



GAS REPORT 51 2011

“A turkey never voted for an early Christmas!”

We wish all our readers a Happy Holiday!

December 23th, 2011

VLGC

The VLGC market continued downhill, shredding another US\$ 7 from last week and US\$ 33 since the peak on October 18th with this year's record of US\$ 78.81. As mentioned last week, two additional new buildings deliveries this week in combination with several short time storage vessels back in normal business and reduced Middle east export in December contributed to an oversupply situation. Even with an expected pick-up in activity as when we enter the New Year, it will take some time to absorb the additional tonnage length in Middle East Gulf loading position.

IOC, as expected, entered the market this week for a 1 year TC with 2 x 6 months optional periods for delivery in February. The Kumiai Senpaku 82' KHI VLGC new building was eventually confirmed this week, delivery end 2013 or early 2014. This is a new design from Kawasaki.

NH3

Ammonia prices remain under pressure with Yuzhny Fob now below US\$ 470. Some FSU production has closed down and more producers are considering doing the same. There is little current demand and two cargoes loaded in end November and early December are sitting in the central Mediterranean unsold. East of Suez there is a lack of activity and prices are under pressure as well.

HANDY

The firming sentiment for this segment remains, as the last month of the year has seen an increase in activity in all loading areas. A transatlantic arbitrage on butane has been taken advantage of, adding tonne-miles for the segment. Petchem trading has been more active with long-haul trades picking up both East and West of Suez. The activity level in the East has picked up as well. AP Moller has secured good employment for their fully-ref tonnage both in petchems and ammonia. The emergence of Indian LPG cargoes towards the end of the week will no doubt have an impact on tonnage availability in the region in the weeks to come.

COASTER

Despite more concluded fixtures than last week, there is little evidence of a Christmas push. One oil major seems to have consolidated its position, retaining length in their fleet to cover any eventualities over the break. Another major was active, concluding three fixtures with another one pending at the time of writing. Going forward, there is evidence of continued tonnage surplus in both owners' and traders' fleets, the odd prompt requirement not having much impact. The prediction is for the lacklustre trend seen over the recent weeks to continue, unless we see a prolonged cold spell over the New Year.

LPG

In North West Europe an overhang of propane continued to weight down large cargo prices. As the week went by crude and naphtha gains sent propane higher. There were some signs of more activity in the downstream market as freezing temperatures led to more activity. Butane prices surged on firm blending demand and tight North Sea supplies, reaching close to 100% of naphtha value.

Activity in Middle East Gulf continued at a slow pace with many participants sidelining awaiting the release of the CP next week. December liftings appear to be substantially down on November. CP swaps traded up on higher crude and Far East propane demand, reaching the mid US\$ 800-810.

Asian propane demand firmed with the outlook for tighter product supply in the second half of January. However, Japanese inventories remained robust. An announced reduction in Chinese import duties from 2 to 1% of landed price should increase the competitiveness of imports marginally. The substantial premium of butane over propane and relative to naphtha led to non-existing buying interest from the petchem sector.

The US NGL's market saw propane maintained at low prices relative to crude and the discount to the North West European market increased to US\$ 120. However, butane prices continued to rally ending the



week at about US\$ 975, apparently due tight supplies and short covering by a large player.

LNG

In the US, NYMEX was basically unchanged at US\$ 3.14/mmBtu compared to US\$ 3.13 last week. In the UK, the day-ahead price fell to 52.15/therm, equivalent to US\$ 8.17/mmBtu compared to 57.50p/term last week.

China National Petroleum Corp. said today that its subsidiary PetroChina began pumping gas into pipeline network from Dalian's liquefied natural gas terminal marking the start in operations of Dalian LNG terminal. Construction of Dalian LNG project was started in April 2008 and completed in April 2011. The first phase of the receiving terminal has a capacity of 3 mtpa and designed annual deliverability of 4.2 billion cubic meters. The second phase will have a construction scale of 6 mtpa and designed annual deliverability of 8.4 billion cubic meters.

Exceleerate Energy has executed an agreement with the Puerto Rico Electric Power Authority (PREPA) to undertake the development and permitting of a floating offshore LNG regasification facility off the southern coast of Puerto Rico. The facility, named Aguirre GasPort®, will provide fuel to the Central Aguirre Power Plant and is a step forward in the island's strategy to convert power generation from high-cost, high-emissions imported oil to cost-effective, cleaner-burning natural gas. The Central Aguirre Power plant

has already converted 600 MW of its available 1500 MW to utilize natural gas and has plans to convert the remaining 900 MW prior to completion of Exceleerate Energy's Aguirre GasPort.

The Southeast African nation of Mozambique is set to become a global LNG exporter after a second huge natural gas discovery was announced from offshore Indian Ocean waters, opening the way for two LNG liquefaction projects.

