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Contents

Weekly news roundup (30 July-3 August)

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Analysis

South Korea's plans to slash tax on LNG [1] and heap costs on coal imports will go some way to improving the economics of gas in the country's power mix – but will not trigger a wholesale switch away from coal-fired generation without additional measures.

Top US diplomats produced a series of encouraging statements about promoting US gas exports to the growing Indian market [2] at the Indo-Pacific Business Forum in Washington DC this week, but those ambitions might be moot if gas continues to fail to reach end-users in the South Asian nation.

International

BP has hiked its dividend for the first time in almost four years after “another quarter of strong operational and financial performance” [3], reporting USD 2.8 billion in profits – quadruple the figure for the same period last year.

Total expects the global LNG bunkering market to grow [4] to 1 mt of LNG sold per year as bunker fuel by 2020, growing to 10 mt by 2025.

US & Canada

Canada – Canadian shipyard Davie Shipbuilding has delivered the first LNG-powered ferry built in North America [4] to an unnamed customer.

US – The EQT Midstream Partners-led Mountain Valley gas pipeline has been dealt a fresh blow after a Federal appeals court ruled in favour of environmental groups [5] and withdrew permission to cross a forest.

US senators have proposed amendments to the permitting process for water quality certificates [6] aimed at stopping states from abusing loopholes to block pipelines and other energy infrastructure projects.

US energy and logistics services company Crowley Maritime has taken delivery of El Coquí [4] – one of the world's first LNG-fuelled combination container/roll on-roll off ships.

The proposed 20 mtpa Alaska LNG plant has been dealt a blow [7] after Sinopec indicated it does not want to play a major part in the engineering and construction of the project, according to reports, with the decision coming nine months after the company signed a joint development agreement.

Africa

Angola – Total has started production at Kaombo – the largest deepwater offshore development [8] in Angola, located on Block 32, some 250 km off the coast of capital city Luanda.

Asia Pacific

Indonesia – Indonesia has rejected a bid by Chevron to continue operating the Rokan oil and gas block [9], with state-owned Pertamina set to take over after vowing to increase production which the government hopes will shave USD 4 billion off its crude import bill.

Japan – The Japanese government is backing an LNG bunkering project proposed for Tokyo Bay [4] by Uyenno Transtech, Sumitomo and Yokohama-Kawasaki International Port.

Malaysia – Petronas has delivered its first LNG cargo to Japan's Hokkaido Electric Power [8], with the shipment arriving on 1 August.

South Korea – South Korea's Busan Port Authority has signed an agreement with KOGAS to develop an LNG bunkering terminal [4] at the port based on a floating LNG concept, reports suggest.

Australasia

Australia – News that Japanese multinational Inpex has produced first gas from the 12 Tcf Ichthys field [10] in the Browse Basin offshore Western Australia will come as a welcome relief to partners on the long-delayed Ichthys LNG project.

Europe

EU – Small-scale LNG continues to develop as the fuel of choice for clean road and maritime transportation [4], according to a report from TSO association Gas Infrastructure Europe (GIE).

Cyprus – Development of the Aphrodite field offshore Cyprus remains precarious, with reports suggesting the country's energy minister is pushing the government to reject bids by field partners to amend revenue sharing terms [11].

Finland – Manufacturer Wärtsilä has signed a EUR 170 million (USD 198 million) deal with an unnamed European shipping company to supply scrubbers for [4] container vessels [4].

Lithuania – The country's sole LNG import terminal, Klaipėda LNG, processed 7% less [12] supply in H1'18 [12] compared last year after users dialled down orders on the back of rising global LNG prices.

Spain – Shipping company Balearia will spend EUR 60 million (USD 70 million) over the next two years to convert five of its ferries to run on gas [4].

Turkey – State pipeline operator Botas has reportedly increased the price of gas [8] for power production by 50%.

UK – Serica Energy has signed a sale and purchase agreement to acquire further interests in the Bruce and Keith fields [8] and associated infrastructure from Total.

Latin America & Caribbean

Bermuda – Hoegh LNG has secured debt financing for [8] a ninth floating storage regasification unit [8]

(FSRU) after receiving commitment letters for USD 177 million from existing and new lenders.

Mexico – Newly-elected socialist president Andres Manuel Lopez Obrador has laid out a plan to “rescue” the country’s embattled energy sector by pumping cash into refineries in a bid to end fuel imports [13] – raising questions over how debt-laden national company Pemex will foot the bill.

Separately, president Obrador has vowed to end fracking in [14]Mexico [14], according to reports this week, with the move reversing the current administration’s efforts to attract foreign investment to unlock Mexico’s vast shale potential.

Mexican energy regulator CRE has approved new gas pipeline tariffs [8] in addition to adding three new tariff zones, while the National Hydrocarbon Commission has approved Eni’s development plan [8] for the discoveries Amoca, Mizton and Tecoailli, located in the shallow water of Area 1.

Middle East

Iran – State-run firms will be handed the opportunity to develop the Mansuriyah gas field [8] after the “delay and failure” by foreign firms to develop the field on the Iranian border, the Oil Ministry said.

Oman – Petroleum Development Oman is considering pausing development of [15]the 4.4 Tcf Mabrouk field [15] while the Omani oil ministry decides whether more gas is needed in the face of an apparent glut.

South Asia

Bangladesh – Start-up of Bangladesh’s first floating storage regasification unit (FSRU) [16] has been delayed as the vessel remains stranded in waters off its target location, while reports suggest the vessel’s owner may have declared force majeure.

India – Niko Resources’ hopes of monetising its blocks haven took a blow after India’s government reportedly indicated it will appeal an international arbitration decision [17] rejecting claims that Reliance Industries and partners had syphoned gas from fields held by state-owned ONGC.

Pakistan – State-backed Pakistan LNG has secured five cargoes of spot LNG [18] for delivery in September and October at rates markedly lower than in the previous tenders in July and August.



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