

## LNG

### PRODUCTION

#### IRAN:

#### **Iran eyes \$10 bn income annually from Phase 12 completion**

Phase 12 of the supergiant South Pars Gas Field is expected to fetch the country at least 10 billion dollars of income annually by the time it is fully operational.

Manager of Phase 12 refinery Jamshid Sourani said completion of the phase will need 7 to 8 billion dollars of investment which will return less than a year after the phase is fully operational.

Currently four trains of the phase are recovering 47 mcm/d of natural gas and the fifth train is expected to come online by the next two weeks raising the phase's output to 56 mcm/d, said the official, shana.ir reported.

He further added that platform B12 of the phase will be operational by late next month and platform C will be launched afterwards.

The injection of processed gas from Phase 12 of South Pars gas into gas trunklines has started, said an official in charge of Phase 12 development last week.

Rasoul Fallahnejad said sour gas has been pumped out from phases 6-8 of the giant offshore field to the refinery of Phase 12 for treatment.

South Pars covers an area of 9,700 square kilometers, 3,700 square kilometers of which are in Iran's territorial waters in the Persian Gulf. The remaining 6,000 square kilometers are situated in Qatar's territorial waters.

The gas field is estimated to contain a significant amount of natural gas, accounting for about eight percent of the world's reserves, and approximately 18 billion barrels of condensate. (November 30, 2014)

*12/01/2014*

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**UNITED STATES:**

**SK E&C USA wins EPC contract for Liquefied Natural Gas' Magnolia LNG project**

SK E&C USA has secured an engineering, procurement and construction (EPC) contract for Liquefied Natural Gas' Magnolia LNG (MLNG) project in Louisiana, US.

The contract covers the initial four million tonnes per annum (mtpa) LNG installation, featuring two LNG trains.

Each LNG train will have a design capacity of 2 mtpa, two 160,000m<sup>3</sup> storage tanks, a jetty, a ship loading facility and associated infrastructure.

The EPC contract, awarded by Liquefied Natural Gas' subsidiary MLNG, also covers all required approvals and licences for the entirety of the 8 mtpa project. Plans also include two additional 2 mtpa trains, which will follow the initial installation.

Capital costs for the initial contracted work for two of the four planned liquefaction trains is estimated to be \$1.986bn.

Liquefied Natural Gas managing director and CEO Maurice Brand said that based on the extensive front-end engineering and design (FEED) and costing work completed, and with the open book nature of the SK E&C Group agreements, the final EPC capital cost is estimated to be \$3bn.

The total MLNG project cost is estimated at \$3.5bn.

MLNG first advised the estimated total cost of \$3.5bn on 24 February and the capital cost estimate was included in all documentation submitted to the Federal Energy Regulatory Commission (FERC) as part of the company's filing currently being progressed with FERC.

MLNG owns the project, which will be developed on a 115 acre site, on an LNG shipping channel in the Lake Charles district in Louisiana, US.

The project aims to provide liquefaction services to LNG buyers who pay a monthly fixed capacity fee and all LNG plant operating and maintenance costs.

Each LNG tolling party is required to supply and transport gas to the MLNG project at its own expense. (December 2, 2014)

*12/03/2014*

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## TRANSPORT - DISTRIBUTION

### AZERBAIJAN:

#### Azerbaijan to revive LNG export project to EU

Several days after the Azerbaijan-Georgia-Romania Interconnector (AGRI) Board of Directors held a meeting in Romania, the head of State Oil Company of Azerbaijan (SOCAR) announced on December 8th that the AGRI project "may become one of the infrastructure projects that will allow Azerbaijan to transport its large reserves of gas on the markets."

AGRI is the first LNG project to be developed in the Black Sea, aiming the transport of natural gas from Caspian region to Europe. The project is expected to transport liquefied Azeri gas from Georgia, across the Black Sea, to a LNG terminal to be built on the Romanian Black Sea Coast.

From that point, natural gas will be transported via the Romanian natural gas transmission system to Hungary, through the Interconnector between Romania and Hungary (Arad-Szeghed) and finally on to Europe.

The cost of the project will vary from **€1.2 billion to €4.5 billion**, according to the preliminary estimates. This will depend on the capacity of terminals that could be equal to **2 to 8 bcm of gas per year**. With the exception of Russia, only Turkmenistan has a restricted amount of liquid natural gas (LNG) production capacity. Turkmenistan has built an LNG terminal at Kiyarly on the Caspian Sea with 200,000 tons of production capacity in 2009.

It is not clear whether Turkmenistan is determined to take part as the gas supplier for AGRI or not, but Turkmen President Gurbanguly Berdimukhamedov made announcement during his visit to Romania in May 2011 that his country is seeking participation in AGRI project "at a high level."

It is also unclear whether the AGRI project, with high costs and restricted transmission capacity, would be able to compete with the Trans Adriatic Pipeline, aimed at delivering **10 bcm of Azerbaijan's gas annually to Europe in its first stage**. (December 9, 2014)

12/09/2014

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## **JAPAN:**

### **Japan's Tokyo LNG Tanker, Mitsui O.S.K. sign 20-year deal for LNG carrier**

Japanese shipping firm Mitsui O.S.K Lines and Tokyo LNG Tanker Company, a subsidiary of Tokyo Gas, signed a 20-year charter contract and joint ownership of a new LNG carrier, which will be assigned to transport LNG from the Cove Point LNG project in the US, both companies said Friday, November 28.

Mitsui O.S.K. Lines also signed a contract with shipbuilder Japan Marine United Corp. for the new vessel, which is expected to be delivered in 2017.

This would be the third vessel Tokyo LNG Tanker has contracted to build and charter for the Cove Point project.

In February, Tokyo LNG Tanker entered into a contract with Japan Marine United Corp. and also signed a heads of agreement on the joint ownership and 20-year charter of two vessels, one with Mitsui O.S.K. Lines and the other with Nippon Yusen Kabushiki Kaisha.

All three LNG vessels will have a tank capacity of 165,000 cubic meters and will be completed in 2017, when Cove Point is expected to start.

Including these ships, Tokyo LNG Tanker now partially or fully owns and manages 13 LNG vessels.

Tokyo Gas has signed an HOA with trader Sumitomo for 1.4 million mt/year of LNG from the Cove Point project.

The US Federal Energy Regulatory Commission in September approved the Cove point LNG liquefaction project in Maryland. (December 1, 2014)

12/01/2014

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## **SUPPLIES - IMPORTS - EXPORTS**

### **ALGERIA:**

#### **Algeria Plans to Boost Natural Gas Shipments to Asia**

Algeria, Africa's largest natural gas producer, has expanded capacity to ship the fuel on tankers and plans to sell **more of it in Asia** and make up for a decline in exports to Europe, its main market.

"Asia offers the best opportunities in terms of market size and market diversity," Ahmed Mazighi, the director of market studies at state-run energy company Sonatrach, told the North Africa Oil & Gas conference yesterday in Algiers. Energy saving measures and renewables are reducing fuel consumption in European countries that account for more than 90% of Algeria's gas exports, he said.

Algeria authorized two liquefied natural gas plants in the past two years, increasing its annual capacity to export the fuel on tankers by 12 bcm, according to Sonatrach.

