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Maghreb dispute has Morocco considering LNG import project

Morocco no longer gets Algerian natural gas from Maghreb-Europe pipeline system to Spain

LNG News Editor

Sonatrach CEO Toufik Hekkar explained Algerian plans

The kingdom of Morocco said it was considering setting up a fast-track floating LNG import terminal near the port of Tangier after Algeria carried out a threat to cut pipeline natural gas supplies to its North African neighbour, closing one of two trans-Mediterranean pipelines serving Spain.

The dispute escalated after Algerian President Abdelmadjid Tebboune ordered oil and natural gas company, Sonatrach, not to renew a contract for the existing gas pipeline passing through Morocco and supplying Spain with gas, “in view of the hostile practices of the neighbouring kingdom” of Morocco.

Transit route

Morocco had previously received Algerian natural gas supplies from the Gaz Maghreb-Europe (GME) Pipeline which transits the country on its way from Algeria to Spain.

In lieu of charging the pipeline company transit fees, Morocco instead received payment in the form of gas supplies.

The Moroccan Energy Minister Leila Benali has said in a statement that the government was preparing port infrastructure for imports of LNG to restore supplies after the Algerian pipeline shutdown.

Benali told a group of Moroccan members of parliament that the Energy Department was considering the costs of a long-term charter of a floating storage and regasification unit (FSRU) that would guarantee all of Morocco's future natural gas needs.

The Port of Tangier is on a departmental listed as one of the possible locations for the FSRU.

Morocco's own domestic natural gas production is meagre and before the pipeline shutdown the Moroccans had already issued a preliminary tender document for an FSRU in May 2021.

The Moroccan tender notice called for the FSRU to be able to handle import requirements of 1.1 billion cubic metres, equivalent to 815,000 tonnes of LNG.

The tender notice also explained that Moroccan LNG needs would rise by 2025 to 1.7 Bcm and to 3.0 Bcm in 2030.

Analysts say that two FSRUs could easily accommodate Morocco’s immediate natural gas needs.

Sonatrach Chief Executive Toufik Hekkar said at a trade fair in the Algerian port of Oran on November 8 that the capacity of natural gas pipeline exports to Spain on the second natural gas pipeline to Spain, Medgaz, was more than sufficient to cover current demand.

“Medgaz currently ensures the entire volume of Algerian natural gas exports to Spain, fixed under long-term contracts,” added Hekkar.

“We will talk about the means necessary to meet additional needs only when there is an additional demand,” he explained.

“The capacities of Sonatrach to meet the Spanish demand are sufficient, whether through the pipeline or by LNG carriers,” stated the CEO.

Algeria had severed diplomatic relations with Morocco at the end of August 2021, citing “hostile actions” by the kingdom.

This was a reference to the normalization of diplomatic relations between Morocco and Israel, in exchange for the recognition of Moroccan sovereignty over Western Sahara by the United States.

Algeria is a supporter of the Western Sahara separatist group, the Polisario Front, which has been waging an independence campaign against Morocco, including decades of armed incidents, and has close ties to Palestinian groups hostile to Israel.

Pipelines

The GME pipeline brought Algerian gas from the Hassi R'Mel field through Morocco to Cordoba in the Spanish region of Andalusia, where it connected with the Spanish and Portuguese gas grids. ■

UNLIMITED AGENDA

Pembina Pipeline is seeking progress with Cedar FLNG project to supply low-cost cargoes to Asia

LNG News Editor

Pembina Pipeline Corp., the Canadian company whose liquefied natural gas export project in Oregon was cancelled by US regulators, said it was continuing with an alternative venture, the Cedar LNG project in British Columbia, in a strategic partnership agreement signed with the Haisla First Nation of native North Americans.

