# Oil and Gas News Briefs
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## China's gas imports continue to increase

http://www.platts.com/latest-news/natural-gas/singapore/chinas-march-natural-gas-pipeline-imports-rise-26072059

(Platts; April 23) - China imported about 96 billion cubic feet of natural gas via pipeline in March, a 41.3 percent increase over the same month last year, government data showed April 21. The increase was largely due to a 26.3 percent boost in inflows from Turkmenistan. China National Petroleum Corp. also imports pipeline gas from Myanmar into China's southern Yunnan province and surrounding areas. Additional gas comes from Uzbekistan and Kazakhstan.

China's gas demand in March totaled almost 550 bcf, about two-thirds of which was supplied by domestic production. In addition to the 96 bcf of pipeline gas imports in March, China imported about 65 bcf as LNG in March. Overall, China's gas imports were up 15.5 percent for the month over March 2014

## Sinopec looking to sell some of its Australia LNG, Platts reports

http://www.platts.com/latest-news/natural-gas/singapore/chinas-sinopec-awaits-approval-to-sell-lng-from-26073041

(Platts; April 24) – China's state-owned Sinopec is waiting for management approval to sell volumes from its long-term contract with Australia Pacific LNG, informed sources said this week. "[Sinopec] has to get approval for LNG diversions from senior management," one of the sources said, adding that the final decision will depend on the company's own downstream demand projections.

The Beijing-headquartered buyer had been previously heard offering up to 4 million metric tons of LNG per year (almost 200 billion cubic feet of gas) from its 7.6-million-ton long-term contract with the ConocoPhillips-operated LNG facility to other Asia-Pacific buyers and portfolio sellers, including BP. A source close to the company told Platts that Sinopec was considering trading APLNG volumes on a spot basis starting in 2016. Sinopec bought the cargoes on a mix of FOB and DES basis, Platts reported previously.

Construction delays at Sinopec's import infrastructure and lower-than-expected consumption from its downstream customers were cited as the potential reasons for selling some of the LNG, but this could not be directly confirmed. First cargoes from the Australia Pacific LNG project nearing construction are expected in mid-2015, with full production capacity of 9 million tons per year expected to be reached by mid-2016. Contractual deliveries to Sinopec are due to commence in the fourth quarter 2015.

## Widened Panama Canal will be able to handle 89% of world LNG fleet

http://www.platts.com/latest-news/shipping/singapore/panama-canal-eyes-25-mil-mtyear-lng-trade-after-26072993

(Platts; April 24) - The widening of the Panama Canal will provide a massive boost to its LNG traffic, with annual volumes projected at 25 million metric tons per year of LNG (about 1.2 trillion cubic feet of gas), a key official said April 23. Currently, only 23 ships in the global fleet of 421 LNG carriers can pass through the Panama Canal. The canal is being widened and when the new locks are operational by April next year, ships with larger draft, longer beam and length will be able to pass through the canal.

Once the widened canal is operational, it will become the shortest route for moving gas and other commodities from the Gulf of Mexico to North Asia, Jorge L. Quijano, CEO of the Panama Canal Authority, said at the Sea Asia global shipping conference in Singapore. About 89 percent of the world’s fleet, or 376 LNG carriers, will be able to pass through the upgraded canal, Quijano said.

The canal upgrade will increase the volume of liquefied natural gas shipped through the canal because the distance from U.S. Gulf Coast LNG export terminals to Japan will be around 10,600 miles compared with 16,800 miles via the Suez Canal. Assuming a fast speed of 19.5 knots, the reduced distance can result in savings of about 22 days on a round-trip voyage, Quijano added. Other LNG shippers will save, too. Cargoes from Peru to Spain will save eight days.

## Hawaii Gas OK with law that would limit long-term use of LNG

http://www.staradvertiser.com/businesspremium/20150424__Hawaii_Gas_chief_backs_bill_curbing_use_of_LNG.html?id=301184271

(Honolulu Star Advertiser; April 24) – Hawaii Gas CEO Alicia Moy said she supports a bill sitting on Gov. David Ige's desk that would limit the use of liquefied natural gas in Hawaii, despite that the utility is looking to supply the fuel to the state in bulk. The bill mandates that the use of LNG in Hawaii not slow the development and use of renewable energy, reaffirms Hawaii's need to cut its dependence on imported fuels and encourages utilities to make the social and financial interests of ratepayers a priority.

Lawmakers sent the bill to Ige on April 24. The governor has 10 days to either sign the bill into law, return it with objections to the Legislature or veto the bill. If it is not signed or returned within that time, it will become law. Ige said in a March interview with the

Honolulu Star-Advertiser that if LNG were to be included in Hawaii's energy mix, it must be used as a bridge fuel to renewables.

Moy said the gas utility's LNG plans would align with the state's goals to increase the use of renewable energy. "It is very clear the permanency is not something people want out of LNG," she said. "It is something that has been part of our plan, part of our guiding principles from the very beginning. The LNG model must address the changing demand scenarios of increasing renewable energy development." Until then, Hawaii Gas filed an application last fall with the state utilities commission to use more LNG.

