LNG Unlimited

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ADNOC to proceed with IPO for minority stake in gas and LNG

Business comprises eight processing sites, 3,250km of pipelines and liquefaction plant

LNG News Editor

The Das Island liquefaction and export plant in Arabian Gulf

Abu Dhabi National Oil Company (ADNOC) is proceeding with its plans to offer a minority stake in new subsidiary ADNOC Gas, which consolidates the emirate's gas processing and LNG operations, through an initial public offering on the Abu Dhabi Securities Exchange in 2023.

ADNOC, the leading energy company in the United Arab Emirates, set up the ADNOC Gas subsidiary on January 1 to group its world-scale gas processing operations and gas marketing company.

Combination

The new subsidiary combines the operations, maintenance and marketing of the ADNOC Gas Processing and ADNOC LNG units into one consolidated business.

"As ADNOC grows its gas production and processing capacity, the combined scale and capabilities of ADNOC Gas will maximize value and create new opportunities for ADNOC, its partners and the UAE," explained ADNOC in its latest statement on the IPO.

"As a leading global player with capacity of 10 billion standard cubic feet of gas per day, ADNOC Gas will serve a wider range of domestic and international customers with an expanding portfolio of gas products," the parent company explained.

As one the world's leading gas companies ADNOC Gas will operate eight processing sites, both onshore and offshore, and with a pipeline network of over 3,250 kilometres (2,020 miles) and the LNG export plant on Das Island offshore Abu Dhabi.

Existing joint venture partners to ADNOC LNG are Japan's Mitsui & Co, UK major BP and France's TotalEnergies.

The ADNOC Gas Processing unit partners are Shell, TotalEnergies and Thailand's PTT Exploration and Production and they will continue in their respective joint venture partnerships with ADNOC Gas.

Analysts said that the UAE and ADNOC were well placed to take advantage of the growth in natural gas and LNG demand given their significant gas reserves, history of successfully developing gas projects and proven track record as a reliable energy supplier.

"The formation of ADNOC Gas represents another major milestone in unlocking the full value of the UAE's vast natural gas resources and builds on ADNOC's more than 40 years' experience as a leading gas producer," said Ahmed Al-Jaber, UAE Minister of Industry and Advanced Technology and ADNOC's Managing Director and Group Chief Executive.

"In addition to enabling the growth of local industry and manufacturing, ADNOC Gas will play a critical role in delivering ADNOC's broader LNG expansion plans, including in international markets," stated Al-Jaber. In the run-up to the IPO Ahmed Mohamed Alebri has been appointed as Chief Executive (acting) of ADNOC Gas, Peter Van Driel was named as Chief Financial Officer and Mohamed Al Hashemi is Chief Operating Officer.

"For our customers, ADNOC Gas will continue to be a reliable provider of LNG, LPG and associated products," said Al-Jaber.

"Led by a seasoned and highly-qualified senior management team, with unrivalled experience in the sector, this new flagship and world-scale company will strengthen our position as a responsible and sustainable energy leader in an evolving global energy landscape," added the Group CEO.

Leadership

ADNOC Gas CEO Alebri is the former CEO of ADNOC Gas Processing and General Manager of ADNOC Industrial Gases.

CFO Peter Van Driel is a 28-year veteran of Shell, where he served in various key roles in Accounting, Investor Relations, M&A and Finance.

Mohamed Al Hashemi is the former SVP of Production Planning & Transmission at ADNOC Gas Processing, where he previously held several leadership posts.

■

US sees 'relatively flat' LNG export market in 2023 and decline in domestic natural gas use

LNG News Editor

US Government forecasts in its latest short-term outlook that the LNG export market in 2023 will stay "relatively flat" before expanding in 2024 and expects a decline in domestic natural gas consumption.

The Henry Hub benchmark natural gas spot price is forecast to average slightly less than $5.00 per million British thermal units in 2023.

Kinder Morgan's LNG export plant at Savannah, Georgia

Down quarter

"This is lower by around 25 percent from last year as domestic consumption declines," said the outlook from the Energy Information Administration.

