LNG Unlimited

LNG JOURNAL PUBLICATION 7 July 2020

Petronet reports earnings and plan for long-term cargoes at spot prices

New Delhi-based firm launched tender in early 2020 for cargoes on a long-term basis

LNG Journal editor

Petronet CEO Singh has lined up low-priced supplies

Petronet LNG, the largest Indian gas importer, reported an almost 20 percent drop in quarterly net profits to near $50 million as it planned to sign an agreement soon to buy cargoes at close to Asian spot prices.

Petronet said its quarterly consolidated net profits for the 2019-202 fiscal year came to 373.20 crore rupees ($49.3M), down from 465.38 crore rupees ($61.5M) in the same quarter last year.

Accord

Petronet LNG Chief Executive Prabhat Singh said the company would soon finalise an agreement to import at least 1 million tonnes per annum of cargoes at prices close to current spot values.

"We are now in a position to come to a stage where very quickly we will have virtually spot pricing for a long-term deal," Singh said after the company's earnings were released.

Petronet invited bids earlier in 2020 to buy 1 MTPA of LNG for 10 years with pricing linked to the US Henry Hub natural gas futures or the Dutch Title Transfer facility on a delivered ex-ship basis whereby the seller delivers the LNG to a named port.

Singh said Petronet had received 13 offers and would soon finalize the supply agreement.

Petronet's current long-term agreements are for cargoes valued at between $3.5 per million British thermal units and $4.5 per MMBtu, while the Asian spot price is at just over $2.00 per MMBtu.

The company's existing supply deals are for 7.5 MTPA from Qatar and 1.44 MTPA from US major ExxonMobil's 25 percent stake in the Chevron-operated Gorgon plant on Barrow Island in Western Australia.

When the Covid-19 pandemic reached India a lockdown was Petronet, claimed 'force majeure" on eight cargoes from Qatar and one from ExxonMobil.

Analysts said the issue of Covid-19 and declarations of "force majeure" will keep many lawyers busy for the rest of the year.

Petronet's earnings also showed that its consolidated total revenue during the quarter came to 8,653.63 crore rupees ($1.14 billion), up from 8,534.59 crore rupees ($1.12Bln) in the same period of the prior year.

> **"We are now in a position to come to a stage where very quickly we will have virtually spot pricing for a long-term deal"**
>
> *- Prabhat Singh, CEO, Petronet LNG*

For the full year 2019-2020, the consolidated net profit was reported at 2,703.35 crore rupees ($357.6M), up from 2,230.56 crore rupees ($295.1M) for fiscal 2018-2019.

Petronet operates India's largest regasification facility at Dahej, north of Mumbai, with 17.5 MTPA of capacity and six storage tanks.

Petronet's Dahej facility is always at full capacity while its second terminal at Kochi, in the southwest state of Kerala, operates at around just 20 percent of capacity because of a lack of regional gas infrastructure.

Shareholders

The Petronet company was formed as a joint venture by the Government of India in 1998 specifically to import LNG.

Shareholders in Petronet, which began import operations in 2004, include the other big Indian energy players, Gas Authority of India, Indian Oil Corp., Oil and Natural Gas Corp. and Bharat Petroleum Corp. ■

UNLIMITED AGENDA

Shell says cargo deferments are short-term issue in long-term sector and hopes for Russian LNG project

LNG Journal editor

Royal Dutch Shell's head of Russian operations said the company was open to taking part in new liquefied natural gas projects in Russia with natural gas company Novatek and units of Gazprom, its partner in the Sakhalin LNG project.

Shell outlined its Russian strategy in a wide-ranging interview given by Shell Russia's Chairman Cederic Cremers to the Russian news agency Tass.

Shell Russia's Chairman Cederic Cremers gave overview

Cancellations

Cremers said the Anglo-Dutch company had suffered LNG cargo cancellations because of the oil price plunge and Covid-19 but pointed out that the LNG business was a long-term one with joint venture liquefaction plants enjoying a lifespan of 25 years or more.

"Yes, we had some of our LNG customers who had some deferments of specific cargoes just in the short term and it was due to full storage tanks or full inventories," he stated.

