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AUSTRALIA: BG Group plans to expand capacity of Queensland LNG Project – CNR/49/5/1

BG Group PLC said recently that it will expand the planned capacity at its Curtis liquefied natural gas project in Queensland, Australia, to 8.5 million metric tons a year, from 7.4 million tons a year previously. The company said it has already signed supply contracts for 8.3 million tons a year of that capacity and will make a final investment decision on the project in the middle of 2010. The reserves of coal seam gas that will supply the plant now stand at 17.3 trillion cubic feet, it said. BG Group Chief Executive Frank Chapman said BG has the capital, the expertise and the gas resources to complete the project without needing another partner, although he would consider joining forces with other companies on infrastructure that could be shared, such as a pipeline from the gas-producing region Gladstone on Queensland's coast. The plant is scheduled to commence production in 2014. (Dow Jones, February 5, 2010)

AUSTRALIA: Santos considers an increase of Gladstone LNG production – CNR/49/5/2

Santos Chief executive David Knox said recently that the company may eventually expand its Gladstone LNG venture in Queensland to up to five trains pushing out 20 million tonnes of liquefied natural gas per year. Santos spokesman Matthew Doman said Santos had already applied for permission for up to three trains producing 10 million tonnes per annum. Santos and partner Petronas expect to make a final investment decision on the Gladstone LNG venture in 2010, with first production of 3.6 million tpa expected by 2014. A decision on a second unit is expected in 2011. (Upstream Online, February 18, 2010)

NIGERIA: ENI plans to increase investment in Brass LNG – CNR/49/5/3

Chief Operating Officer of ENI Exploration and Production Division worldwide, Mr. Claudio Descalzi said recently his company, which operates in the country as Nigerian Agip Oil Company (NAOC) was ready to invest in Brass LNG and the Okpai power plant in Delta State. He noted that instead of flaring the gas, it would be channelled into the phase 2 of the Kwale Okpai power plants to generate electricity for the country. In March 2007, ENI signed a Production Sharing Contract with NNPC concerning the “OPL 135” exploration license. The area is located in the north-east of the Niger Delta, a short distance from the Kwale/Okpai treatment plants. The agreement allows for strong cooperation with the Nigerian partners both in the operative and technical management of the activities, with the objective of supporting the development of local competencies and resources. The PSC has an effective duration of 25 years: the first five years will be devoted to the exploration phase and the following 20 to the development and production phase. (This Day, February 18, 2010)

RUSSIA: Project of Shtokman LNG plant may be postponed – CNR/49/5/4

Yuri Komarov, the company’s top executive said recently that Shtokman Development AG might cancel its plans to build a liquefied natural gas plant within the Shtokman project. According to Komarov, the final decision on funding the construction of a liquefied natural gas plant is planned for December 2011. “In case by the moment of decision-making we have no positive results as concerns the liquefied natural gas market developments and location schemes, the project might be realized to the extent of pipeline gas only,” he said.

The LNG plant’s overall dimensions under Russian standards are much bigger than under international ones, and “it is rather difficult to fit the plant into the site,” Komarov noted. The company is looking into a possibility to apply international standards to lessen the plant’s area, he said, adding that the Russian technical regulations leave room for such changes.

He also said that to make the Shtokman project profitable the liquefied natural gas prices should be back at the 2007-2008 level. Shtokman Development believes that the Atlantic LNG market will not be much attractive within the next few years, said the company’s executive Erve Madeo. “Maybe, in 2011 we will get information that the market would change in 2016, and then we will be able to launch the project,” he said, adding that the LNG project implementation will take six years. On February 5, 2010, the Shtokman Development Board of Directors postponed the final investment decision on the production of pipeline gas from March 1010 to March 2011. The decision on LNG production is planned for December 2010. (Itar-Tass, February 18, 2010)

TRANSPORTATION-DISTRIBUTION

FRANCE: GDF Suez receives a new LNG carrier – CNR/49/5/5

A new LNG carrier, the GDF Suez Point Fortin, was recently delivered to GDF Suez in Mihara City, Japan. The vessel is owned by a consortium led by Mitsui OSK Lines and will be operated by MOL for GDF Suez within a twenty-year charter agreement. The GDF Suez Point Fortin is one of the only three LNG carriers in the world to benefit from a design improvement which allows a 2,000 cubic meters of LNG increased cargo-carrying capacity by optimizing the tank design, thanks to the trapezoidal shape of tank n°1 (at the bow of the ship). The vessel has indeed a total capacity of 154,200 cubic meters of LNG stored in tanks using Gaztransport & Technigaz' Mark III cargo-containment system, with a reinforced "ribbed" membrane. The GDF Suez Point Fortin is currently the 16th vessel of the Group's fleet and will deliver its first LNG cargo in April 2010. (GDF Suez press release, February 18, 2010)

