

# NGS' NG/LNG SNAPSHOT

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## NATURAL GAS/PIPELINES/COMPANY IN THE NEWS

- *The 10 billion Turkmenistan-Afghanistan- Pakistan-India (TAPI) gas pipeline has finally appointed the Chairman of Board of Directors.*
- *The proposed Oman-India undersea gas pipeline is emerging as a promising option to transport natural gas from the Middle Eastern region of Asia.*
- *The fall in crude oil prices augur well for Indian import of oil and LNG. See pg 2*

## NG/LNG UTILISATION- ROADWAYS

### Tata Motors Plans to develop Trucks with LNG as fuel

Jamshedpur, Jharkhand: Tata Motors, which has completed 60 years of manufacturing at its plant in Jamshedpur, is also working on developing liquefied natural gas (LNG) and dual fuel powered vehicles. "I have always said that CNG is not the fuel for the commercial vehicles. Its availability is an issue. Companies like IOC (Indian Oil Corp) and GAIL are keen to work with us on the LNG fuel. We are in the process of getting clearances and we would have a product ready and running in the next two years," Mr Jindal said. Besides, the company is also developing dual fuel vehicles which would run on both CNG and diesel, he added. Source: NDTV Profit

## POLICY MATTERS/GAS PRICING

- *Drop in oil price plays a key role in the economic revival of the country.*
- *OPEC could change the current scenario provided member countries agree on production cuts.*
- *The fight between Reliance Industries and ONGC in the Godavri basin enters the next phase with the stepping-in of international reservoir expert, D&MA.*
- *ONGC and OIL, oil exploratory companies engaged in Mizoram were expected to extract large amount of hydrocarbon in the state according to a statement made by the State Geology and Mineral Resources Minister H. Rohluna.*  
*See Pg. 2*

## INTERNATIONAL

### NATURAL GAS/CROSS COUNTRY AND TRANSNATIONAL PIPELINES

- *Russia expressed willingness to cooperate with Pakistan in various projects in the fields of oil and gas including modernization of oil and gas infrastructure, innovative technology solutions in coal industry and building/renovation of various power generating units.*
- *Pakistan is proposing an increase of 23 percent on an average in the gas tariff for all categories of gas consumers except domestic consumers.*
- *Nigeria has been accused of disrespecting its contractual agreement to supply Ghana with gas.*
- *The price of natural gas in the USA which swooned just two years ago to the chagrin of drillers and the delight of manufacturers and utilities is quietly holding steady or even rising amid falling oil price.*
- *SACOIL of South Africa plans to diversify its assets by building a natural gas pipeline in Mozambique and Egypt.*
- *Adani Welspun Exploration (AWEL) has announced plans to invest 1.5 billion US dollar in US shale and Canadian oil sands assets. See pg. 4*

### NG/LNG UTILISATION- ROADWAYS AND WATERWAYS

- *CNG use gathers momentum in Canada and the USA with widespread increased conversion activities and interest of consumers and vehicle manufacturers. LNG usage in ferries across USA and Canada is also taking the fast lane.*
- *Oman Shipping Company has taken delivery of one of the world's most advanced fuel efficient LNG carriers – the Adam LNG.*
- *Metrogas, Chile's largest distributor of natural gas plans to cut its tariffs by as much as 15%. See pg. 6*

### LNG DEVELOPMENT

- *Qatar looks east with the growing importance of China as major LNG market.*
- *China could emerge as the world's top buyer of LNG if predictions by Japan and South Korea of falling domestic demand prove correct according to a Qatargas executive.*
- *Malaysia and Singapore see their locations as a major advantage as a potential Asian LNG hub.*
- *Prices of spot LNG for December delivery to Asia dropped 29.4% year over year to average \$12.49 per MMBtu according to the latest Platts Japan/Korea Marker for month-ahead delivery.*
- *The Pakistan government is confident that the import of LNG will start in March 2015.*
- *Finland and Estonia reached an agreement to build two liquefied natural gas (LNG) terminals, connected by a pipeline across the Gulf of Finland by 2019.*
- *Turkey to increase gas imports from Algeria under the terms of a renewed gas trade agreement signed in Algiers. Mozambique expects LNG production to commence by 2019.*  
*See pg. 5*

