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LNG

PROCESSING

QATAR: QatarGas' sixth LNG plant will start production in September 2010 – CNR/49/9/1

Qatar Liquefied Gas Co said recently its sixth liquefied natural gas plant will start production in September 2010 and a seventh will begin operations by December. The plants, called

QatarGas3 and QatarGas4, will be fully built about three months prior to when they begin production, chief executive officer Faisal al Suwaidi said. QatarGas3 and QatarGas4 are the final two of 14 LNG plants to be built in the country. (Arabian Business, April 8, 2010)

WORLD: Mitsubishi Heavy Industries and BW Offshore agree to become partners in LNG-FPSO business – CNR/49/9/2

Mitsubishi Heavy Industries, Ltd. (MHI) recently reached a basic agreement with BW Offshore Limited to collaborate in the marketing of FPSO for liquefied natural gas. The two companies plan to sign a memorandum of understanding. The collaboration of the two companies aims to improve the position from which to propose LNG-FPSO to potential customers throughout the world by combining their expertise. The agreement outlines the joint development of design and joint marketing activities, mainly targeting LNG-FPSO projects, with around two million tons per annum production capacity. Specifically, MHI will take charge of the vessel's hull and LNG storage tank portion and BW Offshore among others will be responsible for the pretreatment and liquefaction facilities and production and mooring solutions.

For LNG storage tanks, MHI will propose MOSS type spherical tanks. While demand for LNG is increasingly being appreciated, its production and development is moving to offshore gas fields, either large scale or small and medium "stranded" fields, which have been discovered, but remain untapped. As a result, LNG-FPSO, which can eliminate long pipeline and offers facility moving capability, is drawing much attention. (JCN Newswire, March 31, 2010)

YEMEN: Yemen LNG launches second production train – CNR/49/9/3

Yemen LNG Company recently launched the second production train of the liquefied natural gas project in Balhaf, Shabwah province. Oil and Minerals Minister, Amir al-Aidaros, said that the second train would raise the total production of the LNG project to 6.7 million metric tons per year. "According to new studies and explorations, there are large quantities of gas in a number of fields. The future of Yemen in the field of gas is promising. The future of gas in Yemen is better than future of oil," the minister said. The minister clarified that the main obstacle we face related to gas production is the local law. He pointed out that seven agreements signed in 2009 had included gas explorations as well as oil. "We are working now to add the gas explorations to the old

agreement that contained oil explorations only," he said. According to the Minister of Oil, the Yemeni government aims to use gas to produce electricity. For his part, the General Manager of Yemen LNG, Francois Rafin, said that the number of gas shipments to be exported in 2010 would be 85 and would reach between 100- 105 per year starting from 2010. "Before the second train launched, we had exported one shipment per week. Now we can export 2-3 every week," Rafin said. The liquefaction plant is located on the coast of Shabwah, around 400 km east of Aden province. The Yemen LNG shareholders are Total (39.62%), Hunt (17.22%), Yemen Gas Company (16.73%), SK Corporation (9.55%), Kogas (6%), Hyundai (5.88%) and the General Authority of Social Security and Pensions (5%). (Yemen Observer, April 8, 2010)

SUPPLIES - IMPORTS - EXPORTS

AUSTRALIA: Icon Energy signs MoU for LNG supply to SinoGas Group – CNR/49/9/4

Icon Energy said recently it had signed a non-binding memorandum of understanding with a unit of China's SinoGas Group to sell 40 million tonnes of LNG over 20 years and expects to finalise detailed terms of the agreement by August 2010. Icon added that depending on oil prices, the export value of the agreement was worth between \$21.3 billion and \$29.7 billion. Icon said it plans to supply the gas from its current tenements in South Australia and Queensland states, arrangements with existing joint venture partners and securing more tenements. (Reuters, April 8, 2010)

AUSTRALIA: BG Group and Tokyo Gas in LNG sale agreement – CNR/49/9/5

BG Group recently reached an agreement with Tokyo Gas for the supply of liquefied natural gas from the Queensland Curtis LNG (QCLNG) facility to be developed by BG Group's wholly-owned Australian subsidiary, QGC.

The overall agreement sets out the basis upon which the parties will negotiate to conclude terms for: the purchase by Tokyo Gas of 1.2 million tonnes per annum of LNG for 20 years from 2015, to be supplied from the QCLNG facility and from BG Group's global LNG portfolio; the acquisition by Tokyo Gas of a 1.25% interest in the reserves and resources of certain QGC tenements in the Walloons Fairway of the Surat Basin in Queensland; and the purchase by Tokyo Gas of a 2.5% equity interest in QCLNG Train 2, the second of two liquefaction trains that will form the first phase of the QGC-operated QCLNG development.

BG Group and Tokyo Gas intend to complete negotiations and execute fully termed agreements by the end of 2010. The final agreements will be conditional on BG Group making a final investment decision on QCLNG, expected later in 2010. QCLNG is expected to produce first LNG by 2014. (Energy Business Review, March 31, 2010)

ITALY: Sinergie Italiane to buy LNG from Equatorial Guinea – CNR/49/9/6

Sinergie Italiane recently agreed to buy 145,000 cubic metres of liquefied natural gas from Britain's BG Group in what will be the first shipment of LNG from Equatorial Guinea to Italy. It is the first delivery of gas from Equatorial Guinea to Italy, an important step in diversification of gas supplies to Italy which depends heavily on gas imports,