Booming gas production in North America and declining consumption in Europe is prompting gas producers from Russia to Algeria to boost sales in Asia where prices are higher and new LNG receiving plants and pipelines are planned. Mozambique in October said China, India and Japan are possible clients for an LNG plant planned to start in 2018 or 2019. (December 9, 2014)

12/10/2014

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## EGYPT:

### Egypt to Buy Six LNG Cargoes from Algeria

Egypt will **import six cargoes of LNG from Algeria** between April and September next year, Egypt's oil ministry said on Thursday. The agreement regarding this would be signed by the end of this month in Algeria, the ministry added.

The decision was taken during a meeting between Sherif Ismail, Egypt's Minister of Petroleum and Mineral Resources and Dr. Youcef Yousfi, Minister of Energy and Mines of Algeria in Cairo.

Earlier this year, media reports suggested that Egypt was supposed to buy only five cargoes. Egypt has been facing severe energy shortage due to falling gas production amid rising domestic demand and this deal could help fill the gas to some extent. The North Africa nation is also talking to other suppliers to import LNG to meet domestic gas demand. To allow for smooth import of the fuel, last month, Egyptian Natural Gas Holding Company (EGAS) finalised a five year deal with Norway's Hoegh LNG for supply of FSRU by the end of first quarter of 2015, for us as an LNG import terminal in the port of Ain Sokhna, located on the Red Sea's Gulf of Suez. (December 5, 2014)

12/05/2014

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## EGYPT:

### Egypt to launch tender for second LNG import terminal

Egypt will launch a tender for a second liquefied natural gas (LNG) import terminal in the coming weeks, which could help address the country's ongoing energy crisis. High consumption, along with foreign firms' reluctance to invest in the sector until the government pays billions of dollars it owes, have turned the country from a net energy exporter into a net importer over the last few years.

**Egypt can export LNG but it cannot import it without installing regasification and storage terminals.** The country finalised a long-delayed deal last month with Norway's Hoegh LNG for a floating storage and regasification unit that will allow it to begin LNG imports. Plagued by a series of delays over the last two years, the first terminal is meant to begin operating by the end of March.

It has begun to repay foreign energy firms in a bid to court fresh investment, but still owes about \$4.9 billion to companies including BP, BG, Eni and Dana Gas. (December 9, 2014)

12/09/2014

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## PHILIPPINES:

### Energy World Corp's Philippines LNG Facility to Start Up Early Next Year

Australia's Energy World Corp. is expected to start operations at its LNG facility in Philippines' Quezon province early next year in time for the anticipated power supply shortage during the dry season.

The company is building the LNG terminal project and the 600MW power plant in Pagbilao, Quezon. First phase of LNG terminal development would involve a **130,000-cubic meter storage tank, regasification facility, jetty, and supporting infrastructure. Phase two will include an additional 130,000 m<sup>3</sup> LNG storage tank.** Terminal will act as a hub for onward distribution of LNG throughout the Philippines. (December 9, 2014)

12/09/2014

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**INDIA:**

**GAIL inks agreement to buy 2.5 million tonnes of LNG from US**

Gail India the nation's largest natural gas distributor has signed an agreement with US-based WGL for buying about **2.5 million tonnes of gas for 20 years.**

GAIL Global USA LNG LLC a subsidiary of the state-owned firm, signed a sourcing agreement with US-based WGL Midstream for "procurement of natural gas required to produce about **2.5 million tonnes a year of LNG** at the Cove Point Terminal located in Maryland, US. GAIL had previously signed deals to buy **3.5 million tonnes of LNG a year** for two decades from Cheniere Energy's Sabine Pass terminal in Louisiana. It had also booked **2.3 million tonnes a year capacity in the Cove Point LNG** liquefaction terminal in Maryland. The shipments are expected to start by 2017-18. (December 5, 2014)

*12/05/2014*

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**POLAND:**

**Gazprom Export boosts LNG supply to Europe**

Gazprom Export has increased its supplies of small scale LNG to European consumers.

The company announced that it recently made another shipment of LNG to Polish clients. Gas is being delivered from a small scale LNG/CNG plant in Kaliningrad, operated by Gazprom.

This plant has a production capacity of 3 tph of LNG (21 000 tpy) and contains a CNG filling station with a capacity of 6000 m3/d.

Trucks currently deliver LNG from the plant to industrial and utility consumers in Poland that do not have access to a pipeline network. (December 1, 2014)

*12/02/2014*

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**CANADA:**

**Petronas Defers Decision on Canadian LNG Project**

Malaysia's Petronas on Wednesday announced the company and its partners have decided to defer final investment decision (FID) regarding Pacific NorthWest LNG project in British Columbia.

"Petronas and its partners in the Pacific NorthWest LNG project continue to review the economic viability of the project which, in a time of declining oil prices, presents challenges. Consequently, **Petronas and its partners have decided to defer the project's \$36 billion final investment decision (FID) pending** further clarity on substantive items of importance to ensure that critical project components align with economic viability of the Project and competition from other LNG producing countries," a statement by Petronas said.

**The company believes that costs associated with the pipeline and LNG facility remain challenging and must be reduced further before a positive FID** can be undertaken. Pacific NorthWest LNG will continue work to secure necessary regulatory and other approvals from the Government of Canada, Petronas said.

Late last month, British Columbia granted environmental permit to **Petronas** backed export facility in Prince Rupert and the Prince Rupert Gas Transmission pipeline.

"Petronas hopes that all outstanding factors can be resolved as soon as possible to enable the final investment decision to be made within the identified LNG supply and demand window. This is vital in light of the current intense market environment and for Pacific NorthWest LNG not to lose out on long term contracts to competitive United States LNG projects," Tan Sri Shamsul Azhar Abbas, President and Group Chief Executive Officer of Petronas said.

Petronas, Sinopec, JAPEX, Indian Oil Corporation and **PetroleumBRUNEI** are all shareholders in Pacific NorthWest LNG and the associated natural gas supply. (December 4, 2014)

12/04/2014

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## STORAGE

### SINGAPORE:

#### Samsung C&T expands global presence in LNG storage field

The construction and trading arm of Samsung Group in recent years has successively secured a series of major LNG terminal projects in Singapore and Malaysia. "As Southeast Asia's energy demands rise, we see huge potential in the LNG storage facilities market", said a company spokesman.

In 2014, the company has won four overseas LNG storage tank and terminal construction projects, including Singapore's first liquefied natural gas terminal expansion project in August. In March, the company successively completed the first and second phases of the \$1 billion project, whereby it has built three **180,000 m<sup>3</sup> tanks** and dispatch facilities at the terminal since 2010. "The most challenging part was building the inside wall of the cryogenic LNG tanks that could withstand temperatures of **170 degrees below zero**."

In November, it won a **\$459 million contract to build an LNG terminal in Malaysia**. The deal signed with Malaysia's Petronas Gas Berhad calls for the company to take charge of the design and construction of the terminal. (December 8, 2014)

12/08/2014

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## USE AS AUTOMOTIVE FUEL

### UNITED STATES:

#### Fred Meyer receives first LNG trucks

Fred Meyer Stores, a division of The Kroger Company, has announced the arrival of the first **11 heavy-duty trucks powered by LNG**.