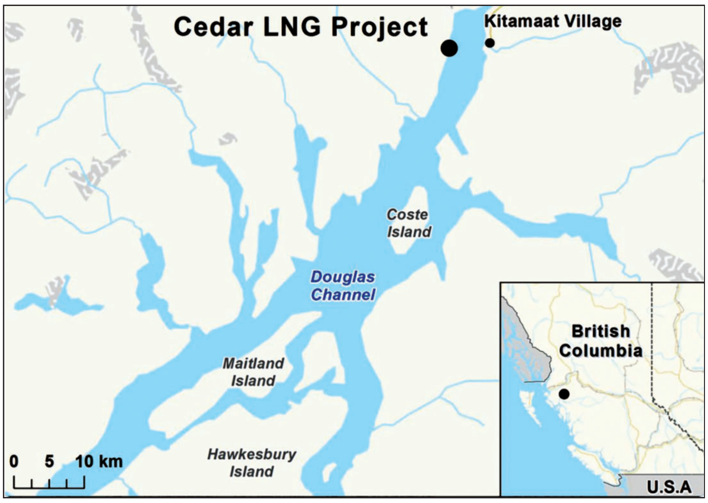
"The Cedar LNG Project is expected to be the largest First Nation-owned infrastructure project in Canada and have one of the cleanest environmental profiles in the world," stated Pembina in its third-quarter earnings.

Capacity

Cedar LNG is a 50-50 partnership proposed for the Douglas Channel near Kitimat and is expected have a liquefaction capacity of around 3 million tonnes per annum of LNG.

Feed gas will be sourced from the prolific Montney natural gas resource play in northeast BC.

The Calgary, Alberta-based company said the Cedar LNG project was now formally part of Pembina's New Ventures division.



Cedar is a partnership proposed for Douglas Channel

"New Ventures continues to advance business opportunities and is focused on developing opportunities that integrate into Pembina's core businesses, while progressing projects that will extend Pembina's value-chain and benefit stakeholders," said the company.

"Pembina has formed a strategic partnership agreement with the Haisla First Nation to develop the proposed Cedar LNG Project, a floating LNG facility strategically positioned to leverage Canada's abundant natural gas supply and British Columbia's growing LNG infrastructure to produce industry-leading low-carbon, low-cost Canadian LNG for overseas markets," stated Pembina.

In addition, Pembina and the leading Canadian pipeline company, TC Energy Corp., intend to jointly develop the Alberta Carbon Grid, a world-scale carbon transportation and sequestration system, which will enable Alberta-based industries to effectively manage their greenhouse-gas emissions. Pembina outlined the Cedar LNG progress as it reported third-quarter earnings of C$588 million (US$472M) and adjusted gross earnings of C$850 million, reflecting strong pricing across all commodities in Pembina's value chain.

During the quarter, Pembina received a payment of a C$350M (pre-tax) fee related to the termination of the proposed acquisition of Inter Pipeline.

"Higher margins on natural gas liquids (NGLs) and crude oil sales and the positive impact of higher marketed NGL volumes were partially offset by a realized loss on commodity-related derivatives compared to a realized gain in the prior period," said Pembina.

In addition, the year-on-year increase was due to contributions from Canadian assets placed into service in facilities including the Prince Rupert terminal, Empress Infrastructure, the Duvernay III and Hythe developments as well as higher volumes at Veresen Midstream's Dawson assets and higher volumes on the Peace Pipeline system.

Pipeline company TC Energy updates on dispute over Coastal GasLink pipeline to LNG Canada

TC Energy, the leading North American pipeline company for oil and gas, said the Coastal GasLink pipeline for LNG Canada in British Columbia continued to increase significantly project costs and completion timetables compared with original schedules.

The costs and completion issues have arisen as a result of scope changes, previous permit delays compared to the original construction schedule and the impacts from Covid-19, including a BC provincial health order.

Coastal GasLink is in dispute with LNG Canada with respect to the recognition of certain costs and the impacts on project schedules.

"Coastal GasLink has sought and will continue to mitigate cost increases and schedule delays and expects incremental costs will be included in the final pipeline tolls, subject to certain conditions," explained TC Energy.

Partners

Construction of the Royal Dutch Shell-led LNG Canada project is 50-percent complete after beginning three ago at the site in Kitimat, 640 kilometres north of Vancouver.

Shell and its four partners, Mitsubishi Corp. of Japan, Malaysian energy company Petronas, Chinese major PetroChina and Korea Gas Corp., are investing C$40 billion (US$30.2Bln) to build the plant and associated facilities.

The initial two Trains will produce 14 million tonnes per annum of LNG. There is the possibility of expanding the facility to include up to four processing units in the future.

The engineering, procurement and construction contractors are JGC Corp of Japan and Fluor Corp. of the US.

TC Energy, based in Calgary, Alberta-based company reported on the Coastal GasLink pipeline as it also posted third-quarter net income of C$779 million (US$625), or C$0.80 per share, compared with net income of C$904 million, or C$0.96 per share, for the same period in 2020.

