LNG Unlimited

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Global natural gas demand set to rise - IEA

Following a slowdown thus far this year, growth in natural gas global demand is expected to rise in 2026, according to the International Energy Agency's (IEA) latest quarterly 'Gas Market Report' published this week.

The report found that market fundamentals remained tight in the first half of 2025, due to a combination of lower Russian piped gas exports to the European Union, relatively modest growth in LNG output and higher European storage injection needs.

In this context, and amid elevated macro-economic uncertainty, global natural gas demand growth is forecast to slow from 2.8% in 2024 to around 1.3% in 2025, the IEA said.

This year's increase is expected to be almost entirely driven by North America and Europe, with the growth in consumption in the Asia/Pacific region – where many markets tend to be sensitive to higher prices – falling to its weakest annual rate since the energy crisis in 2022.

The report said that demand growth will pick up again in 2026 and accelerate to around 2%, as a considerable increase in LNG supply eases market fundamentals and fosters stronger Asian demand growth.

Next year, LNG supply is set to rise by 7%, or 40 bill cu m – the largest increase since 2019 – as new projects come online in the US, Canada and Qatar.

The report also includes a section on the Middle East's role in global gas markets, noting that geopolitical tensions in the region have fueled recent price volatility.

"The backdrop for global gas markets is shifting as we enter the second half of this year and look towards 2026.

"The wave of LNG supply that is set to come online is poised to ease fundamentals and spur additional demand, especially in Asia," said IEA Director of Energy Markets and Security, Keisuke Sadamori.

"However, our latest forecast is subject to unusually high levels of uncertainty over the global macroeconomic outlook and the volatile geopolitical environment. The IEA continues to monitor gas markets closely and to work with stakeholders around the world to support security of supply," he added.

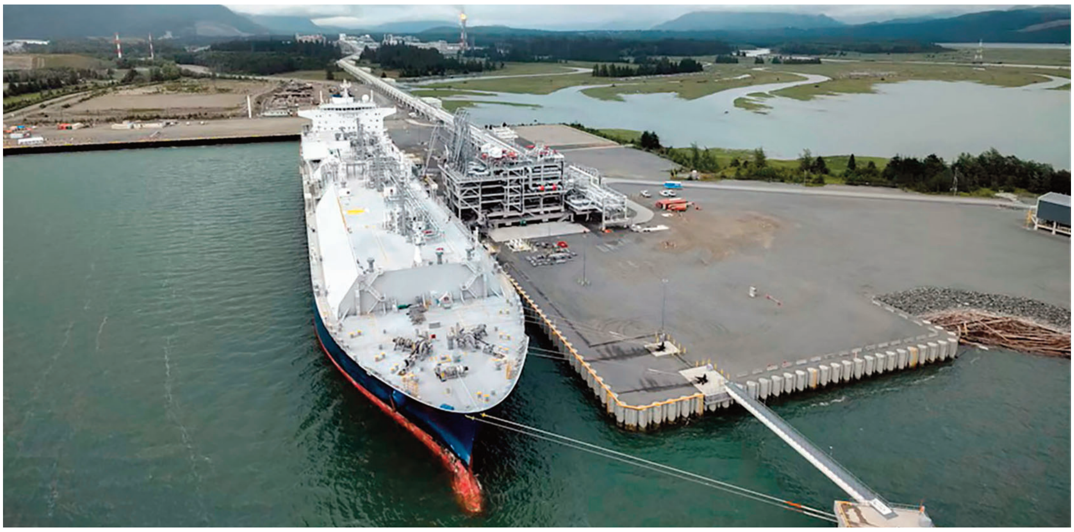
In 1H25, European natural gas consumption increased by 6.5% year-on-year, primarily supported by the electricity sector amid lower power generation from wind and hydro.

While this should not be interpreted as a structural trend, such episodes highlight the key role gas-fired power plants often play in ensuring electricity supply security in markets with higher shares of variable renewables, the report said.

Chinese decline

In contrast, China's natural gas demand declined by an estimated 1% y-o-y, with the country's LNG imports plunging by more than 20%.

