LNG Unlimited

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Cheniere says LNG's traditional headwinds have become tailwinds

Senior Cheniere executive Anatol Feygin gives insight into likely developments in European and Asia trade

LNG News Editor

US Corpus Christi plant to be expanded (Photo Bechtel)

Cheniere Energy Chief Commercial Officer Anatol Feygin said the LNG market was in good shape for producers as what have been traditional headwinds in the sector had now become tailwinds.

"Forward margins today during the Northern Hemisphere Spring shoulder season, are higher than they have been at any point for this season since we began operating just over five years ago," said Executive Vice President Feygin at last week's post-earnings conference call with analysts.

Revenue surge

The CCO's statements came after Houston-based Cheniere, the largest US LNG exporter with two liquefaction plants in Louisiana and Texas, posted a 14 percent rise in first-quarter revenues to more than $3 billion as it shipped 133 cargoes.

Revenues from its Sabine Pass liquefaction plant in Louisiana and its Corpus Christi facility in Texas as well as other activities amounted to $3.09Bln for the first three months of 2021 versus $2.71Bln in the same quarter of 2020.

Cheniere had also reported a 5 percent increase in quarterly net income to $393 million compared with $375M in the prior-year quarter.

"A number of market conditions that have been headwinds to entering into long-term commitments have more recently become tailwinds," stated CCO Feygin.

"These include oil prices, prompt margins and forward supply growth, just to name a few. We remain quite sanguine on the long-term contracting market for our products over the coming quarters and years as the demand for LNG will continue to increase over time with many current markets expanding and new markets continuing to be added," explained Feygin.

He added that specific to Asia, along with China and India, markets in South Asia and Southeast Asia have shown keen interest in expanding their natural gas infrastructure, from pipelines to power plants to support their rapidly growing economies.

He noted that in Asian markets gas-fired power generation is expected to be the second-highest growth segment after renewables in terms of capacity additions.

"The in the first quarter, global LNG supply showed positive year-on-year growth for the first time since the first quarter of 2020, but net growth was modest as a healthy 17 percent growth in US exports was largely offset by declines at several LNG facilities around the globe," said the Cheniere CCO.

He noted that liquefaction and export plants were either shut down or underperforming in Norway, Nigeria, Australia, Trinidad & Tobago and Russia.

"Extreme cold weather in Asia and then Europe during the first quarter, combined with the supply constraints and a tight shipping market, caused unprecedented price spikes in the Japan-Korea Marker price for spot cargoes in the early part of the quarter to all-time highs of over $30 per MMBtu in January," he explained.

"Since then, extreme temperature conditions have passed and JKM prices have moderated," he added.

"However, price levels are still well above where they were a year ago with March JKM settling at $8.26 per MMBtu and June trading above $9.00 per MMBtu currently," said Feygin.

"This was well above prices around the $2 in MMBtu level a year ago, indicating an underlying structural tightening of the market, supported by strengthening demand fundamentals," stated the CCO.

Feygin's market view for Asia saw LNG imports very strong in the first quarter, up over seven million tons or 11 percent year-on-year. ■

UNLIMITED AGENDA

Chevron earnings drop as analysts hear latest on markets and Gorgon and Wheatstone shutdowns

LNG News Editor

Chevron Corp., the US major with liquefied natural gas stakes in Western Australia and Angola, reported a drop in earnings in the first quarter of over 60 percent and has outlined its repair and maintenance schedule for the Australian LNG processing Trains.

Chevron's first-quarter earnings came to $1.37 billion, down by 62 percent on the $3.59Bln posted in the same three months of 2020.

However, quarterly revenues were slightly higher at $31.07Bln versus $29.70Bln in the quarter to the end of March 2020.

Getting stronger

Chevron held a conference call after the earnings were released and Pierre Breber, Chief Financial Officer for the San Ramon, California-based major spoke at length on Australian LNG shut-down plans.

Chevron said that Gorgon LNG maintenance impacts, production curtailments and normal field declines meant that oil-equivalent production decreased 12 percent to 1.02 million barrels per day in the first quarter.

Gorgon plant loading on Barrow Island in Western Australia

Chevron then went on to speak about its operated LNG plants in Australia.

