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[online version](http://www.charltonslaw.com/shell-lifts-first-crude-oil-from-majnoon-oilfield/)

# Natural Resources Issue 11

## Rio Tinto walks away from massive Pebble copper-gold project

Rio Tinto (**Rio**) has announced that it is pulling out of the Pebble Mine copper and gold project in the Bristol Bay region of Alaska. The project is wholly owned by Toronto and New York listed Northern Dynasty Minerals Ltd. (**Northern Dynasty**). Rio currently owns 19.1% of Northern Dynasty.

Rio has stated that the project does not fit its strategy and will donate its shares to two Alaskan charities. Rio becomes the second large diversified miner, after Anglo American Plc to back out of the project.

The deposit holds an estimated 55 billion pounds of copper and 67 million ounces of gold. The project has faced increased scrutiny from environmental campaign groups and the U.S. Environmental Protection Agency (**EPA**). In February 2014 the EPA, initiated a rarely used process under the U.S. Clean Water Act to block the development of the copper-gold deposit, one of the largest in the world, citing the potential of “irreversible harm” to Alaska’s salmon fisheries.

Rio will transfer half of its shares in Northern Dynasty to the Alaska Community Foundation and the other half will be transferred to the Bristol Bay Native Corporation Education Foundation, the company said.

Shares in Northern Dynasty crashed on the Rio announcement.

(Source: [www.mining.com](http://www.mining.com) 7 April 2014)

## BG Group shifts oil and LNG trading arm to Singapore

The BG Group (**BG**) has shifted the centre of its liquefied natural gas (**LNG**) and oil marketing business from the UK to Singapore, in a move the London listed oil and gas company, has stated reflects the growing importance of Asian energy markets.

The decision to move the official centre of its oil and LNG trading arm comes three weeks after BG  launched a redundancy scheme aimed at shedding up to a quarter of its thousand plus workforce based at its headquarters in the UK. BG insisted that the move was not directly connected to the company’s redundancy scheme running.

Singapore is investing heavily in multibillion dollar projects to reduce its energy dependence on neighbours and establish itself as a key regional centre for gas trading. Singapore opened its first LNG terminal on Jurong Island this year. The BG Group is already contracted to supply the first 3 million tonnes of Singapore’s annual LNG demand under the terms of a 20 years supply agreement.

(Source: The Financial Times 7 April 2014)

## Aluminium price jumps after halt to LME plan

The price of aluminium jumped 6% to a five month high in the week since following the announcement by the London Metal Exchange (**LME**) that it had been forced to shelve a plan to cut queues at its global warehouse network.

The delay and price increase is good news for aluminium producers, including UC Rusal (**Rusal**), Alcoa Inc. (**Alcoa**) and the Aluminium Corporation of China Limited, which have been forced to cut output sharply due to sustained low prices.

The LME stores approximately 5.5 million tonnes of aluminium at registered warehouse facilities around the world. At some locations, where warehouse owners and metal traders entered into financing deals, queues to withdraw aluminium rose to more than 500 days last year. Following complaints from consumers, the LME announced new rules to cut queues, which were due to take effect on April.

However Rusal, the world’s largest aluminium producer, argued that the consultation process was unfair and sought to challenge the decision. On 27 March the UK High Court ruled in Rusal’s favour. Warehouse queues are therefore expected to remain long for at least a few months more.

The LME must now decide whether it wishes to appeal the ruling or hold another consultation process involving industry participants.

(Source: The Financial Times 3 April 2014)

## ONGC Videsh to get share in Myanmar oil and gas block

Indian state owned ONGC Videsh Ltd (**OVL**), may still have an opportunity to participate in a deep-sea block in Myanmar despite losing out during the recent competitive bidding process.

OVL has announced that it had agreed upon a mutual farm-in arrangement with an unnamed international oil and gas company in the event of an unsuccessful bid by either company. OVL’s farm-in share could be as much as 49% in the deep-water oil and gas block won by the international company.

A total of 19 deep-water blocks were offered during the bidding round. Bids were received for only 10 blocks.

(Source [www.thehindu.com](http://www.thehindu.com) 8 April 2014)

## Shell lifts first crude oil from Majnoon oilfield

Royal Dutch Shell plc (**Shell**) has announced that it has successfully exported its first shipment of crude oil from the Majnoon oilfield (**Majnoon**) it in Southern Iraq. The Majnoon field is one of the world’s largest oil fields. Shell has developed Majnoon in partnership with Petronas and Iraq’s state owned South Oil Company, and Missan Oil Company.

The project partners recommenced a move to production from Majnoon in September 2013 following the completion of major overhaul works, including 28 square kilometres of mine clearance, extensive refurbishment of brownfield facilities to meet safety standards, and the construction of a new greenfield central processing facility – the largest to be built in Iraq in the last decade – to allow for increased production capacity. To date, 18 new wells have been drilled, while the project has created more than 2,850 jobs.

(Source: [www.shell.com](http://www.shell.com) 8 April 2014)

## China group buys US$6bn Glencore Peru copper mine

A Chinese consortium is to purchase Glencore Xstrata’s Las Bambas copper mine in Peru for US$6bn in cash.

The consortium is led by MMG Limited and also includes China’s Citic Metal. The acquisition is subject to regulatory approvals but is expected to be completed by the end of September 2014.

Analysts expect Glencore to use the proceeds from the sale to reduce its debt. The mine is expected to produce more than 450,000 tonnes of copper a year in its first five years. China relies heavily on the metal, which is used in electronics production.

(Source: [www.bbc.co.uk](http://www.bbc.co.uk) 14 April 2014)

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