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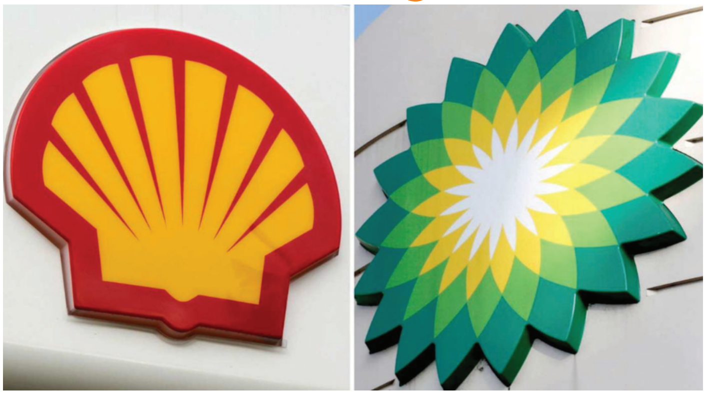
Profits fall for Shell and BP amid positive forecasts and merger talk

UK majors reports solid earnings as US M&A activity sparks renewed speculation on future plans

LNG News Editor



Consolidation talk is nothing new but circumstances are favourable with corporate structures based in London

UK majors Shell and BP reported falls in third-quarter earnings from a year ago as natural gas prices declined and analysts again raised the perennial subject of a Shell-BP merger, made easier by Shell uprooting from the Netherlands and now having its corporate base in London.

The merger talk has been encouraged by the consolidation in America with ExxonMobil and Chevron taking over smaller companies to improve their asset bases.

LNG sales

Shell has just reported much reduced third-quarter profits of $6.2 billion, lower than the $9.45Bln of profits returned in the same three months of 2022 as natural gas prices dropped, while quarterly sales of liquefied natural gas were still over 16 million tonnes.

Free cash flow from operating activities fell slightly in the quarter to $12.32Bln from $12.53Bln in the third quarter last year.

The company also announced a $3.5Bln share buyback to be carried out over the next three months.

“Shell delivered another quarter of strong operational and financial performance, capturing opportunities in volatile commodity markets,” said Wael Sawan, Shell Chief Executive in a statement.

BP for its part posted solid results in the third quarter that had seen the Chief Executive resign while in company activities a very strong oil trading result along with higher oil and natural gas production were partly offset by weaker natural gas marketing and trading results.

BP reported underlying replacement cost profit, its equivalent of net profits, of $3.29 billion in the third quarter to the end of September, a drop of 60 percent on the $8.15Bln reported in the same three months of 2022 when commodity prices were higher.

Third-quarter profits attributable to BP shareholders came to $4.85Bln compared with a loss of $2.16Bln in the prior-year quarter.

BP’s Operating cash flow in the quarter rose to $8.74Bln from $8.28Bln in the same three months of 2022.

Shell’s LNG sales volumes in the quarter rose to 16.1MT from 15.66MT in the prior-year quarter.

For the first nine months of 2023 to the end of September, LNG sales volumes came to 49.01MT versus 49.16MT in the same period of 2022.

In the Integrated Gas division, including LNG activities, earnings dropped to $2.15Bln from $5.73Bln in the prior-year period.

Adjusted earnings in the division were higher at $2.53Bln versus $2.32Bln in the same three months of 2022.

The solid performance was attributed to higher LNG trading and optimisation results and higher Upstream production.

“Third-quarter income attributable to Shell shareholders also included impairment charges, largely offset by favourable movements due to the fair value accounting of commodity derivatives,” Shell explained.

Highlights in Integrated Gas, included the post-quarter completion in October 2023 of the sale of Shell’s participating interest of 35 percent in the Masela production-sharing contract for the Abadi LNG project in Indonesia to subsidiaries of Indonesia’s state energy company Pertamina and Malaysia’s Petronas.

Shell also noted that its partners in the Oman LNG joint venture in the Arabian Peninsula signed an amended shareholder agreement for extending the business beyond 2024 and with Shell remaining the largest private shareholder with a 30 percent of Oman LNG.

