LNG Unlimited
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Second Canadian First Nation-led LNG project signs Shell cargo deal

The LNG partnership groups Rockies LNG, the Nisga'a Nation and Western LNG

LNG News Editor

The Ksi Lisims LNG Partnership, a development joint venture of the Nisga'a Nation, Rockies LNG and Western LNG LLC for a floating liquefaction and export plant near the port of Prince Rupert in British Columbia, has signed a 20-year sale and purchase agreement with the Shell subsidiary, Shell Eastern Trading.

Under the SPA, Shell will purchase 2 million tonnes of LNG per annum from the Ksi Lisims project on a free-on-board basis in what is the first LNG offtake agreement executed by the Ksi Lisims venture.

Innovative

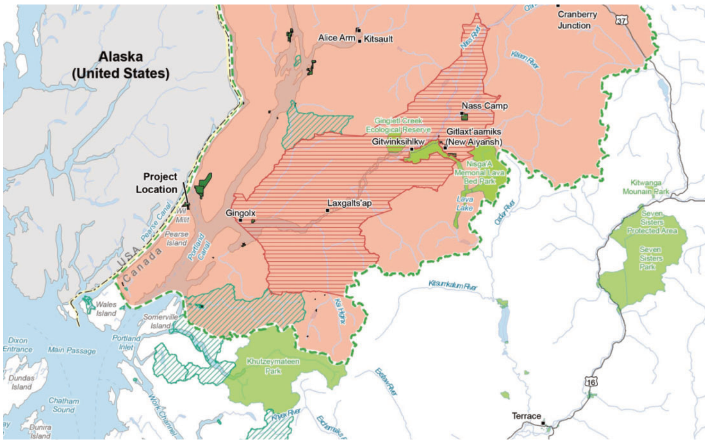
The Ksi Lisims FLNG platform will receive feed gas from the prolific shale-gas basin of northeast BC. The venture proposes to produce 12 MTPA at Wil Milit, located north of Prince Rupert and near the Nisga'a tribal village of Gingolx.

Ksi Lisims LNG's governance structure provides each project proponent, the Nisga'a Nation, Rockies LNG and Western LNG, with input into project development, management and operations.

"The Ksi Lisims LNG project is an innovative development for North America" said Davis Thames, President and CEO of Western.

The project will use a floating production units built by Samsung Heavy Industries and an all-electric process technology developed by Black & Veatch.

"The strong fundamentals of our project have earned the confidence of some of the most established companies in the LNG industry. We look forward to continuing to work with Shell and our other customers as we move toward reaching a final investment decision," Thames stated.



Ksi Lisims LNG project will be sited near Prince Rupert area

"Ksi Lisims LNG will play an important role in the long-term economic growth of the Nisga'a Nation and other nations with which we work and we remain committed to being good partners with them," he explained.

Thames noted that the work with the Nisga'a Nation and Rockies LNG had produced a "unique value proposition" for customers.

Steve Hill, Executive Vice President of Shell Energy, said that LNG was a critical pillar of global energy security and global demand is set to increase in the years to come.

"We are pleased to sign this agreement with Ksi Lisims LNG which will help Shell to continue providing diverse and flexible LNG supply to its customers," Hill stated.

Eva Clayton, president of the Nisga'a Lisims Government said her people had been striving to grow economic opportunities.

"Ksi Lisims LNG is the cornerstone of a brighter future for our people. As the project continues to pick up momentum, evidenced by this agreement with Shell, the Nisga'a people are now able to envision the opportunity and prosperity that Ksi Lisims LNG will bring," Clayton declared.

Ksi Lisims LNG said it was represented by international law firm Baker Botts LLP in the drafting and negotiation of the SPA.

"We're proud to be working to deliver the world's cleanest natural gas to markets that need it most," said Charlotte Raggett, President and CEO of Rockies LNG.

"Canada is an ideal global energy supplier, producing the world's most responsible and lowest-emission natural gas at the shortest distance from Asia in the Americas," she added.

Native land

Ksi Lisims LNG, meaning "from the Nass River" in the Nisga'a language, will be specifically sited on Nisga'a Nation-owned land on the northern tip of Pearse Island.

