LNG Unlimited

An LNG JOURNAL PUBLICATION 8 November 2016

Cheniere begins to see rewards from US LNG as losses narrow

Commissioning has started on Train 3 and others are on schedule

Our North America editor in New York

Cheniere Energy is on its way to reaping the rewards of the liquefied natural gas industry and low US shale-gas prices as it reported a narrowing third-quarter loss as operations ramped up at its Sabine Pass LNG export plant in Louisiana where two processing Trains are on stream and the commissioning of Train 3 is well underway.

Cheniere said its losses in the three months amounted to $100.4 million compared with $297.8M for the same period of 2015.

Numbers

For the nine months until September 30, Cheniere reported a net loss of $719.7M compared to a loss of $684M for the comparable 2015 period.

Cheniere said the third quarter of 2016 was "significant for Cheniere on multiple fronts", highlighted by the substantial completion of Train 2 at Sabine Pass and the generation of approximately $67 million of earnings.

"Commissioning activities commenced on Train 3, and our remaining Trains under construction continue on time and on budget," said Jack Fusco, Cheniere's President and Chief Executive.

"In addition, we continued to manage our debt maturity profile by successfully issuing bonds to prepay outstanding borrowings under credit facilities for the Sabine Pass liquefaction project, with the issuing entity having earned its first investment-grade credit rating during the quarter," Fusco said.

Shipping of cargoes from Sabine Pass plant continues to rise

Cheniere said that during the three months, Train 2 was completed and prior to substantial completion, amounts received from the sale of commissioning cargoes were offset against LNG terminal construction-in-process because these amounts were earned during the testing phase for the construction of Trains 1 and 2.

"We expect sales of LNG cargoes from future liquefaction trains to be reported in the same manner," Cheniere added.

"During the three months a total of 18 cargoes were loaded and exported from the Sabine Pass Liquefaction Project, three of which were Train 2 commissioning cargoes," the company said.

Cheniere noted that the start of operations had also increased operating costs and expenses.

"Total costs increased $332.3M and $452.7M during the three months and nine months ended September 30 compared to the three and nine months in 2015, generally as a result of the commencement of operations of Train 1 and Train 2 in May and September," it added.

Cheniere is building a total of six Trains at Sabine Pass, each with a production capacity of around 4.5 million tonnes per annum.

The Houston-based company said Train 4 was about 92 percent complete.

"Construction on Train 5 began in June 2015, and as of September 30, the overall project completion percentage for Train 5 was approximately 42.8 percent," it added.

Schedules

Cheniere expects Train 5 to reach substantial completion in 2019.

"Train 6 is currently under development, with all necessary regulatory approvals in place.

"Cheniere expects to make a final investment decision and commence construction on Train 6 upon, among other things, entering into an engineering, procurement, and construction contract, entering into acceptable commercial arrangements and obtaining adequate financing," it stated. ■

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Cove Point LNG is three-quarters complete and on schedule to supply India and Japan

Our North America editor in New York

Dominion Resources said its Cove Point liquefied natural gas export plant on Chesapeake Bay in the state of Maryland was three-quarters built and on schedule for coming on stream in 2017 to supply customers from Japan and India.

That's as the Richmond, Virginia-based utility and pipeline company posted third-quarter earnings of $690 million, up more than 16 percent compared with earnings of $593M for the same period in 2015.

Time and costs

"Our Cove Point Liquefaction project is now 75 percent complete and the facility continues on time and on budget for a late 2017 in-service date," said Thomas F. Farrell II, Chairman, President and Chief Executive.

"We continue to work toward the construction of the Atlantic Coast Pipeline and the related supply header project. We expect completion of these projects in late 2019," Farrell stated.

"We are very pleased with our strong third-quarter results that came in well above our guidance range partially as a result of warmer weather in our service territory," the CEO said.

"Our integrated system of power stations and transmission lines were able to meet the increased demand reliably and effectively," he added.

The Cove Point plant will ship around 5.25 million tonnes per annum of LNG to Asia and elsewhere when it starts up.

Dominion has fully subscribed the capacity of the project with 20-year service agreements with a Japanese joint venture comprising Sumitomo Corp., one of the world's leading trading companies, and the utility Tokyo Gas Co.

Another company which will have liquefaction capacity is Gas Authority of India, the national transmission company and a leading LNG player in the Asian nation.

The US subsidiary of IHI International Corp. of Japan and Kiewit Corp. of Omaha, Nebraska, are the engineering, procurement and construction contractors for the liquefaction facilities.

