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Contents

Weekly news roundup (21-24 August)

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International

Gazprom gas exports to southern Europe and Turkey [1] ballooned over the first eight months of 2017, with pipeline flows to Serbia, Hungary and Turkey up 20-40% year-on-year and exports to CIS and Baltic countries up around 13%.

Mid-scale floating LNG developer Dreifa Energy has snared Vitol's former head of LNG David Thomas [1], who will join the company's board of directors. The firm is developing a 1.5 mtpa floating regasification unit (FRU).

French supermajor Total has struck a bold and surprising deal to acquire Maersk Oil [2] for USD 7.45 billion in shares and debt, leveraging its strong balance sheet to take advantage of ongoing low oil prices and depressed asset values.

Strong LNG demand in the Far East [3] kept oversupply at bay in the second quarter of 2017 despite a surge in production, but imports by price-sensitive India were down, as LNG became less competitive with other fuels in the south Asian powerhouse.

US & Canada

Canada – The Shell-led LNG Canada project in British Columbia has declined to deny widespread reports that Malaysia's Petronas is seeking to acquire a 15% stake in the [4]Kitimat liquefaction project [4] from South Korean state-owned KOGAS.

US – The US government has raked over USD 120 million in bids from 27 companies in the latest Gulf of Mexico offshore lease sale [1], the first held under US President Trump, covered some 500,000 acres in federal waters.

Investment vehicle Silver Run Acquisition Corporation II has agreed to merge with E&P players Alta Mesa and Kingfisher Midstream with a view to develop the Anadarko Basin [1]. Alta Mesa's core acreage has breakevens at around USD 25/barrel.

Anglo-Australian mining giant BHP Billiton has announced plans to exit onshore US shale assets [5] amid pressure from activist shareholders including hedge fund Elliott Advisors, amid low gas and oil prices. The company bought its US assets when oil prices were above USD 100/barrel.

The Federal Energy Regulatory Commission (FERC) has approved Fourchon LNG to start pre-filing [6] for or its proposed 5 mtpa export plant in Louisiana.

Joint venture JAX LNG has received Coast Guard approval to operate the LNG bunkering barge 'Clean Jacksonville' [6] in Florida. The facility is expected to start operations in Q4.

US judges have ordered the Federal Energy Regulatory Commission (FERC) to consider greenhouse gas emissions that will result from downstream burning [7] of natural gas delivered by three recently-

approved pipelines.

Africa

Botswana – Botswana-focused Tlou Energy has moved a step closer to developing the first commercial coalbed methane-to-power project [8] after receiving a mining licence for the Lesedi play, which holds an estimated 3.2 Tcf of gas.

Equatorial Guinea – Trading house Gunvor has been nominated as the preferred LNG buyer to offtake 2.2 mtpa from the proposed Fortuna FLNG project [9] offshore Equatorial Guinea.

Equatorial Guinea / Ghana – The west African state of Equatorial Guinea is preparing to sign a high-level agreement outlining its intention to supply LNG to Ghana [10] over a five-year period.

Gambia – Oslo-listed African Petroleum has hit back at reports claiming its two offshore Gambian oil blocks are to be re-tendered [11], stating the company is “yet to receive any formal feedback from Gambian authorities regarding the status of its A1 and A4 licences”.

Mauritania – Kosmos has completed a positive well test in the offshore Tortue field [6], which suggested wells there could produce approximately 200 MMcf/d.

Nigeria – Shell has started production at the Gbaran-Ubie Phase 2 oil and gas development [12] in the Niger Delta, which is estimated to reach a production peak of around 175,000 boe/d in 2019.

Asia Pacific

Bangladesh – A total of 39 companies have expressed interest in supplying spot LNG [13] to Bangladesh, a subsidiary of state-owned company PetroBangla has confirmed.

Cambodia – Kris Energy moved one step closer to producing Cambodia’s first commercial volumes of oil and gas [14] after signing fiscal and technical agreements with the country’s government, paving the way to develop offshore Block A.

China – A large, unnamed gas field estimated to contain [12] 545 Bcm [12] has been discovered in China’s northern province of Shanxi, state media reported.

India – Rosneft has closed its purchase of a 49.13% stake in Essar Oil [6] Limited [6], while a consortium of Trafigura and UCP also closed its acquisition of a 49.13% stake in the company.

Malaysia – State energy company Petronas reported a more than 100% year-on-year increase in profits [12] in H1’17 amid an “upward trend of key benchmark prices and foreign exchange rates” that helped offset the decision to exit the Pacific NorthWest LNG project in Canada.

Singapore – Keppel has secured an order worth USD 400 million from Honolulu-based Pasha Hawaii to build two LNG-fuel [12]led container ships [12]. The vessels will be delivered in Q1 and Q2 2020.

