LNG Unlimited

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# Tullett Prebon and Singapore plan LNG price for Middle East and India

**Index is expected to be launched by second quarter for regional DES cargoes**

**Our Europe editor**


**Dubai-Kuwait-India Index to be published twice a week**

Tullett Prebon, one of the world's leading interdealer energy and commodities brokers, has signed an agreement with Singapore Exchange (SGX) to develop a spot pricing index for the Middle East and Indian liquefied natural gas cargoes to enhance price discovery and risk management.

London-based Tullett said the new index was expected to be launched by the second quarter of 2017 and would provide a transparent reference price for LNG cargoes delivered ex-ship (DES) under flexible terms to key ports in Dubai, Kuwait and India.

## Delivered basis

The new Dubai-Kuwait-India (DKI) Sling Index will be published every Monday and Thursday by SGX, one of Asia's leading exchanges.

"As the LNG market moves towards an oversupply, the role and relevance of spot and shorter-term contracts has increased," Tullett said.

"However, the industry still lacks transparency and credible price references," noted the broker.

"The Middle East and India region in particular has seen a boost in spot trade, but lacks an accepted price marker and market participants are often relying on tenders for price discovery," explained Tullett.

"Those hedging physical exposures have limited options, and are using Far East LNG and/or UK oil and gas benchmarks to manage risk.

"The new index aims to provide a credible, consistent and transparent pricing mechanism, as the volume of LNG trades in the region continues to rise. It could also serve as a first step towards standardizing LNG trade in the region," added the broking firm.

Melissa Lindsay, Global Head of LNG at Tullett Prebon, said the London-based firm was pleased to be working with SGX to launch the new LNG pricing.

"The group's efforts in Asia and credibility as a Benchmark Administrator, coupled with our experience building liquidity in LNG derivatives, makes this a strong partnership," said Lindsay.

"Over recent years we have seen an increase in the volume of spot trade into the Middle East and India region and this new index will provide better price discovery and fair value to our clients," she added.

"Over time there will be moments where the regional price decouples from the Far East LNG or European Gas prices, so it is important for an independent and trusted regional price," she said.

Janice Kan, Head of Commodities at SGX, said the combination of the Asian exchange and the UK brokering firm was a winner.

"The winning combination of Tullett Prebon's extensive network and deep understanding of the LNG market, along with SGX's transparent and trusted methodology, will help the new index to develop as a benchmark for the region," said Kan.

"We look forward to continue building industry support to enhance price discovery in the LNG market," she added.

The DKI Index will form part of the SGX LNG Index Group or "Sling" series of indexes for LNG pricing already in operation in the Asian city state.

"It will be the first of its kind to use high-level terms of physical trade approach, ensuring submission of prices are on the same assumptions," said Tullett and SGX.

Amreeta Eng, Group Director for Trade Promotion at International Enterprise Singapore, the Singapore government agency that promotes international trade, said it was encouraging to see the Singapore Exchange extending its services for LNG.

"As LNG markets become more spot-based, this strategic partnership between SGX and Tullett Prebon will pave the way towards more transparent, trusted and reliable price discovery benchmarks," said Eng. ■

## UNLIMITED AGENDA



# US Magnolia LNG project signs supply deal with planned first import facility on East Coast of India

Our North America editor in New York

Magnolia LNG, the export project being developed in Lake Charles in Louisiana, has signed a preliminary supply contract with a company planning to bring the first import terminal on line on the east Coast of India.

Magnolia is planning a facility with 8 million tonnes per annum of production and has already received all its regulatory permits.

Cargoes will be shipped to Andhra Pradesh from Louisiana

## Floating terminal

The Louisiana project has now signed a Heads of Agreement with Vessel Gasification Solutions Inc. (VGS) in relation to shipping cargoes to India.

The accord, if it becomes a full Supply and Purchase Agreement (SPA), would see Magnolia supply LNG to the East Coast of India for the first time as all of the Asian nation's four existing terminals are on the West Coast.

Indian group VGS describes itself as an Indo-American company. VGS has apparently ordered a floating storage and regasification vessel from the Nantong shipyard of China-based Wison Offshore & Marine to be deployed as an import facility.

A mooring site has been found at Kakinada Deepwater Port and the project will supply natural gas to the eastern Indian states of Andhra Pradesh and Orissa.