Plant is on time and on budget to come on stream in late 2017

The $5-billion Atlantic Coast Pipeline CEO Ferrell referred to will enable the delivery of feed-gas from the Marcellus Shale to LNG export plants in Maryland, Georgia and further south as well as to pipeline consumers.

Cove Point LNG and Atlantic Coast Pipeline are signs of the economic benefits being derived from the shale-gas boom in North America and related plans to export the surplus worldwide from liquefaction plants being built on the East Coast and on the Gulf Coast.

The Atlantic Coast Pipeline is itself a joint venture involving Dominion, Duke Energy, Piedmont Natural Gas and Southern Company Gas.

The US began exporting LNG from the Lower 48 states in February 2016 when the Sabine Pass export plant in Louisiana began exporting cargoes by ship to Europe, South America and Asian countries such as India and China.

Dominion is currently transforming its Cove Point facility from an import terminal into an export plant.

When the Cove Point LNG export plant is completed Dominion will be able to siphon off shale gas from the Atlantic Coast Pipeline for export.

Dominion also owns Carolina Gas Transmission, which operates pipelines in South Carolina. It is expected to connect the Carolinas with Georgia where the Elba Island LNG export project is being constructed, with Royal Dutch Shell as the main customer.

Dominion is one of the nation's largest producers and transporters of energy with a portfolio of 26,000 megawatts of electricity generation and 14,400 miles of natural gas transmission lines.

Cameron LNG export project may come on stream later in 2018 because of work delay

Sempra Energy, the California utility and liquefied natural gas developer, said its Cameron LNG export project in Louisiana was facing construction delays because of heavy rains affecting work schedules and flooding at the fabrication yard near the Louisiana city of Baton Rouge.

Sempra's existing LNG import terminal is being transformed into a liquefaction plant on the shore of the Calcasieu Ship Channel at Hackberry in Cameron Parish, Louisiana.

Specifics

The company's Chief Executive Debra Reed focused on the Cameron LNG construction delays at the plant site in statements on the company's third-quarter earnings.

Reed said she was looking for more specifics from the liquefaction project team led by the engineering, construction and procurement contract joint venture comprising CB&I of the US and Chiyoda Corp. of Japan.

Sempra is developing the Cameron plant with Japanese partners Mitsui & Co. and Mitsubishi Corp. and French utility and LNG and energy player Engie.

"Any delay is likely to cause 2018 and 2019 Cameron earnings to be lower than anticipated but those earnings will be made up over time," the CEO said.

Work has been proceeding on the Cameron venture since October 2014 and there are more than 2,000 workers on site to complete the initial three-Train project in 2018, with an expansion also authorized.

As regards construction deadlines, Sempra has only said previously that commercial operations were expected for Train 1, Train 2 and Train 3 in early 2018, in mid-year and at the end of 2018 respectively.

The work has recently concentrated on erecting structural steel and large equipment installations for the first two processing Trains.

Shares in Sempra dropped more than 5.24 percent after the CEO mentioned the LNG project delay and were last trading at $99.36 a share.

This was also because Sempra posted third-quarter adjusted earnings of $259 million, or $1.02 per diluted share, excluding a $350M related to asset transactions by Sempra's Mexican subsidiary IEnova and the sale of EnergySouth by Sempra's US Gas & Power subsidiary.

Sempra also owns the Costa Azul LNG import terminal on the Pacific coast of Mexico, which is capable of processing 1 billion cubic feet of natural gas per day and which could become an exporter in the future.

The US Federal Energy Regulatory Commission in May 2016 authorized the Cameron project to build two additional Trains.

Shell and partners start drilling off Tanzania

Royal Dutch Shell and energy partners from Singapore and the UK have started a drilling programme covering two wells as part of the possible development of a liquefied natural gas export project in the East African state of Tanzania.

Shell's joint venture partners in the Tanzanian venture are Pavilion Energy of Singapore and Ophir Energy of the UK.

Ophir is also one of the companies behind the Fortuna floating LNG project offshore Equatorial Guinea in West Africa.

The drilling offshore Tanzania is taking place in Block 1 and Block 4 in a location known as the Mafia Deep basin.

Net contingent resources in Block 1 and Block 4 are estimated at 3 trillion cubic feet, sufficient to support a three-Train LNG development.

