



Vol. 51, n° 15, September 28, 2012

Main news

LNG: Supplies- Imports - Exports

- Industry minister said that Japan will launch a study on setting up a futures trading market for liquefied natural gas to secure LNG at lower prices.
- Shizuoka Gas Co reached a basic agreement with Malaysia LNG to buy 330,000 tonnes of liquefied natural gas annually for 10 years from April 2016.
- Total Gas & Power Limited has entered into a long-term agreement with Korea Gas Corporation.
- Cheniere Energy is likely to start selling spot liquefied natural gas from the Sabine Pass project in Louisiana as early as late 2015.

LNG: Storage

- Gazprom plans to make a final investment decision on a proposed liquefied natural gas terminal in Vladivostok early 2013.
- In U.S.A, Sabine Liquefaction would progressively gain access to Total's send-out capacity and other services provided under its terminal use agreement with Sabine Pass LNG.

Natural Gas: Exploration-Discovery

- Eni SpA reported a natural gas discovery in Pakistan with probably 300 billion to 400 billion cubic feet of gas in place.

Natural Gas: Production

- Poland wants PGNiG to double production to more than 8 billion cubic metres a year by 2019.

Natural Gas: Reserves

- Energy and Water Minister said that seismic surveys of Mediterranean waters off Lebanon's southern coast suggest they contain 12 trillion cubic feet of natural gas.

Natural Gas: Transportation - Distribution

- MVM Zrt. said that the planning and permission phase of a natural gas pipeline connecting Hungary and Slovakia may now begin.

Natural Gas: Supplies- Imports - Exports

- President Vladimir Putin signed a decree giving the government the right to protect Gazprom from an anti-trust probe by the European Union.

LNG	Production p. 2 / Transportation-Distribution p.2 / Supplies-Imports-Exports p. 2-3-4
GTL	Storage p.4-5
Natural Gas	Processing p. 5
	Exploration-Discovery p. 5 / Production p. 6 / Reserves p. 7 / Processing p. 7-8
	Transportation-Distribution p.8-9 / Supplies-Imports-Exports p.9-10



LNG

PRODUCTION

NIGERIA: Production forecast – CNR51/15/1

The head of the **Nigerian National Petroleum Corporation (NNPC)**, Andrew Yakubu said recently that **Nigeria plans to attain over 52 million tons per annum liquefied natural gas production capacity** on completion of ongoing projects. "From a modest two train base LNG project of eight million tons per annum in 1999 to the current six operating train capacity of 22 mtpa," Yakubu said. "In 2011, the six trains exported about 22 mtpa of LNG representing about 10% of world production," added Yakubu in the statement, received in Abuja. (September 20, 2012)

TRANSPORTATION-DISTRIBUTION

CHINA: Planned project – Engineering – CNR51/15/2

Hudong-Zhonghua Shipbuilding of China, a unit of CSSC Group, won recently a contract to build up to **six LNG tankers** from Sinopec and China Shipping Group. Hudong-Zhonghua will build four

174,000 cbm tankers with an option for a further two. The vessels will be used to transport LNG from the Australia Pacific LNG Project from which Sinopec is buying 7.6 mtpa, commencing in 2015. (September 11, 2012)

SUPPLIES - IMPORTS - EXPORTS

CANADA: Planned project – Production forecast – CNR51/15/3

The **federal energy minister Joe Oliver** said recently that **five LNG projects to be developed on Canada's West Coast could be in service between late 2014 and 2019**. Based on the projects proposed, **the country could have export capacity of 9 Bcf/d of natural gas, equivalent to 66 million mt/year of LNG**, he said. He specifically mentioned the planned LNG Canada project -- a joint venture between Shell, Korea Gas, Mitsubishi and PetroChina.

The project was formally announced in May 2012 and would be sited at the British Columbia deepwater port at Kitimat. "LNG Canada will have a capacity to export 24 million mt of LNG per year to Asian markets," he said. Additional LNG export terminals and related pipeline infrastructure are being proposed for the Prince Rupert area also on the coast of the province of British Columbia, said Oliver referring to a recent announcement from Spectra Energy about developing a 4.2 Bcf/d natural gas pipeline or 31 million mt/year LNG export facilities. (September 18, 2012)