"During the first nine months of 2021, our diversified portfolio of essential energy infrastructure assets continued to perform very well and reliably meet North America's growing demand for energy," said François Poirier, TC Energy's President and Chief Executive.

Tanzania resumes talks with majors on LNG plan

The East African nation of Tanzania has resumed talks with international oil and gas companies on developing substantial offshore natural gas resources for LNG production.

The Energy Minister of Tanzania, January Makamba, said talks had been held with various major oil and gas companies.

"I have started negotiations for the $30 billion Tanzania LNG project. The project will transform our economy," stated Makamba.

Equinor of Norway, which has ownership of exploration and production licences, said talks with the Tanzanian government were expected to focus on conditions that would enable companies to invest.

"For the past two months, we've worked hard behind the scenes to get here. We're confident that a final investment decision will come sooner than is traditionally the case," Minister Makamba declared.

The Norwegian company said it was pleased to be engaging and framing the commercial, fiscal, regulatory and legal priorities for any future project in the African country.

Tanzanian President Samia Suluhu Hassan held talks in October 2021 with Royal Dutch Shell Chief Executive Ben van Beurden and the long-planned LNG export project was discussed.

Equinor and Shell and several other companies, including Pavilion Energy, of Singapore, have stakes in the Tanzanian gas fields.

Shell became the operator of blocks 1, 3 and 4 in Tanzania in February 2016 after its takeover of BG Group and has also been working closely with the Tanzanians.

NextDecade posts earnings and juggles previous accords on Rio Grande LNG

LNG News Editor

NextDecade, the developer of the currently dormant Rio Grande LNG export project along the Brownsville Ship Channel, has posted third-quarter earnings after a year of little activity prior to the global increase in prices and demand.

NextDecade said its current net assets amounted to $228.6 million compared with $201.6M at the end of the third quarter of 2020.

Graphic of how the Rio Grande export plant will look

Losses narrow

The company said third-quarter losses narrowed to $4.05M compared with a loss of $10.80M in the prior-year quarter.

NextDecade posted zero revenues. Unlike some other developers such as Tellurian Inc., NextDecade has no upstream natural gas assets to use as future feed gas.

The Rio Grande project has ultimate plans and permits to produce up to 27 million tonnes per annum of LNG from five liquefaction Trains.

NextDecade has of course yet to make a final investment decision on the project. It recently extended pricing in the construction contract with US LNG engineer Bechtel Inc. and extended the validity of the accord until July 31, 2022.

NextDecade has also previously moved on securing future deliveries of feed gas. It closed a transaction from a previous agreement with Spectra Energy Transmission, a wholly owned subsidiary of Canadian pipeline company Enbridge Inc., for the sale of 100 percent of NextDecade's proposed Rio Bravo Pipeline to serve the Rio Grande plant.

The advantage for NextDecade was that it also signed a firm Natural Gas Transportation Service deal for the Rio Bravo Pipeline.

Rio Bravo, under Enbridge ownership, agreed to provide the Rio Grande plant with firm natural gas transportation services on the pipeline of a quantity sufficient to match the full operational capacity of each proposed liquefaction Train at the facility.

The Rio Grande project has also had a lease agreement since March 2019 with the Brownsville Navigation District of Cameron County in Texas for the lease by Rio Grande of around 984 acres of land for the plant construction.

The start-date of the lease has been extended to May 6, 2022.

Cheniere Energy signs long-term supply deal with Sinochem group

Cheniere Energy, the largest US liquefied natural gas exporter with plants in Louisiana and Texas, has signed a binding LNG sale and purchase agreement with China's Sinochem Group, the state-owned producer of fertiliser products and agrochemicals.

Under the deal, Sinochem has agreed to purchase an initial volume of around 900,000 tonnes per annum beginning in July 2022 and which then increases to 1.8 million tonnes per annum.

The SPA has a term of 17-and-a-half years and Sinochem will purchase the LNG volumes on a free-on-board basis whereby the Chinese company supplies its own shipping.

Cheniere said the purchase price was indexed to the Henry Hub natural gas benchmark plus a fixed liquefaction fee.

