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## LNG

### PROCESSING

#### **AUSTRALIA: Woodside selects site for Browse LNG plant – CNR/49/4/1**

Woodside and its partners selected recently a location for the Browse LNG plant. Woodside Petroleum said the joint venture partners in the Browse project have agreed to develop a liquefied natural gas plant at James Price Point in the north

west of Western Australia. The federal and Western Australian state governments had imposed a deadline for the partners to select a development concept within 120 days of December 2 as a condition of retaining leases associated with the project. (The Australian, February 9, 2010)

#### **AUSTRALIA: GDF Suez becomes major shareholder in Bonaparte LNG – CNR/49/4/2**

GDF Suez recently signed a final agreement with Santos to buy a 60 per cent stake in the Petrel, Tern and Frigate gas fields, located in the Bonaparte Basin, Timor Sea. GDF Suez and Santos will develop a 2 Mmt/a floating LNG project in the Bonaparte basin, with GDF Suez subsidiary GDF Suez Bonaparte becoming operator of the offshore gas fields in 2011. Bonaparte LNG is 60 per cent owned by GDF Suez, with Santos owning the remaining 40 per cent. (Gas Today, February 5, 2010)

#### **INDONESIA: Pertamina plans to reduce LNG production – CNR/49/4/3**

According to the head of its LNG business, Pertamina plans to lower its liquefied natural gas production on weaker LNG demand overseas and diversion of gas outputs to domestic users. Hari Karyuliarto said output at the country's first two projects in Arun and Bontang will reduce by 2 million tonnes to 18 million tonnes. "Demand for LNG is lower and we are delivering some gas to local fertiliser plants," Hari said. The Bontang LNG, slated to supply Indonesia's first LNG import

facility in West Java, will see a larger cut, he said. Pertamina and PT Perusahaan Gas Negara plan to build two LNG import facilities in West Java and East Java and may complete construction by 2011, according to a Jakarta Globe report. Indonesia's LNG output has fallen from a peak of 29 million tonnes in 1999 to 19.6 million tonnes in 2008, the report said. Domestic natural gas consumption has increased to 49.5% of the total natural gas outputs in 2008, from 29.6% in 2002, according to government figures. (Upstream Online, February 10, 2010)

### TRANSPORTATION-DISTRIBUTION

#### **CHINA: Hudong-Zhonghua Shipbuilding to construct its sixth LNG carrier – CNR/49/4/4**

Hudong-Zhonghua Shipbuilding Co., Ltd., recently received the order for its sixth LNG. The shipbuilder signed the order with Shanghai LNG Shipping Co, reported to be a joint venture among China LNG Shipping (Holdings) Co., Shenergy Group, and China National Offshore Oil Corp. After the newly-ordered LNG carrier is delivered, it will serve the LNG terminal in the eastern metropolis of Shanghai. It is to be responsible for LNG transportation from Malaysia to Shanghai for more than 20 years. (Maritime News, February 10, 2010)

### SUPPLIES - IMPORTS - EXPORTS

#### **CHINA: Authorities want more LNG imports – CNR/49/4/5**

Zhang Guobao, vice-minister of the National Development and Reform Commission and head of China's National Energy Administration (NEA) said recently that China would make efforts to import more liquefied natural gas to cope with supply shortage. China imported 3.5 million tonnes of LNG in 2009, equal to 5 billion cubic meters of natural gas, accounting for almost 6

percent of China's total gas consumption in the year, according to Zhang. In December 2009, Zhang said China would build more LNG terminals in Shandong Province and Zhuhai of Guangdong Province, and boost domestic production by further exploiting offshore reserves and major gas fields in central, western China. Zhang also called on domestic enterprises to sign more long-term LNG import agreements. (Xinhua, February 8, 2010)

**PAKISTAN: GDF Suez receives LNG supply contract – CNR/49/4/6**

Pakistan's government recently awarded a contract to GDF Suez SA to supply 3.5 million tons of liquefied natural gas a year to help meet nation's growing energy demand. GDF Suez will start supplying the gas to Pakistan by October 2011 according to the initial six-year contract, G.A Sabri, a spokesman for Pakistan's petroleum ministry said. The company may also supply 1.5 million tons of LNG annually for the following 14 years under the contract, he said. (Bloomberg, February 9, 2010)

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**WORLD: BP chief economist Christof Ruehl forecasts a new landscape of global gas business – CNR/49/4/7**

BP chief economist Christof Ruehl said recently that a global gas business, whereby tankers ship liquefied natural gas to areas of high demand, would benefit consumers by making prices more competitive. "The old picture – three gas markets, Europe, Asia and North America, with no connection as far as prices are concerned – is breaking down," Ruehl said. He said about 12% of gas produced in the Atlantic basin in 2009 ended up in Asia, compared with zero in 2000. As spot trade replaces long-term contracts, pipeline gas

will find it harder to compete in the long term, he said. "The first big winner of the disappearance of long-term contracts will be the customer. It means lower prices," said Ruehl. "The second winners would be those countries and companies where new gas resources become accessible. The third winners will be those companies that are flexible enough to get a head start." Asked about the prospects for the organisation, sometimes informally dubbed the "Gas Opec", Ruehl said "How do I recognise when we have a globally integrated gas market? I'll probably recognise it by the emergence of a cartel". (Maritime News, February 7, 2010)

