

LNG Unlimited

LNG JOURNAL PUBLICATION

19 November 2019

Chart supplies largest European LNG filling station amid expansion

US equipment maker completes venture in Germany as Nordic fuel firm set to expand
LNG Journal editor



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US company completed AlternOil's LNG station in Germany

Chart Industries, the US maker of equipment for the liquefied natural gas and industrial gas sectors, has completed the commissioning of Europe's largest LNG filling station to help meet rising demand by trucking companies for cleaner fuel to reduce emissions.

Chart said the LNG fuel station was completed in northwest Germany for the company AlternOil GmbH.

Strategic location

AlternOil will operate the filling station, which is located near Germany's main A1 highway in the municipality of Bakum in the state of Lower Saxony, bordering the Netherlands.

Chart, whose headquarters are in the suburbs of Atlanta, said operations at the newest European LNG filling station are set to begin in early December 2019 following final approvals from the local authorities.

Chart said it used its proprietary "Saturation on the Fly" (SoF) technology at the station.

"This eliminates methane emissions escaping to the atmosphere and recognizes both spark ignited and compression engines which allows the station to fuel all LNG trucks regardless of original equipment, manufacturer or brand," explained the US company.

Chart said the SoF technology also improves the station's overall energy management and provides a total refueling time consistent with equivalent diesel-engine vehicles.

"We continue to contribute to

the development of the global LNG infrastructure ranging from liquefaction to marine to transportation," stated Jill Evanko, Chart's Chief Executive.

Chart's customer, AlternOil, said it continued to offer maximum operator convenience through flexible, full-service truck centres that incorporate full integration of Chart equipment with other aspects of the station, including AlternOil's cashless payment system.

AlternOil added that it was planning further LNG filling stations for its planned German network, including in Cologne, Fulda, Hamburg, Bremen and Remscheid.

At the same time expansion is underway in the Nordic countries as a major market participant, Gasum of Finland, has agreed to acquire filling stations and a range of LNG assets.

Gasum is buying two businesses from the German group, Linde AG, with one involved in the clean energy sector and another in LNG maritime fuel.

The Gasum-Linde transaction covers the sale of the Swedish AGA Clean Energy business and the Nauticors Marine Bunkering unit in Norway, which together generate revenues of 100 million

euros (\$110M) a year. Gasum said the acquisitions when completed would include the transfer of Swedish and Norwegian assets, including a small LNG liquefaction plant.

The sale also includes two LNG regas terminals, two LNG bunkering vessels and 48 gas filling stations in Sweden and Norway.

The value of the deal to buy the AGA Clean Energy business and Nauticors's Marine Bunkering was not disclosed.

"The acquisitions will enhance the development of the Nordic gas market and create a platform for Gasum to provide a broader offering to meet the increasing demand for low-emission energy solutions from customers in industry, maritime and road transport," said the Finnish company.

"The transaction will improve access to competitive natural gas and biogas, multiply the available LNG logistics capacity and expand Gasum's Nordic gas filling station network," stated Gasum.

The Finnish company's Chief Executive Johanna Lamminen said the purchase of AGA Clean Energy and Nauticors Marine is part of a growth strategy.

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LNG Journal editor

Teekay LNG Partners, the US-listed tanker fleet owner and operator of about 50 LNG vessels, reported record net earnings after an eventful third quarter when it was briefly caught up in the Iran oil sanctions issue amid the delivery of more LNG newbuilds and ahead of the start-up by year-end of the Bahrain regasification project.

Newbuilds are still being transferred into the fleet of Teekay LNG and it took delivery of its fourth and fifth 50 percent-owned Ice-Class ARC7 LNG carrier newbuilds in August 2019 and early November. The final ARC7 vessel is expected to be delivered in late November 2019.

Yamal role

The Ice-Class LNG carriers will serve the Russian Yamal export plant from the port of Sabetta in northern Siberia with deliveries to global customers.

Teekay was forced during the quarter to resolve an issue



'Bahrain Spirit' on way to Khalifa Bin Salman Port

whereby the company was briefly and mistakenly caught up in the US oil sanctions against Iran through a Yamal LNG shipping venture linked to the Chinese company COSCO.