INDIA to PAKISTAN: Supply contract – Delay – CNR51/15/4

Pakistan's plan to **import LNG from India** hit recently a **roadblock** as stakeholders are **unwilling to pay a higher import price** in relation to the price of domestically-produced gas. Khyber-Pakhtunkhwa (KPK) government had refused to bear the price difference between imported and domestic gas arguing that the province was self-sufficient in gas production, Oil and Gas Regulatory Authority (Ogra) refused to fix LNG prices, maintaining that LNG price should not be borne by all gas consumers. Furthermore, inadequate infrastructure for transport of LNG

makes import unlikely during the upcoming winter months. **Locally-produced gas costs about \$6 per Million cubic feet per day, while LNG would cost \$18 per MMcf/d**. If the government imports 500 MMCFD LNG, tariff would have to be raised by 25 percent for all consumers. Official said that India had already laid a 100-kilometre-long pipeline network to transport LNG to Bhatinda, from where a pipeline could be extended to Pakistan's Wagha border for gas injection into the Sui Northern Gas Pipeline Limited's network; but the laying of a pipeline on the Pakistani side would take time, which is not possible during this winter. (September 16, 2012)

JAPAN: Regulation – Gas price – CNR51/15/5

Japan's **industry minister** said recently that Japan will launch a study this fall on **setting up a futures trading market for liquefied natural gas to secure LNG at lower prices**. Economy, Trade and Industry Minister Yukio Edano also called for a change in price-setting mechanisms in the Asian market at the first meeting between LNG producers and consumers in Tokyo. **"Japan's LNG imports before the earthquake stood at Y3.5 trillion, but the amount is projected to reach Y6 trillion in 2012.** For the Japanese government and businesses, securing LNG at a low cost poses a major challenge," Edano said.

The prices of LNG imported by Japan have been relatively high as they are linked to crude oil prices under long-term contracts. Edano said with increased LNG supplies following expanded shale gas production in North America, prices there have fallen sharply.

"There have been changes in the paradigm of the LNG market and the current price-setting method linked to oil prices in Asia is no longer reasonable," Edano said. "If the price levels are maintained as they are, Asian countries will increase their use of coal and nuclear power, which would lead to slower demand for LNG." (September 19, 2012)

MALAYSIA to JAPAN: Supply contract – CNR51/15/6

Shizuoka Gas Co reached recently a basic agreement with **Malaysia LNG to buy 330,000 tonnes of liquefied natural gas annually for 10 years from April 2016**, extending an existing contract ending in March 2012. Shizuoka Gas will

negotiate further with Malaysia LNG an agreement to finalise a purchase contract, the company said. Shizuoka Gas, a city gas supplier headquartered in Shizuoka city, central Japan, has imported LNG from Malaysia since April 1996. (September 10, 2012)

PAKISTAN: Regulation – CNR51/15/7

The **Economic Coordination Committee** of the Cabinet constituted recently a sub-committee to work out the modalities and to examine the **instruments related to import for implementation of the short-term and long-term import of liquefied natural gas**.

The sub-committee of the ECC proposed a draft containing 15 recommendations on LNG import. It was proposed that LNG will be imported in a phased manner, which consists of long-term LNG import integrated project structure for 400MMCFD and RLNG delivery at the receiving point of the Sui Southern Gas Company (SSGC) and fast-track LNG import on tolling basis for 200MMCFD.

The second round of long-term import under integrated project structure for 400MMCFD will be followed by the same procedure. In the same way, other 14 recommendations cover different aspects of LNG import. The revised draft will be presented in the next ECC meeting for final approval. (September 20, 2012)

PERU: Supply contract – Regulation – CNR51/15/8

Camisea Group, led by Hunt Oil Co. and Pluspetrol SA, **can keep exporting liquefied natural gas at current rates** even after the government restricted one of the Camisea field's two blocks to domestic industry, according to the country's state oil contracting agency. "Exports

will continue as long as the country doesn't require more gas for local industry," Perupetro President Rosa Ortiz said. Peru had planned to halve its 450 million cubic feet daily gas shipments to Mexico after allocating reserves from Camisea's Block 88 to supply domestic industry. (September 11, 2012)

UNITED STATES: Supply contract – CNR51/15/9

TOTAL announced recently that its unit **Total Gas & Power Limited has entered into a long-term agreement with Korea Gas Corporation** to purchase liquefied natural gas. Per the agreement, TOTAL's unit will purchase **0.7 million metric tons of LNG per year from Kogas for twenty years**. The LNG will be supplied from Sabine Pass terminal in Louisiana, scheduled to start operation from 2017. (September 14, 2012)