Outlook

Shell said in its outlook for the fourth quarter that cash capital expenditure for the full year of 2023 was expected to be within the $23Bln-$25Bln range. ■

UNLIMITED AGENDA

Chinese major Sinopec reports jump in profits amid expansion in natural gas and LNG deals

LNG News Editor

China Petroleum and Chemical Corp. (Sinopec), whose LNG assets include a stake in the Australia-Pacific LNG plant in Queensland and an expansion venture in Qatar, said third-quarter net profits increased by 34 percent and revenues also moved higher along with demand for natural gas and refined products.

Sinopec, which owns 25 percent of the APLNG plant and is China's second-largest crude oil producer and owns widespread refining interests, said Chinese domestic natural gas demand grew steadily with consumption up by 6.4 percent year-on-year.

Gas volumes

Sinopec reported third-quarter net profits of 17.85 billion Chinese yuan ($2.44Bln) compared with 13.113Bln yuan ($1.789Bln).

Operating income in the third-quarter rose to 876.26Bln yuan ($199.77Bln) compared with 841.19Bln yuan ($114.98Bln) in the same three months of 2022.

Sinopec signed LNG deal with QatarEnergy earlier in 2023

"We strengthened integrated operation of natural gas production, supply, storage and sales and improved the profitability of the whole natural gas business chain," Sinopec explained.

"The company's production of oil and gas in the first three quarters to the end of September was 376.15 million barrels of oil equivalent, up by 3.6 percent year-on-year, among which natural gas production reached 992.98 billion cubic feet, up by 8.7 percent from the 2022 period," Sinopec added.

"Efforts were made to increase reserve and production of domestic natural gas and accelerate capacity building in the Shunbei Zone II and the West Sichuan gas fields," the company said.

Demand rises

Sinopec's realised natural gas prices for the first nine months of 2023 came to $7.10 per thousand cubic feet and were 5.8 percent lower than the $7.54 obtained in the first three quarters of 2022.

The company's realised crude oil price dropped by 19.6 percent to $75.73 a barrel from $94.24 per barrel in the first nine months last year.

It added that domestic demand for refined oil products rebounded in China with consumption up by 15.1 percent compared with the same three months of 2022.

There was thus more demand for gasoline, diesel and kerosene with consumption rising by 20.4 percent, 4.3 percent and 68.6 percent respectively.

Sinopec said that demand for chemicals picked up with ethylene equivalent consumption up by 6.0 percent year-on-year.

Sinopec has also being increasing its LNG portfolio and in the second quarter agreed to take a stake in QatarEnergy's North Field East (NFE) LNG expansion project in Qatar. It has also purchased LNG from Oman.

Sinopec had already signed a cargo supply deal with QatarEnergy at the end of 2022 to receive 4 million tonnes per annum of cargoes from Qatar's Ras Laffan plant from 2026. ■

Indian cargo importer Petronet LNG posts rise in profits while revenues plunge on low prices

Petronet LNG, the owner of the largest Indian import terminal at Dahej in the West Coast state of Gujarat and a smaller facility at Kochi terminal in the southwest state of Kerala, reported 10 percent higher fiscal second-quarter net profits, though revenues dropped by over 22 percent from the same quarter last year because of much lower prices.

The company reported consolidated net profits of 818.10 crore Indian rupees ($98.24 million) for the second quarter of the fiscal year compared with 744.25 crore rupees ($89.37M) in the second quarter of the previous fiscal year and 789.85 crore rupees ($94.85M) in the previous quarter to the end of June. The company's consolidated revenue from operations were much lower this year than last because of higher prices that prevailed in 2022.

The fiscal second-quarter revenues dropped by over 22 percent to 12,532.57 crore rupees ($1.30 billion), well down on the 16,079.97 crore rupees ($1.93Bln) reported in the same quarter of last year.

However, the income was higher than the 11,656.38 crore rupees ($1.39Bln) logged in the April-June quarter of 2023.

