LNG Unlimited

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Kinder Morgan and equity funds progress on Pascagoula LNG plant

US pipeline giant gets FERC deadline for Gulf project and awaits Georgia plant

LNG Journal editor

US pipeline company Kinder Morgan and two equity funds are making progress on receiving permits to transform the existing Gulf LNG import terminal in Pascagoula in Mississippi into an export plant.

The proposed Gulf LNG export facility would consist of two Trains, each with capacity of about 5 MTPA.

Gulf LNG facility was briefly an import terminal in 2012

Transformation

The Pascagoula terminal had originally been constructed to import LNG cargoes from Angola in southwest Africa from a production plant developed by international oil companies, including Chevron Corp.

However, the US shale-gas boom made LNG imports into the US uneconomic and Kinder later decided to consider the export option.

The Gulf terminal was originally owned by US pipeline company El Paso and later acquired by Kinder, which has sold 50 percent of the project to US equity funds.

The existing Pascagoula terminal is located next to the Bayou Casotte Navigation Channel and already includes a five-mile sendout pipeline and two LNG storage tanks, each with a capacity of 160,000 cubic metres.

It is interconnected to several downstream pipelines, including Transco, Florida Gas Transmission, the Destin Pipeline and the Gulfstream Natural Gas Pipeline from where feed-gas can be transported for processing and export from Pascagoula.

The Federal Energy Regulatory Commission has just prepared a draft environmental impact statement for Gulf LNG. This is Kinder's second LNG export project and it is currently completing the Elba Island export plant near Savannah in the state of Georgia.

"The FERC staff concludes that approval of the proposed Gulf project, with the mitigation measures recommended in the EIS, would have some adverse environmental impacts," said the FERC.

"However, these impacts would be avoided or reduced to less-than-significant levels," it added.

The draft EIS comment period for Gulf LNG is scheduled to close on January 7, 2019.

In addition to the storage tanks and pipeline, the terminal has a single dock facility that is currently permitted to receive LNG carriers of up to 170,000 cubic metres capacity and is designed to handle even larger vessels.

"The proposed project will include the installation of natural gas pre-treatment, liquefaction, and export facilities at the terminal with a total capacity of up to 11.5 MTPA," said Gulf LNG.

"The Gulf export plant would also have its own utilities and truck loading and unloading. This would be for unloading refrigerants and loading condensate produced during the gas liquefaction process," according to the plans.

"Four flares (including one spare flare) are planned in a single flare tower to incinerate excess gases associated with maintenance, start-up, shutdown and in emergencies," the filing added.

An earthen berm would also be constructed extending from the northeast to the southeast boundaries of the terminal expansion site. This would be connected to new segments of the storm surge protection wall on the coast.

The project is 50 percent owned by Kinder Morgan subsidiary Southern Gulf LNG Company, while 30 percent is held by Thunderbird LNG, a unit of the Blackstone Group fund managers.

The remaining 20 percent is held by Gulf LNG Holdings, comprising Arc Logistics Partners and Lightfoot Capital Partners equity funds.

UNLIMITED AGENDA

Florida LNG venture advances with plans to supply Caribbean power and maritime markets

LNG Journal editor

The Federal Energy Regulatory Commission has prepared a draft environmental impact statement for the mid-scale Jacksonville project in Florida proposed by Eagle LNG Partners to supply regional power and fuel markets.

Eagle LNG is planning its facility for the north bank of the St. Johns River in Jacksonville and would comprise about 1 million tonnes per annum of LNG output from three small liquefaction Trains, each was capacity of around 330,000 tonnes.

Storage

One LNG storage tank is also proposed with a net capacity of 45,000 cubic metres.

The marine facilities would have a loading platform and two liquid loading arms capable of docking and mooring a range of


Graphic of Eagle export project planned for Jacksonville

LNG vessels with cargo capacity of up to 45,000 cubic metres.

LNG truck-loading facilities would have a dual bay capable of handling between 260 and 520 trucks per year.

Eagle has said that the facility would serve both domestic and international markets.

The company will load the fuel onto ocean-going vessels for export to countries in the Caribbean where heavy fuel oil or diesel is currently in use for power generation. It will also supply the domestic marine fuel market.

