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US infrastructure plan to help permit process for LNG and shale projects

Package will accelerate regulatory time-scale for natural gas pipeline and project approvals

LNG Journal editor

Pipeline expansion work in the southern US state of Georgia

The US Administration of President Donald Trump has put forward a $1.5 trillion infrastructure plan that would accelerate the regulatory time-scale for natural gas pipeline approvals, essential for full development of the LNG export industry.

President Trump has made the environmental permit process reforms a key part of his infrastructure plan.

Framework

The proposals provide a framework for legislators to enact the infrastructure package that would focus on public-private partnerships and funding from state and local governments.

The plan is structured around four main goals: generating $1.5 trillion for a federal infrastructure proposal, streamlining the permitting process down to two years, investing in rural infrastructure projects and advancing workforce training.

“My Administration’s plan addresses more than traditional infrastructure - like roads, bridges, and airports - but addresses other needs like drinking and wastewater systems, waterways, water resources, energy and rural infrastructure,” said the White House document.

“The reforms set forth in my plan will strengthen the economy, make our country more competitive, reduce the costs of goods and services for American families, and enable Americans to build their lives on top of the best infrastructure in the world,” he stated.

The federal government would contribute $200 billion to the package.

The infrastructure plan says environmental reviews for pipelines must be conducted in no more than 21 months.

It calls for changes in how the government conducts environmental reviews, including streamlining the National Environmental Policy Act’s requirements and potential reforms to the Clean Water and Clean Air acts.

It also gives the Interior Secretary the authority to approve natural gas pipelines that cross the country’s national parks, changing the requirement that Congress authorises such projects.

Analysts said the proposals are in line with President Trump’s broader plan to boost US oil and natural gas development and to boost LNG exports to America’s allies, particularly in Asia.

The changes would deliver “projects in a less costly and more time effective manner by creating a new, expedited structure for environmental reviews and delegating more decision-making to States and enhancing coordination between State and Federal reviews,” according to the Trump plan.

The plan is facing opposition from Democrats and environmental activists who are concerned that efforts to streamline the energy permit process would in most cases undermine environmental protection, despite opposing arguments about creating jobs, contributing to the economic wellbeing of citizens and energy security.

The legislation will help the development of US LNG plants on the Gulf coast and elsewhere in the US.

US LNG exports currently number between five and seven cargoes a week and this is expected to increase about 10-fold by 2024.

The total amount of natural gas exported as LNG on seven ships is about 26.1 billion cubic feet to a huge feed-gas pipeline inter-connection network will be need for future shipments from the shale-gas basins.

Imports will rise in 2018 with the Cove Point plant in Maryland, owned by Dominion Energy, enters commercial operations in March and other plants starting up during the next year at Freeport LNG in Texas and Elba Island in Georgia. ■

UNLIMITED AGENDA

Qatar Petroleum holds three-day strategy event to underpin LNG and exploration ambitions

LNG Journal editor

Qatar Petroleum, owner of the largest global liquefied natural gas producer Qatargas, has launched its latest corporate strategy aimed at increasing output from the current 77 million tonnes per annum to 100 MTPA of LNG in its Arab Gulf operations as it also expands its global energy exploration and production activities.

The company said it was entering a new era of growth, led by the planned production expansion in offshore North Field natural gas, as it aims to improve as a national oil and gas company with roots in Qatar and a strong international presence.

QP's strategy launch comes amid its increasing international upstream activity, which saw expansion into promising offshore areas spanning Latin America, Africa, the Mediterranean and the Middle East.

QP President and Chief Executive Saad Sherida Al-Kaabi

A three-day strategy event brought together staff in the capital Doha, located 80 kilometres south of the main LNG production plants at Ras Laffan.

"The strategy is designed to strengthen QP's technical capability and operating model, maximize upstream value to the State of Qatar, create a large-scale value-adding international portfolio and re-inforce Qatar's LNG and global gas position," said QP.

QP President and Chief Executive Saad Sherida Al-Kaabi told employees that the company aimed to win back its position as global LNG leader after 2020 when it will have been overtaken by Australia.