"In 2024, we expect natural gas prices to again average slightly below $5.00 per MMBtu as dry natural gas production outpaces an increase in LNG exports that results from rising LNG export capacity," the report stated.

"The EIA expects US natural gas prices to decrease, on average, through 2023 and 2024 as domestic production continues to grow," explained EIA Administrator Joe DeCarolis.

"We also expect additional growth in US LNG exports as global demand remains strong and more US LNG export facilities come online in 2024," he added.

"The natural gas market is particularly uncertain, but we expect that US natural gas production will establish new record highs in both 2023 and 2024, leading to lower domestic prices," stated DeCarolis.

Natural gas production is expected to increase in key shale basins such as the Permian and the Haynesville.

"We expect natural gas production in both the Permian and Haynesville regions to grow with the completion of pipeline infrastructure expansions in 2023 and 2024," the EIA explained.

The US agency's forecast also expects the nation's share of electricity generation from coal will fall from 20 percent in 2022 to 18 percent in 2023 and to 17 percent in 2024.

"This decline will be partially offset by an increase in the forecast share of combined utility-scale solar and wind generation from 16 percent in 2023 to 18 percent in 2024," said the EIA outlook.

The US forecast on crude noted that "uncertainty over Russia's oil supply" will persist, particularly in early 2023.

"We expect that global consumption of liquid fuels will increase from an average of 99.4 million barrels per day in 2022 to 102.2 million barrels per day in 2024.

"Ongoing concerns about global economic conditions as well as the easing Covid-19 restrictions in China, however, increase the uncertainty of the outcomes of our demand forecasts," stated the EIA. ■

Moody's says new US natural gas pipelines necessary to support LNG export expansions

Moody's Investors Service, the US credit ratings agency, said that increasing global demand for natural gas is a growth opportunity for US LNG producers, though delivery depends more on the timely construction of natural gas pipeline infrastructure to support new US LNG supplies.

Moody's said in a research note than Europe's energy crisis, led by the cut-off of Russian supplies to Germany, should keep the LNG market tight until 2025-2026, supporting cash flow generation for US LNG producers.

China recovery

The report also noted the potential recovery in Chinese domestic demand in 2023 that will bring more competition to the market.

"European demand might accelerate LNG capacity expansion in the US, but that would require long-term offtake commitments from European buyers, even as they are working to reconcile new energy security needs," said Moody's.

Most of the announced US LNG growth projects through 2025-2026 have long-term commitments from Asian buyers, the original source of the US LNG boom since the mid-2010s, and international commodity traders stepped up their LNG purchases in 2022.

However, LNG producers require long-term offtake commitments to underpin financing of new LNG infrastructure projects.

The report stated that LNG projects should in turn spur further capital allocation for constructing new pipeline capacity to connect the largest US gas producing regions and new export infrastructure.

These new pipeline projects will need to win permitting approvals from the US Federal Energy Regulatory Commission.

"Today's peak nameplate capacity of nearly 14 billion cubic feet per day reflects only about one-quarter of the capacity of all announced LNG projects, including several with partial or full FERC approval and 10 bcf per day under construction," the report added.

The LNG projects include the Corpus Christi plant expansion in Texas and the Port Arthur project as well as others on the Mississippi River and the Brownsville Ship Channel.

Moody's noted that the Marcellus and Utica shale basins together contributed roughly one-third of US dry gas production, though limited pipeline takeaway capacity has constrained growth for those regions.

In the fourth quarter of 2022, US dry natural gas production stood at 100 bcf, exceeding year-earlier production by 3 percent.

Moody's said that this was largely due to increased drilling and pipeline expansions in the Haynesville Shale and rising volumes of associated natural gas delivered by oil producers in the Permian Basin.

Several large US LNG projects now under construction will add significant new capacity by the mid-2020s. ■

CNOOC outlines projects and spending

China National Offshore Oil Company (CNOOC), a leading LNG market participant among Chinese oil and gas majors, has outlined its 2023 strategy with higher spending plans, including the targeting of more natural gas, both offshore and in unconventional onshore developments.

