LNG Unlimited

LNG JOURNAL PUBLICATION 7 May 2024

Chesapeake advances with merger and LNG as profit hit by weak gas

Chesapeake has 465,000 net acres in the Marcellus shale

'We remain excited about our combination with Southwestern to close in second half': CEO

LNG News Editor

Chesapeake Energy Corp., the US natural gas producer with LNG interests and currently completing a merger with Southwestern Energy to create one of America's biggest natural gas companies, reported a slump in profits and revenues in the first quarter, citing weak market dynamics.

Chesapeake posted net income for the first quarter of $26 million, or $0.18 per fully diluted share, down from $1.39 billion, or $9.60 per fully diluted share, in the first three months of 2023.

Total first-quarter revenue tumbled to $1.08Bln from $3.37Bln in the same three months of 2023. The revenues in the 2023 quarter had included $339M of one-time gains from gas asset sales.

Basin activities

The Oklahoma City-based company added that net cash provided by operating activities amounted to $552M, down from $889M in the prior-year quarter.

Chesapeake's main production areas are in the Marcellus Shale concentrated in northeast Pennsylvania and in the Haynesville Shale covering northwest Louisiana, southwest Arkansas and eastern Texas.

Chesapeake previously wound up its Eagle Ford Basin activities with asset sell-offs completed in August 2023 for proceeds of over $3.5Bln.

The company's natural gas production in the first three months of 2024 amounted to around 3.20 billion cubic feet per day net without Eagle Ford output compared with 3.65 Bcf per day in the 2023 first quarter including Eagle Ford assets.

"As we build productive capacity, we continue to focus on capital discipline and prudently respond to today's market conditions," said Nick Dell'Osso, Chesapeake's President and Chief Executive.

Chesapeake agreed in January 2024 to acquire smaller rival Southwestern Energy for $7.4Bln in an all-stock transaction.

"We remain excited about our pending combination with Southwestern which we expect will close in the second half of this year," added Dell'Osso.

Merger advantages

"The merger positions us to expand America's energy reach to markets that are increasingly turning to natural gas to meet the growing demand for reliable, affordable, lower-carbon energy from domestic and international consumers," stated the CEO.

Chesapeake said in an operational update that the average realised natural gas price in the first quarter, including realised derivatives, came to $2.84 per thousand feet.

Operations saw the use of an average of nine rigs to drill 28 wells and place 29 wells on production while building an inventory of 24 drilled but uncompleted (DUCs) wells and 22 deferred turn in lines (TILs).

"Chesapeake is currently operating eight rigs and two completion crews. The company plans to drop an additional rig in the Marcellus around mid-year," it added.

"Given continued weak market dynamics, the company is executing its previously disclosed plan to defer completions and new well turn in lines, building short-cycle, capital efficient productive capacity which can be activated when supply and demand imbalances correct," explained Chesapeake.

"At the end of the first quarter the company had 50 DUCs, approximately twice its normal average at current rig counts, and 22 deferred TILs," the company said.

"For the full-year, the company expects to drill 95-115 wells and place 30-40 wells on production, which is consistent with previous guidance," added Chesapeake.

UNLIMITED AGENDA

Sinopec reports drop in profits amid rapid rise in natural gas demand offset by chemical loss

LNG News Editor

China Petroleum and Chemical Corp. (Sinopec), the leading Chinese refiner and an importer of LNG from Australia, the US, Qatar and elsewhere and with expanding import facilities and storage, reported a drop in net profits of nearly 9 percent as a "rapid" first-quarter increase in natural gas demand was offset by oil refining costs and losses in chemicals.

Sinopec posted net income of 18.32 billion Chinese yuan ($2.53 billion) in the quarter to the end of March 2024, down 8.9 percent versus 20.12Bln yuan ($2.77Bln) of profits in the first quarter of 2023.

The Sinopec earnings, which were published by the Stock Exchange of Hong Kong, showed that quarterly revenues edged lower by 0.2 percent to 789.96Bln yuan ($10.89Bln) compared with 791.33Bln ($10.91Bln) in the same three months of 2023.