Teekay explained in its earnings statement that the COSCO group completed an ownership restructuring on arms-length terms pursuant to which its 50 percent interest in China LNG Shipping (CLNG) was transferred to a non-sanctioned COSCO entity. This automatically resulted in CLNG and the Yamal LNG joint venture no longer being classified as subject to US sanctions.

Teekay LNG Partners, based in Bermuda and listed on the New York Stock Exchange, said third-quarter voyage revenues increased by almost 22 percent to the end of September and were \$149.6 million compared with \$123.3M in the same three months of 2018.

Voyage revenues from LNG carriers totaled \$137.2M and from liquefied petroleum gas (LPG) amounted to around \$10.8M.

The Teekay partnership has interests in 49 LNG carriers as well as 23 mid-size LPG carriers and seven multi-gas carriers.

Net income attributable to the partners soared by 80 percent and

amounted to \$47.3M versus \$25.9M in the year-ago quarter.

Teekay said that compared with the same quarter in 2018, the results were positively impacted by earnings from the nine LNG carrier newbuilds delivered into the partnership's consolidated fleet.

Meanwhile, the Bahrain LNG regasification terminal for the Arab Gulf kingdom is expected to commence operations before the end of 2019 with Teekay supplying the vessel.

Teekay's profits are expected to increase from its involvement in Bahrain's first floating LNG terminal to be deployed about 5 kilometres from the existing breakwater at the Khalifa Bin Salman Port. It includes a floating storage unit (FSU) provided by Teekay and a regasification platform.

Bahrain has already taken over the charter of the FSU, the 173,000 cubic metres capacity "Bahrain Spirit".

Teekay Tankers gives details of the ongoing preparations for IMO fuel rules from January

Teekay Tankers, the oil and products shipping arm of Teekay Corp. and affiliate of Teekay LNG, said the company had made extensive preparations to meet the International Maritime Organization cap on sulfur emissions set to come into force on January 1.

Teekay Tankers currently owns a fleet of 56 double-hull tankers, including 30 Suezmax vessels, 17 Aframax tankers and nine long-range product tankers, two ship-to-ship support vessels and nine time chartered-in tankers.

Teekay LNG has 79 vessels in its portfolio, including 49 LNG carriers and 30 LPG and multi-gas vessels.

The IMO has adopted a comprehensive set of guidelines to support the implementation of the lower 0.5 percent limit on sulfur

in fuel oil for shipping and it is entering into effect from the start of 2020.

Global shipping lines have been mostly supportive of the move, though few have released details of their own specific preparations aimed at reducing pollution, especially in port areas.

The preparations by Teekay were outlined in the third-quarter earnings of Teekay Tankers by Kevin Mackay, the President and Chief Executive of the tankers unit.

"Our journey towards ensuring compliance with these new regulations has been three years in the making and having commenced purchasing these lower sulfur, cleaner burning fuels in recent weeks, we are confident that our

extensive preparations will result in a seamless transition to operating with the new fuel standard," said Mackay.

"Teekay fully supports the use of cleaner-burning fuels across the industry as it aligns directly with our core value of sustainability," said the CEO.

Related draft amendments have been approved through the IMO for the International Convention for the Prevention of Pollution from Ships, known as MARPOL.

Enforcement and compliance with and monitoring of the IMO sulfur cap limits are in the remit and responsibility of the states who are party to the treaty.

Most ships are expected to utilize new blends of fuel oil which have been produced to meet the

limit on sulfur in fuel oil or compliant marine gas-diesel oil.

The IMO has previously noted that the viability for ships to burn LNG as fuel depends very much on the availability of a worldwide network of LNG bunkering infrastructure, which to date is under-developed.

Many ships will use an exhaust-gas cleaning system (EGCS), also known as scrubbers, and accepted by their flag States as an alternative equivalent means to meet the sulfur limit requirement.

The Teekay Tankers mention of the IMO sulfur cap came in its earning statement as it posted third-quarter revenues rising to \$182.3M from \$175.9M in the year-ago quarter.

Total and BP sign supply agreements with UEA

Abu Dhabi National Oil Co. (Adnoc) has signed two-year LNG supply agreements with BP of the UK and French major Total for the majority of its production through the first quarter of 2022 after scaling back its supplies to Japan.

The signing of the Abu Dhabi agreements was witnessed by Bob Dudley, Group Chief Executive of BP, Total Chairman and CEO Patrick Pouyanné and their Adnoc counterpart Ahmed Al Jaber, who is also a Minister of State for the United Arab Emirates.

