHP Billiton and ExxonMobil are studying a new liquefied natural gas development in Western Australia for the offshore Scarborough and Thebe fields. BHP petroleum Chief Mike Yeager said BHP had been in talks with Chevron about tying in Scarborough with the Wheatstone project, and Woodside, about doing the same with Pluto. He also said the company was looking at development of a standalone onshore LNG plant at Onslow, or an offshore option. BHP and Exxon

hold 50 per cent each of Scarborough, which is believed to hold about 10 trillion cubic feet. BHP owns all of Thebe, which contains 2-3 trillion cubic feet of gas. Mr Yeager said Scarborough could produce between 150,000 and 175,000 barrels of oil equivalent a day, which equated to 5.8-6.7 million tonnes of LNG annually. BHP and Exxon are hoping to make a decision on how to develop the fields in the next six months with a view to production towards the end of the decade. (The Australian, May 25, 2010)

NEW ZEALAND: L&M Energy studies small-scale LNG projects – CNR/49/13/2

L&M Energy signed recently an agreement with HW Richardson Group to investigate the feasibility of developing small-scale LNG projects in New Zealand. The company said that it will begin the feasibility study with an investigation into the potential for a project utilising gas from L&M's 173PJ (3P) coal seam gas (CSG) asset near Ohai, in Southland. HW Richardson Group is one of New Zealand's largest trucking companies, and distributes fuel through its subsidiary Allied Petroleum. (Gas Today, June 10, 2010)

PERU: First South American LNG plant inaugurated – CNR/49/13/3

The Melchorita plant, first natural gas liquefaction plant in South America, was recently inaugurated. The plant has a nominal capacity of 4.4 million tons per year and will process 620 MMcfd of natural gas. In addition, at the plant site are the two largest storage tanks in Peru (each stores 130,000 m3 of LNG) and a marine terminal that stretches more than 1 kilometer long and will receive tankers of 90,000 to 173,000 m3 each. Thanks to an agreement signed with TGP and

recently approved by the Ministry of Energy and Mines, the PERU LNG pipeline will provide up to 550 MMcfd of transport capacity for the Peruvian market. Four companies form the PERU LNG consortium: Hunt Oil Company of the United States, with a 50% participating interest; SK Energy of South Korea, with a 20% participating interest; Repsol of Spain, also with a 20% participating interest; and Marubeni Corporation of Japan, with a 10% participating interest. (PRNewswire, June 10, 2010)

RUSSIA: Vladivostok LNG plant at pre-investment stage – CNR/49/13/4

Vsevolod Cherepanov, head of Gazprom's upstream department said recently that Gazprom is still considering building additional LNG capacity in Russia's Far East with a planned LNG plant project at Vladivostok in the pre-investment stage. Vladivostok LNG "is one of [a number of] interesting possibilities to have additional capacities to liquefy and possibly compress natural gas in Far East," added Viktor Timoshilov, head of Gazprom's eastern projects division.

In October 2010, local media reported Gazprom was considering a capacity of 15-16 million mt/year for the Vladivostok LNG plant to be built over 2016-20. Gazprom previously said the Vladivostok plant would use gas from both Sakhalin Island and the Chayandinskoye field in East Siberia. (Platts, June 7, 2010)

SOUTH KOREA: Daewoo Shipbuilding & Marine Engineering unveils LNG-FPSO plans – CNR/49/13/5

Daewoo Shipbuilding & Marine Engineering recently unveiled its own generic LNG floating production, storage and offloading (FPSO) unit. The yard has developed a design for a two-million-tonne-per-annum LNG-FPSO. Named DFLNG, the unit will be 310 metres long, 65 metres wide and 20.3 metres high.

It will house eight tanks arranged in two rows and use the No 96 membrane-type containment system. The LNG floater would have capacity to supply 210,000 cm of LNG, 20,000 cm of LPG and 40,000 cm of condensate.

It would be fitted with an internal turret mooring system and be kitted out for side-by-side offloading. Visiting shuttle LNG carriers ranging in size from 135,000 cm to 175,000 cm can be accommodated. (Seatrade Asia, June 3, 2010)

UNITED STATES: Cheniere Energy plans to produce and export LNG from Sabine Pass – CNR/49/13/6

Cheniere Energy unveiled recently plans to build a liquefied natural gas export plant. Cheniere now plans to produce and export LNG by 2015, as U.S. natural gas demand lags and production grows. "We believe current market fundamentals have created an opportunity for the U.S. to offer natural gas to global markets at competitive prices," Cheniere chief executive, Charif Souki.

