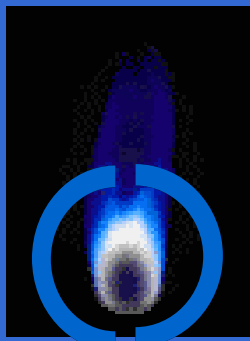




ASIA PACIFIC GAS (APGAS) FORUM

**"THE INCREASING GLOBAL
IMPORTANCE OF NATURAL GAS"**



By

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OUTLINE

- 1. THE INCREASING GLOBAL IMPORTANCE OF NATURAL GAS**
- 2. INCREASING IMPORTANCE OF NATURAL GAS AND LNG TRADE IN ASIA PACIFIC REGION**
- 3. CONCLUSION**



Key drivers for the increasing global importance of natural gas

THE INCREASING GLOBAL IMPORTANCE OF NATURAL GAS

ACCESSIBILITY, AVAILABILITY AND COMMERCIAL VIABILITY

- There are huge gas reserves discovered over the world, particularly in Russia & FSU, and Middle East.
- Natural gas can be transported onshore over long distances via pipeline as in developed gas markets in North America and Europe.
- Gas can also be transported offshore via LNG tankers such as Asia Pacific region.
- Gas pipeline infrastructures are being developed in both in other emerging markets of Latin America, Africa, Asia and Asia Pacific regions.

TECHNOLOGICAL DEVELOPMENT AND INNOVATION

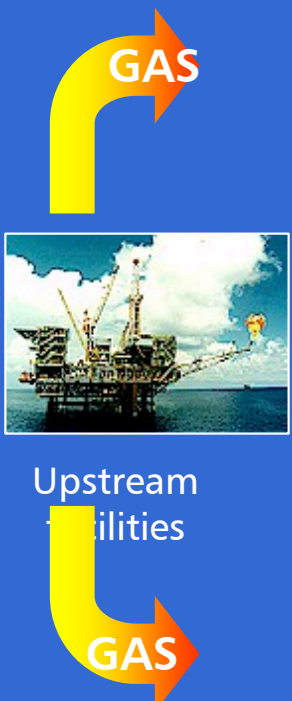
- Increasing applications of gas in power sector, industrial, residential & commercial, & transportation sectors.
- The technological innovation has enabled gas to be transported both onshore and offshore.
- More efficient combined cycle gas turbine using gas in the power sector.
- Reduction of unit cost of constructing LNG tankers, gas liquefaction plants and gas re-gasification and receiving terminals.

