Cedigaz News Report

www.cedigaz.org

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Vol. 49, n°3, February 9, 2010

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AUSTRALIA: Warns of LNG project delays reported – CNR/49/3/1
In a recent Merrill Lynch report, analyst Mark Hume said "Over the next two years we believe that a total of 14 Australasian LNG projects, which have a reasonable chance of reaching a final investment decision through 2010–11. Combined, these projects have the potential to add approximately 60 million tonnes per annum of new LNG supply, more than sufficient to meet the majority of our demand gap through 2020. Mr Hume said "Rather than certain projects not making it off the drawing board for lack of available volume demand, we think pricing may well see several projects struggle to make internal corporate hurdle rates. Whilst our supply-demand outlook highlights a clear demand window opening up in 2015, we note that there are at least six Australasian projects all chasing the same demand window". (Gas Today, January 21, 2010)

AUSTRALIA: Air Products to supply heat exchangers for Gorgon LNG project – CNR/49/3/2
Air Products signed recently an agreement with Chevron Australia to supply its proprietary liquefied natural gas process technology and equipment for three process trains producing up to 15 million tons of LNG per annum at the Gorgon Project. LNG production is scheduled to begin in 2014. Under the agreement, Air Products will provide three separate units of its proprietary propane pre-cooled mixed refrigerant process using the SplitMR machinery configuration. (Energy Business Review, January 21, 2009)

AUSTRALIA: Joint termination of Golar LNG and PTTEP Agreement – CNR/49/3/3
Golar LNG Energy Limited and PTTEP Offshore Investment Company Limited announced recently the joint termination of the Heads of Agreement and Joint Study Agreement governing their joint development of a floating liquefied natural gas (FLNG) project based on the gas fields in North West Australia owned by PTTEP. The two companies have also announced their termination of a Memorandum of Understanding covering their global cooperation to identify and develop FLNG projects. (Comtex, January 29, 2010)

TRANSPORTATION-DISTRIBUTION

PANAMA: Expansion of Panama Canal may attract LNG shipping – CNR/49/3/4
Silvia de Marucci, an official in the Panama Canal market research and analysis department, said recently that shipments of liquefied natural gas through may climb once expansion work on the waterway is completed in 2014. Once work is completed, 80 percent of liquefied natural gas carriers will be able to fit through the canal's locks, up from 6 percent now. Repsol YPF is interested in using the canal to ship LNG from Peru and Kitimat LNG Inc. is also considering using the waterway to sell Canadian cargoes to customers in the Atlantic. (Bloomberg, January 29, 2010)

SUPPLIES - IMPORTS – EXPORTS

AUSTRALIA: Chevron and Kyushu Electric Power sign LNG deals – CNR/49/3/5
Chevron Corp. announced recently that its Australian subsidiaries have signed multiple Heads of Agreements with Kyushu Electric Power Co.,Inc. for the delivery of liquefied natural gas from the Chevron-operated Gorgon and Wheatstone natural gas projects. Under the agreements, Kyushu Electric anticipates receiving 0.3 million tons per annum of LNG from the Gorgon Project, for 15 years.
Under the agreement, Kyushu Electric also intends to acquire 1.83 percent of Chevron's equity share in the Wheatstone field licenses and a 1.37 percent interest in the Wheatstone natural gas processing facilities to be developed onshore near Onslow in northwestern Australia. Additionally, Kyushu Electric expects to purchase 0.7 mtpa of LNG from the Wheatstone Project for up to 20 years. This sales volume is net of the LNG that Kyushu Electric will lift as an equity participant in Wheatstone. Including this equity participation, Kyushu Electric will take delivery of 0.8 mtpa of LNG from the Wheatstone Project. Construction of the Gorgon Project began in the second half of 2009, with first gas planned for 2014. The initial project includes a 15 mtpa LNG facility

and a domestic gas plant in northwestern Australia. Chevron is the operator and has an approximate 47 percent interest in the project. The Wheatstone project entered the front end engineering and design phase in July 2009 and expects to make a final investment decision in 2011. The initial phase of the project plans to have the capacity to process 8.6 mtpa of LNG and a domestic gas plant. Chevron is the operator and holds an approximate 75 percent interest in the project. (Chevron press release, January 26, 2010)

INDONESIA: Kogas cancels Tangguh LNG deal – CNR/49/3/6

Korea Gas recently cancelled a liquefied natural gas supply deal from the Tangguh project, an official at BPMigas, said. In 2008, Indonesia reached an initial agreement to supply 1 million tonnes per year of LNG to Kogas from 2010 to 2012. The LNG is slated to come from the Tangguh project in Papua, and to be part of the LNG lifted by Sempra Energy and sold to other customers. "The deal with Kogas has been cancelled due to the economic situation in South Korea which has not improved," Amir Hamzah, a BPMigas official said. Sempra has a 20-year contract to lift 3.6 million tonnes per annum of LNG from the 7.6 million-tpa Tangguh project, led by BP. It has the right to divert half its volumes to customers other than its own new terminal in Mexico. (Upstream Online, February 1, 2010)