"BP is delighted to have concluded this LNG supply agreement," said Robert Lawson, Chief Operating Officer for BP Gas, Integrated Supply and Trading.

"Adnoc LNG is a long-standing supplier to BP's integrated supply and trading business. We are very pleased to have secured this new multi-year supply agreement," added Lawson.

Laurent Chevalier, Vice President in the Total Gas, Renewables and Power division said the two-year LNG supply deal contributed to the growth and flexibility of Total's LNG portfolio and strengthens its long-standing relationship with Adnoc.

"With these new supply agreements, Adnoc LNG has shown that it can react quickly and decisively to changing market conditions while ensuring the security and quality of delivery," said Adnoc LNG's CEO Fatema Al Nuaimi.

"We have also successfully demonstrated our ability to shift from one customer to multiple customers while maintaining our plant's high reliability and accepting ships from different customers at our jetty," explained Al Nuaimi.

MISC of Malaysia is hoping to build on momentum for growth

LNG Journal editor

MISC Group, the Malaysian company with more than 30 liquefied natural gas carriers in its fleet and with engineering and offshore divisions, is hoping to build on the momentum for growth in the shipping sector after sensing increased demand and securing two LNG carrier charters from ExxonMobil.

"The strength and resilience of our core businesses have contributed, once again, to MISC's stable financial performance for this quarter and will pave the way towards a positive financial close in 2019," said Yee Yang Chien, President and Chief Executive of MISC Group.

Signals

That's as MISC's group operating profit declined by 18 percent to 287.5 million ringgit (\$69.2M) compared with 351.1M ringgit (\$84.5M) in the same three months a year ago on higher costs and a financial gain that boosted the figures in the corresponding quarter.

Revenue for the three months to the end of September fell by



Optimistic: Yee Yang Chien, President and CEO of MISC

3.7 percent to 2.14 billion ringgit (\$516.9M) versus 2.22Bln ringgit (\$536.7M) in the year-ago quarter.

MISC said the decrease in revenue was due to a one-time reimbursement cost on towing and installation of a project in the Offshore segment.

Additionally, revenue for Heavy Engineering fell as a result of post-sail away projects and lower revenue following completion of a main contract.

MISC also has an oil and petroleum shipping business run by its subsidiary AET tankers.

"The decrease in Group revenue was softened by the uplift in the LNG business segment which contributed with a higher number of

operating vessels following lower dry-dockings and the acquisition of two more LNG carriers in December 2018 and January 2019," said MISC.

CEO Yee said that across the group, he was pursuing a value creation strategy of investing in assets to meet demand for long-term charters from premium customers that will underpin a predictable and sustainable annual operating cash flow.

"We are pleased to see a lot of projects that were previously under consideration have now come to life especially in the recent months, which bodes well for sustaining the momentum of our healthy financial growth," he added.

Korean LNG imports decline to be almost under 40 MTPA level

South Korea, the third-largest LNG importer, posted a 15 percent decline in liquefied natural gas shipments last month even at seasonally low prices, with Australia and Malaysia as the leading suppliers.

A total of 3.20 million tonnes of shipments, or around 40 cargoes, arrived at the nation's import facilities in October compared with 3.77MT in October 2018.

Qatar lost its position last month as the main supplier of cargoes to South Korea from Australia, which this year has also overtaken the Middle East state as the global No. 1 exporter in volume terms.

South Korean LNG imports are

forecast to decline over the next five years after reaching record volumes in 2018 as nuclear and coal power plants come on line.

The country received 44MT of LNG in 2018 and the imports are expected to fall for all of 2019 by 9 percent to around 40MT.

Customs data showed that in the first 10 months of 2019, South Korea's LNG imports fell by more than 8 percent to 32.2MT.

A total of 766,212 tonnes of LNG from Australia were unloaded in South Korea in October.

Among the shipments, the 160,000 cubic metres capacity carrier "Asia Vision" unloaded a cargo on October 15 at the Incheon terminal, owned by Korea Gas Corp.,

from the Chevron-operated Wheatstone plant in Western Australia.

The 155,000 cubic metres capacity carrier "Tangguh Sago" unloaded an end-of-month shipment on October 27 at the Gwangyang terminal from the Tangguh plant in Indonesia, operated by BP of the UK.