Feed-gas would be delivered to the Jacksonville plant via a 120-foot-long non-jurisdictional pipeline that would be constructed, owned and operated by Peoples Gas, a subsidiary of Teco Energy.

"We determined that construction and operation of the project would result in some limited adverse environmental impacts, but impacts would not be significant with the implementation of Eagle LNG's proposed and our recommended mitigation measures," said a FERC statement.

The regulator added that its decision was based on a review of the information provided by Eagle and further developed from data requests, field investigations, scoping and contacts with federal, state and local agencies.

"Although many factors were considered in this determination, the principal reasons are: the LNG terminal site would be in an area currently zoned for industrial use and is along an existing, maintained ship channel in the St. Johns River," the FERC stated.

The draft EIS comment period closes on January 7, 2019.

"The Commissioners will take into consideration the FERC environmental staff's recommendations when they make a decision on the project," the agency added. ■

Exmar floating LNG liquefaction hull to make Argentina exporter from shale gas by mid-2019

Argentina plans to deploy a floating liquefied natural gas production hull at the port of Bahia Blanca in the second quarter of 2019 under an agreement with Belgian shipping company Exmar and the Argentine oil and gas producer Yacimientos Petroleiferos Fiscales (YPF).

The floating liquefaction unit, "Caribbean FLNG", constructed for a cancelled venture in the South American state of Colombia will be renamed "Tango FLNG" to make the Argentines the first FLNG producing nation on the continent.

Exmar and YPF have signed a firm 10-year agreement for the "Tango FLNG" vessel to produce LNG from feed-gas sent by pipeline from the Vaca Muerta shale play in the onshore Neuquen Basin of northwest Argentina.

Analysts said the project would be small scale and amount to the export of just eight cargoes per annum, though would be a good testing ground for Argentina to gain export experience before the expansion of its shale-gas resources enable the construction of larger LNG export ventures.

"The project marks the entry of Argentina to the select club of global LNG exporting nations, with an initial plan to export 500,000 tonnes of LNG per year to overseas markets," said Exmar.

"We are delighted to reach this agreement with YPF. It opens up new markets and opportunities for the fast-track monetization of natural gas reserves along new routes," said Nicolas Saverys, Exmar's Chief Executive.

"We are confident that Exmar's experience in the region and unique expertise in liquefaction will support YPF's ambition to become a significant LNG supplier," added Saverys.

Miguel Gutierrez, President of YPF, said the energy company was now able to monetize its shale-gas assets.

"Thanks to the commercial relationship with Exmar we are now able to add value to the resources extracted from Vaca Muerta, and take full advantage of the seasonal opportunity with Asian markets and our unique location to serve demand centers," explained Gutierrez.

Exmar said that up to eight LNG cargoes per annum will be produced over a 10-year period.

"The FLNG vessel's arrival on site and start-up of operations are anticipated during the second quarter of 2019," said Exmar.

Bahia Blanca port is where Argentina established its first floating LNG import facility with Exmar and US partner Excelerate Energy in 2008 before the shale-gas resources were discovered.

"Exmar's many years of experience in LNG ship-to-ship transfers, storage and regasification at this same terminal with locally-trained colleagues will stand it in good stead for this new project," added the Belgian company.

Argentina previously exported pipeline gas to neighbouring Chile until the supplies were halted 11 years ago to enable Argentina to meet its own requirements from its dwindling energy production.

However, the discovery in 2010 of the huge Vaca Muerta (Dead Cow) shale formation by Repsol-YPY, the Spanish-Argentine joint venture, changed Argentina's energy fortunes.

Argentina's total reserves in the area covering four provinces amount to 308 billion cubic feet of natural gas and 27 billion barrels of oil, according to US estimates. ■

Indian LNG imports drop after six months of increases

Indian LNG imports dropped 5.8 percent in October after six straight month of increases while the costs of the cargoes continued to rise for the Asian nation and amounted to about $900 million last month.

LNG deliveries to India's three main import terminals at Dahej, Hazira and Dabhol near the West Coast port of Mumbai in October amounted to 1.68 million tonnes (2.28 billion cubic metres of gas) compared with the 1.79MT received in October 2017.

The imports totalled 12.18MT for the first seven months of the fiscal year from April to October, a rise of 12.62 percent compared with the 10.81MT of shipments received in the corresponding period of the previous fiscal year, according to the figures from the Indian Ministry of Petroleum and Natural Gas.

