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Analysis

After OPEC's biggest-ever oil supply cut deal [1] and rumours of even deeper cuts on the horizon, crude prices still fell, underscoring the scale of coronavirus-fuelled demand destruction. While the oil bear market is yet to bottom out, forecasts of economic recovery – if believable – suggest reasons for bullish optimism over the longer-term.

International

Australia-listed North American developer LNG Limited is poised to run out of working capital [2] within weeks after a takeover deal with Singapore-based LNG-9 collapsed, raising questions over the fate of its proprietary liquefaction technology and LNG project permits.

Global oil demand is expected to fall by a record 9.3 million barrels/d year on year in 2020, but the extreme oil market oversupply could flip into a deficit [3] in the coming months, the IEA forecasts – but only if US and Canadian production drops and OPEC+ producers comply with agreed cuts.

Shell has vowed to become a net zero business by 2050 [4] by eradicating emissions from operations and end-use of its products, going a step further than rival BP, but the Anglo-Dutch major is yet to detail exactly how it would decarbonise its portfolio.

Africa

Mozambique – The Covid-19 pandemic is strengthening Islamist jihadi insurgents [5] in Mozambique and across Africa, compounding humanitarian crises, reigniting old grievances and fuelling violence, according to a report by the Critical Threats project. The report emerged as Total put the Mozambique LNG construction site in Cabo Delgado province into full lockdown to contain an outbreak of the pandemic.

Asia Pacific

China – Shell has signed a framework agreement with privately-owned Chinese company GCL Oil & Natural Gas to establish a joint venture to market and trade LNG [6] in eastern China, a spokesperson for the energy major confirmed with Gas Matters Today.

Australasia

Australia – Santos has made further headway with its Barossa project [7] that will backfill the DarwinLNG plant after signing a letter of intent to sell a 12.5% stake in the field to Japan's JERA, but it remains unclear when the offshore field might reach FID.

The 50:50 Arrow joint venture between PetroChina and Shell has taken FID on the first phase of the Surat Gas Project [8] that will from 2021 start supplying the east coast market where supply-demand tightness is expected to support prices in coming years.

Europe

UK – BP has begun testing workers travelling to offshore platforms [9] in the North Sea for Covid-19, in a bid to contain the spread of the novel coronavirus and keep operations running offshore.

Mediterranean

Cyprus / Turkey – Turkey has vowed to continue drilling efforts [10] in the eastern Mediterranean despite the coronavirus spreading inside the country and ExxonMobil postponing an appraisal well offshore Cyprus by more than a year.

Middle East

United Arab Emirates – ADNOC has canned two contracts with Petrofac Emirates [11] worth USD 1.5 billion to develop the Dalma sour gas project, after project stakeholder Eni announced it was reviewing its Middle East projects following the crude rout.

North Africa

Egypt – United Arab Emirates-based Dana Gas has shelved the sale of its Egyptian assets [12] for the foreseeable future due to ongoing circumstances stemming from the coronavirus pandemic.

Libya – A crucial pipeline supplying 200 MMcf/d [13] to power stations and industrial users has been shut down by unidentified perpetrators, state-run National Oil Corporation has confirmed in a strongly worded statement criticising the “criminal and inhumane” act.

North America

Canada – Pieridae Energy is deferring FID on [14]the Goldboro LNG plant [14] on Canada's east coast, the firm announced this week, citing “market conditions and the global fallout from Covid-19”.

US – The Texas Railroad Commission gave no indication over whether it will cap oil production in the state to shore up prices [15] after hearing hours of testimony, saying it would “deliberate” and “reconvene” this week.

The Trump administration is reportedly creating plans to pay US producers to stop producing oil [16] and list untapped reserves as part of the government's Strategic Petroleum Reserve in a bid to reduce output and buy time as US oil stores rapidly fill up.

ConocoPhillips is planning to cut over 25% of North American oil production in what is believed to be the largest voluntary production reduction by any non-OPEC+ firm [17], and is cancelling a planned share

buyback as it expects oil prices to remain weak and volatile.

Russia & CIS

Russia – A Russian yard fabricating foundations for Novatek's Arctic LNG 2 project is being overrun by Covid-19 infections [18], official figures reveal, with 229 confirmed cases in the village of Belokamenka, but work continues at the yard, it is understood.



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