"The domestic demand for natural gas rapidly increased while demand for refined oil products maintained growth," Sinopec explained. "The growth rate of domestic demand for chemical products increased year on year, and the chemical margin was at a low level affected by continuous newly-released production capacity and rising raw material prices," the company added.

Chinese major is continuing to increase gas production

Integrated gas

Sinopec said it further improved the integrated natural gas system covering production, supply, storage and sales.

"We optimised the resources structure of LNG imports and achieved an improvement in the profitability of the whole natural gas business chain," Sinopec explained.

Sinopec's leadership remains unchanged with Ma Yongsheng as Chairman, Zhao Dong as President and Ms. Shou Donghua as Chief Financial Officer.

The company's first-quarter oil and gas production reached 128.78 million barrels of oil equivalent, up by 3.4 percent year-on-year, with natural gas production reaching 350.46 billion cubic feet, up by 6.0 percent on the same quarter of 2023. Sinopec said its exploration and production division realised earnings of 14.823Bln yuan ($2.04Bln) before tax and interest.

The company said it made good progress in domestic exploration and production in several regions.

Domestic operations

"We made important breakthrough in such regions as the Tarim Basin, the Sichuan Basin and the Jianghan Basin. In development, we accelerated the capacity building of the Jiyang and West Junggar oilfields and sped up capacity building of natural gas in West Sichuan and Shunbei," said Sinopec.

The company additionally allocated 13.5Bln yuan ($1.86Bln) in capital expenditure for its exploration and development division to help build crude oil production capacity in Jiyang and Tahe, natural gas production in West Sichuan as well as LNG storage and transportation facilities in Longkou in northeast Shandong province.

Dutch operator of global energy storage assets Vopak posts strong results amid South African LNG terminal plans

Royal Vopak, the Dutch operator of global energy storage assets, reported a strong first quarter and an increase in net profits as it broadened its activities around the world and planned an LNG import terminal in South Africa.

Vopak posted first-quarter net profits of €105.8 million ($113M) compared with €103.1M in the same three months of 2023.

The stronger results were driven by more favourable storage demand across different geographies and markets.

Earnings per share continued to improve to €0.85 per share compared with €0.82 per share in the first quarter of 2023.

However, Vopak's revenues, including exceptional items, were lower for the quarter at €328.2M, down from €361.8M the 2023 quarter.

In South Africa, Vopak together with its South African partner Transnet was appointed to design, develop, construct, finance, operate and maintain an LNG import terminal at the Port of Richards Bay on the Indian Ocean coast in the north of KwaZulu-Natal province.

Market interest

"Currently market interest is being gauged in order to serve the South African market with an LNG import solution to help provide energy security and accelerate the decarbonization journey," explained Vopak.

The Rotterdam-based company said it continued to deliver on its strategy in the first quarter to improve its financial and sustainability performance and to grow the business in industrial and gas terminals.

Vopak said demand for infrastructure services remained robust, resulting in an increased proportional occupancy of 93 percent.

"Oil and gas markets were strong, driven by a higher demand for energy, and rerouting of supply chains. Chemical markets remain under pressure, having a limited impact on our chemical distribution terminals so far, while industrial terminals maintained solid results, backed by long-term take-or-pay contracts," Vopak added.

The company said it continued to grow its footprint in India and acquired a new terminal in Mangalore.

The Aegis Vopak Terminals, which is Vopak's joint venture with Aegis, is strengthening its leading position through the acquisition of a new terminal in the port of Mangalore which is well-connected to marine and road infrastructure.

The terminal has a capacity of 44,000 cubic metres, 11,000 more under construction and potential for further expansion at a later stage.

The company was also making progress in developing a greenfield liquefied petroleum gas (LPG) export terminal project in Western Canada.

Chevron signs up for Namibia project

The state-owned oil and natural gas company in Namibia in southwest Africa has signed an agreement with Chevron Corp. granting the US major an 80 percent operating and working interest in a key offshore block.

The terms of the transaction are that Namibia National Petroleum Corp. (Namcor) and Custos Energy, a Namibian independent oil and gas exploration company focused on attracting investment and expertise to the Namibian offshore industry, will each retain a 10 percent carried interest in Petroleum Exploration Licence 82 located in the Walvis Basin to Chevron Namibia Exploration Limited's majority stake.

