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RUSSIA: Mitsui may join Shtokman project – CNR/49/14/1
Mitsui board member Noriaki Sakamoto said recently that the Japanese company is reviewing the possibility of joining efforts to development the Shtokman gas field as a share partner with liquefied natural gas production capacity. Sakamoto explained that his company "sees its participation in Shtokman in terms of the rights of a share partner, which, making use of its experience in producing LNG, is prepared to share risks and invest in the project to increase its added value". (Oil & Gas Eurasia, June 17, 2010)

RUSSIA: Gazprom and Siemens to cooperate in LNG technology projects – CNR/49/14/2
Gazprom and Siemens signed recently a Memorandum of Understanding to cooperate in LNG technology projects, which will lead to various joint development programs. These will include the construction of a demo plant for LNG production based on the "Liquefin" liquefaction technology, and a study to evaluate joint manufacturing of components for Russian LNG plants. According to Siemens, the two companies will also review the framework of future phases of the Shtokman gas field development in the Barents Sea. (Offshore, June 17, 2010)

TRANSPORTATION-DISTRIBUTION

RUSSIA: Bright future for Russian shipbuilding – CNR/49/14/3
Company Deputy Aleksandr Ananenkov recently stressed that the company's development of the shelf, as well as the production and transport of LNG, requires a massive development of new vessels and offshore installations. According to Gazprom, the company needs more than ten rigs and platforms, more than 60 various ships and several tens of LNG carriers by 2030. Gazprom will do its utmost to use the capacities of Russian shipbuilders and considers replacing foreign-made equipment with Russian analogues, Ananenkov confirmed. (Barents Observer, June 17, 2010)

SUPPLIES - IMPORTS – EXPORTS

AUSTRALIA: Gorgon project may supply LNG to Petronet – CNR/49/14/4
According to Mr Prosad Dasgupta, Managing Director and CEO of Petronet LNG Ltd (PLL), the Australian consortium Gorgon will supply 1.5 million tonnes of LNG to PLL's terminal in Kochi to be commissioned in the first quarter of 2012. Mr Dasgupta said that Qatar had offered long-term contract, but the price settlement was a problem as it was on the higher side. "We have to be careful about the price of LNG as users here are the power and fertiliser sectors", he said. The long-term price is at $12 mmBtu. According to him, spot cargo was available cheap at $7 mmBtu. But, one cannot depend on short-term cargo as its availability cannot be ensured. Mr Dasgupta said that the 1.5 million tonne of LNG would be supplied to NTPC's Kayamkulam power plant, Fertilizers and Chemicals Travancore Ltd and BPCL. Contracts for vessels to transport 1.5 million tonne of LNG from Australia would be awarded in December 2010. (IStockAnalyst, June 14, 2010)

PAKISTAN: Government confirms validity of LNG supply deal with 4Gas and GDF Suez – CNR/49/14/5
The government decided recently to go ahead with the award of a contract to the 4Gas and GDF Suez companies for import of 3.75 million tons of liquefied natural gas (LNG) for 20 years that was held in abeyance in April 2010 on the intervention of the Supreme Court. The prime minister gave approval to awarding the contract to the companies already selected by the petroleum ministry and a price negotiation committee comprising representatives of the ministries of finance, planning and petroleum. "A summary for re-approval of contract for setting up of LNG terminal and supply of 3.75 million tons of LNG will be presented to the Economic Coordination Committee (ECC) of the cabinet at its next meeting," an official said.

He said that after detailed consultations the government reached the conclusion that the Pakistan Mashal LNG project was crucial to meeting the country's gas shortfalls and resolving the energy crisis and that it would not be advisable to waste more time by restarting the entire process. It was also noted that the prices finalised with the 4Gas and GDF Suez for import of LNG were very competitive and should not be reopened. (Dawn, June 21, 2010)

UNITED STATES: ConocoPhillips and Marathon asks DOE for extension of the Nikiski LNG export license – CNR/49/14/6

The owners of the liquefied natural gas facility in Nikiski have recently asked the U.S. Department of Energy for more time to ship Alaska LNG to markets overseas. ConocoPhillips and Marathon submitted an application for a two-year extension of the export license, asking the federal government to rule within 90 days. That authorization let the companies ship 99 trillion British thermal units of natural gas to international markets starting on April 1, 2009. As of May 24, the companies had shipped only 35 trillion Btu of that allotment, and the companies estimate they will have shipped only 55 trillion Btu by March 31, 2011, when the current license expires. The extension would give the companies until March 31, 2013, to ship remaining volumes. The facility is the only LNG exporting operation in the country and makes deliveries to Tokyo Electric Power Co. and Tokyo Gas Corp. under contracts that expire March 2011. (Fairbanks Daily News-Miner, June 21, 2010)

STORAGE

IRELAND: Shannon LNG plans to build a terminal and an associated pipeline in County Kerry – CNR/49/14/7

Shannon LNG, an Irish subsidiary of Hess LNG Ltd, is planning to construct a LNG import terminal and associated pipeline in County Kerry. The proposed Shannon LNG Terminal will have a capacity of 3 MMt/a, equivalent to roughly 40 per cent of Ireland's natural gas consumption, and a 26 km pipeline will connect the terminal to the national gas grid near Foynes on the east coast.

