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BP-ADNOC bid for Israeli East Med pipeline and LNG project company

Israeli company NewMed Energy has Leviathan gas expansion plans

LNG News Editor

Leviathan field is part of East Med gas and LNG area

UK major BP and Abu Dhabi National Oil Company have made a joint offer to take control of NewMed Energy, the Israeli natural gas company with LNG export plans and a supplier of pipeline gas to Israel, Egypt and Jordan.

BP said that together with the United Arab Emirates oil and gas company ADNOC, it has made a non-binding offer to take NewMed Energy private and out of the Tel Aviv Stock Exchange through an acquisition of the free float listed shares and a partial acquisition of a stake still held by Israel's Delek Group.

Offer

The transaction would result in BP and ADNOC holding 50 percent of NewMed Energy.

NewMed, a stakeholder with US major Chevron Corp. in the large Leviathan natural gas field offshore Israeli, recently approved budgets for 2023 including gas field development to provide feed gas for a floating LNG export project.

"BP and ADNOC intend to form a new joint venture that will be focused on gas development in international areas of mutual interest including the East Mediterranean," said the BP-ADNOC joint statement.

"This proposed transaction with NewMed Energy would be a significant first step in establishing this dynamic joint venture together with ADNOC," added the statement.

"When completed, this would strengthen the broader strategic partnership between ADNOC and BP," it stated.

"This proposed transaction is consistent with BP's stated strategy and financial frame including current guidance for capital expenditure. The two companies intend to explore a range of mechanisms for the formation and potential further expansion of their new partnership," explained the statement.

NewMed plans

The proposed BP-ADNOC transaction follows a move by NewMed Energy itself to merge with Capricorn Energy of the UK but the Israelis later withdrew in February 2023 from that bid.

The main NewMed asset, the Leviathan gas field currently produces around 12 billion cubic metres (Bcm) per annum and supplies the Israeli domestic market as well as exporting gas by pipelines to Egypt and Jordan.

The Leviathan project shareholders are the NewMed Partnership with 45.34 percent, Chevron subsidiary, Chevron Mediterranean Ltd with 39.66 percent, and Ratio Energies with 15 percent.

NewMed, which announced its name change from Delek Drilling to NewMed Energy in February 2022, also has a stake in the Aphrodite gas field in the offshore economic zone of Cyprus, making it one of the biggest players in the East Med.

NewMed said in a statement to the Tel Aviv Stock Exchange that BP and ADNOC had suggested a possible transaction whereby they would purchase, in cash, all of the partnership's shares held by the public and some of the units held by the Delek Group.

"Pursuant to the transaction, the consortium (BP and ADNOC) will purchase all of the issued unit capital held by the public (about 45 percent) and around 5 percent of the issued unit capital from Delek Group by way of a court approved scheme of arrangement," NewMed explained.

The BP-ADNOC offer which NewMed emphasized was "non-binding" involved paying 12.05 Israeli shekels ($3.47) per share for each purchased unit.

NewMed said that this price reflected a premium of around 72 percent to the closing price of the Israeli-listed units on March 26.

The BP and ADNOC offer would boost the New-Med value to around $4Bln. ■

UNLIMITED AGENDA

LNG stakeholder PetroChina reports record profits and plans to boost oil and gas activities

LNG News Editor

PetroChina, the Chinese-listed and overseas unit of state-owned China National Petroleum Corp. and an LNG project stake holder in Canada and Mozambique, reported annual record profits and revenues due to higher prices for oil and natural gas.

Revenues jumped by 23.9 percent year-on-year to 3.24 trillion Chinese yuan ($474.55 billion) from 2.61 trillion yuan ($398.50Bln) in 2021.

Gas stakes

The Chinese state through CNPC owns about 80 percent of PetroChina and shareholders hold the remaining 20 percent of the company's listed shares.

CNPC is also the company holding the nation's assets in Russian Arctic LNG projects and signed the "Power of Siberia" pipeline natural gas delivery contracts for China.

The company reported full-year net income of 149.4 billion yuan ($21.6Bln), an increase of 62 percent from 2021 when the profits were 92.16 Bln yuan ($13.9Bln).

PetroChina's LNG terminal investments includes in Fujian

"We achieved multiple breakthroughs and important discoveries in Tarim, Junggar, Sichuan, Bohai Bay and other key basins, developing into various large-scale oil and gas reserve areas," said the company.