TAIWAN: LNG imports reduced in 2009 – CNR/49/3/7

Taiwan reduced purchases of LNG for the first time in 2009 because of the global recession. Imports of LNG, used as a fuel in power stations, fell 2.5 percent to 19.4 million kiloliters from 19.9 million kiloliters in 2008, data from Taiwan's Bureau of Energy recently showed. Electricity sales at Taiwan Power Co. dropped 4.1 percent in 2009 as the recession slowed factory output, according to a newsletter from the monopoly grid operator. The government said in November 2009 that the economy may grow 4.39 percent in 2010after declining 2.53 percent in 2009. “LNG consumption should be steady,” said Lin Maw-wen, a vice president at CPC Corp. “Imports this year may reach 8.5 million to 9 million tons”. Taiwan paid an average of US$436 a ton in 2009 compared with US$745 a ton in 2008, official data showed. (Bloomberg, February 2, 2010)

STORAGE

ROMANIA: Authorities considers construction of a LNG terminal on the Black Sea Cost – CNR/49/3/8

Azerbaijan’s Minister of Industry and Energy, Natig Aliyev, offered recently to build a liquefied natural gas export terminal on the Black Sea coast. The Azerbaijani government believes that Azerbaijan, Georgia and Romania should look into the possibility of jointly creating such a facility. “In my view, we could discuss the idea of creating a trilateral LNG export terminal on the Black Sea,” Aliyev said. Georgia’s First Deputy Minister of Energy, Mariam Valishvili, said earlier the country intends to build such a terminal on its Black Sea coast. Valishvili said gas could be supplied through the existing BP-operated South Caucasus gas pipeline (SCP), which is already carrying Azerbaijani gas to Turkey via Georgia, and carried to the coast at Supsa, a Black Sea port city in western Georgia, through existing lines which are currently being rehabilitated. There the gas can be turned into LNG in a plant with an initial capacity of between 5bn-10bcm per year. That gas will then be shipped by special LNG tankers across the Black Sea to the Romanian port of Constanta, where Romania's state gas company Romgaz is already developing plans for an LNG import terminal. Georgia plans to be part of the corridor for gas supplies. (AzerNews, January 29, 2010)

SOUTH AFRICA: Energy regulator rejects LNG terminal and pipeline projects – CNR/49/3/9

The National Energy Regulator of South Africa (Nersa) recently endorsed the decision of its piped gas sub-committee not to grant Unigas a licence to build a liquefied natural gas regasification facility and a 1926km gas pipeline. The government's energy white paper advocates the diversification of the energy mix and the promotion of competition. But Unigas is the second company to fail Nersa's licence application test within a year. In October 2009, the regulator declined Gigajoule Africa's application for the construction of gas transmission and distribution facilities.

The regulator approved the decision to decline Unigas's application. The company wants to build a pipeline in three phases. Its route will traverse the Coega Industrial Development Zone, near Port Elizabeth, to areas in the Eastern Cape, Western Cape and KwaZulu-Natal. The first phase will cover 635km and include Mossel Bay, George, Kynsna, Port Elizabeth, Grahamstown, Peddie and East London. According to Unigas,

this initial phase would be due for completion in 2013. The second phase would cover Mossel Bay, Riversdale, Swellendam, Caledon, Cape Town, Kraaifontein, Bloubergstrand, Atlantis, Swartland and Saldanha. The second phase would be completed in 2015.
The third and final phase, of 780km, would include Butterworth, Idutywa, Mthatha, Qumbu, Mount Frere, Mount Ayliff, Kokstad, Harding, Port Shepstone, Margate, Scottburgh, Amanzimtoti, Durban, Pietermaritzburg, KwaMashu, Tongaat , Stanger and Richards Bay. Unigas CEO Fikile Holomisa said that Unigas would await Nersa's reasons for the decision. Based on the reasons, the company might reapply for the licence, he said. PetroSA has said gas supplies to its Mossel Bay gas-to-liquid refinery were dwindling and it was looking for new gas supplies.
Meanwhile, Nersa has published details of Novo Energy's application to trade in gas in areas in KwaZulu-Natal and Gauteng. Nersa approved recently the licence. In its application, Novo had told Nersa that sources for the gas would include Sasol Gas, Egoli Gas and landfill gas from municipal dump sites in areas such as Ekurhuleni, Tshwane and Emfuleni. Novo said the gas, to be sold as compressed natural gas, would be supplied to customers in the taxi industry, logistics and bus companies. "New entrants like Novo Energy, who are willing to explore alternative sources of gas, will, among other things, promote the use of gas," Nersa said. (Business Day, January 29, 2010)

