ICIS

Heren LNG Markets Daily

Energy Prices | News | Analysis

MARKET COMMENT

Yemen LNG loses volumes on sabotage

The operators of the 6.7m tonnes per annum (mtpa) Yemen LNG facility said gas delivery from its production reserves was interrupted because of a pipeline explosion on Friday.

The explosion would result in the loss of four LNG cargoes, the producer said in a statement on its website. The facility, controlled by France's Total, had been scheduled to undergo scheduled maintenance starting on 15 April, the company said.

The 38-inch pipeline that connects Yemen's Block 18 reserves to the Balhalf plant was "sabotaged" on 30 March at a location 40km north of Yemen LNG production facility, it said.

The loss of four cargoes from Yemen LNG is less than 4% of its LNG production after the facility loaded 106 cargoes in 2011.

It is unclear how many of the four cargoes were scheduled to go its principal offtakers, Total and Paris-based GDF SUEZ.

Limited interest in Tangguh volumes

Interest to buy volumes marketed from the BP-operated Tannguh facility in Indonesia appeared to be thin on the ground among buyers in northeast Asia, who said that the gas was either too lean or too expensive to be attractive.

"The lean specification of the gas makes it difficult for us and other buyers in Japan to receive any cargoes from Tangguh. We will not be participating in the tender," a Japanese buying source said.

As yet, there was no clear indication of the offer level or the tender's closing date, but a trader said that only three cargoes were on offer as part of the DES (delivered, ex-ship) strip tender for late June/early July, rather than the five previously reported.

Elsewhere, sources close to PetroChina said there would be no interest to purchase cargoes from the buyer in the next few months, as temperatures in the northern half of the country have begun to rise.

Inventories at the company's two terminals in Jiangsu and Dalian were said to be well balanced, while the current prices are too high to encourage any build-up of stock, sources said.

However, CNOOC was said to be contemplating cargoes for its terminals in southern China ahead of its peak summer season, during which the company » Page 2

SPOT LNG – EAST ASIA INDEX (EAX) $/MMBtu

Location	May '12	Day on day diff	Jun '12	Day on day diff
EAX	15.833	0.041	16.259	0.020

Methodology: The ICIS Heren Regional Indices are calculated averages of the DES assessments for each country within the region. The individual assessments used for each monthly index are published in the SPOT DES ASSESSMENTS table on page 2 of this report. Five half-month inputs are provided for the EAX, in addition to the two full front month indices. See table below. The ICIS Heren Regional Indices are a continuation of the ICIS Heren Pool Price series, published since 8 June 2010. The methodology is unchanged, except for the roll date moving forwards to the 16th of the month. Regional Indices for other locations are published at the bottom of this page. **Full methodology document.**

SPOT LNG – EAST ASIA HALF MONTH INPUTS $/MMBtu

	1H May 2012	Day on day diff	2H May 2012	Day on day diff	1H Jun 2012	Day on day diff	2H Jun 2012	Day on day diff	1H Jul 2012	Day on day diff
EAX	15.800	0.068	15.865	0.015	16.200	0.025	16.318	0.015	16.663	0.000
Japan	16.000	0.100	16.000	0.000	16.300	0.050	16.470	0.020	16.850	0.000
South Korea	15.750	0.020	15.800	0.000	16.100	0.000	16.250	0.020	16.600	0.000
China	15.700	0.150	15.800	0.000	16.150	0.050	16.200	0.000	16.500	0.000
Taiwan	15.750	0.000	15.860	0.060	16.250	0.000	16.350	0.020	16.700	0.000

EAST ASIA SPOT BIDS AND OFFERS $/MMBtu

Bid/Offer	Delivery Period	Price	Origin	Destination
Offer	H2 May	16.200	Atlantic Basin	Northeast Asia
Offer	H2 May	16.100	TBC	Japan
Offer	H1 June	16.500	Atlantic Basin	Northeast Asia
Offer	H1 June	16.500	TBC	Japan
Offer	H2 June	16.500	TBC	Japan
Offer	H2 June	16.600	Atlantic Basin	Japan
Offer	H2 June	16.500	Atlantic Basin	Northeast Asia
Offer	H2 June	16.600	TBC	Japan
Bid	H2 May	16.000	TBC	Japan
Bid	H2 May	15.500	TBC	China/Taiwan
Bid	H1 June	16.100	TBC	Japan
Bid	H1 June	16.000	TBC	Japan
Bid	H1 June	15.600	TBC	China/Taiwan
Bid	H2 June	16.100	TBC	Japan
Bid	H2 June	16.300	TBC	Japan
Bid	H2 June	16.200	TBC	Japan