"We vigorously enhanced the stable output in the existing oil and gas fields and optimized the layout of production capacity in new fields, and the output of oil and gas continued to increase," stated PetroChina.

In 2023, the company said it was further increasing oil and gas exploration and production while planning some geothermal, wind and solar projects going forward.

PetroChina noted in capital expenditures that it spent 6Bln yuan ($870M) on developing the Fujian LNG receiving terminal in southeast China.

"The group will promote the construction of natural gas branch pipelines and LNG terminals in an orderly manner and constantly enhance the market supply and service capacity," PetroChina said.

In its earnings overview, PetroChina explained the challenges in international markets in 2022 and from China's domestic economic difficulties.

"The macro-economy of China overcame the effects of unexpected factors and improved and developed on a continuous basis. The gross domestic product of the year in China increased by 3.0 percent year-on-year," PetroChina said.

"However, demand in the refined oil market was weary and the consumption in the natural gas market declined slightly," PetroChina stated.

PetroChina explained that there had been "drastic changes in the global natural gas market pattern" caused by a geopolitical crisis as well as factors such as economic weakness and a decline in gas consumption.

"Supply and demand in the natural gas market showed regional structural strain and the price of natural gas remained at the high level," said PetroChina. ■

Sinopec posts fall in profits on weak domestic natural gas and petrochemicals markets

China Petroleum and Chemical Corp. (Sinopec), one of the world's top 10 oil and gas companies and a significant liquefied natural gas importer to back up its refining and petrochemical activities, reported a 21 percent increase in annual revenues but net profits dropped by almost the same amount on weak domestic demand.

Sinopec, an importer of LNG cargoes from Queensland in Australia and from nations such as the US and Qatar, said annual revenues soared to 3.31 trillion Chinese yuan ($483 billion) an increase of 21 percent from the 2.74 trillion yuan ($399Bln) logged in 2021.

Domestic sales

However, net profits excluding extraordinary items fell by 20.8 percent to 57.18 Bln yuan ($8.32Bln) from 72.22 Bln yuan ($11.24Bln) in the previous year as China's energy sector was affected by a fall in domestic sales and higher import prices.

Net cash flow from operating activities tumbled by 48.3 percent to 116.2 Bln yuan ($16.9Bln) from 225.1Bln yuan ($32.7Bln) in 2021.

Sinopec explained that while Chinese gross domestic product grew by 3 percent year-on-year international oil prices retreated from a major rally and saw wide fluctuations, though ended the year with big increases.

But the Chinese major described demand for petrochemical products and natural gas as "weak" in the domestic market.

Sinopec said that the jump in revenues was mainly attributed to the increase of both realised prices and the sales volume of crude oil and natural gas.

"In 2022, the segment sold 34.28 million tonnes of crude oil, representing an increase of 0.6 percent over 2021. Natural gas sales volume came to 31.9 billion cubic metres (Bcm), representing an increase of 3.3 percent over 2021," explained Sinopec.

"Regasified LNG sales volumes were 21.5 Bcm, representing an increase of 12.5 percent over 2021," added the company.

"LNG sales volumes came to 1.42 million tonnes, representing a decrease of 77.0 percent over 2021, as a result of flexible adjustment of sales strategy based on purchase prices and market conditions," Sinopec said.

Average realised prices of crude oil were 4,312 yuan ($627M) per tonne, up 47.1 percent.

Sinopec's average price for natural gas was 1,816 yuan ($264) per thousand cubic metres, up 13.1 percent.

Regasified LNG prices were up 66.8 percent to 3,535 yuan ($514) per thousand cubic metres.

The average price of LNG was 5,710 yuan ($831) per tonne, up 46.1 percent versus 2021.

Sinopec added that the procurement cost of LNG had increased by 12.3 billion yuan ($1.8Bln) year-on-year. ■

Gazprom shuts gas to China for a week

Russian natural gas company Gazprom said it had halted supplies to China through the "Power of Siberia" pipeline running from Russia's Far East into China's northeast Heilongjiang province.

"Gazprom has halted gas supplies to China over the 'Power of Siberia' gas pipeline until April 4 because of annual scheduled activities," said the St Petersburg-based company.

"Scheduled preventive maintenance is now taking place and gas transportation is halted temporarily," added Gazprom.

"In line with the gas sale and purchase agreement between Gazprom and China National Petroleum Corp. for the Eastern Route, preventive maintenance of equipment and systems of the 'Power of Siberia' takes place twice per year, in spring and in fall," Gazprom explained.

