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Shell strategy relies on underlying strength of LNG and Integrated Gas

CEO says earnings underpinned by leadership in LNG and gas-to-liquids

Our Europe editor

Van Beurden seeks advantage in LNG through 2020

Royal Dutch Shell Chief Executive Ben Van Beurden said he saw "underlying strength" in the liquefied natural gas market and the company's resilience and good financial performance came from its leadership in LNG and gas-to-liquids.

His statement came as he updated investors on the company's strategy, setting out LNG and energy market ambitions, as well as plans to reduce the net carbon footprint of its oil and gas output and products.

Preparing

"Our next steps as we re-shape Shell into a world-class investment is to ensure that our company can continue to thrive, not just in the short and medium term but for many decades to come," said Van Beurden.

"These steps build on the foundations of Shell's strong operational and financial performance, and my confidence in our strategy and our ability to deliver on the promises we make," he said.

In the Integrated Gas division, including the Anglo-Dutch company's LNG activities, the CEO said the resilience and good financial performance of the company continues to be underpinned by its position as a leader in both the LNG and the gas-to-liquids value chains.

He stated that Shell saw "underlying strength" in the natural gas and LNG markets.

"To sustain its strength and competitive advantage in LNG through the 2020s, the company will continue to assess opportunities for selective growth - cost competitiveness will be a key decision criterion," he stated.

The Shell CEO said the Upstream division has implemented a successful and continuing operational excellence programme, delivering more production and lower costs.

The Downstream unit continued to deliver strong financial performance, due to highly integrated refining, trading and marketing operations and premium products.

Shell groups its seven strategic themes into three categories, cash engines, growth priorities and emerging opportunities.

The company groups Integrated Gas, conventional oil and gas and Oil Products as "cash engines". Deep water projects and Chemicals are "growth priorities" and shales and new energies are "emerging opportunities".

"Illustrating the dynamic nature of the company's portfolio, the intention is for deep water to have become a cash engine by 2020 and shales to have become a growth priority by 2020," he explained.

Shell recently launched an initiative with ExxonMobil and other major energy companies to cut greenhouse-gas emissions from natural gas projects.

On this theme, Shell said it would continue to reduce its net carbon footprint.

"Shell further positioned itself for the future by unveiling its ambition to cut the net carbon footprint of its energy products by around half by 2050.

"As an interim step, by 2035 it will aim for a reduction of 20 percent," it said.

The company will measure its progress by disclosing the net carbon footprint not just from its operations and energy use, as it does now, but also from the use of its energy products, expressed in grams of carbon-dioxide per megajoule consumed.

"Tackling climate change is a cross-generational, global and multi-faceted effort," stated Van Beurden.

"This is a challenge for the whole planet, for all of society, for customers, for governments and indeed for businesses. It will mean meeting increasing energy demand with an ever-lower carbon footprint.

"We are committed to play our part," the CEO said.

UNLIMITED AGENDA

Pembina to start spending on Jordan Cove LNG in US and its Canadian LPG terminal

Our North American editor

Pembina Pipeline Corp. of Canada has approved investments of around US$1.3 billion for 2018, including a proportion of spending to make progress on the Jordan Cove LNG export plant planned for the Northwest US state of Oregon.

Pembina said it would spend about C$170M on what it calls "value chain extension" projects, including C$135M (US$105M) on Jordan Cove.

Progress

"The company plans to spend approximately C$135M towards progressing its proposed Jordan Cove LNG project," said Pembina.

Pembina, which closed its takeover of original Jordan Cove developer Veresen Inc. of Canada in October 2017, said it expected a decision on the LNG liquefaction plant from US regulators by the end of 2018.

"Jordan Cove officially filed its application with the Federal Energy Regulatory Commission in September 2017 with the company expecting an outcome during the second half of 2018," said Pembina in outlining its latest spending plans.