Shell became the operator of the two Tanzanian blocks in February 2016 after its takeover of BG Group and has been working closely with the Tanzania Petroleum Development Corporation.

The rig supporting the programme, the "Noble Globe Trotter 2", will be drilling in waters up to 2,300 metres deep.

The joint venture partners will be investing close to $80 million in the drilling programmes.

The two wells will meet the remaining exploration requirements as per the exploration licences issued by the Tanzanian Ministry of Energy and Minerals. ■

Shell takes quarterly LNG sales volumes to over 15MT as results from BG takeover kick in

Our Europe editor

Royal Dutch Shell said LNG sales volumes for the third quarter amounted to 15.23 million tonnes and were 54 percent higher than for the same quarter a year ago, mainly reflecting Shell's enlarged portfolio after the acquisition of BG Group.

Shell said its overall third-quarter profit amounted to $1.4 billion compared with a net loss of $6.1Bln for the same quarter a year ago because of hits taken as the oil price slump fed through to earnings and assets.

Benefits

The company's income in the quarter until the end of September benefited from increased production volumes, mainly from acquired BG assets, lower operating expenses and lower well write-offs.

"This was partly offset by the decline in oil, gas and LNG prices, and increased depreciation mainly resulting from the BG acquisition, and weaker refining industry conditions," Shell stated.

Income in the Integrated Gas division, mostly including LNG, plunged to $614M in the third quarter compared with $982M in the second quarter when the BG LNG assets were already included.

"Earnings were impacted by the decline in LNG prices. Operating expenses were higher due to the consolidation of BG; however, this was partly offset by cost saving initiatives," the company added.

Shell also noted that it experienced lower feed-gas availability as a result of security impacts for Nigeria LNG.

"LNG liquefaction volumes of 7.70 million tonnes increased by 45 percent compared with the same quarter a year ago, mainly reflecting the impact of the acquisition of BG, including an increase associated with Queensland Curtis LNG in Australia and Atlantic LNG in Trinidad and Tobago," Shell added.

CEO Van Beurden said integration of BG 'now essentially done'

However, analysts said that one gap in the Shell earnings and a blow to transparency and corporate information for investors is that the Anglo-Dutch giant after its BG takeover quickly did away with the UK company's comprehensive round-up of its LNG portfolio activities, including cargo destinations and volumes by region.

"Shell delivered better results this quarter, reflecting strong operational and cost performance," said Chief Executive Ben van Beurden

"But lower oil prices continue to be a significant challenge across the business, and the outlook remains uncertain," he added.

"Our investment plans and portfolio actions are focused firmly on reshaping Shell into a world-class investment case at all points in the oil-price cycle, through stronger returns and improved free cash flow per share.

"We are making good progress towards this aim in spite of current challenging market conditions.

"The integration of Shell and BG is now essentially done and has been completed well ahead of plan.

"It's been an important catalyst for the significant and lasting changes we are making to the company's working practices, cost structure and portfolio," Van Beurden stated.

The earnings report added that Shell also had continued success in its exploration programme in the Integrated Gas upstream unit with six discoveries in the LNG producing nations of Brunei, Egypt, Oman and Russia.

Shell noted that during the quarter, the LNG Canada joint venture announced that the joint venture participants, Shell, PetroChina, Mitsubishi Corp. and Korea gas Corp., decided to delay a final investment decision originally planned for the end of 2016.