South Korea's KOGAS said today that is in negotiations with Shell to acquire stake in Prelude FLNG. The Prelude FLNG facility will be 488m long, 74m wide and it will be located approximately 475 km north-northeast of Broome, Western Australia. Once operational, the Prelude FLNG will produce at least 5.3mtpa of liquids: 3.6mtpa of LNG, 1.3mtpa of condensate and 0.4mtpa of LPG.



Fixtures

SPOT

VESSEL	CBM	MT	CARGO	LOAD/DISCH	LAYCAN	RATE US\$	CHARTERER
VLGC							
Fritzi N	81'	46'	LPG	Meg/ East	27 Dec	US\$ 46	Statoil
Berge Denise	79'	44'	LPG	Bonny/ Flushing	16-18 Jan	US\$ 35	Geogas
MGC							
Gas Mahi	28'	FC	NH3	Jubail/Opts East	End Dec	RNR	Trammo
Exmar TBN	35'	FC	BUT	Braefoot Bay/Pembroke	08-12 Jan	RNR	Stasco
Sub 25'000							
B Gas Linda	1'8	1'	PROP	Kalundborg/Gdansk	18-20 Dec	RNR	Statoil
Maersk Genesis	22'5	15'	NH3	Iran/Paradeep	20-25 Dec	RNR	Raintrade
Maersk Global	22'5	PC	PPL	Hazira/Opts	20-25 Dec	RNR	Trammochem
Nordic Gas	20'5	9'	C4s	ARA/US Gulf	20-25 Dec	RNR	Vinmar
Coral Millepora	4'2	1'6	PROP	Canvey Island/Leixoes	22-24 Dec	RNR	SHV
Gas Cerberus	5'	1'8	BUT	Port Jerome/Opts	23-25 Dec	RNR	ExxonMobil
Chiltern	3'3	1'2	ISOBU T	Kaarstoe/Port Jerome	25-27 Dec	RNR	ExxonMobil
Newmarket	6'5	PC	BUT	Finland/ARA	25-28 Dec	RNR	Sibur
Luke	3'3	PC	BUT	Fredericia/Lisbon	27-29 DEC	RNR	Stasco
Trans Catalonia	11'	PC	C4s	Aliaga/F.East	End Dec	RNR	Kolmar
Clipper Helen	17'	9'	ETH	Ruwais/Turkey	End Dec	RNR	CNR
Maersk Humber	20'5	12'	LPG	Kaarstoe/USAC	Ely Jan	RNR	Petredac

TIME CHARTER

VESSEL	CBM	BUILT	TRADE	DELIVERY	PERIOD	HIRE US\$	CHARTERER
G'Chem Nordsee	17'	2009	ETH	Del ely Jan in MEG	2 yrs + opts	HNR	Evergas
G'Chem Adriatic	17'	2010	ETH	Del ely Jan in MEG	2 yrs + opts	HNR	Evergas
Antarcticgas	15'	1991	NH3	Del end Jan SEA	9 + 3 mnts	HNR	MISC



Rates

Note: We have changed the criteria for calculating the weekly time charter equivalent for a VLGC to a more representative vessel with a consumption of 55 tons per day average at 16 knots, 5 % sea margin and 0.5 day for bunkering.

The Baltic Exchange LPG index				
44'LPG Ras Tanura/Chiba		Last Week	This Week	Trend
Weekly Baltic average	(US\$/pmt)	53,28	48,06	Softening
Baltic TC Equivalent	(US\$/pcm)	734 879	532 767	Softening
	(US\$/pd)	24 158	17 514	Softening

12 months Time Charter - Indicators				
	Last Week (US\$/pd)	This Week (US\$/pd)	This Week (US\$/pcm)	Trend
3.200 cbm S/R	9 040	9 040	275 000	Steady
3.500 cbm P/R - East	7 890	7 890	240 000	Steady
3.500 cbm P/R - West	8 711	8 711	265 000	Steady
5.000 cbm P/R	10 191	10 191	310 000	Steady
6.500 cbm S/R	14 793	14 793	450 000	Steady
10.000 cbm ETH	19 724	19 724	600 000	Steady
20.000 cbm S/R	23 833	23 833	725 000	Steady
35.000 cbm	27 120	25 641	780 000	Softening
60.000 cbm	26 298	26 298	800 000	Steady
82.000 cbm	32 051	30 408	925 000	Softening

Product & Prices

	Propane usd/pmt	Change from last week	Butane usd/pmt	Change from last week
NWE				
FOB Seagoing Small	800,00	2,69 %	873,00	13,06 %
CIF Seagoing Small	846,00	2,96 %	873,00	7,79 %
US Mt Belvieu				
Non-LDH	704,16	0,74 %	967,71	9,35 %
NWE Propane Swaps				
Q1 forward	834,50	2,61 %		
Q2 forward	779,50	4,14 %		
MEG				
Contract Price	770,00	0,00 %	820,00	0,00 %
Japan CFR	864,00	4,69 %	914,00	3,88 %
NG and Crude				
NG, NYMEX	3,14	0,06 %	usd/mmbtu	
WTI, Crude - Spot	99,83	6,17 %	usd/bbl	
				Various Sources (average values)

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