LNG Unlimited
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Noble supplying three East Med nations and advances Equatorial Guinea plans

Houston company says more sales to Israel, Jordan, and Egypt are underway

LNG Journal editor

Leviathan field is part of East Med gas and LNG area

Noble Energy, the US company with natural gas and LNG interests in the East Mediterranean offshore Israel and in West Africa off Equatorial Guinea, said it would benefit from the Leviathan project coming onstream as it posted fourth-quarter results.

The company reported a fourth-quarter net loss of $1.2 billion, or $2.52 per diluted share.

Expenditure

Capital expenditures totaled $2.26Bln, down nearly $240M from initial guidance as a result of well cost reductions in the US onshore and Leviathan project execution.

Noble said cash provided by operating activities was $469M. Prior to working capital changes, operating cash flow was $541M for the quarter.

Included in the company's results for the quarter was a $1.16Bln asset impairment associated with its Eagle Ford asset on the US Gulf Coast, primarily resulting from a decline in natural gas and natural gas liquids prices.

Noble also invested $125M in the Eastern Mediterranean, primarily for continued development of the Leviathan gas field and $5M in West Africa for the Alen Gas Monetization project in Equatorial Guinea.

The Houston-based company increased firm gas sales agreements with Egypt from 1.15 trillion cubic feet to 3 Tcf of natural gas from the operated Israeli fields.

During the quarter it sold over 1 Bcf equivalent per day of natural gas from the Israeli Tamar field.

It also completed the acquisition of interest in the EMG Pipeline from Israel to Egypt.

Fourth-quarter sales volumes from the company's Israel assets totaled 220 million cubic feet of natural gas equivalent per day, essentially all from the Tamar field.

"Production commenced from the Leviathan field ahead of schedule and under budget. Four subsea production wells are online with sales to Israel, Jordan, and Egypt underway," said Noble.

Sales volumes for Equatorial Guinea averaged 51 MBoe per day, including 16 MBbl per day of crude oil.

"Our performance in the fourth quarter completed a remarkable year," said David L. Stover, Noble's Chairman and Chief Executive.

"We made important strides in our US onshore business during 2019, significantly improving our capital efficiency and cost structure," he added.

"The Denver-Julesburg and Delaware Basins contributed improved drilling and completion cycle times and lower well costs, which allowed Noble to accomplish our activity on substantially less capital than planned," stated the CEO.

"In our offshore business, we commenced production at Leviathan, once again illustrating our world-class major project execution, and we sanctioned the development of the Alen Gas Monetization. These accomplishments solidified our ability to deliver sustainable organic free cash flow in 2020 and beyond," Stover explained.

Noble's sales volumes for the quarter averaged 373,000 barrels of oil equivalent per day (MBoe/d), an increase of more than 6 percent from the fourth quarter 2018.

The company's US onshore assets averaged 285 MBoe per day in the three months and oil volumes were 123,000 barrels per day.

Performance from the Tamar field, offshore Israel, resulted in positive revisions of 231 Bcf equivalent, or over one trillion cubic feet equivalent (Tcfe) on a gross basis.

Securing additional export transportation and marketing arrangements in Egypt facilitated reserve additions in the Leviathan field of 526 Bcf equivalent. ■

UNLIMITED AGENDA

Cove Point LNG plant developer Dominion Energy reports solid earnings and seeks domestic growth

LNG Journal editor

Dominion Energy, the developer of the Cove Point LNG export plant in Maryland, reported fourth-quarter earnings of $1.1 billion compared with $641 million for the same period in 2018.

Earnings for the 12 months were $1.4Bln versus $2.4Bln for the same period in 2018.

Operations

Operating earnings for the three months were $988M compared with $592 million the same three months of 2018. Income from operations for the year were $3.4Bln versus $2.7Bln for 2018.

Dominion expects positive drivers of future earnings to include regulated investment growth across the electric and gas businesses, lower financing costs due to lower average debt and the full-year impact of the Millstone nuclear facility zero-carbon procurement contract.There will also be lower depreciation expense associated with an anticipated extension of the "useful life assumption" for its regulated nuclear plants in Virginia.

Thomas F. Farrell who is Chairman, President and CEO

The company expects negative drivers for the year to include increased minority interest expense associated with the equity recapitalization of the Cove Point LNG and share dilution.

