

LNG Unlimited

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Kosmos advances with Senegal and Mauritania FLNG projects

Governments of both West African nations support the plans and will sign a new accord

Our North America editor

Kosmos Energy, the US exploration and development company based in Dallas, said it was pushing ahead with developing its huge natural gas discoveries offshore Mauritania and Senegal, with plans including the deployment of two floating LNG production vessels and supplying domestic gas-fired power plants in both West African nations.

The initial venture is expected to be based on the Tortue-Ah-meyim natural gas field and adjoining resources which have been appraised and delineated “and are expected to be the anchor for the first phase development.”

Two hulls

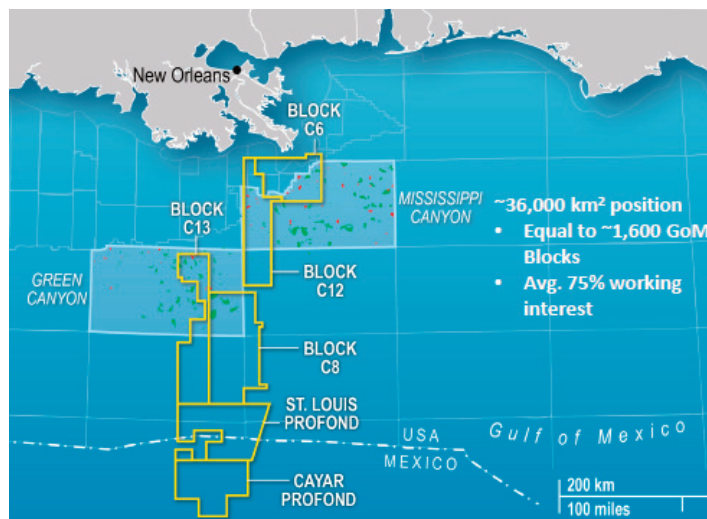
Kosmos said it was moving forward based on a Floating LNG project offshore with two FLNG production units working in the field and with combined initial total production of 4.6 million tonnes per annum of LNG.

Kosmos has not yet divulged what type of FLNG vessels would be used, though companies such as Golar LNG are in the charter and joint venture market

The Kosmos plan appears to focus on deploying an FLNG vessel in Mauritanian waters where feed-gas resources already amount to as much as 15 trillion cubic feet of gas.

In parallel to appraisal drilling and conceptual studies, the Dallas-based operator is in talks with oil and gas companies interested in farming in to the project.

Interestingly, Australia's biggest



Gulf of Mexico perspective: Kosmos showed in its latest presentation how its positions in Mauritania and Senegal would look in terms of size if they were offshore Louisiana

LNG operator, Woodside Petroleum, has arrived in the area after buying deepwater assets from ConocoPhillips offshore Senegal.

In addition, domestic natural gas needs would also be provided for gas-fired power plants near the Mauritanian capital Nouakchott and Dakar, the capital of Senegal.

The governments of both Senegal and Mauritania were supportive of the FLNG plans. “We anticipate the signing of an Inter-governmental Cooperation Agreement (ICA) by both governments,” Kosmos said.

The Texas-based company added that it was also evaluating “strategic partnering options” for the FLNG projects.

Kosmos, a company listed on the New York Stock Exchange and with most of its operations centred in Africa, also gave an update on its activities and finances in its latest earnings for the third quarter of 2016.

“Following our world-class gas

discoveries offshore Mauritania and Senegal, we are currently designing a multi-well drilling program, to begin mid-2017, that we believe will target some of the largest undrilled exploration prospects identified along the Atlantic Margins,” said Andrew G. Inglis, Chairman and Chief Executive.

Kosmos has said that its Mauritania-Senegal feed-gas assets amounted to between 25 Tcf and 50 Tcf of discovered and de-risked gas resources.

The US company is also producing oil at its venture offshore the West African state of Ghana. The Tweneboa, Enyenra and Ntomme (TEN) project is the second major oil development in Ghana and is progressing despite challenges.

Production from its oil finds started in August 2016 and was impacted by downtime associated with turret issues on the Jubilee Floating Production, Storage and Offloading (FPSO) vessel earlier in the year.