"However, the overall number of such cargoes is relatively small, very manageable for us operationally and within the normal bandwidths," explained the Shell executive.

Shell, whose annual LNG sales amount to around 75 million tonnes, had not been forced to reduce production because of any of the current challenges in the energy market.

"We can remarket these cargoes relatively effectively in the market," said Cremers, whose company is a joint venture partner with Gazprom and two Japanese trading houses in the Russian Far East Sakhalin II LNG plant.

"Sakhalin-II has a very privileged position in the Asia-Pacific market being very close to the key markets: Japan, Korea, China, Taiwan," said Cremers, who is on the supervisory board of the plant's operating company Sakhalin Energy.

"In addition, it has always been a very strong and reliable partner for its customers. It has a very strong reputation in the market. We continue to be effectively placing many of the cargoes that we produce, including additional spot cargoes, into the market," said the Shell executive.

"We have seen that the economic slowdown reduced both gas and LNG demand across the globe. This is a large drop compared with the projections that we had just a few months ago," he explained.

"What is probably important is that it will take a little bit of time for the demand to come back to the previous projections that we had in terms of demand, but we do see continued growth," he said.

"This is not about fundamental demand destruction, but rather it is about a slower pace of growth in the near term," added Cremers.

Nevertheless, he said that Shell believed that fundamentals of the LNG market had not changed.

"We do believe that over the next 10 to 20 years an annual average growth rate of 4 percent per year is realistic," he stated.

"It will remain the fastest growing sector in the hydrocarbon space. That means that if you look at this annual rate between now and 2040 the market will double in LNG," said Cremers.

He noted that Shell also believed that in the broader scheme of things and including the energy transition, natural gas would be replacing the current sources of coal or diesel that are used to generate power in many places around the world. ■

Yamal LNG in Arctic Russia awarded renewed safety certificates after British Standards Institution audit

JSC Yamal LNG, the operating company of the liquefaction and export plant in northern Siberia, has been awarded renewed safety certificates after an audit by the British Standards Institution (BSI) while the facility also completed scheduled maintenance of two Trains.

The certificates were renewed for compliance of the Integrated Management System on Occupational Health, Safety, Environmental and Social Protection (IMS) with requirements of the international standards ISO 45001:2018 "occupational health and safety" and ISO 14001:2015 "environmental management".

"Based on the objective evidence collected during the audit between June 10 and June 17, 2020, the British Standards Institution), an international certification authority, confirmed Yamal LNG's IMS compliance with these international standards," said a statement.

The certificates are now valid until 24 December 2020.

JSC Yamal LNG has been officially certified for international standards since June 2014.

In July 2018 the scope of certification was expanded and in June 2020 a certification audit was completed for the new version of ISO 45001:20.

Yamal recently completed the scheduled maintenance of the second and third liquefaction Trains with consecutive shutdowns during May to mid-June 2020.

In addition to regular maintenance works, the plant upgraded its the absorbers at the mercury removal units as well as some other equipment.

Yamal also said that due to the successful implementation of a Risk Based Inspection (RBI) maintenance system, the scheduled maintenance of the first liquefaction Train is able to be postponed for one year from August 2020 to 2021.

The RBI methodology allows reliable operations of the plant while reducing the total number of service hours.

When the supplementary Train starts up in several months overall output at Yamal will be 17.4 million tonnes per annum.

The small-scale fourth Train will produce 900,000 tonnes of LNG compared with the three larger Trains, which each have capacity of 5.5 MTPA.

A total of 29 nations have received Yamal LNG since the plant came on stream at the end of 2017.

The Yamal LNG shareholders are Russian natural gas company Novatek (50.1 percent), French major Total (20 percent), China National Petroleum Corp. (20 percent) and China's Silk Road equity fund (9.9 percent). ■

Quayside station opens at Nynashamn in Sweden

Finnish natural gas company Gasum has entered commercial operations with its new quayside liquefied natural gas bunkering facilities at the Swedish port of Nynashamn.

Gasum said that after a year of construction, the new bunkering station is finally ready to serve existing and new customers.

