LNG Unlimited

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Shell pledges to take Nigeria LNG forward as other LNG projects stall

Financing as well as engineering and construction schedules have all been agreed

LNG Journal editor

Bonny Island liquefaction and export plant on Niger Delta

Royal Dutch Shell said all conditions had been met for its final investment decision on a new LNG processing unit at Nigeria LNG, a project known as the Train 7 expansion, while other projects postpone their FIDs because of the economic slump.

"These conditions included formal commitment from the organisations providing financing for the project," said Shell.

EPC award

"Subsequent to the FID, NLNG has announced awards of engineering, procurement and construction (EPC) contracts," the Anglo-Dutch major stated.

Once operational, the new Train will add around 8 million tonnes per annum of capacity to the Bonny Island facility, taking the total to around 30 MTPA.

"Currently operating six processing units, or Trains, the decision to build a seventh will bolster NLNG's contribution to the development of the country through generating revenues for the Nigerian government and delivering key natural gas products for domestic use," stated Shell.

The other main shareholders in addition to Shell in the existing six Trains are French and Italian majors Total and Eni as well as Nigeria National Petroleum Corp. (NNPC), which owns 49 percent of the venture.

Nigeria LNG began talks with major banks in September 2019 for $10 billion in project financing for the expansion. The discussions were with banks already based in the West African nation and NLNG named Guaranty Trust, the leading African bank, and Japan's Sumitomo Mitsui Banking Corp. as its financial advisers for the fundraising.

The engineering contract for the new seventh Train and debottlenecking has now been signed with a joint venture comprising Saipem of Italy, Chiyoda Corp. of Japan and Daewoo Engineering of South Korea.

NLNG has said the seventh Train would cost about $7Bln to build with another $3Bln going on gas-gathering projects and pipelines needed to feed the new unit.

"All shareholders have supported the EPC awards and construction schedules will be finalised once the situation with COVID-19 has stabilised," said Shell.

"While remaining mindful of prevailing macro-economic challenges, Shell continues to see NLNG as a great resource that can deliver value to the people of Nigeria and investors alike," said Maarten Wetselaar, Shell's Integrated Gas and New Energies Director.

"This decision is consistent with our long-term strategy and our disciplined approach to capital investment," added Wetselaar.

"With global LNG demand expected to double by 2040, the expansion of the NLNG Bonny Island facility is crucial in helping Shell meet the world's growing energy needs," he stated.

Shell noted that the new LNG processing unit would be funded by NLNG without shareholder loans or shareholder equity requirements.

Enormous

"We are happy with the progress NLNG has made over the years and its enormous contributions to the Nigerian economy," said Osagie Okunbor, Country Chair of Shell Companies in Nigeria and Managing Director of Shell Petroleum Development Co. of Nigeria.

"The EPC awards for Train 7 is good news for Nigeria with the potential to bring more export revenues, unlock new projects, and attract foreign direct investments, in addition to transforming the economy of the Niger Delta and Nigeria as whole Okunbor.

"Shell is positioned to support NLNG's expansion by working with our government and other partners to develop new gas resources to sustain this growth and enhance both domestic and export gas supplies," he stated. ■

UNLIMITED AGENDA

China takes 40 Australia cargoes to be top customer in Asia for now ahead of Japan

LNG Journal editor

China has temporarily become the biggest buyer of Australian LNG as 40 cargoes were delivered last month, overtaking previous top destination Japan.

The Australian deliveries to Chinese terminals were much higher than the 29 shipments logged in March and the 36 cargoes in April 2019, according to Australian consultants EnergyQuest.

Chevron-operated Wheatstone plant in Western Australia

Full throttle

"Unlike the situation in the US, it seems unlikely that there will be Trains shut-in or major output cuts from Australian projects due to lower oil and LNG prices," said the EnergyQuest monthly report.

Australian projects shipped 6.9 million tonnes, or 101 cargoes, last month overall, marginally higher than the 6.8MT in March, and more than the 6.7MT in April 2019.