Sinergie Italiane said, adding it was in talks with other LNG operators to import more gas to Italy. It is also the first time the Adriatic LNG terminal near Rovigo in northern Italy will give access to its free capacity to operators outside long-term contracts, Sinergie Italiane said. Sinergie Italiane started up in 2008. It is owned by a group of medium and small sized Italian energy firms including Ascopiave and Enia. (Reuters, April 7, 2010)

SINGAPORE: Gazprom opens a new office focused on LNG business – CNR/49/9/7

AO Gazprom said recently that its trading unit is opening an office in Singapore to focus on liquefied natural gas, carbon markets and portfolio developments. Arthur Tait, previously the director of global carbon in its London office, will be managing director in Singapore, Gazprom said. The company plans "to deepen its relationships with LNG suppliers and customers in the region," said Tait. The Singapore office will help "improve the flexibility and value of Russian LNG supplied from the Gazprom LNG portfolio and to expand its shipping franchise," he said. (Bloomberg, March 29, 2010)

WORLD: Gazprom Global LNG choose GAC as LNG business partner – CNR/49/9/8

Gazprom Global LNG Ltd signed recently a worldwide multi-service agreement with global shipping, logistics and marine services provider GAC. Gazprom Global LNG is a 100.0% indirect subsidiary of natural gas company OAO Gazprom. Its activities include global trading and

shipping of own and third-party LNG and business development of various LNG projects. The deal takes advantage of the GAC Group's diverse suite of services for the oil and gas industry, ranging from ship agency, bunker fuels, weather routing and vessel performance management to maritime training. (Analytiqa, March 30, 2010)

STORAGE

BANGLADESH: India proposes to set up a joint venture for building a LNG terminal – CNR/49/9/9

As part of an attempt to improve political and economic ties, India proposed recently to Bangladesh the setting up of a liquefied natural gas terminal in that country in a joint venture.

The proposed terminal will be used to create a power generation capacity of around 1,000MW. According to the initial proposal, after meeting demand in Bangladesh, the remaining power will be supplied to India through a transmission link being set up between the two countries by Power Grid Corp. of India Ltd (PGCIL). "Since Bangladesh does not have any coal, we suggested to them to set up an LNG terminal either through a JV with India or on their own. They can then use the gas to generate power and then sell it to India through the transmission link we are building," said power secretary H.S. Brahma. "We had made this proposal to Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister of Bangladesh," Brahma said. "Since the current producing fields in Bangladesh are old and due to the low pressure, the domestic gas is not enough, there is a need for gas". (Livemint, April 1, 2010)

CHINA: China Natural Gas to build LNG fuelling stations in Hubei Province – CNR/49/9/10

China Natural Gas, Inc. announced recently that it has received local government approval from Wuhan City, Yichang City, Xiangfan City and Huangshi City in Hubei Province to build liquefied natural gas reserve stations, harbour LNG fuelling stations, and inland LNG fuelling stations in the region. According to the approval document of Wuhan Development and Reform Commission, the company is allowed to build 30 inland LNG fuelling stations and 4 harbour LNG fuelling stations in Wuhan, the capital city of Hubei

province. According to Yichang Development and Reform Commission, the company is allowed to build one LNG reserve station, two harbour LNG fuelling stations, and seven inland LNG fuelling stations. According to Xiangfan Development and Reform Commission, the company is allowed to build one LNG reserve station, one harbour LNG fuelling station and four inland LNG fuelling stations. According to Huangshi Development and Reform Commission, the company is allowed to build one LNG reserve station, two harbour LNG fuelling stations, and six inland LNG fuelling stations. (DownstreamToday, April 8, 2010)

CROATIA: Government recommend to HEP and Plinacro to jointly acquire stake in Krk LNG project – CNR/49/9/11

The Croatian government said recently it has recommended to national power utility HEP and gas transmission system operator Plinacro to set up a joint venture to gain an 11% stake in the project to build a liquefied natural gas terminal on Croatia's Adriatic island of Krk. The recommendation overturns an earlier decision on determining the members of the LNG Hrvatska outfit that will represent Croatia's interests in the Adria LNG consortium that is in charge of the project. Under the earlier decision, HEP and Plinacro were supposed to launch LNG Hrvatska jointly with Croatian oil and gas group INA, securing a combined 25% stake in the LNG terminal.

A local media recently reported that Croatia's Economy Ministry had recommended that INA negotiate on its own its entry into the consortium. After Croatia's stake in the project is shared out, INA should get 14% while the remaining 11% should be dividend among HEP and Plinacro, the media said. The Adria LNG consortium currently comprises Germany's E.ON Ruhrgas with a 29.3% stake, Austria's OMV Gas & Power with 24.3%, France's Total with 20.5% and Slovenia's Geoplin with a 0.75% share. A 25% participating interest is reserved for Croatian partners. The terminal will have a regasification capacity of up to 15 billion cubic metres a year which is almost four times Croatia's annual gas consumption. (BNE, April 4, 2010)

JAPAN: Saibu Gas plans to build a LNG terminal in Kitakyushu – CNR/49/9/12

Saibu Gas said recently that it would build a large-scale liquefied natural gas receiving terminal in Kitakyushu, western Japan to meet projected growth in demand, especially from the industrial sector. The company will start construction of the terminal, which includes such facilities as two

180,000-kilolitres-class LNG tanks, a gasification facility, and a berth for receiving big overseas LNG vessels, in June 2010. The terminal is scheduled to start operations in November 2014. Kyushu Electric Power Co will take a 10 percent stake in a firm that will be in charge of the construction and operations of the terminal, while Saibu will take the rest. (Reuters, March 30, 2010)