The Shannon LNG Pipeline is expected to have a capacity of 1 Bcf/d of gas. In February 2009, the Shannon Pipeline received planning permission from An Bord Pleanála, and in December 2009 approval for the pipeline was granted from the Commission for Energy Regulation. Planning permission has also been secured for the terminal. Once completed, the Shannon Pipeline will be operated as an open-access pipeline. Shannon LNG has proposed to construct the pipeline before the terminal reaches completion so as to accommodate any third-party requirements through the pipeline. (Pipelines International, June 2010)

JAMAICA: Authorities and Exmar to start talks on floating LNG terminal development – CNR/49/14/8

Cabinet gave recently the energy ministry the nod to commence negotiations with Exmar Consortium for establishing a floating storage and regasification facility at Port Esquivel, St Catherine. The move to natural gas is the centrepiece of the Government's plan to diversify its energy sources and reduce its reliance on petroleum-based fuel. The Office of Utilities Regulations (OUR) approved recently a 4.6 per cent increase to non-fuel electricity rates to industrial customers of the sole distributor of electricity, Jamaica Public Service Company (JPS), while residential customers will experience an increase one percentage point lower. (Jamaica observer, June 16, 2010)

JAPAN: Showa Denko Aluminum unveils new LNG evaporator concept – CNR/49/14/9

Showa Denko Aluminum Trading K.K. (SDAT), a consolidated subsidiary of Showa Denko K.K. (SDK), recently launched a new type of evaporator for liquefied natural gas through heat exchange with the atmosphere. The device, consisting of aluminium-fin tubes, is a relatively large outdoor heat exchanger that fully utilizes the high thermal conductivity of aluminium. SDAT has introduced a drift prevention system inside the fin tubes, thereby achieving a uniform rate of LNG vaporization and limiting the difference in liquid levels inside the tubes.

As a result, SDAT has gained greater freedom in evaporator design and succeeded in doubling the continuous operation time, up to eight hours. In case the conventional four-hour continuous operation is preferred, SDAT can provide a smaller version, enabling the device to be installed in a narrow space. (JCN Newswire, June 17, 2010)

VIETNAM: PetroVietnam Gas to study LNG terminal project – CNR/49/14/10
Vietnam's Deputy Prime Minister Hoang Trung Hai recently witnessed the signing of a Memorandum of Understanding with DNV. This sets the framework for DNV to work proactively with Petrovietnam and their subsidiary PV Gas to safely and efficiently introduce and distribute LNG within Vietnam, and to assist in creating an appropriate legislative safety regime. The agreement enables DNV to assist Vietnam on risk management issues associated with the use of LNG, how to use the waterways to distribute LNG and how to utilise LNG as fuel for the coastal shipping and river transportation. By the end of 2010, PetroVietnam Gas Corp (PV Gas) plans to select an aggregator to buy LNG in the spot market for three years before committing to long-term supplies. The supplies will be received at a floating storage and regasification unit to be completed in 2012. PetroVietnam is finalising the location of a proposed gasification terminal in the south of the country. The 1 million tonne-per-year terminal is scheduled to be ready in 2015. Its capacity will be increased to 3 million and 6 million tpy in 2020 and 2025 respectively. (HazardEx, June 19, 2010)

NATURAL GAS

PROCESSING

SAUDI ARABIA: Khursaniyah gas processing plant to be soon fully operational – CNR/49/14/11
Saudi Aramco's gas processing plant at the 500,000 barrels per day Khursaniyah oilfield will be fully operational in June 2010, the company said recently. The gas plant has capacity to process around one billion cubic feet per day of raw sour gas from the Abu Hadriya, Fadhili and Khursaniyah fields, producing around 560 million cfd of gas. It has two natural gas liquids processing facilities and would also process gas from the Karan offshore field. The plant would produce 280,000 bpd of ethane and NGLs. (Gulf Daily News, June 16, 2010)

TRANSPORTATION-DISTRIBUTION

EUROPE: Edison, Botas and Depa sign agreement on ITGI pipeline project – CNR/49/14/12
Edison SpA, Botas and Depa SA signed recently an agreement to carry Caspian gas to Italy via Turkey and the Adriatic. The memorandum of understanding for the so-called Interconnection Turkey-Greece-Italy project, or ITGI, was signed in Ankara. "The pipeline represents a strategic infrastructure which will significantly increase European energy security as it will be the first link with the Caspian area where about 20 percent of world's gas reserves are located," Roberto Poti, executive vice president at Edison, said. The pipeline will be completed in 2017, Turkish Energy Minister Taner Yildiz said.
Infrastructure will include upgrading Turkey's national grid to enable transit of gas to Greece and Italy, a pipeline to Greece completed in 2007 and the Greek-Italian section of the pipeline which will have a capacity of 8 billion cubic meters and is 800 kilometers long. (Bloomberg, June 17, 2010)

