

Cheniere reports surge in revenues as it adapts to coping with crises

Houston-based Cheniere hopes to sign more agreements with buyers in Europe or Asia
LNG Journal editor

Cheniere Energy, the leading US LNG export company through its Sabine Pass plant in Louisiana and the Corpus Christi facility in Texas, has ridden through the current storms and reported strong results.

Cheniere's total first-quarter revenues, mostly LNG sales, rose 20 percent to \$2.71 billion from \$2.26Bln in the same three months of 2019.

Operations

Total operating costs and expenses fell 17.5 percent to \$1.36Bln from \$1.65Bln in the prior-year quarter as its Gulf Coast build-out continued.

Net income attributable to common stockholders came to \$375 million versus \$121M in the same quarter of 2019.

Cheniere's profits from operating activities came to \$603M in the quarter compared with \$337 a year ago.

The company said that as of April 27 more than 1,100 cumulative LNG cargoes totaling over 75 million tonnes of LNG had been produced, loaded and exported from February 2016 from its two plants in Louisiana and Texas.

"The first quarter of 2020 was defined by unprecedented circumstances, and our focus at Cheniere has been to protect the health and safety of our workforce, ensure continuity of construction and operations to deliver on our obligations to our customers, and to support the communities where we live and work with assistance



Company has shipped 1,100 cargoes since Feb 2016

needed to provide critical services," said Jack Fusco, Cheniere's President and Chief Executive.

"I am immensely proud of the Cheniere team for their united response to these challenges. Those efforts contributed to our ability to deliver strong financial results for the first quarter," stated the CEO.

Fusco reconfirmed the company's full year 2020 guidance of consolidated adjusted EBITDA of \$3.8Bln to \$4.1Bln, and distributable cash flow of \$1.0Bln to \$1.3Bln.

Cheniere like other companies is trying to weather the Covid-19 crisis.

The CEO said during a conference call with investors that there were more than two cargoes cancelled in 2020 so far, but he declined to say how many.

The company, which receives a fixed fee when cargoes are cancelled, is reviewing different options for adjusting its LNG operations if current market conditions persist.

Asked whether Cheniere was assuming there would be a portion of its cargoes that would not be shipped this year, Chief Financial Officer Michael Wortley said that was a possibility.

Fusco said Cheniere would need more long-term contracts with buyers in Europe and Asia to support new Trains beyond the ones under construction, which is difficult because of the lockdown.

"The first thing I would need to see is the airlines open back up, and that's to be able to travel," said Fusco.

"These are negotiations for long-term energy contracts that require face-to-face combat, for lack of a better word," he added.

"I mean, you have to get close to the customer and look each other in the eye. And for the foreseeable future now, or at least initially, that looks like it's a little ways away for us," said the CEO.

Cheniere also revealed in its earnings that derivatives losses from hedging widened to \$459M from \$122M in the same quarter last year.

Sabine Pass currently has five processing Trains on stream with nameplate capacity of 22.5 million tonnes per annum and the second Train at Corpus Christi also started up in 2019.

Cheniere's plant developments are continuing with the construction of Train 3 at Corpus Christi and Train 6 at Sabine Pass.

UNLIMITED AGENDA

FINANCING

Tellurian raises some additional funds to ease any concerns

2

EXPORTS

Origin says APLNG held first price review of contract sales to China

3

SHIPPING



MOL reports fall in revenue but LNG carrier unit increases profit

5

STRATEGY

Cosco group describes plans for tankers and LNG carriers

6

ACQUISITIONS

BP proceeds with \$5.6Bln deal to sell Alaska gas and oil to Hilcorp

7

UPSTREAM

PetroChina moves to \$2.3Bln loss even as oil and gas output rises

9

Tellurian's Driftwood LNG developer on Gulf Coast raises additional finance to traverse economic difficulties

LNG Journal editor

Tellurian Inc., the developer of the US Driftwood project near Lake Charles, has raised some additional institutional investor funds to give it more time to secure offtake deals such as one proposed with Indian company Petronet LNG.