LITHUANIA: LNG terminal projected – CNR/49/9/13

Lithuania Prime Minister, Andrius Kubilius, said recently that Lithuania is projecting to build a terminal for liquefied natural gas. “We are monitoring the global development of the gas industry very closely. We have plans to build a

liquefied natural gas terminal either in Lithuania, or in cooperation with the Baltic countries. We believe that Gazprom taking into consideration the global development will be modernizing its price policy”, Mr. Kubilius said. (Maritime News, March 27, 2010)

SINGAPORE: Construction of the LNG terminal started – CNR/49/9/14

Singapore recently started building its first liquefied natural gas terminal designed to import and re-export the fuel from multiple suppliers to regional markets. The terminal, operated by government-formed Singapore LNG Corp, is expected to be operational by 2013 within Singapore's industrial hub on Jurong Island. BG Group PLC is committed to supplying liquefied natural gas to Singapore, initially from Trinidad and Egypt and later from its coal-seam gas fields in Queensland, Australia, when that project begins production in 2014. Six Singapore power plants have contracts to take 1.5 million tons of the fuel per year from the terminal. (DPA, March 31, 2010)

TURKEY: Bulgaria and Turkey authorities consider joint LNG terminal project – CNR/49/9/15

Bulgarian Economy, Energy and Tourism Minister Traycho Traykov and his Turkish counterpart

Taner Yildiz recently discussed a possible joint project for a liquefied gas terminal. The port would have a 6 billion cm. capacity and will be located on the Turkish coast. (Focus News Agency, April 1, 2010)

UNITED KINGDOM: South Hook LNG terminal completes its second and final phase – CNR/49/9/16

The South Hook LNG terminal at Milford Haven, South West Wales, completed recently commissioning its second and final phase. The event brings the terminal to full processing capacity of 15.6 million tonnes/year and full send out capacity into the UK National Transmission System of 21 billion cm/year. South Hook LNG is jointly owned by Qatar Petroleum LNG Services Ltd. (67.5%), ExxonMobil Corp. (24.15%), and Total SA (8.35%). (Oil and Gas Journal, April 7, 2010)

UNITED STATES: El Paso Pipeline Partners becomes major shareholder in Elba Island LNG terminal and Elba Express Pipeline – CNR/49/9/17

El Paso Pipeline Partners, L.P. announced recently that it as agreed to acquire a 51-percent interest in Southern LNG Company, L.L.C. and El Paso Elba Express Company, L.L.C. from El Paso Corporation. Southern LNG owns the Elba Island liquefied natural gas terminal near Savannah, Georgia. The Elba Island LNG receiving terminal has 1.8 billion cubic feet per day of send-out capacity and 7.3 Bcf of storage capacity, which is expected to increase to 11.5 Bcf following the commissioning of a new storage tank. The terminal is fully-contracted under agreements with

subsidiaries of Shell Oil Company and BG Energy Holdings Limited with an average life of more than 20 years. BG has an option to further expand the terminal to 15.7 Bcf of storage and 2.1 Bcf per day of peak send-out capacity. Elba Express Company owns an approximately 190-mile interstate natural gas pipeline with current capacity of 945 million cubic feet per day that is fully subscribed with a subsidiary of Shell for 30 years. The pipeline provides natural gas transportation capacity from Elba Island to markets in Georgia, and through interconnections with other pipelines, to the Southeastern and Eastern United States. (Marketwire, March 25, 2010)

UNITED STATES: J.P. Morgan and Cheniere Energy to combine expertise in LNG Market – CNR/49/9/18

J.P. Morgan and Cheniere Energy, Inc. announced recently that they have entered into a multi-year agreement whereby the two firms will utilize their combined expertise in the global liquefied natural gas market. Under the agreement, J.P. Morgan gains capacity rights at Sabine Pass in Louisiana. Cheniere, which owns and operates the Sabine Pass LNG receiving terminal, will benefit from J.P. Morgan's client relationships, financial expertise and strong balance sheet. (PRNewswire, March 31, 2010)

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UNITED STATES: GE Energy to acquire 30% stake in Gulf LNG regasification project – CNR/49/9/19

GE Energy Financial Services announced recently that it is investing \$150 million in a liquefied natural gas receiving terminal under construction in Mississippi that will increase natural gas supplies to the Northeast and Southeast United States. The business unit of GE is acquiring Crest Group's 30 percent interest in the fully contracted Gulf LNG Energy terminal, expected to be completed late 2011. The terminal, adjacent to the Bayou Casotte Ship Channel in the Port of Pascagoula on the Gulf Coast, will receive, store and regasify imported liquefied natural gas. Under

construction are two 160,000 cubic meter natural gas storage tanks with a combined capacity of 6.6 billion cubic feet, 10 vaporizers and connections to the Gulfstream, Destin, Florida Gas Transmission and Transco pipelines. The project has secured 20-year service agreements with major oil and gas companies to supply LNG for all of the terminal's capacity. In addition to GE Energy Financial Services, the terminal's owners are a subsidiary of El Paso Corp., which is managing construction and will operate the facility, and Sonangol, Angola's state-owned national oil company. (Downstream Today, March 31, 2010)

GTL

PROCESSING

QATAR: Second phase of GTL plant to be commissioned by end 2011 – CNR/49/9/20

The second phase of Royal Dutch Shell promoted gas-to-liquid plant in Qatar will be commissioned by the end of 2011, Qatar Oil Minister Abdullah al-Attiyah said recently. "The GTL project will be the world's largest and will have capacity of 140,000 barrels per day. It is almost completed. It will be commissioned by the end of this year. Second phase will start by the end of next year," Attiyah said. (Reuters, March 22, 2010)

