LNG Unlimited

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Sempra Infrastructure Partners to be among American LNG leaders

California company overhauls subsidiaries to bundle three LNG plants and other assets

LNG News Editor

Cameron plant is just outside the Louisiana town of Hackberry

Sempra Energy said it would exchange the publicly-held stake in its Mexican subsidiary and LNG plant developer IEnova for Sempra Energy shares and form a new North American infrastructure company grouping Cameron LNG in Louisiana, Costa Azul on Mexico's Pacific Coast and the Port Arthur LNG project in Texas as well as other assets including natural gas pipelines.

Sempra currently owns 66.43 percent of IEnova, whose full name is Infraestructura Energética Nova, and is making a tender offer for the outstanding shares listed on the Mexican stock exchange, the Bolsa Mexicana de Valores (BMV) to be swapped for Sempra Energy shares.

Mexico listing

The transaction for IEnova shares in Mexico is for the 29.83 percent, which were sold in an initial public offering in March 2013.

The IEnova IPO had been for 218 million shares which at the time raised the equivalent in pesos of $567 million.

The new Mexican share deal is necessary to clear the way for the pooling of Sempra's LNG and natural gas and renewable assets into one company to be called Sempra Infrastructure Partners.

The San Diego, California-based company added that it would also sell a non-controlling interest in the Sempra Infrastructure Partners unit to help fund growth.

Sempra said it expected all transactions to be completed in the first quarter of 2021.

"The LNG portfolio consists of approximately 45 million tonnes per annum of LNG export capacity in development, construction or operation on the North American Pacific and Gulf Coasts," said Sempra, in reference to Costa Azul, Cameron and the Port Arthur project.

With the IEnova shares of Mexican investors being exchanged for shares in Sempra, the US parent company Sempra Energy would be listed on the Mexican exchange in place of IEnova.

"We are excited about the announcement. In large measure, it is because we believe Sempra Infrastructure Partners is well positioned to be a leader in the global energy transition," said Jeffrey W. Martin, Chairman and Chief Executive of Sempra Energy.

"By focusing on the critical need for new energy infrastructure right here in North America, both Sempra LNG and IEnova have created a significant pipeline of development projects that are expected to provide differentiated growth for decades to come," added Martin.

"More importantly, this will provide an improved platform for innovation and potential new investments in renewables, hydrogen, energy storage and carbon sequestration," he added. Martin said he was "especially excited" to be listing Sempra Energy shares on the BMV.

"Many of Mexico's most successful companies are listed there, and our plans to list our shares locally is a positive affirmation of our commitment to Mexico and desire to continue investing in the country and improving economic prosperity," Martin explained.

"As part of Sempra Energy's family of companies, IEnova has delivered critical energy infrastructure to the country of Mexico for over two decades, supporting economic growth and the health and wellbeing of millions," he stated.

In its stock-for-stock offer Sempra tendered for all the outstanding shares of IEnova at an exchange ratio of 0.0313 shares of Sempra Energy common stock for each ordinary share of IEnova.

Offer

Sempra Energy presented a non-binding offer to IEnova consisting of a fixed exchange ratio implying a price of 82 Mexican pesos ($4.10) per IEnova ordinary share, representing premiums of 11.6 percent and 22.6 percent over IEnova's 30-day and 90-day volume-weighted average stock prices.

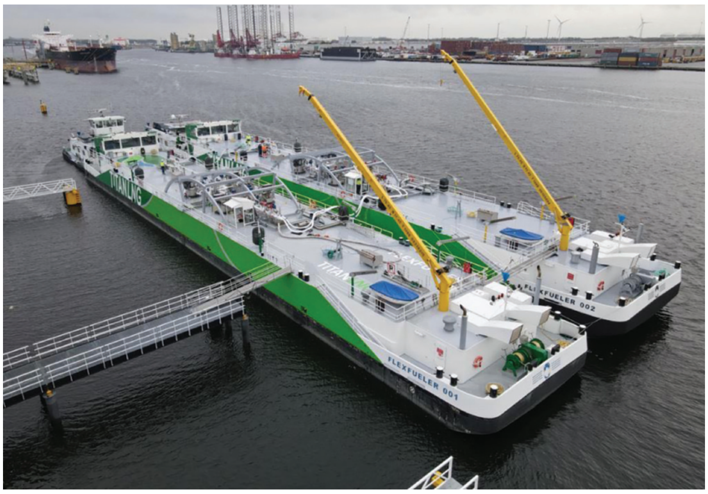
UNLIMITED AGENDA

Fluxys adds Antwerp LNG bunkering to regas offerings at Zeebrugge and Dunkirk terminals

LNG News Editor

Fluxys, the Belgian grid operator and owner of the Zeebrugge LNG terminal and with a large stake in Dunkirk LNG in France, has taken delivery along with Dutch joint venture partner Titan LNG of a bunkering barge to operate in the Antwerp region of the European Union energy sector.

The vessel named the "FlexFueler 002" will support fuelling operations in a key part of the Amsterdam, Rotterdam, Antwerp (ARA) energy distribution market.



