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Weekly news roundup (4-8 September)

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### **Gas Strategies Group**

10 Saint Bride Street  
London UK  
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900  
W: [www.gasstrategies.com](http://www.gasstrategies.com)  
Twitter @GasStrategies

### **Editorials**

+44(0) 20 7332 9957  
[editor@gasstrategies.com](mailto:editor@gasstrategies.com)

### **Subscriptions**

+44(0) 20 7332 9976  
[subscriptions@gasstrategies.com](mailto:subscriptions@gasstrategies.com)



# Weekly news roundup (4-8 September)

## International

East Timor and Australia have settled a decade-long maritime boundary dispute [1] by signing an historic agreement establishing the rules to develop and share the oil and gas riches in the contested area between the two nations.

Gas will become the “largest energy carrier” globally from 2033 [2], despite both conventional onshore and offshore gas production beginning to decline from 2020, according to a new forecast by Oslo-based DNV GL.

Cedigaz has warned that the spectre of a possible global LNG supply glut is real [3], approaching fast and will last into the early 2020s – but will then subside as supply struggles to meet demand, unless new projects are sanctioned before the end of the decade.

LNG has a crucial role to play in ensuring global gas supply, but the industry needs to overcome inherent rigidities in production by offering contracts with more flexible destination clauses, the International Energy Agency said its first-ever annual Global Gas Security Review [4].

The Trans-Adriatic Pipeline [5] from Azerbaijan to Europe is more than 50% complete, with contractors reporting that about 539 km of the 765-km route in Greece and Albania has been cleared and over 45% of welded pipes are in the ground.

It seems to be business as usual for Gazprom and its associates, with the Russian major hiring UK-based Petrofac to help build two gas projects, despite the US having recently imposed supposedly tough sanctions against the Kremlin [6].

## US & Canada

**Canada** – Calgary-based Cenovus Energy is inching closer to reaching its CAD 3.6 billion divestment target [7] after selling off its Pelican Lake heavy oil operations to Canadian Natural Resources.

TransCanada is requesting a 30-day suspension of its application to the National Energy Board for its Energy East Pipeline and Eastern Mainline Project [5].

**US** – Early indications suggest downstream and midstream infrastructure bore the brunt of the damage from the impact of Hurricane Harvey [8] on the US Gulf oil and gas industry.

BP was preparing to shut-in production and evacuate staff at its Thunder Horse platform and the West Vela drilling rig in the Gulf of Mexico as Hurricane Irma approached [9], while LNG vessel loading resumed at Cheniere's Sabine Pass LNG facility [5] following Hurricane Harvey with the arrival of LNG tanker Rioja Knutsen.

The US Department of Energy has proposed new rules for small-scale gas and LNG producers [10] that would allow those seeking to export up to 140 MMcf/d to bypass the need for a full environmental impact

assessment.

Dominion Energy has gained the approval of the Federal Energy Regulatory Commission to perform commissioning activities at the Cove Point LNG export facility [7] in Maryland.

Tellurian has taken a step upstream, acquiring a cluster of gas producing assets and undeveloped acreage [11] in Louisiana's Haynesville shale play for USD 85 million from an undisclosed seller.

The US Federal Energy Regulatory Commission has thrown out objections by environmental group Sierra Club and upheld its approval of the proposed 8 mtpa Magnolia LNG plant [12] in Louisiana.

## **Africa**

**Angola** – Angola LNG has signed a multi-year LNG sales agreement [13] with Vitol, the world's largest independent energy trader, with first deliveries set to start this year, an ALNG spokesperson told Gas Matters Today.

**Gambia** – Oslo-listed African Petroleum is preparing to launch a formal arbitration process against the government [14] of Gambia over two disputed block licences.

**Morocco** – Upstream gas company Sound Energy has received an "indicative non-binding commercial proposal" from a Morocco-based financial institution to fund construction of the Tendrara Gas Export Pipeline [7] project.

**South Africa** – National oil company PetroSA has signed a USD 400 million exploration deal [15] with Russian state-owned exploration firm Rosgeo, with the South African company hoping the deal will spur further oil and gas exploration in the country.

Statoil has broadened its South African upstream footprint by acquiring an interest in two offshore exploration blocks [5].

## **Asia Pacific**

**China** – China National Offshore Oil Corporation (CNOOC) has signed a deal with Korean SK Innovation company to explore a block in the South China Sea [7], with SK acting as operator during the exploration phase.

