



**Vol. 51, n°17, November 13, 2012**

## **Main news**

### **LNG: Processing**

- Indonesia's BPMIGAS approved in principle the Plan of Further Development for the expansion of the BP-operated Tangguh liquefied natural gas project.

### **LNG: Supplies- Imports - Exports**

- Vice-Minister of Mineral Resources, Mozambique, confirmed that the country plans to set up two LNG trains by 2018.
- Qatargas 3 signed a new LNG sales and purchase agreement with Chubu Electric Power Company Incorporated. Qatargas 3 will deliver up to one million tonnes per annum of LNG for a period of 15 years starting from 2013.

### **Natural Gas: Production**

- The general director of the National Petroleum Authority said that Brazil's natural gas output could nearly double by 2020.
- In Italy, A new energy strategy, presented to the cabinet, said it aims to have 14 percent of its energy needs met by domestic production by 2020 from the current 7 percent.

### **Natural Gas: Reserves**

- Tanzania raised its estimate of recoverable natural gas reserves to 33 trillion cubic feet from 28.74 tcf following recent big discoveries offshore.

### **Natural Gas: Transportation - Distribution**

- China National Petroleum started construction work on the third natural gas pipeline. The new pipeline measuring 7,378 km will have a 5,000 km long trunk line and eight branch lines.
- Sempra Mexico has been awarded two contracts by Comision Federal de Electricidad to construct, own, and operate an approximately 820 km pipeline network connecting the Northwestern states of Sonora and Sinaloa.

### **Natural Gas: Supplies- Imports - Exports**

- YPF expects to receive government approval to more than double natural-gas prices to help fund expansions in Argentina.

### **Natural Gas: Storage**

- Infrastrata has been given the green light to develop a natural gas storage facility in Antrim, Northern Ireland.

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## LNG

### PROCESSING

#### **CANADA: Planned project – CNR51/17/1**

**Pieridae Energy Canada** reported recently that the development of a **liquefied natural gas (LNG) export facility in Goldboro**, Nova Scotia, Canada. Goldboro LNG will include a natural gas liquefaction plant and facilities for the storage and export of LNG, including a marine jetty for loading.

The facility is anticipated to produce approximately five million metric tons of LNG per year and have on-site storage capacity of 420,000 cubic metres of LNG. (October 25, 2012)

#### **INDONESIA: Planned project – Approval – CNR51/17/2**

Ministry of Energy and Mineral Resources and oil and gas executive agency **BPMIGAS** approved recently in principle the **Plan of Further Development (POFD)** for the **expansion of the BP-operated Tangguh liquefied natural gas project** in Papua Barat province in eastern Indonesia, BP said. The planned expansion will build on the established operation of the two existing liquefaction trains at the Tangguh LNG site. **Train 3 is expected to add 3.8 million**

**tonnes per annum (mtpa) liquefaction capacity to Tangguh**, bringing total project capacity to 11.4 mtpa. Under the terms of the plan, BP and its partners have agreed to sell and supply 40 per cent of the LNG output from Train 3 to Indonesia's state electricity company PT.PLN (Persero) for the Indonesian domestic market. In addition, as part of the plan up to 15 million standard cubic feet a day of piped gas, supplied from the Tangguh fields and sufficient to generate up to 50MW of local power, would be allocated for sale from the date of the Train 3 start-up. (November 1st, 2012)

#### **WORLD: Planned project – Engineering – CNR51/17/3**

**Golar LNG** contracted recently **Keppel Shipyard Ltd.** to **convert three of its Moss type LNG carriers into FLNG vessels**. The vessels will use Golar's proven topside technology and its own Moss type carriers and Keppel will carry out the engineering and conversion work required. Keppel has already converted two LNG carriers into FSRUs for Golar.