ENERGY SECURITY, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

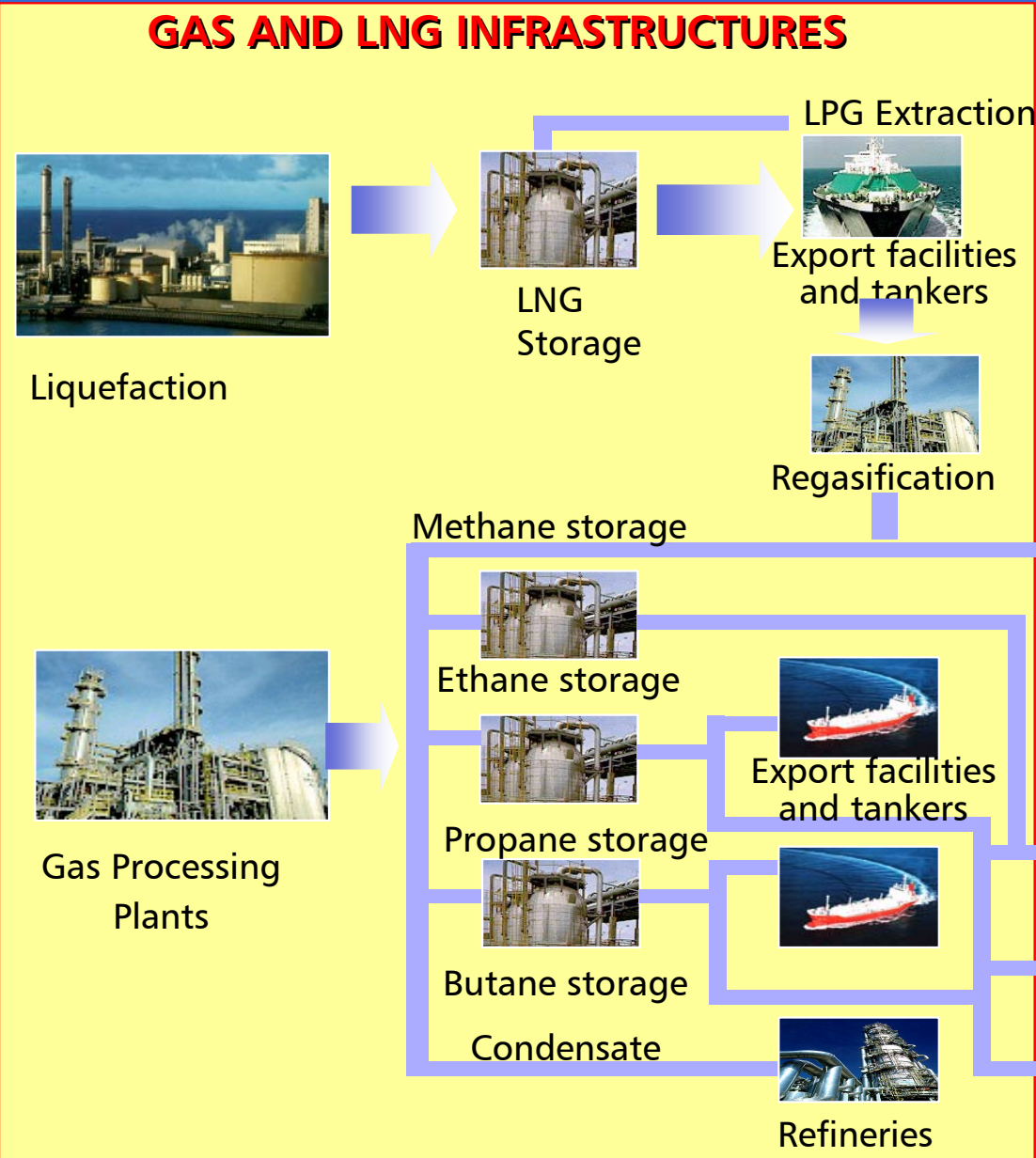
- Diversification to natural gas to reduce dependence on oil.
- Natural gas is the cleanest amongst the fossil fuels.
- Natural gas is the fuel of choice to mitigate adverse impact to the environment.
- Kyoto Protocol has resulted in the reduction of GHG gases, reducing the use of coal in developed economies.
- Concerns of civil society and NGOs on eco-friendly fuel and the promotion of sustainable development.



