LNG Unlimited

LNG JOURNAL PUBLICATION 3 December 2019

China Gas Holdings pauses for breath in development surge

Natural gas utility company boosts presence with 'Blue Skies' message

LNG Journal editor

Hong Kong company has LNG-CNG filling station network as well as city-gas concessions and pipelines all over China

China Gas Holdings, the largest independent Chinese city-gas distributor and owner of 555 filling stations for gas-powered vehicles, posted a surge in fiscal first-half net profits and had over US$3.5 billion in revenues as Beijing's "Blue Skies" anti-pollution policies helped increase natural gas use and LNG imports.

China Gas, listed on the Hong Kong Stock Exchange and whose earnings are in Hong Kong dollars rather than Chinese yuan, reported a 22.2 percent rise in fiscal half-year net profits to HK$4.91 billion (US$627.3 million) compared with HK$4.02Bln (US$514.5M) as sales volumes increased.

Volumes

Natural gas sales volumes rose 7.8 percent to 11.84 billion cubic metres and the company reported a rise of 15.8 percent in new residential users, adding 2.93 million households to take its total to 32.6M residential customers.

The China Gas list of industrial customers grew by 1,431 to a total of 13,838, a rise of 27.8 percent from the previous year.

However, the pace of the growth in sales slowed, particularly for industrial customers as the economy lost its momentum.

Liquefied petroleum gas use fell, while LNG and CNG vehicle fuel sales volumes declined by 6.1 percent after increasing 4.8 percent in the same six months of 2018.

China Gas revenues declined 3.3 percent to HK$27.93Bln (US$3.56Bln) for the six months to September 30 versus HK$28.87Bln (US$3.68Bln) in the same six months of 2018.

That's as natural gas sales revenues in the six months increased 3.7 percent to HK$12.41Bln (US$1.58Bln) compared with HK$11.97Bln (US$1.53Bln) in the same 2018 period.

LNG imports have helped the Chinese government since 2017 to ensure abundant natural gas supply to support its "Blue Skies" environmental policy to reduce pollution in dozens of cities by favouring natural gas over coal products, especially during the winter season.

The company's city-gas volumes grew 14 percent compared with 24.1 percent in the same period last year.

The total number of China Gas filling stations for LNG and CNG stood at 555, a fall of 4.3 percent on the 2018 period when 580 stations were operated.

China Gas has been in a partnership with Kunlun Energy, a subsidiary of LNG importer PetroChina, to connect thousands of households in the northeast provinces to the "Power of Siberia" Russian natural gas pipeline to China that is scheduled to start up in early December.

In future strategy China Gas said it would attempt to add between 10 and 20 new city concessions each year.

"We will speed up connections to old or existing residential buildings to increase penetration rate," said the company.

"A strong volume driver will be "coal to gas" conversion for industrial and commercial users," it added.

China Gas noted that there was a "huge new market for winter heating applications" with the replacement of coal with gas for residential users in towns and villages in 15 provinces in northern China.

"As at 30 September 2019, China Gas has signed contracts to replace coal with natural gas for more than 8 million households in towns and villages, including the 4.76 million households for which the connection works have been completed," it added. ■

UNLIMITED AGENDA

Qatar Petroleum plans additional mega-Trains in Gulf to take LNG production towards global No. 1 spot

LNG Journal editor

Qatar Petroleum said it would now raise production capacity to 126 million tons per annum by 2027, an additional 16 MTPA from the previous expansion plan and a 64 percent increase on the current 77 MTPA of output at the Ras Laffan plant in the Gulf.

President and Chief Executive of Qatar Petroleum, Saad Sherida Al-Kaabi, made the announcement in the capital Doha when he also revealed that new studies had revealed that the offshore North Field's productive layers extended to onshore areas in Ras Laffan, paving the way for a new LNG production project in the north of Qatar.

Diligent

"During the past two years, Qatar Petroleum worked diligently to determine the degree to which the North Field extends towards the southwest, as well as the possibility of production from Qatar's northern coastal onshore areas," said Al-Kaabi.

CEO Al-Kaabi addressing press conference in Doha

"I am pleased to announce that our appraisal efforts have borne fruit, and that we have confirmation that the productive layers of the North Field extend well into Qatari land in Ras Laffan," he explained. "Studies and well tests have also confirmed the ability to produce large quantities of gas from this new sector of the North Field," added Al-Kaabi.