The first FLNG will have a capacity of up to 2 million tpy and will utilise the existing 125 000 m3 of LNG storage on board the carrier. The first vessel is expected to be ready for production by 2015. Golar has the option to convert two additional LNG vessels with Keppel at a later date. (November 6, 2012)

### SUPPLIES - IMPORTS - EXPORTS

#### **INDIA: Planned project – Partnership – CNR51/17/4**

**Indian Oil Corporation** signed recently a MoU with **Korea Gas Corporation (Kogas)** to jointly **explore opportunities in oil and gas**, including liquid gas transported in ships or LNG. Company's director (business development) A M K Sinha said that IOC was looking at Kogas' strength for LNG

swaps. One of the possibilities was to source LNG from US through Kogas. Since US laws bar gas exports to non-FTA countries, Indian companies are barred from accessing US gas. But Korea being a free trade partner of US, **Kogas imports LNG from US, which can be swapped**. (October 17, 2012)

#### **MOZAMBIQUE: Planned project – CNR51/17/5**

Abdul Razak Noormahomed, **Vice-Minister of Mineral Resources**, Mozambique, confirmed recently that the country is looking to export gas by 2018. The country plans **to set up two LNG trains** which would entail an investment in the range of \$18-\$20 billion. The Vice-Minister mentioned that Mozambique was seeing interest for participation in its hydrocarbon blocks from global players. (October 16, 2012)



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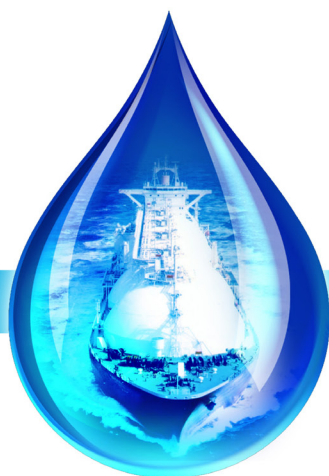
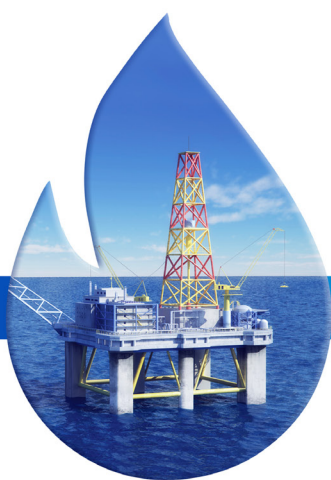
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**PAKISTAN: Planned project – Talks – CNR51/17/6**

Azim Siddiqui, managing director of **Sui Southern Gas Company** (SSGC) said recently that the company seeks to **import 400 mmcfd regasified liquefied natural gas** under integrated project structure on a fast track basis. The broad scope of services would comprise supply of regasified LNG to the gas utility at the specified tie-in point, including LNG procurement, transportation, developing terminal facilities, storage and regasification of LNG and operating the terminal

with a target to commence imports as early as possible under a firm off-take gas sales agreement of 15 years, he said. The gas sales agreement would be duly backed by sovereign guarantee of the government of Pakistan with a likely additional back up through a partial risk agreement from multilateral development bank, said Siddiqui. At present, the gas demand and supply for Pakistan indicates a gap of approximately two billion cubic feet per day, he said. (October 19, 2012)

**QATAR to JAPAN: Supply contract – Agreement – CNR51/17/7**

Qatargas 3 signed recently a new long-term Liquefied Natural Gas sales and purchase agreement with Japan's **Chubu Electric Power Company** Incorporated. Under the terms of the agreement, Qatargas 3 will deliver up to **one million tonnes per annum of LNG for a period of 15 years** starting from 2013. This new agreement is in addition to several existing agreements between Chubu Electric and Qatargas. Chubu Electric. (October 14, 2012)

**SOUTH KOREA: Supply contract – Agreement – CNR51/17/8**

**Gazprom Marketing & Trading Singapore**, a wholly-owned subsidiary of Gazprom, said recently that it will **supply up to eight cargoes of LNG a year to KOGAS in 2013 and 2014**, totalling up to 1 million tonnes over the two years.