Namibia has four oil and gas exploration and production basins north to south, comprising the Namib Basin in the north, then the Walvis Basin in Central Namibia, followed by the Luderitz Basin just to the south of that and then the more prolific so far Orange Basin in the far south near South African waters.

Galp Energia of Portugal said on April 22, 2024, that its Mopane discovery in the southern Orange Basin could contain 10 billion barrels of oil equivalent or more.

The Namcor-Custos-Chevron deal concerns the Walvis Basin in the middle of the oil and gas resource area and offshore Walvis Bay in Central Namibia.

Namcor said in a statement that this strategic collaboration underscored its dedication to maximizing the exploration potential and development of Namibia's offshore resources, particularly in under-explored basins holding significant promise.

The transaction is pending regulatory approvals from the Namibia Ministry of Mines and Energy. ■

Cypriots discuss fast-track plans for East Med LNG and pipeline gas hub

LNG News Editor

A meeting has taken place in Cyprus to push forward with future East Mediterranean natural gas and LNG joint ventures recently affected by conflict in the Middle East.

The President of the Republic of Cyprus, Nikos Christodoulides, and Eni Chief Executive, Claudio Descalzi, have held talks in Nicosia to discuss Eni's activities and future projects in the country.

Italian major Eni is largest holder of offshore Cyprus assets

Seven blocks

The Italian major is the largest exploration and production company offshore Cyprus with interests in seven blocks.

In particular, President Christodoulides and the Eni CEO reviewed the discoveries made in 2022 by Eni and its partner TotalEnergies of the Cronos and Zeus fields that led to the drilling of the Cronos 2 appraisal well in late 2023.

"The latter included a production test in early 2024 that delivered excellent performances and increased volumes," Eni explained.

"While the acquired data are still under study, the encouraging outcomes of the previous wells have been confirmed," the Milan-based major added.

The meeting was the occasion to discuss a "shared fast-track approach" that would allow the appraisal well to be drilled while evaluating multiple development scenarios.

"Highlights of the preferred solutions to efficiently meet domestic as well as regional and European energy priorities in the short and longer period have been outlined," Eni added.

Eni operates Blocks 2, 3, 6, 8 and 9 offshore Cyprus and has participating interests in Blocks 7 and 11.

Resources estimates

Eni has said that the production test for the Cronos discovery in Block 6 allowed for the estimation of a well capacity in excess of 150 million standard cubic feet per day in production configuration.

Eni added that the result was "instrumental in progressing" with studies to select the best fast-track development option of the new Cyprus resources. ■

Norway's Equinor notes pipeline gas drops to under $9.50 per MMBtu

Equinor, the Norwegian LNG exporter and main supplier of pipeline natural gas to Europe, reported a 46 percent drop in net income as oil and gas prices declined, with pipeline gas values falling to under $9.50 per million British thermal units.

Equinor posted $2.67 billions of net profits in the first three months of 2024 compared with $4.96Bln in the first quarter of 2023.

The Stavanger, Norway-based company said quarterly net operating income fell by 39 percent to $7.63Bln from $12.51Bln in the prior-year quarter.

Natural gas contract revenues from customers amounted to $5.06Bln in the first quarter of 2024, down from $10.45Bln in the same 2023 quarter.

Crude oil revenues from contracts with customers amounted to $14.26Bln versus $12.11Bln in the prior-year quarter.

Equinor's realised price for pipeline gas to Europe dropped by 50 percent to $9.41 per MMBtu versus $18.79 per MMBtu the first three months of 2023.

The realised average liquids price was $76.0 per barrel, up by 3 percent from the year-ago period.

"Equinor delivered solid financial results driven by strong operational performance across the business," said Anders Opedal, Equinor's President and Chief Executive.

High NCS output

"Production on the Norwegian Continental Shelf was high, and the international portfolio contributed with solid production growth," he added.

"We continue with significant capital distribution and expect to deliver a total distribution of $14 billion in 2024," stated the CEO.