The new bunkering barge alongside its sister vessel

Delivery

The "FlexFueler 002" was recently delivered by the Dutch shipbuilder Kooiman Marine and Titan is currently conducting the last trials and finalising crew training. Titan already operates the "FlexFueler 001" barge.

"We are proud to offer with our partner, Titan LNG, a key logistic link for the shipping industry to switch to cleaner operations in the Antwerp port and region," said Pascal de Buck, Chief Executive of Fluxys.

"The prospect of introducing with our newly-built bunkering barge fully carbon-neutral options in the foreseeable future strengthens us in our commitment to press ahead with the energy transition," added the Fluxys CEO.

The bunkering barge will be deployed at Quay 526-528 in the Port of Antwerp from February 2021.

"The 'FlexFueler 002' and the other LNG bunkering infrastructure in the port of Antwerp have the benefit of not requiring additional investments to offer fully carbon-neutral choices," said Fluxys.

"Titan LNG, as the operator of the bunkering barge, is confident to make available liquefied biogas (from organic waste) or liquefied synthetic methane (from green hydrogen and captured CO2) to LNG-powered vessels soon after the barge starts operations in February 2021," the Belgian company added.

In addition to the bunkering barge, Fluxys can welcome LNG carriers from anywhere in the world to unload, store and regasify shipments at the Zeebrugge and Dunkirk terminals.

Fluxys noted that as regulations for the sulfur content in shipping fuel have become stricter under International Maritime Organisation rules brought in this year it is evident that additional environmental limitations can be expected in the near future.

"LNG, therefore, has become increasingly more attractive as an alternative fuel in shipping and immediately cuts sulfur and particulate emissions to negligible levels while emissions of nitrogen oxides are dramatically reduced," added Fluxys.

The Fluxys infrastructure group is active in gas transmission and storage as well as LNG terminalling.

Through its associated companies across Europe, Fluxys also operates 9,000 kilometres of pipeline and LNG terminal capacities totalling an annual throughput of 29 billion cubic metres of gas.

Among the Fluxys subsidiaries is the Euronext-listed company, Fluxys Belgium, owner and operator of the LNG terminals.

Titan Chief Technical Officer Ronald van Selm thanked the Kooiman Marine shipbuilding group for building another landmark LNG bunker vessel. ■

BHP LNG-powered ore carriers for route from Australia to China to be bunkered in Singapore

Anglo-Australian global commodities company BHP has awarded its first LNG supply agreement for five LNG-fuelled Newcastlemax bulk carriers, which will transport iron ore between Western Australia and China from 2022.

Shell has been awarded the contract to fuel the vessels, which BHP will charter from Singapore-based Eastern Pacific Shipping for five-year terms.

BHP Chief Commercial Officer, Vandita Pant, said that the LNG bunkering contract marks a significant step in how BHP is working with its suppliers to reduce emissions across the maritime supply chain. "LNG fuelled vessels are forecast to help BHP reduce CO2-e emissions by 30 percent on a per voyage basis compared to a conventional fuelled voyage between Western Australia and China," she added.

Steve Hill, Executive Vice President, Shell Energy, said that he congratulated BHP on reducing emissions in their maritime supply chain with the world's first LNG-fuelled Newcastlemax bulk carriers.

"Decarbonisation of the shipping industry must begin today and LNG is the cleanest fuel currently available in meaningful volumes," added Hill. "This LNG bunkering contract strengthens the bunkering market in the region and we look forward to working with BHP and other customers in the maritime sector on their journey to a net-zero emissions future," he added.

The contract is the result of a tender process that included potential suppliers across several continents.

BHP explained that technical capability, available infrastructure and cost competitiveness were among the stringent criteria.

LNG bunkering for the Eastern Pacific-owned ships will take place through the first LNG bunkering vessel in Singapore, the "FueLNG Bellina".

The vessel is operated by FueLNG, a joint venture between Shell Eastern Petroleum and Keppel Offshore & Marine.

The bunker vessel will be able to bunker fuel at a rate of 100-1,000 cubic metres per hour.

"The LNG bunkering contract will enable BHP to manage fuel supply risk, build LNG operational capability internally, and also help to strengthen the emerging LNG bunkering market in the region," said BHP's Pant. ■

Glencore gets Dutch regas with Danish utility deal

Glencore, the UK-listed commodities and mining company, has completed the takeover of the loss-making liquefied natural gas business of Danish energy company Orsted, including long-term capacity at the Dutch Gate LNG import terminal in Rotterdam.

Orsted had entered into an agreement in 2007 with the Dutch LNG terminal for the right to use 3 billion cubic metres of annual regasification capacity from 2011 to 2031.

The Danish company's LNG business consists of the Dutch Gate capacity and five LNG purchase agreements.

The transaction was first revealed at the start of 2020 and was only now being completed.

Anglo-Swiss company Glencore is seeking to increase its LNG profile to match commodities market rivals Gunvor, Vitol and Trafigura.

The firm has growing LNG trading operations in Asia and Europe and competes globally for supply tenders.

Orsted's other main businesses are in the wind and solar energy sectors.

The Orsted LNG business will be owned by Glencore's oil trading division.