Gazprom M&T would not necessarily sell Gazprom-produced gas. "This agreement also provides a good basis for further expansion of our commercial portfolio and realising our ambition to be the leading LNG marketer in Asia Pacific," Frederic Barnaud, executive Director for LNG & Shipping at Gazprom M&T said. (October 9, 2012)

**UNITED STATES: Supply contract – CNR51/17/9**

**Prometheus Energy Group Inc.** said recently it entered into a long-term deal with **Seneca Resources Corp.** to **supply LNG** to it. Prometheus Energy said in its statement that Seneca wants to use LNG and related equipment for its initiative to use natural gas in drilling. The deal means Prometheus Energy will serve as Seneca's sole LNG supplier. (October 26, 2012)

**STORAGE**

**INDIA: Ongoing project – Update – CNR51/17/10**

**Petronet LNG** said recently its **LNG import terminal** at Kochi in **Kerala** would be **commissioned** by the **first quarter of 2013 calendar year**. Petronet LNG CEO and Managing Director A. K. Balyan said the Kochi terminal would operate only to less than a fifth of its 5 million tonnes a year capacity as the offtake infrastructure was not yet ready. GAIL (India) is laying pipelines connecting the Kochi terminal to consumers in two phases. The first phase

connecting four consumers like Kochi refinery and FACT Tranvancore would be completed by December 2012. Upon this, the Kochi LNG terminal would be commissioned but it **would operate at only 0.5-1 million tonnes capacity for the first year** due to limitation of gas offtake, he added. The second-leg of the pipeline, which would connect Kochi to Bangalore and Mangalore, was expected to be completed by next year-end, he said adding the Kochi terminal would operate at full capacity thereafter. (October 19, 2012)

**LITHUANIA: Planned project – Approval – CNR51/17/11**

**Klaipėdos Nafta** of Lithuania, which is implementing an LNG terminal project, said recently that Regional Environmental Protection Department of Klaipėda by the Ministry of Environment of the Republic of Lithuania **granted development consent on construction and activities of LNG import terminal** and related objects of infrastructure in the southern part of Klaipėda State Seaport nearby Pig's back island.

The aforementioned consent finalised the procedure of environmental impact assessment on LNG terminal project, the company said. (October 23, 2012)

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**SINGAPORE: Planned project – CNR51/17/12**  
**Maritime and Port Authority of Singapore's** (MPA) assistant chief executive officer (operations), M Segar said recently that Singapore will introduce **LNG bunkering by late**

**2014 or early 2015.** Ships have commonly run on sulphur-heavy marine fuel oil. However, LNG has become a cleaner and commercially viable alternative as emissions controls are becoming stricter. (October 19, 2012)

**GTL**

**PROCESSING**

**WORLD: Partnership agreement – CNR51/17/13**

**SBM Offshore** signed recently a Commercial Development Agreement with **CompactGTL** Ltd to work exclusively together on offshore projects. This agreement opens the door for the world's first, fully integrated, **offshore modular GTL solution** for the upstream industry. (October 10, 2012)

**NATURAL GAS**

**EXPLORATION – DISCOVERY**

**AUSTRALIA: Discovery – CNR51/17/14**

**Chevron Corporation** announced recently further drilling success by its Australian subsidiary in the Greater Gorgon Area, located in the Carnarvon Basin. The **Satyr-4** exploration discovery is located in the WA-374-P1 permit area approximately **120 kilometers northwest of Barrow Island**, off the Western Australian coast.

Melody Meyer, president, Chevron Asia Pacific Exploration and Production Company, said, "Satyr-4 further underscores Chevron's continuing success in this prolific block and supports our long-term growth plan for the Gorgon Project, and our goal to be a leading LNG supplier to the Asia Pacific region". Chevron Australia is the operator of WA-374-P with a 50 percent interest while Shell Development (Australia) Pty Ltd and Mobil Australia Resources Company Pty Limited each hold 25 percent. (October 25, 2012)

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**BANGLADESH: Discovery – CNR51/17/15**

**Petrobangla** found recently additional 726 billion cubic feet gas at the **Titas gas field in Brahmanbaria** district of Bangladesh. The gas field, discovered in 1962, is the largest gas field in the country. Analysis of the seismic survey found that the 10 gas layers have a total reserve of 8,051 billion cubic feet gas. A 2003 survey in the

field estimated a recoverable reserve of 7,325 billion cubic feet of natural gas. Currently gas was being lifted from 10 layers out of a total of 23 in the field. According to data available with Petrobangla, Titas has so far produced 3.5 tcf of gas with about 1.62 tcf of recoverable gas reserve remaining there. (October 15, 2012)