RUSSIA: Novatek wants to test LNG shipping via the Northern Arctic Route – CNR/49/5/6

Novatek said recently it plans to test shipping liquefied natural gas via the Northern Arctic Route to Asian markets from its fields on the Yamal Peninsula. The Northern Sea Route through the Arctic Ocean along the coast of Siberia opens for six to eight weeks each year, but Russian vessels have traversed the passage with expensive icebreaker escorts. Novatek finance Chief Mark Gyetvay would seek subsidised assistance from state oil-shipper Sovkomflot. The Northern Sea Route trims 4000 nautical miles off the usual 11,000-mile journey via the Suez Canal. "If we're able to do that successfully in conjunction with Sovkomflot this potentially reduces the transport by about 30% to the Asia-Pacific market," he said. "There is a seasonality involved, and we will probably only be able to do this on a three-four month basis," Gyetvay said. (Upstream Online, February 18, 2010)

SUPPLIES - IMPORTS – EXPORTS

INDONESIA: LNG export contracts will not be renewed – CNR/49/5/7

According to Indonesia's Industry Minister M.S. Hidayat, the country will stop extending liquefied natural gas export deals that have reached expiry in favour of diverting supplies to domestic market. The production of the three LNG plants: the Arun LNG plant in Aceh, the Badak LNG plant in East Kalimantan and the Tangguh LNG plant in Papua would in future be used to supply the domestic market. He said that for this purpose, several LNG receiving terminals are to be built in Java and North Sumatra. Only surplus output from the domestic gas plants will be exported as LNG, he said. Manufacturers of ceramics float glass, textiles, steel and chemical products only receive between 20% to 40% of their gas needs, according to data collected by the Indonesian Ceramics Industry Association (Asaki). Perusahaan Listrik Negara previously claimed a shortage of up to 235 million British thermal units per day of gas in Jakarta, 150 million Btu per day in Central Java, and 90 million Btu per day in East Java. (Upstream Online, February 18, 2010)

UNITED STATES: Gazprom Marketing & Trading USA receives approval to import LNG – CNR/49/5/8

A US subsidiary of Gazprom recently won federal approval to import liquefied natural gas into the US Mid-Atlantic region. The Federal Energy Regulatory Commission voted in favour of a deal between Gazprom Marketing & Trading USA and a US affiliate of Statoil to import the gas through Dominion Resources' LNG terminal in Cove Point, Maryland. As much as 200 million cubic feet of gas per day would be imported. (Upstream Online, February 18, 2010)

STORAGE

JAPAN: Saibu Gas to build a regasification terminal in Fukuoka Prefecture – CNR/49/5/9
Saibu Gas Co said recently it will build a large-scale storage base for imported liquefied natural gas in Kitakyushu, Fukuoka Prefecture. The utility said it plans to start construction in June 2010 and begin operations in November 2014. The construction of the new LNG base is aimed at meeting demand from large-scale plants, which is expected to rise in the future, and integrating LNG facilities in the prefecture into the new base for efficient operations. Saibu Gas will build two 180,000-kiloliter LNG tanks at a 250,000-square meter coastal site in Kitakyushu's Wakamatsu Ward to be able to store 1 million tons of LNG a year. With the new storage base, the company will be able to procure LNG on its own. (Kyodo News, February 19, 2010)

POLAND: Polskie LNG in talks with bidders for terminal project – CNR/49/5/10
Polskie LNG received recently offers to build a liquefied natural gas terminal from three consortia it shortlisted in 2009. The groups are Italy's Saipem SpA with Poland's PBG, Italy's Tecnimont SpA with Poland's Polimex-Mostostal SA and France's Sofregaz SA, and Korea's Daewoo Engineering & Construction Co with Korea Gas Corporation. Polskie LNG will now negotiate with the bidders who will be expected to file final offers in April 2010. The company plans to sign an agreement with the winning consortium in May 2010. Construction will begin in the second half of the year, with the terminal set for completion by the end of the first half of 2014. The LNG terminal's capacity will be 5 billion cubic meters of natural gas a year, which may be expanded to 7.5 billion cubic meters a year. The terminal will be located on Poland's Baltic coast near the border with Germany.

