

LNG Unlimited

LNG JOURNAL PUBLICATION

7 April 2020

Shell lists damage level experienced by a major so far in double downturn

Full impact of oil slump and coronavirus will likely be seen more in the second-quarter earnings
LNG Journal editor

Royal Dutch Shell has revised its first-quarter earnings outlook for 2020 because of the oil market slump and expects to take a post-tax hit of between \$400 million to \$800 million after earlier exiting the US Lake Charles LNG project to reduce investment levels.

In its Integrated Gas division, including LNG, Shell expects production to be between 920,000 and 970,000 barrels of oil equivalent per day.

Volumes

"This includes the additional volumes from the Egypt offshore assets that were previously reported in the Upstream segment," said the company.

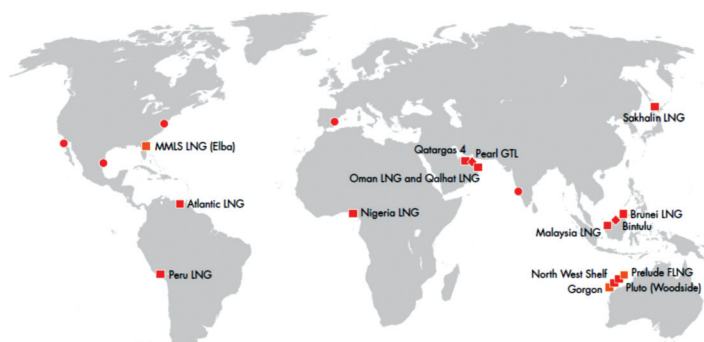
Shell added that corporate segment earnings, excluding identified items, are expected to be a net expense at the lower end of the \$800M to \$875M range for the first quarter.

"LNG liquefaction volumes are expected to be between 8.8 million and 9.2 million tonnes," it added.

These numbers are little changed from the fourth quarter results.

"More than 90 percent of our term contracts for LNG sales in 2019 were oil price-linked with a price-lag of typically 3-6 month," said the Anglo-Dutch company.

Shell said trading and optimisation results are expected to



Some of Shell's portfolio of Integrated Gas assets

be average and approximately in line with the fourth quarter of 2019.

Chief Executive Ben Van Beurden had said at that "our LNG business, with its trading, marketing and optimisation team continues to go from strength to strength."

Fourth-quarter LNG sales had amounted to 20.09 million tonnes compared with 17.39MT in the same three months of 2018, up 16 percent.

So according to the Shell statement LNG sales should again be around 20MT for the first quarter of 2020.

However, analysts note that LNG spot prices were much lower earlier in the quarter because of the market glut and before the oil drop in mid-March.

Shell's annual LNG sales last year rose 5 percent to 74.45MT versus 71.21MT in the previous year.

The Integrated Gas division's earnings in the fourth quarter had come in at \$1.89 billion compared with \$2.59Bln in the third quarter as prices were already falling.

"Shell's liquidity remains strong, reflecting the Group's pru-

dent balance sheet policy and to enhance financial flexibility, Shell has a new \$12 billion revolving credit facility commitment," it said.

"This is in addition to the \$10Bln credit facility signed in December 2019," it added.

"Together with cash and cash equivalents of circa \$20Bln, available liquidity will rise from \$30Bln to more than \$40Bln," stated Shell.

Oil Products

In Shell's Oil Products division, refinery utilisation in the first quarter of 2020 is expected to be between 80 percent and 84 percent with availability expected to be between 93 percent and 96 percent.

"Refining margins are expected to be weaker compared with the fourth quarter 2019," it added.

Oil Products sales volumes are expected to be between 6 million and 7 million barrels per day.

"Marketing margins in the first quarter are expected to remain strong, as the impact on demand from COVID-19 is not expected to be significant at the Shell Group level in the first quarter," it said.