Cheniere estimates Sabine Pass, which would still be able to import LNG, can accommodate up to four LNG production trains with capacity to each produce 3.5 million tonnes per year of LNG. The initial plan would be to build two trains with further expansion based on customer interest. Cheniere intends to make a request to the Federal Energy Regulatory Commission to begin a pre-filing process by the end of June 2010. (Reuters, June 4, 2010)

TRANSPORTATION-DISTRIBUTION

BELGIUM: First loading of small scale' methane carrier at LNG terminal Zeebrugge – CNR/49/13/7

Distrigas recently completed delivery of the first cargo on board a 'small scale' LNG vessel to Gasnor at Zeebrugge. The cargo of 7 500 m3 of LNG has been loaded on board the Coral Methane, a multi-purpose liquefied gas carrier. The cargo will be transported to Gasnor LNG terminal located in Norway. Small Scale LNG Trade is a fast growing activity, especially in Scandinavia where LNG is amongst others used as an environmentally friendly fuel for ferries. (Distrigas press release, May 20, 2010)

IRAN: Six LNG carriers ordered from China – CNR/49/13/8

Mohammad Souri, Managing Director of the National Iranian Tanker Company, said recently that Iran has ordered six tankers from China to transport the liquefied natural gas it hopes to export. (Iran Daily, May 31, 2010)

SPAIN: Sevilla Knutsen LNG carrier joins the fleet managed by Stream – CNR/49/13/9

Knutsen OAS AS recently delivered the LNG carrier Sevilla Knutsen to Repsol. Delivery took place at the Daewoo Korean shipyard in Opko. The vessel has come into operation with a long-term charter and will be added to the fleet managed by Stream. Sevilla Knutsen, with a cargo capacity of 173,400m3, is heading to Pampa Melchorita (Peru) for her maiden voyage. (Stream press release, June 1, 2010)

SUPPLIES - IMPORTS - EXPORTS

EUROPE: More purchases of LNG as it seeks to reduce dependence on supplies by pipelines – CNR/49/13/10

Laurent Chevalier, president of gas and power ventures said recently that Europe may boost purchases of liquefied natural gas as it seeks to reduce dependence on supplies of the fuel piped from Russia and Algeria. Europe reduced supplies of piped gas by about 10 percent to 313 billion cubic meters in 2009, with Russian supplies down by 15 percent, he said.

That compares with a 23 percent increase in LNG purchases to 68 bcm, he added. Demand for natural gas in Europe, which declined by about 5 percent in 2009 to 540 bcm, may rise to 676 billion by 2020, according to him. Europe is adding about 65 billion in LNG import capacity with more than 150 billion of new capacity in the planning stages, he said. Imports of LNG by the United Kingdom raised more than nine fold as it built new LNG receiving terminals, Chevalier said.

Demand for natural gas in the U.K. fell by 7 bcm in 2009 because of the global recession and domestic production fell 10 bcm as North Sea output drops, he said. Net LNG imports by the U.K. rose by 3 bcm in 2009 after shipments rose 9 billion and pipeline supplies shrank 6 bcm, according to his presentation. LNG

imports increased because of cheaper prices, he said. Spot LNG, indexed to domestic gas benchmarks, is cheaper compared with Russian supplies, which are linked to oil prices. "There's a current disconnect between spot and long-term gas prices in Europe," Chevalier said.

Crude oil futures in New York have more than doubled to \$72 a barrel from about \$33 in December while LNG prices have stagnated at \$7 per million British thermal units, according to buyers and official data. Europe's economic recovery is uncertain, he said. The United States may not need "significant" LNG imports because of domestic gas discoveries from unconventional sources. (Bloomberg, June 9, 2010)

INDONESIA: 70% of Donggi-Senoro LNG production will be exported – CNR/49/13/11

The final terms of Indonesia's controversial Donggi-Senoro liquefied natural gas project is to be set with a compromise split between export and domestic sales, a government official said. The government has decided to allow 70 percent of the production to go for export, and 30 percent for domestic use, said the official. Pertamina, together with I PT Medco Energi International and Mitsubishi Corp, had agreed to build the Donggi-Senoro LNG plant with a capacity of 2 million

tonnes per year. The project requires \$1.7 billion for upstream activities and \$2 billion for downstream, and is now expected to go on stream in 2014. Energy Minister Darwin Saleh said that he wanted to hear from domestic buyers as to whether they were ready to buy the gas from the project. Pertamina said previously that the price of the gas will be about \$6 per million British thermal unit at the wells head and about \$12 per MMBTU at a receiving terminal in Java Island. (Reuters, June 4, 2010)

QATAR: Qatar Petroleum agrees to sell LNG to Bangladesh – CNR/49/13/12

Qatar Petroleum recently agreed to sell liquefied natural gas to Bangladesh to help the South Asian country meet its fast-growing energy demand, a senior official said. "They assured to make the LNG available for us to buy and also wished to enter into a long-term contract," said Mohammad Muqtadir Ali, chief of Bangladesh's newly-formed LNG cell. The import would be equivalent to a daily natural gas supply of 500 million cubic feet, Muqtadir said. Bangladesh's gas supply stands at 2,000 mmcf a day while demand is at 2,300 mmcf and could rise above 2,500 mmcf, Muqtadir said. He said that LNG imports would also help the country boost power generation. The government has asked Excelerate to complete a study to find out a site for an LNG terminal and to determine the cost. Petrobangla is also discussing with the Asian Development Bank to fund the LNG project. (Reuters, June 8, 2010)