Tellurian, founded by former Cheniere Energy Chief executive Charif Souki, said it executed an agreement to sell \$56 million of zero-coupon, unsecured notes for gross proceeds of \$50 million.

Underwritten

The deal secures the unnamed lender with warrants to purchase up to 20 million shares of Tellurian common stock, subject to customary closing conditions.

In conjunction with this financing, Tellurian has also entered into an agreement to amend its 2019 term loan, including a reduction of the principal amount by \$17.1M.

"The agreement provides for a paydown of \$2.1M in cash, converts \$15M of principal value into



Founders Houston and Souki with the CEO Meg Gentle

equity through the issuance of approximately 9.3 million shares to the lender, and provides the lender with warrants to purchase up to approximately 4.7M shares," explained the company.

Tellurian said its unaudited cash and cash equivalents balance for the financing transaction would have been approximately \$100.7M as of March 31, 2020.

The Driftwood plant is proposed for the west bank of the Calcasieu River, south of Lake Charles in Louisiana, and with output of just over 26 million tonnes

per annum. Tellurian has also been negotiating with Petronet on an equity investment in the project of to \$2.5 billion as well as 5 MTPA of supplies.

The plant construction has been contracted to Bechtel Inc. and the economics are for LNG to cost \$560 per tonne, making it possible for Tellurian to load a cargo at the cost of \$3-\$4 per million British thermal units.

Tellurian President and Chief Executive Meg Gentle explained the purpose of the latest financing transactions.

"Tellurian is building cash reserves during this challenging time in global markets, positioning for a strong emergence from Covid-19 restrictions," said Gentle.

"We remain bullish on long-term natural gas demand growth, underscoring the acute need for Driftwood LNG," she added.

Tellurian announced spending cuts in March 2020 said it was still confident that when travel restrictions were eased it would be able to finalize several negotiations to complement the Petronet accord and allow for a final investment decision.

The Houston-based company has said that the fundamental business opportunity of Tellurian continues to rely on low-cost US natural gas and a premier location on the Gulf Coast.

French major Total has also agreed to the purchase of 1 million tonnes of LNG and the purchase of an additional 1.5 MTPA of LNG from Tellurian's offtake volumes from Driftwood.

Rio Grande LNG and Bechtel agree to extend validity date of fixed-price engineering contract

The Rio Grande LNG export project being built by NextDecade Corp. on a 980-acre site in the Port of Brownsville in Texas has extended the validity dates to July 2020 for its fixed-price engineering contracts with Bechtel Inc. for the first three liquefaction Trains.

Rio Grande had been issued in March 2020 with a notice to proceed by regulators with the implementation plan and site preparation as well as equipment mobilization.

Full construction of the Rio Grande facility had been expected to commence in the months ahead after the final investment decision and with the start of commercial operations scheduled for 2024.

Rio Grande LNG will comprise liquefaction Trains to produce 27 million tonnes per annum of LNG in the Port of Brownsville with four storage tanks, each with of 180,000 cubic metres of capacity.

NextDecade had signed fixed-price, turnkey engineering, procurement and construction agreements with Bechtel for the first three Trains in May 2019.

The Houston-based company, listed on the Nasdaq, said in a stock exchange filing that it had now agreed with Bechtel through an amendment dated April 22, 2020, to extend the contract price validity to July 31, 2020.

The Rio Grande project is one of three scheduled to be constructed

with access to the Brownsville Ship Channel to the Gulf of Mexico.

Its facilities also include marine infrastructure such as deep-water port access with supporting facilities in two jetties, a berth pocket and a turning basin.

The other two projects at Brownsville are smaller in scale, the Annova LNG and Texas LNG joint ventures.

The NextDecade plant also includes the associated Rio Bravo Pipeline.