## NATURAL GAS/PIPELINES/ COMPANY IN THE NEWS

**India may propose getting China company to lead pipeline consortium**

With global energy firms refusing to participate in the ambitious TAPI gas pipeline, India may propose getting a Chinese company to lead a consortium that will build the \$10 billion Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

French giant Total SA had initially envisaged interest in leading a consortium of national oil companies of the four nations in the TAPI project, but backed off after Turkmenistan refused to accept its condition of a stake in the gas field that will feed the pipeline. The four state-owned firms, including GAIL of India, neither have the financial muscle nor the experience of cross-country line an international company that will build and also operate the line is needed.

Source: Times of India

**1735km TAPI gas pipeline: Pakistan becomes leader of energy project's board**

Mobin Saulit, MD Inter-State Gas Systems of Pakistan, is appointed as Chairman Board of Directors of Tapi Pipeline Company Limited (TPCL) in a meeting held in Ashgabat. The TPCL would build, own and operate the 1,800km Tapi gas project. Meanwhile, Islamabad and Moscow have agreed to further strengthen bilateral ties between the two countries by boosting cooperation in oil and gas exploration and other transnational energy projects, including CASA-1000 and Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

Turkmenistan's government estimates the cost of TAPI at about \$10 billion. The United States has repeatedly expressed its support for the proposed 1,735-km (1,084-mile) pipeline which would carry annually up to 33 billion cubic metres of gas for 30 years.

Source: Customs Today

**Oman-India gas pipeline a most promising option**

The Oman-India pipeline project intends to transport 8 tcf of natural gas to India over a period of 20 years. The pipeline is planned to be about 1,300 km long, laid at a depth of 3,400 metres below the seabed. It will connect the Middle East Compression Station near Oman with the receiving terminal near Gujarat.

The estimated cost of this project is \$4-5 billion and can be executed in about five years. The Oman-India Pipeline is comparatively more feasible because India is close to the sources of natural gas in the Middle East and the undersea distance is less than 1,500 km. Another reason in favour of this project is the landed cost, which will be lesser by \$1.5 to \$2 per million BTU as compared to LNG imports. Furthermore, this pipeline could be linked to other natural gas sources in the Middle East and even to Turkmenistan and Iran if need be.

Source: IANS Live

**PSU OMCs edge higher as crude drops**

A range bound movement was witnessed as key benchmark indices languished in negative zone in morning trade. The losses for the benchmark indices were small. The barometer index, the S&P BSE Sensex, was currently off 35.88 points or 0.13% at 28,302.17. The market breadth indicating the overall health of the market was positive. Brent crude oil futures edged lower. Fall in crude oil prices augur well for India as the country imports 80% of its oil requirement. Shares of public sector oil marketing companies rose as crude oil prices fell. BPCL (up 0.56%), Indian Oil Corporation (up 0.69%) and HPCL (up 1.13%) edged higher. Lower crude oil prices could reduce under-recoveries of PSU OMCs on domestic sale of LPG and kerosene at controlled prices. Shares of state run upstream oil and gas companies rose on hopes of lower subsidy burden as crude oil prices declined. Oil India gained 1.09%. GAIL (India) gained 2.46%. ONGC rose 0.38%.

Source: Business Standard

## POLICY MATTERS/GAS PRICING

**Oil plunge will be greeted with glee from Modi to Abe**

Prime Minister Narendra Modi has oil to thank for helping an economic revival in India. Whether his luck holds depends on a meeting in Vienna tomorrow.

Not only will unchanged OPEC production help India and Japan, which buys all of its oil from overseas, it will also lower prices of natural gas imports for these two countries. South Korea, the world's No 2 LNG importer, will also benefit. Awaiting the outcome of the summit of the OPEC tomorrow are other Asian leaders. While Chinese President Xi Jinping is looking at shoring up an economy on track to record its weakest annual growth since 1990, Japan's Prime Minister Shinzo Abe is banking on OPEC's 12 members sustaining production levels to stem his nation's slide into recession.