The Premier International Gas Conference in Australia

HOSTED BY



CO-HOSTED BY



ENDORSED BY



REGISTER
YOUR PLACE AT
www.cwcaustralia.com



AUSTRALIA GAS

GLOBAL GAS SERIES

31 OCTOBER - 2 NOVEMBER 2012 | SYDNEY, AUSTRALIA

UNLEASHING THE
POTENTIAL OF
AUSTRALIAN GAS

UNCOVERING
UPSTREAM INVESTMENT
OPPORTUNITIES

OVERCOMING
BARRIERS TO PROJECT
SUCCESS

DISTINGUISHED SPEAKERS INCLUDE



The Hon Minister Martin Ferguson AM MP
Minister for Resources and Energy
Australia



The Hon. Minister Chris Hartcher MP
Minister for Resources & Energy
New South Wales Government



Martin Lambert
Senior Vice President
NWS Australia LNG



Zhu Xingshan
Director of Strategic Planning Department
China National Petroleum Corporation

SPONSORS



KING & SPALDING



SUPPORTED BY



Government of Western Australia
Department of Mines and Petroleum



Government of South Australia
Department for Manufacturing,
Innovation, Trade, Resources and Energy

EVENT SUPPORT



REGISTER YOUR INTEREST AT WWW.CWCAUSTRALIAGAS.COM

UNITED STATES: Regulation – CNR51/15/10

The Administration once again **delayed release of a report on expanding liquefied natural gas exports**, likely pushing beyond the election a decision on the potentially contentious issue of sending U.S. gas abroad. Commissioned by the Energy Department to examine the economic impact of LNG exports, **the report is now**

expected to be completed by the end of 2012.

"The Department of Energy takes its statutory responsibility to make public interest determinations on natural gas export applications very seriously and is committed to taking the time necessary to get the decisions right," the department said. (September 17, 2012)

UNITED STATES: Planned project – Supply forecast – CNR51/15/11

The chief executive of **Cheniere Energy** said recently that the company is **likely to start selling spot liquefied natural gas from the Sabine Pass project in Louisiana as early as late 2015**. "The first (spot cargo) will not be till late 2015 or early 2016," Cheniere's Charif Souki said. Cheniere expects to sell 16 mtpa from the planned 18 mtpa plant to long-term customers, while selling the rest in the spot market. The proposed export plant will comprise up to four trains, with the capacity to export 4.5 mtpa of LNG each. The first train is expected to start operating as early as 2015, with the second due to start six to nine months later. (September 18, 2012)

STORAGE

CROATIA: Cooperation agreement – CNR51/15/12

The chief executives of Croatia's **Plinacro** and Poland's **Gaz-System** have signed an **agreement on cooperation in gas transport**, which will link their future liquefied natural gas terminals on the Baltic and Adriatic. Poland is building an LNG

terminal in the port of Swinoujscie, which is expected to become operational in 2014. Croatia plans to start the construction of a terminal on the northern Adriatic island of Krk towards the end of 2013 and to make it operational in 2017. (September 14, 2012)

MALAYSIA: Planned project – CNR51/15/13

Prime Minister Najib Tun Abdul Razak announced recently that as a part of the Economic Transformation Programme, **Dialog Group of Malaysia and Dutch company Vopak** will invest 1.3 billion USD to **build Pengerang LNG terminal in Johor for trading purposes and for domestic use**. The terminal will be the first Independent LNG trading terminal in Asia. (September 18, 2012)

PHILIPPINES: Planned project – Talks – CNR51/15/14

Energy Secretary Rene D. Almendras disclosed recently that a **project of a liquefied natural gas facility to be put up in Mindanao** was discussed with his counterpart, Brunei Darussalam Energy Minister. The investment offer to Brunei, he explained, is being anchored on their interest to

supply the country with gas. He added that the capacity being explored is 300 megawatts or even higher, stressing that such scale may already prove viable for the deployment of **LNG floating storage and regasification unit (FSRU)** in the region. The site for the planned LNG handling facility in the region will be in Macajalar Bay in Misamis Oriental. (September 19, 2012)

RUSSIA: Planned project – Final investment decision – CNR51/15/15

Gazprom plans to make a **final investment decision on a proposed liquefied natural gas terminal in Vladivostok early 2013**, said Victor Timoshilov, the head of the company's Oriental Projects Coordination Directorate.