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**BRAZIL: Planned project – CNR51/17/16**

**HRT, Petrobras and TNK-Brazil** signed recently a **protocol of intentions** to conduct technical, economic and environmental studies aimed at **developing natural gas fields in contiguous areas close to the Jurua natural gas field**. HRT has made five natural gas finds in the Solimoes Basin of the jungle region. Petrobras operates the remote Urucu field that has produced natural gas not far from HRT's discoveries. The natural gas from Urucu is transported out of the area via pipeline to the Amazon city of Manaus. HRT, which holds a 55% operating stake in 21 exploration blocks in Solimoes, and TNK-Brazil also expect to submit a development plan for the Solimoes Basin prospects to local regulators by the end of 2012. TNK-Brazil, a subsidiary of BP Russian joint venture TNK-BP, holds the remaining 45%. (October 16, 2012)

**INDONESIA: Planned project – Agreement – CNR51/17/17**

**Total** received recently **two production sharing contracts** from the Government of Indonesia represented by BPMIGAS for the **Telen and the Bengkulu I - Mentawai exploration blocks**. The Telen exploration block is located in the offshore Kutei Basin of the province of East Kalimantan. The Bengkulu I - Mentawai exploration block is

located in the offshore Bengkulu Basin of the province of Bengkulu, in the South West of Sumatra. The company will hold a 100% participating interest in each contracts. In the first three years, the exploration program will carry a 3D-seismic study on the Bengkulu I - Mentawai block and an exploration well to be drilled on the Telen block, the company said. (October 10, 2012)

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**IRAQ: Planned project – Approval – CNR51/17/18**

Iraq signed recently a **final gas exploration contract with Pakistan Petroleum** allowing the Pakistani firm to explore for natural gas in **Block 8 in Diyala and Wasit provinces** in eastern Iraq. "We are planning to spend a minimum of \$100 million to start exploration activities and we might need additional \$400 million as investments," Pakistan Petroleum chief executive Asim Khan said. (November 6, 2012)

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**ISRAEL: Planned project – Drilling campaign – CNR51/17/19**

**Israel Opportunity** announced recently that drilling at Israel's **Pelagic offshore** natural gas fields will begin in November 2012 and last for about three months. The Ishai field, the first of five Pelagic licenses to be drilled, is located about 160 kilometers off Israel's coast in waters 1,700 meters deep. It is estimated to hold 3.7 trillion

cubic feet of gas. **The Pelagic fields are near the Tamar and Leviathan fields**. Israel Opportunity, which has a 10 percent stake in the Pelagic licenses, said that the Aphrodite 2 well to be drilled soon has a target depth of 6,000 metres. The operator will be Norway's AGR, which also has a five percent share. Israeli billionaires Benny Steinmetz and Teddy Sagi each control 42.5 percent stakes. (October 18, 2012)

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**NORWAY: Discovery – CNR51/17/20**

**Norwegian Petroleum Directorate** announced recently a gas/condensate discovery northwest of the Snøhvit field in the Barents Sea. The preliminary estimation of the size of the discovery is **between five and seven million standard cubic metres**. The well was drilled about 50 kilometres northwest of the Snøhvit field. (October 5, 2012)

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**SAUDI ARABIA: Discovery – CNR51/17/21**

Saudi Arabia announced recently the **discovery of a gas field in the Red Sea**, north of Dhuba Port in Tabuk. Gas production from the Tabuk region would start from **Madyan field in 2013**. Gas will be pumped through a pipeline to Dhuba

Port and an electricity plant and a distribution network would be established in the industrial region of Dhuba. The Saudi Aramco chief said the first phase included seven gas wells. (October 16, 2012)

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**PRODUCTION**

**AUSTRALIA: Planned project – Final investment decision – CNR51/17/22**

**Exxon Mobil Corp** expects to make a decision on how to **develop the Scarborough gas** field around the **second half of 2013**. The Scarborough field, half-owned by BHP Billiton, lies some 280 kilometres offshore, making it **an expensive prospect to develop**.