There are six LNG import terminals in South Korea and four are owned by Kogas. They are at the ports of Incheon, Pyeong-Taek, Samcheok and Tong-Yeong.

The two other terminals are operated by direct importers. One of the two independent facilities is owned by POSCO at Gwangyang and has been in operation since 2005.

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NEWS NUDGES

JGC gives LNG updates

JGC Corp., the Japanese LNG engineering and construction company, has given updates on its most prominent contracts for LNG Canada with Fluor Corp. of the US and for Mozambique LNG, also with Fluor and TechnipFMC. "Engineering and procurement are proceeding on schedule and the fabrication of modules has commenced," said JGC of the Canadian joint venture led by Royal Dutch Shell and located near Kitimat on the Pacific Coast of British Columbia. "Preparation of the construction site is proceeding according to plan," added JGC.

Panama Canal slots to rise

The Panama Canal Authority said it would soon double the number of daily slots for liquefied natural gas carriers to four a day to accommodate the increased demand due to the expansion of LNG export plants on the US Gulf Coast. The number of LNG carriers that transited the Canal through the Authority's fiscal year to the end of September 2019 numbered 399 ships, an increase of 37.6 percent compared with the 2018 number of 290 carriers. In fiscal 2017, a total of 163 LNG vessels transited the Canal and just 17 carriers were logged in 2016.

BHP names new CEO

BHP, the Australian commodities company with LNG interests in Western Australia, has named Mike Henry as Chief Executive to succeed Andrew Mackenzie, who will retire as CEO at the end of December 31. BHP has a global commodities market presence from its Australia resources and is also a shareholder in Australia's oldest and newest LNG ventures, the North West Shelf plant and the Pluto LNG expansion.

Woodside makes progress on Pluto-NWS gas Interconnector

LNG Journal editor

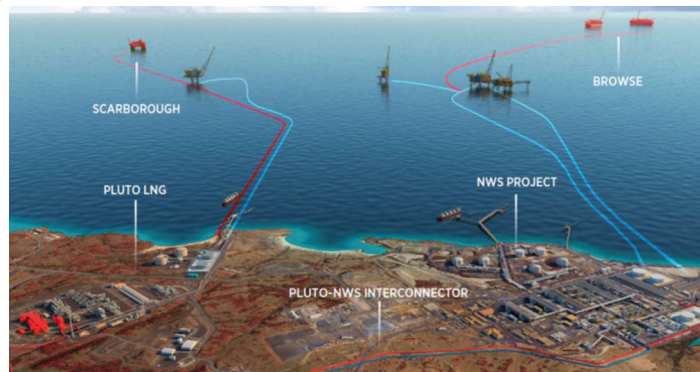
Woodside Petroleum, the liquefied natural gas plant operator in Western Australia, said it had decided to advance with the pipeline project, the Pluto-North West Shelf Interconnector, to connect the Pluto LNG and the North West Shelf Karratha Gas Plant and had entered into contractual arrangements for the construction.

Woodside said it signed an agreement with Australian firm DDG Operation for the construction of the pipeline. DDG is part of the Australian Gas Infrastructure Group (AGIG), the operator of the Dampier to Bunbury Gas Pipeline.

Gas hub

The Pluto-NWS Interconnector is a 30-inch diameter pipeline and will run for 3.2 kilometres, connecting the Pluto liquefaction and export plant and the NWS Karratha Gas Plant. It is the first component of the infrastructure needed to transport gas between the two and of a wider gas hub build-out.

Woodside said construction and operation of the pipeline is subject to regulatory approvals by



Short pipeline will connect Pluto LNG with the Karratha plant

the State of Western Australia and finalisation of commercial arrangements with the Pluto and NWS joint venture participants.

Woodside Chief Executive Peter Coleman said the Pluto-NWS Interconnector was a key component of the proposed Burrup Hub and would provide opportunities to take advantage of future excess capacity at the Karratha plant, which is located 1,260 north of the state capital Perth.

"Our vision for the Burrup Hub will unlock the future value of infrastructure which has been supplying gas to Western Australia and the world safely and reliably for more than 30 years," said

Coleman. "Delivering the proposed Burrup Hub will help underpin Western Australia's economic strength for decades into the future. It will provide thousands of jobs, opportunities for local suppliers and tax and royalty revenues to Western Australia," stated Coleman.