Dahej efficiency

"The robust financial performance of the current quarter and half year was achieved due to efficiency in operations and higher capacity utilization of the Dahej Terminal, that remained consistently above 90 percent in the current quarter and half year, taking a huge leap from the utilization level in fiscal 2022-23 that was below 80 percent," Petronet explained.

The Petronet board of directors also approved investment of around 20,685 crore rupees ($2.48Bln) for the development of a petrochemicals project including a propane and ethane handling facility near the Dahej terminal site, located north of Mumbai.

Earnings per share increased to 5.45 rupees ($0.065) versus 4.96 rupees in the prior-year quarter.

The earnings statement showed that during the quarter to the end of September 2023, the Dahej terminal processed 210 trillion British thermal units (TBTU) of LNG compared with 182 TBTU during the corresponding quarter of 2022 and 217 TBTU during the previous quarter from April-to-June 2023.

Overall LNG volumes processed by the company during the three months, including the Kochi terminal, came to 223 TBTU, as against the LNG volume processed in the corresponding and previous quarters, which stood at 192 TBTU and 230 TBTU respectively. ■

Denmark updates on Nordic energy

Danish Energy Agency has updated its winter season needs and has given an insight into the Nordic region's continued requirements and for pipeline natural gas and LNG to keep flowing to the European Union.

The Agency said that despite full natural gas storage in the country and in the EU, the Danes can prepare for volatile energy prices over the winter and energy savings would be crucial for the nation to get through the winter "with enough energy for everyone" in the heating season.

It added that the "winter supply scenario" looked more stable than last year at this time.

"The Danish and European gas storages already reached the filling target of 90 percent before November in September and are over 98 percent full," said the Agency.

"And although energy prices are higher than before the crisis, they have not hit the extremely high level we saw in late summer 2022," it added.

Even so, the Danes emphasised that the country must prepare for fluctuations in energy prices this heating season and energy savings are still necessary.

"This is especially true if the winter gets cold, the EU can no longer import Russian gas or if LNG consumption increases in Asia," the Agency explained in its report.

More frequent and larger changes in the prices of electricity, gas and oil in particular could be expected as the Nordic and EU energy remained more "structurally challenged", though was no longer in crisis as was the case in the wake of Russia's invasion of Ukraine last year.

Intercontinental Exchange hopes for December launch TTF CSOs

LNG News Editor

ICE options will help further liberalization of natural gas

Intercontinental Exchange, the leading global provider of energy trading platforms for futures and options, plans to launch a Dutch Title Transfer Facility Calendar Spread Option (CSO) contract on December 11 subject to regulatory approval.

ICE, whose headquarters are in Atlanta, Georgia, and with European offices in Amsterdam and London and elsewhere, said it was expanding its broad range of benchmark products to support the further liberalization of natural gas market.

Hedging

TTF is the global benchmark for natural gas and TTF CSOs allow market participants to take a position on the expected price differentials between TTF natural gas futures with different delivery months.

ICE expects to list TTF CSOs for a range of delivery months, including one-month to six-months and up to12-month contracts.

"By expanding our TTF offering to include CSOs we are giving our customers an additional tool to address natural gas price fluctuations as well as the opportunity to leverage physical assets effectively to manage seasonal trends and natural gas storage costs," explained Gordon Bennett, Managing Director of Utility Markets at ICE.

"ICE provides customers with the largest marketplace in the world to trade energy and environmental derivatives, providing price signals integral to managing risk," Bennett stated.

Following a record third quarter this year, open interest (OI) in TTF natural gas futures and options is up 58 percent year-over-year at 2.8 million contracts with TTF seeing record participation.

The OI on the TTF futures is now out to December 2032.

In ICE TTF options, OI is up 84 percent at 1.3 million contracts.

TTF CSOs will become part of ICE's broader global commodities portfolio once regulatory clearance is given.

Pipelines operator Williams posts rise in profits amid acquisitions

Williams Companies, a leading US natural gas pipelines operator, reported strong third-quarter results and a 10 percent increase in net profits as projects progressed including the provision of feed-gas to Gulf Coast LNG export plants.

