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Main news

LNG: Supplies- Imports - Exports

- India agreed in principle to provide 200 million cubic feet per day of gas to Pakistan for a period of 5 to 7 years.
- GDF Suez signed a deal with GAIL (India) Ltd. for the shipment of nearly 1 million tons of liquefied natural gas through 2014.
- GAIL (India) Ltd signed an LNG supply agreement with Gas Natural Fenosa for about 3 billion cubic metres of LNG over the next three years.
- Tokyo Gas signed a basic agreement to buy 900,000 tons per year of liquefied natural gas from Malaysia for 10 years from April 2015.
- Cheniere reached a final investment decision on the first two trains of its proposed liquefaction project at Sabine Pass, Louisiana.

LNG: Storage

- GNL Quintero will expand its regasification capacity by 50%, adding a third train to reach about 4.43 million tonnes/year.

Natural Gas: Production

- Pakistan will see 1 billion cubic feet of natural gas per day being added the system from different fields by winter of 2013.
- Gazprom warned the Russian government that it may delay new projects if proposed tax increases make them unprofitable.

Natural Gas: Processing

- Regency Energy Partners LP is building an expansion of its Dubach natural gas processing plant in northern Louisiana.

Natural Gas: Transportation - Distribution

- Gazprom and Energy Holding EAD signed a protocol defining the South Stream natural gas pipeline's entry point into the Bulgarian gas transmission system.

Natural Gas: Supplies- Imports - Exports

- Novatek entered in a long-term gas supply deal with Energie Baden-Württemberg (EnBW).
- Novatek signed a \$22.04 billion agreement with E.ON Russia to supply gas to the German company's power plants in Russia till 2027.

Natural Gas: Storage

- Ryckman Creek Resources, LLC commenced commercial gas storage services at its new Ryckman Creek Gas Storage Facility in southwestern Wyoming.

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LNG

PROCESSING

AUSTRALIA: Planned project – CNR50/14/1

Chevron announced recently an **agreement to exchange its holdings in the Browse Basin development, off WA's Kimberley coast, with Royal Dutch Shell**. Under the Browse deal, Shell will pay Chevron \$450 million for its 16.7 per cent share in the East Browse titles and its 20 per cent interest in the West Browse titles. In return, Shell will give Chevron its 33 per cent interest in the Carnarvon Basin in return which gives Chevron total control or 100 per cent stake in the two Carnarvon gas fields. The deal may give Chevron the opportunity to provide future gas for an expansion of its Wheatstone project near Onslow. Shell said the agreement is in line with its plans to grow its position within Australia's LNG industry. (August 21, 2012)

SUPPLIES - IMPORTS - EXPORTS

INDIA to PAKISTAN: Supply contract – Agreement – CNR50/14/2

Asim Hussain, Advisor to **Prime Minister on Petroleum and Natural Resources** said recently that **India agreed recently in principle to provide 200 million cubic feet per day of gas to Pakistan for a period of 5 to 7 years**. Pakistan

and India would hold a meeting in this connection to finalise the transport of LNG. In October 2011, the Oil and Gas Regulatory Authority (Ogra) allocated pipeline capacity of 500 mmcf/d each to Global Energy and Engro and 400 mmcf/d to Pakistan Gas Port. (August 27, 2012)

INDIA: Supply contract – CNR50/14/3

GDF Suez said recently it signed a **deal with GAIL (India) Ltd.** for the **shipment of nearly 1 million tons of liquefied natural gas**. The companies signed a medium-term agreement for the supply for **12 LNG cargoes from GDF Suez through 2014**. The shipments will total 800,000 tons. B C Tripathi, chairman and managing director at GAIL, said "GAIL will continue to make assiduous efforts to tie-up affordable LNG in its portfolio to meet the rapidly growing energy demand of the Indian market". GDF Suez said it expects the Indian natural gas market will grow 87 percent from 2012-20. (August 28, 2012)

INDIA: Supply contract – Agreement – CNR50/14/4

GAIL (India) Ltd signed recently an **LNG supply agreement with Gas Natural Fenosa**, Spain, under which GNF shall ensure a supply of about **3 billion cubic metres of LNG to GAIL over the next three years**. The supply shall begin January 2013. Official sources said that the gas price been

linked to Brent. The prevailing spot LNG price is between **\$13 and \$14/mBtu** (excluding charges for re-gasification, transmission, marketing margins, and taxes). In addition to the supply agreement, the two companies (GAIL and GNF) have signed an industrial co-operation agreement for development of energy projects in India. (August 31, 2012)