Woodside is expecting the Pluto-NWS Interconnector to start up in the first half of 2022.

AGIG's Chief Executive Ben Wilson welcomed the Woodside contract as further cementing his company's role as an owner and operator of critical infrastructure in Western Australia.

Delek of Israel completes UK deal after East Med pipeline

Delek Group of Israel, the company with stakes in the huge Leviathan field in the Eastern Mediterranean set to come on stream to supply Egypt and regional buyers and with LNG output plans, said its Ithaca Energy subsidiary completed the purchase of the UK North Sea oil and natural gas assets from Chevron Corp. for around \$2 billion.

Delek said that after the close of the deal Ithaca signed a five-year marketing and distribution agreement for the acquired Chevron fields with UK major BP.

Chevron had off-loaded its central North Sea assets in a sale by

tender won by the Israeli company.

The assets obtained by Delek's unit include the Alba, Alder, Captain and Erskine fields as well as the Britannia, Elgin-Franklin and Jade non-operated projects.

Other companies in the bidding for the Chevron North Sea fields had included UK chemicals firm Ineos, Premier Oil of the UK and Oman's Petrogas.

The Delek subsidiary's transaction adds a further 10 producing fields to the existing Ithaca portfolio.

Delek Chief Executive Asaf Bartfeld said the latest transaction would enable the international en-

ergy business to grow after it also sold its Phoenix insurance unit.

"The closing of the Chevron transaction, concurrently with the closing of the Phoenix sale, are two significant steps in the group's strategy for turning from a local company to a leading international energy company," stated Bartfeld.

Delek, which is a partner in the Leviathan and Tamar natural gas fields offshore Israel with Noble Energy of the US, recently gained a stake in the Egypt-Israel natural gas pipeline to supply Egyptian company Dolphinus Holdings with Israeli volumes.

Project led by Gazoduc for Quebec LNG exports rejects criticism of backers of Canadian gas outlet

LNG Journal editor

Gazoduc and GNL Québec, two Canadian companies proposing to transport feed-gas from Western Canada and export it as LNG from a liquefaction plant at Saguenay in Quebec, have rejected a critical report by a Montreal-based body looking into their corporate structures and possible taxation levels were the projects approved and constructed.

Gazoduc and GNL Québec said they totally rejected the report by the Socio-Economic Research Institute (IRIS) based in Montreal and issued a point-by-point rebuttal.

Claims

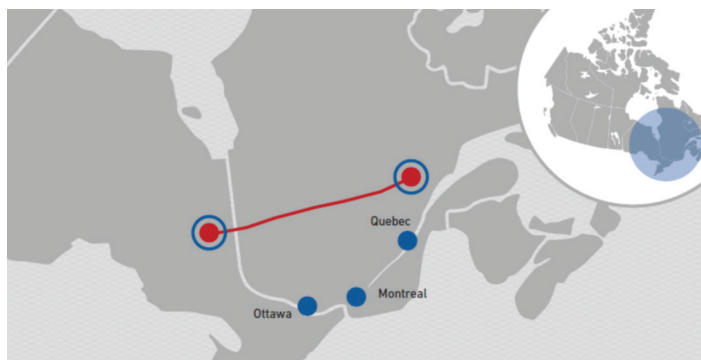
IRIS was founded in 2000 and publishes reports on public-private projects, taxation, education, health and environmental issues.

It claimed that the Québec LNG and gas pipelines projects aimed to pay taxes of just 5 percent instead of about 40 percent, because their company structures were similar to those favoured by investors who set up companies in tax havens and would not benefit the people of Québec.

The Gazoduc project is a natural gas pipeline of 780 kilometres linking the northeast province of Ontario to the proposed liquefaction and export plant at Saguenay, located about 200 miles north of Quebec City on a tributary leading to the St Lawrence River.

The critical IRIS report came after the project developers filed preliminary documents previously filed with the former regulatory regime, the Canadian National Energy Board.

The NEB has been replaced by



Gazoduc pipeline is planned from Ontario-Quebec border to Saguenay located on tributary leading to St Lawrence River

the new Canadian federal energy body, the Impact Assessment Agency of Canada, backed up by the Canada Energy Regulator (CER).