The Vladivostok LNG terminal, with a proposed capacity of 10 million tonnes per year, may enter operation by 2020. (September 19, 2012)

TAIWAN: Planned project – CNR51/15/16

CPC Corp. finalized recently the **location of its third LNG terminal near Taipei**, company chairman Lin Sheng-Chung said. He added that Taiwan's LNG imports would reach 20 million mt/year by 2030. The country imported 12 million mt/year in 2011. Taiwan currently meets 98% of its natural gas needs with LNG, with local production contributing the balance 2%. "In 2011, natural gas in Taiwan accounted for 11.6% of [Taiwan's] primary energy supply, and it was the

highest share on record," Lin said. "CPC is interested in entering into a US Henry Hub gas-linked contract to improve CPC's price competitiveness in LNG procurement, since the crude oil price fluctuates all the time," he added. The third LNG receiving terminal's capacity is likely to be around **5 million mt/year**, a CPC official said in March 2012, adding that the terminal would likely commence operations after 2018. (September 19, 2012)

UNITED STATES: Terminal use agreement – CNR51/15/17

Cheniere Energy Partners, L.P. announced recently that its subsidiary, Sabine Pass Liquefaction, LLC entered into a **partial assignment agreement and related agreements with Total Gas & Power North America, Inc.** whereby Sabine Liquefaction would progressively gain access to Total's send-out capacity and other services provided under its terminal use agreement with Sabine Pass LNG, L.P.

These agreements will provide Sabine Liquefaction with additional berthing and storage capacity at the Sabine Pass. Under a partial assignment agreement, **Sabine Liquefaction will gradually obtain access to Total's capacity, with access to 38 Bcf per year effective immediately, approximately 195 Bcf per year effective upon commercial operations of the third liquefaction train and substantially all of Total's capacity upon the start of commercial operations of a potential fifth train.**

From the commencement of this potential fifth train, Total retains the right to unload LNG at Sabine of up to 195 Bcf per year. All agreements are between Sabine Liquefaction and Total and become effective on October 1, 2012. (September 11, 2012)

GTL

PROCESSING

CANADA: Planned project – CNR51/15/18

Sasol secured recently a **site to build a GTL plant in Fort Saskatchewan**, Alberta, Rudi Heydenrich, president of new business development for Sasol Canada, said. The gas-to-liquids operation, which would ultimately have a **capacity of 96,000 barrels a day**. Such a plant would use about 1 billion cubic feet a day of gas,

about 8 percent of Alberta's current gas output. Sasol has just completed the feasibility study and is now beginning front-end engineering design for the plant, which would likely have an initial capacity of 48,000 bpd. Following that, the company would make a go-ahead decision and the facility could be in service around the end of the decade. (September 14, 2012)

NATURAL GAS

EXPLORATION – DISCOVERY

PAKISTAN: Discovery – CNR51/15/19

Eni SpA reported recently a natural gas discovery. The find was made **350 kilometers north of Karachi in the Khirtar Fold Belt region**. Eni said the size of the discovery was **probably 300 billion to 400 billion cubic feet of gas in place**. Pakistan's total gas reserves were 27.5 trillion cubic feet at the end of 2011.

The discovery is 20 kilometers east of Eni's Bhit gas processing facility and the company said it has already started discussions with the Pakistani regulator to speed up the production from the discovery. "The drilling of Badhra North B-1 is part of Eni's new strategy in Pakistan which aims to refocus exploration activities in the neighbouring areas to productive fields," the company said.

The Badhra block is operated by Eni, with a 40 percent stake in the project, Premier Oil Plc, which has 6 percent, Kufpec Pakistan Ltd. with 34 percent and Oil & Gas Development (OGDC) Company Ltd., which has 20 percent. (September 19, 2012)

PRODUCTION

INDIA: Planned project – Production forecast – CNR51/15/20

Oil and Natural Gas Corp (ONGC) said recently that it **will start producing natural gas from a block that sits next to Reliance Industries' flagging KG-D6 fields in Bay of Bengal by 2016-2017**. ONGC has found 4.85 trillion cubic feet of gas reserves in nine gas discoveries it has made in the Krishna-Godavari basin block KG-DWN-98/2. "The block is targeted for production by 2016-17 and a peak production of **22 million standard cubic meters per day** is envisaged," ONGC Chairman and Managing Director Sudhir Vasudeva said.

