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Kinder Morgan set for growth underpinned by LNG feed gas

Houston-based company outlined progress on Permian gas and greener Gulf Coast plan

LNG News Editor

Kinder Morgan Inc., the US pipeline giant transporting natural gas to LNG plants and to customers around America, reported a boost in demand from liquefaction plants and outlined progress on more Permian Basin natural gas for the Gulf Coast and on a greener gas supply plan.

That's as the Houston-based company saw net income more than halve to $667 million compared with the $1.41 billion logged in the first quarter of 2021 because of a major weather event in the prior-year period that favoured revenues.

Kinder Morgan CEO Kean reported natural gas advances

Cash flow

KMI also reported a plunge in distributable cash flow (DCF) when compared with that period to $1.45Bln compared with $2.33Bln in the first quarter of 2021.

"While these both represent a decrease from the first quarter of 2021, those 2021 results were positively impacted by the non-recurring earnings achieved during Winter Storm Uri," said KMI President Kim Dang.

The February 13-17, 2021 North American winter storm was an ice and weather event that impacted electric power supplies and boosted natural gas needs across the United States and the region and particularly in Texas.

"Excluding Uri-related earnings from our 2021 results, earnings per share for the quarter were up 17 percent and DCF per share was up 16 percent as compared to the first quarter of 2021," Dang explained.

Dang said that natural gas transport volumes were up 2 percent at the start of 2022 compared with the first quarter of 2021, with increases on Kinder Morgan Louisiana Pipeline (KMLP), Natural Gas Pipeline of America (NGPL) and Tennessee Gas Pipeline (TGP) due to increased deliveries to LNG customers and from the new Stagecoach assets in the US Northeast.

"These were partially offset by lower contributions from El Paso Natural Gas (EPNG) and Colorado Interstate Pipeline (CIG)," she added.

"Natural gas gathering volumes were up 12 percent from the first quarter of 2021 with higher volumes primarily on KinderHawk," said Dang.

KMI Executive Chairman Richard D. Kinder said he believed the company was off to a great start in 2022.

"We continue to live within our cash flow, have reduced our debt by more than $11Bln since 2015, and plan for this year to be the fifth consecutive year of increased dividends," stated the Chairman.

"During 2022 we expect to once again fund our expansion capital opportunities internally, meet or exceed our debt metric goal and return excess cash to our shareholders through a dividend increase and opportunistic share repurchases," he explained.

Chief Executive Steve Kean said KMI continued to see growth in its base natural gas business as more customers sought to take advantage of the extensive firm transport and storage services offered.

"Our Stagecoach acquisition is fully integrated with our commercial and physical operations, producing the commercial opportunities we expected, and exceeding the acquisition model," said Kean.

Stagecoach system

It also included four natural gas storage facilities with a total working gas capacity of 41 billion cubic feet.

KMI reported among the first-quarter highlights that due to the increasing need for additional gas takeaway from the Permian Basin, the company was in discussions regarding primarily compression expansion opportunities.

This could begin as early as the fourth quarter of 2023 on both the Permian Highway Pipeline and Gulf Coast Express Pipeline. ■

UNLIMITED AGENDA

Dutch firm Vopak increases revenues and profits while helping Germany's LNG import ambitions

LNG News Editor

Royal Vopak, the Netherlands-based global storage company with stakes in liquefied natural gas terminals and a new LNG import project for Hong Kong, increased its first-quarter revenues and net profits as it also helped Germany's LNG import ambitions.

The Rotterdam-based company reported quarterly revenues of €324.1 million, a more than 7.5 percent increase from the €301.1M reported in the prior-year quarter.

Vopak's LNG Terminal in Colombia has capacity of 4 Bcm

Profit rise

Vopak's first-quarter profits rose to €74.7M from €72.5M in the same three months of 2021.

Vopak last month confirmed that the German Federal Government would be replacing Vopak as a shareholder in the proposed German LNG terminal at Brunsbüttel on the Elbe River.

Vopak said the Brunsbüttel joint venture would move forward quickly with the remaining Dutch LNG expertise of utility Gasunie.

Uniper, the German utility based in Düsseldorf and a European LNG capacity holder and cargo trader, has also arranged with Vopak and Gasunie to increase capacity rights at the Gate LNG terminal in Rotterdam.