GTL

PROCESSING

QATAR: First GTL production expected in 2011 – CNR/49/3/10
A senior company executive said recently that Royal Dutch Shell expects first production from its gas-to-liquids plant in Qatar in 2011. The cost of the Pearl plant was pegged at $18 billion to $19 billion, the company's regional vice-president for finance, Gerrit-Jan Smitskamp said. The GTL project will be the world's largest and will have a capacity of 140,000 barrels per day. (Reuters, January 26, 2010)

NATURAL GAS

EXPLORATION – DISCOVERY

PAKISTAN: OGDCL finds gas in Sindh Province – CNR/49/3/11
The Guddu Block Joint Venture comprising of Oil and Gas Development Company Limited (OGDCL) as Operator (70%); IPR (25%); and Government Holdings (Pvt.) Limited (5% carried),discovered recently gas from exploratory well Maru-1, which is located in District Ghotki, Sindh Province, onshore Pakistan. The zone has tested 3.5 MMSCFD of gas through 40/64" choke. (Scandinavian Oil and Gas, February 1, 2010)

PRODUCTION

ABU DHABI: Shah gas project may start by 2014 – CNR/49/3/12
Abu Dhabi National Oil Co. and ConocoPhillips may start production at a sour-gas project by 2014. The Shah natural gas project may “start producing, bringing natural gas and liquids to market by late 2013 or early 2014,” Ismail Al Ramahi, gas processing manager at the state producer, said recently. He said the company hoped to assign some of the main tenders in the first quarter of 2010. Adnoc and ConocoPhillips formed a joint venture in July 2009 to develop the Shah project. The development will produce as much as 550 million standard cubic feet of gas, 32,600 barrels of condensate and 9,090 tons of sulfur, Saif Ahmed al-Ghafli, and head of the Shah joint venture said. Adnoc is also working on a project to link onshore and offshore gas supply networks and aims to complete the first phase of that project in this quarter, Al Ramahi said. The second phase in the development that will bring 1 billion standard cubic feet of fuel to the national supply network will be completed in 2013, he said. (Bloomberg, February 1, 2010)

CAMEROON: First sales from Logbaba gas project targeted in 2010 – CNR/49/3/13

Victoria Oil & Gas Executive Director, George Donne, said recently that the company aims to secure the first sales from its Logbaba gas project in Cameroon around the middle of 2010. Donne also said the company was looking to invest up to $40 million in a gas processing plant and a 12-km pipeline to transport gas to the industrial area of Cameroon's capital Douala. The Logbaba field was discovered in the 1950s and all four exploration wells have encountered gas. Three of the wells flowed gas at rates of up to 62 million cubic feet per day. (Reuters, January 25, 2010)

EUROPE: Strategic energy partnership signed with Iraq – CNR/49/3/14

The European Union recently signed a strategic energy partnership with Iraq. Iraq has the world's third largest proven oil reserves and could become a gas supplier for the Nabucco pipeline. "The EU wants to make a reality of the Southern Corridor, where Iraq has said it wants to play a role," commission spokesman Amadeu Altafaj-Tardio said. However, he admitted that the memorandum of understanding signed in Baghdad by EU Energy Commissioner Andris Piebalgs and Iraq's Minister for Oil Hussain al-Shahristani, is only "a first step". The agreement foresees strengthened EU-Iraqi cooperation, to be detailed in an "Energy action programme" for 2010-2015, covering energy efficiency, energy demand management and renewables, according to the EU. The EU said it is also ready to help Iraq draw up a new national gas development plan, develop its electricity grid, improve the safety and the reliability of its oil pipelines and "identify sources and supply routes for gas from Iraq to the European Union". (Deutsche Presse-Agentur, January 18, 2010)

TANZANIA: Slow development of Kiliwani North gas – CNR/49/3/15

According to partner Key Petroleum, commercialization of the Kiliwani North gas discovery off Tanzania is proceeding slowly. The Kiliwani North 1 well in the Nyuni block tested 40 MMcf/d in June 2008. The Nyuini joint venture partners have been waiting for the Tanzanian government to approve Songas' plan to expand gas processing facilities on nearby Songo Songo Island, and also for environmental approval for a proposed gas pipeline between the well and the island's gas plant. (Offshore, February 1, 2010)

UNITED STATES: EIA publishes a short-term energy outlook – CNR/49/3/16

According to its recent Short-Term Energy Outlook, EIA estimates that total natural gas consumption fell by 1.5 percent in 2009, primarily because of the economic downturn. Despite low natural gas prices throughout most of 2009, which contributed to a significant increase in natural gas-fired electric power generation, declines in industrial, residential, and commercial sector consumption drove the year-over-year decline in total consumption.

Total annual natural gas consumption is forecast to remain relatively unchanged in 2010. Higher natural gas prices in 2010 are expected to cause a 2.8-percent decline in natural gas consumption in the electric power sector in 2010, which will offset growth in the residential, commercial, and industrial sectors. Forecast total natural gas consumption increases by 0.4 percent in 2011, led by a 2.5 percent increase in consumption in the industrial sector. EIA estimates that total marketed natural gas production increased by 3.7 percent in 2009, despite a 59-percent decline in the working natural gas rig count from September 2008 to July 2009. While production growth in 2009 was supported by the enhanced productivity of new wells being drilled, steep declines from initial production at these newly drilled wells and the lagged effect of reduced drilling activity are expected to contribute to a 3-percent decline in 2010 production.