NATURAL GAS

EXPLORATION – DISCOVERY

CANADA: RockBridge announces discovery in Northeastern British Columbia – CNR/49/9/21

RockBridge Energy Inc. announced recently new oil and gas discoveries have been made at the Woodrush project, in which RockBridge has an interest, located in the Peace River Arch of Northeastern British Columbia. The operator advised that the first discovery flowed for four hours at rates as high as 950,000 cubic feet per day during cleanup operations. Gathering lines to the production facility are being laid with production to commence at a production rate anticipated by the operator to be in excess of one million cubic feet gas per day. (Marketwire, March 24, 2010)

EGYPT: Apache reports update on Faghur Basin discovery in Western Desert – CNR/49/9/22

Apache Corporation provided recently an update on the West Kalabsha I-1X discovery in the Faghur Basin of Egypt's Western desert. The well, located approximately 10 miles southwest of Apache's Phipps Field, test-flowed at a rate of

4,554 barrels of oil and 10.1 million cubic feet (MMcf) of natural gas per day. Apache owns a 100-percent contractor interest in the West Kalabsha concession and has plans to drill four more exploratory wells targeting the Alam el Bueib (AEB) and Safa formations in the Faghur basin during 2010. (Oilvoice, March 25, 2010)

UNITED STATES: President Obama announces new 5-year offshore exploration plan – CNR/49/9/23

President Barack Obama announced recently a new five-year plan to open up a host of new fields on the Outer Continental Shelf off of the Atlantic, Gulf of Mexico and Alaskan coastlines for drilling. The announced proposal will likely reignite the US's offshore drilling industry, a sector that has found itself remarkably quiet over recent years. If passed the legislation will open up a large amount of acreage for federal lease sales. Obama's plan would open about 675,000 square kilometers along the Atlantic coast and

about 526,000 square kilometers on Alaska's North Slope. In addition, it would also open up new Gulf of Mexico acreage to offshore oil and gas exploration and drilling. Exempt from the present legislation is the Pacific coast, where only limited offshore drilling is currently allowed.

Furthermore, the New England coastline north of Delaware and the southern Florida coast have both been overlooked. Moreover, winning support from environmentalists, Obama's plan would keep Alaska's Bristol Bay region off limits to exploration through to 2017. (Oilvoice, April 5, 2010)

PRODUCTION

TURKEY: Edirne Gas Plant System completed – CNR/49/9/24

Otto Energy reported recently that the construction of the Edirne Gas Plant System has been completed. Gas sales will commence following completion by BOTAS of a hot tap on its 14" main line to create the delivery point for the Edirne gas. The Joint Operators are in the process of retrofitting the hot tap fitting to accommodate Botas' requirements. The hot tap is expected to be completed soon with first gas sales shortly thereafter. As previously announced, all gas production from the Edirne license will be sold via dedicated sales arrangement to AKSA

Dogalgaz Toptan Satis A.S at a 15% discount the Industrial Interruptible Tariff benchmark set by BOTAS and Otto has elected not to participate in the Gas Plant ownership. Otto expects that the discounted gas price in the short term will be between US \$7.00 to US \$8.00/ GJ. The discounted gas price will change over time reflecting amendments in the tariffs set by BOTAS. The Edirne Joint Venture partners comprise Otto which holds a 35% interest in the Edirne Licence and Joint Operators Transatlantic Mediterranean Int (TEMI) (55%) and local Turkish company Petraco (10%). (Scandinavian Oil & Gas Magazine, March 22, 2010)

PROCESSING

IRAQ: Shell still in talks on flared gas commercialization – CNR/49/9/25

The Middle East vice president for new business said recently that Royal Dutch Shell Plc is still in talks on a final agreement to develop natural gas in Iraq. "Iraq will become a regional player in the gas sector and an exporter to the region and the world," Mounir Bouaziz said. "Iraq is losing \$50 a second by flaring gas." The country, which flares more than 1 billion cubic feet a day, has the potential to export 20 billion cubic meters a year of gas, Bouaziz said. Shell is developing a plan to capture and market about 700 million cubic feet a day of natural gas in southern Iraq that is currently burnt off and not used. The first facilities in the project already collect 135 million cubic feet of gas a day and process it into 500 tons of liquid petroleum gas daily, Malcolm Brinded, Shell's executive director for international production and exploration, said. (Bloomberg, March 29, 2010)

QATAR: Petrofac wins gas processing contract – CNR/49/9/26

Petrofac PLC said recently that it has won contract to build a plant to extract sulfur from natural gas in Qatar. "Petrofac will undertake the

engineering, procurement, installation and commissioning of gas sweetening facilities," in Qatar's Messaieed and Dukhan industrial districts, the company said. (Dow Jones, March 29, 2010)

UNITED STATES: ExxonMobil begins revamping and expansion of Hawkins gas plant – CNR/49/9/27

Exxon Mobil Corporation is beginning the civil construction phase at the company's Hawkins, Texas, natural gas-processing plant. ExxonMobil plans to spend an estimated \$300 million to modernize and restructure the plant and produce more nitrogen to be injected into the Hawkins field for enhanced oil recovery operations. ExxonMobil has awarded several contracts for the scope of work at Hawkins, which will include increasing the volumes of sales gas, natural gas liquids and crude oil that the Hawkins field and plant produce and process. (Marketwire, March 31, 2010)

TRANSPORTATION-DISTRIBUTION

BRAZIL: São Paulo gas grid extension project receive loan from European Investment Bank – CNR/49/9/28

The European Investment Bank recently signed a loan of €100 million, with Companhia de Gás de São Paulo (Comgás) for the upgrade and extension of the company's gas distribution

network and operations in the São Paulo metropolitan area. The project will have a positive socio-economic impact as it will enable some further 210,000 costumers in the residential, commercial and industrial sectors to benefit from access to natural gas supply. (Europolitics, March 30, 2010)

CHINA: Fortune Gas Investment Holdings to build a spur pipeline in Liaoning Province – CNR/49/9/29

Fortune Gas Investment Holdings Limited, the holding company for Fortune Oil's gas business, recently acquired a 51 per cent controlling interest in the equity capital of Liaoning Zhengrun Gas Company Limited, which has the right to build a spur pipeline and distribute natural gas in Dashiqiao, Liaoning Province. Currently the industry's energy needs are met by coal and heavy fuel oil and the substitution by natural gas will significantly reduce pollution in the region.