ISRAEL to CYPRUS: Supply contract – Talks – CNR50/14/5

Commerce, Industry and Tourism Minister, Neoklis Sylikiotis said recently that **Cyprus could have natural gas from Israel in early 2015**, if discussions on the supply of small quantities are completed by the end of 2012. He said Israel is positive in supplying Cyprus a small quantity of natural gas for electricity production, **which ranges between 0.5-0.7 billion cubic metres**. He explained, adding that Israeli natural gas will be imported in the form of liquefied natural gas. He said natural gas will be bought through the Electricity Authority of Cyprus, via an interstate agreement or through an EAC agreement with the Israeli Electric Company. (September 6, 2012)

MALAYSIA to JAPAN: Supply contract – Agreement – CNR50/14/6

Tokyo Gas said recently that it signed a basic agreement to buy **900,000 tons per year of liquefied natural gas from Malaysia for 10 years from April 2015**. The agreement was

signed with **Malaysia LNG Sdn Bhd**, which is led by Petronas, the company said. The deal comes as a follow-up to an existing contract, due to expire at the end of March 2015, under which Tokyo Gas buys LNG from the Malaysia Dua LNG project. (August 30, 2012)

UNITED STATES: Planned project – Approval – CNR50/14/7

Cheniere Energy Inc. filed recently its **application with federal officials to begin construction on a liquefied natural gas export facility near Corpus Christi**. Earlier in 2012, the company obtained the necessary permits to begin converting its Sabine Pass liquefaction terminal in Cameron Parish, La., to one that can export LNG to Asian and European markets.

The proposed Corpus Christi project is designed for up to three liquefaction trains with an aggregate peak capacity of **15 million tonnes per annum**. Cheniere had previously received approval from FERC to begin the National Environmental Policy Act pre-filing process for the Corpus Christi Project in December 2011. (August 31, 2012)

UNITED STATES: Planned project – Final investment decision – CNR50/14/8

Cheniere reached recently a **final investment decision** on the **first two trains** of its proposed liquefaction project at **Sabine Pass**, Louisiana. Given the proposed construction timelines, liquefied US gas could start to arrive in Europe in

2015. The first two trains will have a combined capacity to export **7.7 million tonnes per annum** with the later addition of two further units bringing the whole project to 18mtpa. The second LNG train is expected to commence operations approximately six to nine months after the first train, Cheniere said. (September 4, 2012)

UNITED STATES: Planned project – Approval – CNR50/14/9

Hawaii Gas is gearing up to **importing more LNG**, taking advantage of declining gas prices in the U.S. "Gas from LNG will **provide fuel for up to 400 MW** of existing and new conventional and/or combined cycle power generation facilities, as well as for industrial and other commercial applications in the state," Hawaii Gas said. "The decline in natural gas prices, the potential expansion of the LNG trade throughout the Pacific region, and advances in storage, shipping and distribution technology together provide a unique opportunity to introduce [natural gas as] an alternative fuel into Hawaii," the company said in a regulatory filing to U.S. Federal Energy Regulatory Commission (FERC).

Hawaii Gas' said its LNG imports are intended to meet up to 75% of its customer requirements and are planned to **start later in 2012**, pending approval of FERC and the Hawaii Public Utilities Commission. Prior to venturing into LNG imports for power generation, Hawaii Gas has been focuses on producing synthetic natural gas for most of its utility customers on O'ahu and distributes propane to utility and non-utility customers throughout the state's six primary islands and produces renewable gas products from agricultural feed stocks. Due to the small size of the market, with a population of just over 1.5 million people scattered across this Archipelago of 137 islands, Hawaii Gas cannot take full advantage of the usual economies of scale. (September 5, 2012)