Opedal declared that Equinor remains a "safe and reliable provider of energy to Europe" and on the NCS the company was moving forward with the Eirin project and the Sleipner and Gudrun fields. ■

CHART®
NEXUS OF CLEAN™
"Chart's vision is to be the global leader in the design, engineering and manufacturing of cryogenic process technologies and equipment for the Nexus of Clean™ — clean power, clean water, clean food and clean industrials, regardless of molecule."
JILL EVANKO / CEO / CHART INDUSTRIES
CLEAN
CLEAN
CLEAN
CLEAN
CHART DELIVERS CLEAN SOLUTIONS FOR
Power
Water
Food
Industrials
Learn more at chartindustries.com

NEWS BRIEFS

DNV ship-fuel update

DNV, the European maritime classification society, said a total of 23 new orders for alternative-fuelled vessels were registered in April 2024. A total of 12 of the 23 newbuilds were methanol-fuelled ships, seven were for LNG-fuelled vessels and four for ships to be powered by ammonia. "All of the methanol orders come from the tanker segment, where the uptake of alternative fuels has been low up to now. The momentum for ammonia continues," DNV explained. "Following a quiet month in March, these strong figures confirm the overall trend of a steady increase in new orders for alternative fuels," it added. A total of 93 new orders have been added to DNV's alterative-fuelled vessels data base in the first four months of 2024.

Wood gas-flaring contract

Wood, the UK-listed global engineering and consulting group, has been awarded a new decarbonisation contract by French major TotalEnergies to support flare-gas recovery in the North Sea. "The 23-month contract, part of the Elgin-Franklin Flare Gas Recovery System Project, follows Wood's successful completion of a field study and front-end engineering design (FEED) and includes the coordination of operations, procurement and design aspects for the Elgin asset," Wood explained. The project will be led by Wood's team in Aberdeen, Scotland, and would see the company create 40 new positions onshore and offshore. "We are delighted to work with TotalEnergies, supporting the delivery of this decarbonisation initiative and providing end-to-end project lifecycle solutions," said Martin Simmonite, Senior Vice President for UK Operations at Wood. ■

Marathon Oil posts solid earnings with lower US oil and gas returns partially offset by Equatorial Guinea LNG and Mega Gas hub

LNG News Editor

Africa's Punta Europa LNG export plant on Bioko Island

Marathon Oil Corp., the US company and main shareholder in Equatorial Guinea LNG in West Africa as well as a key operator in the major US shale basins, reported solid earnings amid the effects of lower prices offset by the further development of the Equatorial Guinea Regional Gas Mega Hub (GMH) project.

Marathon Oil reported first-quarter 2024 net income of $297 million, or $0.52 per diluted share, which includes the impact of certain items, compared with $397M, or $0.68 per diluted share, in the same three months of 2023.

Revenues from contracts with customers remained steady at $1.54 billion, slightly down from $1.58Bln in the prior-year quarter.

Marathon's US operations are centred on the main US shale basins for crude oil, liquids and natural gas, the Permian Basin, the Bakkan, the Eagle Ford and Oklahoma output.

Value uplift

During the first quarter, Marathon Oil also realized the uplift in value from the shift to global LNG pricing for Alba LNG sales in Equatorial Guinea from where cargoes are exported from the Punta Europa plant on Bioko Island.

The original Sales and Purchase Agreement was acquired by Shell in its takeover of the UK's BG Group in 2016 and that 20-year accord from 2004 has now expired.

Marathon controls EG Holdings, which operates the Punta Europa plant with nameplate capacity of 3.7 million tonnes per annum of LNG.

The LNG production facility up until the January 2024 expiration of a previous deal sold most of its LNG under a 3.4 MTPA SPA linked mainly to the US Henry Hub price.

"Prior to 2024, the company primarily sold natural gas to equity method investees via Gas Sales Agreements (GSAs) in the form of LNG (to EG LNG, MRO 56 percent interest) at long-term fixed prices ($0.24 per mcf)," the company explained.

Under the new contractual agreements, Marathon is responsible for directly marketing its own share of Alba LNG.

Glencore LNG deal

The majority of its expected LNG sales over the next five years are covered by a previously announced LNG sales agreement linked to Europe's benchmark Dutch Title Transfer Facility.

