

25 April 2024

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Weekly news roundup (13-17 May 2019)

Publication date: 20 May 2019

Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
subscriptions@gasstrategies.com



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Analysis

The CEOs of 13 US and Global Fortune 500 companies issued a call for policy action on climate change [1] including an economy-wide carbon price yesterday, with a proposal clearly aimed at seizing the bipartisan middle ground in the US decarbonisation debate.

International

Share prices of listed LNG developers among the so-called 'second wave' of US liquefaction projects tumbled last week [2], after China hiked import tariffs against US LNG and other products in retaliation to the White House increasing tariffs on Chinese goods.

Kathleen Eisbrenner [3] – the founder, chairman and former CEO of the US LNG project developer NextDecade best known for pioneering the concept of floating regasification – died last week at the age of 58. Shortly after, the NextDecade board elected non-executive director Matthew Bonanno [4] to act as interim chairman.

Global energy investment is heading in the wrong direction [5], failing to keep pace with both robust near-term demand and sustainable development goals, the International Energy Agency said in its World Energy Investment 2019 report.

Bearish LNG prices could continue in the northern hemisphere summer as temperatures in Asia are forecasted to be cooler than last year, suggesting dampened Asian LNG demand [6] just as Europe's capacity to absorb LNG is limited by rising gas storage levels.

Africa

Mozambique – Mozambique appears set to witness two major LNG final investment decisions [7] in quick succession, after the government approved the Rovuma LNG development plan and the US Export-Import Bank regained capacity to finance the Anadarko-led Area 1 project.

Asia Pacific

China – Technology group Wartsila has won the contract to supply 40 generating sets for 12 new LNG-fuelled platform supply vessels [4] for China Oilfield Services, the first such vessels to be built for a Chinese owner.

Australasia

Australia – Short-term domestic prices on Australia’s east coast are not reflecting weak [8]Asian spot LNG prices [8], with domestic gas trending higher than spot LNG netbacks in April in the face of lower LNG exports and surplus pipeline flows, energy advisory firm EnergyQuest has said.

Australia’s National Offshore Petroleum Safety and Environmental Management Authority has approved Shell’s environment plan for the Bratwurst-1 well [9], to be drilled in the Northern Browse Basin.

East Timor – East Timor is seeking to accelerate development of the country’s maiden LNG plant [10] with the financial and industrial backing of China after securing control of the project from international energy companies Shell and ConocoPhillips.

Papua New Guinea – Santos has signed a binding letter of intent to acquire a 14% interest in Petroleum Retention Licence 3 [9], which contains the P’nyang natural gas field, for USD 187 million.

Caribbean

Trinidad & Tobago – BP has warned production at Train 1 of the Atlantic LNG export plant might stop next year [11], after a lacklustre drilling campaign raised doubts about feedgas supply – as shareholders and government seek to finalise a deal to keep the facility open until 2024.

Central & South America

Argentina – State-owned energy company YPF is to curb investment in gas production [12] and refocus on shale oil as it struggles to find a market for the current glut of gas caused by the production boom in the Vaca Muerta shale play.

Europe

EU – Nord Stream 2 has publicly indicated that the start of its eponymous 55 Bcm pipeline may be delayed until late 2020 [13] if Danish authorities do not approve construction in time – meaning Europe, particularly the south-east, could face gas shortages this winter.

Hungary – A delegation headed by prime minister Victor Orban lobbied US president Donald Trump and his administration last week to help start gas production offshore Romania [9] where ExxonMobil is partnered with OMV in the Neptun gas field.

UK – The opposition Labour party has unveiled radical plans to renationalise the [14]UK’s energy networks [14] and delist companies that fail to tackle climate change, prompting warnings from business interests of an investment hiatus, delay to decarbonisation efforts and operational risks.

Mediterranean

Cyprus / Israel – Energean Oil & Gas has again attempted to market gas from the Karish field [15] offshore Israel to Cyprus, this time to licenced private electricity generators in a move that could undermine efforts to import LNG via a floating storage and regasification unit (FSRU).

Middle East

Iraq – Energy majors including Shell, BP and ExxonMobil are reportedly monitoring the situation in the country amid rising tension between the US and Iran [9].

Oman – KBR has added to its recent string of LNG wins with the award of the front end engineering design contract for the debottlenecking of the Oman LNG plant [4] in the Sultanate of Oman.

North America

Canada – Pacific Oil and Gas, the owner of the Woodfibre LNG project in British Columbia, has struck a deal [4] to acquire Canbriam Energy [4], an upstream operator that produces some 200 MMcf/d of gas and 6,000 barrels/d of associated NGLs.

US – Freeport LNG has dumped the contractors that built the first three liquefaction trains at its delayed LNG plant in Texas, choosing KBR to build a fourth train [16] that will take plant capacity to 18.92 mtpa if sufficient offtake volumes are sold. Days later, the Federal Energy Regulatory Commission approved construction of Freeport LNG's fourth train [9].

US president Donald Trump and European Commission vice president Maros Sefcovic attended the opening of Sempra Energy's Cameron LNG plant last week to restate their joint commitment to transatlantic LNG trade [17].

A group of Republican and Democratic senators have introduced legislation that could sanction [4] companies building the Nord Stream 2 pipeline [4] from Russia to Germany.

Williams' proposed Northeast Supply Enhancement project [18] has become the latest gas pipeline to fall victim to New York state regulators after it failed to obtain a water permit, despite president Trump's executive orders designed to accelerate approval of energy infrastructure projects.

Continued strong US production appears to be keeping a lid on summer gas prices [19] despite record demand from the ramp-up in Gulf coast liquefaction projects, rising gas-fired power generation and forecast strong storage injections across the country.

ExxonMobil has said a study estimates that developing Permian Basin resources in New Mexico [9] could generate over USD 60 billion in economic benefits over the next 40 years, including "thousands of new jobs" and funding for education, health and infrastructure.

Russia & CIS

Russia – Gazprom's gas production increased [9] by 2% year on year [9] for the first four-and-a-half months of 2019, with preliminary data showing deliveries to Europe down 7% over the same period.

South Asia

India – GAIL is getting two delayed pipeline projects back on track [20] after completing the award of all major contracts for steel piping and the laying of 3,400 km of integrated lines, which will supply India's gas-starved east and north-east.

**Consulting**

+44 (0) 20 7332 9900
consult@gasstrategies.com

**Alphatania Training**

+44 (0) 20 7332 9910
training@gasstrategies.com

**Information Services**

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com