



24th World Gas Conference
ARGENTINA | 2009
5-9 October

The Global Energy Challenge:
Reviewing the Strategies
for Natural Gas

Issues and Challenges in Developing Gas Markets in South America – Is LNG a practical solution

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October 2009



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The Global Energy Challenge:
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Current Natural Gas Market in South America

- Mature markets in Argentina, Colombia, Venezuela and Trinidad and Tobago
- Expanding resource base – Brazil, Peru and Bolivia
- Net producers Columbia, Bolivia and Trinidad and Tobago
- Importers – Brazil, Chile & Argentina



Current Natural Gas Market in South America

- Market opportunities
 - Power generation
 - Competitors - Crude oil, coal and hydroelectricity
 - Limited home heating
 - Motor fuel – CNG
 - Feedstock for Petrochemical production





Characteristics of LNG trade

- Traditionally
 - Difficult to transport
 - Market size was important
 - Infrastructure is expensive
- Majority sales in base load contracts
- Growing spot cargoes trade -25% of current sales



- Key Drivers for LNG penetration
 - **Current oversupply of LNG**
 - Security of Supplies
 - Lack of interconnections pipelines
 - Natural gas price and price lag with crude oil
 - Competitive technical options



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Constraints

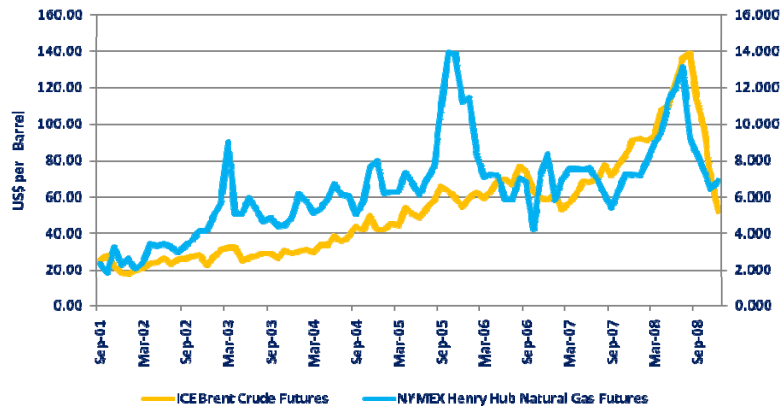
- Limited gas transmission pipelines and not inter connected. Solution have been proposed by
 - Venezuela – Brazil
 - Columbia to Venezuela
 - Trinidad to Barbados, St Lucia, Martinique/Guadeloupe
 - Venezuela to Cuba



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Crude Oil and Natural Gas Prices



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- Emerging Picture
 - LNG import terminals -6
 - Puerto Rico -1
 - Dominican republic -1
 - Brazil – 2
 - Argentina -1
 - Chile – 1
 - Future
 - Uruguay
 - Jamaica
 - Honduras
 - Others



- Conclusions
 - LNG imports will grow in South America