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Weekly news roundup (4-8 November 2019)

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International

Japanese engineering contractor Chiyoda Corporation has swung to profit [1] and upgraded its forecast full year income in its H1'19-20 results, after amending contractual terms of major LNG construction jobs that had previously threatened to bankrupt the company.

The US has launched, in partnership with Australia and Japan, the Blue Dot Network, an initiative that will serve as Washington's answer to China's One Belt, One Road [2] project, which is building railroads, roads and ports across Asia.

Ukraine's Naftogaz has filed a fresh lawsuit against Gazprom [3] in relation to its current gas transit deal and is seeking USD 12 billion in damages, claiming that Gazprom refused to accept market-based transit tariffs in 2018 and 2019.

China and the US have agreed, in principle, to cancel some trade tariffs if Washington and Beijing reach a deal [4] spanning global trade, copyright infringement, currency manipulation and other issues, a spokesman for China's trade ministry told reporters last week.

Africa

Angola – National oil, gas and biofuels agency ANPG has reportedly signed an exploration, development and production agreement [3] with a consortium consisting of Eni, BP, Chevron and Total to develop offshore blocks.

Nigeria – Parliament has passed a bill to increase royalty rates for deepwater production sharing contracts [5] in a bid to boost revenues in a low-price environment, with the new royalty structure expected to impact future investment in the nation's deepwater sector.

Central & South America

Argentina – Argentina has delayed by almost five months the deadline for the tender to build the first phase of a pipeline from the Vaca Muerta shale [6] to densely populated Buenos Aires province amid concerns over the "macroeconomic circumstances" in the country.

Brazil – The country's second offshore oil auction in two days flopped [7] last week after IOCs deserted the largest reserves sell-off in more than a decade, leaving state-owned Petrobras and its Chinese partners the sole bidders for Brazil's offshore pre-salt reserves.

Venezuela – The government has modified a cooperation agreement with Russia [3] to include incentives for Rosneft to develop the offshore Patao and Mejillones fields, according to reports.

Europe

Cyprus – Cyprus is free to finalise contract negotiations for construction of an LNG terminal [8] after the government's Tenders Review Authority dismissed a request to freeze the procedure put forward by a member of the winning consortium.

EU – The European Commission has trimmed the number of gas projects in line for subsidies after adopting a revised list of Projects of Common Interest [9] dominated by power and smart grid proposals, with pipelines and LNG terminal projects undergoing a 40% cull.

Norway – Equinor has made an oil and gas discovery [3] following the drilling of the Echino South exploration well located near the Fram field in Norway's portion of the North Sea.

Poland – Engie intends to appeal a multi-million euro fine [10] it received last Friday from Poland's anti-monopoly regulator UOKiK over its alleged non-cooperation with an antitrust probe into the Nord Stream 2 gas pipeline, the French energy company reportedly said.

UK – The government has imposed an interim ban on hydraulic fracturing [11] for the second time in eight years, after regulator OGA found it is not currently possible to accurately predict the probability or magnitude of earthquakes linked to fracking.

Mediterranean

Cyprus / Egypt – The Republic of Cyprus has awarded an exploitation contract to the Aphrodite field [12] partners [12], paving the way to develop the offshore resource with a targetted production plateau of 800 MMcf/d.

Middle East

United Arab Emirates – Abu Dhabi's Supreme Petroleum Council has announced a significant increase to the UAE hydrocarbon reserves [13], moving the nation to sixth position in global rankings.

Saudi Arabia – Saudi Aramco has highlighted its environmental credentials in its latest push to garner investor interest after officially confirming plans for an imminent IPO [14], claiming its crude oil has a much lower carbon footprint than the industry average.

North America

Canada – TC Energy has ramped up its cost estimate for the Coastal GasLink [15] pipeline [15] that will feed the Shell-led LNG Canada project in British Columbia, as efforts to offload a majority stake in the project are coming to a head.

US – McDermott International's CFO resigned abruptly last week after the company swung sharply into the red in quarterly results marred by sizeable impairments [16] related to the growing risk profile of future cashflows and the embattled firm's increasing cost of capital.

Shares in Oklahoma-based Chesapeake Energy approached multi decade lows [17], plummeting more than 15% last week, after the indebted US shale player warned investors it may not survive if commodity prices remain low into 2020.

Pioneer Natural Resources CEO Scott Sheffield has called on fellow US shale players to step up efforts to limit gas flaring and monitoring of methane leaks [3], saying firms should limit flaring rates and stop drilling wells until pipeline capacity increases.

Total has decided not to renew its membership in US oil refining and fuels lobbying outfit American Fuel & Petrochemical Manufacturers after concluding its stance on climate change policies was irreconcilable [18] with its own.

Lawyers representing the state of New York have abruptly dropped two of four charges of fraud against ExxonMobil [19], drawing scorn from those who see the climate case as a politically-motivated show trial.

Russia & CIS

Russia / Ukraine – Gazprom has reinforced its red lines in stalled negotiations with Naftogaz over Russian gas transits [20] via Ukraine and direct supply to the ex-Soviet state, further eroding hopes that contract renewal will be achieved before expiry on New Year's Eve.



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