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- Egypt is not interested in importing gas via pipeline from Israel and instead is focusing on a plan to import LNG.
- Jordan recently signed agreements with several local and international companies to build two liquefied petroleum and natural gas terminals in the Red Sea city of Aqaba.
- A current expansion of the Panama Canal could allow close to 90% of the world's LNG vessel fleet to pass through by 2015.
- Turkey could receive Israeli gas as early as 2017 given its commercial attractiveness and the relatively short build period of a potential pipeline.

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- Hong Kong-listed China Gas Holding is going to start LNG bunkering next year in a response to the central government's promotion of clean energy.
- Developer to build LNG terminal in Florida to serve maritime vessels.

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- Indian state-owned oil company ONGC is interested in exploring for oil and gas in the Arctic offshore with Russian partners.

Natural Gas: Reserves

- Natural gas and oil reserves offshore Lebanon could be significantly larger than previously estimated.

Natural Gas: Transport - Distribution

- Gazprom started building the Bulgarian section of the South Stream pipeline, which will ship natural gas across the Black Sea and Bulgaria to Europe.

Natural Gas: Supplies- Imports – Exports

- Turkey to continue gas imports from Iran despite sanctions.
- The global market for natural gas is expected to remain tight for at least the coming two years, despite U.S. shale gas capacities coming on stream gradually.

Natural Gas: Storage

- EU boost for gas storage project.

Natural Gas: Use as raw material

- China has completed the first phase of the coal-to-gas project in northern region, the coal-rich Inner Mongolia, it is expected to begin supplying gas to Beijing at the end of this year.

LNG

PRODUCTION

ANGOLA: Planned project – Delay - **CNR52/16/1**

Angola LNG output at 20 pct capacity, full run end-2014-Sonangol

Angola LNG's output will fall short of design capacity through 2014 after upstream problems including a rig disaster forced it to bring forward new supplies from other blocks, a senior executive at state oil company Sonangol said recently. The $10 billion project is operated by U.S. oil major Chevron with a 36.4% shareholding, while Sonangol has a 22.8% stake. Other stakeholders include Total , BP and ENI.

"We started producing this year but we still have not reached maximum production capacity at Angola LNG, we are at around 20%," Paulo Fernandes, an executive at Sonangol's production department told. After delays of 18 months caused by **technical problems**, the **5.2 million tonnes per annum** project made its first export shipment in June and has since shipped another four cargoes. But a **rig disaster** in July that caused one death also delayed efforts to link two offshore blocks with the plant, slowing its drive to bring production to full capacity. The plant's peak production capacity can be achieved only if it receives **1 billion cubic feet of gas daily** from the five offshore blocks mandated to supply the facility. Asked if it could be producing at full capacity by end-2014, Fernandes said: "Yes, probably. We had some problems at the plant's launch stage, but these were resolved and now we're in the phase of commissioning and will progressively get the 100% goal." (October 29, 2013).

AUSTRALIA: Construction facilities - **CNR52/16/2**

Shell has revealed floating LNG processing platforms can be 30% to 50% cheaper to construct than onshore facilities.

Onshore developments includes pipelines from the field to shore, port facilities and a land based gas plant. Floating platforms avoid the need for a pipeline or port facilities. While floating technology has fewer upfront capital costs, offshore facilities are more expensive to operate. Shell's country chair in Australia, Andrew Smith, says the difference in upfront capital costs more than offsets the difference in operating costs over the life of the project.

Difference between offshore versus onshore jobs questioned.

Shell is building the first floating LNG platform to exploit the Prelude gas field off Western Australia. It plans to use the same technology to develop the Browse Basin off the Kimberley coast after the Woodside-led consortium, which it is part of, abandoned development at James Price Point because of escalating costs. Mr Smith said FLNG gave the Browse project an option for development. "FLNG allows for significant cost reduction which made the difference between a project that was economically unviable to one that was economically viable, Mr Smith said."

In prior hearings for the inquiry, the committee revealed it had figures which showed the rate of return between the onshore and offshore development options for Browse only differed by about one per cent. The committee's Fran Logan said a submission from another un-named organisation stated James Price Point provided an 11.5% rate of return while floating LNG provided 12.5%.

Meanwhile, Shell refused to quantify how many construction jobs the onshore development would have created for WA. The committee asked the company to quantify the difference between offshore versus onshore development.

However Shell anticipates the project will create 350 direct jobs and 650 indirect positions, more than 70% of which it says will be given to local workers. (October 23, 2013).

SUPPLIES - IMPORTS – EXPORTS

ARGENTINA: Planned project – Tender - **CNR52/16/3**

Argentina looks for 25 LNG cargoes for 2014

Argentina called for a tender to buy 25 cargoes of LNG for delivery in 2014. Earlier this month YPF picked BP to supply the bulk of its LNG needs in 2014 and 2015, following the South America nation's annual **tender to secure approximately 5.57 million tonnes of the fuel**. The state-run firm also chose Spain's Gas Natural Fenosa (GNF) to deliver around 2.7 million tonnes of LNG.

Ten of the new cargoes to be tendered are for delivery into the Bahia Blanca import terminal, and the other 15 will be shipped to the country's other terminal at Escobar on the Parana River.

Fuel imports have been growing in Argentina due to a persistent fall in local production and an increase in demand, especially for gas. Analysts forecast that fuel imports will reach some $14 billion this year. That's a worrisome figure for Argentina's government, which aims to keep the trade balance in surplus, as the country has been locked out of international capital markets since a 2002 sovereign default. (October 31, 2013).

AUSTRALIA: Planned project – Agreement - **CNR52/16/4**

ConocoPhillips, Santos LNG projects will swap gas to lower costs

ConocoPhillips and Santos Ltd., developing separate LNG gas projects in Australia at a cost of more than $40 billion, agreed to share pipelines and exchange gas to reduce costs and duplication.

The projects in Queensland state will **build two pipeline connection points and sign gas-swap agreements**, according to a joint statement from Adelaide-based Santos and ConocoPhillips's partner, Sydney-based Origin Energy Ltd.

ConocoPhillips and Origin are building a A$24.7 billion ($24 billion) project to liquefy natural gas for shipment to Asia, while Santos is developing an $18.5 billion development. Australia, forecast to become the world's largest supplier of LNG with seven projects under construction, is facing rising costs that threaten expansions.

Without the agreement, the projects would need 140 kilometres (87 miles) of additional pipelines and multiple connection points to send their gas to plants on Curtis Island for processing for export, according to the statement. (October 24, 2013).