It enables bunkering at high speed from two trucks at the same time. The station set-up and the specialized trucks now being used allows bunkering to take place while ships are loading or unloading.

Gasum explained that ferries were earlier bunkered using single trucks which was both time consuming and affected the ferry company operating schedules.

The station is located within the site of the Ports of Stockholm and close to the Nynashamn small-scale LNG import terminal with 20,000 cubic metres capacity of storage purchased by in April 2020 by Gasum from Germany's Linde AG.

The Finnish state-owned company also has a liquefaction plant in Risavika, near Stavanger in Norway, in addition to owning and operating other small regasification and import terminals in Ora and Alesund in Norway, Lysekil in Sweden and Pori in Finland.

Gasum's LNG trucks transport the fuel for a distance of 5 kilometres from the Nynashamn terminal to the bunker station.

"Ports of Stockholm have high environmental ambitions," said Fredrik Lindstal, a Board Director of Ports of Stockholm.

"An important aspect is to support our customers in their work towards a more sustainable and efficient shipping," he added.

Dutch ferry will offer clean fuel benefits of LNG in Wadden Sea

LNG Journal editor

Dutch ferry operator Rederij Doeksen said its first liquefied natural gas-powered ferry, the "Willem Barentsz", is ready to enter service.

It will work on the ferry route connecting the Dutch islands of Terschelling and Vlieland in the Wadden Sea, an intertidal zone in the southeastern part of the North Sea.

Catamaran

The LNG catamaran, designed by BMT Group, is the first of two 70-metre-long vessels featuring Rolls-Royce twin MTU gas engines.

The two new vessels will each have the capacity to transport up to 600 passengers and 64 cars across the Wadden Sea.

The Strategic Marine shipyard in Vietnam built both of the ships while Doeksen completed final outfitting and commissioning.

According to Doeksen, the second ship, the "Willem de Vlamingh", is expected to enter service in September.

'Willem Barentsz' will sail on Netherlands island routes

The company says that these vessels are the first Dutch single-fuel LNG-powered ferries.

Doeksen also said that the ferries are the world's first ships with single-fuel LNG engines that can drive a fixed propeller directly.

The company said that the International Maritime Organization Tier III and European Union stage V compliant engines each deliver 1,492 kW, enabling the vessels to reach cruising speeds of 14 knots.

It added that emissions from the LNG engines would fall well below the current IMO III limits. Doeksen said the engines emit no sulfur oxides and only very small quantities of nitrogen oxide

The Wadden Islands shipping company has additional contracted another Dutch firm, Titan LNG, to supply fuel.

The vessels will be bunkered by three trucks on a weekly basis in the northern Dutch port of Harlingen.

GTT doubles up on LNG storage orders Russia and China projects

Gaztransport and Technigaz, the French technology designer of LNG maritime and onshore storage systems, has confirmed it has doubled up on tank orders from the top liquefied natural gas import project in China by receiving a similar scale of an order from the leading export venture in Russia.

GTT said it received an order from the South Korean shipyard Daewoo Shipbuilding & Marine Engineering for the tank design of two floating storage units (FSUs), the largest such facilities ever built, on behalf of GTLK, the Russian state leasing agency.

Each FSU will have a capacity of 361,600 cubic metres and will be fitted with the No. 96 GW membrane cryogenic containment system, a technology developed by GTT.

The Paris-based company said their delivery is scheduled for the end of 2022.

These two FSUs will be located in the Murmansk region and in the Bay of Kamchatka in respectively the West and East of the Russian Federation.

They will be employed in the Arctic LNG II project of the Russian LNG producer and natural gas company Novatek for its transshipment ventures.

GTT in late June 2020 also received an order for China's largest ever LNG storage tanks for the Nangang import terminal proposed for Tianjin City, east of Beijing.

GTT said its order came from the building company China Huanqiu Contracting & Engineering Co. (HQC) for the design of two membrane full-containment LNG tanks, each with net capacity of 220,000 cubic metres.

This order follows the agreement signed in November 2019 between GTT and the Chinese major state-owned company Beijing Enterprises Group, on the occasion of the presidential visit to China of French President Emmanuel Macron, in the presence of Chinese President Xi Jinping.