Net income in the quarter came to $654 million compared with $599M in the third quarter of 2022, while nine-month earnings soared to $2.12Bln in 2023 versus $1.37Bln in the same period last year.

"Williams delivered another quarter of impressive accomplishments with adjusted EBITDA up 9 percent year-to-date 2023, despite dramatically lower natural gas prices," said Alan Armstrong, President and Chief Executive of Williams. "We expect the strong performance to continue, providing confidence to raise our guidance midpoint by $100 million to $6.7Bln Adjusted EBITDA for 2023," the CEO explained.

Strong performer

"Williams has proven its ability to predictably grow through a variety of commodity cycles, and our natural gas strategy is more relevant than ever as demand for natural gas continues to increase, especially to serve electric power generation and LNG exports," Armstrong stated.

The Tulsa, Oklahoma-based company has said its plans include the more than doubling of LNG export feed-gas volumes along the Transcontinental (Transco) Gas Pipe Line corridor through 2032.

The earnings report said that the Williams teams had done "an excellent job" executing large-scale expansion projects in a "complex and challenging" permitting environment.

"We placed the first phase of our latest Transco expansion project, Regional Energy Access, into service ahead of schedule, progressed on an additional 2 Bcf/d of Transco expansions for completion by year-end 2025, and executed precedent agreements on the 1.4 Bcf per day Southeast Supply Enhancement project," the company stated.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Cedar LNG progress

Pembina Pipeline Corp. of Canada, a shareholder in the Cedar liquefied natural gas production project near Kitimat in British Columbia, reported C$346 million (US$251M) of third-quarter net income versus C$1.83 billion in the same three months of 2022 because of a previous one-off gain from gas processing assets. Pembina has formed a partnership with the Haisla First Nation to develop the Cedar LNG project with 3 million tonnes per annum of capacity.

Technip posts earnings

LNG and energy engineering company Technip Energies reported nine-month net income of €207.3 million ($219M), down from €223M in the same three quarters of last year. Nine-month revenues declined slightly to €4.40 billion from €4.86Bln in the same period of 2022. The company pointed to an increased LNG and low-carbon front-end engagement and commercial pipeline. "In Technology, Products & Services (TPS), top line growth is robust with the segment consistently contributing more than 30 percent of group revenues year-to-date," said Arnaud Pieton, Chief Executive of Technip.

Air Products LNG order

Air Products has been contracted by Malaysian energy company Petronas to provide main cryogenic heat-exchanger (MCHE) technology as part of an upgrade of the Bintulu LNG liquefaction and export plant in Sarawak, the Malaysian state on the island of Borneo. The US company said replacements were part of a program being implemented to "extend the life and continue the superior performance and high reliability" of the MLNG Dua LNG facility in Bintulu.

■

LNG equipment-maker and tech firm Chart Industries again posts earnings and backlog growth

LNG News Editor

Chart has received orders for LNG and other equipment

Chart Industries Inc., the liquefied natural gas equipment-maker and industrial gas and energy technology company, posted solid third-quarter results including record operating income and backlog of orders.

The company's performance was helped by its acquisition of UK engineering group Howden for cash and shares at a purchase price of $4.4 billion almost a year ago.

Chart, based in Atlanta, Georgia, is a leading global player in the LNG and clean energy sectors and is benefiting from its takeover of Howden, a manufacturer of highly engineered fans, compressors, rotary heat exchangers, steam turbines and other air and gas-handling products.

Additionally, Chart has been receiving multiple orders for industrial-scale LNG export plants on the Gulf Coast in recent years for equipment such as air-cooled heat exchangers, brazed aluminum heat exchangers and ethylene storage tanks.

Operating income

Chart said that in the third quarter operating income was $104.4 million, an increase of 9.1 percent compared with the second quarter and was a record $161.4M when adjusted for primarily the Howden deal and integration-related costs.

The company reported gross profit of $276.2M and associated gross profit as a percent of sales came to 30.8 percent.