EUROPE: EDF and GDF Suez become partners in Russia to Europe pipelines projects – CNR/49/14/13
Electricité de France SA and GDF Suez SA recently agreed to join planned natural-gas pipelines to Europe, as Russia adds international partners for its energy projects. EDF will gain "at least" 10 percent in the South Stream project planned to cross the Black Sea, while GDF Suez will take a 9 percent stake in the Gazprom-led Nord Stream gas pipeline, being built under the Baltic Sea from Russia to Germany. GDF Chief Executive Officer Gerard Mestrallet said "Investments will be a key element in the security of supplies". EDF may gain as much as 20 percent in South Stream, Gazprom Chief Executive Officer Alexei Miller said. The Russian gas producer doesn't plan to cede part of its 50 percent stake, he said. Italy's Eni SpA, which now holds 50 percent in the project, will transfer a stake to EDF by the end of 2010, he said. BASF SE's Wintershall AG unit and E.ON Ruhrgas AG had agreed to sell 4.5 percent stakes in Nord Stream to GDF Suez, lowering their shares to 15.5 percent each. Gazprom holds 51 percent in the venture, Nederlandse Gasunie NV has 9 percent. (Bloomberg, June 19, 2010)

GERMANY: Gasunie participates in gas pipeline NEL – CNR/49/14/14

The Dutch natural gas transport company N.V. Nederlandse Gasunie recently taken a 20 percent stake in the NEL pipeline. The NEL pipeline will run from where the Nord Stream comes on land in Lubmin near Greifswald to Rehden in Lower Saxony, stretching over 440 kilometers past Schwerin and Hamburg. It will connect Nord Stream with the European gas network, just as the OPAL natural gas pipeline does to the Czech Republic. With Gasunie (20 percent) entering the project, the shareholdings of the other two shareholders, WINGAS and E.ON Ruhrgas, decrease to 70 and 10 percent respectively (WINGAS minus 5 percent, E.ON Ruhrgas minus 15 percent). The final investment decision still has to be made; talks on the regulatory conditions are currently still being conducted with the Federal Network Agency. Public consultations for the planned natural gas pipeline are already underway in Mecklenburg-Vorpommern and Lower Saxony. (E.ON Ruhrgas press release, June 11, 2010)

UNITED STATES: Open season started for Carthage to Perryville pipeline expansion – CNR/49/14/15

CenterPoint Energy Gas Transmission Company (CEGT), an indirect, wholly-owned interstate natural gas pipeline subsidiary of CenterPoint Energy, recently commenced a non-binding open season to gauge market interest in an additional expansion of its nearly 1.9 billion cubic feet per day, 42 inch Carthage to Perryville (Line CP) pipeline. The company said that this expansion will back the increasing volumes of gas produced from the Haynesville shale for delivery into the Perryville Hub and to Carthage area delivery points. Cy Zebot, senior vice president and chief commercial officer for CEGT, said “Assuming adequate expressions of interest, we're prepared to execute binding precedent agreements and seek necessary governmental authorizations to place expansion capacity into service as early as the fourth quarter of 2012." Potential expansion of Line CP could provide incremental supplies access to the interstate pipelines serving the Midwest and Northeast by utilizing CEGT's Perryville Hub services where there could be inter-connectivity and direct access to new storage facilities being developed near the Perryville Hub and Delhi, Louisiana. (Energy Business Review, June 14, 2010)

UNITED STATES: Dominion announces transportation contract with Consol Energy – CNR/49/14/16

Dominion announced recently that its natural gas transmission and storage subsidiary, Dominion Transmission, has reached a 15-year agreement with the gas subsidiary of Consol Energy Inc. for firm transportation of Consol's Marcellus shale natural gas production. The project, capable of transporting 200,000 dekatherms per day, will move supplies from various receipt points in central and southwestern Pennsylvania to a nexus of market pipelines and storage facilities in Leidy, Clinton County, Pa. Dominion plans to file for a FERC certificate in December 2010. If the project is approved, construction is planned to begin in March 2012, and it would enter service in November 2012. Construction plans include new compression facilities at three existing compressor stations in central Pennsylvania. Dominion Transmission provides gathering, processing, transportation and storage services, operating in the heart of the Marcellus shale production area. (Downstream Today, June 14, 2010)

UNITED STATES: Boardwalk and Southcross to modify Gulf South Pipeline – CNR/49/14/17

Boardwalk Pipeline Partners, LP and Southcross Energy, LLC, with its affiliates, announced recently that they plan to modify an existing section of its subsidiary Gulf South Pipeline's 30-inch pipeline from Refugio, Texas to Fort Bend County, Texas, so that condensate-rich Eagle Ford Shale gas can be accepted into that pipeline segment. Southcross Energy will connect its existing gathering facilities in South Texas to the newly modified Gulf South pipeline segment so that condensate-rich Eagle Ford gas can then be transported to four Gulf Coast processing plants currently served by Southcross Energy including its Gregory Plant, located near Corpus Christi, Texas. (Downstream Today, June 15, 2010)