The non-binding HOA between Magnolia and VGS provides for a future free-on-board (FOB) Sale and Purchase Agreement over 20 years of up to 4 million tonnes per annum, half of the planned initial capacity at the Louisiana plant.

"The obligations of the parties are conditional upon MLNG's satisfaction with or waiver of conditions precedent including financial close of the KGLNGT terminal and satisfaction by VGS of defined credit requirements underpinning their LNG purchases within agreed timeframes," both company said.

"We look forward to supplying long-term volumes to the Indian market to meet their growing needs for clean energy," said LNG Ltd's Chief Executive Greg Vesey.

"Overall, this agreement represents another important step forward for the MLNG Project," added Vesey.

Gaurav Tiwari, President of VGS, said the agreement with Magnolia gives his company "a prime position" to establish India's first East Coast LNG import terminal.

"We are very excited to take this step forward in our relationship with Magnolia, and we look forward to working with the Magnolia team to bring a significant tranche of US-produced LNG to a key new market on the East Coast of India," said Tiwari. VGS said its import facility, called the Krishna Godavari LNG Import Terminal, named after one of the nation's main natural gas fields, will also allow for the full utilization of almost 7,000 megawatts power generating capacity located nearby and currently lacking adequate gas supplies.

The Indian company has indicated that part of its project will be located on a barge structure and will have import capacity of just over 7 MTPA of LNG.

A rival LNG import project is proposed for near the same Kakinada port location by two Western energy companies, Royal Dutch Shell and France's Engie.

Other shareholders in the Shell-Engie Kakinada import project include Andhra Pradesh Gas Distribution Corp., a joint venture between the state of Andhra Pradesh and Gas Authority of India.

The Shell-led Kakinada import venture has plans for initial capacity of 3.5 MTPA with provisions to expand to 5.25 MTPA.

Shell already operates India's Hazira onshore import terminal on the West Coast north of Mumbai. The facility has been in operation since 2005.

# LNG imports by India fall in December but are up 20 percent in first nine months of fiscal year

India said liquefied natural gas imports for the month of December declined to 1.40 million tonnes, though were still up by almost 20 percent in the fiscal year to date at 13.87 million tonnes.

The Indian import figure given as 1.90 billion cubic metres for December was 2.9 percent down on the same month of 2015 when imports reached 1.96 Bcm.

The data from the Ministry of Petroleum and Natural Gas showed cumulative imports for the fiscal year to date of nine months from April to December came to 18.75 Bcm versus 15.63 Bcm logged in the same nine months of 2015 fiscal year.

During the previous month of November, shipments of LNG to India for its regasification terminals on the West Coast near Mumbai amounted to 1.49MT compared with 1.29MT in 2015 month, a rise of 15.5 percent.

Most Indian shipments currently come from Qatar but several cargoes have been received recently from the US and Australia.

India's domestic monthly natural gas production was little changed from a year ago at 2.73 Bcm.

Production for the first nine months of the fiscal year was also down at 23.88 Bcm compared with 24.69 Bcm in 2015, a decline of around 3.3 percent.

Domestic natural gas production for the month was 2.67 Bcm, a 1.7 percent fall from November 2015.

India is coming to terms with the fall of domestic natural gas production, meaning that LNG imports are certain to rise once more infrastructure is in place.

The country has plans to double LNG import terminal capacity to 47.5MT per annum by 2022.

However, this would require significant developments in LNG import capacity to take place before 2020.

India's East and Northeast regions are not connected to LNG terminals, though about half a dozen are being planned, including Floating Storage and Regasification Units in eastern states such as Andhra Pradesh.

## North America equity fund ties up LNG fuel acquisition

The North American fund management firm Parallel 49 Equity has completed the purchase of Kinetrex Energy, one of the leading liquefied natural gas fuel suppliers in the US Midwest.

Kinetrex was sold by Indianapolis, Indiana-based utility holding company Citizens Energy Group for an undisclosed sum.

Parallel 49 Equity has offices in Chicago and Vancouver and invests in companies as going concerns in the US and Canada.

Kinetrex is a leading regional supplier of LNG for use as a fuel. It operates two small-scale liquefaction facilities in Indianapolis, each with 1 billion cubic feet of storage capacity.

"LNG allows Kinetrex to take natural gas wherever it needs to go, providing fueling solutions to the transportation, commercial, industrial, agricultural and power markets, replacing costlier and less environmentally-friendly fuels such as diesel, propane and waste oil," the fund explained.

