LNG Unlimited

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EU antitrust regulator suspends probe for third time into Korean LNG yards merger

The world's largest bureaucracy holds up biggest LNG shipbuilding project

LNG Journal editor

Previous Qatari newbuilds at Daewoo's Goeje Island yard

The European Commission's antitrust regulator has again suspended its investigation into the proposed takeover by one of the world's main LNG carrier builders, South Korea's Hyundai Heavy Industries, of its Korean shipbuilding rival, Daewoo Shipbuilding & Marine Engineering.

A final decision by the European Union Commission's competition body has gained more importance after Qatar Petroleum signed the largest LNG shipbuilding agreements in history at the start of June 2020 to book berths for more than 100 ships valued at around $20 billion from the three largest South Korean yards.

Berth bookings

Hyundai Heavy Industries, DSME and Samsung Heavy Industries are the recipients of the Qatar Petroleum berth bookings.

The EU executive body opened its probe into HHI's acquisition of DSME when the takeover deal was first announced in March 2019.

Hyundai Heavy Industries Group signed a deal over a year ago to buy a 55.72 percent stake in DSME for US$1.8 billion.

If the agreement is finally confirmed it would create the world's biggest shipbuilder with a 21 percent share in the global market.

The latest suspension of the EU antitrust investigation is the third of its kind, following two earlier stoppages in January and March 2020.

The EU Commission said on its Web site only that the Korean merger investigation, case number M.9343, had again been suspended.

The Commission had resumed its investigation into the acquisition deal on the 3th of June 2020 and aimed for completion by early September. Analysts said this deadline is now expected to move to October 2020 or later.

The EU body earlier expressed concern that the proposed South Korean merger would push up ship prices, hurting the competitiveness of European shipping operations.

The Commission's preliminary competition concerns involved removing DSME as an "important competitive force" in the market for vessels such as LNG carriers, oil tankers and large containerships.

It has additionally stated that cargo shipbuilding is an important industry for the EU and should have a measure of protection from unfair competition.

"Maritime transport represents about 30 percent of EU internal freight trade and 90 percent of EU external freight trade. European shipping companies are major customers of DSME and HHI and represent 30 percent of worldwide demand for cargo ships," the EU body noted.

The deal needs regulatory approval from six jurisdictions, the EU, South Korea itself, China, Kazakhstan, Japan and Singapore.

In an attempt to reorganise before acquiring DSME the Hyundai Heavy Industry Group split Hyundai Heavy Industries into two entities, Korea Shipbuilding, a sub-holding company that governs the shipbuilding units in the group, and a reorganized Hyundai Heavy Industries Co.

Korea Shipbuilding & Offshore Engineering (KSOE), the Hyundai Group holding company, now oversees shipbuilding units in the group.

KSOE currently manages the group's three shipbuilding companies, Hyundai Heavy Industries, Hyundai Mipo Dockyard and Hyundai Samho Heavy Industries.

If the merger goes ahead DSME would become the fourth unit in this group.

Under the Qatari deal for newbuilds, HHI, DSME and Samsung are reserving a major portion of their LNG ship construction berths for Qatar through to 2027.

The Qataris in May 2020 also signed a deal with Korea's main shipbuilding rival, China.

They booked slots to build eight 175,000 cubic metres capacity LNG carriers at China's Hudong-Zhonghua Shipbuilding and options for eight others, giving a possible final order value of around $3Bln. ■

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Australian LNG operator Woodside knocks US$4.37Bln off its asset values and reports steep revenue decline

LNG Journal editor

Woodside Petroleum, the Western Australia LNG operator, said its half-year earnings would include non-cash, post-tax impairment losses of US$4.37 billion, including for its sales contract with Cheniere Energy’s Corpus Christi LNG plant in Texas.

