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Contents

Weekly news roundup (29 July-2 August 2019)

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Analysis

Debt-laden Centrica has chosen the worst possible time to sell its controlling stake [1] in UK-based E&P firm Spirit Energy, as concluding a sale amid enduring soft UK and global gas prices will not be straightforward thanks to the outfit's gas-heavy asset base.

International

BP shares rose strongly last Tuesday as the company announced second-quarter profits of USD 2.8 billion, around 10% higher than analysts were expecting, which bucked the recent trend of bigger than expected falls in Q2 profits [2] previously announced by Total and Eni.

Shell has sought to brush aside abysmal quarterly results that saw earnings fall well short of expectations on lower energy prices and poor refining margins, by pressing ahead with share buybacks [3] in a bid to shore up the share price – but at the risk of further driving up debt and gearing.

Asia Pacific

Price reporting agency Platts strengthened its claim to be Asia's main spot LNG bench-marker after PetroChina and Vitol concluded a first-ever spot trade using the Platts Asia LNG Editorial Window [4], shortly after Singapore Exchange announced plans to stop publishing the SLInG spot price indices.

Indonesia – The Donggi Senoro LNG plant is considering curbing output [5] this year in response to persistently low LNG spot prices, in what has been described by market observers as a highly unusual move for an operational plant.

Central & South America

Argentina – The energy ministry has launched a tender for construction and operation of a gas pipeline from the prolific Vaca Muerta shale play [6] to Buenos Aires, in the hope of further reducing gas imports during peak winter periods and alleviating gluts in low-demand summer months.

Europe

EU – The European Investment Bank may stop investing in fossil fuels [7] following a major climate policy rethink that – if ratified – would remove a crucial pillar of financial support for gas and LNG infrastructure projects, which have attracted EIB loans worth billions of euros in recent years.

EU / Croatia – The European Commission has signed off on a generous triple subsidy to bankroll the Croatia LNG import terminal [8] on the island of Krk, agreeing to grants covering 86% of capital costs and an additional ratepayer-funded fee to cover operating expenses.

Lithuania / Cyprus – Lithuania's Klaipėdos Nafta (KN) has joined a South Korean/Japanese consortium that has placed a bid in a tender issued by Cyprus' state-owned [9]Defta [9] for a floating storage and regasification unit (FSRU), with KN looking to operate the LNG terminal.

Bulgaria – Russia's TurkStream pipeline [10] may face a year-long delay [10] in its ability to deliver gas to Bulgaria and onwards to eastern European markets after a Bulgarian court ruled against the country's transmission system operator Bulgartransgaz over a contractual dispute.

Romania – ExxonMobil has reportedly sent letters to its Neptun Deep block partner OMV Petrom and Romania's government outlining its intention to exit the offshore block [11], amid allegations that the current legislative environment is preventing the pair from reaching FID.

Spain – The interim government is poised to lock horns with national competition regulator CNMC over proposals to slash the permitted rate of return on energy networks [12] that have wiped billions of euros off listed Spanish gas and power companies.

Middle East

Egypt / Israel – Egypt and Israel are looking into building a joint LNG export facility on the Red Sea coast [13] that would reportedly provide both countries with direct access to prime Asian markets, and could improve bilateral relations and provide a much-needed outlet for excess Israeli gas.

Israel – Partners in Israel's giant offshore Leviathan gas field have announced that they are considering installing a floating LNG vessel [14] after signing two separate interim agreements with FLNG service and technology providers Golar LNG and Exmar.

North America

Canada – The Shell-led LNG Canada project [15] has received a major reprieve [15] after the National Energy Board ruled that the Coastal GasLink pipeline that will feed the plant does not require federal authorisation, meaning it may avoid delays arising from a fresh federal approval application.

Mexico – State-owned power company CFE has reportedly launched a tender for four LNG cargoes for delivery in August [16], quelling the utility's short-term demand and alleviating pressure to allow the Sur de Texas-Tuxpan pipeline to start gas flows from the US Gulf to central Mexico.

US – The Atlantic Coast pipeline [17] project has suffered another setback [17] after a federal court threw out an endangered species permit for a second time, while separately energy watchdog FERC issued a positive draft environmental impact statement on Mountain Valley's proposed Southgate pipeline.

Osaka Gas is continuing its overseas investment drive after agreeing to purchase US shale gas player Sabine Oil & Gas for USD 610 million, with the deal marking the first time a Japanese firm has purchased a US shale gas developer [18], according to Osaka Gas.

The vast majority of methane emissions in the booming Marcellus shale play [19] in Pennsylvania are generated by a tiny handful of "super-emitter" wells, according to new research that promises to help alleviate the problem by enabling quicker identification of culprits and fixing faults.

The Republican-controlled US Senate has watered down a bill designed to sanction Russia's Nord Stream 2 pipeline [20] through the Baltic Sea, leaving the legislation largely powerless to impact the

project.

Chevron narrowly outperformed rival US major ExxonMobil in quarterly results posted on Friday, recording a year-on-year increase in profits driven by a Permian-led surge in production [21] that offset the effect of lower global prices.



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