This is a reference to the deal with Canadian equity fund Brookfield Asset Management in October 2019 for the purchase of a 25 percent stake in Dominion Energy Cove Point LNG, the single-Train Maryland plant holding tolling agreements with Indian and Japanese companies.

The transactions shows the growing long-term value of US liquefaction and export facilities.

Dominion is the parent company of Dominion Energy Cove Point. The plant on Chesapeake Bay shipped its first cargo in March 2018.

Japanese trading house Sumitomo Corp. and partner Tokyo Gas and Indian state-owned gas utility Gas Authority of India each have 20-year tolling contracts for liquefaction capacity.

The deal is part of Richmond, Virginia-based Dominion's plan to establish a permanent capital structure for the LNG subsidiary, whose assets include the liquefaction plant and storage facilities at Lusby in Maryland.

Cove Point LNG also owns a 136-mile pipeline connecting the plant to the interstate pipeline system.

Dominion itself is also developing its domestic power and gas businesses across America and has more than 7 million customers in 18 states. ■

Freeport LNG CEO Michael Smith gives mixed message on US second wave plant buildout

Freeport LNG Chief Executive Michael Smith said he was hopeful of signing sufficient deals with buyers as the Quintana Island facility in Texas slowly expands, though suggested the second wave of plants may face difficulties.

However, Smith stated in an interview with pricing agency S&P Global Platts that the market had completely changed in 2019.

The Freeport project comprises four Train in all and the plant shipped its first cargo from the second liquefaction Train in mid-December 2019.

They cited a list of challenges, including record low prices and weaker than expected demand in Asia, oversupply concerns and the recent coronavirus outbreak in China.

He said this had created a perfect storm of headwinds for producers looking to construct new liquefaction plants or additional processing Trains.

"I don't think there's going to be a lot," Smith said of additional sanctioned US capacity.

"The margins for everyone have come down," he stated.

More than a dozen US developers are pursuing projects for new plants or additional production capacity and have yet to announce positive final investment decisions.

> "...we have the requisite capacity sold to reach our financing hurdles, we can close a transaction within a six-week time period..."
> *- Michael Smith, Chief Executive, Freeport LNG*

The first phase construction at Freeport will see the building of one more Train, bringing to total to three and 15 million tonnes per annum of output.

The original Freeport terminal was completed in 2008 as an import facility with one berth and two storage tanks, each of 160,000 cubic metres capacity.

A second loading berth and a 165,000 cubic metres capacity full containment LNG storage tank have been added. The Train 4 project will be the second phase of construction.

"We don't have anything signed up. Until we do have something signed, no one is going to hear from us," said Smith about the Train 4 project at his Texas plant.

Freeport's current target is for a final investment decision on Train 4 by mid-2020 and a start-up scheduled for 2024."We believe once we have the requisite capacity sold to reach our financing hurdles, we can close a transaction within a six-week time period, eight on the outside," explained the CEO.

Smith declined in the interview with S&P Global to specify what range of prices Freeport was discussing with prospective buyers, though he said it was similar to the deals announced by other developers.

"We don't believe we are wasting our time," said Smith. However, he stated that circumstances had changed since the first wave buildout of the six US plants currently operating. ■

New Fortress signs long supply deal for cargoes

New Fortress Energy, the owner of LNG facilities in Florida and in Jamaica and projects in Puerto Rico and the US north-east, said it signed a long-term LNG supply agreement for eight cargoes a year for 10 years through January 2030.

The New Fortress company is led by Wes Edens, co-founder of the private equity group Fortress Investment.

"This agreement will support the continued growth of New Fortress' customer base in international markets as the company develops LNG terminals and natural gas infrastructure," said the company without disclosing who the seller was.

New Fortress made its debut on the Nasdaq global exchange in January 2019 after an initial public offering.

Its main corporate focus now is introducing LNG to markets that lack access to the fuel.

"This agreement supports our efforts to spur economic growth and reduce emissions as we deliver more affordable and cleaner energy to our customers," said New Fortress Chairman and CEO Edens.

"We evaluated a broad range of competitive offers to meet the expansion of our LNG terminals across international markets," he added.

"We're pleased to take advantage of the dislocation in global LNG markets and secure 10 years of offtake for our growing business," stated the CEO.

