LNG Unlimited
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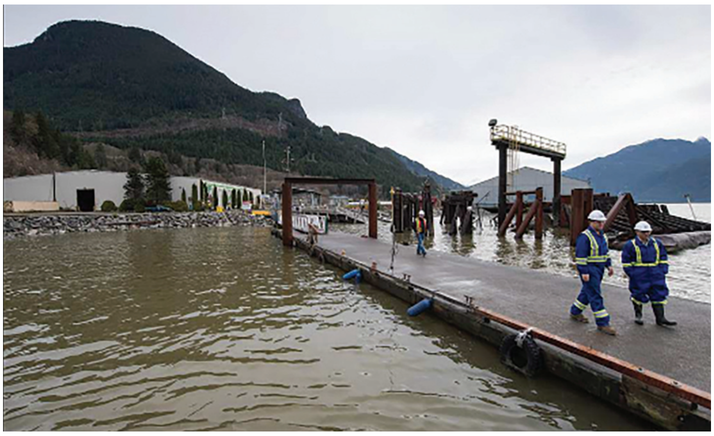
Pacific Oil & Gas Canadian LNG plant seeks 40-year China export permit

Woodfibre venture in Squamish used as test for Ottawa's singular energy policy

Our Asia editor

The small-scale Canadian export project backed by Indonesian billionaire Sukanto Tanoto and his Pacific Oil and Gas company has applied for a 40-year export licence to ship cargoes to Asia.

Tanoto and Pacific Oil and Gas are building their export plant through a privately-held venture firm, Woodfibre LNG, at the site of an old pulp mill near the town of Squamish, north of Vancouver.



Venture is on site of old pulp mill north of Vancouver

List of firsts

The facility in 2016 became the first LNG export project in the province of British Columbia to receive its full environmental approval from the federal government in Ottawa.

The export facility will produce 2.1 million tonnes per annum of LNG and early engineering work has already started.

Before the liquefaction project was approved Woodfibre managed to sign a contract to supply China's Guangzhou Gas Group with 1 MTPA of LNG over 25 years, starting in 2020.

The project is also cooperating with First Nation tribes, right down to letting them choose the technology for the plant.

The Squamish First Nation Chiefs and the tribal council voted in October 2016 to select air cooling as the technique the Woodfibre plant will use to cool its natural gas in the LNG production process.

The choice of cooling technology is one of 13 conditions in the Squamish Nation's environmental assessment agreement for the proposed Woodfibre project.

Woodfibre has now formally applied to the Canadian National Energy Board (NEB) for its 40-year licence.

The project received a 25-year licence in December 2013. However, amendments to the Energy Board regulations in 2015 meant it could increase the maximum term to 40 years.

"This application, if successful, would provide even more assurance to government, First Nations partners, stakeholders and potential customers of the certainty of this project," said Byng Giraud, Vice President for Corporate Affairs at Woodfibre.

"In addition, all of the commitments Woodfibre LNG made in its environmental assessment certificate application, and the regulatory conditions, plans and permits required for construction and operations will remain in effect for the life of the project," the company added.

> "...all of the commitments Woodfibre LNG made in its environmental assessment certificate application... will remain in effect for the life of the project"

Asia base

The Pacific Oil and Gas parent company of which Tanoto is Chairman has offices in Singapore and Jakarta as well as three in China, located in Hong Kong, Nanjing and Beijing.

His company's embracing of First Nation decision-making has tempered the reactions of groups in Canada opposed to the hydrocarbon industry.

It has also kept on side the Canadian federal government of Prime Minister Justin Trudeau, who is trying to build himself up as a global leader of environmental causes, including the reduction of greenhouse gases.

UNLIMITED AGENDA

Northeast England LNG import terminal to be revived by Trafigura as US cargo surge expected

Our Europe editor

Global commodities trader Trafigura plans to invest in a liquefied natural gas import facility in Teesside in northeast England as it expands its LNG trading and UK gas market presence and forecasts a surge in cargoes from the United States.