CNOOC said the offshore focus in China was on the South China Sea, including development of the Shenhai-1 gas field to promote efficient exploration and development of adjacent gas discoveries.

"We will also focus on five key projects including multi-stratal exploration around the Baodao 21-1 gas field and the rolling exploration around the Yinggehai gas field," explained CNOOC.

Around the existing offshore Bohai gas fields, Chinese largest in the northeast, it would concentrate on the Bozhong 19-6 area and the Bozhong Depression.

CNOOC added that it was also pursuing an onshore unconventional natural gas programme to target 100 billion cubic metres of resources.

"We will actively promote the integration of exploration and development to increase resources in the Shenfu area," explained CNOOC, referring to the onshore oil and gas located in the Shaanxi province of northwest China.

CNOOC's net production target is between 650 million and 660M barrels of oil equivalent of which production from China will account for 70 percent and overseas resources would provide 30 percent.

Net production is also forecast to reach 690M to 700M Boe in 2024 and 730M to 740M BOE in 2025.

JGC to lead nearshore FLNG project for Petronas in Malaysia

LNG News Editor

JGC Corp., the overseas engineering, procurement and construction business of Japan's JGC Group, said it would head a consortium with South Korea's Samsung Heavy Industries for construction of a nearshore floating liquefied natural gas (FLNG) project in Malaysia planned by Petronas.

"This facility will be the first nearshore FLNG plant in the world as well as the third floating LNG plant to be constructed for offshore gas fields in Malaysia, with a minimum production capacity of 2 million tonnes of LNG per annum and scheduled for completion in 2027," said JGC.

A previous JGC project for Malaysia was the 'FLNG Dua'

Scopes

"JGC's main responsibilities will cover the engineering, procurement and commissioning work for the FLNG topside, the associated onshore facilities as well as the management of the overall project," explained the Japanese company.

JGC added that the consortium partner SHI would be responsible for the FLNG hull EPC work and the modular fabrication of the topside.

JGC's LNG project energy division JGC Corp. is headed by Farhan Mujib, a former executive of US engineers KBR.

Mujib joined JGC Corp. in May 2020 as the company's new Senior Executive Vice President for JGC's EPC unit after working for Houston, Texas-based KBR for 31 years. Mujib has since been promoted to President of JGC Corp.

JGC's other current or recent LNG work includes the LNG Canada project being constructed by Shell and partners in British Columbia and the successful completion of the Coral South floating LNG venture offshore Mozambique for Italian energy company Eni and partners.

"Since the 1980s, the JGC Group has executed EPC projects for Petronas for all nine Trains at the LNG Complex in Bintulu, Sarawak, which has an annual production capacity of approximately 29 million tons per annum," explained JGC.

QatarEnergy signs petrochemicals deal with partner Chevron Phillips

QatarEnergy, one of the world's largest LNG exporters, has decided to proceed with the $6 billion petrochemicals joint venture with US partner Chevron Phillips Chemicals near the LNG liquefaction plant at Ras Laffan.

An agreement marking the final investment decision for the project was signed in Doha by Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs and who is also President and Chief Executive of QatarEnergy and Bruce Chinn, President and CEO of Chevron Phillips Chemical.

The companies created a joint venture under the agreement signed on January 8 called Ras Laffan Petrochemicals.

The deal sees QatarEnergy holding a 70 percent share and Chevron Phillips Chemical 30 percent.

"This marks QatarEnergy's largest investment ever in Qatar's petrochemicals sector and the first direct investment in 12 years," explained Al-Kaabi.

"It will double our ethylene production capacity and increase our local polymer production from 2.6 to more than 4 million tons per annum and place the utmost emphasis on sustainable growth and the environment," he added.

QatarEnergy said the Ras Laffan complex is expected to begin production in 2026, includes an ethane cracker with a capacity of 2.1 million tonnes per annum, making it the largest ethane cracker in the Middle East and one of the largest in the world.

The integrated complex will also include two high density polyethylene derivative units with a total production capacity of 1.7 million tonnes per annum.

