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Gas Strategies Group

10 Saint Bride Street
London UK
EC4A 4AD

ISSN: 0964-8496

T: +44(0) 20 7332 9900
W: www.gasstrategies.com
Twitter @GasStrategies

Editorials

+44(0) 20 7332 9957
editor@gasstrategies.com

Subscriptions

+44(0) 20 7332 9976
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International

BP reported profits of USD 1.8 billion in the second quarter of 2023 [1], down from USD 9.3 billion in the same quarter last year, the company said last Tuesday. Earnings were hit by weak refining margins and lower energy prices, however the company's dividend payout increased by 10% quarter-on-quarter. Profit attributable to BP shareholders in the first half of 2023 stood at USD 10 billion, down from 11.1 billion in H1'22, BP said. Profit in Q1'23 was 8.2 billion.

US LNG player Cheniere last Thursday reported a 50% fall in Q2'23 revenues year-on-year [2] partly on the back of lower margins from LNG sales as a higher proportion of volumes were sold under long-term contracts, the company said. Running parallel, both Sempra and ConocoPhillips reported quarterly earnings on Thursday with lower energy prices weighing on the results. Cheniere reported revenues of USD 4.1 billion in Q2'23, down almost 50% compared with the same quarter last year. Adjusted EBITDA was USD 1.9 billion, down 27% year-on-year.

North America

US – LNG exporter Venture Global said last week on Friday that construction of its proposed CP2 facility – its third liquefaction project – could begin before the end of this year [3], after receiving what it described as a positive final environmental impact statement (FEIS). A final investment decision (FID) on the 20 mtpa project would take US production capacity sanctioned so far this year to 57.3 mtpa. The FEIS

issued by the Federal Energy Regulatory Commission (FERC) on Friday concluded that “construction and operation of the project would result in adverse environmental impacts”.

Pioneer Natural Resources and Devon Energy last Tuesday announced plans to cut back on capital expenditure in the second half of 2023 [4]. The announcements come amid a steep fall in profits, but both companies said the CAPEX reductions have been made possible by significant improvements in production efficiency. The companies’ announcements appear to be supported by the latest rig count data from Baker Hughes, which shows that as of 28 July there were 664 active rigs drilling in the US, a fall of 103 from July 2022.

US energy infrastructure company Semptra last Thursday detailed a strategy to decarbonise the supply of electricity and natural gas to consumers in the country’s two largest states [5], California and Texas, which together are home to 70 million people. Both states have faced challenging times with their energy supplies in recent years because of extreme weather, both hot and cold. The decarbonisation plans make up the bulk of the company’s USD 40 billion capital investment plan for the five years from 2023-2027.

Mexico – LNG plant developer Mexico Pacific Limited (MPL) announced last week that it has signed a sales and purchase agreement (SPA) with ConocoPhillips [6] for the latter company to offtake a total of 2.2 mtpa from Saguaro Energia, a proposed LNG plant in Puerto Libertad, on the west coast of Mexico. The latest SPA means that 71% of the total offtake capacity from the proposed plant has been booked, with only ~1.5 mtpa of term capacity remaining on Train 3, MPL confirmed to Gas Matters Today.

UK

The UK government announced last Monday that it will grant over 100 new oil and gas licenses in the North Sea [7], with the awards expected to be announced this autumn. The government also said it has chosen Acorn in North East Scotland and Viking in the Humber as the third and fourth carbon capture, usage and storage (CCUS) clusters in the UK respectively. The government said in a release that the “hundreds” of new licenses will be awarded as the government continues to back the North Sea oil and gas industry as part of a strategy to make Britain more energy independent.

Elsewhere, security of electricity and natural gas supplies has emerged as one of the UK government’s greatest concerns [8] out of 89 threats listed in the latest edition of the National Risk Register (NRR). The preoccupation over energy security emerged as Deputy Prime Minister Oliver Dowden visited a wind farm construction site as the chosen venue for the unveiling of the NRR. The threat to global energy supplies is one of the new publicly listed risks in the 2023 NRR and follows the disruption to energy supplies caused by Russia’s full-scale invasion of Ukraine.