The company has submitted Declaration of Commerciality for the Northern and Southern Discovery Area in the block. Gas from these is proposed to be produced by combining them with a gas discovery in the adjacent block, he said. Once the government approves the commercial viability of the finds, ONGC will make a formal field development plan (FDP) outlining the specifics of producing gas from the find. (September 24, 2012)

KUWAIT: Planned project – Delay – CNR51/15/21

A senior Kuwaiti energy executive said **development of an offshore gas field by Kuwait and Saudi Arabia has been delayed for months**, due to disagreement over where to share out the gas, and the project may not start up on time unless the dispute is settled soon. The Dorra gas field has long been a bone of contention between Kuwait and Iran which also lays claim to part of the field. While Tehran and Kuwait are yet to agree on their maritime claims,

Riyadh and Kuwait struck a deal in 2000 and have since worked to develop the undisputed part of the field. The plan had been to share out the gas pumped from Dorra at an offshore facility in the Gulf. But about six months ago Saudi Arabia came up with a new proposal, pressing its neighbour to share the gas out on land at Khafji in a plan that would require another overland pipeline to be laid to Kuwait. The original startup date for the project was 2014. (September 19, 2012)

POLAND: Production forecast – CNR51/15/22

The **treasury minister** said recently that Poland wants **PGNiG to double production to more than 8 billion cubic metres a year by 2019**, when it is due to **start renegotiating its long-term contract with Gazprom**. Treasury Minister Mikolaj Budzanowski said the price PGNiG currently pays is more than other Gazprom customers in Europe pay and higher than spot prices quoted on German exchanges.

"Going far above 8 bcm is a strategic goal by 2019," Budzanowski said. "It is possible, if PGNiG exploits all exploration licences it has". PGNiG, which has 226 exploration and extraction licences in Poland and already produces more than 4 bcm of natural gas annually. The group is at the forefront of Poland's shale gas drive, which the country hopes should produce its first output in 2015. PGNiG expects gas consumption in Poland to rise by 2 bcm annually in the next two years. (September 12, 2012)

RUSSIA: Regulation – CNR51/15/23

Finance Ministry proposed recently **lower than previously laid out tax increase rates for gas extraction**.

The ministry proposed that the MET for Gazprom from July 1 to December 31, 2013 would be set at 622 roubles per 1,000 cubic metres with a further gradual increase to 788 roubles starting from January 1, 2015. The rate for non-Gazprom producers, such as Novatek, would be set at 401.8 roubles from July 1 to December 2013, and at 522.4 roubles from January 1 2015. (September 20, 2012)

VIETNAM: Planned project – CNR51/15/24

PTT Exploration and Production (PTTEP) are planning to **expand investments** in Vietnam for oil and gas exploration which may result in production of 490 million cubic feet/day. The two projects under discussion are the Vietnam 48/95 field, in which PTTEP is a 7-per cent shareholder, and Vietnam 52/97, in which the firm holds 8.5 per cent of shares. Both projects have Chevron as the main shareholder and project manager. Currently,

it is in the last stage of negotiation with the Vietnamese government on natural gas prices. It will then take another 42 months to lay the piping in the sea, with **first production expected in 2016 with a capacity of 490 million cubic feet/day**. The Thai energy firm has four investment projects on the field in Vietnam. The first two, Vietnam 16-1 and Vietnam 9-2, are now under construction. (September 14, 2012)

Book Your Place
NOW!

CHINA
International Shale Gas
Summit 2012

China International Shale Gas Summit 2012

November 13th–16th | Chongqing, China

—Facilitating Cooperation and Commercializing China Shale Gas Reserves



Pre-Event Workshop & One-to-One Meeting: 13 November 2012

Two-Day Conference: 14 & 15 November 2012

Post Event Site Tour: 16 November 2012

www.ourpolaris.com/shalegas

OUR VISION

We aim to create an influential and forward-looking platform for the global participants with the emerging of China's shale gas industry.

YOU CANNOT AFFORD TO MISS:

- It features **2 Days** of Content-Rich Sessions and Case Studies + **1 Day** technical brainstorming on shale gas & one-to-one meetings + **1 Day** interesting and exciting site tour
- It Includes **30+** Esteemed and Professional Speakers
- There will be **250+** attendees from **15+** Countries

CONFERENCE HIGHLIGHTS:

- Learn policy trends in the shale gas industry
- Discuss China's shale gas industry transition and future
- Gain invaluable technical and commercial insight
- Share best practices and successful initiatives in the global shale gas industry
- Hear the voice of newcomers in the shale gas field
- Network with industry experts at our coffee break, dinner and other activities

Organizer



Endorsers



Media Partners



+86 21 6045 6268

+86 21 6047 5887

www.ourpolaris.com/shalegas catherine.tham@ourpolaris.com



HOT TOPICS INCLUDE:

- China's national policy to greatly develop shale gas
- Shale gas projects' operating status and problems
- Shale Gas Drilling and Fracturing Technology
- Shale Gas Reserves Evaluation Technology
- China Market Outlook & Leading Players' Strategy



