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Weekly news roundup (12-16 August 2019)

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Editorial

Advocacy for US onshore gas production is veering into dangerous territory, as industry associations adopt increasingly wayward policy positions and seek environmental deregulation from sympathetic federal agencies, at the risk of eroding their members' social licence [1] to operate.

Analysis

Australia is on track to become the world's largest LNG exporter this year [2], the US Energy Information Administration has confirmed, but stealing Qatar's crown has come with manifold costs to the nation – which is now, ironically, on the brink of joining the LNG importers' club.

Market factors have given gas a competitive edge in the US power mix [3], but demand could be affected by the frantic pace of renewables growth, improving battery technology, state support for coal and nuclear generators and a potential 'Green New Deal' after the 2020 presidential election.

International

Bulgaria has held talks on future supply at the Caspian Economic Forum in the Turkmen resort of Avaza, with reports suggesting Sofia is eyeing a USD 1.5 billion gas deal with Turkmenistan [4], which is experiencing problems monetising its vast resources.

Woodside Petroleum is facing an uphill battle to get its pipeline of projects to financial close [5] over this year and next, with CEO Peter Coleman calling on joint venture partners to park self-interests in order to move things forward amid a worsening pricing environment and growing competition.

A UK judge has left Nigeria sweating after converting an earlier arbitration ruling into a legal judgement, meaning little-known engineering outfit P&ID can now look to seize assets worth 20% of the country's foreign reserves [6] after Abuja abandoned a gas deal.

Asia Pacific

China / Japan / South Korea – Shipbuilders could fall victim to a deepening diplomatic spat between Tokyo and Seoul, with South Korean yards facing headwinds [7] as the world's two largest LNG importers China and Japan turn to domestic shipbuilders for newbuild LNG carriers, according to reports.

Australasia

Australia – The race to deliver an LNG import terminal in New South Wales [8] has been thrown open after the state granted 'critical status' to a project at Newcastle port, granting it fast-track state review just months after NSW approved a competing terminal project.

Papua New Guinea – Papua New Guinea's government has reneged on a recent promise not to renegotiate the Papua LNG gas agreement [9], with a delegation arriving in Singapore last week for what the country's energy minister described as make-or-break talks with project backers.

Central & South America

Argentina – Pro-business president Mauricio Macri may be unseated in October after left-wing challenger Alberto Fernandez won a landslide victory in a primary election. Experts believe macroeconomic fallout from [10] a regime change [10] might present new challenges to foreign investment in the country, although sweeping changes to energy policy are not anticipated.

Europe

UK – The government has opened the door to reviewing its stringent regulations on seismicity that have hobbled the fledgling fracking industry, after prime minister Boris Johnson appointed a pro-shale gas energy secretary [11] as part of his efforts to assemble a staunchly pro-Brexit cabinet.

Mediterranean

Lebanon – Lebanese companies have been accused of violating US sanctions [12] by moving Iranian crude between tankers in the East Mediterranean then delivering it to Syria, reports suggest, but sanctions against Lebanon and regional gas explorers may not be an immediate threat.

Middle East

Saudi Arabia – Saudi Aramco has reasserted its position as the world's most valuable company, posting nearly USD 47 billion in profit in its first ever half-yearly results [13] and outlining a growth and diversification strategy, which fuelled media speculation on its postponed IPO.

North America

US – The federal government has proposed changes to the Clean Water Act [14] aimed at reducing state powers to block energy infrastructure projects, with the announcement coming on the same day as regulators in New York again denied a water quality permit to a gas pipeline project.

The Trump Administration has announced sweeping changes to the Endangered Species Act [15] – seen by many as an attempt to expedite oil and gas projects – on the same day that environmental groups lodged a lawsuit against an under-construction gas pipeline citing threats to endangered species.

State oil and gas regulator the Texas Railroad Commission should cap and tax [16]the flaring and venting of associated gas [16] in the Permian to bring wastage under control, an environmental pressure group has said after analysing data that reveals the growing extent of the problem.

A surge in bankruptcy filings by US oil and gas producers [17] this year is close to equalling the total set in 2018 as lower commodity prices bite, however it is too early to tell if the tally will hit the levels seen in the 2015-16 crude price collapse, according to law firm Haynes & Boone.

Russia & CIS

Russia – The global LNG glut could cost Gazprom [18] more than USD 8 billion in lost revenue after the over-supply of gas plunged European spot gas prices by one-third in the first half of this year, according

to Fitch Ratings.

South Asia

India – India is pursuing gas market reforms [19] that seek to end the allocation of cheaper domestic supply to the power sector, in a move that could further debilitate the country's fleet of under-utilised gas-fired power plants that already struggle to compete with coal plants.



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