"The new strategy and values come at a critical time in our expansion and will ensure that we continue to be a global LNG leader," said Al-Kaabi.

"Therefore, we should all be willing and prepared to embrace and lead change to ensure success," he added.

Al-Kaabi stated that Sheikh Tamim bin Hamad Al Thani, the Emir of Qatar, fully backed his message and the new QP strategy.

Qatar Petroleum's core values were also shared and discussed during the special event. They are: integrity, safety, excellence, collaboration, responsibility and respect.

"These values describe the standards of behavior that will shape the desired corporate culture and will be key in Qatar Petroleum achieving its vision," the company said. ■

Egyptian natural gas field comes on stream amid hopes of LNG output to replace imports

BP of the UK started natural gas production from the Atoll Phase One project in the East Nile Delta offshore Egypt as the country drew closer to ending LNG shipments to meet shortfalls in demand.

The Atoll project is an early production venture involving almost $1 billion of investment.

The UK major said Atoll was now producing 350 million cubic feet of gas a day and 10,000 barrels a day of condensate.

Gas production from the field is directed to Egypt's national grid, adding to output from the Zohr field of Italy's Eni, in which BP has a stake and further reducing Egyptian dependence on LNG to meet domestic demand.

A year ago, BP acquired from Eni a 10 percent stake in the Shorouk Concession which contains the giant Zohr gas field. Zohr began production in December 2017.

Egypt is now on its way to ending LNG imports and possibly restarting exports from two plants near the port of Alexandria after the start-up of Atoll following the Zhor gas field company on stream.

Egyptian Minister of Petroleum Tarek El Molla said in January 2018 that the increasing production from the Zhor field meant Egypt would have no need of LNG imports by the start of 2019.

El Molla said that because of its own growing gas resources the Arab country would save $250M a month by no longer having to import LNG to its two floating terminals at Ain Sokhna port on the Gulf of Suez.

The Egyptian Zohr field has estimated resources of 30 trillion cubic feet (Tcf) and has helped end the nation's natural gas shortages that turned it from an LNG exporter into an importer.

BP announced the Atoll discovery in March 2015. The main reservoir in the field contains an estimated 1.5 Tcf of gas and 31 million barrels of condensates and further segments are under evaluation.

Atoll is the first new project to come into production for BP in 2018, adding to the series of higher-margin projects successfully brought online over the past few years.

BP also operates the West Nile Delta project which involves the development of 5 trillion cubic feet of gas resources and 55 million barrels of condensates.

BP has made a series of discoveries in Egypt in recent years including Taurt North, Seth South, Salmon, Rahamat, Satis, Hodoa and Atoll. The 13 projects that started-up through 2016 and 2017 provided more than 500,000 barrels of oil equivalent a day (boed) of new net production capacity and total net production.

"BP is focused on delivering growth with discipline, carefully choosing and efficiently executing high-quality projects," said Bob Dudley, BP Group Chief Executive.

"The longstanding partnerships we have in Egypt allowed us to fast-track Atoll's development and deliver first gas only 33 months after discovery.

"This is a further demonstration of our commitment to help realise Egypt's oil and gas potential and meet the increasing demand from its growing population." stated the CEO. ■

Japanese say the price of spot cargoes grew in year

Japanese spot LNG cargo prices contracted in January surged 31 percent to an average $11.00 per million British thermal units, an increase of $2.60 MMBtu for each shipment compared with the $8.40 per MMBtu paid in the same month of 2017.

The government said the price of spot LNG cargoes that actually arrived in January 2018 cost an average $10.10 per MMBtu versus $7.30 per MMBtu in the same month of 2017, an increase of $2.80 per MMBtu, or 38 percent.

The price of LNG cargoes that arrived in December were priced at $8.10 per MMBtu, compared with $6.80 per MMBtu in the year-ago period.

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.

Preliminary overall Japanese LNG imports figures for January will be released on February 19.

Overall Japanese LNG imports had ended the year with a rally after falling for four months as the world's largest importer took delivery of 83.63 million tonnes of LNG in 2017. Annual imports to Japan were just 0.4 percent higher than the 2016 total but with a reversal in costs.