"We are increasingly focusing on the LNG business as a key part of our Oil division strategy and the Orsted transaction represents an important milestone in that journey," said Glencore Oil's head Alex Sanna.

Glencore has a major position in the coal industry and it expects coal to play a continued role in the world's energy mix, especially in Asia. In Europe and the Americas, coal demand is declining with nations choosing to switch to natural gas.

H-Energy signs Höegh LNG deal Jaigarh FSRU from March 2021

LNG News Editor

The Hiranandani Group of India said its H-Energy subsidiary had entered into a binding commitment with Norway's Höegh LNG for the supply of a floating storage and regasification unit (FSRU) to be deployed at Jaigarh Port in the West Coast Indian state of Maharashtra.

H-Energy said the agreement was signed to charter the FSRU "Höegh Giant" for a period of 10 years.

FSRU 'Höegh Giant' heading for Jaigarh Port in Maharashtra

Strategy

The Indian company is aiming to develop LNG regasification terminals and cross-country pipelines on the West and East coasts of India.

The FSRU will be delivered to H-Energy's Jaigarh project in the first quarter of 2021.

The "Höegh Giant" was built in 2017 and has a storage capacity of 170,000 cubic metres and peak regasification capability of 750 million standard cubic feet per day to handle 6 million tonnes per annum of LNG. "The FSRU will deliver regasified LNG to the 56-kilometres Jaigarh-Dabhol pipeline connecting to the Indian National Gas grid and will also deliver LNG onshore for LNG truck-loading facilities," explained H-Energy.

The FSRU is also capable of reloading LNG onto other LNG vessel's for providing bunkering services.

"Upon the delivery of the FSRU, H-Energy will commission its Jaigarh LNG regasification terminal project in March 2021," said the company.

H-Energy's Jaigarh LNG terminal is also currently constructing its truck-loading facilities.

"H-Energy further plans to develop stations across India to enhance the utilisation of LNG and compressed natural gas as transportation fuel, contributing to the environment in line with the policy of the Government of India," the company stated.

Hiranandani has its main offices in Mumbai as well as in Dubai in the United Arab Emirates.

Ghana is closer to being LNG importer as Tema port advances

The Emerging Africa Infrastructure Fund (EAIF) said it had agreed a loan deal with a project company in West Africa, adding the last block in a financing arrangement for a floating LNG terminal at the port of Tema in Ghana, which has almost been completed.

The EAIF is backed for development financing by the governments of the Netherlands, the UK, Sweden and Switzerland as well as finance institutions, private banks and institutional investors.

It said US$31million was being lent to the Access LNG project at Tema, near where several power stations are located and are switching from light cycle oil (LCO) and heavy fuel oil (HFO) to natural gas.

Access LNG is a joint venture between Helios Investment Partners, a leading Africa focused private investment firm, and Gasfin Development, an LNG infrastructure company.

Gasfin as a partner in the Tema LNG terminal venture said that it expected the facility to be commissioned in late 2020 or early 2021.

Gasfin has led the design of the entire project and the fabrication of the floating infrastructure with capacity to deliver 2 million tonnes per annum of LNG.

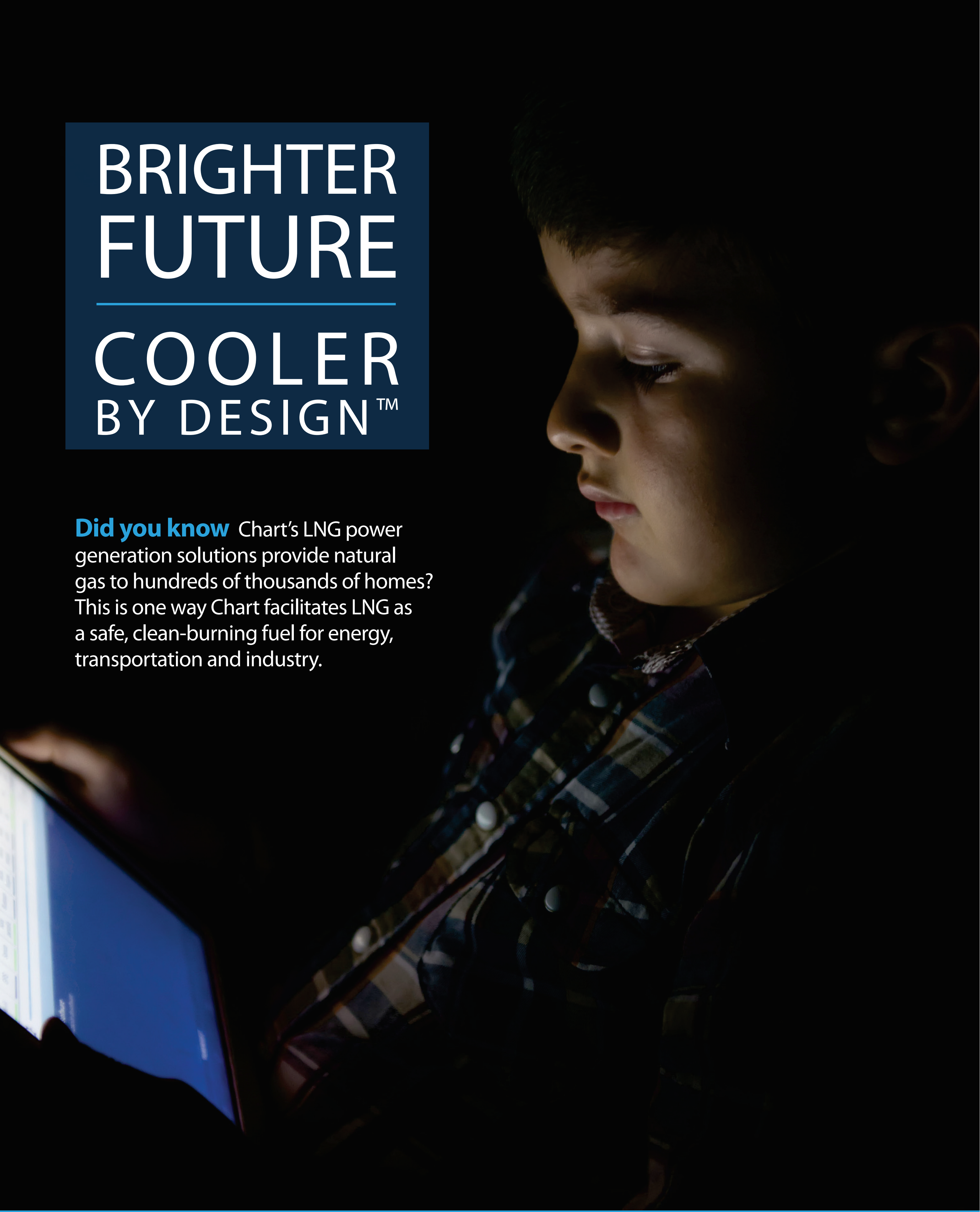
"We are extremely proud of our involvement with Access LNG and to have earned the trust and support of EAIF for this groundbreaking project," said Roland Fisher, a director at Gasfin.