Pembina CEO Mick Dilger sees US project as building block

"Pembina continues to focus on securing binding agreements for the long-term sale of natural gas liquefaction capacity at the export terminal, as well as securing the regulatory and environmental permits for both the terminal and the associated pipeline," it stated.

Jordan Cove if approved would be constructed at Coos Bay in Oregon to produce 7.8 million tonnes per annum of LNG for export to Asian markets.

It would be the only LNG export facility on the US West Coast and proposals include the related Pacific Connector Gas Pipeline to transport natural gas from the Malin Hub in southern Oregon to the Coos Bay export plant.

"It has been a transitional year in Pembina's history," said Mick Dilger, Pembina's President and Chief Executive.

"Since the beginning of 2015, we have placed approximately $8 billion of predominately contracted assets into service, marking the culmination of an unprecedented growth strategy," added the CEO.

"In addition, we also completed the largest corporate acquisition of our company's history during the year.

"We expect to continue this positive momentum into 2018, as we remain focused on completing the remaining growth portfolio and advancing our strategy of creating new market access for our customers," stated Dilger.

New capital projects include an export terminal for liquefied petroleum gas (LPG) at the Port of Prince Rupert in the Canadian Province of British Columbia.

Prince Rupert had been the site chosen by several LNG export plant developers who cancelled their ventures because of economic factors and tougher Canadian federal regulatory conditions for the hydrocarbon industry in general.

"The Prince Rupert Terminal will be located on Watson Island on lands leased from a wholly-owned subsidiary of the City of Prince Rupert," said Pembina.

"Through site assessments and engagement with key stakeholders, the company has confirmed Watson Island as the ideal location for the project to be developed and has executed definitive commercial agreements with the City," added the company. ■

NextDecade's Rio Grande project could proceed on a smaller scale with just two production Trains

NextDecade, the US company proposing to build the Rio Grande LNG export project in Texas, said it could take a final investment decision for as few as two Trains rather than the six in its initial plans.

Such a downgrade would mean its facility would have output of 9 million tonnes per annum rather than 27 MTPA.

NextDecade, the developer of one of three LNG export terminals proposed for near the port Brownsville in south Texas, said that while it was sticking to its original proposal, it did not need to build all six production Trains for the project to be economic.

"The project is scalable up to 6 trains (27 MTPA). NextDecade intends to develop the full 6-Train plant at Rio Grande LNG, but does not need to develop the full-scale facility in order to offer customers significant cost advantages, environmental benefits and reliable LNG supply," it said in a project update.

NextDecade, whose Chief Executive is former Shell senior LNG executive Kathleen Eisbrenner, is advancing through the Federal Energy Regulatory Commission process.

"NextDecade expects to receive a notice of schedule for its Rio Grande LNG project in the near future and to receive a final authorization in the second half of 2018," it stated. The start-up of the first two Trains has been scheduled for around 2021-2022.

The company noted that it had "a seasoned leadership team with marketing and development experience to execute its projects" and strong partnerships in the institutional asset management community.

The statement comes as the second wave of liquefaction and export plants being developed mainly on the Gulf Coast, though also in other regions, have traditionally secured firm long-term take-or-pay contracts with international buyers to underpin the billions of dollars in construction costs.

Analysts say that LNG buyers in Asia are avoiding long-term contracts as they envisage that there will be sufficient liquidity in the supply market for cargoes to be at low prices in the future because of a campaign led be Japan to move away from contracts linked to the oil price.

NextDecade is developing its own marketing strategy and has a joint venture relationship with Flex LNG, the Norwegian company awaiting the delivery of six LNG carriers, some of which can be chartered as floating storage and regasification units for import projects. ■

Gazprom back in mainstream as US bank joins lending group

Gazprom, the Russian natural gas giant and main supplier of pipeline supplies to the European Union, as well as owner of the expanding Sakhalin LNG plant, has fully re-entered the financial mainstream with an agreement involving JPMorgan Chase Bank of the US and two of the largest Japanese banks.

