LNG Unlimited

LNG JOURNAL PUBLICATION 8 February 2022

Shell back in profits from new London base as LNG sales slide

Annual LNG sales dropped to 64.20MT from 71.90MT in 2020 and quarterly sales fell

LNG News Editor

Shell CEO Van Beurden said 2021 was 'momentous year'

Shell plc, the now UK-based oil and gas major and leading liquefied natural supplier, reported fourth-quarter income of $11.5 billion compared with $4Bln of losses a year ago, while annual LNG sales dropped by 11 percent.

Shell said the net income included non-cash gains of $3.2Bln due to the fair value accounting of commodity derivatives and net gains on the sale of assets of another $3Bln, partly offset by post-tax impairment charges of $800 million.

$20Bln zone

Shell's annual net income came to $20.1Bln compared with a $21.7Bln loss in 2020. Adjusted earnings for the fourth quarter to the end of December 2021 came to $6.4Bln compared with $393 million in the prior-year period.

Annual LNG sales dropped to 64.20 million tonnes from 71.90MT in 2020.

Fourth-quarter LNG sales declined to 16.72MT from 17.17MT in the same three months of 2020.

Cash flow from operating activities for the fourth quarter was $8.2BBln versus $6.2Bln in the prior-year period.

"Cash flow from investing activities for the quarter was an inflow of $2.6Bln, driven by proceeds from sale of property, plant and equipment and businesses of $8.8Bln, mostly due to the Permian sale in the USA, partly offset by capital expenditure of $6.2Bln," explained Shell.

"Compared with the third quarter 2021, adjusted earnings reflected higher contributions from LNG trading and optimisation and higher realised oil, gas and LNG prices," said Shell.

Shell, which has now formally moved its management operations to London in a corporate overhaul, has four divisions, Integrated Gas, which includes LNG, and separate Upstream, Oil Products and Chemicals units.

Shell Chief Executive Ben van Beurden said 2021 had been a "a momentous year" for Shell.

"We launched our 'Powering Progress' strategy and simplified our share structure and organisation. Progress made in 2021 will enable us to be bolder and move faster," stated the CEO.

For the various divisions, Integrated Gas posted adjusted earnings of $4.05Bln, Upstream reported $2.83Bln of earnings, the Oil Products division $555 million and Chemicals reported a loss of $42M.

In Integrated Gas operations, Shell said that compared with the third quarter of 2021, adjusted earnings primarily reflected significantly higher contributions from LNG trading and optimisation, leveraging the scale and global reach of the Shell LNG portfolio.

The company said total oil and gas production in the fourth quarter remained at a similar level to the previous quarter due to higher maintenance activities, partly offset by field ramp-ups.

LNG liquefaction volumes increased by 7 percent due to higher feed-gas supply and overall lower maintenance activities.

Prelude shutdown

"Compared with the full year 2020, total oil and gas production increased by 3 percent, mainly due to the restart of production at the Prelude floating LNG operations in Australia," said Shell.

However, Prelude later stopped production as safety regulators investigated fire risk procedures on the FLNG hull.

Van Beurden suggested at a post-earnings conference call that the "Prelude" could be shut until the June quarter.

The CEO said issues caused by the Covid-19 pandemic, including Western Australia's quarantine requirements, were making it more difficult to repair the electrical fault that caused the shutdown of the vessel in December 2021.

"It's not been made easy because of the pandemic. It's a remote facility, it is difficult to get people in," he stated.

UNLIMITED AGENDA

Alaska Governor says LNG may be back on track after positive report and with possible Fed loan

LNG News Editor

Alaska Governor Mike Dunleavy says a new analysis of the Alaska LNG export project by energy consultants Wood Mackenzie comes up with gas pricing that would by lower than some other US projects and financing could be underpinned by Federal loan guarantees offered by President Joe Biden's $1.2-trillion Infrastructure Bill.