The Nangang terminal is being developed by Beijing Gas Group, giving the port city area of three import facilities to guarantee energy supply security to the Chinese capital.

NEWS NUDGES

Algeria gas hand-over

Sonatrach, the Algerian state energy company and operator of two LNG export plants on the North African coast, signed its acceptance of the Touat gas project in southwest Algeria being passed to Groupement Touat Gaz (GTG), a joint venture between Sonatrach and Neptune Energy of the UK. Operation of the facility had previously been in the hands of the project contractor, Spain's Técnicas Reunidas, since the first gas was sent into the Algerian domestic gas pipeline network in September 2019.

Brunei LNG contract

Brunei LNG has awarded a 10-year contract to local company SPHI Marine to supply three tugboats and one anchor-handling tug to support shipping operations at the Lumut facility. SPHI said the contract included a five-year extension option. The Brunei-owned and flagged vessels will replace the tugs of Dutch firm Kotug, which are currently servicing the LNG plant.

Korea energy orders fall

South Korean shipyards are expecting new firm LNG carrier orders after Qatar booked construction berths, but no new orders have been received in 2020 for oil and gas platforms or offshore facilities, reflecting the depressed state of the energy market. Hyundai Heavy Industries has received no orders for offshore facilities since October 2018 when it signed a $450 million deal with a US oil developer LLOG Exploration to build a floating production system, according to the latest data. ■

French energy major Total renews Algerian LNG accord

LNG Journal editor

French energy major Total has signed an agreement to renew its partnership in the field of liquefied natural gas with the North African state of Algeria as Italian energy company Eni also advances with projects.

The accord between Total and Algerian oil and gas company Sonatrach allows the extension of the existing supply contracts for three additional years.

Cargoes will be for Fos Cavaou terminal near Marseilles

Terminal

This will provide 2 million tonnes per annum of Algerian LNG to the French market, primarily through the LNG import terminal at Fos Cavaou, located east of the Mediterranean port of Marseilles.

Total said that the agreement also included the sub-charter of one of its LNG carriers to Sonatrach.

"This agreement is part of the long history of cooperation between Total and Sonatrach," said Laurent Vivier, President for gas at Total.

"Thanks to the quality of our relationship we were able to conclude it in an extremely volatile market environment," added Vivier.

"This new contract further enhances the flexibility of Total's LNG portfolio and strengthens our position as a major partner of Sonatrach," he stated.

Total noted it was a historic player in the energy sector in Algeria for almost 70 years.

The group is active in oil and gas exploration and production, participating interests in the TFT II and Timimoun gas fields and in the oil fields of the Berkine Basin in southeast Algeria.

Italian energy company Eni and Sonatrach have completed the construction of the natural gas pipeline connecting the Bir Rebaa Nord and Menzel Ledjmet Est fields in the Berkine Basin.

The completion comes as Algeria is making three-pronged marketing efforts to direct new gas finds into domestic industry, for export as pipeline gas to Europe and as LNG to mostly European markets amid low prices and high global volumes. ■

Sasol plans more asset sales including Mozambique pipeline

Sasol, the South African petrochemicals and fuel company, has appointed investment banking advisers to sell its stakes in a power plant in Mozambique and a natural gas pipeline running from the southeast African future LNG exporter into South Africa.

Sasol, the world's top producer of motor fuel made from coal, is attempting to cash in assets amid huge debts and to avoid having a rights issue of shares of up to US$2 billion.

The South African company is a leader in technology for coal-to-liquids (CTL) and operates plants at Secunda in Mpumalanga province in the east of the country and at Sasolburg in the central Free State province.

As part of its debt reduction proposals, Sasol would also be cutting back its workforce and exiting West African oil operations.

Sasol, which is listed on the Johannesburg Stock Exchange and the New York Stock Exchange, has already put in place plans to sell its interests in the Etame Marin permit offshore Gabon and a 10 percent interest in a 33,000 barrel per day gas-to-liquids project in Nigeria.

Sasol had announced in mid-March 2020 that it was reviewing a variety of actions to address the challenges created by the impact of Covid-19 and the plunge in oil and chemical prices.