With the halting of the Nord Stream pipelines for Gazprom gas supplies to the European Union following the Ukraine invasion, Russia has been seeking new exit routes for its vast gas resources and China is seen as a key future partner along with Turkey.

The "Power of Siberia" pipeline runs for 3,000km (1,865 miles) through Siberia and into northeast China and a "Power of Siberia II" pipeline is being planned to deliver gas to China via Mongolia.

Additional pipelines inside China carry the gas for a further 2,110km through eight Chinese provinces in the north to Shanghai in eastern China.

CNPC's contract with Gazprom on the "Power of Siberia" pipeline is for 38 billion cubic metres capacity per annum under a 30-year contract.

Fluxys Belgium reports jump in earnings and supplies neighbours

LNG News Editor

Zeebrugge LNG has contracts for Russian trans-shipments

Fluxys Belgium, the national gas grid company and operator of the Zeebrugge LNG import terminal, increased revenues and profits and said its infrastructure was used particularly intensively by customers to support security of supply in Germany and the Netherlands.

Flows to Germany soared to 256 terawatt hours, up from 20 TWh in 2021, and those to the Netherlands increased to 145 TWh from 68 TWh in 2021.

Storage

"At the same time, the Loenhout storage facility was filled to record levels before the winter period started," said Fluxys.

"The Belgian network has thus once again confirmed its role as an energy hub for Europe, with the Zeebrugge area as an important gateway for both natural gas via pipelines and LNG via ships," the company added.

Fluxys Belgium reported a jump in annual revenues to €912.55 million ($988M) compared with €573.19M in 2021 in the regulated business.

Annual net profits grew to €83.72M from €75.52M in the previous year.

"The rise in net profit is in line with the tariff proposal, in accordance with the tariff methodology for 2020-2023, and is therefore not due to the increase in sold capacity or in energy prices," Fluxys explained.

In line with the tariff methodology, Fluxys added that in consultation with the market and the federal energy regulator, the company reduced tariffs for transmission services by 10 percent from July 2022 onwards but the tariff reduction had no impact on Fluxys Belgium's results.

Fluxys operates the high-pressure natural gas transmission network in Belgium as well as natural gas storage infrastructure.

The Belgian company's infrastructure is linked to the Dunkirk LNG terminal in France in which Fluxys has a key stake.

Additionally the Fluxys parent company is a shareholder in the Trans-Adriatic Pipeline bringing Caspian Sea natural gas from the Turkish border through Greece, Albania and on to Italy.

Elixir Energy gives update on Mongolia commercial gas plan

Elixir Energy Ltd, the Australian-listed exploration and production company, has provide an update on the extended pilot production project underway in its 100-percent owned Nomgon coalbed methane (CBM) production sharing contract in the South Gobi Basin of south Mongolia near the Chinese border.

Elixir explained the latest developments in a progress report issued to the Australian Securities Exchange and presented at a mining conference in the Queensland state capital Brisbane.

LNG aims

The company also owns gas assets in Queensland which pioneered LNG production from CBM, known in Australia as coal-seam gas (CSG).

Elixir has contingent resources booked in the Grandis Gas Project in Queensland which "can access domestic of international markets", a reference to LNG exports.

In its Mongolian CBM update, Elixir said that since pilot production from the Nomgon-8 and 9 wells passed the 200,000 standard cubic feet (scf) per day of gas for the first time earlier in March Elixir has again shut-in the two wells to record downhole pressure build-ups.

"The pressure plot from Nomgon-9 during the early stages shows a strong build-up indicating good reservoir pressure support," said the Adelaide, South Australia-based company.

"After the shut-in period, Elixir has elected to workover both wells with a view to improving production efficiency," it added.

Specifically, the workover will remove and replace all gauges in the two wells, clean and wash all cuttings and material from the wellbore, change and lower downhole pumps and recalibrate all surface equipment.

Elixir explained that given the harsh Gobi winter that the equipment has been operating under, this is considered a routine activity which would be completed within 10 days for both wells.

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NEWS BRIEFS

Nord Stream mission

The Danish Energy Agency said that the suspicious object found on the Baltic Seabed beside the Nord Stream II pipeline had been assessed on a salvage mission just carried out and was found not to pose a danger. With a view to further clarifying the nature of the object, Denmark decided to salvage the object with assistance from the Norwegian Armed Forces. "The defence forces have stated that the salvage was carried out at a depth of 73 metres. The salvage took place with the participation of a representative from the owner company Nord Stream II AG," the Agency stated.