Uniper's capacity rights at the Gate facility will rise by 1 billion cubic metres per annum from October 1 and for an expected period of three years.

Vopak said in its earrings statement that its stake in the Dutch Gate facility has become ever more vital.

"Gate terminal, our joint venture with Gasunie for LNG in Rotterdam, continues to play a key role in the security of natural gas supplies in Northwest Europe supplying the equivalent of 25 percent of the Netherlands' gas needs," explained Vopak.

"One of our customers, Uniper, will increase its capacity rights by 1 billion cubic metres as of October 2022," it confirmed.

"Following last year's announcement on expansion of send-out capacity which will become available in October 2024, it is currently also being investigated if, in the short term, the send-out capacity of the Gate terminal can be expanded further," added Vopak.

Vopak said it was studying the effects on the storage and energy markets of the Russian invasion of Ukraine.

"Vopak is monitoring the situation closely and is fully committed to adhere to relevant sanctions laws and regulations," said the company.

"At the moment, restrictions under applicable EU sanctions are in general exempted in relation to the import of energy products into the EU," it explained.

"As governments try to ensure energy security and affordability, Vopak follows applicable government regulations with regard to energy imports from Russia," it stated.

Vopak said there had been a year-on-year improvement in earnings driven by growth projects and good performance by the Americas division that offset the impact of particularly challenging market conditions in Europe.

Proportional occupancy rate in storage terminals was 84 percent and declined compared to the fourth quarter of 2021 which was 86 percent.

"This was mainly driven by low occupancy performance in oil storage in the Netherlands as a result of continued soft storage markets for oil," said Vopak. ■

Wintershall Dea solve a problem like Maria field by hiring TechnipFMC of US to boost output

TechnipFMC, the US energy engineering company with subsea expertise, said it was awarded a significant integrated engineering, procurement, construction and installation contract by a Norwegian subsidiary of German oil and gas company Wintershall Dea to revitalize the Maria field in the Norwegian Sea.

"The project will boost production at the existing Maria field in the Norwegian Continental Shelf," said Houston, Texas-based TechnipFMC.

Revitalization

"The contract includes subsea trees, spools, jumpers, and flexible pipes," added the engineering firm.

TechnipFMC said the revitalization project will tie in additional lightweight six-slot integrated template structures.

"The two existing templates in the Maria field are part of TechnipFMC's installed base and began production in 2017," it added.

Maria is the first field on the NCS that Wintershall Dea brought all the way from discovery to production.

Surrounded by gas and oil infrastructure in the Haltenbanken region of the Norwegian Sea, Maria is one of the most advanced subsea tieback fields in the world.

It was discovered by the company in 2010, around 200 kilometres off the coast of Norway, and brought into production five years ago.

Maria is supported by and takeaway services from four nearby fields.

The field is produced by water injection for pressure support and the wells are equipped with gas lift.

The well stream is routed to the Kristin platform for processing and further export together with the gas and oil from the Kristin and Tyrihans fields.

Stabilised oil is transported from Kristin to Åsgard C and further offloaded to shuttle tankers.

The rich gas is sent via the Åsgard Transport System (ATS) to the Kårstø terminal, where natural gas liquids and condensate are extracted.

"This award is built on our ability to leverage our integrated front end engineering and design model," said Jonathan Landes, President of Subsea at TechnipFMC.

"Through early engagement, we optimized the field layout and maximized the benefits of integrated project execution," explained Landes. ■

Woodfibre to line up more Asian volumes

Woodfibre LNG, the mid-scale project near the town of Squamish in British Columbia, has issued a notice to proceed to US energy engineering contractor McDermott International.

"This notice to proceed is an instruction from Woodfibre LNG to McDermott to begin the work required in order to move the project towards major construction commencement in 2023," stated the company.

The Woodfibre liquefaction plant will be built on the site of a former pulp mill, located about seven kilometres from Squamish and 70km north of Vancouver.

Woodfibre is the second project in BC to start the construction phase following the LNG Canada project under way at Kitimat in BC.

The proposed Woodfibre project is owned by Pacific Energy Corp., a subsidiary of founder Sukanto Tanoto's Royal Golden Eagle Group.

Woodfibre LNG is a full Canadian subsidiary of Pacific Energy whose main offices are in Singapore and with others in Jakarta, Beijing and Hong Kong.