The first LNG cargo was received at the Teesport facility, near Middlesbrough, in February 2007 after it was set up by Excelerate Energy of the US as the first dockside regasification port and second operational LNG facility in the UK at the time after Grain LNG in Kent.

Competition

Then in 2009, two more facilities opened at the UK fuel hub at Milford Haven in Wales, South Hook LNG, majority-owned by Qatar Petroleum, and Dragon LNG, built by BG Group and now owned by Royal Dutch Shell.

The Teesport LNG facility was shut in 2015 after a lean time in the market when few cargoes were imported to the northeast Gasport and preference was for the big terminals at Milford Haven and the Grain LNG terminal in Kent, operated by National Grid.

Minimal shipment service for LNG began at Teesport in 2007

The total cost of the original infrastructure for the Teesside Gasport was less than $80 million compared with about $500M needed at the time to build a conventional onshore terminal.

Trafigura said that by having access to an import location such as Teesside it would have greater flexibility as LNG supplies increase.

"Given the growth in volumes globally and the flexibility of US supplies it is likely that LNG shipped from the US will make up the lion's share," said Hadi Hallouche, head of LNG trading at Trafigura, in an interview with the "Financial Times" newspaper when he revealed the Teesside plan.

"LNG infrastructure is coming down in cost, and liquidity in the LNG market is getting deeper, making these kinds of projects possible," added Hallouche.

The original Teesport facility had been the focus of an industry first when it opened. The first vessel that arrived at the Gasport in 2007 had received its LNG cargo via the first ever commercial transfer of LNG from one ship to another.

The floating storage and regasification unit (FSRU) "Excelsior" then docked alongside a dedicated jetty where it connected to the onshore facility that feeds into the UK natural gas grid - the National Transmission System.

Trafigura said it now planned to invest in the revived Teesside facility and envisages starting imports in 2018.

The site has been taken on a long-term lease from UK group PD Ports, which sees the Trafigura move as an "important step in positioning Teesport as a major energy hub for the UK".

The two companies said they were working to obtain the necessary permits for the new project from the authorities.

Trafigura said the revived Teesside facility would increase the UK's supply security and that it plans to invest in other terminals where it sees potential demand.

"We're interested in having more infrastructure both in Europe and around the world," said Hallouche.

Australian Asia-Pacific LNG stakeholder Santos raises over US$950M from two share offerings

Santos, the Australia stakeholder in three Asia-Pacific LNG export joint ventures, said it raised more than A$1.2 billion (US$950) after completing a share purchase plan as part of its turnaround strategy following the successful completion of an institutional placement in December 2016.

Santos launched the fund-raising and break-up involving LNG assets to continue to weather the global slump in energy markets and reduce debt.

The SPP closed on Tuesday 31 January 2017. Applications for around A$201 million of new fully paid ordinary shares were received for listing on the Australian Securities Exchange.

Santos said the total amount raised under the institutional placement and the SPP just completed is approximately A$1.24 billion.

Successful SPP applicants will be issued New Shares at A$3.94 per share, which is a 2 percent discount to the volume weighted average price on the ASX.

"No scaleback of applications will occur and participating shareholders will be issued the full amount of New Shares for which they applied, up to a maximum of A$15,000," Santos said.

"The New Shares are expected to be issued on Tuesday 7 February 2017, with holding statements expected to be despatched to participating shareholders on Friday 10 February 2017," the company added.

Santos Chief Executive Kevin Gallagher had said the share placement was part of a strategy to transform the company by separating assets into different corporate entities

Adelaide-based company Santos operates the Gladstone coal-seam-gas-to-LNG plant in Queensland and has stakes in the ConocoPhillips-operated Darwin plant in the Northern Territory and the ExxonMobil-run Papua New Guinea LNG facility.

CEO Gallagher explained earlier that the capital raising provides the opportunity for existing and new institutional investors to support a stronger Santos with improved operating performance through the transformation of the business and the focus on five core long-life natural gas assets.

In its fourth-quarter earnings Santos posted record annual sales revenue of US$887M from cargoes shipped from Papua New Guinea and the two plants in Australia in Darwin and Gladstone.