STORAGE

CHILE: Planned project – Expansion – CNR50/14/10

GNL Quintero, operator of the first LNG terminal, will **expand its regasification capacity by 50%**, adding a third train to reach about 4.43 million tonnes/year. Start-up for the new capacity at the terminal in Quintero Bay, Valparaíso region, will be **first-quarter 2014**, GNL Quintero said. The company's board approved the expansion with advance purchase of critical equipment and has started the process for the engineering,

procurement, and construction contract to be awarded during second-quarter 2013. Implementation of the project will take place over 17-21 months, the company said. It also said that installation of the new train had been considered in the terminal's original design. Therefore, environmental approvals and the necessary connections to integrate with existing terminal installations, without requiring more land. (August 30, 2012)

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CHINA: Ongoing project – Start up – CNR50/14/11

China National Offshore Oil Corp is expected to conduct **trial runs** at its liquefied natural gas terminal at **Ningbo** in Zhejiang province. CNOOC's east China trading branch will carry out LNG sales by trucks from the terminal, while the rest will be regasified and piped to the consumers. (August 14, 2012)

NETHERLANDS: Planned project – CNR50/14/12

Gasunie and Vopak announced recently that **Shell** will be its **first customer** for the jointly constructed **Dutch LNG bulk terminal** to be built in **Maasvlakte near Rotterdam**. The LNG project aims to distribute LNG to **marine bunkering and**

truck fuelling stations on a small scale basis. The terminal will be built adjacent to the Gate terminal, an LNG terminal already in operation. The Gate terminal will pipe LNG to the new terminal, with the new terminal then breaking down the LNG into smaller quantities for further distribution. (August 24, 2012)

UKRAINE: Planned project – Agreement – CNR50/14/13

State Agency for Investment and National Projects of Ukraine and Kogas agreed recently to **cooperate in building a LNG terminal in Ukraine**. The project's first phase will be commissioned in **2016** and will have a capacity of **5 bcm per year in the form of one floating storage and regasification unit** that should be permanently moored to the pier until the completion of the LNG terminal. The second phase includes the construction of an onshore LNG terminal. The LNG terminal will have a capacity of 10 billion cubic meters of gas per year. (September 3, 2012)

GTL

PROCESSING

UNITED STATES: Planned project – Expansion – CNR50/14/14

Calumet Specialty Products Partners, L.P. announced recently that it plans to **expand its Karns City, PA specialty products facility** to include a nominal **1,000 barrels per day gas to liquids plant**. Calumet has commissioned Ventech Engineers, LLC, specialists in modular petroleum processing plants, to design and deliver

the GTL plant utilizing an Autothermal Reformer (ATR) from Haldor Topsoe, Inc and Fischer-Tropsch (FT) technology from Velocys, Inc. The plant design is expected to be completed by late 2012, followed by site specific engineering and a decision to **commence fabrication in the first half of 2013**. Production is currently expected to begin in the second half of 2014. (September 6, 2012)

NATURAL GAS

EXPLORATION – DISCOVERY

IRAQ: Regulation – CNR50/14/15

Oil ministry spokesman Assem Jihad said recently that Iraq will make future energy exploration contracts more lucrative in a bid to lure a greater number of foreign firms to auctions for exploration blocks. Deputy prime minister responsible for energy affairs Hussein al-Shahritani said officials were carrying out **"a study in the ministry of oil to improve the model of contract to make it more attractive for oil companies."** He admitted that the May 2012 auction was "not successful" because the contracts were "very tough". Along with ramping up oil production, the country is keen to increase gas extraction to help boost its low levels of electricity output. (September 2, 2012)

PERU: Discovery – CNR50/14/16

Repsol said recently that it had made a large natural gas discovery in Peru, with preliminary estimates pointing to **one to two trillion cubic feet of gas**.

The discovery was made in **block 57**, Repsol said in a statement. The company said it would conduct new studies to evaluate the total size of gas field. (September 6, 2012)

PRODUCTION

AZERBAIJAN: Production forecast – CNR50/14/17

President of State Oil Company of Azerbaijan (**SOCAR**) Rovnag Abdullayev said recently that according to forecasts, **gas production in Azerbaijan will reach 20 billion cubic meters (excluding injection) by 2015**. He noted that the figure will be **40 billion cubic meters by 2025**. (September 6, 2012)