He explained that the latest North Field appraisal well (NF-12) was drilled onshore in the Ras Laffan Industrial City, about 12 kilometres from shore and underwent extensive testing over the past few months.

Al-Kaabi confirmed that gas reserves of the North Field exceeded the previous expectations.

"These are very important findings, which will have a great positive impact on Qatar's gas industry, and which will move it forward into bigger and wider horizons," he said.

"These results will also enable us to immediately commence the necessary engineering work for two additional LNG mega-Trains with a combined annual capacity of 16 million tons per annum," added al-Kaabi.

"This will raise Qatar's LNG production from currently 77 million tonnes to 126 million tonnes per annum by 2027. It will also raise Qatar's overall hydrocarbon production to about 6.7 million barrels oil equivalent per day," stated the CEO.

McDermott of US completes first structures to be installed offshore for Qatar LNG expansion

Qatar Petroleum said the fabrication has been completed of the first two steel tubular structures required for offshore facilities as part of its North Field Expansion (NFE) project to increase Qatari output in a first stage to 110 million tonnes per annum.

Offshore platforms are fixed and their decks are supported by these steel structures, known as Jackets.

To fix the Jackets onto the seabed, they are equipped with thick steel piles of at least two metres in diameter that can penetrate the sea floor up to 100 metres deep to ensure the stability of the whole platform.

The contract is being carried out by US energy engineering company, Houston-based McDermott Inc. The NFE project's engineering, procurement, construction and installation contract for the Jackets was awarded to McDermott in April 2019.

McDermott has also won the front-end engineering and design contract for the associated topsides and pipelines.

"The successful, on-schedule completion of the first two Jackets is a testament to our commitment to putting the various NFE project components in place, on time and with the highest safety and quality standards," said Saad Sherida Al-Kaabi, the President and Chief Executive of Qatar Petroleum, and Qatar's Minister of State for Energy Affairs.

"I would like to congratulate Qatargas and McDermott on this milestone achievement and appreciate their collaboration with Qatar Petroleum in building these Jackets in such a short time," added Al-Kaabi.

A ceremony was held to mark the completion of the Jackets at the fabrication yard at Batam in Indonesia in the presence of Sheikh Khalid bin Khalifa Al Thani, the CEO of Qatargas.

"I would like to congratulate everyone at Batam and the entire NFE team for safely and successfully delivering these first two Jackets," said Sheikh Khalid.

Qatar's new first stage expansion facilities when completed will receive about 4.6 billion standard cubic feet per day of feed gas from the southern sector of Qatar's North Field gas reserves in the Gulf. Qatar has the southern portion of the North Field in Gulf waters and the other part is under the jurisdiction of neighbouring Iran.

At a press conference last week in Doha CEO Al-Kaabi said new studies had revealed that the offshore North Field's productive layers extended to onshore areas in Ras Laffan, paving the way for a new LNG production project in the north of Qatar.

Al-Kaabi also confirmed that gas reserves of the North Field exceed 1,760 trillion cubic feet, in addition to more than 70 billion barrels of condensates as well as huge quantities of liquefied petroleum gas, ethane and helium.

Korea fills supply and storage gap on Jeju island

South Korea has completed the construction of a liquefied natural gas storage and distribution facility on the southern resort island of Jeju to help bring security of power supply while reducing emissions.

The facility is composed of two 45,000 cubic metres storage tanks and was built by state-run utility company Korea Electric Power Corp.

The Ministry of Trade, Industry and Energy said that Jeju households and businesses are expected to benefit from gas-fired power from regasified LNG by March 2020.

"Among 17 major cities and provinces across the country, Jeju was the only area without the supply of LNG," said the Ministry.

"Jeju has been making investments toward the future energy industry, including electric cars and renewable sources," it added.

The project includes the Jeju combined-cycle power plant using LNG supplies. A 240-megawatt power plant will supply the power supply and contribute "significantly to its energy self-reliance" of the island.

Located in the north of the island, the Jeju Power Generation Plant is operating diverse generation facilities, including internal combustion and gas turbine with associated solar and wind projects.

The Ministry said the Jeju LNG storage and power project will not emit pollutants like ultrafine dust and will minimize greenhouse-gas emissions "to prepare a springboard for the realization of a carbon-free" Jeju by 2030.