**STORAGE**

**BANGLADESH: Petrobangla plans to use floating regasification vessel for LNG imports – CNR/49/4/8**

Shahidul Abedin, director of Bangladesh Oil, Gas & Mineral Corp., said recently that Bangladesh may deploy a floating liquefied natural gas unit in 2010 to plug a shortage of gas. Bangladesh is in talks with service companies for a floating LNG import facility and with LNG suppliers including Qatar to import the fuel, in Singapore today. "We will initially use a floating regasification unit to speed up imports and then build an onshore terminal near Chittagong," Abedin said. Bangladesh plans to import between 3 million metric tons and 4 million tons of LNG a year, Abedin said.

That would be adequate to meet the nation's current shortage of about 500 million cubic feet of gas a day. Demand is currently at 2.5 billion cubic feet a day, Abedin said. Gas consumption is growing as much as 8 percent a year while output is constrained by delays in awards of new deepwater areas, he said. Petrobangla plans to increase its 2 billion cubic feet a day of existing output by as much as 300 million cubic feet a day in three years as it tries to resolve the territorial disputes in offshore waters with India and Myanmar, Abedin said. (Bloomberg, February 10, 2010)

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**INDONESIA: PT Pertamina and partners agree to build LNG floating terminals – CNR/49/4/9**

PT Pertamina and gas distributors PT Perusahaan Gas Negara (PGN) agreed recently to build a floating liquefied natural gas receiving terminal off West Java. The construction of the terminal will start later in 2010 and will fully operation in 2011. The terminal would store 1-1.5

million tonnes of LNG. The two firms agreed to form a joint venture to operate the floating LNG receiving terminal. Pertamina will have 60 percent of the shares in the joint venture. The joint venture will get supplies from East Kalimantan of 11. 75 million tonnes over 11 years. (Bernama, February 4, 2010)

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**SINGAPORE: SLNG award contract for construction of Jurong Island LNG terminal – CNR/49/4/10**

Singapore LNG Corporation Pte Ltd (SLNG) recently awarded the contract for the engineering, procurement and construction (EPC) of Singapore's liquefied natural gas terminal to Samsung C&T Corporation. The LNG terminal at Jurong Island will have an initial capacity of 3.5 million tonnes per annum, with provisions for expansion to 6.0 Mtpa or more, if required. The LNG terminal will be located on an approximately 30-hectare site on the south western part of Jurong Island and is expected to be ready in 2013. The statement said the LNG terminal is expected to be Asia's first open-access, multi-user terminal, and it will not only provide capacity for Singapore to import regasified LNG for its own needs, but also open up opportunities for companies to make use of the terminal for LNG trading. (Bernama, February 9, 2010)

## GTL

### PROCESSING

#### **AUSTRALIA: Linc Energy aims to increase its GTL output – CNR/49/4/11**

Southern Queensland gas company Linc Energy said recently it is on track to increase its production of fuel for the aviation market. The company has commissioned a fourth generator at its underground coal gas fields near Chinchilla,

increasing its ability to produce fuel at a specially designed gas-to-liquids plant. Linc Energy chief executive officer Peter Bond said "The first philosophy of 20,000 barrels a day within Australia - in fact, it would probably get easily consumed within Australia. (ABC News, February 10, 2009)

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#### **BRAZIL: Petrobras in partnership to build a GTL pilot plant – CNR/49/4/12**

Petrobras recently joined with Oxford Catalysts and its Japanese partners to build and operate the plant in Petrobras' Fortaleza facility, to show off the British company's GTL technology. Petrobras will fund the installation and operating costs of the demonstration, while the cost of the plant itself will fall to partners Toyo Engineering and MODEC. Oxford Catalysts, steered by chief executive Roy Lipski, hopes a successful demonstration will lead to the first commercial orders for its small-scale GTL technology, perhaps for one of MODEC's vessels. If so, the company will work with Kobe Steel, in manufacturing the equipment. (Growth Business, February 10, 2010)

