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Weekly news roundup (22-26 July 2019)

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# Weekly news roundup (22-26 July 2019)

## International

Profits at French major Total slumped by a fifth in the second quarter as the collapse in gas prices eclipsed surging gas and LNG production [1], illustrating the vulnerability of oil majors to LNG over-supply as they pivot their businesses towards natural gas.

## Africa

**Benin** – Benin has resuscitated long-lost plans to import LNG via a small FSRU [2] by signing two key agreements with Total to supply the vessel and a modest amount of fuel to generate power in the small west African country.

**Kenya** – Qatar Petroleum has continued its African upstream expansion by farming into three of Kenya's offshore blocks [3] where Italy's Eni and France's Total are partnered, marking the latest in a string of recent tie-ups between QP and western IOCs across Africa.

## Asia Pacific

**Indonesia** – BP has reportedly delayed the start-up of Train 3 at the Tangguh LNG project [4] to Q3 2021 due to a confluence of setbacks, raising the prospect of headaches for Japanese contractor Chiyoda Corporation – whose financial troubles are believed to have contributed to the delay.

**Japan** – TEPCO, Japan's largest electricity utility, has announced plans to decommission Fukushima Daini [5], the nuclear power station a few miles from the Fukushima Daiichi plant where three reactors suffered melt-down in 2011.

**Vietnam** – Dallas-based Energy Capital Vietnam has expanded its development footprint with a new LNG-to-power project [6] in Binh Thuan province in partnership with KOGAS, eight months after losing exclusive rights to build a similar scheme in nearby Bac Lieu province.

Eni has struck gas and condensate offshore [7] central Vietnam after drilling an exploration well in the Song Hong Basin, which if proven and developed could help alleviate chronic power shortages in the country – if it can navigate commercial challenges and geopolitical tensions with China.

## Australasia

**Australia** – Adelaide-based Santos has received approval from the Northern Territory government for its shale gas exploration environmental management plan [8], the first since a fracking moratorium was lifted in early 2018 after being in effect for three years.

## Central & South America

**Argentina** – ConocoPhillips has become the latest international oil company to enter Argentina's

burgeoning Vaca Muerta shale play by agreeing to farm into two blocks held by Wintershall Dea [9] in the central province in Neuquen.

## **Europe**

**Bosnia and Herzegovina / Croatia** – State-owned energy firm and largest hydrocarbon producer INA has made an onshore gas discovery [10] north-east of Zagreb, days after Bosnia and Herzegovina supplier BH Gas got EU approval to study an interconnector with Croatia that could break Russia's supply monopoly.

**EU / Romania** – The European Commission has threatened to haul Romania before the courts unless it tears down barriers to natural gas exports [11] to neighbouring countries to bring itself into line with European law.

**Poland / Slovakia** – TSO Gaz-System has hired local construction company Budimex and partner Mostostal Krakow to build the Polish section of a new interconnector with Slovakia [12] that will enable the landlocked former Soviet satellite state to absorb growing imports of non-Russian gas via Poland.

**UK** – The government must ensure any post-Brexit UK carbon market [13] is linked to the EU Emissions Trading System, the world's largest and most liquid such market, or risk hurting the competitiveness of UK participants and hindering price discovery.

The UK government is looking to attract 'low risk, low reward' investment in low-carbon energy projects [14] such as carbon capture, usage and storage and new nuclear reactors that have been plagued by spiralling costs and an exodus of high-profile backers.

UK North Sea-focussed Independent Oil & Gas has secured a "landmark" transaction to farm-out 50% of its Southern North Sea assets [15], bringing it closer to taking a final investment decision on its maiden project months after resisting takeover interest from RockRose Energy.

## **Mediterranean**

**Cyprus** – Cyprus is expanding its offshore exploration progra [16]mme [16], expediting exploitation of the Aphrodite gas field and issuing new licences despite the presence of two Turkish drill ships and a research vessel in its exclusive economic zone (EEZ).

## **Middle East**

**Oman** – State-run Petroleum Development Oman has started operations at the Rabab Harweel gas project, marking the completion of the largest capital investment in PDO's history that looks set to add to the growing gas glut [17] in the sultanate.

## **North America**

**US** – The Federal Energy Regulatory Commission is creating a new LNG division based in Houston to cope with an anticipated spike in work arising from a new wave of US LNG projects [18] taking off – even though the certainty, scale and timing of any boom remains open to conjecture.

Activist investor Carl Icahn has won the support of a notable shareholder advisory firm in his quest to propel Occidental Petroleum towards an outright sale [19] after it acquires rival Anadarko, which Occidental has dismissed as a "distraction".

### **Russia & CIS**

**Russia / Ukraine** – Ukraine's security service has seized a Russia tanker at the port of Izmail [20] on the Danube River, just as Moscow and Kiev are gearing up for the latest round of difficult talks over an unlikely extension to a gas transit agreement through Ukraine.

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