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## Analysis

Saudi Aramco announced a ream of proposed tie ups with international firms [1] – including regurgitating a press release from last year – in an attempt to drum up positive headlines ahead of its initial public offering (IPO).

Japanese utility Kyushu Electric Power burned a USD 120 million hole in its finances over the summer from reselling LNG cargoes at a loss [2], highlighting the risks to Asian buyers of failing to adequately hedge volume commitments in a rapidly commoditising LNG market.

## International

BP shares tumbled last week after the company reported a 41% slump in quarterly profits [3] due to a severe upstream earnings downturn, lower commodity prices, maintenance and weather-related issues.

Total pumped its dividend after achieving a sizeable boost in cash flow in Q3'19 [4] thanks to record production driven by spectacular growth in LNG output that softened a slump in profits from crashing global oil and gas prices.

Capital markets have punished Royal Dutch Shell [5] for warning that a faltering global economy could both scupper its chances of completing a USD 25 billion share buyback next year and undermine debt reduction efforts.

## Africa

**Mauritania** – Kosmos Energy has made what it claims to be this year's largest deepwater hydrocarbon discovery [6] in the world after unearthing an estimated 13 Tcf and has extended the timeframe for its proposed farm-down of its stake in the Greater Tortue FLNG project.

## Asia Pacific

**Vietnam** – Vietnam is set to become an LNG importer after state-owned PetroVietnam subsidiary PV Gas secured financing and began construction of the nation's first LNG terminal [7], Thi Vai LNG, which is due online in 2022.

## Europe

**EU** – Kiev and Moscow have nothing to gain from disruptions to Ukrainian transits [8] of Russian gas into eastern and southern Europe, consultancy Rystad Energy said as the latest round of EU-brokered talks in Brussels failed to deliver a new transit deal.

**Denmark** – Nord Stream 2 has received long-awaited construction approval [9] from Denmark's Energy Agency to lay the gas pipeline through the country's exclusive economic zone – not the route preferred by the Gazprom-owned company.

**France** – A state-backed audit into EDF's delayed Flamanville nuclear plant has issued a damning verdict of France's ailing nuclear sector [10], claiming the nation has lost its industrial expertise in the sector. The government has given EDF one month to develop an action plan.

**Germany** – Germany is well positioned to cover almost any foreseeable winter demand [11] spikes thanks to brimming storage levels and abundant, cheap global LNG supplies, the country's association of TSOs has said, despite a variety of supply constraints.

## Latin America

**Argentina** – Shares in Argentine oil and gas companies registered fresh losses [12] following the landslide victory of Alberto Fernández' left-wing coalition over centrist incumbent president Mauricio Macri in Argentina's general election last Sunday.

## North America

**Canada** – Shares in Encana Corporation fell 10% [13] last Thursday after the hitherto Canadian firm said it intends to abandon its hometown of Calgary and re-domicile in the US – as well as consolidate its shares and rebrand as Ovintiv.

**Mexico** – A consortium led by US infrastructure fund AVAIO Capital has acquired control of Mexico Pacific Limited's proposed LNG plant [14], with the deal giving the project a cash injection to keep it on track to take a final investment decision in Q4'20.

**US** – Sempra Energy and Mitsui have signed an MoU that could lead to the Japanese conglomerate lifting LNG [15] and taking equity stakes in two of the California-based utility's North American liquefaction expansion projects.

Existing US gas-fired power plants risk becoming stranded assets [16] as soon as 2021 due to robust investment in batteries that is driving down the cost of storage technologies, according to a report by the US-based green pressure group Rocky Mountain Institute.

Concho Resources sought to reassure investors that its exposure to a mooted ban on fracking on federal lands [17] is limited, but is maximising drilling on at-risk parcels in case Democrat presidential front-runner Elizabeth Warren wins the 2020 election.

Two California environmental groups have filed a lawsuit against the US Bureau of Land Management over its plans to make 725,500 acres of federal lands and mineral estate available [18] to the oil and gas industry in the notoriously anti-fossil fuel state.

Delfin LNG has become the latest US LNG developer to push back a FID [19] on what is expected to be the first US FLNG project, with FID now expected in H2 2020 after the firm indicated it will award an EPC

contract by the middle of next year.

The US' largest shale gas producer EQT delivered a better than expected Q3 performance [20], due to cost cutting measures initiated by its new board that has announced plans to cut debt by ~30% by mid-2020 in a bid to keep its investment grade rating.

Cheniere Energy set a new company record for LNG shipments in Q3 [21], but this was not enough to stop the company recording another quarterly loss amid increased operating costs and expenses related to additional liquefaction trains coming online.

US majors ExxonMobil and Chevron were constrained by industry-wide low oil and gas prices [22] that weighed on Q3'19 results released last week.



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