Gas Processors Report
Global Gas & NGL Must-Read Projects, Prices & Feedstock and Product Market Intelligence
HARTENERGY
February 25, 2011 VOLUME 29 ISSUE 8

Shale Gas Can Have Major Effect Globally, But Development Will Take Time

There has been increased speculation about whether the success of shale gas in North America, where production has grown to 12 billion cubic feet per day (Bcf/d) by the end of 2010, can be replicated in other parts of the world. "The experiences and lessons learned from North American shale gas are certainly applicable everywhere, but a few things have to happen first: the shale play has to have the requisite characteristics so it produces gas," Laura Atkins, director, petroleum research for Hart Energy, said last week during Hart Energy's Breakfast Series: *Global Shale Gas: How, Why and Where*.

While shale gas is prevalent around the world with conservative estimates of approximately 20,000 billion cubic feet, Atkins noted that more test wells outside of North America will be necessary to assess these plays.

"In order to produce gas from these plays, the shale has to be evaluated, test wells drilled and data needs to be collected and analyzed. The lack of test wells in these regions means there are a lot of unknowns out there," she said.

Further hindering the development of these plays is the intensive capital costs, manpower and logistical support that they require. Atkins stated that it takes hundreds of rigs drilling wells every year to maintain the production rate of shale gas in North America, along with hydraulic fracturing units and other field services. "In most countries outside of North America, these services just don't exist at the scale that is needed for shale gas development so it will have to be built up."

She also said that the financial terms for producers may need to be adjusted to encourage development in these foreign basins. One widely used international contract is a production sharing agreement (PSA), which includes a maximum cost gas percentage to recover capital costs and a profit share. This may not be conducive for potential shale play producers outside of North America because of the delayed payout to the contractor.

Atkins compared production out of the Barnett between 1998 and 2010 projected out to 2030, which includes over 13,000 wells drilled using both standard North American contract terms and the aforementioned standard international contract terms. Under the North American contract terms,

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the rates of return were quite strong while the opposite was true under the PSA except at a high natural gas price.

Even with such headwinds facing shale gas production outside of North America, she noted that interest remained high because of the increased demand for gas as a clean fuel alternative to dirtier hydrocarbons such as coal. While conventional gas reserves throughout the world remains high, there is an uneven distribution of conventional gas resources with 70% of them residing in Russia and the Middle East and 50% of these reserves in just three countries: Russia, Iran and Qatar.

SHALE GAS PLAYS OUTSIDE THE EUROPEAN UNION

Country	Shale	TOC %	Thickness Meters
Argentina	Los Molles and Vaca Muerta	1.6 - 5.0	up to 1,200
Brazil	Pimenteiras	2.5 - 6.0	400
Colombia	La Luna Simiti	3.1	800
China	Ordos Basin Permian Shale	2.0 - 5.0	250
Indonesia	Lahat	1.7 - 16.0	150
Australia	Caryngínia	2.0 - 11.0	15 - 350
Oman, UAE, Saudi Arabia	Qusaiba Hot Shale Rub Al Khali Basin	4.0 - 12.0	20 - 70
Jordan	Mudawwara	4.0 - 7.0	50 - 1500
Syria	Tanf	2.0 - 8.0	up to 530
Algeria	Frasnian Shale	8.0 - 14.0	120 - 200
South Africa & Botswana	Ecca Formation	0.7 - 1.3	46
Turkey	Hamitabat	1.0 - 7.0	50 - 350

"It's because of this uneven distribution that shale gas is attractive. There's a huge incentive to develop these reserves in countries with high dependency on conventional gas imports from unreliable and/or high cost sources. Shale gas reserves are far more evenly distributed with Asia on top and Europe in the middle," she said.

The location of conventional reserves also plays a factor in encouraging the development of shale gas globally as a lot of the conventional reserves are associated gas or because it's located in deep, very sour reservoirs that make it very costly to extract.