Thirty-six deliveries were made to Japan in April, well down on 46 delivered in March and similar to the 33 delivered in April 2019.

Australia also shipped 10 cargoes to South Korea in April, up on the deliveries of last year when seven cargoes were delivered.

"Australia moved to top spot as the largest supplier to Korea in March, just ahead of Qatar. Malaysia moved onto third spot with the US well behind," said EnergyQuest.

The nation's April shipments were 84.2 MTPA on an annualised basis.

Average LNG plant capacity utilisation was up in April despite the continued shutdown of Prelude, the Shell FLNG plant offshore northwest Australia.

"Most Australian LNG is sold under long-term oil-linked contracts and oil prices would need to remain very low for a considerable period for there to be shut-ins," stated the report.

"Indications are that west coast LNG projects are cash flow positive at oil prices above about US$15/bbl and east coast projects above US$25/bbl," EnergyQuest explained.

The largest Australia exporter, Woodside Petroleum, operator of the North West Shelf plant in Western Australia and the nearby Pluto LNG, said it had no plans to cut LNG production and shipments are typically based on 12-month schedules.

EnergyQuest noted, however, that there were likely to be fewer spot cargoes at current prices.

In April there were no spot cargoes from the North West Shelf or the Chevron-operated Gorgon plant on Western Australia's Barrow Island.

"Spot deals from other projects were at very low prices. One cargo from Wheatstone was sold at at US$1.80-1.90/MMBtu and two cargoes from Ichthys (Inpex operated) and one cargo from Darwin (ConocoPhillips), were all believed to have been at around US$1.70-1.75/MMBtu.

The Darwin cargo was originally scheduled for delivery to a Japanese customer but was deferred.

The Australian report added that scheduled maintenance programes at the NWS plant and Gorgon had been pushed back due to the Covid-19 restrictions.

On the East Coast there was one spot cargo from Australia-Pacific LNG and one spot cargo from Petronas of Malaysia from Gladstone LNG because of cancellation by a buyer.

Sembcorp Marine's work affected at yards with LNG bunkering and power project vessels being built

Sembcorp Marine, the Singapore shipbuilding and repair yard owner, said its business has been substantially affected by Covid-19 slowing work on ships and platforms, including at yards with LNG vessels for bunkering, imports and floating power projects, while the oil price slump has hit orders.

The Sembcorp construction and conversion work mainly affects projects involving joint ventures of Japanese shipping company, Mitsui OSK Lines (MOL).

Sembcorp noted that on April 21 that the Ministry of Manpower in the Singapore city state announced movement restriction measures that prevented migrant workers from leaving their dormitories for work. "Our operating yard workforce of about 20,000 persons was substantially reduced to 850 persons," said Sembcorp.

"The reduced workforce was deployed to manage critical works and support yard essential services such as emergency response teams, facilities and utilities management, medical centres and yard security. This was applied to our yards in Singapore," the company explained.

"The movement restriction measures and other circuit-breaker measures have been extended to June 1, 2020," it added.

"Our yard activities have been severely constrained by the reduced workforce. We will continue to assess the impact on our project schedules and are working closely with our customers to manage the ongoing projects during this challenging period," stated Sembcorp.

One of the ships affected is the 12,000 cubic metres capacity LNG bunkering vessel ordered from Sembcorp's Tuas Boulevard Yard.

The GTT Mark III Flex tanks for the MOL bunkering vessel are also being fabricated for the first time by Sembcorp under a licensing agreement with French LNG containment tank designer GTT.

On completion, currently scheduled for early 2021, the dual-fuel bunkering vessel will be chartered to Singapore's Pavilion Gas for deployment for fueling ships with LNG in the Port of Singapore.

The vessel is the largest of its kind being built locally, in terms of size and LNG tank capacity and is Sembcorp's first LNG bunker vessel construction project.

