

U - Gas News Report

Unconventional Gas Activities in the World

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CBM

EXPLORATION

CHINA:

China's Jan-Sep CBM extraction up 9% on year

China extracted more coal bed methane (CBM) during the first nine months of 2014 compared with the same period last year, Xinhua reported recently citing government data. During Jan-Sep, total volume of CBM extracted stood at 12.6 billion cubic meters, up 9% on year, according to the data.

The country put 5.5 billion cubic meters of CBM into use during the same period, accounting for 42.65% of the total output, the National Energy Administration (NEA) said in a statement. Gas production from drilling stood at 2.7 billion cubic meters, while the remaining 9.9 billion cubic meters were extracted from coal mines.

China's CBM reserves are estimated at 36.8 trillion cubic meters, ranking as the third largest in the world after Russia and Canada. (November 1, 2014)

11/05/2014

PRODUCTION

CHINA:

Plans for Chinese coalbed methane liquefaction plant

China's Houma Tongsheng Yitong Natural gas plans to build a 500 000 m³/day coalbed methane (CBM) liquefaction plant at Houma in Shanxi province, a local government official has said.

The company obtained approval from the Shanxi Development and Reform Commission in early 2013 and has begun preliminary works on the new unit, according to the official from the municipal government in Houma.

According to ICIS, the CBM feedstock will be supplied via the Jinchang-Houma CBM pipeline and the Linfen-Changzhi gas pipeline, the official said.

Other facilities at the same site include a LNG-refuelling station, a refuelling station for compressed natural gas and two LNG storage tanks.

Houma Tongsheng Yitong Natural Gas Co has the franchise right on natural gas in Houma city and is largely engaged in businesses, such as city gas supply and the retailing of natural gas equipment. (December 1, 2014)

12/02/2014

SHALE GAS

EXPLORATION

CHINA:

ABB to support China's shale gas project

ABB, a leading power and automation technology group, will work to support production in the Sinopec Fuling Shale Gas Project, according to an announcement recently.

ABB announced a deal with China Petroleum and Chemical Corporation (Sinopec) to **provide automation and engineering services for Phase I of Sinopec's Shale Gas Project in Jiaoshiba Block** in Fuling, Chongqing, over the next three years.

According to the "Shale Gas Development Plan" released by the Chinese government in 2012, China will actively promote the development and use of unconventional oil and gas resources, including shale gas. This is expected to alleviate natural gas supply shortage in the country, as well as optimize China's energy structure, promote energy conservation and cut emissions.

The Fuling field, discovered in 2012, has **reserves of 2.1 trillion cubic meters of shale gas**, according to Sinopec. (November 14, 2014)

11/14/2014

SOUTH AFRICA:

Shell urges SA to move on shale gas

Anglo-Dutch energy giant Shell expressed concern recently about the slow progress South Africa was making in granting licences for shale gas exploration six years after taking bids. Shell is one of several firms seeking to explore the semi-desert Karoo region, believed to have one of the largest untapped deposits of its kind in the world. "We are now six years down the line and we still don't have an exploration right agreement in our hands, that's the first concern," Bonang Mohale, chairperson of Shell South Africa.

An 18-month moratorium on hydraulic fracturing to weigh the environmental and economic implications of the process was lifted in September 2012. A junior minister recently said exploratory drilling might not get underway until mid-2016 at the earliest.

Shell plans to spend \$200-million for the first exploration phase of six wells if granted a licence to drill. The Northern Cape Karoo region, near Namibia, has been tipped as potentially one of the world's largest untapped shale fields. (November 6, 2014)

11/06/2014

SOUTH AFRICA:

South Africa begins processing Falcon's shale gas exploration application

Dublin based Falcon Oil & Gas announced recently that Petroleum Agency of South Africa (PASA) has commenced processing company's application for a shale gas exploration licence in South Africa's Karoo Basin.

The PASA has requested Falcon to **review and update its already drafted Environmental Management Programme where necessary**. In accordance with the South African Mineral and Petroleum Resources Development Act 2002, Falcon is required to notify and consult with communities and parties in respect of any such revisions. The company has been requested to complete this process by 27 February 2015.

