Gas Strategies
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Contents

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Weekly news roundup (2-6 September 2019)

Editorial

The rollback of methane regulations proposed by the US Environmental Protection Agency amounts to a political bung from the Trump administration to 'mom and pop' frackers [1] ahead of the 2020 election and undermines those advocating for gas and LNG to play a central role in the global energy transition.

International

Novatek has taken a big step towards securing offtake for its proposed Arctic LNG 2 project [2] after signing MoU agreements with Indian LNG players Petronet and H-Energy, under which the firms agreed to cooperate on long-term LNG supplies into India.

Equity research house Redburn has removed all 'buy' ratings from the biggest integrated oil companies after concluding that oil demand could peak as early as 2025 [3] and questioning whether IOCs are pivoting towards gas to decarbonise their portfolios.

Asia Pacific

China – Chinese shale gas output might hit 280 Bcm [4] by 2035, according to an estimate by an influential petroleum researcher at China's Academy of Engineering, which came on the same day that Beijing called for a domestic production push to help alleviate dependence on imports.

Philippines – Power producer First Gen has awarded the EPC contract for its proposed LNG terminal [5] to Japan's JGC Corporation, with the company looking to expedite LNG imports through an interim floating-based terminal it hopes to install by 2021.

Thailand – The country's energy regulator has reportedly cancelled a proposed LNG supply agreement [6] between Electricity Generating Authority of Thailand (EGAT) and Malaysia's Petronas and approved the state-run power generator's move to import spot volumes instead, after fears of a domestic production shortfall evaporated amid flat demand.

Australasia

Papua New Guinea – The Total-led Papua LNG project is back on track [7] after the firm appeased the government by agreeing to consider greater state involvement in the project.

Europe

Belgium – Qatar Petroleum has secured an outlet for its growing LNG volumes [8] after agreeing a deal with the Zeebrugge LNG terminal operator Fluxys to take the full capacity at the terminal from the expiry of existing long-term deals until 2044.

Norway – ExxonMobil has signed an exclusivity agreement with Eni's Norwegian joint venture Vår Energi over a possible sale of its entire Norwegian upstream portfolio [9], in a transaction that could reportedly be worth up to USD 4.5 billion.

Turkey – Turkey is taking advantage of relatively cheap LNG and newly available pipeline gas [10] from Azerbaijan to squeeze more expensive and inflexible pipeline supplies from Russia, new market data reveals, against a backdrop of declining overall gas consumption in the country.

UK – Offshore trade association OGUK has outlined the role it believes the industry will play in the country's transition to net zero emissions by 2050 [11], with a strong reliance on carbon capture, hydrogen and emissions mitigation measures – despite steep challenges to commercialising such technologies.

UK energy market regulator Ofgem has fined Engie Global Markets USD 2.9 million after an investigation found that a trader had manipulated wholesale gas prices [12] in a bid to increase profits, marking the watchdog's first ever fine against a company for 'spoofing'.

Equity investment house Antin Infrastructure Partners is looking to sell the Central Area Transmission System [13], the UK North Sea gas pipeline that is about to enjoy a new lease on life from the ramp-up of Total's Culzean field and – possibly – development of CNOOC's Glengorm discovery.

North America

US – Troubled independent Concho Resources has struck a deal to sell producing shale assets in New Mexico [14] for USD 925 million to kick-start a major share buyback program aimed at salvaging its flagging stock, which is down 35% since the start of the year.

Shell and partner Energy Transfer have requested a five-year extension to complete the long-delayed conversion of the Lake Charles LNG terminal [15] into a liquefaction facility, spurring sceptics to speculate over the project's chances of being built.

Russia & CIS

Russia – Novatek has taken FID on its 19.8 mtpa Arctic LNG 2 project [16], keeping Russia firmly in the race to win global LNG market share by consuming coveted pockets of Asian demand from the mid-2020s.

Rosneft and its Sakhalin-1 joint venture partners have agreed to build a 6.2 mtpa plant at De-Kastri port [17], the company's CEO has said, dealing a blow to Gazprom's hopes of securing gas from the venture to expand the Sakhalin LNG plant.

Ukraine – Officials from the US, Poland and Ukraine have signed an agreement intended to reinforce security of supply [18] to Ukraine through Poland's pipeline network and ultimately make more US LNG available in eastern Europe.

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