It will be powered by renewable hydro-electric generation and will likely have FLNG facilities for production and storage facilities. ■

UNLIMITED AGENDA

Qatar Gas Transport Co. expands fleet to 80 ships with orders given to Korean shipyard

LNG News Editor

Qatar Gas Transport Company, known as Nakilat and a global leader in liquefied natural gas shipping, is expanding its fleet to 80 ships through 2027 with orders just placed with a South Korean shipyard for six new gas carriers.

Nakilat has just placed orders with Hyundai Samho Heavy Industries (HSHI) of South Korea for the construction of two more cutting-edge LNG carriers of 174,000 cubic metres capacity and four modern Very Large liquefied petroleum gas (LPG) and ammonia gas carriers with capacities of 88,000 cubic metres.

The ships are scheduled for delivery from the Korean shipyard in 2026 and 2027 under a deal just signed.

"The new LNG carriers and LPG carriers will embody the latest technologies, showcasing advanced environmentally friendly and efficient propulsion systems through fuel-saving devices, reinforcing Nakilat's commitment to sustainable and eco-conscious shipping solutions," said Nakilat.

Nakilat's CEO Al Sulaiti signs deal with HHI's S.Y. Park

Commitment

Nakilat's Chief Executive Abdullah Al Sulaiti said the investment in the advanced vessels reflected a commitment by Nakilat to delivering exceptional service.

"We strive to meet the increasing demand for safe, reliable and eco-friendly transportation of gas, contributing to a more sustainable future," Al Sulaiti explained.

The President and Chief Operating Officer of HD Hyundai Heavy Industries, S.Y. Park, said the latest order would strengthen the ongoing partnership between the two companies for the benefit of both countries.

"We affirm our full commitment to contribute the latest technologies and expertise to ensure safer and more efficient transportation," he said.

"We are proud of our decades-long relationship with Nakilat and look forward to establishing a closer business link that will enable both parties to take the initiative in leading the gas sector," the HHI COO stated.

The new vessels will give Nakilat an overall fleet of 71 LNG carriers, an LPG fleet of eight ships and a floating storage and regasification unit.

"This latest addition to Nakilat's ever-expanding fleet not only signifies an increase in capacity and flexibility for its esteemed customers but also reinforces the company's pioneering role in the energy transportation sector," stated Nakilat.

Rebrand

Nakilat in December 2023 announced that Qatar's main shipping repairs and offshore construction facility, Nakilat-Keppel Offshore & Marine (N-KOM), was rebranding itself into Qatar Shipyard Technology Solutions (QSTS).

Nakilat has N-Kom as a subsidiary venture while also operating its fleet.

Hyundai Marine Solutions selects Accelleron to deliver digital solutions for smart shipping

Accelleron, the Swiss company that is a global leader in turbocharging technologies and forms part of the Sauber Group, has signed an agreement with Hyundai Marine Solutions (HMS) that simplifies access to its digital turbocharger optimisation.

The accord covers vessels built or serviced by the world's biggest shipbuilder, Korea Shipbuilding & Offshore Engineering (KSOE).

As part of the agreement, Accelleron's Turbo Insights performance analytics platform will be integrated into HMS's Integrated Smartship System (ISS).

Support accords

The Korean deal follows the Baden, Switzerland-based company's extension in December 2023 of its accord with Dutch shipping company Anthony Veder's turbocharger service agreement for support across 13 vessels.

"The Accelleron-HMS deal partnership simplifies how Accelleron turbocharger users apply digital optimisation technologies on vessels built by KSOE or serviced by HMS," Accelleron explained.

"It is the first time HMS has integrated turbochargers into its digital platform, bringing significant potential to customers to reduce fuel costs, minimize emissions and optimize maintenance," stated Accelleron.

The Swiss firm said that Accelleron's Turbo Insights will deliver up-to-date visibility of turbocharger performance through an interactive compressor map chart and exactly reflecting the turbochargers' specification.

HMS, as a total service provider for all vessels build at KSOE, will also be able to monitor and support their clients by providing an overview of performance across their fleet thanks to this collaboration with Accelleron.

Accelleron is the only turbocharger technology provider offering up-to-date insights into performance through a purpose-built platform delivering optimisation and maintenance recommendations.

It also offers service agreements that use operational data and analytics to deliver predictable maintenance planning and cost.

"Our ISS system brings added value to our customers through insights and our new agreement and extended cooperation with Accelleron will provide them with even more thorough information in future," said HMS's Alex J. Senior, Manager at Digital Insight Center.