ROMANIA: Georgia and Azerbaijan agree to construct LNG terminals in Constanta – CNR/49/5/11
Romania, Georgia and Azerbaijan plan to sign in March 2010 an agreement for the construction of two liquefied natural gas terminals in the Romanian southeastern Constanta seaport and a location in Georgia. Romania's Economy Ministry secretary of state, Tudor Serban said the LNG terminals will transport between three and eight billion cubic meters of gas. The project will be developed by a private company formed by the Romanian gas producer Romgaz, Azeri oil company SOCAR, a Georgian oil company as well as a consortium made of various companies and financial institutions. (Azernews, February 19, 2010)

NGL

SUPPLIES - IMPORTS – EXPORTS

UNITED STATES: Buckeye Partners and Nova Chemicals agree to jointly evaluate a NGL pipeline project – CNR/49/5/12

Buckeye Partners, L.P. and Nova Chemicals Corporation announced recently that they have signed a memorandum of understanding regarding the evaluation and development of a mixed natural gas liquids pipeline from the Marcellus Basin in Pennsylvania to the refining and petrochemical complex in the Sarnia-Lambton area in Ontario, Canada. The Union Pipeline Project, which is subject to final agreements and any necessary regulatory approvals, would ship mixed NGLs, principally for use as petrochemical feedstock. Initial service of the Union Pipeline would be from Pittsburgh, Pennsylvania to the Nova Chemicals Corunna olefins cracker near Sarnia. Due to the proximity of Sarnia to the BTU rich natural gas production area of the Marcellus Basin, Nova Chemicals would be able to secure long-term competitive petrochemical feedstock supply via the Union Pipeline Project. Buckeye would develop, construct, own, and operate the Union Pipeline and would conduct an open season to solicit additional customer interest in the destination market in Sarnia prior to executing definitive agreements. (Nova Chemicals press release, February 10, 2010)

GTL

PROCESSING

NIGERIA: Cost of Escravos GTL project now evaluated at $5.9 billion – CNR/49/5/13

The project contractors for the construction of Escravos GTL plant independently reviewed the cost to $5.9 billion - more than triple the initial cost and more than triple the amount paid by the State of Qatar for a similar project with the same capacity, a Senate inquiry into the project has found out. The Gas-to-Liquid plant project, which is located at Escravos, Delta State, is designed to produce 34,000 barrels of fuel per day using flared gas, and has the same volume and specification, as the Oryx Gas-to-Liquid project in Qatar. But the Oryx GTL in Qatar, which began construction in 2003, was commissioned and put to use in 2006 at the cost $900 million, ahead of Nigeria's plant whose contract was signed 1998 at the cost of $1.294 billion, according to Senate report. Nigeria's GTL plant at Escravos was due to be commissioned by 2009, but it has faced repeated upward review of job cost and completion time which is presently fixed at December 2010, the report said. In 1998, the original proposed cost to deliver the first phase of the job was $1.294 billion. This was increased in 2001 to $2.721 and is presently fixed at $5.9 billion. The Senate has, however, rejected the report, citing insufficient details from the seven-page document. Senators said for an investigation that began in 2008, they deserve more detailed knowledge of the contract and would prefer specific sanctions against defaulting parties. Chevron Nigeria Limited is claiming that the wide disparity in the project costs of Escravos and Oryx GTL is due to the "scope, location and timing differences," although both have the same volume and specification. (Next, February 19, 2010)

THAILAND: Oxford Catalysts and PTT to develop small-scale GTL plants – CNR/49/5/14

Oxford Catalysts Group Plc said recently it has signed a binding memorandum of understanding with the Thai company, PTT Public Company Limited, for the development and commercialization of small scale land based gas-to-liquid facilities based on the Group's microchannel reactor and catalyst technologies. Under the terms of the agreement, PTT will provide funding of $5 million over 2 years for the development and commercialization of the Group's Steam Methane Reforming. In addition, PTT will invest in microchannel reactor testing facilities, to be located at the PTT Research and Technology Institute near Bangkok. (RTTNews, January 25, 2010)

NATURAL GAS

EXPLORATION – DISCOVERY

TUNISIA: OMV finds gas in the Nawara Production Concession – CNR/49/5/15

OMV announced recently the discovery and successful testing of gas and condensate in its Fella-1 exploration well in the recently granted Nawara Production Concession within the Jenein Sud exploration block in southern Tunisia. A single 13 meter (gross thickness) zone was tested at the base of the Acacus Formation, resulting in a flow of 16 mn cf/d of gas and 400 bbl/d of condensate. OMV and the Tunisian national oil company ETAP each hold a 50% interest in the Nawara Production Concession, 700 km south of Tunis. (OMV press release, February 16, 2010)

PRODUCTION

CANADA: Pepper Rock Resources to begin commercial gas production in Alberta – CNR/49/5/16

Pepper Rock Resources Corp said recently it will shortly commence commercial production in Alberta. The company, in conjunction with the operator, will tie-in the initial gas well in its Southern Alberta Gas Project. All gas reservoirs have good permeability and porosity and could produce 3.2 million cubic feet per day to the gas plant, Pepper Rock said. The Southern Alberta Gas Project lies in close proximity to the Montana border. According to Pepper Rock, the project has been found to have the potential to contain over 8 billion cubic feet of natural gas. (Proactive Investors, February 12, 2010)