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Japanese LNG importers start up Ohgishima plant for city-gas processing joint venture for Kawasaki City

LNG Journal editor

Ohgishima City Gas Supply Co., a joint venture between Japan's main LNG importers, has begun commercial operations of a city-gas production and supply facility with a calorific value adjustment system in the Ohgishima district of Kawasaki City.

The venture involves JERA Co. Inc., the largest LNG importer, and Osaka Gas and energy firm JXTG Nippon Oil & Energy Corp.

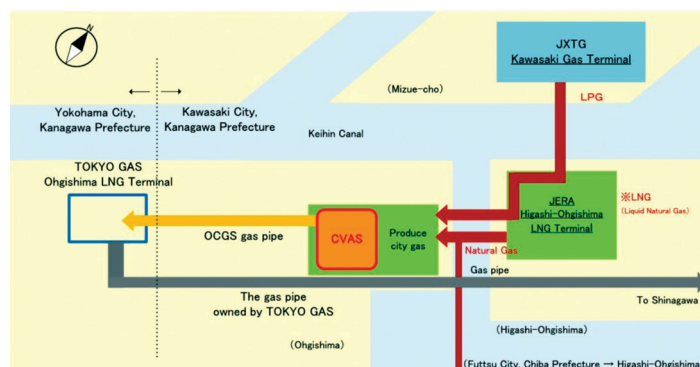
Calorific system

The Ohgishima facility with its CVAS equipment will produce about 1.1 million tons of city-gas per annum by mixing natural gas and liquified petroleum gas.

The venture is the latest result of the deregulation of Japan's natural gas and electricity markets over the past few years.

JERA said it would use the city-gas mainly as fuel for the Shinagawa Thermal Power Station, while JXTG and Osaka Gas would use their shares mainly for city-gas retailing.

"JXTG and JERA will also use it



City-gas plant is located between two LNG terminals

as a raw material for hydrogen production at the hydrogen station business in Tokyo's Oi area in which both companies participate," explained JERA in a statement.

The city-gas production and processing plant is located between two of the nation's main LNG import terminals, JERAs Higashi-Ohgishima facility and the Ohgishima import terminal owned by Tokyo Gas.

JERA will operate the facility and supply its natural gas, JXTG will supply the liquefied petroleum Gas (LPG) used to adjust calorific value, and Osaka Gas will support facility operations based on its

expertise in operating similar facilities.

"Through OCGS, the partners will manage and operate the facility with safety as their highest priority," they added.

JERA formally took over the existing thermal power generation businesses from Chubu Electric and Tokyo Electric Power in April 2019.

In addition to running the joint Tepco-Chubu power plant assets, JERA is also responsible for fuel procurement.

The company has contract volumes of LNG amounting to 35 million tonnes per annum, upstream investments in five projects and

was increasing its LNG fleet from 18 vessels to 25 to ship its cargoes.

For its power generation units of Chubu and Tepco, JERA controls domestic power capacity of 67 gigawatts and a total of nine gigawatts of overseas output.

Osaka Gas is also an LNG volume holder from projects in the Asia-Pacific region as well as the US.

Its contracts are with plants such as the Chevron-operated Gorgon plant on Barrow Island in Western Australia and the Ichthys LNG plant in Australia's Northern Territory, operated by Japanese energy company Inpex Corp.

The Japanese utility has other long-standing LNG contracts with Qatar, Indonesia, Malaysia, Brunei, Papua New Guinea and Russia.

In Japan, Osaka Gas is involved in value chain operations in the Greater Tokyo area, including natural gas supply and has a new thermal power generation plant in Fukushima.

The Fukushima gas-fired facility of 1,180 megawatts is scheduled to start up this month.

LNG fleet owners and shipping companies holding Norwegian-issued bonds may seek extensions

A large proportion of LNG shipping companies have been attracted in recent years to borrowing on the Norwegian bond market and some will be looking for extensions in the current challenging financial markets.

One company has already moved, Golar LNG Partners, the US affiliate of Golar LNG Ltd and listed on the Nasdaq global stock exchange.

