LNG Unlimited
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Kinder Morgan forecasts US LNG and Mexican pipeline gas surge

KMI reports steady earnings ahead of gas expansion through 2023

LNG News Editor

KMI's Elba Island LNG assets near Savannah in Georgia

Kinder Morgan Inc. (KMI), the leading US pipeline feed-gas company for liquefied natural gas plants and a key energy infrastructure operator and developer, posted solid first-quarter earnings and forecast a surge through 2030 of LNG exports and pipeline gas deliveries to Mexico.

KMI reported steady second-quarter net income and higher profits for the first six months of 2024.

The Houston, Texas-based company posted $602 million of quarterly net income compared with $610M in the same three months of 2023.

Net profits from January-to-June 2024 came to $1.37 billion, up from $1.31Bln in the first half last year.

Pricing

KMI Chief Executive Kim Dang said the company had a "solid second quarter" with increased financial contributions from the Natural Gas Pipelines, Products Pipelines and Terminals business divisions.

"Notwithstanding the current low-price environment for natural gas, the future looks very bright for our Natural Gas Pipelines business," stated Dang.

"We expect demand for natural gas to grow substantially between now and 2030, led by more than a doubling of demand for LNG exports and an almost 50 percent increase in natural gas exports to Mexico," said the CEO.

KMI's second-quarter revenues increased to $3.57Bln versus $3.50Bln in the same quarter of 2023. "We continued to internally fund high-quality capital projects while generating cash flow from operations of $1.7Bln and $1.1Bln in free cash flow after capital expenditures," said Executive Chairman Richard D. Kinder.

LNG support

"As a leader in the midstream sector with an extensive, interconnected network of fee-based assets in the energy infrastructure space, we are proud to play a significant role in maintaining energy security for the United States," explained the Chairman.

"Furthermore, through our large and growing support to the liquified natural gas sector, including our own export facility at Elba Island (Georgia), we are also playing a key role in providing energy security to countries around the world," Kinder declared.

CEO Dang said that one example of opportunities to meet this demand growth was the successful binding open season just concluded for the proposed South System Expansion designed to increase Southern Natural Gas (SNG) Pipeline's South Line capacity by 1.2 billion cubic feet per day.

"Once completed following receipt of all required approvals, the project will help meet growing power generation and local distribution company demand in the Southeast markets," Dang said.

KMI said that the project backlog at the end of the second quarter was $5.2Bln, up from $3.3Bln in the first quarter.

"We are devoting approximately 80 percent of our project backlog to lower-carbon energy investments, including conventional natural gas, renewable natural gas (RNG), renewable diesel (RD), feedstocks associated with RD and sustainable aviation fuel (SAF), as well as carbon capture and sequestration," Dang added.

Texas system

KMI President Tom Martin gave an overview of each division and said that The Natural Gas Pipelines segment benefited from higher contributions from the Texas Intrastate system as well as additional contributions from the STX Midstream acquisition.

"Natural gas transport volumes were up slightly compared to the second quarter of 2023. Natural gas gathering volumes were up 10 percent from the second quarter of 2023, primarily from our Haynesville and Eagle Ford gathering systems," Martin said. ■

UNLIMITED AGENDA

Indian LNG imports rebound in June while domestic demand and output also increase

LNG News Editor

Indian liquefied natural gas imports rebounded by more than 11 percent in June even at higher prices after last month's decline as internal gas demand also increased along with domestic production.

LNG imports for the month of June amounted to 1.96 million tonnes, or 29 cargoes, compared with 1.76MT, or 26 cargoes, in June 2023, an increase of 11.3 percent, according to preliminary data from the Ministry of Petroleum and Natural Gas.

LNG imports for the month of May had also come to 1.96MT compared with 2.11MT in May 2023, a decrease of 7.2 percent.

India's Dhamra LNG import terminal in Odisha state

Gas markets

The deliveries for the first three months of the fiscal year so far from April to June edged higher by 0.7 percent to 5.77MT versus 5.73MT in the prior-year period.