EIA expects marketed production to increase by 1.3 percent in 2011 with growth in production from lower-48 non-Gulf of Mexico fields offsetting a decline in GOM production. U.S. pipeline imports declined by almost 0.9 billion cubic feet per day in 2009, or 8.8 percent, as Canadian drilling activity and production fell because of lower prices. EIA expects continued low Canadian production to cause U.S. pipeline imports to fall in 2010 as well, by more than 1 Bcf/d. Meanwhile, EIA forecasts that recent additions to global liquefied natural gas supply in Russia, Yemen, Qatar, and Indonesia will cause U.S. LNG imports to increase by almost 0.5 Bcf/d in 2010 to 1.76 Bcf/d. EIA expects U.S. LNG imports to increase slightly in 2011, as growing global demand for LNG absorbs the new supply growth. On January 1, 2010, working natural gas in storage was 3,123 Bcf, 316 Bcf above the previous 5-year average (2005-2009) and 286 Bcf above the level during the corresponding week in 2009. The Henry Hub spot price averaged $4.06 per Mcf in 2009, and the forecast price averages $5.36 per Mcf in 2010 and $6.12 per Mcf in 2011. Continued high storage levels combined with enhanced domestic production capabilities and slow consumption growth are expected to keep prices from rising dramatically through the forecast. (Oilvoice, January 29, 2010)

RESERVES

AUSTRALIA: Arrow Energy upgrades its gas reserves – CNR/49/3/17

Arrow Energy has substantially boosted its gas reserves. The group's proven and probable (2P) reserves at the end of December rose 43 per cent to 3690 petajoules, while gross reserves, including joint venture partner Shell's interests, rose 50.3 per cent to 6150PJ. Chief executive Nick Davies said that Arrow might be able to add up to 1.5 trillion cubic feet of gas per year to its gross 2P reserves over the next three years, up from its target of 1 trillion cubic feet a year. Arrow chief executive of Australian operations Shaun Scott said in 2009 that the company could prove up enough gas to supply not only the Fisherman's Landing LNG project at Gladstone, but also all four trains proposed by Shell for its LNG project. The first LNG train at Shell's Gladstone plant will use 200PJ a year for the initial 20 years, while the Fisherman's Landing plant, due to ship first gas by late 2012, will need 90PJ a year, Arrow has said. (The Australian, January 28, 2010)

PROCESSING

AUSTRALIA: Australia Pacific LNG commissions the second stage of Talinga processing plant – CNR/49/3/18

Australia Pacific LNG recently had begun the commissioning of the second, high pressure stage of its Talinga coal seam gas development near Chinchilla in Queensland as part of the progressive ramp up to full production. Todd Creeger, project director of Australia Pacific LNG, said “During this commissioning period gas from Talinga is supplementing existing gas supply to a number of clients, with well deliverability above expectations to date”. On the completion of Stage two, which will include additional low and high pressure compressors, Talinga will have a final capacity of 90TJ/day. The development also includes a reverse osmosis water treatment plant and supporting infrastructure capable of processing 20 megalitres of water per day. (Energy Business Review, January 21, 2010)

TRANSPORTATION-DISTRIBUTION

BRAZIL: Paulínia to Jacutinga gasline inaugurated – CNR/49/3/19

Chief of Staff, Dilma Rousseff, and Petrobras' director for Gas and Energy, Graça Foster, inaugurated recently the Paulínia - Jacutinga Gas Pipeline. With capacity to transport 5 million cubic meters of gas per day and 93 km in length, the gas pipeline will supply natural gas to towns in the Southern area of the state of Minas Gerais, particularly to companies operating in the aluminum, ceramics, and food industries, for the first time. The gas pipeline originates in the city of Paulínia, where the so-called Natural Gas Hub 3 is installed. This Hub interconnects the Paulínia-Jacutinga and Campinas-Rio (Gascar) gas pipelines and the Southern, Northern and Replan-Guararema sections of the Bolivia-Brazil (Gasbol) gas pipeline, as well as the Delivery Point for Replan (Planalto Paulista Refinery). In Jacutinga, Petrobras installed a delivery point, with capacity for 1.25 million cubic meters per day, where the natural gas is supplied to the state distributor, who is in charge of developing energetic consumption among its customers. In addition to the Paulínia-Jacutinga gas pipeline, the transportation network that supplies the state of Minas Gerais will be reinforced when the Gasbel II (267 km in length) is scheduled to go online. With the two gas pipelines - Paulínia-Jacutinga and Gasbel II - Petrobras boosts its natural gas transportation capacity to the state fourfold, surging from 3.2 million cubic meters per day to 13.2 million cubic meters per day. This expansion is taking place because of the transportation network that is being doubled - from the current 357 km (the length of Gasbel I) to 717 km. (Petrobras press release, February 1, 2010)