Golar Partners has 10 of the 27 Golar LNG carriers on its books.

The partnership said it had now instructed Nordic Trustee to summon a bondholders' meeting for April 21 for Golar's Senior Unsecured Bond Issues maturing in May 2020 (GOLP02, ISIN NO 001 07

36481) and in May 2021 (GOLP03, ISIN NO 001 0736481).

"The purpose of the meeting is to consider a proposal for certain amendments to the terms of the Bond Issues," said the partnership.

"The background for the Amendment Proposal is the recent Covid-19 virus-induced deterioration in the macro-economic environment which has made a refinancing of the Bonds in the capital markets impossible in the short term," explained Golar Partners.

The partnership said a group of investors holding approximately 40 percent of each of GOLP02 and GOLP03 have committed to support the proposal.

Nordic investment banks DNB Markets, Nordea, Danske Bank and Skandinaviska Enskilda Banken (SEB) have been retained as advisors to Golar Partners.

Golar Partners also said it was to reduce its quarterly common distribution to \$0.0202 per unit for the quarter ended March 31, 2020 from \$0.4042 per unit in the previous quarter.

"This will allow the Partnership to focus its capital allocation on debt reduction, thus strengthening its balance sheet, while providing enhanced financial flexibility," it added.

Golar Partners shares dropped almost 4.5 percent after the statement and were last trading

on the Nasdaq at \$3.21 per share.

Analysts said that a key driver of activity in the Norwegian bond market has been fundraising by ship owners with US-listed equity and limited partnerships.

Historically, the Norwegian bonds for shipping companies had been mainly unsecured, but since 2017 there has been an increase in issuers doing secured transactions to replace bank debt with bond debt.

LNG fleet owners and others are attracted to bonds because of the easier amortisation schedule while the bonds also tie up less capital even as they often have higher interest rates than some bank debt.

Woodside gets offshore permit for new gas field

Woodside, the Australian LNG export plant operator, has received a regulatory permit for the Scarborough gas field development offshore Western Australia, even as the final investment decision has been deferred until 2021.

The National Offshore Petroleum Safety and Environmental Management Authority (Nopsema) has accepted the Scarborough Offshore Project Proposal after assessing the potential environmental impacts over the life of the project.

"It is the primary environmental assessment document for the Scarborough project in Commonwealth waters and forms the basis for future activity-specific Environment Plans, which must also be assessed and approved by Nopsema," explained Woodside.

Because of the changed market and the drop in commodity prices and exchange rate issues, Woodside said in March 2020 that its work plan for Scarborough and other ventures had been reviewed.

The company delayed final investment decisions on the Scarborough and Pluto LNG Train 2 developments until 2021 as will as target investments in the Browse Basin, offshore north-west Australia.

It notes that finalisation of commercial agreements and regulatory approvals would continue for Scarborough, Pluto Train 2 and Browse and there would be some ongoing engineering work in preparation for the FIDs.

Future Scarborough activities include the drilling of the gas wells, installation of the floating production unit and installation of the pipeline.

The Scarborough field contains an estimated contingent resource dry gas volume of 11.1 trillion cubic feet.

Small-scale LNG acquisition closed by Cove Point plant owner Dominion

LNG Journal editor

Dominion Energy has closed its acquisition of Pivotal LNG from the utility, Southern Company, to enter the small-scale market for deliveries by containers, trucks and to be a supplier to the maritime fuel market.

With completion of the transaction, Dominion now assumes 100 percent ownership of Pivotal's small LNG liquefaction plant in Trussville in Alabama and takes 50 percent ownership of the Jax LNG facility in Jacksonville, Florida. Houston-based NorthStar Midstream owns the remaining 50 percent of Jax.

Flexible

Jax is the first small-scale LNG plant in the US with the capability to provide fuel for LNG-powered ships and to enable truck deliveries.

With the Trussville plant and the Jax facility there is capacity to produce 180,000 gallons of LNG a day and to store 7 million gallons of the fuel.