Other ongoing upgrades and conversion projects in LNG at Sembcorp include the floating storage and regasification unit (FSRU) "Karmol LNGT Powership Africa" as well as the FSRU "Karmol LNGT Powership Asia".

Karmol "LNGT Powership Africa" is part of a joint venture involving MOL and the Turkish floating power plant company Karpower International and the vessel is destined for Mozambique.

Avenir LNG to finalize finance for small carriers

Avenir LNG, the company owned by three Norwegian shipping firms and with six small-scale LNG carriers under construction in Asia, said it was obtaining debt financing to meet the remaining payments on delivery of the vessels.

Norwegian-listed company Stolt-Nielsen started up Avenir in 2015 and its two newer investors are Golar LNG and Höegh LNG, each with 22.5 percent to Stolt-Nielsen's 45 percent.

"Avenir has signed a term sheet for a facility of up to $108.3 million, which management expects to be closed prior to 30 June 2020," said a statement in the Avenir annual earnings just published.

"The shareholders have also committed to invest an additional $72M to fulfil the group's capital commitments," it added.

Losses from continuing operations narrowed to $7.98M versus $10.43M in the previous year.

Avenir continues to develop its first LNG terminal on the Italian island of Sardinia along with an LNG distribution facility in the port of Oristano.

Avenir has four 7,500 cubic metres capacity LNG vessels and two 20,000 cubic metre capacity carriers on order.

Keppel Marine of Singapore is scheduled to deliver two 7,500 cubic metre LNG vessels in 2020 from its affiliated yards in Nantong, China.

In 2021, Sinopacific Offshore & Engineering will deliver two more 7,500 cubic metres capacity carriers as well as two with 20,000 cubic metres capacity from their yards, also in Nantong. ■

LNG operator Inpex to take out more loans to offset slowdown

LNG Journal editor

Japanese company's President and CEO Takayuki Ueda

The Japanese oil, gas and LNG company Inpex, operator of the Ichthys LNG plant in northern Australia and developer of the Abadi LNG project in Indonesia, expects consolidated six-month operating income to June 2020 to drop by over 48 percent and plans to take out government loans.

Inpex said operating income for the quarter to the end of March 2020 declined by 16.5 percent to 100.8 billion yen (US$937.8 million) from 120.7Bln ($1.12Bln) in the 2019 quarter.

Forecast

However, it revised its forecast down even more for the half-year to the end of June to 133Bln yen ($1.23Bln) from the previously forecast 257Bln yen ($2.38Bln), a fall of 48.2 percent.

"The crude oil price outlook remains uncertain as a result of factors including the reduction in global energy demand due to the impact of the growing number of Covid-19 cases," said Inpex.

"Due to the substantial decline in crude oil prices, Inpex is currently revaluating the assets of the Group. The company may recognize impairment losses on some assets mainly consisting of producing projects, depending on the outlook of crude oil prices," the company added.

"In terms of additional financing, the company plans to obtain a loan from the Development Bank of Japan under its crisis management and response scheme directed at Covid-19 countermeasures, as part of its efforts to stabilize its financial base," explained Inpex.

"The loan is expected to be obtained in conjunction with loans from the private financial sector," it added. Inpex said it continued to maintain a stable supply of energy from its crude oil and natural gas production operations around the world, while strengthening its countermeasures against the spread of Covid-19.

"At Inpex-operated sites including the Ichthys LNG Project facilities in Australia and the Minami-Nagaoka Gas Field and Naoetsu LNG Terminal in Japan, stable operations and energy supply are being steadfastly maintained through various initiatives, including limited movement and other preventive measures," Inpex explained, led by Chief Executive Takayuki Ueda. ■

Aramco posts $16.9Bln in profits and plans to spend $25Bln-$30Bln

The Saudi Arabian Oil Co (Saudi Aramco), the biggest crude oil production company and partly responsible for swamping the globe with oil supplies amid a demand plunge, reported a 25 percent drop in first-quarter net income to $16.7 billion from $22.21Bln in the prior-year quarter.