RESERVES

LEBANON: Resources estimates – CNR51/15/25

Energy and Water Minister Gebran Bassil said recently that seismic surveys of Mediterranean waters off Lebanon's southern coast **suggest they contain 12 trillion cubic feet of natural gas**. Lebanon had planned to launch tenders for exploration drilling six months ago, but delays in setting up an oil and gas oversight committee have forced a postponement. Bassil said that the committee would be established soon and tenders could be issued for exploration licences shortly afterwards. The minister said that none of the southern sector being surveyed by Spectrum Geo Ltd fell within the 850-square-km area which is disputed between Lebanon and Israel. (September 24, 2012)

SOUTH AFRICA: Reserves estimates – CNR51/15/26

Molopo Energy Limited announced recently that a **production right has been awarded to Molopo South Africa Exploration over an area of approximately 200,000 hectares in the Free State province**. An estimate of Molopo SA's reserves and resources in the Virginia License area was performed during the exploration phase in 2010. At that time, **the P1 reserves were estimated at approximately 9.2 Bcf and P2 reserves of approximately 23.0 Bcf**, and the production right application was based on this

exploration work. Molopo's overall net interest in the project is 80% after BEE and government participation. The initial phase of development of this project will be the tie-in of 4 of the 11 pilot production wells where gas flow of approximately 1.2 mmcf/d continues. Commercialisation of initial volumes of ~600 mcf/d of natural gas is anticipated to be through the provision of Compressed Natural Gas for transportation. In the longer term, the full field development could result in the development of more than 200 wells. (September 21, 2012)

PROCESSING

CANADA: Planned project – Upgrading – CNR51/15/27

Keyera Corp. plans an **upgrade at its gas processing plant in Fort Saskatchewan**, allowing it to process ethane-rich natural gas liquids. The company said that the project will allow it to produce **30,000 barrels per day of ethane** for petrochemical producers in Alberta and a propane-rich stream of natural gas liquids for delivery to Keyera's fractionation facilities. In addition to a de-ethanizer tower and other equipment, Keyera will dedicate an underground storage cavern for the project as well as build additional pipelines. (September 10, 2012)

SAUDI ARABIA: Ongoing project – Start up – CNR51/15/28

Saudi Aramco finished recently **commissioning the remaining two gas processing lines of an expanded treatment plant for Karan**. Gas from

the offshore field will be processed at the Khursaniyah plant through three new production lines, each with a capacity of **600 million cubic feet per day**. (September 20, 2012)

SAUDI ARABIA: Planned project – CNR51/15/29

Saudi Aramco launched recently a tender **to develop a gas processing facility to supply a power plant from the Midyan field**. Seven companies are set to submit bids to construct the plant, which has a planned processing capacity of **75 million standard cubic feet per day**. The contract also includes the construction of a pipeline to transport the processed gas to a power plant in the western city of Dheba. (September 11, 2012)

UNITED STATES: Ongoing project – Start up – CNR51/15/30

Enterprise Products Partners announced recently the **start-up of the second 300 million cubic feet per day train at the partnership's Yoakum cryogenic natural gas processing plant** in Lavaca County. With the additional train, nameplate capacity increases to 600 MMcf/d and the facility is capable of extracting approximately 74,000 barrels per day of natural gas liquids. Enterprise is also on schedule to bring the third train at Yoakum into service in the first quarter of 2013, at which time total capacity at the complex will

increase to 900 MMcf/d and 111,000 BPD of NGLs. A.J. "Jim" Teague, executive vice president and chief operating officer of Enterprise's general partner said "Based on the operating results we've seen from the first train which began service in May 2012, we expect the second and third trains to perform above their original design capacity, giving us the confidence to pursue additional processing commitments for all three plants". Including the 900 MMcf/d of anticipated capacity at Yoakum, Enterprise expects ultimately to offer approximately 2.4 billion cubic feet per day of natural gas processing capacity for the region. (September 13, 2012)

UNITED STATES: Ongoing project – CNR51/15/31

Caballo Energy LLC announced recently it is **building a cryogenic gas processing plant** connected to growing production from the Mississippi Lime and Cana Woodford Shale plays. Caballo plans to have the Carmen Gas

Processing Plant in service by the **end of 2013's first quarter**. The plant will be located near Carmen, Okla., northwest of Enid and at the intersection of the liquids-rich Mississippi and Cana Woodford plays. Caballo eventually plans to build an additional processing plant on the 160-acre Carmen site. (September 18, 2012)

TRANSPORTATION-DISTRIBUTION

AZERBAIJAN: Planned project – CNR51/15/32

SOCAR's head, Rovnag Abdullayev, said recently that **the construction operations within the Trans-Anatolia gas pipeline (TANAP) are planned to be launched by late 2013**. All design and regulatory work within the project are conducted in parallel to accelerate its implementation, Abdullayev said. Azerbaijan and Turkey signed an intergovernmental agreement in June 2012 on the projected pipeline.