Data showed that LNG deliveries in June 2024 cost $1.1 billion which was 10 percent higher than the $1Bln paid in June 2023.

Deliveries of LNG to India's growing number of regasification terminals came from Qatar, which provides over one-third of volumes, as well as West Africa, the US, Russia Asia-Pacific nations and the spot market.

India's eighth LNG import terminal, the Chhara facility in the West Coast state of Gujarat, received its commissioning cargo in April 2024.

The Chhara terminal has 5 million tonnes per annum of capacity and has been developed by Hindustan Petroleum Corp.

The Indian Ministry data showed that India's domestic natural gas production for the month of June rose by 2.9 percent to 2.993 billion cubic metres versus the 2.910 Bcm reported in June last year.

In the three months of the current fiscal year so far, natural gas output increased by 5.7 percent to 9.056 Bcm, up from 8.564 Bcm in the same period of 2023.

Reliance Industries, the Indian group with significant energy interests, started up a third gas field in the Krishna Godavari Basin KG-D6 block on the East Coast a year ago in a joint venture with BP of the UK.

India's production of coal-bed methane (CBM), which in Australia is used to produce LNG, also increased in June to 59.63, up from 58.60 Bcm in May was at 173.10 Bcm for the first three months of the fiscal year.

The Ministry also gave average capacity utilization rates for seven LNG terminals and with data covering the period from April 2024 to May 2024.

The total capacity of existing terminals has now risen to 52.7 MTPA from the eight facilities.

However, the Chhara LNG terminal will take several months to appear in the Ministry regasification data book.

The largest Indian terminal at Dahej, located north of Mumbai and operated by Petronet LNG, has capacity of 17.5 MTPA and had the highest utilisation rate of 107.2 percent of nameplate capacity in the period, up from 101 percent in May.

At the Hazira facility, operated by Shell India, the utilisation rate increased to 38.3 percent from 28.6 percent in May for 5.2 MTPA of capacity.

The GAIL (India) terminal at Dabhol, south of Mumbai, reported 73.8 percent usage, up from 69.9 percent last month for its 5 MTPA.

The West Coast terminal at Mundra belonging to Gujarat State Petroleum Corp. had regas levels at 34.4 percent up from 33.8 percent in Mya and its highest ever for 5 MTPA.

At the Kochi facility owned by Petronet in the southwest state of Kerala usage fell to 20.6 percent from 20.9 percent last month for 5 MTPA of regas capacity.

Japanese LNG imports edge higher in June but hit a downward trend for the first six months of 2024

Japanese liquefied natural gas imports increased marginally in June even at higher prices, though the half-year figures showed a downward trend for 2024.

Japan's network of 37 terminals handled 4.56MT, or 67 cargoes, in June 2024. This was increase of 0.6 percent from the June 2023 total of 4.53MT, or 66 cargoes, according to preliminary Finance Ministry data.

Deliveries to Japan in May had come to 4.87MT, up 5.6 percent on the 4.62MT received in May 2023.

The cost to Japan of the June cargoes was 424.91Bln ($2.70Bln), an increase of 8.1 percent from the 392.91Bln yen ($2.50Bln) paid in June last year.

Thermal coal imports, a competitor to LNG for electricity generation, fell by 6.9 percent in June 2024 to 6.75MT and costs were 28.6 percent lower from June 2023 at 161.14Bln yen ($1.026Bln).

Falling trend

Japan's half-year LNG import total from January to June 2024 were down by 0.7 percent to 32.41MT from 32.62MT in the first six months of 2023.

The cost of the half-year LNG deliveries was down by 9.9 percent to 3.094 trillion yen ($19.71Bln) compared with the 3.435 trillion yen ($21.88Bln) paid in the same period last year.

Thermal coal imports in the half-year period dropped by 11.7 percent to 49.41MT but the costs for the six-month period were up by 20.2 percent to 2.041 trillion yen ($13.00Bln).