## NATURAL GAS

### EXPLORATION – DISCOVERY

#### **BOLIVIA: Total launches gas exploration project in Incahuasi Block – CNR/49/4/13**

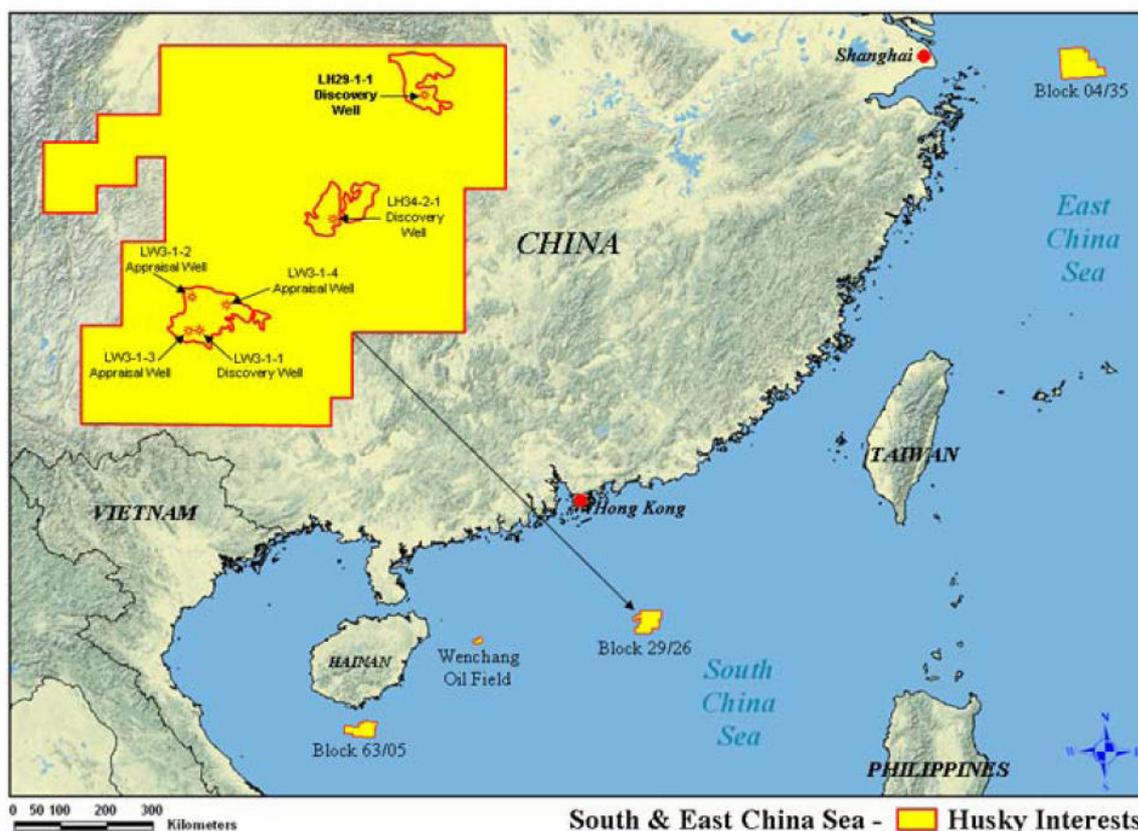
Total recently launched a natural gas exploration project at its Incahuasi Block in Bolivia. Total's Bolivian subsidiary executive, Jean Daniel Blasco, said. "If there are positive results (with the drilling), we'll be able to develop the field ... with an investment of around \$500 million". According to YPFB, Total is considering investing over \$1 billion in the country in the next five years. YPFB hopes that Total's exploration in Incahuasi, in natural-gas rich southern Bolivia, will allow the country to raise output by 8.3 MMcm by 2017. YPFB sees natural gas production in Bolivia increasing to 76 MMcmpd by 2015. (Upstream Online, February 9, 2010)

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#### **CHINA: Husky Energy announces gas discovery in South China Sea Block – CNR/49/4/14**

Husky Energy Inc., announced recently that Husky Oil China Ltd., a wholly-owned subsidiary of Husky Energy, made its third significant gas discovery on Block 29/26 in the South China Sea. The Liuhua 29-1 exploration well tested natural gas at an equipment restricted rate of 57 million cubic feet per day, with indications that the future deliverability of the well could exceed 90 mmcf per day. "The exploration discovery at Liuhua 29-1 is the third significant gas discovery in Block 29/26,"

said Mr. Lau. "The three natural gas fields; Liwan 3-1, Liuhua 34-2, and Liuhua 29-1 have confirmed the resource potential as a major gas development project in the South China Sea and supports an earlier estimation of petroleum initially in place of 4 to 6 tcf (trillion cubic feet) for the Block". Husky expects the Plan of Development for the project to be submitted to the regulatory authorities in early 2010. It anticipate the Liwan 3-1 field and the Liuhua 34-2 field are to be developed in parallel with first gas production from both fields targeted to be in the 2013 timeframe. (Husky Energy press release, February 8, 2010)



Source Husky Energy

**EGYPT: Melrose Resources discovers gas in the South East Mansoura concession – CNR/49/4/15**

Melrose Resources plc announced recently a new exploration discovery in Egypt. The South Damas No.1 exploration well has been successfully drilled to test a prospect in the Sidi Salim formation in the South East Mansoura concession, in which

