LNG Unlimited

LNG JOURNAL PUBLICATION 12 December 2023

Japan's Inpex to proceed with FEED phase for Abadi LNG plant

The project is the first in which CCS-related costs are eligible for recovery based on PSC

LNG News Editor

Yamdena Island is the largest of the Tanimbar chain in the Maluku Province of Indonesia and local authorities are welcoming project and expected economic benefits

Inpex Corp., the operator of the Ichthys LNG plant in Australia and developer of the Abadi LNG project in Indonesia, said it received written approval on December 6 for the revised Plan of Development (POD) for the Indonesian Abadi joint venture and would be moving on to the front-end engineering and design phase.

The joint venture for Abadi LNG is composed of Inpex and the subsidiaries of the Indonesian and Malaysian state energy companies, Pertamina and Petronas.

The POD now includes a carbon-capture and storage (CCS) component for the Abadi project.

Cost recovery

"The project is the first in which CCS-related costs are eligible for recovery based on the production sharing contract (PSC) scheme that governs crude oil and natural gas upstream operations in Indonesia," Inpex explained.

"The approval of the revised POD paves the way for Inpex and its partners to fully mobilize the venture as a clean energy project," stated the Tokyo-based company.

"Going forward, Inpex and its partners will include CCS in the contractual scope of work and resume project operations including on-site activities and preparation of front-end engineering and design," added Inpex.

The Indonesian and Malaysian subsidiaries, Pertamina Hulu Energi Masela (PHE Masela) and Petronas Masela, jointly purchased the stake sold by Shell which decided to pull-out of the venture.

That transaction was confirmed by Shell in July 2023 after months of speculation about a deal for the Masela block natural gas resources in Indonesia's Arafura Sea where the majority shareholder remains Inpex with 65 percent.

The 35 percent participating interest in the Masela block held by the Shell unit, Shell Upstream Overseas, has been transferred to the separate Indonesian and Malaysian energy subsidiaries for an eventual total of $650 million.

Tanimbar location

Inpex has finalised the development plan for the onshore liquefaction plant to be constructed on one of the Tanimbar Islands of Indonesia to further boost Asian LNG availability as inter-basin competition grows in the years ahead.

The Indonesian Abadi joint venture is one of the few LNG production projects moving forward in the region outside of the Papua New Guinea expansion and the Pluto Train 2 in Australia.

Inpex submitted a revised POD in April 2023 for the Abadi project incorporating the CCS component attached to the liquefaction facility to be constructed on Yamdena Island in the Tanimbar chain.

The project is Inpex's second self-operated, large-scale natural gas development project following the Ichthys joint venture in Australia's Northern Territory.

The future Abadi LNG project's annual production volume is expected to be around 9.5 million tonnes per annum and an expansion could be possible.

The Masela block covers an area of 2,503 square kilometres and the resources are also subject to a revised PSC that now runs to 2055.

The original plan for the Abadi project was to produce LNG from a floating production hull, similar to the Shell's Prelude FLNG project offshore northwest Australia in which Inpex is also a shareholder.

The Inpex oil and gas assets in Japan comprise the domestic Japanese Minami-Nagaoka Gas Field in Niigata Prefecture and the Naoetsu LNG import terminal.

Inpex also focuses on re-assuring shareholders and the public in Japan on the company's safety and security by organising facility tours. ■

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US pipeline feed-gas company KMI raises earnings forecasts underpinned by Gulf assets

LNG News Editor

Kinder Morgan Inc. (KMI), the leading US pipeline feed-gas company for liquefied natural gas plants and a key energy infrastructure operator and developer, has issued increased financial forecasts for 2024.

The Houston, Texas-based company has forecast an increase in gross earnings, particularly from its natural gas pipelines division.

Houston company sees strong natural gas fundamentals

Positions

"We anticipate generating net income attributable to KMI per share of $1.21, up 11 percent compared to our year-end 2023 forecast of $1.09 per share," said KMI President Tom Martin in a statement.

He also expects gross earnings before interest, taxes, depreciation and amortization (EBITDA) to rise by 5 percent from 2023 to $8 billion compared with the previously forecast of $7.6Bln.