"The 7.5 million acres in the Karoo Basin, for which Falcon is seeking an exploration licence, are geologically prospective with the Whitehill shale believed to be thick, organically rich and thermally mature." Philip O'Quigley, CEO of Falcon commented. Falcon was granted a Technical Cooperation Permit (TCP) in 2009 covering 7.5 million (30,327 km²) acres in the southern part of the Karoo Basin. The TCP gives Falcon an exclusive right to an exploration licence to find commercial hydrocarbon deposits over all or part of this area.

In December 2012, the company announced a cooperation agreement with Chevron Business Development South Africa. The agreement enables Falcon to work exclusively with Chevron for a period of five years in jointly obtaining exploration licences. (November 3, 2014)

11/04/2014

UNITED KINGDOM:

UK shale gas potential has been hyped claims report

The UK Energy Research Centre warns that hopes for a shale gas bonanza in the UK may be overoptimistic. Gas will play an essential short-term role as the UK moves towards a low carbon economy but domestic shale gas production is unlikely to have a much of an impact, a new report has warned.

According to the research, which has been published by the UK Energy Research Centre, gas will be an important "**bridging fuel**" over the next decade, but its use will have to be curtailed in order to prevent global temperatures rising above 2°C.

The report goes on to claim that whilst shale gas has been widely touted as a solution to domestic security of supply concerns, it's unlikely that an industry which is still in its infancy will achieve sufficient scale over the next decade, the key time-period where gas could act as a transition fuel.

Instead of banking on shale, **UKERC recommends rapidly expanding investment in alternative low-carbon energy sources and investing in more gas storage**, which would help protect consumers against short-term supply disruption and price rises. **Industry unwillingness to invest in additional storage is symptomatic of the high level of uncertainty surrounding future gas demand in the UK.**

The report calls on government to develop a policy of 'gas by design' that plans now for the changing role of gas in the UK energy mix; ensuring future UK gas security and a **smooth transition to a low-carbon economy**. (November 12, 2014)

11/13/2014

UKRAINE:

Ukraine still struggling to get shale investment

Ukraine's government is still struggling to entice Western companies to invest in **exploration for shale gas despite recent reforms meant to help the industry.**

Maksim Karpin, a Ukrainian state official for geology and mineral resources, said Tuesday that the government was "taking every step" to meet international standards as well as the needs of the companies on the ground, but it was still waiting to see foreign investment.

Speaking on the sidelines of a conference in Poland, **he said that the hostility of local communities in western Ukraine might be stalling license holders Chevron and Eni.**

In eastern Ukraine, the armed conflict has made Chevron abandon drilling for conventional gas, according to Georgi Rudko, chairman of a Ukrainian state commission for mineral resources. (November 26, 2014)

11/26/2014

BULGARIA:

Bulgaria Should Stop 'Playing Ostrich' over Shale Gas

Delyan Dobrev, former Energy Minister and MP of center-right party GERB, has insisted that it is time Bulgaria stopped "playing ostrich" as regards shale gas.

In an interview published in *Pressa* daily, Dobrev suggests that Bulgaria may be the only country in the world with a moratorium on shale gas drilling.

He argues that the only alternative to Russian gas is developing local gas fields. (December 11, 2014)

12/11/2014

UKRAINE:

Chevron Pulls Out Of \$10 Billion Gas Deal With Ukraine

Chevron announced that it was pulling out of a deal that it made with the Ukrainian government to **develop shale gas in western Ukraine**. The \$10 billion deal was signed before the ouster of former Ukrainian President Viktor Yanukovich.

Chevron indicated that it was **unsatisfied with the tax regime in Ukraine**, after the post-Yanukovich government raised energy taxes. **"We have just terminated that PSA (product sharing agreement)," said Peter Clark, Chevron's country manager in Ukraine**, according to Kyiv Post. "When it was signed, things had to be done, but not all of them got done."

The deal with Chevron was signed in November 2013, and called for Chevron to invest \$350 million over the first two to three years to develop Ukraine's Olesska field in the western part of the country. The agreement kept open the possibility of ramping up investments to \$10 billion over the course of Chevron's 50-year lease. **The Olesska field was expected to produce 10 billion cubic meters of gas each year when it was up and running.**

But Chevron insisted that it would only move forward if the Ukrainian government simplified a series of tax laws.

