



The gas supply situation is not getting much clearer

Posted by [Heading Out](#) on January 26, 2006 - 11:40pm

Topic: [Supply/Production](#)

Tags: [china](#), [georgia](#), [iran](#), [natural gas](#), [russia](#), [saudi arabia](#), [turkey](#) [[list all tags](#)]

The situation in regard to who has enough gas to supply whom, is getting just a little hard to follow in the area around Georgia. The other day I had noted that [Iran](#) was supplying gas to Georgia to make up for the losses due to the pipeline explosion. Now I [read](#) that Iran is having problems with meeting it's own demands for gas, due to the winter, and has cut supplies to Turkey.

Iran had raised the gas it pumps to Turkey to 10 million cubic metres, still well short of the 26 million cubic metres a day previously agreed between the two neighbours.

Last week Iran cut the flow to 5 million cubic metres a day, but the supply subsequently rose to 8-10 million cubic metres before falling again to 5.48 million on Wednesday.

Iran says it had to reduce its exports because harsh winter weather has raised consumption at home.

And so who is helping Turkey out (since it has reached the point that it is starting to close factories and redirect supplies). Remembering that Russia has had to reduce supplies to Europe, now for the [eighth day](#), because of the severity of the temperature drops in Moscow and points East, guess who?

Russia, the biggest supplier of natural gas to Turkey, has stepped in to help cover the shortfall.

And, recognizing the threat to supply, Hungary and Croatia have signed agreements to install an LNG terminal on the Adriatic, and Poland is giving serious thought to the idea. (Which, apropos yesterday's post, will require even more tankers be built.) In the meanwhile Ukraine continues to take gas from the pipeline transiting gas to Europe, in quantities above the levels agreed.

Interestingly, talking about who supplies what to whom, the IEA nations have agreed a willingness to provide emergency supplies to the needy should [Iran or Nigeria](#) have supply disruptions. There is not a lot of talk of other nations stepping in to increase output to cover the shortfalls.

Demand for crude into China is being [projected](#) as increasing by some 650,000 bd as new refineries come on stream. This will likely absorb a lot of the increase in production we might anticipate coming from the Middle Eastern members of OPEC. At the same time Saudi Arabia is helping to fund additional [refineries](#) capable of handling heavier crudes that are also more sour.

The Oil Drum | The gas supply situation is not getting much better <http://www.theoil Drum.com/story/2006/1/26/224055/299>
Which is another comment on what oil will be coming from SA in the future.



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