Marathon Oil entered into a five-year LNG sales deal in October 2023 with Glencore Energy UK for a portion of its equity natural gas produced from the Alba gas field.

All 2024 Alba LNG cargos have been contracted at a mix of TTF and Japan-Korea Marker-indexed pricing.

"Under the new contractual agreements, Marathon Oil assumes responsibility for shrink and plant losses during liquefaction, which results in a reduction to reported net production and sales volumes for Alba gas sold as LNG," Marathon said.

The company is also subject to an LNG lifting schedule, which may result in underlift or overlift positions.

Starting in the first quarter of 2024, the revenue from Marathon's Alba LNG sales into the global market were consolidated in the company's financial statements.

Profit-sharing accord

"On March 31, 2024, we had unsold LNG inventory equivalent to approximately 24 million cubic feet per day," the company added.

EG LNG now processes Marathon's Alba LNG under a tolling and profit-sharing agreement. The tolling and profit-share fees are recorded as related party expense (shipping, handling and other operating expense) in Marathon's consolidated financials and its share of this income for EG LNG is included in income from equity method investments.

Equity-method accounting continues to be applied to the Alen third-party gas, which is also processed by EG LNG under a tolling and profit-sharing agreement.

Marathon Oil Chief Executive Lee Tillman said the first-quarter results showed that the Houston-based company continued to build on its multi-year track record of consistent operational execution, strong financial results and the return of capital to shareholders.

"During the first quarter, we improved our capital efficiency by bringing online 12 three-mile laterals, including one of the strongest pads the industry has delivered in the Permian Basin," explained Tillman. ■

US LNG report has France as top destination in 2024 and Calcasieu Pass with highest price

LNG News Editor

The US Department of Energy issued its April 2024 liquefied natural gas and pipelines export and import data report with France as the leading destination for LNG shipments while the leadership in highest prices remained with the Calcasieu Pass plant in Louisiana.

The DoE's April 2024 LNG and pipeline natural gas report gave volumes, prices and trends for February 2024.

In February, the US said it exported 643.0 Bcf and imported 268.3 Bcf of natural gas, which resulted in 374.7 Bcf of net exports.

US LNG exports comprised 55.8 percent of the total exports at 358.9 Bcf to 30 countries during the month.

Top 10 importers

The Top 10 recipients of US LNG deliveries in February was headed by France with 15 cargoes.

In second-place was the Netherlands with 13 shipments followed by the United Kingdom with 11 cargoes, Japan with eight, Turkey with six.

There was a tie for sixth place between Germany, China and South Korea with five LNG cargo deliveries each.

Spain was tied in ninth place with three other countries who received four shipments, Italy, Taiwan and India.

The Top 10 overall importers by number of cargoes in February 2024 from the first deliveries in February 2016 from the Lower 48 states are: South Korea 589 cargoes; France 479; Japan 470; UK 458; Spain 439; Netherlands 414; China 354; Turkey 253; India 240; and Brazil 238.

Deliveries from US plants focusing on supplying Europe

The number of cargoes exported in February 2024 from each of the seven US export facilities came to 116 in total.

Sabine Pass in Louisiana exported 39 shipments, Cameron, Louisiana (20), Corpus Christi, Texas (16), Freeport, Texas (16), Calcasieu Pass, Louisiana (13), Cove Point, Maryland (8) and Elba Island, Georgia (4).

FOB prices

Average US LNG export prices on a free-on-board (FOB) basis, including all costs of the LNG up to the point of export as well as commodity costs and liquefaction fees, dropped in February 2024 to $6.31 per million British thermal units from $6.63 per MMBtu in January 2023.

LNG cargoes from the Calcasieu Pass plant cost the most at $10.21 per MMBtu in February 2024 compared with $10.59 per MMBtu in the previous month of January 2024 and $21.95 per MMBtu back in February 2023.

The Cove Point plant had the second-highest average prices in February at $6.70 per MMBtu, down from $6.84 per MMBtu in the previous month of January 2024.

The prices at the Corpus Christi facility were the third highest in February at $6.10 per MMBtu versus $6.28 per MMBtu in January 2024.