Oil's slump this year is good news for these nations, which are exposed to the risk of global price changes that affect their balance of trade. Australia, with seven LNG projects will also bear the effect of falling oil prices on its potential LNG exports.

Source: The Malaymail Online

**Expert report on ONGC-RIL gas dispute by June: Pradhan**

International expert DeGolyer & MacNaughton, Dallas, USA will by June next year submit its report on ONGC's claims of gas from its KG basin find seeping into the neighbouring gas field operated by Reliance Industries, Oil Minister Dharmendra Pradhan has said. ONGC had in May filed an extraordinary writ petition in the Delhi High Court alleging that "RIL has extracted gas running into approximately 18 billion cubic meters, resulting in loss of several thousand crores of rupees, from its block KG-DWN-98/2 and Godavari block (G-4) located in Krishna Godavari Basin," he said. The state-owned firm feels gas discoveries in its nomination block G4 and Block KG-DWN-98/2 (KG-D5) extends into RIL's KG-DWN-98/3 or KG-D6 block.

Source: Business Standard

## Large hydrocarbon deposit likely to be extracted in Mizoram

Oil exploratory companies engaged in Mizoram were expected to extract large amount of hydrocarbon in the state, state Geology and Mineral Resources Minister H. Rohluna told the state assembly.

Hydrocarbon deposit was found at Meidum village in Mizoram-Assam border Kolasib district while the companies were also expecting to find large hydrocarbon deposit at the drilling site near Maubuang village in Aizawl district. He said that Mizoram government would get 12.5 per cent from oil and 10 per cent from gas as and when the extraction becomes a reality and 50 per cent of the non-tax revenue as recommended by the 12th Finance Commission and accepted by the Centre.

ONGC and OIL were mainly engaged in the exploration work in Mizoram.

Source: Business Standard

## Gas marketing: Next big business for IOC

Indian Oil Corporation, India's biggest PSU refiner and oil marketing company is eyeing a bigger business in gas marketing in its endeavour to diversify and grow as an integrated energy company. The Maharatna firm has lined up initiatives to increase its gas marketing portfolio by 2022, including launching a global tender to procure LNG. Company sources say that their long-term strategy is to be marketing about 10 million tonne of gas per annum by 2022. IOC, which is constructing a 5-million tonne per annum (mtpa) LNG terminal at Ennore in Tamil Nadu, is also considering two more terminals under its ambit. The PSU is contemplating whether to go ahead and set up greenfield LNG terminals or buy equity in under-commissioning projects. IOC will face competition from gas-marketing companies such as GAIL (India) and Petronet LNG, while going ahead in its gas marketing business.

Source: Financial Express

## LNG & SHIPPING

- **GAIL** is looking to boost imports of spot LNG with the falling price of crude oil.
- **Indian Oil Corporation** is eyeing a bigger business in gas marketing in its endeavour to diversify and grow as an integrated energy company including additional two more LNG import facilities.
- **Mumbai Port Trust** is planning to develop an LNG terminal on the outskirts of the city to complement its liquid cargo handling business.
- **GSPC and Adani Group's** plan to sell 25% stake in the terminal has hit a roadblock as GSPC does not have a chief executive officer to grant approvals related to the deal.

### Gail to buy more LNG in 2015 as oil pushes price down

Gail India Ltd is seeking to boost imports of spot LNG next year as a decline in oil prices pushed down the cost of the super-chilled fuel. It is reported that GAIL plans to buy about 30 spot LNG cargoes next year, including a term deal for 12 cargoes, compared with about 25 this year. Lower crude prices combined with slumping demand for LNG from Japan and South Korea, Asia's biggest consumers of the fuel, amid mild weather and high inventories has pushed prices to the lowest in more than 3-1/2 years. The drop may benefit India, the world's fourth-biggest LNG importer, whose appetite for the fuel has been limited by its relatively high cost.