Liaoning Zhengrun Gas Company Limited will source natural gas from a CNPC trunk pipeline currently under construction. The spur pipeline is expected to commence operation in 2011 and to supply 0.3 billion cubic metres of gas per year by 2015. (Fortune Oil press release, March 29, 2010)

EUROPE: Nabucco Gas Pipeline International confirms Nabucco timeline – CNR/49/9/30

Nabucco Managing Director Reinhard Mitschek confirmed recently the current Nabucco Timeline. "We are aiming to start with the construction at the end of 2011 and we'll expect first gas to flow at the end of 2014. The Nabucco Consortium has no indication to shift the current timeline." Mitschek also stressed, that the Pipeline will be filled step

wise. To reach the maximum capacity of 31bcm/y would be expected in the year 2018. "For a large pipeline system like Nabucco it is necessary to raise the capacities stepwise. We'll start with 8 to 10bcm/y and we need the timeframe from 2014 to 2018 for the construction of additional compressor stations which are the precondition for the plateau level". (Nabucco press release, March 25, 2010)

EUROPE: Construction of Nord Stream pipeline begins – CNR/49/9/31

On 9 April 2010, in Portovaya Bay on the Russian Baltic Sea coast near St. Petersburg, the Russian President Dmitry Medvedev, together with Alexey Miller, chairman of the Board of Directors of OAO Gazprom, Dr. Hans-Ulrich Engel (member of the Board of Executive Directors of BASF SE) and Dr. Rainer Seele, chairman of Wintershall's Board of Executive Directors, will officially launch construction work on the Baltic Sea pipeline Nord Stream. (Wingas press release, April 9, 2010)

GERMANY: Gasunie will not take part into joint bid for the Thyssengas-network – CNR/49/9/32

Gasunie recently indicated its withdrawal from the cooperation with the consortium of Stadtwerke that is considering a joint bid for the Thyssengas-network, once this is put up for sale by RWE. Due to the current national regulation of gas transport tariffs in Germany, the outlook for the return on such an investment in an existing asset such as this network has now become unattractive for Gasunie. This decision has been taken by Gasunie in consultation with the Stadtwerke consortium. In 2009, the consortium invited

Gasunie to take part, with the aim of strengthening the consortium's ability to act as an efficient net owner/operator. Marcel Kramer, CEO of Gasunie said "We regret having to withdraw, the co-operation and discussions with the Stadtwerke were excellent. We had to conclude that the achievable returns on such a regulated network in Germany are too low, particularly when compared to levels allowed in many other EU countries. This, together with increasing uncertainty about further regulatory developments has led us to this decision". (Gasunie press release, March 23, 2010)

UKRAINE: Russia ready to join European Union in revamping pipeline network – CNR/49/9/33

Russian Ambassador to the EU Vladimir Chizhov said recently that his country welcomed recent proposals by the new government in Kiev for a "three-sided" plan to modernise Ukraine's gas pipeline network, with Moscow's involvement. "We envisage a three-sided approach to modernisation: the participation of Russia, the EU and the Ukrainian side," Ukrainian Prime Minister announced. Asked if projects designed to circumvent Ukraine, such as the Gazprom-favoured South Stream gas pipeline, were losing importance in the context of improved relations between Moscow and Kiev, Chizhov denied that Russia had been pushing forward projects intended to bypass Ukraine.

"No projects have been designed to circumvent Ukraine. Nobody in Russia said that the gas transportation system of Ukraine should be shut off or dismantled. On the contrary, we proceeded on a long-term prognosis of an increase in gas consumption in the Western part of Europe," he said. "In Europe, nothing can compete with pipeline gas. You can talk endlessly about LNG, but in Europe, pipeline gas will always be cheaper," the Russian ambassador said. Chizhov appeared to dismiss the potential for shale gas, which is currently being developed in the USA, to bring down gas prices. "There was speculation about the so-called 'discovery' of shale gas, particularly in the US.

But there was not much to discover, because shale gas was there all along, and the technology was there. The news is that with the higher prices of gas, it has become an economically viable option, also responding to the desire of the US to limit its dependence on imported energy," the ambassador commented. (Euractiv, April 7, 2010)