Europe

Germany – German utility Uniper last Tuesday announced that it is gearing up for an accelerated transition into a green company [9] and that it will bring forward its net zero ambition by 10 years in order to reach the goal by 2040. During an earnings call which featured the newly appointed board, CEO Michael Lewis said the company’s new strategy will be to invest in flexible green power generation and convert existing generating capacity to zero-carbon by deploying carbon capture and storage (CCS).

The German government has said it is making progress on developing a regulatory framework for hydrogen and hydrogen-ready power plants [10] following “constructive talks” with the European

Commission (EC) concerning the scheme's compatibility with EU state aid rules. Germany says it wants to tender almost 24 GW of hydrogen power plants in the coming years, many which will run on natural gas during the initial phase. The German Ministry of Economics and Climate Protection (BMWK) said that it had made "important progress" in negotiations with the EC concerning a German support scheme for hydrogen and hydrogen-ready power plants.

The floating storage and regasification unit (FSRU) for Germany's Stade LNG import terminal has arrived at the port of Bremerhaven [11] where engineering work will prepare the ship for service. This keeps the Hanseatic Energy Hub (HEH) project on track to deliver natural gas into the German grid before the end of this year. The Transgas Force is one of five FSRUs chartered by the German government to enable the country to meet its natural gas demand, following Russia's halt of pipeline supplies to the country.

Azerbaijan – Abu Dhabi National Oil Company (ADNOC) announced last Friday that it will invest in Azerbaijan's gas sector via a strategic transaction with TotalEnergies [12] that will see the company acquire a 30% equity stake in the Absheron gas and condensate field in the Caspian Sea. While betting on a global increase in gas demand, ADNOC said that the investment is in line with its strategic growth agenda and entry into international gas markets. Upon completion of the transaction, which is subject to regulatory approvals, ADNOC will own a 30% participating interest in Absheron, with Azerbaijan's SOCAR and TotalEnergies holding 35% each.

Africa

Nigeria – Nigerian National Petroleum Corporation (NNPC) and fuel distributor NIPCO Gas have launched a partnership to deploy Compressed Natural Gas (CNG) stations across the country [13] which will have the capacity service up to 200,000 vehicles daily by the end of 2024, according to plans. The announcement comes shortly after Nigeria announced an end to petrol subsidies which has led to a spike in prices. NNPC said last Thursday that in the first phase, 21 CNG stations will support intra-city transportation and be ready by the first quarter of 2024.

Mediterranean

Cyprus – Cyprus's Natural Gas Public Company (DEFA) has launched a second Request for Expression of Interest (RfEoI) for LNG supply to its floating storage regasification unit (FSRU) at Vasilikos Bay [14] which is currently under development. DEFA said the FSRU, which has been subject to several delays in the past, is now expected to become operational by the end of 2024, at the latest. State company DEFA said last Monday it is inviting prospective LNG suppliers that did not participate or were not pre-qualified in the first RfEoI – launched in June 2019 – to express an interest in supplying the floating import terminal at Vasilikos Bay in southern Cyprus.

Russia & CIS Region

Russia – Japan's Mitsui has reportedly signed sales and purchase agreements (SPAs) with customers for its equity volumes from the first train of the Novatek-led Arctic LNG 2 plant [15] in northern Russia. This comes shortly after Novatek CEO Leonid Mikhelson confirmed that the project is scheduled to start up in the first quarter of 2024. A Mitsui spokesperson told S&P Global Commodity Insights that the SPAs correspond to its equity volumes from the first 6.6 mtpa train, adding: "We are working toward starting production from the first train in 2023."



Consulting

+44 (0) 20 7332 9900
consult@gasstrategies.com



Alphatania Training

+44 (0) 20 7332 9910
training@gasstrategies.com



Information Services

+44 (0) 20 7332 9976
subscriptions@gasstrategies.com