A package of measures have been developed that are intended to reposition the company over the next two years. One of these measures will be the disposal of assets and an overhaul of strategy.

According to executives, the investment banking arm of South Africa's Nedbank has been retained to manage the sale of its 50 percent stake in the Republic of Mozambique Pipeline Co. (Rompco), the joint venture operating the pipeline that runs 860 kilometres from Mozambique into South Africa.

Mozambique's state-run energy company National Hydrocarbon Company (ENH) and South Africa's government-owned Central Energy Fund (CEF) each hold 25 percent stakes in Rompco. ■

LNG and energy engineer McDermott is back on financial track with significant backlog to work on

LNG Journal editor

McDermott International, one of the leading US LNG and energy project contractors, has successfully completed its restructuring process several months after plunging into Chapter 11 bankruptcy status and later emerging with assets sales to raise cash and re-assure creditors.

The restructuring transaction was implemented through a prepackaged Chapter 11 process, which under US law gives protection from bankruptcy.

CEO: 'We emerge well positioned for long-term growth'

Facility

It was financed by a debtor-in-possession (DIP) facility of $2.81 billion.

The Houston-based company said that its comprehensive balance sheet restructuring transformed into equity nearly all of McDermott's $4.6Bln of funded debt.

McDermott is involved in some of the world's leading LNG construction projects, including several on the US Gulf Coast and the North Field Expansion in Qatar.

Currently McDermott is working with other firms on both the Cameron LNG project at Hackberry in Louisiana and the Freeport export facility at Quintana Island in Texas.

McDermott has additionally been engaged as a contractor on the Golden Pass LNG export project for Qatar Petroleum and ExxonMobil.

The company had suffered financial problems since it completed the $6Bln deal in 2018 to buy LNG rival engineering, procurement and construction company Chicago Bridge & Iron (CB&I).

The restructuring transaction managed to strengthen its balance sheet and normalize its trade debt.

All of McDermott's businesses operated as normal during the financial restructuring. "The company emerges with $2.4 billion in letter of credit capacity and $544 million of funded debt," said McDermott.

McDermott completed the sale of Lummus Technology to a joint partnership between Haldia Petrochemicals, a flagship company of The Chatterjee Group, and equity fund Rhone Capital, having received all required regulatory approvals under the reorganization.

The company explained that proceeds from the sale of the Lummus unit would repay the DIP financing in full, as well as fund emerging costs and provide cash to the balance sheet for long-term liquidity. "We are pleased to have completed this process so swiftly thanks to the dedication of our employees and the support of our new owners, customers, suppliers and partners," said David Dickson, President and Chief Executive of McDermott.

"We will continue executing on our significant backlog, with a new capital structure to match and support the strength of our operating business, and we emerge well positioned for long-term growth and success, even amid this period of global uncertainty," stated Dickson.

"We look forward to continued delivery on customer projects. Finally, we congratulate our Lummus colleagues, and look forward to continuing our working partnership with Lummus as we move into the future," he added.

McDermott said it had emerged from the crisis with a newly constituted board of directors, which has assumed its responsibilities, effective immediately.

The seven board members are CEO Dickson; Nils Larsen; Craig Broderick; Barbara Duganier; Alan Hirshberg; Lee McIntire; and Paul Soldatos.

Air Products equipment goes on stream in Louisiana

Air Products, the US industrial gases and LNG equipment provider, said its new steam methane reformer (SMR) and cold box in Geismar in Louisiana are on stream and supplying the neighbouring industrial operations of chemicals company Huntsman Corp.

Air Products built, owns and operates the facility under a long-term agreement, supplying carbon monoxide (CO), hydrogen and steam produced from the facility to Huntsman.

The Air Products SMR is also connected to its Gulf Coast hydrogen pipeline and network system (GCP), which is the world's largest hydrogen plant and pipeline network system.

"The facility is state-of-the-art and offers high reliability and sustainability, with enhanced energy efficiency and reduced emissions," said Samir J. Serhan, Chief Operating Officer at Air Products.