CHINA: Production update – CNR50/14/18

Natural gas production at **Sinopec's Puguang gas field** in southwest China's Sichuan province will reach 10 bcm in 2012. The field's average output stands at **27-30 Mmcm/day so far in 2012**, and production is exceeding 30 Mmcm/day

at present, the company said. The field has produced 20.1 bcm of gas till early September, since starting production in late 2010. Puguang field mainly supplies gas to the east of the country through pipelines. (September 6, 2012)

EGYPT: Planned project – CNR50/14/19

State Information Service reported recently that BP will invest \$11bn in a project to **produce natural gas from a deep-water deposit in Egypt's Mediterranean basin**. The project is expected to be **completed in four to five years**. BP's chief executive Robert Dudley said the project is expected to produce 40% of Egypt's natural gas output. The firm would start exploration work in 2013, he added. (September 4, 2012)

GHANA: Planned project – Agreement – CNR50/14/20

Eni and Vitol, signed recently a Memorandum of Understanding with the Government of Ghana and Ghana National Petroleum Corporation (GNPC) for the development and commercialization of discovered gas resources in the Offshore Cape Three Points

(OCTP) Block located in the Tano Basin of Ghana. The OCTP Block is operated by Eni with a 47.222% stake, in partnership with Vitol (37.778%) and GNPC (15%). The MoU sets out the key principles for future development of the discoveries and commercialization of the gas within the contract area. (August 23, 2012)

INDONESIA: Ongoing project – Production forecast – CNR50/14/21

First gas flow from **Pearl Oil (Sebuku) Ltd's**, a subsidiary if Pearl Energy, Ruby field in Sebuku block, Indonesia is expected to take place in **September 2013**. Pearl is expected to lay pipeline measuring 300 km from the production facility to Senipah field in East Kalimantan operated by Total E&P. Initial production is estimated **to reach 100 million cubic feet** of natural gas per day. Gas from Ruby field will be channelled to fertilizer company PT Pupuk Kalimantan Timur. (September 6, 2012)

MOZAMBIQUE: Regulation – CNR50/14/22

Prime Minister Aires Aly, Speaking at a workshop on the **proposed Natural Gas Master Plan**, stressed the importance of the efficient and sustainable exploitation of this non-renewable resource for the good of the public. Aly said "The Master Plan implies the clear definition of the cycle of production and of transport of the gas. It implies defining how much of the gas will be reserved for generating electricity, how much for conversion into urea, ammonia, methanol and other derivatives for the production of fertilizer, and how much will be used as fuel". **He said the**

Plan also implies structuring the entire liquefied natural gas chain in a sustainable and ecologically correct manner. An agreement was signed between the government and Sasol in 2000, allowing the building of a pipeline 865 kilometres long to carry the gas from Temane to Secunda in South Africa. To date, according to Aly, the government has **signed 12 exploration and production sharing contracts**, five of them for blocs in the Rovuma Basin. The earliest possible date for the start of LNG production in Cabo Delgado is 2018. (September 7, 2012)

PAKISTAN: Production forecast – CNR50/14/23

PM's Advisor on **Petroleum and Natural Resources** Asim Hussain said recently that Pakistan will see **1 billion cubic feet of natural gas per day being added the system from different fields by winter of 2013**. OGDC will enhance its production from 900 mmcf to 1.4 bcf from Sui field, making a room for 500 mmcf of gas by mid June 2013". He said that increase in gas from Sawan and Latif gas fields will be ready in next 6 to 8 months. Hussain also noted that work was in process on low BTU value gas, tight gas and stranded gas fields in Sindh. (September 1, 2012)

RUSSIA: Planned project – Delay – CNR50/14/24

Gazprom warned recently the **Russian government** that it may **delay new projects**, especially those in remote locations, **if proposed tax increases make them unprofitable**. The company has already put on hold development of the Shtokman offshore field in the Arctic, as it said the costs were too high in the absence of tax relief. The government has proposed raising the mineral extraction tax (MET) paid by Gazprom, which has lost a fifth of its market capitalisation since news of the tax increase plans emerged in March 2012. **Under the tax proposals, state-controlled Gazprom will pay MET of about**