The Saudi price war with Russia in March 2020 sparked the worldwide drop in oil prices and along with the Covid-19 pandemic caused the energy sector to suffer from earnings erosion across all sectors, including LNG.

"The Covid-19 crisis is unlike anything the world has experienced in recent history and we are adapting to a highly complex and rapidly changing business environment," said Saudi Aramco President and Chief Executive Amin H. Nasser.

"Aramco has demonstrated resilience during economic cycles and has an unparalleled position due to a strong balance sheet and low-cost structure," he added.

"We have delivered solid earnings with robust free cash flow, despite weak energy demand and low oil prices. We remain committed to the safety of our people while delivering on our long- term value creation strategy for all of our shareholders," stated Nasser.

"We retain significant flexibility to adjust expenditures and have considerable experience in managing the business through times of adversity," he added.

"Looking ahead to the remainder of 2020, we expect the impact of the Covid-19 pandemic on global energy demand and oil prices to weigh on our earnings," the CEO continued.

"Longer term we remain confident that demand for energy will rebound as global economies recover," stated Nasser. ■


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China LNG Index down

China's import price index for liquefied natural gas dropped last 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 2,504 yuan ($353) per tonne, or $6.84 per million British thermal units, compared with the previous week's price of 2,894 yuan ($408) per tonne, or $7.91 per MMBtu. The index, jointly developed by a monitoring centre under the General Administration of Customs and the SHPGX, was launched on October 16, 2019, and offers CIF cargo price guidance for Chinese importers.

Asian spot's sign of life

Asian LNG spot prices in the form of the Japan-Korea Marker from Platts are showing signs of partial recovery with the June cargoes edging higher to $2.115 per million British thermal units and July cargoes at $2.450 per MMBtu. The all-time JKM low was recently under $2.00 per MMBtu and traders may be heartened by the October JKM moving above $3.000 per MMBtu level and December 2020 being at $4.235 per MMBtu.

UK supply flows

Another LNG cargo will be delivered to the UK South Hook terminal in Milford Haven on May 21 onboard the 210,100 cubic metres capacity Q-Flex carrier, the "Al Safliya", from Ras Laffan in Qatar with the UK benchmark National Balancing Point price remaining lower than the Dutch TTF at $1.50 per MMBtu last week. ■

Kosmos remains upbeat on its self-funded African gas as delay hits Mauritania-Senegal plan

LNG Journal editor

Kosmos Chairman and Chief Executive Andrew Inglis

Kosmos Energy, the Dallas-based shareholder with BP of the UK in the floating LNG projects offshore Mauritania and Senegal, said it looked forward to building a self-funded gas business in West Africa and progressing with its high-quality exploration prospects for 2021.

The upbeat message came from Chairman and Chief Executive Andrew Inglis as the company recorded a first-quarter loss of $183 million versus $53M of losses in the same three months of the previous year.

Completion rate

Kosmos said Phase 1 of the Greater Tortue-Ahmeyim project located offshore Mauritania and Senegal was now approximately 33 percent complete.

"However, the breakwater installation has been disrupted as a result of Covid-19 mitigation measures, meaning a delay to the project of approximately 12 months," said the company.

This adds to another delay instigated by Kosmos partner BP for a later delivery of the FLNG production hull.

Kosmos said the delays had resulted in a significant reduction in activity and budgeted spend in 2020, and the BP development carry is now expected to last through 2020 with remaining project expenditure spread over 2021, 2022 and 2023.

At the same time Kosmos is in the process of selling part of its stake in the Mauritania-Senegal assets.

"The planned sell down process of our interests in Mauritania and Senegal is ongoing with remote management presentations supported by virtual data rooms," said the company.

Kosmos booked asset impairments in the three-months earnings period totaling $151M, mainly related to the Gulf of Mexico where it also operates.

"During this challenging period, the health and safety of our employees and contractors continues to be our primary concern, while ensuring the strength of our balance sheet is maintained," said Inglis.