Turning to North America, natural gas demand increased by an estimated 2.5% from the same period of 2024. Growth was concentrated in the first quarter, when colder weather boosted gas use in buildings, the report said. ■



The 'GasLog Glasgow' about to sail from LNG Canada's Kitimat export terminal

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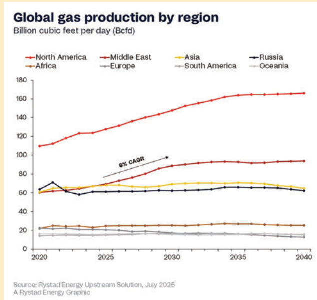

BUSINESS

FINANCE

Weaker demand and strong inventories influence Asian spot prices

Asian spot LNG prices softened last week, due to weaker demand and strong inventories and as south Asian buyers deemed prices were too high.

The average LNG price for September delivery into northeast Asia was at $12.30 per MMBtu, down from $12.90 per MMBtu the week before, industry sources estimated.

"Prices have been in a slow downtrend this (last) week, due to ample supply and higher inventories. However, we expect Asian utilities to start stepping in to procure for cooling demand as temperatures rise in Asia," said Toby Copson, Davenport Energy Partners' Chairman.

"Demand remains relatively weak on a macro scale with US and European hubs reflecting that," he added.

Cooling demand caused by a Japanese and South Korean heatwaves was mainly met by coal, said Martin Senior, head of LNG pricing at Argus.

Some production outages were seen, including at Australia's Gorgon's third LNG train, US' Elba Island terminal and United Arab Emirates' Das Island export facility undergoing maintenance, he said.

"However, the outages have not pushed Asia to compete for Atlantic basin (cargoes) and current prices were too high for many price sensitive buyers in south Asia and China to compete for spot supply," Senior added, talking with newswires.

In Europe, gas prices rose slightly during the week on Norwegian unplanned maintenance but dipped on Friday, as Norwegian supply increased again.

EU sanctions

On Friday, the European Union agreed an 18th package of sanctions against Russia over its war in Ukraine, including measures aimed at dealing further blows to the Russian oil and energy sectors.

The package included banning transactions related to Russia's Nord Stream gas pipelines under the Baltic Sea, and with Russia's financial sector.

"While the new EU sanctions package puts a definite halt to the re-utilisation of Nord Stream, it does not change the supply outlook for European gas markets. The 2027 Russian gas phase-out still sticks, which is why the TTF market reaction was rather muted," said Florence Schmit, Rabobank's Energy Strategist.

US President Donald Trump's threat to impose a 100% tariff on countries buying Russian energy in 50 days failed to rattle the market, she said.

"The tariff rate, alongside the 50-day pause, signalled that this might be more noise than reality...Russian sanctions remain an upside risk although a limited one for now," Schmit added.

SP Global Commodity Insights assessed its daily North West Europe LNG Marker (NWM) price benchmark for cargoes delivered in September on an ex-ship (DES) basis at $11.397 per MMBtu on 17th July, a $0.450 per MMBtu discount to the TTF hub's September futures price.

The US arbitrage to northeast Asia via the Cape of Good Hope continued pointing at Europe last week, as did the arbitrage via Panama, said Spark Commodities analyst, Qasim Afghan.

In the LNG freight market, Atlantic rates rose to $33,750 per day on Friday, while Pacific rates remained relatively steady at $38,250 per day, Afghan added. ■

Crown LNG signs MoU with Indian pipeline operator

As part of its move towards a final investment decision (FID) on its Kakinada LNG development project, Crown LNG Holdings has signed a Memorandum of Understanding (MoU) with India's Pipeline Infrastructure Ltd (PIL).

The MoU aims to establish pipeline connectivity between the proposed terminal and PIL's existing pipeline network at Kakinada, Andhra Pradesh, giving access to the East/West connector.

It was signed on 10th July by PIL Managing Director, Akhil Mehrotra, and Crown LNG Holdings CEO, Swapan Kataria.

Under the agreement, connectivity will become possible between Crown LNG's proposed 7.2 mill tonnes per year gravity-based structure and regasification unit (GBSRU) at Kakinada and the PIL pipeline, subject to various terms and conditions.

The GBS option was chosen, due to the often harsh conditions found off the area's coastline, Kataria explained.

He added that pipeline connections will enable terminal users to access clients all over India. "It marks a major progress for us to be able to support our clients to distribute (gas) across India," he said.

PIL is a special-purpose vehicle owned by India Infrastructure Trust (InvIT), backed by Brookfield Asset Management, which is involved in alternative asset management and is one of the largest investors in real assets.

PIL owns and operates the 1,480 km pipeline connecting Kakinada to Bharuch - claimed to be a vital link in India's natural gas grid, as it is used by companies for transporting natural gas produced from offshore fields to end users.