Imports of LNG from the US for the first six months of 2024 increased by 34.2 percent and totalled 2.84MT, while imports from Russia were down by 3.3 percent but were more at 2.99MT.

The data from the Finance Ministry showed that deliveries of LNG from Asian nations like Malaysia and Indonesia amounted in June to 817,000 tonnes and were down by 11.1 percent from June 2023.

Deliveries from countries in the Middle East like Qatar rose by 2.2 percent in June 2024 to 451,000 tonnes.

Imports from the US totalled 504,000 tonnes and were lower by 2.6 percent compared with June 2023.

Cargoes sent from Russia's Sakhalin Island plant in the Far East rose by 13.6 percent to 552,000 tonnes.

China boosts GTT orders

Gaztransport and Technigaz (GTT), the French maritime LNG storage technology company, has received an order from its partner Dalian Shipbuilding Industry Company of China for the design of new storage tanks for two Chinese liquefied natural gas carriers.

GTT said that the latest orders were on behalf of Ocean Jade Investment.

Ocean Jade is a joint venture between Hong Kong shipowner Wah Kwong, Chinese leasing company CSSC (Hong Kong) Shipping and China Gas Holdings.

GTT will design the tanks of these two vessels, which will each offer a capacity of 175,000 cubic metres.

"The tanks will be fitted with the Mark III Flex membrane containment system developed by GTT," said the Paris-based company.

The delivery of the vessels is scheduled between the first and the second quarters of 2028.

At the start of July 2024 GTT received another order from the China Merchants Heavy Industry shipyard in the eastern province of Jiangsu for the tank design of a new LNG carrier as its orders stack up.

GTT said the order was for the tank design of a new LNG carrier on behalf of Danish ship-owner Celsius with delivery scheduled for the third quarter of 2027.

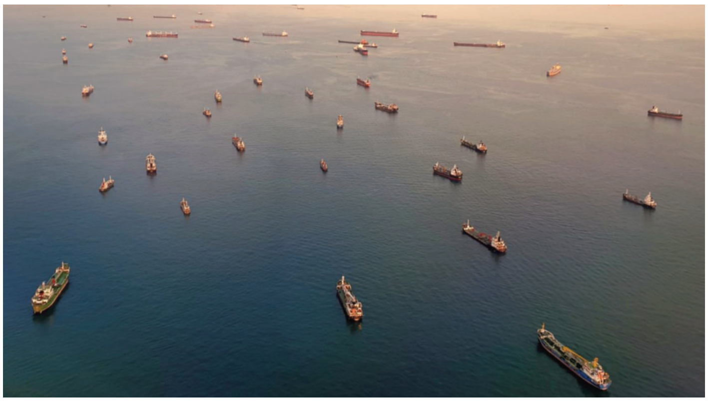
At the end of June 2024, GTT received a second wave of orders from Hudong-Zhonghua Shipbuilding for sets of tanks for 10 more vessels as part of QatarEnergy's "Hundred Ships Programme".

Voyage disruptions have impact on Singapore vessel bunkering market

LNG News Editor

Singapore's Maritime and Port Authority (MPA) issued data showing liquefied natural gas bunkering sales jumped in June and for the first half of 2024 as overall bunker sales increased for all fuel types because Red Sea shipping disruptions have led to longer voyages and higher expenses for shipowners.

The MPA data showed LNG bunker sales in Singapore last month amounted to 51,700 tonnes and came to 212,000 tonnes of LNG in the first half of 2024.



Ships choose to bunker in Singapore for longer voyages

LNG sales

This was 188 percent higher for LNG fuel sales than in June 2023 and showed a more than four-fold rise from the first-half of last year.

The MPA June data showed that overall bunkering sales increased by 8.5 percent in the first half to 27.19 million tonnes and amounted to 4.27MT in June.

Shipping traffic in the Red Sea area has dropped significantly in the first half of 2024 as Western responses to Iran-backed terrorism by the Houthi group meant ships have had to take longer routes round Africa.