Chinese LNG imports have grown strongly [5] over the first seven months of 2017, averaging 4.3 Bcf/d, 45% higher than during the same period in 2016, according to the US Energy Information Administration.

**India** – Japanese shipping company Mitsui OSK Lines has signed a contract with India's Swan energy to operate and maintain Swan's Jafrabad floating storage and regasification unit (FSRU) [16] project in Gujarat.

**Indonesia** – Singapore's Pavilion Energy and Keppel Corp have signed a deal with Indonesia's state owned electricity utility PT Perusahaan Listrik Negara to distribute LNG to remote areas [5] of Indonesia.

**Japan** – Mitsui has signed an agreement with Gazprom to develop small- and mid-scale LNG [5], including producing, transporting and marketing LNG in Japan and bunkering in the Sea of Japan.

**Sri Lanka** – India's LNG giant Petronet is to develop an LNG terminal [17] on the west coast of Sri Lanka after the island nation's government finally gave the go-ahead to the project, more than six years after it

was first discussed publicly.

### **Australasia**

**Australia** – The Queensland Government has awarded Brisbane-based Senex Energy the right to develop a new gas field in the Surat Basin [18], which will include, for the first time, Australia-only sale conditions on gas produced from the land.

The Western Australian government's decision to halt fracking [19] is putting at risk over USD 300 million worth of investment in the region, the country's oil and gas industry body has warned.

Queensland is releasing more land for gas development [7] with domestic-only use conditions, following a pilot project awarded to Senex Energy earlier this week, the state government said.

Oil and gas company FINDER Exploration has agreed to sell a 90% stake in an exploration licence [7] in Western Australia's Carnarvon Basin to Woodside Energy.

The Queensland-based Gladstone LNG facility will redirect 30 PJ (805 MMcm) previously destined for export [20] into the domestic market in 2018 and 2019, project leader Santos said.

**Papua New Guinea** – Local landowners have reiterated long-running warnings that non-payment of royalties [5] could threaten disruption to gas fields in Papua New Guinea's Hela province that supply the PNG LNG plant.

### **Europe**

**France** – The French government has tabled a bill to end oil and gas activity [7] on its mainland and overseas territories by 2040, plus various provisions relating to energy and the environment.

**Germany** – German oil and gas operator DEA has hired former Engie E&P chief Maria Moraeus Hanssen [7] to head up operations as its new CEO and chairman from January.

**Greece** – Athens-based Energean Oil & Gas has won approval from the Greek government to develop the Kataloko oil and gas field [21] in the west of the country.

**UK** – The UK oil and gas sector is enjoying a brighter outlook [22] compared to a year ago, with M&A activity up, falling production costs and job cuts stabilising, according to Oil & Gas UK.

### **Latin America & Caribbean**

**Brazil** – State-owned energy company Petrobras has initiated the sale of a 90% stake in grid operator subsidiary Transportadora Associada de Gas as it pursues a USD 21 billion divestment target [23] by the end of 2018.

**Mexico** – Federal Electricity Commission (CFE) subsidiary CFEnnergia has reportedly signed a 24-year gas supply contract worth USD 4 billion to supply utility Iberdrola's 866 MW El Carmen combined-cycle power plant in Nuevo Leon.

### **Russia & CIS**

**Georgia** – US-based Frontera Resources has deployed a workover rig to Georgia [7] to clean an onshore well, retrieve the packer and prepare for perforation and extended testing.

**Russia** – Russia has signed an agreement to engage in joint exploration and production projects with China [7] in western and eastern Siberia.

### **Middle East**

**Iran** – French engineering firm Sofregaz has signed a USD 50 million deal to recycle and re-inject around 165 MMcm/year [5] of associated gas currently being flared at a refinery at the South Pars field.

### **Markets & prices**

The price of LNG from plants along the US Gulf of Mexico [24] has, like other processed hydrocarbons, rallied over the past week owing to fallout from flooding and torrential rain brought by Hurricane Harvey, with futures contracts hitting their highest levels in months.

Energy futures priced in US dollars are rising as the greenback weakens against its global peers [25] amid apprehension over whether US President Donald Trump and lawmakers will pass a new annual budget and the Federal Reserve Bank will raise interest rates.



### Consulting

+44 (0) 20 7332 9900  
[consult@gasstrategies.com](mailto:consult@gasstrategies.com)



### Alphatania Training

+44 (0) 20 7332 9910  
[training@gasstrategies.com](mailto:training@gasstrategies.com)



### Information Services

+44 (0) 20 7332 9976  
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