"As with all infrastructure developments, the new LNG terminal at Tema has required the concerted effort and alignment of multiple stakeholders to achieve success," added Fisher.

The Tema project is designed around a Floating Regas Unit (FRU) working in conjunction with an upgraded 127,500 cubic metres capacity LNG carrier, which will act as floating storage, to deliver 250 million standard cubic feet per day of gas.

The Tema project will also have bunkering, reloading and break-bulk capabilities.

The terminal will receive some LNG from Royal Dutch Shell under an agreement with Ghana National Petroleum Corp.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NEWS NUDGES

Burckhardt LNG orders

Burckhardt Compression, the Swiss-based liquefied natural gas equipment provider, won an order consisting of eight low-pressure systems for boil-off gas (BOG) management. "The compressor solutions are destined for two 14,000 TEU (twenty-foot equivalent units) and two 690 FEU (forty-foot equivalent units) container vessels ordered by C-LNG Solutions, a Singapore-based leader in LNG fuel gas solutions and LNG cargo handling," said Burckhardt.

China ISO deliveries

Russian Yamal LNG plant operator, Novatek, said its Asian trading unit and Saibu Gas Co. of Japan completed their first joint trial delivery of liquefied natural gas in ISO containers to China's Tiger Gas for subsequent sales to Chinese buyers. The LNG was delivered by sea in Tiger Gas-owned ISO containers from the Japanese Hibiki container terminal to the Chinese port of Shanghai under a spot contract. "Together with our partners, we have successfully completed our first trial delivery of LNG in ISO containers to China," declared Lev Feodosyev, Novatek's First Deputy Chairman.

Golar shares offering

Golar LNG Ltd, the fleet operator and project developer, plans to offer 11 million common shares to the public with a par value $1.00 per share through an underwritten public offering. The company intends to use the net proceeds from the sale to partially repay loans and for funding general corporate activities. Golar also intends to grant the underwriters of the offering a 30-day option to purchase up to an additional 1.65M common shares.

Small-scale operator China LNG cuts losses and outlines expansion plan into rural pipeline gas supply market

LNG News Editor

China LNG, the Hong Kong-listed supply and small-scale logistics services company also involved in the leasing of vehicles and LNG tank trailers, narrowed its first-half net losses, though revenues fell sharply from a year ago.

China LNG reported a net loss of 37.49M Hong Kong dollars (US$5.09M) compared with 58.03M HK dollars (US$7.48M) in the 2019 period.

Tank leasing

The group's operations are focused on small-scale LNG, the development of LNG sales and distribution, logistics services and the provision of finance for LNG vehicle and storage-tank leasing.

The company owns a fleet of 275 LNG tank trucks and 1,275 LNG tank containers, combining into a tank-container multimodal transportation system.

The company revealed in its earnings statement that it was planning to enter the pipeline gas business in rural parts of China.

"We intend to complete pipeline laying in areas where franchises have been obtained over the past 2-3 years and to connect gas to more than 300,000 rural households, benefiting over 2 million people," said China LNG.

In the six months to the end of September, China LNG's revenue from sales and distribution of LNG amounted to 186.6 million Hong Kong dollars (US$24.07M), well down from the total of 969.75M Hong Kong dollars (US$124.8M) reported in the same six months of 2019.