Japan paid 19.3 percent more in 2017 for its LNG with 3,915 billion yen ($35.58 Bln) of expenditure versus 3,281 Bln yen ($29.81 Bln) in 2016 for its 83.34MT.

Senegal-Mauritania accord signed to keep FLNG projects on fast track

LNG Journal editor

Kosmos Energy, the US company developing floating LNG projects offshore West Africa with BP of the UK, said the governments of Mauritania and Senegal had signed an inter-governmental cooperation agreement to enable the cross-border Tortue natural gas field to continue moving forward.

Kosmos said that with this agreement in place, it expects a final investment decision for the Greater Tortue project around the end of 2018 and is aiming for first gas in 2021.

The agreement was signed in the Mauritanian capital Nouakchott between Mauritania's Minister of Energy, Petroleum and Mines Mohamed Abdel Vetah and Senegalese counterpart Mansour Elimane Kane.

The Kosmos-BP LNG plans for the Tortue discoveries are to deploy two FLNG production hulls.

Kosmos, based in Dallas, Texas, and BP have estimated that the Greater Tortue Complex has resources for LNG production of around 25 trillion cubic feet of

One of the multiple gas discoveries off Senegal

feed-gas. The first gas from the Kosmos-BP FLNG Train 1 is scheduled for 2021 and the start of the second FLNG Train is set for 2023.

"Kosmos congratulates Mauritania, Senegal, and their respective ministries and national oil companies for working together so effectively to reach an agreement that enables their shared gas resources to be developed quickly and efficiently for the benefit of both countries," said Kosmos Chairman and Chief Executive Andrew G. Inglis.

"The innovative near-shore LNG concept being used for Tortue positions the development as one of the lowest cost, green-field LNG projects in the world," added Inglis. "We look forward to working with BP and our national oil company partners to continue the front-end engineering design process that will enable a final investment decision around the end of 2018," stated the Kosmos CEO.

The agreement between Mauritania and Senegal provides for development of the Tortue field through cross-border unitization, with a 50-50 initial split of resources and revenues.

There is also a mechanism for future equity redeterminations based on actual production and other technical data.

Japanese and Indian group confirms proposals for Sri Lanka FLNG terminal

Petronet LNG of India and Japanese trading houses Mitsubishi Corp. and Sojitz Corp. are moving ahead with their FLNG import terminal plans for the island nation of Sri Lanka.

Petronet LNG Chief Executive Prabhat Singh said the joint venture is proposing an offshore terminal using a Floating Storage and Regasification Unit with related infrastructure off the port of Kerawalapitiya on Sri Lanka's West Coast.

Singh said in a statement from the Indian-Japanese investor group that the terminal would cost around $300 million and would have capacity of up to 2.7 million tonnes per annum of LNG.

Kerawalapitiya is the site of a 300-megawatt, gas-fired power plant project, adjoining an existing oil-fueled power station.

Sri Lanka expects the FSRU and the associated infrastructure to supply the power plants in Kerawalapitiya from around 2021.

Under the Sri Lankan government-approved project Petronet will hold a 47.5 percent stake, while joint venture partners Mitsubishi and Sojitz will take a combined 37.5 percent and with 15 percent going to the Sri Lankan partners.

"We are in the process of signing a memorandum of understanding with the Sri Lankan government for the setting up of the LNG terminal," said Petronet CEO Singh.

"Once the MoU is signed this month, some project related studies will be done before beginning work on the terminal," he added.

The Sri Lankan venture is part of Petronet's strategy to own 30 MTPA of import and regasification capacity in the region from 2020.

Petronet operates India's Dahej terminal, north of Mumbai, and another facility at Kochi in the southwest state of Kerala, which is still awaiting pipeline connections to major customers.

The Indian company has also signed a preliminary agreement to join an LNG terminal project in Bangladesh and is looking at setting up a small-scale import facility in the Indian Ocean island nation of Mauritius.

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NEWS NUDGES

ExxonMobil LNG boost

Exxon Mobil Corp., one of the world's largest LNG players, said it added 2.7 billion oil-equivalent barrels of proved oil and gas reserves in 2017, replacing 183 percent of production. ExxonMobil's proved reserves totaled 21.2 billion oil-equivalent barrels at year-end. "Significant new proved reserve additions were made in Guyana, where the company funded the first phase of development last year, and in Mozambique, associated with the project funding of the Coral FLNG project in the gas-rich deepwater Area 4," said the US major.

