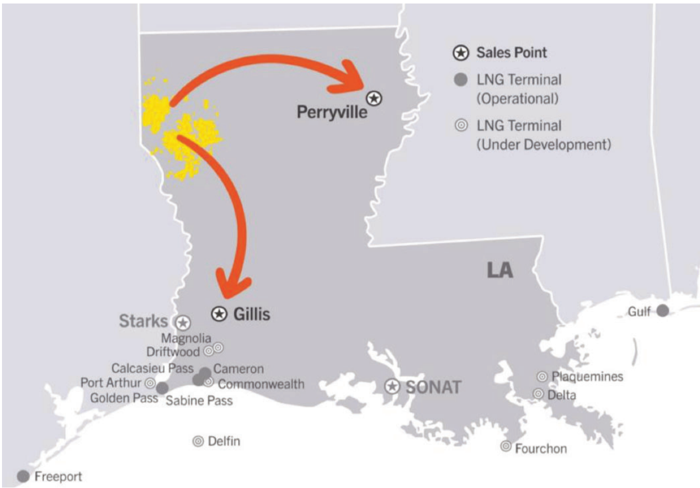
LNG Unlimited

LNG JOURNAL PUBLICATION 27 February 2024

Chesapeake’s merger on track amid LNG deals and profit falls

Oklahoma City-based firm to complete link up in second quarter with Southwestern Energy

LNG News Editor



Haynesville Sales Points located on the US Gulf Coast

Chesapeake Energy Corp., the US natural gas producer completing a merger with smaller peer Southwestern Energy to create America’s biggest natural gas company, reported declines in fourth-quarter and annual net income as it also advanced with various LNG deals.

Chesapeake’s net income for the year to December more than halved to $2.42 billion from $4.93Bln in 2022 when prices were higher.

Net income in the fourth quarter tumbled to $569 million from $3.58Bln in the same three months of 2022 amid one-time items.

Basic earnings per common share fell to $4.34 per share from $26.16 per share in the prior-year quarter.

The Oklahoma-based company said that the previously announced agreed merger deal with Southwestern Energy was expected to close in the second quarter of 2024.

Chesapeake additionally said that it successfully wound up its Eagle Ford Basin activities with a sell-off for proceeds of over $3.5Bln.

One of its main project areas is the Marcellus Shale where it is one of the largest operators with a position concentrated in northeast Pennsylvania.

The company's other main operating area is the Haynesville Shale covering northwest Louisiana, southwest Arkansas and eastern Texas.

Natural gas output

Chesapeake reported that fourth-quarter output of mostly natural gas fell to 3.42 billion cubic feet equivalent (bcfe) per day, from 4.05 bcfe per day in the previous year.

LNG agreements also figured among the main highlights of the year with multiple deals worked on.

Chesapeake secured a 500,000 tonnes a year LNG sale and purchase agreement with the Delfin project offshore Louisiana at a Henry Hub-linked price and subsequently sold the volumes to commodities firm Gunvor at a Japan Korea Marker-linked spot cargo price.

There is also second Gunvor offtake heads of agreement for up to an additional 1.5 million tonnes per annum with JKM-linked prices,

An LNG accord was also signed by Chesapeake with another global commodities player, Vitol. This is for offtake of up to 1 MTPA linked to the JKM price.

“It was another year of strong operational performance for Chesapeake as we delivered approximately $840 million to shareholders via our capital return framework despite a challenging commodity price environment,” explained Nick Dell’Osso, Chesapeake’s President and Chief Executive.

Operating plan

“Our 2024 operating plan is designed to prudently respond to today’s market, further demonstrating our continued focus on capital discipline, operational efficiency and free cash flow generation to consistently deliver through all demand cycles,” the CEO added.

“Our strategic combination with Southwestern will make our future outlook even stronger, extending America’s energy reach by positioning us to deliver more reliable, affordable, lower carbon energy to markets in need,” Dell’Osso said.

“We are forming the first US independent that can truly compete on a global scale, redefining the natural gas producer to the benefit of our shareholders and energy consumers alike,” he declared.

