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Weekly news roundup (25-29 June)

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Weekly news roundup (25-29 June)

Analysis

Russian energy company Novatek and South Korea's state-run KOGAS have signed a memorandum of understanding to collaborate on LNG opportunities [1], days after the South Korean president Moon Jae-in reignited decades-old talk of an unlikely gas pipeline between the two countries.

US oil prices surged [2] in late June thanks to a field outage in Canada and international supply factors, while data from southern shale plays such as the constrained Permian basin indicate that record upstream output could start tapering off.

ExxonMobil, Eni and partners in the onshore liquefaction project planned for Mozambique's Area 4 have kicked off LNG marketing using an "affiliated buyers" model [3], indicating that a final investment decision is now expected in 2019.

International

The 'Vienna group' of OPEC and non-OPEC producers have agreed to increase oil production [4] to calm a year-long rally in Brent – which has softened from intra-day highs of USD 80/barrel in May in anticipation of output increases.

Sempra Energy is advancing plans to launch two North American LNG plants [5] after awarding engineering, procurement, construction and commissioning (EPCC) contracts for its proposed Port Arthur LNG project in Texas and the Energía Costa Azul project in Mexico.

Use of LNG is "incapable" [6] of achieving the International Maritime Organisation target to halve climate emissions from ships by 2050 compared to 2008 levels, a new study has claimed.

China's push to tackle urban air pollution could see the country become the world's largest gas importer [7] by 2019, according to the International Energy Agency, which expects Chinese imports to exceed 170 Bcm by 2023, "mostly supplied by LNG".

The urgent need to tackle fugitive methane emissions [8] from oil and gas operations, and the implications of trade disputes set in motion by US president Donald Trump, both dominated debates on the opening day of the 27th World Gas Conference in Washington DC last week.

A US court in California has dismissed a climate lawsuit against the world's five biggest oil and gas companies [9] in a categorically-worded ruling that corporate lawyers hope will set a precedent for similar cases underway and any that might follow.

LNG transit capacity through the Panama Canal is to be doubled from October by lifting certain transit restrictions in anticipation of growing demand, principally from a ramp-up in US exports to Asia [10], but recent studies suggest bottlenecks are still likely to occur at some point after 2020.

MSC Cruises has ordered another LNG-powered cruise liner [11], meaning the company now has a total

of five LNG-powered ships on order.

Global maritime group BW Group is considering converting 19 of its gas carriers to run on liquified petroleum gas [11] (LPG) to meet International Maritime Organization regulations, reports indicate.

US & Canada

US – A consortium led by Kinder Morgan has signed a letter of intent (LOI) to construct a much-needed 2 Bcf/d pipeline from the Permian basin [12] to the Texas Gulf Coast, to tackle a growing gas glut that threatens to constrict oil production growth in the basin.

Troubled GE has announced a major restructuring that will see the company sell its 62.5% stake in Baker Hughes [13] less than a year after completing the merger with the oil services outfit, and spin off its healthcare business, to refocus on power plants, renewable energy and jet engines.

National Grid's plan to build a new small-scale LNG plant [14] at an existing LNG storage site in Rhode Island received a boost after the Federal Energy Regulatory Commission prepared a favourable environmental assessment for the project.

Crowley is putting the final touches on an LNG fuelling depot for shore-side bunkering [11] of its new "commitment class" combination container/roll-on roll-off ships powered by LNG at the Port of Jacksonville's Talleyrand Terminal.

Sempra Energy is to take a USD 1.4-1.5 billion hit on the sale of renewable [15] power assets and gas storage facilities [15] in south-east US, weeks after activist investors called for a full business review and asset sales.

Global LNG Services has chosen Baker Hughes to supply rotating equipment to the Main Pass Energy Hub deepwater port project [16] located 16 miles offshore south-east Louisiana in the Gulf of Mexico.

Trafigura added to its US LNG portfolio this week by signing a binding sales and purchase agreement with Freeport LNG [16] Marketing for 0.5 mtpa over three years.

Carl Icahn has lowered his stake in Cheniere Energy [16] from 13.8% to 9.5% while affirming support for the company's management and business model.

Africa

Nigeria – Nigeria LNG has been approached to supply a floating storage and regasification unit (FSRU) [17] that would feed a power plant, the company has said.

Asia Pacific

China – Mitsui OSK Lines has signed an initial agreement to supply "the world's largest" floating storage and regasification unit [18] (FSRU) to Hong Kong's first LNG terminal project.

Singapore – Total and Pavilion Gas have signed an agreement to develop an LNG bunkering supply chain [11] in the Port of Singapore that will see the construction of a new LNG bunkering vessel to be commissioned by Pavilion by 2020.

Europe

Bulgaria / Greece – ICGB, the joint venture behind the Interconnector Greece-Bulgaria gas pipeline [16], has signed “key agreements to start investments and activities on construction” of the project.

Croatia / Italy – Eni and Croatia’s state-backed INA have signed a memorandum of understanding to examine the possibility of building a bi-directional gas interconnector between Italy and Croatia [19].

Poland – PGNiG has agreed “basic terms and conditions” of two 20-year sales and purchase contracts [16] with three US LNG projects.

Spain – Gas Natural Fenosa is to take a USD 5.7 billion hit after an asset revaluation undertaken a part of a wider strategic review that will also see the company rebranded as Naturgy [20].

UK – Shell has revived its Fram field [21] in the UK North Sea by taking a final investment decision to proceed under a development concept focussing on gas and condensate, five years after suspending work due to “unexpected reservoir results” that had rendered the project uneconomical.

Marine fuel provider World Fuel Services is expanding bunkering operations [11] at its Falmouth terminal with a new 2,200 cm cargo vessel, able to segregate up to five grades of fuel.

Latin America & Caribbean

Brazil – A total of 17 LNG import terminals are competing for limited pockets of gas demand [22] across Brazil, according to a new report from state-run energy research company EPE.

Middle East

Iran – The US State Department has warned consumers of Iranian crude [16] not to expect sanction waivers when US sanctions come back into effect against Tehran in November.

Russia & CIS

Russia – Russia’s first LNG bunkering vessel [11] is reportedly under construction at the country’s Onega Shipyard, with delivery expected in 2019.

The Yamal LNG plant [16] has shipped its first cargo via the Northern Sea route, following the thawing of unseasonably thick sea ice.

The world’s largest construction vessel Pioneering Spirit started laying the second string of Gazprom’s TurkStream pipeline [16] between Russia and Turkey this week.



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