Awilco losses narrowed

Awilco LNG, the Norwegian operator of two modern carriers, the 156,000 cubic metres capacity "WilPride" and the "WilForce", narrowed its fourth-quarter losses to $4.5 million, down from $6.8M in the previous three months. Awilco said freight income for the quarter was $9.6M, up from $5.7M in the third quarter "due to the improving market fundamentals" as both vessels operated in the spot market. Voyage related expenses amounted to $2.3M compared with $1.3M in the previous quarter.

Kogas LNG arbitration

South Korean LNG importer Korea Gas Corp. (Kogas) said it had entered an arbitration process with the Australian North West Shelf LNG plant in Western Australia, operated by Woodside Petroleum, to settle an LNG contract dispute dating back to 2016. The arbitration relates to differences over a price renegotiation.

Cheniere closes two of its five storage tanks after leak at Sabine Pass plant

LNG Journal editor

Cheniere Energy has closed two of the five storage tanks at the Sabine Pass plant in Louisiana after fuel leaked into a space between inner and outer walls.

The closure was ordered by the federal agency, the Pipeline and Hazardous Materials Safety Administration (PHMSA), because of safety concerns.

Jetties at Sabine Pass with storage tanks in background

Capacity

Cheniere said that LNG production and exports would not be affected by the shutdown of the two tanks.

"The PHMSA issued a Corrective Action Order (CAO) to Sabine Pass Liquefaction, LLC, a liquefied natural gas (LNG) export facility in Cameron Parish, Louisiana," a PHMSA statement said.

"The CAO is the result of safety concerns identified by PHMSA's Accident and Investigations team as part of their preliminary investigation findings following the report and discovery of a release of LNG from a Sabine Pass storage tank on January 22, 2018.

"The findings included in PHMSA's CAO are preliminary and PHMSA's investigation is still ongoing," it stated.

While investigating the leak in the tank, federal investigators were told 11 similar incidents may have occurred at that tank and a second one on the site between 2008 and 2016.

Other storage tanks at the facility must also be inspected to determine if they have experienced similar problems in the past.

"Safety is Cheniere's number one priority, and we want to stress that there was and is no immediate danger to our community, workforce, or our facility from this incident, nor is there any impact on LNG production," said Cheniere, whose plant was the first to open in the Lower 48 States.

"Cheniere has initiated an event investigation and is currently working with experts on a repair plan. We will continue to work with PHMSA to quickly address this incident," stated Cheniere.

PetroChina signs sales agreements for cargoes from Cheniere plants

Cheniere Energy, owner of the US Sabine Pass export plant in Louisiana and the Corpus Christi liquefaction facility being built in Texas, said it had entered into two liquefied natural gas sale and purchase agreements with Chinese major China National Petroleum Corp. through its PetroChina unit.

Under the SPAs with Cheniere's subsidiaries, Corpus Christi Liquefaction and Cheniere Marketing, CNPC through its subsidiary PetroChina would purchase around 1.2 million tonnes per annum of LNG.

The Houston, Texas-based Cheniere said a portion of the supply would begin in 2018 and the balance in 2023.

Both companies said the term of each SPA continued through 2043. The purchase price for the LNG would be indexed to the Benchmark US Henry Hub price plus a fixed component.

"We are pleased to announce these LNG contracts with China National Petroleum Corp., an important global energy player in one of the largest and fastest growing LNG markets worldwide," said Jack Fusco, Cheniere's President and Chief Executive.

"These long-term SPAs build upon the memorandum of understanding we signed in November, and we look forward to a successful long-term partnership with CNPC," added Fusco.

"We expect these agreements to support the development of Corpus Christi Train 3, and we are now focused on completing the remaining necessary steps to reach a final investment decision later this year," said Fusco.

CNPC is also a shareholder in the recently opened Russian LNG export plant on the Yamal Peninsula, whose other major shareholders are Novatek and France's Total.