The island of Jeju is being used as a test bed for renewable energy technology working alongside guaranteed power supply sources.

■

Malaysian FLNG hull named at South Korean yard ceremony

LNG Journal editor

Malaysian Prime Minister Mahathir Mohamad and his wife have attended the naming ceremony near the port of Busan in South Korea of the second liquefied natural gas production vessel being built for Malaysia's state-backed energy company Petronas.

PM Mahathir's wife, Siti Hasmah Mohamad Ali, carried out the ceremonial rope-cutting during the naming of the vessel "PFLNG Dua" at the shipyard of Samsung Heavy Industries, located off Busan on Geoje Island.

Five-day visit

Mahathir, who is aged 94 and his wife who is 93, were on a five-day visit to South Korea that started on November 24 for an event organized by the Association of South East Asian Nations (ASEAN) in Busan.

Construction of the Petronas FLNG vessel started in 2015 and it will be deployed in Malaysian waters to produce LNG after being handed over to Petronas in February 2020.

The latest FLNG construction project is a joint venture involving the Samsung shipyard and Japanese energy engineering company and LNG plant builder, JGC Corp.

PM's wife Siti Hasmah Mohamad Ali (centre) named ship

The first Petronas LNG production hull, "PFLNG Satu", became the world's first FLNG vessel to start commercial operations in 2017 over the Kanowit stranded gas field offshore the Malaysian state of Sarawak.

It has now been moved to a location 90 kilometres offshore Sabah, the Malaysian state on the northern part of the island of Borneo, for production at the Kebabangan cluster field.

The "PFLNG Satu", which operates with a crew of 155 onboard, started its new production from the Kebabangan field with feed-gas being transported to the "PFLNG Satu" turret system via a five-kilometres-long flexible pipeline.

The next Petronas FLNG venture involving the "PFLNG Dua" will be at the deepwater Rotan gas field, also offshore Sabah.

The joint venture partner of Petronas is the Thai state energy company PTT Exploration and Production, which purchased its stake in the gas field from Murphy Oil, the US exploration and production company.

The Rotan gas field, including Block H reserves, was discovered by Murphy in 2007 and the sale of the US-held assets to Thailand's PTTE was completed in July 2019 at a cost of $2.12 billion.

■

Indian LNG imports gather pace as year-end demand increases

Indian liquefied natural gas imports rose for a seventh month in the current fiscal year as the increase in volumes gathered pace with cargoes arriving from Qatar and West African nations such as Nigeria and Angola.

LNG imports for October came to 1.98 million tonnes compared with 1.83MT in October 2018, a rise of 8.1 percent.

Shipments in September had risen 4.9 percent to 2.02MT compared with 1.93MT in September 2018.

The import total for the first seven months of the fiscal year from April through October increased by 8.4 percent to 14.08MT versus 12.99MT in the same period of 2018, according to the Indian Ministry of Petroleum and Natural Gas.

The main operating terminals on India's West Coast are at Dahej, Hazira and Dabhol, near Mumbai. There is also the Kochi facility in the southwest state of Kerala and one East Coast terminal at Kamarajar, 25 kilometres north of Chennai Port in Tamil Nadu.

The Ministry figures also showed that the October shipments had cost $800 million versus $1 billion in September 2018.

The final monthly total of cargoes received at Indian regasification facilities was estimated at around 28 shipments.

The cost of India's LNG in the seven months of the fiscal year so far is $5.5Bln compared with $6.3Bln in the previous fiscal year period.

The Ministry added that production of natural gas for the month of October was 2.64 billion cubic metres which was lower by 5.6 percent on the October 2018 output of 2.79 Bcm.

Domestic gas production for the seven months came to 18.64 Bcm, down by 2.1 percent compared with the 19.05 Bcm of output in 2018.

■

NEWS NUDGES

Burckhardt's US purchase

Swiss company Burckhardt Compression, whose LNG offerings include its Laby brand of compressors and boil-off gas solutions, has acquired a US field services firm, the Arkos Group, by purchasing the 60 percent of Arkos it did not already own. The Arkos workforce numbers 250 employees. Burckhardt initially acquired a 40 percent interest in Arkos Group in December 2015. "With the purchase of the remaining ownership of Arkos, Burckhardt Compression together with Arkos Field Services will be the only independent one-stop provider for equipment and service in the upstream, midstream and downstream business," said Burckhardt.