JPMorgan Chase joined Sumitomo Mitsui Banking Corp. and Mizuho Bank of Japan to sign a facility agreement in Tokyo for 1 billion euros ($1.18Bln) over five years.

"The signing of the agreement marked another step in Gazprom's successful long-term cooperation with the credit organizations," said Gazprom.

Gazprom is the main shareholder in the Sakhalin LNG plant in the Russian Far East, supplying Japanese utilities with around 600,000 tonnes per month of cargoes and with a third Train under development in the southern part of Sakhalin Island.

It is one of the largest financing deals arranged by Gazprom since the 2014 financial sanctions were imposed on Russian energy companies and its biggest banks over the country's policies towards neighbour Ukraine.

Gazprom was not the subject of US sanctions, though it was shut out of the bond market for a year until October 2017 because of the Ukraine sanctions by the US and the EU that focused on banks.

Some of Europe's largest energy companies Royal Dutch Shell, Austria's OMV, Germany's Uniper and Wintershall and France's Engie are partners in the Gazprom-led Nord Stream II project to bring more pipeline gas to the EU and have already raised packages of hundreds of millions of euros.

Yamal LNG export project in Russia advances towards first shipment

Our Europe editor

The $25-billion Yamal LNG project in the northeast Siberian region of Russia, led by natural gas company Novatek, said it received state permission to commission the first liquefaction production Train and associated infrastructure.

The commissioning covers the first Train and almost 60 feed-gas wells and the utilities.

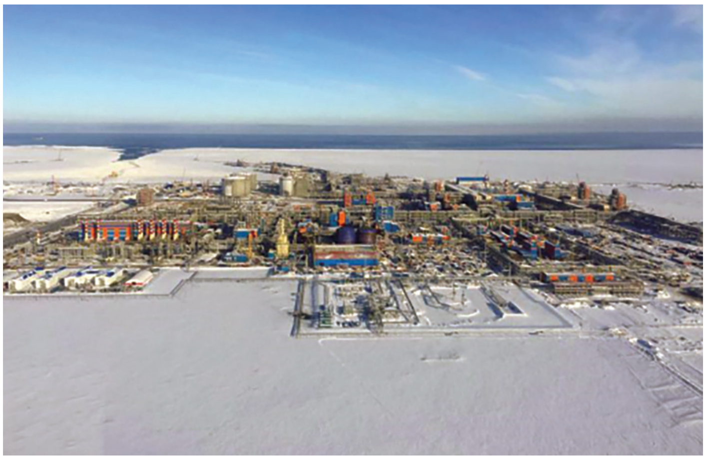
The nameplate capacity of the first Train is 5.5 million tonnes and the first cargo is expected to be shipped before the end of 2017.

The three-train Yamal LNG plant, designed to produce a total of 16.5 MTPA, will liquefy the feed-gas from the South Tambey field on the Yamal Peninsula and export the cargoes from the port at Sabetta.

Estimated reserves of the field stand at around 44 trillion cubic feet of gas and 550 million barrels of condensate.

A total of 200 wells are expected to be drilled before all three Trains are on stream, while a fourth Train is planned.

Novatek leads the joint venture with a 50.1 percent stake while France's Total and China National Petroleum Corp. each have 20 percent shareholdings and the Chinese equity firm, the Silk Road Fund, holds the remaining 9.9 percent stake.



Liquefaction plant built in extreme conditions

The joint venture started construction in late 2013 and it is regarded as one of the most complex LNG projects ever undertaken on the edge of the Arctic Circle.

TechnipFMC and JGC Corp. of Japan are on their way to completing the first phase of the engineering, procurement and construction (EPC) contract.

Due to the extreme climatic conditions in the region, construction of the LNG plant and facilities involved building modules in China and shipping them to the construction site in Siberia for installation.

The last of the 142 modules constructed for the three Trains was delivered to the site in September.