The Woodfibre project comprises a single liquefaction Train with 2.1 million tonnes per annum of LNG production and storage capacity of 250,000 cubic metres.

Woodfibre had previously awarded the engineering, procurement, fabrication and construction (EPFC) contract to Houston, Texas-based McDermott.

McDermott through this EPFC contract has been able to advance detailed engineering and construction schedules. ■

Chinese LNG imports drop to a two-year low during March

LNG News Editor

Tianjin Nangang terminal is located on coast of Bohai Gulf

Chinese LNG imports dropped by almost 18 percent in March to their lowest level in two years as Covid-19 shutdowns in cities such as Shanghai curbed economic and industrial activity as well as fuel demand and led to Japan overtaking China as the largest North Asian importer last month.

Shipments to China's network of 22 terminal amounted to 4.63 million tonnes, or around 68 cargoes, a drop of 17.9 percent compared with the 5.64MT, or 82 cargoes, received in March 2021, according to data from China's General Administration of Customs.

Japan higher

Japan's LNG imports in March 2022 were 6.50MT, or 96 delivered cargoes, compared with 7.12MT in March 2021, according to the preliminary trade figures from Japan's Ministry of Finance.

Shipments to Chinese terminals in 2021 had amounted to 78.93MT which was 18.3 percent more than in 2020.

This enabled China to be the No. 1 Asian importer as Japanese cargo numbers in 2021 dropped to 74.31MT, down 0.2 percent on 2020, and 4.62MT less that the Chinese total for last year.

The low March LNG import figure was because Chinese energy majors such as PetroChina had deliveries redirected because of the Covid-19-induced drop in demand.

The Chinese also receive varying volumes of pipeline gas through pipeline links from the former Soviet Asian republics of Turkmenistan, Kazakhstan and Uzbekistan, as well as from Russia since December 2019 as part of Russian company Gazprom's "Power of Siberia" project.

China has increased its pipeline natural gas imports on the "Power of Siberia" pipeline from Russia to 43 million cubic metres per day, or around 15 billion cubic metres per annum.

The volumes are likely to increase as the Russians focus on China as a customer to replace the nations of the European Union who are determined to cut gas imports from the Russians over the invasion of Ukraine.

The Chinese energy industry has undergone changes since China Oil & Gas Pipeline Network Corp. (ChinaPipe) started operating as the government-created owner of the nation's pipelines and terminal assets, formerly held by the country's three state-owned energy majors. ■

Japan's numbers fall but still higher than China and with more coal

Japanese liquefied natural gas imports dropped almost 9 percent in March as cargoes increased from Russia and the US while shipments from the Middle East and Asia declined at the same time as Japan's thermal coal deliveries skyrocketed by over 25 percent.

Japan's LNG imports in March 2022 amounted to 6.50 million tonnes, or 96 delivered cargoes, compared with 7.12MT in March 2021, according to the preliminary trade figures from the Japanese Ministry of Finance.

LNG costs for the nation last month surged year-on-year by more than 89 percent to 566.74 billion yen ($4.41 billion) compared with 299.58Bln yen ($2.33Bln) in March 2021.

Japanese LNG imports in February 2022 had amounted to 7.10MT, or 104 cargoes, compared with 8.07MT in February 2021.

The country had formally ceded the No. 1 LNG import position in 2021 to China, though in certain weeks in 2022 Japan has been the biggest North Asia importer as China reduced shipments amid Covid-19 lockdowns.

Shipments to Chinese terminals in 2021 had amounted to 78.93MT which was 18.3 percent more than in 2020.

Japan's Finance Ministry confirmed annual 2021 cargo deliveries to Japan were 74.31MT, down 0.2 percent on 2020 and 4.62MT less that the Chinese total for 2021.

On a fiscal year basis, Japanese LNG imports in the April 2021 to March 2022 period dropped 6.4 percent to 71.46MT versus 76.35Mt in the previous fiscal year, according to Ministry statistics.

Shipments of LNG from Russia to Japan jumped by 10.9 percent in March to 710,000 tonnes while deliveries from the US tumbled to 190,000 tonnes, down 76.7 percent. ■

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Tsakos Energy Navigation traverses fifth global market storm since founding and optimistic on LNG and oil deliveries

LNG News Editor

Tsakos Energy Navigation (TEN) Ltd, the Greek-owned shipping line with over 70 vessels in operation or ordered including LNG vessels and various classes of oil tankers from Aframax to Panamax and Very Large Crude Carriers, has given an overview of the market since the start of the Russian conflict in Ukraine.