With no action from Kyiv, Chevron has decided it cannot move forward, and informed the Ukrainian government on December 15 of its intention to pull out of the deal. (December 15, 2014)

12/16/2014

ALGERIA:

Drilling of Ahnet pilot well completed

The operations of shale gas drilling and compression conducted in the Ahnet pilot well located in In Salah, 1300 km south of Algiers were **completed this week**, Sonatrach's Interim CEO Said Sahnoun told APS Thursday.

"We have completed this week the drilling and the compression, and we are going to test this pilot well in order to verify some aspects that determine its capacities for commercial exploitation," he said on the sidelines of the Algerian-British Forum on Trade and Investment in London.

The shale gas exploitation represents "a field of development for Sonatrach," adding that this unconventional gas "is a potential of growth not to be neglected."

The commercial exploitation of the Algerian shale gas is planned for 2022 with a production of around 20 billion m3, said last Sunday Sahnoun in his speech at the North Africa Oil and Gas Summit in Algiers.

Sonatrach eyes to reinforce its capacities of shale gas production thanks to the intensification of investments in this field to reach 30 billion m3 by 2025-2027, he said. (December 11, 2014)

12/12/2014

NETHERLANDS:

DUTCH PARLIAMENT FORBIDS SHALE GAS EXPLOITATION FOR TWO MORE YEARS

The Dutch Parliament has voted a motion that forbids the government to allow shale gas exploitation in the Netherlands during the actual government's legislature. Normally, this term of office will run until end 2016.

Like most Western European countries, the Netherlands have a multi party political tradition. To find enough votes to reach a majority in parliamentary vote, compromises have to be made. Most compromises use a language that leaves broad room for interpretation. In this case, discussion is still going on about the difference between (field) exploration and exploitation.

Prime minister Rutte already declared that, however shale gas exploitation now is put on hold, explorative drills still are possible during his term of office. Minister of Economic Affairs Henk Kamp (VVD) thinks about a year is needed to find out whether the use of (Dutch) shale gas is needed and useful and if it can be exploited on a responsible manner. In his opinion about end 2015 a structural vision document can be presented. Based on this document, the government will take into consideration if test drills can be done.

If test drills can only start beginning 2016, the motion that exploitation is not allowed before end 2016 has no practical consequences. Kamp intends to continue research activities. Some municipalities, where test drills locations are intended, already insisted to abandon this actions. Kamp however believes it is wise to go on, to find out anyway what are the risks and opportunities of shale gas extraction in the Netherlands. (December 10, 2014)

12/11/2014

EGYPT:

Egypt Approves Opening of Bids for Shale Gas Licences in Western Desert

Egypt has granted approval for opening of bids for exploration of **shale gas in four areas** in the Western Desert, according to an EGAS official.

Daily News Egypt reported that the project will be offered in a special bid by the Egyptian General Petroleum Corporation (EGPC), due to EGPC's jurisdiction in the Western Desert.

EGPC will decide on a date for the bid.

The EGAS official told *Daily News Egypt* that the areas to be included in the bid include sites where Shell and Apache are conducting shale gas production trials in the Western Desert.

Egypt is looking to explore for shale gas from the Western Desert in order to **augment its domestic gas supplies amid rising demand**.

The North African nation produces around 4.75bn cubic feet of gas per day while actual demand is approximately 6bn cubic feet per day. (November 23, 2014)

11/24/2014

EGYPT:

Egypt signs first gas fracking contract with Apache, Shell

Egypt signed its first contract with foreign oil firms to extract gas using fracking, the same technique used in producing shale gas, a move that could unlock large reserves of energy.

Texas-based Apache Corp and Shell Egypt will drill three horizontal wells in the Abu El-Gharadiq region of the country's Western Desert with investments of up to \$40 million, said the Petroleum Ministry in a statement on Wednesday.

Egypt's technically recoverable reserves of unconventional gas are estimated at 100 trillion cubic feet (tcf), according to a 2013 report by the U.S. Energy Information Administration, higher than its reserves of conventional natural gas, which stand at 77 tcf. (December 17, 2014)

12/18/2014

UNITED KINGDOM:

IGas Energy upgrades shale gas estimates after Manchester well success

IGas Energy estimates between 50 and 352 tcf of gas exists within its shale projects in the north of England. The company revealed recently the upgraded gross gas in place estimate after the results of an exploration well near Manchester confirmed expectations.