Spanish cargoes rise

Spanish LNG imports rose to 20 cargoes in October from 17 in the same month a year ago, led by increased shipments from the US and Russia amid lower prices and higher demand in Spain. Data from Spanish utility and import terminal operator Enagás showed 65.85 billion cubic feet of imports by LNG carriers last month compared with 59.03 Bcf of shipments in October 2018. Spain also imported three cargoes from Peru, three from Nigeria, and two from Qatar, two from Algeria and one from Norway.

Magnolia EPC accord

LNG Ltd, the Australian company developing the US Magnolia project in Louisiana and with plans to export cargoes to Vietnam, has extended to June 30, 2020, the validity period of its current binding engineering, procurement and construction (EPC) contract with KBR Inc. of the US and SK Engineering and Construction of South Korea.

Engineer Subsea 7 goes ahead with Wheatstone field contract

LNG Journal editor

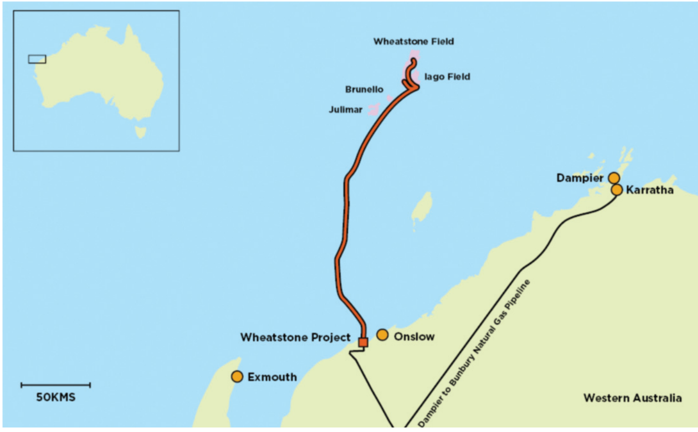
Norwegian-listed engineering company Subsea 7 SA said it would be going ahead with a substantial contract for the second phase of the Julimar-Brunello fields development project linked to the supply of feed-gas to the Wheatstone LNG export plant in Western Australia operated by US major Chevron Corp.

The contract was awarded to Subsea 7 earlier in 2019 subject to the final investment decision of the Julimar-Brunello gas field joint venture participants, Woodside Petroleum of Australia and Kuwait Foreign Petroleum Exploration Co. The FID has now been taken.

Partners

Woodside and its Kuwaiti partner each own 13 percent of the Wheatstone project which came on stream in 2017 and comprises two Trains with output of almost 9 million tonnes per annum.

Chevron retains over 64 percent of the venture while two foundation customers, JERA Co. Inc and Kyushu Electric Power of Japan, hold smaller stakes.



Julimar-Brunello fields to be filly linked to LNG export plant

The onshore Wheatstone liquefaction plant is located 12 kilometres west of the town of Onslow in Western Australia's Pilbara region.

The Julimar gas field is located about 200 kilometres offshore the northwestern coast of Australia.

The concept definition for phase two of the Julimar-Brunello project will tie-back the Julimar field to the existing Brunello subsea infrastructure.

Across the 25-year life of Wheatstone two flowlines of around 22.5km long are needed to connect the Julimar and Brunello fields at production and crossover manifolds back to the Wheatstone offshore platform.

Subsea 7, whose corporate headquarters are in Luxembourg, will now supply and construct the second of the two flowlines and other infrastructure.

"The offshore activities will be performed in 2021 using Subsea 7's reel-lay and heavy construction vessels," it added.

Andy Woolgar, Subsea 7 Vice President for Australia and New Zealand, said that the contract with Woodside reflected what can be achieved with strong collaboration and early engagement.

American Bureau of Shipping approves gas expander for SHI

The American Bureau of Shipping, the US classification society, has awarded an approval in principle to Samsung Heavy Industries for an LNG boil-off gas expander system that will become one of the core technologies of the South Korean shipbuilder for future LNG carriers.

The ABS approval is for Samsung's "X-Reli" system for boil-off gas, which in turn is part of the shipbuilder's re-liquefaction system.

Texas-based ABS said it had reviewed the suitability and feasibility of the re-liquefaction system design to confirm the system would comply with current ABS Rules.

According to SHI, the X-Reli system is optimized for low-pressure and medium-pressure application, which the company says offers "increased efficiency and reliability" over existing high-pressure re-liquefaction systems.