UNITED STATES: Energy Transfer Partners begins construction of Tiger Pipeline – CNR/49/14/18

Energy Transfer Partners, L.P. announced recently that construction has begun on the approximately 175-mile Tiger Pipeline, an interstate natural gas pipeline to serve the Haynesville Shale and Bossier Sands producing regions in Louisiana and East Texas. The 42-inch diameter Tiger Pipeline will have an initial capacity of 2 billion cubic feet per day and is expected to be in service in the first quarter of 2011.

Through a planned expansion project announced in February 2010, and subject to FERC approval, the ultimate capacity of the Tiger Pipeline is expected to be 2.4 billion cubic feet per day, all of which is sold out under long-term contracts ranging from 10 to 15 years. Pending necessary regulatory approvals, the expansion is expected to be in service in the last half of 2011.
The Tiger Pipeline will originate in Panola County, Texas and terminate in Richland Parish, Louisiana, interconnecting to seven interstate pipelines and one intrastate pipeline for ultimate delivery to markets across the Northeast, Southeast, Mid-Atlantic and Midwest. (Downstream Today, June 1, 2010)

UNITED STATES: Northwest Natural Gas plans to build a part of Palomar pipeline in Oregon – CNR/49/14/19
Northwest Natural Gas Co. plans to build a portion of its Palomar pipeline through Eastern Oregon, despite failed plans to connect it to a proposed liquefied natural gas terminal at the Columbia River. The 217-mile Palomar pipeline would stretch across the Cascades into the Willamette Valley to provide a back-up supply of natural gas from Canada and the Rocky Mountain region. Chief Executive Officer Gregg Kantor said the company will abandon the western portion of the pipeline, which would have connected Bradwood to the interstate pipeline system. But, he added, finishing the 111-mile eastern portion of the pipeline between Molalla and Madras is now even more crucial for maintaining reliability and supporting population growth. (Downstream Today, May 31, 2010)

UNITED STATES: FERC approves open season for Alaska gas line – CNR/49/14/20
The Federal Energy Regulatory Commission regulators recently approved an open season plan by the Denali joint venture of BP and ConocoPhillips for a proposal to build a natural gas pipeline from Alaska's North Slope to markets in the continental US. The proposal by BP and ConocoPhillips calls for a 48-inch-diameter pipeline carrying 4.5 Bcf/d from Alaska's North Slope to Alberta.
The line would start flowing in 2020 and reach full capacity by 2022. Denali's system would include two transmission lines, a gas treatment plant at Prudhoe Bay, two massive sections of mainline pipe and six compressor stations. A 730-mile section would carry the gas to the Canada border. The pipeline would have six delivery points within Alaska and up to four in Canada. (Platts, June 7, 2010)

SUPPLIES - IMPORTS – EXPORTS

DENMARK: New version of Rules for Gas Transport came into force – CNR/49/14/21
The tenth version of 'Rules for Gas Transport' has been published and came into force on 1st June 2010. In 'Rules for Gas Transport 10.0' Energinet.dk introduces new possibilities for Danish shippers. The rules also launch a new internet-based service, which will strengthen cross-border gas trading in Northern Europe. In addition, the possibility of transporting biogas in the Danish natural gas system is introduced. The injection of biogas into the transmission system is based on the principle of commercial counterflow/backhaul and is thus 'virtual'. This means that the biogas is not physically injected into the transmission system but stays in the distribution system. When a shipper has injected biogas commercially or 'virtually' into the transmission system via the biogas entry point, the shipper can trade the gas in all existing points on terms similar to the ones that apply to other forms of natural gas and thus sell biogas to consumers in the entire system. (Energinet.dk press release, May 21, 2010)

INDIA: Government allows gas companies to apply a free pricing policy – CNR/49/14/22
The Petroleum and Natural Gas Ministry has recently given freedom to Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) to price the natural gas produced by them at market rates. According to the notification issued on May 31, the government has made it clear that any additional natural gas produced from blocks given to ONGC and OIL on nomination basis would fall under the free pricing policy. So far all the gas produced from blocks given to OIL and ONGC was priced at government-controlled rates, called Administered Price Mechanism.
The Petroleum Ministry notification now makes a distinction between existing producing fields and new ones in the nomination blocks. “The ONGC and OIL would have the freedom to sell any production from new fields in their nominated blocks at non-APM rates,'' it said. The price of APM gas from June 1, 2010 has been more than doubled to $ 4.2 per mmBtu, at par with the rate at which Reliance Industries Limited (RIL) sells gas from its KG-D6 fields.

