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Main news

LNG: Processing

- Australia gave the green light to GDF Suez's Bonaparte floating liquefied natural gas project.

LNG: Supplies- Imports - Exports

- BG Group signed a Heads of Agreement with China National Offshore Oil Corporation (CNOOC) for the sale of certain interests in the Queensland Curtis LNG project in Australia and the sale of liquefied natural gas from BG Group's global LNG portfolio.

LNG: Storage

- Egyptian Natural Gas Holding Company issued a tender to import LNG and establish a floating storage regasification unit.
- Gasum plans to build three liquefied natural gas bunker sites to supply the maritime transport sector in the Baltic Sea region by 2015.
- Gazprom Export and Gasunie signed recently a Memorandum of Understanding on cooperation in the field of development of small scale LNG.

Natural Gas: Exploration - Discoveries

- Dana Gas announced a gas discovery in the Nile Delta. The evaluated in-place resources for the West Sama-1 are between 4 to 6 Billion cubic feet.

Natural Gas: Processing

- Williams Cos. plans to fund a new liquids extraction plant and supporting facilities amid a new long-term gas processing agreement with a producer in the Canadian oil sands.

Natural Gas: Transportation - Distribution

- Transportadora de Gas Natural del Noroeste, has been awarded the contract to build, own, and operate the El Oro–Mazatlan Pipeline and the El Encino–Topolobampo Pipeline in Mexico.
- Wentworth Resources has begun the construction of 532km Mnazi Bay to Dar es Salaam Gas Pipeline Project.

Natural Gas: Supplies- Imports - Exports

- Natural gas consumption in China is expected to be 230 billion cubic meters in 2015.
- Russia's Rosneft signed recently a 25-year deal to supply state power trader Inter RAO with natural gas.
- Energy and Coal Industry Minister said that Naftogaz Ukrainy will buy 26 billion cubic meters of gas from Russia's Gazprom in 2012.

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LNG

PROCESSING

AUSTRALIA: Planned project – Approval – CNR51/18/1

Australia gave recently **the green light to GDF Suez's Bonaparte floating liquefied natural gas project** off the coast of northern Australia. GDF Suez and Santos plan to make a final investment decision on the 2 million tonne per annum development in 2014. "My approval follows a rigorous assessment process under national environment law including the opportunity for public comment," Environment Minister Tony Burke said. (October 25, 2012)

AUSTRALIA: Planned project – Approval – CNR51/18/2

Western Australian Environment Minister Bill Marmion gave recently **state environmental approval** for the proposed LNG processing precinct at **James Price Point**, where **Woodside Petroleum** is planning a foundation project based on its gas resources in the offshore Browse Basin. Approval has been given subject to strengthened environmental conditions which the minister said

would increase protection for marine animals, enhance protection of fossilized dinosaur tracks, and better address the risk of pollution from oil spills and air emissions. The Western Australian Environmental Protection Authority conducted a four-year investigation into the proposed LNG precinct at James Price Point. Woodside is working toward making a final investment decision on its proposed Browse LNG project in the first half of 2013. (November 19, 2012)

CYPRUS: Planned project – Approval – CNR51/18/3

The government approved recently **Noble Energy to build and operate an onshore LNG plant**, possibly to be located in **Vasilikos**. The facility would initially have a capacity of 5 million tpy, but it will be expandable, according to John Z. Tomich, Noble's country manager for Cyprus. It could also include other partners. The new LNG plant could handle growing gas volumes from the Eastern Mediterranean region, including the Offshore Cyprus Block 12. It may take additional output from Israel in the future, Tomich said. (October 24, 2012)

PAPUA NEW GUINEA: Planned project – Partnership modification – CNR51/18/4

InterOil Corp said the **Papua New Guinea government will take a 50 percent stake in the company's \$6 billion liquefied natural gas plant**. PNG will acquire a 27.5 percent stake in the Gulf project in addition to the 22.5 percent it is entitled to under the Oil & Gas Act. The government go-ahead means the company can proceed to the first stage of the Gulf LNG project, which is expected to come on line in 2015. **InterOil said it was now targeting initial LNG**

plant capacity of 3.8 million tonnes per annum (mtpa), rather than the 8-10 mtpa originally planned. Major oil companies, national oil companies and Asian utilities have expressed interest in the project. InterOil is developing the project with energy investor Pacific LNG in a joint venture called Liquid Niugini Gas Ltd. A spokeswoman for Prime Minister Peter O'Neill had said earlier that the government was seeking a 50 percent stake in InterOil's project. (November 16, 2012)