KMI expects discounted cash flow of $5Bln and DCF per share of $2.21, both up 5 percent from the previous forecast. "We expect to continue benefiting from strong natural gas market fundamentals driving growth on our existing natural gas transportation, storage, and gathering and processing assets as well as expansion opportunities," Martin explained.

"In addition, we anticipate benefitting from increased rates in our refined products businesses, demand for renewable diesel and renewable diesel feedstocks, and demand for renewable natural gas," he added. Chief Executive Kim Dang said she expected the busines to be boosted by the performance of KMI's Natural Gas Pipelines and Energy Transition Ventures, as well as from contract rate escalations in its Products Pipelines and Terminals business segments.

"It is important to note that the company's budget does not include the recently announced acquisition of NextEra Energy Partners' STX Midstream assets which we expect would have a positive impact on the metrics,"

Dang added. "We are projecting an annualized dividend of $1.15 in 2024, constituting the 7th year in a row in which we have increased our dividend," she stated.

Acquisition

KMI agreed in November to acquire STX Midstream, the South Texas unit of NextEra Energy Partners, for $1.81 billion.

The STX Midstream pipeline system includes a set of integrated, large diameter high-pressure natural gas pipelines that connect the Eagle Ford shale basin to growing Gulf Coast and Mexican demand markets.

The overall assets of STX Midstream comprise 462 miles of pipelines and 4.9 billion cubic feet per day of capacity.

STX Midstream owns and operates Eagle Ford Midstream, a 158-mile residue line connecting the Eagle Ford basin to the Agua Dulce Hub in Nueces County in Texas. ■

US natural gas pipelines operator Williams completes acquisitions amid project advances

Williams Companies, a leading US natural gas pipelines operator with projects aimed at boosting feed-gas supplies for Gulf Coast LNG export plants, successfully closed two strategic transactions that now position the company as the third-largest gatherer in the Denver-Julesburg Basin.

"First, there is the acquisition of Cureton Front Range LLC, whose assets include gas gathering pipelines and two processing plants serving producers across 225,500 dedicated acres," said Williams.

"And second, the purchase of the Kohlberg Kravis Roberts (KKR) 50 percent ownership interest in Rocky Mountain Midstream Holdings (RMM), resulting in 100 percent ownership of RMM for Williams," said the company.

Transco corridor

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

"We remain committed to executing on acquisitions that progress our overall strategy to maintain top positions in the basins we serve," said Alan Armstrong, President and Chief Executive of Williams.

"The combination of the Cureton and RMM assets will deliver tangible operational synergies that include increased volumes on our existing processing facilities, as well as increased revenues on our downstream NGL transportation, fractionation and storage assets," added Armstrong.

Williams first announced the Cureton and RMM transactions in its third-quarter earnings in November 2023.

The acquisitions have a combined value of $1.27 billion, representing a blended multiple of approximately 7x 2024 Adjusted EBITDA.

"Proceeds of $355 million from the company's recent sale of its Bayou Ethane Pipeline system along with $533M in net proceeds now received from the Energy Transfer legal judgment of $627M (which included legal fees owed to others) partially funded the transactions," said Williams.

Williams had reported strong third-quarter results and a10 percent increase in net profits.

Commodity cycles

Net income in the quarter came to $654M 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.

Analysts note that Williams has proven its ability to grow through a variety of commodity cycles and its natural gas strategy is benefiting from increased demand to serve electric power generation and LNG exports. ■

Chevron expects to spend up to $22Bln

Chevron Corp., the operator of liquefied natural gas projects in Western Australia and Africa, said it expected a capital expenditure range of $15.5 billion to $16.5 billion and an affiliate spending budget of around $3Bln for 2024.

Chevron added that all of its annual capex budget was thus expected to be between $19Bln and $22Bln.

Chevron said that Upstream spending in 2024 was expected to be about $14Bln and with two thirds allocated to the United States, including about $6.5Bln to develop Chevron's US shale and tight portfolio, of which around $5Bln is planned for the Permian Basin development.

The company also noted that on October 23, it announced the entry into an agreement to acquire Hess Corp., the New York-based oil and gas company.

"This acquisition is expected to close in the first half of 2024, subject to Hess shareholder approval, regulatory approvals and other customary closing conditions," the company said in its investor update.