Santos also delivered more cargoes of LNG to Asia from its record annual sales volumes of 2.8 million tonnes, an 89 percent jump as new capacity came on stream and production was increased at the Gladstone plant on Curtis Island in Queensland.

French LNG Storage tank firm GTT wins order and options

Gaztransport and Technigaz (GTT), the French maritime storage tank technology company, said it received an order with three options from Samsung Heavy Industries of South Korea to equip a floating storage and regasification unit being built for Norwegian shipping line Hoegh LNG.

GTT said this new order from SHI and Hoegh is for the Mark III membrane containment system.

Each vessel, which could eventually number a total of four, will have a storage capacity of 170,000 cubic metres and a regasification capacity of 750 million standard cubic feet per day of send-out.

Delivery of the first vessel from the South Korean shipyard is scheduled for May 2019.

"We are very satisfied that our systems have become the standard in this offshore gas industry segment. GTT benefits from a renowned expertise in this market and the company is quite confident in its capability to meet new challenges," stated Philippe Berterottiere, Chairman and Chief Executive of GTT.

The company said that competitive advantages offered by GTT technologies were included in capital expenditure and operating expenses.

GTT added that the optimization of LNG storage capacity has allowed GTT to gain a strong position on this offshore LNG FSRU segment.

"Currently, six regasification vessels, built by SHI and equipped with the GTT technologies, are in service and two are on order," said the French company.

GTT recently received an order from another South Korean yard, Hyundai Heavy Industries, to equip an additional Hoegh FSRU newbuild with the same Mark III LNG tank containment system.

France's Total sees rise in LNG sales ahead of coming surge from Ichthys and Yamal stakes

Our Europe editor

French energy company Total said liquefied natural sales rose by 8 percent in 2016 as new volumes came on stream at the Gladstone coal-seam-gas-to-LNG plant in the eastern Australian state of Queensland and a significant surge in cargoes is expected from stakes in liquefaction plants set to be completed soon in Australia and Russia.

The company said annual LNG sales amounted to 10.99 million tonnes compared with 10.22MT in 2015.

French CEO Patrick Pouyanne outlined oil impact

Stakes

Total said fourth-quarter LNG sales were 2.75MT compared with 2.48MT in the same three months a year ago, a rise of 11 percent.

Total's LNG sales volumes come from its stakes in the liquefaction plants such as the Bontang facility in Indonesia, Nigeria LNG and Angola LNG in West Africa and the Gladstone plant.

The French company is involved in the Ichthys LNG joint venture in Australia's Northern Territory with Inpex Corp. of Japan and which is scheduled to come on stream before the end of 2017 with 8.9 million tonnes of output.

In just over a year, LNG production is also expected to start at the Yamal liquefaction plant in Siberia, operated by Russian natural gas company Novatek and where Total and China National Petroleum Corp. have stakes. Yamal will produce 16.5MT from three Trains.

Total's overall quarterly net income amounted to $2.40 billion compared with $2.07Bln in the same three months of 2015, an increase of 16 percent.

Full-year net income posted was $8.28Bln compared with $10.51Bln in 2015, a decrease of 21 percent.

Total said that adjustments affecting net income included $1.85Bln in the fourth quarter, "mainly due to the inventory effect and impairments on Gladstone LNG in Australia and Angola LNG" and the Laggan-Tormore project in the UK North Sea.

The French company's Chairman and Chief Executive Patrick Pouyanne pointed out that after falling from $100 a barrel in 2014 to $52 a barrel on average in 2015, Brent crude prices were highly volatile in 2016, fluctuating between $27 and $58 a barrel.

"In this difficult environment, the Group demonstrated its resilience by generating adjusted net income of $8.3Bln and had the highest profitability among the majors due to the strength of its integrated model and commitment of its teams to reduce the breakeven," said the CEO.

"The group's resilience was supported by outstanding production growth over the past two years (14.3 percent, including 4.5 percent in 2016)," said Pouyanne.