RUSSIA: Planned project – Engineering – CNR51/18/5

The representatives of Yamal LNG shareholders – **OAO NOVATEK and Total** – evaluated recently the status of the Yamal LNG project, notably, implementation of the pre-FID (final investment decision) activity plan. **The LNG Plant design documentation has been submitted for the state expert review.**

The expert opinion report, which is one of the key conditions for the FID, is expected to be received soon. Yamal LNG confirmed that the bidding process to award the engineering procurement and construction (EPC) contract for the LNG Plant is progressing according to schedule. The bidders' proposals will be received in December 2012, which will allow to start development of the detailed design of the LNG Plant in early 2013. (November 7, 2012)

TRANSPORTATION-DISTRIBUTION

RUSSIA: Ongoing project – CNR51/18/6

STX Offshore & Shipbuilding shipyard hosted recently a **keel-laying ceremony for the LNG carrier “Veliky Novgorod”** for **Sovcomflot** (SCF Group) of Russia. The order for two LNG carriers was placed with the South Korean shipyard under a long-term charter agreement with Gazprom

Global LNG. The vessel delivery is scheduled for December 2013. The Atlanticmax LNG carriers have Ice2 (1C) class, carrying capacity of 170,000 cubic meters and a set of equipment for operations in low-temperature conditions. (November 6, 2012)

SUPPLIES - IMPORTS - EXPORTS

AUSTRALIA: Supply contract – Agreement – CNR51/18/7

BG Group signed recently a **Heads of Agreement with China National Offshore Oil Corporation** (CNOOC) for the sale of certain interests in the Queensland Curtis LNG project in Australia for \$1.93 billion and **the sale of liquefied natural gas from BG Group's global LNG portfolio.**

Fully-termed transaction agreements are expected to be executed in the **first half of 2013**, and upon closing, CNOOC will reimburse BG Group for its share of QCLNG project capital expenditures incurred from 1 January 2012. The interests conveyed include a stake in certain upstream tenements and the Train 1 liquefaction facility, as detailed below, but exclude any interest in the Train 2 liquefaction facility, transmission pipeline and QCLNG common facilities. (October 31, 2012)

CHILE: Supply contract – Delay – CNR51/18/8

Chile's ENAP and BG clash over supply of LNG from Egyptian fields. Chilean government owned oil and gas company, ENAP, described as 'unacceptable' British Gas announcement to GNL Chile that it will not comply with provision contracts next year. BG argued that **production troubles in Egypt are affecting supplies of Liquefied Natural Gas to two of its Chilean customers**, Endesa Chile and state-owned ENAP' GNL. ENAP since 2007 has a natural gas

supply contract with GNL Chile, of which it owns 33.3% and receives LNG based on long term contracts extending until 2030, subscribed with BG. The contract establishes that beginning 2013 ENAP has access to lower prices when certain volumes are committed on long term, such is the case, and ENAP has implemented the option and thus has the right to lower prices as of January 2013. A statement from Endesa Chile's website indicated a **willingness to negotiate further** to secure the supplies it needs. (November 9, 2012)

PAKISTAN: Planned project – Engineering – CNR51/18/9

Government has been trying to import LNG since years disregarding the fact that **no Pakistani harbour can discharge LNG cargo**, said Murtaza Mughal, President of Pakistan Economy Watch. Depth of water at Port Qasim and Kemari is 39 feet while the average depth of a loaded LNG carrier in the water is 45 to 48 feet. The lightest LNG ship available is that of fifty thousand tonnes with 42 feet draught that cannot be anchored at any Pakistani seaport, he said. Murtaza Mughal said **Pakistan cannot import LNG unless have deep waterways** at ports, degasification facility and 50 kilometre pipeline linking degasified gas with SSGC system. (November 15, 2012)

SOUTH AFRICA: Imports forecast – CNR51/18/10

PetroSA has announced the adoption of an earlier proposed plan to **import liquefied natural gas** after gas shortages threatened production at its Mossel Bay gas-to-liquids plant. South Africa's insufficient gas reserves has compelled PetroSA to import LNG. The process should commence in

December. Mossel Bay's GTL plant serves up to 15 percent of South Africa's transport fuels requirements. It produces unleaded gasoline, ultra low sulphur diesel, kerosene, low aromatic distillates, drilling fluids, liquid petroleum gas, low sulphur fuel oil, anhydrous alcohols, liquid oxygen, liquid nitrogen, carbon dioxide, and waxes. (November 8, 2012)