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Province-backed British Columbia power package likely to be condition for any other LNG plants

Our North America editor in New York

The Canadian province of British Columbia said the decision by the Asian-run Woodfibre LNG project to proceed and its full authorization means it will also be locked into using state-backed electricity and associated technology being pushed onto all liquefaction and export ventures.

The Government of BC and the provincial utility, BC Hydro, have announced a special electricity package for LNG export plants that connect to local utility BC Hydro and its integrated grid for the liquefaction process, including the powering of compressors to chill and liquefy natural gas.

Investment

The Woodfibre development earlier in 2016 became the first LNG export project in Canada to receive its full environmental approval from the federal government in Ottawa under the new tougher legislation. It has now also taken a final investment decision to proceed.

"Using electricity instead of natural gas to power LNG facilities



Clark is looking for at least one LNG export success

will limit greenhouse gas emissions, helping the Province achieve its reduction targets," BC said.

"LNG customers also will be required to contribute the full cost of connecting to the BC Hydro system and transmission upgrades required to serve their facilities, as set out in electricity supply and load interconnection agreements with BC Hydro," the government explained.

The Woodfibre project is being developed by Indonesian billionaire Sukanto Tanoto and his Pacific Oil and Gas company.

Planned for the site of a former pulp mill on the shores of Howe Sound in Squamish, north of Vancouver, Woodfibre is a mid-scale LNG facility with initial capacity

of around 2.1 million tonnes per annum.

The liquefaction plant and infrastructure is on the traditional lands of the Squamish First Nation and they have been given some input on environmental issues and the cleanest technology choices.

BC said that the power package and rates for LNG projects will be available to proponents once they have announced their final decisions to proceed and use BC Hydro for the liquefaction process.

The rate for LNG developers is also the same price as the standard industrial electricity rate for their ancillary power needs.

"This creates an incentive for LNG developers to use electricity

instead of natural gas for their compression needs, and supports actions under the Province's 'Climate Leadership Plan' to encourage electrification, reduce emissions, and enable the development of a new, low-carbon economy," said BC, taking care to use federal Prime Minister Justin Trudeau's new over-blown 'Climate Leadership' language for what is an industrial project in a jobs poor area.

Analysts point out that the LNG industry has been a leader for many years in clean technology such as carbon-capture and natural gas itself is the most reliable bridge to using expensive renewable energy.

Canada is still some way off building an LNG industry as most other projects are on hold as Canadian costs and conditions multiple at the same time as a general energy industry downturn.

BC Premier Christy Clark said she welcomed the news that Woodfibre had received board authorization to proceed with the \$1.6-billion venture, the smallest foreign project yet proposed for the country.

Chinese LNG import terminal visited by Premier of BC upgraded and awaits shipments in 2020

PetroChina, the Chinese energy company and liquefied natural gas terminal owner, has commissioned new storage and regasification facilities at the Rudong import terminal, previously visited by British Columbia Premier Christy Clark.

While in China in late 2013 as part of an Asian tour to promote LNG exports, Clark visited the Rudong terminal, located in the eastern province of Jiangsu. The visit was arranged by the development company of the Woodfibre export plant at Squamish, north of Vancouver, which has a 35 percent stake in the Chinese terminal.

Woodfibre is now the only BC LNG liquefaction plant moving for-

ward after receiving all its permits with 25 conditions attached, being supported by the Squamish First Nation and taking its own final investment decision to proceed.

Rudong could be the only Chinese import terminal to handle regasified Canadian LNG in 2020 and beyond as most others among 20 originally planned for BC have been shelved for economic reasons or have been ground to a halt by ever stricter Canadian environmental policies.

The minority Rudong stake is held by Asian energy company Pacific Oil & Gas Co. of Indonesian billionaire Sukanto Tanoto, owner of Woodfibre LNG.

The regasification terminal is now one of the largest in China after being upgraded by China Huanqiu Contracting & Engineering, a unit of PetroChina's parent company, China National Petroleum Corp.

Huanqiu Contracting said it had commissioned the new storage tank with just over 200,000 cubic metres of additional capacity, as well as more regasification equipment and adjoining pipelines,

Rudong LNG has been in operation since 2011 and the new storage adds to the existing two tanks, each with 160,000 cubic metres of capacity.