"In the upstream, the group strengthened its position in the Middle East by entering the Al Shaheen field in Qatar, and in the US with the acquisition of shale-gas assets," he added.

"The group is preparing future growth with the signing of major deals in Brazil with Petrobras, in Uganda and in Iran on the giant South Pars II project," stated Pouyanne.

Hydrocarbon production was 2,462 thousand barrels of oil equivalent per day (kboe/d) in the fourth quarter 2016, an increase of 4.7 percent compared to the fourth quarter of 2015, with LNG playing a role as the Angola plant got back on stream.

For the full-year, production was 2,452 kboe/d, an increase of 4.5 percent compared with 2015, due to the additional volumes in projects such as Gladstone LNG in Queensland, partly offset by falls in output "due to the security situation" in both Nigeria and Yemen.

> "...the group's resilience was supported by outstanding production growth over the past two years"
>
> *- Patrick Pouyanne , Chairman and Chief Executive, Total*

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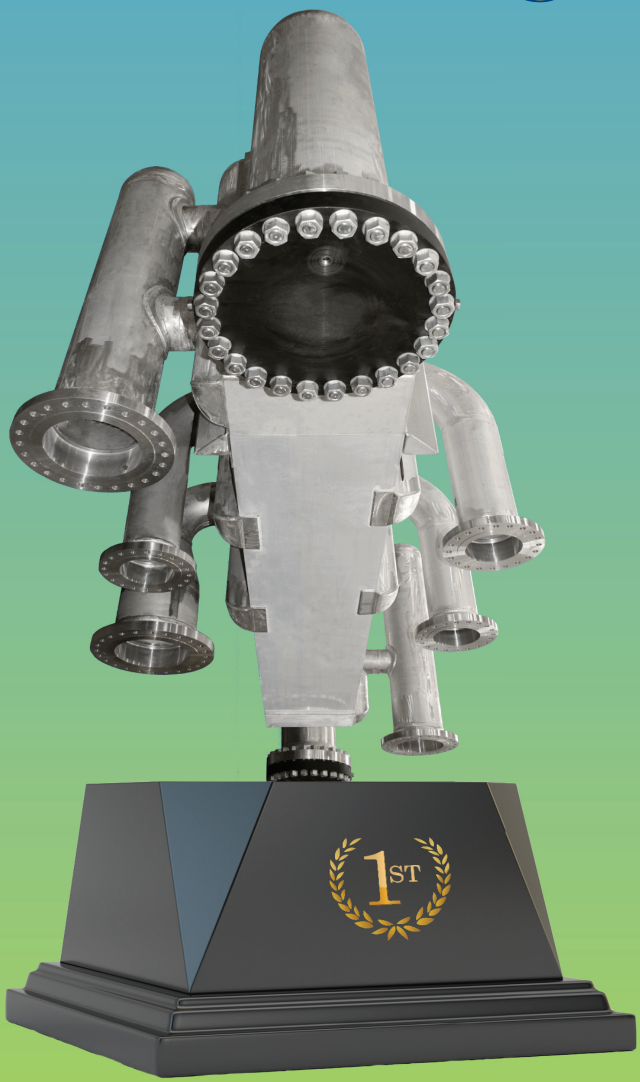

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NEWS NUDGES

Dutch Gate LNG down

The Gate LNG import terminal in The Netherlands posted a decrease of around 26 percent in throughput volumes during 2016 compared with last year, according to the annual earnings report from the Port of Rotterdam. LNG throughput reached 1.7 million tonnes compared with 2.3MT in 2015. "Although the extent of throughput of LNG is still modest, it more than doubled in the first six months of the year," the port said. "The principal reasons for this were the gradual decline of the LNG price in Asia and the increase in the re-export of LNG to industrial clusters in Europe; where there has been a shift from fuel or gas oil to LNG as the fuel for production processes," the port said.