In addition to its 100,000 gallons per day liquefaction plant in Miami, it operates a floating LNG terminal in Montego Bay, Jamaica, along with a fuel-handling facility and an associated contract in the US territory of Puerto Rico.

Three Texas projects receive DoE 20-year export permits

LNG Journal editor

NextDecade Corp., the developer of the Rio Grande LNG export project, said the US Department of Energy issued an order granting authorization to export cargoes to non-free trade agreement countries.

The Rio Grande venture will export around 27 MTPA of production and its associated Rio Bravo Pipeline will transport 4.5 billion cubic feet per day of feed-gas from the Agua Dulce natural gas hub.

Marketing

The permit will allow NextDecade to begin serious marketing to some large buyers worldwide.

In combination with a free trade agreement order previously issued in August 2016, NextDecade is now authorized to export LNG equivalent to both FTA and non-FTA countries.

The plant will be sited near the Texas Port of Brownsville and is one of three facilities planned for the area. The two others, Annova LNG and Texas LNG, are much smaller.

Graphic of future Rio Grande plant on Brownsville Ship Channel. Two other plants will be located nearby

Both these projects have also received their 20-year export permits for their plants. Annova plans around 7 MTPA of output and Texas LNG 4 MTPA.

Construction of the Rio Grande facility is expected to commence shortly after the final investment decision and with commercial operations scheduled for late 2023 or early 2024.

"Record levels of natural gas production in the United States continue to enhance global energy security while providing domestic benefits, including infrastructure development and job creation," said the DoE in a statement.

"If built to capacity, the Rio Grande LNG project, including the connected Rio Bravo pipeline, is expected to create over 5,000 jobs during peak construction and represents infrastructure investment in excess of $15 billion," it added.

Tennessee Gas Pipeline seeks permit to supply feed-gas

US pipeline company Kinder Morgan has asked regulators for permits to construct a new pipeline section and compression infrastructure for its Tennessee Gas Pipeline to allow feed-gas to flow to the proposed Plaquemines LNG export project in Louisiana.

The Plaquemines project is being developed by Arlington, Virginia-based Venture Global and the company was requested permits from the Federal Energy Regulatory Commission for the facilities to provide around 1.1 billion cubic feet per day of feed-gas for liquefaction.

The FERC application is for the Tennessee Gas-led Evangeline Pass Expansion Project and comes as the Venture Global project makes progress with its plans to supply 20 million tonnes per annum of LNG.

The Evangeline Pass Expansion will add to the 11,750-mile pipeline system that transports natural gas in reverse from Louisiana, the Gulf of Mexico and south Texas to the US northeast.

The $262-million Evangeline pipeline project will include nine miles of 36-inch-diameter pipeline along the Tennessee Gas existing lateral in St Bernard Parish, plus four miles of a looping pipeline in Plaquemines Parish as well as a new compressor station.

The Plaquemines export plant in Louisiana will be built at river mile-marker 55 on the west side of the Mississippi River, 30 miles south of New Orleans.

The Mississippi River plant is one of three being developed by Venture Global.

The FERC has already given the go-ahead for the construction of the plant at Plaquemines Parish, along with its associated Gator Express pipeline inter-connected with the Tennessee Gas Pipeline and the Texas Eastern Transmission pipeline.

The project will be constructed in two phases, each phase designed with liquefaction and export capacity of 10 MTPA and a peak capacity of 12 MTPA under optimal operating conditions.

There will be 18 liquefaction blocks in the plant design with nine blocks constructed during each phase.

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NEWS NUDGES

Nigerian deal with Portugal

Nigeria LNG has signed a deal with the trading arm of Portuguese company Galp Energia for one million tonnes per annum. The volumes will be supplied on a delivered ex-ship basis for 10 years from Trains 1, 2 and 3 of the six-Train facility on the on Bonny Island on the Niger Delta. The transaction follows a similar deal with Italy's Eni and France's Total announced in January and deal with commodity trader Vitol signed in December for 500,000 tonnes per annum. NLNG has been remarketing some volumes from its existing trains as some contracts approach expiry amid the Train 7 expansion plan.