The Corpus Christi project in Texas has told regulators that the first liquefaction Train would achieve substantial completion in March 2019 and the second processing Train would be finished by September 2019.

Cheniere has already brought four Trains on stream at its Sabine Pass plant in Louisiana with 18 million tonnes per annum of output and two more to complete.

Peru LNG shipments suspended by pipeline fracture caused by landslide in Cusco region

LNG Journal editor

Peru LNG, the sole liquefaction and export plant in South America, suspended operations because of a fracture on the feed-gas pipeline, whose biggest shareholder is Spanish transmission operator Enagas.

The single-Train facility at Pampa Melchorita, located about 170 kilometres south of the capital Lima, is operated by Hunt Oil of the US and produces about 4.5 million tonnes per annum of LNG from gas provided from the Camisea gas fields.

Buyers

The Peruvian plant supplies LNG import terminals such as the Manzanillo facility on the Pacific Coast of Mexico as well as other terminals in Japan and Europe.

Peru LNG receives the gas via a 408-kilometre pipeline owned by Transportadora de Gas de Peru SA. and built across the inland Cusco region to the Pacific Coast facility.

Officials said the fracture on the pipeline was apparently caused on February 3 by a landslide that followed heavy rains and flooding in the Cusco region in the lower Andes.

Plant at Pampa Melchorita receives feed-gas from interior

They said work was continuing to repair the pipeline and the restoration of gas transportation services was expected soon.

Peru LNG publishes data of its shipments and the prices received and the last LNG carrier to leave the loading terminal was the 173,400 cubic metres capacity vessel "Barcelona Knutsen" on February 5.

The carrier was bound for Spain with a shipment priced on the UK National Balancing Point (NBP) benchmark of $7.05 per million British thermal units.

The other LNG plant shareholders in addition to Hunt Oil are Japanese trading house Marubeni Corp., SK Group of South Korea and Royal Dutch Shell, which purchased the stake previously held by Spain's Repsol in 2013.

Hunt Oil is also a shareholder in the Yemen LNG plant at Balhaf on the Gulf of Aden that has been closed because of the conflict.

Pipeline company Transportadora de Gas de Peru (TgP) counts Spain's Enagas as its biggest shareholders and has a 28.9 percent stake.

Peru's government awarded a 34-year concession to Enagas and a Brazilian company Odebrecht to build and operate the pipeline, though the Brazilian company was forced to pull out to be replaced by Peruvian stakeholders.

The pipeline company also supplies natural gas to southern parts of Peru, including the cities of Cusco, Apurimac, Puno, Arequipa, Moquegua and Tacna from the Camisea gas fields that also supply the feed-gas for the LNG exports.

The Camisea gas fields started to operate in 2004 and have supplied the Peru LNG plant since it began production in 2010.

In addition to the LNG plant, the TgP company supplies industrial users such as mining firms, electricity generators for 3,000 megawatts of power and the gas distributors Calidda and Contugas. ■

Chinese natural gas imports lower than year-end

Chinese natural gas imports in the form of pipeline supplies from Central Asian republics and LNG shipments amounted to a combined 7.70 million tonnes last month, about 33 percent higher than a year ago.

The natural gas imports were less than the record 7.90MT recorded in December 2017.

A government programme to heat millions of homes with natural gas and use gas-fired power for factories in northern China over the winter to avoid air pollution from coal and coke fuel has led to soaring demand.

China imported a record volume of crude oil in January.

Crude imports rose 20 percent from the same time a year ago to a record 40.64MT, or 9.57 million barrels per day, according to the General Administration of Customs.

Chinese LNG imports in December rose by 34.8 percent to a monthly record of 5.03MT compared with the 3.73MT logged in December 2016.

Natural gas imports for the whole of 2017 increased 27 percent from 2016 to a record of 68.57MT. There was no separate break-down as yet between LNG and pipeline gas imports.

China also imports pipeline natural gas from the countries of the former Soviet Central Asian republics of Turkmenistan. Kazakhstan and Uzbekistan.