“It has been decided that the price of APM natural gas produced by national oil companies be fixed at $4.2 per mmBtu less royalty. Hence, the APM price inclusive of royalty [to customers] would be $ 4.2 per mmBtu," the order said. (Notifications and Results, June 4, 2010)

INDONESIA: Government plans to renegotiate gas supply deal with Singapore – CNR/49/14/23

Coordinating Economy Minister Hatta Radajasa said recently that Indonesia plans to renegotiate its gas supply deal with Singapore, for a contract which expires in 2020, in order to reduce the volume of exports so that it will be able to meet rising domestic demand. “I have ordered the energy ministry and [upstream regulator] BPMigas to renegotiate the contracts, though we may not achieve what we want”. Radajasa said. Indonesia has 22-year term supply contracts with Singapore’s Sembcorp and Gas Supply Pte. Ltd., for the period over 1999-2020, to supply a total of 700,000 Mcf/day to both companies. The gas is supplied from fields in South Sumatra and Natuna Island, the chairman of BPMigas R. Priyono said. The Singapore companies were willing to pay as much as $12/MMBtu for the term contract, compared with just $5-6/MMBtu from the domestic buyers, a BPMigas official said. BPMigas expects domestic gas demand to increase by 43% to 6 Bcf/d by 2020 from 4.2 Bcf/d in 2007, with the strongest demand coming from the industrial province of Java. (Platts, June 18, 2010)

INDONESIA: Fertilizer producer secures gas supply for next 20 years – CNR/49/14/24

State fertilizer producer PT Pupuk Iskandar Muda (PIM) said recently it has secured gas supplies for the next 20 years starting in 2011, which will enable the company to utilize its production capacity to the maximum. President Director Mashudianto said that PIM had succeeded in ensuring gas supply from Bontang gas field for 2011 and 2012. "We have secured 11 cargos of gas for 2011 and another 12 cargos for 2012, so that our two factories will operate at full capacity," he said According Mashudianto, for 2013 PIM has also resumed its contract with PT Medco Energi International, an operator for Blok A gas field in East Aceh. "We have signed a contract with Medco in December 2007 for the next nine years.

Block A is expected to produce in 2013," he said, adding that for the first four years, Medco would distribute 110 MMSCFD and 60 MMSCFD for the remaining five years. Meanwhile, in 2015 the company said it was optimistic it could obtain more gas from Arun terminal, which will be distributed for domestic consumption. However, Mashudianto acknowledged that in 2010 PIM only operates one factory, PIM I, as the company only obtains 6 cargos of gas from Arun and Bontang gas field. (The Jakarta Post, June 19, 2010)

INDONESIA: PT Pertamina Gas to supply East Java – CNR/49/14/25

Pertagas President Director, Suharyanto said recently that East Java will be supplied additional gas from PT Pertamina Gas (Pertagas) by 2013. The gas supply will be channelled from the floating storage receiving terminal (FSRT) of liquid natural gas in Central Java and East Java with a capacity of 450 mmscfd and additional gas from the Cepu Block by 200 mmscfd, totalling to 650 mmscfd. "The gas supply will be for industries, electricity companies, and other sector," he said. Suharyanto said those interested in the plan are now only Maspion and metal industry, as well as state electricity company PLN. Pertagas will build pipelines from Semarang to Gresik which will cover 256 kilometers in length, which will likely be initiated by 2011. (VIVAnews, June 10, 2010)

IRAQ: Energy Minister said gas supply to Nabucco pipeline is feasible – CNR/49/14/26

Northern Iraqi Energy Minister Ashti Hawrami said recently that the area could provide natural gas to make the Nabucco pipeline feasible. "We can provide 14 or 15 billion cubic metres to make the project work," said Hawrami. According to him, Northern Iraq is estimated to possess 6-8 trillion cubic metres of natural gas reserves, Hawrami said. Despite tensions between Northern Iraq and the country's central government over who should shoulder the cost of extracting the gas, the minister said he was optimistic that the issue would be resolved quickly.

An official representative of the Nabucco project, Christian Dolezal said that given the fact that the implementation of Shah Deniz-2 project is scheduled for 2016, the first gas deliveries through Nabucco, which is scheduled for the end of 2014, will be realized at the expense of the Iraqi gas. In the first stage of realization, the Nabucco project expects Iraqi gas in volume of 8 billion cubic meters, and Azerbaijani - 10.8 billion cubic meters. Construction of the pipeline is scheduled for 2011 and first deliveries are expected to be realized in 2014. (Trend, June 8, 2010)

RUSSIA: Higher natural gas exports in 2010 expected by Gazprom – CNR/49/14/27

Mikhail Malgin head of the Gazprom Export department for northwestern markets said recently "Naturally, we are expecting positive dynamics compared with 2009. The economy has begun to recover after the crisis but we do not expect a sharp increase in exports". He said export deliveries in the first four months of 2010 were considerably higher than in the same period in 2009. He added that "The first quarter [of 2010] was somewhere at the level 2008 or maybe slightly less". According to its financial statements, Gazprom reduced natural gas exports by 13.4%YoY in 2009 to 205.826 billion cubic meters. (RIA Novosti, June 2, 2010)