"Re-liquefaction is a useful capability for owners and operators, offering increased flexibility and the potential to maximize cargo delivery," said Eric Kleess, ABS Senior Vice President for Eastern Hemisphere Operations.

"The ability to operate this at low or medium pressure reduces barriers to adoption of the technology and ABS is proud to be able to facilitate this," added Kleess.

The SHI system increases re-liquefaction capacity using expansion technology, which enables the generated boil-off gas from the cargo tank to be re-liquefied.

SHI said it had designed X-Reli to address industry needs for energy efficiency and improved environmental performance.

"By gaining the ABS AIP Certificate for the X-Reli system, SHI has secured approval of its competitive re-liquefaction solution, which has been developed to meet the various needs of ship owners," said Yong Lae Shim. Vice President of the SHI Ship & Offshore Research Institute.

Commodities firm Gunvor and Commonwealth project in US sign marketing and supply agreement

LNG Journal editor

The Commonwealth LNG project in the US, a liquefaction and exports plant proposed for the west side of the Calcasieu Ship Channel near Johnson Bayou in Louisiana, has widened its LNG cooperation agreement with global commodities firm Gunvor.

The Commonwealth plant will have a total liquefaction capacity of 8.4 MTPA and LNG storage capacity volumes of 240,000 cubic metres and has chosen a modular construction format.

Model of US project near Johnson Bayou in Louisiana

Strategic

Commonwealth and Swiss-based Gunvor have entered into a strategic LNG marketing and supply agreement whereby Gunvor will support Commonwealth in securing binding LNG offtake deals for the full capacity of the facility.

In addition, Gunvor will commit to take up to 3 million tonnes per annum of LNG offtake from the US plant.

Commonwealth had in June 2019 signed a preliminary supply deal with Gunvor.

The Commonwealth plant will comprise of a total of eight liquefaction Trains with each having production capacity of just over 1 MTPA.

There would additionally be six LNG storage tanks, each with a capacity of 40,000 cubic metres.

“In this highly competitive market, it is critical for companies, particularly ones pursuing an LNG greenfield project, to recognize their core competencies and strengths,” said Kalpesh Patel, Gunvor Co-Head of LNG Trading.

“Commonwealth LNG’s engineering and procurement team is best in class. And, now, with the comprehensive support of Gunvor’s LNG and US Gas marketing team, Commonwealth will excel not only at controlling costs and project execution, but also at commercializing their project and creating the lowest cost offering on the US Gulf Coast,” stated Patel.

Paul Varello, Commonwealth’s President and Chief Executive, said he was very pleased to announce the strategic partnership with Gunvor.

“We believe Gunvor’s substantial capabilities in LNG marketing and overall market presence, coupled with Commonwealth’s strengths in engineering, construction and project execution create a dynamic combination,” added Varello.

Commonwealth expects to take a final investment decision in the first quarter of 2021 and deliver its first shipments of LNG in the second quarter of 2024.

The Louisiana project is currently going through the Federal Energy Regulatory Commission permit process.

The issuing of the FERC’s draft Environmental Impact Statement is scheduled for May 2020.

A final EIS would be issued on October 2, 2020, and the 90-day Federal Authorization decision deadline would be December 31, 2020.

GTT supplies simulator for Hamburg LNG training

Gaztransport and Technigaz (GTT), the French technology firm for designs of systems for the maritime transportation and storage of liquefied natural gas, said it had completed an LNG terminal and bunkering training simulator for the Maritime Training Centre in Hamburg to develop personnel skills before Germany makes its debut as an importer and maritime fuel supplier.

GTT said its training unit had installed the company's G-Sim LNG simulator software and associated infrastructure at the Hamburg training facility to train people for service on LNG carriers, import facilities, bunkering stations and LNG-powered vessels.

The company said the package in Hamburg consists of the training installation, one instructor and three simulator stations where students can work, along with models dedicated to various types of LNG carriers, LNG fuel-handling methods and bunkering systems.

"It will be used by MTC Hamburg to expand their training portfolio in particular in the support of requirements to train personnel for service on LNG-fuelled vessels," said GTT.

"Developed internally by GTT Training using their extensive experience in the behaviour of LNG and providing training simulators to the maritime industry, G-Sim provides one of the most effective training platforms for training operatives in the handling of LNG," explained the company.