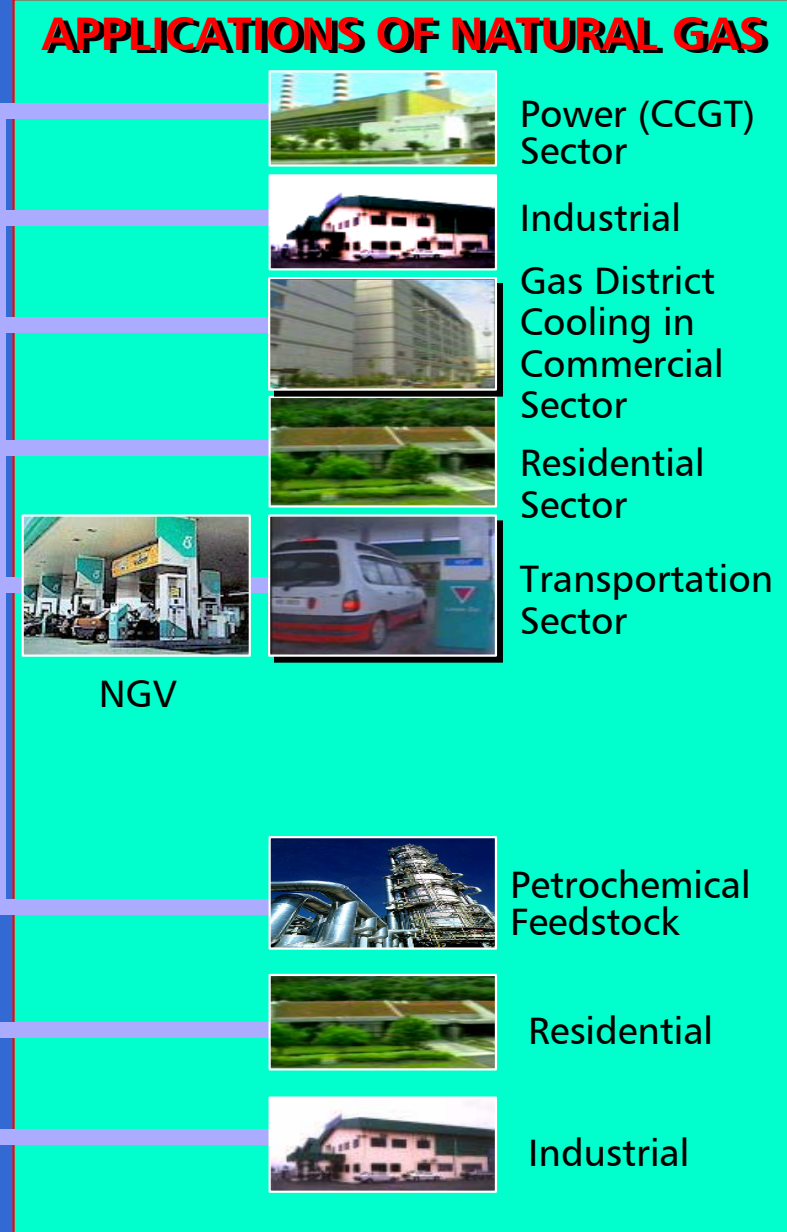
Unlike coal and crude oil, natural gas can only be transported from supply to demand centres via gas pipelines, tankers as LNG, CNG or GTL, requiring huge upfront capital investments and long lead time