Melrose holds a 100 percent working interest. The preliminary estimate of the discovered reserves is 30 Bcfe. The discovery well will be completed and tied-back for production to existing facilities and is expected to be on stream within six months at an initial rate of in excess of 12 MMcfepd. (Oilvoice, February 5, 2010)

**EGYPT: Dana Petroleum finds gas in the West El Burullus concession – CNR/49/4/16**

Dana Petroleum said recently it has made a second gas find off the Egyptian coast. The discovery was made in the West El Burullus concession offshore Nile Delta Well flow rates from the latest discovery at the Papyrus-1X well, were up to 33 million standard cubic feet per day with 442 barrels of condensate a day, the company said. (Offshore Technology, February 10, 2010)

**RUSSIA: New gas field discovered in Abakan area – CNR/49/4/17**

Gazprom discovered recently a new gas field within the Abakan area in the Krasnoyarsk Krai. During the prospecting activities, the Abakan exploratory well No.1 reported commercial gas

inflow at the rate of over 800 thousand cubic meters per day. It is planned to carry out the follow-up geological exploration and to estimate the reserves of the discovered field in 2010–2011. (Gazprom press release, February 9, 2010)

## PRODUCTION

### **GERMANY: New biogas treatment method developed – CNR/49/4/18**

In accordance with the Federal German Government's targets, by 2020, six billion cubic meters of biogas are to be fed into the German natural gas pipeline network each year. Together with Bilfinger Berger Industrial Service E.M.S. GmbH, WINGAS, Wintershall and BASF have developed a new process biogas treatment. PuraTreat™ R+, BASF's cleaning agent used in the process, is just being launched on the market, and two of Europe's largest waste fermentation plants in Schwedt and Zörbig near Bitterfeld are currently being equipped for the new process.

Biogas only consists of 50 to 70 percent of useable methane; carbon dioxide (CO<sub>2</sub>) and hydrogen sulfide (H<sub>2</sub>S), which can result in heavy corrosion in gas equipment, are also in the mix. The recently developed process noticeably simplifies biogas treatment: PuraTreat R+ removes CO<sub>2</sub> and H<sub>2</sub>S without any significant methane loss. (Wingas press release, February 9, 2010)

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### **RUSSIA: Novatek and Total to jointly develop Termokarstovoye gas condensate field – CNR/49/4/19**

Novatek announced recently that the Company and Total Termokarstovoye B.V., an affiliate of Total SA have closed the transaction for the establishment of a joint venture for exploration and development of the Termokarstovoye gas condensate field in the Yamal-Nenets Autonomous Region. The exploration and production license for the Field is currently held by ZAO Terneftegas, Novatek's wholly-owned subsidiary. Total's share in Terneftegas will

increase to a total of 49% by the end of 2010. A Final Investment Decision will be made in late 2011 upon the successful completion of the first stage of the project. The transaction has received approval from the Federal Anti Monopoly Service of the Russian Federation. The Termokarstovoye field's reserves are estimated at 396.8 million barrels of oil equivalent (47.3 billion cubic meters of natural gas and 10.3 million tons of liquid hydrocarbons) according to Russian reserve classification ABC1 + C2 as at 31 December 2008. (Oilvoice, February 6, 2010)

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### **RUSSIA: Shtokman gas project postponed – CNR/49/4/20**

The Shtokman Development Co announced recently that investment decisions and field development were being postponed. The investment decision for field work is being rescheduled from the end of 2010 to late 2011. Decisions on future gas exports by pipeline and in liquefied form are being delayed until March and December 2011, respectively. The start of production for pipeline-delivered gas to Europe will be postponed from 2013 to 2016. The start of LNG production for export to the US is postponed from 2014 to 2017. The joint venture includes Total and Statoil as minority partners, alongside Gazprom. The board of directors' announcement alludes in passing to "changing market trends, particularly regarding LNG" as a reason for delaying the Shtokman project. (Asia Times, February 11, 2010)

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### **SOUTH AFRICA: Forest Exploration International aims to start Ihubesi gas project in 2013 – CNR/49/4/21**

Forest Exploration International aims to produce enough gas at its South African offshore project to add up to 1,500 megawatts to the country's strained power capacity, a company official said. Commercial Director John Langhus said the Ihubesi project, partially owned by PetroSA, could start producing by 2013, with a final

investment decision expected by the end of 2010. "Our current development plan has the boost (in production to) happen very soon and going up to between 1,000-1,500 MW within the first year of production," Langhus said. The South African government awarded a production licence to Forest Exploration in 2009 to start producing gas from the project off the country's west coast. The licence gives Forest five years to start producing gas. (Reuters, February 9, 2010)

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### **UNITED KINGDOM: British Gas announces five biomethane demonstration projects – CNR/49/4/22**

British Gas recently announced that it is to go ahead with five biomethane demonstration projects. The announcement follows Government backing for this emerging technology that confirms support for biomethane to grid from April 2011. According to a study by National Grid, it could account for at least 15 per cent of the domestic gas market by 2020. The first project will involve British Gas working with Thames Water and Scotia Gas Networks to build plant at Didcot sewage works. Thames Water already makes and

flares raw biogas from sewage processing. The project will design and build a plant to clean the gas and inject it into the grid. First gas from this project could flow into the grid in summer 2010. Upon completion, British Gas will also enter into a long-term gas purchase contract with Thames Water. British Gas has also signed development agreements with four other companies to carry out feasibility studies.