Engineering contracts are currently being considered for the First German import facility proposed for an onshore site at Brunsbuettel on the Elbe River, near Hamburg.

China Offshore Oil Engineering wins LNG contract for terminal

LNG Journal editor

China Offshore Oil Engineering Co. has been awarded a contract to build a second LNG import terminal at Tangshan in northeast Hebei province and the cost of the project is estimated at 8 billion Chinese yuan ($1.1Bln) for the first and second phases.

COOEC is the engineering subsidiary of China's largest LNG terminal owner, the energy major China National Offshore Oil Corp., which controls 10 out of 20 regasification facilities currently operating in China.


Tangshan-Caofeidian LNG facilities are being expanded

Existing

The existing Tangshan import terminal has been in operation since 2013 and has four storage tanks with a total of 640,000 cubic metres of capacity.

Tangshan is majority-owned by PetroChina with the other shareholders being Beijing Enterprises and Hebei Natural Gas.

COOEC said it signed an engineering, procurement and construction management deal for the second Tangshan facility to be located in the Caofeidian Industrial Zone in Tangshan City. Under the contract, COOEC will build four 200,000 cubic metres capacity LNG storage tanks. It has also secured work on the ancillary facilities including berths, trestle bridges, process areas and truck-loading bays.

The National Development and Reform Commission, the leading planning regulator, has approved the project application from one of the shareholders, the Hong Kong-based power and gas supplier, China Suntien Green Energy to develop the Tangshan facility with total reception capacity of 12 million tonnes per annum.

Another shareholder named was Caofeidian Xintian LNG, a company controlled by Hebei Construction Investment, a Hebei provincial government entity.

The developers said they would build the second Tangshan terminal in three phases with the first and second phases comprising two berths and handling capacity of 10 MTPA.

The third phase would add a third berth and be jointly financed by a third-party enterprise and have 2 MTPA of capacity.

China is also pursuing the development of three other new terminals and with the second Tangshan facility China will have 24 terminals by around 2023.

China has fewer monthly cargoes but is still on track for 2019 record

Chinese liquefied natural gas imports dropped by around 12 percent in October compared with the same month a year ago because of factory holiday closures and a terminal outage, though were still ahead of last year's total for the first 10 months of 2019.

China received deliveries of 4.04 million tonnes in October compared with 4.60MT in the same month of 2018, a fall of 12.2 percent, according to data from the General Administration of Customs.

Imports timings were said to have been affected by holidays that closed factories around the country at the start of October because of the 70th anniversary of the founding of the People's Republic of China. The key Rudong terminal in Jiangsu province also reportedly suffered an outage because of jetty problems.

In the January to October period, China imported 47.43MT, an increase of 14.2 percent on the same period last year.

Australia remained the leading LNG supplier to China in October with 2.1MT of shipments, down 7.4 percent from October 2018. China along with Japan are the main destinations for Australian volumes.

Chinese LNG imports increased by 38 percent in 2018 to 53.81MT compared with just over 39MT in 2017.

Similar volumes of cargoes to October's in November and December would still give China record imports for 2019 of more than 55MT.

China received cargoes at its more than 20 import facilities spread around the coast.

In addition to its 19 onshore terminals, a chartered floating storage and regasification unit at Tianjin port in northeast China and an adjacent onshore terminal both serve as suppliers of higher winter gas supplies to Beijing.

Powering the Energy Future through LNG

Where no natural gas pipeline exists Chart offers complete solutions for LNG as a primary fuel for power generation, or as a secondary fuel where natural gas pipeline capacity is constrained.

- Diesel, propane, LPG and oil displacement
- Remote locations and islands
- Peak shaving
- Emergency back-up and curtailment
- Temporary power generation

Email: LNG@ChartIndustries.com

www.ChartLNG.com

CHART®

Innovation. Experience. Performance.®

Golar Chairman Olav Troim defends his strategy and apologises for collapse in US-listed shares

LNG Journal editor

Olav Troim: 'We have a solidly financed Golar with strategic position, which I'm proud of.'

Golar LNG Chairman Olav Troim apologized to shareholders about the recent earnings disappointments and expressed confidence about strategy and the key role of natural gas in the energy mix for many years to come, leading to a rise in the two Golar shares listed on the Nasdaq global exchange, one by more than 5 percent.