Shipping LNG in the waters of the Northern Sea Route led the shareholders to order a new class of ice-breaking carriers. In all, 15 LNG ice-breakers will be gradually commissioned through 2019.

Novatek and Japanese firms study plan for Asia LNG trans-shipment

Marubeni Corp., the Japanese trading house and LNG player, along with shipping company Mitsui OSK Lines, signed an accord with Russian natural gas firm Novatek to conduct a study on establishing an LNG trans-shipment and marketing complex in the Russian Far East.

The trans-shipment port, similar to one agreed for the Zeebrugge terminal in Belgium, would handle cargoes from the Yamal LNG export plant in Arctic Russia, set to commence commercial operations in early 2018.

The Kamchatka Peninsula, located between the Pacific Ocean to the east and the Sea of Okhotsk, has been chosen for the study.

"This project will create offshore infrastructure to trans-ship LNG cargoes from ice-breaking LNG ships to standard ships," a statement said.

"The LNG will be produced at projects Novatek is implementing in the Arctic region," the companies added.

"The project will ensure flexible LNG supply to the Asia-Pacific region," they explained.

"Marubeni and MOL will contribute not only to the mutual relationship between Japan and Russia, but to the stable supply of LNG to the Asian-Pacific region, including Japan," the companies stated.

Fluxys Belgium, the operator of the Zeebrugge LNG terminal and the Belgian natural gas transmission network, has a 20-year agreement to welcome ships from the Russian Yamal plant to trans-ship cargoes when the Northern Sea Route is closed.

The Zeebrugge facility will provide unloading and loading operations for trans-shipment services from ice-breaker LNG carriers to conventional LNG vessels under the contract with Yamal Trade.

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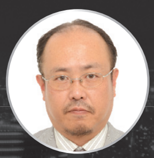

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NEWS NUDGES

Ichthys LNG accident

Inpex Corp. of Japan, developer of the Ichthys LNG plant at Bladin Point near Darwin in Australia's Northern Territory, halted construction work on November 30 after a worker died in an accident. "Inpex Operations Australia sincerely regrets to confirm a serious incident occurred at its Bladin Point construction site in Darwin at approximately 8pm last night that resulted in the death of a worker," the company said. Inpex is building the plant in a joint venture with France's Total to supply Japanese utilities and Taiwan with LNG.

Madrid talks on gas role

The International Gas Union brought together 70 diplomats and executives at its Gas Forum in the Spanish capital Madrid to discuss the LNG and gas industry. Countries such as the United States, South Korea, China and Middle East nations were represented. The event was hosted by Spain's Gas Natural Fenosa, whose Chief Executive Rafael Villaseca said natural gas remained an important component of the new energy mix. "The participants in the meeting agreed on the key role of natural gas in improving air quality and combating climate change," said the closing statement.

Osaka Gas Thai project

Osaka Gas, one of the leading Japanese utilities and LNG importers, has launched a pilot project in Thailand to make a form of LNG fuel from agricultural waste for use in vehicles. The utility said it would ascertain the feasibility of supplying natural gas to vehicles by removing carbon dioxide and other impurities from biogas generated from waste in the palm oil industry. The project is located at Nakhon Si Thammarat.

Gasum to expand LNG filling station network to Sweden and Norway

Our Europe editor

Gasum, the Finnish natural gas company, said it planned to expand its liquefied natural gas filling station network to Sweden and Norway during 2018.

Gasum, which also controls the Norwegian LNG supply company Skangas, said the stations would be positioned in strategically relevant locations, expanding the operating range of LNG-powered trucks even further in the Nordic countries.

LNG fuel stations operate in main towns in Finland

Growth

"Gasum believes LNG to be the future fuel for heavy transport. The network of LNG filling stations is growing fast all over Europe, which helps the market and the infrastructure to develop further," said the company.

Finland's natural gas operator has built out the Finnish LNG filling station network during 2017.