## Yukon Territory has 25% cost overrun on LNG-fueled power plant

http://yukon-news.com/news/whitehorse-lng-plant-8-million-over-budget/

(Yukon News; Whitehorse, Canada; April 24) - By the time Yukon Energy's liquefied natural gas-fueled power plant in Whitehorse, Yukon Territory, starts generating electricity in June, it will have cost nearly 25 percent more than expected. When the project was announced in July 2013, the anticipated capital cost was $34.5 million. Today, the costs are expected to total $42.9 million.

Andrew Hall, president of Yukon Energy, said unanticipated requirements from the Yukon Utilities Board set the project back and resulted in additional costs. The board required the corporation to redesign its containment pit, which would hold leaking LNG in the event of an accident. "That meant a whole bunch of re-work, redesign, which not only delayed the project probably three months or so, but it also incurred a whole bunch of extra costs," Hall said.

It also pushed construction into the winter months, which can be more expensive. And there were some delays in the delivery of "final bits and pieces," including some of the electrical wiring. Those extra costs will ultimately be paid by consumers. "Ultimately the project gets put into rate base, and the next time we go before the Yukon Utilities' Board, it gets added to our assets and it's paid for over its operating life, ultimately through electrical rates," Hall said.

## B.C. pledges $30 million for First Nations job training program

http://nanaimobusinessnews.ca/2015/04/26/program-to-fund-aboriginal-lng-training/

(Nanaimo Business News; BC; April 25) - As part of B.C.'s Skills for Jobs Blueprint, the provincial government will invest up to $30 million over the next three years for new aboriginal skills-training projects and partnerships. Starting this year, up to $10 million annually in new funding will support training focused primarily on First Nations communities poised to benefit from liquefied natural gas development. The program's overall goal is to add 15,000 aboriginal workers to the labor force within 10 years.

Designed with First Nations communities, the training program is part of a comprehensive plan to help ensure aboriginal people and First Nations communities have more opportunities to benefit from the growth of the emerging LNG sector, the province said. “Access to well-paying jobs and economic participation are keys to shared prosperity with First Nations,” said Shirley Bond, Minister of Jobs, Tourism and Skills Training, and Minister Responsible for Labor.

Training will include pipeline construction and certification for heavy-duty equipment operators. The funds will be managed and distributed by the Ministry of Aboriginal Relations and Reconciliation. The B.C. government will seek to leverage the new funding with additional investments from partners, including the federal government and industry.

## TransCanada signs benefits accord with First Nation for B.C. gas line

http://www.680news.com/2015/04/23/2015-budget-ontario-wont-slash-and-burn-its-way-back-to-balance/

(The Canadian Press; April 23) - The company planning to build a 550-mile natural gas pipeline across northern British Columbia has signed a benefits agreement with the Kitselas First Nation. TransCanada said the deal will provide financial and other benefits related to the Prince Rupert Gas Transmission Project.

Kitselas Chief Joe Bevan said it gives his members economic benefits and job training and also ensures environmental concerns will be adequately addressed. TransCanada has signed similar agreements with the Nisga’a and Gitanyow First Nations along the route to move gas from northeastern B.C. to a proposed liquefied natural gas plant and export terminal that Pacific NorthWest LNG wants to build near Prince Rupert, B.C.

## Developer proposes two small LNG plants in Nova Scotia

http://www.platts.com/latest-news/natural-gas/calgary/two-new-small-scale-lng-facilities-planned-for-10915102

(Platts; April; 24) - Halifax-based Nova Scotia LNG is planning to build two small LNG facilities in the Atlantic Canadian province with a total capacity of 180,000 to 260,000 metric tons per year (about 25 million to 35 million cubic feet of natural gas per day), its director Dean Girdis said April 25. The smaller of the two plants will target marine bunkering demand along the U.S. and Canadian East Coast. The larger of the two plants will focus on diesel displacement markets in the Caribbean, Girdis said.

Nova Scotia LNG is developing the facilities under a partnership with Nitrogas, a specialized LNG/LPG broker with maritime expertise, Girdis said, adding the LNG plants would be “tolling” facilities — not producing or owning the gas or taking any market risk, but rather charging a liquefaction fee to customers. The fee would be $3.50 to $5 per million Btu. The developer expects the gas would come from offshore Nova Scotia.

"We are beginning the permitting the process this spring and would file an application with the Nova Scotia government," Girdis said, adding that an export license will also be sought from the National Energy Board. He did not specify a timeline for filing the regulator applications, but said the bunkering plant could start up in 2017 and the larger plant a year or two later. A small-scale plant can be permitted in about nine months in Nova Scotia at a cost that is a fraction of a U.S.-based plant, he said.