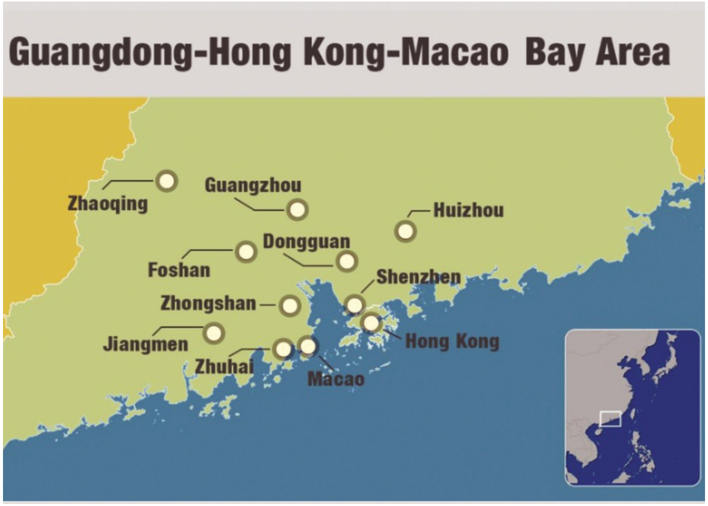
However, income from the provision of LNG logistics services rose to 100.17 HK dollars (US$12.9M) from 41.7M HK dollars (US$5.40M) in the first half of 2019.

"Revenue represents the aggregate of income from the LNG businesses in China, income from provision of securities brokerage, bond placing, margin financing and securities investments in Hong Kong," explained China LNG.

The company added that because of its strategy of supporting clean air policies, the group moved its mainland headquarters in May 2020 from Shanghai to the city of Zhuhai, a core part of Guangdong-Hong Kong-Macau Greater Bay Area supply zone.

In the field of natural gas terminal utilization, China LNG said it had expanded to 17 provinces and cities across the country.

It has two LNG supply points and one storage facility located in the Huanggang area of Hubei Province in central China.



Company moved HQ from Shanghai to city of Zhuhai

Gas stations

The Huanggang LNG reserve tanks, the Guanshan gas station and the Nanhu gas station were completed in November 2018, April 2019 and October 2019 respectively.

"Due to the advantageous location of the Nanhu gas station, its traffic volume was large," said the company.

"For the six months ended 30th September, it reached a single-day refueling volume of up to 30 tons," it added.

"The group will increase investment in energy centers in the regions of Hubei, Hunan, Guangdong, Guangxi and Jiangxi in the coming three years, where it has obtained franchise rights," said China LNG.

> "Revenue represents the aggregate of income from the LNG businesses in China, income from provision of securities brokerage, bond placing, margin financing and securities investments in Hong Kong"
>
> *- China LNG*

Damietta LNG plant dispute solved with Naturgy settlement and Eni set to market FOB cargoes

LNG News Editor

Naturgy, the Spain-based European utility with LNG volumes from the US and Russia and gas and power interests in Latin America, said it agreed to sell its stake in the Damietta LNG export plant in Egypt and to rescind its Egyptian gas contracts on departing from Unión Fenosa Gas (UFG) joint venture.

Naturgy's UFG partners, Italian energy major Eni and the Egyptian Natural Gas Holding Company (Egas) have reached an agreement according to which Naturgy will receive a series of cash payments adding up to US$600 million.

The compact liquefaction plant is east of Alexandria port

Assets

It will also receive most of UFG's assets outside of Egypt as well as being released from Naturgy's 3.5 billion cubic metres annual gas procurement contract to supply its gas-fired power stations in Spain which was due to end 2029.

Under the deal, these Spanish interests would be taken over by Eni.

The LNG plant, located east of the Egyptian port city of Alexandria 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.

"This agreement, which could not be concluded in February 2020 due to certain conditions precedent not being meet, has been closed on similar terms to those agreed in February and resolves the complex situation at the Damietta plant, which has lingered since 2012, stated the Naturgy.

The commitments were ratified with a signing agreement adopted by the Egyptian Council of Ministers on November 25.

"Naturgy once again demonstrates its management capacity to continue simplifying its business portfolio and to reduce its gas procurement commitments, all the while improving its financial position to focus on the areas which can maximize value creation," said the Spanish company.

Naturgy's US and Russian volumes come from a 20-year agreement for US cargoes from Cheniere Energy's Sabine Pass and Corpus Christi plants and it is also a main contract holder for cargoes from the Yamal LNG plant in Arctic Russia operated by natural gas company Novatek.

The US and Russian volumes were booked under Naturgy's previous name, Gas Natural Fenosa.

The Spanish company's diverse LNG supply portfolio also includes shipments from nations such as Algeria, Qatar, Nigeria and Norway.

The company additionally owns a small fleet of LNG carriers.

The President of Naturgy, Francisco Reynés, stated that the Damietta exit agreement was very positive for the company.