"We are pleased to announce this long-term LNG contract with Sinochem Group, one of China's leading state-owned energy companies, and to further Cheniere's role in providing clean energy to the Chinese market for many years to come," said Jack Fusco, Cheniere's President and Chief Executive.

"This SPA once again demonstrates Cheniere's ability to tailor solutions to meet the needs of LNG consumers worldwide, which is enabled by the scale of our platform and the reliability of our operations," stated Fusco.

Cheniere recently executed two other long-term sale and purchase agreements with ENN Group of China and UK-listed global commodities firm Glencore.

The new agreement coincide with Cheniere's planned expansion with a new sixth Train coming on stream at Sabine Pass in Louisiana and a final investment decision coming up for a mid-sized production project at the Corpus Christi plant in Texas.

NEWS BRIEFS

JGC boosts profits

JGC Holdings Corp., with LNG contracts in Canada, Mozambique and Nigeria, reported a jump in first-half net profits as sales increased to 219.9 billion Japanese yen ($1.9Bln) from 199.4Bln yen ($1.7Bln) in the same six months of 2020, while forecasting an increase in LNG contracts in the next couple years. JGC's profits in the period came to $48.4Bln yen versus 3.9Bln yen in the prior-year's first half. JGC said outstanding LNG contracts were valued at 408Bln yen ($3.6Bln). These included LNG Canada in British Columbia and the Mozambique FLNG venture in southeast Africa.

Madrid LNG station

Grupo HAM of Spain has inaugurated a new LNG filling station at Valdemoro in Madrid, located at Narciso Monturiol 28, not far from the A-4, also known as the South Highway, and adding to its network of 80 natural gas filling stations. "Valdemoro's new LNG mobile gas station has a 60 cubic metres capacity tank, with an LNG dispenser, which allows our customers to refuel quickly and safely, with a performance equal to that of our fixed stations," said a statement.

London LNG order

Purus Marine, a London-based maritime holding company that owns vessels and infrastructure equipment, has decided to acquire two LNG carriers with capacities of 180,000 cubic metres and with delivery set for the third quarter of 2024, directly into multi-year time charters with an unnamed energy major. A ship management firm will provide technical and commercial services for the vessels.

Second LNG export plant planned by Sempra for Pacific Coast of Mexico as well as US Cameron plant expansion

LNG News Editor

Sempra outlines plans for Vista Pacifico export venture

Sempra Infrastructure, a new subsidiary of Californian utility Sempra Energy, said it was planning a second liquefied natural gas export plant on the Pacific Coast of Mexico.

Sempra state in a conference call on its third-quarter earnings that the new Mexican project is called the Vista Pacifico LNG export venture and would be in addition to the Energía Costa Azul LNG export project transforming the existing import terminal into an export plant.

Near existing plant

Sempra stated that the Vista Pacifico LNG project and the expansion of Sempra's Cameron LNG export plant in Louisiana would take priority over the company's planned Port Arthur LNG project in Texas.

"Vista Pacifico LNG is a new development project located adjacent to the Topolobampo refined products terminal," explained Sempra Infrastructure Chief Executive Justin Bird.

"This new project is expected to be a mid-scale facility connected to two existing pipelines, one of them being the high-pressure pipeline system we own in Sonora," said Bird.

"The project would source lower cost natural gas from the Permian Basin for export to high demand Asian markets," stated the Sempra unit CEO.

Sempra's emergence of the Vista Pacifico project means there are now three US-backed LNG export ventures progressing on the Pacific Coast of Mexico.

In the addition to Costa Azul and Vista Pacifico, there is also the US Mexico-Pacific Ltd (MPL) LNG project.

The MPL company is based in Houston and has joined with LNG engineering firm Bechtel Inc. on developing a Mexican liquefaction and export facility on the Pacific Coast using US natural gas as the feed gas and processing technology from ConocoPhillips.

The Mexican LNG export plant is proposed for near Puerto Libertad in the northwest state of Sonora and would have just over 14 million tonnes per annum of output.

Sempra Infrastructure and the LNG plants have a shareholder the US investment fund Kohlberg Kravis Roberts, now known as just KKR.

Sempra agreed in April 2021 to sell a non-controlling 20 percent interest in Sempra Infrastructure Partners KKR for $3.37 billion in cash.

That transaction valued Sempra Infrastructure Partners at round $25.2Bln, including expected asset-related debt of $8.37Bln.