RUSSIA: Gazprom ready to sell LNG to India – CNR/49/13/13

Foreign cooperation department head Stanislav Tsigankov said recently Gazprom is considering supplying liquefied natural gas to India. Tsigankov said in view of the growing consumer demand, the cooperation with India is developing successfully at New Delhi's initiative. "We are systematically working with Indian companies, and a number of exploration projects (in the Bay of Bengal) are

underway," Tsigankov said. ONGC has a 20 per cent stake in the neighbouring Sakahlin-1 project operated by ExxonMobil and is keen to process its share of natural gas at Sakahlin-2 for export to India. OVL is also showing interest in acquiring new stakes in the huge Sakahlin-3 project owned by Gazprom. However, the Eastern projects coordinator of Gazprom said there were no plans to invite foreign investors in Sakahlin-3 project. (PTI, June 7, 2010)

STORAGE

CROATIA: LNG terminal planned near Ploce – CNR/49/13/14

Gas Natural SDG S.A. and National Oil Company from Iran are planning to build a liquefied natural gas terminal for central Europe near Rogotin in southern Dalmatia. The two companies would enter after the formation of a group including Berber from Zagreb.



The location of the terminal would be two kilometres of airway from the port of Ploče. Berber officials have invited the Croatian energy companies Hrvatska Elektroprivreda (HEP) and Plinacro to join the project. Djuro Popijac, the Croatian Minister of the Economy has given his support to energy projects that are "economically and environmentally viable". (Croatian Times, June 8, 2010)

FRANCE: Höegh LNG adds two new vessels to its fleet – CNR/49/13/15

The GDF SUEZ Cape Ann, a new built Shuttle and Regasification Vessel (SRV) was recently delivered to Höegh LNG and co-owner Mitsui OSK Lines (MOL). Höegh LNG will manage the vessel under a long-term time charter agreement with GDF SUEZ. On the same day, Höegh LNG took delivery of the LNG Carrier STX Frontier at Hanjin Heavy Industries and Construction Co. Ltd as Manager. Höegh LNG will charter this vessel for a three year period from 3rd quarter of 2010. The GDF SUEZ Cape Ann is equipped with her own LNG regasification system, allowing her to

regasify and discharge natural gas under high pressure directly into a designated Deep Water Port. These SRVs also give access to new markets which do not have onshore terminals at their disposal. The GDF SUEZ Cape Ann vessel incorporates the reinforced GTT MKIII cargo containment system with a 145,000 cm capacity. They are fitted with three state-of-the-art regasification skids for a total maximum output capacity of approximately 21 million standard cm of natural gas per day, and are also fully capable of operating as standard LNG carriers. (Höegh LNG press release, June 3, 2010)

ITALY: No remaining regasification capacity offered by Adriatic LNG in the coming year – CNR/49/13/16

Adriatic LNG public affairs advisor Alessandro Carlesimo said recently that the terminal will not offer its remaining regulated regasification capacity for the coming 2010-2011 thermal year. The operator cited "existing variables during the remaining activities of trial and commissioning of the terminal," without elaborating any more.

The remaining regulated capacity is potentially about 600,000 Mcm for the 2010-2011 thermal year. According to rules laid out by Italy's utilities regulator, the facility must offer in the summer remaining regulated capacity for the thermal year that starts October 1, 2010, Carlesimo said. Adriatic LNG was granted an exemption by regulatory authorities from third-party access for about 80% of terminal capacity, or 6.4 Bcm/year, which was contracted out to Italy's Edison for 25 years.

The remaining 20%, or 1.6 Bcm/year, is offered to the market on an open access basis. As a result, about 12% of the terminal capacity, or 1 Bcm/year was allocated to BP Italia for 10 years. (Platts, June 3, 2010)

LPG

PROCESSING

PAPUA NEW GUINEA: Liquid Niugini condensate output may reach 60,000b/d – CNR/49/13/17

Henry Aldorf, president of Pacific LNG Operations, said recently that condensate output from the Liquid Niugini gas project in Papua New

Guinea is expected to reach 60,000 barrels per day by 2016, This will coincide with the completion of two liquefaction trains with a capacity of 4 million tonnes per year each, he said. A condensate splitter of around the same capacity will also be built, he said. (Reuters, June 1, 2010)

TRANSPORTATION-DISTRIBUTION

RUSSIA: Sibur starts construction of a LPG Complex in Ust-Luga merchant seaport – CNR/49/13/18

Sibur started recently construction of a liquefied petroleum gas transshipment complex in the Russian territory of Ust-Luga merchant seaport. The first stage will include construction of motorcar approach ways, water discharge facilities, and a railway dead-end track with platforms for reception and storage of cargoes during the construction period.

The project is executed by Sibur-Portenergo LLC, a subsidiary company of Sibur. The general contractor is Engineering Corporation Transstroy CJSC. The design capacity of the new complex is up to 1.5 mln tpy of liquefied petroleum gases and 2.5 mln tpy of light oils. Execution of numerous projects for substantial increase of associated petroleum gas processing volumes in Russia leads to increasing production volumes of LPG and stable natural gasoline produced there from.