BHP $2.2Bln US spend

Australian energy and commodities company BHP Billiton, a stakeholder in the North West Shelf LNG export plant in Western Australia, said its board had approved expenditure of US$2.2 billion for its share of the development of 14 production wells in the Mad Dog Phase 2 project in the US Gulf of Mexico. BHP Billiton holds a 23.9 percent interest in the Mad Dog field and other participants include BP of the UK and Union Oil Co. of California, an affiliate of Chevron Corp. Steve Pastor, BHP Billiton President Operations Petroleum, said: "Mad Dog Phase 2 is one of the largest, discovered and undeveloped resources in the Gulf of Mexico."

Name change for Cove Point firm

Dominion Resources Inc., the US natural gas and utility company and owner of the Cove Point LNG export project in the state of Maryland, intends to change its name to Dominion Energy and unveiled a new logo.

Egypt confirms favourable terms for LNG cargoes ahead of Zohr start-up

Our Middle East editor

Egypt's minister El-Molla said payment terms good

Egyptian Petroleum Minister Tarek El-Molla said the country was paying less than the global price for shipments of liquefied natural gas received in recent months from worldwide suppliers and has been extended better payment terms for future cargoes.

The minister made the points after confirming that the nation had signed a $1 billion contract with three international companies to import 45 cargoes of LNG.

Accords

El-Molla said state-owned Egyptian Natural Gas Holding Co. (Egas) had signed its short-term supply accords with Russian company Rosneft, France's Engie and an affiliate of the national energy company of Oman.

The cargoes booked vary in range from 138,000 cubic metres capacity and 156,000 cubic metres capacity

"Egypt will also have a grace period of six months to pay for the shipments," the minister said.

He explained that in its tender the payment period in which suppliers can expect to get settled in US dollars was extended from 90 days after the date of delivery to between 120 and 180 days, reflecting Egypt's tight currency reserves.

The cargoes will be delivered to either of the two floating import facilities based at the Egyptian Gulf of Suez port of Ain Sokhna.

The Egyptians began importing LNG in April 2015 to satisfy natural gas consumption demand, which increased by an annual average of 7 percent over the previous 10 years.

One of the FSRUs at Ain Sokhna is under a five-year charter from Hoegh LNG of Norway and the other import facility was supplied by Singapore-based BW Gas.

While confirming its latest LNG cargo tender numbers and terms, Egypt is also counting on the fast-track development by Italian energy company Eni of the Zohr natural gas field offshore the East Mediterranean coast with confirmed resources in place of 30 trillion cubic feet.

Eni was given the go-ahead in February 2016 by the Ministry to develop the Zohr field, discovered in its Shorouk block licence area.

The Eni discovery will go some way to satisfying Egypt's domestic natural gas needs, while possibly helping to revitalize its two LNG gas export plants and ending the need for so much LNG as imports.

Nakilat Shipping Qatar continues with largest LNG fleet transition from Shell

Nakilat Shipping Qatar Ltd, a subsidiary of Qatar Gas Transport Co., has taken back a fifth ship as part of an agreement with Shell International Trading and Shipping to return management of Nakilat's LNG fleet to Qatari hands.

The latest transfer is part of the largest ever transition of LNG fleet operations. It involves 25 vessels which have so far delivered more than 320 million cubic metres of Qatar's LNG to over 20 countries.

Shell has provided a range of shipping services to Nakilat's LNG fleet since it was established in 2006.

The Anglo-Dutch company had provided ship management for 14 Q-Max and 11 Q-Flex LNG carriers as well as Shell's shipping expertise.

The fleet's vessels comprise the 266,000 cubic metres capacity Q-Max carriers and the 210,000 cubic metres capacity Q-Flex ships.

For the fifth hand-back Nakilat said it had assumed full ship management and operations of the Q-Max LNG carrier "Al Dafna" that Shell, as part of the planned and phased transition, first announced in October 2016.

"With a cargo carrying capacity of 266,366 cubic meters, Al Dafna is wholly-owned by Nakilat and chartered by RasGas," said Nakilat.

"The vessel built in South Korea by Samsung Heavy Industries was delivered in October 2009 and has been in service ever since," the Qatari company added.

The vessels are being transitioned in three phases and will be managed by Nakilat's in-house ship management arm.