"The Alaska LNG project is well positioned for Alaska to realize the decades-old dream of bringing our natural gas off the North Slope for the benefit of Alaskans and worldwide markets," said Dunleavy.

Permits and loans

"With key permits and federal loan guarantees in place, the Alaska gasline is moving forward," he stated.

The project would build an 800-mile pipeline to transport natural gas from the North Slope to Southcentral Alaska for export.

"The recently passed Infrastructure Investment and Jobs Act reaffirmed the availability of an estimated $25 billion in federal loan guarantees for an Alaska liquefied natural gas project, which will increase the attractiveness of this energy project for investors," said Dunleavy.

Dunleavy: 'Alaska can realize dream of gas for Asia'

The LNG project developer, the state's Alaska Gasline Development Corp. (AGDC), has released the report by Wood Mackenzie for interested parties to access.

The report analyses reduced project construction costs, a new project finance structure and an estimated reduced natural gas purchase cost amounting to a reduction in LNG pricing. In this updated version of a report first written in 2016, Wood Mackenzie forecasts LNG demand growth to last through 2050, driving LNG prices higher.

The strong LNG demand is expected to create a gap in supply starting in 2028, which new projects are required to fill and Alaska LNG is competing to fill the supply gap, according to the report.

"Alaska has ample gas supply. The North Slope Basin in Alaska holds more than 45 trillion cubic feet (Tcf) of combined contingent natural gas resource and reserves, an estimated 299 Tcf of undiscovered, technically recoverable conventional natural gas resource, and an additional 100 Tcf of unconventional resources," explained Dunleavy, citing the report.

Wood Mackenzie had presented the previous report to AGDC together with BP and ExxonMobil and which established the base cost of supply for the project and defined the target range for a competitive Alaska LNG.

"Cost of supply is now 43 percent lower versus 2016 due to lower CAPEX and feed-gas price and the use of a non-recourse debt funded third-party tolling structure," said the updated Wood Mackenzie report.

The new optimized cost of supply is estimated to be $6.70 per million British thermal units.

Guarantee

"A federal loan guarantee provides additional assurances and may be expected to de-risk the project for both lenders and participants," said the report.

Cedar LNG project in British Columbia run by Haisla First Nation moves to serious permit phase

The Impact Assessment Agency of Canada is making available funds for the public and Indigenous groups participating in the permit process for the proposed Cedar LNG Project, a floating production facility and affiliated infrastructure proposed for near Kitimat in British Columbia.

"The project is subject to the federal Impact Assessment Act and British Columbia's Environmental Assessment Act and is undergoing a substituted review process," said the IAAC in a statement.

BC role

This means the Government of British Columbia is conducting the impact assessment on behalf of the Agency and providing a single assessment process that meets the requirements of both the provincial and federal governments.

Cedar LNG Partners, which is a company led by the Haisla First Nation whose traditional territories are around Kitimat, is proposing the FLNG venture with an annual capacity of up to 4 million tonnes per annum of LNG.

The proposed project would have a lifespan of at least 25 years.

Cedar LNG Partners had previously been known as Cedar LNG Export Development Ltd.

The Haisla Nation-owned project is a partnership with Pembina Pipeline Corp., the Canadian pipelines and terminals company.

It will be the largest First Nation-owned infrastructure project in Canada, creating jobs, contracting and other economic opportunities for the Haisla Nation, the community of Kitimat, neighbouring Indigenous Nations and the local region.

"Funding is available for eligible individuals and groups to assist their participation in the upcoming steps of the project's assessment, which include reviewing and providing comments," said the Agency.

"Applications received by February 25, 2022, will be considered," it added.

The Cedar LNG plant will be powered by electricity from BC Hydro, the provincial hydro-electric company, the project noted in its latest newsletter.

"It will be one of the lowest carbon intensity LNG facilities in the world," said the company.