The Chinese facility can now

handle 6.5 million tonnes per annum of LNG shipments.

However, the Woodfibre project is also the smallest international venture put forward in BC and will only produce 2.1 MTPA of LNG, about one third of the annual handling capacity of the Rudong terminal, one of 14 operating on the Chinese coast.

In contrast to the tiny Woodfibre project, the postponed Royal Dutch Shell-led venture, LNG Canada, and the Pacific Northwest LNG project of Malaysia's Petronas would each ship roughly 10 times that amount and bring 30 times more investment.

Cheniere set to offer more US LNG spot cargoes

The US Federal Energy Regulatory Commission has issued a letter authorizing Cheniere Energy to proceed with commissioning of its third production Train at the Sabine Pass export plant in Louisiana, opening the way for the selling of more spot cargoes on the LNG market.

The FERC letter authorised the introduction of feed gas and refrigerants for commissioning of liquefaction Train 3 at its LNG export terminal in the state's aCameron Parish.

"Based on review of the information filed above, we have also determined your filing is consistent with Environmental Conditions of the Order for introduction of feed-gas and refrigerants into Train 3 and Stage 2 OSBL facilities.

"Your filing is also consistent with Environmental Conditions of the August Order for the introduction of feed-gas and process fluids into the Heavies Removal Unit facilities within Train 3," the FERC letter added.

Cheniere said that during the third quarter, Train 2 was completed and began selling commissioning cargoes that were offset against LNG terminal construction-in-process because these amounts were earned during the testing phase.

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

During the three months to the end of September the Houston-based company said 18 cargoes were loaded and exported from the Sabine Pass facility, three of which were Train 2 commissioning cargoes.

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

Flogas and Stolt-Nielsen plan small Scotland cargoes for Rosyth port

Our Europe editor

Flogas Britain, the UK liquefied natural gas provider, and a unit of Norwegian company Stolt-Nielsen are working on a joint project to bring small LNG shipments to the eastern Scottish Port of Rosyth.

The shipments are scheduled to start by 2019 in small-scale LNG carriers and will supply customers not served by the existing natural gas grid.

Italian connection

Stolt-Nielsen has already completed the permitting process for a similar project being developed for the Italian island of Sardinia.

Flogas and Stolt-Nielsen said their initiative is a step towards reducing the cost of energy for homes and businesses in remote areas.

Under an initial plan LNG will be shipped by Stolt-Nielsen's LNG subsidiary via the small-scale vessels and stored in bulk at the Port of Rosyth, before being distributed by Flogas across Scotland by road tanker, mainly to industrial customers.

Flogas pointed out that Scotland's off-grid natural gas is delivered by road tanker from the Isle



Executives of Flogas and Stolt-Nielsen who agreed deal

of Grain LNG import and fuel terminal in Kent, southeast England.

"The costs associated with the long distances are high, forcing many off-grid businesses to use oil to power their industrial processes, or pay a premium for gas," Flogas said.

"With a target completion date set for 2019, the bulk LNG solution will deliver LNG more cost effectively, making it cheaper and enabling users to switch to the more environmentally friendly fuel," Flogas added.

"For the next phase of the project, a leading engineering firm has been engaged to support the preliminary engineering and permitting of the small-scale LNG terminal at the Port of Rosyth,"

Flogas explained. "Once permits are obtained, construction of the facility can begin on the site, which will generate over 100 local jobs during the 18-month construction phase, and 50 more following completion," said the UK company, based near Leicester.

"This unique project is the beginning of Scotland's LNG future and a chance to establish Scotland as an even greener nation," said the Head of Sales of Flogas, Rob McCord.

"It will encourage the development of a natural gas infrastructure in Scotland's remote regions and attract substantial investments from leading industrial groups," he added.

Japan's average contracted price of spot LNG rises to \$6.10/MMBtu

Japan said the average price of spot liquefied natural gas imported into Japan that was contracted in October was \$6.10 per million British thermal units, a rise of \$0.40 per MMBtu from the previous month.

The latest contracted spot price is higher compared with the \$5.70 per MMBtu price given for September 2016, but lower than the \$7.60 per MMBtu logged a year ago by government officials.