GAS AND LNG INFRASTRUCTURES

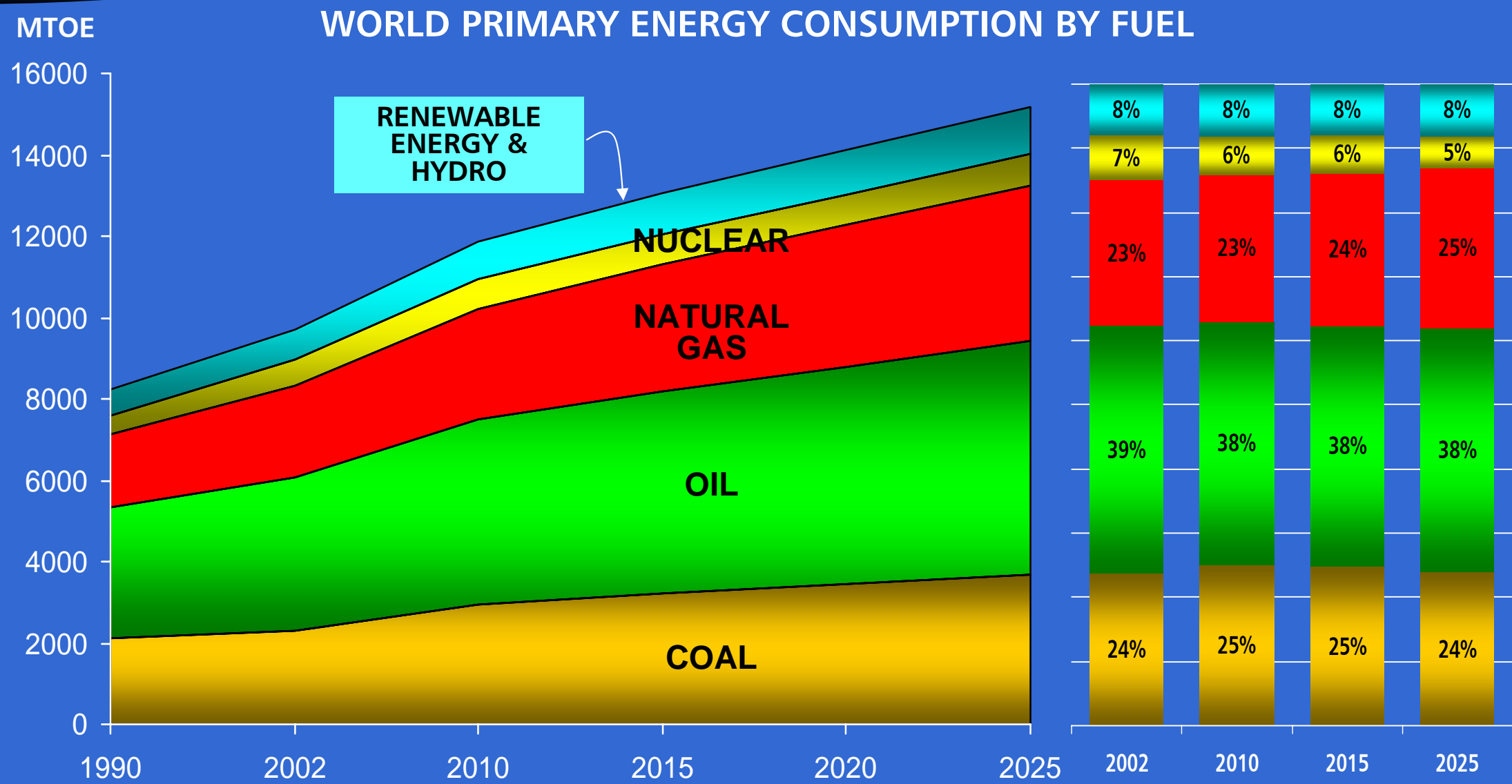


APPLICATIONS OF NATURAL GAS





While oil will still be the dominant fuel up to 2025, natural gas is the fastest growing form of energy through 2025, reflecting the increasing global importance in natural gas