The latest quarterly orders did not include any "Big LNG orders" and increased 6.0 percent sequentially from the second quarter 2023 which included an approximately $200M "Big LNG" order.

Chart said it record backlog now amounted to $4.1 billion and is an increase of 4.4 percent compared with the second quarter and was driven by record backlog for the Repair, Service and Leasing (RSL) division and Specialty Products.

"Record orders of $1.13Bln grew 6.0 percent (30.6 percent excluding Big LNG orders) compared to the second quarter of 2023," said Chart.

Sales of $897.9M increased 9.8 percent when compared with the third quarter of 2022.

"Excluding 'Big LNG' orders, third quarter 2023 orders increased by 30 percent when compared to the second quarter 2023 orders and increased 1.5 percent when compared to the third quarter 2022 (pro forma)," Chart explained.

Chart said it achieved a total of $297.9M in commercial synergies related to the Howden acquisition, exceeding the year-one commercial synergy target of $150M.

The company reported gross earnings (EBITDA) of $169.3M with a record EBITDA margin of 18.9 percent.

Chart also announced that it had simultaneously signed and closed on the divestiture of its American Fan business to Fairbanks Morse Defense (FMD), a portfolio company of Arcline Investment Management, for an all-cash purchase price of $111M.

"This transaction brings our 2023 proceeds from divestitures to approximately $500M for debt reduction, as originally anticipated and within seven months following the closing of the acquisition of Howden," stated Jill Evanko, Chart Chief Executive and President.

"These actions allow us to accelerate our deleveraging plan, supporting the anticipated achievement of our target net leverage ratio range of 2.5 to 2.9 by mid-2024," Evanko added.

Chart said that when adjusted for one-time costs primarily related to the Howden deal and integration costs, adjusted EBITDA was $195.0M.

Performance

"We are extremely pleased with our third quarter and year-to-date 2023 performance and execution, including record operating income, adjusted operating income growth, record backlog, and exceeding our year-one commercial synergy target by 100 percent, all of which set us up to deliver our 2024 outlook," stated CEO Evanko.

"What may be the most important factors for our success over the next decade is our continuing growth of our orders and commercial pipeline coupled with our achievement of record operating and EBITDA margins, all of which we expect to continue, supporting our profitable growth strategy," Evanko added.

■

German utility RWE and Norwegian energy company Equinor signs new supply accord

LNG News Editor

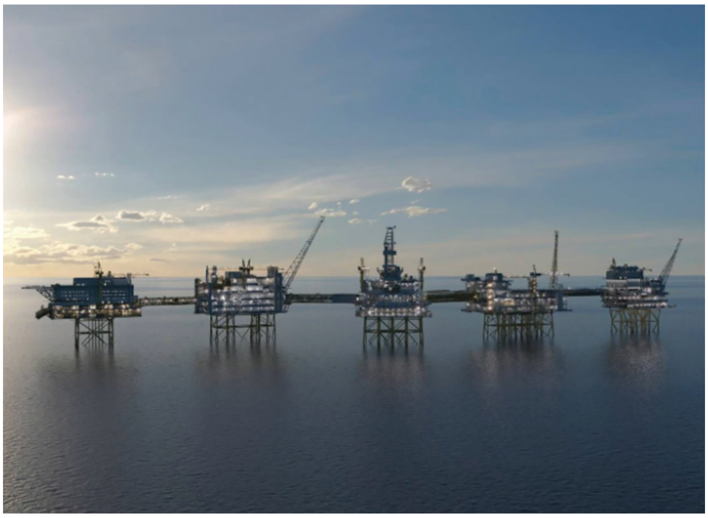
Equinor of Norway has signed an agreement starting immediately to supply German utility and LNG market participant RWE with pipeline natural gas.

The Equinor accord was signed for five years is for starting in October this year with volumes of between 10 to 15 TWh per year.

Terms

RWE and Equinor have signed a new supply contract for between1 billion cubic metres and 1.50 Bcm until 2028, which is the equivalent of up to 1.11 million tonnes per annum of LNG.

