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Weekly news roundup (14-18 January)
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Analysis

Hitachi's surprise suspension of the Wylfa nuclear project [1] in Wales severely undermines the bleak outlook for six large-scale reactor projects once proposed around the UK, with potentially profound repercussions for UK policy and the role of natural gas in a decarbonising energy system.

International

Ophir has thrown a spanner in the works over a potential takeover by Indonesia's Medco Energi [2] by rejecting a revised bid – estimated at USD 435 million – as undervaluing the company.

Pakistani prime minister Imran Khan will later this month request a price revision on a 15-year LNG supply contract [3] with Qatar, as that country's Gulf rival Saudi Arabia looks to tie up USD 10 billion worth of energy investments in the south Asian nation, reports suggest.

Africa

Mozambique – There have been further disruptions in Mozambique's northern province of Cabo Delgado – home to the gas-rich Rovuma basin – where residents are believed to be calling for a halt to the country's two proposed LNG projects [4].

Australasia

Australia – Australian independent producer Santos has lambasted LNG terminals proposed for New South Wales [5], claiming they would drive up domestic prices and allow foreign suppliers to hold “a gun to the head of Australian manufacturers”.

Woodside Petroleum is taking on the full burden of funding front-end engineering design (FEED) [6] of the Scarborough gas field [6] development offshore Western Australia, raising questions about partner BHP's confidence in the project.

A feasibility report commissioned by the federal government has cast the prospect of a 2,900 km gas pipeline from Western Australia to the east coast further into doubt after concluding this would not be the “most economical option” for dealing with supply issues [7] in the east.

East Timor – Shell and ConocoPhillips may soon be freed of East Timor's problematic Greater Sunrise gas project [8] after the government in Dili reportedly secured funds to buy them out – at the risk of tying up the island nation's sovereign wealth in an uncertain project.

Central & South America

Bolivia – State-run energy company YPFB and partner Repsol have unearthed a new hydrocarbon basin [9] in the South American nation after drilling the region’s deepest well, but the pair still have their workcut out as a production test is yet to be carried out.

Europe

Netherlands/UK – Shell and Dutch pension fund manager PGGM have teamed up to bid for Rotterdam-based “sustainable energy” company Eneco [10], in a move that will play well to the green-conscious element of the Anglo-Dutch major and allow it to grow its New Energies business.

Croatia – Croatia will push ahead with the proposed LNG Croatia project [11] despite a lack of offtaker interest, the country’s energy minister said this week, without elaborating on how government will fund its share of the EU-backed LNG terminal or recoup its investment.

Netherlands – Total has reportedly launched the sale of maturing offshore gas fields [12] in the Netherlands – a move which would mark the exit of the company from the Dutch upstream sector.

Norway – Norway has offered a record number of production licences [13] on its continental shelf in its latest round, reflecting optimism that well-explored areas will still yield further value for upstream operators.

UK – The government has categorically rebuffed Cuadrilla’s pleas to relax seismicity regulations [14] for the shale industry, asserting lawmakers have “no intention of altering” the current traffic light system after Cuadrilla’s CEO publicly criticised the rules for “strangling” industry.

Mediterranean

Officials from East Mediterranean states, the European Union, World Bank and other organisations gathered in Cairo last Monday to support creation of a regional gas hub [15] that aims to cooperatively discover, exploit and monetise East Mediterranean resources.

Middle East

Oman/Bahrain/UAE – Eni has increased its strategic footprint in the Middle East [16] by scooping up more than 11,000 sq km of acreage in Oman and acquiring other key oil and gas interests in Bahrain and the United Arab Emirates.

UAE – Polish firm PGNiG has become the latest foreign player to enter the country [17] after winning rights to explore and produce hydrocarbons in the emirate of Ras al Khaimah, with the move in line with the company’s strategy “to strongly expand” its international upstream presence.

North America

US – California’s largest utility PG&E has announced that it is preparing for Chapter 11 bankruptcy protection [12] amid an estimated USD 30 billion in liabilities and 750 lawsuits stemming from wildfires in California in 2017 and 2018.

FERC has initiated an investigation into rates charged by three interstate gas pipeline companies [12] some six months after the regulatory body requested that each line report its estimated return on equity.

South Asia

India – GAIL's pipeline buildout connecting the gas-starved east and northeast [18] of India to the existing grid is at risk of delay, with reports suggesting the state-owned firm is to cancel contracts awarded to financially troubled contractor IL&FS and re-tender the contracts in February.

Sri Lanka – The government has issued an exploration tender for an offshore block [12] in the Mannar basin, which contains two gas discoveries. Interested parties have until 7 May to submit bids.



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