Colombia gas profit

Canacol, the natural gas exploration and production company with a small-scale LNG production operation in the South American nation of Colombia, reported a rise in annual revenues to US$307 million, up from US$284M in 2021. Net income came to US$147.3M as the Toronto-listed company's structure was also re-organized. Canacol is a gas supplier as well as operating its small liquefaction plant which can convert 2.4 million standard cubic feet per day of gas into 29,000 gallons of LNG sold into the fuel market.

India gas tariff

India's Petroleum and Natural Gas Regulatory Board has set the tariff for pipelines operated by Gas Authority of India (GAIL), which is also an LNG importer. The pipeline tariff has been set at 58.61 Indian rupees (US$0.71) effective from April. GAIL (India) said the tariff applies to nine physically inter-connected natural gas pipelines, including several near LNG import terminals such as the Dahej Uran-Dabhol-Panvel Pipeline (DUPL-DPPL) and the Dabhol-Bangalore Pipeline (DBPL). ■

Excelerate reports soaring revenues from natural gas sales and LNG FSRUs in European and South America projects

LNG News Editor

The FSRU 'Exemplar' was deployed in Finland in December

Excelerate Energy, the leading US provider of floating LNG import terminals with increased demand from Europe, reported soaring revenues linked to operations in Finland and South America and with an imminent project start in Germany.

Excelerate reported total revenues for 2022 of $2.47 billion from floating storage and regasification unit (FSRU) and import terminal services as well as natural gas sales versus $888.55M of revenues posted in 2021.

High gas sales

Natural gas sales in the year to December 2022 amounted to $2.02Bln while FSRU and terminals services brought in $445.15M.

For the fourth quarter to the end of December 2022, Excelerate reported revenues the were down to $455.1M from $803.3M logged in the third quarter because of higher cash flows in the prior three months.

Excelerate's net income for the year almost doubled to $80M compared with $41.2M in the previous year.

Quarterly net income to December declined slightly to $33.9M from the $37.3M posted in the previous quarter to September 2022.

Net income attributable to shareholders for 2022 came to $13.32M in the first full year since the initial public offering of shares in the company, which is based in The Woodlands near Houston in Texas.

Excelerate said that gross earnings increased for the fourth quarter due to the commencement of an FSRU charter to the Finland and margins related to gas sales in Finland.

Excelerate had deployed the FSRU "Exemplar" to Finland in December to the port of Inkoo with a partial cargo of LNG which served as the commissioning cargo for the terminal.

"Excelerate, through its Finnish gas marketing subsidiary, Excelerate Finland Gas Marketing Oy, executed an agreement for the sale of commissioning volumes and regasification capacity rights during the commissioning phase," it added.

Excelerate and the local state utility, Gasgrid Finland Oy, previously announced a 10-year charter agreement for the US company to provide an FSRU.

In its German operations, Excelerate had signed a five-year charter agreement in October 2022 with the Federal Government in Germany for the FSRU "Excelsior".

The "Excelsior" will provide regasification services at Germany's planned LNG import terminal being developed at the North Sea port of Wilhelmshaven by Tree Energy Solutions, German utility E.ON and French energy company and utility Engie.

The charter hire for the "Excelsior" commenced in February 2023.

Brazil gas sales

However, Excelerate said that the "Excelsior" was temporarily deployed to provide seasonal regasification service at the Bahia Blanca GasPort terminal in Argentina before returning to the German charter in the third quarter of 2023.

For all of 2022, adjusted gross earnings increased primarily due to the contribution from a full year of gas sales at the Salvador import terminal in northeast Brazil, which was partially offset by a decrease in LNG cargo sales and sub-charters, as well as an increase in selling, general, and administrative expenses to support the post-IPO corporate changes.

Excelerate also noted that in February 2023 it signed a 20-year sales and purchase agreement (SPA) with the US LNG plant developer in Louisiana, Venture Global.

Under the SPA, Excelerate will purchase 700,000 tonnes per annum of LNG on a free-on-board basis from Venture Global's Plaquemines LNG Phase II project being built on the banks of the Mississippi River south of New Orleans.

"Building a diversified LNG supply portfolio will allow Excelerate to offer more flexible and cost-effective products to both existing and new customers in its downstream markets," Excelerate explained.

