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Weekly news roundup (21-25 October 2019)

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International

Services giant Schlumberger's big bet on US shale has failed after the company posted a USD 12.7 billion write-down in its Q3'19 results, leading to its worst quarterly loss in a decade [1], and warned of further headwinds going into 2020.

As Gazprom's Nord Stream 2 pipeline waits for approval through Denmark's exclusive economic zone in the Baltic Sea, the Russian company can take solace in knowing that other export projects are moving ahead – namely, TurkStream and Power of Siberia [2].

Halliburton, market leader in US shale field services, has affirmed a bleak outlook for its core business [3] in its Q3 results, extending cost-cutting efforts and re-focussing on international business opportunities in a bid to combat headwinds in its home market.

The US Treasury has given a sanctions waiver to a JV that owns six ice-class LNG carriers [4] serving the Yamal LNG project in Russia, granting relief to plant operator Novatek, which was scrambling to meet customer commitments with a reduced fleet.

The European Parliament has condemned Turkey's invasion on northern Syria and called for “targeted economic measures against Turkey” [5], which might impact the regional energy sector if sanctions target Turkey's “illegal” exploration activities in waters around Cyprus.

Offshore wind turbine technologies have the technical capacity to more than meet global power demand, while development of floating turbines could unlock “near limitless” potential [6], according to a maiden report on the sector by the International Energy Agency.

Europe

Denmark – Denmark has granted Danish TSO Energinet and its Polish counterpart Gaz-System the last remaining major permissions to build in Danish territory sections of the 10 Bcm/year Baltic Pipe [7], paving the way for the pipeline to come online in October 2022.

UK – A report from the National Audit Office has painted a bleak outlook for the country's shale sector [8], stating progress in ensuring the commercial viability of fracking in Britain has been slower than expected and that shale gas was not expected to lower energy prices.

The opposition Labour Party has set out a plan to deliver a 77% reduction in energy emissions by 2030 [9] compared to 2010 levels and achieve a zero-carbon energy system in the 2030s for the same cost as meeting the country's existing 2050 net zero target.

Ukraine – Naftogaz claims to have prevented Gazprom from avoiding paying a chunk of the USD 2.56 billion Stockholm arbitration award

[10] by winning a legal bid to prevent Gazprom from excluding a subsidiary developing the TurkStream pipeline from the award.

Latin America

Brazil – An LNG-to-power project backed by Golar LNG [11] has emerged as the only major gas-fired winner in Brazil's latest federal power auction, which saw bid prices plunge so low that scores of thermal and renewable schemes were left out of the money.

Middle East

Qatar – Qatar Petroleum has joined the Extractive Industries Transparency Initiative [12] as it strives to implement a new code of conduct and core values, against a backdrop of Doha's improving but still questionable record on human rights and fighting corruption.

North Africa

Algeria – Algeria's interim cabinet has passed a new draft hydrocarbon law aimed at reviving foreign investment [13] in the country's main source of revenue – oil and gas – but protesters claim the temporary government lacks the authority to approve legislation.

North America

Mexico – Sempra Energy's Mexican subsidiary IEnova has delayed FID on the Energia Costa Azul LNG conversion project [14] on the Pacific coast, but approved a dividend after renegotiating with Mexican authorities force majeure payments on two delayed gas pipeline projects.

US – Dominion Energy has agreed to sell a 25% stake in its maiden LNG project Cove Point [15] for USD 2 billion, potentially signalling the start of wave of transactions involving stakes in US LNG projects as they become de-risked following operational start-up.

McDermott International shares dived last week after the company secured up to USD 1.7 billion of financing to stay afloat while executing major projects [16] like LNG plants, but restrictive terms could involve a fresh share issue at preferential rates for lenders.

The US' largest shale player EQT faces an uphill battle to cut debt by offloading its stake in Equitrans Midstream [17], a subsidiary of which has announced delays to starting up the Mountain Valley pipeline, leading to higher costs.

In opening statements to the New York Supreme Court, ExxonMobil dismissed allegations by the NY attorney general [18] that the company misled investors, saying the case was politically motivated and misrepresented how the firm accounts for climate change.

Abu Dhabi's sovereign investor Mubadala has taken a punt on the US LNG 'second wave' [19] by making an equity investment in NextDecade without committing to buying output from its flagship Rio Grande LNG project, FID on which has been delayed until early 2020.

ExxonMobil is considering supplying gas from North Slope fields in Alaska [20] to the nearby Qilak LNG liquefaction plant on the arctic north coast in a bid to realise its long-held goal of commercialising stranded gas from its Point Thompson field.

Russia & CIS

Kazakhstan – Kazakhstan has suffered a major setback in its efforts to bolster oil and gas production [21] and export revenue after Shell and a host of major international companies withdrew from offshore developments, deeming them uneconomic.



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