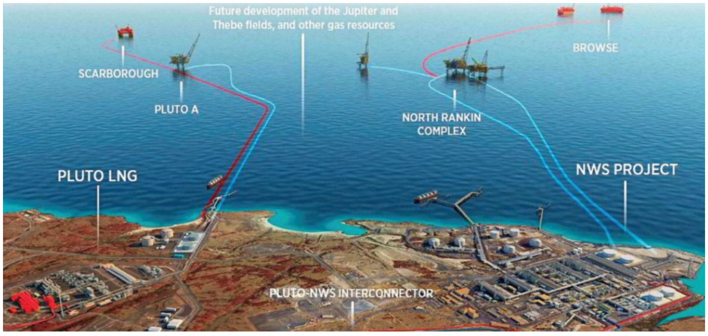
The main write-downs comprise US$2.76Bln for oil and gas properties such as its three Australian LNG stakes and US$1.16Bln for exploration and evaluation assets, Including Kitimat LNG in Canada.

Provisions

The earnings will also reflect a non-cash, post-tax “onerous” contract provision for the Corpus Christi LNG sale and purchase agreement (SPA) of US$447 million.

Woodside also posted overall second-quarter sales revenues of US$768 million, a drop of 28.2 percent as its realised LNG price dropped by US$3.10 per million British thermal units from the first quarter.

Woodside said its realised LNG prices in the quarter came to US$5.00 per MMBtu compared with US$8.10 MMBtu in the first quarter of 2020 and US$7.10 per MMBtu in the year-ago quarter.



CEO Coleman: ‘Commitment to Burrup is unwavering’

Realised oil prices came to US$31 per barrel compared with US$52 per barrel in the first quarter and US$69 per barrel in the 2019 second quarter.

The company had registered first quarter 2020 sales of US$1.07 billion versus second quarter 2019 revenue of US$838M for LNG, oil, condensate and domestic gas.

LNG sales amounted to US$608M in the second quarter versus US$854M in the first quarter and US$648M in the year-ago quarter.

Woodside’s earnings report also gave updates on its main overseas developments, the Sangomar oil project offshore Senegal and the Myanmar natural gas venture, as well as on its delayed Australian West Coast gas hub.

The company said it submitted applications for production licences and retention lease renewals for the Burrup Hub project in Western Australia.

“I am proud of the way the Woodside team has responded to unprecedented challenges in this half: managing the impact of Tropical Cyclone Damien; ensuring the safety of our people and business integrity as the Covid-19 pandemic unfolded; and adapting to the lower commodity price environment,” said Woodside Chief Executive Peter Coleman. “We have implemented the cost-saving measures announced at the end of the last quarter and are preparing our future growth projects to proceed when market conditions improve,” added Coleman.

“Woodside’s commitment to the Burrup Hub is unwavering and work is continuing to finalise commercial agreements and regulatory approvals for the Scarborough, Pluto Train 2 and Browse developments,” explained the CEO.

“We are positioning to take advantage of a forecast global LNG supply shortfall later this decade,” he stated.

Woodside said its Rufisque, Sangomar and Sangomar Deep Offshore joint venture continues to progress with execution of the Sangomar Field Development Phase 1 offshore Senegal.

“Woodside is progressing contracting and procurement activities and working with contractors on detailed design work for the FPSO and commencement of fabrication of subsea equipment,” said the company. ■

Japan confirms $14.4Bln underwritten project financing for Total-led Mozambique LNG export joint venture

The Japan Bank for International Cooperation said the $14.4 billion financing and underwriting has now been finalized for the Mozambique LNG export project led by French energy major Total and involves over 30 international banks and financial institutions.

The JBIC said it signed a loan agreement to provide $3Blbn as its portion for the financing of the offshore Area 1 resources in the southeast African nation’s Rovuma Basin and the construction of the liquefaction plant onshore at Pemba in the northeast Cabo Delgado province.