The internal demand of LPGs by petrochemical operations, public utility companies, and motor transport enterprises using gas is considerably lower than the supply thereof by national gas processing plants. A further increase in LPG production volumes calls for establishment of efficient export outlets. (Downstream Today, June 7, 2010)

UNITED STATES: New Marcellus ethane pipeline and marine project announced – CNR/49/13/19

MarkWest Liberty Midstream & Resources, LLC, a partnership between MarkWest Energy Partners, L.P. and The Energy & Minerals Group, and Sunoco Logistics Partners L.P. announced recently a combined pipeline and marine project for ethane produced in the Marcellus Shale Basin. The Mariner Project is anticipated to have initial capacity to transport up to 50,000 barrels per day of ethane to Gulf Coast markets as soon as the second quarter of 2012 and could be scaled to transport higher volumes to support additional ethane production in the Marcellus region. The Mariner Project includes MarkWest Liberty making minor modifications to its processing facilities to

recover sufficient ethane to allow the residue gas to meet interstate gas pipeline specifications and installing additional facilities at its Houston, Pennsylvania processing and fractionation complex to separate the ethane for delivery to downstream Mariner Project facilities. MarkWest Liberty will also construct a 45-mile pipeline from the Houston complex to an interconnection with an existing Sunoco Logistics pipeline at Delmont, Pennsylvania. The ethane will be transported to an existing East Coast facility where Sunoco Logistics will construct refrigerated ethane storage facilities. The ethane will then be transported via marine vessel to premium markets in the Gulf Coast. (MarkWest Energy press release, June 1, 2010)

NATURAL GAS

EXPLORATION – DISCOVERY

CHINA: New discovery announced near Xinchang gas field – CNR/49/13/20

The Assets Supervision and Administration Commission announced recently that about 12 billion cubic meters of natural gas was discovered in a newly-explored area of Xinchang gas field. The new gas reservoir is located in Xinchang gas field of Deyang city, Sichuan province. The gas pool measures 900 square

kilometers in area and is about 45 kilometers to 53 kilometers deep without hydrogen sulfide. (People's Daily, June 3, 2010)

CHINA: Sino Gas provides update on TB-07 gas discovery – CNR/49/13/21

Sino Gas & Energy Holdings Limited recently provided a significant update to the current flow testing program. The first well being tested is the TB-07 gas discovery well drilled during last quarter of 2009. The test was conducted on a zone which exhibited promising log and core testing results.

The well was flow tested for 24 hours at three different choke sizes and was then 'shut in' for pressure build up evaluation. At a choke size of 24/64' (approx 0.9cm), the well flowed dry gas at a stable rate of approximately 1,836,000 scf/day for 6 hours with a tubing head pressure of 600 psi. (Scandoil, May 31, 2010)

EGYPT: Apache announces update on Matruh discovery in Western Desert – CNR/49/13/22

Apache Corporation recently reported that its second discovery of 2010 in Egypt's Matruh Basin - the Samaa-1X - tested 44 million cubic feet of natural gas and 2,910 barrels of condensate per day from two zones. The Samaa-1X is located in the Matruh Concession, approximately 1.2 miles (2 km) northwest of the Matruh field and 3.7 miles (6 km) southeast of the 2008 Maggie-1X discovery. The latest discovery tested 21 MMcf and 913 barrels of condensate per day in the

Lower Safa and 23 MMcf and 1,997 barrels of condensate per day from the Upper Safa. The Matruh Concession, acquired through farm-out from Shell in 2001, currently produces 130 MMcf of gas and 18,000 barrels of oil per day from 16 wells; the concession has yielded 119 billion cubic feet of gas and 11.2 million barrels of oil since Apache established production on the concession in 2003. Apache is planning to drill 11 additional exploration wells and two appraisal wells in the Matruh Basin during 2010. (Oilvoice, May 26, 2010)

ISRAEL: Noble Energy to explore new offshore gas field near Lebanese waters – CNR/49/13/23

Noble Energy firm announced recently that there was a 50 percent chance of discovering a huge natural gas field, dubbed "Levitan," following 3D seismographic tests that it conducted in an area that stretches to the Lebanese territorial waters. An estimated 16-trillion-foot square of natural gas is believed to be present in the potential field. Levitan is located in an area falling 130 kilometers to the northwest of the city of Haifa, with a depth of 1,700 meters. The firm announced it would start exploration works in the Levitan field in the last quarter of 2010. Israel has sold permits to drilling companies for 60 percent of its territorial waters along with international waters surrounding it. (The Daily Star, June 9, 2010)

LEBANON: Parliamentary speaker urges government to explore offshore reserves – CNR/49/13/24

Lebanese parliamentary speaker Nabih Berri recently urged his government to begin exploring offshore natural gas reserves, warning that neighbouring Israel planned to lay claim to the prospective resources. "Lebanon must take immediate action to defend its financial, political,

economic and sovereign rights," said Berri, who has submitted a bill to launch exploration of potential offshore reserves. Geo-Services recently announced it had explored Lebanese waters which contained "valuable information" on potential offshore gas reserves in coordination with the Lebanese energy and water ministry. (AFP, June 9, 2010)