AUSTRALIA: Ongoing projects – Construction facilities - **CNR52/16/5**

Origin says giant LNG project on track

ORIGIN Energy's $25 billion LNG project in Queensland is now more than half finished. Construction of the Origin-operated Australia Pacific LNG plant, and dredging around Curtis Island off the coast at Gladstone, was 54% complete, ORIGIN said. The project is due to **start exporting in mid-2015, and will ramp up to 9 million tonnes of LNG per annum**. Origin says the project will double its cashflow and revenue, that current comes mostly from its gas and electricity generation and retailing operations.

Gas users, especially businesses in the NSW manufacturing sector, are worried that the suite of LNG export projects will leave a supply shortfall as export prices jump. But Origin insisted on Thursday that its reserves were enough to cover its domestic and export requirements. (October 31, 2013).

EGYPT: Gas supply - **CNR52/16/6**

Egypt says not interested in Israeli gas as plans LNG imports

Egypt is not interested in importing gas via pipeline from Israel and instead is focusing on a plan to import LNG, a top Egyptian state executive said recently.

To receive LNG shipments, Egypt must rent a floating terminal, which it aims to have in operation by April after issuing a tender earlier this month. "For importing the LNG we are working with companies, not with countries, companies like BP, Shell, BG " according to Taher Abdel Rahim, chairman of state-run Egyptian Natural Gas Holding Company (EGAS).

Egypt's LNG plan is likely to be more expensive than piping gas from Israel due to the cost of erecting the terminal and the higher prices LNG fetches in the global spot market. Spot LNG in the east Mediterranean region is currently priced around $12.00 per million British thermal units, and pipeline deliveries from Israel are likely to be cheaper.

The pipeline was originally built to carry Egyptian gas to Israel and Jordan. In April Egypt terminated a 20-year deal to supply gas to Israel, citing a business dispute. The deal, signed when President Hosni Mubarak was in charge, was unpopular with many Egyptians. The pipeline has been attacked more than a dozen times since the 2011 uprising that toppled Mubarak.

Since the deal was first signed, Egypt's gas output has declined, while large reserves of gas have been discovered off Israel's Mediterranean coast. In August, Avner Oil & Gas said the group of energy companies that found the gas was studying options to export it to Egypt as well as to Jordan, the Palestinian Authority and Europe via a pipeline to Turkey. (October 23, 2013).

INDIA: Agreement – Memorandum of understanding - **CNR52/16/7**

GAIL to set up LNG terminal at Paradip

GAIL Ltd has entered into a memorandum of understanding with Paradip Port Trust (PPT) for setting up of an offshore LNG terminal at the port at a cost of Rs 3,108 crore.

The project- Floating Storage Regasification Unit will have an **initial capacity of four million tonne per annum** (mtpa), reaching a **peak capacity of 4.8 mtpa, with a storage capacity of 170,000 cubic metres**. The first phase of the project is expected to go on stream by 2017. While PPT would invest Rs 650 crore on breakwater and dredging, GAIL would invest the residual Rs 2,458 crore. In the second phase, an additional four mtpa capacity will be added (peak capacity- 4.8 mtpa), raising the terminal's **overall capacity to 8-10 mtpa**.

The MoU was signed between Sudhansu Sekhara Mishra, PPT chairman and Sanjib Datta, executive director (business development), GAIL (India) Ltd. "An LNG terminal would come up at the Paradip port. This will position both Paradip and Odisha on the global map of LNG business. The LNG terminal will cater to the requirement of eastern, western and central parts of the country", said the PPT chairman.

Talking on the proposed LNG terminal, Datta said, "Our re-gasification unit will have a dedicated LNG jetty. The natural gas will be transported through GAIL's Jagdishpur-Haldia and Surat-Paradip pipelines. India is currently the fourth largest consumer of gas and the share of natural gas in the country's primary energy market is poised to reach 22% by 2020 and 25% by 2035." (October 27, 2013).

JAPAN: Import forecasts - **CNR52/16/8**

Osaka Gas may buy more LNG from Russia to feed rising demand

Osaka Gas Co, Japan's second-largest supplier of city gas, may step up imports of LNG from Russia to feed rising demand, a company official said recently. Osaka Gas President Hiroshi Ozaki didn't give details on how much more LNG the company might buy from Russia. It imported 390,000 tonnes from Russia in the financial year that ended March 31, compared with 260,000 tonnes a year earlier. It has an annual contract, which started in 2008, to lift 200,000 tonnes from a project in Sakhalin.

In total, the company imports about 8 million metric tonnes of LNG a year. Its annual purchases are **expected to reach 10 million tonnes by 2020**. Russia is Japan's No. 4 LNG supplier, behind Australia, Qatar and Malaysia. (October 28, 2013).

JORDAN: Agreement - **CNR52/16/9**

Jordan to build natural, petroleum gas terminals in Aqaba

Jordan recently signed agreements with several local and international companies to **build two liquefied petroleum and natural gas terminals in the Red Sea city of Aqaba**.

The first terminal at a total cost of 65 million U.S. dollars will be used for storing LNG and implemented by BAM International and MAG Engineering Company, the state-run Aqaba Development Corporation said in a statement. The terminal will have a **total capacity of about 165,000 cubic meters**, it said, adding that the creation of the terminal will help reduce losses incurred to Jordan's economy in light of the repeated cuts in natural gas supply from Egypt.

The second terminal, to be used for LPG, will cost about 21 million U.S. dollars, it said. The terminal will be jointly built by BUTEC International and Ahamd Al Tarawneh and Partners Contracting Company, it added.

Jordan, which imports about 97 percent of its energy needs, was forced to import large quantities of diesel and heavy fuel for power generation, following several cuts in natural gas supply from Egypt as the Egyptian gas pipeline located in Sinai has been bombed several times since toppling former Egyptian president Hosni Mubarak in 2011. (October 31, 2013).

PANAMA: Planned project – Expansion - **CNR52/16/10**

Panama Canal expansion to accommodate 90% of global LNG fleet by 2015

A current expansion of the Panama Canal could allow close to 90% of the world's LNG vessel fleet to pass through by 2015, providing **significant potential time and cost savings** to LNG buyers and producers, a Panama Canal Authority executive said recently. Currently the canal, which links the Pacific and Atlantic oceans, can accommodate only 8.6% of the world's existing LNG fleet, and about a quarter of the current orderbook for vessels on order. This will **rise to 88% of the global fleet by 2015 and close to 100% of the orderbook by then**, according to Silvia Marucci, Senior Specialist for the liquid bulk segment at the Panama Canal Authority, in a presentation to the Gas Asia Summit as part of Singapore International Energy Week. (October 30, 2013).

RUSSIA: Investment opportunities - **CNR52/16/11**

Russia invests in LNG project to 'diversify' from Europe

Russian President Vladimir Putin has ordered the government to expand tax breaks to more deposits that will supply gas for the Novatek-led LNG project in Russia's Yamal peninsula, according to the Kremlin's website. Putin has **urged domestic companies to develop seaborne LNG and diversify away from cash-strapped Europe where demand for gas has weakened**.