The project financing signing took place in Abu Dhabi in the United Arab Emirates. The Japanese statement said that in addition to its own participation the Mozambique financing involves 21 private banks and other institutions such as the African Development Bank, the Export-Import Bank of the United States, the UK Export Finance (UKEF) body and the Export-Import Bank of Thailand.

Analysts say the level of guarantees in the financing of this project is extremely high, given Mozambique's precarious financial state and unrest in the northeast of the country involving cross-border incursions by Islamic extremists that adds to the risk factors.

Much of the financing provided by private financial institutions is insured or guaranteed by state export insurance bodies such as, Japan's Nippon Export and Investment Insurance, the UKEF, Italy’s SACE S.p.A., the Export Credit Insurance Corporation of South Africa as well as the Dutch Atradius State Business N.V.

Japanese companies involved in the Area 1 Rovuma Basin project include Mitsui & Co. and the state-run Japan Oil, Gas and Metals National Corp. (Jogmec).

“Japanese utility companies are expected to offtake approximately 30 percent of the LNG produced by this project,” stated JBIC in reference to purchase deals by companies such as Tokyo Gas and JERA Co. Inc.

Along with Total and the Mozambique national energy company Empresa Nacional de Hidrocarbonetos (ENH), they will develop the Golfinho-Atum gas field, transport feed-gas through subsea pipeline to the onshore Pemba plant and produce an initial nameplate 13.12 million tonnes per annum of LNG.

The Rovuma Area 1 contains more than 60 trillion cubic feet of gas resources of which 36 Tcf could be developed for the onshore plant. ■

Rio Grande LNG plant in Texas to have five Trains

NextDecade Corp., the Houston-based developer of the Rio Grande LNG export plant in the Texan port of Brownsville, will have five liquefaction Trains instead of six while maintaining annual output of 27 million tonnes per annum.

NextDecade, listed on the Nasdaq global exchange, said that its activities before taking a final investment decision have focused on engineering and reducing the facility's environmental footprint.

This has been especially relevant as the Rio Grande plant will be close to two other facilities on the Brownsville Ship Channel area.

These are Texas LNG, owned by New York-based Glenfarne Group and Annova LNG whose backers include Exelon Corp, the utility headquartered in Chicago.

The original front-end engineering and design for Rio Grande LNG was based on six LNG Trains, each capable of producing 4.5 MTPA.

"The technologies that were selected and filed with the Federal Energy Regulatory Commission (FERC) in 2015 and 2016 have evolved over the five-year permitting period," explained NextDecade.

"The LNG trains are now more efficient and will produce more LNG with lower total carbon-dioxide equivalent (CO2e) emissions," it added.

"Multiple optimizations have been identified that will lead to the delivery of a world-class LNG project capable of producing 27 MTPA with just five LNG Trains instead of six," stated NextDecade.

On account of these changes, NextDecade expects to eventually vacate Train 6 on its FERC permit.

Shell decides to be an investor in GLX Digital LNG trading firm

LNG Journal editor

Royal Dutch Shell has joined Western Australian LNG operator Woodside Petroleum and Petronas of Malaysia in making a minority investment in the online liquefied natural gas trading platform GLX.

GLX was launched in the Australian city of Perth in 2016 and began trading LNG cargoes in 2017.

GLX now has Mark Barnaba as Chairman. He is also a member of the Board of the Reserve Bank of Australia

Branching out

The company's name comes from Global LNG Exchange (GLX) and it is now known as GLX Digital because it is now expanding into the area of helping other firms set up their own trading infrastructure and platforms.

The GLX platform was developed in Australia by LNG industry professionals who saw the opportunity for trading to undergo a technological transformation.

Its first online cargo auctions started in 2017 and were timed for participation by buyers and sellers in Singapore and London time.

Damien Criddle, a Perth-based executive and former Shell lawyer, launched the GLX platform with other energy executives, including Rob Cole, an ex-Woodside director.

Woodside became a foundation member of GLX in July 2017 and then decided to invest in the company as did Petronas, which has a stake in the Gladstone LNG plant in Queensland.