UNITED STATES: Allied Energy discovers gas in Giddings Field, Texas – CNR/49/13/25

Allied Energy, Inc. recently announced the results for its horizontal drilling program in the historic Giddings Field of Grimes County, Texas. The Howard #1H tested at a flowing rate of 4,011 MCFGD on a 20/64" choke with associated condensate. It is anticipated that the well will initially produce at the sales rate of ~ 2,000 MCFGD and potentially higher in the future. The company is currently underway constructing the production facilities, the gas flow lines and preparing the project for ongoing producing operations. (Marketwire, May 17, 2010)

PRODUCTION

AUSTRALIA: Gas is a significant contributor to export earnings and economic growth – CNR/49/13/26

A KPMG study commissioned by the Australian Petroleum Production & Exploration Association (APPEA) recently confirmed natural gas to be a significant and expanding contributor to Australia's export earnings and economic growth, with a strong growth outlook to 2030.

Total gas production in Australia for the year to June 2009 was 1,780 PJ, which the report forecasts to increase by 10 per cent for the 2009–2010 year. The report also notes that while conventional gas accounts for 92 per cent of Australia production, 90 per cent of Queensland's gas production comes from coal seam gas, which meets over 70 per cent of the market demand for gas in the state. Use of natural gas in Australia has accelerated at a rate greater than that of coal; LNG exports are forecast to increase by 13 per cent across 2009–10. The full report can be found at the APPEA website, at www.appea.com.au. (Gas Today, June 2, 2010)

IRAN: South Pars targets production of 1 Bcf/d – CNR/49/13/27

The Managing Director of Pars Oil and Gas Company announced that after renovating platforms at the South Pars gas field's phase one, the total output of the field will rise by one billion cubic feet per day. Ali Vakili said that the renovation project will be implemented by mid-September 2010. The South Pars Phase one is projected to produce 25 million cubic meters of natural gas per day, 40,000 barrels of gas condensates for export and 200 tons of sulfur. (Tehran Times, May 23, 2010)

ITALY : Po Valley's Sillaro commences production – CNR/49/13/28

Po Valley Energy Limited announced recently that commercial gas production had commenced at its second production field in Northern Italy. Production from the first of two production wells in the Sillaro field (near Bologna) has begun and the second well is planned to be brought in to production over the next fortnight. Production from double completed Sillaro 2dir well was operating at its targeted production rate of 31,200m³/day from level A and will be increased further when level E is brought into production. Over June 2010, the plant will be brought up to the planned full production rate of 110,000m³/day. (Po Valley Energy press release, May 19, 2010)

MOZAMBIQUE: France and South Africa fund development of gas production – CNR/49/13/29

Companhia Moçambicana de Hidrocarbonetos (CMH) obtained recently two US\$50 million loans to increase natural gas production in Mozambique per the terms of conventions signed with the French Development Agency (AFD) and the Development Bank of Southern Africa (DBSA). The two financing conventions are meant to boost the participation of Mozambican interests in the project to exploit natural gas reserves at Pande and Temane in Inhambane province, to be carried out by South Africa's Sasol petrochemical group. The Pande and Temane natural gas project is overseen by a consortium comprising Sasol

Petroleum Temane (Sasol's Mozambican subsidiary) with a 70 percent stake, CMH with 25 percent and the World Bank's International Finance Corporation (IFC) with 5 percent. CMH is in turn a subsidiary 70 percent controlled by ENH Empresa Nacional de Hidrocarbonatos. The rest of the capital is in the hands of the Mozambican state (20 percent) and private shareholders (10 percent). The first phase of the natural gas production project began in January 2004, with production of 120 million gigajoules per year. The current expansion phase was the reason for signing the two conventions and will enable production to rise to 183 MGJ, an increase of 63 MGJ of which 36 will be attributed to Mozambique. (Macauhub, May 24, 2010)

RUSSIA: Gazprom not immediately interested in development of Kovykta gas field – CNR/49/13/30

Gazprom sees no need to develop the giant Kovykta gas field in the near future, said recently a company executive. "From the point of view of long-term balance we don't see how gas from Kovykta can be used," Viktor Timoshilov said. BP's Russian venture, TNK-BP, said recently its unit that controls Kovykta had filed for bankruptcy following a failure by TNK-BP to sell the field to the Russian government. TNK-BP agreed to sell Kovykta to Gazprom for around \$1 billion to cover its investment costs but the deal has never been finalised and talks have been suspended, as Gazprom's finances became stretched because of the financial crisis and unclear prospects of gas exports to China. (Neftegaz, June 8, 2010)

RUSSIA: Technical plan for Shtokman development ready in last quarter of 2010 – CNR/49/13/31