The second Train at Australia's second-largest LNG facility, the Gorgon plant, had been off stream since May 2020 when a maintenance inspection led to a prolonged shutdown after cracks were found in the production unit's propane equipment.

The Gorgon plant has a nameplate capacity of 15.6 MTPA of LNG and its main shareholders in addition to Chevron are ExxonMobil Corp and Royal Dutch Shell.

Chevron had only restarted LNG production at Train 2 of the Gorgon plant on Barrow Island on November 22.

Chevron has now turned its attention to Train 3 at the Gorgon plant.

"We're doing our scheduled Train 3 turnaround and at the same time, we're able to do the repairs," said CFO Breber.

"We expect that to be completed by the end of this (second) quarter. And then, we'd be operating all three Trains in the second half of the year," the CFO told analysts.

"There was a short time period in the first quarter where we saw all three Trains operating between the Train 1 turnaround and the start of the Train 3 work," explained Breber.

The CFO said that he expected Gorgon to be running full during the second half of this year, though he admitted Chevron missed out on some spot LNG cargo opportunities because of the shut-downs. ■

PetroChina profits rise as it transfers pipeline and terminal assets from subsidiary to PipeChina

PetroChina, the Chinese oil and gas major listed in Hong Kong and with LNG stakes in Canada and Mozambique, reported an 8.4 percent rise in first-quarter revenues and a return to profits after losses in the same three months of 2020, as it also completed the hand-over of control of the Dalian LNG terminal to the new state-owned energy infrastructure company.

PetroChina posted quarterly revenues to the end of March 2021 of 551.9 billion Chinese yuan ($85.0Bln) compared with 509.0Bln ($78.4Bln) in the same three months of 2020.

First-quarter net profits amounted to 27.7Bln yuan ($4.2Bln) compared with losses of 16.2Bln yuan ($2.5Bln) in the same quarter of 2020.

The company said earnings were helped by the increasing demand for natural gas across the country.

"The demand in the domestic natural gas market increased significantly as compared with the same period of last year," said PetroChina.

PetroChina's parent company, Beijing-based China National Petroleum Corp., imports pipeline natural gas from Central Asian countries and Russia as well LNG from projects such as Yamal LNG and from PetroChina LNG agreements.

PetroChina is additionally part of Royal Dutch Shell's LNG Canada project and has a stake in the Area 4 reserves in the Rovuma Basin offshore Mozambique with Italian company Eni and ExxonMobil of the US.

Onshore LNG projects have now been delayed in the southeast African nation because of an Islamist-led insurgency.

"In the first quarter of 2021, with the effective control of the Covid-19 epidemic, the world economy showed a good tendency of recovery, and China's economy continued to maintain a stable recovery momentum with signs of steady reinforcement and improvement," said PetroChina.

"The GDP of China increased by 18.3 percent as compared with the same period of last year," stated the energy major.

PetroChina said its first-quarter average realised price for natural gas was US$6.56 per thousand cubic feet, representing an increase of 28.6 percent compared with the same quarter in 2020.

"We also continued to optimize the structure of gas sources to ensure production and sales of domestic gas, and endeavoured to reduce costs of imported natural gas and LNG," explained PetroChina.

PetroChina explained that its natural gas and pipeline segment achieved an operating profit of 18.5Bln yuan ($2.85Bln) in the quarter.

This represented an increase of 63 percent from 11.3Bln ($1.75Bln) in the same period last year, mainly due to the combined effects increased sales, a rise in prices and a decrease in procurement costs.

PetroChina added that among other events its subsidiary company, PetroChina Kunlun Energy, has completed the transfer of assets to China Oil & Gas Pipeline Network Corp. (PipeChina), which was set up as part of state energy reforms to separate oil and gas companies from key infrastructure to allow more third-party access. ■

Aramco gas storage gives contract to Dutch firm

A heavy-lifting, transportation and installation contract has been awarded to privately held Dutch company Mammoet for Saudi Aramco's natural gas storage and gas resources management project, the Aramco Hawiyah Unayzah Gas Reservoir Storage venture, located 260 kilometres (160 miles) east of Saudi Arabia's capital Riyadh.

Samsung Engineering of South Korea has awarded the heavy-lifting and transport work to the experienced Dutch company Mammoet, which has been operating in Saudi Arabia for over 40 years.

