

25 April 2024

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Gas Matters Today | news roundup | w/c 26 Oct 2020

Publication date: 31 October 2020

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[1]

## Analysis

EQT has acquired Chevron's gas-rich Appalachian shale assets [2] for USD 735 million, a fraction of what the supermajor had paid in 2011. Chevron, which wrote off the assets last December, is even losing money on the capital invested to develop the Marcellus position, highlighting the capital destruction by big companies pursuing US shale.

Shell clawed its way back into the black in Q3'20 [3] after taking a series of drastic measures designed to shore up its balance sheet, including historic cuts to the dividend and capex, but hydrocarbons production is at multi-year lows and the oil industry faces deep macroeconomic uncertainty in the midst of a rapidly accelerating Covid-19 second wave.

## International

ExxonMobil's torrid year got worse on Friday when the US supermajor warned investors it could record USD 30 billion in write-downs [4] in the coming months on its US shale gas fields, as it posted a third consecutive quarterly loss.

Chevron has reported an adjusted net profit of USD 201 million in Q3'20 results marked by a narrow return to profit [5] but with significantly lower production, and warnings that volumes are yet to bottom out.

BP beat analyst expectations after returning a USD 86 million profit for Q3'20 [6], buoyed by improving realised oil and gas prices, and provided a mixed outlook for the gradual recovery of oil demand owing to

the COVID-19 pandemic.

The US Treasury Department has introduced new sanctions against Iran's oil sector [7] in a move seen as a step to harden president Donald Trump's policy of isolating Tehran before the US election, with the new sanctions expected to impede investment in Iranian energy.

Norwegian major Equinor's losses increased to a quarterly net loss of USD 2.1 billion for Q3'20 amid upstream impairments to [8] its US shale position [8], while fellow energy major Eni also remained in the red for Q3'20 but saw "a better balance in oil market fundamentals".

Naturgy has extended its long-term LNG supply deal [9] with Puerto Rico's state-owned utility PREPA, with the firm agreeing to increase purchases to 2-3 Bcm and index 100% of the volumes to US gas benchmark Henry Hub.

Total nosed further into the black in Q3'20 results released last week that revealed another notable dip in overall production volumes [10] as a result of strict compliance with OPEC+ quota cuts.

Italy's top energy supplier Snam has entered the Israeli market by signing a trio of MoUs [11] to jointly research small-scale LNG and biomethane and produce 'green' hydrogen using a novel cost-cutting technology developed by a Tel Aviv-based company.

## Africa

**South Africa** – Total has declared a "significant gas condensate discovery" [12] in the Outenique Basin off the southern coast of South Africa, its second major find in as many years in a region with resources as promising as they are challenging to develop.

## Asia Pacific

**Japan** – New prime minister Yoshihide Suga has set out plans to make Japan a net-zero carbon emissions economy [13] by 2050, which would have a major impact on the global energy industry.

**South Korea** – The country's president Moon Jae-In has said that Seoul will aim to achieve "carbon neutrality" no later than 2050 [14] by replacing coal-fired plants with renewables and rolling out hydrogen and electric vehicles.

**Vietnam** – JERA has signed an MoU to jointly develop Exxon's proposed LNG-to-power project [15] in Vietnam, in line with the goals of the Japan US Strategic Energy Partnership that aims to support energy investment in Asia and Africa, and counter China's rising influence.

## Australasia

**Australia** – Technology Metals Australia is exploring the possibility of building a 152 km gas pipeline [16] from the Perth basin to the Gabanintha Vanadium Project in Western Australia, which is set to become the largest vanadium mine in the world.

**Papua New Guinea** – Horizon Oil has agreed to sell all of its Papua New Guinea assets [17] to privately held firm Arran Energy Investments, marking Horizon's exit from PNG.

## Europe

**Norway** – The Hammerfest LNG facility [18] in Norway could be offline until October 2021, but could return to service as early as January, plant operator Equinor said last Monday, a month after a major fire gutted the facility.

**UK** – European majors BP, Eni, Equinor, Shell and Total have taken the latest step towards advancing their Net Zero Teesside decarbonisation project, after partnering to develop offshore CO<sub>2</sub> transport and storage [19] infrastructure in the UK North Sea.

## North America

**Canada** – Loss-making Canadian oil sands players Cenovus Energy and Husky Energy are merging to create a new integrated oil and gas company [20] after agreeing an all-stock transaction valued at CAD 23.6 billion (USD 18 billion).

**US** – ConocoPhillips last week narrowly surpassed analyst expectations [21] for Q3'20, prompting CEO Ryan Lance to declare the company is “back to more normal business” and focussed on merger with Texan shale firm Concho Resources.

## Russia & CIS

**Russia** – The Novatek-led Arctic LNG 2 venture has finalised the formation of its ice-class LNG carrier fleet [22] to serve its three-train 19.8 mtpa LNG plant after the venture signed long-term charter agreements for six vessels with Sovcomflot and Mitsui O.S.K. Lines.



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