In December 2011, Azerbaijan and Turkey signed a memorandum of understanding to establish a consortium that will build a gas pipeline to supply gas from the Shah Deniz field to Europe through the Turkish territory. At present, BOTAS has a 20 percent stake in TANAP, and the State Oil Company of Azerbaijan (SOCAR) - 80-percent share.

The initial capacity of the pipeline is expected to reach 16 billion cubic meters per year. About six billion cubic meters of the volume will be allocated to Turkey, while the rest will be transported to Europe. (September 15, 2012)

CANADA: Planned project – Expansion – CNR51/15/33

Enbridge plans to **expand its natural gas distribution system in the Greater Toronto Area (GTA)** in Canada. The company said its proposed GTA project comprises two segments of pipeline and related facilities to upgrade the existing system. The Toronto pipeline delivers

natural gas to the municipalities of Brampton, Markham, Mississauga, Richmond Hill, Toronto and Vaughan. Construction of the upgrade project, which requires approval by the Ontario Energy Board (OEB), is expected in 2014 and 2015. Enbridge is expected to an application for the system distribution expansion with the OEB in the coming months. (September 7, 2012)

CHINA: Ongoing project – Start up – CNR51/15/34

Construction of the **Yining-Horgos SNG Pipeline** has been completed. Constructed by CNPC's subsidiary China Petroleum Engineering Co. Ltd, the pipeline is the first large diameter SNG pipeline in China. Commenced on May 12, 2011, with a total length of 64km, a diameter of 1,219mm, designed pressure of 12mpa, **annual deliverability of 30 billion cubic meters**, the pipeline is linked to the Third West-East Gas Pipeline after 16 months of construction.

The Yining-Horgos Gas Pipeline is a branch line of the Third West-East Gas Pipeline, and mainly delivers coal-based gas via the West-East Gas Pipeline System from Yili, Xinjiang. (September 12, 2012)

EAST TIMOR: Planned project – Veto – CNR51/15/35

Petroleum Minister said recently that his country **will veto the development of a gas field jointly owned with Australia if a pipeline isn't built to his country**. Part of the Greater Sunrise oil and gas field lies within the Joint Petroleum Development Area in the Timor Sea, which is controlled by both countries and is being developed by a consortium of oil companies, led by Woodside Petroleum.

Woodside's preferred option is to build a floating LNG plant at the gas site, but Minister Alfredo Pires said he won't allow the project to proceed unless his country is responsible for processing and exporting the gas. (September 11, 2012)

HUNGARY to SLOVAKIA: Ongoing project – Update – CNR51/15/36

State-owned power company **MVM Zrt.** said recently that **the planning and permission phase of a natural gas pipeline connecting Hungary and Slovakia may now begin.** The 160 million euro project could be finished in **mid-2014**, about half a year earlier than originally planned.

The 115 kilometre pipeline is set to secure transit facilities in both directions, eventually connecting Hungary's pipeline network to Western European gas pipelines, and securing Slovakia's north-south access, MVM said. The new pipeline is expected to contribute to 10%-15% of Hungary's import gas pipeline capacity. (September 11, 2012)

INDIA: Ongoing project – Start up – CNR51/15/37

GAIL India completed recently the **first phase of the Regasified Liquefied Natural Gas (RLNG) distribution network**, a 43-km pipeline network from Petronet RLNG's 5 million tonnes LNG terminal at Puthuvypin. The laying of the pipeline from Puthuvypin to Udyogamandal and from Udyogamandal to Ambalamugal would benefit companies like FACT, BSES TCC, Nitta Gelatin, HOCL, BPCL, among others. GAIL has laid 30-inch pipeline from Puthuvypin to Udyogamandal and 18-inch pipeline from Udyogamandal to Ambalamugal. (September 11, 2012)