Resources

"The project will use Canada's rich natural gas supply and BC's growing pipeline infrastructure to produce low-carbon, low-cost Canadian LNG Asia-Pacific markets," added Cedar LNG.

Over the last several months, the Cedar project team has had the opportunity to meet with local municipal governments and stakeholders from across the Kitimat and Terrace region.

"Outreach will continue with stakeholder engagement sessions through the winter," said the company.

Atlas Copco compressor for CO2 and biofuel plant

Atlas Copco Gas and Process, whose offerings include LNG equipment, will be supplying carbon-dioxide compression to one of Europe's most ambitious renewable biofuels plant projects.

The Atlas Copco equipment will be used in an 820,000-tons-a-year biofuels facility, located at the Shell Energy and Chemicals Park Rotterdam, the Netherlands, formerly known as the Pernis refinery.

Atlas Copco's LNG offerings include the GZ oil-free compressor for the LNG carrier market and boil-off gas handling and fuel gas boosting.

"Once completed, the facility will be among Europe's largest for the production of sustainable aviation fuel (SAF), renewable diesel and renewable naphtha made from biowaste," said Atlas Copco.

The company noted that a facility of this size could produce enough renewable diesel to avoid 2,800,000 tons of carbon dioxide (CO2) emissions a year.

That's the equivalent of taking more than 1 million European cars off the roads. Atlas Copco said its turbocompressor will also support CO2 transportation.

"In addition to the fuel production, an essential building block of Shell's endeavour is the carbon capture and pipeline transport of CO2," said the Cologne, Germany-based company.

"The different plant processes, including blue hydrogen, will be compressed to a pressure of 42.5 bar by the Atlas Copco Gas and Process' five-stage turbocompressor. The machine is designed to compress 43.5 t/h," said the company.

Origin Energy sees APLNG pay-off offsetting utilities

LNG News Editor

Origin CEO Frank Calabria praised APLNG performance

Origin Energy, the Australian natural gas and utility business and holder of a one-third share in the Australia-Pacific LNG plant in Queensland, saw annual commodities revenues jump 80 percent as the facility shipped its 700th cargo to North Asia in January 2022.

For the whole of 2021, Origin's LNG revenues soared 80 percent to A$1.18 billion (US$826M) versus A$655.7M (US$458.2M) for the whole of 2020 for its 37.5 percent interest in the APLNG plant on Curtis Island in Queensland. The Origin shareholding will soon to be cut to 27.5 percent in a stake sale.

High prices

Origin said quarterly LNG revenues to the end of December more than doubled to A$693.6 million (US$484.6M) compared with A$333.4M in the same three months of 2020.

The company also reported a quarterly loss on oil and LNG price hedging of A$48.6M (US$33.9M). Origin had made a hedging profit of A$45.7M in the prior-year quarter.

Origin's average quarterly realised LNG price for contracted and spot cargoes surged 130 percent to US$11.95 per million British thermal units from US$5.20 per MMBtu in the prior-year quarter.

Origin said it received A$555M (US$£388M) in cash distributions from APLNG for the six months to December 2021.

Sydney-based Origin's business comprises Integrated Gas with its feed-gas sales and LNG stake and a utilities and domestic power markets unit, the Energy Markets division.

This is made up of retail and wholesale electricity sales and natural gas supplies to the states of Queensland, New South Wales, Victoria and South Australia.

"Australia Pacific LNG has continued its strong performance and was able to benefit from the substantial increase in oil and spot LNG prices and favourable currency movements, helping to drive a large increase in revenue compared to the prior year," explained Origin Chief Executive Frank Calabria.

JERA posts increase in revenue and profits amid more coal use

JERA Co. Inc., the largest Japanese LNG buyer and electricity generator, reported a nine-month jump in operating revenue and profits amid a setback in its foray into the wind sector in Taiwan while in the domestic market a larger percentage of coal was used for power.