Now, Shell has followed their lead and also taken a stake in GLX.

GLX has 75 company members signed up compared with 55 members in mid-2019, and they trade under a clearly defined framework.

Recently appointed GLX Chairman Mark Barnaba, who is also a current board member of the Reserve Bank of Australia, believes the new Shell investment validates the emergence of digitalisation across global commodity markets.

"This development is not just significant for the LNG sector, but the digitalisation of commodity markets globally," said Barnaba. "We are delighted to welcome Shell Ventures as a shareholder, joining a growing registry of respected equity investors," he added.

Petrobras lines up nine companies to bid for lease on Bahia terminal

Brazilian state-controlled energy company Petroleo Brasileiro SA said it had pre-qualified nine bidders, including European-based majors Royal Dutch Shell, BP of the UK and Total of France, for the long-term lease of one of its liquefied natural gas import terminals in the northeast of the country.

The bidding is for a lease on the Bahia LNG terminal site and its associated pipeline in the northeast state of Bahia as well as access to the Brazilian gas market network.

The move by the company, known as Petrobras, is in line with an agreement made with the nation's antitrust regulator in July 2019 to open up the Brazilian natural gas market to more competition.

"The lease bidding process is in line with the strategy of improving and building a favourable environment for new investors to enter the natural gas sector, while improving capital allocation," Petrobras said in a statement.

The facility is located at Baía de Todos os Santos in the port city of Salvador and has regasification capacity of 14 million cubic metres per day of natural gas.

Analysts say there was still tremendous scope for increasing natural gas use in Brazil for the energy transition. Currently natural gas is in third place in the country's use of primary energy behind oil (46 percent) and hydropower (29 percent).

These three are followed by a growing renewables sector made up mostly of wind and bio-fuels at 8 percent. Coal use is reducing annually and is now down to about 5 percent.

Petrobras did not issue a schedule for the next stages of the bidding process for the Salvador LNG terminal.

Other companies included in the short list to lease the terminal are Spanish major Repsol, floating import terminal pioneer, Excelerate Energy of the US, and Golar Power, a joint venture project of Golar LNG and US equity fund, Stonepeak Infrastructure Partners.

Spanish utility Naturgy also pre-qualified along with the local Brazilian utilities, Bahiagas and Compass Gas and Energy.

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NEWS NUDGES

Gazprom posts loss

Gazprom, the main pipeline gas competitor to LNG in Europe and China, said first-quarter gas sales revenues dropped by 24 percent to 1.73 trillion roubles ($24.52 billion) compared with 2.29 trillion roubles ($32.3Bln) in the same period in 2019. The company reported a first-quarter net loss of 116 billion roubles ($1.64 Bln), compared with a net profit of 536Bln roubles ($7.5Bln) in the 2019 first quarter. Overall natural gas sales dropped by 13 percent to 138.1 billion cubic metres from 158.9 Bcm in the 2019 first quarter.

Australian exports fall

Australian LNG shipments in June were down by eight compared with May, primarily due to scheduled maintenance at the Gorgon plant on Barrow Island in Western Australia. “Australian projects shipped 5.9 million tonnes (85 cargoes) in June, compared with 6.4MT (93 cargoes) in May,” said a report by consultants EnergyQuest. “In June there were still a large number of cargoes that have had their delivery delayed.

Czech LNG station

GasNet, the natural gas distribution company of the Czech Republic, launched its first mobile public self-service LNG filling station. The station is located in Klecany near Prague and is a short distance from the D8 motorway. “This modern and environmentally friendly technology is available 24/7 to truck drivers,” said GasNet.“LNG truck drivers can now refuel in Klecany in the Volvo Group Truck Centre Prague-North. The public gas station is only 8km from the capital, is self-service and open 7 days a week, 24 hours a day,” added GasNet.