Nakilat said it had carried out "extensive studies and comprehensive preparations and planning" to ensure the successful management of these "essential assets" for Qatar's gas supply chain.

Shell helps to advance project introducing the world's first LNG-powered dredger to Rotterdam

Our Europe editor

Royal Dutch Shell is helping to advance the project to introduce the world's first liquefied natural-powered dredger to operate in the port of Rotterdam after signing a bunkering agreement.

Shell subsidiary Shell Western LNG BV signed the accord with Dutch dredging company Van der Kamp to supply liquefied natural gas (LNG) as marine fuel to a new LNG-powered vessel.

'Ecodelta' is being built at the Dutch Barkmeijer yard

Debut in 2018

The new vessel, named Ecodelta", is currently being built at the Dutch yard Barkmeijer.

Shell said the dredger was expected to start operations in 2018 to keep Rotterdam's port basins at the right depth.

"This will be one of the first LNG-powered dredgers in operation around the globe," the Anglo-Dutch company said.

Shipping company Van der Kamp also specializes in anti-pollution operations and since 1980, it has had an agreement with the Dutch Government to combat oil pollution at sea. The company also carries beach replenishments.

Van der Kamp said that distinguishing it from a conventional dredger, the newbuild "Ecodelta" operating with LNG fuel will also be equipped with two "sweeparms" to remove oil from the water surface, allowing it to quickly react to emergency response situations.

"This agreement shows the continued momentum of LNG as a fuel option," said Lauran Wetemans, Shell's General Manager Downstream LNG on the accord to supply fuel to the Dutch vessel.

"LNG is now an effective alternative to traditional fuels for ships around the world, and we are ready to supply customers in northwest Europe.

"Working together in close collaboration with companies like Van der Kamp will help enable the move to a cleaner, more efficient shipping sector in the future," said Wetemans.

The planned 2018 debut of the LNG-fueled dredger will come as demand for LNG as a fuel in the shipping industry is increasing due to emissions reduction requirements.

The recent International Maritime Organization decision for a global 0.5 percent sulphur cap in 2020 will help expand LNG demand for bunkering operations.

Chilean FLNG import plan for Concepcion Bay may face delay

The Penco-Lirquen LNG import project in the South American nation of Chile, with plans to ship US cargoes from Texas, has had its environmental permits suspended by the Chilean Supreme Court because of a breakdown in communication with indigenous people in the area.

Formerly known as Octopus LNG, the Penco-Lirquen joint venture involves the chartering of a floating storage and regasification unit from Norwegian shipping and project company Hoegh and the construction of onshore infrastructure to supply a gas-fired power station.

The FSRU is scheduled to be located by 2019 in Concepcion Bay and would be Chile's third import facility when deployed.

The Supreme Court ruling was in response to a complaint filed by the local Konintu Lafken Mapu indigenous association, according to a court statement.

The ruling found that the environmental evaluation service in the Bio Bio region of Chile, made up of the provinces of Arauco, Bio Bio, Concepcion, and Nuble, acted illegally by prematurely ending consultations about the project with the indigenous people.

Analysts said it was now expected that the consultation process will be re-started in the months ahead, though the project schedule will be affected.

Cargoes for the Penco-Lirquen venture are expected from the Cheniere Energy export facility under construction at Corpus Christi in Texas and scheduled to come on stream in 2019.

US shipments would supply the proposed 640-megawatts El Campesino combined-cycle power plant owned by Chilean company Biobíogenera. ■

Florida LNG project progresses with permits for St Johns River plant

Our North America editor in New York

Eagle LNG will point shipments at Caribbean region

Eagle LNG Partners, the company with plans to develop liquefaction and export facilities on the banks of the St Johns River in Jacksonville, Florida, has formally filed its application with the US Federal Energy Regulatory Commission.

The planned venture will have three small-scale liquefaction Trains and at full build-out and will be capable of producing up to 1.65 million gallons of LNG per day, or about 1 million tonnes per annum.

Eagle LNG aims to transport the fuel to markets in the Caribbean and Latin America for power generation.