Gasum to expand role

Gasum of Finland, the main Nordic LNG supplier and importer, said that in line with its growth strategy for LNG maritime and trucking fuel it was expanding its role in the Nordic power market by becoming a member of the Nordic power exchange of Nasdaq OMX. The membership provides Gasum with access to direct trading in the power derivatives market. "In recent years, Gasum has been investing purposefully in building the Nordic gas ecosystem.

Spot ship rates fall again

Shipping charter rates for LNG carriers in the spot market dropped further in the week as winter season deliveries slowed down, adding to the market glut. Rates were quoted at an average of between $63,000 per day to $67,000 per day West of Suez and $56,000 per day to $62,000 per day East of Suez for vessels of between 155,000-165,000 cubic metres capacity, according to various brokers. ■

OPEC of natural gas hears Qatar outline progress plan

LNG Journal editor

Al-Kaabi with GECF Secretary-General Yury Sentyurin

The OPEC of natural gas, the GECF, held a meeting in Doha in Qatar to launch its annual outlook as the Qataris pledged to advance with their liquefied natural expansion plans and said the global buildout of renewable energy ventures would complement LNG as an alternative to coal.

Saad bin Sherida Al-Kaabi, Qatar's Minister of State for Energy Affairs and President and Chief Executive of Qatar Petroleum, delivered a speech at the event and pledged to proceed at a fast pace on boosting Qatar's output from 77 million tonnes per annum to 126 MTPA with the construction of more mega-Trains for liquefaction.

Demand

"This will not just enhance our ability and flexibility to meet additional global demand, but will also help the shift to less carbon-intensive energy in many parts of the world," Al-Kaabi told the GECF meeting.

The 12-member Gas Exporting Countries Forum (GECF) has its headquarters in Qatar and its members are Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago, the United Arab Emirates and Venezuela.

The seven observer-status countries are Angola, Azerbaijan, Iraq, Kazakhstan, Norway, Oman and Peru.

The current Secretary-General of the GECF is Yury Sentyurin from Russia.

"More and more countries are moving away from burning coal, and are building infrastructure for cleaner alternatives including natural gas," said Al-Kaabi in his keynote speech.

"I am often asked about renewables and whether we see them as a threat to gas. The answer is no. We believe that natural gas and renewable are complementary," he explained.

"As the cleanest of fossil fuels, natural gas comes in handy when the sun is not shining or the wind is not blowing," stated Al-Kaabi in relation to global wind and solar projects.

"Energy from natural gas can be dispatched quickly in a cost-effective manner. I firmly believe that the combination of natural gas and renewables offers a reliable, flexible and cost-effective pathway to a lower-emissions energy system," he said. ■

Qatar and Shell sign deal to supply long-term to Kuwait

Qatar has signed a new long-term sale and purchase agreement with Royal Dutch Shell to deliver 1 million tonnes per annum of liquefied natural gas to the neighbouring Gulf state of Kuwait starting in 2020.

This accord between Qatargas and Shell for the supply of LNG to Kuwait follows the recent pact signed between Qatar Petroleum and Kuwait Petroleum Corp.

Cargoes of LNG are shipped at present to the dockside facility at Mina Al-Ahmadi in Kuwait. This terminal has been in operation since 2009.

However, the Gulf nation is building a second and larger onshore terminal close to a new refinery complex at Al-Zour, about 90 kilometres south of Kuwait City.

The new Kuwaiti terminal is being constructed by a consortium led by Hyundai Engineering Co. of South Korea.

"These agreements demonstrate our commitment to Kuwait, which is a very important LNG market," said the Qatari Minister of State for Energy Affairs, Saad bin Sherida al-Kaabi, who is also President and Chief Executive of Qatar Petroleum.

He added that the new SPA further underlined Qatargas's position as the a market leader in LNG and demonstrated the company's track-record of providing reliable LNG to the global market place.

The supplies will come from the Qatargas IV Train at Ras Laffan. This is a joint venture owned 70 percent by Qatar Petroleum and 30 percent by Shell.

Kuwait's domestic natural gas demand is increasing in line with other Middle East nations and it is already receiving additional deliveries from new suppliers such as the US.