The Jax LNG facility has the space to expand production ca-



The small Pivotal LNG liquefaction plant in Alabama

capacity by an additional 480,000 gallons per day to meet growing demand.

"The acquisition of Pivotal LNG will play an important role in our broader strategy to help decarbonize the marine shipping industry," said Roger Williams, Dominion Energy's Vice President of Gas Development Services.

"Pivotal and our existing Cove Point LNG facility in Maryland positions us well to lead the transformation of the marine industry and to serve other growing LNG markets along the East Coast," added Williams.

The maritime sector is increas-

ingly moving to LNG as a fuel to reduce emissions and comply with the new regulations of the International Maritime Organization.

The Jax plant is able to supply LNG-fueled container and cargo ships for US shipping lines engaged in Jones Act trade between Florida and the US territory of Puerto Rico.

The facility has a specially built LNG bunkering barge called "Clean Jacksonville".

Dominion's Cove Point LNG facility on Chesapeake Bay in Maryland began exporting LNG in 2018 for Japanese and Indian tolling agreement holders.

Höegh LNG aims to have FSRU deployed in Cyprus by mid-2021

Höegh LNG, the Norwegian project company and fleet owner, has applied for an infrastructure ownership, operations and development licence for a joint venture at the port of Vasilikos on the Mediterranean Island of Cyprus with the aim of having an operational terminal online in about a year.

"To diversify Cyprus's energy mix to reach new emission targets for the country's power production, Cyprus needs to replace the consumption of refined oil products with cleaner LNG as fuel," explained Höegh.

The Norwegian-listed company based in Bermuda has a fleet of floating storage and regasification

units (FSRUs) and conventional carriers, all of which are fully operational.

"The plan consists of using one of Höegh's FSRUs as a fast-track solution for the required fuel switching, thereby reducing air emissions, cutting European Union emission taxes, enabling savings on fuel costs and reducing electricity price per kWh for local consumers," said the company.

Höegh pointed out that FSRU can stay on location as a bridging solution or for an extended period serving different customers on Cyprus as well as bulk breaking and delivering LNG to other customers in the region.

It is working on the Cyprus FSRU project with VTT Vasiliko Ltd, a VTTI Group company, and H4E GasFuel Ltd.

VTTV owns an existing jetty in Vasilikos Port, at close proximity to the country's power plants, that can be adapted for the FSRU terminal.

Subject to the licence being granted, Höegh said it expected to be able to start LNG import operations during the first half of 2021.

"This planned project is part of Höegh LNG's strategy to secure new FSRU contracts for our assets," said Sveinung J. S. Stohle, President and Chief Executive of Höegh.

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NEWS NUDGES

China LNG Index up

China's import price index for liquefied natural gas rose in the past week, according to data from the Shanghai Petroleum and Natural Gas Exchange (SHPGX). The LNG index is for delivered cargoes, not including tax. The most recent quote for Cost, Insurance and Freight (CIF) delivered cargoes was given as 2,996 yuan (\$421) per tonne, or \$8.23 per million British thermal units, compared with last week's price of 2,821 yuan (\$397) per tonne, or \$7.74 per MMBtu.

US cargoes increase

The US shipped 19 LNG cargoes from its export plants last week compared with 15 in the previous week. Nine shipments left Cheniere Energy's Sabine Pass plant in Louisiana, while three departed from Cheniere's Corpus Christi facility in Texas. At the four other plants, three were shipped from the Freeport plant in Texas, two departed from Sempra Energy's Cameron facility in Louisiana, two left from Dominion Energy's Cove Point in Maryland and none from the newest facility, the Elba Island plant in Georgia, according to the Energy Information Administration.

Pavilion green plan

Pavilion Energy, the Singapore liquefied natural gas importer and a subsidiary of the city state's wealth fund Temasek, is calling for offers to jointly develop a reporting methodology for carbon-neutral deliveries of LNG. The company launched a request for the proposal, which comprises three components: supply of up to 2 million tonnes of LNG per annum for Singapore; ideas for greenhouse-gas emission reductions; and collaboration on the methodology.