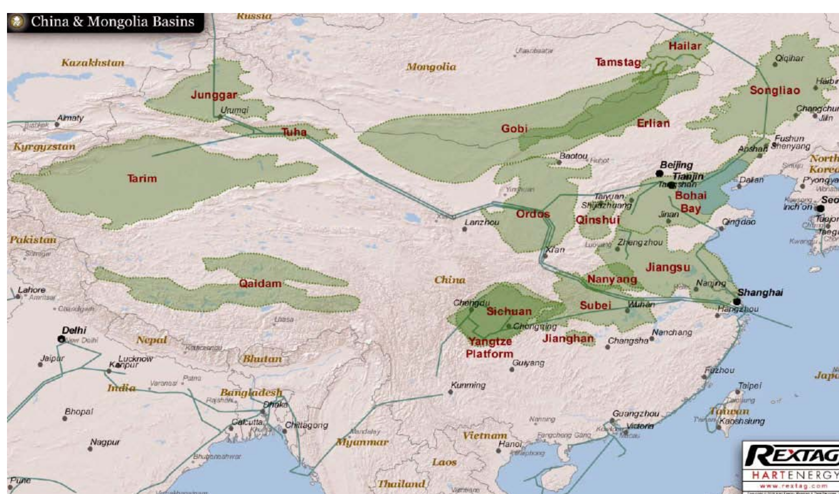
Atkins said that even if these reserves can be tapped easily, countries may be encouraged to develop shale resources if they are located closer to a population center or in order to meet increased local demand.

The *Global Shale Gas Study,* for which she was the primary author for Hart Energy, identified 167 potential shale gas plays all over the world outside of North America. These include 25 shale plays and 14 basins in China alone (see map). Some other countries outside of the European Union that the report identified as having potentially strong shales include Argentina, Brazil, Columbia, Indonesia, Australia, Jordan and Syria.

The incentives for these countries to develop shale gas differ with Argentina currently importing liquefied natural gas (LNG) at high costs and Columbia trying to avoid having to import gas from their neighbors.

Indonesia and Australia are currently exporters of gas, but Indonesia is facing rising internal demand and Australia's gas exports come from offshore fields that are far from the primary demand centers. Brazil is facing a potential gas glut from offshore fields in the south of the country in the coming years, but Atkins noted that a shale play located in the northeastern part of the country may be developed to supply that region. Indonesia and Australia's domestic demand for gas is rising, and these reserves may be needed to meet that demand.

Even countries in the Middle East, some of which have large associated gas reserves, may be good candidates for shale gas development because of rising gas demand and limited ability to produce the associated gas. South Africa, Botswana and Turkey are also evaluating potential shale reserves.



She said that shale gas may eventually become a "game changer" globally as it has in North America, but, although other countries will benefit from the North American experience, the development will take time. How much time will depend on how quickly various government entities move to develop policies to attract investment and the level of interest shown by both operating and service companies in developing these resources. – Frank Nieto

INSIDE LOOK AT PROCESSING TRENDS

Crestwood Midstream Partners Continues Growth Strategy with Three Acquisitions

Crestwood Midstream Partners LP reached an agreement to acquire midstream assets in the Fayetteville shale and Granite Wash from Frontier Gas Services LLC for US$338 million. The agreement includes an additional $15 million to be paid to Frontier if certain operational objectives are met within six months of the closing date.

The Fayetteville assets are the third-largest gathering system in the play with approximately 127 miles of high pressure and low pressure gathering pipelines with capacity of approximately 510 million cubic feet per day (MMcf/d), as well as roughly 165 MMcf/d of treating capacity and approximately 35,000 horsepower of compression.

The Granite Wash assets include 28 miles of pipeline along with a 36 MMcf/d cryogenic processing plant in the Texas Panhandle. The company announced it plans on installing a second 60 MMcf/d processing plant in the play by the end of the year.

"What a great next acquisition for Crestwood. We are excited about it. It gives us everything we were looking for strategically. We are excited to execute this strategy and close on the transaction and get to work in the Fayetteville and Granite Wash," Bob Phillips, chairman, president and CEO of Crestwood, said during a conference call to discuss fourth-quarter 2010 earnings.