Dubai charter

In its Middle East operations and post-earnings, Excelerate reached an agreement in February 2023 with Dubai Supply Authority to extend its charter for the FSRU "Explorer".

Prior to this agreement, the FSRU contract was due to end in the fourth quarter of 2025. ■

World Bank report praises US, Angola and Egypt for reducing gas flaring with LNG from

LNG News Editor

The World Bank said progress has been made in the past year in reducing gas flaring in the oil and gas business and points to benefits from associated gas being used for LNG production with a worldwide reduction in flaring of 5 billion cubic metres to 139 Bcm, the lowest level since 2010.

The World Bank's Global Gas Flaring Reduction Partnership (GGFR) gained the new data in 2022 from satellite sources.

"After a decade of stalled progress, global gas-flaring volumes fell in 2022 by around 3 percent, which is a welcome drop, especially during a time of concern about energy security for many countries," said the report.

"We continue to encourage all oil producers to seize opportunities to end this polluting and wasteful practice," the report stated.

Progress

The data showed that three countries, Nigeria, Mexico and the United States accounted for most of the decline in global gas-flaring in 2022.

Angola LNG near Congo River delta uses associated gas

In addition to the overall reduction in flare volumes the amount of flaring per barrel of oil produced also fell to its lowest level since satellite data reports began.

"This indicates a gradual and sustained decoupling of oil production from flaring," stated the Bank's report.

Despite this progress, the top nine flaring countries continue to be responsible for the vast majority of flaring, with Russia, Iraq, Iran, Algeria, Venezuela, the US, Mexico, Libya and Nigeria accounting for nearly three-quarters of flare volumes from under half of global oil production.

The satellite data shows that decreased Russian gas exports to the European Union did not increase gas flaring in Russia.

"Throughout 2022, the European Union significantly increased its liquefied natural gas imports from the US, Angola, Norway, Qatar, and Egypt, and via pipeline from Azerbaijan and Norway," the Bank noted.

"Of these countries, only the United States, Angola, and Egypt have made substantial progress in converting associated gas that would otherwise be flared into LNG exports," the report explained.

The GGFR estimates that in 2022 gas flaring released 357 million tonnes of carbon-dioxide equivalents, 315 million tonnes in the form of carbon dioxide and 42 million tonnes in the form of methane.

The report also considered the uncertainty surrounding how much methane is released from flaring.

It finds that methane emissions due to flaring could be significantly higher than previously estimated.

"We're concerned by the amount of methane emitted through flaring, particularly from flares that are not working properly," added the report.

Satellite evidence

"Methane is a far more potent greenhouse-gas than carbon dioxide in the short term. So we need to understand this more and are ramping up our efforts to help developing countries tackle methane emissions," stated the Bank.

Gas flaring is the burning of natural gas associated with oil extraction and if it could be saved it could provide many countries worldwide with much-needed energy security.

The World Bank's GGFR is a trust fund and partnership of governments, oil companies and multilateral organizations working to end routine gas flaring at oil and gas production sites around the world.

GGFR helps identify solutions to the array of technical, economic and regulatory barriers to flaring reduction.

The Bank and the GGFR works in partnership with bodies such as the US National Oceanic and Atmospheric Administration (NOAA) and the Payne Institute at the Colorado School of Mines.

The Bank's global gas-flaring estimates are based upon observations from two satellites launched in 2012 and 2017.

"The advanced sensors of these satellites detect the heat emitted by gas flares as infrared emissions at global upstream oil and gas facilities," it added.

GTT signs two LNG shipping slosh deals

Gaztransport and Technigaz (GTT), the French LNG storage technology company for shipping and onshore, said it was chosen by two major European LNG ship-owners to equip a total of three vessels with its predictive maintenance solution, the Sloshing Virtual Sensor.

This unique digital technology is dedicated to the assessment of sloshing activity to extend the cargo tank entry period.

GTT explained that the system uses the tank digital twin, designed by GTT, and the vessel's real-time operational data to monitor the evolution of critical tank integrity parameters.

"Combined with an appropriate risk analysis, ship-owners and charterers are able to optimise the tank maintenance while complying with strict safety standards, improving operational flexibility and making significant cost savings," said the Paris-based company.

Earlier this year, GTT received an Approval in Principle (AiP) for this technology from UK classification society Lloyd's Register following the extensive validation work carried out in close collaboration with Shell International Trading and Shipping Company (STASCO).