Chevron, which operates Gorgon and Wheatstone LNG and has the biggest stake in Angola LNG in southwest Africa, had previously said after its third-quarter earnings that lower Dutch TTF prices than the company had assumed meant lower returns from European cargo sales from Angola.

Chevron Chairman and Chief Executive Mike Wirth made no reference in the capex update to current events in the Middle East nor of the business in Australian where the company had suffered industrial unrest earlier in 2023. ■

ExxonMobil expects slight delay in US Golden Pass completion amid progress on Mozambique and PNG

LNG News Editor

US regulatory process continues for $60Bln acquisition

ExxonMobil Corp. has told investors about the latest schedules for its various liquefied natural gas projects worldwide including a delay in the "mechanical completion" of the Golden Pass LNG export plant on the Gulf Coast and with progress promised in 2024 on Mozambique LNG and on the expansion joint venture in Papua New Guinea.

The statement on ExxonMobil's LNG business was given at a presentation for investor by Kathy Mikells, Senior Vice President and Chief Financial Officer.

Takeover

The event took place as the largest US oil company and leading LNG producer is also proceeding through the regulatory process for the acquisition for almost $60 billon of Texas-based Pioneer Natural Resources.

ExxonMobil indicated that the completion of the Golden Pass liquefaction facilities at the existing import terminal located on the Sabine-Neches Waterway in Texas would be slightly later than previously scheduled.

The three liquefaction Trains will have a nameplate capacity of around 16 million tonnes per annum of LNG and ExxonMobil and QatarEnergy are marketing their own volumes.

CFO Mikells said that ExxonMobil was addressing the global need for LNG and that by 2027 alone will bring onstream 27 MTPA of additional LNG supplies for its portfolio.

She said that the Golden Pass mechanical completion was now set for "the end of 2024" and under existing plans the second Train completion is expected to follow six-to-eight months later in 2025 and Train 3 six-to-eight months after that.

As regards the long-delayed Mozambique LNG export project in southeast Africa, Mikells stated that the Mozambique Rovuma joint venture would enter the front-end engineering phase in 2024.

She added that the Papua New Guinea LNG expansion project in which ExxonMobil is a shareholder and the current liquefaction plant operator would take a final investment decision in 2024.

"We have a globally diverse and growing portfolio of low-cost, capital-efficient developments to provide needed supply," said Mikells.

Golden Pass peak

"In the US, construction of the Gulf Coast Golden Pass facility is progressing. This project is a capital-efficient conversion of an import terminal. This conversion offers supply source optionality for our customers and provides global logistics optimization and competitive costs for us and our partner, QatarEnergy," Mikells explained.

"The three-Train project will have a peak capacity of around 18 MTPA gross. The Train 1 mechanical completion is expected at the end of 2024 with first LNG in the first half of 2025," the CFO stated.

Mikells noted that in 2022 the company announced an agreement with QatarEnergy to participate in the North Field East project, which will increase ExxonMobil's participation in Qatar LNG volumes from 52 MTPA to 60 MTPA.

"QatarEnergy LNG will serve as the operator, with the project starting up in 2026," she added.

"In PNG, we're working with our partners to develop the Papua LNG project. We progressed front-end engineering and development work this year. The project is targeting 6 MTPA of gross LNG liquefaction capacity, with FID expected in the first half of 2024," Mikells explained.

The CFO than moved on to Mozambique where the company "continued to work with our partners and the government to optimize" the onshore LNG plans for the Rovuma Basin to develop the 85 trillion cubic feet of gas resources.

"We're working to ensure the right conditions are met for full funding, including a sustainable and secure operating environment and a design that will achieve long-term project competitiveness," Mikells said.

CEO's action plan

Chief Executive and Chairman Darren Woods said that the actions taken over the past six years "have fundamentally improved the earnings power" of the business, resulting in industry-leading earnings and cash flow growth.

"From 2019 to 2023, the first half of our plan period, we've roughly doubled earnings and increased cash flow from operations by about $10 billion at $60 real Brent and constant margins," Woods said. ■

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Southern Cone nations like Argentina, Brazil and Chile plan to invest over $45 billion in gas and $94Bln on power

LNG News Editor

Southern Cone gas and power players comprising the nations of Argentina, Brazil, Bolivia and Chile have plans to invest around $46 billion in natural gas production and $94Bln in new power supply through 2033.