LATEST GLOBAL SPOT TRANSACTIONS $/MMBtu

Transaction date	Delivery Period	Price	Origin	Destination
23/03/2012	May	Henry Hub + $13.00	TBC	Bahia Blanca
12/02/2011	04/08/2012	TBC	Cartagena	Escobar
H2 March	H2 April	$13.00	TBC	Cove Point
TBC	08/04/2012	TBC	Snohvit	Brazil
2H March	31/03/2012	high $13.00s	Zeebrugge	Pecem

SPOT LNG – REGIONAL INDICES $/MMBtu

Location	May '12	Day on day diff	Jun '12	Day on day diff
Mediterranean (MDX)	11.650	0.083	11.303	0.117
NW Europe (NEX)	9.654	0.207	9.731	0.206
Iberia (IBX)	11.097	0.200	11.029	0.199
South America (SAX)	14.440	0.090	14.477	0.103

Methodology: The ICIS Heren Regional Indices are calculated averages of the individual DES assessments for each country within the region. The methodology is the same as for the EAX and these indices are also a continuation of the Pool Price series, published since 8 June 2010. The individual assessments used for each monthly index are published in the SPOT DES ASSESSMENTS table on page 2 of this report. **Full methodology document.**

SPOT DES ASSESSMENTS $/MMBtu

Location	May '12	Day on day diff	EAX Spread	NBP Spread	Jun '12	Day on day diff	EAX Spread	NBP Spread
Japan	16.000	0.050	0.168	6.153	16.385	0.035	0.126	6.754
South Korea	15.775	0.010	-0.057	5.928	16.175	0.010	-0.084	6.544
China	15.750	0.075	-0.082	5.903	16.175	0.025	-0.084	6.544
Taiwan	15.805	0.030	-0.027	5.958	16.300	0.010	0.041	6.669
India	13.850	0.050	-1.983	4.003	13.950	0.050	-2.309	4.319
Dubai	10.550	0.200	-5.283	0.703	10.630	0.200	-5.629	0.999
Kuwait	13.500	-0.100	-2.333	3.653	14.150	0.050	-2.109	4.519
Turkey	11.850	0.200	-3.983	2.003	11.630	0.200	-4.629	1.999
Greece	11.800	0.150	-4.033	1.953	11.580	0.150	-4.679	1.949
Italy	11.300	-0.100	-4.533	1.453	10.700	0.000	-5.559	1.069
Spain	11.847	0.200	-3.986	2.000	11.829	0.199	-4.430	2.198
Portugal	10.347	0.200	-5.486	0.500	10.229	0.199	-6.030	0.598
Netherlands	9.671	0.225	-6.162	-0.176	9.740	0.207	-6.519	0.109
Belgium	9.744	0.212	-6.089	-0.103	10.024	0.221	-6.235	0.393
France	9.748	0.198	-6.084	-0.098	9.821	0.203	-6.437	0.190
Britain	9.453	0.192	-6.380	-0.394	9.340	0.193	-6.919	-0.291
US East	12.100	0.150	-3.733	2.253	12.150	0.280	-4.109	2.519
US Gulf	12.000	0.160	-3.833	2.153	12.050	0.260	-4.209	2.419
Chile	14.250	0.050	-1.583	4.403	14.530	0.060	-1.729	4.899
Brazil	14.040	0.240	-1.793	4.193	14.150	0.270	-2.109	4.519
Argentina	15.030	-0.020	-0.802	5.183	14.750	-0.020	-1.509	5.119

The EAX spread value represents the individual DES assessment for the contract minus the EAX price for corresponding period. The NBP spread represents the individual DES assessment for the contract in question minus the ICIS Heren benchmark NBP assessment published in European Spot Gas Markets on the day prior to publication.