The agreements are with GWE Biogas, Potters Waste, Dillington Biogas and Adnams Brewery. Government support for biomethane injection into the grid is part of the Renewable Heat Incentive (RHI), which sets out proposed financial incentives for the generation of renewable heat by households, communities and industry. (Centrica press release, February 2, 2010)

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**UNITED STATES: ExxonMobil reports its first development well at the Point Thomson Field – CNR/49/4/23**

Exxon Mobil announced recently that it drilled its first development well at the Point Thomson gas field on Alaska's North Slope. Point Thomson holds an estimated 8 trillion cubic feet of natural gas and roughly 200 million barrels of condensate. Exxon said the field was "critical" to

its plans for the natural gas pipeline. Exxon Mobil President Rich Kruger said that developing Point Thomson would help meet regional demands. He said he expects energy demand to be roughly 35 percent higher in 2030 than it was in 2005. Demand for natural gas, meanwhile, is expected to be 55 percent higher than 2005 levels. (EU News Network, February 10, 2010)

**RESERVES**

**ISRAEL: Bontan Corporation announces 5.7 tcf of gas reserves in Mira and Sarah offshore prospects – CNR/49/4/24**

Bontan Corporation Inc., citing an evaluation report by Chapman Petroleum Engineering Ltd., said recently that its Mira and Sarah prospects off Israel hold 5.7 tcf of natural gas. "For the Mira prospect, the best estimate of gross prospective sales gas resources is 4.24 tcf, and for the Sarah prospect the best estimate of gross prospective sales gas resources is 1.47 tcf," the Canadian firm said. Bontan said it will have an indirect 71.625% interest in the two prospects via its 75% equity interest in Israel Petroleum Co. (IPC), which has acquired a 95.5% interest in the licenses. (Oil and Gas Journal, February 8, 2010)

**TRANSPORTATION-DISTRIBUTION**

**AUSTRALIA: Queensland Hunter Gas Pipeline project delayed – CNR/49/4/25**

Construction of Queensland Hunter Gas Pipeline's (QHGP's) proposed 840 kilometre pipeline to transport coal seam gas from southern Queensland gas fields near Wallumbilla, to the Newcastle region in New South Wales, has been delayed by at least a year. QHGP General Manager Bob Otjen said that construction of the pipeline is now scheduled to begin in 2012, with completion and commissioning targeted for later

in 2010. The pipeline route includes 220 kilometres in Queensland and the remaining 620 kilometres in New South Wales. It will be 500 millimetres in diameter and have a capacity of 85 petajoules per annum. A small lateral – approximately 10 kilometres in length – will also extend from the main corridor to the Maitland area in New South Wales. Construction of the pipeline was originally expected to start late 2010–11 with gas flow to commence in the first quarter 2012. (Gas Today, February 5, 2010)

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**BRAZIL: Largest pipeline in South America inaugurated – CNR/49/4/26**

Brazilian President Luiz Inacio Lula da Silva recently inaugurated the largest gas pipeline in South America. The Cabiunas-Reduc III pipeline was built and will be operated by Petrobras. According to the company, the 179-km pipeline can transport 40 million cubic meters of natural gas a day, the highest capacity among the gas pipelines in the country and higher than that of the Bolivia-Brazil gas pipeline, which can deliver 30 million cubic meters per day. With the pipeline, Brazil's natural gas transportation network reaches 9,217 km in length. (Xinhua, February 4, 2010)

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**EUROPE: Bulgaria and Turkey agree to build reversible gas link – CNR/49/4/27**

Bulgarian energy minister Traicho Traikov said recently that Bulgaria and Turkey recently signed a memorandum to make the existing gas pipeline between the two neighbouring countries reversible and build a new gas link. Bulgaria has stepped up efforts to reduce its almost complete dependence on Russian gas

by diversifying routes and supplies. A lack of separate gas links with neighbouring countries and the inability to reverse gas flows in the opposite direction in pipelines that bring Russian gas to Greece and Turkey, worsened the recent gas crisis for Bulgaria. (Reuters, January 31, 2010)

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**EUROPE: Eni proposes to sell its stakes in several international gas pipelines – CNR/49/4/28**