The Rio Bravo Pipeline will transport 4.5 billion cubic feet per day of feed-gas from the Agua Dulce natural gas hub to the liquefaction plant.

NextDecade also announced in

mid-February 2020 that it had signed a deal with North American pipeline company Enbridge Inc. of Canada whereby Enbridge would acquire the Rio Bravo Pipeline.

NextDecade said Enbridge was buying the Rio Bravo Pipeline for a cash price not exceeding \$25 million, with \$15M paid at closing and the balance paid upon NextDecade's reaching a positive final investment decision on the overall project.

Upon the closing of that transaction, Enbridge would own 100 percent of Rio Bravo and assume all responsibility for the development, financing, construction and operations of the pipeline.

Shell's profit almost halved but gas sales still solid

Royal Dutch Shell reported that first-quarter profits had almost halved from a year ago, but the natural gas and LNG division still managed to maintain stable earnings as sales increased.

Shell said first-quarter LNG sales rose 9 percent to 19 million tonnes from 17.51MT in the same three months of 2019, though were down from the 20.09MT sold in the final quarter of 2019.

Shell's overall quarterly earnings dropped by 48 percent to \$2.75 billion from \$5.29Bln in the same three months of 2019, reflecting lower realised oil, gas and LNG prices, weaker realised refining and chemicals margins as well as lower sales volumes.

Earnings from Integrated Gas, one of four production divisions at Shell and including LNG, came to \$2.14Bln compared with \$2.56Bln in the year-ago quarter.

"Our Integrated Gas and Marketing businesses continued to achieve robust results this quarter, bringing resilience to our cash flows," said Shell Chief Executive Ben van Beurden.

Shell noted that during the quarter Integrated Gas announced that it would not proceed with the proposed US Lake Charles LNG project with Energy Transfer of the US due to the current market conditions.

After the quarter, in April, Shell took the final investment decision to develop the first phase of Arrow Energy's Surat Gas Project in Queensland, Australia, which will bring up to 90 billion cubic feet per year of new gas to market at peak production.

Shell said that compared with the first quarter last year, gas earnings, excluding identified items, primarily reflected lower realised LNG, oil and gas prices as well as lower contributions from trading and optimisation.

Origin says APLNG held first price review of contract sales to China

LNG Journal editor

Origin Energy, a shareholder in the Australia-Pacific LNG plant in Queensland with ConocoPhillips and China's Sinopec, said the first review of the Chinese company's long-term cargo contract was held and prices were left unchanged.

Origin, which also controls a third of Australia's retail electricity and gas market, made its comment on the review as it published its quarterly earnings that showed Origin's share of APLNG revenue fell 17.7 percent to A\$628.5 million (US\$412M) from A\$763.9M (US\$500.8M) million in the prior-year quarter.

Capacity

The APLNG plant on Curtis Island in Queensland produces almost 9 million tonnes per annum from two Trains and 7.6 MTPA has been contracted to Sinopec since the plant came on stream in 2016.

Sinopec holds a 25 percent stake in APLNG while Origin and ConocoPhillips each hold 37.5 percent of the shares.



The plant on Curtis Island came on stream in 2016

Total quarterly sales volumes from APLNG fell 12.5 percent to 2.138 million from 2.299MT in the same three months in 2019.

Origin said average realised LNG prices dropped 21 percent to US\$8.56 per million British thermal units from US\$10.84 per MMBtu in the year-ago quarter and they were 9 percent lower than the US\$9.38 per MMBtu logged in the previous quarter.

"LNG revenue was down due to lower LNG nominations (with Downward Quantity Tolerance exercised) and lower realised prices," said Origin.

The company's domestic gas

revenue was up 39 percent due to a higher proportion of short-term sales.

"Australia-Pacific LNG continues to deliver stable and reliable production following a record December quarter, and there was a strong increase in gas sales to the domestic market, ensuring local businesses including manufacturers were well supplied," said Origin Chief Executive Frank Calabria.