RUSSIA: Gazprom cuts gas supplies to Belarus – CNR/49/14/28

Russian President Dmitri A. Medvedev recently ordered Gazprom to cut deliveries of natural gas deliveries to Belarus over unpaid debts. Aleksei Miller, the chief executive of Gazprom, said Belarus was willing to pay its debts through barter, and Mr. Medvedev refused such an arrangement, saying, “Gazprom cannot accept payment for debt in pies, butter, cheese or other means of payment”. “It would be good if our Russian partners realized that their relationships within the CIS do not have to be based on Russian terms,” said Deputy Prime Minister Andrei Kobyakov. (New York Times, June 21, 2010)

UKRAINE: Gas Of Ukraine limits or stops gas supply to several enterprises because of debts – CNR/49/14/29

A subsidiary of national joint stock company Naftohaz Ukrainy, Gas of Ukraine, recently limited gas supply to five large industrial enterprises, cut off gas supply to three more because of their debts for gas. Gas of Ukraine emphasizes that it limits gas delivery to the industrial enterprises that have accumulated significant arrears for energy consumption. These moves were taken in accordance with the plan of activities to raise the level of payments for gas and improve payment discipline among all categories of consumers. The total debt of industrial enterprises for 2008, 2009 and four months in 2010 is about 4.9 billion hryvnia. The 2008 debt amounted to 363.9 million hryvnia, 2009 - 1.3 billion hryvnia, and January-April 2010 - 1.6 billion hryvnia. Gas of Ukraine emphasizes that the ever-growing Ukrainian consumer debt makes it impossible to conduct Naftohaz payments for imported natural gas. The company plans to continue taking tough measures on debtor enterprises, which do not provide timely payments for gas and break contractual relationship. (Ukrainian News Agency, June 10, 2010)

UZBEKISTAN: CNPC signs gas supply agreement with Uzbekneftegaz – CNR/49/14/30

The China National Petroleum Corporation (CNPC), parent of PetroChina, announced recently that it has signed a framework agreement with Uzbekistan oil company Uzbekneftegaz to buy 10 billion cubic meters of natural gas annually. The statement did not provide details on the value of the purchase agreement nor on a specific date when the supply would be initiated. The two sides would first work to connect Uzbekistan's natural gas transmission system with the China-Uzbekistan natural gas pipeline, the statement said. The China-Uzbekistan gas pipeline is part of the larger 1,833-kilometer China- Central Asia gas pipeline that opened in December 2009, linking gas fields in Turkmenistan, Uzbekistan, and Kazakhstan to northwest China's Xinjiang. (Xinhua, June 10, 2010)

STORAGE

CANADA: Paramount Energy Trust starts commercial operations of Warwick UGS facility – CNR/49/14/31

Paramount Energy Trust announced recently that its wholly-owned subsidiary Warwick Gas Storage Inc. (WGSI) is proceeding with the development and commercial operation of its natural gas storage facility (the WGSI Facility) in the Warwick area near Vegreville, Alberta. The WGSI Facility is being developed utilizing a depleted 40 Bcf gas pool in the Upper Mannville Formation with approximately 10 Bcf of cushion gas in place. Nine horizontal injection/withdrawal wells were drilled in the last half of 2009 and the first quarter of 2010 to develop the reservoir for gas storage purposes.

Including all drilling and testing, land, facilities and seismic activities, total project expenditures to the end of the first quarter of 2010 were $20 million. WGSI expects to expend an additional $37 million during the final three quarters of 2010 related to the purchase and installation of two compressors and associated surface facilities designed to allow for the withdrawal of up to 105 MMcf/d beginning as early as November of 2010.

WGSI commenced commercial injection of natural gas in early May of 2010. Initial injections are being limited to 22 MMcf/d as reservoir performance is monitored. WGSI plans to enter into park and loan transactions for up to 8 to 10 Bcf of natural gas storage for withdrawal in the period of December 2010 through March 2011 while continuing to monitor reservoir pressures and confirming the injection and withdrawal capabilities of the wells and facility.
The company plans to utilize an estimated 17 Bcf of storage capacity in 2011 with no additional capital spending. Upon expansion of the facility for full scale operations, adding compression and 3 to 5 additional wells, it is expected that the WGSI Facility will be capable of 1.5 injection and withdrawal cycles of 22 to 25 Bcf of working gas annually. (CNW, June 17, 2010)

GERMANY: E.ON Gas Storage launches new Click & Book system – CNR/49/14/32

E.ON Gas Storage GmbH (EGS) recently introduced a new Click & Book system which will replace the current booking method. Click & Book allows customers to make binding storage bookings from their own PC, provided they select a period defined by EGS as a priority period. Upon completion of the booking, the booked capacities are deducted from the available capacities indicated on the storage portal, and the relevant capacity figures shown will change accordingly. The portal, which can be accessed at www.eon-gas-storage.com as before, will thus make available capacities transparent in real time for each individual storage facility. The EGS storage portal will also feature “myEGS”, a separate customer area allowing customers to access their user details, storage contracts, storage requests, invoices and credit rating details. In the near future, this area will also enable customers to book day-ahead capacities for gas withdrawals and injections. (E.ON Gas Storage, press release, May 27, 2010)