Originally announced in 2019, the project highlights how Middle East oil producers are expanding further into petrochemicals, used in the production of plastics and packaging materials.

"There is no doubt that this cornerstone investment in Ras Laffan Industrial City marks an important milestone in QatarEnergy's downstream expansion strategy," said Al-Kaabi.

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Germany's LNG rival

While Northern Germany is dominating the nation's LNG development, Southern Germany continues to make the headlines in German crude oil production. UK-based Neptune Energy has announced first oil output from its operated Römerberg 6 well in the city of Speyer in the southwest state of Rhineland-Palatinate. Initial production tests indicate flow rates of up to 1,800 barrels of oil equivalent per day. "Römerberg 6 is the ninth production well on the field first discovered in 2003 and is expected to increase Neptune's production in the Rhine Valley to around 3,700 barrels of oil equivalent per day," said Neptune.

German LNG cargoes

Two LNG cargoes are scheduled to arrive in Germany before the end of January, according to shipping data. Both shipments are headed for the floating LNG import terminal at the North Sea port of Wilhelmshaven and are expected to berth on January 22 and January 30. One shipment is scheduled to arrive on the 174,100 cubic metres capacity "Diamond Gas Victoria" after being lifted from the Cameron LNG export plant in Louisiana on January 7.

Fuel deal for ferries

Mitsui OSK Lines (MOL), MOL Ferry Co., Japan Petroleum Exploration (Japex) and Hokkaido Gas have signed two separate agreements between MOL and Japex and between MOL and the utility Hokkaido Gas for the supply of LNG fuel to two newbuild LNG-powered ferries in each port on the Oarai-Tomakomai route operated by MOL Group company MOL Ferry. "The LNG fuel supply is scheduled to start in 2025 when the ferries will enter service.

Algerian state company Sonatrach to invest $30Bln to help boost pipeline natural gas and LNG output

LNG News Editor

Sonatrach CEO Hakkar outlined plans through 2027

Sonatrach, the Algerian national energy company, plans to invest more than $30 billion in the exploration and production of hydrocarbons, notably natural gas, and to upgrade facilities to improve its position in global markets for LNG as well as pipeline gas for Europe.

"As part of Sonatrach's five-year investment plan (2023-2027) the sum of $40 billion has been set aside and more than $30Bln will be allocated to exploration and production with the objective of increasing production in the short and medium term and preparing a portfolio of future projects, in particular for natural gas," explained Sonatrach Chief Executive Toufik Hakkar in his 2023 policy statement.

Liquefaction

The Sonatrach CEO said the company also planned, within the framework of the investment plan, to invest more than $7Bln in refining, petrochemical and gas liquefaction projects.

"These projects will promote the creation of added value to Algerian resources and will strengthen our export potential," added Hakkar.

"Nearly $1Bln will be devoted to projects aimed at the company's contribution to the energy transition. These include flared gas recovery projects at production sites and the LNG plants at Skikda and Arzew," explained the CEO.

"Algeria's objectives through Sonatrach is to become one of the most important sources of gas supply in the world, thanks to our substantial reserves of natural gas and to the recent increases in production," added Hakkar.

"Discoveries in certain gas fields will generate a significant increase in the volumes of gas available for export, both via gas pipelines and LNG carriers," stated the CEO.

Hakkar said Sonatrach intended to continue to developing its gas potential with several projects to be commissioned in the next two years.

These include, among others, the Hassi Mouina and Hassi Ba Hamou fields in southwest Algeria and the Isarène and TFT Sud fields in the southeast of the country.

He added that other projects are planned for 2023 and 2024, notably in Hassi R'mel, Hamra, Ohanet and Touat and he said that he invited European countries to commit to long-term gas purchase agreements in guarantee their security of supplies.

Sonatrach also planned to take more action to reduce gas flaring and money was being invested in the recovery of flared gas, through several associated gas recovery projects and the overhaul of facilities, particularly in large production sites such as Hassi Messaoud, which has reduced the flaring rate to 2 percent.

"Other gas flaring recovery projects also concern production sites and LNG complexes and will, in the medium term, achieve the set objectives of reducing gas flaring to less than 1 percent," said the CEO.