As a wholesale supplier of LNG, Kinetrex sources the natural gas directly from interstate pipelines and converts it into LNG. The company has capacity to make over 200,000 gallons per day and to store the fuel.

Trucks from the Indianapolis plants deliver around the clock to customers all over the Midwest states. There are four truck-loading stations which can load 10,000-gallon tankers in 40 minutes and up to 400,000 gallons in one day.

In addition to LNG, the company also produces and supplies renewable natural gas made from waste.

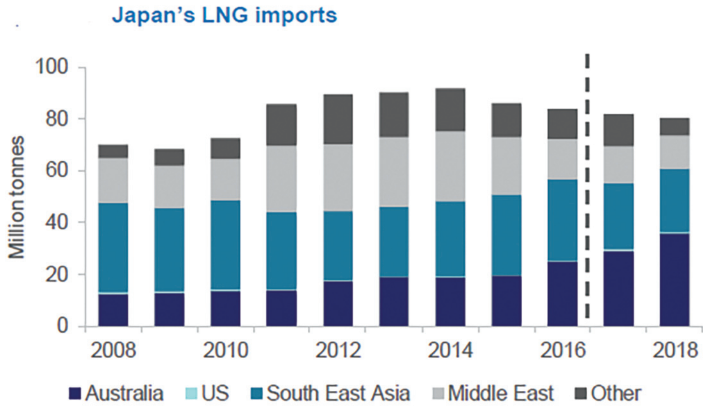
Parallel 49 Equity said Kinetrex Chief Executive Aaron Johnson will continue to head the company whose headquarters will remain in Indianapolis. ■

# Japanese LNG imports decline again as Mideast fall offset by Asia-Pacific

**Our Asia-Pacific editor**

Japanese annual liquefied natural gas imports declined for a second year as shipments from the Middle East fell 13 percent and were offset by more cargoes from the Asia-Pacific region and the spot market.

The annual imports in 2016 amounted to 83.34 million tonnes, a decline of 2 percent on the previous year. The shipments cost $28.94 billion, a drop of 40.4 percent compared with 2015.




**Japan's volumes steady amid less expensive shipments**

### Costs down

Imports of the fuel fell 6.5 percent in the December peak season to 7.54MT after rising in the previous two months.

In 2015, the total number of imports amounted to 85.04MT, a fall of 3.9 percent on the previous 12 months and had cost the equivalent of $48.6Bln, which was 29.8 percent less than 2014 as the oil price slump fed through the supply chain.

The year before the Fukushima disaster, after which most of the nation's nuclear power capacity was shut down, Japan imported 70.00MT of LNG. In 2011 when the disaster occurred in March, the annual LNG imports were 78.53MT, followed by 87.31MT in 2012, 87.49MT in 2013 and the record 88.51MT in 2014.

The Finance Ministry figures showed that annual imports from Asian countries came in at 26.52MT, a rise of 2.9 percent compared with the previous year on more cargo deliveries from nations such as Malaysia and Indonesia, Papua New Guinea and Brunei.

Imports from the Middle East region last year fell by 13 percent. The shipments from countries like Qatar, the United Arab Emirates and Oman totalled 19.63MT.

Russian shipments, mostly from the Sakhalin Island plant in the Far East, dropped 3.4 percent to 7.31MT.

The balance of LNG imports from other nations in the preliminary figures amounted to 29.88MT, covering annual shipments from countries such as Australia and Nigeria, as well as in the form of spot cargoes.

Imports of the fuel in December had cost 323.3 billion yen ($3.34Bln), a fall of 25.5 percent on the same month of 2015.

Annual thermal coal imports, one of the main competitors to LNG, dropped 3.4 percent to 109.93MT.

In December, LNG shipments to Japan's network of 34 terminals and additional satellite facilities amounted to 7.54MT compared with 8.07MT in the same month the previous year.

Current average prices paid by Japan are around $390 per tonne, the equivalent of $7.55 per million British thermal units, including oil-linked volumes and currency fluctuations.

The import figures showed that the total of Asian deliveries in December were down 15.5 percent at 2.27MT

Imports in the final month of 2016 from the Middle East dropped 18 percent to 1.71MT versus the same 2015 month.

Japan had said on January 13 that the average price of spot LNG cargoes contracted in December 2016 was $8.00 per MMBtu, a rise of $1 per MMBtu compared with the previous month and also higher than a year ago.