IRAN: CNPC ready to start development of South Pars Phase 11 – CNR/49/5/17

CNPC recently finalised terms to develop phase 11 of Iran's South Pars gas project. China National Petroleum Corporation is expected to start evaluation drilling in the gas field in March 2010. The Iranian South Pars field, covering an area of 500 square miles, is the northern extension of Qatar's giant North Field. It is the world's largest non-associated gas field holding an estimated 50.97 trillion cubic meters (1800 trillion cubic feet) and some 50 billion barrels of condensates. Iran is planning to develop the field in 24 to 30 phases, capable of producing about 25 to 30 bcf of gas per day. The first 12 phases of the development are underway and will have the capacity of one billion cubic feet and 40,000 barrels of condensate a day. (Pipeline Magazine, February 11, 2010)

IRELAND: Shell postpones several works of Corrib gas project – CNR/49/5/18

Shell EP Ireland recently confirmed that work on several key aspects of the Corrib gas project will not now take place in 2010. The company said that the decision was taken for "operational and community reasons". It will undertake further work on the offshore pipeline this year, but intends to take an "integrated approach" to the offshore/onshore dimension in 2011, when it hopes that "permitting processes" will be "further advanced". Shell managing director Terry Nolan said that the laying of the 84m umbilical, which provides the link between the Ballinaboy terminal and the Corrib field for remote control of subsea gas production facilities, will be postponed until 2011. The Corrib gas partners are awaiting a final decision from An Bord Pleanála on the onshore pipeline and have sought an extension to May 31st to provide further information on their application under the Strategic Infrastructure Act. In November 2009, An Bord Pleanála found that up to half of the proposed new onshore pipeline route was "unacceptable" on safety grounds, due to proximity to housing. It suggested that the developers explore another route, up the Sruwaddacon estuary, but the company has said it is satisfied that the current proposed route meets all international safety standards. (The Irish Times, February 18, 2010)

KUWAIT: KOC and Shell sign gas fields development contract – CNR/49/5/19

Kuwait Oil Company and Shell signed recently a five-year service contract to develop gas fields in the country's north. Kuwait aims to develop gas fields not associated with oil to boost supply. This deal was for only gas fields, Kuwait oil sector spokesman Sheik Talal al-Khaled al-Sabah said. Kuwait plans to boost output from the gas fields to 1 billion cubic feet per day from around 140 million cubic feet per day. Shell would provide the expertise and technology needed to produce from the difficult fields, Sheikh Talal said. (Reuters, February 17, 2010)

RUSSIA: Lukoil and Komi Republic authorities sign production agreement – CNR/49/5/20

Vagit Alekperov, OAO Lukoil President, and Vyacheslav Gaiser, Head of the Komi Republic, recently signed Protocol Number Four to the Cooperation Agreement between the Government of the Republic and the Company. Under the Protocol, the Lukoil Group enterprises intend to extract up to 9.3 million tons of oil and up to 550 million cubic meters of gas in the Komi Republic in 2010. Provided that there are no gas intake limitations on the part of the Pechora Hydraulic Power Station, OOO Lukoil -Komi will satisfy the station's needs by supplying up to 190.23 million cubic meters of petroleum gas and another 18.09 million cubic meters for the housing and municipal needs. Up to 748,000 cubic meters of gas will be supplied from the Dzhebolskoye field for the public services of the municipalities. (Lukoil press release, February 2, 2010)

SYRIA: Hayan gas plant expected to start production in December 2010 – CNR/49/5/21

Syrian Minister of Petroleum Sufyan al-Allaw recently discussed with members of Hayan Petroleum Company progress in carrying out the Hayan gas plant near Palmyra. Project supervisors expect the Hayan gas plant to be put into service before the contract's deadline, which is the first quarter of 2011. They say the plant will begin operation in December 2010, producing around 2.7 million cubic meters of clean gas, 5000 barrels of natural gas condensate, and 180,000 tons of cooking gas. Minister al-Allaw noted that Syria has considerable reserves of natural gas, with the amount of gas that can be produced estimated at 285 billion cubic meters. He also said that the Ministry of Petroleum's plan calls for producing 160 billion cubic meters of natural gas from 2009 to 2025. (SANA, February 14, 2010)

PROCESSING

PAKISTAN: Minister inaugurates Hala gas processing plant – CNR/49/5/22

Federal Minister for Petroleum and Natural Resources, Syed Naveed Qamar, inaugurated recently Hala Gas Processing Plant in rural Sindh. The Hala block is a joint venture of the Pakistan Petroleum Ltd, the operator with 65 per cent working interest, and Mari Gas Company (MGC) which holds the remaining 35 per cent interest. The plant was commissioned in December 2009 and has an installed capacity of 12.5 MMscfd gas, 28 metric tons of LPG and 1,500 barrels of NGL per day. (The News, February 17, 2010)