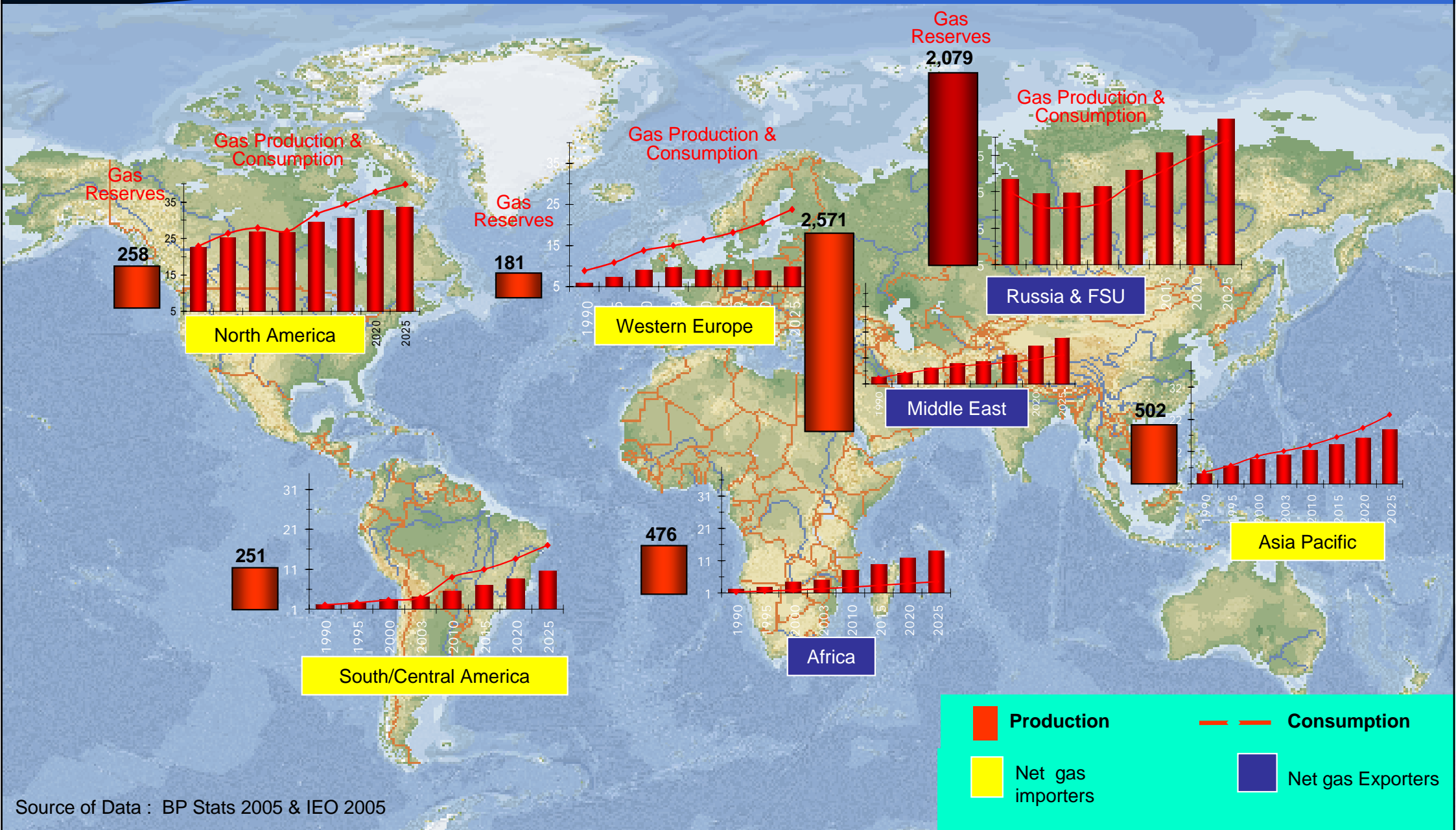
Source of data: International Energy Outlook (IEO) 2005