**Fred Meyer will receive a total of 40 LNG trucks** over the next few months, making Fred Meyer the first in Oregon to deploy a fleet of heavy-duty LNG trucks. The new trucks will replace 40 diesel trucks currently in use, and will deliver product to Fred Meyer stores between Oregon and Washington. Some of the 40 diesel trucks will be used to replace older, less efficient diesel trucks in the fleet.

The fleet will be fuelled at a new, private LNG fuelling station at Fred Meyer's Clackamas Distribution Centre, which has been designed and engineered by Clean Energy Fuels. Clean Energy will also supply the LNG for the fuelling station, and once all 40 trucks are active, Clean Energy will supply the approximately one million gallons a year needed to service them.

**Kroger has invested US\$6.5 million** in the project and has received a US\$490 000 grant from the Federal Highway Administration via ODOT for the LNG infrastructure. Kroger has applied for US\$360 000 in grant funding from the Oregon Department of Environmental Quality to retire nine diesel trucks and completely replace them with LNG trucks. (December 5, 2014)

12/05/2014

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**ITALY:**

**Lidl chooses Iveco for Italy's largest Liquefied Natural Gas truck fleet**

LC3, a customer of CNH Industrial's commercial vehicles brand Iveco, will provide transport and logistics services to multinational supermarket chain Lidl with a fleet of 15 Stralis Natural Power heavy trucks powered by Liquefied Natural Gas (LNG) engines manufactured by sister company FPT Industrial. This new affiliation further reinforces CNH Industrial's position as the European leader in natural gas vehicles.

CNH Industrial N.V. (NYSE: CNHI / MI: CNHI) marks an important step in its promotion of natural gas commercial vehicles. A new collaboration with the Italian arm of multinational supermarket chain Lidl (Lidl Italia) sees manufacturing excellence and cutting edge technology unite to provide the company with an environmentally-friendly solution for its logistics and supply chain requirements.

Starting in 2015, Lidl Italia will operate the largest natural gas fleet in all of Italy through its nationwide network of 570 sales points. This will be accomplished through the circulation of 15 Iveco Stralis Natural Power LNG (Liquefied Natural Gas) trucks. The trucks are equipped with Cursor 8 LNG Euro VI engines manufactured by FPT Industrial, CNH Industrial's powertrain brand.

The implementation of this LNG fleet is managed by LC3, a leading temperature controlled transport logistics specialist. The 15 vehicles destined for Lidl Italia are part of a supply of 50 Stralis LNG vehicles which Iveco is delivering to LC3.

Considered to be one of the "cleanest" fuels on the market, the advantages of operating a fleet of liquefied natural gas vehicles are numerous in terms of environmental sustainability and operator profitability. With respect to diesel, natural gas significantly reduces a vehicle's overall impact on its surrounding environment (95% less particulate emissions, 35% lower NOX emissions and a 10% reduction in CO2 emissions) and carries much lower costs, 20% less in comparison. (December 1, 2014)

*12/02/2014*

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## **PAKISTAN:**

### **LNG use in CNG stations: Oil ministry wins backing of premier and cabinet**

The Ministry of Petroleum and Natural Resources has taken the prime minister and his cabinet members on board over the planned consumption of liquefied natural gas (LNG) in compressed natural gas (CNG) filling stations, claiming that the move will help save Rs200 billion per year in oil imports.

“A market-based system for LNG import and its use in CNG stations has been contemplated and is being introduced. The financial impact of this initiative will be Rs200 billion per annum,” said Petroleum Minister Shahid Khaqan Abbasi in a cabinet meeting on October 31.

For handling LNG supplies, a fast-track terminal is being established in Karachi, which will start operating in the next three months and will be able to receive 400 million cubic feet of gas per day (mmcf).

“Tender for another 400mmcf capacity LNG terminal of Sui Southern Gas Company was floated recently and being pursued vigorously,” Abbasi said. In the meantime, he added, negotiations with China National Petroleum Corporation (CNPC) were under way for setting up an LNG terminal at Gwadar and laying of a pipeline from the port city to Nawabshah.

Pakistan is going to open the market for LNG trade as Pakistan State Oil (PSO) says it has received a better response from reputed producers and suppliers like Shell and British Petroleum.

In the private sector, CNG stations are the first that have come up with a plan to give up consumption of locally produced natural gas and use imported LNG. The power sector will be another consumer that will use imported LNG in place of furnace oil.

According to the petroleum ministry, the country will be able to save \$300 to \$700 million in annual furnace oil imports by turning to LNG.

The Economic Coordination Committee (ECC) – the top economic decision-making body – has approved incentives for LNG consumption in CNG stations such as exempting imports from the gas infrastructure development cess.

It has also decided to impose 5% general sales tax on LNG imports in all cases, instead of the prevailing tax rate of 17%. The government believes that this decision will facilitate the general public and encourage investment.

The exemption from cess and the reduced sales tax will keep LNG 25% to 30% cheaper than petrol and encourage investors to set up more LNG terminals and related infrastructure, according to government officials.

Owners of CNG stations stress that these moves will not only protect the Rs450-billion investment in the industry, but will also stimulate a fresh injection of Rs100 billion, protect thousands of workers from layoff and facilitate consumers. (November, 30 2014)

12/01/2014

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## LPG

### SUPPLIES - IMPORTS - EXPORTS

#### TAIWAN:

##### Taiwan's Formosa buys LPG for Jan; cargo from U.S.

**Petrochemical Corp has bought a liquefied petroleum gas cargo, which sources said is from the United States, in a sign that LPG is trending to become a cheaper raw material for Asian petrochemicals producers.**

While petrochemicals firms have traditionally used naphtha as a feedstock, LPG is increasingly an attractive alternative as rising supplies from the United States are pushing prices below those of naphtha. And it is happening even now during the winter season, when LPG prices are typically higher, sources said.

Across Asia, petrochemical firms are preparing the infrastructure required to receive more LPG supplies arising from the shale boom in the United States, where an LPG surplus could double by 2019 from 2014 levels.

**Formosa bought 22,000 tonnes of U.S. LPG** from a Swiss oil and energy trader at a discount of about \$100/tonne to Japanese spot quotes, on a cost and freight basis, traders said.

The cargo, which will arrive in January into Mailiao, Taiwan, was heavily discounted because of its poorer quality, sources said.

LPG traded on Wednesday at discounts ranging \$45-\$70/tonne below naphtha quotes, on a cost and freight Japan basis, a naphtha trader said. (December 11, 2014)

12/11/2014

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## CNG

### USE AS AUTOMOTIVE FUEL

#### EUROPE:

##### Europe: sales of CNG powered vehicles on the rise

According to the organization that promotes compressed natural gas as a car fuel in the region, **European deliveries of cars powered by CNG could rise tenfold by the start of the next decade.**

On the other hand, analysts and the carmakers themselves have a more cautious approach to the subject, saying that while the segment's sales is on the rise, its development very much hangs in balance on government incentives or subsidies and the expansion of the fuel's refilling network across the continent. Matthias Maedge, deputy secretary general of the Natural and Bio Gas Vehicle Association in Europe claims **"we believe gas is the next big thing in transport," with a study fro the association forecasting CNG-powered vehicles on the continent could surge from 1.2 million today to between 10 and 12 million by 2020.** (December 10, 2014)

12/10/2014

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## INDIA:

### Railways' green run begins with CNG trains

Railways minister Suresh Prabhu's "green energy" plans are beginning to take shape, with the country's first Compressed Natural Gas (CNG)-powered train having successfully cleared trials and ready for inauguration.