UNITED STATES: Eagle Rock increases processing output in Texas Panhandle – CNR/49/5/23

Eagle Rock Energy Partners LP announced recently that it will deploy a cryogenic plant to its operations in the Texas Panhandle to increase efficiency and accommodate volume growth from the Granite Wash play. Deployment of the plant in replacement of an aging facility is Phase 2 of the Eagle Rock Energy's Texas Panhandle consolidation and processing capacity expansion announced in February 2008. Phase 1, completed in October 2008, consisted of shutting down the company's Stinnett plant in Moore County, Tex., and consolidating volumes to its Cargray plant in Carson County, Tex. In that phase, the Stinnett plant underwent complete refurbishment. Phase 2 involves relocation of the refurbished Stinnett plant (now called the Phoenix plant) to the East Panhandle's Arrington system in Hemphill County to replace the existing Arrington plant. Currently, Arrington is able to handle 40 MMcfd with lean-oil absorption. The Phoenix plant will be able to handle 80 MMcfd of inlet gas from the growing Granite Wash play in the Texas Panhandle. The plant will initially be sized with sufficient compression to handle 50 MMcfd but may easily be expanded to its full 80 MMcfd with additional inlet, field, and residue compression, said the company. In addition, the Eagle Rock Energy plans to consolidate gas volumes at its cryogenic Canadian plant in Hemphill County into the new Phoenix plant. The 25 MMcfd of capacity at the Canadian plant will remain available, said the company, allowing the ability to flow incremental volumes to that cryogenic processing plant if needed. Relocating the Stinnett plant and consolidating the Canadian plant's volumes will be completed in the third quarter of 2010. (Oil and Gas Journal, February 16, 2010)

UNITED STATES: Air Products to supply processing equipment for Hawkins gas project in Texas – CNR/49/5/24

Air Products and Chemicals Inc. announced recently that it will provide its nitrogen recovery unit and cryogenic gas processing equipment for an ExxonMobil project in Hawkins, Texas. The plant will recover natural gas for pipeline sale and produce nitrogen to enable enhanced oil and gas recovery. It will process about 140 million standard cubic feet of gas per day. Air Products will deliver plant equipment in late 2010 with operations at Hawkins set to begin in late 2011. (Lehighvalleylive, February 17, 2010)

UNITED STATES: Oneok Partners signs agreement with Cedar Bayou Fractionators – CNR/49/5/25

Oneok Partners, L.P. announced recently that it has signed a definitive 10-year firm space fractionation agreement with Cedar Bayou Fractionators, L.P., a majority-owned subsidiary of Targa Resources Partners LP, for fractionation services at the subsidiary's natural gas liquids fractionation facility at Mont Belvieu, Texas. Under terms of the agreement, Oneok Partners has contracted for 60,000 barrels per day of fractionation services at the Cedar Bayou Fractionators, L.P. facility, which is currently being expanded to 275,000 barrels per day from 215,000 per day and is expected to be operational during the second quarter of 2011.

As part of the expansion, Targa Resources Partners LP and Oneok Partners plan to construct interconnection facilities to link the Cedar Bayou Fractionators, L.P. fractionation facility with Oneok Partners' recently completed Arbuckle Pipeline, a 440-mile raw NGL pipeline extending from southern Oklahoma through the Barnett Shale of north Texas and on to Oneok Partners' fractionation and storage facilities at Mont Belvieu. (PRNewswire, February 16, 2010)

UZBEKISTAN: Uzbekneftegaz and Korean companies' consortium sign agreement on Ustyurt Gas Chemical Complex construction – CNR/49/5/26

The Uzbek government and the consortium of Korean companies led by Kogas signed an investment agreement on construction of Ustyurt Gas Chemical Complex on the field Surgil, the Uzbek government said. The document was signed during the state visit of Uzbek President Islam Karimov to the Republic of Korea on February 10-12, 2010. In February 2008, Uzbekneftegaz and Korean consortium consisting of KOGAS, Lotte Daesan Petrochemical Corp., LG International Corp., SK Gas and STX Energy created a joint venture on a parity basis UzKorGasChemical to realize the construction project of Ustyurt Gas Chemical Complex. In accordance with the schedule, the launch of the first stage of the complex is scheduled for November 2011. The complex must reach the design capacity by late 2012. The design capacity of the complex is 125,000 tons of polyethylene per year. About 137 tons of liquefied gas, 130,000 tons of light condensate, and 4.2 billion cubic meters of marketable gas and 4,000 tons of sulfur are produced annually at the enterprise. Deposit Surgil was opened just over two years ago. It is currently being developed by Uzbekneftegaz. Its reserves amount to about 120 billion cubic meters of gas. Natural gas of Surgil field contains a large number of valuable components, in particular, 4.8 percent of ethane. (February 15, 2010, in partnership with Trend News Agency, http://en.trend.az)