EUROPE: Nord Stream decides on second pipeline supply tender – CNR/49/3/20

Nord Stream decided recently to commission Europipe (Germany), OMK (Russia) and Sumitomo (Japan) with the supply of 1 million tons of steel pipes for the construction of the second pipeline of the Nord Stream project. German Europipe will be awarded 65 percent, the Russian pipe company OMK 25 percent, and Japanese Sumitomo 10 percent. The tender award for the second 1,220 kilometres gas pipeline from Vyborg in Russia to Lubmin in Germany will ensure timely delivery of the pipes in line with the logistic requirements of the Nord Stream project. Delivery of the pipes for the second pipeline is scheduled to start in May 2010. Construction of the first line of the Nord Stream Pipeline is scheduled to commence on 1 April 2010; construction of line two is planned to start in spring 2011. (Nord Stream press release, January 22, 2010)

HUNGARY: Gazprom and MFB bank create a joint venture to build South Stream Pipeline Leg – CNR/49/3/21

Gazprom and the Hungarian MFB bank signed recently an agreement to set up South Stream Hungary Zrt, a joint venture to build the South Stream gas pipeline in Hungary. Gazprom and MFB will hold equal stakes in the joint company designed to draft a feasibility study, finance, build and operate the Hungarian leg of South Stream. "We have no doubt that South Stream will provide additional guarantees of safety and flexibility of Russian natural gas supplies to European markets," said Gazprom Deputy CEO. MFB CEO Janos Eros described the gas pipeline project as "significant to Hungary and, presumably, all of Europe". Eurasia Review, January 29, 2009)

IRAN: Kuwait interested in linking its gas network – CNR/49/3/22

The Head of Iran's Gas Transportation Company said recently that Kuwait has expressed interest in linking its gas network to Iran's cross-country gas network. "Iran's gas network has already expanded to Khorramshahr in southern Iran and it's possible to further extend the network to Kuwait," said Reza Almasi. He said that the plan to link the two countries' gas networks includes building a submarine pipeline to Kuwait's border. The issue of annually exporting 3-4 billion cubic meters of natural gas pumped from Iran's South Pars gas field to Kuwait was the one of major topics raised in a meeting in November 2009 between Iranian Oil Minister Masoud Mirkazemi, and his Kuwaiti counterpart, Sheikh Ahmad Al-Abdullah Al-Sabah, in Tehran. (Tehran Times, January 26, 2010)

ISRAEL: Haifa linked to the natural gas infrastructure – CNR/49/3/23

The Cabinet recently discussed the decision to link the Haifa Bay area to the natural gas infrastructure. During the discussion, Prime Minister Netanyahu said, "Today, we will make an important decision on the Kishon Basin and the ability to lay a natural gas pipeline that will link the greater Haifa metropolitan area to a natural gas supply network. Environmental Protection Minister Gilad Erdan explained that the decision is related not only to cleaner air, but is also cheaper and will save the country considerable money. (IsraelNN, February 1, 2010)

MACEDONIA: Gazprom to help in building a national gas network – CNR/49/3/24

Gazprom will help Macedonia in building the country's gas infrastructure. The countries agreed on the deal in 2009. Macedonia's vice PM Zoran Stavreski said "Given that €42 million is not sufficient for the completion of the project, Macedonia will co-finance the project which will be built together with Russia, and an additional portion will be completely financed by us". The total value of the project is estimated at some €270 million, Macedonian transport and infrastructure minister, Mile Janakieski recently explained. "We have already started the procedure for choosing an operator who will implement the project," he stated. There are two routes that will take priority, Janakieski said. The first will link Skopje with Tetovo and Gostivar. The second will run to the central Macedonian town of Bitola and on to Strumica. (Balkan Insight, February 1, 2010)

TURKMENISTAN: China starts to pipe gas – CNR/49/3/25

China recently launched pumping of the Turkmen gas to the Tszinbyan compressor station "in the direction of Beijing indicated the China National Petroleum Corporation (CNPC).This event marks the full commissioning of the western section of the West-East pipeline, which was connected to the Turkmenistan-China gas pipeline transporting gas from the Samandepe field through Uzbekistan and Kazakhstan," the Turkmen Dovlet Khabarlary reported. The CNPC, which is licensed operator and contractor for development of deposits on the Bagtiyarlyk contract territory on the shores of the Amu Darya, reported that thanks to sustainable production volumes at the Turkmen oil field, the company pumps about 6.6 million cubic meters of gas per day to the Khorgos station. China is expected to complete construction of the national gas pipeline that will transport the Turkmen natural gas to Shanghai, Guangzhou and more than a dozen other Chinese provinces and cities by 2012. (Trend, February 1, 2010)

UNITED STATES: Haynesville Expansion Project and Red River Lateral pipelines start service – CNR/49/3/26