The figures showed that October LNG shipments cost India around $900M versus $700M in the same month of 2017.

On a cumulative basis, the cargoes cost $5.8 billion for the April-to-October period compared with $3.8Bln in the same seven months of the previous fiscal year.

Indian LNG imports had risen 3.2 percent in September and amounted to 1.71MT compared with the 1.66MT logged in September 2017.

The government figures show that imports of the fuel had risen for six consecutive months of the calendar year since March 2018 after they had declined by 1 percent in February.

The imports rose as India's own natural gas production decreased in October to 2.79 billion cubic metres, which was 0.4 percent lower than in September 2017.

Germany's Linde to develop its seventh small Chinese LNG plant

LNG Journal editor

The Linde Group of Germany was awarded a contract by a Chinese chemical and energy company to supply a mid-scale liquefied natural gas liquefaction plant at an industrial site near Beinichuan in Inner Mongolia, an autonomous region of northern China.

The agreement with Inner Mongolia Huineng Coal Chemical Co. is Linde's seventh and largest LNG plant project contract to date in China and is in response to growing Asian demand.

Capacity

The engineering division of Munich-based Linde will be responsible for the venture and supplying site services for the LNG plant with a nameplate capacity of 750,000 tonnes of LNG per annum.

The plant's technology is based on Linde's proprietary LIMUM process, a multi-stage mixed refrigerant process that provides best-in-class energy efficiency, and proprietary core cryogenic heat exchangers.

Plant built by German firm at Xin Jiang in northwest China

Linde pioneered its LNG plants in the Nordic region of Europe by constructing small-scale facilities in Sweden and Norway.

Its first Chinese facilities were constructed at Shan-Shan in the northwest and Jimunai in the Xinjiang Uyghur Autonomous Region. Another plant is at Xin Jiang, also in northwest China.

Linde Engineering noted that it had world-class experience across the entire natural gas processing chain, including proprietary process technology, manufacturing specialised, tailor-made cryogenic equipment and the delivery of turn-key plants.

The Linde Group generated revenue of 17.11 billion euros ($19.54Bln) last year, making it one of the leading gases and engineering companies in the world, with approximately 58,000 employees.

The strategy of The Linde Group is geared towards long-term profitable growth and focuses on the expansion of its international business.

The company said it was committed to technologies and products that combine the goals of "customer value and sustainable development" in the market place.

BGC acquires Poten & Partners to boost LNG and consultancy

BGC Partners of the US, a leading global brokerage and financial company, has completed the acquisition of Poten & Partners Group, a ship brokerage, consulting and business intelligence firm specialising in LNG, tankers and the liquefied petroleum gas markets.

Poten has about 170 employees worldwide and aims to provide its clients with insights into the international oil, gas and shipping markets.

Under the terms of the agreement, Nasdaq-listed BGC acquired 100 percent of Poten, which includes operations in New York, London, Singapore, Houston, Athens, Guangzhou in China and Perth in Western Australia.

Poten will become part of BGC's energy and commodities business. The financial details of the transaction were not disclosed.

Shaun D. Lynn, President of BGC Partners, said his firm was excited by what it regards as a strategic acquisition.

"The addition of physical LNG, LPG and tanker brokerage, and energy consulting capabilities will allow BGC to expand its operations in the oil, gas and shipping sectors," explained Lynn.

"Poten's access to market intelligence and its highly regarded price reporting and analytical products, including LNG, LPG and Asphalt will also add to our existing energy and commodities suite of market data solutions under Fenics Market Data," added the BGC President.

Poten generated revenues of around $60 million in the last financial year.

The BGC takeover of Poten is expected to immediately boost the company's revenues.

"In addition to its brokerage, Poten provides value-added services including commercial advisory, technical consulting, project due diligence and multi-client reports," said BGC.

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NEWS NUDGES

Woodside Hub sale

Australian LNG producer Woodside has signed a long-term gas sale and purchase agreement with Perdaman Chemicals and Fertilisers of Western Australia for the supply of pipeline gas for a term of 20 years, primarily sourced from Woodside's portfolio and proposed Scarborough development. The agreement is subject to a number of conditions and supply will commence between 2023 and 2025. "This is a significant domestic gas sale and represents another step towards the delivery of the proposed Burrup Hub," said Chief Executive Peter Coleman.