Two sets of the "dual fuel" trains manufactured by Chennai-based Integral Coach Factory (ICF) — which will use 20% fuel in the form of CNG — have arrived and will be used in the Diesel Electric Multiple Unit (DEMU) trains on Delhi-Rohtak- Rewari section, sources said.

An advanced version on the alternative fuel locomotives —which will be able to use 60% fuel in CNG form — is presently undergoing trials.

"The CNG locos – which will gradually get extended to 500 DEMU trains — will eventually provide for a platform for conversion to the Liquefied Natural Gas (LNG) locomotives — trials on which are being conducted at the Patiala-based Diesel Mechanical Works (DMW).

With oil prices being much higher than natural gas, experiments on running LNG-powered locomotives are being conducted world-wide, with reports indicating that such locomotives will be in use on US railroads by 2016.

Green energy plans have been central to the Modi government's agenda as there have been concerns about spiralling fuel costs.

Annually consuming 2.6 billion litres to run its inventory of 5,500 diesel locomotives, the railways runs up a diesel bill of approximately `10,000 crore each year. (December 2, 2014)

12/02/2014

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## NATURAL GAS

### EXPLORATION

#### COLOMBIA:

#### Brazil's Petrobras Announces First-ever Deep-water Gas Find Off Colombia

**Petrobras has announced an unprecedented natural gas find at a block off Colombia's Caribbean coast** that it owns in partnership with Colombian state oil company Ecopetrol and Spanish energy major Repsol.

The gas discovery was the result of successful drilling of the Orca 1 exploratory well in the Tayrona block, located 40 kilometers (25 miles) off the coast of the northern Colombian province of La Guajira, Petrobras said in a statement Tuesday.

The well was drilled to a water depth of 640 meters (400 feet) and penetrated 4,240 meters (13,900 feet) into the rock layer.

The gas, whose volume was not announced, was discovered at a depth of 3,600 meters (11,800 feet), making it the first hydrocarbon find in deep waters off Colombia's Caribbean coast, the statement added.

Petrobras is the operator and owns 40 percent of the block, while Ecopetrol and Repsol have 30 percent stakes each.

The Brazilian company, a world leader in deep-water oil and gas exploration, will continue drilling to evaluate the size of the discovery. (December 4, 2014)

12/04/2014

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## NEW ZEALAND:

### Chevron wins three NZ oil and gas permits

United States oil giant Chevron and Indian government-controlled ONGC Videsh are the latest new arrivals to join the hunt for oil and gas in New Zealand. The government today awarded 15 new oil and gas exploration permits, which combined involve a commitment to spend about **\$110 million on initial exploration**. If successful that could lead to further spending of up to **\$1 billion**.

There are three new entrants in the latest Block Offer, but Chevron is a super-major. Chevron will partner with Norway's Statoil in three offshore permits, off the East Coast of the North Island.

The area they will explore in the Pegasus and East Coast Basins covers more than **6.26 million acres or 25,300, sq kms**. Chevron will be the operator of the permits, with a 50 per cent interest and Statoil will hold the other half. (December 9, 2014)

12/09/2014

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## ISRAEL - INDIA:

### Israel Seeks India's Help to Explore Gas Reserves

Israel wants Indian hydrocarbon companies to help it explore newfound gas reserves as it tries to build closer economic ties in the Middle East by supplying gas to neighbours Egypt, Jordan and Palestine, as well as Europe.

Israel has decided to export 40% of its current gas reserves of around 900 billion cubic metres (bcm), with more areas yet to be explored.

"I would like to invite Indian national oil companies and private companies to come and invest in our gas reserves. We want to provide an alternative energy source to Europe and want India as a partner," Silvan Shalom, Israel's minister of national infrastructures, energy and water resources, said. (December 11, 2014)

12/12/2014

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## PRODUCTION

## TRINIDAD AND TOBAGO:

### BG and Chevron get 'first gas' from Starfish

Energy Minister Kevin Ramnarine has congratulated British Gas (BG) and Chevron on "first gas" from their Starfish field. Commencement of production was achieved on Saturday. Starfish is part of the East Coast Marine Area which includes the Dolphin and Dolphin Deep natural gas fields. The Starfish field is being produced via three wells with production tied back to the Dolphin platform. Production is expected to ramp up over time and will reach **210 million standard cubic feet per day by March 2015**.

The Minister noted that BG and Chevron were able to execute this project in a safe manner. This project has a number of benefits for the country including improved natural gas supply to the NGC and Atlantic LNG. (December 11, 2014)

12/11/2014

## UNITED STATES:

### Chevron: Output starts at Jack, St Malo fields

Chevron has started crude oil and natural gas output from the Jack and St Malo fields in the deepwater US Gulf of Mexico.

Output from the first development stage **is expected to ramp up over the next several years to** a total rate of 94,000 b/d of crude and **21mn cf/d of natural gas**, it said. Recovery may increase substantially in coming years with the use of enhanced technologies. Chevron is the operator of both fields.

With a planned production life of more than 30 years, current technologies are anticipated to recover in excess of 500mn bl of oil equivalent (boe) from the fields. The Jack and St Malo fields are among the largest in the Gulf of Mexico and were discovered in 2004 and 2003, respectively.

The Jack and St Malo fields are located within 25 miles of each other in about 7,000ft (2134m) of water in the Walker Ridge area, about 280 miles south of New Orleans, Louisiana.

The fields were co-developed with subsea pipelines flowing back to a single semi-submersible floating unit located between the fields. The facility is the largest of its kind in the Gulf of Mexico and has an output capacity of 170,000 b/d of oil and 42mn cf/d of natural gas.

Chevron has a 50pc interest in the Jack field, with co-owners Statoil and Maersk Oil holding 25pc each. Chevron holds a 51pc interest in the St Malo field, with Petrobras holding 25pc, Statoil 21.5pc, ExxonMobil and Eni holding 1.25pc each.

Crude oil from the facility will be piped about 140 miles to the Green Canyon 19 platform via the Jack/St Malo oil export pipeline, and then to Gulf coast refineries. (December 2, 2014)

*12/03/2014*

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## KAZAKHSTAN:

### Kazakhstan to significantly increase gas production

Kazakhstan to significantly increase gas production by 2030, says First Vice Minister of Energy Uzakbai Karabalin. "Currently we are exporting a large amount – about **5-7 bcm - of gas every year**. Amid the growing domestic consumption and expanding gas distribution network this export gradually decreases from year to year. But we think that closer to 2030, when we will stop re-injecting such large volumes of gas, we will have a dramatic increase in gas production - to **30-40 bcm/year**," he said. He also stated that Kazakhstan's general scheme of gasification would increase domestic gas consumption to 18-20 bcm/year by 2025-30, increasing national self-sufficiency. (December 5, 2014)

*12/05/2014*

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**IRAN:**

**South Pars Phase 16 Comes On Stream**

Phase 16 of Iran's giant South Pars gas field has become operational.