Sonatrach signed a contract in 2022 with two Chinese engineering companies, Sinopec Luoyang Engineering and Sinopec International Petroleum Services Corp., for improvement work at the Skikda LNG plant.

Work scope

The contracts include the dismantling of two 20-year-old storage tanks and the construction of a new tank of 150,000 cubic metres capacity and the modernization of the jetty and loading facilities to accommodate larger vessels.

Algerian gas supplies are also carried to the EU on the Medgaz pipeline via Beni Saf in Algeria to Almeria in southern Spain.

The Medgaz pipeline that has been in operation since 2011.

Medgaz is 757 kilometres (470 miles) in length and has boosted compression to meet demand from Spain.

Arzew and Skikda liquefaction plants on Algeria's Mediterranean coast.

Nakilat of Qatar gives details of phased LNG fleet dry-docking through to August 2025

LNG News Editor

Qatar Gas Transport Company, known as Nakilat, has said that its LNG fleet of 69 vessels would be undergoing dry-dockings in a phased manner through to August 2025.

"Dry-docking is a mandatory element of the overall ship management process, being a Class and Flag requirement, allowing any sea-going vessel to be certified for operation and tradability," said Nakilat in its year-end newsletter.

Nakilat's Q-Max carrier 'Al Dafna' at French Dunkirk terminal

Class-based policy

"The dry-docking scope will be executed in line with the Class inspection program for the type of vessel and generally performed on vessels out of the water to check the vessel's condition and structure integrity," it added.

Nakilat said its fleet department together with the supply department developed a dedicated procurement strategy consisting of various and separate competitive tenders covering the full scope of standard dry-docking services and maintenance repairs.

Along with the standard maintenance scope, an ambitious upgradation plan was finalized by the fleet technical team to fulfil all the obsolescence requirements known so far.

Various technical feasibility studies were progressed together with the support of the equipment manufacturers.

The required procurements of goods and services allowing finalization of such projects have duly been completed by the fleet and supply teams.

High level of scope

The project's high level scope consists of salient upgrades which includes the retrofitting of the ballast water treatment system and the replacement of the coldbox onboard the Q-Flex fleet.

The Q-Flex fleet comprises 31 vessels with capacities of between 210,000 and 217,000 cubic metres.

There are also 24 conventional carriers from 145,000 to 170,000 cubic metres capacity and 14 Q-Max ships with capacities between 263,000 and 266,000 cubic metres.

The work on the drydocking schedules include a full upgrade of the automation system and large upgradation of the of the navigation system on board the LNG fleet as well as life-cycle maintenance on the various other pieces of onboard equipment.

Nakilat also jointly owns one floating storage and regasification unit and four very large gas carriers (VLGCs), bringing its overall fleet strength to 74 vessels.

London ship brokers expands partnerships

Simpson Spence Young (SSY), the London-based shipbroker, has announced the expansion of its partnerships base with six new additions including from LNG.

SSY said that the new partners are Phillip Tripodakis (LNG - London), Toby English (Sale & Purchase - London), Robert Boles (Tanker Chartering - London), Eugene Quek (Dry Projects - Singapore), Ahmed El Masry (Dry Cargo Chartering - Singapore) and Jordi Maymi (Chemical Chartering - Singapore).

These promotions take the total number of partners at the brokerage to 27.

"We're delighted to welcome the new partners to the team in recognition of the substantial contribution they have made to our business," said Stanko Jekov, SSY Managing Partner.

"It's no secret that shipping and shipbroking is changing- it's entering a very interesting and dynamic phase," he added.

"I strongly believe that the ambition, drive and talent of our new partners will enable us to positively contribute to that change even further and have a very real and positive impact as we drive our business forward," stated Jekov.

Established in 1880, SSY is the world's largest independent shipbroker and has offices in 21 cities.

Shipping spot charter rates for LNG dropped again in the past week as the Northern Hemisphere winter season progresses towards its conclusion at the end of March.