The Japanese said the average price of spot shipments that arrived last month after being contracted earlier was $6.8 per MMBtu compared with $5.9 MMBtu in November 2016.

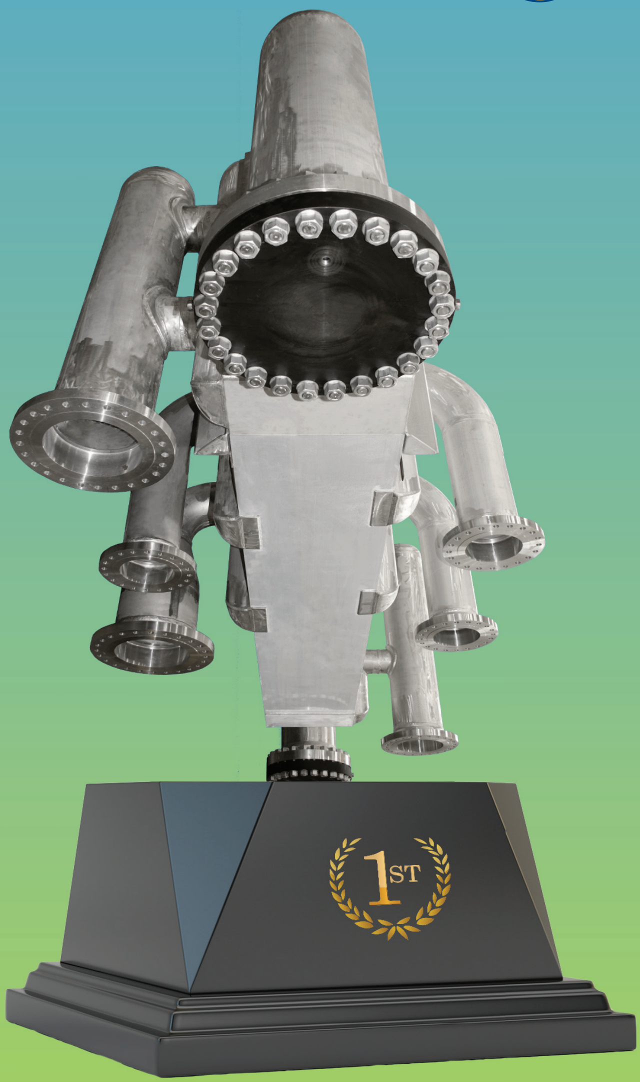
The spot cargo numbers come from the commerce division of the Japanese Ministry of Economy, Trade and Industry and are only issued if a minimum number of two trades are recorded.

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 statistical accounting of the spot prices started in March 2014.

Statistical accounting of these spot LNG prices was started by the Finance Ministry in March 2014.

Japan's total monthly LNG imports amount to 83.34MT in 2016. Monthly Finance Ministry figures given are: Jan 7.24MT (-14.1 percent) Feb 7.43MT (-3.8 percent) Mar 8.14MT (+0.1 percent) April 6.38MT (-3.3 percent) May 5.52MT (-4 percent) June 6.26MT ( -5.6 percent) July 6.57MT (5.4 percent) Aug 7.72MT (9.4 percent) Sept 6.67MT (-3.35 percent) Oct 6.28MT (3.7 percent) Nov 7.54MT (12.7 percent); Dec 7.54 (-6.5 percent). ■

# Chart Brazed Aluminum Heat Exchangers



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# NEWS NUDGES

### Qatar starts Dunkirk cargoes

RasGas Co., which is currently in the process of merging with Qatargas, delivered its first LNG cargo to the French Channel port terminal at Dunkirk under the Sales and Purchase Agreement signed between the Qatari company and Electricte de France (EDF) in June 2016. The cargo was unloaded from the 210,100 cubic metres capacity Q-Flex carrier “Murwab”. “RasGas is proud to commence delivery with this first LNG cargo under our SPA with EDF,” said Hamad Mubarak Al Muhannadi, Chief Executive of RasGas.

### Tepco recovery on bond front

Tokyo Electric Power Co., the largest user of LNG in Japan, is considering selling its first corporate bonds since March 2011, just before the Fukushima earthquake and tsunami overwhelmed one of its nuclear plants, causing death and destruction and a financial crisis for the company. The bonds are expected to be offered by a subsidiary, Tepco Power Grid. After the Fukushima disaster, Japanese LNG imports rose as gas-fired generation replaced nuclear and Tepco formed an LNG procurement joint venture with another LNG buyer Chubu Electric called Jera Co. Inc.