Under the MoU's terms, the pipeline would also be used by Crown LNG for transporting imported gas.

Last February, Crown LNG signed a MoU with IGX (India Gas Exchange) at the India Energy week, by which Crown will connect the molecules from Kakinada to IGX customers across India. ■

Crown LNG's CEO Swapan Kataria

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Surging gas production to catapult Middle East into second place

This year, the Middle East is on track to overtake Asia to become the world's second-largest gas producer, behind North America.

According to a Rystad Energy report, Middle East gas production grew by about 15% since 2020.

The region currently produces about 70 bill cu ft per day of gas, which is forecast to increase by 30% by 2030 and 34% by 2035, due to significant developments in Saudi Arabia, Iran, Qatar, Oman, and the UAE.

By 2030, the area will add another 20 bill cu ft per day of production capacity, equivalent to half of Europe's entire current gas demand. This forecast hinges on Brent prices holding at $70 per barrel and oil-indexed gas prices hovering at the range of $7-$9 per MMBtu, Rystad Energy explained.

If prices fall below $6 per MMBtu, new projects could be delayed, and expected volume growth by 2030 could fall from 30% to 20% or less, depending on the severity and duration of the price decline.

To fully capitalise on this growth, the region is preparing for a significant increase in gas exports. By 2030, it will have an additional 10 bill cu ft per day of gas available for export, positioning itself as a major supplier to both Europe – which is working to reduce its reliance on Russian energy – and fast-growing Asian markets.

"About half of the 20 bill cu ft per day of new supply will meet rising domestic demand, particularly from industrial users, while the rest will be available for export. As more long-term gas contracts are signed and export volumes rise, the Middle East is on track to become a key energy hub for countries seeking stable and dependable sources of natural gas," said Mrinal Bhardwaj, Rystad Energy's Senior Analyst, Upstream Research.

A significant part of this expansion will come from new projects that can produce gas at a cost-effective level of less than $5 per thousand cu ft.

The Middle East Gulf trio of Qatar, the UAE and Saudi Arabia are leading the growth, with Qatar's ambitious North Field expansion set to elevate its LNG capacity by 80%, from 77 to 142 mill tonnes per annum by the end of this decade, while maintaining a competitive breakeven price of under $6 per MMBtu.

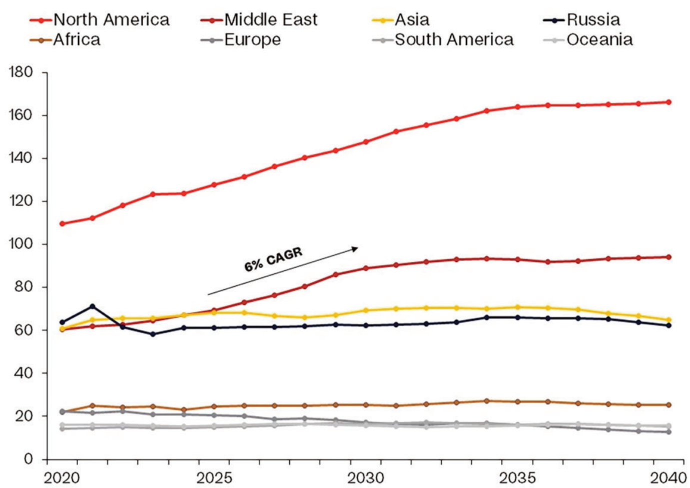
"A drop below $6 per MMBtu is not ideal for investments, but Middle Eastern projects remain highly resilient, due to their low breakeven costs, typically below $5 per thousand cu ft.

"Even in a prolonged low-price environment, we expect strong production growth from the region. While some final investment decisions could be delayed in such a scenario, the overall impact on output should be limited," added Rahul Choudhary, Vice President, Upstream Research.

By 2028, the region is expected to add 60 mill tonnes per annum of new capacity, representing a sizable slice of Rystad Energy's predicted global increase of 150 mill tonnes.

Global gas production by region

Billion cubic feet per day (Bcfd)



Source: Rystad Energy Upstream Solution, July 2025
A Rystad Energy Graphic

Qatar leads the way

Qatar is leading the charge, adding 48 mill tonnes per annum through its North Field East and North Field South projects. The UAE will contribute an additional 10 mill tonnes from the Ruwais LNG project, while TotalEnergies is developing Oman's Marsa LNG project with a capacity of 1 mill tonnes per annum.

Rystad predicted that these developments will involve investments of more than $50 bill.