Bunkering

It will also be delivered to local and regional markets, including marine bunkering and high horsepower applications for domestic consumption.

"The dramatic growth of natural gas supply in the United States has created abundant and affordable natural gas reserves that make LNG a competitively priced fuel alternative to diesel and heavy fuel oil. In addition, natural gas fuel has significant environmental benefits, reducing air pollution and carbon emissions," said Dick Brown, company Chief Executive.

"If Eagle LNG receives permission from FERC to begin construction by the first quarter of 2018, we anticipate completion of the Project in 2019," added Brown.

The Florida company noted that many Caribbean countries currently rely on petroleum to supply a large portion of their electricity needs.

"This project supports their tremendous desire and interest to have a cleaner energy solution that provides a direct and reliable supply of LNG from a liquefaction source at predictable cost.

"LNG from this project also complements greater penetration of renewables in the region leading to an environmentally sustainable future," said Eagle LNG. ■

Israel's Delek buys Canadian producer for $525M to expand from East Med

Israeli East Mediterranean company Delek Group, with plans to supply natural gas to Jordan, Israel, Egypt and the Palestinian Authority has signed an agreement to acquire Canadian company Ithaca Energy for US$525 million.

The purchase is part of Delek's strategy to focus on energy exploration and production and expand its international operations beyond its East Med operations offshore Israel and Cyprus.

Delek subsidiaries are stakeholders in the Leviathan gas field with reserves of 22 trillion cubic feet and in the established Tamar field in Israeli waters as well as the Aphrodite field offshore Cyprus.

The Israeli company's main partner in the East Med operations is Houston, Texas-based Noble Energy.

The East Med and Cyprus gas fields have a range of supply options, including pipeline gas for LNG production.

Delek said it was financing the acquisition from its own sources and cash reserves and cash flow expected from operations and the sale of other assets.

"This is a major step forward in consolidating Delek Group as an international energy company with the ability to explore, produce and drill for oil and gas assets," said Delek President and Chief Executive Asaf Bartfeld. "This latest deal will significantly strengthen the operative arm of the group, which will represent complementary and synergetic activities to Delek's existing operations and allow us to expand Delek Group's international operations and its range of operational capabilities," added Asaf Bartfeld.

"It will contribute to the continued growth of the group and consolidate our position in the international market," he said.

Ithaca is engaged in energy exploration and production in the North Sea offshore the UK and has major experience as an oil and gas field operator. ■

US trade association for LNG producers says nation awash with natural gas for all necessary markets

Our North America editor in New York

The US Center for Liquefied Natural Gas, the trade association for LNG producers, shippers and terminal operators and developers, said the nation was now currently awash with natural gas and would have no problem meeting domestic needs as well as rising LNG exports.

The CLNG statement came in the defence of the industry and in reaction to "unfounded comments" by a leading US environmental activist group, the Sierra Club, over its challenge to the Department of Energy approval of the Freeport LNG project in Texas.

Industry body defends Gulf Coast exporters like Cheniere

Challenges

"Just as previous challenges by Sierra Club to oppose the Freeport LNG project in a DC court have proven ineffective, the group's comments on LNG exports are unfounded.

The Sierra Club had previously argued that in granting authority to construct LNG facilities and export LNG, the DoE and the Federal Energy Regulatory Commission have not complied with the requirements of the National Environmental Policy Act by failing to consider the indirect, cumulative and nationwide effects of increased natural gas production and exports.

"The US is currently awash with natural gas, with proven reserves of over 324 trillion cubic feet," stated CLNG Executive Director Charlie Riedl.

"Additionally, annual US natural gas production is projected to increase from about 27 trillion cubic feet to 38 Tcf by 2040, more than enough to meet domestic needs," said Riedl. "Due to our abundant supplies, the US Energy Information Administration projects only a slight rise in natural gas prices from current historic lows," he added.

"Thanks to the increased use of domestically produced natural gas, carbon emissions have fallen to a 25 year low, even while production continues to increase," said Riedl.