STORAGE

CHINA: Planned project – Partnership agreement – CNR51/18/11

CNOOC Gas and Power Group, Shandong Yantai Development Area Administration and China Guodian Power Development jointly signed an agreement to **strengthen partnerships** in the LNG sector and gas power generation. CNOOC Gas and Power Group will make investment for the first phase of the LNG project in Yantai which includes building a **floating LNG transfer terminal** with an annual receiving capacity of 1.5m tons, and it is expected to be the largest LNG transfer terminal in North China upon completion in 2013. The second phase of the project will include a LNG terminal with annual receiving capacity of 4.5m tons upon completion in 2017. (November 15, 2012)

CHINA: Ongoing project – Start-up – CNR51/18/12

CNPC said recently that N° 3 storage tank of **Dalian LNG** terminal was successfully put into operation at the first try, marking the overall completion and operation of the first phase of Dalian LNG project. The first phase project has an annual receiving capacity of 3 million tons, gasification capacity of 5.25 million tons, and gas deliverability of 7.6 billion cubic meters.

Completed in May, 2012, **No. 3 storage tank has an effective volume of 160,000 cubic meters**, the same with the other two. Dalian LNG terminal now has an overall storage capacity of 480,000 cubic meters. Dalian LNG dock is capable of handling all types of LNG carrier ranging from 10,000 to 350,000 cubic meters. Currently, the second phase of the project has been launched and is expected to become operational by the end of 2013. (October 24, 2012)

EGYPT: Planned project – Engineering – CNR51/18/13

Egyptian Natural Gas Holding Company (EGAS) issued recently a tender to **import LNG** and establish a **floating storage regasification unit (FSRU)** along either its Mediterranean or Red Sea coast. Given the infrastructure already available at several Egyptian ports, a source close to the tender has said the tie-back of an existing FSRU at an existing jetty to the nearby onshore gas grid by May 2013 would be achievable. For a country that exports LNG through three liquefaction trains at Idku and Damietta, the move to import the product highlights the difficulties the resource-rich nation faces in simultaneously meeting its rapidly growing domestic gas demand requirements while trying to meet its export commitments.

Egypt's gas-to-power demand is set to grow at 8-10%/year as it brings more gas-fired power plants on line. To meet the rising demand of a growing populace of 82.6m, the Egyptian petroleum ministry is said to be planning LNG imports up to 3.7m tonnes per annum. (November 9, 2012)

FINLAND: Planned project – CNR51/18/14

Gasum said recently that it planned to build **three liquefied natural gas bunker sites** to supply the maritime transport sector, where demand is set for strong growth in the Baltic Sea region by 2015. From January 2015, the Baltic Sea will be part of a so-called Emissions Control Area, which is designed to reduce harmful emissions by the shipping sector. "This market will grow fast and we want to be a leader in this sector," Gasum Chief Executive Antero Jannes said. Gazprom has said it sees global demand for **LNG as transport fuel at 40 billion cubic metres by 2030**. Jannes said Gasum was investing in three

marine-sized LNG import and storage sites to supply the shipping and industrial sectors. Finland also wants to build a full-sized LNG import terminal on its southern coast to serve the power sector. Jannes said the terminal should be connected to Estonia through a gas pipeline and that a **final investment decision was planned for late 2014** in order to receive first gas in 2019. Gasum is owned by Finnish utility Fortum with 31 percent, Russia's Gazprom with 25 percent, and the Finnish government with 24 percent and Germany's E.ON with 20 percent. (November 14, 2012)

INDIA: Planned project – Update – CNR51/18/15

Petronet LNG Ltd is scouting for a strategic partner for its **LNG terminal project** being established at Gangavaram port in Visakhapatnam district, according to Managing Director and CEO A.K Balyan. He said that the terminal would have a **capacity of 10 million tonnes per annum** (initially 5 mtpa) and "presently pre-project works are going on.

The topography survey, soil analysis and other preliminary surveys would be completed in a few months and the contract may be awarded sometime during January or February 2013. "It will take three years to construct the terminal and commission it, but we are also looking at another option which enables us to import LNG by 2014 or so.

We are considering chartering a floating LNG storage and regasification unit and the company has already received expression of interest from bidders. We are weighing the options," he said. Balyan said the company would retain more than 70 per cent of the equity with itself. It would offer a small portion (less than 10 per cent) to Gangavaram port and 10 per cent or so to a strategic partner from abroad who can bring in the technological support or who can be of help in sourcing LNG. (October 23, 2012)

INDIA: Regulation – CNR51/18/16

The **Petroleum Ministry** said recently it has notified the rules on **eligibility conditions for registration of liquefied natural gas terminals**. The salient eligibility conditions for registration of LNG Terminal include offer at all times 20 per cent of its short-term uncommitted regasification capacity or 0.5 MMTPA as common carrier

capacity. Second, technical standards and specifications including safety standards in activities relating to petroleum, petroleum products and natural gas must be adhered to. And third, a bank guarantee for an amount equal to one per cent of the estimated project cost of the liquefied natural gas terminal . (November 16, 2012)