"Following the technical approval by the AiP, these contracts represent the commercial validation of the value that our customers see in the Sloshing Virtual Sensor," said Philippe Berterottière, Chairman and Chief Executive of GTT.

"We are convinced that this technology will become an industry standard," stated the CEO.

GTT also recently announced the creation a new brand from smart-shipping subsidiaries based in Singapore and Iceland. ■

Exmar boosted by FLNG deals and profits from buoyant market

LNG News Editor

Belgian shipping company Exmar reported improved annual results amid key floating liquefied natural gas charter and sales deals for its LNG barges that left the Antwerp-based operator free of net debts.

Exmar posted 2022 revenues of $155.6 million compared with $148.2M in 2021.

The company's operating result saw profits of $321.4M versus $13.6M in the previous year.

Exmar stated that new contracts and deals with Dutch utility Gasunie and Italian energy company Eni started to deliver revenue in the second half and fourth quarter of 2022.

The company reached an agreement last March for a five-year charter for the employment of its floating storage and regasification unit barge, the 'FSRU S188', with Gasunie LNG Holdings.

'Tango FLNG" hull destined for Republic of Congo

Eemshaven project

"As per the contractual stipulations, hire income started from mid-August 2022. The 'FSRU S188', which was renamed 'Eemshaven LNG', arrived at its employment location in October 2022 and has in the meantime started commercial operations," Exmar explained.

Exmar noted that the gross earnings included a $19.0M impairment charge on the "Eemshaven LNG" as a result of its previous unemployment before the market significantly improved in 2022.

A transaction was then finalised in 2022 when Exmar entered into a share purchase agreement to sell the shares of Export LNG Ltd, the owner of the "Tango FLNG" production barge, to Italy's Eni.

Exmar stated that it received $646.7M upon closing of the Eni transaction.

Overall earnings "were positively impacted" by a $315.7M gain on the sale of "Tango FLNG".

"Eni intends to use the 'Tango FLNG in the Republic of Congo," Exmar noted. ■

Stolt-Nielsen posts profits rise and with CoolCo LNG sale

Stolt-Nielsen Limited, the Oslo-listed and London-based owner of a small tanker fleet including for LNG through its stake in Avenir LNG, reported fiscal first quarter net profits of $99.8 million as it also sold a stake in LNG shipping firm CoolCo.

Stolt-Nielsen's profits were well up on the $52.3M posted in the same three months last year.

Revenue surge

Quarterly revenues were $708.7M compared with $606.2M in the prior-year quarter for a business that also spans energy storage, terminals, tank containers and fish farms as well as natural gas.

The Stolt-Nielsen Gas unit reported a wider operating loss of $3.4M compared with a loss of $2.9M.

During the quarter ending on February 28, 2023, the group said it disposed of 923,565 shares in shipping company CoolCo for $11.7M, resulting in a gain on the sale of $2.5M which has been transferred from the fair value reserve to retained earnings.

CoolCo is listed on the Euronext Growth Oslo exchange. Stolt-Nielsen also owns a stake in Golar LNG Limited.

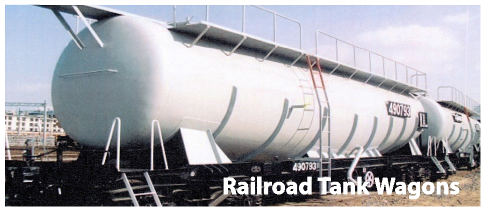
Stolt-Nielsen is additionally a founder of Avenir LNG in 2018 and still holds its stake in Avenir, the owner of a small-scale import terminal on the Italian island of Sardinia and in a small-scale LNG carrier fleet.

The two other shareholders in Avenir are Norwegian shipping companies Golar and Höegh LNG.

In its earnings statement, Stolt-Nielsen said that the Stolt Tankers unit reported operating profit of $87.1M, up from $78.2M.

The Stolthaven Terminals business reported operating profit of $25.1M to the end of February 2023 versus the previous quarter's $20.8M as operating revenue at the terminals in the US and Brazil improved.

Niels G. Stolt-Nielsen, Chief Executive of Stolt-Nielsen, said the quarter continued where 2022 ended with a solid performance from all businesses during what was typically the seasonally weakest quarter of the year. ■



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French bank Société Générale's hardline strategy has led to advisory exit from Texas LNG project

LNG News Editor

French bank Société Générale has confirmed it was no longer an advisor to US energy company NextDecade Corp's Rio Grande liquefied natural gas export project in Texas, which is nearing a final investment decision and has signed up a top list of global buyers from the US to China.