Freeport LNG had the fourth-highest average prices in February at $5.94 per MMBtu, down from $6.17 per MMBtu in the previous month of January 2024.

Sabine Pass was in fifth place with $5.67 per MMBtu and in the previous month the price was higher $5.71 per MMBtu.

The Cameron LNG plant was next in the prices line with $5.26 per MMBtu in February versus $6.39 per MMBtu in January.

The Elba Island plant in Georgia was at the bottom of the prices list in February at $5.09 per MMBtu versus $6.87 per MMBtu in January 2024.

> The Top 10 recipients of US LNG deliveries in February was headed by France with 15 cargoes.

Puerto Rico cargoes

The US territory of Puerto Rico's received LNG cargoes from Egypt, Trinidad, Norway and Nigeria in February 2024.

Puerto Rico's import prices averaged $7.51 per MMBtu in February compared with $7.55 per MMBtu in January 2024.

The US exported 169.5 Bcf of natural gas by pipeline to Mexico in February 2024 and imported less than 0.1 Bcf of natural gas from Mexico, which resulted in 169.5 Bcf of net exports.

The US exported 114.5 Bcf of natural gas to Canada and imported 265.6 Bcf of natural gas from Canada, which resulted in 151.1 of net imports.

US data also showed that the average price of pipeline gas flows to Mexico in February 2024 plunged to $2.16 per MMBtu from $3.27 per MMBtu in January 2024.

Pipeline natural gas export prices for Canada in February also fell to $2.14 per MMBtu, down from $3.23 per MMBtu in January 2024.

Pipeline gas import prices from Canada in February plummeted to $2.28 per MMBtu, down from $4.37 per MMBtu in January 2024.

NEWS BRIEFS

Flex Chairman elected

Flex LNG, the Norwegian shipping company with a fleet of 13 vessels and several chartered to some of the largest market players, has elected Ola Lorentzon as the new Chairman of the board. Lorentzon replaces David McManus who did not stand for re-election as a director at the Annual General Meeting. Lorentzon has served as a director of Flex since June 2017. He served as Principal Executive Officer of Golden Ocean Group from 2010 to 2015 and was Chief Executive of Frontline Management AS from 2000 to 2003. "I am proud to take over the Chairman position after the long-standing stewardship of David McManus, who leaves behind him a company in excellent financial shape, with an attractive contract backlog and with a strong management team. I would like to thank David for his 13 years of service on the board," stated Lorentzon.

GTT has successful year for patents

Gaztransport and Technigaz (GTT), the French LNG storage technology company, has increased its annual list of patent applications made to the Patent and Trademark Office in France, l'Institut National de la Propriété Industrielle.

The GTT group said it filed a total of 64 patents in 2023, an increase compared with 2022, thus maintaining its position as a technological leader in the category of intermediate-sized enterprises (ETIs) in France.

With 61 patents filed with the INPI, GTT said it secured the second position in the 2023 INPI ranking of patent-filing ETIs.

GTT also filed three more patents with the European Patent Office (EPO) in 2023.

The group's order book has designs for GTT storage and conventional carriers and containment tanks for LNG-powered vessels.

GTT's earnings come from its technology licensing, hence the importance of the patents pipeline.

"Over the past decade, GTT's technological solutions have played a significant role in reducing greenhouse gas emissions from LNG carriers and optimizing the energy performance of its ship-owner clients," explained the Paris-based company.

GTT's core business has been centred around designs for tanks such as the Mark III membrane containment system.

However, GTT said it was now implementing an "ambitious innovation roadmap" in its adjacent markets and in its digital activities, as well as in the field of "zero-carbon" solutions at the subsidiary Elogen.

Qatar's Nakilat increases profits and revenues as fleet and challenges grow

LNG News Editor

Qatar Gas Transport Company, known as Nakilat and a global leader in liquefied natural gas shipping that is expanding its fleet, reported increasing net profits and revenues amid regional and global logistical and security disruptions.

Nakilat posted an increase in first-quarter 2024 revenues of 1.2 percent to 1.133 billion Qatari riyals ($307.5M) compared with 1.119Bl riyals ($303.7M) in the first three months of 2023.

