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Weekly news roundup (21-25 January)

Analysis

Weak withdrawals from US gas storage and booming shale production look set to exert strong downward pressure on wholesale prices [1] as soon as warmer weather hits North America – potentially giving an edge to LNG exporters, but pressuring margins for upstream operators.

Africa

Egypt – Dana Gas is planning a USD 5 billion exploration drive [2] in Egypt after Cairo made a series of payments that significantly reduce arrears owed by the state to the United Arab Emirates-based company.

Australasia

Papua New Guinea – Partners behind the PNG LNG liquefaction plant are pushing ahead by committing to sales volumes [3] well beyond the facility's 6.9 mtpa nameplate capacity, emboldened by another year of strong production.

Europe

France / Spain – French and Spanish regulators have rejected an investment request for the South Transit Eastern Pyrenees (STEP) interconnector [4] between the two countries, painting a bleak picture for the future of the project and the wider Midi-Catalonia (MidCat) system.

EU – The European Commission has tabled a post-2019 transit proposal for Ukraine and Russia [5] following a second round of EC-brokered talks, but litigation between Naftogaz and Gazprom must be settled before the new deal can proceed, according to Russia's energy minister.

France – France's two Atlantic coast LNG terminals enjoyed a bumper 2018, with network injections of regasified LNG surging to seven-year highs [6] despite an overall slump in French gas consumption over the period.

Germany – Germany has pledged to shield heavy energy consumers from the cost of switching from coal to gas-fired power [7] and suggested a more gradual shift will be needed to soften the impact of the transition.

Italy – Italy is looking to bankroll LNG bunkering and electrification [8] at its ports in a bid to fight pollution and carbon emissions in the maritime sector, environment minister Sergio Costa revealed this month.

Norway – Shell has chosen a subsea compression concept to boost recovery from Norway's second largest gas field [9] and keep it at plateau, possibly signalling a move towards the next wave of automation in the industry.

UK – Gibraltar generated its first power from LNG [10] this week, having received its maiden cargo earlier in the month, the British Overseas Territory's government has confirmed.

Middle East

Iraq – Kurdistan-focussed explorer Genel Energy is expanding its local footprint by acquiring stakes in two Chevron-operated blocks [11], in an apparent vote of confidence in the outlook for Iraq's conflict-prone northern autonomous region.

UAE – Bahrain is on the cusp of joining the LNG importers' club [12] with the Bahrain Spirit floating storage unit (FSU) currently docked in the United Arab Emirates (UAE), however the utilisation of the facility remains questionable given ongoing exploration efforts by the island nation.

North America

Canada – Developers behind the LNG Canada and associated Coastal Gaslink pipeline project in western Canada have awarded close to USD 750 million in contracts [13] in a bid to assuage enflamed tensions between clans divided over the multibillion-dollar development.

US – Federal energy watchdog FERC stuck to schedule, delivering a positive environmental review to Tellurian's Driftwood LNG project [14], but questions remain as to whether the body will meet its deadline to approve construction of Venture Global's Calcasieu Pass LNG project.

Enbridge has suffered a third gas pipeline rupture in four months [15] after an explosion occurred in Ohio on Monday on a section of its Texas Eastern pipeline system that serves major markets in the US north-east, which is enduring a winter storm.

Price volatility and an apparent deceleration in the US onshore are contributing to an uncertain outlook for field services [16] giants Halliburton and Schlumberger, which both reported year-on-year increases in 2018 revenue despite a downturn in North American drilling.

The US' largest shale gas producer EQT is facing a boardroom shakeup after releasing a cost-cutting plan for 2019 that failed to pass muster with the company's merger partner Rice Energy – which is now seeking to replace EQT's CEO [17] with one of its co-founders.

A coming spike in LNG exports will propel the US to achieve net energy exports [18] in 2020, underpinned by sustained low natural gas prices, the government-funded Energy Information Administration has said.

Operators in the Permian basin in Texas are flaring almost double the amount of natural gas [19] than reported to state officials in order to maximise production of more valuable shale oil, according to the Environmental Defense Fund.

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