UNITED STATES: FERC agrees bidding plan for Alaska gasline project – CNR/49/9/34

U.S. regulators approved recently a plan by TransCanada Corp. (TRP) to solicit interest from oil and gas producers in a gas pipeline the company wants to build from Alaska to Canada and the continental U.S. In January 2010, TransCanada and Exxon Mobil Corp. (XOM), a top Alaska oil and producer that is TransCanada's engineering partner on the pipeline project, asked the U.S. Federal Energy Regulatory Commission to approve two potential Alaska gas pipelines. The primary project would be a 1,700-mile pipeline from Prudhoe Bay to Alberta, Canada, which would connect with TransCanada's existing pipeline system that carries gas into the U.S. The other project would be an 800-mile pipeline that would ship gas to a port in southern Alaska where

it would be liquefied for transport to Asia and other foreign markets. TransCanada and Exxon plan to build one or the other project, based on which one gets the most interest from potential customers. TransCanada plans to solicit interest from oil and gas producers through an "open season" process, the plans for which FERC approved, with conditions. FERC said TransCanada will have to immediately open its data room to allow prospective bidders adequate time to review "needed information," such as costs and fees. TransCanada plans to hold its open season for the Alaska gas pipeline projects between April 30 and July 30. The long-haul pipeline would ship up to 4.5 billion cubic feet a day of gas and could be expanded to carry 5.9 billion cubic feet a day. (Dow Jones, March 31, 2010)

UZBEKISTAN: Gazprom and Uzbekneftegaz to discuss gas transit over 2011-2016 – CNR/49/9/35

Uzbekneftegaz and Gazprom are going to discuss the contract for the transit of natural gas in 2011-2016 within a session of the intergovernmental commission on economic cooperation between Uzbekistan and the Russian Federation. Uztransgaz (a structural unit of Uzbekneftegaz) and Gazprom have to prepare the contract for natural gas transit through Uzbekistan for signing by December 2010. The contract is expected to be signed by late 2010. Currently, transporting of natural gas through Uzbekistan are governed by the agreement signed between Gazprom and Uztransgaz in February 2005 over 2006-2010.

The agreement envisages transportation of Central Asian, especially the Turkmen natural gas using gas transmission systems "Central Asia - Center" and "Bukhara-Ural", passing through Uzbekistan. In December 2002 Uzbekneftegaz and Gazprom signed the agreement on strategic partnership in gas industry, envisaging the purchase of Uzbek gas to Russia in 2003-2012.

The agreement also provides for the participation of Gazprom in the field of natural gas production in Uzbekistan in terms of the PSA, as well as cooperation in the development of gas transportation infrastructure of Uzbekistan and transportation of Central Asian gas through the territory of the republic. In 2009, Uzbekneftegaz exported 15.3 billion cubic meters of natural gas to Russia through Gazprom. In 2010 it is planned to export 15, 5 billion cubic meters. (March 31, 2010, in partnership with TREND News Agency, <http://en.trend.az>)

SUPPLIES - IMPORTS - EXPORTS

ALGERIA: Minister proposes cuts to gas supply to prevent lower prices – CNR/49/9/36

Algeria's Energy and Mines Minister Chakib Khelil said recently that he would propose cuts to natural gas supply to prevent lower prices. Khelil said that there was excess supply in natural gas markets which was pushing prices down, and that a price of around \$8 to \$9 per million British thermal units would be high enough to sustain investment.

Algeria is still getting \$7 per MMBtu in long-term gas supply contracts but that those prices have fallen "under pressure", Khelil said. Spot LNG prices tumbled in 2009 to around \$4 per MMBtu from record highs of around \$22 per MMBtu in 2008. Khelil said Algeria would not consider cancellation of natural gas projects it has already begun to build, but that future projects could face problems. (Upstream Online, March 30, 2010)

BOLIVIA: Gas supply contract with Argentina updated – CNR/49/9/37

The Bolivian and Argentine governments recently made updates to a natural gas contract dating back to 2006, establishing guarantees for both sides and also for construction of a gas pipeline. According to a report issued by YPF, new clauses in the contract call for penalties to be assessed if the Bolivian company fails to supply the amount of gas specified in the contract or if Argentina's purchases fall below a minimum level. The revised contract also stipulates construction of a \$98 million gas pipeline that will measure 15 km in length and 32 inches in diameter on Bolivia's side of the border and 32 km in length and 30 inches in diameter on the Argentine side.

The pipeline, which will expand transport capacity from 7.7 million cubic meters of natural gas per day to 13 million cubic meters per day. Bolivia has been sending just 4-5 million cubic meters of natural gas per day to Argentina due to limited production, although it plans to boost output in 2010 thanks to increased investment by foreign energy firms. (Paguntaka, March 31, 2010)

GHANA: Doubt expressed about supply of Nigerian gas under the West African Gas Pipeline Project – CNR/49/9/38

Ghana recently expressed doubt over the ability of Nigeria to supply gas needed for power generation in three countries under the West African Gas Pipeline Project (WAGPP). Chief Executive of Volta River Authority (VRA), the country's electric power utility company, Mr. Kwetu Awotwi, said the gas infrastructure currently in place for power generation in Ghana comes from Nigeria under the WAGPP. He said his country expects gas from Nigeria in 2010 before gas production from the country's Jubilee oil field starts in 2011. The Head of VRA also said that his country would need additional 180 – 200 million standard cubic feet per day of gas to generate additional 800 megawatts of electricity in the next three years. "Coming from Nigeria, the West African Gas Pipeline Project has only contracted 123 million standard cubic feet per day and those of you who follow Nigeria know that

additional supply of gas – even the supply that is supposed to come this year are in some doubt," he said. He said gas regulating and metering stations for the WAGPP in Cotonou, Lome and Tema had nearly been completed in readiness for gas supplies from Nigeria. West African Gas Pipeline Company (WAPCo), operators of the project, began series of project inauguration in December 2009, ahead of its planned start of commercial operation scheduled for 2010. However, works are ongoing in the construction of a compressor station in Badagry, to enable higher volumes of gas to be transported from Nigeria to Benin, Togo, and Ghana. Managing Director of WAPCo Mr. Jackson Derickson, said at the company's recent stakeholders' forum in Lagos, that once this phase of the construction was completed and the facilities inaugurated, WAPCo would have the compression capacity to deliver to the VRA, enough gas to power four 110mw turbines and also supply WAPCo customers in Benin and Togo. (This Day, March 29, 2010)