In the critical IRIS report just issued, the Montreal-based body listed equity fund supporters of the projects such as Freestone International of California, Breyer Capital, a US Delaware-listed firm and another Delaware firm Ruby River Capital. It also mentioned Foxconn and Titan Gas Technology with an address in the British Virgin Islands.

The tone of the IRIS report was set by paragraphs such as: "For example, a project whose main objective is to export Alberta fossil fuel gas via Quebec, which is considered polluting by several experts, risks generating fewer tax benefits than expected in the community."

Gazoduc is the pipeline builder and will operate the new natural gas transmission line from an inter-connection with the existing mainline near Ramore, Ontario, owned by Canada's largest pipeline operator, TC Energy.

Gazoduc will bring feed-gas to

the liquefaction plant in the French-speaking province to what will be its main customer, GNL Québec.

The natural gas pipeline is designed to transport around 51 million cubic metres (1.8 billion cubic feet) of natural gas per day.

Gas transportation services on the new transmission line will also be available for contracting by local distribution companies in northern Ontario and Québec.

In its rebuttal of the claims by the IRIS authors, Gazoduc and the LNG company issued this statement:

"The Gazoduc team would like to clarify some statements made in a report published yesterday by the Institut de recherche et d'informations socioéconomiques (IRIS)," they said.

"We feel it is important to do this since the report could fuel erroneous perceptions regarding the financing structure of Gazoduc's parent company, Société en commandite GNL Québec, and the taxes to be paid in Québec," said the statement.

"Gazoduc is a Quebec-based company with far-reaching bene-

fits for Quebec. Gazoduc's investment alone in this project will total C\$5 billion (US\$3.8Bln)," said the Gazoduc and GNL Québec statement.

"Gazoduc made an initial announcement of economic benefits in the amount of C\$36 million per year for local communities in Quebec and Ontario. The full extent of the economic benefits stemming from the Gazoduc project will be presented in 2020 within the framework of the impact study," they explained.

"Société en commandite (a common company structure in Québec) GNL Québec complies with all of Québec's tax laws and will pay all taxes required in Québec, in accordance with all laws and standards in force," they said.

"For the time being, Société en commandite GNL Québec is in the project development phase. That means that the company has no revenue, but is in the throes of an intensive expenditure phase," explained the statement.

"As for eventual dividends in the future, those would be paid once GNL Québec has paid all taxes and other financial obligations in Quebec and Canada," they said.

"This will be done with complete transparency and in full compliance with both the Canadian and international financial framework governing foreign investments," they added.

"Furthermore, we would like to emphasize that two companies cited by the IRIS as investors in GNL Québec - Foxconn and Titan Gas - have no direct ties to it," they said.

"Lastly, the financial and tax structure of both GNL Québec and Gazoduc is regularly audited and verified by reputable independent firms. That structure is transparent, just as all of our activities are," they concluded.

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- Gazoduc and GNL Québec statement

Japanese spot prices are mixed on oversupply

Spot cargoes delivered to Japan in October 2019 cost \$5.40 per MMBtu compared with \$10.60 per MMBtu in October 2018, while the delivered price in September 2019 had been \$4.90 per MMBtu.

The price of spot cargoes contracted in October averaged \$5.50 per MMBtu versus \$10.70 per MMBtu in October 2018, while the September 2019 contracted price was \$5.40 per MMBtu.

The North Sea Brent crude oil price that influences Japanese long-term contract prices has less of an impact on spot LNG cargoes, a market mainly governed by delivery windows, the price of volumes and available shipping.

The monthly spot cargo numbers come from the commerce division of the Japanese Ministry of Economy, Trade and Industry and are only issued if a minimum number of two trades are recorded.

The Ministry emphasizes that “spot LNG” refers to fuel traded on a cargo-to-cargo basis and does not mean shipments under contracts on a short-term, medium-term or long-term basis.

The statistical accounting of the spot prices by Japan started in March 2014.

Overall LNG imports to Japan rebounded in September from an almost 20 percent drop the previous month.

September shipments of mostly long-term contract supplies increased by 2.6 percent as more Australian volumes arrived and cargo costs declined 11.70 percent year-on-year.

According to LNG Journal estimates, Japan is on track to import around 78.03MT for all of 2019, if the volumes received in the remaining three months are in line with last year.