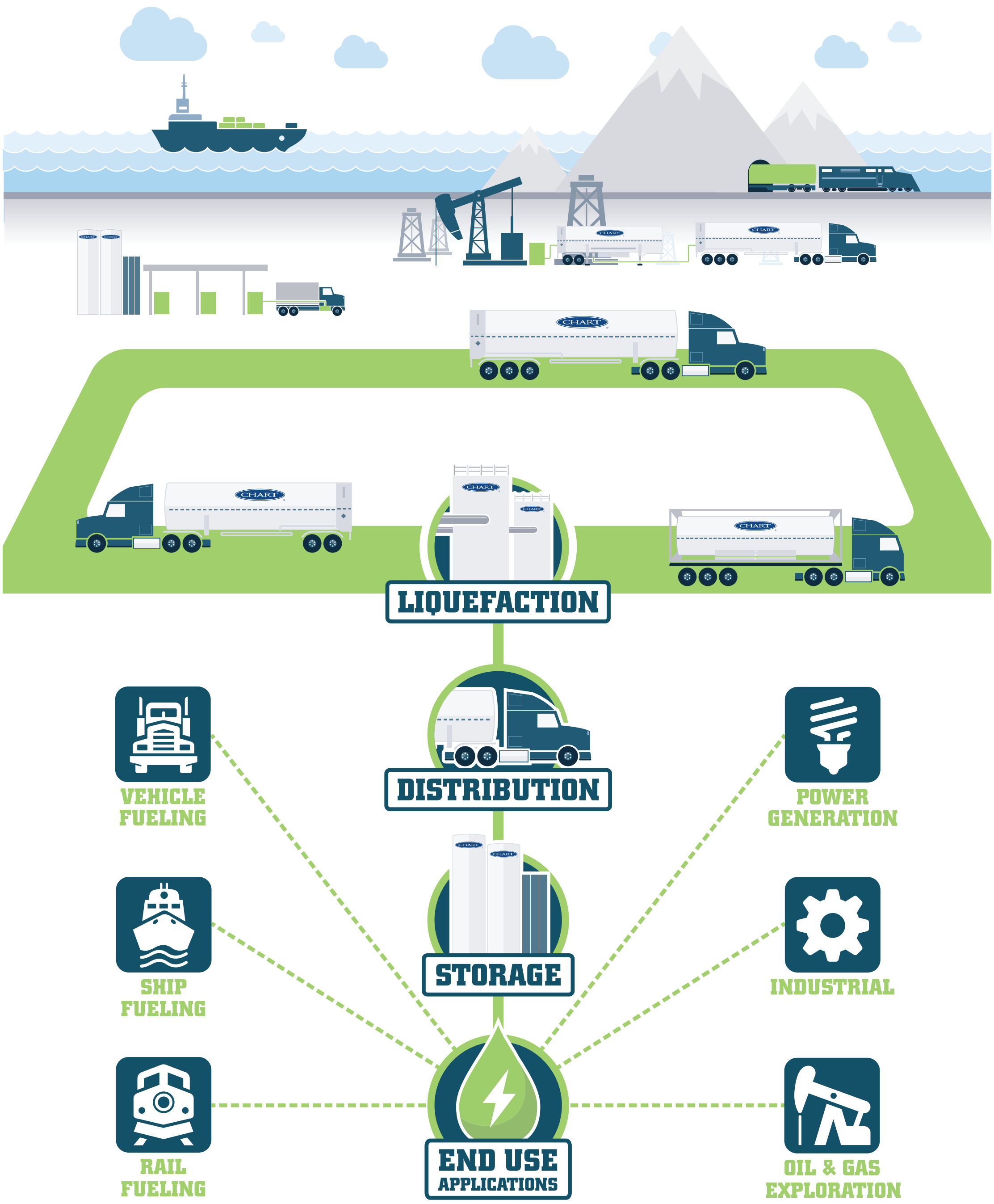
In the US, Shell also decided to delay an investment decision on the Lake Charles LNG project, which was planned for 2016.

The Lake Charles LNG project proposes to convert the existing Lake Charles regasification facility owned by Energy Transfer Equity into a liquefaction facility.

However, on a positive note Shell was appointed by the Energy Market Authority of Singapore as one of the importers for the next tranche of LNG supply into Singapore.

"Shell and another importer will each have exclusivity for three years to market up to 1 million tonnes per annum of LNG," it said. ■

LNG VALUE CHAIN SOLUTIONS



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NEWS NUDGES

QP forms Ocean LNG

Qatar Petroleum has set up a company called Ocean LNG Ltd to market its future international LNG supply portfolio sourced from outside the State of Qatar, where its affiliates Qatargas and RasGas produce a combined 77 million tonnes per annum. QP said its move was motivated by its desire to continue to be a global LNG leader and to invest in LNG projects outside Qatar. A branch office of Ocean LNG will be established in the Qatar Financial Centre in the Gulf state's capital, Doha, to manage and undertake the new company's activities.

LNG's role in US demand

The opening of Sabine Pass, the first liquefied natural gas export plant on the Gulf Coast, marked the onset of a new demand source, with deliveries to the facility averaging 0.6 billion cubic feet per day in the April-to-October injection season when US demand reached record levels. Net natural gas exports to Mexico also increased as new cross-border pipelines came online. According to the latest data published by the US Energy Information Administration, natural gas consumption and net exports averaged 71.4 billion cubic feet per day (Bcf/d), 2 Bcf/d above the 2015 injection season, which held the previous record. "The rise in natural gas use for electricity generation was a primary driver of demand," the EIA said.