The Aramco Hawiyah Unayzah project comprises a gas injection facility with a capacity of 1,500 million standard cubic feet per day (mmscf/d) as well as a withdrawal facility which is capable of processing up to 2,000 mmscf per day of gas.

The project includes the construction of gas injection with boosters and compressors, a gas reproduction facility with compressors and slug catchers, as well as various utilities and offsite facilities.

The facility is expected to be completed in 2023 and will enable Saudi Aramco to efficiently manage surplus natural gas volumes to meet seasonal demand. The value of the Mammoet contract was not disclosed.

Korea's Samsung Engineering was awarded the engineering, procurement and construction (EPC) contract and has in turn given the heavy-lifting, transportation and installation work to Mammoet's Saudi branch.

Mammoet said more than 60 components would be received either at King Fahad Industrial Port in Jubail or at a fabrication facility in Dammam and transported to the site for further installation.

Mubadala set to complete purchase of stake in a main Israeli gas field

LNG News Editor

Israeli energy company Delek Drilling is advancing with the US$1.1-billion sale of its 22 percent stake in Israel's second-biggest natural gas resource, the Tamar field, to Mubadala Petroleum of the United Arab Emirates by the end of May.

"The parties will work to finalize the definitive agreement expeditiously and no later than May 31, 2021," said the latest statement.

Great natural gas stake deal made by UAE company

Guarantee

"The (Tamar) partnership has undertaken not to enter into any agreement with any third party for the sale of the subject interest until such date," it added.

The transaction when completed would be the largest investment exchange since the diplomatic normalization agreement between Israel and the UAE was signed at the White House before then President Donald Trump on September 15, 2020.

The sale is being made because under the Gas Framework policy of Israel, Delek Drilling is obliged to sell all its holdings in the Tamar gas field by the end of 2021 as part of an effort to increase competition in the Israeli natural gas industry.

The Tamar field, discovered in 2009 in the East Mediterranean, is one of Israel's two main gas fields along with the Leviathan field and its purchase value is increased through existing sales agreements with regional nations.

The Tamar field platform is located 25 kilometres offshore the Israeli city of Ashdod at a water depth of 236 metres.

The supply of natural gas to the Egyptian market is through the East Mediterranean Gas (EMG) subsea pipeline connecting the Israeli and Egyptian gas transmission systems.

The natural gas from Tamar is also transmitted into the Israeli market by pipeline for gas supplies and electricity generation while a proportion is also exported to Jordan.

Besides Delek, there are five more partners in the Tamar field licence. They include US major Chevron Corp., which holds 25 percent of the field and operates it after its takeover in 2020 of Houston-based Noble Energy, a long-term partner of the Delek Group in the East Med.

TechnipFMC sees improving market amid farewell to LNG plants business

TechnipFMC reported an improving market in offshore oil and gas in its first full earnings statement since spinning off the LNG and project engineering unit Technic Energies to become a separate company.

TechnipFMC reported a 3.1 percent increase in revenue to $1.63 billion in the first quarter of 2021 versus a comparable $1.58Bln the same three months of 2020.

Income amounted to $430 million in the first three months of 2021 compared with a loss in the prior-year quarter of $3.23 billion before the spin-off of Technip Energies was finalized and proceeded with. Adjusted quarterly earnings from continuing operations almost doubled to $165.2M from the $79.7M registered in the 2020 quarter.

"Our first quarter as a leading pure play, technology and services provider to both traditional and new energy industries was an exceptional start," said Doug Pferdehirt, Chairman and Chief Executive of TechnipFMC, which has operational bases in Houston and Europe.

"Looking ahead, we expect robust and sustained activity across our businesses, supported by improving market fundamentals and our competitive differentiation," stated the CEO.

"We delivered solid financial results in both Subsea and Surface Technologies, largely driven by strong operational execution," he added.

The Subsea division reported most of the first quarter revenue of $1.38Bln, an increase of 10.6 percent from the prior year, largely driven by higher project and services activity.

TechnipFMC orders during the first quarter included the North El Amriya and North Idku Project in Egypt.