West of Suez shipping spot charters for LNG vessels fell by another $30,000 per day to be at $120,000 per day.

Vessel spot rates for East of Suez declined by a further $5,000 per day to be at around $150,000 per day.

UK's Silverstream Technologies gets systems order for China ships

LNG News Editor

Silverstream Technologies, the London-based leader in air lubrication technology, has signed a deal with China Merchants Energy Shipping (CMES) to install its system on four Chinese LNG newbuilds being constructed at the Dalian Shipbuilding Industry Company (DSIC) yard in northeast China.

The four Chinese ships with 175,000 cubic metres capacity will be the very first Chinese-owned, Chinese-built LNG carriers to join the global fleet.

Dalian yard located in Liaoning province, northeast China

Deadline 2024

The installations will take place over the next two years with work expected to be completed by the end of 2024.

This is in line with DSIC's building schedule at the yard in China's northeast Liaoning province on the Yellow Sea Coast and bordering North Korea.

Silverstream has pioneered air lubrication within shipping for more than 10 years and has invested significantly in the research, development and testing of the technology.

The Silverstream® system reduces frictional resistance between the water and the hull surface and this dramatically reduces fuel consumption and associated emissions.

One of its unique features is that it's the only proven air lubrication technology that can be retrofitted in 10 days or less, as well as being applicable for newbuilds.

"We are delighted to announce this new deal with China Merchants Energy Shipping that will see our technology installed on the very first Chinese-owned, Chinese-built LNGCs in the world," said Noah Silberschmidt, founder and Chief Executive of Silverstream Technologies. "It comes thanks to our proven track record of cutting emissions and fuel consumption in one of the shipping industry's most important operating sectors," added Silberschmidt.

"The agreement strengthens our cooperation with CMES in LNG ship investment and builds on our already strong relationship with Dalian Shipbuilding Industry Company. We look forward to working on these vessels and deepening the ties between Silverstream's Shanghai presence and the region's most important maritime players over the next two years," the CEO declared.

LNG cargoes head for Belgium as well as UK and the Netherlands

Europe will receive a steady stream of LNG cargoes from the US, Qatar and other nations such as Peru in the next two weeks.

Most cargoes are pointed at the three UK terminals, South Hook and Dragon LNG at the port of Milford Haven and the Isle of Grain terminal on the Medway River southeast of London.

Shipments are also expected at Zeebrugge in Belgium and the Gate terminal in Rotterdam and the Dutch floating facilities at Eemshaven.

The 138,000 cubic metres capacity "Fuwairit" is scheduled to arrive on January 18 at the South Hook terminal at Milford Haven with a shipment from Qatar.

The "Seapeak Bahrain" with 170,000 of capacity and carrying a US cargo from Sabine Pass in Louisiana is listed as heading for the UK Isle of Grain terminal.

The "BW Paris" with 159,000 cubic metres capacity is due at South Hook on January 23 to discharge a US cargo from Sabine Pass.

Another vessel scheduled to be at South Hook on January 25 with a US shipment from Sabine Pass is the 174,000 cubic metres capacity "British Achiever".

The "SM Bluebird" with 170,000 cubic metres of capacity is scheduled to arrive at South Hook on January 27 with a cargo from Peru.

EU cargoes

In Belgium, two vessels from Qatar are scheduled this week. They are the 143,000 cubic metres capacity "Al Deebel" on January 17 and the "Al Daayen" with 150,000 cubic metres capacity on January 22.

For the Netherlands, The vessel "Magdala" with 173,000 cubic metres capacity is listed as arriving on January 18 at Eemshaven with a US shipment from the Cove Point plant in Maryland.

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Norway pledges to continue fortifying its role as the major oil and natural gas supplier to Europe

LNG News Editor

The Norwegian Petroleum Directorate (NPD) said people are witnessing a rare event to see such high levels of natural gas and oil produced on the Norwegian Continental Shelf as was the case last year and significant investment decisions have also been made for future output including on LNG for a longer term from the Hammerfest liquefaction plant.

The NPD director-general Torgeir Stordal said in a report just published that Norway has definitely "fortified" its role as a predictable, long-term supplier of energy to Europe.

