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[1]

International

Kicking off a busy results period, BP last week confirmed it had scaled back on its previous target to reduce oil and gas production by 40% [2] compared with 2019 levels by 2030. The company, which reported a sharp year-on-year rise in 2022 profits, now says oil and gas production is expected to be 25% lower in 2030 and also outlined less ambitious targets for Scope 3 emission reductions. BP said it plans to invest up to USD 8 billion more into oil and gas by 2030 than previously planned.

TotalEnergies also reported bumper profits for 2022 last week [3], with CEO Patrick Pouyanné attributing the rise to a “favourable” oil and gas price environment and a 15% boost in LNG sales, which reached 48.1 million tonnes. A further LNG boost is expected in 2023, as Europe expands imports to replace further declines in pipeline gas from Russia and Chinese demand recovers from last year’s collapse. Global LNG trade grew from 379 mt in 2021 to 400 mt in 2022, said Pouyanné, with volumes into Europe up by 48 mt and Chinese volumes down by 16 mt.

Meanwhile, Equinor last Wednesday posted adjusted net earnings of USD 75 billion for the full year of 2022 [4], significantly higher than the previous year despite a drop in global energy prices and lower earnings in the fourth quarter. Oil and gas output fell year-on-year in the fourth quarter, partly because of deferral of gas production from the Norwegian continental shelf (NCS) to periods with higher demand, the company said.

ONGC Videsh Limited (OVL), the exploration subsidiary of India's Oil and Natural Gas Corporation (ONGC), signed a memorandum of understanding (MoU) earlier this week with YPF [5], Argentina's national energy company and the developer of the Vaca Muerta LNG export project, for cooperation in the energy sector. The MoU was signed on the sidelines of the first-ever India Energy Week held in Bangalore last week, by India's oil and gas minister Shri Hardeep S Puri and YPF chairman Pablo González.

Australasia

Timor-Leste – The project partners for the long-stalled Greater Sunrise offshore gas and condensate venture are embarking on a concept selection study [6] that will look at sending gas to an LNG development in Timor-Leste. The announcement marks a change of stance for operator Woodside Energy, which has previously insisted on piping gas to Darwin in Australia. Last week the Sunrise Joint Venture (SJV) “affirmed its commitment to undertake a concept selection programme for the development of the Greater Sunrise fields [that] will consider all of the key issues for delivering the gas to Timor-Leste – for processing and LNG sales – compared with delivering the gas to Australia”.

Asia Pacific

Japan – Osaka Gas expects to incur a loss of JPY 149.5 billion [7] (USD 1.13 billion) for the full financial year ending 31 March related to the 15 mtpa Freeport LNG terminal which shut down following a fire in June 2022, the company said in an earnings report last Monday. The outage at Freeport LNG has led to increased costs related to LNG procurements due to soaring LNG spot prices, the company said. The expected JPY 149.5 billion loss is JPY 40 billion higher than previous forecasts from late-October 2021, the Japanese company said.

South Asia

India – Russian independent Novatek has inked a memorandum of understanding [8](MoU) with India's Deepak Fertilisers and Petrochemicals Corporation for the supply of LNG and low-carbon ammonia. The deal, signed during the India Energy Week (IEW) conference last week in Bangalore, is the latest development in Russia's recent pivot to Asia, as the country looks for new supply markets amid its energy divorce with Europe. The MoU provides for LNG supplies on a spot and long-term basis from the Novatek liquefaction plants, including supplies from the Arctic LNG 2 project. No details have been released on the volumes or the timelines of the deal.

North America

US – The CEO of NextDecade last Monday expressed his frustration at regulatory uncertainty preventing the company from moving forward [9] with its Rio Grande LNG (RGLNG) project in the US state of Texas, despite a final investment decision (FID) due at the end of March. This comes as RGLNG has secured offtake agreements for more than 70% of the 16 mtpa nameplate production capacity for the first phase

of the project. In a letter to Willie L. Phillips, the new acting chairman of the Federal Energy Regulatory Commission (FERC), Matt Schatzman writes: “The Commission has utterly failed to afford Rio Grande LNG any degree of regulatory certainty by its lack of action in a reasonable timeframe.”

Elsewhere, US multinational ExxonMobil will offtake 2 mtpa from Mexico Pacific Limited’s (MPL) maiden 14.1 mtpa Saguaro Energia LNG facility [10] in Puerto Libertad in the Mexican state of Sonora, according to an agreement announced last week on Tuesday. About 70% of the capacity from the first two trains has now been booked which means a final investment decision (FID) could be taken later this year. Under the sales and purchase agreements (SPAs), ExxonMobil will purchase LNG on a free-on-board basis from the first two trains of the facility, over a 20-year term.

The 15 mtpa Freeport LNG plant moved another step closer towards re-starting commercial production [11] last Thursday after securing regulatory approval to start loading LNG onto ships. Speculation is now building around how much LNG the second-largest export project in the US will contribute to what is expected to be a tight global market in 2023.

In other US news, Henry Hub spot prices are expected to drop to an average of USD 3.40/MMBtu in 2023 [12] while 2024 prices could average USD 4.80/MMBtu, according to the Energy Information Administration’s (EIA) February Short-term Energy Outlook (STEO). The revised forecast signals a 30% decrease in average Henry Hub prices for 2023, from its previous estimate of around USD 4.9/MMBtu.

Europe

German investigators have said that there is no evidence so far that Russia was behind the explosions of the Nord Stream [13] (NS) 1 and 2 subsea pipelines in late September last year. Running parallel, Turkey has set ambitious goals for launching a gas hub, a joint initiative with Russia to reroute NS export volumes via Turkey instead. The German Attorney General Peter Frank was quoted as saying by Die Welt: “This [Russia’s involvement] cannot be proven at the moment, the investigations are ongoing.”

Deltic Energy says it has discovered what it believes could be “one of the largest natural gas discoveries in the Southern North Sea in over a decade [14]”, with the first exploration well drilled at Pensacola resulting in “a highly positive outcome”. Drilling results suggest P50 Estimated Ultimate Recovery (EUR) of 302 Bcf. Well 41/05a-2 – operated by joint venture partner Shell UK – reached a depth of 1,965 metres, with wireline logs confirming “the presence of mobile gas and oil in the primary Zechstein Hauptdolomite carbonate target interval”.

MEPs in the European Parliament’s energy committee have backed two legislative proposals that are designed to reform the EU gas market [15] and support the uptake of hydrogen and renewable gases. The draft rules set out a legal framework for grid connection and third party access for renewable gases and throw weight behind a 35 Bcm biomethane target by 2030, as outlined in the European Commission’s RePowerEU plan from March last year.

Czechia –? Czechia’s CEZ last week became the latest European utility to launch arbitration proceedings against Gazprom [16] as the company seeks to recover what it says are damages of around CZK 1 billion (USD 45 million) for under-deliveries of gas supplies in 2022. RWE, Uniper and Gasum have previously launched legal challenges against Gazprom over alleged breaches of supply agreements and more companies are expected to follow suit.

UK

Environmental NGO ClientEarth said last Thursday it has filed a legal claim with the High Court in London against Shell's board of directors [17] over alleged mismanagement of climate ambitions, a claim that Shell has dismissed as having "no merit". ClientEarth said it is now up to the High Court to decide whether to grant permission to bring the claim



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