1,000 roubles (\$31) per 1,000 cubic metres in 2015 - four times current levels. Gazprom said gas production at some fields could become loss-making as a result of the increased tax bill. Troika Dialog brokerage said its full-year projection of gas production for Gazprom, at 494 billion cubic metres, which is already 3 percent less than output in 2011, "does not seem realistic any longer, and the figure is now likely to slip below 490 bcm". Gazprom said it wanted to the government to introduce **a zero MET rate for offshore gas** destined to be liquefied, and proposed varied taxes on fields depending on their location, state of depletion and quality. (September 4, 2012)

UZBEKISTAN: Production volume – CNR50/14/25

According to a company report, the accumulated **natural gas production volume of Lukoil in Uzbekistan was 15 billion cubic meters**. Most part (around 95 percent) has been produced at the Khauzak-Shady field in Bukhara region (part of the "Kandym-Khauzak-Shady-Kungrad" project implemented together with the National Holding Company "Uzbekneftegaz"). The accumulated gas production on the South-West Gissar project amounted to 0.8 billion cubic meters today. (September 5, 2012)

VENEZUELA: Planned project – Delay – CNR50/14/26

The start of production at Venezuela's offshore **Perla gas field is still at least 15 months away**, said a partner involved in the project. The project partners said in 2011 they hoped to have some initial production from Perla by the end of 2012. But early production at the field **will begin**

possibly not until 2014, said Ramiro Paez, an executive with Repsol. "Less than 15 months is impossible," Paez said. In 2011, PDVSA developed a plan to accelerate production at Perla. But delays in negotiating a sales contract for the gas, combined with logistic and infrastructure issues at the field, have slowed things down. (September 5, 2012)

RESERVES

TANZANIA: Resources estimates – CNR50/14/27

Ophir Energy provided recently an update of exploration programs on its various blocks offshore East Africa. On Tanzania block 1, additional seismic and petrophysical analysis has increased estimates of in-place resource gas at the Upper Cretaceous Mzia discovery to 4-9 tcf. Similar analyses continue on core and log data from the Upper Cretaceous Papa discovery in block 3.

Drilling should re-start on block 1 in late September, initially focusing on step-out exploration and appraisal around the 3.4-tcf recoverable Jodari discovery. The aim is to confirm sufficient reserves for what could be Tanzania's first LNG hub development. **Ophir currently estimates gross discovered in-place resources for blocks 1, 3, and 4 (all operated by BG Group) in the range 13.5-21 tcf, potentially justifying a two-train LNG scheme.**

Interpretation continues on the recently acquired Ndizi 3D survey over the Tanzania East Pande block. To date, analysis of existing datasets has identified multiple plays and an un-risked prospect inventory of 36 tcf of gas and possibly liquids targets across these four blocks. (September 4, 2012)

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TANZANIA: Reserves estimates – CNR50/14/28

The Tanzanian government said recently that it **would delay a licensing round for up to nine deep sea oil and gas blocks** to allow parliament first to ratify a new natural gas policy. The licensing round will include nine blocks sitting between 1,200 m and 3,500 m of water depth. The blocks on offer include new areas and blocks that have been relinquished by current operators. In June 2012, the country announced that **new natural gas discoveries had pushed its reserve estimates up to 28.7 Tcf from 10 Tcf**.

Tanzania is trying to revamp its natural resource laws and policies to ensure that it "benefits" more from the recent gas discoveries. In July 2012, the government announced that it would renegotiate the production-sharing agreement with Pan African Energy, which operates the country's largest gas field Songo Songo to enable TPDC to get "better profit-sharing arrangements". (September 4, 2012)

PROCESSING

GHANA: Planned project – CNR50/14/29

Dr George Spia-Yankey, the Chief Executive Officer of the **Ghana Gas Company Limited**, said recently that Ghana is to begin its **National Gas Processing Project** in the Western Region, in **Takoradi**, with an initial production estimate of 150 million metric standard cubic feet of gas a day. The production level is expected to increase to about 300 million metric standard cubic feet. Sinopec International Petroleum Corporation will undertake the construction. The project is expected to be completed before the end of 2012. The first phase involves the laying of offshore and onshore pipes from the Jubilee Fields through Atuabo to the Takoradi Thermal Plant at Aboadze.