Source: hellenicshippingnews

### Mumbai Port Trust to set up Rs 4,000-cr LNG terminal

Mumbai Port Trust (MbPT) is planning to develop an LNG terminal worth R4,000 crore on the outskirts of the city to complement its liquid cargo handling business and earn additional revenue. MbPT will float a request for qualification (RFQ) to invite energy companies to build the terminal, which will come up on the Karanja spoil ground near Uran.

It is reported that the planned LNG terminal with floating storage and regasification unit will be able to handle 5 MMTA of LNG. Reliance Industries (RIL), Gail (India) and Swan Energy, are expected to show interest.

Source: Financial Express

### 25% stake sale in GSPC-Adani LNG terminal to take longer

Adani Group and Gujarat State Petroleum Corporation (GSPC) Limited's five MMTPA LNG terminal at Mundra, Gujarat, will take a tad longer to build. Adani Group and Gujarat State Petroleum Corp (GSPC) have been planning to set up a Rs 4,500-crore liquefied natural gas (LNG) import terminal at Mundra special economic zone (SEZ) in Gujarat by December 2016. GSPC and Adani Group's plan to sell 25% stake in the terminal has hit a roadblock as GSPC does not have a chief executive officer to grant approvals related to the deal.

Last August, eight players filed an Expression of Interest (Eoi) for the 25% stake.

Other than the shortlisted players, the bidders included GAIL India, Petronet-LNG, Torrent Energy, Japan's Mitsui & Co and Toyota Tsusho Corporation. A company executive said Petronet LNG, despite its experience, was not short-listed as there could have been a conflict of interest. IOC and ONGC, on the other hand, hold 12.5% stake in Petronet-LNG.

Source: hellenicshippingnews

## NATURAL GAS/CROSS COUNTRY AND TRANSNATIONAL PIPELINES

### **Moscow to cooperate in major energy projects**

At the third session of Pakistan-Russia Joint Working Group (JWG) on Energy here, Russia expressed willingness to cooperate with Pakistan in various projects in the fields of oil and gas exploration, construction of floating LNG terminals, North-South gas pipeline from Gwadar to Nawabshah, sharing of seismic and geological data, Enhanced Oil Recovery, LPG processing facility and gas purification plants, modernization of oil and gas infrastructure, innovative technology solutions in coal industry, and building/renovation of various power generating units in Pakistan, especially those of Russian origin. The Pakistan delegation was led by Ambassador to Russia, Zaheer A. Janjua, and included representatives of Ministry of Water, OGDCL and Inter State Gas Services Limited. The Russian delegation was headed by Deputy Energy Minister Yury Sentyur in, says a report received from Moscow.

Source: Pakobserver

### **Gas Supply: Ghana accuses Nigeria of breach of contract**

Nigeria has been accused of disrespecting its contractual agreement to supply Ghana with gas, thus worsening Ghana's load shedding exercise, the Energy Ministry has said. Since the inception of the West African Gas Pipeline Project, Nigeria, which is responsible for supplying Ghana, Togo and Benin with natural gas has proven to be unreliable, Communications Consultant at the Energy Ministry, Edward Bawa told Joy News. Nigeria was supposed to send 123 million cubic feet of gas to Ghana but it is only able to supply around 49 cubic feet of gas. Meanwhile, the Ghana Grid Company, (GRIDCO) says it will have to reduce power supply to consumers further if Nigeria's gas supply to the country continues to dwindle.

Source: Ghanaweb

### **Low temperatures in the USA boost natural gas price as oil turns cold**

The price of natural gas, which swooned just two years ago to the chagrin of drillers and the delight of manufacturers and utilities, is quietly holding steady or even rising amid a high-profile crude oil price slide. The gains mostly are seasonal - the price typically rallies or retreats along with winter heating demand - but other factors also are helping natural gas dodge the pressures that have knocked more than 25 percent from the price of crude oil since June. U.S. natural gas fell below \$2 per million British thermal units in 2012, thanks both to a torrent of gas flowing from shale plays and a mild winter. This year gas has rebounded above \$4, because of a cold winter and below-normal temperatures so far this fall. Continued cold weather sent the price up 13 cents to \$4.37 in New York Mercantile Exchange trading Wednesday.