Eni presented recently to the Directorate General for Competition of the European Commission a set of structural remedies related to some international gas pipelines. With prior agreement from its partners, Eni has committed to dispose of its interests in both the German Tenp gas pipeline and in Switzerland's Transitgas pipeline. Eni has negotiated a solution with the Commission which

calls for the transfer of its stake into an entity controlled by the Italian State. The remedies negotiated with the Commission do not affect Eni's contractual gas transport rights. Eni received a statement of objections from the European Commission which alleged that during the period 2000-2005, Eni was responsible for limiting the access of third parties to the gas pipelines TAG, TENP and Transitgas, thus restricting gas availability in Italy. (Eni press release, February, 2010)

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**FINLAND: Final authorization given for Nord Stream construction – CNR/49/4/29**

Finland's final authorization, required under its laws for building the Nord Stream gas pipeline across the country's Baltic Sea economic area, is due to be granted soon by the West Finland Regional Environment Centre. In November 2009, the Finnish government allowed the Nord Stream Company to lay the gas pipeline. The authorization is effective for a period of 50 years, after which time the term can be extended upon request. (The Voice of Russia, February 10, 2010)

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**IRAN: pipeline deal with Pakistan announced to be signed soon – CNR/49/4/30**

Naveed Qamar, the Pakistani Federal Minister for Petroleum has declared that Pakistan and Iran will sign soon a deal in Turkey before to construct a gas pipeline between the two countries. He added that the construction of the pipeline will take between four and five years. The Pakistani

minister's remarks come as the U.S. special envoy to Afghanistan and Pakistan Richard Holbrooke urged Islamabad to avoid the deal with Iran. Holbrooke had said that the U.S. would help Pakistan secure liquefied natural gas supplies should it abandon the planned gas deal with Iran. (Tehran Times, February 10, 2010)

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**NETHERLANDS: Gassco AS awards contract for terminals upgrading – CNR/49/4/31**

Gassco AS recently awarded a pre-engineering FEED contract to CB&I Lummus B.V. in The Hague in the Netherlands for upgrade of the Norse Gas Terminal (NGT) in Northern-Germany. This work will also include some minor work at the Europipe Metering Station (EMS) and the Europipe Receiving Facilities (ERF). The work is to commence in early February 2010 and for completion end 2010. The NGT facilities in Emden have been in operation since 1977 and were constructed to receive the gas coming from Norway through the Norpipe pipeline. The Europipe Metering Station (EMS) also in Emden, was constructed later in connection with the Europipe I pipeline in 1995. The Europipe Receiving Facilities (ERF) are in Dornum and were established for the Europipe I pipeline in 1995 and extended in connection with the Europipe II pipeline in 1999. (Gassco press release, February 4, 2010)

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**RUSSIA: Russky Island pipeline project started – CNR/49/4/32**

The construction of a gas pipeline to the Russky Island is beginning in Vladivostok. Press secretary of the Far Eastern directorate of the RF Regional Development Ministry Alexander Ognevsky said that the first operations aimed at the construction sites' infrastructure development will be launched on February 24, 2010 and the laying of the

pipeline from the Nazimov Peninsula to the Russky Island is planned for the warm period of the year. The gas pipeline will be laid under the seabed of the Bosfor Vostochny Strait. The length of the pipeline that will link the island with the mainland part of Vladivostok will reach 2,560 metres. The gas pipeline's length in the mainland part of the city will reach 16 kilometres. (Itar-Tass, February 9, 2010)

**SERBIA: Srbijagas and Gazprom create a joint company for South Stream pipeline – CNR/49/4/33**

Srbijagas and Gazprom recently founded a joint venture to manage underground gas storage as a part of future South Stream pipeline through the Balkan republic. Under the deal reached between the two companies in 2009, Gazprom would have 51 percent stake in the joint company, while Srbijagas would control 49 percent. Dusan Bajatovic, head of the Srbijagas said all activities aimed at completing the new ownership structure of the company would be finished by March 31, 2010. The capacity of the future storage would be 470 million cubic meters of gas, Bajatovic said. The storage would also serve as a part of the South Stream pipeline. The part passing through Serbia should be 450 kilometres, with capacity of at least 20 billion cubic meters of gas per year. (AFP, February 5, 2010)

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**UNITED STATES: Future gas supplies needs additional investment – CNR/49/4/34**

According to a recent study, The Natural Gas Pipeline and Storage Infrastructure Projections Through 2030, undertaken by the Interstate Natural Gas Association of America (INGAA) Foundation Inc. Additional investment required in infrastructure to meet natural gas supplies in US is \$US133 to \$US210 billion over the next 20 years. This investment will be primarily to attach increased domestic natural gas production from unconventional shale basins and tight sands to the existing pipeline network. The study also shows that by 2030 the US and Canada will need

approximately 29,000 to 62,000 miles of additional natural gas pipelines and 370 to 600 billion cubic feet of additional storage capacity in order to accommodate market requirements. According to the study, anticipated market growth from the electric generation and industrial sectors as well as the potential to connect vast Arctic resources and LNG supplies to the grid also will be key drivers for additional investment. Additional infrastructure projects needed between 2010 and 2030 include 6.6 to 11.6 million horsepower of new gas transmission pipeline compression and 15,000 to 26,000 miles of new gathering pipelines. (Trenchless, February 1, 2010)

More information : <http://www.ingaa.org/?ID=7828>

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**UNITED STATES: Chemical Safety Board issues new recommendations to prevent explosions – CNR/49/4/35**

Only three days before the massive explosion that killed at least five workers at a newly constructed natural gas plant in Middletown, Conn., the US Chemical Safety Board (CSB) issued urgent new recommendations on how to prevent explosions when handling or purging natural gas pipelines.