TEN Ltd executives gave a presentation just before the Easter weekend holiday during a conference call and covering annual earnings and the 20th anniversary of TEN's listing on the New York Stock Exchange in 2002.

TEN Ltd's 174,000 cubic metres capacity vessel 'Tenergy'

Speakers

Those who spoke included Nikolas Tsakos, President and Chief Executive, Takis Arapoglou, Chairman of the Board, Paul Durham, Chief Financial Officer and George Saroglou, Chief Operating Officer.

TEN's diversified energy fleet currently consists of 71 double-hull vessels and a newbuild programme including four dual-fuel LNG- powered Aframax vessels.

The company's three owned LNG carriers include the latest addition to the fleet, the 174,000 cubic metres capacity vessel "Tenergy" delivered in January 2022, and the 162,000 cubic metres capacity "Maria Energy", which has just lifted a cargo from the Corpus Christi LNG plant in Texas, as well as the 146,840 cubic metres capacity carrier "Neo Energy".

In the fourth quarter of 2021, TEN said it incurred a net loss of $14.9 million before taking account non-cash vessel impairment charges of $86.4M compared with $10.8M in the prior-year quarter.

"As the world is exiting the pandemic and forcefully adapting to the new realities of the Russian-Ukrainian conflict, energy transportation is again at the forefront of the global agenda," said the Athens-based company in its statement.

"The expected growth in US oil exports as well as increased LNG shipments to Europe to partly substitute Russian natural gas, in a period of higher global demand for both commodities, will provide additional ton-miles and a boost to both rates and asset prices," noted TEN.

"In oil tankers in particular, where the orderbook is at historical lows and vessel supply on the backfoot, due to increased scrapping and the elongation of new trade routes, this anticipated firmness is already in evidence. In addition, environmental speed limits that go in force in 2023 will further decrease supply," explained the company.

On the conference call, CEO Nikolas Tsakos expanded on the earnings statement.

"We had the opportunity to be on the New York Stock Exchange and celebrate our 20th anniversary as a quoted company here," he said.

"However, looking back on 2021, which was the worst tanker rate year in recent memory, more than 30 years ago, we had similar rates. We started the New Year with enthusiasm looking forward to a post-Covid opening up that makes transportation like other services flourish," added Taskos.

"We also took delivery in January of our newest LNG vessel, 'Teneregy'. The vessel entered immediately a five-year time charter that is expected to make contribution to our bottom line as the LNG sector is currently very strong," explained the CEO.

"Inclusive of the above charters, TEN's minimum fixed revenue has a backlog that exceeds $1 billion," he declared.

Dividend history

"TEN has always paid the dividend irrespective of the market cyclicality," Tsakos pointed out to shareholders.

"About $0.5 billion in dividend payments have been distributed since the NYSE listing in 2002. The next dividend of $0.10 per share will be paid in June. Exact details of the payment will be announced during the company's first quarter 2022 earnings call," he added.

"Counting, this is - since inception - our fifth crisis. It started with the Paris crisis in '96, the events that followed 9/11. Then of course the Lehman (banking) crisis of 2008, then Covid, and without interruption, the Russian invasion. But we keep a steady hand to the wheel," explained Tsakos.

"We navigate the waves. I think good seafarers only become good when they have to go through storms, and this is what we do," he said.

CEO Tsakos stated that despite current headwinds, TEN will be at the pre-pandemic oil demand levels during sometime in the second half of the year or at the latest by year-end.

NEWS BRIEFS

Dutch gas field veto

The Dutch Government has decided against increasing output from the Groningen natural gas field, once one of the largest in Europe. The plans remain gradually taking the field off stream because of complaints about earth tremors. "The Netherlands only extracts gas if it can be done safely and responsibly. And extracting more gas from the fields in the province of Groningen is not safe," said the Dutch government on efforts to replace Russian gas volumes.