Regency Energy Partners LP, Alinda Capital Partners LLC, and an affiliate of GE Energy Financial Services announced recently that its Haynesville Expansion Project and Red River Lateral are in service. "The Haynesville Expansion Project was specifically constructed to provide much needed takeaway capacity for Haynesville Shale gas in North Louisiana and is the first major project to be placed in service in the region," said Byron Kelley, chairman, president and chief executive officer of Regency. The Haynesville Expansion Project and the Red River Lateral are underwritten by firm transportation agreements with 10-year terms. (Regency Energy Partners press release, January 27, 2010)

UNITED STATES: Williams plans expansion of Mid-Atlantic Connector – CNR/49/3/27

A unit of Williams announced recently that it has executed precedent agreements for a proposed Transco pipeline expansion project to provide an additional 142,000 dekatherms of incremental firm natural gas transportation capacity to serve growing markets in the Mid-Atlantic region by November 2012. The Mid-Atlantic Connector expansion project is designed to provide service on Williams' Transco natural gas pipeline from an interconnection with East Tennessee Natural Gas in Rockingham County, N.C., to delivery points as far north as Maryland. Other supply points in the path of the project include interconnects with Columbia Gas Transmission, Dominion Transmission and Dominion Cove Point. The Transco pipeline is a 10,000-mile pipeline system which transports natural gas to markets throughout the Northeastern and southeastern United States. The current system capacity is approximately 8.6 billion cubic feet per day. (Williams press release, January 22, 2010)

UNITED STATES: Alaska Pipeline Project files open season plan with FERC – CNR/49/3/28

The Alaska Pipeline Project announced recently that it filed its plan with the U.S. Federal Energy Regulatory Commission to obtain approval to conduct the first natural gas pipeline open season to develop Alaska’s gas resources. The project is a joint effort between TransCanada Corporation and Exxon Mobil Corporation to develop a natural gas pipeline under the Alaska Gasline Inducement Act (AGIA). If FERC approves the plan, the Alaska Pipeline Project will finalize its open season offering and provide it to potential shippers at the end of April 2010 for their assessment during the 90-day period through July 2010.

The open season process initiated with FERC applies to the portion of the project in the United States. A separate but coordinated open season for the Canadian portion of the project will be conducted concurrently with the U.S. open season. Two options will be submitted for shipper assessment in the Alaska Pipeline Project open season.

The first option is a pipeline from Alaska’s North Slope to Alberta, Canada, and a distance of approximately 2,737 kilometres, where the gas can be delivered on existing pipeline systems serving major North American markets. The second option would transport natural gas from the North Slope to Valdez, Alaska, a distance of approximately 1,287 kilometres, where it would be converted to liquefied natural gas in a facility to be built by others and then delivered by ship to North American and international markets. Components of both options include a world-class gas treatment plant (GTP) and Point Thomson natural gas transmission pipeline. The GTP would be built next to the North Slope’s Prudhoe Bay facilities.

An approximately 93 kilometres pipeline would connect the natural gas supplies of the Point Thomson field to the plant and pipeline. Both options have an expected in-service date of 2020 and would provide either 4.5 billion cubic feet of natural gas per day under the Alberta option or 3.0 billion cubic feet per day under the Valdez option. (Downstream Today, January 29, 2010)

SUPPLIES - IMPORTS – EXPORTS

ARGENTINA: Azabache announces commercialization of Covunco Block gas – CNR/49/3/29

Azabache Energy Inc. announced recently that it has entered into an arrangement with Gas Meridional to purchase up to 1.8 MMcf of gas per day at $2.80 per MMBTU, pending finalization of a definitive agreement. The Company will initially supply the gas from recently re-perforated intervals in the Tordillo Formation of the OAx-2 well in the Covunco Block of the Neuquen Basin. Gas flowed at a stabilized rate of 883 Mcf and 5 bbls of condensate per day through a 5/16" choke at a wellhead pressure of 300 psi. (Marketwire, January 27, 2010)

AUSTRALIA: Gas boosts export figures – CNR/49/3/30

According to Australia's Trade by State and Territory 2008–2009 report published by Australian Government Department of Foreign Affairs and Trade, Western Australia's overall exports were greater than the other states, with its natural gas exports rising by 58.1 per cent to $7.6 billion. Gas exports in the Northern Territory also rose sharply by 135.5 per cent to $2.5 billion. (Gas Today, January 21, 2010)

AZERBAIJAN: Agreement on gas price reached with Turkey for first stage of Shah Deniz project – CNR/49/3/31