Details of work include construction of a **150 Mmscf/d gas processing plant**, a 36 kilometre shallow water offshore pipeline from the FPSO to the plant, a 120 kilometre onshore pipeline from the gas processing plant to Aboadze, a 75 kilometre onshore pipeline from Esiamia to Prestea, a jetty for the export of natural gas liquids and an operations and control office complex. Technip, prepared the engineering design of the gas processing plant, while Intecsea/Worley Parson of Houston of USA, handled the engineering design of the offshore pipeline from the FPSO to the gas processing plant. (August 16, 2012)

UNITED STATES: Planned project – Expansion – CNR50/14/30

Regency Energy Partners LP announced recently that it is building an **expansion of its Dubach natural gas processing plant in northern Louisiana**. The project also includes the construction of new gathering lines to bring production to the facility. The project is expected to come online in the second quarter of 2013. The company said the expansion will increase the processing capacity of the facility to **210 million cubic feet per day**. (August 28, 2012)

UNITED STATES: Planned project – Approval – CNR50/14/31

State regulators approved recently the **construction of a natural gas processing plant** in western North Dakota. A subsidiary of Oneok Inc., intends to build a factory capable of **processing about 100 million cubic feet of natural gas daily**, the state Public Service Commission said. The natural gas processing factory called **Garden Creek II will be located**

about six miles northeast of Watford City, in McKenzie County. An Oneok spokeswoman said the company hopes to finish the project by the fall of 2014. North Dakota's oil production has led to a concurrent increase in the state's output of natural gas. About a third of the state's natural gas production is now burned off and wasted, because the pipeline network needed to transport the fuel to processing plants is not fully developed. (August 29, 2012)

TRANSPORTATION-DISTRIBUTION

AZERBAIJAN to EUROPE: Planned project – Agreement – CNR50/14/32

The **Trans Adriatic Pipeline** announced recently that TAP and its existing shareholders EGL, Statoil and E.ON Ruhrgas have **reached an agreement with members of the Shah Deniz Consortium to secure funding for the TAP project**. The final routing decision is expected in 2013. The agreement also includes an option for the Shah Deniz shareholders to take up to 50% equity in TAP. TAP will transport natural gas from the giant Shah Deniz II development in Azerbaijan, shipping it via Greece and Albania, across the Adriatic Sea to Southern Italy, and further into Western Europe.

It will be designed to expand transportation capacity from 10 to 20 bcm per year, depending on supply and demand. TAP's shareholders are EGL of Switzerland (42.5%), Norway's Statoil (42.5%) and E.ON Ruhrgas of Germany (15%). (August 9, 2012)

BULGARIA: Planned project – Agreement – CNR50/14/33

Gazprom and **Bulgarian Energy Holding EAD** signed recently a **protocol defining the South Stream natural gas pipeline's entry point** into the Bulgarian gas transmission system, its parameters, and further development of the project. The companies also agreed to reach a

final investment decision on the project by November 2012. The offshore section of South Stream will extend 900 km between Russkaya compressor station on the Russian coast and Bulgaria; reaching water depths of 2,000 m. Routing will cross the exclusive economic zones of Russia, Turkey, and Bulgaria. (August 30, 2012)

PAKISTAN: Planned project – CNR50/14/34

An Advisor to the **Prime Minister on Oil and Natural Resources** said recently that the construction work on the **Iran-Pakistan gas pipeline** will likely commence in **December 2012**. Dr. Asim Hussain said that the survey for the project is due to be completed before October 2012. The pipeline will start supplying **750 million cubic feet of gas per day starting from December 2014**. (September 4, 2012)

UNITED STATES: Planned project – Agreement – CNR50/14/35

Michigan utility company **DTE Energy** said recently it signed a **memorandum of understanding** with Canadian pipeline company **Enbridge and Spectra Energy Corp**. The

agreement calls for the **development of about 250 miles of pipeline** meant to carry as much as 1 billion cubic feet of natural gas per day from the Utica play in Ohio. Project partners said the pipeline would service the Ohio, Michigan and Ontario markets. (September 6, 2012)

UNITED STATES: Planned project – Approval – CNR50/14/36

The **Federal Energy Regulatory Commission** said recently that it **will not move forward on its environmental examination of a proposed natural gas pipeline from Alaska's North Slope** until the project's sponsors decide whether to build it in Alberta as originally planned or to a liquefaction and export terminal on the state's southern central coast.