"I'm excited to present the newly formed Sempra Infrastructure platform," Sempra Infrastructure CEO Bird told the conference call.

"We expect the formation of Sempra Infrastructure along with the financial strength of KKR to give us added scale to execute on a wide range of energy infrastructure opportunities across Sempra Infrastructure's three business lines," explained Bird.

"Since closing this transaction a month ago, we're already seeing the benefits of combining the two organizations through financial synergies and commercial optimization," he added.

"To capture new development opportunities, we've organized into three business lines: LNG and Net Zero Solutions, Energy Networks, and Clean Power," stated Bird.

"This strategically positions us to benefit from North America's continued trend toward the clean energy transition by optimizing the natural partnership between natural gas and renewables to help meet decarbonization goals here in North America and abroad," declared Bird.

Bird stated that the LNG market had recovered quite dramatically as evidenced by the spot market with record high prices being seen in Europe and Asia.

"With that constructive backdrop, our LNG development portfolio is expected to benefit from the strategic advantage of being situated on both the Pacific and Gulf Coast with direct access to both Asian and European markets," said Bird.

Sempra said that at Cameron LNG, the current facility is running well and hit record production levels during the month of October.

"Together with our partners, we are developing a projected 7 million tonnes per annum expansion project benefiting from 1 million tonnes per annum of de-bottlenecking Trains 1-3," explained Bird.

"With innovations in Train design coupled with the high performance of Trains one through three, we expect this to be a very competitive, capital efficient expansion," he added.

Papua New Guinea Court approves of Santos takeover of Oil Search and Dec 7 voting round

LNG News Editor

The National Court of Papua New Guinea has approved the final stages of a takeover process to combine PNG-based and Australia-listed energy company Oil Search with Australian LNG operator Santos in a deal worth A$8.40 billion (US$6.25 billion) and creating a major Asia-Pacific energy player.

The all-share transaction brings together LNG and other energy assets PNG, in the Timor Sea, in the Australian state of Queensland and in Alaska.

Merger will united Gladstone assets with PNG LNG facility

Orders

Under the deal Oil Search shareholders will own around 38.5 percent of the merged entity and Santos shareholders will own 61.5 percent.

The PNG Court has issued orders for Oil Search convene a meeting of its own shareholders on Tuesday the 7th December, 2021, to consider and vote on the proposed merger scheme.

Approval was also given by the Court to the distribution to Oil Search shareholders of an explanatory statement providing information about takeover.

The booklet includes a copy of the Independent Expert's Report prepared by Grant Samuel & Associates.

"The Independent Expert has concluded that the merger is in the best interests of Oil Search shareholders in the absence of a superior proposal," said a statement.

The Oil Search board said it continued to unanimously recommend that Oil Search shareholders vote in favour of the merger scheme at the December 7 meeting.

"Each Oil Search Director intends to vote all the Oil Search shares held or controlled by them in favour," added the statement.

Oil Search Chairman Rick Lee said the merger brings together two highly complementary businesses.

"It creates an oil and gas company of significant size with a portfolio of geographically and product diversified long-life and low-cost assets," added Lee.

Spence view

Santos Chairman Keith Spence, said the transaction represents an attractive combination of two industry leaders to create a regional champion. "We look forward to integrating our businesses to create one high performing team with a vision of becoming a global leader in the energy transition," added Spence.

The merged group would become the largest stakeholder in the PNG LNG plant at Caution Bay, located northwest of the capital Port Moresby and operated by ExxonMobil.

The combined Santos and Oil Search 42.5 percent stake in the PNG LNG plant overtakes the 33.2 percent stake owned by ExxonMobil.

The PNG plant currently ships around 110 cargoes a year and could double that with a proposed expansion.

Santos also operates the Darwin plant in Australia's Northern Territory acquired from ConocoPhillips.

Adelaide-based Santos is additionally operator of the Gladstone LNG plant on Curtis Island in Queensland, whose other shareholders are Petronas of Malaysia, TotalEnergies of France and Korea Gas Corp.

GTT obtains tank order for China LNG carrier

French liquefied natural gas storage technology firm Gaztranzport and Technigaz (GTT) is expanding business in China and has received an order from its Chinese shipyard partner Hudong-Zhonghua Shipbuilding for the tank design of a new LNG carrier.