State Oil Company of the Azerbaijan Republic head, Rovnag Abdullayev said recently that Azerbaijan and Turkey agreed on the price of Azerbaijani gas in the first stage of the Shah Deniz project. He added "The question the gas price in the second stage has not yet agreed upon. Therefore, a final decision on the whole package [of questions] has not yet accepted." According to the company head, as Azerbaijan-Turkey relations in the gas sector are currently being discussed within a questions package, the coordination of a single question without the consent of the others means the absence of final agreement. The package includes issues like the gas price in the first and the second stages of development of the Shah Deniz field, and transit conditions and the cost of transit. Presently, Turkey receives the Azerbaijani gas at a price of $120 per 1000 cubic meters. The contract for 'Purchase-Sale' concluded between the partners of Shah Deniz project and Turkey stipulates that the cost of Azerbaijani gas from this field can be reviewed in a year after supplies are launched, i.e. a new price will be introduced since April 15, 2008. Under the current contract, Turkey must receive 6.6 billion cubic meters of gas from Shah Deniz in the first stage of the field's development. Under the second phase, plans include producing roughly 20 billion cubic meters of gas a day. (Trend, February 2, 2010)

INDIA: Great Eastern signs three gas sales agreements – CNR/49/3/32

Great Eastern Energy, a company involved in the exploration, development and production of coal bed methane in India, has entered into long term gas sale agreements with three additional customers for the supply of 1.84mmscfd of gas. The company said that the gas supplied under these gas sale agreements will be transported to the customers through Great Eastern's pipeline network. The signing of these additional gas sale agreements brings the total amount of gas currently under contract to 22.96 mmscfd. (Energy Business Review, January 25, 2010)

INDONESIA: ExxonMobil inks Cepu gas supply deals – CNR/49/3/33

ExxonMobil's Indonesian subsidiary signed recently a memorandum of understanding to provide Cepu-sourced natural gas to PT Perusahaan Listrik Negara and PT Perusahaan Gas Negara. "PLN will use the gas for its power plants and PGN for the city gas project," ExxonMobil spokesman Maman Budiman said. (Oil & Gas Journal, January 29, 2010)

OMAN: Lack of gas to meet domestic needs and LNG production – CNR/49/3/34

Oman LNG's chief executive Brian Buckley said recently that the country lacks the gas needed to meet both rapidly rising domestic demand and to fill the LNG facility, which therefore produces below capacity. Oman produces only the eight million tonnes per year it needs to meet long term supply contracts, he said, three million tonnes below its capacity to ship LNG. With Oman prioritising meeting domestic demand from power plants, industry and the oil industry, there would be no cargoes available for trade in the physical or spot market, for some time, he said. Buckley said: "For the next two to five years, spot trade volumes won't be available". He added: "Up to about a year or two ago, we had some volumes for diverting and trading". Buckley said: "The government is very firm on that, they will meet contractual commitments. It's a reputational issue for them, they will meet their contracts whatever". Current contracts would expire in 2024-2025, he said. Kuwait imported 11 cargoes of LNG in 2009 after opening a new import facility. The country struggles to meet peak demand for gas for power generation. Buckley said gas was also needed for reinjection in oil wells to maintain pressure and output on Oman's fields. (Arabian Business, February 1, 2010)

RUSSIA: Gazprom plans to boost gas supplies to Europe – CNR/49/3/35

Gazprom announced recently plans to increase its natural gas deliveries to Europe from 140 billion cubic meters to 160.8 billion cubic meters in 2010. "The plan of Gazprom gas supplies in 2010-2012 takes into account the consequences of the (global) financial and economic crisis and is based on the modestly optimistic scenario of the recovery of demand for natural gas in Europe" said the company. According to the strategy, the Russian energy giant will increase its natural gas supplies to 163.5 billion cubic meters in 2011, and 170.9 billion cubic meters in 2012. (Xinhua, January 27, 2010)

RUSSIA: PGNiG and Gazprom Export sign MoU on gas supply and transit – CNR/49/3/36

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG") reported recently that a trilateral Memorandum of Understanding was signed between PGNiG, OAO Gazprom Export and System Gazociągów Tranzytowych EuRoPol GAZ SA. The Memorandum of Understanding provides for extending the term of the Yamal Contract for the supply of natural gas from the Russian to Poland until December 31st, 2037 and an option to increase the volume of natural gas supplies under the Contract up to 10.2 billion cubic meters of natural gas according to Polish standards (or 11 billion cubic meters according to GOST standards). Furthermore, PGNiG and Gazprom Export agreed to introduce relevant amendments to the contract. The Memorandum of Understanding lays the foundation for introducing the necessary changes to the Agreement of August 25th 1993 between the Government of the Russian Federation and the Government of the Republic of Poland on the construction of a pipeline system for the transit of Russian gas through the territory of Poland, and to the Additional Protocol of February 12th 2003. The Memorandum of Understanding also provides for extending the term of the contract for the transit of natural gas through the Polish section of the Yamal pipeline owned by EuRoPol GAZ until 2045, with other terms and conditions remaining unchanged. (PGNiG press release, January 28, 2010)

UKRAINE: Russian gas import in 2010 to stay at 2009 level – CNR/49/3/37

Naftogaz Ukrainy CEO Oleg Dubina said recently that the amount of natural gas to be imported in 2010 would be 33.75 billion cubic metres. The company can reduce or increase this amount by 20 percent. Ukraine plans to produce 20.672 billion cubic metres of gas in 2010 and will store 3.77 billion cubic metres in underground gas storage facilities, compared to 11 billon cubic meters in 2009. (Itar-Tass, January 20, 2010)