Reza Forouzes, the development manager of South Pars phases 15 and 16, said on Thursday that phase **16 supplied its first delivery of sweet gas, measuring 7.5 mcm, to the trunkline.**

**Output of phases 15 and 16 will hit 23 mcm per day** once three gas desalting installations become operational. South Pars phases **15 and 16 are projected to yield 56.6 mcm of natural gas and 75,000 barrels of gas condensate per day.** (December 5, 2014)

*12/05/2014*

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## TURKMENISTAN:

### Turkmenistan increases natural and associated gas production

**Natural and associated gas production in Turkmenistan increased by 10.8% as of the first eleven months of 2014**, compared to the same period of 2013. This is while the volume of gas export to foreign countries increased by 10.6% during the reporting period.

Turkmenistan ranks fourth for the volume of natural gas reserve in the world after Russia, Iran and Qatar, according to the report of British Petroleum (BP) company, with total resources estimated by local geologists and British GCA within **26.2 tcm**.

**Around 70 bcm of gas is produced in Turkmenistan per year**. Under the program for development of the country's oil and gas industry, it is planned to increase this figure to **230 bcm by 2030** and the major part of this volume is considered for export. (December 8, 2014)

12/08/2014

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## PROCESSING

## IRAN:

### Iran's NIGC Processed 104 bcm Gas During Last Eight Months

State owned National Iranian Gas Company (NIGC) has processed **103.74bcm** of natural gas in the eight months ending November 21. According to Abdolhossein Samari, director of NIGC's operations department, the figure is **11 bcm higher on year**. The company **processed 92.74bcm** of gas in the corresponding period last year.

Samari noted that more than **16.7bcm of gas liquids** were also produced during the period compared with **15.57bcm** during same period last year. NIGC produced **1.18 billion tons and 970,000 tons of LPG and ethane** respectively in the period. (December 8, 2014)

12/08/2014

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## UNITED KINGDOM:

### Shetland Gas Plant Held Up

French oil company Total has finally admitted its **new £800million Shetland gas plant will not be completed this year**. A company spokesman said it was likely to be ready during the **first three months of the 2015**, about nine months behind schedule.

Following months of denial and a profit warning from main contractor Petrofac last month, Total issued a short statement yesterday. It said: "Total and its main contractor Petrofac have been working to finish off the construction of the Shetland gas plant, which is now anticipated to be completed early in **2015 (Q1)**."

The offshore infrastructure between the onshore plant and the Laggan-Tormore gas reservoirs to the west of Shetland is all in place and ready to operate, according to the spokesman. Nearly four years of construction work on the massive gas plant has been plagued by weather related delays and other hitches, leading to rising costs.

A final figure for the project costs is not available. (December 5, 2014)

12/05/2014

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## TRANSPORT - DISTRIBUTION

### AUSTRALIA:

#### BG Group sells Australian gas pipeline for \$5bn

Natural gas giant BG Group is to raise \$5bn (£3.2bn) from the sale of a gas pipeline in Australia which is planned to go towards reducing debt and future growth investments.

**BG is selling its wholly-owned subsidiary QCLNG Pipeline Pty to Sydney-listed, APA Group, Australia's largest gas infrastructure business.**

It is making a pre-tax profit on disposal of \$2.7bn, though this will be partly offset by a post-tax impairment of its remaining QCLNG assets, expected to be around \$2bn.

QCLNG Pipeline owns a 543km underground pipeline network linking BG Group's natural gas fields in southern Queensland to a two-train LNG export facility at Gladstone on the east coast. (December 10, 2014)

12/10/2014

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## ISRAEL - EUROPE:

### EU Commissioner, Cypriot and Greek Energy Ministers Discuss East Med Pipeline

The importance of the implementation of a natural gas corridor between Israel, Cyprus, Greece and Italy (East Med Corridor) for EU's energy security was discussed at the meeting that took place in Brussels between Commissioner for Energy Completion Maro Sefkovitc and the Energy Ministers of Cyprus and Greece, Giorgos Lakkotrypīs and Giannis Maniatis.

The Israeli Energy Minister Shilvan Shalam, who had co-signed a letter with his Greek and Cypriot counterparts addressed to Sefkovitc, was due to take part in the meeting as well but could not make it due to pre-election duties.

Lakkotrypīs called on Sefkovitc to support the area's countries in their effort to evaluate the different politically viable options for the economic exploitation of the natural gas deposits, so that the EU can benefit. (December 9, 2014)

12/10/2014

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## EUROPE:

### EU companies to suffer €2.5bn losses from South Stream project cancellation

European companies that were contracted to build South Stream are facing billions of euros in losses after **Russia abandoned the 63 billion cubic metre gas pipeline project.**

**The total amount of losses to foreign companies is estimated at €2.82bn (\$3.48bn, £2.22bn),** according to an official Russian newspaper.

European companies will face direct losses of at least €2.5bn, according to a South Stream Transport press release. Saipem, a subsidiary of Italian energy firm **ENI that has been contracted to lay the pipeline, will suffer the biggest loss at €2bn. In addition, the German Europipe, which has a contract to supply 50% of pipes for the first line, would lose €500m. Austria's OMV group,** which invested heavily in the project, would also suffer serious losses. (December 4, 2014)

12/04/2014

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## ISRAEL:

### Israel sees 'stars aligned' for new gas pipeline to Europe

Israel and Cyprus have launched a new push for EU funds to build a pipeline that could bring about 10 billion cubic metres (bcm) of their natural gas to Europe annually, and ease the continent's energy security anxieties.

But Palestinians are warning that without a broader resolution of regional disputes, the pipeline risks becoming a source of conflict.

The Cyprus-centred project could be the world's longest pipeline if built, stretching up to 1,530km, and passing through depths of up to 3,000m.

The Israeli energy minister, Silvan Shalom, raised the issue at a ministerial conference in Rome last week and held talks on the margins with the EU's vice president for energy union, Maros Sefkovic, Israeli sources say.

Israel, Greece and Cyprus expect a formal meeting with Sefkovic to discuss ways of actualising the project, on the fringes of an EU energy ministers' summit on 9 December.

"The three countries involved intend to raise this issue [on the 9th] as it involves funding from the commission," an EU diplomat said. Israel, as a non-EU member, will depend on its partner countries' powers of persuasion.

With energy diversification and security both rising up Europe's political agenda, "it looks like the stars have aligned in one position now and that might be good for our timing," Guy Feldman, an advisor to Shalom told the Guardian.

But the Palestinian Authority cautioned the EU against signing any contract until territorial gas disputes with neighbouring countries such as Lebanon were resolved.

"The objective of energy security starts with a clear cut boundary of all the gas fields," said the PA's energy minister, Omar Kettaneh. "Otherwise instead of being a source of security the pipeline will be a source of conflict."

In 2010, the US Geological Survey (USGS) estimated that the Levant Basin, could hold more than 3,455bcm of gas, which is comparable to Iraq's reserves.

But until now, political instability has hindered its exploitation, with Israeli and Cypriot claims to overlapping gas fields contested by Lebanon and Turkey, respectively.

In 2012, Israel, Cyprus and Greece signed a deal to promote exports of their gas to the EU through an eastern Mediterranean corridor.

The planned offshore pipeline, which diplomats say could transport between 8-15bcm of natural gas annually, has already been selected for "project of common interest" status by the EU. This potentially gives it access to a €5.85bn fund, and preferential treatment from multilateral banks.

"It is technically challenging and because of that it might be financially challenging," Feldman said. "But Minister Shalom said in Rome that if the EU will lend a shoulder on the financing, it might be a feasible option," Feldman said.