"The challenge of Scarborough is finding a solution that's viable given the challenged nature of the resource," Exxon Mobil Australia chairman John Dashwood said. The partners are evaluating a range of options including supplying gas to other companies' LNG plants or building a floating LNG platform, Dashwood said. "There are some engineering evaluations to go through here, and I don't anticipate a decision much before the second half of next year". (October 11, 2012)

**BRAZIL: Production forecast – CNR51/17/23**

The general director of the **National Petroleum Authority** (ANP), Magda Chambriard said recently that **Brazil's natural gas output could nearly double by 2020**, reaching up to 120 million cubic-metres a day. "Between 2016 and 2018, 21 new platforms will need to start producing," she said. She said average natural

gas production in Brazil in 2012 will likely be similar to the 2011 level of around 66 million cubic-metres a day. Chambriard noted forecasts are based on projects laid out by Petrobras and other companies. She also noted around 90 percent of Brazil's gas production comes from fields operated by Petrobras. (October 19, 2012)

**EGYPT: Planned project – Extension – CNR51/17/24**

**RWE Dea Egypt** confirmed recently a further **extension** of the **South Sidi Ghazy-1x discovery** in the Egyptian Nile Delta. The start of production from RWE Dea's Disouq project is planned for 2013. "The recent successful appraisal of the North and South Sidi Ghazy discoveries together with the North West Khilala Field have confirmed our reserve base and will contribute to the core production during the first phase of the Disouq Development," explained Dirk Warzecha, General Manager RWE Dea Egypt. In the first phase of the project, RWE Dea develops seven gas discoveries together with the Egyptian Natural Gas Holding Company (EGAS) and the Suez Oil Company (SUCO). (October 10, 2012)

**ITALY: Production forecast – CNR51/17/25**

A **new energy strategy**, presented recently to the cabinet, said it aims to have **14 percent of its energy needs met by domestic production by 2020** from the current 7 percent. The move is part of a packet of measures Rome said will help reduce imports to 67 percent of the country's energy needs from 84 percent at present. "The measures proposed in the energy strategy ... aim to make sure that energy no longer represents for our country a structural factor for competitive disadvantage and weighs on family budgets," it said. Italy has some of the highest gas and power prices in Europe and is seeking ways to cut

energy costs to allow its businesses to compete. The country's 90 percent reliance on imported natural gas, much of it brought in under expensive take-or-pay contracts, means end-user prices remain high. Industry Minister Corrado Passera said the government was ready to support oil and gas group Eni renegotiate its costly long-term gas contracts with countries like Russia, Algeria and Norway. Rome's new energy strategy, which confirmed plans to transform Italy into a gas hub for Europe, expects private energy investments to 2020 to the tune of around 180 billion euros, in part supported by government incentives. (October 16, 2012)

**NORWAY : Production start-up – CNR51/17/26**

**Total** started recently production at its **gas condensate Atla field** located in block 25/5 in the Norwegian North Sea. The company is expecting the field to produce gas at an average flow rate of **14,000 barrels of oil equivalent per day including 2,500 barrels per day of condensates in 2013**. The Atla field is part of the PL102C license and is operated by Total E&P with 40% interest, where as Petoro, Centrica and Det Norske each own 30%, 20%, 10% respectively. (October 9, 2012)

**POLAND: Ongoing project – Production start-up – CNR51/17/27**

Having completed technical commissioning Polskie Górnictwo Naftowe i Gazownictwo (PGNiG) can commence the launch of the **Lubiatów-Miedzzychód-Grotów production facility**. Thanks to the project, Poland's conventional gas production will increase and domestic output of crude oil will double. The volumes produced at the first stage of the start-up

process will represent 25% of maximum production capacities of the Lubiatów-Miedzzychód-Grotów crude oil and natural gas production facility. Recoverable reserves in the area of Lubiatów, Miedzzychód and Grotów amount to 7.25 million tonnes of crude oil and approximately **7.3 billion cubic metres of natural gas**. The project involves the development of 14 wells on crude oil and natural gas fields. (October 19, 2012)