It has opened stations in Helsinki, Turku and Jyvaskyla, while a new station will be opened in Vantaa before the end of the year. Gasum is also involved in the newest Finnish LNG import terminal at Tornio, the largest regasification plant in the Nordic region.

Gasum gave no details of where the new Norwegian and Swedish LNG fuel stations would be built.

"We believe that the timing is right for the expansion as customer demand is rapidly increasing with the emission targets set by the countries," said Jukka Metsala, Vice President of Biogas for Gasum.

"Several governmental support schemes are set to boost the availability and demand of LNG and LBG in the Nordics," added Metsala.

LNG fuel for trucking is a keystone of European Union and Nordic region policy for road transport.

The trucks fuelled by LNG can also transport it in bulk to broaden fuel distribution to inland areas and to isolated communities not served by pipelines.

The company said switching fuels for trucking and road transport from diesel to either LNG or liquefied biogas (LBG) will have a significant impact in reducing greenhouse-gas and pollution from emissions.

Petronas gas-up and cool-down service planned for Bintulu port

Malaysian energy company Petronas plans to offer gas-up and cool-down services for the global LNG carrier fleet from its liquefaction plant at Bintulu port in Sarawak in competition to other ports such as Singapore.

Petronas said the services at Bintulu would start in 2018, positioning the port and liquefaction plant at Bintulu as one of the main global LNG hubs, making it one of the few ports in the world to offer this facility.

The gassing-up and cooling-down, known as GUCD, is a service for maritime storage tanks on LNG carriers, for example after dry-docking, and to cool down the tanks to cryogenic temperature before loading its next cargo.

The Malaysian company's subsidiary, Petronas LNG, has signed an accord with Bintulu Port authorities for the provision of marine support services for GUCD in Bintulu for a trial period of three years.

"The GUCD services is a niche and specialised service to be offered by Petronas and the Port of Bintulu," said Ahmad Adly Alias," Petronas Vice President for LNG marketing and trading.

"This collaboration is expected to enhance Petronas' portfolio of services in the integrated (LNG) value chain," he added.

Singapore offers operators of LNG carriers GUCD services at its Jurong Island import terminal, which is seen convenient for vessels on maintenance visits to shipyards in the region such as Keppel.

Petronas will offer ample competition in the GUCD market as one of the leading Asian LNG producers and a world leader in floating LNG production.

The company produces more than 28 million tonnes per annum of LNG from the onshore Bintulu plant in Sarawak, which came on stream in 1983 and has output from seven liquefaction Trains.

Petronas also became the first FLNG producer when the "PFLNG Satu" processing hull entered commercial service in early 2017 after being deployed over the Kanowit gas field offshore Sarawak.

OPEC of natural gas - the GECF - meets in Bolivia and pledges to protect essential role in energy mix

Our Americas editor

GECF event was hosted by Bolivian President Evo Morales (front, fourth left). It was attended by 12 full members and eight nations took part as observers

The Gas Exporting Countries Forum (GECF), the natural gas industry's version of OPEC, has completed its summit in the city of Santa Cruz in Bolivia, with Qatar pledging to regain its position as the leading liquefied natural gas producer five years after Australia overtakes it in 2019.

The event, hosted by Bolivian President Evo Morales, was attended by the 12 member-countries and seven other nations who hold observer status.

Production

Qatar's Minister of Energy Mohammad Bin Saleh Al-Sada said the Gulf nation intended to raise its LNG production by about one-third to reach 100 tonnes per annum and to be fully operational at this capacity by 2024.

In his speech to the conference, the minister reviewed the history of the GECF, which held its first summit in the Qatari capital Doha in 2011.

"Qatar is among the largest producers of LNG, with an annual capacity of 77 MTPA to be among the largest suppliers to the world," said Al-Sada.

The minister praised the status of the GECF, describing it as "a well-established, internationally recognised, professional organisation, providing authoritative, well-researched information on Natural Gas."

The GECF members are Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago, United Arab Emirates.