Source: Houston Chronicle

### **SacOil plans to build a 600km pipeline link to Mozambique**

SACOIL of South Africa wants to diversify its assets by building a natural gas pipeline in Mozambique and developing Egyptian oil wells, according to chief executive Thabo Kgogo. SACOIL in discussions with a couple of international engineering companies that would like to participate in a project to build a gas-processing plant in Mozambique and a line that would bring the fuel 600km to South Africa. The company this year started a programme to broaden assets outside of exploration blocks it holds in Malawi, Botswana and the Democratic Republic of Congo. SacOil acquired the Lagia oil field on Egypt's Sinai peninsula. Along with South Africa's Public Investment Corporation and Mozambique's Instituto De Gestão Das Participações Do Estado, the company also entered into a memorandum of understanding over the gas pipeline and plant.

Source: IOL

### **Malaysia to scrap fuel subsidies from December**

Malaysia will abolish subsidies for petrol and diesel from Dec. 1, the Star online news portal reported, citing the domestic trade, cooperatives and consumerism minister, Hasan Malek. Retail prices for RON95 petrol and diesel will be fixed according to a managed float, the Star reported, similar to the mechanism for the price of premium petrol RON97. Neighbour Indonesia raised subsidised fuel prices by more than 30 percent this week, a move that is expected to save the government of Southeast Asia's biggest economy more than \$8 billion (5.10 billion pound) next year.

Source: Reuters

### **Adani Welspun Exploration to invest 1.5 billion US dollar in US shale and Canadian oil sands assets**

Adani Welspun Exploration (AWEL) on 23 November 2014 announced to invest 1.5 billion US dollar in US shale and Canadian oil sands assets. AWEL is the joint venture between Gautam Adani led Adani Group and towel-to-pipe conglomerate Welspun led by B K Goenka. The investment will be made towards stake purchases in select Louisiana and Texas shale fields in the US and some Alberta oil sands projects in Canada. Although the joint venture has an overall investment plan of 1.5 billion US dollar for overseas energy assets, it seeks to buy a minimum investment of 300 million US dollar.

Source: Jagranjosh

### **MoPNR, Pakistan proposes 23pc hike in gas tariff**

The Ministry of Petroleum and Natural Resources has sent a summary to the prime minister proposing an increase of 23 percent on an average in the gas tariff for all categories of gas consumers except domestic consumers. The gas utilities companies are on the verge of collapse and in case the gas tariff is not increased, the Sui Southern and Sui Northern will default. Thus to ensure the minimum rate of return of 17 percent to the companies, an increase in gas tariff is inevitable.

Source: The News

## LNG DEVELOPMENT

### Qatar looks East: Growing importance of China's LNG market

Qatar is the world's fourth largest gas producer in 2013 after Russia, the United States and Iran, according to the BP Statistical Review 2014. More than 84 percent of Qatar's gas exports are in the form of LNG, more than two thirds of which (71.4 percent) are shipped to Asia. For Qatar, China is currently the fourth largest market after Japan, South Korea, and India for its exports, accounting for nearly 6.5 percent of its global exports with more than 9 percent of Doha's LNG total exports. All in all, the economic ties between Beijing and Doha are expected to grow and develop in the coming years, especially if we take into account other important sectors such as petrochemicals and the possible participation of Chinese companies in Qatar's major projects over the next decade.

Source: Alarbiya News

### Prices of spot LNG for December delivery to Asia dropped 29.4% year over year

Prices of spot LNG for December delivery to Asia dropped 29.4% year over year to average \$12.49 per MMBtu according to the latest Platts Japan/Korea Marker for month-ahead delivery. At \$12.49/MMBtu, the monthly average Platts Japan/Korea Marker for December delivery reached levels not seen since 2010, when the December JKM averaged \$9.549/MMBtu. In the years following the Fukushima disaster, December JKM monthly average prices had been consistently above \$13.00/MMBtu. The JKM lost \$4.425/MMBtu over the assessment period, recording the most volatile month in the history of the marker. After beginning the month at \$14.925/MMBtu on October 16, the December JKM closed at \$10.50/MMBtu November 14, a new low for 2014, as sentiment became increasingly bearish.