The company reported quarterly net profit of 420 million riyals ($114M), up 6.1 percent from the 396M riyals ($107M) earned in the same three months of 2023.

"This solid financial achievement demonstrates the company's ability in navigating tough unknown economic conditions and upholding its status as a leading player in the international LNG shipping sector," stated Nakilat.

Selected as full owner and operator of more LNG carriers

Operational expenses

The company, listed on the Qatar Stock Exchange, said that total operating expenses declined to 192M riyals ($52.1M) from 194M riyals in the prior-year quarter.

Nakilat noted that in February 2024 it was awarded long-term contracts and selected as the full owner and operator of up to 25 LNG carriers by QatarEnergy, marking a significant surge the size of the fleet in line with the Arabian Gulf nation's three LNG expansion projects.

"Despite an uncertain economic outlook and the high interest rate environment, we have remained committed to reliable and safe global operations, continuing to deliver clean energy to 40-plus countries and about 100 terminals across continents" explained Nakilat's Chief Executive Abdullah Fadhalah Al-Sulaiti.

"Throughout two decades of operations, we have been meeting the world's demand for LNG as a dependable partner," added Al-Sulaiti.

Nakilat is also continuing to expand its own fleet and earlier in January 2024 placed orders with South Korean shipyard Hyundai Samho Heavy Industries for the construction of two more LNG carriers of 174,000 cubic metres capacity and four modern liquefied petroleum gas and ammonia gas carriers with capacities of 88,000 cubic metres.

Mitsui OSK Lines reports stable LNG amid 'tidal wave' of containerships

Japanese shipping company Mitsui OSK Lines (MOL), whose energy fleet includes over 150 tankers for oil and other products and around 90 LNG carriers, reported stable LNG profits while the containership business was badly hit by a "tidal wave" of new vessels in the sector.

MOL said that revenues in the fiscal year to the end of March 2024 decreased slightly to 1,627.9 trillion yen ($10.39Bln) versus 1,611.9 trillion yen ($10.28Bln) in the prior-year fiscal period.

However, the company reports a more than three-fold tumble in profits for the year to 261.65 billion yen ($1.69Bln) compared with 796.06Bln yen ($5.08Bln) in the previous year.

The various MOL fleets comprise LNG carriers and other tankers, containerships under the Ocean Networks Express banner, car carriers, product and bulk carriers as well as Japanese coastal vessels and ferries and affiliated non-shipping businesses.

MOL reported a solid performance from the LNG fleet in the Energy Business segment despite the challenges in key navigation routes.

The business revenues, including LNG carriers, increased to 437.8Bln yen ($2.80Bln) from 388.7Bln ($2.13Bln) in the previous fiscal year.

MOL said profits in this fleet amounted to 66.9Bln yen ($427M), up from 39.5Bln in the prior-year period.

LNG contracts

"The LNG carrier business secured stable profit due to existing long-term charter contracts and the acquisition of new contracts," MOL explained.

"Within the LNG infrastructure business, the floating storage and regasification unit (FSRU) business posted a year-on-year decline in profit as a result of the redeployment of an existing vessel and preparations to commence commercial operations," stated the company.

Enagás increases profit even as gas demand falls in Spain while company makes German investment

LNG News Editor

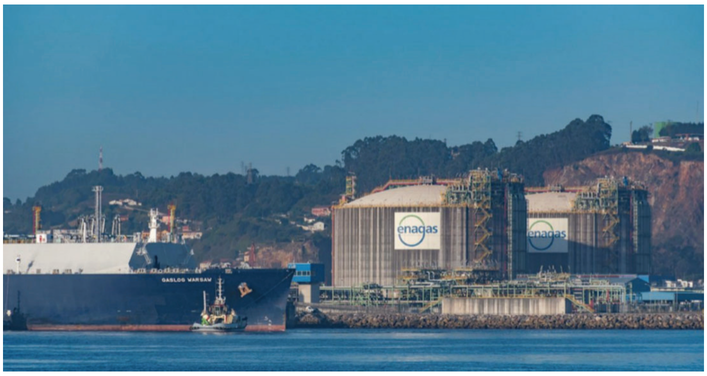
Enagás, the Spanish natural gas operator of six large LNG terminals and with gas assets in other European countries and overseas, reported an increase in first-quarter 2024 earnings even as gas demand in Spain declined because of warmer weather.