The "Arrival-Based" price for October was given as \$5.70 per MMBtu, while no price was given in September as the minimum of two required deals were not regis-

tered. However, the "Arrival-Based" price given in October 2015 was \$7.90 per MMBtu.

The spot cargo numbers come from the commerce division of the Japanese Ministry of Economy, Trade and Industry and are only issued if a minimum number of two trades are recorded.

The ministry emphasizes that "spot LNG" refers to fuel traded on a cargo-to-cargo basis and does not mean shipments under contracts on a short-term, medium-term or long-term basis.

The Japanese Finance Ministry released figures in October showing that overall LNG shipments in September had dropped after un-

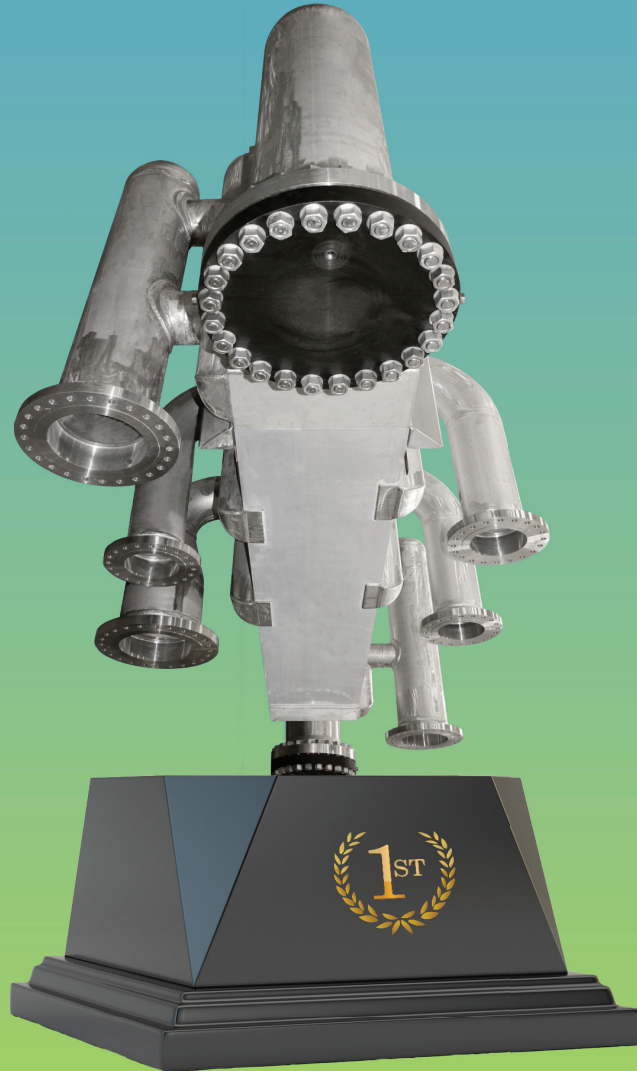
expectedly surging more than 9 percent in August.

Japan said the drop came as the nation imported more thermal coal for power generation. It also took additional LNG shipments from Australia and Russia and fewer from the Middle East.

Japan's shipments in September amounted to 6.67 million tonnes, a decline of 3.5 percent compared with 6.91MT imported in the same month of 2015.

The latest monthly global LNG imports cost 249.07 billion yen (\$2.29Bln) compared with 416.11Bln yen (\$4.02Bln) in September 2015.

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NEWS NUDGES

Engie profitability on the wane

French utility and energy group Engie said nine-month revenues were 47.51 billion euros (\$51.15Bn), down 11.1 percent compared with the 53.5Bn euros posted in 2015. This decrease was mainly attributable to lower commodity prices which impacted LNG activities, exploration and production and other businesses, including power generation and to the temperatures in France which were milder over the first nine months of 2016 compared with the same period in 2015. Cash flow from operations, a good measure of profitability, amounted to 6.8Bn euros for the nine months, down 600 million euros (\$655M) versus the 2015 period.