"Kosmos operations performed well during the first quarter with production across our three hubs in line or at the top end of expectations," he explained.

"Our differentiated portfolio of low-cost, low decline conventional assets is well positioned to withstand the lower price environment we are in today," stated Inglis.

"In response to the volatile market conditions, we have taken decisive actions to protect the business in 2020 and position it for increased activity in 2021," he explained.

"These measures include materially reducing costs and restructuring our hedging portfolio," said the CEO.

Production in Ghana and Equatorial Guinea was unaffected by Covid-19.

Kosmos said production in Ghana averaged around 26,500 barrels of oil per day (bopd) net in the first quarter of 2020, slightly ahead of expectations.

As forecast, Kosmos lifted one cargo from Ghana during the first quarter. Full-year guidance of ten cargos remains intact.

The Jubilee gas enhancement project was successfully completed in February with subsequent production rates of around 90,000 bopd being achieved.

"In addition, we have seen consistent gas offtake from the Ghana National Gas Co. of around 90,000-100,000 mscf per day, which should help maintain higher oil production in the future," said Kosmos.

In the Tweneboa Enyenra Ntomme (TEN) oil field, the second-largest after Jubilee, is currently producing over 50,000 bopd.

Full year net production guidance in Ghana of 27,000-29,000 bopd is unchanged.

Production in Equatorial Guinea averaged about 11,600 bopd net in the first quarter.

Kosmos lifted 0.5 cargoes from Equatorial Guinea during the quarter, which was lower than quarterly guidance of one cargo due to an operational lifting issue, which pushed half a cargo from late-March into early April.

Full-year net production guidance of 11,000-13,000 bopd and cargo guidance of 4.5 cargoes is unchanged.

Kosmos exited the first quarter with about $677M of liquidity and $1.97 billions of net debt. ■

US forecasts big drop in LNG exports in coming quarters as natural gas output also falls

LNG Journal editor

The US Government forecasts that the nation's liquefied natural gas exports will decline by around 17 percent as 2020 progresses, while overall natural gas output will also drop and nationwide storage will be at record levels by November.

LNG exports are expected to decline from an average 5.8 billion cubic feet per day in the second quarter to 4.8 Bcf per day in the third quarter as a result of lower expected global demand for cargoes, according to the short-term outlook of the US Energy Information Administration.

Reductions

In cargo terms this would amount to a second-quarter total of about 12 cargoes per week declining to around nine shipments per week in the third quarter, on an average cargo containing 3.6 Bcf of weekly gas production.

In the latest weekly LNG export figures for April 30 to May 6, the EIA had reported 15 cargoes departing from five of the six LNG plants (Sabine Pass, Corpus Christi, Freeport, Cameron and Cove Point) with a combined LNG-carrying capacity of 54 Bcf, or 3.6 Bcf per vessel.

The EIA also expects natural gas production to decline, led by the associated-gas output from the Permian Basin of West Texas and southeast New Mexico and the Marcellus and Utica Shales of the northeast US.

"US dry natural gas production set a record in 2019, averaging 92.2 Bcf per day," said the EIA.

"The EIA forecasts dry natural

Gulf Coast liquefaction plants will seek more value

gas production will average 89.8 Bcf/d in 2020, with monthly production falling from an estimated 93.1 Bcf/d in April to 85.4 Bcf/d in December," said the agency.

Natural gas production declines the most in the Appalachian region and the Permian Basin.

"In the Appalachian region, low natural gas prices are discouraging producers from engaging in natural gas-directed drilling, and in the Permian region, low oil prices reduce associated gas output from oil-directed wells," explained the EIA.

"In 2021, forecast dry natural gas production averages 84.9 Bcf/d, rising in the second half of 2021 in response to higher prices," it added.

The EIA additionally forecasts that total US working natural gas in storage ended April 2020 at 2.3 trillion cubic feet (Tcf), 20 percent more than the five-year (2015-2019) average.

