

LTO, llc

Natural Gas Production in Peru



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Executive Summary

Results

The investment planning model for the Camisea natural gas reservoir in Peru, suggest that an initial investment of \$2.475 billion on the natural gas plant plus \$4.03 billion spent on the LNG and NG pipelines that connect the Camisea field with the plant location in Pisco, Peru will result in a net present value of \$383.8 billion over the life span of the plant which is assumed to be 30 years. Initially, liquefied natural gas is sold to California and linear low-density polyethylene and Jet A jet fuel are created before the polyethylene is replaced with polyvinyl chloride in year 6 and Jet A is replaced with Diesel fuel in year number 8

Description of Project

This project's main goal is to determine the best investment plan for the natural gas reservoir located in the western part of Peru. The Camisea reservoir contains 11 trillion cubic feet of proven natural gas reserves. This reserve is large enough that no limits exist on the amount of natural gas that the plant will be able to process from the Camisea plant within the lifetime of the project. The proposed project takes into account the different investment options for a thirty-year period. Forecasting of product prices and demands are taken into account in order to reach a reliable investment option.

Future Recommended Studies

Since this phase of the project provides an accurate investment model, it is recommended that for future studies, further detailed analysis is executed. The scope of the GAMS program should be analyzed and each plant process's economics need to be calculated with more accuracy.

In order to find the best investment for the Camisea natural gas reserve, further investment options should be added to the overall model. The price and demand forecasting for each project can be updated. Export taxes and government regulations for each country should also be accounted for. Also the scope of the export areas could be examined. More detailed economic analysis would ensure the accuracy of these initial results.