Ichthys LNG pipe connected

The Ichthys LNG liquefaction project in Australia's Northern Territory near Darwin, being developed by Japanese energy company Inpex Corp. and French major Total, has reached a pipeline landmark. The 890-kilometres pipeline built to deliver feed-gas from the offshore Ichthys field in the Browse Basin, located offshore northwest Australia, is now ready and connected to the processing plant at Blaydin Point. The pipeline took more than four years to complete and the eight-kilometre onshore section has now been connected.

India LNG bus on trial

India's first LNG-fueled bus was inaugurated at Kochi in the southwest state of Kerala. The bus project is backed by Petronet LNG, Indian Oil Corp. and Tata Motors Ltd. It is part of a plan to use LNG buses for mass transportation and to reduce carbon emissions. The LNG bus will operate at the Kochi terminal, owned by Petronet. The fuel tank was provided by Chart Industries of the US.

LNG fleet owners forecasting evolution of spot market underpinned by long charters

Our Europe editor

The liquefied natural gas shipping market is evolving as more than 200 spot charters were logged in the year to September and the oversupply of vessels was seen easing as companies were signing more long-term charter transactions.

All LNG facilities due to start up in 2016 are now operational, including Gorgon LNG in Australia, and significant demand increases of more than 27 percent have been noted in China and India.

Fixtures

That was the view of Monaco-based Greece LNG shipping line, GasLog, as it reported its third-quarter earnings and made a presentation to analysts.

GasLog, with 21 vessels operating and five more on order, noted that there was evolution taking place in the spot charter market.

"There were over 200 spot fixtures in the year to September 2016, a rise of over 60 percent compared with 2015," it said.

These ships comprised 150 dual-fuel or tri-fuel diesel-electric carriers and about 50 steam vessels.

GasLog added that its shot charter pooling system set up with shipping rivals Dynagas and Golar LNG was still adding customers after being established in October 2015.

GasLog said the so-called "Cool Pool" was showing a "unique ability to attract spot charters due to the ability to fix ships with forward start dates, offering greater flexibility" to customers.

"There have been 16 different customers and three new customers were recently added, Vitol, Jera Co Inc. and ExxonMobil," GasLog said.

"We anticipate future tightness as the available spot fleet comes under increased demand from new, uncommitted export gas volumes entering the LNG



'Gaslog Glasgow' is one of four ships delivered in 2016

trading market," it said. GasLog added that the third-quarter LNG shipping spot rates fluctuated as the US Sabine Pass plant as well as the Angola and Gorgon facilities were closed for scheduled maintenance.

GasLog swung to a loss of \$16.42 million compared with a profit of \$4.88M in the same three months last year.

During the third quarter GasLog revenues were \$120.7 million compared with \$105.8M in the year-ago period.

While GasLog consolidated its new charter relationship with Royal Dutch Shell as it took over BG Group's charters, Paul Wogan, Chief Executive, pointed to the company's long-term charter deals during the quarter with French energy company Total and Centrica of the UK.

"We are delighted to broaden our customer base with two leaders in the global energy sector and we look forward to building these relationships as they develop their own LNG businesses," Wogan said.

"In the third quarter, LNG prices in Northeast Asia and Northwest Europe rose by 16 percent and 15 percent, respectively, making the LNG price arbitrage for US exports more attractive," GasLog said.

"There are also a number of new potential importers exploring Floating Storage and Regasification Unit opportunities, one example being South Africa," GasLog said.

Another trend it noted was

that LNG shipping market oversupply may be reduced sooner as there were only five new LNG carrier orders placed in the last 14 months, all by established LNG players and these vessels take up to three years to build.

"Over 50 vessels yet to be secured for final investment decision projects that are due to start by 2020, are mainly off-takers of US volumes. The projects may take newbuildings or existing tonnage," GasLog said.

The company also took delivery of four new LNG carriers itself since the second quarter of 2016, including the "Gas Greece", on a 10-year charter with Shell and the "GasLog Glasgow", also on a 10-year charter to the Anglo-Dutch company.

The two other vessels "GasLog Geneva" and "GasLog Gibraltar" have been chartered by Shell for periods of seven-years. The four ships have capacity of 174,000 cubic metres.

GasLog forecasts combined gross earnings of \$90 million from all four vessels chartered to Shell in fiscal 2017.

GasLog has three newbuilds on order at Samsung Heavy Industries in South Korea and two others at Hyundai.