In the forecast, inventories rise by 2.1 Tcf during the April through October injection season to reach almost 4.2 Tcf on October 31, which would be a record level.

> "The EIA has revised its current forecast of domestic crude oil production down from the April Outlook as a result of lower crude oil prices."

In April, the Henry Hub natural gas spot price averaged $1.73 per million British thermal units and the EIA forecasts that prices will generally rise through the rest of 2020 as production declines.

"Henry Hub natural gas spot prices will average $2.14/MMBtu in 2020 and then increase in 2021, reaching an annual average of $2.89/MMBtu," said the report.

The EIA expects total consumption of natural gas to average 81.7 billion cubic feet per day (Bcf/d) in 2020, down 3.9 percent from the 2019 average, primarily because of lower industrial sector consumption of natural gas.

"EIA forecasts industrial natural gas consumption to average 21.3 Bcf/d in 2020, down 7.1 percent from 2019 as a result of lower expected manufacturing activity," said the report.

"This expected decline is lower than the 0.3 percent decline forecast in the April Outlook because of large downward revisions to the macroeconomic forecast in the May Outlook," it added.

In its crude oil report, the EIA forecasts Brent North Sea oil prices will average $34 per barrel in 2020, down from an average of $64 per barrel in 2019.

EIA expects prices will average $23per barrel during the second quarter of 2020 before increasing to $32 per barrel during the second half of the year.

It then expects that Brent prices will rise to an average of $48 per barrel in 2021, $2 per barrel higher than forecast last month, as the EIA expects that declining global oil inventories next year will put upward pressure on oil prices.

EIA estimates global petroleum and liquid fuels consumption averaged 94.1 million barrels per day in the first quarter of 2020, a decline of 5.8 million b/d from the same period in 2019.

"It expects global petroleum and liquid fuels demand will average 92.6 million b/d in 2020, a decrease of 8.1 million b/d from last year, before increasing by 7.0 million b/d in 2021,' said the report.

"Lower global oil demand growth for 2020 in the May STEO reflects growing evidence of significant disruptions to global economic activity along with reduced expected travel globally as a result of restrictions related to Covid-19," it added.

The EIA has revised its current forecast of domestic crude oil production down from the April Outlook as a result of lower crude oil prices.

It forecasts US crude oil production will average 11.7 million b/d in 2020, down 0.5 million b/d from 2019.

"In 2021, the EIA expects US crude oil production to decline further by 0.8 million b/d. If realized, the 2020 production decline would mark the first annual decline since 2016," stated the report.

"US crude oil production has not declined for two years in a row since the 17-year period of declines beginning in 1992 and running through 2008," it noted.

"Typically, price changes affect production after about a six-month lag. However, current market conditions will likely reduce this lag as many producers have already announced plans to reduce capital spending and drilling levels," it explained. ■

Spanish group boosts LNG filling network

HAM Group, the Spanish natural gas and LNG fuel and transportation company, has widened its filling station network for trucks and automobiles by opening a new facility in province of Albacete, a key crossroads between the centre and the east of the Iberian Peninsula.

The station offering LNG and compressed natural gas is in the Salvador Industrial Estate in the town of La Roda, with direct access from the motorway through four different exits.

"It is a few minutes from the Alicante motorway, also known as the A-31, which connects Madrid with Albacete and Alicante, making it one of the most crowded motorways on the peninsula, especially during the summer," said HAM.

The group that that it had cooperated on the venture with a Spanish freight company Transportes Ojechar, an important company in logistics and freight transport, which will be one of the customers.

With the opening of this new service station, the group now has a network of 47 gas stations that allow refueling with LNG and CNG at various locations in Spain and neighbouring countries.

"The HAM Albacete station offers our customers a supplier of LNG, for trucks and heavy vehicles, and a supplier of CNG, for passenger cars, light vehicles and trucks," said the company.

"The opening hours are 24/7, with access for all customers. Companies can also take advantage of the HAM card for professionals," it added.