INDONESIA: Planned project – CNR51/15/38

The **Energy and Mineral Resources Ministry's** oil and gas director general, Evita Herawati Legowo said recently that **the government plans to focus on its domestic gas pipeline project before moving on to the region's Trans-ASEAN gas pipeline.** She said the ministry expected the Java pipeline project, which will connect Bekasi, West Java via Cirebon and Gresik in Central Java with Semarang on the north coast of Java, to begin operations in 2014. As for the Sumatra pipeline project, she said it was expected to connect the gas receiving terminal in Arun with Belawan, both of which are

in North Sumatra. Evita Legowo said the ministry had no plan to build pipelines in other regions, such as Kalimantan, because the challenging terrain. The executive director of ReforMiner, Pri Agung Rakhmanto, said that he supported the government's idea to prioritize domestic pipelines. "For Java, our pipeline network is still disconnected between Gresik and Semarang. In the coming years, there will be some urgency in fulfilling our increasing domestic gas needs," he said. He added that the Trans-ASEAN pipeline project was still at the level of a MoU and had as yet unclear targets about when it would be built. (September 20, 2012)

UNITED STATES: Ongoing project – Start-up – CNR51/15/39

Dominion Transmission, the natural gas transportation subsidiary of Dominion Resources, **placed recently its Appalachian Gateway Project into service.** The project will allow the transport of **484,260 dekatherms per day** in firm transportation of natural gas produced in West Virginia and southwest Pennsylvania to storage fields and pipelines in Pennsylvania.

For the Appalachian Gateway Project, Dominion constructed four new natural gas compressor stations and upgraded two existing compressor stations, adding about 17,800 horsepower to the Dominion system. About 110 miles of new pipeline were constructed; beginning in West Virginia and terminating at Dominion's and Spectra's jointly owned Oakford facility in Delmont, Pa., east of Pittsburgh. (September 4, 2012)

SUPPLIES - IMPORTS - EXPORTS

AUSTRIA: Trading – CNR51/15/40

Slovak gas pipeline operator **Eurostream** taken recently a **15 percent stake in the Central European Gas Hub.** OMV owns 65 percent of the hub and the Vienna Stock Exchange holds a 20 percent stake. Eurostream is a unit of Slovensky Plynarensky Priemysel (SPP), which is run by E.ON Ruhrgas and GDF Suez. The hub provides the trading platform for Austria's natural gas hub at Baumgarten, which is the first entry point for imports to Western Europe from Russia, and potentially central Asia.

In 2011, 40 billion cubic metres of gas were traded at the hub. A virtual trading hub set to open in 2013 will also provide one entry and exit point in Austria that will further boost liquidity by making it easier for physical traders - as well as banks - to access Baumgarten. (September 14, 2012)

RUSSIA: Regulation – CNR51/15/41

President Vladimir Putin signed recently a **decree giving the government the right to protect Gazprom from an anti-trust probe by the European Union.** The new law prohibits companies deemed strategic from disclosing information, disposing of assets or amending agreements without Russian authorities' ratification in the case that the claims are initiated by foreign states or entities. President Putin's decree follows last a controversial official statement from Gazprom, saying that the company is **"incorporated beyond EU jurisdiction, and is a company which under Russian law exercises functions of public**

importance and has the status of a strategic organization controlled by the state". The EU claims that Gazprom has hindered the free flow of gas across its member states, preventing supply diversification and limiting customer choice in delivery points. The EU's competition chief, Joaquin Almunia, said that Gazprom's long-term supply contracts linking gas prices to oil prices are no longer justified because of the appearance of a spot market for gas and increased supplies of shale gas. The gas giant may face a \$14.5-billion penalty; according to estimates based on the fact that companies found to breach EU competition rules can be fined as much as 10% of annual revenue. (September 11, 2012)

UNITED KINGDOM: Supply forecast – CNR51/15/42

Reuters research showed recently that Britain's own gas supplies will fall from around 43 billion cubic metres per year today to around 16 bcm in 2030 if they continue their average annual 5 percent decline since peaking in 2000, while demand is set to hold steady between 85 and 95 bcm. Britain was a net exporter of gas until 2004, but a steady decline in output over the last few years has made it more reliant on imports, which have so far mostly come from Norway and, increasingly, Qatar.

Analysts forecast that **Norway's exports to the UK will grow at 1 percent a year, increasing its supplies from today's 25.5 bcm to just over 30 bcm by 2030.** Reuters research shows that the ongoing decline in Britain's domestic production means that the UK will need to roughly double its imports from alternative gas sources by 2030, raising them by 2.25 percent a year from about 25 bcm now to almost 50 bcm, in order to meet its annual gas demand. (September 19, 2012)



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

1 et 4, avenue de Bois Préau, 92852 Rueil-Malmaison Cedex, France

Tel. +33 1 47 52 60 12 - Fax +33 1 47 52 70 14

Website : <http://www.cedigaz.org> Contact : info@cedigaz.org