A commission timeline estimates that the pipeline could begin pumping gas by 2020, four years after the Leviathan field, which contains around 450bcm of gas comes online.

As well as Leviathan, the already operating Tamar field has proven reserves of 283bcm. Israel also has several smaller gas fields and is searching for more exploitable reserves. The country wants to export up to 60% of the gas it produces, Feldman said.

A commission spokesperson said that east Mediterranean gas finds such as Leviathan "could play a very important role in helping both producing and neighbouring countries to address their energy security problems. They could also have a growing role in the EU's diversification strategy, contributing not only to the security of the region but to the entire EU." (December 1, 2014)

## **RUSSIA - EUROPE:**

### **JUNCKER SAYS SOUTH STREAM PIPELINE CAN STILL BE BUILT**

European Commission President Jean-Claude Juncker has insisted the €32 billion **South Stream natural gas pipeline can still go ahead**, and accused Russia of holding EU-member Bulgaria for ransom when it said it had abandoned the project.

Speaking after talks with Bulgarian Prime Minister Boiko Borissov, whose country South Stream would traverse making it a major beneficiary, Juncker rebutted Russia's statement that EU competition rules had killed it. He told reporters issues relating to the pipeline were not insurmountable and he was working with Bulgaria to address them. (December 11, 2014)

*12/12/2014*

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## **PAKISTAN:**

### **Pakistani PM Stresses Completion of IP Gas Pipeline**

Pakistani Prime Minister Mohammad Nawaz Sharif underlined the vital importance of Iran-Pakistan (IP) gas pipeline for the energy-hungry country, and vowed to do his best to accelerate completion of the remaining part of the pipeline in Pakistan's soil.

Sharif underlined the dire need of his country to energy, and said completion of the IP gas pipeline plan is an effective step toward decreasing shortage of energy in Pakistan.

Iran wants to export its natural gas to Pakistan, India and China through the peace pipeline.

Iran has already built its 900-kilometer share of the pipeline on its own soil and is waiting for the 700-kilometer Pakistani side of the pipeline to be built.

Iran and Pakistan signed an agreement over the construction of a gas pipeline in 1995. Later, Iran made a proposal to extend the pipeline from Pakistan into India. In February 1999, an accord between Iran and India was signed.

But due to the US pressure, India withdrew from the project in 2009, and Islamabad has also delayed accomplishing the project so far. (November 30, 2014)

*12/01/2014*

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## **RUSSIA:**

### **Russia drops South Stream gas pipeline plan**

Russian President Vladimir Putin says the proposed South Stream gas pipeline will not go ahead.

Speaking on a visit to Turkey, he said Russia would instead look at creating a gas hub on the Turkish-Greek border.

Mr Putin blamed European opposition to the South Stream plan, which was funded by Russia's state gas giant Gazprom.

The pipeline was to have run under the Black Sea to southern and central Europe, providing another transit route for Gazprom.

But the EU has been worried about the gas producer also owning a pipe network.

Construction work on the 930km (580-mile) South Stream project began in Bulgaria in October 2013 but was suspended in June after the European Commission said it may be breaking EU competition rules.

Russian officials accused the commission of blocking the work for purely political purposes.

"Taking account of the fact that until now we have not received permission from Bulgaria, we believe that in the current conditions Russia cannot continue with the realisation of this project," said Mr Putin, speaking alongside Turkish President Recep Tayyip Erdogan in Ankara.

"If Europe does not want to carry out (South Stream), then it will not be carried out, We are now going to focus our energy resources in other directions."

Mr Putin said Russia could build a gas hub on the Turkish-Greek border to supply Europe with gas to compensate for the loss of South Stream.

The head of Gazprom, Alexei Miller, later confirmed that the pipeline was finished.

"The project is closed," he told reporters.

Relations between Russia and the EU have been badly hit by the crisis in Ukraine.

The EU and the US have imposed sanctions on a number of Russian individuals and companies following Russia's intervention in Ukraine, but Gazprom has not been targeted.

Gazprom supplies 30% of Europe's gas - some 15% of it via Ukraine.

Bulgaria, an EU state, has said it feels it is being targeted by Brussels as a means of retaliating against Russia over the situation in Ukraine.

Russia and Turkey are major trading partners. Russia provides the bulk of Turkey's gas requirements and is set to build Turkey's first nuclear power plant. (December 1, 2014)

12/02/2014

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## MOZAMBIQUE:

### South Africa's SacOil Signs Joint Development Agreement for Southern African Gas Pipeline

South African energy firm SacOil, Public Investment Corporation SOC Limited (PIC) and The Instituto de Gestão das Participações do Estado (IGEPE) have agreed to study feasibility of a **\$6 billion transnational onshore gas pipeline and distribution facility that will carry natural gas from Mozambique's Rovuma fields into South Africa, with off-takes to other neighbouring Southern African Development Community (SADC) countries.**

As per the Joint Development Agreement (JDA) whose effective date is 03 December 2014, the feasibility studies will cover engineering, market development, gas purchasing, economic, financial, technical and commercial risk profiles as well as environmental, social and regulatory issues

If constructed, it is proposed that the **2,600 km main pipeline from northern Mozambique to South Africa will, en route, deliver gas to key towns and settlements in all provinces of Mozambique, thereby stimulating industrial growth in the country**, SocOil stated. The company added that the indicative gas requirements of, as well as benefits to, Mozambique and South Africa appear to justify such a pipeline. (December 9, 2014)

12/09/2014

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## SUPPLIES - IMPORTS - EXPORTS

### AZERBAIJAN:

#### Erdogan: "Azerbaijan will contribute to meeting European demand for natural gas"

Shah Deniz gas will meet not only demand of Turkey for natural gas. Shah Deniz will also contribute to meeting EU demand for natural gas, said the Turkish President Recep Tayyip Erdogan.

He also mentioned launch of Baku-Tbilisi-Erzurum natural gas pipeline and Turkey-Greece natural gas interconnector.

Erdogan also said that **Turkey and Azerbaijan signed an agreement for supplying 6 bcm of gas to his country from 2018**. Moreover, President also noted that it was reached an agreement regarding **TANAP for transportation of 10 bcm of Azerbaijani gas per year to Europe through Turkey by a pipeline to be built**.

"The agreements on sale and purchase of main pipelines of TANAP were signed in Turkey in October. According to this agreement, 80% of 1,800 km-pipelines will be supplied by local steel producers", Erdogan added. (December 11, 2014)

12/11/2014

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## **ESTONIA:**

### **Estonia Sidesteps Russia by Importing Gas From Lithuania**

Estonia imported its first natural gas from Lithuania, via Latvia, last week in a move which reduces its energy dependence on Russia. The amount of gas was small but it was an important test for an import procedure side-stepping Russia's Gazprom, which has until recently enjoyed a supply monopoly in the region. Lithuania still imports much of its gas from Russia but has moved to diversify via a liquefied natural gas port.

"Latvijas Gaze has transported **100,000 cubic meters** of gas from Lithuania to Estonia last week." Estonia consumed 700 mcm last year.

Lithuania's LNG terminal is scheduled to receive its first commercial delivery of **140,000 m<sup>3</sup> of LNG (about 84 mcm in regasified form)** at the end of December, and another five cargoes until Oct. 2015.