The $20 billion Yamal LNG project, where France's Total and China National Petroleum Corp (CNPC) also have stakes, enjoys some tax breaks, such as zero mineral extraction tax and export duty from the Yamal fields.

Putin has ordered tax breaks for the fields from the neighbouring Gydan peninsula in the Arctic, where Novatek also has exploration licences. "Novatek's Salmanovsky and Geofizichesky fields in Gydan, right across the narrow Ob Bay from (Yamal's) South Tambey, have resources to be producing up to 30 billion cubic metres of gas and 1.2 million tonnes of condensate as soon as 2020, with output potentially starting in 2017."

Russia's only LNG plant, with annual capacity of 10 million tonnes, is located in the Russian far eastern island of Sakhalin and is operated by a Gazprom-led consortium, which includes Anglo-Dutch major Royal Dutch Shell. Gazprom plans to build new facilities, as do rivals Rosneft and Novatek, which aims to launch the first by 2017. Russia plans to more than double its global market share by 2020.

The government is working on amendments to the law to liberalise LNG exports – so far exclusively handled by state-controlled Gazprom - with a view to implementing the new regulations from 1 January 2014. (October 22, 2013).

RUSSIA: Planed project – Construction start up - **CNR52/16/12**

Construction of LNG plant on Sakhalin to commence in 2015

The designing of Sakhalin-based LNG plant will commence in early 2014 with the start of construction works scheduled for HI'2015. This was decided at the meeting of the work group, says press center of Sakhalin Region's Government. According to the statement, the Government is currently working with Rosneft and Exxon Mobil on the issues related to implementation of the Sakhalin LNG plant.

In 2013-2014, Rosneft and Exxon Mobil plan to complete design works including selection of a technology for gas liquefaction and specification of major requirements to equipment. Besides, they will carry out engineering survey, develop project documentation according to Russian standards applicable to LNG plant and perform assessment of environmental impact.

The pant is to have the capacity of **5 mln t of LNG per year with a possibility of expansion in the future**. (October 31, 2013).

RUSSIA: Supply agreement - **CNR52/16/13**

Yamal LNG and China National Petroleum Corporation LNG supply agreement

Novatek announced today the completion of a Heads of Agreement for the supply LNG between Yamal LNG and China National Petroleum Corporation ("CNPC"). According to Novatek the agreement provides for the supply of **at least 3 million tons of LNG per annum delivered for a term of 15 years** with possible supply extension. The LNG price will be indexed to Japan Crude Cocktail.

The Yamal LNG project entails the construction of an LNG plant with **annual capacity of 16.5 million tons per annum** based on the feedstock resources of the South-Tambeyskoye field. Yamal LNG is a joint venture currently owned by Novatek (80%) and Total S.A. (20%). On 5 September 2013 Novatek and CNPC concluded an agreement on purchase of a 20% equity share in Yamal LNG by CNPC. Following completion of the deal, the shareholder structure of Yamal LNG will be as follows: Novatek (60%), Total S.A. (20%) and CNPC (20%). (October 22, 2013).

TURKEY: Import forecast - **CNR52/16/14**

Turkey may import Israeli gas in 2017

A partner in Israel's huge offshore gas fields Avner Oil Exploration said Turkey could receive Israeli gas as early as 2017 given its commercial attractiveness and the relatively short build period of a potential pipeline. It comes after the supreme court in Israel permitted up to 40pc of gas reserves to be exported from the country without parliamentary approval. Israeli firms Avner and Delek together are largest shareholder in the 18 trillion ft^3 (509bn m^3) Leviathan field. The find, together with the smaller field Tamar, are considered to represent a new frontier in gas exports in the region.

The partners have sought to speed up the process of deciding on export destinations and move ahead with development towards a final investment decision (FID), following the court decision. The cost of developing the field is estimated at around $2bn, with gas from the first phase likely to be earmarked for domestic use.
The pipeline option compared with an LNG plant or even a floating LNG facility was “obviously the most efficient export”, Avner chief executive Gideon Tadmor told recently. He points to Turkey as a natural buyer, given its growing gas demand, proximity and need to diversify its supplies away from Russia. Turkey could also act as a transit for gas sent to Europe.
An undersea pipeline to Turkey would need to be around 500-550km and be in a water depth of up to 2,250mn. It could connect to receiving terminals at Turkey's southern ports of Iskenderun, Ceyhan or Mersin, according to Avner. The line could be built in a relatively short timeframe with a **capacity of up to 10bn m^3/yr in the first phase, rising to up to around 20bn m^3/yr** especially once further potential gas finds in the east Mediterranean come on line, Avner and Delek said. The cost of a pipeline between Israel and Turkey is estimated at around $2.5bn, with a lower level of equity usually needed for pipeline compared with LNG. Turkish partners are lining up to be involved in discussions for buying gas as well as take part in a consortium to build the pipeline, with oil and gas firm Turcas and conglomerate Zorlu already announcing their interest. Zorlu is present in the Israeli market through a stake in a gas-fired power plant. It is especially important for a Turkish company to take part in the pipeline consortium to guarantee its completion, Zorlu subsidiary Zorlu Energy's general manager, Sinan Ak, said.
There are two obstacles to the pipeline, he said. One is that it would run through Cyprus' economic zone, and may not get permission. The second is that Turkey will only grant an import licence once a commercial agreement has been signed. Many outstanding political issues remain to be resolved between Turkey and Israel. Political signals from Ankara are increasingly positive regarding co-operation on this issue, Turkish companies said. But some political tensions remain. (November 1, 2013).

USE AS MARINE FUEL

CHINA: Conversion to LNG use - **CNR52/16/15**

China Gas to start LNG bunkering next year

Hong Kong-listed China Gas Holding is going to start LNG bunkering next year in a response to the central government’s promotion of clean energy in ships and vehicles. Liang Yongchang, vice president of China Gas, said China Gas is currently updating LNG facilities at some port terminals and will provide LNG bunkering service on the Yangtze River from next year. “There are lots of vessels which will be converted to LNG power, so there is a big potential in the LNG bunkering market,” Liang said, adding that China Gas will firstly sign cooperation deals with shipping companies and set up LNG bunkering terminals according to their shipping routes. (October 21, 2013).