The Tokyo-based company posted a more than 46 percent surge in operating revenue to 2.85 Trillion Japanese yen ($24.85 billion) versus 1,953.1 Tln yen ($17.10Bln) in the first nine months of 2020.

This was due to an increase in electrical power sales and a rise in revenues at JERA Global Markets (JERAGM), the commodities and energy trading unit.

Net profits, excluding the effect of the time lag on prices, increased over three-and-a-half times to 228.3 billion yen ($1.99Bln) versus 64.1Bln yen ($558.1M) in the same period of 2020.

JERA is the largest corporate LNG buyer in the world with annual volumes of around 35 million tonnes and controls a fleet of 20 LNG carriers.

"Despite an impairment loss in the overseas power generation business (32.6Bln yen) and an impairment loss on non-current assets (16.2Bln yen), net income substantially increased due to the rebound from the Covid-19 negative impact in the same period of the previous year, plus an increase in profit of JERA Global Markets (plus 61.2Bln yen) and a gain on sale of LNG (plus 36.0Bln yen)," said JERA.

In the Overseas Power business, nine months of operations resulted in a loss because of an impairment in the Formosa 2 win project in Taiwan. Losses overall amounted to 10.9Bln yen ($94.9M) versus a 5.0Bln yen ($43.5M) profit in same period of 2020.

In JERA's Domestic Thermal Power Generation and Gas Supply, net income jumped to 149.1Bln yen ($1.30Bln) from 57.7Bln yen ($502.5M) in the first nine months of 2020.

NEWS BRIEFS

Clucas stint for SIGTTO
The Society of International Gas Tanker and Terminal Operators (SIGTTO) has appointed industry veteran Chris Clucas as Interim General Manager until a permanent replacement for Andrew Clifton can be recruited. "I am very pleased that the society can welcome Chris as a very experienced hand to fill Andrew's role while we work on finding the right permanent candidate for the position," said Steffen Jacobsen, SIGTTO President. "Chris Clucas is Principal at Liquefied Gas Consultancy Ltd and is one of the most well-known names in the business of transporting liquefied gas by sea.

Saipem's wind woes
Leading Italian LNG project engineering company Saipem has issued a profits warning because of trouble with wind projects. The Milan-based company said it had initiated preliminary discussions with banking counterparties as well as with shareholders like energy major ENI to ascertain their willingness to support a financing package. Saipem said it experienced problems related to onshore and offshore wind development work in 2021. It has cut gross earnings forecasts for the second half by about €1Bln (US$1.1Bln).

Project FID by Gastrade
Gastrade SA, the Greek company developing an offshore LNG import terminal to serve eastern Greece and the Balkan nations, said a positive final investment decision has been taken to proceed with the joint venture. The floating LNG terminal off the port city of Alexandroupolis is expected to be operational by early 2023. ■

ExxonMobil says turnaround boosts upstream as well as LNG and natural gas market trading expansion plans

LNG News Editor

ExxonMobil has explained its huge earnings turnaround and how it would be focusing on upstream development, LNG projects like Coral South in Mozambique and Golden Pass in Texas while building a larger natural gas trading platform and increasing production from the Permian Basin shale assets.

ExxonMobil posted fourth-quarter earnings of $8.9 billion and annual earnings of $23.4Bln versus a loss of $22.44Bln in 2020.

ExxonMobil CFO Kathy Mikells spoke on upstream and LNG

Highest since 2012

The major generated $48Bln of cash flow from operating activities, the highest level since 2012, more than covering capital investments, debt reduction and the dividend.

"We used the available cash to restore our balance sheet, essentially paying back what we borrowed in 2020, reducing our debt-to-capital ratio to about 21 percent," said Chief Executive Darren Woods in a post-earnings conference call with analysts.

ExxonMobil's Chief Financial Officer Kathy Mikells also spoke in the conference call and pointed to the company's upstream success and progress on LNG, including the Coral FLNG offshore Mozambique and Golden Pass.

