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# Gas Matters Today | news roundup | 23-27 Mar 2020

## Editorial

The US is turning up the diplomatic heat in a desperate bid to convince Saudi Arabia to diffuse its oil price war [1] with Russia, but carrot-and-stick messaging from Washington appears unlikely to make a difference and market factors promise to test the resolve of those in Riyadh that embarked upon this course of action.

## International

Russia and Saudi Arabia have so far failed to significantly ratchet up oil production [2] despite pledging to do so as part of their spectacular price war that has almost halved the price of crude in a matter of weeks, reports indicate.

## Africa

**Mozambique** – ExxonMobil is looking to defer FID on the Rovuma LNG project [3] in Mozambique in response to the coronavirus pandemic and plunging crude prices, according to reports.

## Australasia

**Australia** – Santos is expected to defer FID on [4]the Barossa project [4] that would backfill its Darwin LNG plant, the company's CEO Kevin Gallaher has said, citing the "uncertain economic impact" of coronavirus and rock-bottom oil prices.

Woodside has bowed to the inevitable and postponed FIDs on its Scarborough and Browse fields [5] offshore Western Australia as well as its second train at Pluto LNG, as it focusses on near-term financial resilience to weather the worsening market storm.

Australia-listed North American liquefaction developer LNG Limited is seeking an emergency cash injection [6] to cover its day-to-day expenses, after a bridge loan intended to fund the company until its acquisition by Singapore-based LNG9 fell through.

## Central & South America

**Peru** – Domestic gas production has fallen by over 20% [7] since the government initiated a national lockdown on 15 March to prevent the spread of coronavirus, with the nation's sole LNG facility standing idle after shipping its latest LNG cargo nearly two weeks ago.

## Europe

Investors in European majors were hit with a flurry of bad news [8] last week, as Shell, Total and Equinor all reined in capex and shareholder perks to fill a widening “cash gap” created by the decline in crude prices due to the coronavirus pandemic and Saudi-Russia oil war. Soon after, Eni outlined significant cuts [9] to 2020 capital expenditure to shore up its balance sheet.

**Greece** – Utility firm Gastrade has hailed as “successful” the bidding round to reserve capacity at its planned FSRU [10] offshore Alexandroupolis, but bids amounted to less than half of the project’s 5.5 Bcm/year design capacity and were spread across multiple capacity holders, which could present operational challenges.

**UK** – Ineos has delayed a scheduled June shutdown of the forties pipeline system [11] until August “at the earliest” in the face of disruption caused by the Covid-19 outbreak.

## Mediterranean

**Greece / Israel** – Athens-based Energean Oil & Gas has avoided feared delays to the Karish field project [12] offshore Israel, after warning last month that work on the FPSO unit at a Chinese yard could be pushed back due to the coronavirus pandemic.

### Middle East

**Israel** – Delek Group has sold shares in Delek Drilling at a steep loss [13] to settle a dispute with a “foreign bank” – reportedly Citigroup – that demanded repayment of a loan using stock as collateral, after Delek bonds and shares collapsed following the crude price crash [14].

**United Arab Emirates** – Eni is to review its Middle East projects, including JVs with ADNOC, the firm’s regional executive vice president said last Tuesday – days after the Italian company put its 2020-21 business plan under review [15] following the crude price rout.

## North America

**Canada** – West coast developer Woodfibre LNG has delayed construction [16] on its eponymous liquefaction plant in British Columbia until next year after a key contractor went into administration.

**US** – Tellurian has bought itself a stay of execution by extending [17] repayment of a USD 75 million short-term loan [17], as the company joins others in the industry by battening down the hatches to weather the perfect storm engulfing financial markets.

Bankrupt Californian utility PG&E is to plead guilty [18] to 84 counts of involuntary manslaughter and one count of unlawfully starting a fire that caused the 2018 Camp wildfire that devastated swathes of northern California, destroying almost 14,000 homes.

Chevron has slashed its 2020 capital expenditure budget [19] by USD 4 billion, or 20%, throttled Permian production and cancelled its annual share buyback program in response to deteriorating market conditions.

Occidental Petroleum is slashing executive salaries in response to the cash crisis engulfing the US shale sector as a result of the oil price crash, and has reached a dramatic truce with activist investor Carl Icahn [20].

Democrat lawmakers have denied the Trump administration funds to buy cheap oil to refill the US strategic petroleum reserve [21], clearing the way for the White House's historic USD 2 trillion coronavirus stimulus package to sail through the Senate.

## Russia & CIS

**Russia** – Gazprom has quarantined 20 shift workers at a major Arctic field [22] that feeds European markets after being informed “several employees” had come into contact with a carrier of the novel coronavirus, Gazprom subsidiary GDN said last Thursday.

## South Asia

**India** – The country's largest LNG importer Petronet LNG has issued a force majeure notice to Qatargas [23] in a bid to defer LNG cargoes, according to Reuters, while following government advice that the Covid-19 pandemic is valid grounds for invoking the clause.



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