Source: LNG Global

### Malaysia and Singapore urged to develop as Asian LNG hub

Malaysia and Singapore need to develop an Asian LNG hub as a platform to provide an economically sustainable energy solution to Asian countries. Chief Executive Officer of Singapore's Pavilion Energy, Seah Moon Ming said the initiative could facilitate transparent LNG pricing and price discovery, leading to an Asian LNG Price Marker as well as development of financial instruments such as LNG future contracts. Their locations in the Straits of Malacca and South China Sea, are host to some of the world's vital sea lanes with about 50 per cent of global LNG supplies passing through each year.

Source: New straits times online

### Pakistan govt awaiting LNG imports

The Pakistan government is confident that the import of liquefied natural gas — initially exclusively for the power sector — will start in March 2015. Meanwhile, Engro, which is building the dedicated LNG terminal at Port Qasim, is a little anxious. It feels that at the current pace of progress on the proposed LNG import deal, LNG vessels may arrive long after its terminal is ready.

The government intends to import up to 4MMTA of LNG in 2015, at an estimated cost of about \$2.5bn, Dawn has learnt. Under its deal with the government, Engro will charge 66 cents per MMBtu of LNG for handling and transmitting the gas to Sui Southern Gas Company (SSGC).

The project, which Engro pledged to deliver in March 2015, will probably be ready before the deadline, he said. The project can be scaled to handle 1,000mmscfd RLNG at an aggregate cost of \$200m.

Source: Dawn

### Finland and Estonia to build LNG terminals

Finland and Estonia reached an agreement to build two liquefied natural gas (LNG) terminals, connected by a pipeline across the Gulf of Finland by 2019. A large regional terminal would be built in Finland while Estonia would get a smaller gas distribution terminal, the Finnish government said in a statement. The plan, which aims to cut the countries' dependence on Russian gas, was put on hold a month ago due to failure to agree on how the countries' gas companies can share EU financial assistance. The countries expect the EU to cover 75% of the pipeline's estimated cost of €200 million. Together with the two terminals, the total cost of the project is seen at around €500 million. The deal also included future access to Latvia's underground gas inventories, Finland said.

Source: euractiv

### China could overtake world's top two LNG buyers: Qatargas

China could emerge as the world's top buyer of LNG if predictions by Japan and South Korea of falling domestic demand prove correct, a Qatargas executive said. Iain Scott, assistant marketing director of short term trading and optimisation at Qatargas was speaking on the sidelines of the CWC World Gas Summit in Paris, where presentations from Japanese and South Korean companies forecast some segments of demand in the world's top two buyers falling in the coming five years.

Thomson Reuters Point Carbon says China's LNG imports have been growing at around 25 per cent per year for the four years to 2013 when the country's imports totalled around 18 million tonnes.

Source: Business Times

## Turkey signs increased gas deal with Algeria

Turkey will increase gas imports from Algeria under the terms of a renewed gas trade agreement signed in Algiers. Under the terms of the new contract, which will run for ten years, Turkey will import 4.4 billion cubic meters of liquefied natural gas per year from Algeria, up from 4 billion per year under the previous contract.

The increase will slightly raise Algerian imports' share in Turkey's total energy mix, which has been nine percent previously. Turkey has imported 4 billion cubic meters of liquefied natural gas, or LNG, every year from Algeria since 1988. The contract was set to expire by the end of this year.

Source: Turkish Weekly

## Mozambique: Report Expects LNG Production to Begin in 2019

Mozambique will begin to produce LNG in 2019 according to the London-based analysts Business Monitor International (BMI). A BMI report states that the Italian energy company ENI is expected to be the first to market with its "Mamba" Floating LNG (FLNG) Project. Under the plan, the natural gas will be liquefied aboard a floating vessel before being transferred to tankers to take the LNG directly to buyers. ENI is the operator in Offshore Area 4 in the Rovuma Basin off the coast of Mozambique's northern province of Cabo Delgado. According to the report, "currently, industry sources highlight that only 65 percent of LNG has been contracted by letter of intent".