HUNGARY: MMBF to complete filling of its gas storage facility by autumn 2010 – CNR/49/14/33

CEO István Gáti said recently that MMBF gas storage is to complete filling of its new 700 million cubic-meter commercial gas storage facility by the autumn 2010. MMBF is 72.5% owned by Hungarian oil and gas company MOL and 27.5% is held by the Hungarian Hydrocarbon Stockpiling Association (MSzKSz). It has been reported that a new player, Pusztaföldvár Gas Storage Zrt, with plans to build 1 billion cubic meters of capacity will enter the market soon.
Gáti said commercial gas storage is added to MMBF's two activities of security storage and through one of its shareholders - hydrocarbon production. MMBF completed strategic-security storage facility, which has capacity of 1.2 billion, was completed in 2009. The security stock is owned by the Hungarian Hydrocarbon Stockpiling Association (MSzKSz), which currently collects HUF 1.87 per cubic meter in stockpiling contribution from its members. (Budapest Business Journal, June 4, 2010)

IRELAND: PSE Kinsale Energy studies development of UGS facility near of Cork Harbour – CNR/49/14/34

PSE Kinsale Energy recently launched a major feasibility study into the development of a natural gas storage complex. Pending the confirmation of commercial viability, the project, which includes the conversion of the company’s current offshore storage site 40km south of Cork Harbour, and redevelopment of its onshore terminal at Inch in east Cork The proposed facility would quadruple the company’s gas storage facilities. It would also provide the country with the capability to store about 18% of average annual gas demand, significantly more than the current capacity of 4%. Subject to both regulatory and planning consents, the commissioning of new facilities and the start of operations will take place in 2014, the company said. (Irish Examiner, June 1, 2010)

UNITED KINGDOM: Centrica seeks EIB loan to develop two UGS facilities – CNR/49/14/35

European Investment Bank (EIB) said recently that Centrica has applied for a $943.1 million loan to help finance two British gas storage development projects. The North Sea offshore Baird storage site is expected to become the second largest in Britain with a capacity of 1,700 million cubic metres of gas, while the onshore Yorkshire Caythorpe facility could provide up to 170 million cubic metres.
The Baird facility, which is expected to be operational in storage year 2013-2014, is owned 70 percent by Centrica and the rest by independent exploration company Perenco. Centrica owns 100 percent of the Caythorpe site, which could be functioning by storage year 2012/13. (Reuters, June 7, 2010)

UNITED KINGDOM: E.ON UK resubmits gas storage plans at Whitehill Farm – CNR/49/14/36
E.ON recently resubmitted plans for a gas storage facility on the East Coast. E.ON UK secured planning permission for the facility which will have 10 underground storage caverns at Whitehill Farm, near Withernwick, to the north of Aldbrough, three years ago. E.ON said a "minor" change had been made to the site boundary. They say extensive landscaping will help screen the plant. (Yorkshire Post, June 8, 2010)

UNITED STATES: Cadeville Gas Storage announces a non-binding open season in Louisiana – CNR/49/14/37
Cadeville Gas Storage LLC, a wholly-owned subsidiary of Cardinal Gas Storage Partners LLC, announced recently that it intends to hold a 30-day non-binding open season at a planned natural gas storage facility to be located in Ouachita Parish, approximately 10 miles southwest of Monroe, Louisiana. Commercial storage services are scheduled to commence in 2012. The approximate three to four turn facility is being designed to provide a peak deliverability of 420 MMcf/d and a peak injection of 420 MMcf/d. Cadeville will be converting a depleted gas reservoir to develop a total of 16.5 Bcf of working gas storage. This open season will be for approximately 11.5 Bcf of firm working gas storage capacity. The facility will have the ability to interconnect to Tennessee Gas Pipeline Line 100, Gulf South's Middle 30, Gulf South's 42" East Texas to Mississippi Expansion, Texas Gas Transmission, CenterPoint Energy Line CP and ETP's 42" Tiger Pipeline. (Cardinal Gas Storage press release, May 28, 2010)

CONSUMPTION

CHINA: PetroChina expects gas consumption to triple in 2020 – CNR/49/14/38
China's annual natural gas consumption is expected to triple to hit 300 billion cubic meters in 2020, Zhou Jiping, president of PetroChina said recently. In 2009, China's natural gas consumption was 88.7 bcm. By the end of 2009, PetroChina, the country's largest oil producer, had proven natural gas reserves of 1.79 tcm, said Zhou. In 2009, the firm's overseas natural gas output was 5.5 bcm. According to statistics released by the China's National Development and Reform Commission, China expects to import more than 15 bcm in 2010 through natural gas pipelines or LNG terminals. (China Knowledge, June 11, 2010)