The order was made on behalf of the leasing unit of China State Shipbuilding Corp. (CSSC) for a vessel with capacity of 174,000 cubic metres capacity.

"As part of this order, GTT will design the tanks of the vessel, which will be fitted with the GTT No. 96 L03-plus membrane containment system," said GTT.

The newbuild carrier is scheduled for delivery in the first quarter of 2024.

GTT received a previous order in September 2021 for a first storage system design for an LNG carrier from China's Jiangnan Shipyard in Shanghai.

The order was for the cargo-handling storage system for an LNG carrier being built for Chinese energy company, the Jovo Group.

The Jovo vessel is a mid-sized LNG carrier to be added to the company's fleet.

GTT said it would design the tanks with a cargo capacity 79,800 cubic metres.

That mid-sized order is for a customized "China Max" carrier and is a key part of Jovo's sourcing strategy that paves the way for future shipping developments.

Qatar follows up China LNG carrier orders with batch for Korean yards

LNG News Editor

Qatar's Ras Laffan export terminal is the world's busiest

QatarEnergy has placed the first batch of LNG shipbuilding orders with South Korean shipyards consisting of four vessels from Daewoo Shipbuilding & Marine Engineering (DSME) and two vessels from Samsung Heavy Industries (SHI), as part of QatarEnergy's shipbuilding program to serve future expansion plans.

The orders came in the form of QatarEnergy's declaration of its ship construction options with the two Korean shipyards under its "Reservation of Shipyard Capacity" agreements signed in May 2020.

Past builds

The main South Korean shipbuilders won all the first big round of Qatari orders between 2004 and 2007 for when Ras Laffan LNG plant came on stream.

"We are pleased to take this further step with DSME and SHI, which have built 23 Q-Flex and 14 Q-Max LNG vessels for Qatar as part of our previous LNG expansion projects," said Saad Sherida Al-Kaabi, QatarEnergy's President and CEO.

"These orders, and those that will follow in the near future, constitute a significant part of our program to expand Qatar's LNG fleet to meet the requirements of our LNG expansion projects, our existing fleet replacement as well as our LNG trading arm," explained Al-Kaabi.

"I would like to take this opportunity to thank the management and working teams from DSME, SHI, QatarEnergy and Qatargas, whose dedicated efforts were instrumental in the realization of this milestone," he added.

The North Field expansion projects will increase Qatar's LNG production capacity from 77 million tons per annum to 126 million tonnes per annum by 2027.

QatarEnergy's LNG carrier fleet programme is the largest of its kind in the LNG industry and could amount to 80 vessels in total to meet the shipping requirements of QatarEnergy's expansion as well as replacing part of Qatar's existing LNG fleet.

Golar reports loss amid corporate overhaul and optimism on FLNG

Golar LNG, which has an operated and owned fleet of 28 vessels, reported a more than four-fold increase in losses as it reorganized the business following the sale of the Hygo Energy stake and Golar LNG Partners to New York-based LNG-to-power firm New Fortress Energy.

The company is the operator of floating storage and regasifcation vessels and one floating production hulls and with two others in the pipeline, and is the owner or operator of 16 conventional carriers.

Golar reported losses of $90.9 million compared with $21.8M in the same three months of 2020 and operating revenues of $106.60M versus $104.28 of revenues in the previous quarter.

The company also secured $682M in new financing facilities, including through the sale of a convertible bond, and reported balance sheet liquidity improvements.

Third-quarter average daily time charter equivalent earnings came to $49,500 per day, up 27 percent on the same three months of 2020.

"This will continue to increase as the shipping fleet is re-contracted at higher expected rates. Golar recently announced a new 12-month time charter with a gross hire rate of approximately $100,000 per day," stated the company. Revenue from shipping, net of voyage, charter hire and commission expenses was $44.6M, an increase of $4.8M from the previous quarter's $39.8M.

The quarter began with quoted tri-fuel, diesel-electric (TFDE) carrier headline spot rates at around $68,000 per day and ended with rates at around $71,000 per day.

"We experienced increased momentum for potential new FLNG projects and continue constructive discussions with an existing customer for use of a five million ton Mark III newbuild," said Golar Chief Executive Karl Staubo.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US forecasts increase in LNG exports through March 2022 as Henry Hub at $5.50 per MMBtu

The US government reported that the increase in the nation's liquefied natural gas exports was supported by large prices differences between the benchmark Henry Hub and spot prices in Europe and Asia and forecast a surge in shipments through March 2022.