UZBEKISTAN: Lukoil to launch Kandym field development – CNR/49/5/27

Lukoil Uzbekistan Operating Company, a 100-percent subsidiary of Lukoil NC in Uzbekistan, has launched Kandym field's development within the PSA. Drilling operational wells in the Kandym field is required in order to obtain detailed information on the component composition of produced gas, which is one of the terms for the design of the gas processing plant, planned to be built in Kandym to clean gas from sulfur and drying of raw materials for further export. In general, over the next seven years, Lukoil plans to invest about $5 billion in the implementation of gas projects in Uzbekistan, including the building of a gas chemical complex with natural gas processing capacity of up to eight billion cubic meters, 6, 5 million tons of purified gas, 213, 6 000 tons stable condensate, 17, 5000 tons of liquefied natural gas and 191, 100 tons of sulfur by the end of 2011.

The Russian company plans to produce 12 billion cubic meters of gas per year by 2013. Lukoil started gas production in Uzbekistan within the PSA Kandym-Khauzak-Shady in autumn 2007. The total volume of natural gas is exported by Gazprom's main network. Besides the Kandym project, Lukoil Overseas has completed a purchase of SNG Holdings Ltd groups, including the "SoyuzNefteGaz Vostok Limited" company, which is a member of PSA for the development of fields of the southwestern Hissar and Ustyurt region in 2008. The contract area of the southwestern Hissar includes seven oil and gas fields.

Geological reserves of the group are about 100 billion cubic meters of gas and about six million tons of liquid hydrocarbons (oil and gas condensate). The annual forecast of production in the contract area is about three billion cubic meters of gas and over 300,000 tons of liquid hydrocarbons per year. (February 15, 2010, in partnership with Trend News Agency, http://en.trend.az)

TRANSPORTATION-DISTRIBUTION

AUSTRALIA: Queensland government gets green light to Surat to Gladstone pipeline project – CNR/49/5/28

The Queensland government recently issued a licence for a 470km-long, natural gas pipeline. Mines and Energy Minister Stephen Robertson said the Surat to Gladstone pipeline licence was the first of several licences to transport gas to proposed liquefied natural gas facilities in central Queensland.

It would allow Arrow Energy Ltd to transport natural gas from coal seam gas fields near Dalby in the Surat Basin to a proposed LNG plant at Fisherman's Landing, near Gladstone. Prior to construction, Arrow Energy must consult with landholders, acquire the necessary easements and negotiate appropriate compensation and access agreements. (AAP, February 19, 2010)

EUROPE: Bayerngas plans to book capacity in Nabucco – CNR/49/5/29

Bayerngas GmbH plans to book capacity in the Nabucco pipeline project to bring fuel supplies from the Caspian region to Europe, Bloomberg reported. "We also have a mid-term import strategy for gas from the Caspian region and Middle East and we can't lose sight of that," Bayerngas Managing Director Marc Hall said.

The capacity of the Nabucco pipeline will be auctioned in the second half of 2010. Half of the pipeline's capacity will be distributed among the project's shareholders, and the other half will be offered to third parties on the open market through long-term contracts. (February 15, 2010, in partnership with Trend News Agency, http://en.trend.az)

FRANCE: A new compressor station will develop the interconnections between France and Spain – CNR/49/5/30

GRTgaz is set to invest almost €100 million to build a compressor station (3 X 12 MW) at Chazelles (Charentes) in order to develop interconnection capacity between France and Spain. This investment has received the backing of the European Union under the European Recovery Plan. From April 1, 2013, the operation of the new Chazelles compressor station will have a direct impact on the capacity at the interconnection with the TIGF transmission system in the South West: 255 GWh per day from South to North (220% greater than current capacity); 375 GWh per day from North to South (15% greater than current capacity). This new compressor station is a first step in the reinforcement of the interconnections between France and Spain. In 2010, there will be a further market consultation to confirm the need for capacity in 2015, firstly on the link between GRTgaz's North and South zones, and secondly on the interface between France and Spain. (GRTGaz press release, February 9, 2010)

ITALY: E.ON selects buyers of its gas grid – CNR/49/5/31

E.ON selected recently a consortium of private equity fund 3i and local Italian gas supplier Erogasmet as favourites to buy their Italian gas grid. E.ON needs to sell the 9,400 kilometers of gas lines in order to reach its target of completing 10 billion euros of divestments by the end of 2010. E.ON had three binding offers for the grid in addition to the 3i group, also from Italian infrastructure fund F2i with Axa Private Equity and from Snam Rete Gas. In December 2009, E.ON Italia Chief Executive Klaus Schaefer said that the regulatory asset base of the grid was 307 million euros and that he expected the sale to close in the first quarter of 2010. (Reuters, February 17, 2010)