The average number of ships that pass through the Suez Canal per day dropped to under 20 vessels per day in June 2024 compared with more than 50 ships per day in June 2023.

Conventional bunker fuel sales in Singapore, including fuel oils and marine gasoils totalled 26.69MT, up 7.5 percent from the first half of 2023.

Biofuel bunkering sales amounted to 48,000 tonnes, up 35.5 percent from June 2023.

A total of 3,353 vessels took on fuel in a bunkering operation in the Asian port fuelling hub during June 2024.

This was less than the 3,552 ships that purchased bunkers in the Asian port in May 2024.

The number of vessels that refuelled in Singapore in 2023 amounted to 41,438 ships compared with 37,662 ships that requested fuel in the previous year.

The total of biofuel bunkering for the first half increased to 288,000 tonnes, a rise of 48.7 percent over the first six months of 2023.

Bunkering firm Peninsula supplies LNG fuel to Japanese car carrier

Peninsula, the leading independent global supplier of marine fuel in the West Mediterranean and Gibraltar, has carried out a fuel operation on the LNG-powered car carrier "Thor Highway" in the port of Gibraltar.

The car carrier "Thor Highway" is operated by Japanese shipping company Kawasaki Kisen Kaisha, known as K-Line.

'Levante' asset

The operation was carried out by Peninsula's own LNG bunkering vessel "Levante LNG" which has 12,500 cubic metres of capacity.

The "Thor Highway" is a newly built LNG dual-fuelled car carrier chartered by the company and was delivered earlier in 2024.

"Peninsula's Tokyo office was integral in facilitating this deal through the strong relationship built with K-LINE locally," said Peninsula.

"The operation was carried out seamlessly by the 'Levante LNG', showcasing Peninsula's leading and evolving lower-carbon fuel offering," Peninsula explained.

"The smooth delivery also highlights Gibraltar and its Port Authority's ambition in making their Port a key hub for LNG bunkering in the Mediterranean," Peninsula added.

Peninsula's Head of Sustainability and Alternative Fuels, Nacho de Miguel, said that the LNG bunkering sector was growing with more LNG-powered vessel on order from global shipyards.

"This further validates our decision to develop LNG bunkering solutions in the early stages of the marine fuel transition," stated De Miguel.

"Due to the ever-growing experience in supplies undertaken by our Alternative Fuels, Physical and Reselling desks, we are constantly increasing our ability to better service our customers," he added.

Peninsula's "Levante LNG" bunker ship arrived at her Mediterranean home at the end of September 2023 to provide ship-to-ship services in the Strait of Gibraltar and the ports of the Western Mediterranean.

OFFSHORE LNG

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NEWS BRIEFS

Santos LNG report

Australian LNG operator Santos said LNG sales revenues in the second quarter dropped to US$762 million from US$838M in the prior-year quarter. Santos added that 22 LNG cargoes were shipped during the three months from the Gladstone LNG export plant in Queensland. However, no LNG cargoes were delivered from the Darwin LNG plant as the Bayu-Undan feed-gas field continues to deplete and volumes were being sent into the Australian Northern Territory market. "The Barossa gas project to backfill the Darwin LNG plant is 77 percent complete," said the company. Santos added that a further 27 cargoes were exported from the Papua New Guinea liquefaction plant where the Adelaide-based company is a shareholder. Santos also noted that the company's Moomba carbon-capture and sequestration project in south Australia was being commissioned.

Saipem Saudi contract

Saipem, the Italian energy and LNG engineering company specialising in subsea work, has been awarded two offshore projects in Saudi Arabia under an existing long-term agreement with Saudi Aramco. "The overall contract amount of the two projects is approximately $500 million," said Saipem. "Saipem's scope of work under the first project involves the engineering, procurement, construction and installation (EPCI) of a crude trunkline of 50 kilometres with a diameter of 42 inches for the Abu Safa field, while the activities related to the second project involve the production maintenance programs of the Berri and Manifa fields," the company added. ■

Kuwait makes huge oil and gas discovery in Arabian Gulf to support increasing crude exports and domestic gas needs with LNG

LNG News Editor

Kuwait, the Arabian Gulf state and LNG importer that was hit by power cuts in June as soaring temperatures pushed the electricity grid to its limits during peak operations, has made a huge oil and gas discovery in the Gulf to boost energy security.