## RESERVES

### **BRAZIL: Discovery – CNR51/17/28**

**Petrobras** announced recently that it discovered **56.6 billion cubic meters of recoverable natural gas** in the **Madre de Dios Basin**, Peru. The find at the Urubamba, Picha and Taini wells also includes 113.7 million barrels of natural gas liquids, Petrobras said. Petrobras said it is drilling a fourth exploratory well, Paratori, in Peru's Madre de Dios basin that should be complete in December 2012. (November 1st, 2012)

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### **TANZANIA: Resources estimates – CNR51/17/29**

Tanzania raised recently its **estimate of recoverable natural gas reserves to 33 trillion cubic feet from 28.74 tcf** following recent big discoveries offshore, Deputy Energy and Minerals Minister George Simbachawene said. "The gas discoveries in Tanzania will not automatically be a

blessing without challenges, and therefore we should not take things for granted," Simbachawene said. Tanzania plans to restructure its state-run petroleum regulator and have in place a gas policy and legislation before the end of 2012 to help regulate its natural gas discoveries. (October 18, 2012)

## PROCESSING

### **AUSTRALIA: Planned project – Approval – CNR51/17/30**

**Empire Oil & Gas NL** has received the **Consent to Construct** for all construction activity relating to its **Red Gully Gas and Condensate Processing Facility** including construction of the three kilometre Export Pipeline to the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in neighbouring Lot 5550. Commissioning of the Red Gully Facility, which will process gas from the Red Gully-1 and Gingin West-1 wells is expected to start in the first week of January 2013. (October 17, 2012)

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### **CANADA: Planned project – Agreement – CNR51/17/31**

The Canadian branch of Oklahoma-based **Williams Cos.** signed recently a **second gas-processing deal with Canadian Natural Resources Ltd.** Under the agreement, Williams will gather off-gas produced from bitumen feedstock during the upgrading process and extract valuable natural gas liquids such as ethane and propane. Williams said it plans to build a new liquids extraction plant and supporting facilities at the oilsands producer's upgrader, plus

build an extension of its Boreal Pipeline to bring the NGL/olefins mixture to its expanded Redwater facility northeast of Edmonton. **The second agreement is expected to result in the recovery of 12,000 barrels per day of NGL/olefins by mid-2015 and will likely grow to 15,000 bpd by 2018.** The mixture is to be fractionated at Williams' Redwater facilities into an ethane/ethylene mix, propane, polymer grade propylene, normal butane, an alkylation feed and condensate. (September 26, 2012)

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### **CANADA: Ongoing project – Start-up – CNR51/17/32**

**Birchcliff Energy** announced recently the completion of **Phase III expansion of its Pouce Coupe South Gas Plant** (PCS Gas Plant) located in Dawson Creek, British Columbia. The company is expecting to process around **100 million cubic feet per day of natural gas** at the end of 2012 and keep 50MMcf/d of processing capacity available for future production growth, thereby avoiding material facilities capital. (October 17, 2012)

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### **UNITED STATES: Planned project – Update – CNR51/17/33**

**Dominion Resources** announced recently that construction of a **gas processing plant** that began late in the fall of 2011 will **soon be**

**complete.** It's along Route 2 in southern Marshall County, that the massive natural gas processing plant will open in December 2012 **with 200-million cubic feet of natural gas** to be processed there each day. (October 25, 2012)



**UNITED STATES: Ongoing project – Start-up – CNR51/17/34**

**MarkWest Energy Partners L.P. and Antero Resources** announced recently that MarkWest commenced operation of its **Sherwood I processing facility** and the initial phase of its high pressure gas gathering system located in Harrison and Doddridge Counties of West Virginia.

The **200 million cubic feet per day** Sherwood I facility is the first phase of its planned processing facilities at the Sherwood complex. MarkWest is currently constructing the 200 MMcf/d **Sherwood II** processing facility which is expected to be in service during the second quarter of 2013. MarkWest and Antero have entered into agreements for the potential development of a third processing facility at the same site, **Sherwood III**, to support additional rich gas production. If installed, the third facility would bring total processing capacity of the Sherwood complex to **600 MMcf/d**.