Balearia LNG retrofit

Spanish shipping company Balearia has begun retrofitting its "Napoles" ferry to be powered by liquified natural gas. The ferry, which operates on the Barcelona-Ibiza route, arrived at the Gibraltar Gibdock shipyard where it will be modified and have an LNG tank installed with a completion date set for February 2019. The two engines currently on the ship will be switched to dual-fuel LNG and diesel engines produced by the German-owned company, MAN Energy Solutions.

More GTT tank orders

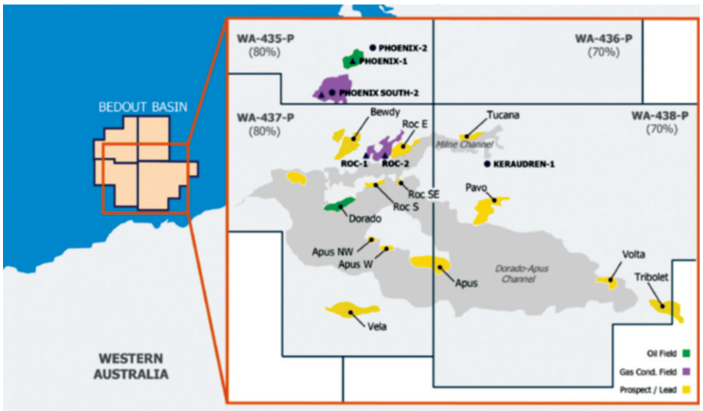
French maritime storage technology company GTT said it received an order from the South Korean shipyard of Hyundai Heavy Industries for the tank designs for two LNG carriers. GTT said each vessel would have capacity of 174,000 cubic metres and have been ordered by the Greek ship-owner TMS Cardiff. The tanks will be fitted with the Mark III Flex containment system and the vessels would be delivered at the end of 2020 and the beginning of 2021.

Australian takeover of Quadrant passed by regulator citing LNG

LNG Journal editor

Australian energy company Santos, operator of the Gladstone LNG plant in Queensland, has received competition clearance from regulators for its US$2.15 billion takeover of Quadrant Energy whose operations are centred on Western Australia.

The Australian Competition and Consumer Commission (ACCC) said in a statement that the acquisition would be unlikely to reduce competition in the supply of natural gas to Western Australia.



Assets taken over by Adelaide-based LNG player Santos

Explanation

"The ACCC considers that a combined Santos-Quadrant will continue to face strong competition from a range of suppliers, including large LNG producers such as Chevron and Woodside," said ACCC Chairman Rod Sims.

"Most market participants believe the Western Australian domestic gas market is currently oversupplied. While the demand-supply balance could tighten in future, the ACCC considers that the proposed acquisition will not have a significant impact on future gas prices," the Chairman added.

"In Western Australia, gas exporters are required to reserve 15 percent of their gas for the domestic market, so this should ensure that gas available for domestic customers continues to grow, and from a range of players," he explained.

Santos had announced its move for Quadrant in late August just weeks after its joint venture partner Carnarvon Petroleum discovered an oil field that was suggested to be the biggest discovery off Western Australia for more than 20 years.

After the ACCC ruling Santos Chief Executive Kevin Gallagher said the Quadrant acquisition delivered increased ownership and operatorship of "a high-quality portfolio of low cost, long life conventional Western Australian natural gas" assets.

"It is materially value accretive for Santos shareholders and advances Santos' aim to be Australia's leading domestic natural gas supplier," said the CEO.

We already have very significant growth projects across our five core assets, and Quadrant's recent oil discovery at Dorado is another exciting opportunity for us," added Gallagher.

According to Santos, Quadrant proven reserves were around 220 million barres of oil equivalent.

Quadrant's conventional natural gas assets include significant portfolio overlap with Santos holdings.

LNG exporters Shell and Santos join forces for Queensland acreage

Royal Dutch Shell and Santos, the operators of two LNG export plants in eastern Australia, Queensland Curtis LNG and Gladstone LNG, plan to work in partnership on new coal-seam gas acreage in the Surat and Bowen Basins.