He added that the acquisition fits well with the company's current focus on the Barnett shale by providing additional geographic and producer diversification. "These were the things that we talked about doing and promised investors and the rating agencies that we would focus on. We get the bonus of having very visible additional growth opportunities. We think that this new acquisition combined with the inherent growth in our Barnett shale assets should drive our growth and returns and value creation for the next several years," Phillips said.

The company also finalized the acquisition of approximately 46 miles of natural gas pipeline in the Morrow/Atoka trend and the Avalon shale in southeastern New Mexico for $5.1 million from a group of independent producers. These pipelines are supported by long-term, fixed-fee contracts

"This strategic transaction provides the Partnership with fee-based gathering assets in a fourth natural gas resource basin that offers upside growth potential through producer development activities. The deal also demonstrates the Partnership's continuing execution on its strategy of diversifying our customer base as well as our geographic footprint. This opportunity provides a balance of existing production from long-term dedicated acreage and access to significant growth potential as the Avalon Shale develops," Phillips added.

He noted that following the close of these acquisitions that the company would own strong gathering, processing and treating assets in two of the top 20 gas fields in the world – the Fayetteville and Barnett, as well as strategic gathering positions in two of the hottest liquids-rich gas plays in the U.S. – the Granite Wash and Avalon.

"We think we are in the right place at the right time. We have developed a pure shale play midstream strategy. We are executing on that in a conservative financial way," Phillips said.

The fourth quarter represented the first full quarter that Crestwood owned the partnership, formerly Quicksilver Gas Services (*see Gas Processors Report 10/07/10*), and Phillips noted that the partnership's revenue and gathering volumes rose from the same period in the prior year.

Operating revenues in the quarter were up to $31.3 million from $25.3 million in the prior year's quarter. This coincided with a 34% increase in gathering volumes to 397 MMcf/d compared to the previous year's quarter and a 9% increase from volumes gathered in the third quarter. These volume increases were largely attributed to greater volumes on the Alliance and Lake Arlington gathering systems. Phillips said that these two Barnett shale gathering systems completed a number of expansion projects in the quarter, as well as the first quarter of 2011.

While gathering volumes were up in the quarter, the company's natural gas processing volumes were down to 126 MMcf/d in the quarter compared to 135 MMcf/d in the prior year's quarter. This was primarily due to natural decline rates from existing wells connected to the Cowtown processing facility.

– Frank Nieto

Chesapeake Sells Fayetteville Holdings for US$4.75B

Chesapeake Energy Corp. announced an agreement to sell all of its interests in the Fayetteville shale to BHP Billiton Petroleum, a wholly owned subsidiary of BHP Billiton Ltd., for US$4.75 billion in cash.

The agreement is part of the company's previously announced "25/25 initiative" to reduce the company's long-term debt by 25% over the next two years while increasing production growth by 25% (*see Gas Processors Report 01/12/11*).

The assets in the deal include 487,000 net acres with production of about 415 million cubic feet of gas equivalent per day and 2.5 trillion cubic feet equivalent of proved reserves, as well as roughly 420 miles of pipeline.

"Our sale of the Fayetteville assets strongly validates a critical point we've made for some time – the assets of our company are worth far, far more than what was implied by our current stock price," Aubrey McClendon, chairman and CEO of Chesapeake, said during a conference call to discuss fourth-quarter 2010 earnings.

He said that the company chose to sell this asset base above its holdings in the Marcellus, Barnett and Haynesville because the Marcellus is too underdeveloped and would have a price tag well above $10 billion, which would limit buyers; the Barnett's urban/suburban location doesn't make it as attractive to investors worldwide; and in the Haynesville the company is still in the midst of completing held-by-production drilling.

McClendon stated that the company's 25/25 plan is moving along smoothly and funds generated from these sales will help the company continue to invest in liquids-rich plays. Over the next five years, through an accelerated development drilling program directed toward such plays, he anticipates Chesapeake's EBITDA (earnings before interest, taxes, depreciation and amortization) to possibly rise to $10-11 million in 2015.