FOB RELOAD ASSESSMENTS $/MMBtu

	May '12	Day on day diff
Zeebrugge	12.83	0.20
US Gulf	12.54	0.14

SPOT FOB ASSESSMENTS $/MMBtu

Location	Price	Day on day diff
Middle East	13.760	0.080
North Africa	12.930	-0.020
Nigeria	13.400	-0.010
Far East	14.980	-0.060
Trinidad	13.380	-0.010
Northeast Asia	15.260	-0.080
Australia	14.520	0.000
Northern Europe	11.950	0.000

Continued from page 1

expects to see a significant rise in power demand. While sources at Fujian LNG had said that ample hydro-power would keep them out of the market until August, there was mounting speculation that Guangdong LNG would be forced back into the market in the coming weeks following disruptions to its supply from Australia's North West Shelf (NWS) project.

In Japan, a source close to Tokyo Electric (TEPCO) said that inventories were balanced, but added there was some space to receive two cargoes in June ahead of the stronger summer season. "If the price and timing is right, TEPCO would consider taking cargoes," the source said.

Firm FOB (free on board) prices at \$12.00-13.00/MMBtu from the Atlantic Basin had pushed offers into northeast Asia firmly above \$16.50/MMBtu for H2 June.

Meanwhile, the highest bids were seen from Japan at around \$16.20-16.40/MMBtu, placing a possible settlement at around \$16.45-16.47/MMBtu.

A deal for late June was heard concluded in the high \$16.00s/MMBtu in Japan, according to a trader, although the participants of the deal could not be identified.

The deal was thought to be not representative of the market because of the buyer's specific requirements, including a specific vessel size and gas quality specifications.

While numerous sellers said demand from Japanese buyers remained strong in June, others said offtake was slowing down, with buyers hesitant to commit to higher-priced cargoes as the capacity to regasify LNG for power generation is almost full.

"If the price and timing is right, TEPCO would consider taking cargoes"

According to trade ministry data, the nation's power producers have enough gas-fired generators for around 63GW a year – equivalent to some 63mtpa of LNG.

BG Group diverts a cargo

The 145,000m³ *Methane Nile Eagle* was diverted from the UK's Dragon LNG late on Thursday night, according to a source at the 4.4mtpa terminal in Milford Haven, Wales. The vessel, with volumes sourced from Trinidad & Tobago that were due to arrive at Dragon LNG at 3am on Sunday, is understood to have been diverted to a buyer in Spain.

Gas Natural ends Everett supply

In Trinidad & Tobago, a supply deal between Gas Natural Fenosa (GNF) and GDF SUEZ that sent some of the Spanish firm's Atlantic volumes to the Everett terminal in the US northeast has expired, ICIS Heren understands.

The delivery of the 71,500m³ *SCF Polar* on 19 March was understood to be the final one in the deal that brought about one cargo a month to the Massachusetts terminal.

The move shores up additional volumes for GNF to bring to higher-priced markets and the Spanish company is understood to have re-negotiated destination clauses with Atlantic LNG that enables it to send cargoes to South America.

Meanwhile, GDF SUEZ is in talks with its downstream customers supplied by gas from the Everett terminal to reduce the number of deliveries and open the Paris-based company for more LNG diversions into the global spot market, ICIS Heren understands.

The gas buyers in the US northeast, however, would seek a percentage of the upside from GDF SUEZ's diversions.

NBP COMMENT

European markets were jittery on Friday, as natural gas traders repositioned themselves ahead of the expiry of Summer '12 as the front season.

Participants were wary of forecasts of cooler weather, combined with the upcoming annual drop in flows through the Langeled pipeline, which historically reduces flows at the start of summer.

Traders noted that a significant number of long positions were taken on the Day-ahead contract, suggesting that the price had risen further than was justified by the fundamentals alone.

Day-ahead gas at the NBP rose by $0.85/MMBtu to close at $9.85/MMBtu. Within-day gas slumped in price during the session to $8.12/MMBtu, trading at around a 17.5% discount to Day-ahead.

The unusually wide spread between the two contracts was attributed to discrepancies caused by the impending season change, as well as Friday's significantly oversupplied system.

Traders were gripped by uncertainty over supplies ahead of the weekend, with a source predicting massive volatility in the coming week and describing the situation as a "total lottery".

NYMEX COMMENT

The prompt NYMEX natural gas futures contract notched another loss on Friday, capping a month of historically low trading as storage levels remain at an all-time high.