### London IP event set for Feb 21-23

The London-based Energy Institute (EI), the chartered professional membership body for the industry with 200 company members, will host International Petroleum (IP) Week 2017 in the UK capital from February 21-23. Speakers will include leading LNG industry figures such as Mohammed Bin Saleh Al-Sada, whose roles include being Chairman of the board of Qatargas and Minister for Energy and Industry for the State of Qatar.

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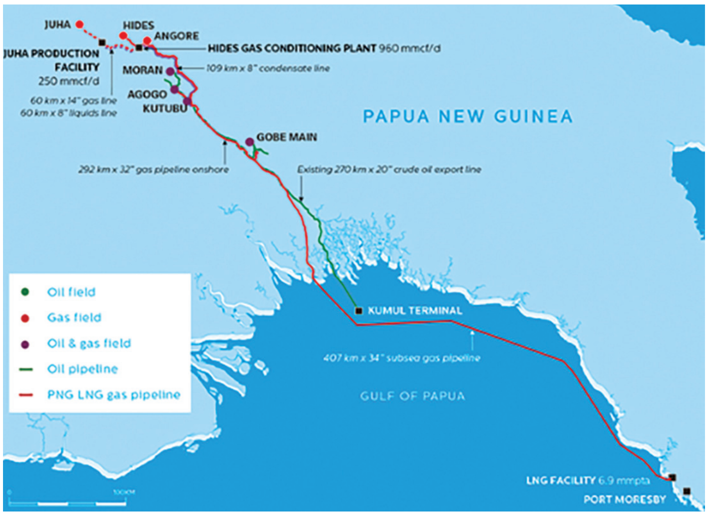
# Papua New Guinea stakeholder says LNG expansion will take place with significant reserves

**Our Asia-Pacific editor**




**Gas fields may allow for three more processing Trains**

Oil Search, the Australian-listed company with a stake in Papua New Guinea LNG and in feed-gas resources for a second project, said analysts were finalizing a resources review and indications are they have increased “significantly” from the initial certification seven years ago.

Oil Search said in its fourth-quarter earnings that the delays in the takeover of InterOil by ExxonMobil is likely to be resolved in February 2017 and that there were enough PNG resources to add three more processing Trains to the currently high-producing two Trains at the plant near Port Moresby.

## Upgrade

The licence shareholders in the Elk-Antelope fields, which are among the biggest onshore reserves in the Asia-Pacific region, are known as the PRL 15 Joint Venture.

“A likely upgrade in PNG LNG project reserves, together with resources in Elk-Antelope, P’nyang and the new Muruk discovery, support Oil Search’s view that there is more than sufficient discovered gas resource in PNG to supply not only the proven expanded capacity of PNG LNG Trains 1 and 2, as well as at least two, and possibly three, expansion Trains,” stated Oil Search.

During the quarter, Oil Search continued discussions with key stakeholders, including US major and PNG LNG plant operator ExxonMobil, France’s Total and the PNG Government, on how to deliver “the most cost-effective LNG expansion” within PNG.

“We expect this to be achieved, in part, by eliminating the duplication of infrastructure, which would deliver maximum value to all participants,” the company said.

“A key element to facilitating a cooperative and coordinated development agenda is the entry of ExxonMobil into the PRL 15 Joint Venture, through its proposed takeover of InterOil Corp.

“During the quarter, ExxonMobil’s bid for InterOil was stalled by an adverse ruling from the Court of Appeal of Yukon.

“In December, ExxonMobil announced it had made a revised offer to purchase InterOil, with InterOil shareholders scheduled to vote on the new bid on 14 February 2017.

“Contingent on the successful completion of this offer, Oil Search anticipates that formal talks regarding cooperation and integration of the next phase of LNG development will commence, on an accelerated basis, in early 2017,” the company said.

Oil Search added that independent oil and gas resource consultants, Netherlands Sewell and Associates Inc., were close to finalizing their review of the Hides, Angore, Juha and Associated Gas fields.

“Preliminary indications are that NSAI’s estimate of technically recoverable raw gas resources within these fields will increase significantly from its 2009 PNG LNG resource certification,” said Oil Search in the earnings overview.