Chesapeake’s realised prices in the fourth quarter for the various basins was $2.15 per thousand feet equivalent for the Marcellus and $2.41 per Mcfe for Haynesville. ■

UNLIMITED AGENDA

Spain's LNG terminals operator Enagás posts profit fall and reports gas-fired power decline

LNG News Editor

Enagás, the Spanish natural gas operator of six large LNG terminals and with gas assets in other European countries and overseas, reported a fall in net profits as Spanish gas and power demand dropped, offset by a one-time gain from the sale of a stake in a gas pipeline in Mexico.

The Madrid-based company's net profit in 2023 totalled €342.5 million ($369M), exceeding the yearly target range of €310M-€320M, though down by 8.8 percent on the €375.8M logged in 2022.

Enagás said that natural gas demand from the power sector in Spain dropped by more than 30 percent from the very high levels of 2022.

"The demand for gas for electricity generation decreased by 30.7 percent, after registering in 2022 the highest level since 2010, as a consequence of the increase in generation from renewable energy and the decrease in electricity transported by international connections, mainly to France," explained Enagás. Spain also appears to be supplying more gas to Morocco as natural gas exports by Enagás via pipelines increased by 23.7 percent.

Enagás LNG terminal at Cartagena in southeast Spain

Revenues drop

Annual revenues declined by 5.2 percent to €919.6M from €970.3M on the decline in Spanish gas and power demand.

The one-time gain in profits for Enagás came to €42.2M from the sale of its stake to Macquarie Infrastructure Partners of Australia in a 172-kilometres (107 miles) gas pipeline crossing the three Mexican states of Morelos, Puebla and Tlaxcala.

Enagás posted gross earnings (EBITDA) of €780.3M, exceeding the yearly target of €770M.

The company said that total demand, including exports, decreased by 7.3 percent in 2023, although it noted a recovery in demand for natural gas from industry.

It added that funds from operations (FFO) at the end of December 2023, amounted to €555.3M, including dividends received from affiliates totalling €192.5M.

Among the receipts was the first ever dividend from the company's 20 percent shareholding in the Trans-Adriatic Pipeline (TAP) running from Azerbaijan to Italy and which amounted to €76.4M.

Net debts

Enagás net debts at the end of the year were reduced by€122M but still totalled €3.347 billion.

Among its annual highlights, the company noted the start-up of the El Musel LNG trans-shipment terminal in 2023 in the Port of Gijón in northwest Spain to supply other EU nations. Logistics services have been assigned to the European utility Endesa.

Enagás owns five large Spanish terminals at Barcelona in the northeast, at Cartagena in the southeast, at Sagunto in the east of Spain, at Huelva in the southwest and the El Musel facility.

Enagás additionally holds a 50 percent stake at another northwest facility serving the northwest port of Bilbao and owns two small regasification terminals in the Canary Islands.

Canadian gas pipelines operator TC Energy reports record earnings amid high US profits

TC Energy, the North American natural gas pipelines operator, reported record results with rising earnings from US and Mexican pipelines amid the completion of the Coastal GasLink to LNG Canada in the province of British Columbia.

TC Energy reported fourth-quarter net income of C$1.46 billion (US$1.08Bln) versus C$1.44Bln in losses reported in the same three months of 2022 related to Coastal GasLink delays.

Annual net income for the Calgary, Alberta-based company jumped to C$2.83Bln (US$2.09Bln) from C$641million for all of 2022.

"The Coastal GasLink project and the pipeline was ready to deliver natural gas to the LNG Canada facility in the fourth quarter of 2023," stated TC Energy.

Asset sales

TC Energy also sold 40 percent non-controlling equity interests in 2023 in US assets, Columbia Gas Transmission and Columbia Gulf Transmission.

The sale amount was partially offset by increased capital expenditures on the US Southeast Gateway pipeline project.

TC Energy has five divisions and the biggest annual earner was US National Gas Pipelines with C$3.35Bln (US$2.48Bln) compared with C$2.61Bln in the previous year.

However, Canadian Natural Gas Pipelines posted a C$90M loss for 2023 versus even bigger losses of C$1.44Bln in the previous year related to schedule changes and rising costs of the Coastal GasLink running from the Montney Shale basin of northwest BC to the Shell-run LNG export plant on the coast at Kitimat.