Partnership

Accelleron's Cristian Corotto, President of the Digital Division, said the "unique partnership" means that shipowners will be effortlessly digital-ready from the moment their vessel is delivered, providing them with unparalleled transparency.

Shell takes impairment and boosts gas trading

UK major Shell expects to take non-cash impairment charges of between $2.5 billion to $4.5Bln for the fourth quarter, mainly related to the Singapore refining and chemicals hub that Shell is seeking to sell off, though quarterly income attributable to shareholders was expected to remain at around $7 billion.

"The Chemicals & Products segment is expected to make an adjusted earnings loss in the fourth quarter," Shell confirmed.

The chemicals assets affected include a 237,000 barrels per day refinery and a one million tonnes per annum ethylene plant on Singapore's Bukom and Jurong islands, for which Shell had previously announced a strategic review.

Ahead of fourth-quarter results on February 1, the company gave updated forecasts for all its division including Integrated Gas, including LNG.

Shell said natural gas trading earnings would be "significantly higher" than the previous three-month period and natural gas output would be between 880,000 to 920,000 barrels of oil equivalent per day.

"Trading and Optimisation is expected to be significantly higher than the third quarter due to seasonality and increased optimisation opportunities," explained Shell.

Shell said fourth-quarter LNG liquefaction volumes would be between 6.9 million tonnes and 7.3MT.

Adjusted Integrated Gas adjusted earnings and pre-tax depreciation are expected to be between $1.3Bln and $1.7Bln.

Upstream production would come in at 1,830,000 to 1,930,000 barrels of oil equivalent per day.

GAIL India signs 10-year LNG deal with global commodities firm Vitol

LNG News Editor

GAIL (India) Ltd, the shareholder in Petronet LNG and the operator of the Dabhol import terminal in the West Coast state of Maharashtra, signed a long-term supply deal with global commodities firm Vitol.

The agreement was between GAIL and Vitol Asia Pte Ltd for 1 million tonnes per annum of LNG for a period of about 10 years from 2026.

Unloading jetty for GAIL's Dabhol import terminal

Consolidated

Under this deal, Vitol would deliver LNG from its global portfolio to GAIL in India on a pan-India basis.

"This long-term LNG deal with Vitol will augment its large LNG portfolio and contribute to bridging India's demand and supply gap of natural gas," said GAIL Chairman and Managing Director Sandeep Kumar Gupta.

Vitol Chief Executive Russell Hardy said he was pleased to build on the existing relationship between Vitol and GAIL.

"India is a significant and growing LNG market and we are excited to bring LNG supply from our global LNG portfolio to meet this rising natural gas demand in India," Hardy stated.

GAIL's Director of Marketing, Sanjay Kumar, spoke on the occasion of the signing of the Vitol supply deal in Singapore, and explained that GAIL was meeting rising demand in India.

"India is getting consolidated and this LNG tie-up is part of the multiple negotiations which GAIL has been carrying on with various LNG suppliers for long-term deals," Kumar explained.

GAIL is a leading natural gas company with a presence in India's gas trading, transmission, city-gas and other sectors including petrochemicals.

The New Delhi-based company currently has a 75 percent share of the gas transmission network. Its pipeline assets are 14,490 kilometres (9,000 miles) in length and GAIL makes about 50 percent of the country's domestic natural gas sales.

GAIL has six subsidiaries including GAIL Global USA Inc., which looks after its Cove Point LNG interests in the state of Maryland.

The company also runs an LNG trading business based in Singapore.

Finland imports LNG for FSRU to meet Gasgrid requirements

Gasum, the Finnish state-run natural gas company and leading Nordic LNG supplier, delivered a cargo to the floating storage regasification unit (FSRU) deployed in southern Finland to help fill a gap during the current cold spell caused by a key gas pipeline shutdown.

The cargo arrived on January 10 and was regasified from LNG before being fed into the Finnish gas pipeline grid.

Gasum said that this was the fourth large LNG cargo Gasum had delivered to the Inkoo FRSU since the Baltic-Connector gas pipeline between Finland and Estonia suffered a rupture and was shut down in early October.

While the pipeline is being repaired, all Finnish natural gas demand must be met through imports of LNG.

Filling gap

In addition, Gasum delivered a smaller cargo with its own LNG vessel "Coral Energy" early in January 2024 to Finland's Gasgrid operating company to ensure system balancing and mitigating the risk of inadequate gas during an "extraordinarily cold" period.