IGas's Barton Moss well, drilled in early 2014, encountered three shale intervals as well as 15 gas bearing coal seams. "The results of the well are encouraging in respect of the shale potential of the area as they have helped further refine the existing basin models and verify the earlier preliminary prognosis," chief executive Andrew Austin.

Highlighting the new gas estimates Austin added: "more data has narrowed the range and increased the overall potential which, coupled with our funded work programme of \$80 million, gives us the ability to **demonstrate the commerciality of gas extraction from these prospective areas.**"

In the analysis of the Barton Moss findings IGas said the Bowland shale in this area is very comparable to the Marcellus and Fayetteville shales – two of the key American shale plays upon which the vast US shale industry was built. Additionally, IGas said that the measured permeability is high compared with typical US shale plays.

IGas describes the Barton Moss result as "an important data point" as the company works to better understand the Bowland shale basin. It added that the results will help refine future appraisal programmes, and that core recovered from the well (some 400 feet) will be invaluable in the definition of future development options and the design of fracking treatments.

IGas's revised gas-initially-in-place (GIIP) estimate follows the Barton Moss results as well as the recently completed acquisition of UK shale rival Dart Energy, though it excludes the area's CBM potential and licence areas in the Weald shale basin.

Gross GIIP is estimated in a range between 50 and 352tcf, with the 'most likely' estimate set at 192tcf. **The Net GIIP is estimated between 34 and 263tcf, and the 'most likely' figure is 147tcf.**

IGas said its work in the North West of England continues with the upcoming well in Ellesmere Port, where drilling is expected to start before the end of this year. It also continues to **prepare for future programmes with seismic acquisition work and further site selection activities.** (November 4, 2014)

11/04/2014

UNITED KINGDOM:

Ineos to invest £640m in UK exploration

Chemicals giant Ineos is to announce plans to invest up to \$1bn (£640m) in shale gas exploration and production in the UK, the BBC understands.

The company plans to use the gas as a raw material for its chemicals plants, including Grangemouth in Stirlingshire.

Grangemouth is currently running at a loss but Ineos believes shale gas will transform the economics of the plant.

Shale gas extraction is promoted as an important potential energy source but has prompted environmental concerns.

Exploration rights

Shale gas is extracted through a technique known as fracking, or hydraulic fracturing, in which water and chemicals are pumped into shale rock at high pressure.

Numerous anti-fracking groups have formed and protests have been staged at several sites over fears of earthquakes, water pollution and environmental damage.

Ineos is currently building Europe's largest shale gas import facility to feed its petrochemicals plant at Grangemouth - but it wants to produce home grown shale gas as well.

In recent months it has been buying up rights to explore across hundreds of square miles of the Midland Valley around the Stirlingshire site.

Ineos is also thought to have applied for further licences as part of the government's ongoing onshore licensing round.

The company is expected to outline plans on Thursday to invest hundreds of millions pounds in UK exploration and production.

BBC industry correspondent John Moylan says the move will be seen as a significant vote of confidence in the sector, and will position Ineos as one of the major players in the emerging industry.

But, he adds, it will also put Ineos in the sights of protesters who believe shale gas and fracking are dangerous and harmful to the environment.

'Transparent bribe'

Earlier this year, Ineos announced plans to hand over up to £2.5bn of shale gas revenues to communities close to its wells.

The company has bought the licence for shale gas exploration and development across a 329sq km area around its Grangemouth power plant.

It will give away 6% of revenues to local homeowners and landowners.

However, Friends of the Earth Scotland criticised the move as "a transparent attempt to bribe communities".

The British Geological Survey has estimated there are "modest" shale gas and oil resources in the area.

Fracking is used extensively in the US where it has revolutionised the energy industry.

The Scottish government has called for devolved powers on fracking after the UK government decided to press ahead with plans to let companies drill at depths of 300m below private land without consent. (November, 20, 2014)

PRODUCTION

CHINA:

China's Shale Gas Sector To Expand Despite Target Reduction

China's shale gas sector continues to expand despite reduction in medium-term shale gas production forecasts. China's revision of its medium-term shale gas production targets reflects the numerous challenges facing the business despite the country's large shale gas resources.