The Canada LNG project has started the commissioning process and anticipates shipping its first cargo by the end of 2024. The final cost estimate of the Coastal GasLink is around US$10.75Bln.

Earnings roundup

Annual earnings for the remaining three divisions of TC Energy were Mexican Natural Gas Pipelines at C$796M annually, up from C$491M in 2022, Liquids Pipelines, down to C$1.01Bln from C$1.12Bln and Power and Energy Solutions earnings reached C$1Bln, up from C$833M in 2022.

"By remaining focused on a clearly defined set of priorities emphasizing project execution, safety and operational excellence, we delivered record operational performance," said François Poirier, TC Energy's President and Chief Executive.

"TC Energy had one of the most transformational years in 2023 as we reached mechanical completion on the Coastal GasLink pipeline project, announced our intention to spin off the Liquids Pipelines business and enhanced our financial strength through our asset divestiture program," Poirier explained.

ICE reports records in February open interest

Intercontinental Exchange Inc., the leading global provider of energy trading platforms, said that global futures and options markets reached record open interest of 90.2 million contracts during February as market players in sectors such as oil, natural gas and LNG launched hedging operations as prices declined.

ICE said that the market reached record open interest on February 15, 2024, and with the firm's commodities futures and options markets also hitting record open interest of 61.8M contracts on February 16, 2024.

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

ICE said that energy futures and options hit record OI of 57M contracts on February 16, 2024, with global natural gas futures and options posting record open interest of 38.5M contracts.

On the same day, ICE's Dutch Title Transfer Facility (TTF) contract for LNG and pipeline gas had record OI of 3.9M, up 92 percent year-over-year, while the TTF options contracts reached record OI of almost 2 million.

ICE said its TTF contracts offer the most liquid markets to manage exposure to global natural gas prices as participants utilize the liquidity out to December 2032.

"Every day we are seeing our diverse customer base utilize the depth and breadth of ICE's global energy benchmarks and the critical price signals they provide to manage changes in energy flows around the world," said Trabue Bland, Senior Vice President of Futures Markets at ICE.

Warren Buffett raises stake in US major and LNG operator Chevron

LNG News Editor

Chevron Corp., the US major oil and gas company with LNG operations in Australia and Africa, has received a vote of confidence from US investor Warren Buffett whose Berkshire Hathaway has taken its stake to almost 7 percent.

Buffett's Berkshire Hathaway has increased its stake in San Ramon, California-based Chevron by over 15.84 million shares.

This transaction has brought Berkshire Hathaway's total share count in Chevron to 126.09M shares, representing about 5.96 percent of Buffett's investment portfolio and 6.81 percent of Chevron's outstanding shares.

Chevron-operated Wheatstone LNG plant in Australia

Lower price

According to Berkshire Hathaway data, the Chevron shares were acquired at an average price of $149.16 each and were valued at $18.80 billion.

Buffett is a celebrity figure among America's small retail investors and is known to his fans as "The Oracle of Omaha".

Buffett's other main energy investment is in Houston, Texas-based Occidental Petroleum which forms 4.19 percent of the Berkshire Hathaway portfolio. The Buffett firm also has a huge 50 percent represented by shares in Apple Inc.

Chevron's shares have recently risen to $154.63 per share, backed by positive earnings and the company's acquisition agreement signed in October 2023 with US oil and gas company Hess Corp.

The value of the Buffett stake has already risen and at current prices on February 19, 2024, is now worth just short of $20Bln at $19.49Bln.

Chevron recently reported annual net profits of $21.41Bln, down from $35.60Bln in the previous year, though apart from 2022 the Chevron performance was the strongest since 2013.

Chevron listed among its highlights as achieving first natural gas production from the Gorgon Stage 2 development in Western Australia where its operates both the Gorgon LNG and Wheatstone LNG export plants.

Glenfarne advances Texas plans with Gulf LNG Tugs agreement

Texas LNG, the liquefied natural gas export project to be constructed by the New York-based Glenfarne Group, has selected Gulf LNG Tugs of Texas to assist LNG carriers arriving and departing from the fully permitted facility at the Port of Brownsville.