Permian basin permits

Permian Basin activity hit an all-time high in March 2022, with more than 900 permits awarded for horizontal drilling for new wells, driven by increasing oil prices and production demand in the basin with abundant associated natural gas. "This is a clear signal that operators in the basin are kicking into high gear on their development plans, positioning for a significant ramp-up of activity level and an acceleration in the speed of output expansion over the next few months once supply chain bottlenecks ease," said a report from consultancy Rystad Energy.

Titan LNG in Asia

Titan LNG, the bunkering fuel supplier in the Amsterdam-Rotterdam-Antwerp (ARA) area of northwest Europe, has partnered with Malaysian energy company Petronas for a successful re-fuelling operation for an LNG-powered Very Large Crude Carrier chartered by Koch Industries of the US.Titan and the Petronas maritime fuel subsidiary delivered the fuel under a long-term supply contract to the VLCC "Yuan Rui Yang", owned by China Ocean Shipping Co. (Cosco).

US energy and LNG firm Black & Veatch selects Mario Azar as successor to retiring CEO Edwards

LNG News Editor

US energy and liquefaction technology firm Black & Veatch has selected Mario Azar as the new Chairman and Chief Executive for the company after the decision to retire after 44 years at the helm of Steve Edwards.

The successor to Edwards as CEO and Chairman is currently serving as president of the Energy & Process Industries division at the Overland Park, Kansas-based company.

Mario Azar (right) congratulated by incumbent Edward

Contracts

One of Black and Veatch's most recent LNG contract awards was for the Cedar FLNG project proposed by Pembina Pipeline Corp and the Haisla First Nation in British Columbia in Western Canada.

Black and Veatch was chosen with South Korean shipbuilder Samsung Heavy Industries for the front-end engineering and design of the project's proposed floating liquefaction, storage and offloading units.

the Cedar project expects to make a final investment decision in 2023 following completion of the environmental assessment process.

The FLNG facilities will be located in the Douglas Channel and have a liquefaction capacity of up to 4 million tonnes per annum of LNG.

On its leadership change, Black and Veatch said that Azar's appointment was only the eighth senior leader in the founder, managing partner or chair role in the US Midwest company's 107-year history.

"As global megatrends reshape the critical infrastructure markets we serve, the Black and Veatch Board of Directors is thrilled to select Mario based on his vast global experience, proven leadership capabilities, innovative and collaborative approach and strong focus on client relationships," said outgoing CEO and Chairman Edwards.

"Since joining the company in 2018, Mario has been the architect of an effort that is repowering the power industry as well as in the strategic repositioning of our company to address the megatrends our clients and the world faces," stated Edwards.

Black and Veatch said that Azar's leadership experience spanned more than 32 years in the energy and industrial fields, much of it in engineering and construction solutions.

Prior to joining Black & Veatch in 2018 as the president of the global power business, Azar served in multiple executive roles and led large global businesses at Germany's Siemens and previously Westinghouse of the USA.

"It is a true honor to be selected to lead Black and Veatch, a company with such deep history and a stellar reputation built by a world-class team of global professionals," said Azar.

Business model

"The portfolio of solutions Black and Veatch offers, coupled with our transformed business model aligning positions us to continue fulfilling our mission," he declared.

The company said it would name a successor to fill Azar's current role in the near future.

Before embarking on his engineering career, Azar earned a Bachelor of Science in electrical engineering from the University of North Carolina at Charlotte. ■

ABS approves design using storage from older vessels

The American Bureau of Shipping, the US maritime classification society, has granted approval for an innovative concept for floating liquefied natural gas projects to use storage tanks from older LNG carriers.

The FLNG design was jointly developed by two Japanese companies, the shipping line Kawasaki Kisen Kaisha (K-LINE) and LNG and energy engineer JGC Corp.

ABS awarded an approval in principle (AIP) for the joint project which was also supported by Japan's Ministry of Land, Infrastructure, Transport and Tourism.

The design essentially involves transferring and reusing LNG storage tanks from spherical Moss-type LNG carriers into the hulls of new FLNG facilities.

By re-using existing LNG vessels and their Type B storage tanks, the potential number of shipyards globally able to build FLNG units is increased.

The new Japanese design if it moves to production would support the forecast increase in demand for fast-track FLNG solutions.

"In many areas of the world, FLNG represents a potential solution to the challenge of meeting increasing demand for natural gas without the need for an export pipeline to shore and the associated infrastructure," explained Tor Ivar Guttulsrod, the ABS Director for FLNG and FSRU vessels.

