"It's an indication that unconventional, particularly shale gas, would remain in the existing framework of the UK taxation, and this is important because it allows for writeoff costs," Webber said. "This would be good news for companies that are looking to develop shale gas in the UK and have UK North Sea production income."

More details will be outlined in a document the government expects to make public in June, July, or August. Oil companies then will have an opportunity to respond to the proposals, Osborne said.

Osborne also promised new planning guidance and incentives for local communities, which the government hopes will ease public opposition to the use of fracturing.

"Tax is just one piece of the puzzle that needs to be addressed," for UK shale gas to be developed, Webber said. When asked about a possible timeline, Webber said he believes it's possible the proposed incentives could be finalized, passed by Parliament, and implemented sometime in 2014.

Cuadrilla Resources estimates 200 tcf of natural gas in place at its exploration license area in the Bowland basin shale. This year, Cuadrilla Resources said it was delaying fracturing until 2014 to give the company time to get an environment assessment done (OGJ Online, Mar. 14, 2013). OGJ

GIIGNL: Net global LNG trade slides in 2012

Global LNG imports net of reloads last year reached 236.3 million tonnes, a 1.9% decrease vs. 2011 trade movements, according to a report from Paris-based Groupe International des Importateurs de Gaz Natural Liquefie (GIIGNL).

The group said maintenance and unscheduled interruptions on existing liquefaction plants, as well as lower-than-expected capacity additions, with only one new train—Pluto in Australia—coming into service in May, have limited supply availability. GIIGNL said increased demand, mainly in Japan, China, India, and South America contributed to the market tightness.

Regional exports

On the supply side, six countries joined the ranks of exporters over the last 10 years. At yearend 2012, 8 countries out of a total of 18 made up 83% of global LNG exports.

Pacific Basin LNG supplies declined 3%, or by 2.7 million tonnes, despite new volumes from Australia and the quick ramp-up of Pluto. Indonesia (–13.3%) and Malaysia (–4.8%) accounted for most of the production decline in the region.

In the Atlantic Basin, three suppliers—Nigeria, Norway, Trinidad and Tobago—increased their production, but lower export levels from Algeria, Egypt, and Equatorial Guinea depressed overall Atlantic Basin supply by 2.2%.

In the Middle East, production shutdowns in Yemen reduced total exports by 500,000 tonnes, despite 1 million tonnes additional supplies from Qatar, GIIGNL's report said. Of Qatari volumes, 63% were exported to Asian countries, with Japan retaining the lion's share.

For 2010-12, Qatar doubled its LNG exports to Japan (15.7 million tonnes in 2012 compared with 7.6 million tonnes in 2010). Qatari exports to South Korea jumped by 56% for the same 3 years, reaching 10.8 million tonnes, or 29% of South Korea's LNG supplies.

On the demand side, 7 importing countries out of 26 (Japan, South Korea, China, India, Taiwan, Spain, and the UK) attracted 81% of total LNG volumes.

Imports

For the second year in a row, said the group's report, all Asian countries recorded import growth.

Resulting from a weak gas demand, lower imports into Europe provided for the swing between global supply and demand. Asian countries imported 14.2 million tonnes of additional quantities, 9 million tonnes of which were received in Japanese terminals.

At yearend 2012, Asia accounted for 71% of global LNG demand compared with 64% in 2011, and Japan and South Korea together represented 75% of Asia's LNG imports. In absence of nuclear restarts, Japan recorded an 11.4% growth. South Korean LNG imports increased by 3.4%, above the country's gross domestic product growth rate of 2%.

The growing appetite for LNG in China and India resulted in 12.2% and 7.7% growth rates, respectively, over the previous year, and both countries represented a combined 11.8% global market share in 2012.

With start-up of the Nusantara regasification terminal, Indonesia started receiving LNG in 2012 (700,000 tonnes), becoming the 26th importing country and—after the US—the second LNG producing country also importing LNG.

GIIGNL found noteworthy Europe's decline by some 27% because of cargo redirections, reloads, and sluggish gas demand, bringing in the 2012 net LNG imports at less than the 2009 level. With net imports of 14.5 million tonnes—at the same level as that for LNG imports into China—Spain is back as Europe's leading LNG importer.

In the UK, imports fell to 10.4 million tonnes (–44%), with 98% of the country's LNG coming from Qatar and 72% of total imports delivered to the South Hook terminal.

As a consequence of the decline in Europe, the GIIGNL report found 2011's contrasting trends between the two major basins to be even more pronounced in 2012. LNG deliveries to Asia increased by some 9% (with very single country showing a growth) whereas for the Atlantic Basin deliveries fell back 22% overall.