"Our vessels presently under construction are on schedule and within budget. The expected delivery dates are in 2018 and 2019," it said.

Iranian natural gas venture to provide subsea bonanza but LNG element is left out for now

Our Europe editor

French energy company Total has been chosen by Iran to operate the renewed development of the South Pars gas field, the huge deposit adjoining Qatar's North Field, which provides feed-gas for LNG production.

Total's preliminary contract is with the National Iranian Oil Company and includes a shareholding for China National Petroleum Corp.

Total had previously initiated development of South Pars but all work in Iran was later suspended for various reasons.

Preliminary

"This is an agreement in principle. The final contract will be signed early 2017," said a statement from the project company Petropars.

The Total contract has no LNG production element, though there were previously three LNG projects in Iran.

Total said the natural gas produced would be fed into Iran's gas network.

Analysts said that although there is no LNG element for the post-sanctions project, the development of the field will produce a bonanza of subsea and related contracts for global players to bid for in tenders.

"Total will launch engineering studies and a call for a tender process so that construction contracts can be awarded immediately upon



Total will launch engineering studies for South Pars

signature of the final agreement," Total added.

"The South Pars project will be developed in two phases. The first phase, with an estimated total cost of around 2 billion dollars equivalent, will consist of 30 wells and 2 well head platforms connected to existing onshore treatment facilities by 2 subsea pipelines," the French company explained.

"At a later stage, a second investment phase, involving the construction of offshore compression facilities, will be launched once required by the reservoir conditions," it added.

As yet Iran has no liquefaction plants to make its own LNG, though its passed projects were called Pars LNG, Persian LNG and Iran LNG.

However, these ventures were abandoned. Firstly because of the interference in the projects by the

extremist Iranian Revolutionary Guards and later because of Western sanctions that prohibited investments in Iran because of the nuclear issue, now resolved.

Total said it would operate the next phase of the South Pars project in which it has a 50.1 percent stake. Petropars, a subsidiary of the NIOC, will own 19.9 percent stake while China's state-owned CNPC would have a 30 percent share in the venture.

The South Pars 11 project will have a production capacity of 1.8 billion cubic feet per day, or 370,000 barrels of oil equivalent per day.

"This project fits with the group's strategy of expanding its presence in the Middle East, where the origins of the group lie, and growing its gas portfolio by adding low unit cost, long plateau gas assets," said Total Chairman and Chief Executive Patrick Pouyanne.

"In parallel, Total will launch engineering studies and a call for tender process so that construction contracts can be awarded immediately upon signature of the final agreement," Total added.

Total said the contract is a Heads of Agreement.

"Following Total's successful development of phases 2 and 3 of South Pars in the 2000s, the Group is back to Iran to develop and produce another phase of this giant gas field," said Pouyanne.

"Total is delighted to have been selected by NIOC - it is a recognition of both our technical expertise and the partnership the Group has built with Iran over the years," added Pouyanne.

"Total is pleased that the discussions with NIOC resulted in an attractive commercial framework," the CEO said.

"Total will develop the project in strict compliance with national and international laws and looks forward to working alongside the Chinese state-owned company CNPC in this additional international partnership," it added.

Under the terms of the HoA, NIOC and the project partners will conduct exclusive negotiations to finalize a 20-year contract in accordance with the technical and economic terms recently approved by the Iranian Parliament.

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Latest ruling puts KBR closer to \$500M pay-out

KBR Inc., the US energy and LNG engineering company, said that in a decision involving a subsidiary, the United States Second Circuit Court of Appeals denied Petroleos Mexicanos (Pemex), Mexico's national oil and gas company, a petition for the rehearing of a judgment in favour of KBR amounting to more than \$465 million.

This favourable outcome follows a decade of litigation involving two offshore natural gas treatment, processing and reinjection platforms which Commisa built for Pemex and which have been working and in use in the Gulf of Mexico since 2004 but for which the KBR unit was never fully paid.

"We are encouraged by this positive result for KBR's subsidiary and believe this moves us another step closer to recovering substantial amounts long overdue for work performed decades ago," said Stuart Bradie, President and Chief Executive of KBR.