"We have been working hard to secure supply of natural gas during the winter season to our customers, whose operations depend on a steady supply of gas," said Jouni Liimatta, Head of Trading and Optimizing at Gasum.

"The cold period has increased local gas demand and thus, we are very pleased that we were able to secure the required ice-class LNG vessels for the winter season," added Liimatta.

"This transaction highlights the importance of a broad cooperation network in challenging situations," Liimatta added.

The LNG cargo was supplied by Gasum's new LNG trading partner SEFE Marketing & Trading Ltd, a subsidiary of SEFE and came from the US.

SEFE is the former German subsidiary of the Russian natural gas company Gazprom.

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Chesapeake Energy agrees takeover of Southwestern in $7.4Bln deal and to change name as largest US gas player

LNG News Editor

Chesapeake Energy Corp. said it would purchase smaller market rival Southwestern Energy Co. for $7.4 billion in an all-stock transaction creating a create a $24Bln company that will be the nation's largest natural gas producer.

Chesapeake's take-over of Southern was confirmed after being flagged as a possible last week.

Chesapeake said an agreement was sealed to buy Southern at $6.69 per share, based on Chesapeake's closing price on January 10, 2024.

Chesapeake well sited in the Haynesville Shale basin

Transaction terms

Under the terms of the agreement, Southwestern shareholders will receive 0.0867 shares of Chesapeake common stock for each share of Southwestern common stock outstanding at closing.

"At this exchange ratio and the respective share prices on January 10, 2024, the combined company would have an enterprise value of approximately $24 Bln," the statement said.

"Pro forma for the transaction, Chesapeake shareholders will own approximately 60 percent and Southwestern shareholders will own approximately 40 percent of the combined company on a fully diluted basis," it added.

The combined company will also assume a new name at the closing of the transaction as Chesapeake outlined some of the advantages of the deal.

"It creates the industry's premier natural gas portfolio by combining high-quality, large scale acreage in Appalachia and Haynesville with the pro-forma company having current net production of approximately 7.9 billion cubic feet equivalent a day with more than 5,000 gross locations and 15 years of inventory," the statement explained.

"It creates a global platform to expand marketing and trading business, reaching more markets, mitigating price volatility and increasing revenue," it added.

"It will supply certified 'Responsibly Sourced Gas' and build a global marketing and trading presence in Houston to supply lower-cost, lower-carbon energy to meet increasing domestic and international LNG demand," Chesapeake declared.

The Chesapeake-Southern deal is the latest in a wave of energy industry consolidations since the start of last year and into January 2024.

ExxonMobil in October 2023 announced the acquisition of Pioneer Natural Resources, the biggest oil producer in Texas, in a $60Bln all-stock deal.

In the same month, Chevron Corp. finalised an agreement to acquire Hess Corp. for $53Bln.

Oxy-Crown Rock

Occidental Petroleum additionally announced the acquisition of CrownRock for nearly $12Bln in December 2023.

The acquisition by Tulsa, Oklahoma-based Chesapeake of Texas-headquartered Southwestern is the first big natural gas-focused transaction while all the other deals were mostly combining oil assets with associated gas.

Chesapeake and Southwestern operate in proximity in the gas-rich basins of Appalachia in the US northeast and the Haynesville shale in the state of Louisiana.

The combined company will overtake the current largest natural gas producer in in the US in 2023, EQT Corp., which had gas flows of around 6.0 Bcf per day.

"This powerful combination redefines the natural gas producer, forming the first US based independent that can truly compete on an international scale," said Nick Dell'Osso, Chesapeake's President and Chief Executive.

"The union creates a deep inventory of advantaged assets adjacent to high demand markets, allowing for the application of proven operational practices and the power of an Investment Grade quality balance sheet to drive significant synergies benefiting energy consumers and shareholders alike," Dell'Osso added.

The transaction, which is subject to customary closing conditions, including approvals by Chesapeake and Southwestern shareholders and regulatory clearances with a close targeted for the second quarter of 2024.