GREECE: Authorities close to open up natural gas market – CNR/49/9/39

Greece said recently it is finishing touches on legislation to open to competition the country's natural gas market. The country's energy ministry said it signed into law a batch of rules that clarify licensing and other technical issues. "This completes harmonisation of Greek with European Union legislation and effectively liberalises the Greek natural gas market," it said in a statement. Liberalisation of Greece's natural gas market will make it easier for the country to achieve an ambitious target to reduce carbon emissions from coal-fired power stations run by state-controlled Public Power Corp. LNG from Algeria currently accounts for nearly a quarter of Greece's total annual natural gas imports of about 4 billion cubic metres, with the rest coming via a pipeline from Russia. (Reuters, March 30, 2010)

INDIA: GAIL starts to supply gas to the car-maker Maruti Suzuki – CNR/49/9/40

GAIL (India) Ltd., said recently that it had commenced the supply of natural gas to the car-maker Maruti-Suzuki India Ltd. GAIL signed a 10-year gas sale agreement with Maruti in March 2009 to supply 0.33 MMSCMD of gas to the latter's plant at Manesar in Haryana. The regasified LNG will be supplied from Tranche-A R-LNG from the gas being imported from RasGas, Qatar. The supplies are on the take or pay-and-supply or pay basis. Further, GAIL has been supplying around

0.22 MMSCMD to Maruti's Gurgaon plant since 2004, and from January 2010, it will be increased to 0.36 MMSCMD. In addition to Maruti Suzuki, GAIL will supply around 1.0 MMSCMD of gas to 20 more customers at Gurgaon, Manesar, Dharuhera, Bhiwadi, Khuskhera and Neemrana. Maruti will get the gas through a spur line from the Chainsa-Jhajjar pipeline constructed by GAIL. The pipeline has a capacity of 35 MMSCMD. It constitutes the first phase of the Chainsa- Jhajjar-Hisar pipeline project. (RTTNews, March 31, 2010)

QATAR: No cuts in gas production to support prices – CNR/49/9/41

Qatari Minister of State for Energy Mohammad al-Sada said recently that the country does not plan to cut output in a bid to support global gas prices. "Our projects are long term, between 20 and 25 years, and they are linked to oil prices," he said. "We cannot reduce the quantities contracted," al-Sada added. "We are ramping up (production)... We believe that in the coming two or three years there will be a shortage of gas and we believe demand will increase and that is why we decided to invest in gas to supply the world. He said "We want a 100 years of steady production without a need for expansion or drilling. We are not a short term investor", adding that the Gulf country would not make a decision on whether to raise output at its North Field until 2014/15. (Reuters, March 26, 2010)

RUSSIA: Natural gas exports boosted by 63% during the two first months of 2010 – CNR/49/9/42

Russian Economic Development Ministry said recently in its economic monitoring report for the first two months of 2010, Russia exported 28.4 billion cubic meters of gas in January to February 2010, 63% more than in the same period in 2009. Russia exported 16.7 billion cubic meters outside the CIS including 11.3 billion cubic meters in February 2010. Russia exported 11.7 billion cubic meters to CIS countries in the two months including 5.5 billion cubic meters in February. Gas exports in February 2010 rose 100% overall to 16.8 billion cubic meters. According to Federal Customs Service data Russia Sakhalin-2 project also exported 584,000 tonnes of LNG, the equivalent of 1.31 billion cubic meters in January 2010. Russia produced 122 billion cubic meters of natural gas and associated petroleum gas in the first two months of the year, 16.5% more than in the same period in 2009. Gazprom produced 96.7

billion cubic meters in the period, 14.1% more year on year. That accounted for 79.2% of the total, down from 80.9% in the same period in 2009. Oil companies and independents produced 25.4 billion cubic meters in the two months, 26.5% more. Gas production in February rose 15.9% to 57.8 billion cubic meters. Average daily production equalled 2.06 billion cubic meters, 3.3% more than in February 2009. Gazprom produced 45.8 billion cubic meters in February, 15% more. The gas giant accounted for 79.2% of total Russian production in the month, down from 79.8% in February 2009. Oil companies and independent producers produced 12 billion cubic meters of gas in February, to boost their share of total production to 20.8%. According to provisional data from the Energy Ministry Gas consumption in Russia totalled 106.9 billion cubic meters in the two months, 10.8% more than in the same period in 2009. Boiler plants and thermal electricity stations consumed 28.5 billion cubic meters in the period, 9.4% more. (Interfax, March 24, 2010)