The observer-status countries are Venezuela as well as Azerbaijan, Iraq, Kazakhstan, the Netherlands, Norway, Oman and Peru.

The members endorsed a 10-point declaration at the meeting, including the reaffirmation of "the essential role of natural gas" as a clean and reliable energy source for sustainable development.

It emphasized the importance of natural gas in the global energy mix and in building climate resilient economies in line with the Paris Agreement on reducing greenhouse-gas emissions.

The statement also noted that "the GECF member countries have the largest share of gas reserves and production capacity in the world, and emphasizing their role as reliable suppliers to satisfy energy needs" around the world.

The GECF also opposed sanctions measures imposed over recent years against some of its members.

"Expressing our deep concern about extra territorial application of laws and regulations and our objection to unilateral economic sanctions, in the gas sector, and particularly against GECF member countries, that are not authorized by the relevant organs of the United Nations," it said in relation to leading member Iran.

The GECF Secretary General is Seyed Mohammad Hossein Adeli of Iran who has led the organization since 2014.

It organizes its main conference every two years and the Fifth GECF Summit is scheduled to take place in Equatorial Guinea in 2019.

CEO outlines strategy of LNG with renewables and coal power

Origin Energy, a stakeholder in the Australia Pacific LNG plant, said the facility was exceeding performance expectations as the company prepared to be a provider for a clean energy future with renewables, while using Australia's largest coal-fired power plant to continue to meet demand in New South Wales.

Chief Executive Frank Calabria said at an investor day speech that he was seeking APLNG cost reductions as he was also preparing front-end engineering and design for the Ironbark coal-seam gas project.

The Ironbark project is expected to produce CSG from 800 new gas wells in the next 30 years in addition to the nearly 10,000 wells Origin is drilling with ConocoPhillips as feed-gas supply for the APLNG plant.

The Sydney-based company noted that it took on high debts to help build the A$25 billion APLNG plant and said its own share of the debts would be reduced to below A$7 billion by the end of fiscal 2018.

However, Calabria stated that while renewables were expected to be the fastest growing source of energy, natural gas would also "play an important role under all carbon-reduction scenarios."

"The LNG market is forecast to be oversupplied in the near term, but moving into a deficit LNG market in the early 2020s," said the CEO. He added that APLNG, through its CSG production assets, was committed to meeting the domestic gas market shortfall.

Calabria said in his speech that during the market transition there is heightened concern in Australia about reliability of power supply and affordability.

North Asian LNG demand raises spot prices to $9.30 per MMBtu

Our Asia-Pacific editor

Gorgon export plant on Barrow Island in Western Australia

North Asian LNG spot prices have strengthened, driven by increasing Chinese and Indian demand, together with the usual stock build for winter in Japan and South Korea.

The Singapore index for LNG (Sling) spot prices rose as high as US$9.32 per million British thermal units (A$11.50/GJ) in November for December deliveries, according to the latest report from Australian consultants EnergyQuest.

On stream

"With growing exports from Wheatstone, which commenced at the end of September and Gorgon production upside, higher LNG prices could push monthly LNG export revenue close to $3.0 billion by early 2018," said the report on the Australian LNG market.

"West Coast LNG projects shipped 3.3 million tonnes in October (up from 2.4MT in September) due to higher North West Shelf (NWS) output. Annualised this is 38.8MT, 94.5 percent of nameplate capacity (excluding Wheatstone)," the report added.

East Coast LNG exports remain flat at 1.7MT per month, with no sign of higher production to take advantage of higher LNG spot prices.

"Although there was movement north of southern gas in October, this was not reflected in higher LNG production," it stated.

EnergyQuest said LNG prices are significantly higher than East Coast domestic prices.

"Short-term domestic gas prices eased further in southern markets in October with falls of over $1/GJ.

"Average prices in October were $7.18/GJ in Brisbane, $6.92/GJ in Sydney, $6.49/GJ in Adelaide and $6.06/GJ in Victoria.," it said.