The Southern Cone energy investment forecasts for the southern-most region of South America are published in a report by UK-based energy consultants Wood Mackenzie.

The report stated that Argentina would lead investments in natural gas field production accounting for 72 percent of the forecast investment in the gas market.

"The region will evolve from the current state of Bolivia balancing Brazil and Argentina and Argentina exporting seasonally to Chile to a state in 2033 where Argentina and Chile will be integrated, Bolivia will be producing only for its internal market and Brazil will be supplied by domestic production and by firm LNG offtake," explained Eduardo Seraphim, gas research analyst for Wood Mackenzie.

Gas output boost

"However, developing domestic infrastructure in Brazil and Argentina in the following years is pivotal to enable this gas production increase," Seraphim added.

In the power sector, renewables would take the majority of investments in new supply ventures and would represent 81 percent of capital expenditure with a big boost in solar spending.

"Driven by advances in batteries and lower costs, solar will outpace wind growth rates and become the leading technology for expansion over the next 10 years in Argentina, Brazil and Chile," said the report.

"The total solar market is set to add 48 gigawatts (GW) of utility and distributed projects, while wind will add 31 GW of onshore projects through 2033,' it added.

The Wood Mackenzie report entitled "Southern Cone Investment Horizon Outlook" said that based on a new analysis the total investment in new power supply would lead to a cumulative capacity of 400 GW by 2033.

"With investments in the power sector focused on renewables, gas-to-power demand will decrease in the region," said the report.

"Backed by policies to use natural gas to increase industrial activity, Brazil and Bolivia will depend on developing new major industrial projects to drive gas demand growth," it added.

However, in Argentina, macroeconomic uncertainties remain a challenge to investments.

It was emphasized that gas production declines in Bolivia, along with the increasing gas production in Brazil and Argentina, and would reshape the regional dynamics in the next 10 years.

The report said that Brazil stood out in the power market analysis, adding 46 GW in the non-regulated market in next 10 years.

"Challenges to boost demand and develop transmission capacity will be the main obstacles to further power market growth," said Marina Azevedo, senior power analyst for Wood Mackenzie.

"Grid congestion issues are being addressed in different ways," she explained.

Brazil is increasing the frequency of transmission auctions and a surge in infrastructure investments that will come online by 2030 has already been announced.

Incentives

The report also noted that in Argentina, the government would be incentivising the private sector to invest in new lines and infrastructure reinforcement for guaranteed priority dispatch for its power plants.

Finally, in addition to transmission, Chile is advancing in regulation to spur battery storage in an attempt to find faster solutions to deal with the high levels of curtailments that are creating economic hurdles for renewable projects in South America.

Bolivia gas declines offset by Brazil and Argentinian output

> **"...developing domestic infrastructure in Brazil and Argentina in the following years is pivotal to enable this gas production increase..."**

NEWS BRIEFS

Brazil gas contract

BrasFELS Shipyard, located in the southwest of Rio de Janeiro state in Brazil and part of the Singapore-based Seatrium Group, has secured a contract from a subsidiary of Japan's MODEC to undertake parts of the topside modules fabrication of a Floating Production Storage and Offloading (FPSO) unit for the Raia natural gas project in Brazil, operated by Norway's Equinor on behalf of a consortium. The Raia project comprises the development of a pre-salt gas and condensate field in the Campos Basin, located about 200 kilometres (124 miles) offshore the Brazilian state of Rio de Janeiro to produce mainly gas but also some oil. "We are pleased to partner with MODEC on yet another FPSO topside modules fabrication project, affirming Seatrium's position as a leading global player in FPSO newbuilds and conversions," said Marlin Khiew, Executive Vice President of Oil & Gas (Americas) at Seatrium.

Vopak LNG deal

Royal Vopak, the world's leading independent tank storage company, has completed the acquisition of a 50 percent shareholding in the second LNG import facility in the Netherlands, located at Eemshaven in Groningen. The facility was launched in September 2022 by Dutch utility Gasunie, Vopak's partner in the Rotterdam LNG terminal. "Gasunie and Vopak are working to increase the capacity further towards 10 billion cubic metres (from 8 Bcm per year), highlighting the commitment of the partners to jointly develop and operate open-access LNG infrastructure and contribute to the energy security of Europe," said Vopak. The total investment by Vopak to acquire the 50 percent of the EemsEnergy Terminal company is just above €80 million ($87.4M).