Sherwood is located near the center of Antero's rich gas production in northern West Virginia and the complex's associated volumes will be gathered by MarkWest, Antero, and other providers. MarkWest and Antero estimate that future capacity at the Sherwood complex could exceed 1 billion cubic feet per day (Bcf/d) with the continued development by Antero of its rich gas acreage in the area. (November 6, 2012)

**TRANSPORTATION-DISTRIBUTION**

**CANADA: Planned project – CNR51/17/35**

**TransCanada** announced recently that it will make a decision early 2013 as to whether it will **convert part of its natural gas mainline to deliver light sweet crude** from North Dakota to refineries in East Canada and the US. The pipeline is no longer in demand as production from the Marcellus and Bakken plays continues to

increase, reducing the demand for gas from Alberta. Crude oil production from the Bakken in North Dakota has reached record levels and looks set to continue growing. Kinder Morgan is thinking of converting the Pony Express Pipeline from natural gas to crude, with deliveries predicted to start around the end of 2014. (November 6, 2012)

**CHINA: Planned project – Construction start-up – CNR51/17/36**

**China National Petroleum** started recently construction work on the **third natural gas pipeline** to transport gas from western to the eastern region of the country. **The new pipeline measuring 7,378 km will have a 5,000 km long trunk line and eight branch lines.** China National Petroleum's new pipeline is expected to supply **30 billion cubic meters of gas every year** of which 25 bcm per year will be received from central Asian countries, where as the remaining gas will come from Xinjiang, according to the company. The pipeline will travel across ten provinces and autonomous regions including Xinjiang, Gansu and Ningxia, to deliver gas to the eastern part. The project work is anticipated to be completed before the end of 2015. (October 18, 2012)

**FRANCE: Planned project – CNR51/17/37**

**Total** said recently that it is looking for **potential buyers for TIGF**, its natural gas pipeline operator in **Southwestern France**. Total will ask the potential buyers to keep jobs, working conditions and the company's headquarters in the southwestern town of Pau, the statement said.

Total owns 100% of TIGF. Total has said it plans to sell between \$15 billion and \$20 billion worth of assets over the next two years and restructure its refining and chemicals business to raise cash for new oil and gas extraction projects to meet its target of boosting oil production by 3% a year until 2015. (October 17, 2012)

**IRAQ: Planned project – Engineering – CNR51/17/38**

**Korea Gas Corp.** (KOGAS) secured recently a contract from the Oil Pipelines Company (OPC), controlled by Iraqi Oil Ministry, **to construct a 110km long gas pipeline in Iraq.** Under the contract, KOGAS will build a gas pipeline that will connect the cities of Kirkuk and Baiji. The construction work on the pipeline is expected to be completed by September 2014. (October 10, 2012)

**MEXICO: Planned project – Engineering – CNR51/17/39**

**Sempra International** recently announced that its Mexican business unit Sempra Mexico has been awarded two contracts by **Comision Federal de Electricidad (CFE)**, to construct, own, and operate an approximately **820 km pipeline network connecting the Northwestern states of Sonora and Sinaloa.** The network will

be comprised of two segments that will interconnect to the US' interstate pipeline system in Arizona and will provide natural gas to new and existing CFE power plants. The capacity for each segment is fully contracted by CFE under two 25-year firm capacity contracts denominated in US dollars.

The first segment, a 36 inch, **500 km pipeline** will run from Sasabe, south of Tucson, Arizona, to Guaymas, Sonora, and will have the capacity of **770 Mcf of natural gas per day**. The new pipeline is expected to begin operations late 2014. (October 25, 2012)

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**TURKMENISTAN: Planned project – CNR51/17/40**

Kakageldy Abdullaev, Acting **Minister of the Oil and Gas Industry** said recently that Turkmenistan expects to **start constructing a pipeline** to export gas to South Asian nations in

**2017**. Turkmenistan agreed in May 2012 to supply natural gas to Pakistan and India via Afghanistan by signing gas sales and purchase agreements with Pakistan's Inter State Gas Systems and Indian state-run utility GAIL. (October 14, 2012)

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**SUPPLIES - IMPORTS - EXPORTS**

**ARGENTINA: Gas price – Agreement – CNR51/17/41**

YPF expects to receive government approval to more than **double natural-gas prices** to help fund expansions. YPF's Chief Executive Officer Miguel Galuccio said that Deputy Economy Minister Axel Kicillof agreed to start increasing prices by year-end. The average price that the government pays producers may reach **\$5.50 per million British thermal unit from \$2.50**.