China has cut its 2020 shale gas production targets by more than half to **30 bcm**, reflecting the difficult geology of its shale basins, higher drilling costs, water scarcity and the limited success domestic operators have had so far with shale blocks allocated in the two rounds since 2011. (December 8, 2014)

12/08/2014

ALGERIA:

Commercial exploitation of Algerian shale gas as from 2022

The commercial exploitation of the Algerian shale gas is planned for 2022 with a production averaging 20 bcm, CEO of Group Sonatrach, Saïd Sahnoun declared Sunday in Algiers.

Sonatrach expects to enter the pilot phase of the unconventional resources **exploitation in 2019** with the perspective to start **production in 2022**. Sonatrach also plans to reinforce its capacities of shale gas production thanks to the intensification of the investments in this field to reach **30 bcm by 2025-2027**. The technically recoverable resources of shale gas are estimated at around **700 Tcf (20 tcm)**.

To confirm the commercial potential of these resources, Algeria needs to conduct a drilling program of **11 wells over a period of 7 to 13 years**. Algeria is ranked 3rd in the world, after China and Argentina in terms of reserves of recoverable shale gas, according to the US DoE. (December 8, 2014)

12/08/2014

GERMANY:

Germany Opens Door to Commercial Fracking in Merkel Bill

Germany may allow commercial drilling for shale gas, a process it had vowed wouldn't be possible for the foreseeable future.

German authorities plan to allow exploratory commercial drilling starting in 2019 at depths of less than 3,000 meters (9,800 feet) with "strict" environmental limits to advance usage of the technology and after case-by-case decisions, according to draft legislation obtained by Bloomberg News.

The new rules "don't generally prevent the development of the fracking technology but tie it to the fulfillment of the necessary requirements to avoid any damages to environment and health," according to the bill drafted by the Environment Ministry.

That's a reversal from a previous plan to ban any commercial fracking and allow only scientific drilling. Fracking is unpopular in Germany, though Chancellor Angela Merkel's government is keen to develop domestic energy sources as it phases out nuclear power by 2022.

While companies including Exxon Mobil Corp. (XOM) have drilled test wells into unconventional gas reservoirs in Germany to emulate the U.S. shale-gas boom, little headway has been made because of public opposition.

Under the German proposal, companies would be able to drill for shale gas if:

- they successfully completed exploratory drilling under scientific supervision with fluids that don't harm the environment;
- an independent commission of experts agrees that commercial fracking at the site wouldn't harm the environment or cause earthquakes;
- and once local authorities, who are not bound to the commission's verdict, permit drilling.

Germany should allow fracking in response to a U.S. boom that helped lower energy prices and lift the competitiveness of U.S. industry, the VCI chemical industry lobby said in a statement.

Even with the amended bill, "the hurdles for companies are extremely high," the group said.

For Related News and Information: German Anti-Fracking Campaigners Petition to Outlaw Technology Germany to Draft Anti-Shale Fracking Rules on Public Opposition Germany CEOs Lament Lost Innovation as Fracking Angst Rises. (November 20, 2014)

11/21/2014

HUNGARY:

Hungary looks to develop gas production

Hungary is looking to start extracting unconventional forms of natural gas in a bid to help Europe become less dependent on Russian energy imports, a government official says.

Hungary's unconventional gas deposits are estimated at some 1,500 billion cubic metres - enough to supply all of Europe for three years - but they are deep and hard to access.

Unconventional gas includes tight gas and shale gas. Both are difficult to extract because the gas is trapped in rocks, requiring deeper and more complex wells and technology.

Attila Nyikos, deputy head for international affairs at Hungary's Energy Authority, says Hungary wants to be among the few European countries embracing extraction of this type of unconventional gas.

"If European unconventional gas stays down, European (energy) freedom will be buried next to it," Nyikos said, speaking on the sidelines of a shale gas conference.

Much of Central and Eastern Europe relies on Russian gas and is seeking new sources to limit that dependence because Moscow has been often using the fossil fuel for political purposes. Poland is the continent's leader in exploration for shale gas, with some 67 wells drilled, but more data is needed to show if it is commercially viable. Shale gas is also pursued in Britain and in Romania, while politically-troubled Ukraine is waiting for foreign investors.

But most European states are reluctant to pursue tight and shale gas amid concerns that the extraction methods hurt the environment.

Hungary, which depends on Russia for some 80 per cent of its gas needs, has about 100 research wells for unconventional gas, seven of them by the Canadian company Falcon TXM, including one with small-scale commercial production.