Kuwait Oil Company (KOC) said on July 14 that had had made a "giant" oil discovery in the Al-Nokhatha field east of the Kuwaiti island of Failaka.

The discovery has estimated resources of 5.1 trillion standard cubic feet of natural gas and 2.1 billion barrels of light oil.

KOC said in a statement carried by the official Kuwait News Agency that the initial estimated area of the discovered well is around 96 square kilometres and estimated reserves were equivalent to the country's entire production over a period of three years.

KOC discovers giant oil reserves in Al-Nokhatha offshore field

Al-Nokhatha discovery is east of Kuwaiti island of Failaka

LNG importer

Kuwait has been an LNG importer since 2009 to meet its increasing natural gas requirements for domestic demand and refinery operations.

The Gulf state previously used a floating storage and regasification unit (FSRU) at the port of Mina Al-Ahmadi, though since 2021 has an onshore LNG import terminal at Al-Zour with eight storage tanks and 1.8 million cubic metres of storage.

Kuwait stated that the initial findings on the oil and gas discovery "indicate huge potential to further enhance and increase hydrocarbon resource quantities in various layers and reservoirs" within the discovered field.

KOC stated that the marine area, representing about one-third of Kuwait's total land area and covering more than 6,000 square kilometres, in the first phase included drilling six exploratory wells for oil and gas. It added that subsequent stages would be determined based on the drilling results.

"The offshore exploration (Al-Nokhatha field) project is now a national endeavour with the goal of enhancing Kuwait's hydrocarbon reserves sustainability and meeting global demand to elevate Kuwait's status as a reliable global oil and gas producer," KOC explained.

Seismic surveys

KOC added that the launch of the current marine exploration project was based on two-dimensional seismic surveys of the area, along with geophysical and geological studies.

> "The offshore exploration project is now a national endeavour with the goal of enhancing Kuwait's hydrocarbon reserves sustainability"

"Additionally, the project will contribute to developing new technical skills in drilling and offshore production, creating varied employment opportunities for national talents," it pointed out.

"Based on initial test results, a developmental plan will be established to commence actual production from the field at the earliest opportunity," KOC stated.

KOC added that this discovery was the result of cohesive collaboration across its energy sector and the continuous support received from the state-owned principal energy company and management of Kuwait Petroleum Corporation (KPC).

Kuwait's Al-Zour LNG terminal is owned by KPC and has recently become a focus of the country's domestic natural gas requirements.

Al-Zour has the capacity to import 22 million tonnes per annum of LNG for industrial and domestic use, though most recent annual imports have amounted to just over 6 million tonnes of LNG.

The onshore Al-Zour terminal, the largest in the Middle East, was constructed to provide fuel and power to Kuwait's refining and petrochemicals industries located in and around Al-Zour. ■

North American natural gas operator for LNG and pipelines TC Energy loses $15Bln claim

LNG News Editor

TC Energy, the North American natural gas pipelines operator with US and Mexican pipelines and the Coastal GasLink to supply Canadian LNG projects, is now counting the cost of the Biden Administration's 2021 cancellation of the Keystone XL oil pipeline from Canada to the US Midwest.

The Calgary, Alberta-based TC Energy has lost its bid to recover US$15 billion with a North American free trade lawsuit against the US government.

The 1,947km (1,210-mile) Keystone XL pipeline was designed to deliver 830,000 barrels per day of crude oil from Hardisty in the Canadian province of Alberta to the US state of Nebraska.

Keystone XL pipeline blocked from leaving Canada

Gulf Coast link

It would then have connected with existing facilities to reach US Gulf Coast refiners to meet critical needs for transportation fuel and manufactured products.