"With higher LNG spot prices, LNG netbacks are higher than East Coast domestic gas prices. Based on marginal costs and spot LNG prices of US$9.08/MMBtu the Wallumbilla netback was $8.58/GJ at the end of October," it said.

Beach Energy lines up permits offshore Western Australia

Beach Energy, the emerging market player in Australia, said it signed an agreement to acquire equity in two North West Shelf exploration permits in the Carnarvon Basin offshore Western Australia with LNG production prospects.

The two permits, known as WA-359-P and WA-409-P, are being purchased from Australia's Cue Energy Resources and subject to exercise of an option BP of the UK will participate with majority stakes in both permits.

"The farm-in agreement for WA-359-P and call option for WA-409-P give Beach exposure to a potentially significant gas-condensate discovery which may extend across both permits," said Beach.

The permits adjoin the giant Ironbark gas-condensate prospect offshore Western Australia.

"Exploration success at Ironbark could provide significant, long-term gas volumes to feed nearby LNG plants in the coming decade," said Beach.

"Ironbark is located less than 50 kilometres from the North West Shelf LNG's Rankin platform, and is in close proximity to Pluto and Wheatstone LNG infrastructure," said the Australian company. The name Ironbark is also given to separate Australian onshore coal-seam gas project in Queensland.

Beach earlier in 2017 agreed to buy Origin Energy's conventional oil and gas business, Lattice Energy, for US$1.25 billion, a deal that tripled the Adelaide-based company's Australian reserves.

The company said the Lattice purchase established it as a major supplier of gas to domestic markets and provided a step-change in production and operating capabilities.

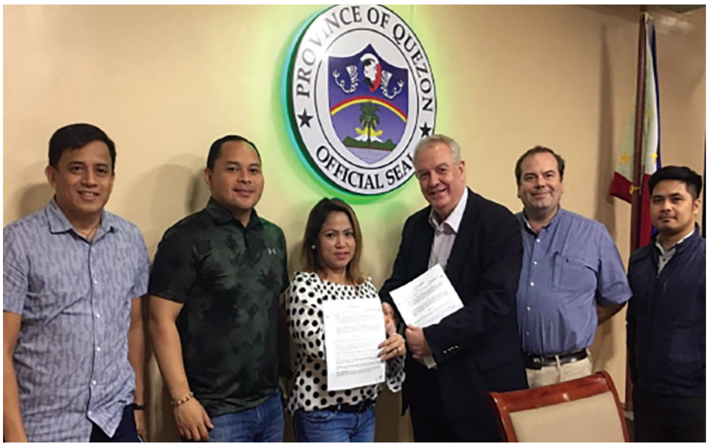
"For some time, Beach has been seeking high impact exploration opportunities in Australia and New Zealand to add to its growth portfolio," said Beach Chief Executive Matt Kay.

"With favourable Western Australia LNG market dynamics over the coming decade, successful development of Ironbark may align with expected shortfalls in LNG feedstock," added Kay.

"Beach is also excited to collaborate with high-quality joint venture partners in BP and Cue," he stated.

Philippines set to bring LNG hub and power plant on stream in 2018 after land accord signed

Our Asia-Pacific editor



Quezon Provincial Governor David C. Suarez (second left) with Brian Allen, Executive Director of EWC (fourth from left), alongside another EWC executive Graham Elliott and Filipino officials at the contract signing

Energy World Corp., the Asia-Pacific project developer, has cleared the final hurdle to bring a power plant and LNG hub venture on stream in 2018 at Pagbilao in Quezon Province of the Philippines.

"With this agreement now in place we will now proceed to complete construction of the power plant and the LNG hub terminal with a view to commencing commercial operations in 2018," said Brian Allen, Executive Director of EWC.

First facility

The EWC LNG terminal in Pagbilao is the first constructed in the Philippines. It has two storage tanks and total capacity of 260,000 cubic metres, supplying the affiliated gas-fired power plant.