UNITED STATES: Construction start up - **CNR52/16/16**

Developer to build LNG terminal in Florida to serve maritime vessels

Clean Energy Fuels has placed a purchase contract on property where it wants to build what it expects to be **the first LNG fuel terminal on the US East Coast that will supply maritime vessels and then heavy duty trucks and trains**, the company said. The project will be developed by Eagle LNG Partners, a recently announced consortium of Clean Energy Fuels, GE Ventures, GE Energy Financial Services and Ferus Natural Gas Fuels.
Construction of the Jacksonville, Florida, terminal is expected to begin in the second quarter of 2014 and scheduled to be completed in the fourth quarter of 2015, the company said. Located on the St. Johns River in Jacksonville, the facility would be able to produce about **300,000 gallons of LNG/day** to support anticipated increases in maritime and rail use and bolster supplies for trucking fleets operating in the south-eastern US, the company said. Jacksonville is a leading contender to facilitate maritime LNG applications because Jacksonville-based companies are increasingly ordering LNG-fueled vessels to serve Caribbean markets, Clean Energy said. Clean Energy said LNG is attractive to maritime shippers who must comply with revamped rules on how much sulfur can be in the fuel they use in the **North American Emission Control Area** from January 1, 2015 onwards.(October 30, 2013).

ENVIRONMENT

CANADA: Environmental assessment - **CNR52/16/17**

Goldboro LNG megaproject under environmental review

An $8 billion LNG megaproject that could create thousands of jobs in Guysborough County is now under environmental review by the province. Calgary developer Alfred Sorensen says the Goldboro LNG plant will be larger than the Canaport LNG terminal in Saint John, N.B. Public comments on the project are due by mid-December.

The LNG terminal includes a wharf and berths for tanker ships. And if it gets built, it could be a massive economic boost to the area. "The **3,500 jobs** from a construction perspective that will span over about four years and there 's 200 full time permanent jobs once the facility is constructed," said Barry Carroll, chief administrator of the Municipality of Guysborough.

The project needs to secure natural gas and is eyeing supply from the United States. Construction could begin in two years if Pieridae Energy, the company behind the Goldboro proposal, can sign a contract for American shale gas, and get the go-ahead from the province. (October 31, 2013).

LPG

SUPPLIES - IMPORTS – EXPORTS

UNITED STATES: Construction facilities - **CNR52/16/18**

Phillips 66 to build export terminal in Texas

Phillips 66 plans to build a new terminal in Texas to export LPG in order to meet growing international demand for U.S.-made butane and propane.

The oil refiner and chemicals company said recently that the terminal is in the design phase and final approval is expected early next year. It expects the terminal to be **operating by the middle of 2016** and be able to **export 4.4 million barrels of LPG per month.**

The terminal will be built on its existing site in Freeport, Texas. The LPG gas will be supplied from its Old Ocean, Texas, complex. The Freeport LPG export terminal would be supplied with LPG from the Mont Belvieu area and from Phillips 66's Sweeny complex at Old Ocean, Texas, including its recently announced Sweeny Fractionator One, which is expected to start up by the second half of 2015. (October 31, 2013).

CONSUMPTION

INDIA: Domestic supply - **CNR52/16/19**

LPG subsidy to continue for all consumers

All household LPG consumers will continue to receive subsidy even if not linked to the Adhaar card, a top oil company official said. However, the current system of subsidised LPG cylinders for non-Adhaar linked consumers would be valid only for the next three months, Oil Corporation executive director Andrajit Bose said. West Bengal Chief Minister expressed shock and pointed out that only between 15 to 20% of consumers had received Adhaar cards so far.

The IOC official said that customers who had already linked or seeded their card number with the LPG distributor and banks for cash transfer, would be mandatorily migrated to the new system. In other words, linked consumers would buy cylinders at the market rate and the subsidy would be transferred to their bank accounts directly. Moreover, government would transfer an average subsidy for LPG in advance to the bank account when the consumer booked it for the first time in the new system. **Customers would continue to get subsidies at the time of delivery for nine cylinders in a year**. (November 1, 2013).

CNG

USE AS AUTOMOTIVE FUEL

PAKISTAN: Conversion to LNG use - **CNR52/16/20**

CNG industry agrees to abandon local gas for LNG

The CNG industry has agreed to forego the use of local gas **if the government ensures LNG supply**. The All Pakistan CNG Association (APCNGA) has taken the initiative to counterbalance the impact of gas shortages, save investments, safeguard millions of jobs and protect commuters from high fares.

In a letter sent to Petroleum Minister Shahid Khaqan Abbasi, APCNGA has expressed their willingness to give up the use of local gas if the government supports the industry by supplying LNG to run CNG stations. "The majority of CNG filling stations have dried up due to unprecedented outages in the country as gas distribution companies could not provide 400 mmcfd of gas to the sector". (November 1, 2013).

NATURAL GAS

EXPLORATION – DISCOVERY

EGYPT: Planned project – Agreement - **CNR52/16/21**

Egypt signs nine oil, gas exploration agreements

Egypt has inked nine oil and gas exploration deal, worth **$470 million**, with foreign and domestic firms. According to Egypt State Information Service agreements were signed with Shell, BICO, PETZED, the Egyptian General Petroleum Corporation and the Egyptian Petroleum Company to explore for oil and gas in the Gulf of Suez, Sinai and western and eastern desert.

The agreements, the first to be signed since 2010, give a positive message to the effect that Egypt is still a magnet for petroleum investments, Minister Sherif Ismail said recently. The nine deals are among the 21 agreements the ministry has approved to boost petroleum investments and increase the country's reserves of gas and oil. (November 2, 2013).

INDIA: Planned project – Talks - **CNR52/16/22**

India's ONGC interested in Russia's Arctic offshore

Indian state-owned oil company ONGC is interested in exploring for oil and gas in the Arctic offshore with Russian partners, leaders of the two countries said recently. The two sides will study the possibility of pumping Russian oil and gas by pipeline to India, while agreeing on the significance of supplying Russian LNG to India.

India has struggled to expand its upstream foothold in Russia, despite a security relationship dating back to the Cold War and the two countries' membership in the BRICS caucus of emerging economies that includes India, Brazil and South Africa.

ONGC's overseas arm is a **partner in the Sakhalin-1 oil and gas project**, which is operated by a unit of Exxon Mobil. State oil major Rosneft, another Sakhalin-1 partner, is lobbying for the right to export LNG to Asia-Pacific buyers. Rosneft and Exxon have announced plans to build a **$15 billion LNG plant to process Sakhalin-1 gas, to be launched in 2018 with an initial capacity of 5 million tonnes per year**.

Russia estimates its offshore oil resources at 100 billion tonnes, which would be enough to satisfy global demand for 25 years at current levels of consumption. **Rosneft already has agreements with ExxonMobil, Eni and Statoil to explore for Arctic depos**its. These projects are **unlikely to produce any oil or gas before the 2020s**. (October 21, 2013).

ITALY: Ongoing project – Completed works - **CNR52/16/23**

Italy's Eni expects to reap production rewards with Australian gas

Italian energy company Eni said recently it completed exploration work at a site in Australia expected to hold **at least 8 trillion cubic feet of natural gas**. The company said it completed work at its Evans Shoal North-1 appraisal well in the shallow waters of the Timor Sea.