"It represents a clear progress in simplifying and reducing the company's exposure to gas, releasing Naturgy from its 3.5 Bcm annual gas procurement contract to supply its CCGTs in Spain, and it resolves a complex situation lingering since 2012 and which couldn't be resolved in the Spring because of the Covid-19 pandemic," explained Reynés.

Eni also issued a statement explaining that the participation of Union Fenosa Gas in the Damietta plant (80 percent) would be transferred 50 percent to Eni and 30 percent to EGAS.

The resulting shareholding of the holding company Segas will see Eni holding 50 percent, EGAS 40 percent and Egyptian General Petroleum Corp. 10 percent.

"Eni will also take over the contract for the purchase of natural gas for the plant and will receive corresponding liquefaction rights, thus increasing the volumes of LNG in its portfolio by 3.78 billion cubic metres per year, which will be available on an FOB basis, with no destination restrictions," said Eni.

Woodside uses computing levels for Sunrise gas

Woodside Petroleum, the operator of two LNG export plants in Western Australia, said it had become one of a handful of companies worldwide to simultaneously use more than 1 million virtual Central Processing Units (vCPUs) on Amazon Web Services (AWS) infrastructure as part of seismic exploration of the Greater Sunrise natural gas field in the Timor Sea.

Woodside said it successfully executed the million-vCPU scale computing workload in late November across three AWS regions in the United States.

The vCPUs performed full-waveform inversion on 3,200 square kilometres of 3D seismic data for the Greater Sunrise gas resources, located offshore the southeast Asian nation of East Timor, the former Portuguese colony also called Timor-Leste.

Woodside explained that the computing power deployed for the upstream exercise was equivalent to a stack of standard laptops 4.2 kilometres high.

Woodside operates the Northwest Shelf and Pluto LNG plants and is developing the Burrup LNG Hub as well as being a shareholder in the Chevron-operated Wheatstone plant, all in Western Australia.

The computing exercise was part of its consideration of the next likely moves on the Greater Sunrise fields, which were previously considered for LNG production.

The Sunrise and Troubadour gas and condensate fields, collectively known as Greater Sunrise, are located 450km northwest of Darwin and 150km south of Timor-Leste. ■

Golar LNG Partners sees demand growing to support US-Asia cargoes

LNG News Editor

Golar LNG Partners, the owner of 10 vessels, said that growing underlying demand and limited new nameplate production additions through to 2023 will result in LNG prices that help the fuel's competitiveness and support a more sustained increase in US-Asia trade and ton-mile demand for shipping.

The Nasdaq-listed affiliate of Golar LNG Ltd, said in its third-quarter earnings that the full utilization of available US export capacity and increasingly long haul trades are currently supported by strong winter demand in key Asian markets.

Trading pattern

Golar Partners said that this underlying demand for LNG looking like signalling the gradual return to more traditional trading patterns.

Regarding its own fleet, the Partnership said the carrier "Golar Maria" was expected to achieve around 80 percent utilization for the fourth quarter with a term contract scheduled to commence around the end of this year.

Golar's 'Hilli Episeyo' FLNG hull deployed off Cameroon

The Partnership's fleet of 10 vessels comprises four modern carriers, four floating storage and regasification units and two newbuilds.

It also expects to acquire from affiliate Golar LNG Ltd, its interest in the "FLNG Hilli Episeyo", the LNG production hull deployed offshore Cameroon in West Africa.

"The 'FLNG Hilli Episeyo', which completed its scheduled maintenance window in October, on time and without issue, continues to maintain 100 percent commercial uptime," said the Partnership.

"It recently offloaded its 47th cargo and continues to reliably deliver quarterly LNG tolling revenues, less operating costs, of around $40M," it added.

Golar Partners said it generated third-quarter operating income of $32.1 million compared with $35.90M in the prior-year quarter.

Third-quarter time-charter revenues slipped to $71.11M from $75.81M in the same three months of 2019, but quarterly net income more than doubled to $16.44M from $8.08M in the same period of 2019. ■

French container line takes delivery of third large LNG-fuelled vessel

The French containership line, CMA CGM, has taken delivery of its third Ultra Large LNG-powered containership, named the "CMA CGM Palais Royal", from the Chinese Hudong-Zhonghua Shipbuilding group's Jiangnan shipyard in Shanghai.

The "CMA CGM Palais Royal" is one of nine vessels with a capacity to carry up to 23,000 units of 20-foot equivalent ordered from China by the Marseilles-based company.

The other two LNG-powered containerships that have entered service are the company flagship "CMA CGM Jacques Saade", named after the late founder of the French line, and the "CMA CGM Champs Elysees".

Eight of the newbuilds bear the names of landmark Parisian monuments or institutions and in addition to the latest two delivered, CMA CGM is still awaiting the "Louvre", the "Rivoli", the "Montmartre", the "Concorde", the "Trocadéro" and the "Sorbonne".

CMA CGM has chosen French energy major Total as its LNG bunkering supplier.

The vessels have Mark III LNG fuel storage tanks of 18,600 cubic metres capacity designed by French technology firm GTT.