ITALY: European gas demand forecasted to reach pre-crisis levels in 2013 – CNR/49/14/39
Snam Rete Gas Chief Executive said recently that European gas demand will return to pre-crisis levels in 2013 and will then grow as power generation drives demand, offsetting any risk of gas oversupply after 2015. Italian gas demand -- which, as elsewhere in Europe, fell in 2009 as a consequence of the crisis -- will grow 3 percent in 2010 to around 80-81 billion cubic metres said Carlo Malacarne. "There has been a strong increase in Italian demand in the first four months of this year with a 10-11 percent increase in the industrial sector and 12 percent in power generation," Malacarne said. Gas demand in Italy will grow an average of 1.9 percent per year to 2020 but 2-3 percent in the next 3-4 years, he said. Snam, continental Europe's leading regulated gas operator by assets and keen to help develop Italy as a European gas hub, aims to increase gas flows from the south of Italy to the north and then on to central Europe. "We have clients asking us to bring gas from Italy to central Europe which we can't automatically fulfil today," Malacarne said. The GALSI pipeline, which will transport Algerian gas to central Italy, should go ahead. "The intention to press ahead with GALSI is very strong," he said, adding the final investment decision will be taken by end 2010 and the pipeline will be operational in 2014. Of the five liquefied natural gas terminals currently in permitting phase, one or two will be developed in 2015-2016, he said. (Reuters May 26, 2010)

USE FOR POWER GENERATION

AUSTRALIA: Atco Power opens Karratha gas-fired power plant – CNR/49/14/40
recently opened its Karratha gas-fired power station in Western Australia. The 86MW facility is owned and operated by the company. The electricity produced by the power station will be sold to state-owned Horizon Power under a 20-year contract. (Energy Business Review, June 2, 2010)

IRELAND: Gas-fired Power Plant opened in County Cork – CNR/49/14/41
Irish utility Electricity Supply Board (ESB) recently opened a new 435MW gas-fired power station at Aghada in County Cork, Ireland. The Aghada site has now power generating capacity of 963MW. (Energy Business Review, June 1, 2010)

ISRAEL: Electricity Authority wants to ban gas suppliers from power generation market – CNR/49/14/42
The Public Utilities Authority Electricity wants to ban natural gas suppliers from also being allowed to generate electricity or to partner with the Israel Electric Corporation in a power plant. According to a draft position paper, the conditions are not yet right "for permitting any involvement by a gas supplier in the ownership of permits for production using conventional technologies." The agency, headed by Amnon Shapira, argued that natural gas suppliers can greatly influence which players get into the electricity market. That's because the selection of private power generators to sell electricity to Israel Electric Corp. depends heavily on the price they negotiate with the natural gas suppliers. The Gas Authority recommends permitting any single natural gas supplier to own up to 10% of the total electricity generating capacity in Israel. Implementing this recommendation would leave the door into Israel's electricity sector wide open to gas suppliers. In its regulatory recommendations, the Electricity Authority did not made a distinction between the country's natural gas suppliers, Tamar and EMG, but it did note in the position paper: "It can be assumed that the stakeholders in the Tamar gas exploration could influence the electricity market if they choose to enter it". The electricity regulators said that while the prices of gas contracts negotiated up to now in Israel's current, two-supplier market are comparable to those abroad, that could change with the expanded development of the Tamar reserves or if, for political reasons, the gas from Egypt stops flowing. In that case, the Israeli gas market would become a monopoly. (Haaretz, June 20, 2010)

OMAN: GDF Suez wins contract for 2 new power stations in Oman – CNR/49/14/43
GDF Suez has been recently awarded for the construction and operation of Barka 3 and Sohar 2, Oman's next two Independent Power Projects (IPP). Barka 3 and Sohar 2 are greenfield gas-fired power projects with a total capacity of approximately 1,500 MW (744 MW each). Total investment will be around 1,700 MUSD for both projects, in which GDF Suez will own a 46% stake. Oman has an installed capacity of 3,600 MW and a rapidly expanding power market. Spare capacity is scarce and the Sultanate has a 7-years plan to increase its capacity to 5,900 MW by 2015. (GDF Suez press release, May 31, 2010)

PALESTINE: Authorities seek to run Gaza power plant with Egyptian gas – CNR/49/14/44
A Palestinian official said recently there are efforts to import the natural gas from Egypt to operate the sole power plant in the Gaza Strip. Walid Sayel, chairman of the Gaza Strip Power Plant, said the Palestinian National Authority (PNA) Energy Department is holding contacts to use the natural gas instead of the limited amounts of Israeli industrial diesel. Since Israel imposed a blockade on the Gaza Strip after Hamas seized control of the enclave in June 2007, the Gaza Strip has been suffering from frequent power cut off, as Israel reduced the amounts of fuels sent to Gaza. (Xinhua, June 8, 2010)

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