Cyprus finally launches first LNG project at Port of Vasilikos

LNG Journal editor

Cyprus has held a foundation stone-laying ceremony at the site of the Mediterranean Island’s first LNG import terminal being built at Vasilikos port near Limassol by a Chinese company and partly financed by the European Union.

Cypriot President Nicos Anastasiades led the event at the Vasilikos Energy Park on the south of Cyprus and said the facility puts Cyprus on the track of a new energy era.

Cypriot President Anastasiades leads stone-laying event

Historic

“I would say that this is a really historic landmark, since it officially marks the materialization of an ambitious project of strategic importance and of national dimensions,” said Anastasiades.

“With the laying of the foundation stone, a lengthy effort to bring natural gas to Cyprus has finally come to an end,” noted Anastasiades.

“It was an effort marred by a multitude of problems, sometimes due to expediencies or red tape,” he stated.

The project will comprise a floating storage and regasification unit (FSRU), a jetty, mooring facilities, a pipeline on the jetty and other onshore and offshore related infrastructure.

The Cypriots are also currently in the process of inviting expressions of interest for the supply of LNG.

Around 25 companies have expressed an initial interest and the supply contracts are expected to have a duration of between three to five years.

The terminal will cost €289 million ($326M) to construct and the contract is in the hands of a joint venture comprising China Petroleum Pipeline Engineering, a subsidiary of China National Petroleum Corp., and Greece's Metron SA.

Another Chinese company, Hudong-Zhonghua Shipbuilding was awarded the management of the project, in association with Wilhelmsen Ship Management of Norway.

The Natural Gas Public Company of Cyprus (DEFA) is also involved in the overall development process for the terminal.

The ceremony at Vasilikos was attended by local and foreign officials, including the Chinese Ambassador Huang Xingyuan.

Cosco confirms order for three carriers and GTT to supply tanks

Cosco Shipping Energy Transportation, the Chinese shipping line with more than 30 liquefied natural gas carriers in its fleet, has approved an order for three more LNG newbuilds and French storage technology company GTT will supply the tank designs.

The three vessels will have 174,000 cubic metres capacity and the order has been placed with China’s Hudong-Zhonghua Shipbuilding Co.

Cosco, abased in Shanghai, said the vessel order would be under a joint venture with China National Petroleum Corp., the Chinese energy major. CNPC is a shareholder in the Yamal LNG plant at Sabetta in northern Siberia and operated by Russian natural gas company Novatek.

It is also taking a stake in Novatek’s proposed second venture in the region, Arctic LNG II, on the Gydan Peninsula.

Cosco plans to set up a joint venture with an affiliate of CNPC’s Hong Kong-listed arm PetroChina, to operate the three new ships.

GTT said each of the Chinese newbuilds will be fitted with the No. 96 L03-plus membrane containment system, a technology developed by GTT.

The delivery of the vessels is planned between the fourth quarter of 2022 and the second quarter of 2023.

“We are pleased to continue our long-term partnership with Hudong-Zhonghua and COSCO Shipping through this new LNGC order,” said Philippe Berterottière, Chairman and Chief Executive of GTT.

Cosco said the price for each vessel is $185 million and Cosco would invest $600M in total for the vessels, including financing costs.

Executive for Vietnam's Bac Lieu LNG joint venture goes on state TV to push power and US cargo hopes

LNG Journal editor

Vietnam is making progress on several liquefied natural gas import projects to support associated power plants and one such venture in Bac Lieu Province in the southern Mekong Delta has been highlighted in a half-yearly Vietnamese report on the economy.

Ian Nguyen, Director of Origination and Government Relations in Hanoi for the Bac Lieu LNG venture being developed by Delta Offshore Energy, appeared on Vietnamese television to give more details on the project.

Delta Offshore's Ian Nguyen gives more project details

Developer

Delta Offshore is a Singapore-based consultancy and project firm and has lined up equipment from the French power plant manufacturing and technology centre in Belfort, northeast France, of US company General Electric.