At the conference, experts and industry professionals disagreed on whether Europe may see a shale gas boom. (November 27, 2014)

11/27/2014

GERMANY:

No fracking, we're German! Berlin reiterates moratorium on drilling

Germany says it is not going to loosen restrictions concerning its moratorium on fracking. A report in Der Spiegel had said the government was considering making it easier to extract shale gas and allow test drilling.

The government said on Monday it has no plans to lift the ban on fracking, Reuters reported.

Currently there are only plans to allow fracking at a depth below 3,000 meters to ensure that the water supply does not become contaminated. The effective ban is popular with Germans as the process of hydraulic fracturing involves pumping water and chemicals through drill holes at a high pressure to try and open rocks that may contain gas.

France and Bulgaria have already banned fracking, while Germany has had a moratorium on the drilling technique for the last two years. However, the German government is coming under pressure from the country's energy industry to allow fracking. They fear that they will become less competitive on the global market, due to rising energy costs at home and cheaper gas in the US, due to the popularity of fracking in North America. (November 18, 2014)

11/19/2014

UNITED STATES:

U.S. shale gas output breaking records

U.S. natural gas production has risen for the 10th consecutive month, moving steadily into "unchartered territory," analysis from Platts finds. Bentek Energy, the forecasting unit of Platts, found gas production in the Lower 48 states averaged **69.9 billion cubic feet per day in October**, breaking the previous record and posting the 10th straight month of gains. Gas production in October was 7.9% higher year-on-year.

Jack Weixel, director of analysis at Bentek, said projects slated to come online in the U.S. northeast should push the U.S. **gas output above the 72 billion cubic feet per day mark by the end of the year.**

Bentek estimates total U.S. **average production for the year will be 67.9 billion cubic feet per day** because of growth from the Utica, Marcellus and other premier shale basins. Utica is an emerging shale play in the United States. The Energy Information Administration included Utica shale, which lies geologically beneath the Marcellus shale, in its monthly drilling productivity report in August because of increased productivity.

EIA said drilling productivity in the Utica shale has outpaced others in the region, including Marcellus. In 2009, Bentek said the United States averaged 55.1 billion cubic feet per day in natural gas production. (November 7, 2014)

11/12/2014

SUPPLIES - IMPORTS - EXPORTS

INDIA - CANADA:

Indian Oil Corporation to invest in shale-gas and liquefied natural gas projects in Canada

Indian Oil Corporation will invest USD 4 billion in the British Columbia province, Canada, to source LNG from the region Premier of British Columbia, Canada Christy Clark said: "Indian Oil is poised to make its biggest investment in Canada to secure natural gas for India from BC."

IOC, in May, signed a deal to buy 10% stake in shale-gas assets and a linked LNG project in British Columbia. The Canadian asset will produce as much as 19.68 million tonnes of LNG a year for 25 years starting in 2018. (October 14, 2014)

10/15/2014

ENVIRONMENT

UNITED STATES:

New York State bans fracking amidst environmental concerns

New York State has become the first US state with **considerable natural gas reserves to ban the controversial extraction technique known as fracking.**

On Wednesday the administration of Governor Andrew M. Cuomo moved forward with plans to ban fracking across the state, citing excessive environmental and health concerns.

"I cannot support high volume hydraulic fracturing in the great state of New York," said Howard Zucker, the acting commissioner of health.

New York is the second state to ban fracking, after Vermont did so in 2012. But that decision was seen as simply symbolic as Vermont has no significant natural gas reserves. This is in comparison to New York, which has potentially large reserves thanks to its large share of the Marcellus shale formation in the south-west of the State. (December 18, 2014)

12/18/2014

GENERAL INFORMATION

NETHERLANDS:

No shale gas while we're in government, Labour leader says

Sharp divisions have emerged between the ruling coalition parties about the controversial hunt for shale gas in the Netherlands. Labour leader Diederik Samsom said on Wednesday it is 'completely unnecessary' to drill for shale gas in 'this densely populated country'. Samsom, who is not a minister, repeated his position later in parliament during a debate on climate change and said there would be no drilling as long as his party is part of the governing coalition.

In June, the Labour party said it would accept test drilling as long as the process is shown to be clean and safe. However, prime minister Mark Rutte told MPs that research into the usefulness and need for shale gas is continuing.