The cause of the explosion was improper purging of natural gas by a contractor. The report found the employees used their sense of smell to determine if the job was complete. Normally, this process is accomplished by pushing a pressurized inert gas, such as nitrogen or carbon dioxide, through the pipeline before the natural gas is run. According to the CSB, purging of natural gas pipelines is a common occurrence as utilities and other businesses either prepare to begin using natural gas or decommission a pipeline. There are 84 gas-fired turbines in 35 different plants that are either being tested or are still under construction, according to the Edison Electric Institute.

A study by the Interstate Gas Association of America Foundation estimates that as many as 62,000 miles of new pipelines could be built in the next 20 years. The CSB recommended that purged fuel gases should be directly vented outside, away from people and ignition sources. If it is not possible to vent outside, the CSB recommends that venting inside a building only be done with the proper authorities, such as fire officials, present. (Yahoo News, February 8, 2010)

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**UNITED STATES: Energy Transfer expands Tiger Pipeline – CNR/49/4/36**

Energy Transfer entered recently into a binding 10-year agreement with the expansion's foundation shipper for 400 million cubic feet per day of capacity, bringing the Tiger Pipeline's long-term contractual commitments to 2.4 billion cubic feet per day. The company will launch a binding open season to solicit additional shipper interest in the pipeline expansion. Ultimate capacity of the expansion will be based upon producer response. The approximately 180-mile 42-inch Tiger natural

gas pipeline system will serve the Haynesville shale producing region in Louisiana and the Carthage hub area in East Texas and will have interconnects with seven interstate pipelines serving the eastern half of the US. The pipeline is expected to be in service in the first half of 2011, and the expansion is expected to be completed in the second half of 2011. The construction of the pipeline and expansion project is subject to receipt of approval from the Federal Energy Regulatory Commission. (Energy Business Review, February 10, 2010)

## SUPPLIES - IMPORTS - EXPORTS

### **AZERBAIJAN: Turkey agree on gas price – CNR/49/4/37**

Azerbaijan and Turkey recently agreed on a price of \$300 per 1,000 cubic meters of Caspian Sea natural gas. Baku and Ankara have not sealed a formal deal yet, but both sides say the new fee is acceptable. Azerbaijan said that the massive hike over Ankara's previous purchase price is still well under the world average of \$400/1,000 cm,

Azerbaijan's APA news agency reported. Ankara plans to purchase Azerbaijani gas worth \$1.8 billion in 2010. Turkey has also agreed to shell out an extra \$1.7 billion for gas that it purchased in 2009. Turkey was buying gas for a privileged \$120/1,000 cm throughout 2009, even though the agreement defining this fee had expired. (Eurasianet, February 9, 2010)

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### **AZERBAIJAN: Iran wants to import more gas – CNR/49/4/38**

Iranian Ambassador Mahammad Bagir Bahrami said recently that Iran is seeking to increase gas imports from Azerbaijan. Bahrami said that Tehran was interested in importing an additional 5 billion cubic meters of gas and discussions were underway between the two countries on laying additional pipelines. SOCAR and the National Iranian Gas Export Company signed a memorandum in November 2009 on supplying 500 million cubic meters of Azerbaijani gas to Iran's northern regions in 2010. (Azernews, February 9, 2010)

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### **IRAQ: Kurdistan Regional Government in talks on gas supply for Nabucco project – CNR/49/4/39**

The region's oil minister said recently that Iraq's Kurdistan Regional Government (KRG) is in talks with three companies to supply natural gas to the Nabucco pipeline. Ashti Awrami said "it is our right" to negotiate the use of gas from the region, adding "the revenue is for Iraq.". The minister

wouldn't disclose the companies involved, but Austria's OMV AG and Hungary's MOL Nyrt. are both investors in both the KRG and the Nabucco consortium. The KRG estimates its soil could hold 200 trillion cubic feet of recoverable gas reserves. A final investment decision for the 3,300-kilometer pipeline is due by year end with completion expected in 2015. (Dow Jones, February 2, 2010)

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### **NIGERIA: Falcon Petroleum agrees to supply gas to United Nigeria Textiles Limited – CNR/49/4/40**

