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Europe

Gazprom cut Nord Stream 1 flows to 33 MMcm/d from 27 July, the company confirmed last Monday afternoon, citing the need to halt operations of another turbine at the Portovaya compressor station [2] which feeds gas into the 55 Bcm/year pipeline. The update came hours after Gazprom said Western sanctions were still hampering the delivery of a turbine sent to Canada for repair.

The German government and Siemens said a turbine for the Nord Stream 1 (NS1) pipeline which has been repaired in Canada could be shipped to Russia immediately [3] and that there are no technical reasons for Gazprom to reduce gas exports via the pipeline. This comes as Gazprom announced a further reduction of supplies via NS1 last Monday, this time stating the supply cuts were due to repair work on another turbine at the Portovaya compressor station.

EU member states have reached a political agreement to voluntarily cut gas demand starting in August, [4] after approving a watered-down emergency plan which grants exemptions to several countries and allows member states to cut demand with “measures of their own choice”. The agreement was reached amid heightened supply concerns going into winter, with Gazprom confirming last Monday that it will throttle Nord Stream 1 flows further starting 27 July.

Shell has posted a record quarterly profit, smashing the previous record set in Q1’22 by USD 2.4 billion [5] , with the record performance coming despite lower earnings from its gas business. Despite soaring earnings and cash flow, Shell opted against raising its dividend but is accelerating share buybacks.

Without immediate mitigation measures, most of Europe’s gas storage tanks would be depleted during the upcoming winter period [6], according to analysis carried out by the European Network of Transmission System Operators for Gas (ENTSOG) in a special report assessing the impact of a full Russian supply disruption. Further out, without preparedness for winter 2023/2024, storages would be depleted in April 2023 and gas tanks in central and south-eastern Europe would be filled less than 15% on 1 October 2023, according to ENTSOG’s analysis.

Germany – Germany is risking potential coal shortages owing to low water levels in rivers, including in the Rhine, [7] which makes it harder for ships to operate and load. This risk of shortages comes as the country is planning to fire up idled coal-fired power plants amid a sharp reduction in gas supplies from Russia.

Germany’s gas supply is stable and security of supply is guaranteed [8], the country’s energy regulator Bundesnetzagentur (BNetzA) said last Wednesday after Gazprom reduced flows through the Nord Stream 1 pipeline to just 19.5% of its capacity. However, should NS1 volumes remain at the current low, transfers of gas to neighbouring states will be affected, BNetzA warned, with the prospect looking increasingly likely after Ukraine’s gas transit system operator (GTSOU) announced that Gazprom has slashed transit capacity bookings for 28 July.

Norway – Equinor has increased its dividend and share buybacks following a strong Q2’22 performance driven by strong gas prices and bumper gas deliveries to Europe [9]. Gas production from the Norwegian Continental Shelf (NCS) was 18% higher year-on-year, however CEO Anders Oppedal said the company was “following closely” developments in the Nordic electricity market, concerning potential rationing this winter, which could have an impact on gas production.

France – TotalEnergies will “continue” with share buybacks of up to USD 2 billion in Q3’22 [10] and will keep its dividend flat despite seeing its cash flow from operations more than double in Q2’22 compared to Q1’2022, the French energy major announced on Thursday last week. TotalEnergies recorded another strong quarter on the back of soaring hydrocarbon prices, with a strong performance by the firm’s Refining & Chemicals business helping offset decreases from its E&P and Integrated Gas, Renewables & Power (iGRP) businesses.

Austria – Austrian energy firm OMV has booked 40 TWh of additional gas transport capacity through Germany and Italy [11] in order to minimise the impact of gas supply cuts from Russia and fulfil contractual obligations to its domestic customers in the upcoming winter season, the firm confirmed during its Q2’22 results last week. Supply curtailments weighed on the firm’s Q2 performance, however higher oil and gas prices helped offset the impact of lower flows from Russia, with the Austrian firm’s net income increasing nearly 200% quarter-on-quarter.

Africa

Nigeria – TotalEnergies has started production at the Ikike oil and gas field [12] offshore Nigeria, the company confirmed last Monday. The launch of the shallow water field comes days after an EU delegation visited the West African nation in a bid to secure additional gas supplies to replace Russian gas volumes.

UK

UK North Sea-focused E&P firm Serica Energy has rejected a revised takeover proposal by smaller rival Kistos [13], with Serica stating that the latest bid "significantly undervalues" the company. Following the latest rejection, Kistos has until 9 August to announce a firm intention to make a offer for its larger rival.

Shell's affiliate BG International has taken a final investment decision (FID) to develop the Jackdaw gas field in the North Sea [14] which could come onstream around 2025. Running parallel, Greenpeace said it would file a lawsuit against the UK government's decision earlier this year to approve the project.

Centrica may re-open the Rough gas storage facility offshore Yorkshire this winter [15], the company's CEO Chris O'Shea said during a Q2'22 results presentation on Thursday last week. However there are pressing questions regarding cushion gas levels at the site – needed for gas injections – as Centrica is believed to have been withdrawing gas from the facility recently.

North America

US – Thailand's state-owned energy firm PTT has secured the country's first term supplies of US LNG [16]after penning a 20-year sale and purchase agreement (SPA) with the US' largest LNG exporter Cheniere.

Exxon has added to its budding US LNG portfolio after concluding a long-term sale and purchase agreement with compatriot NextDecade [17]. The agreement means the US LNG player has now sold ~80% of the capacity from the first two-trains of the project in Texas.

US supermajors ExxonMobil and Chevron posted record quarterly profits [18] last week with earnings buoyed by a tight supply/demand balance and soaring oil and gas prices on world markets. The bumper earnings were largely driven by strong performances from the downstream business.

Canada – TC Energy has settled a long-running cost dispute with the LNG Canada partners regarding the Costal GasLink (CGL) pipeline, which will feed the LNG project, after penned revised project agreements that incorporate a 70% increase to the pipeline's cost [19]. TC Energy now estimates that CGL will cost CAD 11.2 billion (USD 8.7 billion) and said the 670 km pipeline project is economically viable despite the significant cost increase.

Middle East

United Arab Emirates – Eni has announced a second, 1-1.5 trillion cubic feet (Tcf) (28-42 Bcm) offshore gas discovery [20] in Block 2 in Abu Dhabi, United Arab Emirates (UAE). Eni, which announced during its Q2 results last Thursday that it plans to replace 20 Bcm of Russian gas imports by 2025, said fast-track development options for the gas find are currently under evaluation, but it is not yet clear if there are plans for exports.

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