"There is no change with the big projects that we're progressing," said Mikells.

Coral FLNG

"Obviously, we've got the Mozambique Coral floating LNG project's still expected start-up towards the end of this year," she stated.

The production hull, the "Coral-Sul FLNG" vessel, has now been deployed in the deep waters of Mozambique after being delivered from the Samsung Heavy Industries shipyard in Geoje in South Korea.

Italian energy company Eni is the operator of the Coral South project on behalf of its Mozambique Rovuma Basin Area 4 licence partners, of which ExxonMobil is one, along with China National Petroleum Corp., Galp of Portugal, Korea Gas Corp. and Mozambique's Empresa Nacional de Hidrocarbonetos (ENH), the state energy company.

"We are also continuing to progress the Golden Pass project," said Mikells in reference to the joint venture with QatarEnergy.

The first liquefaction Train at Golden Pass is scheduled to come on stream in the mid-2020s. US regulators formally approved the transformation of the Golden Pass import terminal located on the Sabine-Neches Waterway into an export plant back in December 2016.

Upstream focus

The QatarEnergy-ExxonMobil project has advanced at a slow pace because of doubts several years ago over market demand issues that have now been resolved and work is underway to construct three liquefaction Trains with around 16 million tonnes per annum of output.

CFO Mikells explained that upstream was the big driver for profits. "We've talked about 50 percent of our volume from post-2020 start-ups in 2027 you know, from the upstream. So, just to give you another stat, in terms of how significant the mix change is there," she said.

"Overall, the business composition, by its nature, is heavy upstream relative to downstream and chem," added Mikells.

"So, as you think about that mix, all of the businesses are contributing to the favorable mix. Upstream has an outsized contribution," stated the CFO.

"We talked about in our strategic plan that 70 percent of those investments were in, I'll call it, the strategic upstream development area, so Guyana, Permian, Brazil, bringing on more LNG," she explained.

The CFO noted that those are really what was fuelling the upstream improvement in the portfolio.

"And then we also talked about, by the time we get to 2027 in downstream and chem, you know, over 40 percent of the earnings coming from those high-value, high-performance products. So, you do get a mixture, overall, but obviously, a very big change overall in the portfolio coming from the upstream," declared Mikells.

CEO on natural gas

ExxonMobil CEO Woods said that natural gas had also played its role in the improved earnings.

"The story around natural gas is pretty well understood with respect to the tightness that we're seeing. And the majority of our sales of gas are contracted under the long-term contracts. And so, limited opportunities to make significant changes in the short term," said CEO Woods. ■

Chevron expects even better 2022 led by Permian Basin and Australian LNG after latest earnings

LNG News Editor

Chevron Corp. expects 2022 it be better than last year with improving Permian Basin activities and steady flows of cargoes from the US major's two operated liquefied natural gas plants in Western Australia as the company also addressed LNG futures trading and other issues.

Chevron executives spoke to analysts in a conference call after the San Ramon, California-based company posted earnings of $5.1 billion for the fourth quarter compared with a loss of $665M in the same three months of 2020.

Included in the quarterly results were asset sale gains of $520M and losses on the early etirement of debt of $260M.

'Better company'

Chevron reported full-year 2021 earnings of $15.6Bln compared with a loss of $5.5Bln in 2020.

"Chevron is an even better company today than we were just a few years ago," said Mike Wirth, Chairman and Chief Executive on the conference call.

"We're showing it through our actions and our performance, which we expect to drive higher returns and lower carbon," added Wirth.

Wirth stated that he expected 2022 will be even better for cash returns to shareholders.

"We're optimistic about the future, focused on continuing to reward our shareholders while investing to grow our businesses and maintaining a strong balance sheet," he explained.

Chevron CFO gave upbeat overview for US major in 2022

Challenges faced

"We made the most of this challenging period, transforming Chevron through a well-timed acquisition (Noble Energy) and an enterprise-wide restructuring into a leaner and more productive company," added the CEO.