Wood Mackenzie consultants say forecasts are unpredictable but suggest growth in gas demand

LNG Journal editor

Wood Mackenzie, the UK-based energy consultants, said the while the collapse of LNG prices towards US production break-evens was foreseeable, the narrative for the rest of 2020 could not be more unpredictable.

In their latest short-term natural gas and LNG outlook, the consultants weigh the risks that coronavirus, sustained low oil prices and LNG oversupply pose to the sector this year.

Oversupply

"An already oversupplied LNG market comes out of a mild winter with high inventories across Europe and Asia, only to face a global pandemic which has already destroyed gas demand across China and looks increasingly set to do the same across the Asia Pacific and Europe," explained Wood Mackenzie research director Robert Sims.

"We expect global LNG demand to grow by 6 percent year-on-year to 371 million tonnes in 2020; the numbers will need constant revision as economies around the world feel the force of the growing pandemic," said the report.

Wood Mackenzie said the impact to gas consumption in China had been severe, as robust containment measures were quickly put in place through January and February 2020.

With a resumption in economic activity, the report estimates a full-year gas demand reduction of between 6 billion cubic metres and 14 Bcm in 2020, translating to



China may experience overall rise in 2020 gas demand

a 4 percent to 6 percent growth in gas demand this year.

"With the daily number of new cases continuing to fall in China, policy focus has turned to gearing up economic recovery," said Wood Mackenzie.

"Daily tariff indicators suggest transport and logistic constraints are being lifted quickly," it added.

"Also, the government is reducing gas prices to non-residential users, which provides support to coronavirus-affected businesses to resume operations," stated the report.

However, in Wood Mackenzie's view these measures were insufficient to stir lost-demand recovery and new coal-to-gas switching programmes.

China's LNG demand is expected to reach 65MT this year, representing a 6.6 percent growth year-on-year.

The report noted that in Europe, low gas prices continue to support gas-fired generation, though future coronavirus containment measures and threats of an economic downturn pose a risk to market growth.

"Worst-case scenarios could

see lockdowns deployed in more countries, risking severe disruptions to global supply chains by restricting movements of people and goods," said Wood Mackenzie.

One outcome of the oil slump appears to be that sustained low prices supports coal-to-gas switching in the power sector but hurt US producers.

Wood Mackenzie forecasts that should low oil prices be sustained, oil-indexed LNG contracts in Japan and South Korea will become cheaper and this could disrupt coal generation in favour of gas in both markets.

This could happen as early as August 2020 and the effects would be similar to sustained low Dutch Title Transfer Facility prices in 2019 removed coal from power grids across Northwest Europe.

The consultants expect Japan's LNG demand to grow 5.1 percent to 81MT in 2020, compared to last year.

At the same time, the forecast South Korea's LNG demand could rise 7.7 percent to 42MT as more LNG displaces coal in the power sector of both countries.

“

Worst-case scenarios could see lockdowns deployed in more countries, risking severe disruptions to global supply chains by restricting movements of people and goods

”

- Wood Mackenzie

McDermott helps set up more domestic gas for LNG importer India from ONGC's Bay of Bengal project

LNG Journal editor

McDermott International, the US energy and LNG engineering company, said that first gas had flowed from a field development of India's Oil and Natural Gas Corp. (ONGC) in the offshore Krishna Godavari Basin in the Bay of Bengal.

McDermott was awarded the offshore contract for ONGC's 98/2 Block in the KG Basin in October 2018.

Delta location

The KG 98/2 block is situated offshore the Godavari River delta, about 35 kilometres off the East Coast state of Andhra Pradesh and extends for 7,290 square kilometres in water depths ranging from 300 metres to 3,200 metres.