“Work is underway to assess the impact this would have on Oil Search’s share of PNG LNG project reserves, which together with a revision to the company’s estimate of resources in the Elk-Antelope fields post drilling, will be reported in the Reserves and Resources Statement, due to be released in February 2017,” the company said.

Oil Search said its own oil and gas output was continuing at a high level, thanks to record production at the liquefaction plant.

“Production in the fourth quarter of 2016 was 7.72 million barrels of oil equivalent (mmboe), one of the highest quarterly outputs ever achieved by the company,” said Oil Search Managing Director Peter Botten.

“This very pleasing result was driven primarily by the PNG LNG project, which produced at an annualized rate of approximately 8.3 MTPA during the quarter, up from 8.1 MTPA in the third quarter and 20 percent higher than the nameplate capacity of 6.9 MTPA,” explained Botten.

The strong performance in the fourth quarter took Oil Search’s total 2016 full-year production to 30.24 mmboe, which was an all-time record for the company.

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# American Bureau of Shipping issues latest report on LNG maritime fuel and bunkering systems

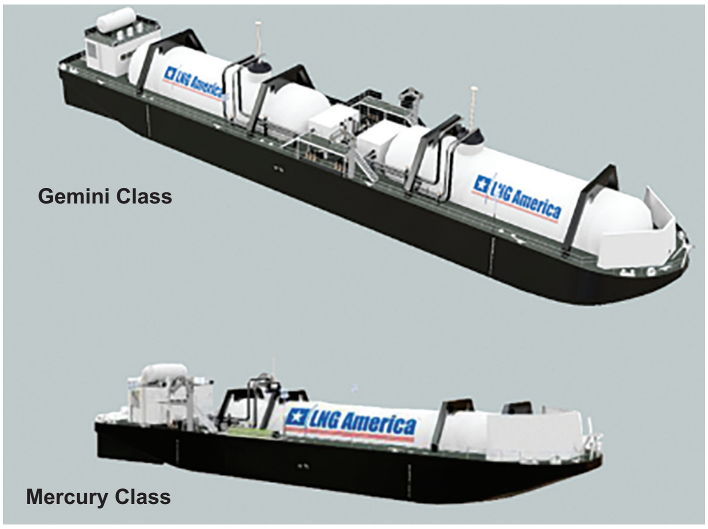
Our North America editor in New York

The American Bureau of Shipping, the US classification society, has issued its latest report on LNG maritime fueling standards in regard to the design, construction and surveying of bunkering systems on board vessels.

"This industry-leading Guide incorporates our expertise in the safety aspects of LNG storage and handling as well as LNG as fuel," said ABS Chairman, President and Chief Executive Christopher J. Wiernicki.

## Technology

"As a technology leader, ABS is always looking ahead, anticipating the needs of industry and finding ways to advance safety in new and emerging areas like LNG bunkering vessels," the CEO added.




ABS is overseeing vessels like these planned bunker barges

ABS said that as LNG as a fuel becomes more widely adopted in the marine industry, the infrastructure will continue to expand.

"LNG bunkering vessels are a prime example of that supply chain expansion and will provide a viable refueling option around the world," the US class society stated.

"The ABS Guide for LNG Bunkering sets out standards for LNG bunkering systems fitted to vessels intended for ship-to-ship LNG transfer.

"The Guide also addresses bunkering station safety, lifting and hose handling equipment, control, monitoring and emergency shutdown safety systems and emergency release systems," it added.

ABS Chief Technology Officer Howard Fireman said the Guide was being published as ship owners and operators are looking for the best refueling options for their fleets and as the LNG supply chain is considering the right LNG bunkering solutions.

"ABS worked closely with industry to develop guidance that addresses the latest technologies in LNG bunkering systems and supports development of these systems in a safe manner," said Fireman.

# JX Nippon sees stake in Sarawak plant begin to pay

JX Nippon Oil and Energy said it had begun commercial operations from a the new liquefaction processing Train 9 at the Bintulu LNG production plant in Sarawak, Malaysia, operated by state energy company Petronas.

JX Nippon purchased a 10 percent stake in the new Bintulu Train in June 2016. The Train, built by JGC Corp. of Japan, produces 3.6 million tonnes per annum. JX Nippon also has a stake in another Bintulu Train, known as the MLNG Tiga facility.