Chinese firm plans to pursue West-East LNG proposal as it misses out in AWE bid

LNG Journal editor

Chinese company China Energy Reserve and Chemical Group (CERCG) said it would push ahead with its plans to transport Australian LNG from the West Coast to the East Coast even as its bid for local exploration and production company AWE was likely to be rejected in favour of a higher offer.

Japanese trading house Mitsui & Co. entered the bidding battle for Australian company AWE in January 2018 with an improved offer that bettered those put forward by CERCG and Australia's Mineral Resources Ltd.

Plan stands for CERCG to transport LNG supplies in tanks

Mitsui highest

The Mitsui bid of A$0.97 per share values the Australian company at over A$600 million (US$485M) and betters that of Australia's Mineral Resources Ltd., (A$.0.83 per share) and CERCG (A$0.73 per share).

AWE's most valuable asset is its 50-percent joint venture stake in the Waitsia natural gas field, one of the largest onshore gas discoveries in Western Australia. The other Waitsia field shareholder is Australian firm Beach Energy.

Chinese company CERCG was the first bidder and at the time put forward its LNG plan for Australia, similar to its business back in China.

CERCG made a supplementary bidder's statement on February 13 as a final pitch to AWE shareholders and in which it pledged to continue with its Australian LNG plans.

"CERCG Australia, a subsidiary of CERCG, was incorporated in October 2016 for the purpose of considering opportunities in Western Australia to provide virtual gas pipeline and energy solutions to remote mine sites, power plants and regional communities," the company said.

"CERCG Australia is also cognisant of the potential opportunities to supply LNG and gas to the Australian East Coast market, and the possibility of exporting LNG and gas to potentially South East Asian countries.

"CERCG Australia intends to pursue these business opportunities in Australia regardless of whether the Offer is successful or not," it stated.

Malaysian LNG fleet owner forecasts sector challenges as revenues rise

Malaysia International Shipping Corp. (MISC), whose LNG fleet comprises more than 30 vessels, said the LNG shipping sector faced ongoing tonnage oversupply and a difficult market in 2018 as it posted higher revenues and lower profits before tax in its annual earnings.

"Lack of short-term positive indicators suggests another challenging year," said MISC.

"The Group continues to rely on its present portfolio of long-term time charters to provide it with the stability of profits and cashflow during the year.

"On a positive note, two additional new LNG carriers will join the fleet in 2018, providing a source of income growth for the segment," it added.

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

Petronas is a large-scale exporter to Asian LNG markets from its Bintulu plant consisting of seven liquefaction Trains in Sarawak, as well as a floating LNG production hull over the Kanowit gas field offshore Sarawak.

MISC's overall fleet consists of more than 120 owned and in-charter LNG, crude oil and products vessels as well as 14 floating facilities.

The Malaysian company said group revenue for the year was 10.03 billion Malaysian ringgit (US$2.54Bln), 4.6 percent higher than the previous year when it was 9.58Bln ringgit.

MISC said that two new LNG carriers contributed to the increase in revenue.

The company has been increasing its LNG fleet because of more delivery demands from the Petronas stake in the Gladstone export plant in Queensland, Australia.

MISC added that group profit before tax in 2017 was 28.8 percent lower at 2.00 Bln ringgit (US$509 million) versus 2.81Bln ringgit the previous year, mainly due to impairment losses on ships, property, plant and equipment and other investment of RM687.5 million (US$155M).

Woodside of Australia in US$1.96Bln share offer to back more LNG production for Asian demand

LNG Journal editor

Woodside Petroleum, the Australian liquefied natural gas plant operator, launched a fully underwritten share offer to raise around A$2.5 billion (US$1.96Bln) to buy more offshore feed-gas for LNG and to proceed with a West Africa exploration and production programme off Senegal.

"The funding will provide for the acquisition of up to an additional 50 percent interest in the Scarborough gas field," said Woodside.

CEO Peter Coleman explained Scarborough gas deal

ExxonMobil

Woodside has agreed to acquire the stake of ExxonMobil in the Scarborough gas field located in the Carnarvon Basin, offshore Western Australia.

Woodside Chief Executive Peter Coleman said that the share offer was an important component of Woodside's strategy.