Iran currently leads the Middle East in gas production, at about 25 bill cu ft per day, followed by Qatar with 16 bill and Saudi Arabia at 8 bill cu ft per day.

Iranian gas production, which had been stagnant over the past few years, due to Western sanctions, is expected to rise modestly by 6% to around 26 bill cu ft per day, by the end of the decade.

The country's output will come from its South Pars field, which was partially shut down recently during the Iran/Israel conflict after an Israeli airstrike.

Apart from Qatar, the UAE and Saudi Arabia are expected to each add 3 bill cu ft per day, while Israel's production is anticipated to increase by 1.5 bill after the next expansion phases at the Leviathan and Tamar fields.

Although Iran is projected to end the decade as the Middle East's largest gas producer, Rystad expected Qatar to surpass this in the early 2030s.

The new LNG volumes produced in both Qatar and the UAE are primarily earmarked for Asian and European buyers, with contracts demonstrating a strong preference for Asian markets.

Notably, total sales and purchase agreements have surged, peaking at about 21 mill tonnes per annum between 2027 and 2030, as Chinese national oil companies and global energy majors have emerged as key buyers. ■

NEWS BRIEFS

Hanwha Philly announces first LNGC order

The US Hanwha Philly Shipyard has secured a $250 mill order to build an LNGC for Hanwha Shipping.

This marks the first order by a US shipyard for an overseas LNGC in nearly 50 years.

It is also Hanwha Philly's first order since it was acquired by South Korea's Hanwha Group in December last year for $100 mill.

The Philadelphia-based shipyard signed the LNGC newbuilding order with the affiliated company, alongside an option for a second vessel, according to a regulatory filing this week.

The vessel will be built in collaboration with Hanwha Ocean in South Korea, in line with upcoming US regulations requiring goods shipped between two US ports to be transported on vessels that are US-owned, operated and built, a policy set to take effect from 2029.

A significant part of the vessel's construction will be undertaken at Hanwha Ocean's shipyard in Geoje, South Korea. ■

Venture Global wins another long term offtake deal

Italian energy company, Eni has agreed a long-term LNG supply agreement with major US plant developer, Venture Global.

Eni will purchase 2 mill tonnes per annum for 20 years with the offtake starting by the end of the decade from CP2 LNG's Phase 1.

This facility, with a peak production capacity of 28 mill tonnes per annum, is currently under development in Cameron Parish, Louisiana.

The agreement is Eni's first long term LNG supply with a US LNG plant developer and represented a significant milestone in its strategy to expand and diversify its global LNG footprint, enhancing portfolio flexibility, the Italian company said.

Venture Global's proven success in project delivery will support Eni's ambitions to grow its LNG portfolio to around 20 mill tonnes per annum of contracted volumes by 2030, and to expand its trading business, while meeting the evolving needs of customers across key markets worldwide, Eni added.

To date, Venture Global has delivered around 40 cargoes of US LNG to Italy from its Calcasieu Pass and Plaquemines LNG facilities.

"We are honoured that Eni, a leading innovator and global gas player, has chosen Venture Global as their first American LNG supplier," said Mike Sabel, Venture Global CEO.

"Italy is an important ally and trading partner to the US, and we are grateful for the trust of Eni as our newest customer.

"This deal marks a significant milestone for the company and is further recognition of our growing global energy leadership and strong record of execution," Sabel added. ■

Worldwide gas consumption to grow this year - GECF

Global gas consumption is projected to grow by 2% this year, primarily driven by rising demand in North America and Asia.

In June 2025, EU natural gas consumption declined by 0.8% year-on-year to 16.5 bill cu m, mainly due to lower demand in the residential and industrial sectors, the Dubai-based Gas Exporting Countries Forum (GECF) said in its latest report.

In contrast, US natural gas consumption increased by 0.6% y-o-y to 68.5 bill cu m, supported by higher demand in the residential, commercial, and industrial sectors. In May 2025, China's apparent gas demand rose by 1.2% y-o-y to 36.4 bill cu m.

Meanwhile, GEF said that global gas production is forecast to rise by 2% in 2025, primarily driven by increased output from the Middle East.

In June 2025, US gas production maintained its upward trend, reaching 89.8 bill cu m, a 3.1% y-o-y increase, supported by rising domestic consumption.

However, Europe's gas production declined by 5.9% y-o-y in May, 2025, falling to 14.3 bill cu m, largely due to reduced output from Norway.