It is currently one of the largest subsea projects in India and included the supply of a package including production systems (SPS), including 26 deepwater trees, and the installation of subsea umbilicals, risers and flowlines.

The early first gas involved the tie-back of a single well to the existing Vashishta facility.



ONGC's gas block is located offshore Andhra Pradesh

At 4,265 feet (1,300 metres), the first well that has been opened for early first gas is the deepest water depth opened by ONGC.

The ONGC gas field will further help satisfy India's growing natural gas demand, about half of which is made up of domestic pipeline gas supplies from areas like the KG Basin, while the other half comes from LNG imports.

"McDermott is a leader in the subsea space and we have worked incredibly hard to fast-track the production to early first gas," said Ian Prescott, McDermott's Senior Vice President for Asia Pacific.

"To deliver this accelerated schedule is an exceptional achieve-

ment and testament to the benefits of the collaborative commercial model put forward to ONGC," Prescott explained.

"Production from a deepwater well in less than 14 months is an outstanding achievement for the exploration and production industry," he stated.

McDermott said that in line with the "Made in India" approach for the 98/2 project, a substantial amount of engineering and project management has been led from McDermott's operations in Chennai.

"This local approach is a new initiative in the deepwater subsea space for McDermott," said the Houston-based company.

"We look forward to continuing our work in the Bay of Bengal as we help ONGC meet India's growing energy demands," it added.

McDermott has been conducting business as usual while having to ease its financial concerns in mid-March when a US bankruptcy court in Texas approved the sale of its Lummus Technology business to global equity funds.

Under the terms of the Chapter 11 plan, McDermott will complete a comprehensive restructuring forced on it by financial problems, including those that arose from takeover of CB&I.

McDermott is involved in some of the world's leading LNG construction projects, including several on the US Gulf Coast and the North Field Expansion in Qatar.

Currently McDermott is working with other firms on both the Cameron LNG project at Hackberry in Louisiana and the Freeport export facility at Quintana Island in Texas.

McDermott has additionally been engaged as a contractor on the Golden Pass LNG export project for Qatar Petroleum and ExxonMobil venture in Texas.

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Spain group gets more LNG trucks for haulage

The Spanish HAM Group has acquired 11 new LNG-powered truck tractors from Swedish vehicle manufacturer Scania to join its own fleet in the Transportes HAM unit, a leading European company in the road haulage sector.

The company said that the acquisition of the new Scania R-410 tractors means that its drivers can work with the best vehicles and in the optimum conditions.

"HAM Group will continue to expand and renew its fleet of vehicles powered by LNG," it said.

Transportes HAM specializes in the trucking of flammable and cryogenic products, such as LNG, liquefied petroleum gas (LPG), fluorocarbons, sulfur and carbon dioxide, gases from the air (oxygen, argon and nitrogen) and sulfur dioxide.

"Our entire fleet of vehicles is exclusively powered by LNG, a safe, clean and safe fuel, which allows us to continue taking care of our planet," said HAM.

The Group was one of the first European companies to switch to using LNG as fuel for its vehicles for road transport, with the aim of reducing the greenhouse effect.

HAM imported 10 trucks from the US in 2020 that used LNG and since then its fleet has continued to grow.

It provides road distribution coverage throughout the Iberian Peninsula, France, Italy and Northern Europe.

The company is also increasing its presence in the LNG fuel retail market where it has 21 filling stations offering LNG and compressed natural gas (CNG).

It opened its first LNG-only filling station in October 2019 in Murcia in southern Spain, located on Highway N-344 at Las Torres de Cotilla, and aimed at supplying trucks.

Heerema and partners claim LNG bunkering record in Rotterdam

LNG Journal editor

Heerema Group, the Dutch marine offshore contractor and owner of the biggest and strongest semi-submersible crane ever built, the "Sleipnir", said the vessel has received the world's largest ever LNG bunkering load in the Port of Rotterdam.