Those results are expected before the summer of 2015 and then the debate on what to do next will take place. No test drillings are currently being carried out, he told MPs. Any permits will rely on the outcome of the studies. Samsom said the research can continue but asked the cabinet to extend the moratorium on test drilling to 2017, when the next election is due to take place. MPs will vote on that next Tuesday. Surprise MPs from the ruling VVD said they were surprised by Samsom's comments. 'It is odd to say that shale gas is out of the question while different research projects are underway,' VVD parliamentarian René Leegte told broadcaster Nos. A number of local councils, water boards and even brewing groups like Heineken have come out against the production of shale gas in the Netherlands because of the risk of pollution.

Haaren and Boxtel in Brabant and the Noordoostpolder north east of Amsterdam have been earmarked as test drilling sites. All three areas are strongly opposed to the arrival of shale gas companies. (December 4, 2014)

12/04/2014

AUSTRALIA:

Shale gas fracking under review in Tasmania

Land owners and environmental law experts in Tasmania are using a state review of unconventional shale gas mining to ensure the rights of farmers and their neighbours.

Coal Seam Gas (CSG) mining using the fracking technique - where underground rock is hydraulically fractured - has sparked protests in Queensland and New South Wales.

While it uses similar technology, CSG is different to the shale gas mining proposed for Tasmania.

CSG mining happens 500 metres below the surface, while shale gas mining is at a much deeper level.

In both cases, underground rock is hydraulically fractured, the cracks are kept open and gas is extracted.

We want to be sure that any mining process doesn't interfere with the water table, doesn't contaminate water.

Jan Davis from the Tasmanian Farmers and Graziers Association (TFGA) is urging people to recognise the difference.

"[They should] make sure they look at the science and cut through some of the understandable but hard to manage emotions around this issue," she said.

There are some protections in place for people who do not want fracking on their land, but Jess Feehely from the Environmental Defender's Office (EDO) said they are limited to the exploration stage.

"Landowner consent is required at the exploration stage; it's not required at the production stage," she said.

Ms Davis said landholders should have the final say over activities that affect farming enterprises.

"Where there are farming activities, to have paramount control over the land that he or she owns," she said.

"That's the surface land. What happens underneath shouldn't be allowed to interfere with that surface activity.

"We want to be sure that any engagement, any mining process, doesn't interfere with the water table, doesn't contaminate water, and certainly doesn't cause undue and unnecessary angst to our farmers.

"And monitoring to ensure that any mining doesn't interfere with water tables or leave contaminants behind that can't be managed."

Shale gas is more valuable than coal seam gas, but after 20 years of exploration in Tasmania, no company has ever applied for a mining licence.

But Australian mining company PetraGas was granted a shale gas exploration licence in the Midlands this year.

Ms Feehely said current legislation did not allow neighbours to challenge mining licences.

"Where a mining activity might have broader implications outside the actual footprint of the mine, other people in the community don't have a right to object to that," she said.

"They've got no standing to either object to, or challenge, a decision to allow that mining to go ahead."

Ms Feehely said recently proposed anti-protest legislation in Tasmania could restrict the actions of people who are opposed to the gas mining.

"Certainly the level of community concern suggests there will be people that are keen to protest against developments and the legislation that's currently before the parliament will have a chilling affect on those sorts of protests," she said.

The Government declined to comment while the review is under way.

A 12-month state-wide moratorium on fracking will end in March and submissions on the review close the first week of December. (November 30, 2014)

12/01/2014

WORLDWIDE:

Will the Saudis drive U.S. shale (Oil) out of business?

There has always been a close link between U.S. oil production, international prices and OPEC, so it should come as no surprise that North America's shale drillers find themselves locked in a battle with Saudi Arabia over prices and market share.

Until the 1950s, the United States accounted for more than half of all global oil production. Big finds such as Oklahoma's Glenn Pool (1905) and the East Texas field (1930) drove oil price changes around the rest of the world. Since the 1970s, the United States has been a net importer, and international prices have tended to drive changes in U.S. exploration and production.

Drilling and output in major oil-producing states have been closely correlated with the rise and fall in real oil prices. And nowhere has the relationship been closer than North Dakota, where the fortunes of its oil industry have mirrored the rise and fall in prices, resulting in a brutal cycle of boom and bust.