The Golar LNG price on November 27 was last at $12.53 per share, giving a market value for the company of $1.26 billion. The shares have collapsed and are now at half of the January 2019 price of $24.37 per share. The shares rose more than 1 percent after the strategy briefing.

Not naive

The separately listed US affiliate Golar LNG Partners, which has 10 of the 27 LNG vessels on its books, surged by 5.45 percent to $9.67 per share, valuing the partnership at around $675 million.

Golar Chairman Olav Troim said he expected wind and solar power, with enhanced efficiency, to have a role to play in the global energy future. "It will, however, be extremely naive and impossible to think that wind and solar over the next 20 to 30 years can replace the hydrocarbon industry," stated the Norwegian executive.

"There are some clear facts to consider. The cost and the environmental effects of producing hydrocarbons as oil, gas and coal are very different. Oil is significantly cleaner than coal; gas is significantly cleaner than oil, not only is it cleaner, it's also significantly cheaper," said Troim.

He explained that based on the fundamentals, LNG has grown in the last 10 years with available volumes doubling since 2007.

"This growth rate have been achieved in the market where LNG prices in most period have been controlled by the majors and been trading around burn parity of 16 percent of Brent," explained Troim.

"The big volumes which have arrived from US, Russia, Australia of the last years have pressed prices down and effectively down to levels around 8 percent to 9 percent of Brent, a price reduction versus oil of around 50 percent," stated the Golar Chairman.

"The major reason for this is that gas is a lot cheaper than oil to produce. We know that gas prices in US currently are $2.5 or equivalent to around $15 oil. I was in Russia together with Russian producers last week and they claim that the upstream gas which goes out into the Yamal project, cost less than $1 per MMBtu or in affect $6 for a barrel of oil," he added.

"Whatever has happened to the share price, it's a sad story and I can only as Chairman apologize," said Troim.

"But at the same time, we have since the oil price collapse in 2014, signed long-term contracts which gives an EBITDA backlog of more than $7 billion. We have built this order backlog, while most of the other competitors in the industry have eaten into their backlog and actually are suffering more from a bankruptcy situation," he claimed.

"We have today a solidly financed Golar with a very strategic position, which I'm proud of. So even if trucks, ships, FSRUs, FLNG might be a confusing for you and looks complicated. I think it's a part of a reflection that the company can be static in an environment with LNG prices falling 50 percent versus oil," he added. ■

How Golar's finances stand after difficult third quarter: spin-off has not yet been completed

Golar LNG, the owner and operator with its affiliates of a fleet of 27 vessels, has been experiencing setbacks in plans to spin off shipping operations and to become an infrastructure company in gas-fired power joint ventures.

Golar gave an update on its plans as it posted a net loss of $83.30 million in its third quarter earnings compared with a profit of $66.21M in the same three months of 2018.

Golar's operating revenues fell by just over 20 percent to $98.67M from $123.1M in the same quarter of 2018.

Net losses for the first nine months of 2019 amounted to $236.7M compared with a profit of $81.52M in 2018.

Bermuda-registered Golar said in May 2019 it was planning to spin off its LNG carrier fleet with the aim of focusing the company's core business on LNG infrastructure.

With that move, Golar started pursuing a strategy of focusing its future activities primarily around floating LNG terminals linked to power projects.

The current Golar fleet comprises 16 newbuilt and modern LNG carriers, four floating storage and regasification units (FSRUs), four newbuild FSRUs, a converted FLNG production vessel, a second undergoing conversion and a third for future projects. The fleet encompasses assets owned and operated by itself and its affiliates, Golar LNG Partners and Golar Power.

The company has been in talks with other shipowners of similar tonnage to join the new shipping company as it also restructures and refocuses, led by its Golar Power unit and its projects.

Golar admitted that the proposed shipping spin-off in its planned form has not yet been completed.

In ongoing shipping operations, Golar said that time charter earnings for the third quarter were negatively influenced by a weak start and by positioning and repositioning of vessels for five dry-dockings.

Golar said this was offset by the Golar-owned FLNG production vessel "Hilli Episeyo", which is deployed offshore Cameroon in West Africa, continuing with full production and with 29 LNG cargoes having been exported to date.

Golar noted that Cameroon project owner, European energy company Perenco, was also planning a drilling campaign in the Kribi gas field area to prove up more reserves during 2020.

If successful, this may lead to further capacity utilization or a contract extension for the FLNG hull. ■