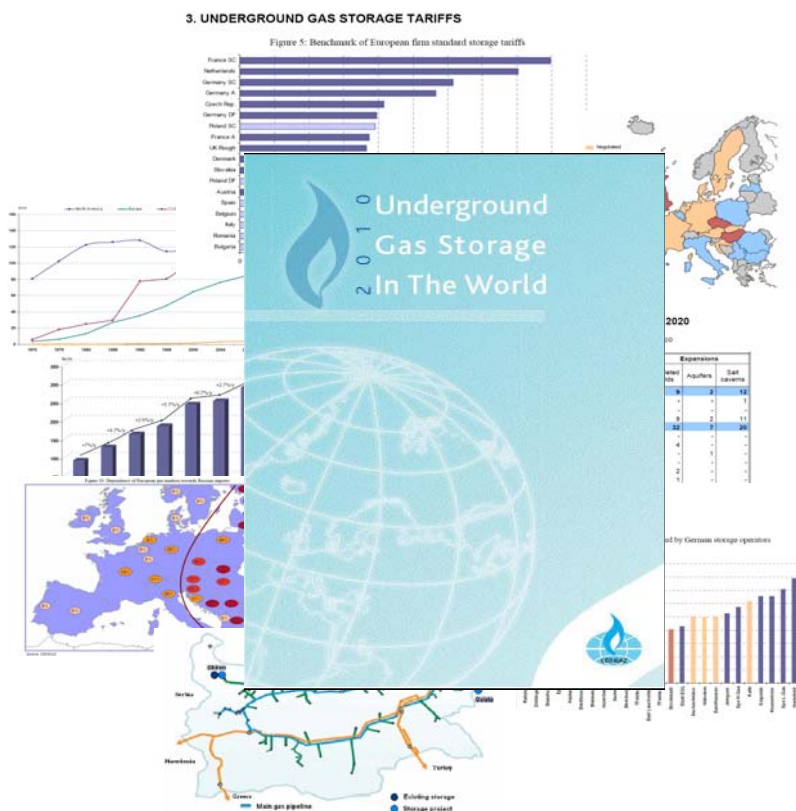
STORAGE

AUSTRIA: OMV will start open season in May for Schönkirchen-Tief UGS project – CNR/49/9/43

OMV will start the open season process for the natural gas storage project 'Schönkirchen-Tief' in Lower Austria on May 6, 2010. Based on the allocation procedure 'Open Season' additional storage capacities, available from 2014, will be marketed between May 6 and June 18, 2010.

Following the successful completion of the Open Season process, the construction of the storage facility is planned from 2010, as follows: Stage 1 will make available a total volume of 900 mcm from April 2014 onwards. In the second stage starting from April 2018 additional 700 mcm will be provided. After completion, the underground storage Schönkirchen-Tief will have a total storage volume of 1.6 bcm.

Underground Gas Storage in the World 2010 Edition by Romain Benquey *with the contribution of Armelle Lecarpentier*



The survey provides an analysis of the recent evolutions in the technico-economic aspects of the underground gas storage business, as well as an overview of the UGS markets and their developments in the world, country by country. A specific focus is made on the legal framework and storage tariffs in European countries, as well as on their future storage needs by 2020.

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The new capacities made available as of 2014 will be offered in standardized packages under the heading 'Classic Premium'. Each package consists of 2 mcm working gas volume, an injection rate of 800 cm/h and a withdrawal rate of 1,200 cm/h. Total volume of OMV storages in Schönkirchen-Reyersdorf, Tallesbrunn and Thann currently amounts to 2.43 bcm. With the additional facilities of Schönkirchen-Tief, total storage capacity will be increased to 4.03 bcm. (Oilvoice, March 29, 2010)

AZERBAIJAN: SOCAR to increase capacity of Kalmaz underground gas storage facility – CNR/49/9/44

SOCAR will increase the number of units at the Kalmaz compressor station from 16 to 18 within a project to double the gas pumped into the underground storage facility in Azerbaijan. Repair works on 13 units have already been completed. The units are ready for operation early the next pumping season. Another five units are under reconstruction. Afterwards, the units will operate with a pressure of 140 atmospheres compared to the previous 125 atmospheres. In 2009, SOCAR pumped a record volume of gas at a rate of about

2 billion cubic meters into underground storage facilities compared to 1.4 billion in 2008. About 1.16 billion cubic meters of gas have been pumped into Kalmaz UGS facility and more than 795.3 million cubic meters into Karadagh UGS facility in 2009. SOCAR head Rovnag Abdullayev said the company plans to complete the construction of new compressor stations, pipelines and wells by 2011. Within the first phase of expanding Karadagh, its capacity will reach 1.4 billion cubic meters, while within the second phase the figure will hit 2.3 billion cubic meters. (March 31, 2010, in partnership with TREND News Agency, <http://en.trend.az>)

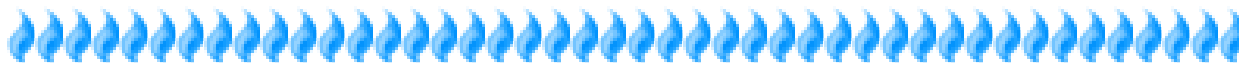
GERMANY: E.ON Gas Storage expands the range of capacities at the Bierwang facility – CNR/49/9/45

E.ON Gas Storage is expanding its range of capacities on offer. As of now, interested parties can inquire about firm storage capacities at the Empelde facility near Hanover. The capacities will be available as of 1 April 2010. E.ON Gas Storage will accept bookings for up to 10 years. Temporary bottlenecks affecting the availability of capacity during the 2010/2011 storage year will be accommodated by a customer-friendly side agreement to the storage contract. In addition, E.ON Gas Storage is offering additional H-gas storage capacities at Bierwang, also available as of 1 April 2010 for a period of two years. E.ON press release, March 1, 2010)

UNITED KINGDOM: Jacobs Engineering awarded contract for Stublach gas storage project – CNR/49/9/46

Jacobs Engineering Group Incorporated recently announced that it has been awarded the engineering, procurement and construction management (EPCM) contract by Storengy UK Limited, a wholly-owned subsidiary of natural gas

and electricity company GDF Suez SA. Under the terms of the contract, Jacobs will develop the aboveground infrastructure associated with a new gas storage facility being developed at Stublach in northwest England. The work involves the design and installation of new gas treatment and compression facilities, a control system and the necessary utilities. (Marketwire, March 26, 2010)



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