Air Products boosts net income amid China and Saudi projects

LNG Journal editor

US LNG and industrial gases company Air Products has posted an 18 percent jump in its fiscal full-year net income as it continues to build its gases business with joint ventures in Saudi Arabia and China.

Air Products reported fiscal full-year net income of \$1.80 billion versus \$1.53Bn in 2018, driven by higher pricing and sales volumes and benefiting from tax reforms.

Increase

The Allentown, Pennsylvania-based company said fiscal fourth-quarter net income rose 13 percent to \$519 million compared with 459M in the year-ago quarter.

Full fiscal year sales amounted to \$8.9 billion, showing a 2 percent volume growth with 3 percent higher pricing, offset 3 percent by unfavourable currency and 2 percent from a contract modification to a tolling agreement in India, which impacts sales but not profits.

Fiscal fourth-quarter sales came to \$2.3Bn as volume growth was primarily driven by new plants and supported by a positive base volume, partially offset by lower ac-



Seifi Ghasemi, Chairman, President and CEO thanks all his employees for ‘hard work, commitment and dedication’

tivity from the Jazan project in Saudi Arabia as it nears completion.

Air Products conducts its industrial gases business alongside its provision of LNG equipment products such as the main cryogenic heat exchangers for plants and its proprietary propane pre-cooled mixed refrigerant liquefaction process.

Most of the worldwide LNG production comes from Air Products technology and the company provides key equipment for the natural gas liquefaction process for large export plants, small and mid-sized plants and floating LNG facilities.

“Our people have stayed focused on serving our customers and creating value for our shareholders, every day, and I want to thank them for their hard work, commitment and dedication,” said Seifi Ghasemi, Chairman, President and Chief Executive.

Performances were strong during the fiscal fourth quarter in the three divisions that make up the company’s global operations.

In Industrial Gases America sales amounted to \$937M, a fall of 5 percent while operating income increased 4 percent to \$261M.

New Fortress Energy makes more Jamaica and Puerto Rico headway

New Fortress Energy, the owner of LNG facilities in Florida and in Jamaica and projects in Puerto Rico and the US northeast, posted a third-quarter rise in revenues while its net losses widened to \$54.4 million amid continuing start-up costs and other venture expenses.

New Fortress said the quarterly loss was bigger than the \$13.7M registered in the year-ago quarter while revenues came in at \$49.7M compared with \$28.4M in the same three months of 2018.

The New Fortress company is led by Wes Edens, co-founder of the private equity group Fortress Investment.

New Fortress made its debut on the Nasdaq global exchange in January 2019 after an initial public offering. Its main corporate focus now is introducing LNG to markets that lack access to the fuel.

“Revenue increased from the Old Harbour terminal and new commercial and industrial customer contracts coming online,” said New Fortress.

The increase was also due to \$10M of construction revenue recognized for one of its customers, the Jamalco Alumina plant for projects in Puerto Rico.

“Cost of goods sold was higher due to LNG costs as our weighted

average cost of gas increased from \$0.57 per gallon (\$6.92 per million British thermal units) in the third quarter of 2018 to \$0.66 per gallon (\$8.02 per MMBtu) in Q3 2019,” said New Fortress.

“The increase in cost of goods sold was also due to costs associated with construction services provided to customers of \$9M,” it added.

In addition to its 100,000 gallons per day liquefaction plant in Miami, it operates a floating LNG terminal in Montego Bay, Jamaica, along with a fuel-handling facility and an associated contract in the US territory of Puerto Rico.

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Japanese LNG operator Inpex explains benefits of new Abu Dhabi ICE futures for oil portfolio

LNG Journal editor

Inpex Corp., the Japanese oil and gas company with stakes in major LNG export plants and projects such as Ichthys and Prelude FLNG in Australia and Abadi LNG in Indonesia, said it was joining the new ICE Futures Abu Dhabi (IFAD) venture backed by Intercontinental Exchange Inc. of the US as part of continuing efforts to balance portfolio risk.

Inpex said its partners in the venture in addition to ICE and Abu Dhabi National Oil Co. (Adnoc) include other global energy traders who will help provide trade and contract liquidity for the new futures exchange based in Abu Dhabi in the United Arab Emirates.