In the Asia/Pacific region, supply grew by 2.3% y-o-y, underpinned by steady production growth in China.

On the upstream front, GECF member countries Algeria and Egypt announced successful results of their latest gas exploration licensing rounds.

As for gas trades, in June, 2025, global LNG imports rose sharply by 9.4% y-o-y to 34.8 mill tonnes, marking the highest annual growth since November, 2022.

This increase was mainly led by Europe, supported by stronger storage re-injection demand, lower domestic production, and reduced pipeline gas imports, due to maintenance activities in Norway.

Europe favoured

US LNG flows continued to favour Europe owing to more attractive netback prices.

However, the decline in Asia/Pacific's LNG imports moderated, showing a less severe y-o-y contraction than in previous months, GECF said.

On the infrastructure front, Canada became the latest LNG-exporting country with the inaugural shipment from its LNG Canada facility, while Trains 8 and 9 of the Corpus Christi project reached FID, adding 3 mill tonnes per annum of liquefaction capacity.

Turning to gas storage, in June, EU countries continued to replenish their gas inventories ahead of the winter season. The region's average monthly gas storage level reached 56 bill cu m, equivalent to 54% of capacity, but remained 20 bill below the level recorded in June, 2024.

In the US, storage levels rose to 80 bill cu m, or 60% of capacity, down from 87 bill cu m a year earlier. In Asia, combined LNG storage in Japan and South Korea increased to 12.5 bill cu m, compared to 13.4 bill in the same month of 2024.

Last month, spot prices in both European and Asian gas markets rose sharply, driven by heightened geopolitical tensions in the Middle East.

TTF spot prices averaged $12.30 per MMBtu, up by 6% month-on-month and 14% y-o-y, while NEA spot LNG prices averaged $12.96 per MMBtu, reflecting a 12% m-o-m and 4% y-o-y increase.

US Henry Hub prices continued to decline, averaging $3.04 per MMBtu, although still 20% higher y-o-y.

Looking ahead, rising gas demand for cooling during the summer months may continue to exert upward pressure on prices, the GECF said. ■

Snam signs MoU with Ukraine's gas transmission operator

Italian infrastructure company, Snam, has signed a memorandum of Co-operation with Gas Transmission System Operator of Ukraine (GTSOU).

GTSOU operates Ukraine's gas transmission system transporting natural gas to consumers in the country and to other European Union countries.

This agreement is aimed at strengthening the collaboration between the Ukrainian and Italian gas markets, to enhance energy security, regional integration, and long-term sustainability.

The Memorandum of Co-operation was signed in Rome last week by Agostino Scornajenchi, Snam CEO, and Vladyslav Medvediev, acting CEO of GTSOU, at the sidelines of the fourth Ukraine Recovery Conference dedicated to the country's swift recovery and long-term reconstruction.

The main areas of co-operation focus on an analysis of the prospects for LNG and pipeline gas transportation between the two countries, including the potential utilisation of Ukrainian gas storage facilities, the establishment of a platform for co-operation in network maintenance, and the creation of a research platform for the transportation of renewable gases, Snam said. ■

Australia looks to domestic market

The expiry of some long-term LNG contracts held by the three Queensland LNG consortia from 2030 offers an opportunity for the Australian government to ensure any future contracts include provisions to supply the domestic market.

This was the view of the Australian Competition and Consumer Commission (ACCC) in its latest report on eastern Australia's gas market, analysed by the Institute of Energy Economics and Financial Analysis (IEEFA).

The report came with its customary warnings of future gas shortages, even though it repeatedly said that eastern Australia has sufficient commercial gas reserves for more than 10 years.