1. THE INCREASING GLOBAL IMPORTANCE OF NATURAL GAS



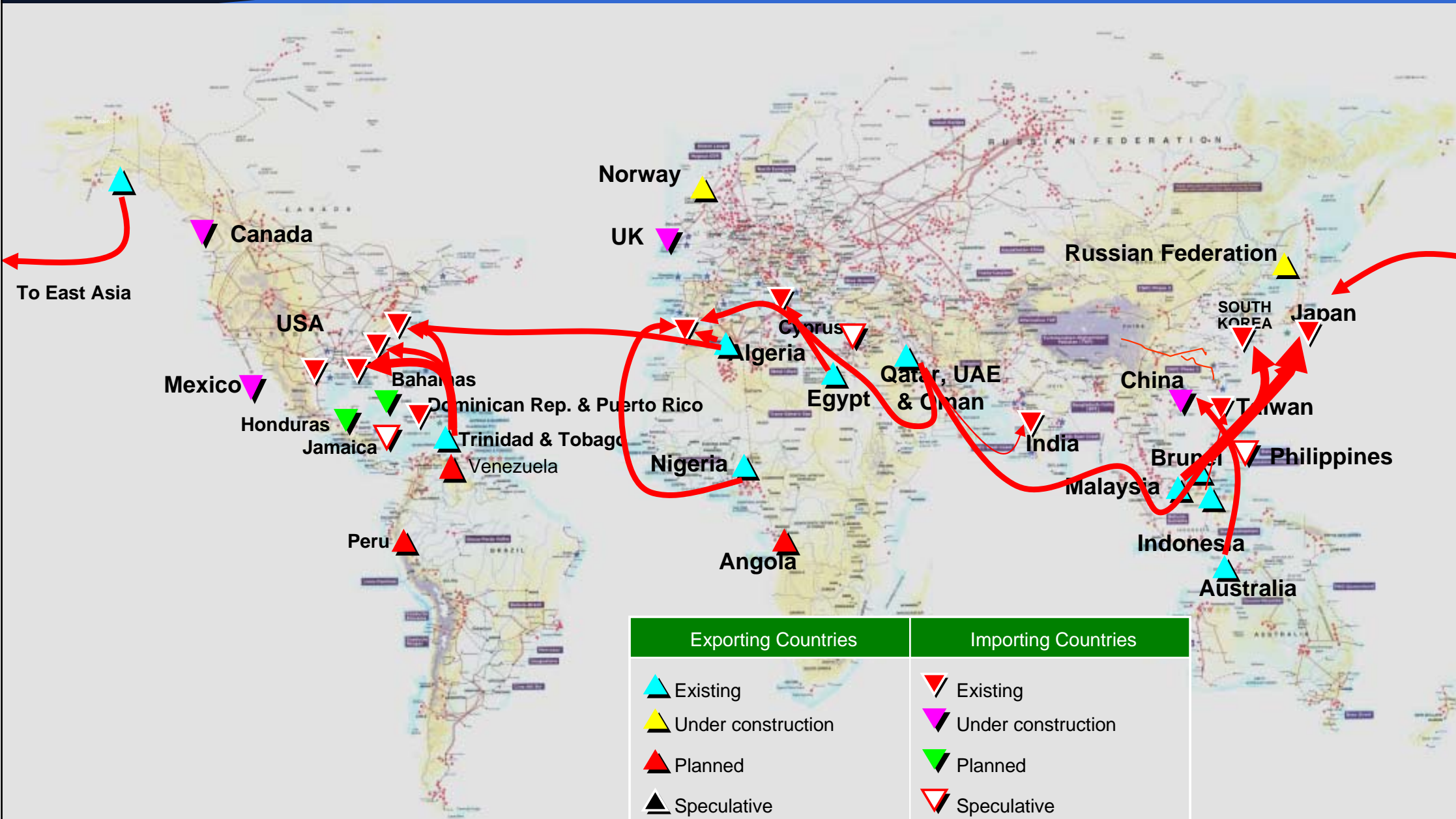
Natural gas reserves are primarily located in Russia, FSU and Middle East, rather far from the gas demand centres in North America, Europe, Asia Pacific and South America.



