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Weekly news roundup (16-20 October)

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Oil & Money Conference 2017 – London, UK

LNG buyers in Japan have given a resounding thumbs down to US developer Tellurian's offer [1] to sell volumes into Tokyo Bay at a fixed price of USD 8/MMBtu from 2023, company VP of business development Mark Stubbe said at the event last week.

Iran is persevering to attract foreign investment [2] and claims talks are progressing despite US President Donald Trump's unilateral decision last week to decertify Iran's compliance with the international nuclear deal, according to deputy oil minister Amir Zamaninia.

Novatek is examining the possibility of establishing a Russian benchmark LNG hub price [3] for Asian markets on the back of the trans-shipment facility it is developing on the Kamchatka peninsula, Novatek CFO and management board deputy chair Mark Gyetvay said on the sidelines of the event.

International

Energy services company Wood Group has won a USD 12 million front-end engineering design (FEED) contract for the "world's first offshore platform-based" LNG plant [4] to be developed in the US Gulf of Mexico.

Japan has signed a memorandum of understanding (MoU) with India [5], with the pair agreeing to establish a flexible, liquid, global LNG market. The two nations combined import some 40% of the world's LNG.

Royal Dutch Shell has flagged the chemicals industry as a future "cash engine" [6] and is prepared to sink large sums into projects in Asia and the US to realise its potential.

European development banks are planning a series of major cash injections for the Southern Gas Corridor [7] to ensure that key elements of the project cross the finish line.

US & Canada

Canada – Cenovus Energy has agreed to sell its Palliser gas and oil assets [8] in southeast Alberta to Torxen Energy and Schlumberger, in a deal worth USD 1.3 billion.

Thailand's PTT has reportedly once again deferred plans to develop its Mariana oil sands project [8] in Alberta, and in the process booking its third impairment on the project in three years.

US – Venture Global LNG has snared USD 108.6 million following a private placement, meaning the company has now secured USD 470 million which will be used to progress its two proposed LNG plants [5] in Louisiana.

The Federal Energy Regulatory Commission (FERC) has approved the construction of two gas pipelines [5], the 2 Bcf/d Mountain Valley line West Virginia to Virginia and the 1.5 Bcf/d Atlantic Coast pipeline

connecting West Virginia, Virginia and North Carolina.

BP subsidiary BP Midstream Partners has launched an IPO [5], offering 42,500,000 common units, and anticipates a price of between USD 19-21/common unit.

The US Energy Information Administration's latest short-term energy outlook (STEO) [9] once again forecasted gas production rates inching closer to record highs, but a closer look at the statistics raises doubts.

The Department of Energy (DOE) has announced that it will offer USD 26 million to support carbon capture and storage [8] (CCS) technologies.

Africa

Gambia – African Petroleum has lodged a request for arbitration [5] with the International Centre for the Settlement of Investment Disputes (ICSID).

South Africa – The prospects for shale gas exploration [10] in South Africa's semi-desert Karoo region have suffered a setback following a high court ruling to set aside fracking regulations issued by the Department of Mineral Resources.

Asia Pacific

Bangladesh – Petrobangla has unveiled plans for another LNG import facility [11] in Bangladesh after signing an agreement to use a terminal being developed by a Malaysian-Bangladeshi consortium.

Cambodia – Kris Energy has taken a final investment decision to develop the Apsara field [8] in Block A, offshore Cambodia.

Japan – Japan's government will offer USD 10 billion in support for domestic firms to build LNG infrastructure [5] across Asia, according to reports.

Myanmar – India's Reliance Industries has reportedly sold off its conventional oil and gas exploration blocks [5] outside of India, after pulling out of Myanmar.

South Korea – Samsung Heavy Industries (SHI) has received an order from a consortium of Marubeni, Sojitz and Pertamina to build a new 170,000 cm FSRU [8].

Australasia

Australia – Brisbane-based Galilee Energy has signed an agreement with compatriot utility Jemena, whereby the pair have agreed to fast-track plans to connect Galilee's flagship Glenaras gas project [12] in Queensland to feed the gas-starved east coast market.

Woodside Energy has lowered the top end of its production guidance for 2017 by around 4% following delayed start to the Wheatstone LNG project [13].

Australia's Pilot Energy and Black Swan Resources have put an exploration block offshore Western Australia [8] up for sale.

Papua New Guinea – Oil Search saw record production in Q3'17 [14], driven by strong performance at its Papua New Guinean LNG project, the company reported.

Europe

Italy – TSO Snam has completed the purchase of Edison's 7.3% stake in the Adriatic LNG terminal [5] and 100% stake in Infrastrutture Trasporto Gas – the operator of one of three national grid gas transmission systems in Italy.

Norway – The future of three Norwegian pilot industrial carbon capture and storage (CCS) projects [15] is in doubt after the government in Oslo proposed slashing support by as much as 95%.

Statoil's CEO has no plans to retire [8], with Eldar Saetre set to continue running the company next year, despite reaching retirement age.

Spain – Spanish utility Gas Natural Fenosa has concluded two separate deals to sell its Italian gas distributor and [16]energy trader [16] for a combined EUR 1 billion, prompted by regulatory changes in Italy.

Turkey – Turkish energy stock market, the Energy Exchange Istanbul (EPIAS), is revisiting plans to begin trading in natural gas [17], in anticipation of increased flows through the country and into European markets.

UK – Gas supplies to Great Britain would be further strengthened over the long term by high retail gas prices [18] to underpin the economics of LNG imports and justify investment in pipeline infrastructure, according to a UK government report.

The UK's largest shale acreage holder Ineos, has appointed Ron Coyle to CEO of its shale division [5], after most recently serving as commercial director for the company's phenol division.

BP chairman Carl-Henric Svanberg will retire [8] from his position next year, following the company's AGM in May.

Latin America & Caribbean

Brazil – Petrobras produced 2.79 Mboe/d of oil and gas [8] in September, of which 2.68 Mboe/d was produced in Brazil. Gas production was 81.5 MMcm/d, 2% higher than August.

Mexico – Mexico is reportedly exploring opportunities with gas producers in west Texas to run a pipeline from the producing basins in the US state to Mexico's west coast, where LNG could be produced and exported [19] to gas-hungry Asian markets.

Middle East

Iraq – The Kurdistan Regional Government (KRG) is taking a huge geopolitical gamble [20] by partnering with Rosneft on oil infrastructure and upstream projects, a regional expert has warned.

Lebanon – Lebanon's long-anticipated maiden offshore licensing round [21] closed in disappointment last week after converting the 51 registered bidders into just two bids from a single consortium.

Markets & prices

Global oil prices have risen in recent weeks for both familiar reasons and the return of the 'risk premium' [22] – traders increasing the price of futures because events look like they may cut supply or drive demand.

LNG futures began hovering at new highs [23] last week amid an outage at Shell's QGC liquefaction plant in Australia and building power demand in Europe.

Gas-fired power plants across much of the EU are still finding it hard to compete in wholesale power markets, despite a drop in renewable generation in many countries and rallying CO2 and coal prices [24].



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