

ICE UK GAS FUTURES

Contract	Jan 20	Week's	Jan 20
Month	p/therm	High/Low	\$/MMBtu
Feb '14	66.28	67.50/65.60	10.89
Mar	65.17	66.57/64.60	10.71
Apr	64.15	65.20/63.50	10.54
May	63.05	64.05/62.70	10.36
Jun	61.80	62.55/61.30	10.16
Jul	62.32	...	10.24
Aug	62.62	...	10.29
Sep	62.97	...	10.35
Oct	64.90	65.40/64.55	10.67
Nov	68.46	...	11.25
Q2'14	63.00	64.03/62.60	10.35
Q3'14	62.64	63.45/62.20	10.29
Q4'14	67.89	...	11.16
Q1'15	71.22	72.60/70.95	11.70

Prices are based on delivery to National Balancing Point, within National Grid Gas' high-pressure transmission system. Quotes for specific dates are settlement prices. Week's High/Low reflects intra-day trading.

NYMEX US GAS FUTURES

Contract	Jan 17	Week's	Jan 13
Month	\$/MMBtu	High/Low	\$/MMBtu
Feb '14	4.326	4.50/4.20	4.274
Mar	4.259	4.44/4.14	4.224
Apr	4.081	4.19/4.02	4.056
May	4.068	4.17/4.01	4.035
Jun	4.090	4.19/4.04	4.057
Jul	4.117	4.21/4.06	4.085
Aug	4.125	4.22/4.06	4.093
Sep	4.110	4.21/4.08	4.078
Oct	4.124	4.22/4.06	4.092
Nov	4.165	4.25/4.15	4.133
Dec	4.270	4.36/4.22	4.237
Jan '15	4.352	4.44/4.31	4.319
12-m. strip*	4.174	4.28/4.17	4.140

Delivered to Henry Hub, Louisiana. Quotes for specific dates are settlement prices. Week's High/Low reflects intra-day trading. \*Average of 12 contracts

Dutch Slash Groningen Output After Quakes

The Dutch government said on Jan. 17 that production from its huge Groningen onshore gas field in the northern Netherlands will be slashed by more than a quarter over the next three years to stem earthquake activity, and unveiled a €1.2 billion (\$1.6 billion) investment and compensation package for 2014-18. But a lawyer for 300 residents who have suffered subsidence caused by gas production warns that unless the offer is improved, he will launch court proceedings later this week against Groningen producer NAM, owned 50-50 by Royal Dutch Shell and Exxon Mobil.

Seismic activity near Groningen increased markedly last year (WGI Apr.24'13). As a result, the government is limiting production from the field to 42.5 billion cubic meters (4.1 billion cubic feet per day) in 2014-15 and 40 Bcm in 2016 from 54 Bcm last year. That could be bullish for European spot prices unless producers like Gazprom or Statoil increase supply.

Production from the most seismically risky area near the village of Loppersum will be reduced by 80%, Economy Minister Henk Kamp said, but not halted completely to ensure sufficient gas on the coldest winter days. He said the decision is in response to a forward production plan submitted by Groningen operator and licensee NAM "based on 14 reports" and advice from various agencies, including the State Supervision of Mines.

NAM director Bart van de Leemput said "studies have shown that, over the next three years, earthquakes of 4.1 on the Richter scale could occur, and that "given the package of measures now agreed [that is] an acceptable

safety risk." In the UK, however, shale gas drilling must be suspended if a quake measures over 0.5.

Out of the €1.2 billion, the government said €850 million is for the repair and prevention of future damage to homes, buildings and infrastructure, €10 million for structural strengthening, and €15 million for contingencies, including buying up properties and reinforcing dykes. But lawyer Pieter Huitema from Dutch law firm De Haan tells WGI that his 300 clients "are absolutely not satisfied with this compensation. They need compensation for all the damage, not just when they sell up, and they want it at this moment. We want NAM to acknowledge that people are suffering at this moment." He said homes in the area are worth less than in other parts of the Netherlands as a result. Huitema has given NAM until Jan. 23 to respond; if it doesn't respond satisfactorily, he said he will launch court action the following day. Dutch state holding firm EBN has 40% in almost all the gas fields that NAM operates, but Huitema said that under Dutch law, NAM alone is responsible because it produced the gas.

Groningen produces low-calorific gas, typically of 31.7 megajoules per cubic meter, so adjusted to reflect the 39 MJ/m3 typical for North Sea output its 2013 production would equate to around 44 Bcm. That would represent over 60% of total Dutch output of about 70 Bcm (assuming 39 MJ/m3), which was 10% higher year-on-year. From 2014, the split between Groningen and small North Sea fields will probably revert to nearer the traditional 50-50 ratio.

EUROPEAN BORDER PRICE ESTIMATES

From/To:	Prices Effective Jan '14 (US\$ per Million Btu)								Prices Effective Dec '13 (US\$ per Million Btu)							
	CIS	Netherlands	Norway	Qatar	Algeria	Algeria	UK†	Avg*	CIS	Netherlands	Norway	Qatar	Algeria	Algeria	UK†	Avg*
				LNG	LNG	by Pipeline**						LNG	LNG	by Pipeline**		
Belgium	...	11.89	11.91	11.14	...	...	11.14	11.52	...	11.89	11.74	10.44	...	...	10.44	11.13
France	10.91	11.96	11.91	11.14	12.19	...	...	11.62	11.08	11.96	11.74	10.44	14.41	...	...	11.93
Germany	10.90	11.78	11.14 to 12.06	...	...	...	...	11.43	10.99	11.79	10.73 to 12.01	...	...	...	...	11.38
Italy	10.81	11.78	12.02	...	...	12.89	...	11.88	10.98	11.79	12.18	...	...	12.81	...	11.94
Netherlands	10.94	...	11.99	...	...	...	11.12	11.35	11.02	...	11.93	...	...	...	10.68	11.21
Spain	...	...	12.68	...	11.70	11.46	...	11.95	...	...	12.70	...	11.51	11.25	...	11.82
UK	...	...	11.40	11.40	...	...	...	11.40	...	...	10.92	10.92	...	...	...	10.92
Average	10.89	11.85	11.93	11.23	11.95	12.17	11.13	11.59	11.02	11.86	11.80	10.60	12.96	12.03	10.56	11.55

Source: WGI's own calculations from information gathered from companies and official bodies. \*Average price includes UK supply, totals are unweighted, and do not compare like with like (ie landed LNG before regas charges, versus in pipe for non-LNG supply). \*\*For Algerian gas at landfall into Spain (Zahara de los Atunes) or southern Ital. †The UK-Belgium Interconnector has flowed from the continent into the UK over the past two months, with the exception of Dec 12-13 when it briefly flowed in the opposite direction. ‡Revised.