The Petronas plant now has the capacity to produce around 30 million tonnes per annum.

"The strategic partnership of JX Nippon and Petronas will strive towards expanding the LNG business and ensuring a reliable supply of energy for customers," JX Nippon said.

While seeing the onshore Train 9 ramp up production, Petronas is also overseeing the commercial start-up of the world's first floating LNG production plant deployed over the Kanowit gas field 180 kilometres offshore Sarawak.

Petronas has said the commissioning process is well underway and the project expects to ship its first commercial cargo in February.

The Petronas Train 9 at Bintulu and the FLNG venture are advancing at a time when both Malaysia and neighbour and LNG producer Indonesia are trying to meet their own rising domestic demand for natural gas.

Both Malaysia and Indonesia are following a twin-track of gaining revenue from LNG exports while at the same time as distributing regasified LNG, mainly for use by power plants and industries.

# Malaysia expands modern carriers fleet as well as floating production

**Our Asia-Pacific editor**

Malaysia International Shipping Corp. is expanding and upgrading its liquefied natural gas carrier fleet, now numbering 26 ships, as state energy company Petronas extends its reach with overseas projects and a floating LNG plant in domestic waters.

MISC has just celebrated the delivery of its second new Moss-type LNG carrier, the "Seri Cenderawasih".

**New Moss-type LNG carrier, the 'Seri Cenderawasih'**

## Series

The "Seri Cenderawasih" has 150,200 cubic metres capacity and is the second in a series of five MOSS-Type LNG carriers ordered from South Korean yard Hyundai Heavy Industries.

The new vessel, along with its sister vessel "Seri Camellia", the newbuild launched in September 2016, will be part of the new generation of the Seri C-Class LNG fleet with Moss-type storage tanks, now enclosed in a cylindrical cover.

"The new generation of MISC LNG carriers incorporate new technologies, including the integrated hull structure with four spherical tanks shielded by the continuous cover, which improves the overall structural strength of the hull," said MISC.

"They have been designed for worldwide trading capability to enable them to call at all major LNG terminals in the world," the company added.

"These new vessels provide a more robust and superior cargo containment system and ensure a higher degree of operational flexibility for MISC to operate in harsh meteorological conditions," it said.

Upon their delivery, these new LNG carriers will be on a long-term charter to Petronas.

Over 40 newbuilds have been delivered in the past 12 months to leading shipping companies despite a pause in the market and an overhang in supplies. Many of these vessels have been deployed to serve Australian liquefaction projects and future US-based ventures, though around 20 percent have no contracted employment.

The MISC fleet is largely employed by the company's strategy of fixing most of its tonnage on long-term charters to Petronas.

State company Petronas is a hugely valuable customer and MISC has 21 of its 26 ships on long-term charter to the Malaysian affiliate.

MISC ships like the "Seri Bakti", a leading vessel in the fleet, have been active serving in particular the Gladstone LNG plant in Queensland, Australia, where Petronas is a shareholder.

# Newest LNG-powered ferry set to start service between Finland and Estonia

The newest liquefied natural gas-powered fast ferry in Europe, the "Megastar", is starting its regular services between Helsinki in Finland and Tallinn in the Baltic state of Estonia after receiving its fuel from a truck in the Finnish capital's West Harbour port.

Skangas, the Finland-owned LNG supply and infrastructure company, supplied the duel-fuel vessel with LNG from a road tanker alongside a berth.

The ferry's test bunkering previously took place at the Skangas Pori LNG import terminal in Finland in early January.

The "Megastar" was constructed at the Meyer Turku Shipyard in Finland and is the latest in a growing number of newbuild ships in the Nordic region to be fuelled with LNG.

Using LNG makes the ships fully compliant with the stricter regulations of the Emission Control Areas created in northwest Europe and elsewhere.

"Megastar will continue to use the West Harbour as its regular bunkering site," said Skangas on the fuel plans of the vessel owned by ferry company Tallink.

"We're developing the West Harbour terminal for increased environmental friendliness. Our modern harbour enables LNG bunkering, which is particularly suitable for us as exhaust emission and noise levels from LNG-fueled vessels are lower," says Kari Noroviita, Director, Passenger Harbours at the Port of Helsinki.

The two stainless steel LNG tanks on "Megastar" have capacity for up to 600 cubic metres of gas.