"ABS is committed to supporting development of FLNG globally while retaining a laser focus on safety," stated Guttulsrod.

Satoshi Kanamori, an Executive Officer at K-Line, said the design had potential to leverage shipping expertise and existing LNG assets.

Yang Ming Marine is first in Taiwan for LNG-fuelled ships

LNG News Editor

Yang Ming Marine Transport Corp., the Taiwanese shipping company, said it had ordered five new liquefied natural gas-powered containerships.

Yang Ming said it had opted for LNG propulsion for its five new 15,000 twenty-foot equivalent unit (TEU) containerships.

State-owned Taiwanese company is LNG pioneer

Board approval

The decision was approved by the board last week and the neo-panamax vessels would have dual-fuel engines to run on LNG as well as conventional bunker fuel.

"Yang Ming will be the first shipping company in Taiwan that owns LNG-powered containerships," said the company.

"In the spirit of environmental sustainability, Yang Ming is using LNG for the newbuilds to reduce greenhouse-gas emissions by at least 20 percent compared with using traditional fuel," it added.

The state-owned Taiwanese carrier said it would disclose the other vessel specifications and any shipyard transaction details at a later date.

Yang Ming, which was founded in 1972, currently operates a fleet of 92 vessels with a 7.53-million deadweight tons and operating capacity of 668,000 TEUs.

The company is ordering the LNG-fuelled ships because of tighter laws from the International Maritime Organization and the European Union against ships using polluting fuels in ports in the EU.

Yang Ming said in a statement that it would concentrate its 2022 operations in North America and Europe with the expectation that freights rates and shipping demand in the markets would remain stable amid a decline in Covid-19.

The shipping line serves ports such as Antwerp, Hamburg and Rotterdam.

It added that the newbuild LNG-fuelled 15,000 TEUs ships were the most suitable for these markets.

While Yang Ming is headquartered in Keelung, Taiwan, it said it also operates numerous services that link Taiwan with mainland Chinese.

Abu Dhabi National Oil Co. unit orders two China-built LNG ships

Abu Dhabi National Oil Co (Adnoc), the owner of the Das Island LNG export plant in the United Arab Emirates, said its logistics arm had signed a contract with a Chinese shipyard for two newbuild LNG carriers.

Adnoc Logistics and Services (Adnoc L&S) said the two vessels with 175,000 cubic metres capacity would join the existing fleet in 2025.

"The purchase, part of the company's broader growth and expansion strategy, further reinforces its position as the UAE's leading shipping and maritime operator," said Adnoc L&S.

"The new LNG vessels will be crucial enablers of Adnoc's 2030 growth strategy, supporting its existing LNG business as well as its ambitions to grow its LNG production capacity," the company explained.

The two carriers will be built at the Jiangnan Shipyard, located northeast of Shanghai on Changxing Island at the mouth of the Yangtze River.

Adnoc L&S has the largest and most diversified fleet of vessels within the Middle East and its trading fleet transports crude oil, refined products, dry bulk, containerised cargo, liquefied petroleum gas and LNG to global markets through its owned and chartered vessels.

"The expansion and modernisation of our LNG fleet will be a key enabler of Adnoc L&S' growth strategy. This acquisition helps future-proof our fleet with more sustainable, modern vessels capable of serving our customers for the next 25 years and deepens our partnership with Jiangnan Shipyard," explained Captain Abdulkareem Al Masabi, Chief Executive of Adnoc L&S.

Adnoc L&S currently has eight LNG carriers among its fleet of over 40 vessels.

The newbuild LNG vessels are significantly larger than the current Adnoc L&S fleet of LNG ship which each have a capacity of 137,000 cubic metres.

Lin Ou, Chairman of Jiangnan Shipyard, said the yard was proud to continue its relationship with Adnoc L&S.

Baker Hughes boosts income and forecasts up to 150 MTPA of LNG project investment decisions

LNG News Editor

Baker Hughes, the LNG equipment-maker and energy services company, reported an increase in first-quarter revenues to $4.83 billion and a 70 percent jump in operating income to $279 million while forecasting LNG final investment decisions on up to 150 million tonnes per annum of projects in the next two years.

The company, which has main offices in Houston and London, reported net income of $72M in the quarter to the end of March 2022 versus a loss of $452M in the same three months of 2021.