Source: hellenicshippingnews

## NG/LNG UTILISATION- ROADWAYS AND WATERWAYS

### CAT – GAIN Partnership to Build 5 CNG Stations

Canadian American Transportation Inc. has signed an agreement with U.S. Oil (handles all aspects of fuel supply) for the construction of five fast-fill GAIN® Clean Fuel (a CNG company which offers locations map to show CNG stations, where to find alternative fuels, where CNG compressors are located within their infrastructure) compressed natural gas stations in the United States and Canada to support C.A.T.'s recent acquisition of 100 Ryder CNG sleeper tractors. The stations will be located in Toronto, Ontario; Montreal, Quebec; Laredo, Texas; Charlotte, North Carolina; and Scranton, Pennsylvania. These new stations will be strategically located and pair well with existing GAIN stations throughout the country to create the nationwide network needed. U.S. Oil currently has 38 GAIN stations in operation or under construction.

Source: NGV Global

### Redlands to offer CNG/LNG fuelling stations in town

Redlands, California residents and businesses in need of Compressed Natural Gas for their vehicles will have an increased ability to fill up in town. The city has added new CNG fuel dispensers at its corporate yard to allow up to four alternative fuel vehicles to fill up at the same time. CNG is a clean burning alternative fuel that helps reduce carbon emissions and costs less than fossil fuels, according to a city news release. The city's fleet includes 23 vehicles fueled by LNG and six vehicles fueled by CNG. The equipment maintenance division operates a CNG and LNG fueling station at the city's corporate yard. The city in 2011 was awarded \$85,000 from the Committee's \$5 million Alternative Fuel Infrastructure Program and in July 2014, the City Council awarded a \$222,604 contract for the alternative fuel expansion to Buena Vista-based Fueling and Service Technologies, who broke ground in September. Source: The Sun

### British Columbia, Canada Ferries' CEO says LNG is the fuel of the future

The use of LNG as fuel is a pivotal part of British Columbia Ferry Services' strategy, with its chief executive and president Mike Corrigan calling it a game-changer.

Earlier this year the British Columbia-based ferry operator announced the construction of three new-builds that can be operated on dual fuel - LNG and diesel - and the conversion of two Spirit class ferries. Remontowa shipyard in Poland won the bid to build the new vessels, which will be 105m long, and handle 145 vehicles and 600 passengers. The advantages of replacing a traditional ferry with a cable ferry are numerous. "It will deliver the same level of service from a safety and operational liability standpoint for half the amount that it is currently costing us. It will give us savings of CA\$2 million (US\$1.7 million) a year. These are significant savings, especially as we are really concerned about being as efficient as we can be and keeping our fares as affordable as possible. This is the way to do it and be innovative.

Source: Riviera

### Metrogas cuts gas tariffs as Chile questions profits

Metrogas, Chile's largest distributor of natural gas plans to cut its tariffs by as much as 15%, as the government accused the firm of exceeding permitted profit limits, the company said Monday. Metrogas will reduce gas tariffs by 15% for 350,000 households, or 60% of its clients, from December 1, the company said in a statement. The remainder will see tariffs fall by 4%-10%. The move comes just days after Spain's Natural Gas Fenosa took control of the board at Metrogas, following its successful takeover of parent company CGE.

Source: Platts

## How Russia could derail US natural gas exports?

Russia and China have signed two large natural gas deals in the last six months as Russia turns its attention eastward in reaction to sanctions and souring relations with Europe, currently Russia's largest energy export market. But the move has implications beyond Europe. Petroleum geologist and consultant Art Berman is of the opinion that that Russian supply will force the price of LNG delivered to Asia down to between \$10 and \$11, too low for American LNG exports to be profitable.