Pavilion Energy subsidiary Pavilion Gas has secured access rights to t [12]he Jurong Island LNG terminal [12] over the next two years in a deal expected to bolster LNG trading and bunkering activities.

Taiwan – Taipei is yet to confirm the economic cost of a recent five-hour blackout that hit Taiwan [1] that was reportedly caused by human error, nuclear outages and storm damage and prompted the resignation of the country's economy minister.

Australasia

Australia – Chevron has dropped its High court appeal [6] over a AUD 340 million tax bill from the Australian Taxation Office.

Australian electricity retailer AGL Energy has struck a deal to exit gas [15] E&P activities in the state of Queensland [15], while reiterating that it is considering building an LNG import terminal in Victoria.

AWE has confirmed an extension of the onshore Waitsia field [12], saying no further appraisal drilling is required prior to a final investment decision on the development.

Papua New Guinea – ExxonMobil is hoping to close out new short-term sales and purchase agreements for excess production from the PNG LNG plant [16] by year-end.

Europe

Netherlands – Shell's 6,500 cm LNG bunkering vessel Cardissa [1] has arrived in the Netherlands. It will be able to refuel ships operating in Europe from the Gas Access to Europe terminal (GATE) in the Port of Rotterdam.

In another milestone for the GATE terminal, the Dutch gas facility's first-ever LNG-powered truck [1] loaded a trailer with LNG.

Norway – Hoegh LNG has increased its stake in two FSRUs [12], the Neptune and GDF Suez Cape Ann vessels, currently chartered by Engie.

Statoil has discovered more gas in the Norwegian Sea [12], with the Norwegian Petroleum Directorate estimating that the Carmen prospect could contain over 1 Bcm of gas.

UK – Kosmos Energy entered the London stock exchange [6] under the ticker 'KOS', having opted for a secondary listing to capture European investors that were unable to hold NYSE Kosmos shares.

Debt-laden offshore drilling contractor Seadrill is planning to file for [17] chapter 11 bankruptcy [17], the London-based company said this week as it posted a Q2 loss of USD 100 million, weighing on its existing USD 11 billion debt.

Latin America & Caribbean

Argentina – Shell and state-owned YPF have received approval from Neuquen province to jointly develop a 204 sq km block of the giant Vaca Muerta shale [1]. Shell will operate and is expected to invest USD 300 million.

Brazil – The government of Brazil has unveiled plans to privatise state power company Eletrobras [18], the largest utility in Latin America, which owns and operates a third of Brazilian generation capacity and much of the grid.

Brazilian prosecutors have brought corruption [6] charges against ex-Petrobras CEO [6] Aldemir Bendine,

claiming he took bribes from construction company Odebrecht.

Middle East

Israel – Israel's budding upstream sector has been dealt a blow after Isramco and Modiin handed back two licences [19] for the right to develop the offshore Daniel gas field, estimated to contain 8.2 Tcf of gas, citing a lack of investors' appetite.

Noble Energy has contracted a ship to drill two new wells and complete four more at the Leviathan [6] offshore gas field [6]. Drilling is expected to commence in March 2018.

Noble and partner Delek have secured an extension for [6] an offshore exploration licence [6] after Israeli authorities had a change of heart.

Qatar – Nakilat Shipping has completed the first phase of the management transition of LNG carriers [6] from Shell to the Qatari company.

Russia & CIS

Russia – Russian conglomerate Sistema has been ordered by a court to pay USD 2.3 billion in damages to state-backed Rosneft, in a case related to the privatisation of oil firm Bashneft likely to further rattle investor confidence [20].

Two Novatek subsidiaries have been awarded new licence areas in the Yamal and Gydan peninsulas [12], with the additional acreage containing resources to underpin new LNG projects, the Russian company said.

Uzbekistan – Russian company Lukoil has launched the main gas production and processing facility at its South-West Gissar project [21] in Uzbekistan's hydrocarbons-rich south-western Bukhara province.

Markets & prices

M&A momentum appears to be building, with Rosneft and Trafigura buying Indian firm Essar Oil, French major Total buying Danish group Maersk Oil, and BHP Billiton looking to offload US shale assets, but futures curves show a lack of expectation for [22] prices to jump [22] any time soon.

Mexico is offering healthy returns on US pipeline gas exports flowing south [23] on the expanding cross-border network. Mexican energy watchdog CRE's first-ever monthly gas price index placed costs in July well below those on nearby US hubs.

US power markets are functioning properly, but the increasing role of gas and renewables in the country's electricity mix have left coal-fired plants heading [24] for a "critical juncture" [24] in the coming years, the US Department of Energy has said in a special report.



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