Four Dutch companies cooperated in the achievement, Heerema, Titan LNG, which used fuel from the 10,000 cubic metres capacity small-scale carrier "Coral Fraseri", owned by shipping line Anthony Veder, and the Port of Rotterdam company.

Innovation

"This was a collaboration of four Dutch innovative companies who have united to make history for sustainability in The Netherlands," said a statement.

The total quantity of LNG delivered into the fuel tanks was almost 3,300 metric tonnes, making this the largest LNG bunkering to have ever taken place.

The delivery took less than 24 hours to complete for the dual-fuel "Sleipnir" which can be powered with LNG or Marine Gasoil.



Semi-submersible crane, the 'Sleipnir', at Gate terminal

The "Sleipnir" had arrived at the Port of Rotterdam on March 22 after operations in various parts of the world.

The vessel, which was built in Singapore and received LNG in a ship-to-ship transfer in July 2019 about 12 miles off the coast of Indonesia from the same small-scale carrier "Coral Fraseri".

Heerema Chief Executive Koos-Jan van Brouwershaven said his company was proud of the LNG bunkering record.

"We are especially pleased that this achievement could take place in our home base of the

Port of Rotterdam," added Van Brouwershaven.

"The use of LNG on 'Sleipnir' is one of many sustainability measures we have introduced, and we will continue to investigate ways to reduce our impact on the planet," added the Heerema CEO.

Jan Valkier, CEO of Anthony Veder, commented: "By investing in dedicated LNG vessels since 2009, we have made an essential contribution to the availability of LNG for the power generation and LNG as a marine fuel."

Fleet owner GasLog launches its latest LNG ship at Korean yard

GasLog Ltd., the LNG carrier fleet owner with 20 vessels and with another 15 ships held by its US affiliate GasLog Partners, has launched its latest carrier at the South Korean Samsung Heavy Industries shipyard.

The carrier named "GasLog Georgetown" was expected to be delivered for service by late October 2020.

The vessel has capacity of 180,000 cubic metres and will also feature WinGD's low-pressure gas X-DF propulsion.

The X-DF engines are able to

operate both on natural gas or diesel fuel.

GasLog took delivery of two newbuilds in 2019 and signed long-term charters with two new customers, JERA Co. Inc. of Japan and the Spanish utility, Endesa SA.

GasLog, which was previously based in Monaco now has its headquarters in the Greek port of Piraeus, has a total fleet of 35 vessels, with 28 carriers on the water and seven on order.

The company relocated senior management and more of its employees to the Piraeus office to

improve efficiency and to reduce overheads.

GasLog reported annual and fourth-quarter losses in February 2020 of \$119.9 million versus a profit of \$30.3M in the same quarter of 2018.

For the year, GasLog's losses came to \$114.6M compared with a profit of \$126.4M in 2018.

Annual revenues rose to \$668.8M from \$618.3M in the previous year, while fourth-quarter revenues slipped to \$182.2M from \$188.6M in the prior-year quarter.

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Overseas LNG project company PetroChina posts drop in net profit and seeks higher gas profitability

LNG Journal editor

PetroChina, the Hong Kong-listed affiliate of state-owned China National Petroleum Corp., recorded a 6 percent increase in annual revenues to 2,520 billion Chinese yuan (\$350.8Bln) but net profits fell 14 percent and it disclosed plans to renegotiate some natural gas supply contracts to improve profitability.

The company said net profit attributable to shareholders dropped to 45.68Bln yuan (\$6.45Bln) compared with 52.59Bln yuan (\$7.43Bln) in 2018, while basic earnings per share came to 0.25 yuan (\$0.03).

Output rises

"Marketable natural gas output reached 3,910 billion cubic feet, representing an increase of 8.3 percent compared with last year," said the company.

"The oil and natural gas equivalent output amounted to 1,561 million barrels, representing an increase of 4.6 percent," it added.



PetroChina natural gas output was 3,910 billion cubic feet

PetroChina added in a briefing that it planned to engage in price renegotiations with global natural gas suppliers to control costs and curb losses at its gas import business, without giving other details.