NETHERLANDS: Planned project – Partnership agreement – CNR51/18/17

Gazprom Export and Gasunie signed recently a **Memorandum of Understanding** on cooperation in the field of development of small scale LNG. The document aims to establish cooperation between the companies in promoting the **utilization of infrastructure for the loading of smaller parcels of liquefied natural gas for transport by sea and/or land** and the usage of LNG as a fuel for bunkering for marine and river transport. With this cooperation Gazprom may also become a potential customer of the open-access breaking bulk terminal which is planned to be developed near Rotterdam.

"This Memorandum is a next step in the cooperation between Gasunie and Gazprom Group. The development of small-scale LNG is important because of the superior environmental benefits of LNG as a motor fuel for both ships and trucks. LNG as a transport fuel is a solution for the transport sector which, in particular for shipping, will be confronted with stringent EU emission requirements as of 2015", said Paul van Gelder, Chairman of the Executive Board, CEO of Gasunie. (October 23, 2012)

UNITED STATES: Planned project – Approval – CNR51/18/18

The Public Service Board has signed off on a **liquefied natural gas storage facility** for Omya Inc., a decision that will allow the company to **switch from more expensive No. 2 fuel oil to run its Pittsford calcium carbonate plant**. The PSB issued a certificate of public good for a 120,000-gallon liquefied natural gas storage facility, consisting of eight, 15,000 gallon vertical tanks. The tanks will be built within a "concrete impoundment area" capable of containing all 120,000 gallons in case of a spill. The PSB has regulatory authority over LNG storage projects under Section 248. It is the first facility of its kind in the state to be issued a certificate of public

good. The CPG in hand the next step is to complete the final design and submit that to the PSB for approval. The Omya plant manager Jim Stewart estimated that the \$8 million LNG facility would be built and online a year from now. Half of the plant's production is dry product which requires the use of six dryers using No. 2 fuel oil. Omya also heats its buildings with three boilers using fuel oil. Stewart said the Omya plant consumes an average of 900,000 liters of fuel oil a month (238,000 gallons). Omya expects two LNG deliveries a day in tanker trucks which have a maximum capacity of 13,000 gallons. The company has identified LNG suppliers in Boston and Montreal. (November 15, 2012)

NGL

TRANSPORTATION-DISTRIBUTION

UNITED STATES: Project planned – Open season – CNR51/18/19

ONEOK Partners company, has announced to hold an **open season for its 965km Bakken natural gas liquids pipeline in the US**. The company will hold the open season for the pipeline from 19 November to 17 December 2012.

The under construction **NGL pipeline will be used to transport unfractionated NGLs from the Bakken Shale in the Williston Basin to an interconnection with ONEOK's 50% owned Overland Pass Pipeline** in northern Colorado. ONEOK's NGL pipeline is expected to begin operations in the first quarter of 2013.

The company has already announced expanding the capacity of the pipeline which is scheduled for completion in the third quarter of 2014. Open season process allows potential shippers to book the pipeline for long-term transportation contracts and ONEOK will in return provide priority transportation service for both the initial and expanded capacity. (November 15, 2012)

NATURAL GAS

EXPLORATION – DISCOVERY

ALGERIA: Discovery – CNR51/18/20

Repsol made recently a gas discovery in the **Illizi basin**, in the south east of Algeria. The find in the Tihalatine South-1 well (TIHS-1) is the first made in the Sud-Est Illizi block in the current exploration campaign. Repsol is the operator of the consortium, with a 25.725 per cent stake,

partnered by Enel SpA (13.475 per cent) and GDF Suez (9.8 per cent). The remaining 51 per cent is held by state-owned Sonatrach. The company said that the discovery preliminary testing produced gas flows of **105,000 cubic metres per day**. (November 10, 2012)

EGYPT: Discovery – CNR51/18/21

Dana Gas announced recently a new gas discovery in the **Nile Delta**. The discovery was at West Sama-1 in the West El Qantara Concession. The evaluated in-place resources for the West Sama-1 are between **4 to 6 Billion cubic feet**. The company is preparing a development plan for this discovery to be tied in to the nearby pipeline owned by Dana Gas. (October 23, 2012)

