

**HD Gas deals and growing volatility****WC** 940 words**PD** 15 November 2014**SN** Investing.com**SC** INVEN**LA** English**CY** © 2014, Investing.com, All rights Reserved - Provided by SyndiGate Media Inc.**LP**

In the midst of a succession of high level meetings of world leaders Russia and **China** have signed a further gas trading deal, and it's sure to impact export strategies of Aussie producers.

Santos says Santos GLNG is making excellent and strong progress towards delivering first liquefied natural gas (LNG) next year, while Liquefied Natural Gas has filed an application with Canada's National **Energy** Board for an export licence for up to 12 **million** tonnes of LNG per year. In a further development AGL **Energy** will advance its Broken Hill **Solar** Plant after receiving the green light to start construction of the 53 megawatt **solar** plant.

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MEO Australia has announced a merger with Neon **Energy** which will see shareholders of both companies each holding 50% of the merged group and Santos has paid New Standard **Energy** \$7.5 **million** for an operating **stake** in the PEL 570 project in South Australia's Cooper Basin.

## Economic News

It was 6 months ago that Russia signed a \$US400 **billion** deal to sell gas to **China**; the move certainly made Aussie gas exporters take notice. This week the stakes were raised further as Russia and **China** signed a memorandum of understanding on the **sale** of gas from Western Siberia. With Russia as the world's largest exporter of **energy** and **China** as the world's largest consumer, this deal is huge. Major gas exporters such as Australia and Canada will be forced to rethink major export projects that are in the pipeline.

## Commentary

This week Finance News Network spoke with AMP Capital Investor's Head of Investment Strategy, and Chief Economist, Dr Shane Oliver about how recent boosts in **energy** output are reshaping the **energy** mix in Australia;

"At the end of the day Australia has become a much bigger gas exporter. We've also got a situation globally with the US coming into that market as well. But for the time being I think Australia will remain a pretty strong gas exporter and that's only going to intensify in the years ahead."

"The problem for Australian's is that as we move towards global pricing for gas that means an increase in domestic gas prices. Australia is overall pretty well placed, but yes there are some uncertainties around that, and Australian manufacturers and households may have to get used to slightly higher prices for gas they consume."

## Export progress

Santos Limited says Santos GLNG is making excellent and strong progress towards delivering first liquefied natural gas (LNG) next year. The **oil** and gas producer has now completed the first of its three major gas processing hubs in its Queensland gas fields. Santos advises the hub is located in the Fairview field north of Roma and is now fully operational.

Liquefied Natural Gas Limited has filed an application with Canada's National **Energy** Board for an export licence for up to 12 **million** tonnes of LNG per year. The **company's** wholly owned subsidiary Bear Head LNG filed the application and is also seeking a licence to import up to 503 **billion** cubic feet of natural gas annually from the US.

## Growing sunshine

AGL **Energy** Limited will advance its Broken Hill **Solar** Plant after receiving the green light to start construction. The **energy company** says the plant's plans have been approved by the New South Wales Department of Planning and Environment. AGL has described the approval as an important milestone in progressing the construction of the 53 megawatt **solar** plant.

## M&A action

MEO Australia Limited has announced a merger with Neon **Energy** which will see shareholders of both companies each holding 50% of the merged group. The **company** says MEO shareholders will receive 0.7369 Neon shares for each MEO share held with the merger having the unanimous support of the Neon and MEO boards. The **oil** and gas explorer says the focus of the move is on cost synergies with a substantial reduction in annual corporate overheads.

Santos Limited has paid New Standard **Energy** Limited \$7.5 **million** for an operating **stake** in the PEL 570 project in South Australia's Cooper Basin. The deal gives Santos a 35 per cent **stake** in the project and Santos will meet 75 per cent of the remaining spend in New Standards earn in obligations totaling just over \$42 **million**.

Toro **Energy** Limited has secured a cash injection and new key shareholder through a binding financing and asset **acquisition** deal. Global resources investor The Sentient Group will invest up to \$20 **million** in Toro, giving it a 19 per cent **stake** in the **company**.

## Community unrest

Santos Limited says its work in the Pilliga was interrupted after protestors gathered at the **company's** work site. The **oil** and gas producer is understood to have been preparing for **coal** seam gas exploration drilling by clearing the land.

## Production updates

Origin **Energy** Limited 's quarterly production report has shown its exploration and production business produced 7 per cent less on the previous year. The **oil** and gas explorer says first quarter production was 34.9 petajoules equivalent with Otway and Kupe seeing lower volumes. The **company** says the slippage was offset by higher production at the Cooper Basin and Australia Pacific LNG .

AJ Lucas Group Limited has been awarded a contract for APA Group 's

Eastern Goldfields Gas Pipeline in Western Australia. The infrastructure, construction and **mining** services group will execute the contract in joint venture with Spiecapag Australia. The contract is part of APA Group 's \$140 **million** Goldfields Gas Pipeline expansion and includes the construction of the 293 kilometre gas transmission pipeline and infrastructure.

<b>CO</b>	agkega : AGL Energy Limited   Ionhro : New Standard Energy Ltd   ntlegb : National Energy Board   timsea : MEO Australia Ltd.   sants : Santos Ltd
<b>IN</b>	i1 : Energy   i13 : Crude Oil/Natural Gas   i1300002 : Oil Exploration   i1300003 : Crude Petroleum Extraction   i16 : Electricity/Gas Utilities   iexplo : Natural Gas/Oil Exploration   iextra : Natural Gas/Oil Extraction   iutil : Utilities
<b>RE</b>	austr : Australia   russ : Russia   apacz : Asia Pacific   asiaz : Asia   ausnz : Australia/Oceania   bric : BRICS Countries   devgcoz : Emerging Market Countries   eeurz : Central/Eastern Europe   eurz : Europe   ussrz : CIS Countries
<b>IPD</b>	Oil & Gas
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