Jordan Cove FERC appeal

The Jordan Cove LNG project planned for Coos Bay in the northwest state of Oregon has asked the Federal Energy Regulatory Commission to rule soon on its request for a rehearing of an order rejecting its development. The FERC rejection order cited a lack of market support for the Oregon venture, though the project led by Canadian company Veresen later signed two Japanese supply deals, one with Jera Co Inc. and another with trading house Itochu Corp.

Chinese energy group Sinopec takes delivery of LNG ship for Queensland

Our Asia-Pacific editor

China Petroleum and Chemical Corp., known as Sinopec, has taken delivery of its first dedicated vessel to ship cargoes from the Australian Pacific LNG plant in the state of Queensland.

Sinopec has signed up for 7.7 million tonnes per annum of LNG from APLNG for 20 years from the two processing Trains now in operation.

Mitsui OSK Lines, the Japanese shipping company and LNG fleet operator, will manage the vessel and have a 20 percent stake in the ship that was handed over at the Chinese Hudong-Zhonghua Shipbuilding yard in Shanghai.

The vessel, named "CESI Gladstone", is a joint venture newbuild majority owned by China COSCO Shipping Corp and Sinopec.

"It is the first vessel to serve in the LNG transport project for Sinopec and will sail under a long-term charter contract to transport LNG from the Australia Pacific LNG Project," MOL said.

US major ConocoPhillips and Australian utility and energy company

Vessel 'CESI Gladstone" is a China-Japan joint venture

Origin each hold 37.5 percent stakes in the APLNG plant, located on Curtis Island, near Gladstone. Sinopec holds the remaining 25 percent.

"In cooperation with China COSCO Shipping, MOL played a key role in vessel construction together with Chinese partners," the Japanese company said.

"It assigned technical experts to the shipyard in China and created a shipbuilding supervision team made up of multinational staff, mostly Chinese and Japanese, to ensure the safe and high-quality of the newbuilding LNG carriers.

"Starting with the 'CESI Gladstone', a total of six newbuilding LNG carriers will be delivered from this year through 2018," MOL added.

The "CESI Gladstone" is the first vessel to solely serve the APLNG project for Sinopec.

As operator, MOL said it would have 20 percent ownership of the vessel with a capacity of 174,100 cubic metres.

The "CESI Gladstone" also has membrane type storage tanks and duel-fuel, diesel-electric propulsion allowing optimum speeds of 19.5 knots. ■

Colombia set to join LNG nations as FSRU deployed in Cartagena port

The Latin American state of Colombia could soon be receiving US LNG cargoes from the Sabine Pass plant in Louisiana as its first import facility prepares to start operations after the arrival of a Floating Storage and Regasification Unit at the northern port city of Cartagena on the Caribbean coast.

Colombian companies Promigas and La Sociedad Portuaria El Cayao have a joint venture project involving the deployment of the 170,000 cubic metre capacity FSRU "Hoegh Grace" supplied by Norwegian company Hoegh LNG and which is now in port.

Power path

The LNG imports will give Colombia supplies for gas-fired generation to cover any shortfalls in electricity from hydropower.

In addition to seeking LNG from Sabine Pass, the new import facility at Cartagena will also be expecting to buy cargoes from the Atlantic LNG export plant at Point Fortin in Trinidad.

The US Sabine Pass plant has already exported cargoes to 12 different nations: Argentina, Brazil, Chile, China, the Dominican Republic, India, Jordan, Kuwait, Mexico, Portugal, Spain and the United Arab Emirates.

Norwegian company Hoegh has said the FSRU project in Colombia was on schedule and the "Hoegh Grace" was expected to commence commercial operations before the end of the fourth quarter of 2016.

Hoegh has signed a contract for a minimum term of 10 years with Sociedad Portaria and Promigas for the FSRU.

A local office for the LNG project has been established in Cartagena and Hoegh's focus is on executing the start-up and ensuring a smooth transition to the operations phase for the group's sixth FSRU project.

According to the contract with the Colombians, Hoegh will be paid 50 percent of the charter hire from June 2016 until the regasification trial starts before the year-end.

The LNG will be unloaded at a gas storage complex that is part owned by Sociedad Portuaria and Promigas.