STORAGE

UNITED KINGDOM: Lancashire County Council refuses Preesall storage project – CNR/49/3/38

Lancashire County Council recently refused Canatxx UK permission to store the gas in Preesall due to concerns the caverns could collapse. Canatxx said claimed it had not been treated fairly over the plans and was likely to resubmit its application. Head of development management at the council, Stuart Perigo, said the company had failed to provide enough geological evidence. Residents who had opposed the plans, which would have seen gas stored in 36 caverns across 505 hectares in the county, were also concerned about the impact on the environment and the chance of gas leaks. (BBC News, January 28, 2010)

UNITED KINGDOM: AMEC receives FEED contract for Gateway UGS project – CNR/49/3/39

AMEC, along with Parsons Brinckerhoff and Senergy, has been recently appointed by Gateway Storage Company to undertake the front-end engineering design (FEED) for both the offshore and onshore elements of the Gateway offshore underground gas storage scheme. The Gateway storage scheme will be located in the East Irish Sea, approximately 25 kilometres offshore, south west of Barrow-in-Furness. The current phase of the project will provide 1.5 billion cubic metres of storage capacity, with the possibility of expansion in the future. The work over the next 12 months will support a commitment to construction of the facility at the end of 2010 and enable the commencement of gas storage services for the UK market in 2014. The Gateway offshore gas storage development will use offshore caverns and will enable gas to be delivered, stored and then returned to the UK's national transmission system, providing a more flexible and secure energy supply. (Oilvoice, January 24, 2010)

UNITED STATES: Open season to begin for Arizona UGS Project – CNR/49/3/40

Arizona Natural Gas Storage, a subsidiary of NGS Energy, said recently it will launch a non-binding open season beginning for firm storage service at a proposed salt-cavern facility to be developed some 35 miles south of Phoenix. The ANGS project, to be sited in the Picacho Basin in Pinal County, would house up to eight salt caverns with a maximum 20 Bcf of working capacity, with market-based rates. The facility is expected to come online in the summer of 2012. The project would include a 9.5-mile lateral connecting it to El Paso Natural Gas and Transwestern Pipeline, as well as connections to existing and proposed power plants in Pinal County, ANGS said. (NGS Energy press release, January 29, 2010)

USE FOR POWER GENERATION

ABU DHABI: Dubai GE Oil & Gas to supply eight gas for turbines for Habshan project – CNR/49/3/41

Dubai GE Oil & Gas has been recently awarded a contract by Hyundai Engineering and Construction Company (HDEC), to supply eight gas turbines and related services, for the Abu Dhabi Gas Industries (Gasco) integrated gas development (IGD) project at Habshan in Abu Dhabi. Combined, the eight GE Frame 6B gas turbine units will provide more than 250 megawatts (MW) of power to the Habshan 5 plant, which will have four gas processing trains. This will add a total processing capacity of 2,000 million cubic feet of gas per day. The gas turbines are scheduled for shipment during the first half of 2011, with commercial operation of the Habshan 5 facility expected by the end of 2012. (Gulf News, February 2, 2010)

BRAZIL: GE to supply Breitener with natural gas engines – CNR/49/3/42

Brazilian power producer Breitener Energetica SA said recently that it is replacing two older power generators with natural gas engines supplied by General Electric. Breitener will install 46 of GE's low-emission Jenbacher gas engine generator sets to generate a combined 120 megawatts for the Amazon city of Manaus, northern Brazil's second-largest city. The natural gas will be delivered by a new pipeline connecting the oil and gas fields of Urucu in northern Brazil with the city of Manaus. GE is scheduled to deliver the first for generator sets in April 2010. (Associated Press, January 29, 2010)

GREECE: Wärtsilä receives power plant order from the Island of Rhodes – CNR/49/3/43

Wärtsilä, a has been recently contracted to supply the equipment and engineering for a new power plant being built on the island of Rhodes in Greece. The order for this 119 MWe power plant was placed in December 2009 and the plant is scheduled to become fully operational during the second half of 2011. The order has been placed by Terna S.A., who has been awarded the overall project contract by Public Power Corporation S.A. (Wärtsilä press release, January 27, 2010)

UNITED KINGDOM: RWE studies gas-fuelled power plant option at Tilbury – CNR/49/3/44

RWE npower said recently that it may construct a gas-fired power plant at its site at Tilbury in Essex to replace the existing coal-fired power station. The existing Tilbury plant is scheduled to close under European regulations governing power station emissions by the end of 2015. An area of the site has been identified for the potential fitting and enablement of carbon capture and storage technologies in the future, if and when this technology becomes viable. One CCS method that may be considered is integrated gasification combined cycle technology, RWE npower said. (Energy Business review, January 29, 2010)

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