Origin earnings report covers two divisions, Integrated Gas for LNG and domestic supplies and the Energy Markets unit containing its electricity and utility business.

Venture Global raises the roof at Calcasieu Pass LNG storage tank

The US Calcasieu Pass liquefied natural gas export plant being developed in Louisiana by Venture Global has reached a construction landmark by having the roof raised on the first LNG storage tank.

Venture Global, based in Arlington, Virginia, is developing three LNG plant in Louisiana the Calcasieu Pass facility with 12 million tonnes per annum of output is the most advanced.

Calcasieu Pass is expected to come on stream in 2022, along with associated facilities, including the TransCameron Pipeline.

"This major project milestone was completed on schedule and comes a mere eight months after

the project's final investment decision," said Venture Global.

"The 1.8 million pound tank dome and assembly were air-raised into place," explained the company.

"Air-raising allows for better and safer access as well as a faster construction schedule, as the roof can be erected concurrently with the shell," it added.

Houston-based McDermott International has been contracted to build the project's two 200,000 cubic metres capacity tanks through its subsidiary, CB&I Storage Tank Solutions.

"The tank dome was raised in less than 2 hours using 0.25 psi of pressure," noted Venture Global.

The project owner added that the export facility's marine perimeter wall, including access road gates, and a levee are now complete, securing the site.

Venture Global said maritime construction and dredging firm, Weeks Marine, and the project's engineering, procurement and construction contractor, the US company Kiewit Corp. of Omaha, Nebraska, worked together to complete this scope three months ahead of schedule.

"With the site now fully protected, the focus turns to the arrival and installation of the project's modular equipment," explained the developer.

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NEWS NUDGES

Golar unit names CEO

Golar LNG Partners has appointed Karl Fredrik Staubo as its interim Chief Executive after current CEO Graham Robjohns previously said he was stepping down on April 30. The company said Staubo would formally take up the role with immediate effect. "He has 10 years of experience advising and investing in shipping, energy and infrastructure companies from Magni Partners and Clarksons Platou Securities. At Platou Securities he worked in the corporate finance division, the last three years as Head of Shipping," said Golar.

Indian LNG imports rise

Indian LNG imports in March increased by more than 20 percent to 2.12 million tonnes from 1.76MT in the same month of the previous year, according to data from the Ministry of Petroleum and Natural Gas. However, domestic natural gas production fell in March by 14.4 percent to 2.41 billion cubic metres from 2.81 Bcm in March 2019. Indian imports cost around \$700 million for March, unchanged from a year ago as bigger volumes were purchased at lower prices.

TC Energy \$2.8Bln sale

TC Energy Corp., the North American pipelines company with LNG feed-gas transportation projects in the US and Canada, completed the sale of its interests in three natural gas-fired power plants in the Canadian province of Ontario to a subsidiary of Ontario Power Generation Inc. for net proceeds of around \$2.8 billion. The facilities include the 683-megawatt Halton Hills power plant, the 900-megawatt Napanee generating station and TC Energy's 50 percent interest in the 550-megawatt Portlands Energy Centre.

Mitsui OSK Lines reports fall in revenue but LNG carrier division increases its profits

LNG Journal editor

Mitsui OSK Lines, with an operating fleet of over 90 liquefied natural gas carriers, said the LNG division had a year-on-year increase in profits, reflecting stable earnings mostly generated through long-term charter contracts, including for eight newly built vessels.

MOL has also started shipping more LNG cargoes from the US to Japan, including from the Cameron liquefaction plant of Sempra Energy in the state of Louisiana, as more export facilities come on stream on the Gulf Coast.

Wider fleet

The company, which also ships Russian LNG, operates oil tankers, containerships and dry bulk and car carrier businesses.