The Bac Lieu project had a memorandum of understanding with the US Magnolia LNG export project planned for near Lake Charles in Louisiana. However, the developer, Australia-based LNG Ltd, was purchased from the administrators after it ran out of cash by the US Glenfarne Group.

"The MOU expired before Glenfarne closed the deal with LNGL," explained Nguyen. "There is no shortage of LNG suppliers interested in the Bac Lieu project and Vietnam as a long-term customer," he added.

"Our preference is US LNG. We will be releasing a Request for Proposals (RFP) for a long-term LNG SPA to the wider market to qualify suppliers for the offtake concession with the Vietnam government," stated Nguyen.

"The Vietnamese power market will more than double. Industrial gas demand potential is significant, given the growing manufacturing base," he noted.

Following on from last year's celebration of the 30th anniversary of the start of Foreign Direct Investment (FDI) hosted by the Ministry of Planning and Investment, the Bac Lieu LNG and power project was highlighted by Vietnam's leading national broadcaster VTV1.

"In particular, Bac Lieu Province has leap-frogged its peers as an example of increasingly empowered localities due to recent policy trends," Nguyen said in an interview.

"This emerging province has an ambitious vision to develop a globally competitive modern aquaculture industry value-chain that will need clean, reliable and affordable energy from LNG," explained the Delta Offshore executive.

"The clean electricity generated from this project along with the supporting grid infrastructure will also enable the entire Mekong Delta's participation in the clean and renewable energy transition," stated Nguyen.

"Undoubtedly, the improved clean energy access will attract even more FDI and industrial development in the 'rice bowl' of Vietnam to further underpin sustainable socio-economic growth," he explained.

Power plant designs for the Delta Offshore-led venture envisage capacity of 3,200 megawatts with four gas turbine units with a capacity of 750 MW each and one unit with a capacity of 200 MW.

The first phase of the project will see investments of around $1 billion in Vietnam's power sector with construction expected in four distinct phases through to 2026.

The Bac Lieu project investment model will be the nation's predominant investment template going forward.

The government has mentioned three other LNG-for-Power projects with import facilities, including a 4,000MW plant in the northern port city of Haiphong.

A third LNG terminal is envisaged adjacent to a gas-fired power station in Ninh Thuan province, south of Cam Ranh Bay.

A fourth project is at Long An, also on the Mekong Delta, and this will see the development of yet another 3,000MW power plant.

TechnipFMC launches new technology for subsea wells

TechnipFMC, the company that has put on hold its de-merger into two separate entities for subsea and LNG projects because of Covid-19 and the oil slump, has launched with services firm Halliburton Company a new technology product for subsea wells.

TechnipFMC and Halliburton introduced their trade-marked Odassea system, which they described as the first distributed acoustic sensing solution for subsea wells.

"The technology platform enables operators to execute intervention-less seismic imaging and reservoir diagnostics to reduce total cost of ownership while improving reservoir knowledge," they explained.

"The Odassea service integrates hardware and digital systems to strengthen digital capabilities in subsea reservoir monitoring and production optimization," their statement added.

Halliburton provides the fiber optic sensing technology, completions and analysis for reservoir diagnostics while TechnipFMC provides the optical connectivity from the topside to the completions.

"Through the collaboration, operators can accelerate full field subsea fiber optic sensing, design and execution," they stated.

TechnipFMC has two main offices in both Houston and Paris and said in March 2020 it was delaying plans to separate into two companies because of volatile market conditions created by the coronavirus outbreak.

The company had first announced the proposal in August 2019 and planning was well advanced when the pandemic and oil price slump impacted markets in mid-March.

■

Thai energy company PTTEP stays on track for key projects

LNG Journal editor

PTTEP of Thailand, the oil and natural gas producer, has reduced its spending plans for the rest of 2020, though would remain on track with key investments in projects such as Mozambique LNG and development of the company's largest ever southeast Asian natural gas discovery in the Lang Lebah field offshore Sarawak.