Promigas already transports 50 percent of Colombia's natural gas through its growing network of 2,900 kilometres of pipelines. ■

Wheatstone LNG in Australia to cost Chevron and partners $5Bln more after project review

Our Asia-Pacific editor

Chevron Corp. and its Wheatstone LNG project partners in Western Australia will need to provide additional investment as completing the delayed venture is expected to cost US$5 billion more than expected.

Chevron Chief Financial Officer Pat Yarrington said the bill for the project was now forecast to come in at a total of $US34Bln, 17 percent more than its original estimated price.

Capacity

Wheatstone, which will have an initial capacity of 8.9 million tonnes per annum, is also behind schedule as it was originally expected to come on stream at the end of 2016 or the start of 2017.

Chevron Chief Executive John Watson blamed a Malaysian module fabrication yard for pushing first LNG production back six months.

The Chevron-led Gorgon LNG joint venture was also over budget and behind schedule when it went on stream at the start of 2016 on Barrow Island, offshore Western Australia.

CFO Yarrington said late deliveries of pre-constructed modules from southwest Asia were now a primary driver of the cost increases for Wheatstone LNG.

"A secondary reason, also experienced on the Gorgon project, was an underestimation of the quantity of materials required," she added.

The main shareholder with Chevron is Australian LNG producer Woodside, operator of the Northwest Shelf and Pluto LNG plants in Western Australia.

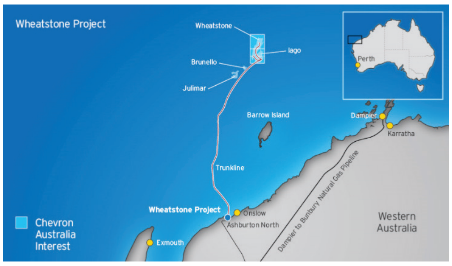
The onshore Wheatstone venture is located near Onslow, in the Pilbara region of Western Australia.

The Chevron-led development comprises the Wheatstone, Iago, Julimar and Brunello gas fields, an offshore platform, a pipeline to shore and the onshore plant.

Woodside joined the project in 2015 when it completed the acquisition of 65 percent stakes in the Julimar and Brunello gas fields assets from Apache Corp of the US.

Woodside also issued a statement saying the Wheatstone venture would cost more to complete than expected and will add to forecast capital expenditure.

However, Woodside noted that some of the cost rises would not affect the company as they include "significant costs to which Woodside has no exposure."



Initial under-estimates and late module arrivals added to price of onshore Australian project

"The cost update referenced the original 2011 final investment decision budget estimate issued prior to Woodside joining the Wheatstone joint venture. "Woodside updated expected costs as part of our 2015 acquisition of Apache's interest," it added.

Tender opens until Nov 21 to supply Italian FSRU

OLT Offshore LNG Toscana, the Italian owner of the import facility deployed offshore the Mediterranean coast, will again provide peak-shaving services for the natural gas network and has launched a tender for a cargo.

OLT offshore operated the "FSRU Toscana", moored 22 kilometres off the coast between the cities of Livorno and Pisa and connected to the Italian national gas transmission grid through a 36.5km pipeline from the shore to the mainland operated by Snam Rete Gas.

The public tender is open until November 21 through documents available to all qualified companies.

"The winner of the tender will need to supply an LNG carrier with a volume between 65,000 cubic metres and 110,000 cubic metres for unloading at the OLT terminal in the period of December 1st to December 31st 2016," said OLT Offshore.

The peak shaving service is one of the emergency measures expected of OLT Offshore through a decree from the Ministry of the Economic Development if unfavorable events compromise the national gas system during the coming winter through early 2017.

"In case of emergency this service would allow, starting from January 1 2017 to March 31, 2017, to redeliver gas in the network, previously unloaded and stocked into the tanks of the Terminal, at short notice with the aim of meeting peak requests from the gas system for a limited period," OLT Offshore explained.

The use of a European LNG import terminal as a peakshaving facility serves to highlight the current oversupply of natural gas. The OLT offshore terminal can regasify 3.75 billion cubic metres. ■

LNG developer of North American export plants aims for 2021 demand window

LNG Ltd., the Australian LNG project developer, said it was continuing to follow a marketing-led strategy for its two North American export projects on the US Gulf Coast and Canada and believes it can satisfy the front part of the 2021-2022 demand window.

Bear Head project in province of Nova Scotia

While both the Magnolia LNG venture in Louisiana and the Bear Head project in the Canadian province of Nova Scotia are on hold as regards construction, the company's Chief Executive, Gregory M. Vesey, said LNGL was aiming to complete marketing of the Louisiana venture through to full financing and into construction.