Gulf LNG Tugs is a consortium of Suderman & Young Towing Company, Bay-Houston Towing and Moran Towing Corp. Under a long-term agreement the group will build, deliver and operate tugboats that "will be among the most modern, low-emissions tugboats available" to serve the Texas LNG plant.

The Texas LNG project aims to construct a medium-sized plant with 4 million tonnes per annum of output.

"The Texas LNG team undertook a comprehensive process to identify a marine service provider that not only matches our commitment to environmental stewardship, but also provides our customers with reliable, cost-effective marine services," explained Brendan Duval, Chief Executive and Founder of Glenfarne Energy Transition.

"We are pleased to have Gulf LNG Tugs on board as a partner and look forward to the jobs and local content they will bring to both Texas LNG and the local Rio Grande Valley community," Duval stated.

The Gulf LNG Tugs partners said they were pleased to be providing marine services in a long-term partnership with Texas LNG.

"We are proud to be the exclusive tug operator for LNG vessels to yet another successful LNG project in the Port of Brownsville and look forward to expanding our operations in the port and our presence in the Rio Grande Valley community," they added.

The Texas LNG developers said the project was ideally situated for "consistent and reliable maritime operations" with low probability of storm impact, consistent operating temperatures and a location in a protected port.

NEWS BRIEFS

Pluto LNG modules

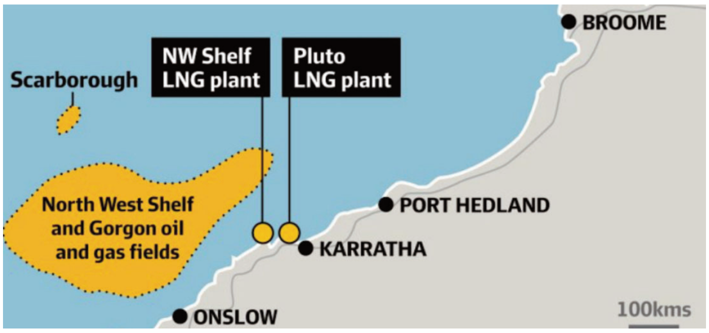
Woodside Energy said the first three Pluto Train II modules for the Scarborough expansion project have arrived at Karratha in Western Australia. The modules were fabricated at an Indonesian yard by US energy engineers Bechtel and weigh a combined total of more than 4,000 metric tonnes. "The safe and timely arrival of the module is testament to the hard work and dedication of the Woodside team and our lead contractor Bechtel," said Woodside Chief Executive Meg O'Neill said. Woodside said that the modules were three of a total of 51 that would be shipped to the site from the module yard to form Pluto LNG Train II. The second Pluto Train will have nameplate capacity of 5 million tonnes per annum and up to 3 MTPA of LNG will be processed at the existing Pluto Train 1 following modifications to accommodate the Scarborough field's lean gas.

Pavilion LNG bunkering

Pavilion Energy, the Singaporean natural gas and LNG bunkering company, has successfully deployed the newbuild small-scale LNG fuelling vessel "Brassavola" for her maiden ship-to-ship fuel operation. The Singapore-built "Brassavola" was delivered just two weeks ago to Pavilion under a charter. The bunkering operation involved a dual-fuel bulk carrier, the "Mount Api", chartered by global commodities and mining company Rio Tinto. This follows the recent delivery of the "Brassavola" to Pavilion Energy at the end of January 2024. "The steady development of our LNG bunkering solutions from truck operations to our ship-to-ship LNG bunkering activities today is a testament to the strong operational expertise of our team," said Malcolm Lim, Division Head of Singapore Hub at Pavilion. ■

Japan's largest LNG importer JERA to acquire stake in the Woodside Australian Scarborough gas project

LNG News Editor



JERA to receive participating interest in Scarborough field

JERA Co. Inc, Japan's biggest liquefied natural gas importer and utility company, has agreed to acquire a large stake in the Scarborough gas field development offshore Western Australia from Woodside Energy for US$1.5 billion, giving a financial boost to the Pluto LNG expansion.

JERA will receive a 15.1 percent participating interest in the Scarborough field development for the fee that covers the purchase price and reimbursement to Woodside for JERA's share of expenditure incurred up to completion of the field.