New board

Following the merger, the board of directors of the combined company will increase to 11 members and will initially be comprised of seven representatives from Chesapeake and four representatives from Southwestern. ■

NEWS BRIEFS

EQT tolling accord

Texas LNG Brownsville, a subsidiary of Glenfarne Energy Transition, has signed a Heads of Agreement with US shale-gas company EQT Corp. for natural gas liquefaction services. The HOA anticipates the finalization of a definitive 15-year LNG tolling agreement for 500,000 tonnes per annum of LNG from the first Train of the Texas venture. Texas LNG has proposed annual output of 4 million tonnes per annum from the facility at the Port of Brownsville in Texas. "We are proud to welcome EQT as a customer and partner for Texas LNG, with our industry-leading low-emissions facility liquefying US natural gas for global markets," said Brendan Duval, Glenfarne Chief Executive and Founder. "This is an important milestone for Texas LNG, with additional agreements to be announced in the near-term as we progress towards a final investment decision," Duval added.

Trinidad's US cargoes

The Norwegian-flagged LNG carrier "BW Boston" with 138,060 cubic metres capacity has just departed from the US Everett LNG import terminal in Massachusetts after delivering a cargo from Trinidad, the Caribbean nation that used to be the biggest LNG supplier to the US before it became an exporter from the Lower 48 States in 2016. This was the second LNG cargo delivered from the Caribbean to Everett near Boston this winter season with the previous shipment being discharged in December, according to shipping data. The Everett terminal is now owned by US power company Constellation Energy and is the longest-operating LNG import facility in the US. ■

Intercontinental Exchange reports record volumes in Dutch TTF, Brent and WTI

LNG News Editor

ICE reported record open interest and annual daily volumes

Intercontinental Exchange Inc. (ICE) reported a trading surge in 2023 in natural gas futures and options with very high liquidity and including record open interest of 39 percent year-over-year in December and record jumps in annual volumes for the LNG-focused Dutch Title Transfer Facility (TTF), Brent crude and West Texas Intermediate oil futures and options.

TTF gas open interest soared by 89 percent on an annual basis and TTF annual daily volume (ADV) almost doubled in December 2023 by 97 percent versus December 2022.

Overall gas surge

There was a record TT ADV in the fourth quarter with a surge of 116 percent and record 2023 ADV up 66 percent compared with 2022.

Asian gas open interest increased by an annual 20 percent and ADV was up 65 percent in December from the same month in 2022 and fourth-quarter trading jumped 51 percent and 17 percent for the year.

Open interest (OI) refers to the total number of outstanding derivative contracts that have not been settled.

ICE said that total natural gas OI was up 23 percent for the year, including record futures OI of 20.6M lots on December 22 and ADV was 48 percent higher in December from the same month in 2022. Natural gas OI was up 41 percent in the fourth quarter and 17 percent in 2023.

The data from the trading platforms showed that North American gas OI increased 19 percent in the year, including record futures OI of 18.2M lots on December 22.

"ICE began investing in the globalisation of commodity markets decades ago and our record performance through 2023 shows the value customers enjoyed in our global platform underpinned by deeply liquid benchmarks across asset classes," said Ben Jackson, President of ICE.

"ICE's commodity and energy complex reached volume and open interest records throughout the year, with our Brent, WTI, TTF, and agricultural markets each trading at record levels in 2023," added Jackson.

He noted that the core role that ICE's derivative markets play is in helping customers manage their risk in the face of "ever more complex supply chain dynamics" in global trading.

Total OI for all asset classes was up 18 percent for the year including record OI of 86.5M lots on December 14.

ADV jumped by 39 percent in December and was up 26 percent for the year and 10 percent for the fourth quarter.

Energy OI was up 21 percent, including record OI of 53.7M lots on December 22 and ADV was up 38 percent for December.

Oil futures

Total oil OI increased by 28 percent, ADV rose 31 percent in December and 32 percent in the fourth quarter.

ICE said that Brent oil OI rose by 13 percent, ADV rose 20 percent in December and 27 percent in the fourth quarter.

WTI OI was up 53 percent for the year, ADV increased 49 percent in December and in the fourth quarter was up 55 percent. ■

NEWS BRIEFS

Namibia oil and gas

TotalEnergies has signed an agreement to acquire bigger stakes in offshore oil and gas fields in the southwest African nation of Namibia along with partner and leading LNG producer QatarEnergy. The French major's deal is with Impact Oil and Gas Namibia for an additional 10.5 percent participating interest in block 2913B and an additional 9.39 percent participating interest in block 2912, both operated by TotalEnergies in Namibia. The deals would give TotalEnergies a 45.25 percent interest in block 2913B containing the Venus discovery and its light oil and associated gas and a 42.5 percent interest in block 2912.