The expansion in infrastructure comes as Kuwait and its neighbour, the United Arab Emirates, are already among the top 20 destinations for shipments from US exporters such as Cheniere's Energy's Sabine Pass export plant in Louisiana. ■

US agency helping federal regulators on LNG permits gives clearance to Alaska LNG plant

LNG Journal editor

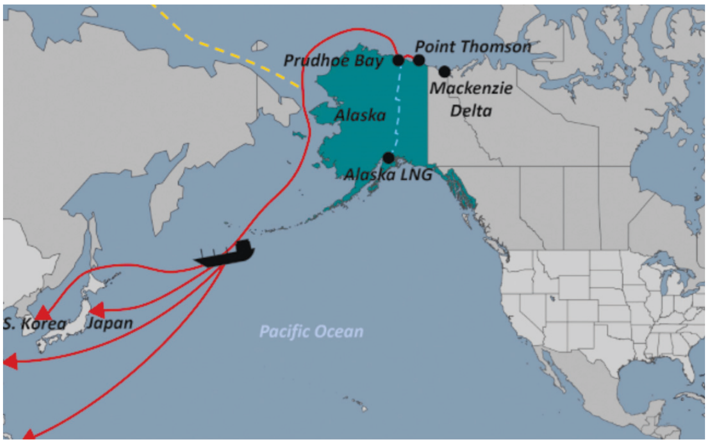
The US agency that helps the Federal Energy Regulatory Commission with the permit processing for export plants and pipelines has determined that the Alaska LNG liquefaction facility proposed for the eastern shore of Cook Inlet complies with siting requirements.

The US Pipeline and Hazardous Materials Safety Administration completed its portion of the review of the Alaska LNG project and its positive notes outlined in a letter marks an advance towards final federal authorization.

Cooperation

The letter completes PHMSA's commitment as a cooperating agency on Alaska LNG through a memorandum of agreement with the FERC.

The Alaska venture is run by the state's Alaska Gasline Development Corp. (AGDC) and proposes producing 20 million tonnes per annum of LNG with feed-gas brought to the southern Alaska coast on an 800-mile pipeline from the North Slope production areas.



Project's high cost offset by short route to Asian markets

The FERC issued the draft environmental impact statement on the Alaska LNG project last year and concluded that it would have significant impacts on the state offset by many economic benefits.

The project was launched almost 10 years ago and there are still hopes that LNG would be produced and exported by 2025 after engineering, construction and production costs were estimated at around $43 billion.

The AGDC filed responses in October 2019 to some questions raised by the mitigation measures, numbering about 80 issues.

Other facilities at Cook Inlet on the Kenai Peninsula include eight compressor stations and power and service buildings.

The main pipeline would deliver peak capacity of 3.9 billion standard cubic feet per day of natural gas.

The FERC has scheduled the release of a final environmental impact statement in March 2020 and a permit decision will be given by June 4. PHMSA found that the project complied with requirements for thermal radiation and flammable vapor-gas dispersion protection exclusion zones, which are areas surrounding the facility.

It also reviewed safeguards in the event of accidental releases and the project's ability to withstand wind forces and other natural hazards such as storm surges and seismic activities.

The biggest commercial advantage of adding a major liquefaction facility in Alaska is the shorter shipping route to Asia than from the Gulf Coast, where four of the six major US LNG export facilities currently in operation are located.

The AGDC, along with energy majors BP and ExxonMobil, has given a contract to engineering company Fluor Corp. to update the 2015 estimate that the project would cost $43Bln to complete.

The state, ExxonMobil and BP have sought ways to cut the costs with the hopes of attracting investment. ■

Canadian gas pipeline protests hit ports and rail

Protests are continuing across Canada in support of a minority of First Nation Indigenous peoples who are against the Coastal GasLink pipeline to bring feedgas to the LNG Canada plant in British Columbia.

However, a majority of First Nations chiefs in Canada and British Columbia support the building of pipelines, LNG plants and other facilities on their traditional lands as they are given stakes, economic benefits and better job prospects.

Police arrested protesters occupying land of the First Nation band called, the Wet'suwet'en, over the construction of the Coastal GasLink pipeline while environmental activists disrupted ports and railway lines in other provinces.

The $6.6 billion Coastal GasLink pipeline will run for 670 kilometres, carrying natural gas from Dawson Creek in BC to the coastal town of Kitimat, located about 650 kilometres north of the province's largest city Vancouver.

The pipeline route goes through traditional Wet'suwet'en territory and they are against it. However, other First Nations are backing the pipeline.