Now, let's back up a little. U.S. natural gas producers have been trying to sell the story of an American energy renaissance based on growing domestically produced gas supplies from deep shale deposits--now being exploited through a new form of hydraulic fracturing called high-volume slick-water hydraulic fracturing.

The problem has been that overproduction and low prices--now only a fraction of the \$13 per thousand cubic feet (mcf) at the peak in 2008--have undermined the financial stability of the natural gas drillers. Here's why: Natural gas from shale, referred to as shale gas, is generally more expensive to produce than conventional natural gas and will require that natural gas prices go much higher than they are today--from around \$4 per mcf almost certainly to over \$6 per mcf and perhaps more to pay the costs of bringing that gas out profitably.

But at that price, U.S. LNG is no longer competitive in Europe. And now, because of the Russian-Chinese natural gas pipeline deals, it may no longer be competitive in Asia. Those are the two largest markets for LNG. Without them it is doubtful that the United States will be exporting much LNG--except perhaps at a loss.

Here's the problem: To convert U.S. natural gas to liquefied natural gas, put it on specially built tankers and ship it to Europe or Asia will cost about \$6 per mcf. If the price of U.S. natural gas averages around \$6 per mcf, the total landed cost of U.S. LNG will be the cost of the gas plus the cost of converting it and shipping it, that is, around \$12 per mcf.

The most recent landed prices for LNG to Asia as reported by the Federal Energy Regulatory Commission were \$10.10 per MMBtu\* for China, \$10.50 for Korea and \$10.50 for Japan. For Europe the numbers are even more sobering: \$9.15 for Spain, \$6.60 for the United Kingdom, and \$6.78 for Belgium. All amounts are U.S. dollars.

Source: The Christian Science Monitor

All news and features carried in this NGS NG/LNG update are compiled from various sources - print and web and have been duly acknowledged

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## Mansfield Clean Energy Opens Ga. CNG Station

**Mansfield Clean Energy Partners (MCEP)**, the joint venture of Clean Energy Fuels Corp. and Mansfield Energy Corp., has officially opened the first CNG station built to serve the MCEP venture. Located in Doraville, Ga., the new card-lock natural gas fueling station will fuel Mansfield's fleet of 12 natural gas trucks, along with other area fleets. The station will showcase the potential natural gas fuel brings to the significant bulk fuel hauling market segment, according to Clean Energy. Natural gas fuel costs more than \$1 less per gallon than gasoline or diesel, depending on local market conditions.

Source: Trucking Info

## Ferries clear hurdle in plan to switch to liquid natural gas

The U.S. Coast Guard commander who will make the final decision about a plan to convert some Washington State ferries to liquid natural gas fuel says he sees nothing at this point that would stop the plan.

Such a conversion would be the first time ferries in the U.S. would switch from the diesel they burn now to cleaner, cheaper liquid natural gas. The conversion would cost \$75 million, but the ferry system would recoup that investment in just a decade with another 20 years of cost savings after that.

The Washington State Ferry system runs 22 ferries nearly every day and spends \$124 million a year for 17 million gallons of diesel. In 2000, that cost burned 11 percent of its budget, but now it consumes nearly a third of its budget. Many experts believe LNG is the future of shipping. Scandinavian countries have used it for several years without a problem. Several shipping companies are converting existing ships or commissioning construction of new ships using LNG fuel as a means of significantly reducing fuel costs and emissions.

Source: KOMO News

## Oman Shipping Company takes delivery of Adam LNG

**Oman Shipping Company (OSC)** has taken delivery of one of the world's most advanced fuel efficient LNG carriers – the Adam LNG. The 162,000 cubic metres capacity vessel was built by Hyundai Heavy Industries (HHI) in Ulsan South Korea. It will operate worldwide with 25 crew including four Omani cadets, the company said in a press release. OSC Acting Chief Executive Officer, Tarik Al Junaidi, said the Adam LNG is a powerful demonstration of the Muscat-based company's 'driving commitment to constant innovation' in its fleet which now numbers 43 vessels and is one of the biggest in the Gulf (see factfile). He said the Adam LNG will be offered on the 'open market' to oil and gas companies worldwide.

Source: Port News