MOL's full-year revenues for all divisions dropped by around 7 percent to 1.55 trillion yen (\$10.8 billion), down from 1.23 trillion yen (\$11.58Bln) in the previous year.

Ordinary overall profits were up 43 percent to 55.09Bln yen (\$517M) from 38.57Bln yen (\$362).

In the Energy Transport business, comprising tankers and LNG carriers, is one of four shipping segment units and operating income rose 3 percent to 289.3 billion yen (\$2.71Bln) from 280.9Bln in the previous year.

"The Energy Transport Business improved from the previous year, due to a stronger tanker market and accumulated profits from long-term contracts for LNG carriers," said MOL, led by President and Chief Executive Junichiro Ikeda.

"Eight LNG carriers, including an icebreaker for the Yamal Pro-



MOL Chief Executive Junichiro Ikeda has tanker mix

ject, were delivered during the fiscal year," added the company.

"Ordinary profit for the overall Energy Transport Business increased by 4.2 billion yen in a year-on-year comparison due to improved profits for tankers and an increase in stable profits from LNG carriers, the offshore businesses and coal carriers," stated MOL.

The offshore business division also recorded a solid profit, brought about by steady operations of existing projects, including floating storage and regasification units (FSRUs) and subsea support vessels.

MOL has a fleet of 91 LNG carriers, including FSRUs and FSUs.

"Although the global economic impact of the coronavirus (Covid-19) pandemic will affect the group's profitability in the future, the impact on the group's performance during the fiscal year under review was limited," said MOL.

"Charter rates in the dry bulk business fell from the beginning of 2020 in the face of falling transport demand and the market slowdown," it explained.

"However, the impact on prof-

itability was slight because many of the spot contracts entered into during the fiscal year had already been finalized before the market slowdown," said MOL.

"In the tankers business, oil prices fell significantly, leading to an increase in tanker demand for floating storage and an improvement in market conditions," it added.

China situation

The company said that in the containerships business, measures were taken to address falling shipments, such as the flexible reduction of services and, at the beginning of March 2020, the situation in China improved and liftings recovered for a time.

"The car carriers segment was affected by a decline in shipments of completed cars and shipment delays caused by the Covid-19 outbreak from the latter part of the fourth quarter. However, the affected period was short and the impact on performance in the fiscal year under review was limited," said MOL.

“Although the global economic impact of the coronavirus (Covid-19) pandemic will affect the group's profitability in the future, the impact on the group's performance during the fiscal year under review was limited,”

Main large-scale LNG shipping group in China describes tanker operations and future strategy

LNG Journal editor

Cosco Shipping Energy Transportation Co., China's largest LNG shipping business and the world's biggest operator of oil tankers, has outlined its future strategy and its fleet management efforts.

That's as Cosco reported total annual revenues from operations of 13.72 billion Chinese yuan (\$1.92Bn), a year-on-year increase of 13.4 percent.

Subsidiaries

Its gross profit (EBITDA) was reported as 5.29Bn yuan (\$747.4M), representing an increase of 36.3 percent from the previous year.

Cosco's latest earnings and strategy emerged in its annual report just released by the Hong Kong Stock Exchange.

The group's LNG subsidiaries include Cosco Shipping LNG Investment (Shanghai) Co., a wholly-owned by the group, and China LNG Shipping (CLNG), in which the group holds a 50 percent stake.

The two are the only large-scale LNG shipping companies in China and have a combined fleet of 38 carriers with aggregate capacity of 5,900,000 cubic metres.

Three other LNG vessels under construction with aggregate capacity of 522,000 cubic metres.

Cosco posted LNG shipping revenue of 1.32 billion Chinese yuan



Cosco has stakes in carrier like 'Nikolay Urvantsev'

(\$186.5M), an increase of 11.9 percent compared with 2018 as its fleet slowly grows.

The Shanghai-based company said that it planned to expand over time in the LNG sector, given the increasing global needs for cleaner fuel.