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NEWS NUDGES

Titan LNG tender move

Titan LNG, a Dutch supplier to the marine and industrial markets with quayside and ship-to-ship delivery of LNG to river barges and sea-going ships in the ports such as Amsterdam, Rotterdam and Antwerp, announced a development tender for a new LNG bunkering barge. It will be called "Titan Krios" and be deployed at the Belgian Port of Zeebrugge and in the English Channel ports. "The new vessel, which will fulfil part of the base demand in Zeebrugge that Titan LNG is already supplying, will operate with multiple tanks to segregate streams of LNG and bio-LNG (made from waste)," explained Titan. The new Titan vessel will offer 4,200 cubic metres of capacity from 2023.

Spot charter rates climb

Shipping charter rates for LNG carriers in the spot market were still at high levels in the Atlantic and Pacific basins. Spot charters for West Of Suez increased again on the week by around $2,000 per day to average between $75,000 per day and $79,000 per day for vessels of 155,000-165,000 cubic metres capacity.

Höegh LNG shares halt

Trading in shares of Höegh LNG Holdings Ltd, the LNG fleet and projects company, has been suspended by the Oslo Børs in Norway to avoid incorrect registration of orders and trades in a situation where the company will no longer have any shares outstanding for trading. This follows the announcement that the family-controlled firm Leif Höegh and Co. and funds managed by Morgan Stanley Infrastructure Partners have completed the acquisition of Höegh LNG to take it private.

Papua New Guinea Government and French major Total confirm their relaunch of LNG export joint venture

LNG News Editor

French oil and gas major Total and the Government of Papua New Guinea have agreed to proceed again with the Papua LNG project with natural gas mainly from the Elk-Antelope resources, among the largest onshore gas fields in Asia.

Total said the decision followed a meeting between Patrick Pouyanné, Chairman and Chief Executive of Total, and a PNG government delegation, led by Deputy Prime Minister Samuel Basil, with the objective of reviewing the next steps for the development of the joint venture.

Delays

"After a year of delay because of Covid-19, the Government of PNG and Total as operator are pleased to announce the remobilization of the project teams and of other required resources," said Total.

The French company said that the objective now was to launch the front-end engineering and design in early 2022 and to prepare for a final investment decision in 2023.

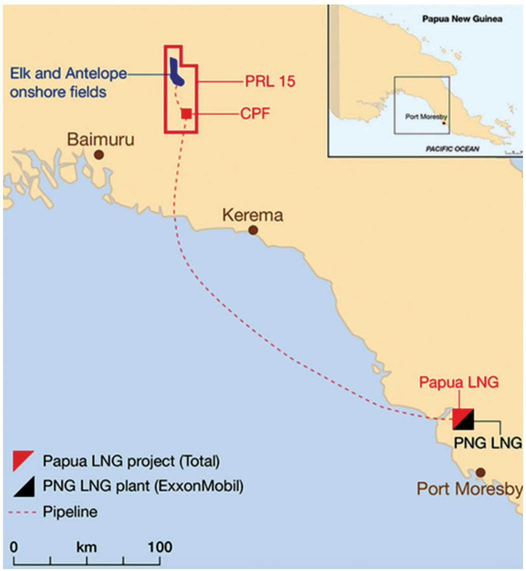
"This positive development follows the signature and the reconfirmation of the Papua LNG Gas Agreement in 2019, the signature of the Fiscal Stability Agreement and the award of the licence extension in February 2021," explained Total.

Total is the main shareholder in the Petroleum Retention Licence 15 that will underpin most of the production increase.

The PNG LNG plant, located at Caution Bay northwest of Port Moresby and operated by ExxonMobil Corp., already produces around 8.8 million tonnes per annum of LNG, about 28 percent above nameplate capacity.

Previous studies on Papua LNG supported new capacity comprising three liquefaction Trains each with 2.8 MTPA of output and the feed gas flowing from the Elk-Antelope fields.

The Papua LNG project has the PNG Government and local landowners owning 22.5 percent of the project with Total holding 31.1 percent, ExxonMobil 28.7 percent and PNG-based and Australian-listed Oil Search owning 17.7 percent.



Onshore Elk-Antelope gas resources route to plant located north of Port Moresby

In the process to move the project forward the PNG delegation was invited to Total's headquarters in Paris.

"This is indeed a very strong signal of the dedication of the PNG Government to the success of this key project," stated Pouyanné after the meetings.