While some 20 elected band councils have signed agreements with Coastal GasLink Ltd., a subsidiary of North American pipeline company TC Energy, five hereditary chiefs have objected to the pipeline partially crossing the 22,000 square kilometres they say are under their jurisdiction.

Ellis Ross, a BC member of the legislature and former chief councillor of the Haisla First Nation whose traditional lands are around Kitimat, said he sees the protests as meant for those who don't live in the affected areas and who don't understand Indigenous rights and title. ■

Sovcomflot expands LNG carrier fleet for more Arctic shipments

LNG Journal editor

Sovcomflot, the Russian shipping line with 16 LNG carriers and an overall fleet of 147 vessels, said it held a ceremony for the naming a new LNG carrier named after a French Pacific maritime explorer.

The LNG carrier is called "SCF La Perouse", named after Jean-François de la Pérouse, a 16th century naval officer who is buried in the Solomon Islands.

The naming ceremony attendees aboard new Russian vessel

Atlanticmax

The "SCF La Perouse" is described as new-generation Atlanticmax LNG carrier built to the highest industry standards and with cargo capacity of the vessel is 174,000 cubic metres.

The vessel features a slow-speed dual-fuel X-DF engine and gas boil-off partial liquefaction system.

Currently, Sovcomflot has two more similar LNG carriers under construction, scheduled for delivery during the second half of 2020.

SCF said the vessel would operate under a long-term time charter agreement with French energy major Total, a shareholder in the Yamal LNG plant and the Arctic II project being developed by Novatek and with Japanese and Chinese investment.

The event was held at the shipyard of Hyundai Samho Heavy Industries in South Korea.

It was attended by senior executives of the companies involved, including: Sergey Frank, Chairman SCF, Nikolay Kolesnikov, his Executive Vice President and Chief Financial Officer Peter Justesen.

For Total, Vice President for LNG Shipping at the French company, Arnaud le Foll, attended along with bank executives from Dutch bank ING and France's Crédit Agricole who helped in the financing.

Fleur-Eve Durin le Foll, the spouse of Total's Country Chairman in Russia, named the vessel.

"Sovcomflot and Total have enjoyed a strong partnership for many years, and we are happy to have an opportunity to expand this cooperation," said SCF's Frank. ■

GasLog uses slow market for Monaco-to-Piraeus HQ move

GasLog Ltd., the LNG carrier fleet owner with 19 vessels and with another 15 ships held by its US affiliate GasLog Partners, reported annual and quarterly losses as it started cost-cutting measures by moving its headquarters to the Greek port of Piraeus from Monaco and wrote-down some asset values.

GasLog posted a fourth-quarter loss 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.

"GasLog implemented a plan to relocate GasLog's senior management and more of its employees to the Piraeus, Greece office, to enhance execution and efficiency and to reduce overheads," said the company.

At the same time, the carrier operator as of December 31, 2019, recognized an impairment loss of $162.1M on its six steam-turbine propulsion vessels built in 2006 and 2007, including five US GasLog Partners LP vessels and one GasLog directly-owned vessel, due to negative market conditions.

Paul Wogan, Chief Executive, said he was pleased with the performance of the company in 2019.

"It represented another year of excellent execution for GasLog. We took delivery of two newbuild LNG carriers and signed long-term charters with the principal LNG shipping entity of JERA Co. (Japan) and a subsidiary of Endesa SA (Spain), both new customers for GasLog," said Wogan.

"We also chartered two on-the-water vessels to Gunvor Group Ltd. and secured up to 10 years employment for one of our vessels as a floating storage unit," added the CEO.

Wogan noted that the company also successfully completed a new debt facility for its seven newbuild deliveries in 2020 and 2021. ■

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Woodside plans for integrated LNG processing hub on the Burrup Peninsula is taking shape

LNG Journal editor

Woodside, the operator of two Australian liquefaction plants and with a stake in Kitimat LNG project in Canada, said its LNG processing hub on the Burrup Peninsula of Western Australia was taking shape as the Perth-based company recorded lacklustre earnings hit by low prices and operational issues.

Woodside reported full-year net profits of US$343 million. Production was 89.6 million barrels of oil equivalent with operating cashflow at $3.3 billion.