"Eni remains committed to fast track development of the significant and known resources in this exploration area." Eni produced 30 million cubic feet of natural gas during a production test.

The Italian energy company operates the Evans Shoal North prospect on behalf of a consortium including Royal Dutch Shell, Petronas Carigali and Osaka Gas Australia Pty Ltd. (October 24, 2013).

PRODUCTION

ALGERIA: Planned project – Delay - **CNR52/16/24**

BP's Algerian gas projects expansion will be delayed

BP's gas projects in Algeria, In Amenas and In Salah, are not expected to move forward as planned, BP Chief Executive Bob Dudley told a conference call for analysts recently. The project, which is being undertaken in partnership of Sonatrach, BP and Statoil, were disrupted and closed after an attack on the In Amenas gas plant by militants in January.

Dudley said that BP will **continue to work with the joint venture to bring those projects online** a little later. *Reuters* reports that two out of three gas trains are back up and running now at In Amenas, producer of 11.5% of Algeria's gas prior to the attack. In Salah is also functioning, but plans to increase output at both centres are now on hold, Dudley said. (October 29, 2013).

ARGENTINA: Production forecast - **CNR52/16/25**

France's Total to lead drilling offshore Argentina

France's Total SA is heading up a $1.2 billion natural gas project in southern Argentina that will start producing some **6 billion cubic meters per day in 2015, ramping up to 10 million**. In partnership with Wintershall AG and Pan American Energy LLC, Total was announced as the lead in the project by Argentine officials recently. Total is the operator with a 37.5% stake, while Wintershall will also hold a 37.5%, with PAE holding 25%. The partners will drill three wells off Argentina's southern coast of Tierra del Fuego, going as deep as 5.5 kilometres in the Vega Pleyade field. The initial investment will be around $1-$1.2 billion. Total SA will invest $850 million.

At full production, it would bring TOT's overall production in the area to **18 million cubic meters/day**. The project will require the construction of a 50-meter-deep drilling platform and 77-kilometer gas pipeline connecting to the shore. The platform is expected to take 20 months to build and will arrive in Argentina in the first quarter of 2015.

The venture will also increase the Carina field production, which currently is 8 million cubic meters a day. Output is set to rise by 1.5 million cubic meters a day in 2014's second quarter. (October 28, 2013).

RUSSIA: Production facilities - **CNR52/16/26**

Gazprom announces Russia's first subsea production facility successfully tested in Kirinskoye field within Sakhalin III project

The Onshore Processing Facility (OPF) of the Kirinskoye gas and condensate field in the Sakhalin Region hosted an official ceremony dedicated to the first gas production and its transmission system testing. The command to launch gas production was given by Russian President Vladimir Putin.

The Kirinskoye field is located in the Sea of Okhotsk, 28 km off the shore. For the first time in Russia a subsea production facility is installed here. The key element of the system is placed at a depth of 90 m and comprised of several high-pressure pipelines fixed to a single base and connected under a specific pattern. The manifold gathers the produced gas, which is then conveyed via a subsea pipeline to the OPF. After being treated at the OPF, the gas is transferred via a 139 km gas pipeline to the main compressor station of the Sakhalin – Khabarovsk – Vladivostok gas transmission system.

The subsea production facility makes it possible to produce hydrocarbons in severe climatic conditions, even under ice, with no platforms or other above-water facilities required. When designing the facility, Gazprom took into account the seismic activity in the region, and that is why the equipment is resistant to earthquakes with magnitudes of up to 9 points. A novel semi-submersible drilling rig is used for constructing wells in the Kirinskoye field.

By now, one production well is ready and six more are planned to be built in the field. Once the nominal capacity is reached, gas production will amount to **5.5 Bcm a year**. The Kirinskoye OPF is meant to receive gas not only from the Kirinskoye field, but eventually from other fields of the Sakhalin III project as well. (October 28, 2013).

RESERVES

LEBANON: Reserves estimation - **CNR52/16/27**

Lebanese gas reserves likely to be larger than expected

Natural gas and oil reserves offshore Lebanon could be **significantly larger** than previously estimated, said Energy Minister Gebran Bassil recently. "The current estimate, under a probability of 50%, for almost 45% of our waters has reached **95.9 trillion cubic feet of gas** and 865 million barrels of oil," Bassil said in at the Reuters Middle East Investment Summit.

Lebanon's caretaker energy minister Gebran Bassil delayed the country’s offshore gas licensing round by a month from 10 December 2013 until 10 January 2014 as a result of the failure to form a cabinet that would approve two crucial decrees. Lebanon previously postponed the licensing round other times.

Nonetheless, Beirut conducted a seismic survey and it is trying to pave the way to commercial production. It is also pressing for more exploration in order to dispose of more reliable estimates, which could increase the international attention on Lebanese energy potentials. "This definitely **needs more exploration and drilling activities to get more precise figures**, but this is an indication that with more work surveys and analyses, we are getting higher results and higher expectations," commented Bassil. (October 30, 2013).

PROCESSING

RUSSIA: Cooperation agreement - **CNR52/16/28**

Gazprom signs memorandum with Sibur

Gazprom and Sibur signed recently a memorandum of cooperation to develop a complex for processing multicomponent gas from fields of the Yakutia and Irkutsk gas production centres. The two Russian companies are interested in stripping ethane and other components from natural gas.

‘Sibur intends to create a **gas chemical complex technologically connected with the gas processing plant for the purpose of processing ethane**, obtaining monomers and subsequent manufacturing of polymers,’ reads the note release by Gazprom. According to the press release, Gazprom is planning to construct a **gas processing plant in Belogorsk with the annual capacity of up to 60 billion cubic meters**.

“The efficient and reasonable use of all the valuable components of natural gas from eastern fields is a priority of Gazprom's comprehensive activities in Russia's East. The partnership with Sibur is a sample model of Gazprom's cooperation with other investors within the Eastern Gas Program: Gazprom creates a resource base and facilities for production, transmission and initial processing, while our partners construct capacities for chemical processing and manufacturing of value added products. The joint activities will result in a considerable economic effect and become an extra incentive for developing Eastern Siberia and the Far East,” commented Alexey Miller, Chairman of the Gazprom Management Committee.

In December, Novatek agreed to supply Sibur with 36 million tons (mt) of light hydrocarbons and 8 mt of LPG, during the contractual period 2014-2034, setting Sibur on the path of becoming one of Novatek’s largest customers. (November 1, 2013).

TRANSPORT - DISTRIBUTION

AUSTRALIA: Planned project – Expansion - **CNR52/16/29**

APA plans third expansion of eastern Australian gas pipeline system

APA Group is planning a **third expansion of its pipeline interconnection** between the eastern Australian states of Victoria and New South Wales, following an extension to its gas transportation agreement with Lumo Energy.