Santos and Shell plan to work in a 50-50 basis on the Petroleum Land Releases (PLR) 201718-2-5 licence covering around 400 square kilometres, located 19 kilometres east of the town of Surat.

The acreage was opened by the Queensland state government exclusively to boost domestic gas supply on the East Coast.

"The acreage is immediately south of the Wallumbilla hub which means the Santos-Shell joint venture can take advantage of existing infrastructure, lowering development costs and accelerating the delivery of natural gas to the domestic market," said Santos.

Exploration in the new acreage will target natural gas in deep sandstone reservoirs of the Bowen Basin, beneath the Surat Basin.

"If the results are positive, the Santos-Shell joint venture will potentially unlock a material new gas supply source for the Australian East Coast domestic gas market," Santos explained.

Santos said it was on track to supply about 70 petajoules of natural gas, the equivalent of 1.67 billion cubic metres (Bcm), to the East Coast domestic market in 2018, which is almost 13 percent of expected demand this year.

"As Australia's lowest cost onshore natural gas developer, I am very pleased that Santos will be the operator to develop these blocks exclusively for the domestic market because low cost supply is the best way to put downward pressure on gas prices," said Santos Chief Executive Kevin Gallagher.

Air Products signs deal with two Algerian LNG Trains for industrial gas recovery and delivery

LNG Journal editor

Air Products, the US LNG equipment-maker and industrial gas company, and Algerian state-owned oil and gas company Sonatrach have signed two gas production and delivery agreements.

Through the deal, Sonatrach will recover helium from two existing liquefied natural gas processing Trains (GL1Z and GL3Z), and that helium will be delivered to an existing liquid helium plant in the Algerian port of Arzew, where one liquefaction plant is located.

Project centres on Sonatrcah LNG Trains at port of Arzew

Joint venture

Algeria's second LNG production plant is at Skikda, also on the Mediterranean coast.

The Helios plant, an Air Products joint venture with Sonatrach, is an important part of the US company's total global helium source portfolio, and the new feedstock will increase the amount of liquid helium produced by the Helios facility.

"The potential for helium production in Algeria is significant thanks to its large, established natural gas industry and LNG operations," said Walter Nelson, vice president and general manager-Global Helium at Air Products.

"Connecting the Helios plant to Sonatrach's other LNG facilities in Arzew is a further illustration of how unlocking Algeria's helium potential can further diversify the helium supply chain and improve the reliability of supply for customers in Africa and Europe," added Nelson.

The US company said that another important component of the agreement is that Air Products will design and build, and Helios will own and operate, two new air separation plants in Algeria.

One will be located in the Hassi Messaoud district, with the second in Arzew.

The latest deals signed with Sonatrach are valued by Air Products at about $100 million.

Once in operation, these plants will produce nitrogen, oxygen and argon, which will be supplied to the Algerian and Maghreb markets through Sonatrach's subsidiary, Cogiz.

"Underpinned by our strong relationship with Sonatrach and successful track record of execution, Air Products has built a solid platform in Algeria from which to grow," said Ahmed Hababou, vice president, Southern Europe and Maghreb, at Air Products.

"We are very pleased to make our investments jointly with Sonatrach and build on the success of our partnership in Helios," he stated.

"These latest agreements show our continued commitment and willingness to invest in the Algerian industrial gas market, bringing greater competitiveness, security of supply and enhanced service to our customers," said Hababou.

Belgian and Spanish gas firms sell Swedegas

Belgian and Spanish natural gas network and LNG terminals owners, Fluxys and Enagas, have closed their joint sale to First State Gas Transport AB of their total stake in Swedegas, owner and operator of the high-pressure gas grid in Sweden.

FS Gas Transport AB is a subsidiary of First State Investments, a managed European diversified infrastructure fund.

First State, which also owns the largest Swedish gas distribution network, approached Fluxys and Enagas earlier in 2018 with an offer to purchase Swedegas.

Both companies, each owning a 50 percent stake in Swedegas, agreed to this proposal in September 2018 and the transaction has just been closed after approval by the Swedish competition authority.

Fluxys and Enagas closed the sale for an amount of 1.03 billion Swedish Krona (SEK) each, around 100 million euros ($114M) at the current exchange rates.

Enagas and Fluxys had acquired Swedegas in March 2015 from EQT Infrastructure and each invested around 100M euros in equity and third-party debt financing.