"The group has recognized the transportation of clean energy as the second development curve, and will seize market opportunities, give full play to competitive advantages and promote the development of potential LNG shipping projects," it stated.

The company said it was working to improve its existing LNG fleet management system and the LNG vessels were becoming more competitive.

"Shanghai LNG, a subsidiary of

the Group, passed the certification of Lloyd's Shipping Register and obtained the first certificate for quality, health, safety and environment (QHSE) management system in China's LNG shipping industry," said Cosco.

"The accomplishment of the authoritative certification for the management system strengthened the Group's position as a leader in China's LNG shipping business," it added.

Cosco said its overall transportation turnover for all vessels (excluding time charters) was 440.78 billion ton-nautical miles, a decrease of 19.2 percent year-on-year.

In terms of its oil fleet size, Cosco says it is the world's largest tanker owner with a fleet of 151

crude tankers owned and controlled with a total capacity of 21.71 million dead weight tonnage (DWT).

The crude tanker fleet includes 142 self-owned vessels with a capacity of 19.25 million DWT, nine chartered-in tankers with a capacity of 2.46 million DWT and 17 new oil tankers on order with a capacity of 3.04 million DWT.

Cosco actively responded to the 2020 global sulfur limit overseen th by International Maritime Organization and will help promote the sustainable development of the industry.

Currently, all oil tankers of the group use low-sulfur fuel to meet the sulfur limit.

In addition, Cosco cooperated with Dalian Shipbuilding Industry Co. to develop the world's first LNG dual-fuel Very Large Crude Carrier in compliance with phase III of the ship energy efficiency design index.

"With the international oil shipping market rebound in 2019, the group actively sought cargoes and reasonably raised voyage speeds, which caused a 11.7 percent year-on-year increase on unit bunker fuel consumption," it explained.

"The company applied an efficiency optimization model in managing the voyage speeds and achieved the savings of 112.2 thousand tons of bunker fuels," it noted.

During the reporting period, Cosco's vessels in drydock increased by over 60 percent year-on-year.

This was due to the aging of vessels and the sulfur cap and spare parts replacement.

"Facing the rising demand for drydocking, the group actively communicated with shipyards to strictly control the non-operating period in arranging dry-docking schedules, which saved over 100 days and improved the fleet operating efficiency," said Cosco.

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Uniper LNG unit Liqvis opens new LNG station

Liqvis GmbH, the liquefied natural gas fuel subsidiary of German utility Uniper, has opened its second LNG filling station near the city of Kassel on the A7 motorway and another seven are being constructed or planned.

Trucking companies in Germany do not have to pay motorway tolls if they have natural gas fuel and Liqvis said the exemption was proving effective in getting companies to switch from the more pollutant diesel.

The latest station in the state of Hesse in central Germany adds to the first one previously opened in Grünheide near Berlin.

Liqvis, based in the German city of Essen, said the Kassel station on the A7 between the Kassel-Mitte interchange and the Kassel-Süd triangle was built in just about four months and is open 24 hours a day.

Kassel previously had a mobile station to dispense LNG and that is now being moved from Kassel to Hamm in the state of North Rhine-Westphalia to expand the LNG fuel network.

"The Kassel location in the centre of Germany made the site a hotspot for long-haul heavy trucks, as previously demonstrated by the high demand at the mobile station," said Liqvis.

The Uniper unit's LNG station network will also spread into other European Union countries, including France with a facility at the Channel port of Calais.

The Calais station is already under construction and among other sites chosen for stations in Germany are Rosengarten near Hamburg and Langenhagen near Hanover.

BP proceeds with \$5.6Bln deal to sell Alaska LNG gas to Hilcorp

LNG Journal editor

UK major BP confirmed its commitment to completing the sale of its Alaska business to Hilcorp Energy of the US for the original price of \$5.6 billion despite the industry downturn, including the North Slope feed gas resources for the Alaska LNG export project and Prudhoe Bay oil.