PRODUCTION

INDONESIA: Ongoing project – Update – CNR51/18/22

Total E&P Indonesie increased recently gas production from its **Mahakam block** in East Kalimantan. Gas production from the block **increased by 100 million metric standard cubic feet per day** after installing several new facilities and a successful drilling. Total has begun the first two phases in the development of South Mahakam field. "Phase 1 and 2 includes the

construction of three [offshore] platforms, drilling 19 new wells and a 67 kilometre pipeline to connect with the Senipah plant," said a company spokesperson. "We expect that production from these fields will reach an average of 69,000 barrels of oil equivalent [per day] by 2013." Total owns a 50 percent stake in the Mahakam block in East Kalimantan and is its operator, with the remaining 50 percent owned by Inpex. (November 3, 2012)

IRAN: Production forecast – CNR51/18/23

Oil Minister Rostam Qasemi said recently that **Iran is expected to produce 1.4 billion cubic meters of natural gas per day by March 2016 from South Pars gas field**. Qasemi noted that the current output of the gas field, which is located in Asaluyeh in the southern Iranian province of Bushehr, stood at 600 million

cubic meters per day. The minister added that the field is also producing 400,000 barrels of gas condensate per day, which is expected to exceed one million barrels a day in coming years. (November 4, 2012)

RUSSIA: Ongoing project – Update – CNR51/18/24

Gazprom started recently the second stage of the **Eastern Gas Program** establishing a large gas production center in the Republic of Sakha. Gazprom's Management Committee adopted recently the final investment decision on the Investment Rationale for the Chayandinskoye field pre development, transmission and processing of gas. The investment rationale will lay the foundation for generating the project documentation on infrastructure of the Chayandinskoye oil and gas condensate field, separate sections of a **gas trunkline from Yakutia to Vladivostok via Khabarovsk** as well as processing and gas chemical facilities in Belogorsk. Gas reserves of the Chayandinskoye oil, gas and condensate field make up 1.2 trillion cubic meters. The recoverable oil and condensate reserves 79.1 million tonnes. It is projected to

bring into production Chayanda's oil rim in 2014 and gas deposits in 2017. The pipeline's length will amount to some 3,200 kilometers. **The gas pipeline route will run in parallel with operating Eastern Siberia Pacific Ocean oil trunkline**, thus allowing optimizing infrastructure and energy supply costs. The annual throughput of the gas pipeline will be 61 billion cubic meters the pipeline will be fully operational in late 2017. At the next stage the Kovykta field will be fully developed in the Irkutsk Oblast and an 800 kilometre gas pipeline between the Irkutsk and Yakutia gas production centres will be build. Consideration is being given to possible connection of the Irkutsk and Krasnoyarsk gas production centres by gas pipelines that will subsequently run towards Novosibirsk and Omsk and join the gas transmission system in Western Siberia and European Russia. (November 2, 2012)

RUSSIA: Planned project – Agreement – CNR51/18/25

Novatek acquired recently a **49 percent stake** in producer **Nortgas**. Nortgas holds the production license for the Severo-Urengoykoye field in the Nadym-Pur-Taz basin, in close proximity to Novatek's existing production in northern Russia. Novatek, controlled by Mikhelson and businessman Gennady Timchenko, is seeking to ramp up its gas production, with a **view to doubling yearly output by 2020** from over 50 billion cubic meters currently. During the first nine months of 2012, the Severo-Urengoykoye field produced 3.1 billion cubic meters of natural gas and 320,000 tonnes of gas condensate. (November 6, 2012)

RESERVES

MOZAMBIQUE: Reserves estimates – CNR51/18/26

Anadarko Petroleum said recently that continuing exploration successes offshore Mozambique may justify expanding a proposed LNG development to eight LNG trains from an initial plan for two 5 million mt/year plants. Vice president for exploration Frank Patterson said the Golfinho discovery now holds as much as the

earlier Prosperidade discovery, **taking total recoverable reserves of gas in the Rovuma Basin block to over 60 Tcf**. Production off Mozambique will begin in 2018, Patterson said. The Anadarko discovery is located close to another huge reserve found by Eni, which holds an estimated 70 Tcf, of which 50 Tcf are part of the same geological structure as the Anadarko discovery. (November 1st, 2012)

PROCESSING

AZERBAIJAN: Planned project – Approval – CNR51/18/27

SOCAR has commissioned **new separators at its own gas processing plant**. The total capacity of the separation unit is 15 million cubic meters per day. Installing of new separators was made in view of the requirements in relation to commercial gas supplied to the gas pipeline system, as well as to improve the quality of refined natural gas. In 2012, the processing plant SOCAR plans to process 4.38 billion cubic meters of gas. It is planned to transfer 4.3 billion cubic meters of purified dry gas to consumers after the processing.

