Gas Strategies
Information Services

27 April 2024

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Publication date: 04 February 2019

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ISSN: 0964-8496

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Weekly news roundup (28 January-1 February)

European Gas Conference 2019 – Vienna, Austria

Independent LNG producers Cheniere Energy and Anadarko Petroleum have both warned of the limitations on equity-lifting to carry the burden of financing a coming wave of global liquefaction projects [1] vying to take final investment decisions (FIDs).

Overly-complex European Union regulations threaten to impede new pipeline projects beyond those already under development and tip the scales in favour of LNG terminal infrastructure [2] to boost gas supply capacity into the bloc, the European Gas Conference heard last Tuesday.

The European Commission has quashed hopes that it will offer regulatory or financial support to the gas industry's efforts to decarbonise [3] and contribute to the European Union's emissions reduction and renewable energy targets.

International

The Trump administration has imposed sanctions on Venezuelan state energy firm PDVSA [4] in an attempt to settle the leadership contest that erupted last week after opposition leader Juan Guaido announced himself interim president – a move backed by the US.

Shell reported soaring profits – the highest in four years – in its 2018 financial results, with earnings up 36% due to higher oil, gas and LNG prices [5] and growth in trading, but the energy major's production outlook for the first quarter of this year looks less promising.

Ophir Energy has advised shareholders to accept a revised USD 510 million takeover offer [6] from Indonesia's Medco, but the deal hinges on a swift resolution of conditions relating *inter alia* to Tanzanian upstream approvals that have apparently gone unresolved for half a decade.

Shell has cautioned that setting "too narrow" business targets to meet Paris climate commitments could jeopardise development of oil and gas projects [7], the company said at its annual results last week, adding it is "fully committed" to tackling climate change.

ExxonMobil is splitting its upstream business into three new companies [8] in an attempt to achieve its target to more than double earnings by 2025, the US supermajor said ahead of mixed Q4 and full year results that were nevertheless said to be above analysts' expectations.

Africa

Mozambique – The Anadarko-led Mozambique LNG project has signed a 13-year sale and purchase agreement (SPA) with CNOOC [9] for 1.5 mtpa.

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Asia Pacific

Philippines – State-owned energy company PNOC has abandoned its search for a joint venture partner for a proposed LNG development [9] in the country.

Thailand – The Thai government has approved a new master plan for electricity generation [10] for the next two decades that will see a boost for renewables and LNG-to-power in a bid to slash power sector carbon emissions.

Vietnam – ExxonMobil has awarded Saipem the front-end engineering design contract (FEED) for a major integrated gas-to-power project [11] that could power Hanoi for over 20 years.

Central & South America

Chile / Peru – Sempra Energy has bowed to calls by activist investors to reshape the company after launching the sale of interests in major utilities in Chile and Peru [12] in order to focus investment in the US and Mexico where the company is developing three LNG projects.

Europe

Germany – The race to install Germany's first LNG terminal [13] has heated up after Uniper signed a heads of agreement with ExxonMobil, with the US company agreeing to take a substantial share of long-term regasification capacity at the planned terminal at Wilhelmshaven.

Germany's coal commission has set a 2038 date to phase out coal-fired power [14] and proposed gas as the backup fuel of choice as the country strives to promote renewables, however some suggest the plan leaves little possibility for increased gas demand.

UK – CNOOC may have made the largest [15]UK offshore gas field discovery in 11 years [15] after drilling the Glengorm prospect, which holds an estimated 250 million boe – roughly the same as the Culzean field that is expected to meet 5% of UK gas consumption in the early 2020s.

North America

Canada – TransCanada has brought in RBC Capital Markets to sell up to 75% of its stake [16]in the Coastal GasLink pipeline [16] that will feed the proposed LNG Canada project in British Columbia.

US – GAIL last week issued two tenders to offload some of its contracted US LNG volumes [17], a trade source confirmed with Gas Matters Today, in a bid to minimise losses as its struggles to manage its US LNG portfolio.

Sempra Energy has received a final environmental impact statement from the Federal Energy Regulatory Commission (FERC) to build its proposed Port Arthur LNG plant [9] in Texas.

FERC commissioner Cheryl LaFleur [9] will not seek a third term at the regulatory body, LaFleur announced on social media.

Pennsylvania governor Tom Wolf has reportedly proposed a tax on extracting gas [9] to help fund his proposed USD 4.5 billion spend on the state's infrastructure.

Integrated gas-to-power company New Fortress Energy made its debut on the Nasdaq [9] on 31 January,

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offering 20,000,000 class A shares at USD 14/share.

Chevron reported improved earnings of USD 3.7 billion [9] for Q4'18, up from USD 3.1 billion the year before, thanks in part to US tax reform and an asset write-off.

Dominion Energy has delayed the estimated date for restarting work on the Atlantic Coast pipeline [9] project from Q1'19 to Q3'19, and increased estimated overall project costs to USD 7-7.5 billion – up from a previous range of USD 6.5-7 billion.

Russia & CIS

Russia – Novatek has announced that the Arctic LNG 2 project has signed a contract [9] with Siemens for compressor equipment for three liquefaction trains.

Gazprom is looking to develop a 100,000-ton capacity LNG plant in the Poronaysk district [9], the Sakhalin region government reportedly said.

South Asia

Bangladesh – Bangladesh's state-owned energy company Petrobangla is seeking a developer to build a 7.5 mtpa land-based LNG terminal by 2023 [18], with the move coming months after reports suggested the company was scrapping potential floating LNG projects for the time being.

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