As the project's mandated financial advisor, Société Générale had been the lead bank in preparing financing for the LNG plant before exiting the role.

Graphic of how the Rio Grande LNG export plant will look

Background

NextDecade had appointed Société Générale in May 2017 along with Australia's Macquarie Capital to act as joint financial advisors for the debt and equity financing of the Rio Grande project at the port of Brownsville.

Société Générale and Macquarie have each played extensive roles in advising and participating in debt and equity financing for large-scale infrastructure and LNG projects in the US and elsewhere.

France's SocGen had been an advisor since just before the US Rio Grande LNG project listed on the US-based Nasdaq global stock exchange in July 2017 as NextDecade.

NextDecade was then run by former Shell senior executive, the late Kathleen Eisbrenner, who had organised the listing and taken the company forward.

Without commenting on the reason for this specific exit, SocGen said that energy sector commitments were set to end all reserve-based lending to US onshore projects by the end of 2023 and to only participate in financing LNG projects aligned with the bank's engagement in policies promoting a strict Net Zero doctrine.

"At Société Générale, we believe that banks have a key role to play in the positive transformations of the world and the sustainable development of economies. In line with our corporate purpose, we have placed sustainable development - and the energy transition in particular - at the heart of our strategy," the bank states grandly, while noting it was a founder member in 2021 of the "Net-Zero Banking Alliance".

The Paris-based bank has pledged to commit itself to aligning its portfolios to trajectories aimed at global carbon neutrality.

The bank has said recently it was reinforcing its objective to radically reduce exposure to the oil and gas production sector by 2025.

Confirmation

NextDecade said on March 28 that Australia's Macquarie is still a financial advisor of the company along with Japan's largest bank, Mitsubishi UFJ Financial Group, and confirmed that Société Générale ended a five-year relationship with the Houston-based company in 2022.

NextDecade earlier in March 2023 amended its engineering contract agreement with US company Bechtel Energy to extend the price validity of the engineering, procurement and construction contract for the building of the first three liquefaction Trains to June 15, 2023.

NextDecade currently estimates the aggregate lump-sum EPC cost to construct Trains 1-3 of the Rio Grande Facility at approximately $11.5 billion.

The final EPC lump-sum contract pricing for Trains 1-3 of the Rio Grande facility will be determined prior to an FID being announced.

NextDecade said that it was currently targeting a positive FID on Trains 1-3 of the Rio Grande project before the end of the second quarter of 2023, with FIDs on the remaining Trains to follow later. ■

Switzerland-based LNG and power markets player MET signs over-subscribed syndicated loan deal

MET Group, one of the fastest growing European energy companies active in international natural gas, LNG and power markets and based in Switzerland, has signed a €1.23 billion ($1.33Bln) syndicated multicurrency secured revolving borrowing facility that was over-subscribed.

"Initially launched at €1 billion, the facility received strong support from both existing and new banking partners and closed after having achieved the oversubscription," said a MET statement.

MET Group is an integrated company with activities and assets centred on natural gas and power markets.

MET noted that it is present in 13 countries through subsidiaries and participates in 27 national gas markets and 22 international trading hubs.

Dutch led

This €1.23Bln loan was structured and led by ING Bank N.V. of the Netherlands as coordinator and facility agent.

The Dutch bank was joined by Luxembourg-based Natixis CIB and France's Société Générale as active book-running and mandated lead arrangers. "They were backed by a pool of 12 additional first-class international banks," said MET.

The facility contains a 364-day extension option and also includes an "accordion option" to increase the facility up to a maximum of €1.70Bln.

"It will be used for the refinancing of MET Group's existing syndicated €885 million multicurrency revolving credit facility, to support the growth of the company's business, especially around the importing of LNG and the storage and sale of natural gas in Europe and beyond," said MET.

Sven Kirch, MET Group's Chief Financial Officer, said that the past year had clearly demonstrated the importance of adequate, scalable and efficient funding solutions in gas and power trading.

"With its innovative features, some of which are a first in the gas and power markets, it is a great illustration of the confidence our banking partners have in our integrated sales and trading business model as well as our risk-management capability," the CFO explained. ■

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