"We have a long-standing relationship with Huntsman, and we are pleased this new world-scale facility and long-term supply agreement expands our support for Huntsman's operations," added Serhan.

Air Products, based in Lehigh Valley in Pennsylvania, 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.

The new facility is located on land leased from Huntsman and produces around 6.5 million standard cubic feet per day of CO, 50 mmscf per day of hydrogen and up to 50,000 pounds per hour of steam.

Petronas installs new CEO to pursue another FLNG project

LNG Journal editor

Petronas, the Malaysian state energy company and stakeholder in major LNG projects from Australia to Canada, has formally installed its new President and Group Chief Executive Muhammad Taufik Tengku Aziz in succession to Wan Zulkiflee Wan Ariffin.

The government of Prime Minister Muhyiddin Yassin made a series of management changes at state-owned companies and government agencies after coming to power in March 2020 following the unexpected resignation of former Prime Minister Mahathir Mohamad.

Former CFO

The succession at Petronas was first announced on June 6 when former Chief Financial Officer Taufik Tengku Aziz was named as the new CEO.

"He has accumulated 20 years of experience in financial reporting, feasibility reviews, project analysis, capital projects restructuring and risk management with primary focus on the oil and gas industry," said a statement about the new CEO from the Petronas board.

New Petronas CEO is Muhammad Taufik Tengku Aziz

Wan Zulkiflee, who led Petronas for five years and worked at the company for 35 years, has switched to another state company, becoming Chairman of the national carrier Malaysia Airlines.

The outgoing Petronas CEO said he was comforted by the fact that he was leaving behind a company that is more resilient and hoped the future generation of company leaders would continue to bring progress.

Malaysia through Petronas produced just over 26 million tonnes of LNG last year, making it the fourth-largest LNG exporter after Australia, Qatar and the US and just ahead of Russia.

The former CEO's major achievement was overseeing Petronas taking the global lead in floating LNG production.

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

It was then moved in 2019 to a new location 90 kilometres offshore Sabah, the Malaysian state on the northern part of the island of Borneo for production over the Kebabangan gas cluster field.

Thai industrial group to seek more LNG volumes for power

Thailand's oldest industrial conglomerate, the B. Grimm Group, is applying for a second LNG import licence to increase volumes received for its power projects at a time of competitive LNG supplies and prices.

B.Grimm Power Public Company Ltd. became the third independent Thai company to receive an LNG import licence in May 2020 as the sector is liberalized and is now seeking to increase its volumes.

B.Grimm Power's licence awarded by the Thai Energy Regulatory Commission is for 650,000 tonnes of LNG imports per annum to feed its existing five gas-fired power plants.

"If we have new gas-fired power plants, we have a right to ask for a new shipping licence for additional natural gas volumes," said Preeyanart Soontornwata, President of B.Grimm Power.

She was speaking as a land lease agreement was signed for a sixth power plant, an electricity generation and chilled water venture linked to the new U-Tapao International Airport and Eastern Airport City Development Project.

The U-Tapao project if for the company to operate a hybrid power plant using natural gas and solar with total aggregate installed capacity of 95 megawatts.

B.Grimm Power is also planning to establish a new, wholly owned LNG unit for procuring and delivering the fuel.

The five B.Grimm-owned power plants under construction have a combined capacity of 700MW. The company expects to start importing LNG as early as 2022.

All of the company's plants are located in the Eastern Economic Corridor (EEC) in three provinces, in Chon Buri, Rayong and Chachoengsao.

The government wants to develop the EEC into a hub of high-tech industries with the added development of logistics and aviation services.

Eni and partners make sizeable natural gas discovery in East Mediterranean block offshore Egypt

LNG Journal editor

Italy's Eni and partners BP of the UK and French major Total have made a natural gas natural discovery in the North El Hammad block in the Mediterranean offshore Egypt, which has again become an LNG exporter because of other gas finds such as the Zohr field.

The new discovery is located in 22 metres of water depth. It is 11 kilometres from the coast and 12km northwest from the Nooros field and the Baltim South West field, which are both already in production.

Fast track

"The well discovered a single 152 metres thick gas column within the Messinian age sandstones of the Abu Madi formation with excellent petrophysical properties. The well will be tested for production" said Eni.