Woodside puts aside merger talks with Santos to seal Mexico Pacific LNG supply agreement

LNG News Editor

Woodside Energy, the operator of the Northwest Shelf and Pluto LNG export plants in Western Australia and in the midst of merger talks with Australian peer Santo, has signed a sales and purchase agreement with Mexico Pacific Limited (MPL) to purchase 1.3 million tonnes per annum from the venture in the northern Mexican state of Sonora.

Woodside said that the SPA would amount to lifting around 18 cargoes a year from the Pacific Coast of Mexico for a period of 20 years.

Woodside is operator of the NWS plant and Pluto LNG

FOB cargoes

Under the SPA, Woodside said it would purchase the LNG from MPL's Saguaro Energia Project to be located at Puerto Libertad in Sonora on a free-on-board (FOB) basis with pricing linked to US natural gas indices.

The SPA with Woodside is subject to MPL taking a final investment decision on the proposed third Train at the liquefaction joint venture.

The FID is expected in the first half of 2024 and commercial operations are targeted to commence in 2029.

US major ConocoPhillips has been involved in the MPL venture which will have overall output of just over 14 MTPA.

The Mexican project site is contained within 1,100 coastal acres on the shore of the Gulf of California adjacent to Puerto Libertad and the harbour depths are in excess of 20 metres and capable of accommodating the largest LNG carriers.

"As we deliver on our strategy, we aim to complement Woodside's produced LNG supply with third-party volumes, giving us greater scale and portfolio flexibility to serve our customers, while optimising our LNG trading activities," said Woodside Chief Executive Meg O'Neill.

"This agreement with Mexico Pacific delivers a new source of LNG into our trading portfolio, expands our geographic diversification in the Pacific Basin and builds on our presence in Mexico," O'Neil added.

Sarah Bairstow, President of MPL, said her company was delighted to have Woodside on board.

"We are delighted to welcome Woodside, one of the most established global LNG market participants, as a foundation customer of Train 3, further validating the value of West Coast Mexican LNG," Bairstow said.

"We look forward to continuing our collaborative relationship with Woodside to bring additional supply online to address critical energy security and energy transition needs," Bairstow added.

NEWS BRIEFS

Chiyoda is chosen

Chiyoda Corp., the Japanese LNG and energy engineering company, said it was awarded a feasibility study contract for a carbon-dioxide liquefaction plant by Japan's Electric Power Development Co. (J-Power). Chiyoda's contract scope includes the design of a CO2-capture plant, a liquefaction plant and utility facility. J-Power is participating in the public call for commissioned research for a CCS project selected by the Japan Organisation for Metals and Energy Security (JOGMEC), along with Eneos Corp. and JX Nippon Oil & Gas Exploration.

DNV sees small rise in LNG-fuelled newbuilds

European classification society DNV said there were a total of eight new vessels with alternative fuel propulsion ordered in November with four of them LNG-powered ships as the sector showed continued growth, helped by lower LNG bunker prices at under $890 a tonne in markets like Rotterdam to improve the shipping economics outlook.

Among the ships the other four were methanol-powered and all eight shipping were in the roll-on-roll-off (RoRo) ferry and car carrier sectors.

DNV said that so far in 2023, the platform has logged 268 new orders for alternative fuel vessels, including 112 LNG-fuelled and 152 methanol-powered ships.

The months of June and July saw the most activity related to LNG with 47 new orders combined, whereas July propelled methanol-powered vessels across the 200 ships mark with 48 new orders.

“While November's performance may not have matched the volume of previous months, the overall enthusiasm and promising trajectory remain for both LNG and methanol,” said Martin Wold, Principal Consultant in DNV's Maritime Advisory business.

“In general, the pipeline for both announced and unannounced projects remains strong, indicating that the pace will pick up again,” Wold explained.

There are currently 988 LNG-fuelled vessels on order or in operation worldwide. This list comprises 528 ships to be delivered through 2028 and 460 LNG-powered ships on the water.

