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[1]

## International

Ministers from the Group of Seven (G7) countries have pledged more support for renewables [2] including offshore wind and solar power following a two-day meeting on climate and energy in Sapporo, Japan two weeks ago. Ministers also called on nations to stop building new unabated coal-fired power generation plants “as soon as possible” but reiterated that investment in the gas sector “can be appropriate” to help address potential market shortfalls provoked by the energy crisis.

Technology and oil services firm Baker Hughes last Wednesday became the first among peers to report Q1'23 results, and said revenues surged 20% year-on-year on the back of higher oil prices. [3] The US company said its spending cycle is starting to become less dependent on commodity price swings, and that focus is shifting towards the development of LNG and gas projects. Revenues in Q1'2023 were USD 5.7 billion, up 18% compared with the same period in 2022 but down 3% on Q4'22, owing to lower volumes in the Industrial and Energy Technology (IET) segment.

## Australasia

**Australia** – Australian energy company Santos reported a quarter-on-quarter fall in revenue in its financial results for the first quarter of 2023 [4], which it attributed to lower hydrocarbon output and falling prices. The company also reported significant progress on its portfolio of new gas, oil and clean energy

projects, with the exception of the drilling programme of the Barossa project, which remains suspended while the company awaits environmental approval. Sales revenue of USD 1.63 billion was down 13.4% from USD 1.88 billion in Q4 2022, “primarily due to lower domestic gas and LNG sales volumes, and lower LNG and oil prices”.

The International Energy Agency (IEA) has called on the Australian government to formulate an updated net-zero emissions reduction plan for 2050 [5] to meet the binding targets it set in last year’s Climate Change Act, and to put in place a national information system to keep track of progress. Running parallel, Australia’s gas industry has expressed concerns over potential tax reforms that it says would have negative implications on investment in both hydrocarbons and new energy.

Woodside Energy has become the latest natural gas and oil producer to feel the chilling effect on financial performance of declines in crude and LNG prices during the first quarter of 2023. Australia’s largest energy company reported last Friday that revenue for Q1’23 was down 16% on Q4’22, partly due to lower output [6] and partly because of lower realised prices – especially for LNG. Woodside’s revenue in Q1’23 fell to USD 4.33 billion from USD 5.16 billion the previous quarter, as the average realised price across the portfolio fell from USD 98/boe in the three months ending in December 2022 to USD 85/boe in Q1.

## Asia Pacific

**Japan** – Japanese firm Mitsui & Co has completed the acquisition of a ~92% stake in an unconventional gas asset [7] in the Eagle Ford shale play in Texas from Dallas-based operator Silver Hill Eagle Ford for an undisclosed sum, the company announced last Thursday. Mitsui said the acquisition was a “pragmatic solution” in the name of the energy transition. The asset is part of the Hawkville field in South Texas with access to the USD Gulf Coast industrial area, which includes LNG export terminals and ammonia plants. The asset is expected to bring stable natural gas production of over 200 MMcf/d, Mitsui said in a statement.

## South Asia

**India** – India’s latest LNG terminal – Dhamra LNG, which received its first cargo last Monday – will boost the nation’s natural gas import capacity by 5 mtpa [8] from the end of May when it begins commercial operation. However, the terminal will start up amid a significant fall in India’s LNG imports over the past two years because of higher prices. The start-up of an LNG import terminal on India’s east coast is significant because most of the nation’s operational terminals are on the west coast. The only exception is the 5 mtpa Ennore terminal near Chennai, which started up in 2019.

India’s LNG imports declined in the financial year ending 31 March 2023 [9], by around 14% compared with the same period the previous year, official data released last week suggests. The drop in LNG imports comes against the backdrop of lower gas consumption, higher oil imports as well as rising coal production and imports. India’s LNG imports for the month of March was 2.2 Bcm, which was 15.2% lower than the corresponding month of the previous year, data released this week by the country’s ministry of petroleum and natural gas suggests.

## North America

**US** – In a move to tackle underinvestment in pipeline infrastructure, US senator Joe Manchin is expected to soon reintroduce a draft environmental permitting reform legislation that failed to pass the Senate last year

[10]. This comes as US natural gas prices have fallen sharply this year, however increasing LNG exports and domestic pipeline constraints represent two of several bullish factors on the horizon. Henry Hub front-month futures prices closed at USD 2.22/MMBtu last Wednesday, which compares with USD 4.48/MMBtu at the beginning of the year.

The US Federal Energy Regulatory Commission (FERC) last Thursday approved NextDecade's Rio Grande LNG (RGLNG) and Glenfarne Group's Texas LNG [11], the two proposed LNG plants in the Brownsville port area in Texas. The FERC approvals come as NextDecade and RGLNG's offtakers have been expressing frustration with regulatory delays and as the final investment decision (FID) initially scheduled for the end of March was pushed back to the second quarter of this year.

## Central & South America

**Brazil** –Brazilian Vice-President Geraldo Alckmin last week announced the formation of a new working group [12], consisting of government and business sector representatives, to improve the nation's natural gas supply. This comes as Brazil's domestic gas supply contracted in 2022, owing to a decline in Petrobras's output. The working group will include members from the Ministry of Development, Industry and Trade and Services, the Ministry of Mines and Energy, and state-owned oil and gas company Petrobras, among others.

## Europe

A number of environmental groups are taking the European Commission (EC) to court over the inclusion of natural gas and nuclear power in the EU's Taxonomy Regulation [13]. Two separate legal challenges were launched with the Court of Justice of the EU (CJEU) last Tuesday, however the court's verdicts are not expected before late 2024 or 2025. Four environmental NGOs said on Tuesday they are taking the EC to court over its decision to include natural gas in the Taxonomy Regulation.

**Turkey** – State-owned Turkish Petroleum AO (TPAO) was set to begin production at the Sakarya gas field in offshore Black Sea [14] last Thursday. This is expected to boost domestic supply and support the country's ambition of becoming a gas hub. According to TPAO's general manager Melih Han Bilgin, the gas extracted from the field under the first phase of the project, which will total 10 MMcm/d, will begin to flow into the domestic grid in the first half of May, he was quoted as saying by Turkish daily Milliyet last Friday.

**Germany** – The Hanseatic Energy Hub (HEH) announced last Tuesday that it has commissioned a consortium headed by Spain's Técnicas Reunidas to undertake engineering, procurement and construction (EPC) works [15] on its planned in-land terminal in Stade, which could postdate the floating storage and regasification unit (FSRU) chartered by the German government. HEH said a final investment decision (FID) for the onshore terminal is expected this summer and that that the facility will be ammonia-ready by 2027, which is the expected start-up date.

**Norway** – Norway's state-owned pipeline operator Gassco said in a report released last week that building new pipeline infrastructure to boost gas exports from the southern part of the Barents Sea would be economically viable [16]. The study was commissioned by the Norwegian energy ministry with minister Terje Aasland calling on oil and gas companies to "turn every stone" to find more gas in the Barents Sea and boost exports. Gas exports from the Norwegian part of the Barents Sea is currently limited to LNG shipments from the 6.5 Bcm/year Equinor-operated Hammerfest LNG terminal.

## UK

Shell has begun producing natural gas at the Pierce field in the UK Central North Sea [17] after an unusual redevelopment that allows gas that was previously reinjected into the reservoir to be brought ashore instead. The project –which was originally expected to come onstream last autumn – is now expected to produce more gas than oil. Peak output from Pierce is expected to reach 30,000 barrels of oil equivalent per day (boe/d), more than twice the production in energy terms than before the redevelopment.



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