JERA currently buys around 35 million tonnes per annum of LNG and is Japan's biggest fossil-fuel electricity generator, being owned jointly by Tokyo Electric Power and Chubu Electric, the two largest power companies.

The Tokyo-based company also oversees the operations and provides fuel for a total of 26 power plants in Japan and imports LNG into 11 of Japan's network of 37 regasification terminals.

Approvals

"Completion of the transaction is subject to conditions, including obtaining permits and approvals," said JERA.

The Scarborough gas field is located about 375 kilometres (233 miles) off the coast of Western Australia and is estimated to contain over 11 trillion cubic feet of dry gas.

"Natural gas produced from the Scarborough field will be transported via a subsea pipeline to the Pluto LNG facilities for the production of LNG," JERA explained.

The annual LNG production expected from the project is around 8 MTPA at its peak rate, including 5 MTPA from and expansion called Pluto LNG Train 2.

JERA will have off-take as part of an equity share of about 1.2 MTPA of LNG cargoes.

As part of the broader strategic relationship, JERA said it also entered into a non-binding heads of agreement with Woodside for the sale and purchase of LNG from its portfolio.

Under that additional agreement, JERA intends to purchase six cargoes, or 400,000 tonnes per annum of LNG, from Woodside for 10 years from 2026 onwards to coincide with the first output of Scarborough gas and the Pluto LNG Train 2.

US$12Bln FID

The Scarborough gas joint venture and the associated Pluto LNG Train 2 project were the subject of US$12Bln final investment decisions in November 2021 with Woodside's share amounting to US$6.9Bln.

The Scarborough joint venture at the time comprised Woodside with a majority stake and BHP Petroleum with a 26.5 percent.

BHP Petroleum was subsequently taken over by Woodside in May 2022.

In addition, JERA said it signed a non-binding memorandum of understanding with Woodside to explore collaboration in "decarbonization" initiatives.

"In Asia, there is a strong need to balance the stable supply of energy to support economic growth," said JERA.

"Gas-fired power generation, which has lower CO2 emissions than other fossil fuel-based power generation, has a complementary relationship with renewable energy, which has an unstable power output," the Tokyo-based company stated.

Japan cargoes boost

JERA noted that as energy demand is expected to grow, the importance of securing a stable supply of competitive LNG increases and cargoes supplied from Australia have the advantage of being located close to Japan.

"Solving the world's energy issues requires deep collaboration to tackle challenges one by one with reliable partners," said Yukio Kani, JERA Global's Chief Executive and Chairman.

"I look forward to further developing our relationship with Woodside, a global player in LNG," Kani added.

Woodside CEO Meg O'Neill welcomed Japan's largest utility, JERA, into the Scarborough joint venture. ■

> "In Asia, there is a strong need to balance the stable supply of energy to support economic growth"

Norwegian major Equinor signs 15-year LNG agreement with Deepak Fertilisers of India

LNG News Editor

Equinor, the Norwegian major that is now the leading pipeline natural gas supplier to Europe, has just signed a 15-year agreement to deliver LNG cargoes to India with shipments starting in 2026.

Equinor's growing global LNG portfolio is based on output from the Equinor-operated Hammerfest liquefaction plant on Melkøya island in northern Norway and additional cargoes booked mainly from the US.

Equinor said that the new Indian partner, Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL), would use the regasified LNG mainly as feedstock for production of ammonia in its newly commissioned plant for manufacturing fertilisers and petrochemicals.

Volumes

The Equinor-Deepak agreement covers an annual supply of around 650,000 tonnes per annum of LNG for 15 years starting from 2026.

Equinor said that it was delighted with the Deepak agreement as ammonia was a "key building block for the society, being crucial for agriculture and food security" in the Asian nation.

Sailesh Chimanlal Mehta, Chairman of petrochemicals company in India with Norwegian LNG supply accord

"The ammonia which Deepak will produce from the natural gas will be for domestic use," added Equinor.

"Deepak's new ammonia plant has created new gas demand in the growing Indian market," explained Helge Haugane, Equinor's Senior Vice President for Gas and Power.

"I am very happy that we have landed this agreement with Deepak Fertilisers. The agreement is another proof of how we use our position in the Atlantic Basin to strengthen our relationship with key players in the growing Indian market," he added.