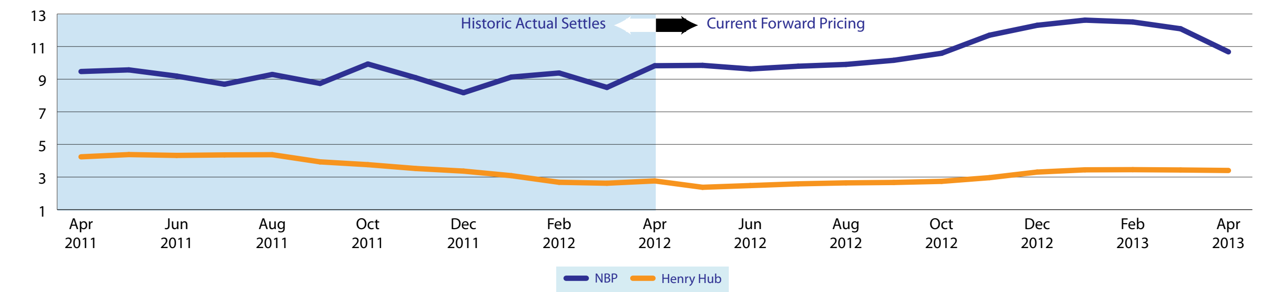
During intra-day trading, the front month tracked higher before falling sharply to $2.10/MMBtu and then recovering. The May '12 contract finished 2 cents lower at $2.13/MMBtu and marked the fifth consecutive loss for the prompt contract. Yet, the forward curve showed slight gains as the 2012 and 2013 calendar averages rose by a cent to $2.54/MMBtu and 3.47/MMBtu, respectively.

US natural gas drilling figures showed a six-rig increase during the week, according to Baker Hughes. However, analysts are expecting the production figures to bend to the low price environment.

"After posting fresh lows for three straight sessions, more downside and an eventual $1.00 handle looks inevitable, particularly over the next several weeks, before cooling load begins to rise," said Michael Fitzpatrick of *The Kilduff Report*.

"However, every tic lower brings closer the market's bottom, which certainly must be approaching."

US vs UK FRONT MONTH — $/MMBtu



KEY OIL AND GAS PRICES — $/MMBtu

Location	Price	Diff
ICIS Heren NBP Apr '12	9.825	0.200
ICIS Heren NBP May '12	9.847	0.200
ICIS Heren Zeebrugge Apr '12	9.849	0.208
ICIS Heren Zeebrugge May '12	9.945	0.216
ICIS Heren Japan Import Apr '12	17.559	0.608
ICIS Heren Japan Import May '12	18.140	0.652
Latest Published JCC Feb '12	20.065	0.000
NYMEX Henry Hub May '12	2.126	-0.023
NYMEX Henry Hub Jun '12	2.259	-0.011
ICIS Brent Apr '12	21.099	-0.107
ICIS Brent May '12	21.106	-0.083
NYMEX WTI May '12	17.815	0.042
NYMEX WTI Jun '12	17.905	0.040

CHARTER RATES — $/d

	Price	Day on day diff
Atlantic prompt	128000	0
Pacific prompt	129000	0
Atlantic long-term	135000	0
Pacific long-term	135000	0

BUNKERS: SPOT DELIVERED PRICES 2 APR 2012 — $/tonne

	IFO 380		IFO 180		MDO	
	Price	Day on day diff	Price	Day on day diff	Price	Day on day diff
Singapore	728.00	-3.00	741.00	-2.00	1,004.00	-5.00
Rotterdam	703.50	-4.00	726.50	-5.00	n/a	n/a
Fujairah	733.50	-7.50	755.00	-7.50	n/a	n/a
Houston	723.50	-1.00	761.00	-1.50	1,042.50	-10.00

Source: Bunkerworld

AVAILABLE FOR CHARTER

Ship name	Effective control	Availability window	Period	Size m^3	Location	Tanks
Sonangol Etosha	Angola LNG	Prompt	Mid-May	160,000	Pacific Basin	Cold
Sonangol Benguela	Angola LNG	Prompt	Mid-May	160,000	Pacific Basin	Warm
Cubal	Angola LNG	Prompt	Mid-May	160,000	Pacific Basin	Warm
Hilli	Golar	April	Long-term	125,000	Pacific Basin	Warm
Excel	Exmar	June/July	Open	135,000	Atlantic Basin	Cold
Golar Maria	Golar	July/August	Long-term	146,000	Pacific Basin	Cold
Golar Viking	Golar	July/August	Long-term	140,000	Pacific Basin	Cold

Norway's Snøhvit LNG cargo to supply Sabine Pass reload

The 165,500m³ *Meridian Spirit* is scheduled to arrive at Sabine Pass later this month to supply a re-export cargo that has been offered to the market for H2 April loading, according to shipping sources.