The deal is subject to regulatory approvals but BP states that the completion of the transaction, first put forward in mid-2019, is expected to be achieved in just over a month, in June 2020.

Volatility

"Reflecting recent significant market volatility and oil price falls, BP and Hilcorp have successfully renegotiated the financial terms of the deal to respond to the current environment," said BP.

William Lin, BP Chief Operating Officer for Upstream, said the company had worked closely with Houston, Texas-based Hilcorp to reconfirm its commitment to completing the transaction.

"We look forward to progressing swiftly to completion and for Hilcorp to take over the opera-



UK major unloads North Slope gas and Prudhoe Bay oil

tion of this important business," added Lin.

Hilcorp will acquire BP's one-third share of the Point Thomson gas field on the North Slope, which is operated by ExxonMobil and will underpin the proposed \$40-Bln Alaska LNG export project.

Among its other Alaska assets, BP holds a 26 percent stake in the Prudhoe Bay oil field and facilities while ConocoPhillips and ExxonMobil each hold a 36 percent share and Chevron has the remaining 1.1 percent interest.

"Under the revised agreement, the total consideration for the sale remains unchanged at \$5.6

billion, subject to customary closing adjustments," said BP.

"However, the structure of the consideration and phasing of payments has been modified," explained the London-based major.

"The original agreement provided for Hilcorp to pay BP \$4.0 billion near-term and \$1.6 billion through an earnout thereafter. Hilcorp paid BP a \$500 million deposit on signing of the transaction in 2019," BP added.

BP executive Lin said the revised agreement adjusts the structure and phasing of the remaining consideration to include lower completion payments in 2020.

Italian oil and gas company Eni takes hit amid complex market

Italian energy company Eni, a prominent LNG sector participant, took a hit of more than US\$3 billion in the first quarter as it wrote down asset values and took one-time charges to cope with the double calamity of the pandemic and the oil price plunge.

Eni posted a first-quarter net loss of €2.93 billion (\$3.15Bln) versus a profit of €1.1Bln a year ago as it realigned the book values of inventories to current market prices and took impairment charges on oil and natural gas projects and reserves.

"The period since March has been the most complex period the

global economy has seen for more than 70 years," said Eni Chief Executive Claudio Descalzi.

"For the energy industry, and in particular for Oil & Gas, the complexity is even greater given the overlap of the effects of the pandemic with the collapse in oil prices," added the CEO.

Eni, a stakeholder in major LNG projects worldwide including Mozambique LNG, said that in the exploration and production division natural gas production amounted to 4,768 million cubic feet per day in the first quarter, down 7.5 percent compared with the same three months a year ago.

"Lower production in Libya and the impact of lower natural gas demand in certain areas (Egypt and Venezuela) and LNG demand were partly offset by the growth in Nigeria, Ghana and Algeria," said the company.

Adjusted operating profit in E&P came to €1.31 billion (\$1.41Bln), down by €1Bln, or 44 percent, compared with the first quarter of 2019.

In the Gas and Power division, including LNG sales, the Milan-based company posted a 33 percent increase in adjusted net profit to €317M from €239M in the 2019 first quarter.

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PetroChina swings to a \$2.3Bln loss in the first quarter even as upstream oil and gas output rose

LNG Journal editor

PetroChina, the Hong Kong-listed arm of China National Petroleum Corp. and with LNG project stakes in Mozambique and Canada, has swung to a first-quarter loss because of the effects of the coronavirus and as its own oil and natural gas output increased in a low-demand period.

The state-controlled Chinese major reported a net loss for the first three months of 2020 of 16.23 billion yuan (\$2.29 billion) versus a profit of 10.24 billion yuan (\$1.44 billion) in the prior-year quarter.

Drop

PetroChina's revenues fell by 14.4 percent to 509 billion Chinese yuan (\$79.9 billion), according to its earnings statement filed with the Hong Kong Stock Exchange.