Source of Data : BP Stats 2005 & IEO 2005



Increasing cross-border natural gas and LNG trade globally

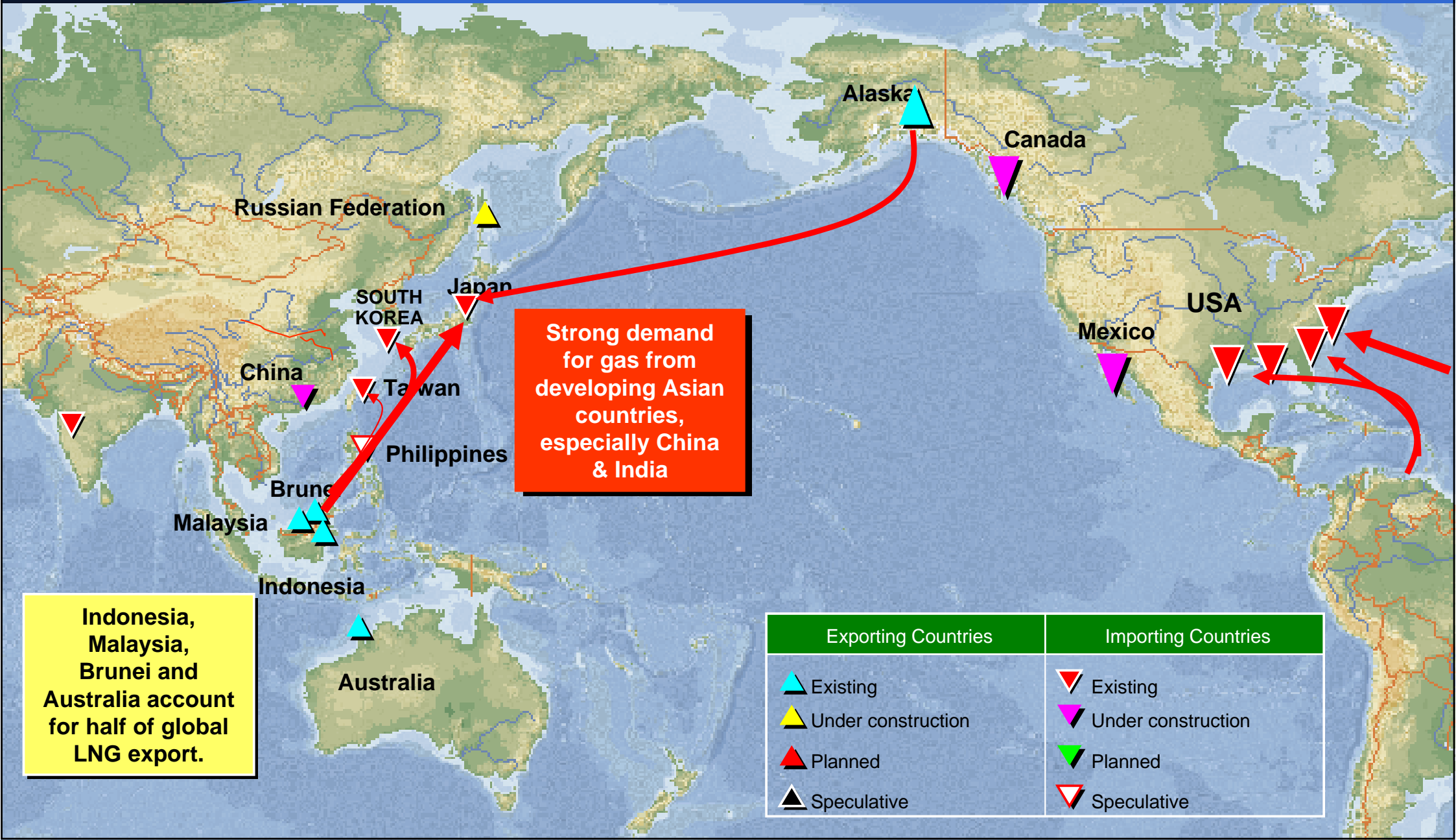




2. INCREASING IMPORTANCE OF NATURAL GAS AND LNG TRADE IN ASIA PACIFIC REGION



Likewise, in Asia-Pacific region, LNG trade has traditionally being the important with the world largest importers and exporters but natural gas pipeline is set to grow in the region