Wirth noted that in just two years, capital expenditure was reduced by almost half from Chevron and Noble's pre-Covid 19 totals.

The CEO said he was looking forward to improved performances from Permian Basin assets and Australian LNG.

"Broadly speaking, the Permian is healthy and getting better," stated Wirth.

"I think 2022 Permian production will be a little bit better than we showed at our Investor Day last March. And roughly speaking, up around maybe 10 percent compared to the full-year average in 2021," said the CEO.

"And that is the largest piece of what we would anticipate in terms of production growth next year," stated Wirth.

The CEO also added that the company expects "some more uptime" at the Gorgon LNG plant on Barrow Island in Australia, one of three operated by the company, along with Wheatstone LNG and Angola LNG in southwest Africa.

Cargo timings

Pierre Breber, Chief Financial Officer, also addressed LNG issues on the conference call, such as the timing effects of cargoes and the current and recent volatility of LNG futures, the Dutch Title Transfer Facility and the Japan-Korea Marker.

"About half of the effects in the quarter were due to a negative inventory charge," said Breber.

"So we had two cargoes on the water at year-end. They get valued into inventory at average annual prices, which were well below the purchase price because this was a rising price environment and prices rose in the end of the quarter. So that will reverse itself next year," added the CFO.

"The balance of the timing effects are in paper mark-to-market effects," he explained.

"The paper, which is tied to physical cargoes, gets marked to market, whereas the physical cargoes are not," said Breber.

"And so that creates a timing effect, which unwinds when the physical cargoes are delivered. We ended the year with a positive mark to market, but not as positive as what we had at the end of the third quarter. We added some JKM shorts during the quarter to balance our portfolio," added the CFO.

Hedging

"We're still net long JKM so any effects going forward will depend on the direction of future prices. And all this activity is really just geared toward managing our overall price exposure between our sales agreements and our supplies, which are a mix of both Brent and JKM prices," stated Breber.

Breber said that when you have natural gas and LNG price movements that have gone from $10 to $20 to $30 per thousand-feet (Mcf), it's causing larger timing effects than you would normally see.

Chevron also received its Angola LNG return of capital. "It actually exceeded our guidance," said Breber.

"But again, it shows up in cash from investing and not cash from ops because it's a return of capital," he explained.

"If you look beyond that, we do have, and as I referred to in our prepared remarks, we have certain contracts internationally that have additional taxes and royalties that kick in essentially when oil and LNG prices are higher. And we don't share specifics on our contracts," the CFO concluded. ■

Project for Uganda and Tanzania goes ahead

TotalEnergies and China National Offshore Oil Corp. have taken the final investment decision to spend $10 billion on the Lake Albert Resources Development Project for oil and gas with the national energy companies of the East African nations of Uganda and Tanzania.

The Lake Albert project FID signing ceremony has taken place in the Ugandan capital Kampala in the presence of the President of Uganda Yoweri Museveni, the Ugandan President, and the Vice-President of Tanzania Philip Mpango.

TotalEnergies Chairman and Chief Executive Patrick Pouyanné attended the ceremony in a swing through East Africa after putting the Mozambique LNG project back on course in a visit to Maputo and boosting confidence among African states that the global majors will help them monetize their resources even amid a current global campaign against anti-hydrocarbons.

The Lake Albert project involves the development of the Tilenga and Kingfisher oil projects in Uganda and the construction of the East African Crude Oil Pipeline (EACOP) in Uganda and Tanzania.

In this regard, accords have been signed, including shareholders agreement of EACOP and the tariff and transportation agreement between EACOP and the Lake Albert oil shippers.

The agreements have been signed between TotalEnergies, CNOOC, the Uganda National Oil Company (UNOC) and the Tanzania Petroleum Development Corp. (TPDC).

TotalEnergies operates the Tilenga project, while CNOOC serves as the operator of the Kingfisher project.