"We look forward to developing our relationship with Deepak and to exploring avenues for further collaboration on petrochemicals feedstocks such as propane and ethane and on low-carbon ammonia in the future," stated Hauge.

Sailesh C. Mehta, Chairman and Managing Director, of DFPCL, said he was delighted with the Norwegian LNG deal.

"The agreement will provide reliable supplies of feedstock which will further strengthen Deepak Fertilisers' value-chain from gas to ammonia, the key ingredient in fertilisers," Mehta explained.

Absorb volatility

"The agreement will help us absorb global volatility as well as enhance overall margins," he added.

"We also look forward to exploring with Equinor further collaboration on feedstock and carbon footprint reduction initiatives," stated Mehta.

NEWS BRIEFS

Flex LNG charters

The Flex LNG, the Norwegian shipping company with a fleet of 13 vessels and several chartered to some of the largest market players, has seen the charterer of "Flex Courageous", known to be BP of the UK, exercise its first extension option. The "Flex Courageous" was fixed on a three-year time charter on November 1, 2021, together with the "Flex Resolute" which was also recently extended by two years until 2027. "We are pleased that the charterer of 'Flex Courageous' has decided to extend the Time Charter in line with what was recently done for 'Flex Resolute'. This means that earliest redelivery for the ship is 2027 where the charterer has a further option to extend her until 2029," said Øystein Kalleklev, Chief Executive of Flex LNG Management AS. "Flex LNG has about 94 percent charter coverage for the remaining part of 2024, so we remain well positioned with only one ship, the 'Flex Constellation', coming open during the second quarter," Kalleklev added.

Italy FSRU set to be offline for longer

Italian floating LNG terminal company, OLT Offshore LNG Toscana controlled by Italian natural gas grid and LNG terminals operator Societa Nazionale Metanodotti (SNAM), said the "FSRU Toscana" vessel would be undergoing long-term maintenance for a longer period than initially expected.

The "FSRU Toscana" will now be offline for a total eight months from March 1, 2024, until October 31, 2024.

OLT Offshore had previously said that the "FSRU Toscana" would be offline from April until the end of October 2024 but the start date for the departure to a shipyard has been brought forward to the start of March.

OLT Offshore had said that one of the main parts of the work scope for the maintenance would the replacement of part of the anchoring system of the terminal.

The anchoring system is designed and built to ensure the rotation of the FLNG terminal around the geostationary turret permanently anchored to the seabed.

The vessel "FSRU Toscana" is currently moored 22 kilometres (13.6 miles) off the Italian West Coast between the cities of Livorno and Pisa.

The ship is connected to the Italian gas grid through a 36.5-kilometres pipeline from the shore.

SNAM acquired 49 percent of the share capital of OLT in 2020 from Italian utility company, the Iren Group, and has joint control of the terminal along with Igneo Infrastructure Partners.

Since acquiring control of "FSRU Toscana" SNAM has become Italy's dominant LNG importing company with several other FSRUs being put into operation.

Indian LNG cargoes jump for fiscal year as prices drop and demand rises

LNG News Editor

Indian liquefied natural gas imports increased by 15 percent for the first 10 months of the fiscal year so far and by 26 percent in January as an additional terminal was available and as prices declined by 27 percent since last year while demand continued to grow.

LNG import for the month of January 2024 came to 1.78 million tonnes, or 27 cargoes, compared with 1.41MT, or 21 cargoes, in December 2022, according to provisional data from India's Ministry of Petroleum and Natural Gas.

Prices down

Deliveries of cargoes for the previous month of December had amounted to 1.77MT, or 26 cargoes, compared with 1.58MT, or 23 cargoes, in the prior year month.

The LNG imports rose by around 15 percent for the first 10 months of the fiscal year from April 2023 to the end of January 2024 and amounted to 18.72MT, or about 274 cargoes, compared with 16.22MT, or 237 cargoes, in the same period of the previous year.

Latest East Coast LNG import plant in state of Odisha

The Ministry data showed that LNG cargo costs in the first 10 months of the fiscal year to January 2024 cost the nation 90,869 crore Indian rupees ($10.90Bln), which was almost 27 percent less than the 122,863 crore rupees ($14.80Bln) paid in the prior fiscal-year period.