The German utility also developed the operating Brunsbüttel floating terminal on the Elbe and also has a 10 percent stake in the German LNG Terminal (GLNG) onshore terminal joint venture at Brunsbüttel. The project includes Dutch utility Gasunie and is aiming for completion in 2026.



Equinor and RWE agree five-year deal for pipeline gas

Equinor said the new bilateral pipeline gas agreement builds upon the long-standing relationship between RWE and Stavanger-based Equinor.

The contract with RWE, which is headquartered in the German city of Essen, is priced at market terms and the gas will be delivered at Germany's virtual trading hub THE (Trading Hub Europe).

The Trading Hub Europe day-ahead price was last at the equivalent of around $14.700 per million British thermal unit compared with the US Henry Hub spot price of about $3.230 per MMBtu.

"Germany and Norway have been energy partners ever since Norwegian gas exports first started more than 45 years ago," explained Helge Haugane, Equinor's Senior Vice President Gas & Power.

"I am very pleased that we continue to develop this partnership and that we can announce another bilateral agreement between Equinor and RWE, which is one of many companies that see Norwegian gas as an enabler for energy security as well as of the energy transition," he added.

The Chief Executive of RWE Supply & Trading, Andree Stracke, said that the company was delighted with the Norwegian deal.

"For us as a global energy trader gas plays an important role in the energy transition," added Stracke.

"The newly concluded gas supply agreement adds a further important building block to our Pan-European natural gas portfolio contributing to security of supply," he stated.

Korea in LNG fuel boost at Gwanyang

The Korean Register (KR), the maritime classification society of South Korea, said simultaneous operations of ship-to-ship bunkering of liquefied natural gas were successfully conducted at the Port of Gwanyang, where there is also an LNG import terminal.

The recipient vessel involved was a coal-carrying bulk carrier, the H-LINE Shipping-owned "HL-ECO" of 179,0000 deadweight tons and duel-fuelled for LNG propulsion.

The bunkering ship used was the "Blue Whale" with 7.500 cubic metres capacity and owned by Korea LNG Bunkering Inc.

The operations took place at the raw materials dock of Korean steel-maker POSCO at Gwanyang.

While South Korea has world-class shipbuilding capabilities for LNG carriers and bunkering vessels, ship-to-ship LNG bunkering had never been carried out at the loading docks of trading ports because of safety concerns.

"To address these concerns, the Ministry of Oceans and Fisheries of Korea (MOF) initiated a plan this year to promote LNG bunkering operations," KR explained.

"They are supporting research and development (R&D) projects and LNG bunkering operators by providing port facility fee discounts, with the aim of ensuring the successful implementation of simultaneous LNG bunkering operations," KR added.

KR, together with the Korea Research Institute of Ships & Ocean Engineering (KRISO), said it was been actively conducting R&D aimed at improving LNG bunkering safety technology, including the development of standard LNG bunkering operating procedures.

■

Japanese engineers Chiyoda to use LNG expertise in contract for CCS

LNG News Editor

Chiyoda Corp., the leading Japanese liquefied natural gas and energy engineering company, has been awarded a contract by Japan's Mitsubishi Corp. to study the establishment of carbon-capture and storage (CCS) value chains in Japan and elsewhere using its expertise in LNG liquefaction.

Chiyoda said the work would involve conducting a study on CO2 liquefaction, storage and shipping facilities, as part of a study for potential CCS project.

Chiyoda will use LNG knowledge for carbon-capture project

Technical scope

In Japan, the scope of the study would be the accumulation, liquefaction, storage and shipping facilities for CO2 emitted, separated and recovered from multiple industries in the Ise Bay-Chubu region of the country.

Overseas, the scope would cover the unloading, liquefaction, storage and land transportation of liquefied CO2 transported from Japan to the injection point.

"Chiyoda will conduct technical studies on each component of the value chain from Japan to overseas," said a statement.

"Chiyoda has been actively working to accrue valuable CCS expertise and was already developing a CO2 liquefaction plant based on its strength in low-temperature gas liquefaction technology, cultivated through the construction of liquefied natural gas liquefaction plants," the company added.