"With this abundance of natural gas, the US has the opportunity to export the resource to our allies around the globe, creating jobs, growing the economy and further decreasing carbon emissions," he stated.

The CLNG's members, including the main US oil and gas producers and utilities, see the expansion of natural gas exports as a crucial step in establishing a thriving and internationally competitive LNG industry that will help boost trade income by billions of dollars.

The Sierra Club, founded to help protect America's wilderness, has now become a lobbying group focused on campaigning against the oil and gas industry and in favour of more global warming legislation under the previous administration.

It has particularly targeted LNG projects such as the Freeport joint venture led by US energy investor Michael Smith. It is located at Quintana Island in Texas.

Each of the three Trains in the first phase of construction at Freeport will produce just over 5 million tonnes per annum of LNG and most has been contracted under use-or-pay liquefaction tolling agreements signed by the European and Japanese companies. ■

Project to bring Marcellus shale gas south for LNG and other markets cleared by regulator to start building

Williams Partners, the US pipeline company, said regulators have authorized the Atlantic Sunrise expansion project, an expansion of the existing Transco gas pipeline to connect abundant Marcellus shale-gas supplies with markets in the Mid-Atlantic and Southeast US where LNG export plants are being developed.

Williams, based in Tulsa, Oklahoma said the Federal Energy Regulatory Commission had issued a certificate allowing the joint venture to start construction soon.

Following a comprehensive review lasting almost three years, the order issued by the FERC concluded that building the Atlantic Sunrise project would serve the public interest.

"While we are still reviewing details of the certificate order, we are pleased FERC has approved this much-needed energy infrastructure project which will leverage existing infrastructure to help millions of Americans gain access to affordable Pennsylvania-produced natural gas," said Rory Miller, senior vice president of Williams Partners' Atlantic-Gulf operating area.

"Pennsylvania is the second-largest producer of natural gas in the US. Projects like Atlantic Sunrise will help the state maximize the tremendous economic benefits that this local resource holds," stated Miller.

The expansion is set to cost almost $3 billion in building out the existing Transco natural gas pipeline.

The existing Transco pipeline company is a subsidiary of Williams and is the nation's largest and fastest-growing interstate transmission system.

It delivers natural gas to customers through its 10,200-mile pipeline network whose mainline extends nearly 1,800 miles between New York City and South Texas.

Atlantic Sunrise is designed to increase deliveries by 1.7 billion cubic feet per day. This would allow more natural gas to be directed south to domestic customers and as feed-gas as more LNG processing Trains are scheduled to come on stream on the Gulf Coast.

"The system provides cost-effective natural gas services to US markets in the Southeast and Atlantic seaboard states, including major metropolitan areas in New York, New Jersey and Pennsylvania, as well as international markets," said Williams.

The company said it planned to start construction in mid-2017 after the receipt of all necessary permits.

"These mainline facilities will create a much-needed path from the northern part of the Transco system to markets along the Eastern Seaboard for a portion of the project capacity in time for the 2017-2018 heating season," it said. ■

Japanese spot LNG prices jump to two-year high of $8.40 per MMBtu amid ample market supplies

Our Asia-Pacific editor

Japan said the average price of spot liquefied natural gas cargoes contracted in January jumped to its highest level in almost two years to reach $8.40 per million British thermal units, a rise of $1.30 per MMBtu compared with the $7.10 per MMBtu price logged in the same month a year ago.

Japanese spot cargo prices last approached current levels in March 2015 when they were at $8.00 per MMBtu.

Tokyo Bay is busiest port in Asia-Pacific for LNG carriers

Shipments

The Japanese added the average price of spot shipments that arrived last month after being contracted earlier was $7.30 per MMBtu compared with $6.80 per MMBtu at the end of 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.

"Subjects of these statistics are companies which are end-consumers of spot LNG. In order to avoid double counting, companies that mediate transactions (for example trading companies) are excluded from subjects of these statistics," the Ministry noted.

Japanese annual LNG imports declined for a second year in 2016 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 the equivalent of $28.94 billion, a drop of 40.4 percent compared with 2015.

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

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