"We estimate that US LNG exports averaged 9.8 billion cubic feet per day in October 2021, up 0.3 Bcf per day from September, supported by large prices differences," said the US Energy Information Administration in its short-term outlook.

Report mentions Cheniere Energy's export plant expansion

Resumptions

"LNG exports resumed from Cove Point LNG in late October after that facility's annual maintenance was completed," the EIA noted.

It forecasts that LNG exports would average 9.8 Bcf per day for all of 2021, up 50 percent from 2020.

"We expect that LNG exports will increase this winter, averaging 11.0 Bcf per day from November through March," stated the report.

"High export levels of LNG will continue into 2022, averaging 11.5 Bcf per day for the year, up 17 percent from 2021," it added.

The 2022 forecasts reflect the agency's assumption that global natural gas demand will remain high and several new liquefaction Trains in the US will enter service.

The EIA mentions the sixth Train at Cheniere Energy's Sabine Pass plant and the first Trains at the new export facility at Venture Global's Calcasieu Pass plant in Louisiana.

In October, the Henry Hub natural gas spot price averaged $5.51 per million British thermal units, which was up from the September average of $5.16 per MMBtu and way ahead of the average of $3.25 per MMBtu in the first half of 2021.

"The rising natural gas prices in recent months reflect US natural gas inventory levels that are below the five-year (2016-2020) average," said the EIA.

"Despite high prices, demand for natural gas for electric power generation has remained relatively high, which along with strong global demand for LNG has limited downward price pressures," it explained.

The report stated that the Henry Hub would average $5.53 per MMBtu from November 2021 through February 2022.

"The price would then generally decline through 2022, averaging $3.93 per MMBtu for the year amid rising US natural gas production and slowing growth in LNG exports," said the report.

On working gas storage, the EIA forecasts that inventory draws would be similar to the five-year average this winter, while rising natural gas exports and relatively flat production through March 2022, would keep prices near recent levels.

Natural gas inventories ended October 2021 at more than 3.6 trillion cubic feet, 3 percent less than the five-year average for this time of year.

"Injections into storage this summer were below the previous five-year average, largely as a result of more electricity consumption in June because of hot weather and increased exports, even as domestic natural gas production has remained flat," stated the report. ■

Reliance Industries sells Eagle Ford Shale assets and is latest Asian company to divest from US

Reliance Industries, the Indian group behind the resurgence of the country's domestic natural gas production in competition to LNG, has sold its stake in the US Eagle Ford Shale play in south Texas to a Delaware-registered company.

The Indian company said the US unit, Reliance Eagleford Upstream Holding, signed agreements with Ensign Operating LLC to "divest its interest in certain upstream assets" in the Eagle Ford Shale.

US sell off

"With this transaction, Reliance has divested all its shale-gas assets and has exited from the shale-gas business in North America," stated Reliance.

The sale followed Reliance's off-loading of its Marcellus Shale assets in southwest Pennsylvania in February 2021 to Northern Oil and Gas Inc., also a Delaware corporation, for $250 million. The value of the Eagle Ford transaction was not disclosed.

Reliance is India's largest private sector company with annual turnover of $78 billion.

The company said its sales deal was signed with Ensign on November 5 for the Eagle Ford holdings.

The previous Asian company to withdraw from US shale was Japanese trading house Sumitomo Corp.

The company sold its shale oil business in the US, which was partly in the Eagle Ford Shale, during the fourth quarter of 2020.

Reliance is the leading Indian natural gas producer in the ultra-deep-water blocks in the Krishna Godavari Basin offshore the East Coast and supplying a large proportion of the nation's domestic gas needs.

Reliance and partner, UK major BP, have brought on stream two out of three development blocks in the KG D6, the principal Indian gas basin.

The onstream fields are called R Cluster and the Satellite Cluster and the third, which is still to start up, is called the MJ field. Together they can produce around 30 million standard cubic metres per day. 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 MJ field is expected to come onstream towards the latter half of 2022 to further boost output.

India's LNG imports of more than 320 cargoes a year are currently on a par with its domestic natural gas output.

The three new KG D6 fields. along with LNG imports, are supporting the country's policy to improve clean energy resource availability in the future mix. ■