Keystone XL had been expected to be placed into service in 2023.

The decision also raises doubts about whether the provincial government of Alberta will recover any of its losses as an investor in the Keystone XL project.

TC Energy in 2021 recorded a C$2.2Bln (US$1.6Bln) after-tax asset impairment charge after the revocation of the US Presidential Permit for the Keystone XL oil pipeline project.

The company filed a legacy North American Free Trade Agreement (NAFTA) suit in July 2021 to recover economic damages resulting from the revocation of Keystone XL project permits.

A divided three-judge panel of arbitrators, sitting at the International Centre for Settlement of Investment Disputes, has ruled against TC Energy.

The tribunal said the legacy provisions tied to the former NAFTA treaty only permit claims based on breaches that allegedly occurred while NAFTA was in force.

Canadian frustration

"We are both disappointed and frustrated with the tribunal's decision to deny our right to bring a legacy NAFTA claim," said Patrick Keys, TC Energy's general counsel.

TC Energy sought to recover more than US$15Bln in damages "as a result of the US Government's breach of its NAFTA" obligations.

The company permanently suspended the project after US President Biden revoked the permit and only about 150km of pipe was installed in Alberta.

"This ruling does not align with our expectations and views of the plain interpretation of the protections NAFTA and USMCA was designed to offer," Keys added, referring to the United States-Mexico-Canada Agreement that replaced NAFTA in 2020.

"TC Energy was treated unfairly and inequitably in the revocation of the permit, which was driven by political considerations," Keys stated.

The Alberta government became an investor in the project in 2021 and provided loan guarantees to TC Energy to help kick-start construction of the pipeline in the province.

The same free-trade arbitration tribunal that heard TC Energy's case will also consider the Alberta government's claim.

NEWS BRIEFS

Energy Transfer deal

Energy Transfer, the owner of pipelines and other assets in the Permian Basin and the US Gulf Coast as well as the currently stalled LNG export project at Lake Charles in Louisiana, has completed the acquisition of WTG Midstream for $3.25 billion in cash and shares. Energy Transfer bought WTG from affiliates of US assets manager Stonepeak, the Davis Estate and Midland, Texas-based Diamondback Energy. The acquired assets add around 6,000 miles of gas gathering pipelines that extend the network in the Midland Basin as well as eight gas processing plants with a total capacity of 1.3 billion cubic feet per day and two additional processing plants which are under construction.

Chinese imports edge up in June

China's natural gas imports as LNG cargoes and pipeline increased by more than 14 percent in the first half of 2024 compared with the same period last year, though slowed right down during the month of June.

LNG and pipeline gas imported volumes totalled 64.65 million tonnes in the January-to-June period, which was a 14.3 percent year-over-year rise from the 56.63MT logged in the same period of 2023.

Total natural gas imports for the month of June increased by only 0.3 percent to 10.42MT tonnes compared 10.39MT in June 2023.

The natural gas market in the Northern Hemisphere summer season has been marked by lower prices and higher storage levels.

China's main LNG suppliers in 2024 have been Australia, Qatar, Malaysia, Indonesia and the Yamal plant in Arctic Russia and to a lesser extent the US.

US data shows that China has dropped to the ninth preferred destination for US LNG deliveries as the focus has turned to Europe.

China's natural gas imports by pipelines as well as LNG had increased for May and during the first five months of 2024 along with domestic natural gas production.

A total of 54.28MT of natural gas was imported in the first five months of 2024, up 17.4 percent versus the previous year.

LNG importer India plans more domestic energy output from untapped gas fields

LNG News Editor

Indian Minister Hardeep Singh Puri urges more E&P

LNG importer India said plans were advancing for more exploration and production of domestic energy resources as the nation was preparing to launch a 10th bidding round for oil and gas blocks in August or September.

The Indian Minister for Petroleum and Natural Gas Hardeep Singh Puri has also called for an increase in India's oil and gas production to reduce reliance on imports and for energy security.