PTTEP, whose official name is Exploration and Production Public Company Ltd, noted in its latest newsletter to shareholders that it had adjusted investment plans to cope with the impact from the Covid-19 pandemic that suppressed domestic energy demand.

Spending

The company said its 2020 expenditure has been reduced by 15-20 percent with some exploration activities deferred, while maintaining reasonable capital expenditure levels to ensure the continuity of the energy supply of the country.

In the LNG sector, PTTEP has an 8.5 percent stake in the Area 1 licence of the Rovuma Basin offshore Mozambique in southeast Africa.

PTTEP celebrating its 35th anniversary with Bangkok event

Part of the overall stake, about 26 percent, was transferred to French major Total from Anadarko Petroleum of the US as a side-deal to the Occidental Petroleum takeover in 2019 of Anadarko.

PTTEP in 2019 also made a Malaysian acquisition from Murphy Oil of the US, including a large stake in the Rotan natural gas discovery offshore Malaysia, which is subject to a floating LNG joint venture.

"PTTEP will continue with investment in development projects such as Mozambique Area 1 and additional drilling activity in the Malaysian Lang Lebah gas field in Block Sarawak SK410B, to ensure the first production of these projects in the next four years as planned," stated the Thai company.

PTTEP's Lang Lebah gas field is the largest commercial discovery of petroleum resources it has ever made in what was its first exploration well at the Sarawak SK410B Project just over a year ago.

The PTTEP update also included a mention of the company's celebration of its 35th anniversary.

A ceremony was held at PTTEP headquarters in Bangkok to mark its founding in 1985 with the mission as a state-owned petroleum exploration and production enterprise to strengthen national energy security.

■

PNG LNG shareholder takes $400M charge on local assets

Oil Search, the Australian-listed Papua New Guinea LNG shareholder with a stake in the expansion project, plans to write off up to $US400 million, mostly on exploration assets and a gas-to-power project in PNG due to the outlook for oil and gas prices.

The PNG-focused oil and gas company will record a non-cash, pre-tax charge of between $US360M ($A518 million) and $US400M ($A576M) in its half-year results that would not impact its cash earnings, according to a statement to the Australian Securities Exchange.

Oil Search said that a strategic review found that a number of assets in PNG were now of low priority either due to lower prospectivity or less than optimum project economics and as a result, would not be currently pursued.

The LNG plant, located northwest of the capital Port Moresby, produced at an annualised rate of 8.7 million tonnes per annum in the first three months of 2020, Oil Search noted in its first quarter earnings.

"Oil Search has assessed the carrying value of the company's assets for impairment as at 30 June 2020, in accordance with the relevant accounting standards and after taking into account the potential longer-term impact of prevailing economic conditions and the outlook for oil and gas prices," said the company.

"The impairments that are expected to be recognised largely relate to PNG exploration licences," explained the PNG-based company whose other main assets are in Alaska.

"As part of the Strategic Review currently underway and in line with the company's commitment to prioritising capital allocation, a number of exploration and evaluation assets in PNG have been identified as being of reduced priority due to lower prospectivity or sub-optimal economics," explained the report signed by Oil Search Managing Director Keiran Wulff.

■

Australian firm issues latest report on resource potential to fuel Mongolian CSG-to-LNG plant

LNG Journal editor

Elixir Energy, the Australian exploration and production company with plans for a small-scale liquefaction plant using coal-seam gas to provide clean fuel for trucks in Mongolia, is making progress in assessing resources in the South Gobi desert region.

Elixir, listed on the Australian Securities Exchange, has an accord with Mongolian fuel retail company MT Group on studying an LNG fuel plant.

Supply option

The proposed liquefaction facility would supply LNG made from CSG to a large coal trucking fleet operating from mines in the South Gobi region and delivering to China.