Norway moves on deep-sea mining

Norway, the nation that helped restore Europe's energy security with natural gas, oil and LNG supplies after Russian links were cut following the invasion of Ukraine two years ago, has become the first country in world to approve commercial deep-sea mining in its waters to supply rare minerals needed to make electric vehicles and other technology.

The Norwegian Parliament voted 80-20 on January 9 to approve a cross-party proposal that could revolutionise the global supply of minerals, which are pivotal for an array of clean technologies, including batteries for electric vehicles.

Under the new legislation Norway is opening up 280,000 square kilometres (108,000 square miles) of the Norwegian Continental Shelf, an area equivalent to the size of the UK, for the granting of exploration licences for minerals and chemical elements such as lithium, cobalt and scandium.

Norway's approval of deep-sea mining in its own waters will add momentum to moves to open up some international waters for extracting rare minerals.

Lithium and cobalt are only found below ground in a small number of countries, including onshore the Republic of Congo in West Africa, which will also soon become an LNG exporter with an offshore natural gas project being developed by Italian major Eni.

Norway itself has impeccable environmental and conservation profile as a nation and easily stepped in to increase its natural gas supplies to Europe when Russian deliveries were cut after the invasion of Ukraine in February 2022.

Sinopec to expand energy flows with strategy for shale, LNG and gas storage

LNG News Editor

China Petroleum and Chemical Corp. (Sinopec), a leading importer of LNG from Australia, the US and Qatar and with expanding import facilities and storage infrastructure, has announced sizeable natural gas and oil flows from a strategic shale project in southwest China.

Sinopec said the Xingye-9 well located in the Liangping area of Chongqing municipality and which is part of the gas-rich Sichuan Basin, tested a daily flow of 108.15 cubic metres of oil and 15,800 cubic metres of natural gas.

Sinopec has been increasing exploration and production

Shale ramp-up

"This well may lead to the discovery of 100 million metric tons of reserves," said Sinopec in a statement.

The company explained that the successful drilling followed similar results in late 2021 when Sinopec discovered an initial 458 million tonnes (3.34 billion barrels) of shale oil reserves at the Jiyang trough of its Shengli field in East China's Shandong province.

Chinese oil majors have been ramping up oil and gas exploration in the nation's substantial shale reserves to meet rising energy needs.

China's National Bureau of Statistics announced on January 9 that China's crude oil production grew by 3 million metric tonnes in 2023 to 208 million tonnes, or 4.16 million barrels per day, an increase of 1.6 percent over 2022.

The Chinese are also increasing their pipeline natural gas deliveries from the "Power of Siberia" pipelines from Russia.

Sinopec recently announced that the nation's largest LNG storage tank had been put into service at the Qingdao terminal in Shandong province.

The world's largest terminal tank at Qingdao has capacity of 270,000 cubic metres and is part of a natural gas hub in that part of China that provides gas to several million households during the winter heating season.

Wood contracted for Woodside's Trion deepwater project in Gulf of Mexico

Wood, the London-listed energy engineering and consulting company formerly known as John Wood Group Plc, has secured a contract from South Korea's Hyundai Heavy Industries for detailed engineering of the topsides facilities on LNG operator Woodside Energy's Trion Floating Production Unit (FPU) to be deployed in Mexican waters of the Gulf of Mexico.

When complete, Trion will have a production capacity of 100,000 barrels per day and connect to a 950,000 barrel capacity floating storage and offloading vessel.

Wood noted that the greenfield development will represent the first deepwater development in Mexico at a water depth of 2,500 metres.

Wood's teams in Houston in Texas and in Bogota, Colombia, will deliver the detailed topsides design work for the FPU project over the next three years.

"In the last decade, Wood has designed more than 50 percent of topside facilities in the Gulf of Mexico today," the company said.

Korean firm HHI is the engineering, procurement and construction (EPC) provider for the FPU and Wood's latest award follows the delivery of the Trion pre-front-end engineering and design and the FEED design.

"We are pleased to have been selected as the topsides engineering provider for Trion by Woodside Energy and the project's EPC Contractor, Hyundai Heavy Industries," said John Day, President of Oil, Gas and Power at Wood.

"Wood's innovative design process on the pre-FEED and FEED work positioned us well for the detailed engineering scope on Trion," Day added.

"Our team has a proven history with Woodside, having worked together for two decades, and our experience designing and delivering solutions for Trion will improve productivity, reduce emissions and maximize the return on investment for our client," Day stated.