The US ruling upheld a decision saying a Mexican appeals court had violated basic notions of justice when it threw out an earlier award to Houston-based KBR.

In nullifying the award to KBR in 2011, Mexico's Eleventh Collegiate Court found that Pemex, as an arm of the state, should not be subject to arbitration.

Pemex and KBR's Commisa subsidiary entered a deal in 1997 to have Commisa do work on offshore platforms in Mexico's Bay of Campeche, an energy-rich part of the Gulf of Mexico roughly opposite the city of Houston.

Depending on which side is recounting the story, Commisa either walked away from the deal or Pemex rescinded its contract when the job was mostly done.

Court rejects appeal by environment group to halt Corpus Christi LNG

Our North America editor

A US Court of Appeals in Washington DC has denied a petition by the environmental activist group, the Sierra Club, seeking a reversal of the federal approval order granted to the Corpus Christi liquefied natural gas export plant in Texas already under construction.

Cheniere Energy, operator of the Sabine Pass export plant in Louisiana, is developing the Corpus Christi venture, which is about 40 percent complete and expected to come on stream in 2018.

Precedent

The Texas liquefaction plant is being built on the shore of Corpus Christi Bay, at the north end of the La Quinta Channel.

The Court reiterated the opinion handed down in a similar case regarding the Freeport LNG export project, also in Texas, being developed at Quintana Island by energy businessman Michael Smith and his partners.

Its judgment stated that regarding the indirect effects of natural gas exports on the



Building underway at the north end of La Quinta Channel

environment, the Federal Energy Regulatory Commission's analysis did not have to address indirect or cumulative effects of the anticipated export of natural gas.

As to Sierra Club's arguments regarding greenhouse gas emissions, the Court stated that it has already considered and rejected identical arguments relating to the social cost of carbon emissions.

"Petitioner's arguments regarding greenhouse gas emissions have no merit. This Court has already considered and rejected identical arguments relating to the social cost of carbon," it said.

The Court found that the FERC environmental analyses need only

cover projects in the same geographic area as the project under review - in this case Texas.

It was previously ruled that the Sierra Club request that the FERC identify natural gas that originated from hydraulic fracturing and differentiate it from non-fracked gas was also not part of the regulator's remit.

"The same is true of petitioner's arguments for using the projects' consistency with federal greenhouse gas emission reduction goals as a tool. This argument simply restates arguments regarding cumulative impacts, which this Court has rejected," it added.

Finland joins European network development of LNG truck fuel

Finland's natural gas utility and development company Gasum has opened the nation's second LNG filling station, located at the southwest port of Turku as it builds a nationwide network.

The first Finnish LNG filling station serving heavy-duty road vehicles opened in August 2016 at Vuosaari Harbor, part of the Port of Helsinki. The Turku facility is the latest and will be followed by two others in 2017 in the towns of Jyväskylä and Vantaa.

Finland is joining the leaders in the LNG road fuel market such as the UK, Spain and the Netherlands, where station network build-outs are in progress target-

ing truck haulage companies as customers.

"Gasum is committed to investing in the development of gas vehicle use and aims to construct two more gas filling stations in the Turku area next year," the company said.

Vehicles at the Turku station can be filled up with LNG, compressed natural gas (CNG) or liquefied biogas (LBG).

Gasum said its LNG and LBG fuels were suitable for heavy-duty road vehicles and in addition to reducing particulate emissions using the gas as an alternative to traditional diesel fuel helps reduce engine noise in trucks.

The company is marketing CNG

and LBG as a fuel for cars, delivery vehicles, waste management vehicles and buses.

Gasum is also involved in the industrial LNG business through its ownership of the Norwegian company Skangas.

Subsidiary Skangas is a leader in the Nordic region with LNG production plants in Risavika, Norway, and Porvoo, Finland, as well as LNG reception terminals in the Norwegian town of Ora, at Lysekil in Sweden and the newest at the port of Pori in Finland.

Gasum is the leading supplier of biogas in Finland whereby it processes waste and produces biogas in the process.