The plant processed gas of production association Azneft of SOCAR. After processing, the plant transferred products to Azerigaz (distribution and sale of gas in Azerbaijan), LLC Meishetmaegaz (LNG) and for export on behalf of the production association. (November 12, 2012)

CANADA: Planned project – CNR51/18/28

Williams Cos. plans to fund a **new liquids extraction plant** and supporting facilities amid a new long-term gas processing agreement with a producer in the Canadian oil sands. The project also includes an extension of its Boreal Pipeline to transport the natural-gas liquids/olefins mixtures to Williams' expanded facility outside Edmonton.

The NGL/olefins will be converted into products including ethane/ethylene mix and propane. Williams said its offgas processing method captures and processes a rich NGL/olefins mixture that would normally be burned by the oil sands producer. The producer instead burns methane that Williams provides in exchange for the NGL/olefins mixture. (September 26, 2012)

UNITED STATES: Planned project – CNR51/18/29

Dominion Resources announced recently that its plans to **open its natural gas processing plant** in the month of **December 2012**. The new gas plant located along the Ohio River in Natrium, Marshall County, Virginia, will have a processing capacity of 200 million cubic feet of natural gas per day. (October 29, 2012)

UNITED STATES: Ongoing project – Production forecast – CNR51/18/30

A **new shale gas processing plant** is being built in Columbiana County. The plant will gather all the natural gas taken from the area and separate the dry gas from the liquids. The liquids will be piped to locations near the coast and the gas will be

sold off. The plant and pipelines are part of a \$900 million investment in the area. It is expected to employ 20 to 30 people locally when it finishes next June. The Kensington plant will process 600 million feet of natural gas each day. (November 8, 2012)

TRANSPORTATION-DISTRIBUTION

BULGARIA: Planned project – Update – CNR51/18/31

Nabucco Gas Pipeline Bulgaria EOOD submitted recently for approval the documents related to the **environmental impact assessment (EIA)** of the 422-km section of the pipeline on Bulgarian territory. The next step will be to provide public access to the EIA report and to hold consultations on the route, after which the documents will be returned to the authorities for a final approval. (November 5, 2012)

INDIA: Planned project – Engineering – CNR51/18/32

The **Petroleum and Natural Gas Regulatory Board** invited recently **bids for laying a 300-km gas pipeline** connecting Reliance Industries' coal bed methane production site in Shahdol, Madhya Pradesh, to Phulpur in Uttar Pradesh. (November 17, 2012)

MEXICO: Planned project – Final investment decision – CNR51/18/33

TransCanada's Mexican subsidiary, **Transportadora de Gas Natural del Noroeste, has been awarded the contract to build, own, and operate the El Oro–Mazatlan Pipeline and the El Encino–Topolobampo Pipeline in Mexico**, following two successful bids to the Comisión Federal de Electricidad, Mexico's federal power company. The Mazatlan Pipeline Project, with an estimated investment of approximately \$US400 million by TransCanada, will begin at El Oro and end in Mazatlan, in the state of Sinaloa. The 24 inch diameter pipeline will be 413 km long and have contracted capacity of

MMcf/d. The pipeline is expected to be in service in the fourth quarter of 2016 and will interconnect with the El Encino–Topolobampo Pipeline that TransCanada recently constructed for an estimated \$US1 billion. The 30 inch diameter, 530 km, Topolobampo Pipeline begins in El Encino, in the state of Chihuahua, and terminates in Topolobampo, in the state of Sinaloa, and has a contracted capacity of 670 MMcf/d. It is anticipated that this project will also be in service by the third quarter of 2016. Construction of the two new pipelines is supported by 25-year natural gas transportation service contracts with the the Comisión Federal de Electricidad (CFE). (November 8, 2012)



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"Good overview of the current state of the projects with interesting participants"
- Head of Storage, RWE Gas Storage

Just some of the attending organisations:



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RUSSIA: Planned project – CNR51/18/34

President **Vladimir Putin** ordered recently **Gazprom to forge close ties with fast-growing Asian and Pacific consumers**, such as China and Japan, to offset sagging demand in Europe. Gazprom's Chief Executive Alexei Miller told Putin the company would invest €18.9 billion to build the 3,200-km pipeline from the East Siberian Chayanda deposit to Vladivostok.