"I confirm that this project is ranking very high in Total's portfolio given its proximity to growing Asian LNG markets and we will dedicate all necessary resources," declared the Total CEO.

PNG Deputy Prime Minister Basil said it was very important for the Government to meet Total and the French authorities to stress the importance to PNG of the Papua project.

"I am pleased with the outcome of this meeting with clear implementation plans," added Basil.

Co-operation

Total explained that Papua LNG would target the production of the two main discoveries of the Block PRL-15, the Elk-Antelope fields.

It is expected that the gas produced by these fields will be transported by a 320-kilometre onshore-offshore pipeline to the Caution Bay site to be liquefied in two LNG Trains to be built with a total capacity of 5.6 MTPA. The new Trains will be integrated into the existing PNG LNG facilities in Caution Bay.

"Total and the PNG Government aim to cooperate to create significant in-country value and to implement the Papua LNG project in an exemplary manner and taking into highest consideration the bio-diversity and environmental stakes as well as the rights of local communities," said the joint statement.

One of the other Papua LNG shareholders, Oil Search, noted that Total had already said that considering the Mozambique LNG project situation, the main priorities now for the French major were Papua LNG and Sempra Energy-run Cameron LNG expansion on the US Gulf Coast.

Oil Search said it believed Papua LNG had three main advantages.

"It is ideally positioned with proximity to markets, and is away from pinch-points while at the same time Asian buyers continue to seek high heating-value LNG," said the company listed on the Australian Securities Exchange.

Reliance and BP bring second Indian natural gas field on stream as LNG imports also grow

LNG News Editor

Reliance Industries of India and BP of the UK said a second natural gas field had come on stream ahead of the mid-2021 schedule in the Krishna Godavari Basin offshore the Indian East Coast, adding to the nation's gas supply in addition to LNG shipments.

Reliance and BP have been developing three deep-water gas developments in block KG D6 of the principal Indian gas basin.

India's deepwater offshore gas can offset LNG costs

Three fields

The fields are called R Cluster, Satellite Cluster and MJ and together they are expected to produce around 30 million standard cubic metres per day, or 1 billion cubic feet of gas a day, by 2023 to meet up to 15 percent of India's gas demand.

The fields in the project are able to utilise the existing hub infrastructure in KG D6 block, in which Reliance is the operator with a 66.67 percent stake and BP holds 33.33 percent.

The Satellite Cluster field is the second of the three to come onstream following the start-up of the R Cluster field in December 2020.

The field is located in water depths of up to 1,850 metres about 60 kilometres from the existing onshore terminal near the city of Kakinada in the state of Andhra Pradesh.

"The field will produce gas from four reservoirs utilizing a total of five wells and is expected to reach gas production of up to 6 million standard cubic metres per day," said the companies.

"Together, the R Cluster and Satellite Cluster are expected to produce about 20 percent of India's current gas production," they added.

The third KG D6 development, the MJ field, is expected to come onstream towards the latter half of 2022.

India's LNG imports of more than 350 cargoes a year are currently on a par with its domestic natural gas output.

India's calendar-year LNG imports for 2020 moved above the 25MT mark to 26.63MT, according to data from the International Group of Liquefied Natural Gas Importers (GIIGNL). This was a rise of 11 percent.

The volume of deliveries in 2019 came to 23.98MT, after rising 7.1 percent from the 22.42MT received in 2018.

The three new KG D6 fields will support the country's policy to improve clean energy resources in the future mix.

Reliance is India's largest private sector company and its energy division is just one in a conglomerate with turnover of 659,205 crore rupees ($87.1 billion) in the past year and net profits of 39,880 crore rupees ($5.3Bln). ■

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Denmark to have first LNG filling station soon

Demark is ready to enter the liquefied natural fuel market with the opening before the end of 2021 of the nation's first LNG filling station in the city of Padborg, one of Europe's busiest transport hubs with over 7,000 trucks passing through each day in what is a key junction for the transport of goods between Scandinavia and the rest of Europe.

The new station, which will be able to accommodate all types of trucks, will be located at Q8's IDS station in Padborg, right next to the major Danish-German highway right on the border.

"Here at Q8, we have one clear goal for this project. We want to help our customers start a sustainable transition of their transportation," said Gert Thomasen, Head of Fleet and International Diesel Service at Q8 Denmark.