The sponsor, TC Alaska, terminated its open season for the proposed pipeline because it was unable to conclude transportation agreements, FERC said. TC Alaska indicated that it was working with North Slope producers to explore possibly developing a liquefied natural gas export terminal at an undetermined location in South Central Alaska which would include a pipeline from the North Slope, FERC said. The sponsor estimated that it would file an application for such a project in October 2014. (September 4, 2012)

SUPPLIES – IMPORTS – EXPORTS

NIGERIA: National grid – Approval – CNR50/14/37

The **Federal Government** has disclosed that it will increase the volume of gas supply to the **Power Holding Company of Nigeria (PHCN) and National Integrated Power Projects (NIPPs)-operated thermal power plants across the country with an additional 65 million cubic feet per day**. Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke explained that the volume would exceed what was planned within the first tranche of the short-term measure when government was expected to have increased gas supply by 180mmcf in two to three months.

The minister said: "Since the rollout of the plan, we have achieved major milestones in the expansion of the Escravos-Pipeline System. "Specifically, in the period, we have completed the critical pipeline segments: the 27km x 24 inch permanent gas supply pipeline from Itoki to Olorunsogo via Ewekoro, the 56km x 24 inch Escravos-Warri gas pipeline; doubling the pipeline capacity and enhancing gas evacuation from Escravos as well as the 130km x 36 inch Oben to Geregu pipeline". According to Alison-Madueke, "The net impact of all these is the addition of 120 million cubic feet of gas per day to the grid. "We are also now well positioned to supply gas to the existing Geregu power plant and all anticipated future expansions in that axis".

She also said: "Specifically, with these interventions, we are now able to supply gas to the full requirements of Egbin, Sapele PHCN, Delta IV, Olorunsogo, both PHCN and NIPP plants and Omotoso PHCN power plants. "In addition, we are able to meet the requirements of two out of three turbines in Geregu and one out of two turbines in Sapele NIPP, a further 65mmcf/d within the next three - four weeks to come from ongoing work at Oredo field which will effectively bridge the outstanding gap in supply, enabling supply to all power plants on the Western axis. "It is also envisaged that the gross short term additions by September will be 245mmcf/d as opposed to the promised 180mmcf/d in the short term". (August 16, 2012)

RUSSIA to EUROPE: Supply contract – Gas price – CNR50/14/38

Gazprom paid recently a total of **\$2.4 billion, in retroactive gas price adjustments** in the first quarter, following renegotiation of long-term gas supply contracts with certain customers, the company said. The Company's Q1 report said that these adjustments "relate to volumes of gas delivered in 2010 and 2011, for which a discount was agreed in 2012." Gazprom is currently "in ongoing negotiations related to price renegotiations with certain other customers," the report said. Gazprom renegotiated supply contracts with a number of European customers in 2012, following complaints that **they were paying too much for gas under long-term, oil-linked contracts**, which were above spot gas market

levels. In mid-February 2012, the Financial Times reported that Gazprom had cut its gas prices under long-term contracts to several European clients by 10%. "The concession came in negotiations with some of Gazprom's biggest customers, including GDF Suez, Wingas, the Slovakian gas company SPP and Botas, Turkey's state gas supplier," the report said. In mid-January 2012, Gazprom said it had signed agreements to adjust gas prices in late 2011-early 2012 with GDF Suez, Germany's Wintershall, SPP, Italy's Sinergie Italiane and Austria's Econgaz. Gazprom announced a similar deal with Italy's Eni in March 2012. Gazprom has yet to agree a price adjustment deal with Germany's RWE and Poland's PGNiG. (September 6, 2012)

RUSSIA to GERMANY: Supply contract – Agreement – CNR50/14/39

Novatek confirmed recently that it has entered in a **long-term gas supply deal** with German utility **Energie Baden-Württemberg (EnBW)**. In July 2012, EnBW announced that it has signed a **10-year** gas deal with a foreign company for the supply of **1.9 billion cubic metres of gas a year**. The gas will be delivered for an annual cost of approximately €600 million and supply will begin from October 2012. Mark Gyetvay, deputy chairman, indicated that Gazprom was not a party to Novatek's contract with EnBW. (August 14, 2012)

RUSSIA: Supply contract – Agreement – CNR50/14/40

Novatek said recently that it signed a \$22.04 billion **agreement with E.ON Russia to supply gas to the German company's power plants in Russia till 2027**. The contracts will cover a period of **15 years** starting from January 1, 2013 with the total volume of natural gas supplied over this period estimated at **180 billion cubic meters**.