The new arrangement with Lumo Energy is for a term of five and a half years, providing a revised suite of services from Victoria through to Sydney using APA's Victorian Transmission System and Moomba to Sydney Pipeline, the company said in a statement. It renews a suite of transportation and storage services which expire in 2015 and replaces Lumo Energy's current "as available" service on the Moomba to Sydney Pipeline with a firm service. The expansion will involve an **increase in compression** at Culcairn in New South Wales, as well as **additional looping** on the Victorian Transmission System, at a total cost of around $23.6 million.

The latest project is in addition to an expansions required for Origin Energy, announced in September, and Energy Australia, announced in October. Those expansions will involve looping sections of the Wollert to Barnawatha pipeline, at a cost of around A$65 million and A$70 million respectively.
"The aggregate effect of the three expansions will be to increase firm peak winter gas flow capacity from the Victorian Transmission System into the Moomba Sydney Pipeline System by 145%," APA said. All three expansions will commence this year and be completed by the winter of 2015. (November 4, 2013).

BULGARIA/SLOVENIA: Construction start up - **CNR52/16/30**

Gazprom Starts South Stream Pipeline Construction in Bulgaria

Gazprom started building the Bulgarian section of the South Stream pipeline, which will ship natural gas across the Black Sea and Bulgaria to Europe. By the end of the year Gazprom will start building the Serbian part, Gazprom Chief Executive Officer Alexey Miller told reporters in Sofia recently. The Bulgarian section will be 540 kilometers (335 miles) long and will cost 3.5 billion euros ($4.8 billion), Energy and Economy Minister Dimitar Stoynev said. Miller said. “Bulgarian consumers will have the first gas deliveries in December 2015.
The link will help bypass current pipelines to Europe traveling through Ukraine that have been disrupted in recent years over arguments between that country and Russia.
South Stream will run also through Hungary, Slovenia and northern Italy with offshoots potentially to Greece, Croatia, Montenegro and Macedonia. It will carry **63 billion cubic meters of gas by 2019**, when all four lines are operational, according to Gazprom. Underwater construction of the pipeline began in December 2012 from Russia along the Black Sea floor to Bulgaria, and the first line, which will be able to ship 15.8 billion cubic meters a year, will be finished in two years.

Gazprom speeds up co-operation with Slovenia for South Stream project:

Slovenia joined recently the club of South European countries voicing its full support of Gazprom’s South Stream project to bring natural gas from the Black Sea to South Europe. According to Alexey Miller, Gazprom’s Chief Executive, South Stream will cut costs and improve energy security by bypassing nations such as Ukraine. 226 km of the 2835 km long pipeline will cross Slovenia on the way to Austria. In the first phase of construction existing pipeline is Slovenia will be used. In order to raise the capacity of the pipeline new pipes will be laid down.
Gazprom announced in a statement ‘At present, the work is nearing completion on the spatial planning and environmental impact assessment (EIA) procedures conducted under the national laws of Slovenia for the gas pipeline sections from the borders with Hungary and Italy.’ (October 31, 2013).

IRAN/PAKISTAN: Financing project - **CNR52/16/31**

Iran urges Pakistan to build its own section of gas pipeline

Iranian Oil Minister Bijan Namdar Zanganeh asked Pakistan to build its own section of natural gas pipeline. "Big volume of gas is (ready for delivery) near the Pakistan border," Zanganeh said. Pakistan should build its own section of the pipeline, adding that "In case Pakistan takes action to construct the pipeline on its soil, the project will be completed" and Iran's gas will flow into the neighboring country.
On Oct. 30, Zanganeh said Iran was not hopeful about exporting its natural gas to the neighbouring state of Pakistan "because the conditions set by the Pakistani government has made export of Iranian gas to Pakistan unlikely." By his remarks, the Iranian oil minister was alluding to the earlier reports which said that Iran's south-eastern neighbour had asked the Islamic republic to **finance on the gas pipeline to be built on Pakistan soil**, 2 billion U.S. dollars to construct 780-km gas pipeline on its soil.
Recently Pakistan Minister for Petroleum and Natural Resources, Shahid Khaqan Abbasi, said his country insists on implementing the deal with the Islamic republic so that it could import natural gas to his country.
The United States has threatened sanctions against Pakistan if the South Asian nation presses ahead with the gas pipeline project with its western neighbour. (November 4, 2013).

MEXICO: Planned project – Expansion - **CNR52/16/32**

Pemex to develop Ramones II pipeline project in Mexico

Mexico’s state-run oil and gas company Pemex is set to develop the second phase of Los Ramones natural gas pipeline project in the country. The company intends to build the line on its own and divide the remaining proposed pipeline into two parts. Pemex has cut outsourcing for the line and rejected the sole bid from a consortium in an auction which held in earlier this month.

Pemex will undertake the development of one part of the pipeline, and the other part will be developed by a joint venture between France-based GDF Suez and Pemex's TAG Pipelines unit. The new pipeline will run from the US-Mexico border to central Mexico, and will allow Mexico to import gas cheaply from US. Ramones pipeline is expected to **deliver around 2.1bn cubic ft (bcf) per day**, and is scheduled to complete by the end of 2015.

Ramones North, a 441km or 274 mile pipeline, which will extend from the town of Los Ramones in Nuevo Leon state to the city of San Luis Potosi, will be developed by Pemex subsidiaries TAG pipelines and Gasoductos de Chihuahua. The estimated investment for the project is about $1.05bn, while the project also includes two gas compression stations.

Ramones South, a 287km or 178 mile pipeline, which will run from San Luis Potosi to Guanajuato state, will be developed by GDF Suez and TAG Pipelines, with an investment of $795m. Pemex plans to involve certain companies on Ramones South, while IEnova, a subsidiary of US-based Sempra Energy is already developing the first phase of the Ramones pipeline along with a Pemex subsidiary.

Once the project completes, the **Ramones pipeline will extend 750 miles from Agua Dulce, Texas, across the border and deep into central Mexico, while Agua Dulce is situated near the Eagle Ford shale gas deposit in southern Texas.** (October 28, 2013).

TAPI: Financing project - **CNR52/16/33**

Chevron, ExxonMobil selected for financing and operating TAPI pipeline

In a major development, the four countries that are part of the **Turkmenistan, Afghanistan, Pakistan and India (TAPI)** gas pipeline project have selected two US-based energy giants for financing and operating the multi-billion-dollar pipeline. They have also finalised an agreement with the Asian Development Bank (ADB) which will act as transaction adviser to help generate over $7.5 billion of financing, sources say. US-based Chevron and ExxonMobil have expressed interest in financing and running the pipeline project and a consortium of financiers will be set up that will be led by one of the two companies.

