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North Sea Gas:
Alternative to Soviet Supplies (See p. 17)

North Sea gas could provide Western Europe with an alternative to future purchases of Soviet gas, provided agreements can be reached with the Norwegians on a satisfactory price. Norway alone could supply Western Europe with an additional 4 to 5 billion cubic feet per day (bcfd) by the mid-1990s, provided the market for North Sea gas is not preempted by major additional sales of Soviet gas. A triangular gas deal involving Norway, the Netherlands, and the United Kingdom, could provide West European customers with some additional supplies as soon as the late 1980s. Such an arrangement, which would have to overcome political and economic obstacles, would connect southern UK gasfields to the continent and give the Europeans added flexibility in dealing with a gas import shortfall. Because of long leadtimes and political constraints, large additional supplies of North Sea gas are unlikely before the mid-1990s. Existing contracts for Dutch gas exports are scheduled to be phased out in the late 1980s and early 1990s, but could be extended to provide additional supplies in the interim.

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Nigeria:
Prospects for Gas Exports to Europe

The sharp decline in projected gas needs in Western Europe and Nigeria's continued inability to proceed with any gas project make it unlikely that Lagos will provide any gas supplies to Europe before the early 1990s. The long-awaited Bonny LNG project (590 billion cubic feet per year) has been terminated, and most of the major participants are unwilling to consider another export project at present. In addition, the financial difficulties caused by the soft oil market will make it difficult for the Nigerians to provide their share of the capital necessary for any type of export project in the next few years.

Still, a likely decline in the amount of oil available for export will cause the Nigerians to undertake some kind of gas export project in the 1990s similar in scope to the Bonny project. Nigeria's huge gas reserves of 100 trillion cubic feet could eventually support several LNG projects or a pipeline system through North Africa. To ensure that markets will exist for its gas, however, Lagos will need to demonstrate the same pricing flexibility that it has shown in recent months on oil sales.

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