Vice President of the Shtokman Development, Herve Madeo, announced recently that the technical plan for the Shtokman field development will be ready in October-November 2010. Shtokman Development has received two technical proposals on a production platform from two international consortiums. In the first consortium are the companies Aker Solutions, Technip and SBM, in the second: Saipem, Samsung and Sofec. According to Vice President in the French oil company Total Arno Breyak, the delays in the project are not connected with falling demand on gas on the European market, but with bureaucratic and technical delays from the Russian side. In addition, Russian shipbuilding companies demanded extra time to prepare their tenders. The project launch has been postponed from 2014 to 2016 and the final investment decision will be made only in 2011, and not in 2010 as earlier planned. (Barents Observer, June 3, 2010)

UNITED STATES: Energy Information Administration sees more US gas output in 2010 – CNR/49/13/32

The U.S. Energy Information Administration recently raised its estimate for domestic natural gas production in 2010 for a third straight month, expecting total output to be up 2.1 percent from 2009 levels. In its June 2010 Short-Term Energy Outlook, EIA said it expected marketed natural gas production in 2010 to rise by 1.24 billion cubic feet per day to 61.22 bcf, reflecting the high number of working natural gas rigs in 2010 versus 2009. That estimate was revised upward from EIA's May outlook that had production growing 1.3 percent in 2010 to 60.75 bcf daily. In 2011, EIA

expects marketed gas production to slip 0.8 percent to 60.76 bcf per day. The expected gas output drop in 2011 reflects declines in deepwater Gulf of Mexico production and the impact of the government's drilling moratorium. EIA also forecast U.S. natural gas consumption in 2010 would average about 64.93 bcf per day, up 3.8 percent from 2009 demand of 62.56 bcf daily, again backed by expected increases in demand from the industrial and electric power sectors. EIA said the small 0.5 percent decline expected in consumption in 2011 primarily reflects the drop in gas use by the electric power sector. (Reuters, June 8, 2010)

RESERVES

AZERBAIJAN: Daily gas production exceeds 75 million cubic meters – CNR/49/13/33

Socar First Vice-President Khoshbakht Yusifzade said recently that Azerbaijan's daily gas production exceeds 75 million cubic meters. Nineteen million falls to Socar, 23 million to the Shah Deniz Field and 34 million cubic meters (associated gas) fall to the Azeri-Chirag- Guneshli Field. " Socar is drilling on the Umid Field where reserves are estimated at 200 billion cubic meters. The Bulla Deniz Field also has huge reserves," Yusifzade added. He said reserves of the perspective Absheron Field may exceed 300 billion cubic meters. According to Yusifzade, based on studies of the Nakhchivan, Shafag, and Asiman structures, common gas reserves may reach 5 trillion cubic meters in Azerbaijan. (Trend, June 3, 2010)

PROCESSING

AZERBAIJAN: Socar plans gas processing plant near Baku – CNR/49/13/34

Socar plans to build oil and gas processing and petrochemical complex near Baku, scheduled for completion between 2018 and 2020. "Subject to the decision of the government, the next step will be basic engineering design for all new complex

facilities," SOCAR said of the facility, to be build 45-50 km south of Baku at Sangachal. SOCAR said the planned facility would include a 40-bcm gas processing plant, a 300,000 b/d refinery, as well as chemical, petrochemical, and power plants. (Oil & Gas Journal, May 21, 2010)

SAUDI ARABIA: Saudi Aramco to move on with Wasit gas projects – CNR/49/13/35

Saudi Aramco wants to move ahead quickly with a series of projects to boost the kingdom's gas production and processing capacity. Under the first scheme, Aramco wants to produce 2.5 billion cubic feet per day of sulphur rich gas from the offshore Arabiyah and Hasbah fields before transporting it to a central processing facility at Wasit.

The first EPC contract on this project covers the construction of the main gas processing facilities. These include four 1,200 tonne per day sulphur recovery units to strip the sulphur out of the gas and a central gas processing plant which will be able to handle up to 1.7 billion cubic feed per day of gas. The second project covers the construction of 7 offshore wellhead production platforms at the Hasbah field, which can produce up to 1.3 billion cubic feet per day of gas from the field, tied in to central distribution facilities.

It includes the seven 12 inch flow lines linking the platforms with the central facility, 145 kilometre, 36 inch pipeline linking the platform with Wasit, 99 kilometre power cable linking the platform with other offshore facilities and 62 kilometre mono ethylene glycol pipeline linking the facilities with those at Arabiyah. In turn, the second contract covers 6 wellhead platforms at the Arabiyah field, again tied in to central distribution facilities, capable of producing 1.2 billion cubic feet per day.