The Swedegas acquisition had given the Belgian and Spanish firms a highly experienced staff and around 600 kilometres of natural gas pipelines and an underground storage facility at Skallen.

Fluxys and Enagas had both continued with developing a bunkering and small-scale LNG terminal in the Swedish port of Gothenburg.

"Over the past three years Swedegas has developed Sweden into a major growth market for small-scale liquefied natural gas in both shipping and industry," said Fluxys and Enagas in confirming the sale. ■

South Korea confirms package to back orders for LNG-fueled ships

LNG Journal editor

South Korea, the world's largest builder of liquefied natural gas carriers and other ships, has brought in a package of measures to help ease the financial pressures facing medium-sized shipyards, including confirmation of government backing for the ordering of 140 LNG-powered vessels.

The South Korean Minister of Trade, Industry and Energy, Sung Yun-Mo, outlined the plans at a meeting of shipbuilders and industry associations in Seoul.

Slow comeback

The shipbuilding industry has been emerging slower than expected from periods of losses caused by an industry-wide slump and increased costs.

South Korea's three major shipyards, Hyundai Heavy Industries, Samsung Heavy Industries and Daewoo Shipbuilding & Marine Engineering, have experienced rises in new orders, especially for LNG vessels, though smaller yards are still experiencing difficulties.

Korean Industry Minister Sung Yun-Mo at his meeting

The new measures confirm plans for government backing for private companies to place orders for a combined 140 vessels powered by LNG by 2025, including at least two shops in 2019.

"South Korean shipbuilders are expected to win new orders worth 12 million compensated gross tons (CGTs) this year, a level close to their 2014 records," said Minister Sung.

"A full-fledged recovery is expected to start in the second half of next year, when they begin work on new orders," added the minister.

The government and the private sector plan to invest 2.8 trillion Korean won ($2.5Bln) by 2025 to build infrastructure for the operation of LNG-powered vessels, and some of this work will go to smaller yards.

The minister said he expected the initial new orders to have a value of around 1 trillion Korean won ($880 million) for small and medium-sized shipyards.

Under the measures, the government will also provide shipbuilders and suppliers with 700 billion Korean won ($620M) in new financing and roll over maturing loans and debt guarantees. ■

France's biggest trading port of Marseille-Fos plans LNG bunkering

The French Mediterranean port of Marseille-Fos, the nation's largest trading port, is developing plans for the construction of liquefied natural gas bunkering infrastructure to boost the regional use of LNG as a maritime fuel and reduce the impact of emissions.

Marseille-Fos port had set up a working group last year that brought together players from the LNG sector to consider making LNG fuel available to shipping.

The LNG group then came up with a master plan with details of the schedule for the investment that would be required and the possible operational methods.

It brought together ship-owners who had expressed an interest in LNG from Marseille and managers of the two LNG terminals in the region, the Fos Tonkin facility owned by Elengy and the Fos Cavaou terminal controlled by Elengy and Fosmax, as well as the LNG fuel supplier, Total Marine Fuels.

The working group confirmed the feasibility of operational LNG bunkering solutions in both Marseille and Fos within a limited timeframe.

The plan envisages the rapid development of truck refueling logistics that would initially serve ferries from the quayside and continue to be an option should refueling vessels be unavailable.

Once a sufficient number of bunkering vessels had been brought in the LNG service would be made available for the cruise ships, ferry and container ship markets.

"Fosmax LNG is investing in particular in the Fos Cavaou terminal in order to adapt it to receive small LNG carriers," said the port authority.

"This service will be available in the summer of 2019 (50 annual slots)," it added.

Elengy, the LNG terminal operating subsidiary of the French utility Engie, is studying the extension of the Fos Tonkin terminal to focus on loading small LNG carriers, with the provision of 100 annual slots from 2021. ■

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Turkish LNG imports may face competition from advance of TurkStream pipeline from Russia

LNG Journal editor

TurkStream, the natural gas export pipeline from Russia to Turkey, has completed its first offshore phase across the Black Sea, while the second onshore phase will deliver gas to the Turkish market and southern and southeastern Europe in competition to LNG.

The TurkStream offshore section has just been completed and runs for 900 kilometres from the Russian town of Anapa across the Black Sea to Turkey and will supply Turkish domestic consumers.