"The acquisition of the additional interest in Scarborough provides greater alignment, control and certainty over a low-cost, high value opportunity ahead of a global LNG supply gap," said Coleman.

Woodside said the Scarborough deal would give Woodside access to 6.4 trillion cubic feet of contingent resources (Woodside share) in the Greater Scarborough complex upon completion.

That's as Woodside recorded a full-year net profit after tax of US$1.02 billion with production of 84.4 million barrels of oil equivalent and sales revenue of US$3.62Bln.

Woodside said in its earnings presentation that there was a ready market in Asia for more LNG volumes, with a compound annual growth rate of 7 percent in demand from China through to 2025.

"Economic growth and public policy changes are underpinning Asian LNG demand growth," the Australian company said.

Coleman said that 2017 had been a good year for the company, with strong financial results and progress on projects and activities.

"Our net profit after tax has increased by 18 percent year-on-year, driven by higher prices for our products and sustained low production costs," he said.

"The safe start-up of Wheatstone LNG Train 1 was a significant milestone for the company and we look forward to the delivery of LNG Train 2 and the domestic gas facility this year while supporting the operator (Chevron) to optimise lifting costs and maximise production rates," he added.

Coleman said the company's Burrup Hub concept for an expansion of Woodside's Pluto LNG plant in Western Australia was advanced by the increased stake in the Scarborough gas field.

"The development concept involves maximising existing infrastructure at the Pluto LNG plant to meet a market gap we expect will emerge from the early 2020s," explained Coleman.

"We concluded feasibility studies on Pluto LNG expansion and made considerable progress on commercial discussions between the North West Shelf and Browse joint ventures for processing Browse gas through the Karratha Gas Plant," the CEO stated.

In Senegal, Coleman said Woodside achieved a concept selection for the first phase of the SNE Development, located in the Rufisque, Sangomar and Sangomar deepwater blocks.

He added that Woodside would be the operator in 2018 and aims to enter the front-end engineering and design phase for the SNE project targeting oil. ■

Asia-Pacific LNG stakeholder Santos wins tender to supply natural gas to Australian mine

Santos, the Australian energy company and stakeholder in three Asia-Pacific LNG export plants, said it has followed its supply pledge to the domestic market by signing a natural gas agreement with a Queensland mining company for its power plant.

Santos and other Australian LNG plant stakeholders have been blamed by politicians and other groups for taking too much feed-gas for exports, leading to supply shortages and higher prices in the East Coast market.

The Adelaide-based company has stakes in the ExxonMobil-led Papua New Guinea LNG project, the Darwin LNG plant operated by ConocoPhillips in Australia's North Territory and the Gladstone coal-seam-gas-to-LNG plant in Queensland, operated by Santos itself.

Santos said it had entered into a long-term agreement to supply natural gas to New Century Resources Ltd. and its zinc mining operations in northwest Queensland.

Under the gas supply agreement, Santos will provide over the next four years around 9 petajoules of portfolio gas worth in the order of A$100 million (US$80M) to generate electricity for New Century's zinc mine near Mount Isa.

"The use of gas to generate electricity for the mine is not only the best economic outcome, it is the best environmental solution to deliver the high reliability required," said Santos.

Santos noted that the New Century zinc mine is set to become one of the top 10 zinc producers in the world.

According to New Century Resources, there was strong participation from gas suppliers and traders in what was a highly-competitive tender process.

Santos Executive Vice President Marketing and Trading, Phil Byrne, said Santos was delighted to have been selected to supply gas for New Century's mine.

"The gas sales agreement we've reached is innovative in both its flexibility and pricing, making it commercially attractive for both parties," said Byrne.

"Santos is absolutely committed to working in partnership with Australian industry to deliver competitively-priced domestic gas and this is a great example of that commitment," he stated.

"Access to new and existing supply sources in Queensland as well as new sources in New South Wales and the Northern Territory is critically important to enable us to continue to deliver competitive gas for Australian industry on the East Coast as mature fields decline," added the Santos executive. ■

Building the Energy Future through LNG

Chart LNG solutions are facilitating the use of natural gas as a safe, economical, clean-burning fuel alternative to diesel and other distillates for energy, transportation and industry.

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