The cargo loaded at Norway's Snøhvit LNG facility over the weekend and is tentatively scheduled to arrive at the US Gulf terminal by 16 April. The vessel was renamed from *Maersk Meridian* after Maersk sold its LNG tanker business to a partnership of Teekay and Marubeni.

> "[The cargo is] scheduled to arrive at the US Gulf terminal by 16 April"

France's Total last brought a Snøhvit delivery to Sabine Pass in December 2011. Total Gas & Power, the US subsidiary of the company, purchased the volumes from the Norwegian arm of Total for $9.57/MMBtu, according to government import records.

JP Morgan/Cheniere Marketing are understood to have been marketing a reload cargo at Sabine Pass that would be supplied through a possible in-tank sale once the cargo is delivered. Sources said tight global supply has justified a high FOB (free on board) offer, at least in the $12.00s/MMBtu.

Other sources said existing volumes in Sabine Pass's tanks had been offered to prospective buyers with the need to lift relatively smaller volumes.

Sources said Brazil's Petrobras, which is currently coping with strong domestic natural gas demand, might take up the LNG supply opportunity with its own shipping available.

Also in the US Gulf, offers from capacity holders in the region for imports during the summer have been heard at as high as $13.00/MMBtu, a source said.

Those offers have moved higher by at least $1.00/MMBtu in the last month as prospects for executing a storage play for eventual reload to east Asia have become more bullish as price expectations continue to rise.

Price sentiment for the EAX (ICIS Heren East Asia Index) in July and August is at $17-18/MMBtu as LNG demand for the peak summer demand in the region is spurring elevated offers from sellers.

Cargoes from Trinidad & Tobago could be available for delivery into the US Gulf in July, ICIS Heren understands. That would put prospective reload volumes out of the US Gulf into play for east Asia's early winter buying season or for replenishing summer inventory drain.

ConocoPhillips, at Freeport LNG, could hold the cargo with the reliquefaction technology it can utilise at the terminal and maintain inventories until the winter. ConocoPhillips is understood to be currently offering for summer volumes import volumes at Freeport LNG.

The company was also scheduled to have inventory at the US Gulf terminal in April, but an arrival has yet to materialise.

The 138,000m³ *British Innovator*, which had been scheduled to position in the US Gulf for a possible re-export, was on anchorage near Trinidad & Tobago on Friday.

Alaska state reaches North Slope deal to boost LNG exports

Three major natural gas producers exploiting Alaska's abundant North Slope reserves have reached an agreement with the state that could propel the development of LNG exports from Alaska.

UK-based BP and US-based majors ConocoPhillips and ExxonMobil joined Alaskan governor Sean Parnell on Friday to announce a long-awaited settlement regarding leases in the region's Point Thomson field.

Previously, a dispute between the companies and Alaska about leases in Point Thompson – which accounts for about 25% of the North Slope's estimated 35 trillion cubic feet (tcf) of discovered gas reserves – had gone unresolved for three decades.

The settlement is part of Parnell's lobbying efforts for the energy industry to develop Alaska's gas resources for LNG exports and the state's domestic needs.

As part of the deal, the companies must build a large-scale natural gas pipeline to take Point Thompson gas to the Alaskan coast for liquefaction and delivery as LNG into Asian markets or risk losing their reinstated leases.

Dan Sullivan, commissioner at Alaska's Department of Natural Resources, said on Friday that growing Asian demand for LNG supply diversification will underpin the state's proposed developments.

"We're seeing more interest in not just gas, but Alaska gas, because it provides many, many other competitive advantages that other suppliers to Asia don't have," he said.

There is a gas pipeline project under development by TransCanada and ExxonMobil to carry the gas to market, either to a proposed liquefaction facility near Valdez, Alaska, or through Alberta to the US lower 48 states.

According to Friday's joint statement by the three companies, "large-scale [LNG] exports from south-central Alaska will be assessed as an alternative to gas line exports through Alberta".