Reliability

The Black Sea section will join an onshore pipeline for gas transit to Turkey's border with neighbouring countries.

"TurkStream will substantially enhance the reliability of gas supply to Turkey, as well as to southern and southeastern Europe," said a statement from joint venture partners Gazprom and Botas Petroleum Pipeline Corp. of Turkey, who began the offshore section in May 2017.

Turkish President Erdogan and Russia's Putin at ceremony

The first and second phases of TurkStream will each have throughput capacity of 15.75 billion cubic metres.

The "Pioneering Spirit" pipelaying vessel, the world's largest at a length of 477 metres, completed the construction of the offshore section in the Black Sea.

The work was carried out by Allseas Group, the subsea company and owner of the "Pioneering Spirit" with its main offices in Switzerland and the Netherlands.

The command to weld the final joint of the Black Sea gas pipeline section was given at a ceremony involving Russian President Vladimir Putin and Turkish President Recep Tayyip Erdogan.

The completion of the pipeline in 2019 is expected to put pressure on regional LNG suppliers to the three facilities in Turkey and others in southern Europe, as well as new terminals being developed in the Balkans in the future.

Turkey was Europe's third-largest LNG importer last year after Spain and France when it received shipments from nations such as Algeria, Nigeria, Norway, Qatar and the US.

The Turks are now among the largest consumers of Russian pipeline gas. At present, Russia supplies gas to Turkey via the existing Blue Stream and Trans-Balkan gas pipelines.

Construction of TurkStream will continue in the months ahead and Gazprom said it expected to bring the pipeline into commercial operation before the end of 2019.

"The swift pace of this project can be attributed to the concerted and coordinated efforts of the project team," said Alexei Miller, Gazprom Chairman.

"In late 2019, the gas pipeline will be brought into operation. It will become an additional guarantee of energy security in Turkey and the countries of southern and southeastern Europe," he added. ■

Malaysian shipping line expects LNG spot rates to underpin revenues on high Chinese demand

MISC Berhad, the Malaysian shipping line with 29 LNG carriers, said LNG spot rates rose to a peak in the third quarter after a lacklustre start for the year, fueled by higher Chinese imports as the company expected the spot market to remain good for profits.

"The Group's LNG shipping unit will take advantage of the buoyant market conditions to lock-in higher charter rates for two to three of its vessels which are presently in the spot market," said the company.

"Nevertheless, the operating income of the larger and core LNG fleet continues to be underwritten by the portfolio of long term charters that are in place," it added.

MISC said group revenue for the third quarter came to 2.22 billion Malaysian Ringgit ($532.05M), which was 3.7 percent lower than the corresponding quarter's revenue of 2.31Bln Ringgit ($552.8M).

MISC has a total fleet of 120 vessels, including petroleum and product tankers as well as the LNG vessels. It also operates an Offshore division and a Heavy Engineering unit.

"The decrease in group revenue was mainly from the LNG segment due to vessels' scheduled maintenance and lower charter rate for one of its carriers following renewal of its contract," explained MISC.

Group operating profit was 354.5M Ringgit ($84.7M), 47.7 percent lower than the corresponding quarter's operating profit of 678.1M Riggit ($161.8M).

MISC said the decrease was mainly from the Heavy Engineering segment as additional cost provisions were made for ongoing projects and additional costs incurred on conversion works.

Margins were also compressed for dry-docking activities and resulted in an operating loss in the third quarter.

"Despite the prevailing challenges in the marketplace, MISC will continue leveraging on our financial strength that allows us to allocate both our capital and human resources towards building value in our existing businesses," said MISC's President and Chief Executive Yee Yang Chien.

"As we strive to fulfill our aspiration of consistently providing better energy related maritime solutions and services, MISC will capitalize on timely investment opportunities to ensure that we are able to grow in a more energized and sustainable manner," added CEO Yee.

The company added that the outlook for the Offshore segment continued to be positive, supported by healthy activities in oil and gas exploration and production.

"The unit's core operating income, similar to the LNG shipping unit, remains underpinned by a portfolio of assets on long-term charter contracts," it said.

Growth in income is expected in 2019, arising from the full-year contribution of two new assets added in 2018, the "FSO Benchamas 2" and the "FSO Bergading". ■