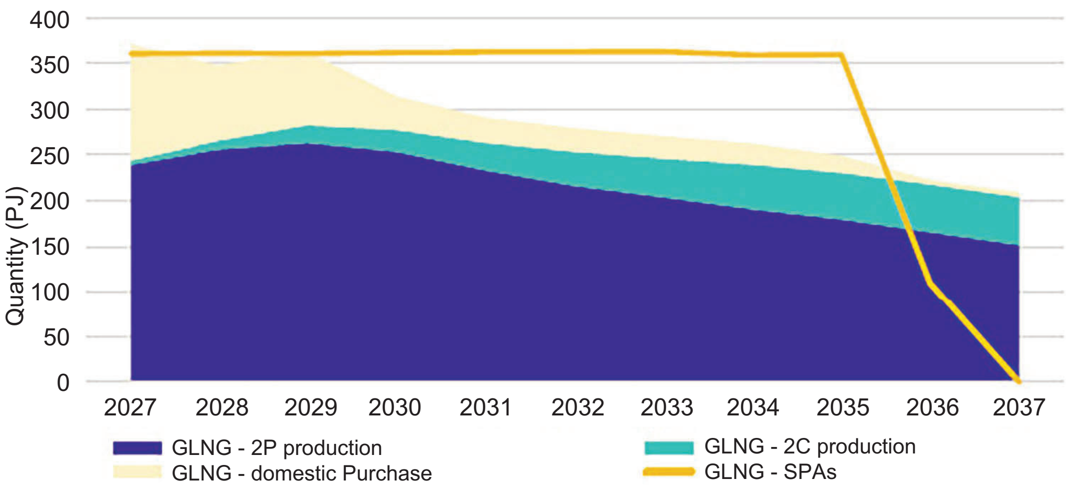
This raises the question: How can there be a shortage if there is plenty of gas? The answer lies in the lack of consideration for domestic gas supplies when the three LNG projects were sanctioned in the early 2010s, IEEFA said.

Unlike in Western Australia, where about 15% of the gas reserves from an LNG project are allocated to the domestic market – albeit with many variations – it has helped put a ceiling on gas price rises.

As a consequence, WA's industrial gas demand has not fallen as it has since eastern Australia started exporting LNG, with the strong linkage to volatile international gas prices causing a 20% drop in industrial gas demand.

More than 70% of eastern Australia's gas output is exported, and a further 7% is consumed at the LNG plant for shipments. This gas flow change has seen domestic prices more than triple since LNG exports started from Gladstone in January, 2015.

GNLNG production vs export contract volumes and expiry



Source: ACCC. Gas Inquiry 2017-2030. Interim update on east coast gas market - June, 2025.

The lack of gas sales to the domestic market by Queensland LNG producers is becoming more of an issue, as gas supply from traditional sources in the southern states decline, the report said.

The largest offshore gas venture in the Gippsland Basin is projected to cease by 2033. This will make Victoria and New South Wales more dependent on gas from Queensland, where more than 90% of eastern Australia's commercial reserves are held by the three LNG consortia.

"The proportion of Queensland-produced gas on the east coast is projected to increase from 87% in 2027 to 96% by 2037, with most linked to LNG export projects," the ACCC said.

Queensland LNG producers' supply to the domestic market has dropped since 2018, the ACCC said. This is despite regulatory changes to encourage LNG exporters to send more gas to the domestic market, including the Gas Market Code in 2022 to ensure gas consumers could buy gas for a reasonable price, set at A$12 per gigajoule.

The Australian Domestic Security Mechanism 2023 reform was designed to provide more flexibility to address potential supply shortfalls. But these market policy adjustments appear to have done little to stimulate more supply, IEEFA said.

Policy opportunity

This is why the expiry of LNG contracts may provide the policy opportunity to address the forecast gas shortfalls in the 2030s. "The LNG producers' foundation contracts will expire from 2031 (31st December, 2030).

"We recommend that government consider the opportunities this presents in terms of securing access to gas resources to support longer-term domestic gas and security, prior to any new contracts being entered into or existing contracts being extended," the ACCC said.

The first to expire, at the end of 2030, is Santos' Gladstone LNG's (GLNG) contracts with South Korea's KOGAS for 3.5 mill tonnes a year of LNG (equivalent to 39% of eastern Australia's annual gas demand).

The ACCC report claimed that Santos does not have sufficient proven and probable (2P) gas reserves to cover its LNG contractual obligations of around 7 mill tonnes per annum, which in turn will further squeeze the domestic market.

Santos's GLNG will need to acquire more gas, either through developing its 2P and 2C (contingent) reserves or further purchases from the domestic market, the report added.

Santos, which holds a pivotal position in eastern Australia's gas market, is the subject of a takeover bid from a consortium led by Abu Dhabi oil and gas major ADNOC, to expand its LNG business.

This implies that domestic gas market concerns are not a high priority for ADNOC, and this move warrants close scrutiny by Australian regulators. ■

> "The lack of gas sales to the domestic market by Queensland LNG producers is becoming more of an issue, as gas supply from traditional sources in the southern states decline"
>
> *- ACCC*

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US developers seek extensions

Freeport LNG's Texas export terminal was set to increase natural gas intake last week, following a shutdown of one of its three liquefaction trains earlier in the week, according to a company filing with state regulators and gas flow data from LSEG, newswires reported.