Strong demand for gas from developing Asian countries, especially China & India

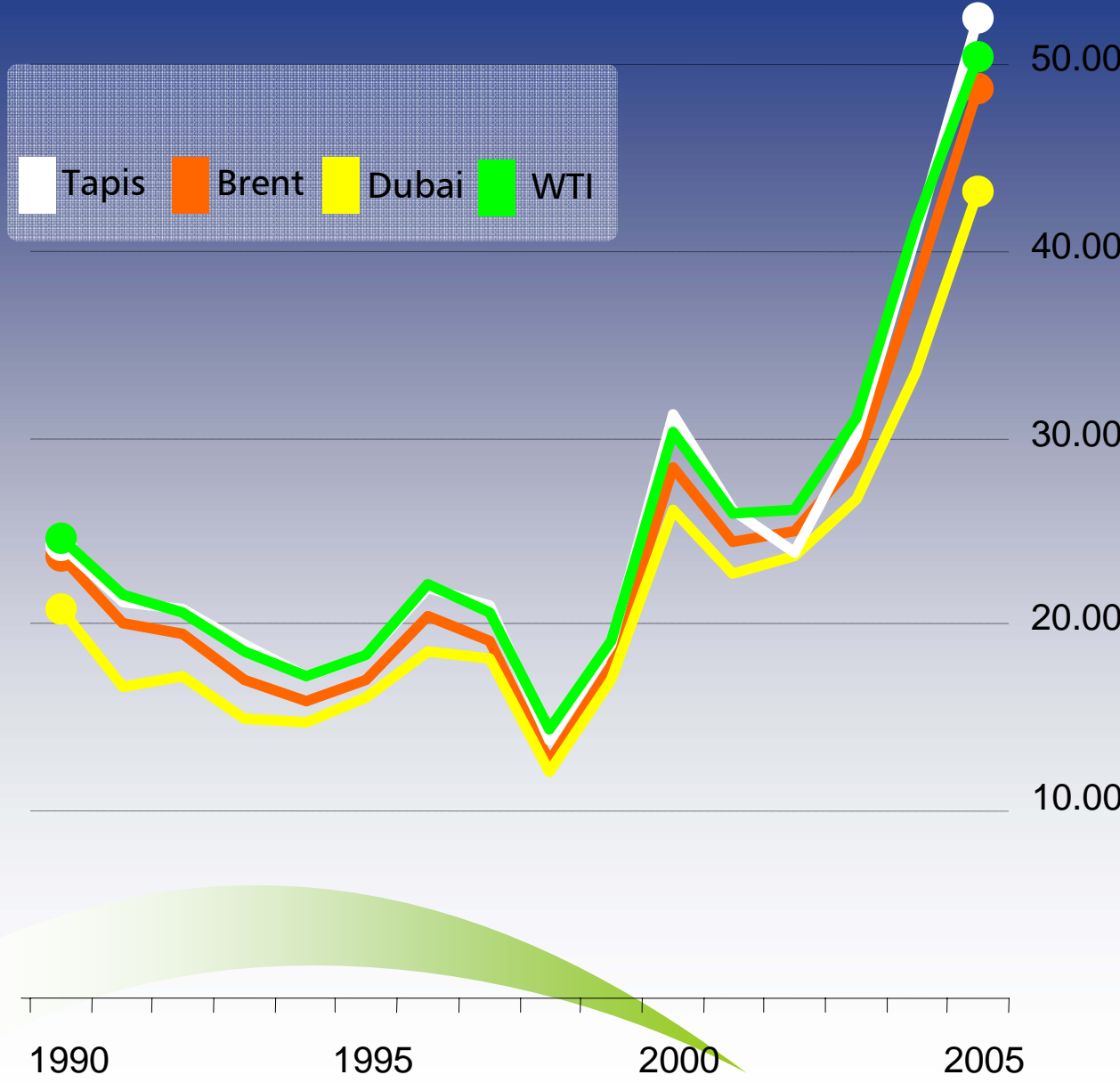
Indonesia, Malaysia, Brunei and Australia account for half of global LNG export.

| Exporting Countries | | Importing Countries | |
|---------------------|--------------------|---------------------|--------------------|
| | Existing | | Existing |
| | Under construction | | Under construction |
| | Planned | | Planned |
| | Speculative | | Speculative |



The high oil price above US\$ 60 per barrel will acts as a catalyst for increasing global importance of natural gas as the fuel of choice

- As energy policy makers search for better alternative to oil, which has reached a level of about US\$ 68 per barrels most recently, natural gas offers as the most attractive choice to address issues relating to high oil price, mitigating adverse impacts to the environment and in enhancing energy security.
- As such, The high oil price above US\$ 60 per barrel will acts as a catalyst for increasing global importance of natural gas as the fuel of choice





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Thank
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