Deliveries of LNG to Indian terminals in 2023 have come mainly from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Asia-Pacific nations, the spot market and Russia.

The Indian Ministry data showed that domestic natural gas production for the month of January jumped by 6 percent to 3.139 billion cubic metres versus 2.975 Bcm in January 2022.

Output of natural gas for the first 10 months of the fiscal year came to 30.35 Bcm, an increase of 5 percent on the 28.84 Bcm logged for the same 10 months in the previous year.

The Ministry also gave average capacity utilization rates for the seven LNG terminals now operating and with data covering the first nine months, one month in arrears, of the fiscal year from April to December.

The Ministry said that natural gas consumption for the month of January 2024 was 5.494 Bcm which was 14 percent higher than in January 2023.

Japanese LNG imports decline on warmer weather and coal imports

Japanese liquefied natural gas imports dropped by 10.5 percent amid milder winter weather and prices at almost 30 percent lower levels while thermal coal imports were steady and plans were revealed for another nuclear restart.

Japan received 6.11 million tonnes of LNG imports in January 2024, or 90 cargoes, compared 6.82MT, or 101 cargoes, in January 2023, according to provisional trade data from the Ministry of Finance.

The Japanese paid 622.41Bln yen ($4.14Bln) for LNG cargoes in January 2024, down 28.8 percent from the year before when the shipments had cost a total of 873.51Bln yen ($5.81Bln).

Japan imported a total of 9.95MT of thermal coal for power generation and that was 6.8 percent lower than last January's total.

The Ministry data had shown that Japanese imports in the previous month of December 2023 had amounted to 6.49MT, up 7.2 percent year-over-year, and had cost of 656.52Bln yen ($4.43Bln).

Japan's LNG imports for all of 2023 had dropped to a 14-year low and China regained the No. 1 spot as the largest global importer of the fuel with a late surge of deliveries.

Japan's annual LNG imports dropped by 8.1 percent last year to 66.15MT compared with 71.99MT in 2022 and 74.31MT in 2021.

This was Japan's lowest total since imports of 64MT were recorded in 2009 while China regained the top spot in 2023 with LNG imports of just over 71MT.

The Ministry data for January 2024 showed that deliveries of LNG from Asian nations like Malaysia and Indonesia amounted to 1.60MT, down 14.7 percent.

Deliveries from countries in the Middle East like Qatar came to 728,000 tonnes in January, down 7.4 percent from the previous year.

Only US deliveries to the Japanese network of LNG terminal increased by 19.6 percent to 601,000 tonnes, while deliveries from Russia declined by 7.2 percent to 654,000 tonnes.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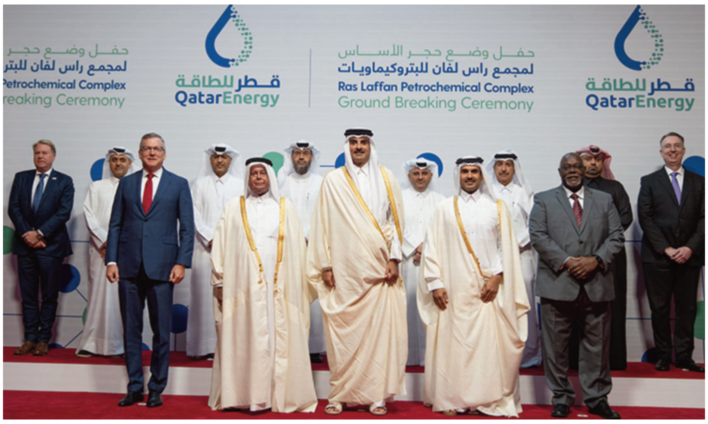
QatarEnergy talks about impacts on LNG of ship attacks and Qatar's petrochemical expansion plans

LNG News Editor

QatarEnergy Chief Executive Saad Sherida Al-Kaabi has spoken about liquefied natural gas deliveries and Red Sea shipping issues at the laying of a foundation stone for one of the world's largest petrochemical complexes being built at Ras Laffan, site of Qatar's liquefaction plant that is being expanded to make the Qataris world leaders in LNG production and exports.