Net income

Underlying the net income of $1.06Bln was the deduction of a $720M non-cash impairment for the Kitimat LNG assets in Western Canada.

"We faced numerous challenges both financially and in our operations, but ended the year having achieved significant progress in our growth plans, while strengthening our cashflows and balance sheet," said Chief Executive Peter Coleman.

CEO Coleman explained financial and operational challenges

The Karratha Gas Plant achieved strong LNG reliability, while completing major maintenance activities as the North West Shelf Project continued with investments in extending the life of the facilities.

"Our vision for an integrated LNG processing hub on the Burrup Peninsula is taking shape as momentum builds towards final investment decisions amidst progress on approvals, engineering work and commercial alignment," said Coleman.

"In a complex and at times challenging environment, we have worked hard to bring all stakeholders with us as we advance proposals to produce 40 trillion cubic feet of gas resources, including from Scarborough and Browse, and deliver value to our shareholders and communities," he added.

The CEO said that he was disappointed to have an earnings impairment against the Kitimat LNG asset in Canada.

He said this was a result of continuing significant oversupply in the North American gas markets and increasing costs for carbon that were not foreseen when Woodside initially acquired the asset from Apache Corp. in 2015.

"However, very pleasingly, our team has significantly enhanced the fundamental attributes of the asset, reducing development costs and improving reserve recovery from the drilling program," he added.

Coleman said the base operations and results were affected by lower prices, a major plant turnaround at Pluto LNG, direct cyclone impact on our processing facilities and accounting and internal tariff changes.

"Our business plan proved to be robust in the face of these challenges, with a gross margin of 44 percent, and company-wide breakeven costs reducing by 27 percent to $22/boe, as we have refocused our spend in preparation for growth," stated the CEO. ■

Australians say China has struggled to handle high LNG inventories and coronavirus effects

Australian liquefied natural gas shipments have numbered 103 cargoes in the past month and were not affected by the surplus of LNG globally nor by the disruption to trade from the coronavirus, though signs are emerging of some disruption expected in February - March.

Total Australian LNG shipments in January were 7.0 million tonnes, slightly lower than the record 7.1MT (104 cargoes) in December 2019.

However, the latest report from the Australian consultants EnergyQuest stated that there was potential for delays in cargoes this month and next.

"No vessels were seen to be unduly delayed by being held at sea, and 41 Australian cargoes were unloaded in China in January compared to 40 in November 2019 and 35 in December 2019," said EnergyQuest.

"However, there are reports of Chinese buyers delaying spot cargoes, re-selling some February and March cargoes, and potentially delaying their term off-take," explained EnergyQuest.

"After an already warmer-than-average winter, weak local demand has led to higher inventories at several Chinese LNG terminals," said the report.

"This has in turn led to several cargoes being delayed in discharging, and in some cases the cargoes being offered elsewhere on a prompt basis," it added.

China is the second-largest buyer of Australian LNG. In January, 36 percent of Australian exports went to China, just behind volumes purchased by Japan.

The East Coast plants in Queensland are most exposed to the China trade. The percentage of output delivered to China in January was 85 percent for Australia-Pacific LNG and 67 percent for the Royal Dutch Shell-operated Queensland Curtis LNG facility.

Most other projects also have significant exposure to Chinese buyers: Pluto LNG 42 percent, Gorgon 38 percent, Ichthys 27 percent, NWS 26 percent, Darwin 24 percent, GLNG 24 percent.

The Chevron-operated Wheatstone plant only supplies about 9 percent of its cargoes to China.

"PetroChina started the declaration of 'force majeure' on 3 February following a request from the Chinese government," said EnergyQuest.

"The company could not discharge cargoes as they could not secure workers at the receiving terminals due to the outbreak of the coronavirus," said the report.

"In addition, inventories are rapidly building at receiving terminals owing to a sharp decrease in gas demand, as well as the warm winter temperatures," it added.

Hence, receiving terminals did not have enough space to take new cargoes such as those PetroChina has on contract from the Chevron-operated Gorgon plant on Barrow Island in Western Australia.

The report cited another report that none of the 10 terminals belonging to China National Offshore Oil Corp. were now accepting imports. ■

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- LNG virtual pipeline
- Cryogenic storage and distribution
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- Vehicle fueling stations
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