"If we are able to do so, then we should be able to increase our enterprise value to a range of $70-80 billion versus our current enterprise value of about half that. We have the strategy, the land, the science, the people and the capital to achieve this goal," McClendon said.

The company's increased focus on the more profitable liquids-rich plays helped it improve is liquids production by 23% in the quarter from the prior quarter. Since 2008, Chesapeake's liquids production has increased from representing 8% of the company's full production to 11% in 2010. By 2012, McClendon anticipates this figure representing 20% of total production before rising to over 30% of total production in 2015.

While the company continues to remain bullish on liquids and oil, he suggested that now may be the time to question whether the worst is over for the natural gas market. "Even though Chesapeake's transitions and oilier asset base is well underway and will not change regardless of what happens to natural gas prices in the near term, we would like to remind you that natural gas is still important to us, and we still own 175 trillion cubic feet of unrisked natural gas resources under our leasehold."

With this in mind, McClendon noted there are six elements favoring an out-year bull case for North American natural gas. First, over the past two years natural gas has significantly increased its share in the electrical generation market. Second, with North America's gas prices as the lowest in the industrialized world, demand is likely to increase due to most other countries using more expensive naphtha as a chemicals and plastics feedstock. Third, there is increased momentum in the market for compressed natural gas (CNG) vehicles due to greater gasoline and diesel prices. Fourth, Chesapeake believes that by 2015 the U.S. will be an exporter of liquefied natural gas (LNG), which will connect the North American natural gas market to higher-priced foreign markets. Fifth, commercial gas-to-liquids (GTL) facilities are likely to be in operation in the U.S. by the end of 2016. Six, natural gas drilling will likely continue to decline throughout 2011 and into 2012 once held-by-production ceases and drillers more stringently pay attention to drilling economics.

"At the end of the day, this is a terrific product, something this country needs: a low-carbon fuel source, and it just sells today at a terrible price because we reinvented supply before demand got reinvented. But it's too big of an arbitrage between gas and oil today," he said. – Frank Nieto

MarkWest to Expand Arapaho Processing Complex to Serve Producers in Granite Wash

MarkWest Energy Partners L.P. announced the construction of a third plant at its Arapaho processing complex in Western Oklahoma to serve increasing volumes of liquids-rich natural gas production from Granite Wash producers, including Newfield Exploration and LINN Energy.

Since expanding its operations in late 2008 to serve producers in the Texas panhandle, MarkWest's throughput volumes from the Granite Wash have increased to nearly 120 million cubic feet per day (MMcf/d) and are forecasted to continue increasing in 2011 and beyond. In addition, MarkWest's producer customers are focusing their drilling plans on the liquids-rich zones in the Granite Wash, which has significantly increased the percentage of rich-gas volumes that MarkWest is gathering and processing.

To support this growth, MarkWest will invest additional capital to expand its rich-gas gathering and compression facilities as well as its Arapaho processing complex. Upon completion of the facility expansions in the third quarter of 2011, the processing capacity at the Arapaho complex will increase by 60 MMcf/d to a total of 220 MMcf/d. The gathering and processing expansions are supported by long-term agreements with producer customers.

"The Granite Wash is one of the fastest growing resource plays in the United States, and we are excited to further expand the midstream infrastructure serving our producer customers," said Frank Semple, chairman, president and CEO of MarkWest. "MarkWest has been a premier midstream service provider in Western Oklahoma for nearly a decade and is ideally positioned to continue supporting the increasing production from the Granite Wash."

Williams Partners Anticipates Growth in Marcellus

Williams Partners LP reported a 21% increase in adjusted segment profit for 2010 with the primary drivers of this growth being natural gas liquids (NGL) profits due to gains made in frac spread margins as well as higher volumes.

These increased volumes were due to the company benefitting from a full year of operations at its Willow Creek and Echo Springs natural gas processing plants in the Piceance basin.