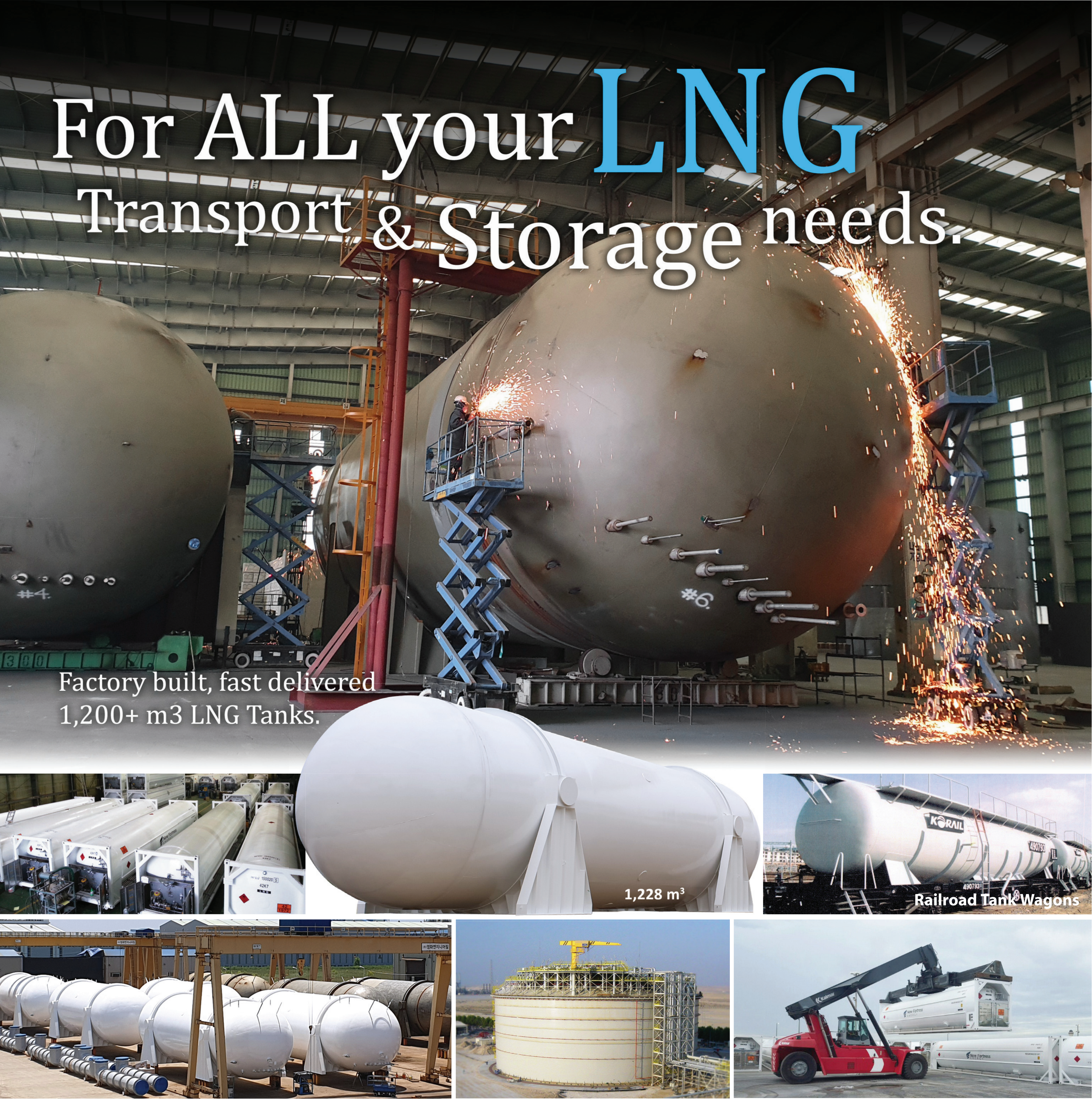
They also have Swiss Winterthur Gas & Diesel (WinGD) dual-fuel propulsion systems with a maximum power rating of 63,840 kW.

Each of the series of nine ships is 400 metres in length, 61 metres wide and with a deck area of 23,978 square metres.

All nine vessels will bear a specific "LNG Powered" label that will be recognizable on all seas.

The "CMA CGM Jacques Saadé" made its maiden voyage on the company's Asia-to-Europe route in October 2020 and on departure from Singapore it was carrying a record 20,723 containers.

The company noted that the vessels have been enhanced with the latest technologies after seven years of research and development. ■



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Russian pipeline to China has lower first-year deliveries of 3.84 Bcm but will grow in 2021

LNG News Editor

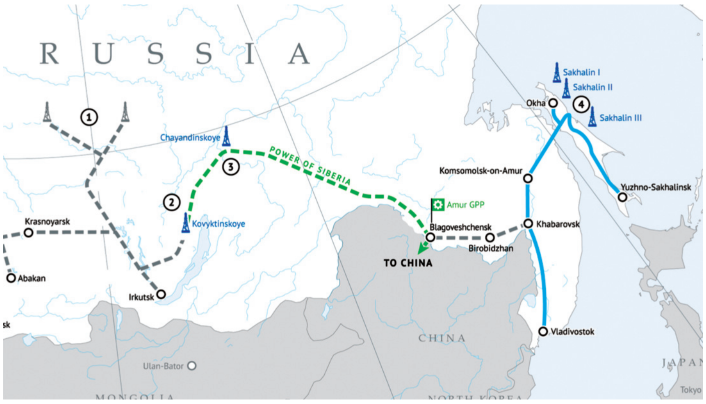
Russian natural gas giant Gazprom marked the first anniversary of the coming on stream of the first gas pipeline from Russia to China, regarded as competition for LNG, but details released of current pipeline operations and capacities show less than expected year-one deliveries.