TURKEY: Privatization of Istanbul gas grid expected in 2010 – CNR/49/5/32

Igdas, operator of Turkey's largest gas distribution grid, expects to announce in 2010 how it will carry out its long-awaited privatisation, delayed since 2006. The Istanbul municipality has launched a tender for banks

wishing to handle the privatization process, Igdas General Manager Bilal Aslan said, adding that the sell-off could be carried out in the form of an initial public offering or block sale. "There are only preliminary preparations at the moment. No firm decision.
It will be taken once the consulting firms complete their study and write their report. If this is not interrupted, a decision will be taken this year," said Aslan. The grid's total number of subscribers rose by 230,000 in 2009 to 4.2 million, growth unlikely to be maintained as most consumers have switched from coal to gas to heat their homes. Annual consumption was flat at 4 billion cubic metres in 2009, Igdas' client base is 85 percent households and small businesses and industrial consumers comprise 15 percent. (Reuters, February 17, 2010)

UNITED STATES: Inergy to launch binding open for North-South Project – CNR/49/5/33

Inergy, L.P. announced recently that its wholly-owned, regulated subsidiary Central New York Oil And Gas Company, LLC has executed the binding precedent agreements necessary for the filing of regulatory approvals and construction of the previously announced North-South Project. The North-South Project is expected to provide firm wheeling services to shippers desiring to move natural gas volumes bi-directionally to / from the Tennessee Gas Pipeline, Stagecoach hub, Stagecoach South and North Lateral receipt and delivery points, and Millennium Pipeline.
The agreements provide the commercial support necessary for Inergy to proceed with its development plans. Inergy expects the transportation capacity of the North-South Project to be in excess of 250,000 Dth/day, with the weighted average term of the agreements being approximately five years in duration. Inergy expects to file a Natural Gas Act 7(c) application with the Federal Energy Regulatory Commission for a certificate of public convenience and necessity in the spring of 2010 and anticipates the North-South Project to be placed into service by late 2011. (Downstream Today, February 16, 2010)

UNITED STATES: Chesapeake and Statoil secure transportation capacity with Tennessee Gas Pipeline – CNR/49/5/34

El Paso Corp. announced recently that its wholly-owned subsidiary, Tennessee Gas Pipeline Company, has executed binding, 20-year term agreements with Chesapeake Energy Marketing, Inc., a wholly-owned subsidiary of Chesapeake Energy Corp., and Statoil Natural Gas LLC, a wholly-owned subsidiary of Statoil, for 100 percent of the capacity for its Northeast Upgrade Project. The project will provide 636,000 dekatherms per day of incremental firm transportation capacity from TGP's 300 Line in Pennsylvania to an interconnection in New Jersey. A spring 2011 Federal Energy Regulatory Commission filing date is anticipated with a scheduled November 1, 2013 in-service date. An open season is expected to begin soon with final capacity awarded in March 2010. (Downstream Today, February 16, 2010)

SUPPLIES - IMPORTS – EXPORTS

RUSSIA: E.ON Ruhrgas and Gazprom in talks on gas contracts decoupled to oil prices – CNR/49/5/35

It had been reported that E.ON Ruhrgas completed recently talks on more flexible gas purchasing contracts with Gazprom. Ruhrgas CEO Bernhard Reutersberg said that parts of the purchases from Gazprom would in future not be coupled to oil prices, which has been the practice for three decades, but to the spot price of gas. "We will still have to work on some details but the basic framework has been established and Gazprom chief (Alexei) Miller and I are in agreement," Reutersberg said. The part of volumes to be decoupled from oil was "in the lower double-digit percentage area," he said. He said that a bundle of measures had been agreed, including more flexible volume commitments and prices for buyers. (Reuters, February 19, 2010)

RUSSIA: Bulgargaz wants to buy gas directly from Gazprom – CNR/49/5/36

Dimitar Gogov, CEO of Bulgargaz, who met recently with the CEO of Gazprom, Alexei Miller said that Bulgargaz is going to start buying Russian natural gas directly from Gazprom. Currently, Bulgaria gets Russian natural gas through three intermediaries: Overgas Inc, Wintershall, and Gazpromexport. Gogov explained that Bulgaria was going to fulfill its contracts with them until they expired in 2011-2012 but that by the end of 2010 Bulgargaz was going to negotiate new gas supply contracts with Gazprom or its subsidiary Gazpromexport thus eliminating the other two companies. He also explained Bulgargaz and Gazprom had started talks about diversifying the routes through which Bulgaria could receive Russian gas.