Allen signed the accord in the city of Lucena, the capital of the Quezon province, with Provincial Governor David C. Suarez and with another EWC Executive, Graham Elliott, in attendance.

"Notwithstanding that this has taken longer than expected, due to circumstances outwith our control, we are delighted to have secured this agreement and acknowledge the tremendous support of the Quezon Province Suarez in facilitating the negotiations," stated Allen.

EWC's headquarters are in Hong Kong and its shares are listed on the Australian Securities Exchange.

Its Asian LNG projects also include a small-scale liquefaction plant at Sengkang in Indonesia and energy and power ventures in Australia and Papua New Guinea.

The EWC binding agreement in the Philippines is for land ownership and right-of-way access from its 650-magawatts Pagbilao Power Station to the nominated National Grid connection point.

The ability to pursue the land accord followed the National Grid's confirmation in October 2107 of the final location of the proposed new Pagbilao high-voltage, sub-station for the project.

"The right-of-way access will enable us to construct, operate and maintain a transmission line," said EWC.

"We have previously obtained all required approvals for the design and construction of the transmission line," it added. ■

Delek Group still expects to sell gas volumes from East Med to Egyptian buyers despite Zohr project

Delek Group, the Israeli company focusing on the energy sector, said it expected to sell natural gas to Egypt in the future from its Tamar and Leviathan gas field projects in the East Mediterranean as Egyptian needs outstrip its supplies.

"With regard to the possibility of exporting natural gas from Israel to Egypt, the Group reiterated that there was no change in its assessments regarding the possibilities of gas exports, and that the negotiations between the parties continue with the aim of signing significant long-term export agreements," said Delek.

The Leviathan field has around 22 trillion cubic feet of reserves and the Tamar field has 11.25 Tcf of reserves in place.

Delek cited a consultancy report on demand and supply forecasts for Egypt over the next few years, saying that Egypt's natural gas demand is expected to exceed its domestic supply.

Egypt is currently bringing on stream the Zohr field discovered in the East Med in the Shorouk concession and approximately 120 miles north of Port Said in water depths of 4,900 feet.

Italian energy company ENI is the licence holder and is preparing the final stages of the Zhor field development.

The Egyptian field has estimated total resources at 30 Tcf and could end the nation's natural gas shortages that turned it from an LNG exporter into an LNG importer.

However, Delek is still optimistic about being a future supplier to Egypt with its main partner in the Leviathan and Tamar projects, the US company Noble Energy.

"Even if the Zohr reservoir is fully developed in accordance with the original timetables set for it, a shortage of natural gas is expected in Egypt over the coming years, which supports the partnership's existing assessments that Egypt continues to be a major target for the export of gas from the Tamar and Leviathan projects," said Delek.

Delek made its statement on natural gas sales to Egypt in its third-quarter earnings.

The whole group posted net profits in the third quarter of more than 1 billion Israeli shekels ($285M) compared with 85 million shekels ($24.2M) in the same quarter a year ago.

Delek said its oil and gas exploration continues to make a significant contribution to the group's earnings.

In its energy highlights, the company noted its sale of 9.25 percent of the holdings of the Delek Drilling subsidiary in the Tamar field to the Tamar Petroleum spin-off, resulting in a net profit of 873M shekels ($249M).

"The sale of the rights was made in accordance with the gas outline, in which the partnership undertook to sell all its holdings in Tamar by the end of 2021," it added.

After the sale of the rights, about 22 percent of the rights in the Tamar reservoir will remain in Delek's hands.

"We concluded the third quarter with record profits of over 1 billion shekels, in line with our strategy to focus on energy and at the same time to expand our operations into international markets," said Asaf Bartfeld, President and Chief Executive of Delek Group. ■

THE OFFICIAL EVENT FOR PAPUA NEW GUINEA'S PETROLEUM & ENERGY INDUSTRY

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19 - 21 MARCH 2018

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