"Megastar is a modern, environmentally friendly ferry that uses several energy-saving technologies and the cleanest marine fuel, LNG," said the "Megastar" Captain Vahur Sostra.

# Alaska Gasline Development signs deal with BP to help with creating financial and tolling structures

**Our North America editor in New York**

Alaska Gasline Development Corp., the state company now in charge of the Alaska LNG project, said it entered into a cooperation agreement with BP of the UK to collaborate in the development of the financial and tolling structure intended to advance the venture.

AGDC said the agreement was intended to assist in developing a commercial structure for the project to enable financing.

**Central gas facility at Prudhoe Bay is part of AGDC plans**

ALASKA GASLINE DEVELOPMENT CORP. GAS FOR ALASKANS

## Contribution

"BP will contribute staff, resources, and selection of third-party contractors," AGDC said.

The UK company has worldwide LNG interests and expertise through its stakes in production plants in countries such as Indonesia, Australia and Trinidad as well as projects offshore west and east Africa.

The stated objectives of the AGDC agreement with the UK company is to progress with efforts to use "third-party infrastructure funding sources" as a means to reduce costs.

BP will also refine understanding of tolling structures to identify a viable and competitive structure for Alaska.

The UK company has also agreed to map out an agreement framework and phasing required to successfully execute and operate the liquefaction plant proposed for near Nikiski on the Kenai Pensinsula.

The agreement will also see BO "assist AGDC in developing the project on an expeditious timeline within AGDC's target in-service date of 2023-25". "AGDC is pleased to have the continued support of BP in advancing Alaska's major gas infrastructure project," said Keith Meyer, President of AGDC.

"As we turn our attention in 2017 to the areas of commercial, financial structuring, and regulatory, BP's input will be invaluable," added Meyer.

AGDC reached a final agreement at the end of 2016 with BP, ExxonMobil and ConocoPhillips to take over technical and regulatory responsibility for the Alaska LNG project.

AGDC is now in charge of all activities related to the proposed Alaskan liquefaction and export plant and an 800-mile pipeline venture to access North Slope natural gas supplies.

Under a pre-front-end engineering and design joint venture agreement, the parties completed all of their initial commitments, including reports for the Federal Energy Regulatory Commission environmental permit process for a plant to produce an initial 20 million tonnes of LNG. ■

# Alaskan venture may bid for existing small-scale plant on Kenai Peninsula owned by ConocoPhillips

The Alaskan company now in charge of the state's liquefied natural gas export project said it was interested in buying the existing small-scale liquefaction and export plant on the Kenai Peninsula from ConocoPhillips.

Alaska Gasline Development Corporation (AGDC), now with sole responsibility in taking the LNG project forward, said in a presentation before the State Senate resources committee that it was in talks with ConocoPhillips on possibly buying the Kenai plant at the coastal town of Nikiski.

The location had always been favoured by the new and larger Alaska LNG project and the purchase of the plant would give the venture a brownfield site to build on.

ConocoPhillips said in November 2016 it planned to sell the Kenai facility, which was the first US liquefaction and export plant to come on stream in 1969 and went on to export cargoes to Japan for 46 years.

Kenai LNG had been given a short reprieve after shutting down in 2013 and during 2014 and 2015 exported about 10 cargoes to Japan, mostly on a spot basis to Japanese utilities.

LNG from Kenai had previously been shipped under long-term contract to Tokyo Electric Power Co. and Tokyo Gas though operations were gradually cut back at the aging plant where the capacity is less than 900,000 tonnes per annum.

The volumes delivered from the two-Train Kenai plant were small compared with the eventual 27 million tonnes per annum planned for the first US Gulf Coast LNG export plant to come on stream, Sabine Pass in Louisiana.

The AGDC-led Alaska LNG project itself is planning to produce an initial 20 MTPA of LNG from its four planned processing Trains.

The original investors in the Kenai plant were Marathon Oil and the predecessor company of ConocoPhillips. Its start-up in 1969 came four years after the first full-scale LNG export plant began commercial operations at Arzew in Algeria.

AGDC told the State Senate committee it was in discussions with ConocoPhillips about possibly purchasing the facility and the site.

"The state is looking at every viable option we have available," said the AGDC.

ConocoPhillips spokesman Amy Burnett said the US major was in the early stages of marketing the plant.

"We opened a virtual data room on January 10," Burnett explained.

"The data room includes items like asset financials, contracts, photos, permits and other operations-related data. ■

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