LNG bunkering fuel costs in Rotterdam have declined steadily since the start of the year. ■

Swiss firm Accelleron gets extension for Anthony Veder service accord

LNG News Editor

Accelleron, the Swiss company that is a global leader in turbocharging technologies and forms part of the Sauber Group, has had its service contract renewed by the Dutch shipping company Anthony Veder, owner of a growing small-scale LNG carrier fleet.

The Baden, Switzerland-based company said Anthony Veder had extended its turbocharger service agreement with Accelleron, securing Turbo LifecycleCare support across 13 vessels.

“The contract, covering 20 turbochargers on single-fuel and LNG dual-fuel four-stroke engines, build on a service relationship that began in 2017 with four vessels,” said Accelleron.

Small-scale fleet

The Anthony Veder company owns modern gas carriers that it operates worldwide, while specializing in small-scale to mid-scale LNG carriers for transporting and bunkering LNG.

‘Coral Methane’ was carrier converted for bunkering

The shipping company in October delivered one of its bunkering ships, the “Coral Favia”, to Eagle LNG Partners of the US for supply and bunkering services around the coast of Florida the US Gulf Coast.

Accelleron noted that Anthony Veder’s fleet also includes vessels such as the “Coral Methane”, the first multi-gas carrier to be converted into an LNG bunker vessel, as well as the “Coral Star” and the “Coral Sticho”, the first gas carriers to use LNG as a fuel without carrying it as cargo.

The majority of the Anthony Veder fleet deploys Accelleron turbochargers for its four-stroke engines.

“Modern ships are enormously sophisticated, with hundreds of interlinked systems. We rely on the expertise of Accelleron engineers to ensure our turbochargers are correctly tuned and operating at optimum levels, wherever they are across the globe,” said Anthony Veder Technical Director, Geert van IJserloo.

“Having third-party expertise working on the turbochargers means we can concentrate on the core of our business,” he added. ■

KPI OceanConnect joins Titan for bunkering at German port of Emden

KPI OceanConnect, the international maritime fuel provider, has cooperated with Dutch LNG bunkering player Titan Clean Energy to refuel a Pure Car and Truck Carrier for the first time at the northwest German port of Emden near the North Sea coast of East Frisia.

The PCTC vessel is named “Emden” after the port and is owned by SFL Corp., the Hamilton, Bermuda-based shipping company listed on the New York Stock Exchange.

“The success of the operation performed by Titan with the collaboration of KPI OceanConnect and SFL, highlights the flexibility and efficiency of all parties, and their shared commitment to ensuring a smooth bunkering process,” said a statement.

The three companies said they collectively recognised LNG as “a crucial component” of the future fuel mix for the maritime industry.

China newbuild

The LNG dual-fuel PCTC was delivered in September 2023 from the Chinese shipbuilders Guangzhou Shipbuilding International Co.

The vessel has a total length of 200 metres is 38 metres at the beam and has a design draft of 8.6 metres and a speed of 19 knots. The “Emden” has 13 decks and can carry about 7,000 cars.

“We are incredibly proud of the trust displayed in us by a forward-thinking owner such as SFL, and delighted to have partnered with a world-class supplier, Titan, to complete this supply of 3,000 cubic metres of LNG,” said Jesper Sørensen, Global Head of Alternative Fuels at KPI OceanConnect.

“This significant achievement underscores KPI OceanConnect's unwavering commitment to supporting the growing role of LNG in the shipping industry's energy transition,” Sørensen added.

“The operation marks our inaugural LNG deal for a car carrier - testament to the company's dedication to advancing sustainability through partnerships up and down the supply chain,” stated Sørensen. ■

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Chinese LNG trading, supply and city-gas firm Beijing Gas Blue Sky gives prices and outlook

LNG News Editor

Beijing Gas Blue Sky Holdings, a Chinese natural gas provider and operator focusing on the mid-stream and downstream, has presented an overview of the current LNG market and prices in China and the effects of Russia's Ukraine invasion and that of the Covid-19 pandemic, which affected the Chinese for longer.

BG Blue Sky's business comprises gas trading, city-gas projects, supplying LNG to industry and the distribution of LNG and compressed natural gas to vehicles at fuelling stations.

Modest earnings

The company's first-half earnings had amounted to US$152.45 million compared with $117.6M in the first half of 2022.