## Small group of protestors rally against Texas LNG plants

http://portisabelsouthpadre.com/2015/04/24/demonstrators-stage-lng-protest/

(Port Isabel-South Padre Press; Texas; April 24) - A group of protesters comprised of concerned citizens, the Sierra Club, the Lower Laguna Madre Foundation and the local chapter of the Audubon Society gathered at the foot of the Queen Isabella Memorial Causeway on South Padre Island in Texas on April 19 for two hours to show their opposition to development of five liquefied natural gas terminals proposed for the Port of Brownsville on the Gulf Coast.

The event drew approximately 75 people holding banners, waving signs, wearing costumes and chanting slogans such as “Not fair! Fresh air!” According to the advertisement for the demonstration, the Rio Grande Valley group, calling itself Save RGV from LNG, said: “Fossil fuel companies are bad for coastal communities, and we want to show them that they aren’t welcome here. We are not willing to sacrifice our clean air, clean water and biodiverse wildlife habitats for corporate profits.”

Organizer Stefanie Herweck spoke with urgency about the seriousness of the situation. “We used Google Earth to calculate, and the south-southeast prevailing winds will blow the emissions from these plants directly toward Port Isabel High School.”

## North America’s gas pipeline capacity lags production

http://www.eenews.net/stories/1060017295

(ClimateWire; April 23) - Ever since the shale industry killed the price of natural gas in 2008, producers have been saying a price recovery is just around the corner — once the U.S. starts liquefying the fuel for export, once pipelines are built to move Marcellus gas to the Southeast and Gulf, once power demand and trade with Mexico ramps up.

All of that may actually happen before long. Not only are LNG exports poised to start by 2016, but gas exports to Mexico are picking up and the Obama administration's climate plan could force more electric generators to switch from coal to gas. All the gas industry needs now is the hardest part — pipelines. "The infrastructure almost always moves behind the discoveries," said Richard Kinder, CEO of Kinder Morgan, the biggest U.S. pipeline company, during the annual IHS CERAWeek conference in Houston this week.

The problem for producers is that the gas is in the wrong place. The Marcellus and Utica shales are producing so much gas — an estimated 16 billion cubic feet a day by the end of 2015, according to IHS — that producers are having to sell it for $1 less than producers get in Texas and Louisiana. Pipeline companies are "still in the process of re-plumbing the infrastructure," said Michael Casey, managing director for energy at Citigroup. Some of the problem is public resistance. Protests have broken out against pipelines from residents concerned about safety and losing their land to pipelines.

## Brazilian companies delay decision on ethane plant in West Virginia

http://www.wsj.com/articles/west-virginia-natural-gas-complex-is-put-on-hold-1429745148?KEYWORDS=odebrecht

(Wall Street Journal; April 23) - Two Brazilian companies are putting on hold plans for a multibillion-dollar natural gas refining complex in West Virginia, a project that was supposed to give an economic boost to a state reeling from the faltering coal industry. The project, announced in 2013, would include an ethane cracker, where natural gas is turned into ethylene used in chemical manufacturing. It also would include three plants to produce polyethylene, used to make numerous products from plastic bags to pipes.

Construction firm Odebrecht and petrochemical company Braskem, both of São Paulo, said April 21 that “under current energy scenarios” more analysis is needed before the project moves ahead. Tumbling crude oil prices, which have fallen more than 50 percent since the summer, are partly to blame for recent delays of several ethane cracker projects, experts say. That’s because the drop in oil prices makes plants using ethane less advantageous compared with crackers that use naphtha derived from crude oil.

Plants using ethane from Appalachia also are viewed as higher risk because the region is more isolated from markets than the Gulf Coast, experts contend. “The advantage they had six months ago is not as big, so that’s why crackers are being delayed,” said Maria Mejia, a Houston-based energy analyst with Bentek Energy. Meanwhile, the growth in gas production in the Marcellus Shale has spurred pipeline and other refining projects that have boosted labor costs and made building cracker plants more costly.

## Australia sees downturn ahead after LNG construction boom

http://www.abc.net.au/news/2015-04-23/inpex-ichthys-project-nears-completion-darwin-considers-future/6402996

(Australian Broadcasting Corp.; April 23) – For the past few years, Darwin has repeated on a grand scale an experiment being conducted throughout Australia: What happens to a town when it becomes the site of a mega project? In the next few years the outcome of this experiment will start to become clear. The Japanese company INPEX is now less than two years away from completion of its $34 billion project to produce natural gas from an offshore field north of Western Australia, pipe it to a shore plant for liquefaction and export. At least a third of the money will be spent on facility in Darwin harbor.

Economists fear a looming bust. "A huge construction cliff is quickly approaching for the territory," the Deloitte business outlook report for March 2015 said. "The likelihood that a matchingly large project gets the go-ahead to help continue to drive growth once construction on Ichthys begins to wind down is now much less." After thousands of construction jobs, the massive venture translates to only a few hundred long-term jobs.

INPEX has tried to be sensitive to its "social footprint," said Bill Townsend, its general manager of external affairs. But it is clear the transition to the "operations phase" will involve great upheaval. As the construction phase nears completion, unions have shifted their focus to securing "operations-phase" jobs for local workers and smoothing out the coming downturn.