The Latvian Incukalns storage facility supplies all gas to Estonia and Latvia during winter, and presently all gas stored there came from Russia. Litgas has signed a deal with Latvijas Gaze to store **100 mcm of gas at Incukalns in 2015 and 2016**, but the Lithuanian LNG importer said the lack of clear rules for the third-party access to the storage was hindering the development of the Baltic gas market.

Litgas has a five-year contract with Norway's Statoil to buy a total of **0.5 bcm** of natural gas annually. The terminal's total annual capacity is **4 bcm**. (December 9, 2014)

*12/09/2014*

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## **PAKISTAN:**

### **Govt taking solid measures to overcome natural gas shortage**

The government has taken several solid measures to overcome the shortage of natural gas in the country by enhancing gas production, import of LNG and natural gas from neighbouring countries.

An official of ministry of Petroleum and Natural Resources said that different initiatives including enhancement of indigenous gas production, import of LNG, import of gas from Iran, import of gas from Turkmenistan and promotion of LPG air mix have been taken to meet the gas shortage in the country.

He said that the present government is committed to resolve the energy problem in shortest possible time. "In this regard both long term and short term measures are being taken", he added.

He said that LNG import is short-term solution while to meet the long-term energy requirements of the country coal and gas based power plants are being constructed with help of international energy companies.

He said that the ministry of Petroleum and Natural Resources has adopted an integrated approach for promoting exploration and fast track development of oil, gas and mineral resources.

He said that the ministry is putting its utmost efforts in not only developing and improving the current structures but enhancing and introducing new ventures like LNG. (December 4, 2014)

*12/04/2014*

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## **AZERBAIJAN - EUROPE:**

### **TAP Gas Project's Capacity 'to be Doubled'**

Shareholders in the Trans Adriatic Pipeline designed to carry gas from Azerbaijan to Europe via Turkey and Greece, **are working to double its capacity**, a Greek daily reports.

Their move comes against the background of Russia's decision to botch the South Stream project announced last week, Kathimerini writes.

It cites information reportedly provided to the EU Commission and the government in Athens to claim that BP, the concern heading the consortium that controls the Shah Deniz deposit in Azerbaijan, is intending to boost the prospective pipeline's capacity from 10 to 20 billion cubic meters a year, **a twofold increase**.

The move was **originally planned for a second stage of the gas field's development**, but BP supposedly aims to achieve this capacity from the very beginning of deliveries through TAP in 2020.

Construction is due to start in 2015.

Gas reserves at Shah Deniz are estimated at 1.2 trillion cubic meters, though some energy experts claim the volume is much lower. (December 12, 2014)

*12/12/2014*

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## **TURKEY - RUSSIA:**

### **Turkey should be cautious in gas deal with Russia**

As expected, the Turkey-Russia High-Level Cooperation Council witnessed important developments particularly in the field of energy. Russian President Vladimir Putin declared the end on the much-anticipated South Stream project, a pipeline that would have carried some 63 billion cubic meters (bcm) of natural gas to Europe by going underneath the Black Sea and Bulgaria in a bid to bypass Ukraine.

The ongoing standoff between Russia and the European Union over Ukraine is the major reason for scrapping the \$23 billion-worth project - a move seen by many as a Russian bluff - but obviously changed the forecast and plans for future gas supply to the European continent. In a bid to replace the South Stream project, Turkish and Russian officials have discussed and at the end signed a memorandum of understanding authorizing the two countries' state companies, Botas and Gazprom, to launch technical work for a new pipeline carrying exactly the same amount of natural gas (63 billion cbm) to Europe via Turkey. Turkey will take 14 billion cbm of it and the rest, around 50 billion cbm, will be delivered to European countries from a gas terminal to be stationed on the Turkish-Greek border.

It is Turkey's every right as a sovereign country to negotiate with any country in order to meet its needs, especially when it's about energy sources, at a compatible price. However, when it comes to inking such a major deal with Russia, Turkey should eventually cogitate on its regional and global consequences. Here are some reasons:

**Turkey's energy policy:** Turkey's entry into global energy games dates back to the early 1990s, especially after the collapse of the Soviet Union and the birth of independent countries sitting on major hydrocarbon reserves. Since then, Turkey's short term policy was to become the main route for the transportation of Caspian and Middle Eastern natural gas and oil and its mid-term and long-term policy was to turn into an energy hub with making its Ceyhan port an alternative to Rotterdam. The core of this policy was to be able to attract Caspian countries like Kazakhstan, Turkmenistan and Azerbaijan, as well as Iran and Iraq, to prefer Turkey as their main route, obviously competing against Russia. The Baku-Tbilisi-Ceyhan oil and Baku-Tbilisi-Erzurum natural gas lines were two important achievements to this end. Now, entering into cooperation with Russia for carrying its natural gas to Europe through its soil could be understood as an important deviation from its two-decade policy.

**Potential effects on Azeri, Iraqi gas:** Just a day after Putin's statement, Iraqi central and regional governments announced their deal about oil sale and revenue sharing. Ending nearly a decade-old internal dispute, Iraq now is expected to speedily change the supply balances in the world, not only by increasing the volume of crude oil it has been selling but also by its potential natural gas deals. Iraqi authorities, on all occasions, express their intention to cooperate with Turkey and carry their reserves to world markets via Turkey.

Likewise, Turkey is also developing an important partnership with Azerbaijan through the Trans-Anatolia Natural Gas Pipeline, known as TANAP, and Trans-Adriatic Pipeline, known as TAP. Both projects are envisaging transporting a good amount of gas to Greece and to Italy. Therefore, there are concerns that the realization of a Russian pipeline would make current Azeri projects unnecessary and potential Iraqi projections fully futile. Turkey's Energy Minister Taner Yildiz assured yesterday that Turkey sees all of these projects as a package, adding that Turkey was a partner of Azeri projects.

**Russia-EU tension:** Although Turkey is a non-EU country and its European partners are reluctant in opening the energy chapter as part of accession negotiations, a Turkish government decision in opening its soils for the transportation of Russian gas would draw strong reactions from both Brussels and Washington. Giving Russia the kiss of life, especially at a moment when it was cornered by the EU and U.S. through sanctions and pushed down oil prices, would not be seen as a well-intentioned move. A recent indirect call to Turkey to join sanctions against Russia came from NATO on the same day Putin was in Turkey.

**Economic conditions:** One other aspect is the deteriorating economic conditions of Russia, whose authorities have already confessed that sanctions and reduced oil prices cost \$140 billion to Russian economy. With the collapse of the South Stream, Gazprom's envisaged revenues from European markets will have to be re-calculated, increasing concerns about its capacity in undertaking such huge investments. With the slowing down of economies in some European countries, there are forecasts of a stalled energy demand that would jeopardize all such huge investments. Therefore, starting up such a project would need more thinking of its feasibility. (December 3, 2014)

## UKRAINE:

### Ukraine pays \$378m to Gazprom for gas supplies

Gazprom said today that it had received a **prepayment of \$378.22 million** from Ukraine for natural gas supplies, paving the way for the first shipments to Kiev since Moscow cut supplies in June.

Ukraine's state energy firm, Naftogaz, said that it had transferred the sum to Gazprom yesterday for December. A Gazprom spokesman confirmed the money had been received.