It also includes six 12 inch flow lines, 150 kilometre pipeline linking the facilities with Wasit, 150 kilometres MEG pipeline between Arabiyah and Wasit and 91 kilometre submarine power cable. (MEED, June 5, 2010)

UNITED STATES: CB&I awarded gas plant project in Central California – CNR/49/13/36

CB&I announced recently it has been awarded a project by Occidental of Elk Hills, Inc. for a new gas processing plant at the Elk Hills oil and gas field in Central California. CB&I's scope of work includes the engineering, procurement and construction of the 200 million cubic foot per day

natural gas processing plant, including fractionation, storage tanks and export pipelines. In addition, CB&I's Lummus Technology sector is providing the proprietary NGL-MaxSM recovery technology. The project is scheduled for completion in the first half of 2012. (CB&I press release, May 20, 2010)

UNITED STATES: Spectra Energy announces plans for new processing plant – CNR/49/13/37

Spectra Energy recently announced it plans to build a new 200 million cubic feet per day natural gas processing plant west of Dawson Creek. "The new plant capacity is fully contracted, further extends our asset base in the rapidly growing Montney natural gas play and will be integrated with our existing natural gas gathering and processing facilities in the area," said Doug Bloom, president, Spectra Energy Transmission West. The proposed Dawson Processing Plant will be built in two phases with the first 100 mmcf/d of processing capacity available in late 2011 and the remaining capacity available in early 2013. Construction of these facilities is subject to all customary regulatory and other approvals. (PRNewswire, June 10, 2010)

TRANSPORTATION-DISTRIBUTION

AZERBAIJAN: Deal on Europe gas transit signed with Turkey – CNR/49/13/38

Turkey and Azerbaijan signed recently a deal on the transit of gas to Europe. The memorandum of understanding sets the tariffs Turkey will charge for the transit of Azerbaijani gas to Europe and also fixes the price of gas that Azerbaijan sells to Turkey. The agreement fixes the price and amount of gas to come from the second phase of production at Azerbaijan's vast Shah Deniz field, expected to begin in 2016 at the earliest, Turkish Energy Minister Taner Yildiz said. According to

him, Turkey will buy 6 billion cubic meters of Azerbaijani gas annually within Phase 2 of Shah Deniz development. The minister said 13.5bn cubic meters of gas a year will be produced during this stage. "This means that the gas within the second stage can be a source for such projects as Nabucco, ITGI (Turkey-Greece-Italy) and TAP (Trans-Adriatic gas pipeline)," the minister said. Yildiz said that the cost of Azerbaijani gas will be more acceptable compared to the price for Russian gas. (Azernews, June 6, 2010)

BANGLADESH: Government launches project for gas network expansion – CNR/49/13/39

The Bangladeshi government with credit support from the Asian Development Bank and the South Korean Eximbank recently launched over half a billion U.S. dollars project to help address its natural gas supply constraints.

The funding agency will provide 266 million U.S. dollars equivalent loan while Seoul-based Eximbank will provide a loan of 45 million U.S. dollars for the transmission expansion component, Asian Development Bank (ADB) said. Apart from this, it said the Bangladesh government will provide 231 million U.S. dollars equivalent in equity and loans, for a total project cost of 542 million U.S. dollars. According to the ADB statement, the assistance under Bangladesh Natural Gas Access Improvement Project will be used to build new gas transmission and distribution pipelines to meet growing demand, and to expand coverage to less developed areas in the southwest.

It said the project will install compressors and metering systems to boost reliability, improve safety, and strengthen the management of gas supply and demand. (People's Daily, June 3, 2010)

INDIA: Work on Dabhol-Bidadi gas pipeline to start in July 2010 – CNR/49/13/40

Work on the 800-km pipeline to transport gas from the LNG terminal in Dabhol to Bidadi near Bangalore will commence in July 2010. "We are very confident that the project will be completed by March 2012 and the gas available for end-users," Prabhat Singh, a senior executive of Gas Authority of India Ltd (GAIL) said. Gas will be imported from abroad in the form of LNG and then

pumped under high pressure through the pipeline. As per the MoU signed, GAIL and Karnataka government intend to collaborate, and also invest and engage in implementing, operating and managing the city gas distribution. The gas pipeline has a capacity to carry 16 MMSCMD gas in the first phase. It also has a provision for connectivity with the KG basin via Gulbarga, Bijapur spurline. (Business Standard, June 5, 2010)

IRAN: Talks with India on underwater gas pipeline – CNR/49/13/41

India and Iran are holding talks on building a gas pipeline between the two countries along the bed of the Arabian Sea to bypass Pakistan. "The carrying capacity of the gas pipeline's first leg will total 31 billion cu m annually, with the cost of construction estimated at 4 billion dollar," T H P Pao, a member of the board of directors and head of the supervisory board of South Asia Gas Enterprise Private Ltd (SAGE), said. Under the project being worked on by SAGE, the gas pipeline would be 1,100 km long. The submersible part of the pipeline would start from the Iranian port city of Chabahar and would deliver gas to consumers in Gujarat in India. (The Daily Mail, June 2, 2010)

MYANMAR: First gas sent from Mottama offshore gas field to Yangon – CNR/49/13/42

Myanmar recently started sending natural gas from the Yadana natural gas field in the Mottama offshore area to Yangon through a newly-laid pipeline in a bid to add to local consumption to ease power shortage, an official daily reported. The transport of the natural gas began after test-

run of the 24-inch completed offshore gas pipeline. The sending of the gas was launched at Daw Nyein, in Ahmar township in Pyapon district and the gas is brought to the gas distribution station of Ywama in Yangon's Insein township. The overall gas pipeline is made up of 136 kilometer-long onshore and 151 kilometer-long offshore ones, it added. (Xinhua, June 10, 2010)