The pipeline supplies of Russian gas to China started operations on December 2 in 2019 via Gazprom's "Power of Siberia" gas trunkline from the Chayandinskoye gas field in Russia's Far East.

Trunkline

In the year since the launch of "Power of Siberia", Gazprom said a total of 3.84 billion cubic metres of gas (equivalent to 2.84 million tonnes of LNG) has been supplied to China via the trunkline, which was less than the expected 5 Bcm.

Gazprom and China National Petroleum Corp. (CNPC) signed a 30-year Supply and Purchase Agreement in May 2014 for Russian gas to be supplied via the eastern route amounting to 38 Bcm per annum once incremental increases had been met over a period of five years.



Amur Gas Processing Plant near border is almost completed

"At present, Gazprom keeps ramping up its gas exports to China," said the Russian company.

Gazprom said the daily average volumes for November exceeded those for October by 16.2 percent and on November 12 the surplus in daily volumes hit a record high of 25 percent.

Gazprom added that it continued to prepare for an increase in the volume of gas exports to China in 2021. Gazprom's "Power of Siberia" section of pipeline is more than 2,000 kilometres in length running from the Chayandinskoye gas fields centre in the Russian Far East to the Chinese border in the Amur Region.

The eastern route for Russian gas exports to China has additionally involved establishing major gas production centres.

In a project linked to the "Power of Siberia" pipeline, Gazprom is also constructing the Amur Gas Processing Plant near the town of Svobodny, the largest such plant in Russia and the second-biggest in the world.

The contractors have worked through the Covid-19 pandemic and have said that the first commissioning activities have been started.

Gazprom and the Chinese buyer CNPC held talks in late November 2020 on the deliveries situation, with the Chinese asking for higher daily volumes.

The talks involved Alexey Miller, Chairman of Gazprom, and his CNPC counterpart Dai Houliang.

A statement from the Russians asserted that the meeting noted that gas was being supplied consistently.

Gazprom and CNPC signed an additional accord in 2015 for pipeline deliveries of gas from Western Siberian fields to China via the western route.

The recent Gazprom-CNPC discussions also covered new projects for pipeline gas supplies from Russia to China, including a "Power of Siberia II" gas pipeline across Mongolia. ■

Gazprom earnings hit by weak rouble and sales plunge in Europe caused by Covid-19 slowdown

Gazprom, the largest supplier of pipeline natural gas to Western Europe and a main competitor to LNG, posted a nine-month net loss because of the weak Russian currency and as revenues and prices also tumbled in Western European.

Gazprom's total sales decreased by 139 trillion Russian roubles ($18.27 billion), or 25 percent, to 4.30 trillion roubles ($56.27Bln) for the nine months to the end of September.

"The change was mainly due to a decrease in average prices and volumes of gas sold in the 'Europe and other countries' segment," said Gazprom in its earnings statement.

Gazprom posted a nine-month loss of 218.37 billion roubles ($2.86Bln) compared with a net profit of 1.05 trillion roubles ($13.72 billion) in the first nine months of 2019.

"The balance of foreign exchange differences reflected within the item 'net finance (expenses) income' produced a loss to the amount of 749.45 billion roubles for the nine months ended September 2020 compared to the gain in the amount of 230.81Bln roubles for the same period of the prior year. This fact had a major impact on the financial result of the Gazprom Group," state the Russian company.

By the end of the nine-month reporting period at the end of September 2020, the rouble had dropped to a five-year low against the euro.

Net sales to Europe dropped to 1.13 trillion roubles ($14.83Bln) in the nine months from 1.88 trillion roubles ($24.67Bln) in the prior-year period.

Volumes sent to European pipelines also tumbled to 154.4 billion cubic metres, but still totalled just less than the entire LNG output of Australia and Qatar combined.

Gazprom said the average price charged in Europe dropped by around 34 percent in the period to 9.165 roubles ($120) per million cubic metres versus 13,966 roubles ($183M).

The company's net sales to former nations of the former Soviet Union amount to 199.54 billion roubles ($2.61Bln).

The volumes amounted to 21.3 Bcm compared with 171.4 Bcm in the same nine months of 2019.

Pipeline natural gas sales in the Russian Federation during the period brought in revenues of 622.88 billion roubles ($8.15Bln) compared with 666.12Bln roubles ($8.72Bln) in the prior year period.

The volumes were just short of the total sent to Europe and came in at 151.1 Bcm versus 162.9 Bcm in 2019.

The average sales price for pipeline gas in the Russian Federation was less than half that for Europe at 4,122 roubles ($54) per mcm and little changed from 2019 when it was 4,089 roubles per mcm. ■