The Madrid-based company reported that profits after tax increased by 19.5 percent to €65.3 million ($69.5M) during the first three months of the year.

Enagás also posted gross earnings (EBITDA) during the quarter of €178.3M, an increase of 2.7 percent compared with the same three months of 2023.

"The is the first growth of EBITDA for Enagás since the 2021-2026 Regulatory Framework came into force," the company noted.

"In a quarter marked by international conflicts in the Middle East and Ukraine, the Spanish Gas System has operated with 100 percent availability," said Enagás.



Terminal at El Musel in northwest Spain sends cargoes to EU

"Spanish regasification terminals received natural gas from nine different countries during the quarter and have more than 90 percent LNG storage contracted," it added.

LNG suppliers

"The underground storages have ended the winter at 78 percent full and with 100 percent of the available capacity contracted," the company added.

Enagás said there was a positive trend in the industrial sector in Spain with an increase of 8.4 percent in demand to reach 47.6 terawatt hours, driven by the refining, chemical, pharmaceutical and cogeneration sectors.

"However, total demand decreased by 4 percent in the first quarter of 2024, compared to the same period of the previous year, due to the drop in demand for gas for electricity generation of 24 percent, and the decrease in domestic commercial demand of 10.3 percent driven by the high temperatures in the winter months," the company explained.

Enagás is also investing in an LNG project in Germany after the final investment decision was taken for the Hanseatic Energy Hub (HEH) joint venture to build Germany's first onshore LNG terminal of which Enagás will be the operator.

Stake increase

Enagás also increased its stake in HEH in March 2024 from 10 percent to 15 percent.

Enagás subsidiaries have also performed well during the first quarter and contributed 13.3 percent more in earnings than in the prior-year quarter.

The company said that in the United States, the Tallgrass Energy subsidiary was on track to achieve adjusted earnings in 2024 of between $775M and $815M, according its projections.

"Tallgrass continues to make progress in adapting the Trailblazer gas pipeline to transport carbon-dioxide from ethanol production sites in the Midwest to a storage facility in Wyoming, which will begin operations in 2025," said Enagás.

Japanese LNG importer and utility JERA posts drop in revenues because less electricity is sold

JERA Co. Inc., Japan's biggest liquefied natural gas importer and utility company, reported an increase in fiscal full-year profits while revenues plunged nearly 22 percent because of a decrease in electric power sales.

JERA's revenues tumbled by 21.7 percent to 3.710 trillion yen ($23.67 billion) for the fiscal year to the end of March 2024 compared with 4.733 trillion yen ($30.20Bln) in the previous fiscal year to March 2023.

The company posted a surge in fiscal-year net profits to 399.6 billion yen ($2.55Bln) versus tiny profits of 17.8Bln yen ($113.6 million) in the 2022-2023 fiscal year amid Japan's fuel price adjustment and time lag system.

JERA explained that net profits increased mainly due to the effect of the fuel price adjustment system time lag as it shifted from losses to gains.

Overseas power

Profits from overseas power generation increased and there were improvements reported in the renewable energy business.

"There was also an improvement of profit-loss on valuation of contracts for coals etc., despite the impact on the fuel procurement price, the impact of fuel inventory unit prices and the decrease in profit from the fuel business," the Tokyo-based company explained.

"Profit excluding time lag was 148.7 billion yen ($949 million)," said JERA.

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

The company currently 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.

"JERA owns the entire supply chains for fuel and thermal power generation, from the fuel upstream business (development of gas fields) to transportation and storage (fuel terminal operations) to power generation and wholesaling," it explained in the earnings statement.

Three divisions

The company has three divisions. Firstly there is the Fuel Business including Transportation and Trading and secondly there is the Overseas Power Generation and Renewable Energy business.

The third business is Domestic Thermal Power Generation and Gas for sales of electricity and gas.

JERA also has the JERA Global Markets (JERAGM) energy and commodities trading business that was set up as a joint venture between majority shareholder JERA and France's EDF Trading.