PetroChina's managing company CNPC imports pipeline natural gas from Central Asian countries and Russia as well as imports from projects such as Yamal LNG and from PetroChina LNG agreements.

The Chinese major is additionally part of Royal Dutch Shell's LNG Canada project under its own name PetroChina and has a stake in the Area 4 reserves in the Rovuma Basin offshore Mozam-

bique with Italian company Eni and ExxonMobil of the US that will underpin their Rovuma LNG project.

The China-Central Asia natural gas pipeline built by the Chinese company, and which runs through Turkmenistan, Kazakhstan and Uzbekistan to China, has transported around 300 billion cubic metres of natural gas to China since it came on line 10 years ago.

PetroChina added that it had not yet reached agreement with China's newly established national pipeline group regarding the transfer of its key pipeline assets.

The National Development and Reform Commission in May 2019

released new oil and gas liberalization measures to require facility operators to open up access to their oil and gas infrastructure to free up the flow of natural gas.

The new measures follow the government's announcement earlier in 2019 that it plans to establish a national pipeline company as part of China's move to accelerate the opening up of its markets and to extend the gas network to provide a nationwide alternative to coal.

PetroChina added in its earnings report that Natural Gas and Pipeline marketing division optimized domestic and international resources, including LNG imports, and implemented state pricing policy, expanded the development of end-user marketing and raised efficiency.

"The company carried out the construction of key projects in an orderly manner, including the completion and operation of the northern section of China-Russia East-Route Natural Gas Pipeline," said PetroChina.

Belgian company Exmar sees brighter prospects from FLNG barge performance and China pay-out

Exmar, the Belgian shipping and projects company with more than 40 vessels in its fleet and now mostly focused on the liquefied petroleum gas business and LNG shipment management, said the Bank of China had finally released financing for the "Tango FLNG" production barge deployed in Argentina while the vessel itself was earning income as it liquefied shale gas from the Vaca Muerta Basin.

The outbreak of the coronavirus in China had previously delayed the release by the Bank of China of \$40 million under the "Tango FLNG" loan facility.

The "Tango FLNG" production barge project can liquefy around 500,000 tonnes per annum of LNG for domestic sale or export and

has so far produced four cargoes and shipped them to buyers.

"The relaxation of the cash collateral follows the steady operational results of the 'Tango FLNG' since September 2019, under the 10-years charter with YPF S.A of Argentina," said Exmar.

"The amount of \$40 million has been partially allocated to the repayment of the bridge loans and to cover Exmar's capital commitments," it added.

"Exmar has also obtained and drawn under a pre-delivery financing of \$20 million with Maritime Asset Partners in December 2019, which partially covers the instalments paid during the construction of the two Very Large Gas Carriers (VLGCs) under construction," said

the Antwerp-based company.

Exmar, which has undergone financial troubles over the past couple of years, said in its earnings report just published that turnover increased and amounted to \$136.7 million in 2019 compared with \$87.7M in the previous year.

Gross earnings were \$47.3M versus \$27.5M the previous year, while annual net losses widened slightly to \$26M from \$22M in 2019.

Exmar is led by Chief Executive Nicolas Saverys and also continues to manage 10 LNG floating storage and regasification units, though is not directly involved in regasification projects with former partner Excelerate Energy of the US.

The "Tango FLNG" vessel is exporting from the port of Bahia

Blanca where it produces LNG from pipeline feed-gas from the onshore Vaca Muerta Shale Basin.

"As of today, 475,000 cubic metres of LNG have been delivered, already resulting in four shipments by YPF. 'Tango FLNG' is performing above expectations, clearly demonstrating Exmar's expertise in the field of liquefaction," said the company.

The vessel was built at the Chinese Wison shipyard in Nantong and delivered to Exmar in 2017. It had initially been destined for a project in Colombia in South America that was cancelled.

The vessel formally started its operations in mid-2019 and a 10-year charter term began in September 2019.