The Group said it signed 59 new customer framework agreements during the period from July 2023 to the end of October 2023.

The client portfolio of the LNG trading business of the group comprises state-owned enterprises or their subsidiaries and listed companies such as ENN Energy, Guanghui Energy and Jiangxi Jovo Energy Co.

BG Blue Sky notes progress on Beijing Gas Group expansion

Price movements

"LNG prices in China have fluctuated in a range of between 4,545 Chinese yuan (US$637) per ton in 2023 and 8,568 yuan (US$1,208) per ton in 2022," said the company listed on the Hong Kong Stock Exchange.

"Since January 2023, prices of LNG in China were on a downward trend and hit the bottom at 3,783 yuan (US$530) per ton on 10 August 2023. Thereafter, prices of LNG in China were on an upward trend," said BG BlueSky.

"The management advises that the drop of LNG prices in China in 2023 compared with 2022 was due to the weakening impact of Russo-Ukrainian conflict on LNG prices in China. Accordingly, we consider that it appropriate to assess the reasonableness of 4,500 yuan (US$630) per ton as a reference LNG price in China in 2023," the company explained.

The LNG trading business of the Group recorded LNG sales volume of 180,000 tons in 2022 and 280,000 tons for the first 10 months of 2023.

BG Blue Sky explained the problems behind its master LNG supply agreement with Beijing Gas Group (Tianjin), known as BGGT.

"The relatively low historical transaction volume and utilisation rate for the period between the effective date of the 2021 LNG Master Agreement and 31 December 2022 were attributable to, among other things, the delay in completion of the first phase of the Tianjin Nangang LNG emergency reserve project due to Covid-19," BG Blue Sky said.

Covid effects

"Following the easing of the Covid-19 pandemic in 2023 and the completion of the first phase of the Tianjin Nangang LNG emergency reserve in September 2023, the group recorded a significant rebound in transaction volumes," it added.

The management further expects that, following commencement of the first, second and third phases of the Tianjing Nangang LNG emergency reserve project between 2023 and 2025, (supplier) BGGT would be in a better position to provide a stable supply of 500,000 tons, 650,000 tons and 850,0000 tons of LNG to the Group in 2024, 2025 and 2026 respectively. ■

China COSCO plans to expand LNG fleet as shipyard signs tech accord with France's GTT

Gaztransport and Technigaz (GTT), the French LNG storage technology company, has signed a deal with another Chinese shipyard that will allow the use of designs for tanks in floating storage and regasification units (FSRUs) as well as floating production vessels and conventional LNG carriers for the largest Chinese shipping group.

GTT's technical assistance and licence agreement is with the Chinese shipyard COSCO shipping (Qidong) Offshore, a subsidiary of China COSCO Shipping Corp., one of the largest shipping and logistics companies in the world.

"This new agreement enables the yard to use GTT technologies for offshore LNG units, such as FLNGs or FSRUs as well as for LNG carriers," said GTT.

COSCO (Qidong) Offshore is already an experienced maker of Floating Production Storage and Offloading (FPSO) vessels used in oil fields offshore nations like Brazil.

China fleet

The COSCO Group also has a growing LNG transportation business under the banners of COSCO Shipping LNG Investment (Shanghai) Co. and China LNG Shipping (Holdings) Limited (CLNG).

The COSCO units currently provide shipping of LNG cargoes to Chinese import terminals from liquefaction and export plants in Australia, Papua New Guinea and Russia.

Analysts note that Chinese companies like COSCO are now aiming to expand their LNG fleets as China's energy majors and trading companies have increased their volume of long-term contracts signed with global export plants.

COSCO's fleet already comprises joint venture stakes in over 40 LNG vessels and is aiming to increase LNG vessel construction.

The current vessels include ships like the "Dapeng Sun", the "Min Rong" and their sister ships along with the "Cesi Gladstone" and the "Cesi Tianjin" and vessels serving the Russian Yamal plant like the "Boris Vilkitsky".

Other ships linked to COSCO are the "LNG Dubhe", the "LNG Merak" and the "LNG Megrez" and others.

Paris-based GTT has itself been increasing its order book from Chinese shipyards.

GTT partners

GTT said the latest order in September 2023 was received from its existing "technology partner" Dalian Shipbuilding on behalf of Chinese company China Energy. ■