Falcon Petroleum Limited recently signed a Gas Supply and Purchase Agreement (GSPA) with United Nigeria Textiles Limited (UNTL) to boost distribution of natural gas to Ikorodu industrial zone in Lagos. The extension of natural gas supply infrastructure to UNTL will involve construction of an 18-kilometre pipeline network to Ikorodu axis, as well as a major capacity upgrade of the Falcon Petroleum Gas City Gate at Odogunyan, Ikorodu to accommodate the gas volumes required by UNTL. Executive Director Commercial Operations Mrs. Audrey Ezigbo, said the pipeline is also expected to feed gas supplies to Dangote Food Industries, Ikorodu and other areas of industrial development. (Daily Trust, February 4, 2010)

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### **RUSSIA: Gazprom reviews situation of gas supply to Asia-Pacific countries – CNR/49/4/41**

Gazprom reported recently that a meeting has been devoted to gas supplies to Asia-Pacific countries. It was highlighted that gas supplies to Asia-Pacific countries were of utter importance for the diversification of Russian gas export routes. Natural gas would be exported from Western Siberia and eastern Russia via the evolving Unified Gas Supply System on the basis of intergovernmental and commercial documents relying on internationally accepted gas trading principles. It was emphasized that as part of the

Eastern Gas Program execution, gas exports would be launched once the domestic consumers were supplied with gas. Gazprom's abundant resource base in Western Siberia, to be subsequently accompanied by the new gas production centre being formed in the Republic of Sakha (Yakutia), enables to meet the long-term demand for Russian natural gas in Asia-Pacific countries. There is no need to engage additional gas resources for this purpose from other eastern regions of Russia, namely, from the Kovykta gas and condensate field in the Irkutsk Oblast. (Gazprom press release, February 3, 2010)

## STORAGE

### **SERBIA: European Bank for Reconstruction and Development approves loan to Srbijagas – CNR/49/4/42**

The European Bank for Reconstruction and Development (EBRD) recently approved a loan worth EUR 150mn to Srbijagas. The money will be used for financing of the modernization of the gas transmission network in Serbia and construction of new gas storage. The storage located at one of the gas deposits near Itebej, a village in the Central Banat District, will have the capacity of up to one billion cubic meters and will be used for strategic and commercial purposes while Srbijagas will be its only operator. EBRD will also finance the reconstruction of 49 percent of the Serbian gas distribution network as part of the project. (B92, February 9, 2010)

### **UNITED STATES: Perryville Gas Storage UGS project receive FERC approval – CNR/49/4/43**

Perryville Gas Storage LLC, a wholly-owned subsidiary of Cardinal Gas Storage Partners LLC, announced recently that it has formally accepted the certificate issued by the Federal Energy Regulatory Commission.. Perryville is developing a high-deliverability salt cavern natural gas storage facility located about 15 miles southwest of Dlelhi, Louisiana. The header system will provide the Perryville storage customers with access to the major Northeastern, Gulf Coast and Southeastern markets through the Perryville(SM) Hub, with multiple major interstate pipeline

connections. Initially, the header system will connect to the Columbia Gulf Transmission and CenterPoint Energy Gas Transmission pipelines. Capacity for the first cavern has been fully contracted. "We are pleased that the FERC approved our application in a timely manner allowing us to maintain our schedule of bringing the first cavern on line in late 2012. As demonstrated by selling 100% of the capacity in the first cavern in the current market, the Perryville project has an exceptional location, one that we expect to be the primary liquidity point for natural gas in the United States," said Jeff Ballew, Cardinal CEO. (PRNewswire, February 5, 2010)

### **UNITED STATES: Falcon Gas Storage announces open season for UGS facilities in North Texas – CNR/49/4/44**

Falcon Gas Storage Company, Inc. is holding an open season for storage capacity at its Worsham-Steed and Hill-Lake Gas Storage Facilities in North Texas. Up to 6.0 Bcf of high-deliverability, multi-cycle (HDMC) firm storage capacity will be available for service starting April 1, 2010. Falcon's North Texas storage facilities have 35 Bcf of HDMC gas storage capacity with approximately 750,000 Dth per day of maximum withdrawal and injection deliverability. Worsham-Steed and Hill-Lake connect directly to five pipelines with a total metered capacity of approximately 2.0 Bcf, including North Texas Pipeline, Atmos Energy's Line-X Pipeline, Energy Transfer's Cleburne Extension, Enbridge Weatherford Plant and Energy Transfer's Old Ocean Pipeline. (Business Wire, February 9, 2010)

## USE FOR POWER GENERATION

### **CANADA: SaskPower and Northland Power Enter sign agreement for construction of gas-fired power plant – CNR/49/4/45**

SaskPower and Northland Power recently entered into a 20-year power purchase agreement for a gas-fired facility to be located in the North Battleford area, with construction expected to

begin in July 2010. SaskPower selected Northland Power to provide 261MW of power to the provincial electrical grid in 2013. The gas-fired facility will provide baseload generation for the province. (Energy Business Review, February 9, 2010)



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