The discovery, called Bashrush, further extends to the west the gas potential of the Abu Madi formation reservoirs discovered in the Great Nooros Area.

Eni's Egyptian find is near Baltim South West field

Eni, together with its partners and in coordination with the Egyptian petroleum sector, will begin screening the development options of this new discovery, with the aim of fast-track production.

In parallel with the development activities associated with the Bashrush discovery, Eni said it would continue to explore the Great Nooros Area with the drilling this year of another exploration well.

The well will be called Nidoco NW-1 DIR and is located in the Abu Madi West concession.

"The discovery of Bashrush is a further demonstration of the effectiveness of Eni's 'incremental' exploration strategy, aimed at selecting high value opportunities and ensuring fast development of the new discoveries through existing infrastructures," explained the Italian company.

The North El Hammad concession is under the auspices of the Egyptian Natural Gas Holding Company (EGAS) and Eni through an affiliate company holds a 37.5 percent interest and the role of operator.

BP also holds 37.5 percent and Total owns the 25 percent contractor interest.

Eni signed a series of agreements in March 2020 with the government of Egypt and state-owned companies to re-open the nation's Damietta LNG export plant east of Alexandria.

The plant, a joint venture called Segas, is 40 percent-owned by Eni through Union Fenosa Gas (50 percent Eni and 50 percent Naturgy).

The facility has a nameplate capacity of 5.5 million tonnes per annum of LNG, but has been idle since November 2012 when Egypt suffered natural gas shortages.

In addition to Damietta LNG, Egypt has a second export plant, the Idku facility operated by Royal Dutch Shell and which has been back in commercial operation since 2017.

Delek Group boosts revenues from East Med natural gas supply hub for Egypt, Jordan and Israel

Delek Group, a stake holder in the East Mediterranean Tamar and Leviathan natural gas fields supplying Egypt, Israel and Jordan increased revenues by 88 percent and boosted operating income.

"The first quarter results show a cash flow improvement in the company's two core businesses: energy in the North Sea and the energy business in Israel," said Idan Wallace, Delek Chief Executive.

Delek's partner in the East Med operations is Houston, Texas-based Noble Energy and their significant holdings in the Leviathan and Tamar reservoirs now have annual production of around 20 billion cubic metres from 30 trillion cubic feet of reserves.

Sales of gas from the Leviathan and Tamar fields came to 3.6 Bcm in the first quarter.

Delek said its revenues from the sales of gas in Israel net of royalties came to 674 million Israeli shekels ($195.2M) compared with 358M shekels ($103.6M) in the same quarter of 2019.

Gross earnings also almost doubled to 580M shekels ($168M) while net profit attributable to the group's shareholders from the energy business in Israel came to 158M shekels ($44.7M) compared with 104M shekels ($30.1M) in the year-ago quarter.

The groups energy unit, Delek Drilling, together with its partners in the gas reservoirs, has also reported that as part of mitigating the global energy crisis, they have prepared a streamlining plan in which operating budgets have been reduced and non-urgent investments have been deferred.

"As a result, a saving of $13M has been posted in operations of the Leviathan, Tamar and Aphrodite (offshore Cyprus) gas reservoirs," said Delek.

In addition, Delek Drilling has provided an update that it is working to formulate a plan to refinance the Leviathan debt through two parallel channels, bank finance and raising debt based on Leviathan's cash flow.

In other operations, the Ithaca Energy affiliate, which is wholly owned by the Delek Group, reported a sharp rise in revenues from quarterly oil and gas sales in the UK North Sea, to $348M compared with $108M in the parallel period last year, an increase of 222 percent.

The growth was driven by a sharp increase in the average daily production in the company's assets, following completion of the acquisition of Chevron North Sea.

The average daily production during the quarter rose sharply and came to 75,200 barrels of oil equivalents per day, higher then Ithaca's forecast for the annual average of 63,000 to 68,000 boe per day.

"Over the last three months we have carried out, on time and in order, payments of principal and interest of almost a quarter of a billion shekels to the debenture holders," said CEO Wallace.