According to sources, the Ministry of Petroleum and Natural Resources will now seek approval from the Economic Coordination Committee (ECC) in its upcoming meeting to pave the way for formally signing an agreement with the ADB and selecting a consortium leader to arrange financing for the pipeline. A spokesman for the petroleum ministry told that a summary had been sent to the ECC for hiring the ADB as a transaction adviser and all countries had finalised an agreement with the bank. Each of the four countries would pay a fee of $5 million to the ADB for its role as transaction adviser.

The ADB has already cautioned that project cost **may exceed $10 billion against earlier estimate of $7.5 billion** because of long delay in starting work on the pipeline, which will start from Turkmenistan and reach India after passing through Afghanistan and Pakistan.

Under the TAPI project, Pakistan will get 1.365 billion cubic feet of gas per day (bcfd) from Turkmenistan, India will also receive the same 1.365 bcfd and Afghanistan will get 0.5 bcfd. (November 3, 2013).

SUPPLIES - IMPORTS – EXPORTS

IRAN/OMAN: Planned project – Talks - **CNR52/16/34**

Iran, Oman in talks over gas deal

Iranian and Omani experts are discussing the contents of a deal on the supply of Iran’s gas to Oman, an official announced recently, stressing that Tehran is already prepared to ink the final contract.

“Exporting gas to Oman is being pursued seriously and experts of the two sides are discussing contents of the deal,...yet, we are right now ready to sign the contract," Managing-Director of the National Iranian Gas Company (NIGC) Hamid Reza Araqi told FNA.

Araqi explained that once the deal is signed, Tehran and Masqat will need **2.5 to 3 years to build the infrastructures** needed for the supply of Iran’s gas to Oman. He said that the NIGC was studying different aspects of the issue, including economic assessment of the contract and a report on the possible routes.

After several years, reaching agreement on gas price is a breakthrough, NIGC managing director said, adding the two countries have many common grounds for boosting cooperation, including feeding Oman’s LNG units with gas. Iran’s Oil Minister Bijan Namdar Zanganeh and his Omani counterpart signed a Memorandum of Understanding (MoU) in August to accelerate finalizing a gas contract between the two sides. (November 2, 2013).

LITHUANIA: Investment opportunities - **CNR52/16/35**

Lithuania advances Polish gas link after EU prioritizes project

Lithuania plans to move ahead with a 558 million-euro ($767 million) project linking the Baltic natural gas transmission grid with the rest of Europe via Poland after the European Union gave it **priority status**. The EU included the link in the list of common-interest energy projects published earlier this month, which means the pipeline is eligible for as much as **75% financing by the 28-nation bloc**, Lithuania's Energy Ministry in the capital Vilnius said in a statement. Progress in talks with Poland also means territorial planning can now start, the ministry said.

The new Polish connector, along with planned liquefied natural gas terminals in the Baltic region, will help Lithuania, Latvia and Estonia escape current total dependence on Russia's Gazprom for natural gas supplies. It's also part of EU plans for a north-south gas corridor across central and eastern Europe linking the Baltic, Black, Adriatic and Aegean Seas.

Lithuanian and Polish gas transmission system operators, Amber Grid AB and Gaz-System SA, are managing the project to build 534 kilometres (330 miles) of pipeline between Jauniunai in Lithuania and Rembelszczyzna in Poland, the ministry said. The connection, known as GIPL, is now scheduled to start operations in 2018, Saulius Bilys, Amber Grid's chief executive officer, said at a conference in Vilnius. Its **initial capacity to transport 2.4 billion cubic meters of gas a year can be increased later to 4.1 billion cubic meters**, Bilys said. (October 30, 2013).

TURKEY: Investment opportunities - **CNR52/16/36**

Turkey to continue gas imports from Iran despite sanctions

Turkish Energy and Natural Resources Minister Taner Yildiz said Turkey will continue importing natural gas from Iran despite the US-led western sanctions against the Islamic Republic. Yildiz underlined that **Turkey is still willing to continue its cooperation with Iran in the field of energy**.

He said that Iran is one of the five important countries that supply gas to Turkey, adding that Turkey exports its major portion of oil from Iran. Turkey imports more than 90% of its oil and gas.

Iran and Turkey are determined to **boost their trade exchanges** to $35 billion in the near future. Iran and Turkey have increased their cooperation in various fields of economy, security, trade, education, energy and culture in the recent years. The two sides have exchanged several politico-economic delegations during the last few months. (October 31, 2013).

UKRAINE: Talks - **CNR52/16/37**

Ukraine will shift to European gas if Russian talks fail

Ukraine will buy natural gas in the European market if negotiations with Russia on gas supplies end without compromise, commented foreign minister Leonid Kozharar. "The current policy of Ukraine in the energy sector is intended to diversify natural gas supplies. Our government has already started to buy gas in the European market, which is much cheaper. **We intend to continue this way, if no compromise solution with our Russian partners is found**," Kozharar.

Kozhara expressed the view that the situation in the gas sector, which took place in 2006 and 2009, today "cannot happen again in any case." "First, because the gas market in Europe has changed dramatically: in a short time, Europe has travelled a long way to diversify the sources of gas. Secondly, Ukraine has also reformed its gas market quite successfully. A contract is signed with Shell on development of shale gas. The signing of a contract with Chevron for the development of the Oleske shale gas field is expected soon," the minister said. (November 2, 2013).

WORLD: Natural gas demand forecast - **CNR52/16/38**

World gas market to remain tight in next two years

The global market for natural gas is expected to remain tight for at least the coming two years, despite U.S. shale gas capacities coming on stream gradually, Qatargas' chief executive officer said recently.

Delivering a keynote speech at the Singapore International Energy Week, Sheikh Khalid Bin Khalifa Al-Thani said that his assessment is based on that there will be **no major changes to the supply side by at least the end of 2015, while there is stable demand growth**.

The overall global energy demand has grown by 2.5% per annum during the past decade, while the demand for natural gas in non-OECD countries has increased at over 4% per year, Al-Thani said. He added that the LNG demand has risen by almost 150% during the last ten years and is forecast to further double within the next 15 years.

Some of the industry players have said that they expect the U.S. shale gas capacities coming on stream to have an impact on the supply and demand situation and the price in the global market for natural gas.
Nevertheless, Al-Thani said that **large scale production of shale gas seems some way off commercialization in other parts of the world** where various considerable technical and regulatory hurdles still exist. LNG is produced and delivered today and is meeting energy needs all over the world, consistently and reliably. (October 28, 2013).