He said €10.6 billion would be invested in development of the field. Miller said **the pipeline was expected to connect Vladivostok in 2017** with the field, which has estimated resources of 1.3 trillion cubic metres of gas. "In the nearest future, we are able to create gas exporting capacity comparable to that of European gas exports," Miller said. (October 31, 2012)

SERBIA: Planned project – Final investment decision – CNR51/18/35

As part of the visit the general shareholders meeting took place at South Stream Serbia AG, the joint project company of **Gazprom and Srbijagas**. The meeting adopted the **final investment decision on the South Stream project**. (October 30, 2012)

TANZANIA: Planned project – Construction start up – CNR51/18/36

Wentworth Resources, has begun the **construction of 532km Mnazi Bay to Dar es Salaam Gas Pipeline Project in the country**. The 36in pipeline is expected to deliver 80 million cubic feet per day (mmcf/d) of gas from the Mnazi Bay to the city of Dar es Salaam and other industrial centers. The Mnazi Bay concession

area situated in the coastal, south-eastern Tanzania in the Ruvuma Basin is spread over 756km² and contains two discovered Tertiary aged gas fields namely the Mnazi Bay and Msimbati. Construction of the gas pipeline and its associated facilities is expected to take about 18 months. (November 15, 2012)

TURKMENISTAN: Planned project – CNR51/18/37

Turkmenistan plans to **build two new pipelines to carry gas from the Galkynysh field**. One would run to Pakistan and India and the other would cross the Caspian Sea en route to the European Union, easing the bloc's dependence on Russian gas. The field is being developed under a service contract by CNPC, Gulf Oil & Gas Fze, Petrofac and a consortium of LG International Corp and Hyundai Engineering Co. (November 15, 2012)

UNITED STATES: Planned project – Partnership agreement – CNR51/18/38

Piedmont Natural Gas joined recently **Williams Partners and Cabot Oil and Gas**, as a joint venture partner for the **construction of a natural gas pipeline** project in the US. The company is investing about \$180m to acquire 24% interest in the Constitution Pipeline Company, which is a natural gas pipeline project that will deliver natural gas supplies from the Marcellus supply region in northern Pennsylvania to major northeastern markets in the country. A subsidiary of Williams Partners will be building, operating, and

maintaining **the 30in and 194.7km long** constitution pipeline that will have a capacity to transport 650,000 dekatherms of natural gas per day. The pipeline will be interconnected with Iroquois Gas Transmission and Tennessee Gas Pipeline systems in Schoharie County, New York to supply natural gas to the east coast market of US. Subject to regulatory approvals, the construction of the pipeline project is expected to begin in April 2014 and operations are anticipated to commence in March 2015. (November 16, 2012)

UNITED STATES: Expansion project – Approval – CNR51/18/39

Williams Partners secured recently approval from the **Federal Energy Regulatory Commission (FERC)** to **expand its Transco natural gas pipeline** in US. The expansion is to supply an additional 250,000 dekatherms of incremental firm natural gas transportation capacity to serve growing markets in the Northeast by November 2013. The expansion project primarily consists of about 12 miles of new pipe at various locations in Pennsylvania and New Jersey, in addition to a new 25,000 horsepower compressor facility in Essex County, New Jersey, along with other facility modifications.

The company said the Northeast Supply Link expansion will provide incremental firm transportation capacity from receipt points on the Leidy Line to New York City and Transco's Station 210 in New Jersey. The project is scheduled to be placed into service in November 2013. The Transco pipeline, with the capacity of about 9.7 million dekatherms per day, is a 10,200-mile pipeline system which transports natural gas to markets throughout the Northeastern and Southeastern US. (November 8, 2012)

UNITED STATES: Planned project – Feasibility – CNR51/18/40

BP, ConocoPhillips, ExxonMobil and TransCanada Corp. are working on plans for an **800-mile large-diameter pipeline to a south Alaska port**. "Our target is to have a concept selected by spring, 2013," Nick Olds, ConocoPhillips' vice president for North Slope operations and development said. Concept selection would include a timetable for a project and an assessment of components for the project including pipeline routes and a location for the LNG plant, the companies said. (November 16, 2012)

SUPPLIES - IMPORTS - EXPORTS

CHINA: Consumption forecast – CNR51/18/41

Natural gas consumption in China is expected to be **230 billion cubic meters in 2015**, while supply of gas, including imported liquefied natural

gas and unconventional gas, is expected to exceed 260 bcm, the National Development and Reform Commission said recently. (October 25, 2012)

GERMANY to UKRAINE : Supply contract – CNR51/18/42

Energy and Coal Industry Minister of Ukraine Yuriy Boiko said that Ukraine will start to **import natural gas from Germany through Hungary from January 1, 2013**. "The current shipments of gas (purchased from Germany's RWE) go through the territory of Poland. Starting from January 1, the supplies will go through the territory of Hungary," he said. Boiko noted that the price of gas purchased from RWE was lower than the price of gas, which Ukraine's national gas company Naftogaz Ukrainy bought from Russia's gas giant Gazprom.

