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Contents

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Middle East

Qatar – Sinopec has become the first Chinese company to take an equity stake in a Qatari LNG liquefaction project, [2] setting a precedent that signals a growing mutual dependence between one of the world's largest LNG producers and one of its largest importers. The deal follows a 27-year sales and purchase agreement (SPA) signed by Sinopec and QatarEnergy last November for the supply of 4 mtpa from the North Field East (NFE) expansion project.

Asia Pacific

China – China's regulator National Energy Administration (NEA) has warned that some of the country's southwestern regions may experience power cuts this summer [3] owing to an increase in electricity demand. During a press briefing on Tuesday, officials also reiterated government support for boosting coal production from domestic mines – as well as boosting gas production – in order to ensure sufficient fuel supply to power plants.

Indonesia – Indonesia's government has offered three areas for oil and gas exploration in its first licensing round in 2023 [4]. One of the blocks, the Akia area located off the coast of the North Kalimantan region, is estimated to hold vast reserves of oil and natural gas, according to the country's energy ministry. Indonesia, which has outlined ambitious targets for increasing oil and gas production by 2030, is

seeking bidders for two offshore and one onshore area following its latest licensing round announced last Monday.

North America

US – Shares in Tellurian surged two weeks ago on news that the developer of the US Driftwood LNG export project had agreed to sell the land on which the project is being built [5] to an unnamed buyer for USD 1 billion and then lease it back. However, the company now faces a critical few months as the deal – which would raise much-needed cash to continue construction – is contingent on it finding equity investors for the project by mid-July.

The US Department of Energy (DOE) reaffirmed its export authorisation for the proposed 20 mtpa Alaska LNG [6] project last Thursday while insisting on regular reports that the project is not venting carbon dioxide into the atmosphere during normal operations. The approval comes despite strong objections from environmental campaigners which led to the DOE re-evaluating an export approval granted in 2020.

Elsewhere, at the end of Q1 2023, US natural gas storage reached a five year-high [7], peaking at about 1.9 Tcf, 19% higher than the average between 2018 and 2022, the Energy Information Administration (EIA) reported in its April Short-term Outlook (STEO). US natural gas inventories are expected to increase by around 2 Tcf during this year's injection season from April to October, meaning capacity for 2023 could be 8% higher than its peak during last October, the EIA has estimated.

Europe

Hungary – Hungary has extended its option to import gas from Gazprom [8] beyond the volumes stipulated in the long-term contract with the Russian firm, the country's foreign minister Péter Szijjártó said last Tuesday. The agreement follows a meeting in Moscow between Szijjártó and Russian Deputy Prime Minister Aleksandr Novak concerning energy matters.

Ukraine – Russia has been ordered to pay USD 5 billion to the Ukrainian natural gas company Naftogaz [9] to compensate for losses caused by seizure of the group's assets in Crimea in 2014, according to a ruling last Wednesday by The Hague's Arbitration Tribunal at the Permanent Court of Arbitration (PCA). Naftogaz said that, if Russia refuses to voluntarily execute the decision, the Ukrainian company has the right to take formal steps to enforce the award in those states where assets of Russia are located.

Latvia – Latvia's government announced last week that it would no longer support the development of an LNG terminal in Skulte [10], after analysis carried out by the Ministry of Climate and Energy (KEM) concluded that the project is not commercially viable and that the region already has sufficient LNG import capacity. Instead, the government said it is starting work on joint use of the Paldiski LNG terminal, a proposed LNG project that recently was acquired by the Estonian government.

Norway – The Norwegian parliament has requested the country's government to carry out an in-depth assessment of the possibility to deploy carbon capture and storage (CCS) [11] at the 6.5 Bcm/year Hammerfest LNG facility as an alternative to the planned electrification of the plant. This follows concerns over power shortages in Norway as the plant would consume electricity from the onshore grid in the north of the country.

UK

BP has joined Harbour Energy as partner in the Viking carbon capture and storage (CCS) project [12] in the Humber region, the companies said last Tuesday. The announcement comes hot on the heels of the UK government announcing Track 2 of its cluster sequencing for CCS. Under the terms of the agreement, Harbour will continue as operator of Viking CCS with a 60% share, with BP acquiring a 40% non-operated stake.

Russia & CIS Region

The Russian government last Wednesday approved Novatek's acquisition of Shell's 27.5% stake in Sakhalinskaya Energiya [13], the company that Moscow has set up to operate the Sakhalin-2 LNG plant in Russia's Far East. The development comes hot on the heels of Russian media reports suggesting that Novatek CEO Leonid Mikhelson has asked the government to defer the application of additional income taxes on the Yamal LNG project for 2022, at least until 2023.



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