Line-up

The other energy companies joining the launch of IFAD include Royal Dutch Shell, BP of the UK, PetroChina, Total, PTT of Thai-



Abu Dhabi and ICE to launch Murban oil futures in UAE

land, Japan's JXTG Nippon Oil & Energy and the international commodities traders Vitol.

The Japanese company explained in detail its participation in the new derivatives trading platform.

Inpex said its participation in the establishment of IFAD underscores its support for "this important initiative" which will, for the first time create an exchange to trade a Murban futures contract.

"Murban Crude, in which Inpex has stakes, is considered a superior crude grade due to its high produc-

tion volumes, abundant reserves, consistent properties and stable export infrastructure," said Inpex.

"The establishment of IFAD is expected to contribute to further enhancing the stability and transparency of Murban Crude prices in addition to improving the grade's medium-term to long-term trading value," it added.

Abu Dhabi's Supreme Petroleum Council approved the launch of a new pricing mechanism for Murban crude as part of Adnoc's broader transformation strategy.

It authorized the state energy

firm to remove destination restrictions on Murban sales in an attempt to make it widely quotable in the same way as Brent North Sea crude and the US benchmark West Texas Intermediate (WTI) crude.

The Murban futures contract, to be hosted on the new ICE Futures Abu Dhabi (IFAD), would replace retroactive pricing, allowing buyers to hedge risks and capture more value from Adnoc's oil output.

ICE said that IFAD and the clearing house ICE Clear Europe, are working on regulatory approvals with the aim of launching in the first half of 2020.

"Murban futures will sit alongside the most significant global oil benchmarks, providing the opportunity for the first time for a much larger group of participants to trade and hedge Murban in a regulated, transparent and accessible venue," said Jeffrey Sprecher, Chairman and Chief Executive of ICE.

Saudi Aramco is confirmed as LNG supplier for future Bangladesh terminal and power project

Saudi Aramco, the world's largest oil company aiming to issue shares in an initial public offering to be priced on December 5, plans to be a supplier and trader of liquefied natural gas and its first customer is expected to be Bangladesh.

Saudi Aramco and Acwa Power signed a \$3 billion deal with Bangladesh Power Development Board in October to develop a 3,600-megawatt LNG-based power plant and terminal in the country.

However, the announcement of that deal did not specify who would supply the LNG.

The power plant and an onshore regasification terminal could be built in the area around Cox's Bazar in the Bay of Bengal or an alternative location, depending on the results of a current feasibility study.

"Saudi Aramco will indeed supply the LNG. The source of LNG is

Aramco. In addition, they will build the LNG terminal to store the LNG," said Salman Fazlur Rahman, the investment adviser to Bangladeshi Prime Minister Sheikh Hasina.

"Acwa will build the power station to convert LNG to power," said Rahman of the Saudi investment proposals.

Saudi Aramco is in the process of listing some of its shares for an IPO on the Riyadh Tawadul stock market.

The state-controlled oil company is set to go ahead with the world's biggest listing as part of efforts to raise money for the Kingdom and open it up to foreign investment.

In the prospectus published to inform investors about strategy after the IPO is completed, Saudi Aramco mentioned its intention to building up its natural gas and

LNG activities. "The company seeks over time to develop an integrated global gas portfolio and is pursuing investment and joint venture opportunities outside the Kingdom in natural gas and LNG projects," explained Saudi Aramco.

The Saudis have said that the Bangladesh LNG and power project would consist of the power plants as well as an onshore regasification terminal costing an estimated \$2.5Bn with an expected additional investment of around \$500 million.

Bangladesh currently has two LNG import facilities, both floating storage and regasification units.

The first FSRU can handle around 3.75 million tonnes per annum of LNG and was commissioned at Moheshkhali Island in Au-

gust 2018 as the first Bangladesh import facility.

Saudi Aramco's LNG initiatives so far include signing a cooperation accord with Sempra Energy of the US in May 2019.

This anticipates the negotiation and finalization of a definitive 20-year LNG sale-and-purchase agreement for 5 million tonnes per annum of LNG offtake from Phase 1 of the Port Arthur LNG export-project in Texas.

It also includes the negotiation and finalization of a 25 percent equity investment in Phase 1 of the Port Arthur venture.

Saudi Aramco's other main LNG accord has been with long-standing Middle East producer, Abu Dhabi National Oil Co. (Adnoc). It was signed a year ago on November 12, 2018.