Under the agreement, Novatek will deliver natural gas to a number of E.ON power plants, including Smolenskaya, Surgutskaya, Shaturskaya Yayvinskaya and Nyaganskaya power stations. "The contracts with Gazprom expire in the end of 2012; we have been in talks over future supplies. Novatek offered better terms," said Anna Martynova spokeswoman for E.ON Russia. (September 6, 2012)

RUSSIA to ARMENIA: Supply contract – Agreement – CNR50/14/41

Armenian President Serzh Sargsyan said recently that **Russia and Armenia agreed on prices for natural gas supplies**. Armenian media reported in July 2012 that Gazprom would raise prices for gas supplies to Armenia from the current \$180 per 1,000 cubic meters to \$280 from October 2012 and to \$320 from 2013. Gazprom exports its natural gas to Armenia through Georgia via its subsidiary ArmRosgazprom. (August 8, 2012)

RUSSIA to BULGARIA: Supply contract – Agreement – CNR50/14/42

Gazprom signed recently an **agreement sealing the 11% natural gas price discount for Bulgaria**. The discount is tied to fast-tracking the South Stream gas pipeline. **The agreement enters into force with backdated effect from April 1 and will last until the end of 2012**.

Bulgaria and Russia will sign a new gas supply contract by November 15, Bulgarian Economy and Energy Minister Delyan Dobrev said. Bulgaria is expected to seek a mid-term contract for a period of seven years, starting 2013. (August 28, 2012)

STORAGE

UNITED STATES: Ongoing project – Start up – CNR50/14/43

Ryckman Creek Resources, LLC, a wholly-owned subsidiary of Peregrine Midstream Partners LLC, **commenced recently commercial gas storage services** at its new high-deliverability, multi-cycle (HDMC) **Ryckman Creek Gas Storage Facility** in southwestern Wyoming near the Opal Hub. Notice of Ryckman Creek's commencement of service was filed with the FERC on August 21, the date customers began injecting gas at an aggregate rate exceeding 230 MMcfd. Ryckman Creek has interconnections with five interstate pipelines, all of which are connected to the Opal Hub, including the Questar, Ruby, Kern River, Northwest and Overthrust pipelines. Combined meter capacity is in excess of 1 Bcfd. Receipts and deliveries with Cheyenne Plains, CIG, WIC and REX can also be

scheduled through the Overthrust pipeline. Maximum Phase I injection capability is 350 MMcfd with a maximum withdrawal capability of 480 MMcfd. Construction of the 35 Bcf facility began in late September 2011. Pad gas injections started on May 1, 2012. Ryckman Creek received final tariff approval from the FERC on July 18. "We expect to reach a total injection rate of nearly 300 MMcfd by September," said Jeff Foutch, Peregrine's Executive Vice President and Chief Commercial Officer. **Initial working gas capacity for Ryckman Creek's first phase is 18 Bcf for the 2012-13 gas storage season, which will increase to 25 Bcf by spring 2013 and 35 Bcf by spring 2014.** A Phase II expansion would increase total working gas capacity to 50 Bcf or more depending on market demand. (August 21, 2012)

UNITED STATES: Planned project – Approval – CNR50/14/44

Sempra U.S. Gas & Power, LLC, a subsidiary of Sempra Energy, reported recently it has **received authorization from the Federal Energy Regulatory Commission to place a second underground natural gas storage cavern** into service at its **Mississippi Hub Storage facility** located in Simpson County. **The additional 7.5 billion cubic feet cavern** expands the facility's total working gas storage capacity to 15 Bcf.

The injection capacity currently available at Mississippi Hub Storage is fully contracted, according to Sempra. Additional injection capacity at the facility will become available for customers once the dewatering process at the new cavern is complete. The facility has injection capability of 450 million cubic feet per day and a withdrawal capability of 1,200 MMcfd. In 2013, the company said it expects to complete construction on a third 7.5 Bcf cavern, further expanding the site's storage capacity to 22.5 Bcf. (August 24, 2012)



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