In a notice to Texas environmental officials, Freeport reported an emissions event after Train 2 went offline, due to a compressor system malfunction.

This development came shortly after the US Federal Energy Regulatory Commission (FERC) granted Freeport LNG Development an additional 40 months to complete its fourth liquefaction train.

The fourth train extension now sees the deadline as 1st December, 2031, allowing the company more time to restart construction following delays caused by the June, 2022 explosion that closed the facility.

Train 4 would add 5 mill tonnes per annum of LNG export capacity to Freeport's existing three-train operation, which currently has a 15 mill tonnes per annum capacity. Once completed, total nameplate capacity will rise to nearly 20 mill tonnes.

The expansion was originally approved in 2019. Hart Energy has reported that the company continued to evaluate financing and contractor procurement before issuing a final investment decision (FID) on Train 4.

Construction timelines are dependent on permitting conditions, capital structure, and global LNG demand, it was believed.

Mexican delay

In another move, last month, LNG export plant developer, Mexico Pacific, asked the US Department of Energy (DoE) for a seven-year extension on its deadline to start exports from its $15 bill Saguaro Energia project in Sonora, Mexico.

Its current export permits state that it needs to start exporting LNG by December this year.

The project involves the importing of cheap natural gas from the US and liquefying it at the planned 15 mill tonnes per annum facility at Puerto Libertad, mainly for export to Asian markets.

As the project will utilise US-sourced natural gas, it requires DoE authorisation.

According to local media, Mexico Pacific has not taken a final investment decision (FID) on the project and is finding it difficult to raise the necessary finance.

In an application to the DoE on 18th June, Mexico Pacific said it would be unable to meet the deadline and asked for a seven-year extension to December, 2032.

Among other factors, the company blamed changes to the US presidential administration and Mexico and increased trade tensions between the two countries.

"The presidential transition in the United States in January, 2025 has contributed uncertainty as to how US-Mexico trade relations might evolve," Mexico Pacific said in its filing. "The result has been hesitancy on the part of sector participants to make substantial long-dated commitments of capital."

Mexico Pacific added that its investors and lenders will not back the project unless the DoE extends the export deadline.

"Project financing arrangements require, prior to advancing to FID and starting full-scale construction, an extension that recognises the amount of time that will be required to complete the project and place it into service," José Luis Vitagliano, Senior Vice President for asset integration and operational planning, said in a statement with the filing.

"Without such an extension, the Saguaro Energía facility is unlikely to achieve FID," he stressed.

The project's construction will take at least five years, the developer estimated, adding that it was unlikely to achieve FID before the fourth quarter of this year.

Saguaro Energía is claimed to be Mexico's largest foreign investment project. Since 2018, Mexico Pacific has spent around $300 mill on developing the Puerto Libertad site, local media reported.

The company has signed LNG offtake deals with ExxonMobil, Shell, ConocoPhillips, POSCO International, Woodside Energy, Zhejiang Energy and Guangzhou Gas.

In the filing, Mexico Pacific also said construction cost rises had slowed down negotiations with Bechtel and Techint, its main potential contractors for engineering, procurement and construction (EPC).

As well as an extended deadline, Mexico Pacific had asked the DoE to authorise an increase in its approved export volumes - a request that has been pending since 2022. ■

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>
> *- Mexico Pacific*

FERC has approved Freeport LNG's request for an extension to build Train 4

Sabah buys stake in Petronas FLNG project

The Sabah government, through a company called SMJ Energy, has signed a heads of agreement (HoA) with Malaysia's Petronas LNG to acquire 25% equity stake in the $3.1 bill nearshore FLNG (ZLNG) unit earmarked for Sipitang.

Currently under construction, the FLNG is expected to commence operations during the second half of 2027.

Sabah's Chief Minister, Datuk Seri Hajiji Noor, said that the partnership marks another significant milestone in advancing its long-term development goals, which include promoting industrial growth, enhancing energy security, and creating new opportunities to drive the state's progress.

"Through strategic investments such as ZLNG, we will strengthen the state's economic resilience while ensuring that the benefits of Sabah's natural resources directly contribute to the well-being of our people," he said in a statement.

Malaysia's Chief Minister added that the ZLNG facility with a capacity of 2 mill tonnes per annum, represented a significant addition to the country's LNG landscape.

He said the project complements Sabah's growing LNG footprint, alongside two other FLNGs - PFLNG 1 (1.2 mill tonnes) and PFLNG 2 (1.5 mill tonnes per annum) - currently operating in Sabah waters.