Yokohama-based Chiyoda has helped develop LNG liquefaction and export facilities at Cameron and Freeport LNG on the US Gulf Coast, Qatar, the Yamal Peninsula in Arctic Russia and LNG plants in Australia, Indonesia and Papua New Guinea.

"As an integrated engineering company, Chiyoda are engaged in CCS projects, and the development of technologies to realize a carbon-neutral society around the world and will continue contributing to the development of a sustainable society," Chiyoda stated.

■

Japanese LNG importer and utility JERA swings to quarterly profits

JERA Co. Inc., Japan's biggest liquefied natural gas importer and utility company, reported an almost 8 percent increase in quarterly revenues and a swing to profit compared with a loss in the same three months of last year.

JERA said revenues amounted to 2.09 trillion yen ($14 billion) compared with 1.94 trillion yen ($13Bln) in the second quarter of the fiscal year from July to September.

JERA swung to a quarterly profit of 291.2 billion yen ($1.94Bln) versus a reported loss of 214.1Bln yen ($1.43Bln) due to the fuel price adjustment system time lag and some profit from overseas power generation.

This was despite the "negative impact" from the fuel procurement price and fuel inventory unit prices.

Power generator

JERA, which buys around 35 million tonnes per annum of LNG, is Japan's biggest fossil-fuel electricity generator being owned jointly by Tokyo Electric Power Co. and Chubu Electric, the two largest power companies.

JERA currently oversees the operations and provides fuel for a total of 26 power plants in Japan and imports LNG into 11 of Japan's network of 37 terminals.

The company has three divisions. Firstly there is the Fuel Business including Transportation and Trading and secondly there is the Overseas Power Generation and Renewable Energy business. The third business is Domestic Thermal Power Generation and Gas for sales of electricity and gas.

For the Fuel Business, JERA said that revenues were down by 144Bln yen ($960M) because of a drop in profits at the trading unit, JERA Global Markets.

Revenues in the Fuel unit declined to 242.4Bln yen ($1.61Bln) from 386.5Bln ($2.58Bln) in the prior-year quarter.

JERA Global Markets (JERAGM) is a joint venture between majority shareholder JERA and France's EDF Trading.

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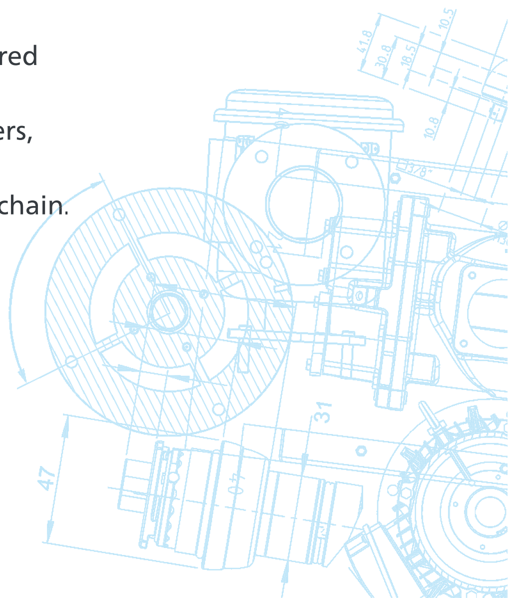

US energy and LNG engineers McDermott picked for work on natural gas field project off Vietnam

LNG News Editor

US energy and liquefied natural gas project engineering company McDermott has been awarded an initial contract as part of a venture for the development of a natural gas field offshore Vietnam, one of the newest LNG importing nations.

A statement from Houston-based McDermott said the two-company group comprises McDermott and PetroVietnam Technical Services Corp. (PTSC).

They have received a "limited letter of award" from Phu Quoc Petroleum Operating Company for engineering, procurement, construction, installation (EPCI) and hook-up and commissioning (HUC) services for the project.