Marketing

Vesey said the Bear Head LNG venture also required work on the marketing front and securing liquefaction tolling capacity.

LNGL said in its latest earnings that the company's total cash position as at the end of September was A$61.7 million (US$46.8M) and there was no debt on the books.

"The LNG industry is currently challenged by an LNG supply-demand imbalance," Vesey said.

"However, the business model of mid-scale LNG export projects, using our wholly owned patented OSMR liquefaction process technology, positions the company for long-term global success due, in part, to our industry leading low-cost solutions," he added.

"LNGL believes in long-term global demand growth for natural gas and sees the market becoming short of supply beginning in 2021-2022.

"We believe our company is uniquely positioned to provide relief at the front part of the 2021-2022 demand window, reflecting the advanced approval stage of our two North American projects.

"The Magnolia LNG and Bear Head LNG projects can deliver a combined 16 million tonnes per annum of liquefaction capacity into the market in this timeframe and up to 20 MTPA or greater by 2024, under existing permits," Vesey stated.

LNGL said its Annual General Meeting would be held at Fraser's Kings Park, Fraser Avenue, Perth, Western Australia, on Thursday November 17 at 2:30pm. ■

Belgian shipping line Exmar still in talks to sell FSRUs to Vopak and place barge

Belgian shipping company Exmar said it was continuing to discuss the acquisition by Royal Vopak of the Netherlands, the global petroleum storage company, of its LNG Floating Storage and Regasification Unit (FSRU) business.

The Belgian LNG fleet owner with various stakes in 15 carriers and FSRUs gave its update on the talks in its third-quarter earnings statement as it also tried to place the first ever floating LNG production barge it has had built at a Chinese shipyard.

The Belgian company has been a pioneer in the FSRU and floating liquefaction markets and is currently co-owner or operator of 10 FSRUs.

Vopak has earmarked storage and handling of LNG-gas as one of its strategic focus areas and is looking for strategic opportunities in the LNG infrastructure market.

"As already announced on the September 2, Exmar and Vopak are currently discussing the possibility of an acquisition of Exmar's current Floating LNG regasification business," said the company whose Chief Executive is Nicolas Saverys.

Vopak jointly owns and operates two land-based storage and regasification terminals, the Gate terminal in the Port of Rotterdam and the Mexican Altamira import facility on the coast of the Gulf of Mexico.

Exmar's earnings in its LNG division amounted to improved nine-month income to the end of September of $31.3 million compared with $24.8M in the same period of 2015.

The quarterly operating result for its LNG and FSRU fleet was $6.6 million compared with $9M in the same three months last year.

"The results were impacted by the cost of completing the commissioning of the Caribbean FLNG at the shipyard," said Exmar in reference to the liquefaction tests carried out on its floating production barge at the Wison shipyard in Nantong, China.

The non-propelled barge was originally built for the cancelled Caribbean FLNG project and comprises a single processing Train.

The Antwerp-based company's vessel is capable of producing 72 million cubic feet a day of LNG, the equivalent of 500,000 tonnes per annum.

The LNG is temporarily stored in on board tanks and can be subsequently offloaded to LNG carriers.

"The Caribbean FLNG has been successfully performance-tested at the Wison Offshore and Marine shipyard in Nantong," Exmar said, while pointing to the additional costs of the process.

"Delivery of the unit will take place before the end of the year. Several employment opportunities for the unit are currently under active discussions," it added. ■

Noble natural gas sales to Israel at record as LNG plans lag amid supply deal with Jordan

Our North America editor in New York

US company Noble Energy reported record natural gas sales to Israel from its Tamar field in the East Mediterranean where the even larger Leviathan gas field project advanced towards development and firmed up a supply deal with Jordan.

Noble, headquartered in Houston, Texas and with operations including US shale plays and exploration and production in the East Med and West Africa, gave the details as it posted a third-quarter net loss of $144 million.

Volumes

Israeli natural gas sales volumes averaged 313 million cubic feet equivalent per day, a record for the company and an increase of 3 percent versus the third-quarter of last year.

"The higher volumes were primarily driven by greater displacement of coal for natural gas in Israel's power generation sector and growth from industrial customers, as well as strong seasonal weather demand," Noble said.

Other highlights of its East Med operations in partnership with units of the Israeli Delek Group, included continued strong reservoir performance in the Tamar field as the asset reached a cumulative 1 trillion cubic feet of gas sold since first production in 2013.