Clough makes first major concrete pour for Perth Basin feed gas

LNG News Editor

Clough, the Australian energy engineering company, said it achieved its first major concrete pour and first structural steel erection on site at the Waitsia 2 gas project being constructed for LNG production in the Perth Basin onshore Western Australia.

Clough won the engineering, procurement and construction work for the field near the town of Dongara, located about 350 kilometres (217 miles) north of the city of Perth and 65km south of the town of Geraldton.

Clough's team working on project near town of Dongara

Beach-Mitsui

Beach Energy of Australia and a subsidiary of Japan's Mitsui and Co. each own 50 percent of the venture and Mitsui is the operator of the Waitsia field.

Beach and Mitsui have also finalized and signed key commercial agreements with shareholders of the North West Shelf LNG plant to enable LNG exports, with the State of Western Australia and the pipeline and project company, Australian Gas Infrastructure Group (AGIG). Clough said the concrete pour at the site was a 14 cubic metres condensate storage slab and bund, which was followed later that same day by the first steel erection.

"This will form the main spine of the facility, a central 200-metre pipe track weighing over 100 tonnes," Clough explained.

The start of full construction activities came a week after the first night of occupation at the recently completed temporary construction village.

"With bulk earthworks and piling now nearing completion, the project ramps up and hits its next phase of self-perform structural, mechanical and piping construction work," said Clough.

The Waitsia gas field is ranked one of the largest gas fields ever discovered onshore in Australia and it is forecast to bring significant economic benefits to the Mid-West region from both construction and operating phases.

The Waitsia Stage 2 project includes a new gas processing plant with a 20-year life-cycle that will convey gas via the nearby Dampier to Bunbury Natural Gas Pipeline.

LNG and pipeline nation Norway shows value of field development

Norwegian Minister of Petroleum and Energy Marte Mjøs Persen has formally opened the Martin Ling oil and natural gas field in the North Sea and because of high commodity prices full development costs of $7 billion project will be fully recovered in just over a year.

"With good operational performance since the field came on stream in June 2021 and high oil and gas prices, the investments in the field are expected to be recovered in full during 2022," said Anders Opedal, President and Chief Executive of Equinor.

"Martin Linge has been a very challenging project to put on stream. Thanks to competent colleagues, good suppliers, and good collaboration with our partner Petoro and the authorities, the field was efficiently and safely put on stream," added Opedal.

Equinor said that since production started on 30 June 2021, Martin Linge has delivered world-class production efficiency for a new field in the start-up phase.

Equinor pointed out the North Sea project was also noteworthy because its use of power from shore enables it to emit low levels of carbon dioxide.

The field is located 26 miles (42 kilometres) west of the Oseberg field in 377 feet (115 metres) of water and is operated from an onshore control room in Stavanger.

It is also close to the border of the UK sector of the North Sea, about 180km off the coast of Norway.

"I would like to thank the project and the organisation now operating the field for working hard to realise the project, and to deliver safe and efficient field operations every day," said Kjetil Hove, executive vice president of Exploration and Production in Norway.

Equinor acknowledged that the Martin Linge project encountered significant challenges in the development phase.

McDermott names Michael McKelvy as CEO and President as company adds LNG projects

McDermott International, the leading energy and LNG project engineering company with current LNG projects in the US, Canada, Qatar and Australia, has named Michael McKelvy as President and Chief Executive.

The company said he will also serve as a member of McDermott's Board of Directors.

McKelvy has spent over three decades in the EPC sector

'Pivotal time'

Lee McIntire, who has been serving as interim CEO since June 2021, will continue as a member of McDermott's Board.

Nils Larsen, Chairman of McDermott's Board, said McKelvy was joining McDermott at a pivotal time for the company as significant contract wins reflect increasing demand for energy.