The NPD report noted that the past year had been marked by the war in Ukraine and the energy crisis.

"These factors also impacted activity on the Norwegian shelf. The disappearance of Russian gas on the European market led to greater demand for Norwegian gas, which caused Norway to become the largest supplier in Europe by the end of last year," it said.

NPD head Torgeir Stordal says Europe has reliable supplier

"Some of the underlying causes for this development are that the authorities granted permits to increase production from several fields, there was a high degree of operational stability and Snøhvit (LNG) also came back on stream after a lengthy shutdown," the report added.

Natural gas output

Norwegian natural gas production was nine billion standard cubic metres higher in 2022 compared with the previous year.

The report stated that natural gas now accounts for more than half of production from the NCS. A total of 122 billion standard cubic metres of gas was produced in 2022.

Numerous investment decisions for new projects were also submitted.

"These are remarkable investments for the future. This will help ensure that Norway can continue to be a reliable supplier of energy to Europe," stated Stordal.

Stordal added that this was good news for the Norwegian supplier industry, as well as for overall value creation and the welfare and prosperity that flows from the resources on the NCS. "Production is extremely high, and it will continue to grow in the years to come, though gas production is projected to remain at around 2022 levels for the next four to five years," said the report.

A total of approximately 230 million stand cubic metres of oil equivalent was produced in 2022, which corresponded to about 4 million barrels per day.

93 fields

This consistent high production level can be attributed to three main factors, the first of which is the high number of producing fields on the NCS, now numbering 93 fields.

In December, Johan Sverdrup Phase 2 came on stream in the North Sea.

The report said that the Nova field has commenced production, Njord in the Norwegian Sea has started up following modification work, and several new fields are projected to start producing in the years to come.

Swiss-based Varo Energy acquires Dutch firm Bio Energy Coevorden to boost Europe's Bio-LNG

Varo Energy Group, has acquired control of Dutch company Bio Energy Coevorden BV, a leading European producer of biogas made from waste, and aims to double production as it forecasts a 10-fold rise in Bio-LNG demand in Europe by countries like new LNG importer Germany.

Varo, which is a fuel marketer and refiner based in the Swiss city of Zug, is itself co-owned by global commodities firms Carlyle and Vitol.

Sector surge

The company has acquired 80 percent of Bio Energy Coevorden, known as BEC, from the current Dutch owners.

Those owners, Stak Grisbe and the Van Drie Group, will continue to hold 15 percent and 5 percent respectively of the business.

Varo gave no indication of who much was paid for Bio Energy Coevorden and said it expected the transaction to be completed in February.

The acquisition is the latest in the biogas and Bio-LNG sector with previous buy-outs being completed by the UK's BP and US major Chevron Corp.

"As a result of this acquisition, the largest by Varo since 2015, and with Varo's and BEC's ongoing investment, the company is well placed to meet growth in European demand for both biomethane, which is expected to increase three-fold by 2030 across Europe and bio-LNG, which is expected to grow 10-fold in Germany alone by the end of the decade," said the Varo acquisition statement.

Biogas is generated by breaking down agricultural waste, such as manure on farms and other organic material, in specially built digesters and waste facilities or landfill sites.

The result of this process is the production of biogas, which is then further processed to produce Bio-LNG which can be used as liquid fuel or can be burnt like biogas to generate electricity.

"Developing the largest biogas manufacturing facility in Northern Europe we will double the current facility's capacity from 300 gigawatt hours (GWh) to 650 GWh by 2026. After the expansion, the site will be among the three largest biogas facilities in Europe," stated Varo.

Analysts note that Europe is an attractive market for biogas and Bio-LNG as it benefits from high domestic feedstock availability as well supportive government policies and investment incentives.

Synergies

Varo's Chief Executive Dev Sanyal said the transaction was a significant step towards accelerating the company's strategy of building a leading position in biogas in Europe.

"The combination of this platform along with Varo's integrated business model will not only contribute to our strategic growth but will also be highly value-accretive to Varo," explained Sanyal.