Al-Kaabi said at the ceremony that Red Sea shipping disruptions would limit the timely arrival of LNG cargoes to customers and that diversions away from the Suez Canal to the longer route around the Cape of Good Hope were not ideal as they added to costs and the length of voyages.

Attacks on international shipping have continued from Yemen as Houthi armed groups backed by Iran have launched drones and missiles against vessels heading for or coming from the Suez Canal in what they see as actions to support the Hamas terror group in its war against Israel from Gaza.



Qatar's event marks Qatari petrochemicals launch

Energy shipping

The shipping route from Asia and the Arabian Gulf via the Red Sea and the Suez Canal and return transits from the Mediterranean and Europe have mostly been halted for security reasons and crew safety, shutting down about 12 percent of global shipping trade.

"Whether you talk about LNG, crude, LPG, or condensate, it's exactly the same thing for all these products. There is a cost," explained Al-Kaabi in reference to the impact on energy product deliveries.

"It's going to add to costs, it's going to add time and it's also going to add constraints to the actual deliveries," the CEO added.

A voyage to Europe by a Qatari LNG carrier would normally take about nine days while the route round the Cape and South Africa doubles the time to 18 days.

Al-Kaabi declared that he hoped the Red Sea problem would be resolved with an end to fighting in Gaza.

"I think when that stops, according to what we hear from the Houthis, the economic impact on the entire world stops," Al-Kaabi said.

US petrochemicals partners

The laying of the foundation stone for the petrochemicals complex at Ras Laffan was carried out by the Emir of the State of Qatar, Sheikh Tamim bin Hamad Al-Thani.

QatarEnergy said that the new petrochemicals facility would raise Qatar's overall petrochemical production capacity to about 14 million tons per annum by the end of 2026.

The project is a joint venture with two US affiliate companies and the ceremony was attended by Mark Lashier, the President and CEO of Phillips 66 and Bruce Chinn, the President and CEO of Chevron Phillips Chemical, as well as other senior executives and officials. ■

GECF prepares for Algeria summit as LNG market faces price and geopolitical challenges

The Gas Exporting Countries Forum (GECF), known as the OPEC of LNG and pipeline gas, is preparing for its 7th Summit meeting with members scheduled to start arriving at the end of February in the Algerian capital of Algiers.

The GECF, whose secretariat is based in Doha in Qatar, will attempt to put some context into the geopolitical and economic challenges facing LNG and pipeline natural gas producers.

Although the GECF counts Qatar among its members the other main LNG producers, Australia and the US, have never been members nor will they be sending observers.

The GECF meeting will have 19 countries in attendance who together represent over 70 percent of the world's proven gas reserves, 43 percent of its marketed production, 52 percent of pipeline gas and 58 percent of LNG exports.

Algeria, which is a key supplier of LNG to Europe from its Skikda and Arzew liquefaction plants and with gas pipelines connected to Italy and Spain, said it would use the occasion to "build a consensus" between the producing states to preserve the interests of gas exporters.

Algiers Declaration

Meetings will start on February 29 and the actual summit will take place on March 2, after which the LNG nations will issue what will be known as the "Algiers Declaration".

The meeting is expected to support emerging African LNG nations and existing producers in their fight to alleviate energy poverty, in particular through better access to financial resources for gas development as well as improved energy security.

GECF Secretary General, Mohamed Hamel, who is himself an Algerian outlined what is on the agenda for the 12 nations who are members and the other seven countries who will attend as observers.

"This summit presents an opportunity for leaders to engage in comprehensive discussions encompassing geopolitical, economic and policy developments, providing an avenue to delve into both the immediate and long-term prospects and challenges in the natural gas sector," explained Secretary General Hamel.

"Moreover, the summit will reiterate the important role of our Forum in strengthening cooperation among member countries, advocating for natural gas as a pivotal element in achieving the UN's sustainable development goals, ensuring stability in natural gas markets and addressing energy security, affordability, and sustainability," he added.

Prior to the March 2 summit, a high-level working group will meet and an Extraordinary Ministerial Meeting will be held to "prepare essential documents" for the summit, including the Declaration. ■