During a conference call to discuss the company's fourth-quarter 2010 results, the company's CEO, Alan Armstrong, also noted that these plants helped the company's NGL production volumes rebound in the quarter as they rose 17% from the prior quarter and set a company record.

These results are expected to increase in future years based on the company's plans for the Marcellus shale. Armstrong said that the company is planning the Northeast Supply Link project, which will add 250,000 dekatherms of transportation along the Leidy pipeline through the Marcellus into New York City and New Jersey. This project is fully subscribed.

"We were excited to see the combination of our businesses working together there so nicely between gas pipelines and midstream as the Springville lateral is one of the major supply points for what will now be the Leidy lateral out there," he said.

Armstrong added that the company is in discussions with its midstream anchor customers – Atlas Pipeline, Chevron, as well as its midstream assets acquired from Cabot Oil & Gas (*see Gas Processors Report 11/29/10*) – being the major anchors for this project and others in the play.

"As we build those systems out, we're seeing an opportunity to attract third parties and we're also seeing opportunities to do business with new third parties, even in different parts of that play. We are really getting ourselves well-positioned there and a lot of growth is coming to us from that," Armstrong said.

The Cabot acquisition added 75 miles of gathering pipeline along with two compressor stations and a 138,000-acre dedication that the company believes is in the premier part of the Marcellus in northeast Pennsylvania.

During the call the company provided an update on its proposed Keystone Connector that would connect the Rockies Express terminal in eastern Ohio into the Marcellus via Station 195 on the Transco pipeline in order to transport ethane out of the play.

"Producers in the Marcellus are evaluating a wide array of alternatives for transport of their gas. The gas in southwestern Pennsylvania tends to be liquids-rich, the majority of which being ethane. Ethane solutions are a bit hard to come by in scale in that basin just now. Therefore, we think the Keystone Connector is a very elegant solution to that. Having said that, folks are still holding their cards pretty close to the vest, weighing alternatives very, very carefully, and while we're cautiously optimistic about Keystone Connector, we're not ready to report that we've got that buttoned up," Phillip Wright, senior vice president at Williams Partners, said.

– Frank Nieto

MIDSTREAM NEWS

Enterprise Products Partners Makes Play for Duncan

Midstream energy services company Duncan Energy Partners announced it has received an acquisition proposal from fellow midstream energy services company, Enterprise Products Partners LP (EPD).

Enterprise said it would exchange 0.9545 shares of EPD stock for each outstanding share of Duncan Energy common stock, a value of US$42 per share, or a 30% premium over the 10-day average closing price of Duncan Energy stock as of last Friday.

Enterprise said it believes the proposal should be attractive to Duncan Energy Partners' investors, as they would receive a substantial premium over the share price and would have a chance to participate in the future growth of Enterprise.

The transaction would be structured as a merger of Duncan Energy Partners with a wholly owned subsidiary of Enterprise.

Duncan said it will begin a process to review the offer. Enterprise already owns 58% of the outstanding common units of Duncan Energy Partners.

Magellan Midstream Acquires Full Interest in Cushing Storage Joint Venture

Magellan Midstream Partners, L.P. has acquired the remaining interest in a joint venture for the construction of 4.25 million barrels of crude oil storage in Cushing, Okla., from the private investors who had been partial owners. As a result, Magellan is increasing its 2011 expansion capital spending estimate to US$215 million from its previous estimate of $170 million for the acquisition cost and the partnership now funding the full project.

This project, which is estimated to cost approximately $110 million (including the acquisition of the remaining ownership interest), is currently on schedule and expected to be operational in phases beginning in second-quarter 2011, with the final tanks in service by the end of 2011.

Due to the ramp in utilization of these tanks throughout 2011, distributable cash flow and net income per limited partner unit are not expected to change materially from the 2011 financial guidance provided on February 2.

GPA Annual Convention Highlights New Role, Bright Future

The 90th Annual Gas Processors Association (GPA) Convention, which will be held in San Antonio, Texas, from April 3-6, is fast approaching. This year's theme is "High Definition at 90: Advancing the Midstream Vision" and will focus on the association's new role as a midstream association along with its bright and clear future.