Crude oil production rose 4.2 percent to 232.7 million barrels and natural gas output increased 8.7 percent to 1,086.9 billion cubic feet.

"The increase in output was driven by new oil and gas capacity built in 2019," said PetroChina.



Company has LNG project stakes in Mozambique and Canada led by majors ExxonMobil and Shell

"Facing a severe and complicated economy and operational situation both abroad and domestically, the group faithfully acted out the new concept of development, pushed ahead with quality-based development, paid more attention to green and low-carbon development and digital transformation as well as the value creation," it added.

PetroChina's managing company CNPC imports pipeline natural gas from Central Asian countries and Russia as well as LNG from projects such as the Yamal plant in Siberia 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 Mozambique with Italian company Eni and ExxonMobil.

PetroChina also operates three important Chinese LNG import terminals at Dalian and Tangshan in the northeast of the country and at Rudong in the central Jiangsu province in the coastal area near Shanghai.

PetroChina also receives natu-

ral gas pipeline supplies from Turkmenistan, Kazakhstan and Uzbekistan.

"The production and sales plans for the first quarter were set in advance and lagged behind in terms of adjustment," stated the company.

In response to the coronavirus pandemic and record-low oil prices, PetroChina said it would aim to "dynamically optimise" and adjust spending this year from a previously planned 295 billion yuan (\$41 billion).

Its exploration and production business recorded a 14.88 billion yuan operating profit in the first quarter, up 3.9 percent and was helped by an 8.9 percent cut in operational costs.

PetroChina's crude oil throughput at refineries fell by 9.6 percent to 276.5 million barrels, or 3.04 million barrels per day, due to the coronavirus pandemic.

Sales of refined oil products, including gasoline, diesel and kerosene, fell 15.9 percent to 3,547.8 tonnes, reducing profits by around 20.11 billion yuan (\$2.84 billion).

Sinopec posts huge quarterly loss amid plans to revive prospects of large US LNG imports

China Petroleum and Chemical Corp., or Sinopec, the largest Chinese owner of oil refiners and which has been seeking to increase US LNG volumes to match its Australian supplies, reported a heavy first-quarter loss.

Sinopec reported a quarterly loss of 19.15 billion yuan (\$2.70 billion) compared with a profit of 14.76 billion yuan (\$2.08 billion) in the same quarter in 2019 as the coronavirus that started in China in January led to much reduced sales and prices.

Sinopec said its refinery throughput dropped by 13 percent year-on-year to 53.74 million

tonnes, or about 4.31 million barrels per day as the coronavirus wiped out demand in China for refined oil products.

Sinopec said its oil refining division alone lost 25.8 billion yuan (\$3.64 billion) in the first three months of 2020.

The company said its realised natural gas prices averaged \$6.43 per thousand cubic feet, down 9.2 percent from the same three months of 2019.

Before the US-China trade dispute worsened last year and led to a halt in US LNG exports to China, Sinopec was said to have been

considering signing a long-term supply agreement with Cheniere Energy, the largest US exporter.

Sinopec, which plans to more than double its LNG receiving capacities to 41 million tonnes by 2025, currently operates three import terminals and is a partner of US major ConocoPhillips in the Australia-Pacific LNG production plant in Queensland.

The Chinese company operates three terminal at Qingdao in Shandong province, the Tianjin North terminal east of Beijing and the Beihai LNG facility in the Guangxi autonomous region bor-

dering Vietnam. Sinopec's plans include expanding the Tianjin terminal, which supplies Beijing, to have a capacity to handle 12 million tonnes per annum of imports.

Sinopec said utilisation rates at its refineries have been resuming after touching a low of 65 percent in February.

Its crude oil production in the first quarter was little changed from a year ago at 70.65 million barrels, while natural gas output dropped by 2.4 percent to 249.68 billion cubic feet.