HAM said that after more than 20 years, its commitment to LNG and CNG fuel for trucks and other vehicles has remained firm.

■

French gas and LNG association Cedigaz issues report on sector

LNG Journal editor

The US and China were the two main centres of the growth in natural gas, though the demand expansion in these two markets slowed down compared with the previous years in a context of weakening economic growth, according to a new report from France on LNG and pipeline gas.

While the US and China accounted for 31 percent and 27 percent respectively of the global increase slower economic growth last year and Chinese policy changes and a milder inter added to the oversupply and lower prices.

Cedigaz noted a growing abundant, low-cost LNG supply

Grouping

The report from Cedigaz, an international association created in 1961 by a group of international gas companies and the French Institute of Petroleum, said the main factor behind growth was the switching from coal and oil to natural gas in the power and industry sectors.

"This was prompted by the competitiveness of natural gas thanks to a growing abundant low-cost supply. This was notably the case in the US and Europe," said the Cedigaz report. "Thus, natural gas has remained the main beneficiary of the energy demand growth to the detriment of coal in particular, causing its share in the energy mix to expand further," it added.

Global natural gas consumption reached 3,948 Billion cubic metres last year, an increase of 2.3 percent from the previous 12 months when the US and China also led the market.

"However, the expansion of natural gas demand in these two markets slowed down compared to the previous years in a context of weakening economic growth," stated Cedigaz.

"This slowdown also resulted from weather factors as well as the relaxation of Chinese policy on coal-to-gas switching," it added.

Cedigaz data showed demand was also strong in the European Union (up 2.4 percent), Asia-Oceania (Australia, India), North Africa (Algeria), the Middle East (Iran) and OECD Americas (Canada, Chile).

That's as natural gas demand declined in the Russia and Ukraine, mainly as a result of a mild winter.

"The growth in natural gas demand slowed from 5 percent in 2018 to 2.3 percent in 2019, returning to the average annual growth rate observed since the start of the century," said Cedigaz.

■

French natural gas network and LNG operator GRTgaz in update

GRTgaz, the French natural gas network operator and owner of LNG import terminals, has issued a report on gas flows and imports and exports during the Covid-19 crisis and the evolution of consumption and demand as gas-fired power stations begin to restart.

GRTgaz said it noted a gradual recovery in gas consumption by manufacturers and companies connected to its network in April.

"Indeed, the impact of the health crisis on industrial consumption, in the order of minus-20 percent in early April gradually diminished throughout the month to reach around minus-10 percent at the end of April," said GRTgaz.

"The average impact for the month of April is around minus-15 percent," said the company.

"Many industrial sites having informed GRTgaz of their shutdown are now in the vast majority resuming activity, total or partial," explained GRTgaz, which oversees a network comprising 32,548 kilometres of pipelines.

"Almost all of France's combined-cycle gas power stations were shut down in the past couple of months. This situation correlated with demand for electricity, which was declining during the health crisis," it added.

The nation has 15 CCGTs in various units and GRTgaz said that large amounts of gas were put in storage because of shut-downs and a lack of demand.

"We have observed very large injections into storage since the beginning of April. This is a historic monthly record level observed throughout France with more than 26.5 terawatt hours of injections logged," stated GRTgaz.

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Somalia emerges from dark period in its history to launch oil and gas licensing round near LNG zone

LNG Journal editor

The Ministry of Petroleum and Mineral Resources of the Federal Republic of Somalia has launched the former war-torn nation's first offshore licensing round on a coast where in the territorial waters of countries further south large natural gas finds have been made with LNG export projects planned.

Due to the global travel restrictions caused by of the Cobid-19 pandemic, the Somali Ministry decided to launch the licensing round roadshow virtually.

Return

Somalia is attempting to returning to the international fold after decades of being known mostly for piracy, terrorism and violent militia activity.

The nation was helped in the run-up to the exploration and production licensing offer with a roadmap drawn up by ExxonMobil and Royal Dutch Shell.