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US expects natural gas supply will rise to meet growing demand for pipeline gas and LNG supply

LNG News Editor

The United States forecasts that the nation's natural gas supply will increase to meet growing demand for domestic pipeline gas and liquefied natural gas exports, though benchmark Henry Hub prices are expected to remain subdued as US oil and gas production increase to new record levels.

"We forecast supply of natural gas, including both production and imports, to increase by more than 1 billion cubic feet per day in 2024, while demand for natural gas, including domestic consumption and exports, rises by almost 2 Bcf per day," according to the latest US short-term energy outlook from the Energy Information Administration.

The EIA emphasised that the demand growth in its forecast was mostly the result of growth in exports.

LNG demand is growing along with North America output

Henry Hub forecasts

The annual average US benchmark Henry Hub spot price is forecast to remain under $3.00 per million British thermal units in 2024 and 2025.

The report added that record natural gas production and storage inventories that remain above the 2019-2023 average mean that natural gas prices in the EIA forecast are less than half the relatively high annual average price in 2022.

"The Henry Hub spot price in our forecast averages between $2.60/MMBtu and $2.70/MMBtu in 2024, an increase of about 10 cents/MMBtu from 2023," said the report.

"In 2025, we expect the Henry Hub price to increase again to average more than $2.90/MMBtu, as liquefied natural gas (LNG) exports increase," it said.

The report also noted that the US began 2024 with 14 percent more natural gas in storage than the previous five-year average.

"Although we expect demand growth to outpace supply growth by 0.7 Bcf per day this year and reduce the surplus to the five-year average to 8 percent by the end of the year, we forecast that inventories will remain high enough to limit significant upward pressure on prices," the EIA explained.

The EIA's natural gas supply growth in 2024 forecast is driven by a 1.5 Bcf per day increase in production. "We forecast consumption in the residential and commercial sectors to increase in 2024 because we expect colder weather than in 2023, which started and ended with warmer-than-average temperatures," the report said.

"We also forecast a slight consumption increase in the electric power sector this year. Rising consumption in these sectors is offset by decreases in the industrial sector. We expect exports of natural gas, both by pipeline and as LNG, will increase in 2024," the EIA stated.

The EIA said that in a similar fashion to 2024, supply growth of about 1 percent in 2025 is driven by an increase in dry natural gas production of 1.3 Bcf per day to a record 106.4 Bcf per day.

"We forecast demand for natural gas will grow in 2025 by 2.4 Bcf per day, driven mostly by growth in LNG exports as new LNG export capacity continues to ramp up," it said. ■

Australian LNG operator Woodside says latest strategy submissions outline key natural gas role

Woodside Energy, the operator of the North West Shelf plant and Pluto LNG in Western Australia and still considering a merger with Australia's Santos, said it welcomed an opportunity offered to contribute to the Australian Government's development of a future gas strategy.

The Perth-based company said that with more than 200 submissions made to a consultation process undertaken by the Australian Department of Industry, Science and Resources (DISR), there was a growing recognition of the "pivotal role of gas" at a time when access to secure, affordable and reliable energy supply is becoming increasingly challenging.

"As many submissions identified, gas will play a key role in a responsible energy transition," said Woodside.

Objectives

"This was acknowledged by local and state governments, manufacturers, regional customers, power generators, think tanks and policy experts, business and industry groups and unions," the company added.

Woodside explained that it supported the main objectives of the government strategy and saw them as interrelated goals.

The objectives are: providing affordable and reliable energy for Australians; maintaining strategic partnerships and energy security in the region; and simultaneously progressing decarbonisation of trading partners and decarbonisation in Australia.

"Australia has the natural resources to support both the renewable and non-renewable energy developments which will be needed as populations increase and energy consumption rises," explained Woodside.

"These natural endowments provide Australia with an opportunity to be a regional and global leader in the energy transition," it added.

However, Woodside said that to achieve these goals the country needed policy settings that would embrace the opportunities presented by a strong Australian gas industry. "The industry needs fiscal and regulatory stability if it is to continue to take investment risks and develop Australia's resources," Woodside declared.

"Government must also provide certainty to workers and businesses, including the Australian manufacturing sector, on the medium-term and long-term role of gas so they can make decisions and invest with confidence," said the company.

Woodside added that its submission had put forward "practical and constructive" short-term and medium-term recommendations that address issues impacting the gas industry. ■


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