After unsuccessful exploration for almost 40 years, the first oil was found in North Dakota in 1951, and the first well was drilled in the now-famous Bakken formation in 1953. After the initial burst of excitement, however, North Dakota settled into a role as a niche producer, drilling around 200 wells a year and producing perhaps 50,000 barrels per day throughout the rest of the 1950s and 1960s. The state's first oil boom came in the late 1970s and early 1980s as a direct consequence of the Arab oil embargo (1973), the Iranian revolution (1979) and the price increases demanded by OPEC.

The number of new wells drilled increased from just 90 in 1972 to peak at 834 in 1981 as the real price of oil surged from \$14 to around \$100 per barrel at today's prices. But the state's oil industry fell into a deep and prolonged depression in the 15 years of low prices that followed the crash of 1986. In 1989, just 188 new wells were drilled. By 1994, the number had fallen to 111. And in 1999, it fell to just 58.

Even as prices and drilling fell in the 1980s and 1990s, some of the most enterprising companies had begun to experiment with drilling horizontal wells in the Bakken formation. Meridian Oil drilled the first horizontal well in the Bakken in 1987. For a few years, Bakken was the most active oil exploration play in the state, with dozens of wells drilled each year.

From 2005, just four years later, horizontal drilling and hydraulic fracturing were successfully employed together to release oil and gas trapped in the shale. The quadrupling of oil prices between 2002 and 2012 provided the financial incentive for another drilling boom. And by 2013, the number of new wells drilled topped 2,000, and daily production hit 860,000 barrels. In August 2014, state oil production stood at more than 1.1 million barrels per day, more than 90% of it from the Bakken, according to North Dakota's Department of Mineral Resources.

North Dakota's oil industry and other similar shale oil plays across the United States are the product of events and price changes far beyond the state's own borders - and indeed beyond North America. It is vital to remember that linkage when thinking about the next phase of the oil price cycle.

Craig Pirrong at the University of Houston **doubts that Saudi Arabia is using a predatory pricing strategy to drive shale producers out of business.** There is no evidence that Saudi Arabia is deliberately engineering a volume or price war to stop the shale revolution (or indeed to intensify the pressure on other oil-exporting rivals such as Iran and Russia) rather than **simply responding rationally to protect its market share.**

Yet a prolonged period of low prices and a squeeze on the shale business may be inevitable, unless Saudi Arabia and OPEC are willing to accept a big drop in their market share. Past experience suggests the fortunes of the U.S. oil industry, Saudi Arabia and OPEC are bound tightly together. Part of the adjustment process now underway in the oil market is likely to be a prolonged period of lower prices and a slowdown in the growth of the U.S. shale industry. (November 12, 2014)

TIGHT GAS

PRODUCTION

HUNGARY:

Hungary looks to develop gas production

Hungary is looking to start extracting unconventional forms of natural gas in a bid to help Europe become less dependent on Russian energy imports, a government official says.

Hungary's unconventional gas deposits are estimated at some 1,500 billion cubic metres - enough to supply all of Europe for three years - but they are deep and hard to access.

Unconventional gas includes tight gas and shale gas. Both are difficult to extract because the gas is trapped in rocks, requiring deeper and more complex wells and technology.

Attila Nyikos, deputy head for international affairs at Hungary's Energy Authority, says Hungary wants to be among the few European countries embracing extraction of this type of unconventional gas.

"If European unconventional gas stays down, European (energy) freedom will be buried next to it," Nyikos said, speaking on the sidelines of a shale gas conference.

Much of Central and Eastern Europe relies on Russian gas and is seeking new sources to limit that dependence because Moscow has been often using the fossil fuel for political purposes. Poland is the continent's leader in exploration for shale gas, with some 67 wells drilled, but more data is needed to show if it is commercially viable. Shale gas is also pursued in Britain and in Romania, while politically-troubled Ukraine is waiting for foreign investors.

But most European states are reluctant to pursue tight and shale gas amid concerns that the extraction methods hurt the environment.

Hungary, which depends on Russia for some 80 per cent of its gas needs, has about 100 research wells for unconventional gas, seven of them by the Canadian company Falcon TXM, including one with small-scale commercial production.

At the conference, experts and industry professionals disagreed on whether Europe may see a shale gas boom. (November 27, 2014)

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