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Weekly news roundup (15-19 July 2019)

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Analysis

US start-up Venture Global has secured more than USD 10 billion in binding commitments from lenders [1] to build and commission its 10 mtpa Calcasieu Pass LNG project in Louisiana, ending speculation that contracts underpinning the facility were agreed at rates too low to leverage debt.

International

The LNG business is showing signs of “significant” boom-and-bust cyclicalities [2] characterised by over-investment that inflates costs, depresses prices and eats into investment returns, according to LNG Business Review.

Asia Pacific

Japan – Japanese electricity utilities are forecast to rely heavily on coal-fired [3] plants to meet peak demand this summer [3] rather than less-polluting gas-fired units, according to a survey by Reuters.

Australasia

Papua New Guinea – Expansion of the ExxonMobil-operated P [4] NG LNG plant is facing a possible delay [4] after project stakeholder Oil Search announced that the sitting government wants to review a gas agreement penned by the former government and the project partners.

Central & South America

Argentina – McDermott has landed a contract to conduct preliminary studies for an onshore [5] liquefaction project [5] fed by the country’s burgeoning Vaca Muerta shale play, suggesting state-run YPF has stepped up a gear in its bid to expand the country’s LNG export capacity.

Uruguay – The government has let Petrobras hand back the keys to two problematic gas distribution concessions in order to end a long-running labour dispute [6] between Brazil’s state-run oil company and unions representing Uruguayan workers.

Europe

EU / Turkey – Ankara has said Turkey is disregarding sanctions adopted by the EU Foreign Affairs Council [7] on 15 July that would deprive the country of aid and bank lending over its “illegal” drilling in the Cyprus exclusive economic zone.

EU – Legislation committing the European Union to a target of net-zero carbon dioxide emissions by 2050 [8] could be just months away, as support builds on all sides for Brussels to ramp up ambition to mitigate climate change and show global leadership.

Moldova – Moldovan president Igor Dodon has visited Moscow to discuss extending a supply contract with Gazprom [9] due to expire at the end of this year and secure a discount following a 25% hike this year related to rising oil prices.

UK – Private equity-backed E&P firms that have entered the UK Continental Shelf since 2008 may seek to exit before moving reserves into new production [10] needed to prolong the life of the maturing basin, according to Westwood Global Energy Group.

Mediterranean

Cyprus – The Cyprus Natural Gas Public Company (Defa) has started assessing bids for a tender issued last year [11] to supply and install an FSRU [11], after receiving offers from three international consortia.

Middle East

Israel – Israel received bids in its second licencing round [12] from just two consortia, while oil majors were notably absent, possibly deterred by an abundance of undeveloped resources, limited routes to market and penchant for retrospective regulatory changes.

Jordan – A group of Jordanian lawyers, professional unions and opposition parties have banded together to file some 220 lawsuits across Jordan in a bid to force their government to cancel a 2016 contract to import gas from Israel [13].

Syria – Militants in Syria sabotaged a pipeline carrying gas [14] from the country's largest gas field to a processing plant in the government-controlled Homs province earlier this month, according to state media, a month after subsea crude pipelines were damaged in a targeted attack. Days later, the pipeline resumed service [15], state media reported, but one regional expert says armed groups may still target oil and gas infrastructure as they lose territory.

North America

Mexico – The latest plan to rescue state oil company Pemex [16] is destined to fail, according to market observers, raising doubts over Mexico's ability to attract investment in new domestic production to curb growing reliance on gas and fuel imports.

US – Independent utility LS Power has said it would have to scrap a 500 MW gas-fired plant revamp [17] in Ohio if state lawmakers press ahead with a contentious bailout of FirstEnergy Solutions' nuclear generators.

Controversy over how regulators should consider climate change impacts of US gas infrastructure shows no sign of abating, after the FERC approved Kinder Morgan's 10.8 mtpa Gulf LNG project [18] despite deep reservations by two Democrat commissioners.

US independent Exco Resources is at loggerheads with Williams over its right to flare associated gas in the oil-rich Eagle Ford shale play [19] in Texas, claiming that access fees for an existing gathering system owned by the midstream giant render marketing methane uneconomical.

South Asia

India – The government is again mulling plans to unbundle GAIL [20] by separating its gas transmission business from marketing activities, in a move that could pit the ambitions of freshly re-elected prime minister Narendra Modi against the country's largest gas utility.

India's Ministry of Petroleum and Natural Gas has signed revenue-sharing contacts for 32 exploration blocks [21] offered under the latest rounds of its "Open Acreage" tender, with state-backed players taking the lion's share of predominantly onshore acreage.

Pakistan – State-owned Pakistan LNG has received bids from four companies in a tender to supply 240 LNG cargoes [22] over a 10-year period, just as authorities arrested the country's previous prime minister on allegations of corruption allegedly relating to a previous LNG deal with Qatar.



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