The state government also announced its intention to acquire a 40% stake in PFLNG 1 through SMJ Energy, with due diligence scheduled to begin in the second half of this year.

The Chief Minister added that SMJ Energy's growth trajectory since the signing of the commercial collaboration agreement (CCA) with Petronas in December, 2021, had been rapid.

SMJ Energy now holds 50% equity stake in the Samarang production sharing contract (PSC) oil production asset, 10% equity in LNG, 9.25% equity in the Sabah Ammonia Urea (SAMUR) petrochemical complex, and full ownership of Sabah International Petroleum (SIP), which operates both FPSO and FSO units.

SMJ Energy CEO, Datuk Dr Dionysia Kibat, said: "We are a prudent financial investor with a disciplined approach to portfolio building.

"Our entry into ZLNG is part of our strategic plan to further diversity and strengthen our position in the upstream, LNG, and petrochemical sectors.

"This opportunity aligns with our mandate to generate a long-term, stable cash flows from high-quality, cash-generating assets," she said. ■

Galp raises this year's profit target

Portugal's energy company Galp Energia has raised its core profit target for the full year after a better than expected performance in the second quarter.

The company also revealed that it expects to find a partner to develop a promising oil discovery offshore Namibia.

Galp raised its target for adjusted EBITDA this year to more than €2.7 bill, up from the previous forecast of €2.5 bill.

This increased forecast reflected the contribution of its gas trading business, lifted by deliveries of LNG cargoes from Venture Global's US Calcasieu Pass export facility.

Galp is due to receive 1 mill tonnes per annum of LNG a year from the plant in a take-or-pay deal agreed with Venture Global in 2018.

In 2Q25, Galp's adjusted EBITDA was €840 mill, surpassing the €724 mill guideline provided by the company, while its second-quarter adjusted net profit rose 25% to €373 mill.

Lower taxes and higher oil production offset lower crude prices and narrower refining margins, the company said.

Galp, whose main business is extracting crude from rich fields offshore Brazil, said it is confident it can find a partner to develop the Mopane field off the coast of Namibia, which was initially estimated to hold at least 10 bill barrels of oil and gas equivalent.

The company said it was in talks with potential partners to sell part of its 80% stake to an oil company that will be the field's operator.

"Securing a strong partnership in Namibia... remains an important milestone, and the progress thus far reinforces our confidence in its successful completion," the company said. ■

NEWS BRIEFS

bp replaces Chairman

Beleaguered UK energy giant, bp has replaced its chairman on the back of shareholder pressure to switch its focus back to fossil fuels from renewables.

Albert Manifold, who was chief executive of the building materials company CRH, will take over from Helge Lund in October.

Lund announced his impending departure three months ago.

He had strongly backed the drive towards renewables led by former CEO, Bernard Looney, who resigned in September, 2023.

Dame Amanda Blanc, an independent director at BP, claimed that the incoming Chairman had shown as "impressive track record of shareholder value creation at CRH."

Russian LNG supply to Japan drops

Russia supplied 2,897 mill tonnes of LNG to Japan during the first half of this year, down 3% year-on-year, the Japanese Finance Ministry said.

This included 251,000 tonnes in June, reflecting the fact that local LNG plants undergo maintenance in the summer, Russian newswire Interfax reported.

Russia's bulk LNG producers are Sakhalin Energy, owned by Gazprom, Mitsui and Mitsubishi; and Yamal LNG, owned by NOVATEK, TotalEnergies and China's CNPC and SRF; plus Cryogas-Vysotsk and Gazprom LNG Portovaya in the Baltic.

The ministry said Japan, one of the world's biggest importers, bought a total of 31.145 mill tonnes of LNG in 1H25, down 0.8% from 32.408 mill tonnes a year previously and down 0.3% in average daily terms, reflecting the 2024 leap year.

June imports fell 2% y-o-y to 4.44 mill tonnes. LNG was sold in Asia at a premium over European markets in May and June, affecting the behaviour of the region's importers, Interfax said.

HPCL seeks several LNG cargoes

India's Hindustan Petroleum Corp (HPCL) has issued a tender seeking 10 LNG cargoes for delivery from March, 2026 to December, 2027 to its recently opened Chhara import terminal.

HPCL is seeking one cargo per month for delivery in March, April, October and November next year and in February, April, June, August, October and December, 2027, a source told Reuters. ■