Speaking at an event on July 13, Puri stated that India's sedimentary basins had outstanding potential to monetise an estimated 651.8 million tons of crude oil and 1,138.6 billion cubic metres of natural gas.

More investment

Minister Puri emphasized the need for more investment in national energy production, noting that exploration and production could offer investment opportunities worth $100 billion by 2030.

"I find it strange that India is so dependent on imported oil despite the abundant geological resources we have," Puri declared.

Indian Prime Minister Narendra Modi visited Russia earlier in July 2024 and said at the time that both countries were exploring the possibility of expanding cooperation in the natural gas sector.

Modi added that India would continue to import around 3 million tonnes per annum of Russian LNG and the volumes could be increased by Asia's fourth-largest importer after China, Japan and South Korea.

Latest Indian data showed monthly domestic natural gas production at 3 Bcm, which is slightly higher than LNG monthly imports of just over 2.7 Bcm.

India's Directorate General of Hydrocarbons (DGH) is additionally addressing production issues and is preparing to launch its 10th bidding round for oil and gas blocks.

The latest bidding round will include 25 blocks across 13 sedimentary basins. The DGH said a successful bidding round was "essential" for exploration and production activities.

The areas on offer range from land blocks covering 16,871 square kilometres, to shallow water blocks and even ultra-deepwater blocks extending over 12,373 square kilometres.

Kazakhstan to boost gas output and enhance role as transit nation

The Central Asian republic of Kazakhstan with some of the world's largest oil and gas fields on its territory and part of an infrastructure network with Russia to supply natural gas to China in competition to LNG, is boosting its own domestic gas output as well as its role as a gas transit nation.

A statement from the Kazakh Minister of Energy Minister Almassadam Satkaliyev said the country was planning to increase natural gas production by 2.3 percent to 60.5 billion cubic metres in 2024.

Gas growth

Kazakhstan's onshore Karachaganak oil and gas field is located in northwest Kazakhstan and is one of the largest in the world along with the Caspian Sea Tengiz and Kashagan fields.

These resources enable Kazakhstan to supply natural gas, oil and condensates to global markets.

Incremental gas production for Kazakhstan has grown steadily and in the first half of 2024 the output amounted to 30 Bcm.

Russian natural gas company Gazprom signed contracts with Kazakhstan in St. Petersburg in June 2024 for gas transit rights to the other Central Asian republics Uzbekistan, Kyrgyzstan and Turkmenistan to ramp up gas supplies to Central Asia and China as well as Turkey. The Gazprom plan is to deliver significantly larger volumes via the Central Asia-China Pipeline for 15 years starting in 2025.

Kazakh Minister of Energy Satkaliyev said efforts were underway for "the full-fledged use of the gas transit potential" of Kazakhstan.

"Transit of Russian gas to the (neighbouring) Republic of Uzbekistan was launched in October 2023," said Satkaliyev.

"In 2023, 1.28 Bcm was transported and we plan to increase this to 3.8 Bcm in 2024 with eventual and subsequent growth to 11 Bcm per year," he said.

French major TotalEnergies updates LNG and production indicators for next earnings report

LNG News Editor

French major TotalEnergies has provided revised key indicators for the forthcoming second-quarter earnings where oil and gas production and the LNG, power and downstream businesses would be affected.

TotalEnergies, which has a global LNG portfolio stretching from the US Gulf Coast, through the Middle East, Africa and Asia said LNG forecasts were in the "context of low volatility" in the markets.

Asian LNG: the Bintulu export plant in Sarawak, Malaysia

Lower prices

"Integrated LNG results are expected to be broadly in line with the first quarter, while reflecting a slight decrease in realized prices," the company explained.

Average realised LNG prices have declined in the second quarter to \$9.32 per million British thermal units from \$9.58 per MMBtu in the first three months of 2024 and \$9.84 per MMBtu in the second quarter a year ago.

TotalEnergies said that oil and gas production was expected to be within the high end of the guidance range, close to 2.45 million barrels of oil equivalent per day.

