



**FOR IMMEDIATE RELEASE**

**7 April 2010**

**Price negotiation in long-term LNG contracts up for grabs:**

**London, 7 April 2010** - It has long been debated whether LNG will ever lose its "traditional" status, thus trade and be priced like any other liquid commodity. The conclusion that it will "almost never happen" may no longer be true as the recent economic recession has altered traditional views on LNG trade and contract pricing.

Regarding his paper which will be presented at the April LNG-16 Conference in Oran, Algeria; James Ball, President of London-based consulting company, Gas Strategies said: "Adapting to market conditions raises a whole series of questions over the robustness of LNG contracting practices and points to an evolution in future contract agreements and the way in which they are operated".

At LNG-16, James Ball will outline the potential price changes for long-term LNG contracts to reflect recent trends such as increased trade flexibility, new oil price mechanisms and changing business models for key players.

"LNG volumes which had been safely placed in traditional markets are now coming loose, resulting in changes in trade flows, defying the expectations of only a few months ago let alone years ago. Even agreements with clear review clauses are finding the recent global market landscape incompatible with past assumptions."

"Price terms in LNG have tended to be very regional specific. The LNG trade in the 1990s saw new traded market gas prices entering into long term contracts, while European and Asian contracts remained priced on traditional oil related indices," he added; "but the growing globalisation of LNG sales in the second half of the last decade has led regional priced buyers to become exposed -often advantageously - to volatile international prices."

"The turmoil of the economic recession, reduced demand and growth of LNG supply raises questions of whether price terms focussed on a regional basis will survive or need a radical overhaul. We will address these issues at the conference in Oran."

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**Note:** Details of the paper, "Can prices negotiated years ago in long-term LNG contracts survive in today's volatile global market?" cannot be released until after the presentation at Session 5 on Wednesday 21st April.

To receive a copy of the report after the Oran conference, or to discuss the issues raised further with James Ball please contact Leo Schmid: [l.schmid@gasstrategies.com](mailto:l.schmid@gasstrategies.com)

James Ball is an internationally respected advisor on natural gas, has led assignments with many global energy companies and has acted as personal advisor to key leaders and organisations in gas and LNG worldwide for the last 25 years. James has been involved in the inception, delivery and completion of numerous projects and business developments with clients. With Gas Strategies, James was involved in the formative stages of several major breakthrough LNG and gas projects including Teesside GasPort, Guangdong Dapeng LNG - China's first LNG terminal, the Blue Stream pipeline, Qatar's RasGas LNG, Trinidad & Tobago's LNG industry, and Indonesia's original LNG extension contracts.

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## Notes for Editors

### About Gas Strategies

Gas Strategies is a specialist professional services organisation providing commercial energy advisory services globally. We operate in all sectors of the supply chain: upstream, midstream and markets, and cover the full LNG Value Chain and gas-to-power.

We provide advisory services in:

- Project development support: from evaluation and feasibility assessment to operational management
- Contract advice, negotiation, valuation; contract portfolio evaluation and operational management
- Commercial due diligence in project finance and M&A
- Gas market supply, demand and pricing analysis
- Regulation, restructuring and liberalisation
- Competitor analysis and benchmarking

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