Elixir said in an ASX statement that it is currently focusing on assessing resources in its 100 per-cent-owned Nomgon IX CSG production sharing contract (PSC) located in the South of Mongolia, not far from the Chinese border.

South Gobi is ideal for seismic surveys for coal-seam gas

The 30,000 square kilometres PSC was executed by Adelaide-based Elixir in September 2018 and has a 10-plus years exploration period.

Elixir said its seismic contractor has commenced work on the acquisition of 2D seismic in the North-West part of the licence area.

"The total 106 kilometre acquisition program should be finished by early August 2020 and subsequent processing will take around another month after that," explained the company.

"Recent field work, data collection and analysis have identified new areas of coal outcropping in various parts of the PSC," said Elixir.

"The location of these are consistent with Elixir's prospective resource estimates," it added.

"They support the view that the very large licence area is likely to host numerous coal bearing sub-basins that are prospective for coal seam gas," stated Elixir.

Elixir has signed a non-binding memorandum of understanding with MT Group to help develop the small-scale LNG plant that could initially provide fuel for the Tavan Tolgoi mine trucks which deliver 15 million tonnes of coal per annum to China.

"Our appraisal and exploration program has now started in line with our plans,' said Elixir's Managing Director Neil Young.

"We look forward to receiving the results therefrom to integrate with the results of Nomgon-1 over the rest of this year," he added.

Elixir believes that supplying gas to a small-scale LNG plant in the South Gobi region was be a great initial offtake project for the company to investigate.

Elixir and MT Group believes there is clearly an existing market in terms of the very large local coal trucking fleet which could operate on clean gas rather than diesel.

Singapore Energy Market Authority advances LNG Hub plans with two new suppliers sought

The Singapore Energy Market Authority is seeking to appoint two new official liquefied natural gas importers for the Asian city state as future natural gas use is set to expand along with its activities as a regional LNG Hub.

The EMA has issued a Request for Proposal (RFP) to begin the process of finding the two companies.

"Having more LNG term importers in the market will enhance competition and provide more options for gas buyers," said a statement.

The current LNG term importers are the local company Pavilion Energy, a unit of the Singaporean wealth fund Temasek, and Shell Eastern Trading, a subsidiary of Royal Dutch Shell.

Both companies were appointed during a similar process in 2017.

"Natural gas is one of four switches in Singapore's energy story towards a more reliable, affordable and cleaner energy future," added the EMA.

"It is expected to be the dominant fuel for Singapore in the near future as we scale up our renewable energy options," it explained.

The regulator invited interested parties to submit proposals which will be evaluated based on their ability to provide reliable, secure and competitive supply of LNG to Singapore.

The EMA noted that proposals had to be submitted by the 9th of November 2020, 3.00pm Singapore time.

The move comes as Singapore moves ahead with its plans to increase capacity handled and to start LNG bunkering services in the port as it strives to be a regional LNG Hub.

The EMA is also leading the plans to develop a second regasification and storage terminal.

The terminal would be a floating facility for break-bulk cargoes whereby shipments would be broken up into smaller parcels in delivered to southeast Asian customers such as Thailand, Vietnam and the Philippines.

Analysts said that Asian emerging economies would become more reliant on LNG, with China and India already major buyers and other southeast Asian nations becoming importers.

Singapore LNG Corp. owns and operates the current single onshore terminal at Jurong Island with peak regasification capacity of 11 million tonnes per annum.

The terminal was built in 2013 and then expanded capacity. In 2018, the country introduced a spot LNG import policy that allowed buyers to respond to changing market demand.

As far as being a centre of LNG trading, the government has confirmed that this has already been achieved with almost 50 LNG trading and shipping firms having offices in Singapore.

Additionally, the first Singapore LNG bunkering vessel, owned by Shell Eastern Petroleum and Keppel Offshore and Marine, was launched in June 2020 at the Keppel Nantong Shipyard in China.