Lorenzo Simonelli, Baker Hughes Chairman and CEO

Volatile

"Our first quarter results reflect operating in a very volatile market environment during the first few months of 2022," said Lorenzo Simonelli, Baker Hughes Chairman and Chief Executive.

"On the positive side, we recorded strong orders from Turbomachinery and Process Solutions (TPS) as the LNG order cycle continues to unfold," stated the CEO.

The company said TPS orders totalled $3Bln for the second consecutive quarter, driven again by strong orders in LNG.

"We believe that we are at the beginning of another constructive LNG cycle, which is being expedited by the current geopolitical situation, particularly for US LNG projects," stated Simonelli.

"As these market dynamics play out, a number of projects should accelerate, and we now believe that 100 to 150 MTPA of LNG FIDs will be authorized over the next two years with additional FIDs becoming more likely in 2024 and 2025," declared the CEO.

Orders in the quarter were $3.0Bln, up $1.6Bln year-over-year and a new quarterly record for TPS.

Simonelli said that equipment orders were up $1.5Bln year-over-year, driven by a significant award to provide an LNG system for the first phase of US company Venture Global's Plaquemines LNG project, located south of New Orleans on the Mississippi River in Louisiana.

Service orders in the quarter were up 8 percent year-over-year, primarily driven by growth in contractual and transactional services, partially offset by lower order volumes in upgrades.

Overall orders in the quarter were $6.8Bln, up 3 percent versus the three months to the end of 2021, driven by Oil Field Equipment and TPS, partially offset by a decrease in Digital Solutions and OFS.

Year-over-year, revenue was up 1 percent compared with $4.78Bln in the prior-year quarter, driven by increases in OFS and Digital Solutions, partially offset by decreases in OFE and TPS.

Adjusted operating income was $348M, which excluded $70M of restructuring, separation and other charges.

LNG producer Santos reports US$1.1Bln of LNG sales on higher prices and PNG merger benefits

Australian liquefied natural gas plant operator Santos, which has plant and project stakes in Queensland and in the Northern Territory as well as in Papua New Guinea, reported a jump in LNG sales revenues to US$1.116 billion from US$427 million in the same three months of 2021.

Santos said that first-quarter sales revenues were a record and were 25 percent higher, reflecting the benefits of the merger with PNG-based Oil Search as well as higher natural gas, LNG and oil prices.

Overall sales revenues came to US$1.916Bln versus US$964M in the prior-year quarter.

Average realised LNG prices more than doubled to US$13.77 per million British thermal units from US$6.12 in the first quarter of 2021.

Santos said that 13 of the LNG shipments it sold in the first quarter from liquefaction plants were at the elevated Japan-Korea Marker price for spot cargoes.

The company said 25 cargoes were shipped from the Gladstone coalseam-gas-to-LNG plant in Queensland and 74 CSG wells were drilled and 45 were connected across the GLNG acreage in the first quarter.

A further 28 cargoes were also shipped in the quarter from the ExxonMobil-operated PNG export plant.

The Santos interest in PNG LNG increased to 42.5 percent in December 2021 following completion of the Oil Search merger.

The Papua LNG project to expand output at the liquefaction facility at Caution Bay northwest of Port Moresby continued to progress on the technical, commercial, regulatory and social fronts.

The P'nyang Gas Agreement was successfully executed between the PRL3 joint venture partners and the Government of PNG at the end of February 2022.

"This agreement provides a framework for the future development of the P'nyang project," said Santos.

Fewer LNG cargoes were shipped from the Darwin plant with seven lifted compared with 11 in the previous quarter at the end of 2021.

That was because Bayu-Undan gas field production was lower than the prior quarter due to the expected natural field decline.

"The field is expected to continue to decline through 2022 and production is anticipated to cease in late 2022," noted Santos.

Barossa in-fill

The Adelaide-based company reported that the Barossa natural gas project in the Timor Sea offshore northwest Australia to replace Bayu-Undan volumes was 33 percent completed and on schedule and on budget.

The Barossa feed gas will help prolong the life-span of the Darwin LNG plant which was sold to Santos by ConocoPhillips.

In the Cooper Basin of south-central Australia, domestic production was slightly lower than the previous quarter due to natural field decline and weather impacts from increased rainfall causing delays to the development programme.