"The price is constantly changing, because there we are tied to the price of spot gas... We hope that this summer the price will be lower by \$100, since in summer the prices on the spot market are always lower," the minister said. The minister said all the gas purchased under this scheme will be supplied to heating providers. (November 17, 2012)

INDIA to PAKISTAN: Supply contract – Talks – CNR51/18/43

India offered recently to **import LNG from Russia and supply to Pakistan** and talks on the issue are in advanced stage. There is already a pipeline from Mumbai to Jalandar that would be

extended up to Lahore when Pakistan firms up plans to import LNG through India. An official said prices are still being worked out. GAIL recently inked a long-term contract with Gazprom to source 2.5 million tonnes of LNG per year for the next 20 years. (November 7, 2012)

IRAQ to EUROPE: Supply contract – Talks – CNR51/18/44

Initial imports of **Iraqi gas into the EU** could be between **5 billion and 10 billion cubic meters a year**, Fabrizio Barbaso, the commission's deputy director-general for energy, said recently. At present, however, the Iraqi authorities "are very hesitant" about exporting gas as they are focused on using it at electricity plants to generate power for the domestic population, he said. "They are also for now giving preference to imports to neighbouring countries," said Mr. Barbaso. (November 15, 2012)

RUSSIA: Supply contract – Agreement – CNR51/18/45

Gazprom signed recently a **long-term supply deal** with its Bulgarian partner. The deal envisaged the **delivery of gas from Russia to Bulgaria till 2022 mainly via the South Stream**

pipeline. According to the contract, Gazprom would supply 2.9 billion cubic meters of natural gas every year to Bulgaria initially through old route and later via the South Stream line after its completion. (November 16, 2012)

RUSSIA : Supply contract – Agreement – CNR51/18/46

Rosneft signed recently a **25-year deal** to supply state power trader **Inter RAO** with natural gas. "Rosneft and Inter RAO UES have concluded a contract on the supply of up to 875 billion cubic meters of gas. The contract envisages **annual supplies of up to 35 bcm** of Rosneft-produced gas to the power plants of Inter RAO beginning on January 1, 2016 and running through December 31, 2040 on a take-or-pay basis," Rosneft said. Rosneft's gas supplies to RAO UES in 2016 will total 32.3 bcm, the company said. "Under the agreement, natural gas and dry stripped gas will be supplied from oil fields, which will allow Rosneft to significantly increase associated petroleum gas utilization," the company said. (November 1st, 2012)

UKRAINE: Supply contract – CNR51/18/47

Energy and Coal Industry Minister Yuriy Boiko said recently that **Naftogaz Ukrainy will buy 26 billion cubic meters of gas from Russia's Gazprom in 2012**. Ukraine will pay only for the amount of gas it will actually consume, despite

Russia's objections, Boiko said. "Next year we will further cut purchases from Gazprom if the price is not lowered," he said. Naftogaz deputy CEO **Vadym Chuprun** said earlier that the company plans to reduce gas purchases from Russia to 20 bcm in 2013. (November 19, 2012)

UNITED STATES: Supply contract – Agreement – CNR51/18/48

Nucor Corp. entered recently into an agreement with **Encana Corp.** under which **the steelmaker will get access to natural gas for more than 20 years**. Nucor will receive a 50 per cent working interest in some onshore U.S. gas wells that will be drilled and operated by Encana. Either party may suspend drilling if gas prices fall below a threshold, Nucor said.

The agreement guarantees gas costs for a direct reduced iron facility Nucor is building in Convent, Louisiana. Encana gains "cost certainty" for its gas development in Colorado and Nucor can hedge its incremental consumption by funding supply, Jay Averill, a spokesman for. (November 6, 2012)

STORAGE

UNITED STATES: Open season – CNR51/18/49

Ryckman Creek Resources LLC, a subsidiary of Peregrine Midstream Partners LLC, finished recently its **nonbinding open season** for firm natural gas storage service at its high-deliverability, multicycle (HDMC) site in Uinta County, Wyo., with offered capacity oversubscribed by three and a half times. Ryckman offered 8 bcf of firm HDMC capacity, available beginning Apr. 1, 2013, and received **market-priced bids from 23 companies totalling 28 bcf**. Ryckman Creek Gas Storage is

connected to five interstate pipelines, including Kern River, Questar, Overthrust Pipeline, Ruby Pipeline, and Northwest Pipeline, all of which also connect to the Opal hub just north of Ryckman Creek. Ryckman began commercial operations in August, converting an existing partially depleted oil and gas field into HDMC storage with Phase 1 working gas capacity of 35 bcf. Phase 1 maximum injection exceeds 350 MMcfd, with maximum withdrawals of roughly 480 MMcfd. (November 16, 2012)



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