Noble and Delek are developing natural gas fields offshore Israel and Cyprus and may supply feedgas in the future for LNG exports from nations such as Egypt and the Greek-speaking part of Cyprus.

Noble said it additionally executed an agreement to sell a 3 percent working interest in the Tamar field during the quarter for $369 million to the Harel Group, an Israeli insurance and pension fund. Closing of the transaction is expected in the middle part of the fourth quarter.

The US company said it was also making progress in the marketing of natural gas from the Leviathan field.

It executed a gas sales contract to supply gross volumes of up to 350 MMcf/d of natural gas, equivalent to a total of 1.6 Tcf, from Leviathan to Jordan's National Electric Power Co. for consumption in power production facilities over a 15-year term.

The gross contract revenues from the Jordan deal are estimated to be around $10 billion.

Noble added that front-end engineering and design was advancing for the Leviathan production platform to be deployed offshore Israel.

Other recent strategically significant highlights include the successful initial public offering of the Noble Midstream business spin-off containing its Marcellus Shale joint venture.

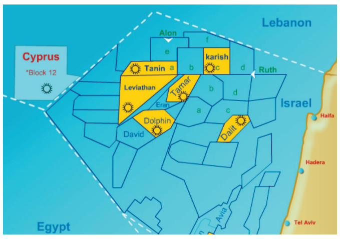
The company sold quarterly volumes of 425,000 barrels of oil equivalent per day during the three months.

Natural gas accounted for 57 percent of the total and the balance was made up of crude oil, condensate and natural gas liquids.

Total oil volumes of 123,000 barrels per day were above expectation and were primarily driven by outperformance in the Denver-Julesburg Basin in Colorado and the Gulf of Mexico and West Africa business units.

Noble also has operations in the Eagle Ford shale and the Permian Basin in Texas.

"Once again, the strength of our high-quality asset base and operational execution was on display," said David L. Stover, Noble's Chief Executive.



Tamar field supplies Israel and Leviathan has LNG potential

TransCanada advances plans to be US LNG feed-gas transporter and key Mexican player

TransCanada Corp. is advancing plans to be a key US LNG project feed-gas transporter and is selling its power business to help finance expansion into resource areas such as the Marcellus Shale, the US Gulf Coast and pipeline exports to Mexico to offset the hold-ups in Canadian LNG and other energy projects.

TransCanada outlined its latest plans as it unveiled its earnings and the pending sale of its US Northeast Power division for US$3.7 billion to fund its recent purchase of Houston-based Columbia Pipeline Group.

That's as the company outlined the problems raised by Canadian regulatory hold-ups in relation to the North Montney Mainline pipeline project planned to link the shale-gas plays in northeast British Columbia to proposed LNG export projects on the Pacific Coast.

"In March 2016, we filed a request with the National Energy Board for a one year extension in the North Montney Mainline project Certificate of Public Convenience and Necessity.

"The extension continues to be subject to the condition that construction shall not begin until a positive Final Investment Decision has been made on the Pacific Northwest LNG project.

"The project company continues to work with our customers and stakeholders to be ready to initiate construction of the North Montney facilities, however, and the in-service date will be finalized once an investment decision has been made," TransCanada said in its earnings report.

TransCanada's power asset sale will cover part of the US$13Bln acquisition of Columbia and the company has also borrowed almost US$7Bln.

Based in Calgary, Alberta, TransCanada posted a net loss for the third quarter of $135M compared with net income of $402M in the same period in 2015.

It said it will maintain its current stake in various natural gas pipeline assets in Mexico, which will allow it to fully capture future growth.

The Canadian company said much of that growth will come from the Columbia acquisition, which gives it access to the shale-gas plays that will underpin US LNG exports and more pipeline sales to Mexico.

Analysts said TransCanada and several other companies are purchasing assets during the current energy slowdown to position themselves to be more profitable when markets relaunch.

TransCanada's pipeline rival in Canada, Enbridge Inc., recently revealed plans to take over Houston-based pipeline company Spectra Energy Corp. for $37Bln.

The company added that it would maintain its full ownership interest in a growing portfolio of natural gas pipeline assets in Mexico, rather than sell a minority interest in six of these pipelines to fund a portion of the Columbia acquisition.

TransCanada owns and operates the Guadalajara and Tamazunchale pipelines and is investing US$3.8Bln to develop four others.