"Exploration & Production results are expected to reflect this production level and the positive evolution of the oil price environment, partially offset by a decrease in gas realizations," stated the company.

The second-quarter average realised Brent crude oil prices was raised to \$85.00 a barrel from \$83.20 a barrel in the first quarter of 2024 and \$78.10 a barrel in the prior-year quarter.

ToatlEnergies said that the Integrated Power business would be affected by "seasonality".

"Integrated Power results are expected to be around \$500 million, with quarterly cash flow expected to be in line with the \$2.5 billion to \$3 billion annual guidance," the company said.

As regards the Downstream results, these will reflect the decrease in refining margins in Europe and in the Middle East.

"However, they will be partially compensated by a higher utilization of refineries and an increase in marketing results," TotalEnergies added.

The Paris-based company is scheduled to release second-quarter results on July 25.

During the second quarter, company highlights have included advancing with plans for its stake in the Rio Grande LNG export project in Texas being developed by NextDecade Corp.

TotalEnergies also signed an agreement to acquire all of Malaysian independent gas producer and operator Sapura-OMV Upstream, a Malaysian-Austrian joint venture and some of whose feed-gas assets are delivered to the Bintulu LNG export plant.

The company additionally announced in April It was going ahead with a large investment in the Marsa LNG project in the Sultanate of Oman to serve as the first LNG bunkering hub in the Middle East located at the port of Sohar.

The joint venture between TotalEnergies and Oman National Oil Company will build a liquefaction plant with 1 million tonnes per annum of output and with first production scheduled for the first quarter of 2028.

Feed-gas will come from Oman's Mabrouk North-East field in the onshore Block 10 area.

Russian LNG producer Novatek reports operating result with sanctions still delaying Arctic LNG II

Novatek, the Russian natural gas company and operator of the Yamal LNG export plant and developer of the delayed Arctic LNG II venture, has reported positive operating data for the second quarter of 2024 amid continued Western sanctions.

Novatek said second-quarter 2024 total natural gas sales volumes to the end of June, including LNG, came to 20.60 billion cubic metres compared with 20.35 Bcm in the same three months of 2023, representing an increase of 1.2 percent.

Production

Novatek's hydrocarbon production totaled 163.3 million barrels of oil equivalent (boe) in the second quarter, up by 2.8 percent from 158.9 million barrels equivalent in same quarter last year.

Preliminary total natural gas sales volumes, including volumes of LNG sold, in the second quarter and first half 2024 amounted to 17.83 Bcm and 39.30 Bcm respectively, resulting in a decrease of 2.6 percent and 3.3 percent compared with the second quarter and first half of 2023.

While cargoes from the Yamal plant have also been sent to Asia, most of the shipments have been unloaded in European Union nations or trans-shipped.

The UK is the only LNG importer in northwest Europe to formally ban LNG from Russia.

The main EU destinations for Russian LNG in the first half of 2024 have been Belgium, the Netherlands, France and Spain.

Novatek said first-half 2024 hydrocarbon production totaled 330.7 million boe, including 41.73 Bcm of natural gas and 6.8MT of liquids, resulting in an increase in total hydrocarbons produced by 8.8 million boe, or by 2.7 percent compared with the first half of 2023.

Preliminary total sales volumes of liquid hydrocarbons in the second quarter and first half 2024 amounted to 4.0MT and 8.3MT, which was 2.5 percent and 7.0 percent higher than in the second quarter and first half 2023.

As of the end of June 2024, Novatek said it had 0.8 Bcm of natural gas, including LNG, and 1.5MT of stable gas condensate and petroleum products in storage.

While Novatek is boosting domestic production, it has been seeking new markets for its gas after Western sanctions stalled the Arctic II LNG joint venture on the Gydan Peninsula of Northern Siberia.

Gazprom rivalry

However Gazprom, the Russian rival to Novatek, has been harder hit by Western sanctions over Ukraine because of the shutdown of pipeline gas deliveries to the EU.