Hart Energy has been endorsed by GPA to publish three daily newspapers showcasing the event. *GPA 2011 Convention News* will contain feature stories previewing the conference; a full conference program; a diagram of the layout of meeting facilities at the Marriott Rivercenter; a summary of major new developments and industry trends from 2010, written by the editors of *Gas Processors Report*; other news, events and opinions of interest to GPA convention attendees and members; and abstracts of papers that will be presented at the convention.

Sponsorship, advertising and editorial contributions are being accepted now for *GPA 2011 Convention News*. For more information, contact Lesley Hart at lhart@hartenergy.com or 713-260-6462.

FRACTIONATION SPREAD

Frac Spread Margins Improve with NGL Prices

Large increases in natural gas liquid (NGL) prices at both Conway and Mont Belvieu helped to push frac spread margins up at both hubs despite natural gas feedstock prices increasing at Conway and feedstock prices remaining stagnant at Mont Belvieu.

The two biggest improvements at both hubs were ethane and isobutane as they each improved by 7% at Mont Belvieu while Conway ethane improved 8% and Conway isobutane was up 9% in margin from last week. Butane had the next best improvement in margin at both hubs, as it was up 7% at both hubs this week.

The lone NGL to experience a drop in margin was Conway propane, which was down 2% following a slight drop in price at the hub. By contrast, its Mont Belvieu counterpart's margin improved 5% due to a 3% price improvement this week.

Margins and prices were up this week at both hubs for the theoretical NGL barrel as the Conway price improved 3% to US$51.99 per barrel (/bbl) with a 3% improvement in margin to $37.99/bbl. The Mont Belvieu theoretical NGL barrel price rose 4% from last week to $56.43/bbl on a 5% margin improvement of $42.37/bbl.

The most profitable NGL to make at both hubs remained C_{5+} with the Conway margin at $1.82 per gallon (/gal) and the Mont Belvieu margin at $1.79/gal. This was followed, in order, by isobutane at $1.66/gal at Conway and $1.57/gal at Mont Belvieu; butane at $1.29/gal at Conway and $1.39/gal at Mont Belvieu; propane at 89¢/gal at Conway and $1.03/gal at Mont Belvieu; and ethane at 22¢/gal at Conway and 42¢/gal at Mont Belvieu.

Natural gas in storage for the week of February 18, the most data available from the U.S. Energy Information Administration, fell 81 billion cubic feet to 1.830 trillion cubic feet (Tcf) from 1.911 Tcf the prior week. This was 3% below the storage level of 1.878 Tcf reported last year at the same time and 3% below the five-year average of 1.891 Tcf.

The U.S. National Weather Service's forecast for the coming week includes a cold front throughout the northern part of the country with normal late winter temperatures throughout much of the country. The Southwest is expected to experience warmer than normal weather for this time of year.

– Frank Nieto

Current Frac Spread (Cents/Gal)
February 25, 2011

	Conway	Change from Last Week	Mont Belvieu	Last Week
Ethane	47.30		66.99	
Shrink	25.39		25.53	
Margin	21.91	8.32%	41.46	7.41%
Propane	123.60		138.48	
Shrink	35.08		35.27	
Margin	88.52	-1.47%	103.21	4.90%
Normal Butane	168.18		178.48	
Shrink	39.72		39.92	
Margin	128.46	6.95%	138.56	6.81%
Iso-Butane	204.00		195.03	
Shrink	38.15		38.35	
Margin	165.85	8.66%	156.68	7.37%
Pentane+	224.58		221.97	
Shrink	42.47		42.70	
Margin	182.11	2.47%	179.27	1.11%
NGL $/Bbl	51.99	3.06%	56.43	3.48%
Shrink	13.99		14.06	
Margin	37.99	3.30%	42.37	4.69%
Gas ($/mmBtu)	3.83	2.41%	3.85	0.00%
Gross Bbl Margin (in cents/gal)	86.86	3.05%	98.83	4.79%
NGL Value in $/mmBtu				
Ethane	2.60	5.06%	3.69	4.46%
Propane	4.29	-0.40%	4.81	3.61%
Normal Butane	1.82	5.84%	1.93	5.21%
Iso-Butane	1.27	7.44%	1.21	5.83%
Pentane+	2.90	2.45%	2.86	0.90%
Total Barrel Value in $/mmbtu	12.88	2.92%	14.50	3.66%
Margin	9.05	3.14%	10.65	5.06%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation.