Consumer prices in Argentina are subsidized. YPF, which was nationalized in April 2012, is basing a \$37.2 billion five-year investment plan on a doubling of the average gas price while the province of Neuquen is making the same assumption for its budget in 2013. The price increase would also benefit non-government producers in Argentina.

A unit of Total SA is the country's largest gas producer with a 30.45 percent market share, YPF has 22.97 percent, BP Plc (BP)'s Pan American Energy LLC has 12.05 percent, Petrobras Argentina SA (PESA) has 8.92 percent and an Apache Corp. (APA) unit has 3.9 percent, according to data on the Argentine Institute of Oil and Gas's website. (October 17, 2012)

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**COLOMBIA: Supply contract – Talks – CNR51/17/42**

**Shona Energy** Company's wholly-owned subsidiary, **Geoproduction Oil and Gas Company of Colombia**, signed recently a Letter of Intent (LOI) with **Altenesol LNG Colombia**, S.A.S. to supply natural gas for Altenesol's Nataly I liquefied natural gas project. Under the terms of the LOI, Geoproduction has agreed to enter into negotiations for a Definitive Agreement that will provide the sale of **17 million cubic feet per day**

**of natural gas for a period of ten years**. Based on initial discussions, the starting price will be negotiated within a range of \$4.50 to \$5.25 per MCF with an annual price escalation. The structure of the contract will be on a "take or pay" basis for both parties. The parties have an option to extend the contract five years dependent on the results of the four-to five-well drilling program that Geoproduction will commence in mid 2013. (October 12, 2012)

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**GERMANY to POLAND: Supply contract – Gas price – CNR51/17/43**

**VNG and PGNiG** have agreed an **amended pricing formula** under the existing agreement for gas supplies to Poland until 2016. The new formula will take effect as of October 1st 2012. The annual supplies of gas to PGNiG will remain unchanged, at **400 million cubic metres**.

The agreed gas price is based on a pricing formula which takes into account the current market prices of gas and the prices of petroleum products. Since 2006, VNG supplies PGNiG with 4.2 billion cubic metres of gas. (October 19, 2012)

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**RUSSIA to GERMANY: Supply contract – CNR51/17/44**

**Novatek** started recently **gas deliveries** to the German Energie Baden-Württemberg AG (**EnBW**) on October 1, 2012. According to Novatek Deputy CEO Mikhail Popov, Novatek considers such new contracts in the future. Gazprom has had a monopoly on Russian natural gas exports but Novatek's trading with

natural gas does not violate the monopoly introduced by the government in 2006, as the private company purchase the fuel form Gazprom and re-sells. Novatek signed in August 2012 a ten-year contract for the supply of about **two billion cubic meters of gas a year to EnBW**. (October 16, 2012)

### STORAGE

#### **HUNGARY: Planned project – Regulation – CNR51/17/45**

Government prepared the ground to take over the strategic natural gas storage facility of oil group MOL with a new bill submitted to parliament. The government led by Prime Minister Viktor Orban's has been **tightening control over firms in the energy and other sectors**, and is also seeking to take over the local gas business of E.ON. The bill, submitted by Janos Lazar, the head of the Prime Minister's Office, gives pre-emptive buying rights to the state for stakes in companies running

"safety natural gas storage". It stipulates that **such facilities must be owned by the state but can be operated by companies in concession**. The bill meant that the government would take over the gas storage facility near the Southern Hungarian village Algyo, owned by MMFB, a firm under MOL's control. The facility holds Hungary's strategic gas reserves of 1.2 billion cubic meters and the rest of its capacity, 700 million cubic metres is in commercial usage. (October 13, 2012)

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#### **UNITED KINGDOM: Planned project – Approval – CNR51/17/46**

**Infrastrata** has been given the **green light to develop a natural gas storage facility in Antrim**. InfraStrata will develop the facility through its joint venture with Moyle Energy Investments-Islandmagee Storage. The facility will be built a mile beneath Larne Lough. (October 19, 2012)



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