The 2020 Somali licensing round features up to seven blocks that are up for the bidding process and are estimated to be among the most prospective areas for hydrocarbons.

Somalia's Minister of Petroleum Abdirashid Mohamed Ahmed made reliability and transparency pledges

An independent partial assessment of the 15 Somali blocks have found there may be a minimum of 30 billion barrels of oil equivalent in shallow and deepwater, which is easily accessible so long as the area remains free of piracy.

Countries south of Somalia on the Indian Ocean Coast such as Tanzania and Mozambique have made substantial offshore resource discoveries, especially of natural gas, with the Mozambicans able to plan world-class LNG projects.

This current licensing round will open on August 4 this year and will be closed March 12, 2021.

Somalia's virtual launch of the licensing round was seen as a landmark moment in the development of Somalia's natural resources, which will be transformational for the country's development.

According to the Ministry, Somalia will be aiming for reliability and transparency for the oil and gas companies willing to be investors and who are prepared to do business with the Somali Government.

"A ground-breaking Petroleum Law completed its legislative process earlier this year," said a statement.

"The Revenue Sharing Agreement enshrined in The Petroleum Law indicates how future revenues from the development of the industry will be shared between The Federal Government, the Federal Members States and their local communities," it added.

The Ministry said the agreement has now been "road-tested" with the first revenues, which were recently generated from rental payments from Shell and ExxonMobil.

"The opportunities for the international exploration and development majors are enormous," said Abdirashid Mohamed Ahmed, the Minister of Petroleum.

"Somalia is committed to attracting investment and promoting partnership and business in all segments of the oil and gas industry value chain," he added.

Life in Somalia is returning to normal after decades of being a failed state and depicted in films such as "Black Hawk Down", covering the Battle of Mogadishu in October 1993 between US and United Nations troops and Somali militia.

Piracy off the coast of Somalia was illustrated in another movie based on the true experiences in 2009 of "Captain Phillips", master of the US-flagged cargo vessel "Maersk Alabama", which was hijacked.

Somalia itself hopes that sanity has returned to the nation. ■

LNG engineer KBR awarded contract for high-CO2 Asia natural gas field development by JX Nippon

KBR, the US engineering company with a strong energy and LNG presence, has been awarded a master service agreement and feasibility study by Japanese resources company JX Nippon Oil & Gas Exploration Corp.

The contracts will be executed by KBR's Energy Solutions division, which includes sectors such as onshore oil and gas, LNG liquefaction and regasification, floating LNG and refining.

KBR said it was building on a strong and successful portfolio in the of options for Carbon Capture and Sequestration (CCS), alongside blue hydrogen production relating to oil and gas fields in Southeast Asia, a region where JX Nippon continues to expand its projects.

The Houston, Texas-based company will provide technical consultancy services in relation to developing concepts and technology recommendations for the capture of carbon-dioxide (CO2), re-injection and production of blue (carbon free) hydrogen.

"This project will be led primarily from KBR's consulting hub in Singapore, leveraging on the specialist skills of its wider strategic and advisory consulting and engineering groups," said KBR.

This includes a world leading cryogenic hydrogen team which works with the US National Aeronautics and Space Administration (NASA) extensively on the storage, training and safe handling of hydrogen at extreme temperatures.

KBR will also evaluate the feasibility of conversion and transport of hydrogen in other forms for sale into the market, including liquified cryogenic hydrogen, liquid organic hydrogen carrier (LOHC), ammonia and methanol (utilizing CO2).

"We are excited to be a part of this significant project which is indicative of the global transition to more sustainable energy supplies and our ambition to grow and maintain a substantial presence in Asia Pacific," said Jay Ibrahim, KBR's President of Energy Solutions.

"Being given the opportunity to work on this study is indicative of KBR's capabilities and skillsets across complex industrial assets and demonstrates our strategic commitment to sustainability, decarbonization and the development of blue/green hydrogen as both the clean energy for the future, and foundation of a green chemical and product supply chain," he added. ■