The new options that have been discussed by Gogov and Miller include getting Russian gas directly through the South Stream gas pipeline whenever it is completed, and also receiving Russian gas through Turkey. (Novinite, February 17, 2010)

STORAGE

GERMANY: Wingas starts drilling work at Jemgum – CNR/49/5/37
Wingas recently started the drilling work for the natural gas caverns in the salt dome in Jemgum. "In order to prepare the cavities for the subsequent gas storage in the salt dome, we have to drill to a depth of 1,600 meters," said Arkadius J. Binia, the responsible for the storage project. The drilling work will continue until 2012. "We have planned up to 18 caverns in total and we have to drill a well for each cavern." Two months have been set aside for each well. Wingas envisages a working gas capacity of around 1.2 billion cubic meters of natural gas for the storage capacity in Jemgum. The company plans to bring the first caverns on stream in 2013. For once built, the caverns will be up to 400 meters high with a diameter of up to 80 meters. (Wingas press release, February 18, 2010)

ROMANIA: Gazprom ready to consider a gas storage project with Romgaz – CNR/49/5/38
Alexander Medvedev, the vice chairman of Gazprom, said recently that Gazprom aims to establish a company with partners in Romania to develop natural gas storage capacities in the country. Medvedev suggested both sides could discuss the creation of a joint company, Romgaz-Gazprom, to develop natural gas storage capacity in Romania. (UPI, February 17, 2010)

UNITED KINGDOM : Gateway Project receives government approval – CNR/49/5/39
The government has recently licensed natural gas storage caverns in salt deposits under the Irish Sea. The Gateway Project in the east of the Irish Sea will increase the UK's natural gas storage capacity by 30% when completed. The Gateway Storage Company, which is in charge of the project, will build 20 caverns 750–1025 m below the sea floor about 24 km south-west of Barrow-in-Furness. The caverns will have a storage capacity of 1.5bcm gas. Construction will begin later in 2010 and commercial operations will begin in 2014. The storage caverns will be connected via a pipeline to a site adjacent to the existing North and South Morecambe gas terminals. (TCE Today, February 16, 2010)

UNITED KINGDOM : Ineos may sell salt caverns to gas storage developers – CNR/49/5/40
It has been reported that British chemicals group Ineos is looking into selling its salt caverns in northeast England to developers of gas storage sites. A company spokesman said the group was in talks with a number of parties about selling off parts of land, including the underground salt caverns. (Reuters, February 17, 2010)

UNITED STATES : UGI subsidiaries to conduct open season for three storage fields – CNR/49/5/41
UGI Corporation announced recently that its UGI Central Penn Gas (UGI CPG) and UGI Storage subsidiaries are conducting a binding open season for 14.7 billion cubic feet of firm underground storage service from three existing storage fields located in close proximity to Pennsylvania's Marcellus Shale in Tioga, Potter and Cameron counties. UGI CPG's storage fields are located with interconnections to Dominion Transmission, Transcontinental Gas Pipe Line, National Fuel Gas Supply, Tennessee Gas Pipeline and UGI CPG's distribution system. Service is being offered for the injection season starting April 1, 2010 with withdrawals the subsequent winter, November 1, 2010 through March 31, 2011. UGI Storage filed with FERC requesting authorization to acquire and operate the storage facilities, which are currently owned by UGI CPG. (Energy Business Review, February 12, 2010)

UNITED STATES : MDU Resources announces plans to increase deliverability from Baker storage facility – CNR/49/5/42

Williston Basin Interstate Pipeline Company, the wholly-owned natural gas transmission pipeline subsidiary of MDU Resources, announced recently plans to increase firm deliverability from its existing Baker storage facility in southeastern Montana. In conjunction with the storage enhancement, Williston Basin also announced plans to expand its existing natural gas pipeline system from the Baker storage facility to western North Dakota, where it connects with the Northern Border Pipeline. The proposed storage enhancement would add up to 125 million cubic feet per day to existing firm storage deliverability volumes from the Baker storage facility. The storage project will be accomplished by drilling new storage wells, adding compression and replacing and looping existing storage gathering pipelines. The associated pipeline expansion will require new compression as well as looping of existing pipelines between Baker and Northern Border Pipeline. The targeted in-service date is April 2012. The Baker storage facility has a current firm withdrawal capacity of 115 MMcf/d. The proposed enhancement project will more than double firm deliverability from the Baker field, bringing the total to 240 MMcf/d. The ultimate size of the storage and pipeline expansion projects will depend on shipper interest. A binding open season for the Baker storage enhancement and associated pipeline expansion will run through March 18, 2010. (Downstream Today, February 16, 2010)

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