"We are seeing a growing demand for sustainable solutions, and more companies now demand that their goods be transported using more sustainable energy sources, such as gas," explained Thomasen.

"We want to enable our customers to get that transition going, and LNG is a highly relevant alternative for heavy transport, which can't just be converted to electric overnight," he stated.

The station in Padborg will be fully automatic, requiring no operator and the truck driver will be able to fill up his own tanks in just a few minutes.

The technical solution will be delivered in collaboration with the Dutch company LIQAL.

Bunkering and LNG fuel services company KC LNG, part of Denmark's Makeen Energy, will deliver the station as a turnkey project, handling everything from project management to civil works and installation.

Puget LNG and GAC to supply Tacoma port of fuel by barge

LNG News Editor

Puget LNG, the LNG terminal operator in the port of Tacoma in the US northwest state of Washington, and GAC Bunker Fuels have signed an accord to cooperate on the supply and sale of LNG marine fuel in the Pacific Northwest.

GAC and Puget LNG have signed a memorandum of understanding ahead of the start of operations at the new Tacoma LNG terminal before the end of the second quarter of 2021.

Puget Sound Energy's LNG terminal in Washington state

US West Coast first

It will be the first such terminal on the US West Coast providing direct shoreside loading access for a bunkering barge.

"A study commissioned by Puget LNG from European classification society DNV on the feasibility of a bunker barge to supply LNG as fuel to ships in the Puget Sound area concluded that the availability and cost of natural gas, especially in North America, has made the use of LNG an attractive solution for ship operators to comply with air emissions regulations," said Puget LNG.

DNV noted in its report that there was a growing order book for LNG-powered vessels, underlining the need to develop LNG supply infrastructure in all major shipping ports and regions, including the Pacific Northwest.

"Partnering with GAC Bunker Fuels is another way Puget LNG is working to create a clean energy future," said Blake Littauer, a director of Puget LNG.

GAC Bunker Fuels, a division of the Dubai-based Gulf Agency Company (GAC) Group, will issue a Request for Proposal for a Jones Act-compliant LNG bunker barge to be constructed, owned, and operated by a third party.

"The barge would have the flexibility in size and design to serve multiple shipping customers and is expected to be operational in 2023," said the statement.

"Loading from Puget LNG's terminal in Tacoma, the barge will be able to bunker vessels in port," it explained.

"GAC will extend credit terms to shipping companies that purchase fuel on both contract and spot basis," it stated.

First ship-to-containership LNG bunkering done in French waters

French oil and gas major Total said it completed the first ship-to-containership liquefied natural gas bunkering operation in France's waters at the Channel port of Dunkirk.

The Paris-based company said the world's largest LNG bunkering vessel in operation, Total's "Gas Agility", refuelled the world's biggest containership powered by LNG, the "CGM Jacques Saade", with around 16,400 cubic metres of LNG.

The bunkering saw close cooperation between a number of supporters of clean fuel in shipping including Total, the Dunkerque LNG terminal, Japanese shipping company Mitsui OSK Lines (MOL) and the Marseilles-based global containership line CMA CGM.

Total noted that the European Union had co-financed LNG availability in ports under the Connecting Europe Facility (CEF) aimed at the decarbonization of maritime transportation in the EU.

"Key investments, critical to enable this operation, were made within the framework of this project to boost the Dunkerque LNG terminal's capabilities in offering small-scale LNG services," said Total.

"Amongst various developments, an existing terminal jetty was adapted to allow the provision of LNG loading to LNG bunkering vessels," added the company.

"Additionally, leveraging the expertise and experience of the consortium partners and the involvement of the Port of Dunkirk, all relevant LNG loading and bunkering procedures were developed in compliance with safety regulations.," stated Total.

The company said the bunkering ship, the "Gas Agility", has added another success to its portfolio of operations.

Since entering commercial service in November 2020, the LNG bunkering vessel has delivered more than 160,000 cubic metres of LNG fuel in the Dutch port of Rotterdam where she is based.

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AGL Energy cancels Crib Point LNG but will seek third-party regas capacity at other projects

LNG News Editor

Leading Australian gas and power supplier AGL Energy has confirmed it will cease any further development of the proposed Crib Point LNG import project in the southern state of Victoria as it also pursues a corporate overhaul by spinning off infrastructure assets.