STORAGE

EU: Planned project – Approval - **CNR52/16/39**

EU boost for gas storage project

A £400 million natural gas storage project at Islandmagee has been given a major boost by the European Union recently. The proposed facility, which involves the creation of **underground caverns** to store up to two month's worth of Northern Ireland's total gas requirement, has received 'Project of Common Interest' (PCI) status by the European Commission and is now included on a Europe-wide list of the most important energy projects.
PCI designation means the scheme has been recognised by the European authorities as bringing benefits not only to the member state in which it is located, but to a much wider area and is important at a European level. Crucially, the project must also be given priority and quick passage by relevant member states in the permitting process, and cooperation in its development.
Another benefit of PCI status is that the project is now eligible to apply for significant financial support from the European Union – this could be in the form of a direct grant or other forms of financial backing from institutions such as the European Investment Bank. (October 28, 2013).

UNITED STATES: Futures contract - **CNR52/16/40**

ICE set to launch US EIA gas storage futures contract

IntercontinentalExchange in November plans to launch a futures contract based off the change in the US Energy Information Administration's weekly natural gas storage report, but market participants are skeptical that the natural gas community will widely use the contract.
ICE, according to an October 22 filing with the Commodity Futures Trading Commission, plans to offer the **US EIA Financial Weekly Index, a cash-settled futures contract, with up to a five-week listing cycle**. Depending on liquidity, the contract could give the market **better insight into storage report expectations**. The contract will be quoted in Bcf, with the contract size set at $10,000, trading under the symbol EII. It will expire at 10:28 am ET on Thursdays -- just two minutes before the EIA storage release. Margin requirements for participating in the contract were not included in the filing. Additionally, ICE set position limits at 10,300 contracts, or 25% of the deliverable supply of natural gas. ICE used the average market value of the change in natural gas in storage divided by the unit of trading to estimate deliverable supply of 41,200 contracts.
While this is the first attempt by ICE to offer an EIA data-based product, other brokerage firms and exchanges have attempted but failed to garner large participation from gas traders in the past. Traders and analysts who were willing to offer opinions on the upcoming ICE futures product were somewhat skeptical that the product will garner much interest and said they will take a "wait-and-see" approach to the offering.
Initially, ICE planned to offer the product as early as November 11, according to the filing, but due to the government shutdown staff at the CFTC were unable to review exchange offerings. As such, it is unclear when ICE will officially announce the launch. (October 28, 2013).

CONSUMPTION

CHINA: Supply-demand balance - **CNR52/16/41**

China says to control gas use as winter shortages loom

China will try to **control the number of new natural gas users** in an effort to slow a surge in demand and tackle looming supply shortages as the winter consumption peak approaches, the country's top planning agency said. China has sought to promote natural gas use as part of its efforts to slash coal combustion in heavily polluted urban regions and diversify its energy sources. It has encouraged local governments to switch to gas for heating and public transport, but analysts said it may have **moved too fast**. "Gas consumption has jumped in a very short period, while gas supplies can only grow steadily, resulting in tight supplies this winter," said an analyst with CNPC.

In its 2011-2015 industry plan, China said it would raise natural gas use to 230 billion cubic metres, more than double the 2010 rate, but **disappointing domestic production growth coupled with insufficient pipeline and storage capacity has left it increasingly reliant on imports and prone to shortages**. China's imports of liquefied natural gas (LNG) in the first nine months of 2013 jumped by a quarter from a year earlier to 12.87 million tonnes. Arrivals in September stood at 1.52 million tonnes, up 10% from a year before and the third-highest volume this year. According to a notice posted on the website of the National Development and Reform Commission (NDRC), natural gas demand rose 13.5% in the first three quarters of 2013, **4.3% points faster than production**, and supplies are likely to get tighter as temperatures plunge.
Lian Weiliang, vice-director of the NDRC said China would control the increase in new users, and would **prioritise supplies to public transport and residential users over the winter period.** Efforts would also be made to raise storage capacity, and China would use price and other market mechanisms to try to balance supply and demand.
Analysts and developers say that China's strategy to raise the share of natural gas in its overall energy mix will not succeed without considerably higher prices. (October 21, 2013).

EGYPT: Domestic supply - **CNR52/16/42**

Egypt to link 800,000 homes to gas grid

Egypt is pressing ahead with plans to link 800,000 households to its natural gas grid by next July as the government works to reduce its soaring energy bills. Egypt sells many energy products at prices substantially below the cost of production and successive governments have struggled to cut the cost of the subsidies without angering citizens feeling the effects of economic instability since the overthrow of former president Hosni Mubarak in 2011.
Energy subsidies account for 20% of total state expenditure, but the government is **taking steps to address the problem and possible abuse of the subsidy system** by instigating a smart-card scheme for car drivers and by efforts to connect more people to the gas grid.
Adding households to the gas grid will enable consumers to cut back on their use of state-subsidised butane gas, according to an e-mailed statement from the petroleum ministry. Abed Ezz El-Mahally, the head of Anglo-Egyptian energy venture the Gulf of Suez Petroleum Company, told recently that supplying households with natural gas is an "intelligent solution" to reducing energy subsidies. (November 4, 2013).

USE AS AUTOMOTIVE FUEL

UNITED STATES: Conversion to natural gas use **- CNR52/16/43**

GE Capital and Clean Energy Alliance to accelerate natural gas truck sales

GE Capital's Transportation Finance business and Clean Energy Fuels Corp. announced recently they have entered into a strategic alliance to accelerate the **conversion of heavy-duty trucking fleets from diesel to natural gas**.
The plan calls for truck fleet operators to work with Clean Energy to develop natural gas fuelling contracts, and will then apply for loans and leases, including fair market value leases, from GE Capital to acquire trucks from manufacturers that produce commercial natural gas vehicles (NGVs). Clean Energy will then help offset the monthly cost of newly-acquired NGVs to make it consistent with the cost of a diesel truck, if the customer makes a fuel commitment.
The announcement expands the existing relationship between Clean Energy and GE Capital by building on two previous agreements between the companies to develop the nation's natural gas fuelling infrastructure. (October 22, 2013).

USE AS RAW MATERIAL

CHINA: Planned project – Conversion to natural gas use **- CNR52/16/44**

China's First coal-to-gas project ready

China has completed the first phase of the coal-to-gas project in northern region, the coal-rich Inner Mongolia, it is **expected to begin supplying gas to Beijing at the end of this year**.
The Datang International Power, a coal-based gas project comprises three phases with a **total capacity of 4 billion cubic meters annually**, Xinhua news agency quoted director of the recycling industrial park in Inner Mongolia, Li Zhichun, as saying.

Li said as the first phase has been completed, the second phase was still under construction and work on the other two phases would get underway next year. The project started construction in August 2009, involving an estimated investment of 25.7 billion yuan (US$4.2 billion).
The central government vowed to reduce the amount of coal consumption to less than 65% of total energy consumption by 2017, while natural gas consumption is to be increased to 7.5% by 2015. (October 31, 2013).

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