BOX SCORE

Isobutane Prices Surge at Both Hubs

Isobutane prices had the sharpest increase in price for any natural gas liquid (NGL) at both Conway and Mont Belvieu this week as it benefited from increased demand from refiners for summer-grade gasoline, which uses more alkylate in the mix. Like the other heavy NGLs, isobutane also benefitted from increased prices for crude oil due to uncertainties over supplies from the Middle East and North Africa.

For the week, Conway isobutane rose 7% to US$2.04 while Mont Belvieu isobutane rose 5% to $1.95. The Conway price was the highest price, and the first time it had surpassed the $2 threshold since it was $2.09 the week of August 6, 2008. The Mont Belvieu price was the highest it had been at the hub since it was $1.95 the week of August 27, 2008. This also marked the fifth consecutive week that the Conway price for isobutane was higher than its Mont Belvieu counterpart.

Despite refiners dialing down production of winter-grade gasoline, butane had the second-largest gains at both hubs this week as it rose 5% at Conway and 4% at Mont Belvieu. En*Vantage stated in its *Weekly Energy Report* that this may be due to an olefin producer increasing its usage of butane as a feedstock.

Box Score

Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Feb. 16 - 22, '11	66.99	138.48	178.48	195.03	221.97	$56.43
Feb. 9 - 15, '11	64.13	133.66	169.64	184.28	220.00	$54.54
Feb. 2 - 8, '11	53.56	133.42	166.92	179.04	219.02	$52.53
Jan 26 - Feb. 1, '11	58.12	134.38	168.84	179.04	214.12	$53.11
January '11	59.41	134.69	168.71	178.54	214.96	$53.39
December '10	61.75	129.45	169.76	177.25	209.47	$52.77
4th Qtr '10	59.07	126.07	162.01	168.24	198.89	$50.59
3rd Qtr '10	44.99	106.98	138.23	143.25	171.45	$42.37
2nd Qtr '10	50.97	108.43	145.01	157.23	178.04	$44.64
1st Qtr '10	70.80	123.84	151.72	165.09	183.29	$50.45
Feb. 17 - 23, '10	71.88	123.66	147.45	162.80	180.45	$50.12
Conway, Group 140	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
Feb. 16 - 22, '11	47.30	123.60	168.18	204.00	224.58	$51.99
Feb. 9 - 15, '11	45.02	124.10	158.90	189.88	219.20	$50.44
Feb. 2 - 8, '11	40.12	125.92	157.56	182.33	217.23	$49.45
Jan 26 - Feb. 1, '11	44.44	125.54	161.82	181.83	208.80	$49.75
January '11	44.01	128.53	162.52	174.39	207.59	$49.79
December '10	51.74	124.32	167.51	170.70	205.49	$50.57
4th Qtr '10	47.01	120.80	157.16	161.69	193.86	$47.80
3rd Qtr '10	31.16	101.46	132.39	141.93	163.91	$39.04
2nd Qtr '10	31.56	103.03	130.96	145.20	172.55	$39.90
1st Qtr '10	59.82	123.81	143.58	160.70	181.55	$48.69
Feb. 17 - 23, '10	58.63	124.82	138.63	157.50	180.40	$48.19

Data Provided by Intercontinental Exchange. Individual product prices in cents per gallon. NGL barrel in $/42 gallons

Regardless of what was the exact cause of this price spike, Mont Belvieu butane's price of $1.79 was the highest at the hub since it was $1.82 the week of September 3, 2008. The Conway price increase to $1.68 didn't represent quite as large a jump as it was the hub's highest price in nine weeks.