Under the full project scope, McDermott is offering its expertise to provide EPCI and HUC services for a central production platform, living quarters platform, a flare tower and bridges for the Block B gas development project off the southwest coast of Vietnam.

Vietnamese are still developing oil and gas infrastructure

"This award combines our 50 years of experience executing complex EPCI projects in the region with PTSC's technical strengths," said Mahesh Swaminathan, McDermott's Senior Vice President for Subsea and Floating Facilities.

"Together, we will initiate this important groundwork as we finalize the full project scope and ultimately deliver another world-class project for Vietnam," Swaminathan explained.

McDermott added that the full project contract is expected to be executed between the parties in early 2024 with an award value of more than $1 billion.

The Vietnam initial award is the latest for McDermott in the region. It was previously awarded an offshore pipeline and installation contract in July 2023 in Southeast Asia.

Malaysia award

McDermott's award was from Shell subsidiary Sarawak Shell for the Selasih natural gas fields pipelay and heavy-lift project off the coast of Sarawak in East Malaysia to help underpin LNG production.

Under the scope of that latest contract with Shell, McDermott said it would perform transportation and installation services for two pipeline segments and one section of flexible pipelay.

McDermott will also provide pre-commissioning works on all infield pipelines and perform the structural installation of three jackets and topsides.

Shell is the operator for the exploration acreage and new fields in the F22 and F27 Selasih area which are part of the Malaysia LNG extension and production sharing contract (PSC).

Nearly all the gas produced offshore Sarawak is supplied to Malaysia LNG and to the gas-to-liquids (GTL) plants in Bintulu.

Analysts note that Shell is still very active in Malaysia and is involved in oil and gas offshore Sabah and Sarawak under about 16 PSCs in which its interests range from 20 percent to 85 percent. ■

Italian energy and LNG engineering company Saipem reports soaring revenues and backlog

Saipem, the Italian energy and LNG engineering company specialising in subsea and oil and gas development projects and pipelines, posted soaring third-quarter revenues of more than €3 billion ($3.2Bln) as global demand surged.

Saipem said revenues to the end of September 2023 amounted to €3.02Bln compared with €2.85Bln in the same three months of 2022.

Quarterly gross earnings increased to €230 million versus €168M in the prior-year quarter. Net profits in the quarter came in at €39M versus a loss of €8M in the same quarter last year.

The Milan-based company said new contracts added to the backlog in the first nine months of 2023 amounted to €11.92Bln, an increase from the €6.92Bln in the corresponding period of 2022.

The backlog as of September 30, 2023 amounted to a total of €27.57Bln. These contracts comprised €15.08Bln in asset-based services, €10.33Bln in Energy Carriers and €2.15Bln in Offshore Drilling of which €2.69Bln was being completed in 2023.

LNG awards

Saipem won contracts earlier in 2023 with three linked to increased LNG production in Angola, Trinidad and Papua New Guinea.

"Group performance further improved with another quarter of growth in terms of revenues, margins, net result and cash generation, confirming the trend already recorded in the first six months of the year," said Saipem.

"The improvement is recorded in the Offshore, Engineering and Construction and Drilling divisions," Saipem added.

Saipem is also showing continued traction in the Middle East. After the close of the quarter, on October 5, Saipem, in consortium with National Petroleum Construction Company (NPCC), signed on behalf of Abu Dhabi National Oil Company a contract related to the Hail and Ghasha development project-package one in the United Arab Emirates.

Saipem said its share of the contract amounted to around $4.1Bln. The project is aimed at developing the resources of the Hail and Ghasha natural gas fields located offshore Abu Dhabi.

The project scope of work encompasses the engineering, procurement and construction (EPC) of four drilling centres and one processing plant to be built on artificial islands, as well as various offshore structures and more than 300 kilometres of subsea pipelines.

Adriatic FSRU

As part of the domestic Italian LNG build-out Saipem was awarded a contract by Italian gas system operator SNAM for the construction of the associated facilities for the new Floating Storage and Regasification Unit (FSRU) to be located in the Adriatic Sea offshore Ravenna as Italy's fifth import terminal. ■