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Analysis

Gazprom's mammoth 38 Bcm/year Power of Siberia pipeline to China flowed first gas on Monday several weeks ahead of schedule, raising concerns over future LNG flows [1] into the world's largest gas importer.

Qatar's status as the world's largest and cheapest LNG supplier seems to have turned heads last week, with Qatargas luring Petronet into supply and investment talks [2] despite the Indian company's intention to partner with US LNG hopeful Tellurian.

International

Repsol is looking into mass reforestation as a means of achieving its bold new goal to hit net zero carbon emissions by 2050 [3], in case carbon capture, utilisation and storage (CCUS) technologies fail to commercialise in time.

Gazprom entered new territory in November after sending the first supplies of Russian gas to Mongolia [4] in the form of LNG delivered via rail that will fuel public transport in Mongolia's capital Ulaanbaatar, the firm confirmed last week.

The global LNG industry must overcome the current period of market "uncertainty" caused by oversupply and emissions [5] if the fuel is to capitalise on strong demand drivers, keynote speakers said during the opening day of the CWC World LNG Summit 2019 in Rome.

Speaking on CWC day two, industry experts reached a high-level consensus that reducing LNG's carbon footprint [6] was important, but struggled to agree on which solutions to implement and how far market reforms should go.

CME Group has unveiled plans to launch three new financially settled LNG freight contracts [7] on 23 December, highlighting the growing need for LNG players to hedge their freight positions as margins are eroded by low LNG and gas prices.

Crude prices softened late last week after OPEC's ministerial meeting in Vienna ended with no announcement of production cuts [8] that were expected in anticipation of weaker global demand in 2020, but the cartel eventually struck a deal late on Friday with Russia and other OPEC+ allies to deepen production cuts.

Asia Pacific

Philippines – PXP Energy is considering lobbying the Philippine's Department of Energy to reconsider its unsolicited proposal to obtain the offshore licence containing the Malampaya field [9], the country's principle source of domestic gas.

Australasia

Australia – ExxonMobil has withdrawn from the race to build an LNG terminal in Australia [10] 18 months after it announced the proposal, citing insufficient interest in long-term deals to supply the south-east region, where a supply shortfall is expected by the mid-2020s.

Santos lifted its 2025 hydrocarbon production target to 120 million boe [11] last week, a 20% increase on the target set last year, with the Australian firm placing a strong emphasis on LNG production to achieve its goal.

Papua New Guinea – The PNG government has turned the screw on ExxonMobil in talks over development terms for the P'nyang field [12] that will feed the Total-led Papua LNG project, questioning whether the US supermajor has concrete plans to monetise the asset.

Europe

EU / Turkey – Turkish president Recep Tayyip Erdogan has talked up his country's importance in guaranteeing EU energy security while speaking at the inauguration of the TANAP connection with the TAP pipeline [13] in north-west Turkey.

EU – European LNG terminals look set to remain busy [14] for the foreseeable future, with Belgium's Zeebrugge LNG expecting 16 vessels to unload this month, the UK's Grain LNG achieving record send-out and France's Montoir-de-Bretagne terminal being fully booked from 2023 to 2035.

EU states have little to worry about if negotiations between Russia, Ukraine and the European Commission [15] fail to deliver a new transmission agreement for Gazprom and Naftogaz this year, according to a new study by the University of Cologne.

Denmark – Nord Stream 2 contractor Allseas has commenced pipelaying in Danish waters [16] despite the Gazprom-owned project company Nord Stream 2 telling Danish authorities that this would not happen until Q1'20.

UK – Staff are reportedly quitting [17] UK shale explorer Cuadrilla Resources [17] in droves as the company winds down operations following the country's fracking moratorium and evidence surfaces of the government's pessimistic outlook for shale gas development.

Middle East

Saudi Arabia – Saudi Aramco is set to cement its status as the world's most valuable listed company after pricing its stock at the higher end of its targeted range – raising USD 25.6 billion and valuing the firm at USD 1.71 trillion [18] ahead of its upcoming IPO.

North America

US – Struggling engineering firm McDermott International won a stay of execution last week after securing access to the second tranche of a USD 1.7 billion bailout loan [19] agreed with creditors in

October and striking a deal with a group of bondholders.

National Grid's hopes of securing supply for customers in New York through Williams' proposed NESE pipeline project [20] have been plunged into doubt after the developer withdrew a permit application with New Jersey environmental authorities.

Embattled US shale giant Chesapeake has kept the wolf from the door by securing a loan to help juggle its USD 10 billion debt pile [21], but bankruptcy remains a distinct possibility based on its plan to drill its way out of trouble in an already-oversupplied market.

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