Last week's big gainer, ethane, continued to gain strength at both hubs, although prices at both Conway and Mont Belvieu fell as the week continued. The Mont Belvieu price rose 3% to 67¢, its highest price since it was 69¢ the week of March 3. The Conway price also rose 3% this week. The 47¢ price at the hub was the second-highest this year. Ethane prices may begin to fall back a bit as access to supplies return with all of the fractionators Enterprise Products Partners' Mont Belvieu complex now back online.

Propane prices were a mixed bag this week as the price rose 3% at Mont Belvieu to $1.39, its highest price since it was $1.49 the week of September 24, 2008, while the Conway price fell slightly to $1.24 as heating demand isn't very high.

Pentanes-plus (C_{5+}) prices continued to have the greatest value of any NGL at both hubs as they enjoyed the greatest relationship to crude oil prices. The Conway price improved 2% to $2.25, the highest price at the hub since it was $2.26 the week of September 3, 2008. The Mont Belvieu price of $2.22 represented a 1% gain from the prior week and was the hub's highest price since it was $2.34 the week of September 3, 2008. The last time that C_{5+} prices were greater at Conway than at Mont Belvieu was nearly one year ago – the week of February 24, 2010. – Frank Nieto

PIPELINE NEWS

T.D. Williamson Opens First Facility in Colombia

T.D. Williamson, Inc. (TDW), a supplier of pipeline services and equipment, announced that it has opened its first facility in Bogotá, Colombia, in response to demand for its pipeline pressure isolation and repair services.

To mark the occasion, TDW hosted an "Open Day," attended by 30 guests from the local oil and gas industry. To raise awareness of its expertise and technologies, TDW sponsored a technical seminar on the day. TDW specialists discussed how pipeline downtime can be reduced while making critical repairs, conducting planned maintenance or inspection operations.

Presentations also shed light on magnetic flux leakage (MFL) inspection of pipelines, emergency preparedness and pipeline pressure isolation. Guests came away with a greater understanding of TDW's services, including hot tapping and plugging, pipeline cleaning, and pigging services for pipeline networks.

The opening of the new office reflects the pipeline specialist's commitment to the region. By providing greater support of – and resources for – its clients operating in Colombia, TDW is firmly focused on providing its full range of services in this extremely active region.

According to Tomas Arroyo, Country Manager – Colombia for TDW, in order to supply optimal service to customers in Colombia, it was essential that TDW offer a solid, on-the-ground presence. "Our new Colombia facility makes it possible for us to deliver just that much more efficiently, giving our clients positive assurance that we are ready to mobilize on their behalf at a moment's notice," he said.

Following years of servicing customers remotely, TDW is keen to establish a day-to-day relationship with the local oil and gas industry in Colombia. "Strategically, the opening of the Bogotá facility is an important milestone in our efforts to provide responsive, quality service to customers in this vibrant market," said Juan Chacin, director of Latin America for TDW. "We look forward to strengthening our relations with them by providing professional, effective pipeline repair and maintenance services that they can rely upon throughout the years to come."

TDW houses specialized hot tap, plugging and intervention equipment in the 450-square-meter facility, making it the largest provider of pipeline pressure isolation and emergency repair services in the country.

Colombia becomes the fourth country in Latin America in which TDW operates, in addition to Mexico, Brazil and Venezuela.

INTERNATIONAL NEWS

Centrica Signs £2bn Gas Deal with Qatar to Secure LNG for the U.K.

Centrica plc, the parent company of British Gas, today announced it has entered into an agreement for a unique three-year contract with Qatargas to deliver 2.4 million tonnes per annum of liquefied natural gas (LNG) to the U.K. Isle of Grain facility.

Centrica Chief Executive, Sam Laidlaw, accompanying Prime Minister David Cameron with other British CEOs on a trade delegation to Qatar, outlined the important role Qatar will play in supplying liquefied natural gas into the U.K.

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FRANK NIETO
Editor
fnieto@hartenergy.com

ARI ROMAN
To subscribe to Gas Processors Report
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