The LNG project was dropped after the Independent Advisory Committee (IAC) findings and the Victorian Planning Minister's determination that the project would have "unacceptable environmental" effects.

Possibilities

AGL's LNG regasification terminal would have been sited at Westernport Bay, south of Melbourne, and had previously been described by the company as one of the vital tools in the cleaner energy transition.

AGL's venture was one of about half a dozen LNG regasification projects under development in southeast Australian states.

"AGL takes its environmental obligations seriously and works co-operatively with all regulatory agencies to ensure we meet all regulatory requirements and engage with the communities where we operate, so as to respond to their concerns," said AGL on deciding to end the LNG project.

"From the outset, AGL recognised both the opportunity of the site at Crib Point and the environmental standards we needed to meet in a location of this kind," it added.

Westernport Bay In Victoria could have been ideal berth

Sound case

"AGL presented a scientifically sound case, backed by experts, which demonstrated that the potential environmental effects were manageable," it explained.

AGL said it still has a "highly flexible gas portfolio and a supply strategy" which will enable customer demand to be met from existing and new domestic supply sources and proposed third-party regasification projects in southern Australia.

AGL is also in the midst of a corporate overhaul after deciding to spin off its infrastructure arm.

AGL's Interim Managing Director and Chief Executive Graeme Hunt, made a presentation at the 22nd Macquarie Securities Conference on May 5, which went ahead on a virtual basis.

Hunt's speech confirmed that AGL was progressing with its considerations on the "structural separation" and intended to provide more details by the 30th of June 2021.

"Our outlook continues to reflect the challenging market and operating conditions," said Interim CEO Hunt.

"And as we announced yesterday, we are ceasing development of the Crib Point gas project and expect to recognise pre-tax expenses of up to $108 million as a significant item," he told the Macquarie Securities conference.

Looking forward to fiscal year 2022, he said AGL continued to expect a further material step down in Wholesale Electricity margins.

"As always, all our guidance is subject to ongoing uncertainty in relation to the economic impacts of the Covid-19 pandemic as well as normal variability in trading conditions," added Hunt.

Outlook

"While our market and financial outlook is challenging, AGL has a long history of adaption, innovation and growth. I am confident we now have a clearly defined strategy and pathway to protect shareholder value and address both the challenges and opportunities that the future holds," he stated.

Operator Santos and Italy's Eni sign LNG and Timor Sea gas field carbon-capture accord

Australian LNG plant operator Santos and Italian oil and gas company Eni have signed an accord to cooperate on liquefied natural gas and other opportunities in northern Australia and in and around the former Portuguese colony of East Timor, now known as Timor-Leste.

"The areas of cooperation include assessing the synergies of sharing possible infrastructures associated with gas field developments around Barossa and Evans Shoal, the pipeline to Darwin and onshore associated gas processing leading to LNG expansion developments," said a joint statement.

Other areas of Eni-Santos cooperation include the possible development of the Petrel and Tern gas fields through Blacktip-Yelcherr gas plant facilities.

"As I said when I was in Darwin to announce our FID decision for Barossa, we have approval for two more Trains at Darwin LNG and we are open to third-party gas opportunities," said Santos Chief Executive Kevin Gallagher.

Their memorandum of understanding (MOU) includes investigating options to re-purpose the Bayu-Undan gas field facilities in the Timor Sea to extend the life of the project, including a carbon-capture and storage venture, subject to the agreement of the Timor-Leste government.

Gallagher said the MOU built on the momentum for the development plans for northern Australia following the final investment decision taken by Santos on the Barossa gas and condensate project to give a life extension to the Darwin LNG for the next 20 years.

Santos now operates the Darwin plant, as well as the Gladstone LNG facility in Queensland, after acquiring the North Australian assets of US major ConocoPhillips.

"Eni are already a highly valued partner in the Bayu-Undan project and this MOU strengthens our collaboration and cooperation," added Gallagher.

"CCS opportunities at Bayu-Undan are extremely exciting for Santos and Eni and today we are saying, we would like to be open for business to take your CO2," declared the Santos CEO.

"In 2019 the London Convention was amended to allow CO2 to be transported across jurisdictions to enable the establishment of storage hubs," Gallagher explained.