In line with a deal signed by Naftogaz and Gazprom in October, flows to Ukraine from Russia which were severed in a dispute over prices and debts, will resume within **48 hours** from when the Russian firm receives the transfer. Naftogaz did not say how much gas it planned to buy, but earlier the energy ministry said this could be about **1bcm**. Russian news agencies also today put the amount at 1bcm. (December 8, 2014)

12/08/2014

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## STORAGE

## UNITED STATES:

### EIA revises natural gas inventory outlook lower

The US Energy Information Administration (EIA) revised lower its outlook for end-of-winter US gas inventories today because of demand-boosting cold weather in November.

**US gas stockpiles should drop by 31 March 2015 to 1.431 Tcf (41bcm), or 14% below the five-year-average level and 8% lower than the EIA's end-of-season estimate in November**, according to the agency's monthly Short-Term Energy Outlook.

Inventories in the week ended 28 November **dropped to 3.41 Tcf — 6.2% lower than a year earlier and 9.8% below the five-year average for the week**. The EIA reported a 162 Bcf draw during the third week of November, tying a record for the largest draw during that month set in 2013.

US heating demand in November was an estimated 18% higher than the 10-year average for the month, the EIA said.

In addition, the EIA said it expects natural gas consumption this year to average 73.9 Bcf/d, up by 3.2% from 2013 and an increase of 1% from the agency's November outlook, because of last month's cold weather. (December 9, 2014)

12/10/2014

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**CHINA:**

**Gazprom, CNPC to develop underground gas storage cooperation**

Gazprom and China National Petroleum Corporation (CNPC) plan to develop cooperation in the sphere of underground gas storage in China to ensure reliable natural gas supplies from Russia, the Russian state-controlled energy giant said in a statement following a meeting of the companies' joint coordination committee.

The sides discussed a wide range of urgent issues of gas cooperation, in particular, the course of implementation of a project to supply natural gas from Russia to China along the "eastern" route.

The participants agreed to consecutively expand interaction areas and stated the presence of considerable prospects in such spheres as gas generation, the use of gas as motor fuel, the use of space communications at gas industry facilities, supplies of equipment and providing services during joint project implementation.

On May 21, 2014, Gazprom and CNPC signed a gas purchase/sale agreement along the "eastern" route. The deal, signed for 30 years, stipulates supplies to China of 38 billion cubic meters of Russian gas annually.

On November 9, Gazprom and CNPC signed an agreement on gas supplies along the "western" route, which envisions the supply of 30 billion cu m of gas to China annually from West Siberia deposits via the Altai gas pipeline. (December 2, 2014)

*12/03/2014*

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## USE FOR POWER GENERATION

### **SUDAN:**

#### **Sudan to develop, import gas for power generation**

Sudan plans to create opportunities for foreign investment in the extraction of natural gas as well as to import gas, both aimed at fuelling power generation and industry, President Omar al-Bashir said on Sunday.

Sudan has proven gas reserves of 3 trillion cubic feet, but development has been limited. It also does not have the pipelines or the port terminals to bring in gas or liquefied natural gas (LNG), according to a recent report by the U.S. Energy Information Administration.

Bashir said the government had established a state-owned gas company to facilitate gas imports and would build a gas pipeline from Port Sudan on the Red Sea to the capital.

"We will work to increase the production of gas inside Sudan and ... to open the doors to investment," he said, adding that the constitution was being amended to specify the authority responsible for facilitating foreign investment.

Hydropower facilities generate the bulk of Sudan's power, but the EIA report said that using gas could help reduce energy costs.

The moves could also be geared toward taking advantage of increasingly friendly ties with Qatar, the world's top LNG exporter.

Earlier this month, Sudan's defence minister said the country was in talks with Qatar over imports and hoped to get shipments as early as next year.

Sudan's economy was hit hard by the secession of the oil-rich southern part of the country in 2011. The government cut fuel subsidies in 2013 to make up for lost oil revenues, pushing up living costs.

Millions of people in Sudan do not have access to electricity or basic services. (November 30, 2014)

*12/01/2014*

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## USE AS AUTOMOTIVE FUEL

### AUSTRALIA:

**Australia's chief scientist urges governments to use natural gas as transport fuel to reduce reliance on imported oil**

**Australia's chief scientist Professor Ian Chubb is urging governments to consider a proposal to use natural gas as a transport fuel to reduce the country's reliance on imported oil.**

A study found using natural gas to fuel trucks could increase Australia's fuel self-sufficiency to **50-70 per cent by 2030, compared to the current level of just 30-40 per cent.**

Professor Chubb spoke today at the launch of the study, warning the country's heavy reliance on imported fuel was the "discussion we have to have".

"There will be risk and at least potential conflict and some of that risk will result from the potential for conflict," Professor Chubb said.

One of the researchers of the study, Professor Robert Clark from the University of New South Wales, said it was time for state and federal governments to consider "taking out an insurance policy" against the "unquantifiable" and "unpredictable" threat posed by Australia's dependence on imported fuel.

Professor Clark, a former defence chief scientist, acknowledged using natural gas for transport fuel was not economically viable at the moment but said it was "low risk" and "commercially ready".

"One way to reduce Australia's exposure to potential disruption of supply of imported oil is to start using more of our natural gas for transport," he said.

The study recommends a joint government-industry taskforce be formed to look into the idea, and that governments consider what taxpayer support would be needed. (December 4, 2014)

12/04/2014

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## COMPANIES

### **GREECE:**

#### **Gov't wants Shell out of Attica Gas**

Athens is seeking an exit formula for oil giant Shell from the Attica Gas Corporation due to the multinational company's intransigent attitude in negotiations for the liberalization of the natural gas retail market.

Shell is the strategic investor in the Attica Gas Corporation, controlling 49 percent of the country's biggest regional gas supplier. The Anglo-Dutch multinational reportedly started asking the Greek state for compensation from the very moment that the country's creditors raised the issue of abolishing the exclusive right to gas supply that the three respective gas corporations have in Attica, Thessaly and Thessaloniki – an exception to European Union rules.

Greece made it clear the state was in no position to pay compensation and launched negotiations with the foreign investors in all three regional gas corporations (Shell in Attica and ENI in Thessaly and Thessaloniki) about a year ago so that the necessary changes could be made.

In contrast to Shell, Italy's ENI has been more inclined to enter discussions, making it clear that its strategic decision is to remain active in the Greek market. As a result the government is contemplating the acquisition of the stake that Shell holds by the Public Gas Corporation (DEPA) and ENI. (December 2, 2014)

*12/03/2014*

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**ITALY:**

**Italy's Eni puts Saipem stake sale on hold**

**Italian oil major Eni has put the sale of its stake in Saipem on hold after the cancellation of the lucrative South Stream gas pipeline project and plunging oil prices shaved off almost half the oil contractor's market value in two months.**

In July state-controlled Eni laid out plans to sell assets, including its 43 percent stake in Saipem, to help fund its transformation into a leaner oil and gas outfit.

On Thursday Eni said in a statement it still considered Saipem as non strategic but that it had put any assessment of options on hold because of difficult market conditions.

The Italian oil major consolidates Saipem in its accounts and selling the stake would allow Eni to clear around 6 billion euros of gross debt from its balance sheet. (December 11, 2014)

*12/12/2014*

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