Barcelona takes over International Gas Union Secretariat in run-up to major LNG events

Our Europe editor

Gas Natural Fenosa and the Spanish Gas Association are taking over as the General Secretariat of the International Gas Union (IGU) for a period of six years and the IGU headquarters will be based in Barcelona in the run-up to major LNG and gas industry conferences in Washington DC and Shanghai.

Spaniard Luis Bertrán, Director of Gas Natural Fenosa, the nation's main gas and power group with Enagas, will take up the role of the Secretary General of the IGU.

Honour

This will be the highest international gas industry honour for Spain since it became a member of the IGU in 1951.

The IGU was established in 1931 and brings together natural gas associations and corporations from 91 countries.

Bertrán, who has held various positions of responsibility in Gas Natural, will take over as secretary general from Norwegian Pal Rasmussen.

The Spanish Gas Association, the Asociación Española del Gas (Sedigas), also joined the IGU in 1951.



Luis Bertrán from Gas Natural Fenosa takes up the role of Secretary General of IGU in Catalan city

The offices of the Secretariat will be housed at the headquarters of Gas Natural in the Catalan city.

"This multinational energy company will contribute to the IGU Secretariat by providing the human and material resources necessary for the functioning of the organization, while also welcoming contributions from professionals from other countries," a statement said.

"A modern international associ-

ation will be set up, which will have influence on the role of natural gas in the global energy systems of the future," it added.

Chief Executive of Gas Natural Fenosa, Rafael Villaseca, said taking over the General Secretariat of the IGU for Spain is a landmark for the company.

"The planet is facing the great challenge of achieving a low carbon economy. Gas Natural Fenosa will take a lead in the debate on

energy transition through its role in the IGU, and will actively participate in the decisions that will have to be taken to achieve this goal," the CEO added.

The President of Sedigas, Antoni Peris, said a great effort had been made to achieve the General Secretariat of the IGU for Spain and Barcelona, a city he described as a benchmark for the gas industry at a European and global level, given its gas-fired power and LNG import terminal.

"Natural gas is one of the energy sources that will experience greatest growth in the coming years, due to its fundamental role in the challenge of energy transition," Peris said.

The IGU, which is currently chaired by the American David C. Carroll, faces some important challenges in the coming years and is organizing several regular events.

The World Gas Conference will be held in Washington DC in 2018. The LNG Conference & Exhibition is the most important international event organized for the industry. The next conference will be held in 2019 in Shanghai, China, under the title LNG19.

US natural gas marketed output set for first fall since 2005 and LNG will add to price rise

US natural gas marketed production is forecast to decline for the first time since 2005 and growing domestic gas consumption, along with higher liquefied natural gas exports and pipeline deliveries to Mexico, will contribute to the Henry Hub benchmark price rising.

The 2016 level of marketed output will be 1.4 billion cubic feet per day lower than the 2015 level, according to the short-term energy outlook just published by the US Energy Information Administration.

The EIA expects production to start rising in November as a result of increases in drilling activity

and infrastructure build-out that connects natural gas production to demand centres.

In 2017, forecast natural gas production is then seen increasing by an average of 2.9 Bcf/d from the 2016 level.

"Natural gas marketed production is forecast to average 77.3 Bcf/d in 2016 and 80.3 Bcf/d in 2017, which are 0.2 Bcf/d and 0.9 Bcf/d lower than the previous forecast, respectively.

"These changes reflect model adjustments to include greater sensitivity of drilling activity to Henry Hub natural gas prices," the

EIA said. Prices are also forecasts to rise in the months ahead into 2017 after the price volatility at the end of October and early November, which was mostly the result of warmer-than-normal weather and a change in the delivery month from November to December, reflecting seasonality in natural gas prices.

"Growing domestic natural gas consumption, along with higher pipeline exports to Mexico and liquefied natural gas exports, contribute to the Henry Hub natural gas spot price rising from an average of \$2.50 per million British

thermal units in 2016 to \$3.12 per MMBtu in 2017," the EIA said.

The New York Mercantile Exchange (NYMEX) contract values for February 2017 delivery traded a five-day period last week suggesting that a price range from \$2.01/MMBtu to \$4.84/MMBtu encompasses the market expectation.

The EIA is also forecasting that about 21 percent of US natural gas consumption in December, January, and February will be drawn from inventories, slightly higher than the five-year average.