MYANMAR: CNPC begins work on oil and gas pipelines – CNR/49/13/43

China National Petroleum Corp. said recently it has begun construction on two oil and natural gas pipeline projects that will link southwestern China and Myanmar. CNPC said the 793-km gas pipeline and 771-km oil pipeline will extend from the Kyaukpyu port on Myanmar's west coast and enter China at Ruili, Yunnan Province. Kyaukpyu is on Ramree Island about 400 km northwest of Yangon. According to CNPC, the gas line has a designed transport capacity of 12 billion cu m/year. CNPC said Southeast Asia Pipeline Co., one of its affiliates, was put in charge of the design, construction, operation and maintenance of the pipelines under the agreement signed with Myanmar National Oil & Gas Co. The gas line will be fed by fields in Myanmar, which has the most extensive gas reserves in Southeast Asia at 21.2 tcf. Recent reports claim that Myanmar produces around 1.2 bcf/year of gas but wants to increase this to almost 2.2 bcf/year by 2015. (Oil & Gas Journal, June 4, 2010)

NORWAY: Gassco takes over the operatorship of the the Gjøa gas pipe – CNR/49/13/44

With effect from June 1, 2010, Gassco recently taken over the operatorship of the pipeline which will carry rich gas from Norway's Gjøa and Vega fields to the UK FLAGS transport system. The Gjøa project is approaching completion and start-up, and a new 28-inch pipeline tied into the Shell-operated FLAGS system has already been laid. "We'll be using gas from Tampen Link and Flags to dewater the line and for Statoil to prepare the Gjøa platform for production," explained David Rodrigues de Miranda, Gassco's project manager.

GDF SUEZ E&P Norge will be taking over as Gjøa operator from developer Statoil in October 2010. That is also the start date for commercial gas deliveries from the field. The Gjøa Gas Pipe will also be incorporated in the Gassled transport system with effect from 1 June. Gjøa lies about 40 kilometres north of Fram in the North Sea. Oil from the field will be exported to Mongstad via a new 50-kilometre pipeline tied into Troll Oil Pipeline II, while rich gas is landed in St Fergus in the UK via the Gjøa Gas Pipe and FLAGS. (Scandoil, June 1, 2010)

RUSSIA: Blue Stream 2 not extended to Israel – CNR/49/13/45

According to Prime Minister, Vladimir Putin, Russia is committed to the second stage of the Blue Stream gas pipeline, but it won't extend to Israel. The decision to halt Blue Stream before it reaches Israel would be consistent with Turkish calls for sanctions against the country. But it would also trim the economic scale of the pipeline. In 2009, Russia proposed a line parallel to Blue Stream 1 under the Black Sea, and further from Samsun to Ceyhan. The pipeline would transport gas to Syria, Lebanon, and Cyprus. Prime Minister Putin said Blue Stream 2 would provide additional supply to Turkish market and transit to third countries. (RT News, June 8, 2010)

UNITED STATES: Enterprise and Duncan Energy add more capacity of commitments to Haynesville extension pipeline – CNR/49/13/46

Enterprise Products Partners L.P. and Duncan Energy Partners L.P. announced recently that Acadian Gas LLC has entered into an additional long-term contract with a shipper to transport natural gas on Acadian's Haynesville Extension pipeline now under construction that increases total capacity commitments by 200 million cubic feet per day. Enterprise also announced that the expansion of its recently acquired State Line natural gas gathering system serving producers in the Haynesville Shale area of Northwest Louisiana is scheduled to be completed during June 2010. The Haynesville Extension is an expansion of the Acadian Gas intrastate natural gas pipeline system that provides producers developing the Haynesville Shale in Northwest Louisiana with access to 150 end-use customers, including industrial and municipal consumers, on the Acadian system and markets across the eastern United States through interconnects with 12 interstate pipelines, including the Florida Gas Transmission and Southern Natural Gas systems.

Construction of the 270-mile Haynesville Extension is expected to be completed in the third quarter of 2011. The expansion of the State Line system, which Enterprise acquired from M2 Midstream LLC, will increase the capacity from approximately 400 MMcf/d to 700 MMcf/d. The State Line infrastructure includes the Battlefield treating facility in southern DeSoto Parish, Louisiana that has the capacity to treat up to 180 MMcf/d of natural gas. As part of the expansion initiative, a new pipeline is being constructed that will have the capacity to deliver up to 250 MMcf/d of natural gas from the Battlefield treating facility to the 42-inch diameter Gulf South Pipeline at the Kingston Station in DeSoto Parish. Due to volume growth and demand for treating services, Enterprise is expanding its Battlefield and Keatchie treating facilities to add two amine units, each with a circulation rate of 700 gallons per minute. The units would provide up to 350 MMcf/d of incremental treating capacity to the system. These expansions are expected to be completed in the fourth quarter of 2010. (Business Wire, June 1, 2010)



CEDIGAZ NEWS REPORT is an internal publication of CEDIGAZ, edited by Thierry Rouaud with collaboration of Catherine Charlier.

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