"His track record of international leadership and award-winning engineering, procurement and construction expertise will guide McDermott's talented global workforce as the momentum builds," stated Larsen. McDermott's current LNG contracts include among others, Qatar's LNG expansion, Woodside Petroleum's development of the Scarborough gas project for Pluto LNG in Western Australia and the Woodfibre project in Canada.

Arab Gulf

McDermott is also working on three prestigious contracts for the Saudi Arabian Oil Company (Aramco) covering four oil and natural gas fields in the Arabian Gulf. McDermott said that McKelvy had spent more than three decades working in the engineering and construction industry across the US and international markets, including Europe and the Middle East.

He previously led Gilbane Building Company as President and CEO since 2014 where he was instrumental in record growth, profitable operations and a strong customer commitment.

"McDermott's business model and commercial strategy carve out a unique position to further capitalize on the changing industry dynamics and facilitate the energy transition," said McKelvy.

"I am eager and enthusiastic to join this already-robust leadership team and continue their progress to strengthen the portfolio and forge a new path for the industry," he stated.

Prior to joining Gilbane, McKelvy spent 26 years at energy consultants CH2M Hill where he held multiple leadership positions and ultimately became Chief Delivery Officer of the company.

In this position, he was responsible for project execution across all domestic and global regions with oversight of risk, safety, security, procurement and quality.

He spent his early career in operations as an architect and project manager at C.H. Guernsey & Company and Lockwood Greene, which became part of CH2M Hill. ■

McDermott's CB&I builds up LNG tank orders with contract for Venture Global's Plaquemines

McDermott said its storage business, CB&I, has been awarded a contract by Venture Global's Plaquemines LNG project for two 200,000 cubic-metre storage tanks.

The site of the Plaquemines project is the banks of the Mississippi River, about 20 miles south of New Orleans.

Capacity

Plaquemines LNG is expected to have a combined export capacity of up to 20 million tonnes per annum when completed.

"The phase one scope for CB&I includes the engineering, procurement and construction of two full containment concrete LNG storage tanks with associated foundations, tank top mechanical systems and pipe racks extending to the main facility," explained McDermott.

CB&I recently achieved ready for cooldown as scheduled for two LNG tanks of similar size and scope for the Venture Global Calcasieu Pass LNG project.

"Venture Global witnessed first-hand the agility of our project management and construction teams to adjust, adapt and overcome the challenges inherent in executing work on the US Gulf Coast," said Cesar Canals, Senior Vice President of CB&I.

"We take great pride in our unwavering commitment to getting the job done safely and on schedule, and appreciate being selected as the tank contractor for Venture Global's next development," added Canals.

In other recent US orders, CB&I was contracted to design and build tanks for peak-shaving facilities in Bluff Creek and Ixonia in the southeast of the US state of Wisconsin.

By storing LNG when demand is low, energy companies can ensure adequate supply when demand is at its peak, normally the coldest days of winter.

CB&I built the first LNG peak-shaving facility in North America in 1965 and which is still in operation.

Overseas contracts

In overseas contracts, CB&I was chosen in 2021 by the Philippines LNG project at Batangas Bay on the Filipino main island of Luzon to build storage tanks.

CB&I will build the first two 60,000 cubic metres full containment steel LNG tanks.

Philippines LNG project owner, the Manila subsidiary of Atlantic Gulf and Pacific Company (AG&P) of Singapore, said that other parts of the contract include geotechnical investigation, soil improvement, foundations and a topside platform structure, as well as pre-commissioning and commissioning activities.

The mechanical completion of Philippines LNG was expected in the third quarter of 2023 with commissioning to follow.

CB&I said at the time that the design of this first-of-a-kind full containment steel LNG tank highlights innovation and technology leadership the company has always demonstrated.

Philippines LNG will have initial capacity to deliver up to 3.0 MTPA of LNG. The venture is a rival project to another being developed in Batangas Bay by First Gen Corp., the largest provider of gas-fired power in the Philippines. ■